

MANAGEMENT REPORT



FUNDACIÓN
MINERA LOS PELAMBRES
ANTOFAGASTA MINERALS



WHO WE ARE

Fundación Minera Los Pelambres (FMLP), a foundation, was established in the south of the Coquimbo Region, in the Choapa Province, through which the river of the same name flows.

The municipal districts of Illapel, Canela, Salamanca and Los Vilos, which make up the province, are the cultural and economic areas of influence for more than 81,000 people, mostly farmers, herders, miners, fishers, and business people.

Stretching from the sea to the mountains, the Choapa Province is an area rich in traditions and cultural treasures, including archaeological remains, nature sanctuaries, ancestral practices such as transhumance, and the preservation of local myths and legends.

Fundación Minera Los Pelambres works to preserve the value of Choapa's riches and transform them into development opportunities for its residents.



OUR PURPOSE

We bring **development opportunities** to the **people of the Choapa Province**.



MISSION

To contribute to the **Sustainable Development** of the communities with which we interact, through the execution and implementation of programmes aimed at **economic diversification, water efficiency and education**, particularly for socially and/or economically vulnerable people.



VISION

To be a national benchmark, known for our **programmes' sustainable impact on the development of the communities** with which we interact.



OUR PRINCIPLES

- Dialogue
- Transparency
- Collaboration
- Traceability
- Excellence

2020 MANAGEMENT EMPHASIS



SENSE OF URGENCY



ADAPTATION

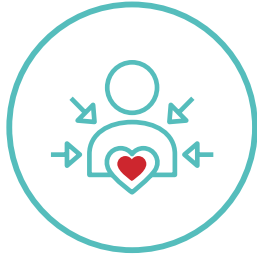


PUBLIC-PRIVATE
PARTNERSHIPS



FLEXIBILITY

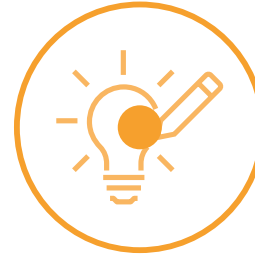
OUR VALUE PROPOSITION



Close relationships and dialogue with communities.



Reputation based on building respect, legitimacy, and transparency.



Experience based on knowledge of the area and technical confidence, always available.



Opportunities to develop and improve the quality of life of surrounding communities.

WORK LINES

The programmes developed by Fundación Minera Los Pelambres are financed owing to the social contribution made by Minera Los Pelambres.



WATER MANAGEMENT

For human consumption and irrigation, through the Aproxima and Confluye programmes, placing special emphasis on improving the efficiency of water management for agriculture and livestock production and on ensuring the quality, quantity and continuity of rural drinking water services.

Contribution to the UN Sustainable Development Goals:



ECONOMIC DEVELOPMENT

Through the Emprende, Cosecha, and Impulso programmes, we support the development and growth of agriculture and livestock farmers and micro-entrepreneurs, adding value and reducing gaps in their production, marketing and product quality.

Contribution to the UN Sustainable Development Goals:



EDUCATION AND CULTURE

Through scholarships that boost young people's access to and permanence in the educational system, as well as through courses to strengthen labour skills to improve the employability of local people.

Contribution to the UN Sustainable Development Goals:



THE FOUNDATION IN AN EXCEPTIONAL YEAR

Fundación Minera Los Pelambres was created in 2003 by Minera Los Pelambres, a company belonging to Antofagasta Minerals, with the purpose of bringing development opportunities to the people of the Choapa Province.

Since our inception, we have worked to fulfil our purpose collaboratively and innovatively by implementing and executing programmes focused on the areas of economic development, water resource management, education and culture.

Through dialogue that we establish as part of Minera Los Pelambres' Somos Choapa (We are Choapa) programme, we engage with the residents of the Choapa Province and, together, determine development priorities.

We are aware that the challenges and the context in which we work are constantly changing, which is why flexibility and adaptability are two of our main strengths.

In 2020, this premise was put to the test with the COVID-19 pandemic, which affected the entire

world and forced us to rethink our priorities and regular programmes.

The pandemic was joined by another serious problem experienced in the Choapa Valley: water scarcity. Both emergencies constitute an extremely challenging scenario for the entire Choapa Province and have required us to adapt quickly and respond with new programmes and opportunities for the province's inhabitants.

To achieve this objective in an unprecedented and uncertain context, we relied on various public and private organisations, understanding that the scale of the challenges we faced required collaborative action. This confirmed our commitment to public-private coordination and clearly demonstrated the benefits that these networks have for the areas where they are established.

For this reason, we will continue to serve the communities with our technical know-how through a primarily local team that is highly specialised and mindful of the different realities within the municipal districts that make up the Choapa Province.

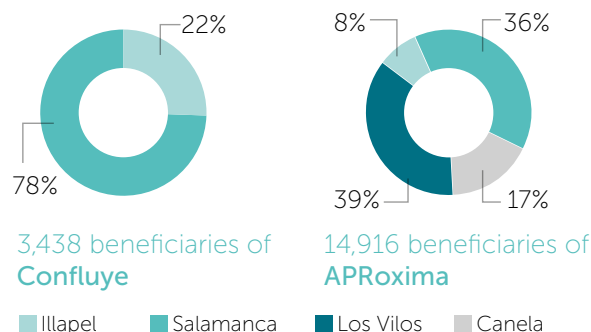


2020 KEY PERFORMANCE FIGURES AND ACHIEVEMENTS

WATER RESOURCE MANAGEMENT

- We contributed to the implementation of 19 minor maintenance jobs and six new rural drinking water (APR according to its Spanish acronym) designs in the municipal districts of Salamanca, Los Vilos and Canela, benefitting more than 2,127 families.
- We worked jointly with the municipality of Salamanca, the Directorate of Hydraulic Works, the Undersecretary for Regional and Administrative Development, and the Salamanca district association of APR committees to design three tanks, which will benefit 810 families in this district.
- We assessed all the APRs in the province.
- Together with the Choapa River Water Users' Board, we lined 32.4 km of irrigation canals in the Salamanca municipal district.

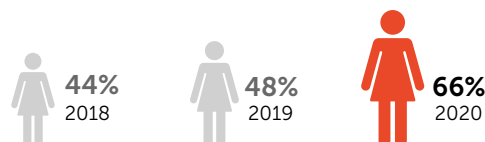
18,354 TOTAL BENEFICIARIES



43,456 BENEFICIARIES: direct and indirect, of AProxima, including the Salamanca Support Unit and well meters for Canela and Los Vilos.

ECONOMIC DEVELOPMENT

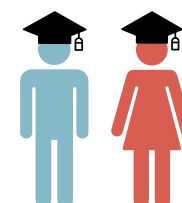
- 2,096 beneficiaries of the Choapa Emergency Support programme.
- 49 beneficiaries of Emprende Valle Alto.
- 189 farmers benefitted from the Integral Support for Agriculture (AIA) programme.
- 57% of our contributions are focused on the province's rural sectors.
- We have detected a sustained growth of 22% in women-led ventures over the last three years.



