

Sustainability Report 2021



Cerro Verde



2021

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**Message of the
President General
Manager**

It is with great satisfaction that we submit our 2021 Sustainability Report, in which we address our economic, environmental and social performance.

We thus assert our commitment to conduct transparent operations for our own benefit and that of our stakeholders, and to supply the world with responsibly produced copper. Copper that is fundamental to the energy transition.

The basis of our ESG (Environmental, Social and Governance) strategy is defined by our corporate culture, as set by Freeport-McMoRan Inc. (FCX), our parent company. It aligns our values with our commitments and helps us deliver a positive impact both inside and outside our operational boundaries.

During the reporting period, the COVID-19 pandemic continued to affect the world, our country, and our workers. In this context, Cerro Verde continuously updated its COVID-19 Surveillance, Prevention and Control Plan at work, monitoring the impact of the pandemic on our operations and keeping up our operational protocols in order to contain and mitigate the risk of spread in our operations.

In 2021, our production positioned us as the second largest copper and molybdenum producer in the country, with a market share of 18.2% and 27.7%, respectively. Annual sales totaled US\$4 199.4 million, with a net profit of US\$1 191.5 million. The main destination for our copper concentrate sales was China, and Peru was the main destination for our copper cathodes. These results have been achieved thanks to the favorable context of metal prices and thanks to our extraordinary workforce, which at the end of 2021 totaled 4 727 employees.

The safety of our entire workforce, both direct employees and the employees of contractor companies, continues to be our highest priority. During the reporting year our safety performance for the entire workforce was a TRIR of 0.45, down from 0.52 in 2020. When considering only CV Employees, our TRIR was 0.23 which ties our lowest rate ever.

As we have already reported, in 2020 we became the first Peruvian mining site to obtain the “Copper Mark” award. This was after passing an independent assessment and demonstrating conformance with The Copper Mark’s responsible production requirements, an assessment framework that closely aligns with the 10 mining principles, performance expectations and position statements of the International Council on Mining and Metals (ICMM) sustainable development framework and contribution to the Sustainable Development Goals (SDGs). In 2021, we received an independent assurance assessment that attests to the maintenance of and compliance with the above requirements and practices.

Moreover, since the beginning of the pandemic, in a joint effort with several allies, we have made available to the population of Arequipa and our direct and indirect areas of influence, different supplies, materials and equipment necessary to cope with the pandemic. Our contribution during 2021 totaled US\$1 438 778 and includes an oxygen generating plant at the Tiabaya District Health Center, with a capacity of up to 20 cubic meters per hour, oxygen cylinders, biosafety personal protection equipment, cleaning and disinfection supplies, thermos flasks for transporting vaccines, non-perishable food for soup kitchens, structures for vaccination posts, support for transporting the first batch of vaccines, among others. The effort made by our work team reflects our commitment to the different stakeholders and received several recognitions. We also worked directly with two other mines to import one thousand tons of medical grade liquid oxygen to Peru from Chile.

Our operations allows us to generate value for all our stakeholders, shareholders, which include employees, contractors, and the communities close to our Production Unit, and continue working in coordination with these stakeholders for the sustainable development of Cerro Verde, our areas of direct influence (ADI), and the Arequipa Region.

We would like to thank our employees for their hard work, dedication and commitment to our High-Performance Culture, which have led to the success of our operations. We would also like to thank our contractors for their valuable contribution; the national, regional and local authorities for the constructive relationships we maintain for the benefit of the community; and all the public officials who, with their rigorous evaluation, supervision and observations, have enriched our processes and permits.

Likewise, we would like to express our sincere gratitude to our shareholders for the trust they have placed in the management team of Sociedad Minera Cerro Verde; as well as to the Board of Directors for their knowledge, judgment and advice that enriches the work we do with a focus on Sustainable Development.

Finally, we invite you to review the chapters and contents of our report, where we describe in detail the highlights mentioned and our achievements during the year 2021.

Sincerely,

A handwritten signature in black ink, appearing to read 'Derek J. Cooke', written in a cursive style.

Derek J. Cooke



About Cerro Verde



Cerro Verde, a subsidiary of Freeport-McMoRan Inc. (FCX), operates a low grade copper mine in the Cerro Verde Production Unit, hereinafter UPCV, which comprises, among others, the mining concession Cerro Verde N° 1, 2 and 3 and the beneficiation concession “Cerro Verde Beneficiation Plant”, in which the main mining activities of extraction and ore beneficiation or treatment are carried out.

GRI 2-6

Cerro Verde extracts its reserves through open-pit mining and processes or benefits them through leaching technology (High grade and low grade - ROM) and mineral concentration (flotation) in the C1 and C2 concentrators.

The only Cerro Verde beneficiation concession, “Cerro Verde Beneficiation Plant”, according to the operating authorizations granted by the Ministry of Energy and Mines (MINEM in Spanish) hereinafter, has an authorization to treat a total of 548 500 MT/day installed capacity, through both processes. The area of the Beneficiation Concession “Cerro Verde Beneficiation Plant” was modified in 2019, from 7 542.53 ha to 7 640.97 ha, all included in the Company’s pre-existing mining concessions and within surface lands with rights of use in favor of the Company.

In 2021, there were no significant changes in Cerro Verde’s size, structure, property or supply chain nor in the coverage, scope or methods of content included in this report compared to the previous year, so the material items reported in this year’s report are comparable.

GRI 2-4

Company's name

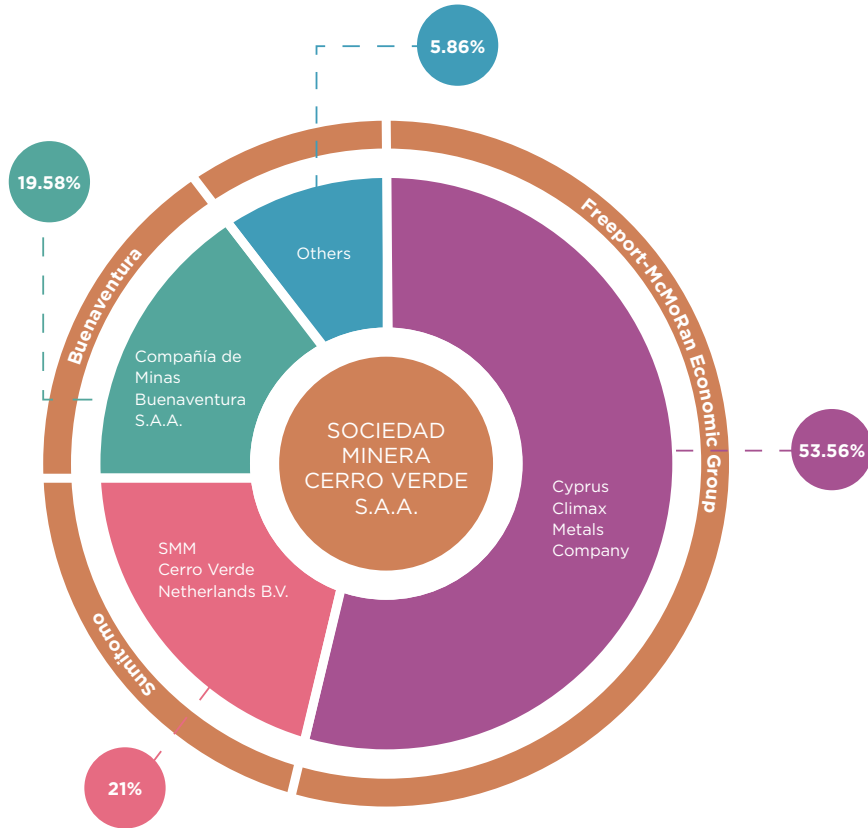
SOCIEDAD MINERA CERRO VERDE S.A.A.

Company's legal form

Cerro Verde was created as a "Sociedad Anónima" in August, 1993. By agreement of the General Shareholders' Meeting of December 6, 1999, the Company was adapted to the special form of an open stock corporation and its shares are traded in the Lima Stock Market.

GRI 2-1
GRI 2-2
GRI 2-6

Shareholders



Unit

Cerro Verde Production Unit

**Countries
where
operates**

Peru

Location

Arequipa

Main products

Copper concentrate
Moly concentrate
Copper cathodes

Our vision

We are leaders in safe copper production, making every day our best day

Our mission

Safety and Environmental Excellence: Everyone goes home safe every day

- Making Safe Production Matter.
- Preventing fatalities.
- Eliminating high-risk events.
- Strengthening environmental awareness.

People Excellence: Working together to strengthen our high performance culture

- Developing people.
- Engaging and empowering our people.
- Fostering a collaborative environment.
- Eliminating silos.
- Communicating effectively.
- Being action oriented.
- Developing Leadership.
- Treating people with respect and dignity.
- Setting high expectations and being accountable for our actions.
- Acting ethically and always doing the right thing.

Operational Excellence: “Achieving better operational efficiencies every day”

- Meeting and exceeding our objectives.
- Continuously improving.
- Implementing and rapidly adopting best practices.
- Optimizing the Mine Plan and its execution.
- Managing maintenance focused on reliability.
- Aiming for Innovation and Automation.
- Aiming for Efficiency.
- Eliminating bureaucracy and obstacles.
- Focusing on Risk Management.

Cost Management: “Investing money wisely to maximize profit”

- Focusing on creating and adding value for the business.
- Efficiently leading low-grade copper mining.
- Controlling costs.
- Making effective capital deployment.
- Involving all employees.

Social and Stakeholder Responsibility: “Maintaining acceptance to operate locally”

- Operating in an environmentally and socially responsible manner.
- Respecting all stakeholders.
- Fulfilling our commitments and agreements.
- Cooperating proactively with the community.

Production

2nd

copper producer
in Peru

358 667

MT recoverable
Copper concentrate

9 351

MT recoverable
Moly concentrate

43 704

MT
Copper cathodes
100% Grade AA LME (99.999% purity)

Net Sales

2021 **US\$4 199.4**

2020 **US\$2 538.6**

2019 **US\$2 896.9**

**In million dollars*



**Social Management
Plan Investment**

US\$3 494 576



COVID Support
US\$1 438 778



4 727 Employees

5.71% Women

0.45 TRIR

GRI 2-6



Destination of our sales

Cu concentrate

64.95%	China
21.38%	Japan
4.70%	Spain
2.42%	South Korea
2.39%	India
1.78%	Bulgaria
1.21%	Finland
1.17%	Germany

Destination of our sales

Moly concentrate

100% USA



Destination of our sales

Cu cathodes

59.88%	Peru
34.12%	USA
2.40%	China
2.16%	Italy
1.44%	South Korea



Location

The UPCV is located in the province and department of Arequipa, approximately 30 km south of the city of Arequipa, at an average altitude of 2 700 m.a.s.l., and is accessible by paved roads.

The main access from the city of Arequipa is via Departmental Highway AR-115 (Old Pan-American Highway), passing through the district of Tiabaya and the Congata sector (Uchumayo), and from this last point traveling 9.5 km to the intersection or junction with the Company's private access, finally arriving at the entrance checkpoint. Another way to access the UPCV is by the Panamerican Highway - Variante de Uchumayo (Km 48 - La Repartición), from which point you drive 10 km along Departmental Highway AR-115 until you reach the intersection with another private road belonging to Cerro Verde, called "San José". There is also access from the district of Yarabamba via a dirt road, approximately a 15 km drive.

We also have a private, paved, two-way road of approximately 30.5 km long from the UPCV to the PERURAIL La Joya transfer station.

