

Our Approach to Climate Change

Climate Change Risk Management

GRI 3-3

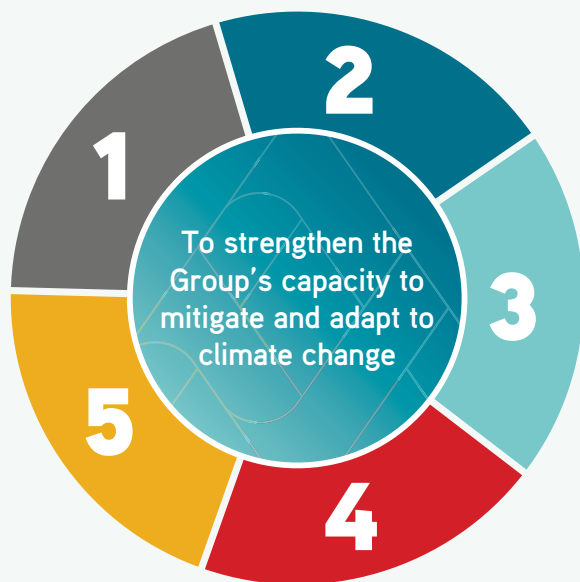
Climate change is one of our top priorities. We recognise the contribution of copper to increasing electrical demand relating to the worldwide energy transition and the need to adapt our operations to reduce our GHG emissions.






As a copper producer, we provide a critical raw material for low-carbon technologies and have also adopted measures to mitigate the carbon footprint of our operations. Through innovation, planning and resilience, we are transforming our production processes and managing risks associated with climate change.

We assessed physical and transition climate change risks to our business from a financial perspective, in order to understand their impact on short-, medium-, and long-term actions. This input is key to strengthening our climate change adaptation strategy and to accomplishing our emissions reduction targets. In addition, we measured our transition risks, in order to assess our decarbonisation plan¹.

Climate change mitigation and adaptation is managed in terms of three criteria: climate change risk control, assurance of the destination of investment resources, and consistency of project approval with the internal carbon price. Our focus is to ensure operational continuity, and our investment resources should therefore be aligned with processes across the Group as a whole.

Our long-term Climate Change Strategy



-  Development of climate change resilience
-  Reduction of GHG emissions
-  Efficient use of strategic resources
-  Management of the environment and biodiversity
-  Integration of stakeholders



Copper cathode electrodeposition plant, Centinela

The Value of Copper

Copper is a particularly relevant factor in today's urgent efforts to limit the increase in global temperature. In this context, technologies involved in the generation, transmission and storage of clean energy are essential. Technology of this type requires a higher percentage of copper than those involved in the generation of fossil energies, which makes it an essential metal for the achievement of global carbon neutrality. Net zero emissions targets for 2050 will drive a relevant 82% increase in copper demand between 2021 and 2035, particularly in the automotive, electrical transmission and distribution, and electricity generation sectors².

1. For further information on climate change risks, please visit the TFCD section of the Annual Financial Statement Report 2023.

2. The Future of Copper, S&P Global, 2022.

Our Approach to Climate Change *continued*

Financial Implications and Other Risks Associated with Climate Change

GRI 201-2

We promote effective risk management as part of our culture and strategy based on acknowledgement that they are inherent to our business. We manage risks using an Integrated Risk Management System based on the ISO 31000 risk management standard and the COSO¹ ERM enterprise risk management framework. The system is applied to all our operating companies, projects, exploration activities and support areas in order to ensure a comprehensive overview of the uncertainties that could affect the achievement of our strategic objectives.

The Board of Directors has overall responsibility for risk management, determining the nature and scope of principal and emerging risks, and defining and regularly reviewing acceptable levels of exposure based on the defined risk appetite. The Audit and Risk Committee assists the Board to evaluate the effectiveness of the risk management process. At the executive level, the Risk, Compliance and Internal Control area implements the policy, ensuring that a solid risk management culture exists at all levels of the organisation.

We recognise the threat that climate change poses to human life and the planet. For this reason, we have integrated climate change as one of our principal business risks, allowing us to strengthen our mitigation and adaptation capacity to address the consequences of this phenomenon. We follow the TCFD recommendations to assess our climate-related risks. As part of our risk management, on an annual basis, we review the risk appetite assigned for each principal risk. This is defined as the level of acceptable exposure to risk based on its benefits in terms of the fulfilment of strategic objectives.

We give special priority to the potential financial impact of the transition and the physical risks associated with climate change, as well as to mitigation and adaptation measures, such as the construction of a desalination plant at Los Pelambres.

1. Committee of Sponsoring Organisations of the Tradeway Commission.



Coquimbo Region

We are aware of how potential physical climate changes might influence our long-term sustainable operations. We have therefore focused on topics such as reductions in available water supply as a consequence of drought, extreme rainfall events, restriction or suspension of operations due to logistics chain disruption caused by sea swells in ports, higher temperatures, and dust events associated with high winds.

To understand the financial impact of transition risks, we used the new International Energy Agency's "Net Zero Emission by 2050" or IEA's NZE scenario (2 degrees or lower scenario), an ambitious and widely recognised scenario that provides a global view and context on a low-carbon transition. In the IEA's NZE, fossil fuel prices decline due to low demand and lower costs are offset by the introduction of carbon taxes to encourage the low-carbon transition. In alignment with this scenario, we have quantified the financial impact of the introduction of a carbon tax, including an analysis of our Climate Action Plan and identifying opportunities such as higher copper price.

In terms of risk management, we are constantly monitoring progress and the emergence of new solutions that improve our sustainability. In doing so, we display a "crossed learning experience". If we detect an incident in one of our companies, we tackle feasible solutions within that company and in the Group reducing the risk. This way we make sure to reduce the risk within the entire Company.

+ For further information on physical and transition risks, please visit pages 24 and 25 of our Second Climate Change Report.

Climate-related governance

Board of Directors

Sustainability and Stakeholder Management Committee

Audit and Risk Committee

Remuneration and Talent Management Committee

Climate change is an important element of our risk management and decision-making. Our Board of Directors has ultimate responsibility for our climate-related goals and strategy.

As one of the main challenges and risks facing Antofagasta Minerals, there is a high degree of awareness of the need to consider climate change impacts in our decision-making processes.

A corporate Climate Change Committee, formed in 2021, leads the support of the implementation, monitoring and continuous improvement of the Strategy. One of the Committee's objectives is to maximise the participation of the different areas and levels of the organisation as part of this challenge.