- As part of the Choapa Emergency Support programme, and in collaboration with the Coquimbo branch of the Technical Cooperation Service (Sercotec) and its business centre in Illapel, we began the process of providing technical advice on digital marketing, health protocols, and regulations to 550 micro and small business people. We also began training 400 informal entrepreneurs on formalising their businesses and preparing business plans.

EDUCATION AND CULTURE

- We adapted our scholarship programmes to the health emergency, making the criteria and deadlines for submission/renewal more flexible and incorporating online application, renewal, and submission processes for Higher Education scholarships.
- We adapted the School Education Access programme to meet the needs of students in different local communities.



60% OF THE STUDENTS SUPPORTED ARE FROM LOCAL RURAL COMMUNITIES

- Amid the health emergency, we contributed to maintaining the learning processes and collaborative networks of 15 rural educational establishments in the province.
- 375 university and technical college scholarships.
- 320 primary and secondary school scholarships.
- 20 Minera Los Pelambres scholarships at the Pascual Baburizza Agricultural Institute.
- Labour skills: 5 courses and 149 beneficiaries.

LETTER FROM THE CHAIRMAN OF THE BOARD

DEAR READERS,

I am pleased to invite you to review the second Annual Management Report of Fundación Minera Los Pelambres, in which we present the main results of our management in 2020.

This has certainly been an exceptional year for all of us, particularly due to the COVID-19 health emergency which posed unprecedented challenges for the Foundation, before which we sought to quickly adapt and be flexible in the best way possible. Dialogue and working closely with communities and partners were crucial to helping us address this adverse scenario.

In line with Minera Los Pelambres' strategy, the Board of Directors took the important decision in 2020 to redirect the usual work of the Foundation in order to address the pandemic and prolonged water scarcity affecting the Choapa Province by helping neighbouring communities contain the spread of the virus and mitigate its economic and educational repercussions, as well as by maintaining the water supply for human consumption and irrigation for agriculture and livestock. In this way, we focused on supplementing our regular actions with

emergency measures to provide support in each of the three areas of Minera Los Pelambres' strategy: health, community and economic recovery.

In this context, I would like to especially highlight the support for entrepreneurs and small businesses facing hard times due to the pandemic, offered through the Choapa Emergency Support programme. In education, it is worth noting the Choapa Emergency Education programme which provided support for teachers and students, particularly those from rural schools, to facilitate distance learning. In water resources management, our support for the different water users to use water more efficiently through the Confluye and AProxima programmes, and their emergency versions, stands out.

I would not want to pass up the opportunity to mention that our concern and daily efforts for Choapa Valley inhabitants bore great fruit in 2020. As a result, we were recognised by RedEAmérica, a network dedicated to promoting the transformation of investment and social practices of Latin American companies and foundations to develop sustainable

communities, as winners of the fifth edition of the Latin American Award for Sustainable Communities, *Transformadores* (Transformers). This award fills us with pride and, above all, reaffirms our convictions, values and work principles.

In 2021, we will continue contributing to the development of the Choapa Province through our programmes and expertise, adapting to a constantly changing environment to rise to the circumstances, and strengthening our efforts in digital literacy and innovation.

I hope that this report genuinely reflects our role, management model and contribution to the province, motivating more people to collaborate in the sustainable development of their communities.

RAMÓN JARA

Chairman

Fundación Minera Los Pelambres

INTRODUCTION OF THE BOARD

The Fundación Minera Los Pelambres Board of Directors is comprised of four members that seek to promote the long-term success of the Foundation, providing strategic guidelines that aim to contribute to the sustainable development of the Choapa Province and its inhabitants.



RAMÓN JARA ARAYA
Chairman of the Board



**JUAN CLARO
GONZÁLEZ**
Director



**MAURICIO LARRAÍN
MEDINA**
Director



**RENÉ AGUILAR
SÁEZ**
Director



**RENZO STAGNO
FINGER**
Secretary

IN 2020, THE BOARD OF DIRECTORS GAVE SPECIAL ATTENTION TO:



The deployment of a range of economic development and educational programmes that, within the framework of the COVID-19 health emergency, would adapt to the needs of entrepreneurs and business people in the province and facilitate the continuity of education for students and teachers in rural schools, which should result in a significant contribution to the region.



The provision of tools and mechanisms to address emergencies in the context of the prolonged condition of water scarcity, which will contribute to maintaining a continuous supply of water in terms of quality and quantity for human consumption and agricultural/livestock irrigation.

MESSAGE FROM THE GENERAL MANAGER

DEAR READERS,

The year 2020 was full of uncertainty and highly complex for the communities where we carry out our work, as we all had to face two emergencies at the same time: the COVID-19 pandemic and a long cycle of water scarcity, both at a time when citizens decided to take on new challenges to build a more equitable and inclusive country.

At the Foundation, we took special care to adapt our lines of support to the communities and we assumed the challenges that arose from the situation, in line with our institutional principles and values, helping people to understand this process and to overcome the negative impacts through our different initiatives.

We simplified and adapted our regular programmes, formed new partnerships and managed the change by creating and implementing special programmes that responded to the actual needs of the Choapa Province's inhabitants, focusing on water supply for human consumption and agriculture, maintaining the local economy, and the continuity of education for school-age students and those in higher education. In this way, we took on a significant role in the province, working closely in pu-

blic-private alliances, allowing us to support 2,145 entrepreneurs, 365 small farmer projects, 2,812 students plus 176 teachers, and more than 43,456 users of rural drinking water and water for agricultural and livestock purposes.

We had a special adaption opportunity in the digital area to develop our community support initiatives given that, in every instance, we focused on preventing the spread of SARS-CoV-2 and facilitating access to everyone who showed an interest in the opportunities we offered. We developed our initiatives with this in mind, favouring online application and reporting processes, and adapting several of our in-person activities to online formats. For example, the Manos del Choapa Fair was 100% virtual in 2020, generating important economic benefits and business contacts for the province's local suppliers.

In this sense, it is important to highlight the dedication of state institutions, local governments and partner organisations with whom we shared this year's management, as well as the commitment, technical expertise and solidarity of the Foundation's team and the Somos Choapa technical team.

With all of them, and through multi-dialogue methodologies, we were able to rise to the challenges we faced, affirming how Fundación Minera Los Pelambres designs and implements its programmes, adding value and bringing development opportunities to the province's inhabitants with the purpose of contributing to the construction of sustainable communities.

Our challenge is to continue navigating a scenario of constant uncertainty, trying to rise to the new challenges that lie ahead. We will continue to closely monitor the environment to be able to overcome difficulties, mainly focusing on local economic recovery, efficient water use and strengthening our management of education and culture.

CLAUDIA SANDOVAL
General Manager
Fundación Minera Los Pelambres

OUR TEAM



CLAUDIA SANDOVAL

General Manager. Responsible for managing and leading the organisation towards the achievement of its objectives, with a focus on contributing to the development of the local communities with which we interact.



EDUARDO GÓMEZ

Director of Programmes. Responsible for programme design, execution, monitoring, and evaluation, with a focus on adding organisational value to the local communities with which we interact.



IGNACIO GÓMEZ

Director of Finance and Administration. Responsible for managing, controlling, and ensuring compliance with the annual financial planning of programmes, their processes and operation, identifying risks and opportunities for improvement and innovation.