The UPCV is located in the Atacama Desert, in the Pacific copper belt, with an average rainfall of 38.1 mm/year, in an active seismic zone.

Awards received in 2021

- Most Admired Companies (EMA), awarded by PricewaterhouseCoopers Peru, PwC and San Pablo Catholic University, in recognition of the social responsibility work we have been carrying out.
- EMIN Recognition, “Mining Excellence of the Southern Macro Region” 2021 edition, granted by the National Society of Industry of Arequipa and the Chamber of Commerce and Industry of Arequipa, for our important work generating formal work directly and indirectly, thus contributing to the progress of thousands of Peruvians.
- Recognition “Companies that Transform Peru”, delivered at CADE 2021, as one of the 21 companies that transform Peru, for the “Virtuous Circle of Water” initiative.
- Diploma and medal of honor awarded by the Provincial Municipality of Arequipa for our support in containing COVID-19.
- Diploma of Honor awarded by Tiabaya municipality for the donation of the oxygen generating plant and other goods.



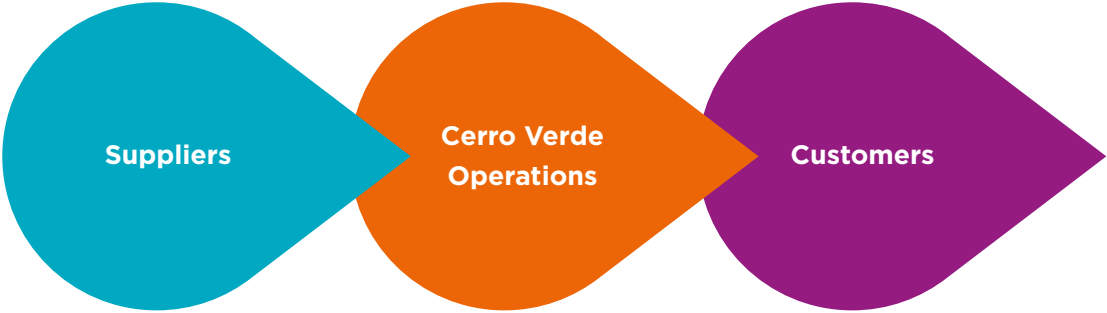
Memberships in associations and initiatives we endorse



III.

Responsible value chain





1 Specialized inputs

2 Equipment and machinery

3 Specialized services

1 Exploration

2 Mining

3 Production of copper cathodes

4 Copper and Molybdenum concentrate

1 Manufacturing industry

2 Minerals trading

Responsible sourcing of goods and services

How a company sources goods and services can have a significant impact across all Environmental, Social and Governance matters (ESG).

Globally, human rights and environmental issues in supply chains have been receiving increasing scrutiny from various stakeholders. As a result, users of minerals and metals, have taken steps to improve due diligence in their own supply chains, which has led to more attention within the mining industry.

In 2021

We have carried out operations with 1 321 local, national and international suppliers and the transactions that we celebrated with them exceeded US \$ 1.8 billion.

The goods correspond to 55.66%, while the services correspond to 44.34%.

The value of monetary transactions made with local suppliers is equivalent to 22.56% of the total.

At Cerro Verde, we consider our suppliers and contractors to be strategic allies for the timely and successful development of our operations, because they provide us with a wide range of goods and services. At Cerro Verde, we expect the process of supplying goods and services to reflect our corporate values, so we have a Suppliers' Code of Conduct¹, which establish the expectations we have of our suppliers in the areas of safety, responsible supply, human rights, fight against corruption, community, and environment.

Cerro Verde includes as an activity the prioritization of local purchases (supplier that provides a good/service located within the Arequipa Region) under competitive conditions, both in terms of price and quality of the product or service they provide.

¹ Code updated on March, 2022, now its name is "Business Partner Code of Conduct", available in our website: www.cerroverde.pe

Due Diligence Tools

FCX has implemented a Due Diligence Platform, called Freeport-McMoRan Compliance Exchange (FCeX), which allows assessing risk in areas such as fight against corruption, international trade and human rights. FCeX has significantly improved the company's ability to identify, assess, mitigate and control compliance risks from contractors in goods and/or services.

In 2020, a responsible sourcing section was included in this survey to collect information from each supplier on their ESG initiatives, likewise, it started the implementation of a software system called SAP Ariba Supplier Risk Management, which is integrated to our central purchasing system. The new software improves risk assessment of our suppliers using data from external sources, including operations, regulatory (anti-corruption and human rights), environmental and financial.

Security in the international logistics chain

In 2018, with SUNAT National Intendancy Resolution N° 000320000/2018/000061 and with a certificate in effect since January 02, 2019, Sociedad Minera Cerro Verde S.A.A. managed to establish, implement and certify its Security Management System in the International Logistics Chain for its Import process, using the implementation criteria the Security Levels of the Authorized Economic Operator (AEO) Program, of the National Superintendency of Tax Administration - SUNAT. This system, based on risk management, was able to identify the main threats and vulnerabilities of the import process at Cerro Verde, allowing the control of its risks.

This certification recognizes Cerro Verde, as a trustworthy operator before the Customs Administration, that:

- Complies with current legal regulations,
- Maintains an Adequate System of Accounting and Logistics Records,
- Evidences financial solvency, and
- Implements and maintains a level of security in its international import logistics chain processes.

In 2021, the system has been maintained and improved, which was monitored and verified by SUNAT-Customs.

Responsible sourcing of minerals and metals

In 2020, FCX, our parent company, published the Responsible Sourcing of Minerals Policy, which commits FCX to identify and mitigate human rights violations in the supply chains of minerals and metals used in processing facilities.

The policy describes how the OECD guidelines on mineral supply chains in conflict-affected and high-risk areas are implemented. It is critical to address the requirements of the London Metal Exchange, where our products are traded, new Policy on Responsible Sourcing; it is also an expectation of performance against both the ICMM Mining Principles and The Copper Mark.

During the year reported, Cerro Verde has worked to align itself with this new corporate policy.



IV.

Sustainability as a source of value generation



As a member of the International Council on Mining and Metals, ICMM, FCX and its subsidiaries are committed to implementing the Sustainable Development Framework, defined by a set of 10 Principles, Performance Expectations, Position Statements, Transparent Reporting Practices and an External Assurance Process.

In 2019 we began the implementation of *The Copper Mark* assurance processes, obtaining the award in 2020, after going through an independent evaluation and demonstrating compliance with the requirements of the responsible production practices of this system. In 2021, we received an independent assurance assessment demonstrating maintenance and compliance with these requirements and practices.

The Copper Mark is a recognition of responsible production, from its planning until the products are sold in the market. Its assurance framework has been developed to demonstrate responsible copper industry practices and contribution to the United Nations Sustainable Development Goals. Participating producers have committed to adhering to internationally recognized responsible practices. This framework covers 32 topics divided into 5 ESG (Environment, Social and Governance) Categories.

At Cerro Verde we use an integrated assessment tool for ICMM and the Copper Mark requirements, the same tool we use to carry out performance self-assessments.

How do we do it?

Cerro Verde has a Sustainable Development Committee or Risk Committee, made up of the Presidency, the Vice Presidency of Corporate Affairs, General Managers, and Operational and Administrative Managers.

This Committee meets periodically to review and update the ***“Risks Register for the Cerro Verde’s Sustainability”***, in which the risks and opportunities for

Sustainable Development are identified and evaluated, establishing action and monitoring plans. Likewise, since 2010, an independent third party verify this processes. During the year reported, we underwent this verification process in December, after updating our Risk Matrix in September.

Finally, to ensure that our commitments and policy objectives are being met, Freeport-McMoRan has implemented a combination of audit and evaluation programs. Our operations are also monitored by state regulatory agencies.

Our policies, together with external standards and initiatives, are the general framework that guides our sustainability programs. Supporting this framework are the internal governance and management systems that detail how we operate.

Policies² and certifications

Cerro Verde has adopted as its own the various policies established by Freeport, whose adoption has been ratified by our Board of Directors on February 3, 2021.



2 All Policies available in our website: www.cerroverde.pe

- Human Rights Policy,
- Anti-corruption Policy,
- Principles of Business Conduct,
- Business Partner Code of Conduct,
- Environmental Policy,
- Health and Safety Policy,
- Social Performance Policy,
- Responsible Minerals Sourcing Policy,
- Inclusion and Diversity Policy,
- Sociedad Minera Cerro Verde S.A.A. Quality Policy,
- Tailings Management Policy (approved by FCX on December, 2021).

The implementation, execution and integration of these policies to the development of our operations is in charge of the various management teams, depending on their nature, who report to our President General Manager. Also, many are subject to independent audit processes since they are part of our various management systems.

We have also implemented and maintain the following management systems:

- Quality Management System (QMS), ISO 9001:2015, in November 2021, we obtained the recertification, which is valid until November 2024.
- Environmental Management System (EMS), ISO 14001:2015, in January 2021, it was recommended for continued certification, until February, 2024.
- Occupational Health & Safety Management System (OSHMS), ISO 45001:2018. In September 2021 we migrated from OHSAS 18001:2017 certification to ISO 45001:2018, having the certification valid until January 2023.
- Authorized Economic Operator (AEO), as Importer, obtained with SUNAT National Intendance Resolution No. 000 320000/2018/000061 and with certificate effective since January 02, 2019. In 2021, the present program was verified by SUNAT-Customs.

The scope of the EMS and the OHSMS covers the activities associated with the exploitation of minerals, production of copper cathodes and production of copper and molybdenum concentrate, and the QMS is applied specifically to the production of copper cathodes through the electrodeposition process.

On the other hand, our Chemical and Characterization Laboratory has the ISO/IEC 17025:2005 accreditation granted by the National Quality Institute, INACAL, in November 2021. Empowering us to issue Test reports with Accreditation Symbol. In April 2022, the year in which this report was prepared, a follow-up evaluation was carried out to maintain accreditation.

Likewise, during 2021 we continue to implement our Energy Management System, based on ISO 50001:2018, complying with the requirements of the organization's context, legal compliance, stakeholders, continuous improvement, among others.

Sustainable Development Goals

Cerro Verde is developing several initiatives within the framework of these goals and has been working to align its programs, projects and activities with the 2030 Agenda of the Sustainable Development Goals (SDGs) promoted by the United Nations, those which apply. It is also important to note how the copper industry contributes to the SDGs, as this metal is strategically important to enable the progress of society.

Climate Change

Freeport, our parent company, has established a global climate strategy based in three pillars:

- **Reduction:** Reduce Greenhouse Gas (GHG) emissions.
- **Resilience:** Improve resilience to climate change risks.
- **Contribution:** Contribute responsibly produced copper to the global energy transition.

Cerro Verde is immersed in this strategy, where Freeport has set a goal for its copper operations in the Americas to achieve a 15% reduction in GHG emissions intensity per ton of copper cathode by 2030, versus a baseline the year 2018. Freeport has also announced its aspiration for the global company to participate in and contribute positively to a net-zero economy by 2050. Our parent company is committed to aligning its climate disclosures with the Task Force on Climate-related Financial Disclosures (TCFD).

Freeport, together with Cerro Verde, are working on various initiatives to help achieve the climate strategy, one of which is the implementation of the Energy Management System, which we have already discussed above. To learn more about Freeport's global climate strategy, progress and initiatives, as well as progress against TCFD-alignment, please read Freeport's latest Climate Report available at [fcx.com](https://www.fcx.com).



V.