VANESSA MORALES

Financial and Accounting Analyst. Responsible for the efficient and full execution and compliance with the legal and administrative conditions necessary to implement the programmes and administrative, financial, and accounting processes.



CAROLINA PAZ

In charge of procurement and responsible for the optimisation, monitoring, compliance, and reporting of the annual planning for the programmes and initiatives framed within the Foundation's strategy.



ROMINA MONDACA

Administrative Assistant. Provides ongoing support to different areas of the Foundation in matters of logistics, office maintenance and administration, document control, customer service and human resources. She is part of the procurement team.



MICHELE CORDERO

Head of the Economic Development Area. Coordinates the design, execution, monitoring and evaluation of the area's programmes, focusing on the development of the local economy and its entrepreneurs.



ANDREA GAETE

Coordinator of Economic Development Programmes. Part of the team that designs, executes, monitors and evaluates the area's programmes, focusing on capacity building and rural development of local communities.



INGRID ROZAS

Coordinator of Economic Development Programmes. Part of the team that designs, executes, monitors and evaluates the area's programmes, focusing on community relations and the sustainability of local communities.



KAREM ARIAS

Coordinator of Economic Development Programmes. Part of the team that designs, executes, monitors, and evaluates the area's programmes, focusing on capacity building of local suppliers and their businesses.



BETSY VILLAROEL

Head of the Education and Culture Area. Coordinates the design, execution, monitoring, and evaluation of the area's programmes, focusing on expanding the skills and capabilities of people living in local communities.



CARLOS NUÑEZ

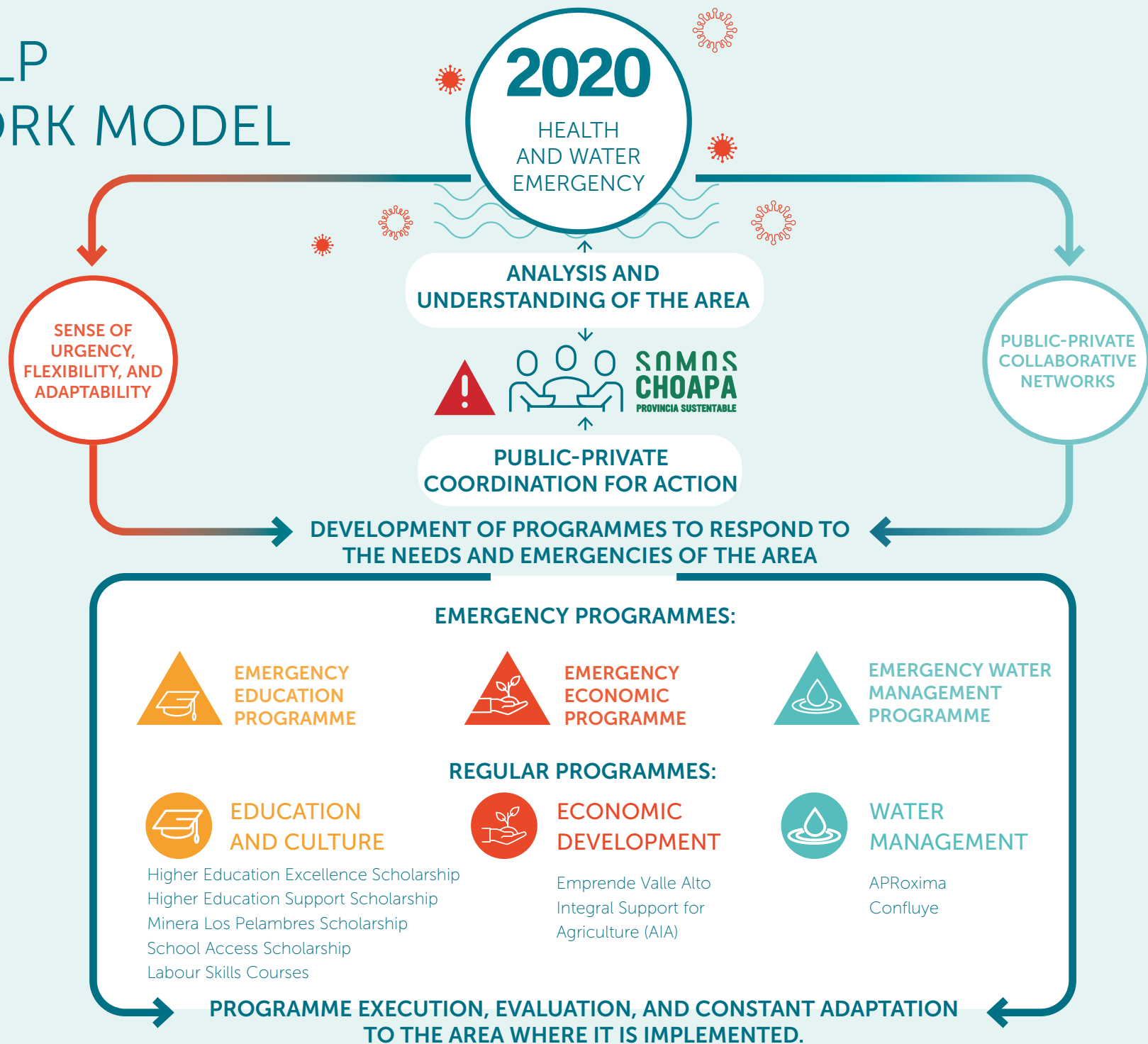
Head of the Water Resources Management Area. Coordinates the design, execution, monitoring, and evaluation of the area's programmes focusing on the search for sustainable solutions for local communities in terms of water for human consumption and productive use.