Dimensions of our sustainability approach



1. Corporate governance, Ethics and integrity, Compliance, Human rights and Safety

GOVERNANCE

Cerro Verde, an Open Stock Corporation listed on the Lima Stock Exchange, is fully aware that the adoption of good corporate governance practices, implemented by the Superintendence of the Stock Market, SMV, through the Code of Good Corporate Governance for Peruvian Companies, is fundamental to strengthen the ties it maintains with one of its stakeholders, its shareholders.

These principles, adopted by Cerro Verde and expressed in our “Manual of Good Corporate Governance Procedures of Sociedad Minera Cerro Verde S.A.A.,” promote an environment of respect for the rights of shareholders and investors in general; they contribute to generate value, stability and efficiency in companies, and make information in the stock market transparent; this, in turn, helps to mitigate the failures that exist in these financial markets due to information asymmetry.

The level of compliance with these principles can be found in the Appendix “Report on compliance with the Code of Good Corporate Governance for Peruvian companies (10150)”, available on the websites of the SMV and Cerro Verde at www.smv.gob.pe and www.cerroverde.pe respectively.

The governance system of Cerro Verde is entrusted to the General Shareholders’ Meeting, Board of Directors and Management, who exercise their functions in accordance with the provisions of the By-laws and the General Law of Corporations; in turn, these actions are guided by the Practices of Good Corporate Governance and our “Principles of Business Conduct”.

General Shareholders' Meeting: This is the highest governing body. It must meet at least once a year to discuss the agenda proposed by the Board of Directors, which includes the approval of the Company's management during the year prior to the meeting. It may also meet during the course of the year as many times as it is convened in accordance with the By-laws and the General Law of Corporations. At the end of the reported year, only one meeting was held in March.

The Board of Directors: The next governing body is the Board of Directors, which in accordance with the By-laws, is composed of 11 members, 5 Regular Directors and 6 Alternate Directors; each Regular Director has a First and Second Alternate Director. The composition of the Board of Directors does not include the participation of independent directors. Furthermore, the Directors are elected for a term of 3 years, remaining in office if there is no new election. They meet at least quarterly, holding face-to-face and remote meetings. The procedure for the election of new Directors is regulated through the by-laws provisions and the Shareholders' Agreement.

The Board of Directors at the closing reported year was formed as follows:

Main Directors

Joshua F. Olmsted-President of the Board
Derek J. Cooke (**)
Rohn M. Householder (**)
Ryoichi Sato*
Roque E. Benavides Ganoza

Alternate Directors

Julia J. Torreblanca Marmanillo
Steven I. Tanner
Hidenori Hosaka*
Koji Ueda
Raul Benavides Ganoza
Leandro L. Garcia Raggio

() During the period of preparation of this Report there were changes in the composition of the Board of Directors, in June 20th, the Board of Directors approved the resignation presented by Mr. Ryoichi Sato and appointed Mr. Eiichi Fukuda, as new Director. Likewise, on August 29th, the Board of Directors approved the resignation presented by Mr. Hidenori Hosaka and appointed Mr. Ryota Shoji as new Alternate Director.*

*(**) Mr. Cooke and Mr. Householder are also the President General Manager and General Manager of Administration, respectively.*

The Board of Directors has the following committees:

Committee	Main duties	Meetings frequency
Tax Committee	<ul style="list-style-type: none"> • Report on the status of tax procedures and processes. • Evaluate the tax effects of the operations carried out by Cerro Verde. 	Monthly
Risk Committee/ Sustainable Development Committee	<ul style="list-style-type: none"> • Identify and manage the operation's risk and opportunity record over time. • Establish action and monitoring plans for risk management. • Establish action plans and monitoring to enhance opportunities of sustainable development. 	Annual and according to need Quarterly, for review of the Risk Register, action plans and monitoring.
Management Committee	<ul style="list-style-type: none"> • Report on operations and performance to the members of the Board of Directors. • Update information and receive input and suggestions, as appropriate. 	Quarterly
Corporate Committee of Social Management	<ul style="list-style-type: none"> • Review and evaluate issues related to requests for support, donations and sponsorships received from different organizations and / or public or private institutions, leaders and / or residents. • Review matters related to the projects of the Social Management Plan. • Review voluntary initiatives of the Company for the benefit of the population. 	Weekly
Grievance System Committee	<ul style="list-style-type: none"> • To address and manage stakeholder complaints in the best possible way and in the shortest possible time. 	According to criticality, at least quarterly

Management: is composed of more than one manager and is the governing body in charge of executing the decisions of the General Shareholders' Meeting and the Board of Directors. Without limiting the powers granted to Management by law, both the General Shareholders' Meeting and the Board of Directors delegate various powers to them, through agreements adopted at Shareholders' Meetings or Board of Directors' Meetings.

ETHICS AND INTEGRITY

The Principles of Business Conduct, PBC, established by our parent company, Freeport, emphasize our core values of Safety, Respect, Integrity, Excellence and Commitment, defining the way we work and the conduct expected of all of us.

The PBC sets forth a wide range of business situations, from promoting a safe workplace, to complying with laws and avoiding conflicts of interest, to develop positive relationships with local communities and other stakeholders.



Complaint channels

Freeport has established multiple mechanisms for employees and third parties to report potential violations of the PBC.

One of the main mechanisms is the FreeportMcMoRan Compliance Line, a telephone system managed by an independent third party that allows anonymous. Additionally, there is a similar web-based reporting system, also operated by a third party, along with the option of sending an email directly to the Corporate Compliance Department and subsequent referral to the local Compliance Department. These channels complement our long-established human rights and community grievance system.

Through the existence of multiple reporting mechanisms, including anonymous communications, all members of our workforce and third parties are encouraged to “Speak Up” if they perceive that any situation or circumstance could or does violate the PBC.

On the other hand, the Business Partner Code of Conduct, establishes the expectations we have with respect to our suppliers of goods and services, whom we treat as partners. These expectations focus on areas such as safety, respect for human rights, anti-corruption, community, and the environment.

COMPLIANCE MANAGEMENT SYSTEM

Cerro Verde has implemented a Compliance and Anticorruption Management System, SGCA, whose objective is to help prevent, detect, address, mitigate corruption risks, and comply with the legislation applicable to its activities.

The SGCA integrates and takes as reference Law N° 27693 “Law that creates the Financial Intelligence Unit - UIF”, Law N° 30424 “Law that regulates the administrative responsibility of legal entities”, and its amendments.

PBC Training

In addition to our annual virtual PBC training, we provide annual anti-corruption training for specific groups of workers, using a risk-based approach. Annual PBC training covers health and safety concepts, how to address harassment and discrimination, inappropriate treatment or behavior, conflicts of interest and retaliation, and reminds workers how to raise concerns through the Compliance Line.

Likewise, the prevention of the crime of private corruption has been incorporated into the SGCA; this offence was included in the legal system by means of Legislative Decree No. 1385. This system also includes the implementation of the U.S. Foreign Corrupt Practices Act (FCPA).

The compliance program is subject to a limited annual internal review by FCX, as well as an annual external audit. The system has been structured using the international standard ISO 37001:2016 as a reference.

Scope of communication and formation of anti-corruption policies and procedures - 2021

	Communication of anti-corruption policies and procedures			Anti-corruption training	
	Governing body members (Board of Directors)	Workers	Business partners	Governing body members (Board of Directors)	Workers
#	11	4 694	271	5	1 523
%	100	99.3%	3%	46%	32.2%

HUMAN RIGHTS

Our Human Rights Policy obliges us to conduct our operations in a manner consistent with the International Bill of Human Rights, local laws and regulations, and the United Nations Guiding Principles on Business and Human Rights and the Voluntary Principles on Security and Human Rights.

Likewise, through audits, we verify compliance with this Policy in contractor companies.



Human Rights training

- All new Cerro Verde employees receive initial training on our Human Rights Policy and the reporting channels available to them, as well as a brochure on human rights and internal labor regulations.
- Workers from private security contractors assigned as “guards” to protect expatriate personnel, as well as “agents” guarding our Production Unit’s powder magazines, are armed. These workers receive firearms training, as well as defensive driving training.
- 100% of our security workers and the contractor company that provides security services have been trained in Human Rights, as well as police officers.

Our Human Rights Policy is applicable to our workers, to the workers of employment intermediary agencies who are providing services in the Production Unit or any other facility under the administration of Cerro Verde, to the members of the Peruvian National Police - PNP who provide services in accordance with the agreement entered into between both parties, and to those who, in the course of their duties, have to interact with the inhabitants of the neighboring communities, as well as to the contractors with whom we work.

SECURITY

In keeping with our commitment to protect our workers and property, we have taken steps to provide a safe working environment. In this respect, the Voluntary Principles on Security and Human Rights (Voluntary Principles) are the guidelines for our safety programs (Industrial Protection), including the interaction with PNP personnel, in virtue of the agreement signed between the parties, private security contractors and our workers in the Industrial Protection area.

At Cerro Verde we have our own internal security department: Industrial Protection, and we have the services of a private security contractor. Both direct employees and private security contractor, perform functions such as protecting company facilities, monitoring shipments of supplies and products, assisting in traffic control, and helping in emergency response operations. The contract with the private security provider include specific language related to the Cerro Verde's Human Rights Policy and the Voluntary Principles by extension.

Cerro Verde, like all businesses and residents of Peru, relies on the Peru government for the maintenance of public order, upholding the rule of law and the protection of personnel and property. The Peru government is responsible for employing police personnel and directing their operations. Cerro Verde's operations have limited support from public security forces, under the terms of the MOU entered with the PNP. According to our legislation, PNP officers can volunteer to be placed in different operations, during their leave of absence. The aforementioned agreement was renewed in December 2021, for a two-year term and specifies the relationship between Cerro Verde and the PNP, including areas of support and coordination. The agreement also includes a commitment of both parties to abide by the United Nations Code of Conduct and the Basic Principles on the Use of Force and Firearms by law enforcement officials, Peruvian laws related to human rights, and other national or international standards related to human rights and international humanitarian law.

2. Economic

The development of our operations generates a positive impact on the local and regional economy. Cerro Verde contributes to the socioeconomic development of the country and the Arequipa region directly and indirectly.

We make it through the employment we generate, the taxes and royalties we pay to the government and the social investment we make, as well as through the specialized services we require and the goods we buy. In this way, Cerro Verde operation generates production chains with other sectors, which contributes to increasing the economic activity of the region and the country.

GRI 201-1
GRI 203-2

Impact

Cerro Verde has a significant impact (direct and indirect) on the regional and national economy in terms of employment, family income, tax collection and resources for local governments. According to the Analysis of the impact of Sociedad Minera Cerro Verde S.A.A. in the economy of Arequipa and Peru (2005 - 2021) prepared by APOYO CONSULTORÍA, Cerro Verde's operations and investments in 2021 generated an average impact (direct and indirect) equivalent to 2.3% of Peru's GDP and 40% of Arequipa region.

According to the Mining Statistical Bulletin prepared by the Ministry of Energy and Mines and available on its website, Cerro Verde ranked second in the total national copper production, representing 18% of it, turning Arequipa as one of the regions with the highest production of this mineral during the post-pandemic recovery.