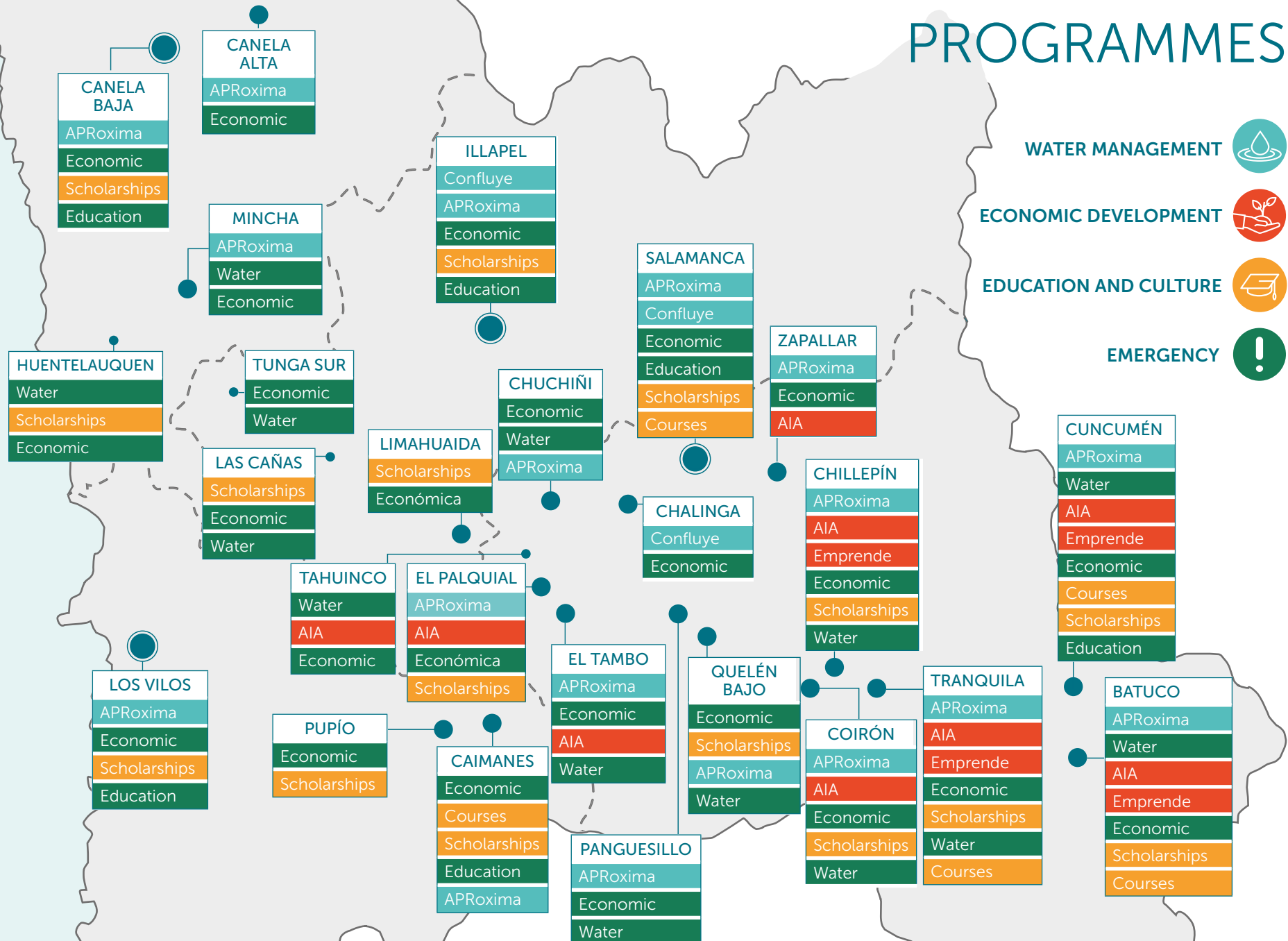
PEDRO FUENTES

Coordinator of Water Resources Management Programmes. Part of the team that designs, executes, monitors, and evaluates the area's programmes, focusing on the development of sanitary solution projects and the management of the necessary partnerships in these matters.

FMLP WORK MODEL




COVERAGE OF 2020 PROGRAMMES




OUR LINES OF WORK, ADAPTATION, AND CONTINUITY IN 2020

The actions carried out in each of our lines of work, the programmes we designed to face the emergencies (health and water), and the continuity and/or adaptation of our regular programmes are presented below.







ECONOMIC DEVELOPMENT


Response:

 **HEALTH EMERGENCY**

Context:

-  → Economic contraction or slowdown..
-  → Family economy affected.
-  → Job uncertainty.
-  → Low liquidity of companies.

FMLP Response:
CHOAPA EMERGENCY
SUPPORT PROGRAMME




Key figures:

2,096 ventures supported.

More than **\$1,140m** invested in boosting the economy


Regular programmes that were continued and/or adapted:

- Integral Support for Agriculture (AIA).
- Emprnde Valle Alto.
- **365 small farming projects and 49 ventures were supported.**
- **\$470m invested.**





EDUCATION AND CULTURE


Response:

 **HEALTH EMERGENCY**

Context:

-  → Schools closed due to COVID-19.
-  → Difficulty for students from the province to manage online classes.

FMLP Response:
EMERGENCY EDUCATION
PROGRAMME




Key figures:

15 schools, 2,097 students, and 176 teachers benefitted from innovative educational methodologies.

Over **\$154m** invested.


Regular programmes that were continued and/or adapted:

- Higher Education Excellence Scholarship.
- Higher Education Support Scholarship.
- Minera Los Pelambres Scholarship.
- School Access Scholarship.
- Labour skills courses.
- **715 education scholarships granted to students throughout the province.**
- **1,200m invested.**





WATER MANAGEMENT


Response:

 **WATER EMERGENCY**

Context:

-  → Prolonged drought in the area.
-  → Human consumption of drinking water is at risk.

FMLP Response:
WATER EMERGENCY
PROGRAMMES



Key figures:

25,102 rural drinking water users supported to maintain a continuous supply in terms of quality and quantity.

32 water communities and 2,293 irrigation users benefitted from the lining of canals to improve their water efficiency.

Over **\$393m** invested.

Regular programmes that were continued and/or adapted:

- APROxima.
- Confluye.
- **More than 16,061 users of rural drinking water and water for agricultural and livestock consumption benefitted.**
- **Over \$633m invested.**

* All \$ signs in this report refer to Chilean pesos.



WATER RESOURCE MANAGEMENT

The care and availability of water for consumption and use in various economic activities are, without a doubt, among the main priorities of the Choapa Province and are, therefore, a priority for us as well.

At Fundación Minera Los Pelambres, we have developed a work area specialising in water management, which aims to contribute to improving the availability, efficiency, access, and services associated with the use of water in Rural Drinking Water Systems (APRs) and agricultural and livestock production.

It is important to highlight that the achievement of these objectives is related to a systemic view of the water basin and its stakeholders. The water problem in the province is not only due to low rainfall or insufficient infrastructure or management of APRs and irrigation systems, but also a matter

of knowledge of the basin, water cycles, and the role of each stakeholder connected to water.

For this reason, as a Foundation, we promote a close relationship with the Water User Boards, irrigators, farmers, APR committees, APR municipal district associations, and state agencies, among others, seeking a broad view of the water availability issue in Choapa, where the solution does not depend on one party, but on the collaborative work of all stakeholders in the basin. In recent years, we have sought to facilitate collaborative work with the implementation and management of various related programmes and projects, such as the Quitai Anko Technology Centre project and the implementation of the municipal intersectoral APR working group in Salamanca.



CLIMATE CHANGE AND WATER SCARCITY IN THE CHOAPA VALLEY

In terms of water, 2020 was a difficult year. In addition to the health emergency, there is a serious water shortage in the Choapa Valley.

In the past, the Choapa Valley used to go through periods of drought lasting two or three years followed by rainy cycles of four years, on average. This cycle has been altered as a result of climate change, extending the periods of drought and putting pressure on the area's water resources.

Today, we are witnessing a prolonged drought that has lasted more than 10 years, affecting the central zone of Chile and, consequently, the Choapa Valley, with 2019 being one of the most difficult years of the last decade. Two of the main consequences of this phenomenon are:



The change in rainfall patterns that have decreased in frequency and increased in intensity. As a result, less snow accumulates on the Andes mountain range, the head of the valley, which, in turn, delivers its waters to the basin's two tributary rivers and aquifer.



Higher temperatures in the mountains, which have a direct impact on the ability of snow to accumulate on the Andes as it melts faster, making it difficult to manage and accumulate.

While 2020 may be considered a more normal year in terms of rainfall and snowfall, the precipitation was concentrated in a short period. Coupled with a warmer winter than in previous years and higher temperatures in the mountains, this resulted in another critical scenario for the Choapa Valley. The snow that fell, which should have been the source of water in the summer, melted quickly, filling the groundwater tables of the Choapa Basin and leaving little water available on the surface, worsened by the basin's low storage capacity.

This situation, tied with the accumulated drought from previous years, made 2020 a critical year in terms of water availability for the valley's inhabitants.

**In 2019, it rained
15% less
than it should have rained
in a normal year.**

OUR RESPONSE TO THE WATER EMERGENCY

To help mitigate the water problem that affected the valley in 2020, we implemented emergency versions of two of our regular programmes, Confluye and AProxima, to improve water conveyance through critical irrigation canals and ensure water for human consumption in local communities.

Emergency AProxima

The Emergency AProxima programme was created in the context of the water shortage affecting the area and aims to ensure water for human consumption.

Since 2017, we have been working jointly with various Rural Drinking Water (APR) Committees in Choapa, which are responsible for managing drinking water services in the province's rural areas and have been trained through courses and technical assistance in infrastructure construction and maintenance.

In 2020, the Salamanca AProxima Programme was supplemented by the launch of **Emergency AProxima** to prevent supply interruptions in the district's rural areas. In parallel, a survey of all the APRs in the province was carried out at the beginning of the year to identify the ones with the most critical operational problems, establish their main issues, and design solutions. This made it possible to correct minor technical problems that could affect the service continuity of APRs and jeopardise the water supply of the area's rural communities.



APRoxima

We continued working with our regular programme in 2020, supporting the APRs in different parts of the Choapa Valley to ensure the continuity of the drinking water services.

To achieve this, we carried out the following activities:



19 MINOR MAINTENANCE WORKS in the municipal districts of Los Vilos, Canela, and Salamanca.



SALAMANCA MATERIAL KITS: Tranquilla, Coirón, Chuchiñí, Panguesillo, and Tambo Centro treatment plants.



6 NEW DESIGNS: Peralillo, Las Trancas, Estanques Salamanca, and El Consuelo.



DELIVERY OF 18 WELL METERS to monitor water levels: Canela and Los Vilos.



Cuncumén APR: 100% EXECUTION OF MINOR WORKS, both maintenance and emergency



MLP TECHNICAL ADVICE: Caimanes, Chillepín, Choapa Viejo- Las Cañas II APRs.

Emergency Confluye

The Confluye programme, also known as the Rotary Fund, seeks to improve the efficiency of irrigation for agricultural activity by investing in irrigation conveyance and application infrastructure. Through collaborative work with the Water User Boards of the rivers in the Choapa basin, we seek to support small farmers by providing them with resources for the design and execution of the works.

In 2020, alongside the Confluye programme, we carried out **Emergency Confluye**, in which critical conveyance points were identified and various works were done to line canals using geomembranes and irrigation sleeves, which allowed water to flow faster and reduced water loss due to seepage into groundwater.

Thanks to this initiative, 17.6 km of canals were lined in 2020.



*Aguas Claras, Araya, Carachas Canals:
Canal liners with geomembrane in
various widths and lengths.*

A scenic landscape featuring a lush green vineyard in the foreground, a river with a dam, and rolling hills in the background under a clear sky.

Confluye

As with APROXIMA, our Confluye programme continued to operate normally in 2020, supporting the irrigation needs of the Water User Boards of the Choapa, Chalinga, and Illapel rivers to bring their irrigation projects to fruition, both on-farm (applications on crops) and off-farm (conveyance from source to users).

The projects submitted, executed, and subsidised that were organised by the Water Boards are presented below:

CHOAPA RIVER: 12 on-farm projects submitted and 10 off-farm projects executed for 6.1 km of irrigation canals.

CHALINGA RIVER: 10 off-farm projects subsidised and 7 off-farm projects executed for 4 km of irrigation canals.

ILLAPEL RIVER: 8 off-farm projects subsidised and 10 off-farm projects executed for 4.7 km of irrigation canals.

27 OFF-FARM
PROJECTS
EXECUTED

14.8 KM OF IRRIGATION
CANALS RELINED
WITH WITH PIPES
AND CONCRETE

PROVINCIAL DIAGNOSIS OF APRs

In 2020, we conducted a diagnosis of the province's Rural Drinking Water (APRs according to their Spanish acronym) systems in the municipal districts of Canela, Illapel, Salamanca and Los Vilos to determine their condition.

This analysis allowed us to diagnose the current condition of 75 APRs in terms of both infrastructure and operation, and thus make progress in guaranteeing water availability through water management efficiency improvements, reducing to the maximum the systems' potential failures and losses and, thereby, increasing the certainty of counting on the quality, quantity and continuity of water for the rural population.

The main gaps identified were associated with:



Electrical problems in internal APR systems.



Need to train APR operators to have more and better tools to solve or adjust to operational problems.

Based on the issues and situations identified, several extraordinary lines of support were defined. It was decided to extend the Salamanca Emergency APProxima programme, which initially lasted for a limited time. Within this framework, the APR Emergency Unit was extended and turned into a Support Unit with a continuous and regular operation until 2022, considering the positive evaluation of this initiative and the needs detected in the diagnosis.

In this same regard, the APProxima programme was extended to all the province's municipal districts in 2021 to maintain and improve the systems, train operators, and strengthen the management role of the APR municipal district associations, jointly with the latter, municipalities, and state sectoral institutions.

On average, the failure of an APR leaves the community without water for **3 HOURS.**





STRATEGIC ACTIONS TO ADDRESS CLIMATE CHANGE

As a Foundation, we understand that water-related issues are a priority and that their management calls for multi-stakeholder coordination, given the complexity of the challenges to be addressed.

As a result, we have implemented various initiatives that seek to create synergies between the different parties involved with water in the province and to innovate in the solutions necessary to meet the challenges imposed by climate change.

The actions we launched or further developed in 2020 were as follows:

APRs and municipalities

We are aware that, as a Foundation, we can support the management of APRs and contribute with infrastructure improvements or maintenance, but major works must be executed without exception, through public-private coordination. For this reason, we formed the Municipal APR commission in the municipal district of Salamanca, which includes the APR committees, the municipality, Minera Los Pelambres, and our Foundation.

The objective is to work closely with the Directorate of Hydraulic Works (DOH) and the Undersecretary for Regional and Administrative Development (SUBDERE) to success-

fully leverage public resources for new and improved APR systems.

Our challenge is to implement these intersectoral commissions in the province's other municipal districts to speed up responses to problems detected in APRs on a provincial level.

First activities of the Quitai Anko Consortium

The first activities of the Quitai Anko Consortium began in 2020. This initiative is the result of a strategic alliance between the government's economic development agency CORFO, University of La Serena, CAZALAC, CEAZA, Deltares, Minera Los Pelambres, and Fundación Minera Los Pelambres, and is intended to address the water challenges faced by the regions of Atacama, Coquimbo, and Valparaíso as a result of climate change.