Table 1 - Distribution of the economic value generated in 2021

Expressed in millions of US dollars

REVENUES Net sales, income from financial investments, sale of assets and others (*)	4 202
ECONOMIC VALUE GENERATED	4 202
EXPENSES Operating Costs Salaries and Social Benefits Payments to Capital Suppliers (**) Payments to the Government (***) Investment in the community	1 600 426 730 218 5
DISTRIBUTED ECONOMIC VALUE	2 979
RETAINED ECONOMIC VALUE	1 223
<p>(*) In accordance with GRI Standards, REVENUES includes, in addition to net sales, other income such as financial investments.</p> <p>(**) Payments to capital suppliers include interest paid on royalties.</p> <p>(***) Payments to the Government include: Income Tax Special Tax on Mining, Royalties, Import Duties, Municipal Taxes, and Concession Fees. Withholdings paid on behalf of workers, those paid in the year reported, 2021, are considered. Deferred taxes are not considered.</p>	

Table 1 shows the distribution of the economic value we generate directly. For the preparation of this table, we have considered our annual audited Financial Statements, available at ww.smv.gob.pe and on our website www.cerroverde.pe.

GRI 207-1
GRI 207-4

Taxes

The Company's activities are regulated by the General Mining Law and include the extraction, production and marketing of copper cathodes, copper concentrates and molybdenum concentrates.

Impact

According to the Analysis of the impact of Sociedad Minera Cerro Verde S.A.A. in the economy of Arequipa and Peru (2005 - 2021) prepared by APOYO CONSULTORÍA, in 2021, Cerro Verde paid US\$724 million in taxes, which represents 2% of the national collection and 55% of the Arequipa collection.

Cerro Verde focuses on having a tax strategy oriented to compliance with legal regulations; and the area responsible for this strategy is the Comptroller's Office.

The information provided below has been prepared following the guidelines of the new Tax Standard and based on the Company's 2021 annual audited Financial Statements:

Table 2

		MONTO expresado en millones de US\$
1	Revenues from sales to third parties	823
2	Revenues from intragroup transactions (*)	3 376
3	Benefits or losses before taxes	1 927
4	Tangible assets other than cash and cash equivalents	6 263
5	Tax on corporate profit paid (b)	181
6	Tax on corporate profit accrued over profits or losses (a)	704
7	Reasons for the difference between tax on corporate profit accrued over the profits or losses and the estimated taxes if the statutory tax rate is applied to the profits or losses before taxes.	N/A
<i>(*) Transactions only consider sales.</i>		
<i>(a) Includes income tax and mining taxes, does not include deferred taxes.</i>		
<i>(b) Includes income tax and mining taxes actually paid.</i>		

For more information, you may consult our 2021 Annual Report and our Annual and Interim Financial Statements, available through the web page of the Superintendency of the stock Market: www.smv.gob.pe and our web page: www.cerroverde.pe.

Royalties

SUNAT assessed mining royalties and on minerals processed by the Company's concentrator, which commenced operations in late 2006. The royalty assessments cover the period December 2006 to December 2013. The Company contested each of these assessments because it considers that its 1998 Stability Agreement exempts it from paying royalties for all minerals it extracts, irrespective of the method used for processing such minerals. No assessments can be issued for years after 2013, as the Company began paying royalties on all of its production in January 2014 under its new 15-year stability agreement.

In 2014, the Company started paying under protest the disputed royalty assessments, most of them under deferral and installment plans according to the monthly payment schedule set out in each plan. In August 2021, the Company decided to pay in advance and under protest the total pending installment debt. As of December 31, 2021, the Company has made royalty payments totaling S/2 408 billion (US\$677.5 million based on the date of payment exchange rate).

In February 2020, Freeport-McMoRan, on behalf of itself and the Company, initiated international arbitration proceeding against the Republic of Peru before the International Centre for Settlement of Investment Disputes under the United States-Peru Trade Promotion Agreement. The arbitration hearing is scheduled for approximately May 2023.

3. Social

3.1. Our strength

At Cerro Verde we are proud of the commitment and effort of each and every one of our workers, who are key piece of the company's success. Our direct workforce, at the end of 2021 was 4 727 full-time workers. All estimates in this section are based on the payroll at the end of the reporting year.

GRI 2-7

Table 3							
Payroll by:							
Contract	Gender			Origin			
	Female	Male	Total	Foreigners	Local *	National	Total
Foreign workers	4	17	21	21			21
Indefinite Term	223	3 573	3 796		2 294	1 502	3 796
Fixed Term	43	867	910	2	495	413	910
	270	4 457					

*Department of Arequipa.

During the reported period, 141 new hires were registered, which can be broken down into the following categories:

Table 4					
Age		Gender		Origin	
Under 30	44.68%	Female	10.64%	Foreigners	2.84%
Between 30 & 50	54.61%	Male	89.36%	Local	42.55%
Older than 50	0.71%			National	54.61%

Response to COVID-19

We have implemented a wide range of COVID-19 mitigation protocols, including the use of facemasks, physical distancing, travel restrictions, disinfection, and frequent testing and monitoring. We constantly monitor the measures applied, in order to update them according to the needs and new government provisions.

We made adjustments to our sick leave policies to adapt the process to the conditions experienced during 2021. We also implemented a policy to allow workers who can work remotely to do so. We remain committed to maintaining health benefits and offer counseling resources to support the physical and mental well-being of our direct workforce.

Labor Relations

At Cerro Verde we strive every day to maintain a good working environment, for this we carry out periodic measurements with surveys addressed to all our workers and we establish action plans. The last survey was carried out during the first quarter of 2020 and the action plans were executed in 2021. We also strive to make each worker proud to be part of our team.

We have an open door policy with our workers and we seek to maintain good labor relations. In the same way, we maintain a fluid and respectful dialogue with the representatives of the Employees affiliated to any of the union organizations present in the Company.

In 2021, Cerro Verde carried out a process of early negotiation with its unions, and managed to sign union agreements with the two existing unions, which will have a duration of 4 and 3 years from September 1, 2021. At the end of the reported year, the percentage of Union-affiliated workers covered in the collective bargaining agreements was 35.26%. For non-unionized workers, Cerro Verde determines their working conditions based on collective bargaining agreements and salary policy.

GRI 2-30

Furthermore, in our constant concern to improve labor relations, during the period reported, Cerro Verde implemented different action plans to improve the labor environment based on the results of the last organizational health survey carried out in 2020.

Diversity in the workplace

Cerro Verde is an active equal opportunity employer, seeking to always do the right thing and based on respect for everyone. Applications for vacant positions are considered without discrimination on the basis of race, color, religion, country of origin, citizenship, sex, age, or disability, among others. All hiring decisions are based solely on the applicant's suitability for the position for which he/she is applying. It is also oriented to giving opportunity to people from the Arequipa region who have the skills to perform in the positions offered by Cerro Verde.



Also, in our effort to maintain this equity, we have an Equal Salary Policy.

Principles of the Inclusion and Diversity Policy Statement:

1. NO DISCRIMINATION: We respect diversity in terms of characteristics such as sex, gender or gender identity, ethnicity, race, nationality, culture, age, marital status, parental status, political affinity, religion or sexual orientation and all others that could lead to inequality within the organization.

2. EQUAL TREATMENT: We maintain an active policy of equal opportunities; we pay all our employees in an equitable and responsible manner. Likewise, we use non-sexist and non-discriminatory language in all our interactions and communications.

3. A HARASSMENT FREE WORK ENVIRONMENT: We provide a work environment where no harassment and/or offensive, hostile or disrespectful behavior is accepted.

4. WORK-LIFE BALANCE: We promote measures that favor a balanced

and harmonious coexistence of the work and personal lives of our employees.

Inclusion and Diversity Policy

In 2020, FCX formalized its Inclusion and Diversity Policy, which is intended to outline specific behavioral expectations to promote an inclusive culture and workforce.

Along these lines, Cerro Verde has not only adopted this corporate policy as its own, but has issued, at the beginning of 2021, a Declaration of the Inclusion and Diversity Policy, in which, through four principles, it declares its commitment with respect to inclusion and diversity.

We recognize our work teams as our greatest strength, the same ones that contribute to our culture of high performance. We maintain our commitment to an inclusive and diverse environment, where we provide the same opportunities and treat everyone equally, fairly and not making decisions with any kind of bias, considering the diverse points of view and the contribution of all people with whom we work.

Likewise, we ensure a safe and healthy workplace, ensuring an environment free of harassment and promoting the reconciliation of personal and work life in our teams.

Table 5

Work category	Female N°	%	Male N°	%	Total N°	%
President, Vice President or Senior Manager	1	0.02%	4	0.08%	5	0.11%
Managers	6	0.13%	31	0.66%	37	0.78%
Superintendents	4	0.08%	59	1.25%	63	1.33%
Professionals	115	2.43%	574	12.14%	689	14.58%
Bachelor´s degree	87	1.84%	617	13.05%	704	14.89%
Technicians	32	0.68%	2 815	59.55%	2 847	60.23%
Administrative clerks	25	0.53%	357	7.55%	382	8.08%
Total	270	5.71%	4 457	94.28%	4 727	100.00%

Table 6

Work Category	Younger than 30		Between 30 y 50		Older than 50		TOTAL	
	N°	%	N°	%	N°	%	N°	%
President, Vice President or Senior Manager			1	0.02%	4	0.08%	5	0.10%
Managers			25	0.52%	12	0.25%	37	0.78%
Superintendents			44	0.97%	19	0.24%	63	1.20%
Professionals	31	0.60%	593	13.23%	65	1.16%	689	14.99%
Bachelor´s degree	114	2.43%	531	11.04%	59	1.03%	704	14.50%
Technicians	85	2.68%	2 482	52.73%	280	5.00%	2 847	60.42%
Administrative clerks	10	0.17%	309	6.70%	63	1.14%	382	8.01%
Total	240	5.88%	3 985	85.22%	502	8.9%	4 727	100.00%

GRI 405-1

Sexual Harassment Intervention Committee

At Cerro Verde, we promote a positive work environment in which each employee is respected and valued. Thus, in 2019 we established a provisional Sexual Harassment Intervention Committee, which was in place until we installed the definitive Committee for the 2020 - 2021 period. This committee is composed of 4 members, 2 representatives of the workers (regular and alternate) and 2 representatives of the employer, guaranteeing in both cases gender parity. The elections of the committee members were held in December 2019.

GRI 404-1

Training and education

At Cerro Verde, we carry out training and development activities for our employees thus contributing to the improvement of their skills in their current position. based on training plans developed by the Human Resources Management, through its Personnel Development Department, together with the area where they work.

GRI 404-3

The management of the department complies with and enforces compliance with the Company's strategic policies and applicable legal provisions on training, coordinating and supervising the rules and guidelines established for the implementation, monitoring and compliance with the Training Plan. The basic criterion for the determination of the activities is based on the needs analysis that the employee has in his or her current position in order to perform his or her job in the best possible way. Finally, the best training alternatives are evaluated and offered by coordinating and providing all the administrative and logistical support they may require.

At Cerro Verde we carry out an annual performance evaluation, applicable to workers with the role of Officials, 33.3% of our total direct payroll. During the

Table 7 - Average hours of training

Labour Category	Female	Male	TOTAL
President, Vice President or Senior Manager	37.50	14.00	19.88
Managers	77.00	42.44	47.89
Superintendents	37.88	78.52	75.94
Professional	48.93	51.61	51.16
Bachelors	40.00	43.91	43.43
Technicians	13.13	19.02	18.95
Administrative operators	18.66	22.85	22.57
Total	39.42	27.92	28.58

reported year, it was possible to evaluate 100% of the Officials.

3.2. Occupational health and safety

Our production goals at Cerro Verde, as well as our growth objectives, are met by a highly motivated workforce committed to health, safety, and environmentally responsible operations.

The quality of life of our workers, their families and surrounding communities is fundamental to our strength and success. All of these elements constitute for us Safe Production.