This project aims to solve medium and long-term problems and has five projects underway, which seek to understand the water cycle in the region's river basins and generate technologies to be able to, for example, determine the best way to recharge aquifers (technology used in other places, such as California, US, which would allow water to accumulate without needing to construct large surface infrastructures that are more costly and less efficient).

The activities carried out in 2020 were:



Webinar: “Considerations for the implementation of the Rural Sanitary Services Law.”



Anchor projects: Pilot on artificial aquifer recharge in arid and semi-arid zones, Integrated Management System for rural drinking water committees, Implementation of groundwater reservoirs through intersecting barriers for rainfed areas.

INIA Collaboration Agreement: Technology Transfer Groups for Valle Alto irrigators

As stated above, one of the major challenges in water issues is the coordination between the different parties involved with water in the area.

Achieving this synergy and coordination is key to addressing the challenges of climate change in the Choapa Valley. By integrating the skills and development programmes of each organisation involved with water, it would be possible to establish fruitful collaborations between public and private institutions to achieve more efficient water management in the province in the short and long term, through a coordinated project development scheme between institutions.

In 2020, in line with this challenge, we agreed to sign a collaboration agreement with the Institute of Agricultural Research (INIA) to implement its training methodology known as Technology Transfer



Groups (GTT), which seek to transfer technological know-how and provide practical technical support to farmers with a focus on irrigation issues.

The main characteristic of this methodology is the formation of a group of farmers who learn the training concepts in practice, monitor their land and that of other group members, and identify the good and bad practices used in order to find solutions together.

The farmers selected belong to different areas of Valle Alto in Salamanca Province, such as: Cuncumén, Batuco, Tranquilla, Chillepín, Coirón, and Punta Nueva. In 2020, the diagnosis for the programme was completed with a view to starting activities in 2021.



ECONOMIC DEVELOPMENT

Our economic development line of work seeks to support entrepreneurs, micro-businesses, and small rural producers of the Choapa Province and contribute to their development by adding value to their products, reducing production and quality gaps, and improving competitiveness.

In 2020, the Choapa Province, as in the rest of the country and the world, was seriously affected by the restrictions put in place to prevent the spread of the COVID-19 virus. These travel restrictions and social distancing measures had serious repercussions on the province's economy, affecting families, jeopardising local business ventures, and damaging the ability of companies to maintain or create jobs.

CHOAPA EMERGENCY SUPPORT PROGRAMME

In order to respond quickly to the adverse economic scenario caused by the health emergency in the province, we created the Choapa Emergency Support programme within the framework of Somos Choapa (Minera Los Pelambres' engagement programme with local communities), in collaboration with the municipalities and the state's different sectorial institutions. This multistakeholder effort allowed us to develop a programme that supplemented the benefits provided by the state in a tight timeframe.

With Choapa Emergency Support, we sought to provide the province with a programme that was simple, fast and for everyone, supporting as many entrepreneurs and business people as possible through economic resources, training, and specialised technical advice, which would allow them to resolve their most pressing needs and develop the necessary skills to adapt their businesses to the new current economic context and thus achieve the resilience and autonomy needed to face future challenging contexts.

In 2020, we doubled our regular budget for economic development to support the greatest number of entrepreneurs and micro-businesses in the province.

PILLARS OF THE PROGRAMME



Economic Support

A one-time economic contribution of between \$300,000 and \$3,000,000 was granted, depending on the characteristics of the applicant (entrepreneurs, micro-businesses, or small businesses).



Technical advice

The main component of the programme was specialised technical advisory services, which sought to improve micro and small businesses' digital marketing skills, the legality of their businesses, and compliance with current health regulations.

For the informal entrepreneurs benefitting from this programme, we held the basic training programme on business formalisation, business narrative, and costs and cash flow through Sercotec Coquimbo's business centre in Illapel.



Communication campaign

A universal communication campaign was carried out, targeting all stakeholders in the province. It sought to share good economic practices with consumers, entrepreneurs, and business people, reinforcing concepts such as "Buy local", "Preserving jobs", and "Local economic flow".

The objective was to create an atmosphere of collaboration, support, and solidarity in the province, through all available platforms: social networks, web platforms, radio, and some of the programme's beneficiaries were also highlighted on Somos Choapa's Conecta platform.

"Conecta" Platform

KEY PERFORMANCE FIGURES 2020



Initiatives
Awarded

2,096



Investment in
the province

\$1,140,160,000

No. initiatives
awarded in
SALAMANCA

565

**50% of the
applicants.**

No. initiatives
awarded in
CANELA

225

**69% of the
applicants.**

No. initiatives
awarded in
ILLAPEL

574

**51% of the
applicants.**

No. initiatives
awarded in
LOS VILOS

732

**78% of the
applicants.**

MAIN IMPLEMENTATION CHALLENGE

ONLINE APPLICATION

The main challenge to implementing this programme was how people in the province would apply for it. Historically, these processes have been carried out in-person but as the context did not allow this, we opted to implement an online application.

To facilitate the application and not leave anyone out, we opted for:

1. A simple online application with the minimum requirements to be able to assess a project.

2. Implementation of mixed applications. We assessed the areas where connectivity could pose a problem when applying and set up specially prepared places to receive physical documentation in collaboration with the municipality of each district.

Thanks to these measures, we were able to reach more people, receiving 3,532 applications, of which 2,096 were approved (84% of those eligible), 2.5 times more than the number of projects awarded in a normal year.

REGULAR ECONOMIC DEVELOPMENT PROGRAMMES

While our focus in 2020 was on the Choapa Emergency Support programme, we also implemented two of our regular programmes that we have been working on in the Valle Alto area in the Salamanca municipal district.

These programmes were Integral Support for Agriculture (AIA) and Emprende Valle Alto.



Integral Agricultural Support

The Integral Support for Agriculture (AIA) programme seeks to develop family farming in the area of Valle Alto in the Salamanca district, helping to maintain productive activity and improve inhabitants' quality of life.

In 2020, this competitive initiative focused on strengthening the water strategy of farmers in the area, providing funds to finance irrigation equipment. This aims to improve efficient water use while maintaining the production and/or productivity of the allotments.


KEY PERFORMANCE FIGURES:

189
projects awarded
in the area of
agricultural inputs
and
176
for minor works,
with a focus on
efficient irrigation.


62
effective follow-
up visits after the
award (37.7%).


63
training sessions
for beneficiaries,
held through
technology
transfer groups.


\$314,885,380
invested in direct
contributions to
family farms in
Valle Alto


In the minor
works area, 95%
of resources
were allocated to
efficient water use.

COLLABORATIVE PARTNERSHIPS

The Integral Support for Agriculture programme is implemented in collaboration with Minera Los Pelambres and the Municipality of Salamanca through the Prodesal-PADIS programme

This programme, launched before the COVID-19 health emergency, implemented an online reporting system that facilitated the benefitted projects' closing processes.

Emprende Valle Alto

The purpose of this programme is to help improve the business conditions for informal entrepreneurs, business ideas, and small business people in Valle Alto in order to reduce production and quality gaps through economic support and training on business management.

In 2020, we were able to implement the first version of the programme, which allowed new ventures to be established and strengthened local businesses operating in areas such as commerce, food, and general services.

KEY PERFORMANCE FIGURES:



49 beneficiaries.



\$43,090,828 invested in direct contributions to strengthen local enterprises in Valle Alto.



This programme, launched before the COVID-19 health emergency, implemented an online reporting system that facilitated the benefitted projects' closing processes..

"MANOS DEL CHOAPA" CHRISTMAS FAIR

In partnership with Club San Lorenzo, a benefits club for Antofagasta Minerals' workers, we held the second version of the Manos del Choapa (Hands of Choapa) fair in 2020, which promoted products from the entire province over 19 days.

Thirteen local producers from the municipal districts of Illapel, Los Vilos, and Salamanca participated, achieving total sales of \$13.6 million.

"It was a very good initiative. We had not been able to sell our products due to the context we are in. Being offered this opportunity gives us more cushion for what lies ahead and opens doors for us to offer what we do to other companies over the Internet, which is different from what we had been doing."

Gabriela Ibacache

*Legal Representative
Society of Goats Farmers
Choapa Andino, Cuncumén*

COLLABORATIVE WORK FOR THE CHOAPA WALNUT

Last year, we were able to finalise an agreement with the Institute of Agricultural Research (INIA), becoming beneficiaries of an Innovation Fund for Competitiveness (FIC fund) to study the Choapa walnut and generate four by-products (liquor, flour, oil, and pickled walnuts).

The activities we carried out included:



Filming six videos of recipes that include walnut by-products



Generating four datasheets on agricultural and by-product results



Closing seminar of the project "Description of the walnut and its by-products".

With these activities, we sought to highlight the key role of the walnut as an agricultural product that characterises the province, with high growth potential and as a source of opportunities for the area's inhabitants.



EDUCATION AND CULTURE

The purpose of the education and culture area is to bring professional and job training opportunities to the communities of the Choapa Province. Through various instruments such as academic scholarships, support programmes, and/or job training programmes, we seek to boost the province's capacity to generate local talent that will pass on knowledge and contribute to the development of their communities.

With regards to education, and in the context of the pandemic, the area's schools remained closed to maintain social distancing and stop the spread of the virus, requiring educational establishments to adapt to this new reality.

CHOAPA EMERGENCY EDUCATION PROGRAMME

In 2020, due to the situation caused by the pandemic and health emergency, classes in educational establishments had to be suspended, and thousands of children and young people throughout the country had to begin learning at home. This revealed the difficulty of holding classes remotely and, specifically in the Choapa Province, fully online education was not feasible because of connectivity issues and the social digital divide that affect the area.

Faced with this situation and in response to the needs of educational communities, we designed the Choapa Emergency Education programme together with Fundación Educación 2020, focusing on providing pedagogical support for students and teachers to coordinate and sustain distance learning.

PROGRAMME OBJECTIVES



Assist the school communities of the Choapa Province to maintain learning paths.



Diversify how content, activities, or other pedagogical materials are received by students.



Promote the creation of Learning Communities by strengthening the culture of collaboration in establishments and between schools (networking).

CONCERN FOR THE HEALTH AND WELLBEING OF OUR COMMUNITIES

In addition, the lockdown and the major changes in daily life brought by the 2020 scenario have caused higher stress levels in students. Given this, we created **#Choapaña y aprende**, an initiative that seeks to support the Choapa families to better cope with the emotions caused by the pandemic.

The programme was implemented in **15 schools**, mainly in rural areas of the province.

KEY PERFORMANCE FIGURES:



No. schools

15



No. students

2,097



No. teachers

176



Investment in
the province

\$154,980,000



COLLABORATIVE NETWORKS

To carry out this programme, we worked together with Fundación Educación 2020, with whom we have carried out other educational projects in the province. Thanks to our collaboration agreement, we were able to access their full experience and knowledge in the implementation of the Project-Based Learning (PBL) methodology. It is important to note that the implemented programme was presented to the mayors and Heads of the Municipal Education Administration Department (DAEM) and that the design was reviewed by the technical working group of the Somos Choapa programme, thus respecting ongoing dialogue with the municipalities.

PROGRAMME EVALUATION

The implementation of the programme included an evaluation stage that allowed us to determine the main impacts of this new way of project-based distance learning on the educational community.



THE MAIN FINDINGS WERE THE FOLLOWING:



Extensive teacher training in PBL methodology

On average, 96% of teachers in the schools participating in the programme were trained in PBL methodology. Of these, an average of 90% designed deep distance learning experiences.



Student motivation

Before the support, the completion rate of homework assignments sent by the establishments was 66%. After the implementation of the project-based learning methodology, the completion rate increased to 87%.



Impact on the management of educational establishments

Before the support, the average number of inter-school exchange opportunities was 2.4 per establishment. After the support, the number of these opportunities increased to an average of 7.5 per establishment. This made it possible to create dialogue and reflect on common issues.



Strengthened collaborative work between teachers

Before the support, 46.7% of meetings between teachers were collaborative. After participating in the programme, and motivated by the educational innovation, collaboration in meetings increased significantly to 92.3%. In addition, the meetings incorporated collaborative strategies among teachers (interdisciplinary and multigenerational), which enriched the learning experiences offered to the students.

"Along the way, we realised that the programme gave us relief and considerable support. It has helped us to get on track and organise ourselves. With the training and the way of working on the project, we realised that we have been able to progress, mainly in supporting all the children who have not had the opportunity to come to school, bringing ourselves closer to them."

Jeannette Godoy Toro,

Principal of Héctor Jorquera Valencia School, Canela Baja

REGULAR EDUCATION PROGRAMMES

One of our main concerns as Fundación Minera Los Pelambres is to support access to education for young people from the Choapa Province, for which we have various scholarships. In 2020, despite the difficulties and uncertainties posed by the pandemic and in addition to the implementation of the Choapa Emergency Education programme, we maintained the continuity of all our scholarship programmes, totalling 715 beneficiaries, as follows:



The Excellence and Support Scholarships for Higher Education seek to cover the economic needs for young people from Choapa to access undergraduate studies in institutions recognised by the Ministry of Education.

The **Minera Los Pelambres scholarship** seeks to promote agricultural development in the province by providing support to young people who have graduated from primary school to continue their studies at the Pascual Baburizza Agricultural Institute. This benefit covers all needs related to studies (transportation, supplies, materials, uniforms, among others) and also enables the continuity of higher education through the Excellence Scholarship.

The **School Access programme** was created to promote access to and continuity in the formal education system for high school students in the municipal districts of Salamanca and Los Vilos who, because of disadvantaged socioeconomic conditions or their distance from urban centres, are unable to ensure their continuous attendance at educational institutions. In its execution, the programme also enables community organisations (neighbourhood associations or others) to be strengthened due to their participation and responsibility in the process





Scholarships

EXCELLENCE SCHOLARSHIP

For students from the Choapa Province with high academic performance.

SUPPORT SCHOLARSHIP

For high school students with an average grade of more than 5 from the communities of Caimanes, Pupío, El Rincón, Cuncumén, and Batuco.

Both scholarships include an annual financial contribution and renewable for 5 years.