Safe Production is at the core of all our business and labor decisions. In line with this philosophy, Cerro Verde has an Occupational Health and Safety Policy, which considers the safety and health of all employees to be a high priority and a core value of the Company.

We believe that all work-related injuries and illnesses can be prevented and we are committed to ensuring a healthy and safe work environment, providing adequate resources through the implementation, operation, maintenance and continuous improvement of our Occupational Health and Safety Management

GRI 403-1
 GRI 403-2
 GRI 403-3
 GRI 403-4
 GRI 403-5
 GRI 403-6
 GRI 403-7
 GRI 403-8
 GRI 403-9
 GRI 403-10

System. In July, 2021 the system underwent a Follow-up and Certification Audit, after which we received the recommendation to be certified under the requirements of ISO 45001:2018.

Our Occupational Health and Safety Management System has been set up both by legal requirement and by the requirements of the international standard ISO 45001:2018. Furthermore, we have no exclusions of any kind within our System.

Cerro Verde employees are involved in achieving the objectives of the OHSMS. We are aware of the importance of our day-to-day activities, with health and safety as the main value in the organization.



Hazard identification and risk assessment

We have a procedure for Hazard Identification, Risk Assessment and Control, whose objective is to establish the methodology for the permanent identification of hazards, evaluation of safety risks and implementation of control measures in the tasks related to Cerro Verde's processes. This methodology includes the hazards and risks associated with COVID-19. This procedure applies to each task related to an operational or support process carried out by own- or third-party personnel at Cerro Verde.

Hazard identification, evaluation, and control Safety risks

- Identify tasks, both routine and non-routine.
- Hazard identification and risk assessment.
- Control implementation.
- Risk control and control verification.
- Risk mapping.
- Hazards and risks update.
- Approval of results.
- Hazard and risk communication.

Identification of hazards, evaluation and control of Occupational Health risks

- Identification of Occupational Health hazards.
- Occupational risk assessment.
- Control implementation.

- Risk mapping.

Hazards notification or occupational hazard´s situations

Our workers identify hazards and risks to their health and physical integrity and determine the most appropriate control measures for this purpose, the worker or group of workers must use the “Continuous IPERC” form and the task cannot begin until the correct implementation of the controls is ensured.

Using this tool, the worker communicates the controls, which must be ratified or modified by the supervisor responsible for the task. There is also a Safety Report tool, designed to provide workers with access to a simple report of substandard acts and conditions, which in turn helps supervision to manage preventive actions. According to the nature of the situation reported. Workers are responsible for not starting work if they identify a hazard that poses a risk to their physical integrity and health and is not under control, and for reporting it to their supervisor; this responsibility is established in the internal safety regulations, procedures, and safety standards, and therefore is not subject to

retaliation.

Process of investigation of accidents at work:

- Incident notification and assessment of the potential risk of the event
 - Preparation for incident analysis
 - Incident analysis
-
- Incident analysis report preparation and validation
- Additionally, there is the following safety principle / expectation: IF IT DOESN'T SMELL GOOD, IF IT DOES NOT LOOK GOOD, IF IT DOES NOT SOUND GOOD, YOU DO NOT FEEL GOOD; THEN IT'S NOT OK, STOP AND REPORT.

Worker involvement, consultation and communication on occupational health and safety

Cerro Verde has an Occupational Health and Safety Joint Committee, made up of 12 members (6 representing the company and 6 representing the workers) and alternates. The workers representatives are selected through an election process and, accordingly, represent 100% of our total workers. The last election process for this committee took place in December 2019.

This committee meets regularly once a month, and on an extraordinary basis at the call of the Chairman.



Health services at the workplace

Cerro Verde carries out the following medical surveillance activities:

A. Occupational medical evaluations

1. Occupational medical examinations
2. Return-to-work evaluations
3. Evaluations for change of position
4. Evaluations of pregnant workers

B. Medical surveillance

1. Hearing conservation program
2. Respiratory protection program
 - 2.1. Medical surveillance of workers exposed to dust
 - 2.2. Medical surveillance: Arsenic monitoring Program
 - 2.3. Medical Surveillance: Lead Control
 - 2.4. Medical Surveillance: Ionizing Radiation Program
3. Immunization program

() It should be noted that as of March 16, 2020, due to the COVID pandemic and as indicated by the Health Emergency, the performance of occupational medical examinations was suspended. Resuming exam taking from July 2020 and only as requested by the occupational doctor (preoccupational, complementary, etc).*

In addition, biweekly meetings are held to review the controls implemented during COVID-19, opportunities for improvement, and to schedule verification inspections. In addition, they receive a weekly report on the incidents that have occurred, the state of health of the people injured.

Occupational health and safety training for workers

In Cerro Verde we provide general and specific training to all workers, according to the needs of each activity to ensure the quality of its processes, operational efficiency, Safe Production and Environmental Excellence, thus contributing to

the strengthening of our “High Performance Culture”. To this end, we comply with the training requirements established in the applicable laws and regulations in terms of technical terminology, duration and corporate requirements.

Promotion of workers’ health

Cerro Verde facilitates workers’ access to medical and health care services through different programs, such as the Family Medical Care Program (PAMF), 24-hour health advisors, and oncology insurance, which are administered by a Health Care Provider. We also have a preventive mental health program and, because of the pandemic, a virtual gym so that our employees can exercise from home.

As voluntary programs, Cerro Verde offers its workers and their families a health fair, influenza vaccination campaigns and virtual health talks.

As a result of the pandemic, we implemented a COVID-19 preventive program, including the distribution of masks, liquid and gel alcohol, thermometer and oximeter, among other items. COVID-19 assistance has also been provided, consisting of the loan of oxygen concentrators and cylinders, counseling and follow-up care, and a medical isolation center in Chilina.

Because our objective is for everyone to return home healthy, Cerro Verde requires the same health and safety performance from the contractors that provide services to us, for which it has developed a Health and Safety Management Manual for Contractors that requires the identification, evaluation, and control of risks before the start of the contract work.

Coverage of the occupational health and safety management system

At the end of the reported year, there were a total of 4 772 workers from Cerro Verde and 10 847 workers from contractor companies who have been covered by the SGSSO, without any exclusion.

Work accident injuries

- The number of hours worked in the year reported by our own workers was 12 386 210. We recorded 32 injuries (first aid, medical treatment, disability), 14 of them recordable (high consequence). We do not record fatalities.

- The number of hours worked by contractor company workers was 14 544 156. We recorded 100 injuries (first aid, medical treatment and 02 permanent partial incapacitation), 46 of them recordable (high consequence). We do not record fatalities.

Occupational hazards that present a risk of injury due to occupational accidents with major consequences

Cerro Verde has a Critical Risk Management program whose objective is to ensure that workers are aware of, identify and maintain the implementation of Critical Controls through Critical Controls Audits, and it is reinforced in the field.

Critical Controls are those that, if not efficiently controlled have the potential and energy level to cause fatalities. At Cerro Verde they have been identified based on the list of the “14 rules of life” and critical tasks.

These “14 rules of life” are a list of risks and their respective controls that apply across Cerro Verde’s different operational departments, which if they are not strictly followed, can result in serious injury or death.

During the reported year, the hazard that contributed to causing injuries with high consequences (high potential reportable) was the operation of mobile equipment (heavy and light). In addition, the following measures were taken to minimize this risk:

- Having accredited personnel.
- Pre-operational verification of operators, vehicles and mobile equipment.
- Use of seat belts by all occupants.
- The driver/operator must be in proper condition to operate the equipment and comply with the fatigue management policy.
- Communication and/or authorization system with nearby equipment operator/ personnel in the area.
- Control of access or work area.
- Perform LOTOTO on the equipment when they are in maintenance work. Application of perimeter closure to the equipment (shovel, truck and others defined by the area).
- When parking the vehicle or equipment, apply the parking brake system / wedges (blocks) when required.
- The ways are maintained, and the height of the safety wall should not be less than three quarters of the diameter of the tire of the largest vehicle that circulates on the track.

Furthermore, our statistics are calculated on the basis of 2 000 000 hours worked and all workers are included. And, for the calculation of monthly statistics and consolidation of information, we use data provided by the Human Resources area and reports from contractors.

Occupational diseases and illnesses

- In the 2021 period, there were no cases of Occupational Diseases of Sociedad Minera Cerro Verde S.A.A. personnel, nor resulting deaths.
- In the case of contractors, there were no cases of Occupational Diseases or resulting deaths.

3.3. Communities

At Cerro Verde we contribute to the sustainable development of Arequipa through integration with economic growth, social progress, environmental protection and care, and effective governance throughout our region. This is possible thanks to the joint work and constant communication between the company, authorities, and civil society, developing projects that benefit the population and allowing our operations to be carried out in a climate of social stability.

The development of our operations allows us to generate value for all our stakeholders, especially the population of the communities in the Areas of Direct Influence (ADI). We want to continue working in a coordinated manner with stakeholders for the sustainable development, not only of Cerro Verde, but also of our ADIs and the Arequipa Region, seeking to achieve a positive social impact through the participation of all those involved in social development.

Our way of working is through longterm relationships, through continuous dialogue and citizen participation with our various stakeholders. This allows us to obtain frequent feedback, a process that we have begun early on with the communities, where we are all stakeholders in development.

Our Social Management Plan has 5 action lines/fields:

- Communications Program,
- Social Contingencies Program,
- Employment Program,
- Local Economic Development Program,
 - Productive Development,
 - Social Development,
 - Cultural Development,
- Local Capacities Strengthening.

We are committed to continuing to work in a participatory manner with the authorities and interest groups, achieving the goals set in a timely manner and without conflicts, with the aim of collaborating to close gaps for the benefit of the population.

We have carried out the commitments contained in our Social Management Plan (SMP), whose investment totaled US\$3 494 576. Likewise, through the Donations Committee, a total of US\$1 993 069 has been channeled into various social support projects, not contemplated in the Social Management Plan action lines, amount that considers our contribution to face the pandemic, which was about US\$1 438 778 and includes an oxygen generation plant in the Tiabaya District Health Center, with a capacity of up to 20 cubic meters per hour, oxygen cylinders, biosafety personal protective equipment, supplies of cleaning and disinfection, thermoses for the transfer of vaccines, non-perishable food for common pots and popular kitchens, structures for vaccination points, among others.



Awards:

- EMIN Recognition - “Mining Excellence of the Southern Macro Region” 2021 edition, granted by the National Society of Industry of Arequipa and the Chamber of Commerce and Industry of Arequipa, for our important work generating formal work directly and indirectly, thus contributing to progress of thousands of Peruvians,
- “Companies that Transform Peru” recognition, given at CADE 2021, as one of the 21 companies that transform Peru, for the “Virtuous Circle of Water” initiative,
- Diploma and medal of honor awarded by the Provincial Municipality of Arequipa for our support in containing COVID-19,
- Tiabaya Diploma of Honor for the donation of the oxygen generating plant and other goods.

The effort deployed by our work team reflects our commitment to the different stakeholders and has been recognized by ESSALUD Arequipa Assistance Network, the Honorio Delgado Espinoza Regional Hospital, the Provincial Municipality of Arequipa, among other institutions that have emphasized our support during the health crisis caused by COVID-19. Likewise, we are proud to have been recognized, for the third consecutive year, with the EMA Award (Most Admired Companies), which is awarded by PricewaterhouseCoopers Peru, PwC, and the San Pablo Catholic University, in recognition of the social responsibility work that we have been developing.

EDUCATION

- We carried out improvement works in the infrastructure of 4 educational institutions, building classrooms and performing maintenance work,
- We equipped 130 educational institutions, implementing biosecurity measures to promote a safe return to classes,
- We provided 9 schools with classroom furniture, supplied 11 schools with technology equipment, laptops, and facilitated internet access to 3 schools,
- We carried out a study on education during the state of emergency in the schools of the districts of Uchumayo, Yarabamba, Tiabaya, La Joya and Islay, which allowed us to set the guidelines for our short, medium and long term actions, with an articulated plan for the educational projects of the CRP (Curricular Reinforcement Program),
- We conducted several training programs for teachers and students:
 - TEAM+H teacher training,
 - Promotion of higher technical-productive education,
 - STEAM robotic education,
 - Affective/Effective Pedagogical Updating,
 - EDUCATIC Digital Educational Resources,
 - Psychology Services,
 - Environmental Education,
- Support to Enseña Perú NGO.



HEALTH

- We have contributed to the improvement of the infrastructure of 4 health centers, providing maintenance, installation of a telehealth room, setting up open-air waiting areas and hand-washing areas,
- Likewise, we provided biomedical equipment to 7 health centers and posts,
- We have updated the analysis of health conditions in the districts of Uchumayo, Yarabamba, Tiabaya, La Joya and Islay, identifying the current conditions and main problems affecting people's health. The analysis of health conditions is a fundamental tool for planning, health management, prioritization of the main health problems and their social determinants, as well as for the orientation of health strategies,
- We implemented capacity building programs for health personnel and health promoters, focused on stress management, solid waste management, COVID-19 preventive measures and anemia prevention. We also strengthened the capacities of health personnel in the use of Information and Communication Technologies (ICTs),
- Given the situation, we conducted a virtual health fair aimed at the population of the districts of Uchumayo, Yarabamba, Tiabaya, La Joya and Islay, encouraging the practice of better preventive measures, identifying risk factors and improving their daily health care habits.



ROAD INFRASTRUCTURE AND SAFETY

- We performed the maintenance of the AR-115 highway (Uchumayo - Tiabaya section), by means of asphalt patching, asphalt sealing, lane widening, cleaning of curbs and slopes and painting works,
- Operation of the 7 road safety gantries installed in previous years. These gantries include an electronic control system, variable information LED panels and the installation of a pedestrian traffic light on one of them,
- We have provided training in road safety, updated traffic regulations, biosafety protocols and coaching to drivers and conductors of public transportation companies in the districts of Sachaca, Uchumayo, Tiabaya, La Joya and Yarabamba.



DRINKING WATER AND SANITATION

- We have provided support to the drinking water and sewage administration entities of the Districts of Uchumayo, Yarabamba, Tiabaya, La Joya and Islay, contributing to the improvement of 5 water systems in different districts, with chlorinators and more than 600 linear meters of improved piping,
- We have contributed with materials, piping and accessories for the installation of a new water and sewage system in the area known as “Lateral 13” in the district of La Joya. We delivered over 1 800 linear meters of piping,
- We have provided drinking water tank loads, 54 in total, to the inhabitants of Yarabamba and surrounding areas. These were distributed during the emergency rainy season in 2021, serving 1 500 inhabitants,
- We have performed maintenance of the electrical and mechanical installations of the pumping chamber and some components of the drinking water treatment process at the El Cruce La Joya Drinking Water Treatment Plant.



CIVIL DEFENSE SUPPORT

- We have equipped the Civil Defense Platforms of the Municipalities of the Districts of Uchumayo, Yarabamba, Tiabaya, La Joya, Islay, Socabaya, Quequeña and Hunter, delivering signage, materials and tools, so that they can provide timely response to the population during the rainy season,
- We have cleaned the Pan de Azúcar dry riverbed, in the district of Uchumayo, to prevent it from clogging during the rainy season,
- We have contributed to the improvement of the Social Facility of Asentamiento Humano El Nazareno, by delivering materials for its maintenance,
- We have equipped the emergency kits of the Civil Defense Platforms of the districts of Uchumayo, Yarabamba, Tiabaya, La Joya and Islay.



INVESTMENTS IN ARTISANAL FISHING

- We have installed a modern lighting system at the El Faro artisanal fishing wharf,
- We have carried out training in the handling of fishing and navigation electronic equipment.



INVESTMENTS IN TOURISM

- We have improved the tourism infrastructure of the districts of Uchumayo, Tiabaya, Yarabamba and La Joya,
- We have held training events to enhance the capacities of tourism agents in the districts of Uchumayo, Tiabaya, Yarabamba and La Joya,
- We have carried out activities to promote the main tourist attractions of the districts of Uchumayo, Tiabaya, Yarabamba and La Joya at the local, regional and national level. These include gastronomic and tourism fairs, the distribution of promotional material to local tourists and the promotion of tourist attractions on social networks and websites. We have also contributed to support tourism with printed material,
- We have provided the Local Governments' tourism offices with furniture, canopies, banners, computer equipment, photocopying machines, photographic cameras and video cameras.



RISK PREVENTION

- We carried out 5 risk surveys on the settlement of new urban developments,
- We have trained municipal officials in disaster risk management,
- We have carried out activities to raise public awareness of natural disaster prevention and Covid-19.



ENVIRONMENTAL MANAGEMENT

- We have carried out training sessions that seek to promote initiatives for the protection, care and propagation of native species due to the vulnerable condition of many of them,
- We conducted the Participative Afforestation project, which seeks to involve society in afforestation activities in order to recover the different forest ecosystems, improving the environmental quality of the city. In 2021, 121 904 trees were planted in the province of Arequipa,
- Likewise, through the implementation of our project for the creation of community biogardens, we seek to provide knowledge on the importance of water through capacity building in the educational community for the creation of biogardens, and to raise awareness among students on the respect and care of the environment through the creation of environmental stories,
- We also continued to maintain and improve the facilities of our nurseries in Uchumayo and Yarabamba and the municipal nurseries in the districts of Tiabaya and La Joya, where we produce fruit and forest trees, compost and humus from vegetable waste,
- Our nursery in Uchumayo has plant Physiology and Biotechnology laboratories where 2 scientific research projects were carried out to achieve mass propagation using in vitro propagation techniques of endangered forest species. We developed protocols for the propagation of the Queñua tree and the Quina tree, which have been published in scientific journals.



CAPACITY BUILDING PROGRAM

- During 2021, through our “Technical Job Training Program” we trained 1 000 young people in different specialties such as Graphic Design, Community Manager, Marketing, Office Automation, Warehouse Management, Administration, Cosmetology, Handicrafts, Occupational Hygiene and Safety, Construction Site Warehouse, Blueprint Reading and Guards. A study was also conducted to determine the impact of this program on young people in the districts of Uchumayo, Tiabaya, Yarabamba, La Joya and Islay,
- We started the shared social responsibility program “Sowing my future”, through which 30 technical training scholarships will be awarded to young people in our area of influence. These scholarships are financed by Cerro Verde and the contractor Unimaq. Five scholarships were awarded in 2021; the remaining scholarships will be awarded in 2022,
- We conducted a study of the business sector in the districts of Uchumayo, Tiabaya, Yarabamba and La Joya. The purpose of this study is to identify the industrial, commercial, agricultural and service units, among others, that make up the economic structure of these districts, allowing us to identify the characteristics, the reality and the variables that affect the development of MYPES. The results allow us to have adequate information for decision making on the current and potential training offer for the development of MYPES, identification of the population size by economic sector and labor demand for dependent work,
- We held business fairs to facilitate access to new markets for entrepreneurs. In 2021, we signed an agreement between CID (NGO implementing the Emprende project) and the Parque Lambramani shopping center for the holding of these fairs.



- **Business Consulting: Emprende** - Supports the growth and development of entrepreneurs by offering various business services completely free of charge, generating conditions for the sustainability of the productive units promoted by Cerro Verde.

Achievements - 2021:

- 200 micro-entrepreneurs and entrepreneurs raised awareness,
- 6 917 horas of consulting on business management topics (online consulting and training), 29 training sessions, 1 444 participants,
- 368 business diagnostics prepared,
- 78% of the businesses operating,
- 15% of beneficiaries reinvented their business as a result of the state of emergency,
- 21% of the businesses meet the requirements to qualify for state programs (FAE MYPE, Reactiva Peru).

- **Contest for Entrepreneurs and Businessmen in PYMES and MYPES** - Seeks to encourage and promote an entrepreneurial and business culture through the implementation of a seed funding contest to promote entrepreneurial projects that generate value, sustainability, social impact and economic development in their locality.

Achievements - 2021:

- 114 participants registered, 101 business plans developed, 97 pre-selected to move on to the address verification stage,
 - 4 presentation events, 93 participating entrepreneurs.
- **Student Entrepreneurship Program “Semillero Emprende”** - Seeks to encourage entrepreneurship in fourth grade high school students from the educational institutions of the districts of Uchumayo, Tiabaya and Yarabamba - 4 presentation events, 93 entrepreneurs participated,
- We also provide technical - productive training for micro-entrepreneurs.

MECHANISMS FOR CITIZEN PARTICIPATION

- **Permanent Information Offices** (Arequipa, Uchumayo and Yarabamba) – We recorded online Service to 1 622 visitors. The reasons for the visits are related to various aspects, such as labor issues, technical-job training, the participation of micro-entrepreneurs in the purchases of goods and services that Cerro Verde needs for carrying out their activities, requests for support and donations.

- **Visits to the Mine, Nurseries and Educational Institutions** – We recorded 13 352 visitors in the interactive virtual platform of the Vive Cerro Verde Program, which was created to provide information about our production processes, environmental and safety management programs, and sustainable development projects. This program is mainly aimed at high school students from public and private schools in the city of Arequipa.

- **Suggestion Box** - 47 inquiries and/or comments have been received in the Suggestion Boxes installed in the Permanent Information Offices.

- **Participative Environmental Monitoring (PEM)** – It promotes citizen participation in our environmental surveillance and monitoring program, the purpose of which is to technically determine if the environmental conditions prior to the development of our operations change with the development of our operations. At Cerro Verde, regular PEM is carried out four times a year in the districts of Uchumayo, Yarabamba, Tiabaya, Jacobo Hunter, Quequeña. We also conduct PEM in the district of Socabaya.

In 2021, we had 674 participants in the regular PEM and 110 participants in the Socabaya PEM. The districts of Hunter, Quequeña and Socabaya are not part of the area of direct influence of the Cerro Verde operations.

- **“Somos” Newsletters** - During 2021, we communicated our activities and projects through 12 editions of Somos Uchumayo newsletters (we distributed 4 000 monthly newsletters), 12 editions of Somos Yarabamba newsletters (we distributed 1 500 monthly newsletters) and 6 editions of Somos Tiabaya newsletters (we distributed 4 000 quarterly newsletters). This material was delivered to the homes of the inhabitants of each district. We also included in these editions 6 children’s stories, winners of the “My native flora and fauna” contest held in the schools of our Area of Direct Influence.



- **Website** - We constantly update our website (www.cerroverde.pe), through which we report on our activities. During 2021, we registered more than 190 thousand visits in our website.

Complaint Management

Cerro Verde has a complaint handling mechanism that allows all natural or legal persons and other stakeholders to make their voice heard through the various means we make available (email, written media, telephone, Permanent Information Offices, website, directly to a company employee, during meetings, among others). In 2021, we continued with remote service through phone calls, WhatsApp messages and emails. The main reasons for the complaints are safety and environmental issues.

In the year 2021, we recorded 4 complaints, all of which were addressed and were closed at the end of the period.