ADJUSTMENTS TO OUR SCHOLARSHIPS AS A RESULT OF THE RESTRICTIONS IMPOSED BY THE COVID-19 PANDEMIC



All processes associated with the submission and renewal of scholarships were digitalised to avoid scholarship recipients needing to travel to reduce the spread of COVID-19.



The scholarship contributions were adapted, changing from financing housing outside of the student's hometown to financing young people's access to education and offering flexibility in the criteria associated with internet access, the purchase of computer equipment, or the purchase of proper furniture for good student performance.



TECHNICAL TRAINING CENTRE OF THE CATHOLIC UNIVERSITY OF THE NORTH

Through a cooperation agreement between the Catholic University of the North (UCN) and Fundación Minera Los Pelambres, the first Technical Training Centre (CFT) of the Choapa Province was established in 2018 in the city of Los Vilos. The Technical Training Centre of the Catholic University of the North (CFT CEDUC UCN Choapa) meets the requirements established by the Ministry of Education for its students to apply for scholarships and financial benefits offered by the state. The campus provided by the Foundation operates in two 3,300 m² buildings fitted with the necessary equipment for the students' technical and practical training.

672
students
studying

84%
of students
with free
tuition

CROSS-CUTTING PROGRAMMES

Impact Measurements 2020

To determine the impact of the social investment programmes and initiatives implemented in the province, Antofagasta Minerals, through our Foundation, has established periodic impact evaluations for the programmes in its Social Management Model, using tools from the Theory of Change and Social Return on Investment (SROI).

This methodology seeks to measure the non-financial impacts of a project, meaning that in order to evaluate the success of a project, its economic impact is analysed as well as its social and environmental impact, which makes it a much more accurate analysis.



The main results of the impact measurements carried out in 2020 were:

APRoxima

SROI: \$1.96

Our programme to support rural drinking water and water infrastructure services in the Choapa Province obtained an SROI of **\$1.96**, meaning that for every **1** peso invested in the programme there was a social return of **1.96** pesos to the community.



APROXIMA PROGRAMME
\$1 → \$1.96
SROI: \$1.96

The study shows that for every \$1 invested, the social return of the programme is \$1.96

Main impacts and results:

- **+90%** of managers value the technical and management capacities of the different parties in their APRs.
- **77%** of APR managers acknowledge that they have good relations and coordination with public sector institutions.
- Less than **3 hours** of supply interruption in the event of failures.
- **96%** of users who know the programme rate it as good or very good.

Impulso

SROI: \$1.75

Our programme to strengthen and expand the capacities of companies and individuals that provide services to the mining industry in the municipal districts of Salamanca and Los Vilos obtained an SROI of **\$1.75**, meaning that for every **1** peso invested in the programme, there was a social return of **1.75** pesos to the community.



IMPULSO PROGRAMME
\$1 → \$1.75
SROI: \$1.75

The study shows that for every \$1 invested, the social return of the programme is \$1.75

Main impacts and results:

- **83%** of businesses are still operating despite the scenario caused by the social uprising and the COVID-19 pandemic, with 64% having diversified their services. 39% of them have been suppliers to companies collaborating with Minera Los Pelambres.
- **Roughly 75%** of the beneficiaries surveyed state that the positive changes in the company were generated by the programme.
- **69%** of the beneficiaries interviewed rate the programme very positively and state that it met their expectations.

PARTICIPATION IN REDEAMÉRICA



We actively participate in RedEAmérica, firmly believing that by sharing our collective experience in the Choapa Province, we strengthen our actions and can inspire other companies and corporate foundations to develop their areas of influence and communities.

PUBLICATIONS IN THE LATIN AMERICAN NEWSLETTER REDEAMÉRICA

In 2020, we shared six work experiences through RedEAmérica's monthly newsletter, focusing on the growth and development of people from the province, spotlighting the cases of Víctor León, Academic Excellence in Higher Education scholarship; Leandro Gutiérrez, Minera Los Pelambres scholarship; and the Chilleepin Cooperative of apricot farmers.

LATIN AMERICAN TRANSFORMADORES AWARD



An important milestone reflecting the impact of our work is the award we received in 2020 in the fifth edition of the Latin American Sustainable Communities Award, Transformadores (Transformers), which recognises organisations that contribute to more equitable, inclusive, and sustainable development.

Fundación Minera Los Pelambres was recognised in the category "Private social investment and sustainable communities" for the initiatives developed in the Water Resources and Economic Development lines of the Somos Choapa programme. The Foundation's understanding of the province was emphasised, through which a shared vision is created with inhabitants to spot opportunities for improvement and innovation that may contribute to local development and improve people's quality of life in the Choapa Province.

In its fifth edition, the award received 69 nominations from 12 Latin American countries.

www.redeamerica.org/transformadores

Webinar participation and coordination

In 2020, together with the RedEAmérica team, Somos Choapa, and Minera Los Pelambres, we co-organised two webinars:

- “Global change, social uprisings, and the pandemic. A look at Latin America from Chile.”
- “Series of talks and reflections on territorial approach in times of uncertainty and social mobilisation.”

Emergency Support

Guide to Measures Adopted by Government



Three
updated
editions

April
May
July

Guide to measures
adopted by the
Government of
Chile in response
to COVID-19

SOMOS
CHOAPA
PROVINCIA SUSTENTABLE

Guide to measures
adopted by the
Government of
Chile in response
to COVID-19

SOMOS
CHOAPA
PROVINCIA SUSTENTABLE

Updated
5 May 2020

Guide to measures
adopted by the
Government of
Chile in response
to COVID-19

SOMOS
CHOAPA
PROVINCIA SUSTENTABLE

Updated
28 July 2020

As part of Somos Choapa, we launched three guides that sought to provide an overview of the measures adopted by the government in response to the COVID-19 pandemic. The spirit of these guidelines was to bring these measures together into a single document in plain language.

In April, when the first guide was launched, the measures were scattered throughout the different divisions of the government, making it difficult for the inhabitants of the Choapa Province to fully understand them.

The success of the first guide led us to publish two updates in May and June.



2021 CHALLENGES AND COMMITMENTS

Our commitment is to continue contributing to the development of the Choapa Province through our programmes and experience, adapting to a constantly changing environment to address new circumstances.



WATER MANAGEMENT

- Ensure the supply, quantity, and quality of water and sanitation for rural human consumption.
- Ensure reduced losses in the canals according to PROMMRA identification.
- Increase the developed surface area and improve irrigation management with a focus on small-scale agriculture in Choapa.



ECONOMIC DEVELOPMENT

- Support economic recovery, adapt, and make our usual tools available.
- Strengthen Choapa's entrepreneurs through different mechanisms.
- Ensure spaces for the distribution and marketing of their products through digital media.



EDUCATION AND CULTURE

- Enhance the coordination of existing education and culture programmes.
- Ensure the implementation of follow-up processes associated with the beneficiaries and their academic and labour paths.



MANAGEMENT REPORT 2020

Management

Fundación Minera Los Pelambres
Minera Los Pelambres Communications
Department

Contents

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Contact

For more information, or to make comments or enquire about this Management Report, please write to fundacion@pelambres.cl

Website

www.fundacionmlp.cl

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