4. Environmental

Cerro Verde has an Environmental Management System, EMS, based on ISO 14001: 2015, certified since 2002, in which we have adopted our parent company Environmental Policy.

This Policy, available in our website (www.cerroverde.pe) and updated in December 2021, represents the statement of our intentions and guidelines related to our environmental performance. And, through 14 commitments, it describes our commitment to minimizing the environmental impact of our operations, using risk management strategies based on valid data and solid science and, when feasible, protecting and improving the quality of the environment in the areas where we operate.

EMS Scope:

“Local exploration (within the concession), mineral exploitation, production of copper cathodes, production of copper concentrate and molybdenum concentrate”, that is, our entire operation.

The policy also outlines our duty to continually improve our environmental performance through the EMS and our commitment not to mine or explore in UNESCO World Heritage Sites.

We expect each employee and contractor to comply with and respect our Policy commitments, and report any concerns through our various communication mechanisms, including those published in the Principles of Business Conduct and the Business Partner Code of Conduct.

Likewise, our management is framed in the Principles of the International Council on Mining and Metals (ICMM) and the criteria of The Copper Mark, also supporting the progress of the United Nations Sustainable Development Goals (SDGs).



Commitments

1. Operating our facilities in compliance with applicable environmental laws and regulations at a minimum and, where we believe that these are not sufficiently protective, applying internationally - recognized management practices;
2. Operating in a manner that respects legally designated protected areas, including a commitment to no mining and exploring in UNESCO World Heritage sites;
3. Preventing pollution and minimizing adverse environmental impacts where practicable, using risk management strategies based on sound science;
4. Continually improving the environmental performance of our operating sites through the implementation of ISO 14001 management systems;
5. Progressing our climate strategy of reduction, resilience and contribution;
6. Striving to maximize water use efficiency across each of our operations and, where appropriate, seeking to collaboratively engage with stakeholders on responsible water stewardship;
7. Contributing to the conservation of nature and implementing the mitigation hierarchy to assess risks and impacts to nature, with an ambition of no net loss of biodiversity for new mines and major expansions of existing mines and processing facilities;
8. Respecting and protecting the culture and heritage of our host communities and Indigenous Peoples;
9. Supporting meaningful involvement through collaborative engagement with our stakeholders regarding our environmental performance regardless of race, color, national origin or income;
10. Safely and responsibly managing our tailings and non-tailings related waste;

11. Working with our stakeholders and host governments to support permits, laws and regulations that provide meaningful safeguards for the environment based on sound scientific principles;
12. Educating and training employees and contractors to carry out tasks in an environmentally responsible manner;
13. Remediating historical sites where our companies are responsible; and
14. Regularly reviewing our environmental performance and publicly reporting on our progress.

4.1. Energy

The energy supply is essential for the development of our operations. We receive energy from the National Interconnected Electric System (SEIN), through two electricity supply contracts with the power generation companies Engie Energía Perú S.A., and Electroperú S.A.

GRI 302-1

The maximum power consumed during the year being reported reached 460 MW through its three supply points at 138KV, 220KV and 500KV busbars. In addition, the Company purchased energy directly from the Spot Market in an approximate amount of 48 MW from January to June, 2021.

On the other hand, we would like to point out that during 2021, the Company has continued the implementation of the Energy Management System, which seeks to identify energy efficiency initiatives, promote the use of renewable energies and identify contributions to the reduction of Greenhouse Gas (GEI). During the reported year, two energy efficiency standards have been prepared for our Projects and Global Supply Chain (or Supply) areas, which are in the process of internal approval, including review by our parent company.

Table 8 - Energy consumption within the organization

Power source	MillionMWH			Million Gallons		
	2019	2020	2021	2019	2020	2021
Electricity (SEIN)	3.6	3.1	3.5	-	-	-
Diesel B5 S-5	-	-	-	58.2	52.0	58.6
Gasoline 90	-	-	-	0.4	0.3	0.2

Recka Thermal Power Plant: In 2021 the thermal power plant operations culminated with zero potential or highly potential fatal incidents, and zero environmental incidents reportable to the authorities. During 2021, the thermal power plant was randomly called five times by COES within the framework of its technical procedure PR-25, in order to verify the availability of the thermal unit. The unit synchronized to the SEIN grid and generated a total of 1 914 MW, during 12.36 operation hours. These tests were satisfactory.

The Fortuitous Unavailability Factor (FIF) decreased, from 0.157% in 2020 to 0.050% in 2021, as a consequence, the firm thermal power plant capacity was benefited, closing the year with a value of 177,911 MW, which represents an increase of 0.107% with respect to the end of 2020.

Fossil Fuels: We use two types of fossil fuels: Diesel B5 S-5 mainly for heavy and semi-heavy equipment, such as: haul trucks, excavators, tractors and drills and 90-octane gasohol mainly for light vehicles.

4.2. Water and effluents

The Cerro Verde Production Unit is located in the Arequipa Region, in southern Peru, at the beginning of the Atacama Desert. Water has always represented a challenge for Cerro Verde.

Cerro Verde was privatized in order to promote the development of the mineral deposit contained in its mining concession; several feasibility studies concluded that the scarcity of water was one of the major obstacles to allow the continuity

of its operations and their expansion to make Cerro Verde an economically feasible deposit, considering that the copper grade is very low.

The proposed solution was to regulate the water that was lost in the Pacific Ocean by means of the construction of dams, such as Pillones and Bamputañe, co-financed with EGASA, and San José de Uzuña, co-financed with the Regional Government of Arequipa; and thus we began what we call the **“Virtuous Circle of Water”**, which we have closed with the La Enlozada Wastewater Treatment Plant (WWTP), whose construction and operation costs have been and are entirely assumed by Cerro Verde.

Fresh water for the CVPU operation is obtained mainly from the Chili River (Major Regulated Chili Class A Hydraulic Sector, hereinafter, Regulated Chili System) and is supplemented by treated water from the La Enlozada Domestic Wastewater Treatment Plant and by groundwater wells from the Cerro Verde and Santa Rosa pits, which, in varying amounts, are also used to control dust emissions from internal roads. Our water use licenses total 2 360 liters/sec. These licenses grant the right to use surface water (Chili River), reuse treated wastewater (La Enlozada WWTP, up to a limit of 1 000 lit/sec on average per year) and groundwater (Cerro Verde and Santa Rosa pits).

Table 9 - Water withdrawal

Source	Millions of cubic meters		
	2019	2020	2021
Surface water	26.7	24.5	29.37
Groundwater	0.4	0.3	0.04
Sea water	-	-	-
Produced water	-	-	-
Third-party water	26.1	17.7	27.24
Total	53.2	42.5	56.65

Cerro Verde has no discharges to receiving bodies (the water extracted from our water sources is equal to the water consumed), so we do not generate negative impacts on water quality. However, we do affect the amount of water in the Chili River downstream of our intake, due to the extraction of fresh water, an impact that is controlled. Cerro Verde has co-financed the construction of the Pillones and Bamputañe reservoirs to reinforce the water supply of the Regulated Chili System, which increased water availability by an amount greater than that extracted by our operations, with volumes of water available for population, agricultural and energy uses.

Water stress and resource availability

According to the water risk assessment conducted by our parent company, FCX, Cerro Verde has been classified as a **high water stress risk** zone with respect to water supply. To learn more about this assessment, you can consult the FCX Sustainability Report, available on its website (www.fcx.com), as well as the Climate Report.

On the other hand, the Ministry of Agrarian Development and Irrigation has classified the Local Water Authorities (LWA) considering the availability of resources. Cerro Verde is in LWA Chili, classified with a **medium level of water resource availability** (D. S. N° 025-2021-MIDAGRI). Despite this classification, the updated Water Resources Basin Management Plan (developed by local authorities and local stakeholders) includes a new policy to reserve additional existing available water for future water demands of the population.

Cerro Verde is also part of the Technical Group in charge of preparing the Water Availability Development Plan (WADP), which performs its functions under the guidance and in coordination with the Technical Secretariat of the Water Resources Council of the Quilca-Chili Basin. The WADP is prepared annually and allows for adequate planning of the use of the volumes of water stored in the Regulated Chili System to cover the formally recognized consumption demands.

In November 2018, the Company obtained from the National Water Authority (ANA) an Extraordinary Blue Certificate, recognizing it as a water responsible and supportive company, in merit of the environmental social responsibility actions in water that it has been carrying out in the Quilca-Vitor-Chili Basin.

4.3. Biodiversity

Cerro Verde has a “Biodiversity Management Plan (BMP)”, which includes several management programs based on information from Cerro Verde’s different Environmental Management Instruments, works published by research journals, and meetings with specialists in Biodiversity and Conservation; it also includes additional criteria from work that Cerro Verde is currently developing. Under an adaptive management and ecosystem approach, the information gathered is constantly reviewed in order to implement improvements or complement mitigation and control measures.

GRI 304-1
GRI 304-2
GRI 304-3

GRI MM1
GRI MM2

In 2017 we obtained the Wildlife Habitat Council, WHC, certification in the “Gold” category, granted by the organization of the same name, made up of a group of corporations, conservation organizations and people dedicated to the conservation and improvement of wildlife habitats. This certification was extended until 2020.

In 2021, the WHC gave us two awards:

- Award for the Desert Ecosystem Management Program. Recognition for the activities we carry out for the protection and conservation of guanaco (*Lama guanicoe*) populations and their habitat. Activities that include the monitoring of the guanaco population, the installation and maintenance of wildlife drinking troughs, habitat improvement with flora species identified in their diet, scaring away in critical areas to avoid direct affectation to wildlife, among others.
- Award for the Bat Management Program. Recognition for the activities carried out for the protection and conservation of the Peruvian long-tailed bat (*Platalina genovensium*) and its habitat, and the benefit for other species of bats present in our concessions; such as population monitoring, protection of refuges, protection of foraging areas, among others.



The BMP includes action plans for the “guanaco” (*Lama guanicoe*) and its habitat, the “Peruvian long-faced bat” (*Platalina genovensium*) and its habitat, herpetofauna, avifauna, arthropod fauna and wild flora species. It is also part of our Environmental Management System, consistent with the International Finance Corporation’s (IFC) Biodiversity Performance Standard 6, reviewed by multiple credit institutions for debt financing, necessary for our Expansion and aligned with the International Council on Mining and Metals (ICMM) Sustainable Development Principle 7, which is verified annually.



Cerro Verde has no owned, leased, or managed operating facilities that are adjacent to, contain, or are located within protected areas and non-protected areas of high biodiversity value. However, it has carried out biodiversity rescue or other mitigation measures in different areas of the Production Unit.

The expected impacts due to the operation of Cerro Verde during the year 2021 on biodiversity have been classified as very low, low, or moderate significance, mainly referring to transportation infrastructure and habitat loss. No positive or negative impacts of high or very high significance have been determined.

Likewise, we actively participate in supporting SERNANP, through the Salinas Aguada Blanca National Reserve office and SERFOR, in their actions aimed at recovering the ecosystem of the Queñua forest in the province of Arequipa. It is around them that the housing associations near the forest participate in this protection effort.

Table 10 - Amount of land disturbed or rehabilitated (owned, leased, and managed for production activities or extractive use)

Concept	Has		
	2019	2020	2021
Total land disturbed and not yet rehabilitated (A: Initial balance)	3 104.53	3 553.82	3 807.88
Amount of land recently disturbed within the reporting period (B)	449.29	110.96	187.07
Total amount of land recently rehabilitated for the final agreed use within the reporting period (C)	-	-	-
Total disturbed land not yet rehabilitated (D-A+B-C)	3 553.82	3 664.78	3 994.95

Table 11 - Mitigated areas

	“Relocation and flora Induction areas up to 2021”	“Herpetofauna Relocation areas up to 2021”	“The rescue - areas of Old mine shafts”
Surface area (Ha)	44.57	26.75	120
Location	Linga, Huayrondo, San José, Siete Vueltas, Querendosa y Quebradita ravines	Siete Vueltas y Querendosa ravines	Huayrondo, Siete Vueltas, Querendosa y Linga ravines
Specific Management Actions	<p>Propagation of plant species according to the BMP.</p> <p>Implementation of restrictions and signalization in areas of habitat improvement.</p> <p>Cactus flowering induction areas.</p>	<p>Rescue and relocation of herpetofauna (lizards) according to the Biodiversity Management Plan.</p>	<p>Management and protection of foraging habitat of P. genovensium.</p> <p>Management of P. genovensium refuge habitat.</p> <p>Implementation of restrictions and signalization in habitat improvement areas.</p>



4.4. Emissions

Natural sources. Contributions of particulate material of natural origin are considered significant due to the nature of the edaphic component of the area, which is made up of scarce vegetation cover, soil with medium and fine materials deposited throughout most of its extension. Likewise, the medium and fine materials are composed of sand, loamy sand, and volcanic ash, which are subject to wind erosion. The meteorological characteristics of the area, such as high levels of evaporation and low precipitation, favor dispersion phenomena.

Table 12 - Nitrogen oxides (nox), Sulphur oxides (sox) and other significant air emissions			
Concept	Metric tons		
	2019	2020	2021
NOX	11 273	8 333	10 321
SOX	157	55	47
Particulate Material - PM10	4 145	2 711	3 435
Volatile Organic Compounds	3 090	2 336	2 622

GRI 305-1
GRI 305-2
GRI 305-7

Anthropogenic sources. The anthropogenic sources of particulate matter and greenhouse gases identified are related to Cerro Verde's current operations (activities involved in the mining and processing of ore) and earthworks and activities carried out in the surrounding districts, such as: burning of agricultural fields, vehicle traffic and brick kilns, among others.

According to article 3 of Ministerial Resolution No. 315-96-EM/VMM, which establishes the maximum permissible levels of elements and compounds present in gaseous emissions from mining and metallurgical units, the maximum permissible level of particulate to which mining and metallurgical units are subject is 100 mg/m³ measured at any time or control points. During the year reported, Cerro Verde did not exceed the limit.

Table 13 – Total Emissions GHG

Year	Total Emissions GHG (TM CO2e)		
	Scope 1 (*)	Scope 2 (**)	Scope 3 (***)
2021	644 126	315 557 (****)	-
2020	564 127	231 339	-
2019	638 972	275 539	-

(*) Scope 1: GHG emissions that are directly generated by the company. For example, emissions from combustion in boilers, furnaces, vehicles, etc.
 (**) Scope 2: GHG emissions generated indirectly by the Company's use of energy.
 (***) Scope 3: All other GHG emissions generated indirectly by the company. For example: air travel, land travel, paper consumption, transfer of employers, etc. Cerro Verde is implementing this measurement.
 (****) Total Scope 2 emissions have varied with respect to the information published in the 2021 Annual Report, while at that date, an independent third party was in the process of verifying the GHG emissions inventory - 2021. Once said process was completed, determined that the total emissions of GHG Scope 2 are those reported in this report.



4.5. Waste

Cerro Verde's mining and metallurgical activities and ancillary processes generate various types of waste. These are managed in a manner that meets high standards of regulatory compliance and environmental management practices. All employees of Cerro Verde and its contractors are responsible for the proper management of the waste generated in their work areas.

Cerro Verde has a Solid Waste Minimization and Management Plan, which aims to manage and control waste from generation to final disposal, optimizing waste management. In the implementation of minimization strategies and in general at each stage of waste management and handling, Cerro Verde applies the Waste Diversion methodology, which consists of giving preference to the use of waste rather than directing waste to landfills or safety landfills. Waste diverting means reducing, reusing, or recycling materials that would otherwise go to landfills.

GRI 306-3
GRI 306-5



Waste management at Cerro Verde includes the following stages:

01

Initial or primary storage - Temporary storage of solid waste carried out immediately in the work environment, for subsequent transfer to intermediate or central storage.

02

Intermediate storage - Storage in the production units, in safe and sanitary containers, located at strategic points, from where the waste is removed to the central storage.

03

Collection and transportation

04

Central storage - There are designated and properly marked areas for the storage of non-hazardous and hazardous waste. Hazardous waste is not stored for more than 12 months and is distributed according to its physical, chemical, and biological nature, considering its hazardous characteristics and its compatibility with other waste.

05

Reconditioning - It is the physical transformation that allows and/or facilitates the recovery of solid waste (segregation, storage, cleaning, crushing or grinding, physical compaction and packaging, among others).

06

Waste Treatment - These are processes prior to the valorization of the waste, which are carried out with the purpose of reducing or eliminating its hazardousness.

07

Valorization - It constitutes a management and handling alternative that takes priority over final disposal. The following are considered valorization operations:

- Internal reuse
- Donation
- Commercialization
- Use as scrap material.

08

Off-site transportation and final disposal in a safety landfill



Tailings and waste rock

The tailings and waste rock that we produce represent our largest volume of waste. Managing these large volumes of waste presents significant environmental, safety, and engineering challenges. The main risks associated with tailings and waste rock management relate to structural stability, geochemistry, water quality, and dust generation. The management of this waste is regulated, and we apply programs that have been designed to comply with legal requirements and approved permits.

Tailings Management

Cerro Verde, part of the FCX group, has comprehensive measures in place to ensure that tailings facilities are properly designed, built, operated and monitored to minimize risk to workers, surrounding communities and the environment.

Cerro Verde also maintains a strong commitment to provide the financial and technical resources necessary to maintain the safety of the facilities and the integrity of the tailings management systems, with a focus on continuous improvement.

Cerro Verde's and FCX tailings management program complies with applicable regulations and various national and international guidelines. The program also conforms to the tailings governance framework to prevent catastrophic failures at tailings facilities, adopted in December 2016 by ICMM.

In 2020, FCX, as a member of ICMM, supported the development and committed itself to working towards the implementation of the new Global Industry Standard on Tailings Management (GISTM).

The GISTM was developed through an independent multi-stakeholder process, jointly convened by the United Nations Environment Program, Principles for Responsible Investment and ICMM, following the tragic collapse of the tailings facility in Brumadinho, Brazil, in 2019.

Through its membership in ICMM, FCX played an active leadership role and provided constructive input in the development of the GISTM, which was formally launched in August 2020. This document is the first global standard for tailings management that can be applied to existing and future tailings facilities. The GISTM has been integrated into existing ICMM member commitments, and ICMM members have agreed that all tailings facilities that have been rated with “Extreme” or “Very High” consequence potential must demonstrate compliance with the GISTM within three years (by August 2023), and all other tailings facilities within five years (by August 2025). FCX is currently advancing plans to meet this commitment.

Cerro Verde has two tailings facilities, which are managed under the scope of the tailings management program described and implemented by our parent company, i.e. under international guidelines, and in strict compliance with national legislation. Also in 2020, FCX chaired a subgroup of the ICMM Tailings Working Group to develop guidance to identify and recommend best practices for practical implementation of GISTM.



Table 14 - Total amount of waste rock (waste rock), tailings, electrolytic ship residues, sludge and their associated risks (metric tons)

	Waste rock	Tailings	Electrolytic tankhouse waste electro-obtaining	Sludge produced in water treatment
2021	167 879 520	140 990 347	38	17 433
2020	132 610 830	119 767 125	*0	**0
2019	160 687 975	137 221 984		

* Due to the Emergency Declaration by COVID-19, the electrowinning cells were not cleaned.
 ** Reported as other non-hazardous waste disposal.

Table 15 - Waste by type and method of disposal

Concept	Method of disposal	Metric tons		
		2019	2020	2021
Hazardous waste	Sent to landfill	1 404	990	1 317
	Recycled, reused	447	2 518	2 850
	Treated	29	14	69
	Store don site	-	-	-
Non-Hazardous waste	Send to landfill	2 164	2 668	3 103
	Recycled, reused	28 269	16 512	22 409
	Disposed on site	14 123	9 029	8 942
	Others disposal method	-	15 022	18 391
		Cubic meters		
		2019	2020	2021
Used oil	Sent away from site	3 315	2 549	-
	Stored in site	68	-	-

VI.

About the report



Reporting Period	2021
Reporting Frequency	Annual *Similar to our Annual Audited Financial Statements, which are submitted to the Superintendency of the Stock Market and are available to the public.
Publication Date	September 30, 2022
Contact	Julia J. Torreblanca Marmanillo Vice-President of Corporate Affairs jtorrebl1@fmi.com
External verification	This Report has not been submitted to external verification.
Statement of use	Sociedad Minera Cerro Verde S.A.A. has presented the information listed in this GRI content index for the period from January 1, 2021 to December 31, 2021 using the GRI Standards as a reference.
Preparation and approval	The Board of Directors is responsible for reviewing and approving the Annual Report, which is an input for the preparation of the Sustainability Report. The Annual Report is prepared in cooperation with various areas of the company. The Annual Report is then submitted to the Board of Directors for approval, approved at the General Shareholders' Meeting and communicated to the market through the Superintendency of the Stock Market.

GRI 2-3
GRI 2-5
GRI 2-14
GRI 3-2
GRI 3-3

Material topics

Likewise, the text of the Sustainability Report is reviewed by the Vice-Presidency of Corporate Affairs and the data is corroborated with the different areas involved and with the corporate team of Freeport, our parent company, who in turn compile our indicators for the preparation of their Sustainability Report.

To define the sustainability topics to be included in this report, we conducted a desk-based materiality assessment:

- To begin with, we conducted a benchmarking with reports from leading companies and industry representative companies. We also reviewed national and international standards, guidelines and documents to identify relevant issues for the mining sector.
- Next, we reviewed the materiality analysis and list of material topics of our parent company, Freeport (available at www.fcx.com).
- In addition, Cerro Verde's risk matrix, described in section IV, was reviewed.
- The material topics resulting from the previous stages, as well as the GRI thematic content to be used in the 2021 Sustainability Report, were validated by the Vice-Presidency of Corporate Affairs.

The list of material topics can be found in our GRI content index.

Stakeholders

For stakeholder identification and analysis we have used the "Community Development Toolkit" published by the International Council on Mining and Metals (ICMM); specifically, Tool 1: Stakeholder Identification, and Tool 2: Stakeholder Analysis.

The combined application of these tools made it possible to identify entities or individuals that the company's activities or products may significantly affect, and whose actions may reasonably affect the company's ability to successfully develop its strategies and achieve its objectives.

MEANS OF INTERACTION

Freeport- McMoRan Inc

Meetings at the corporate office (United States - Phoenix), meetings at other sites, visits to Cerro Verde P.U., conference calls, video calls, e-mails, internal systems such as SharePoint and Intranet.

Shareholders

Public reports (Significant Events) through publications on the page of the Superintendency of the Stock Market, Financial Statements and Management Report, Annual Report and its annexes, General Shareholders' Meeting, Board of Directors' Meetings, Management Committee, direct communication (letters, e-mails, telephone) and web page.

Workers

Internal communications via email, "Cuprito" digital magazine, physical publications in "Information Windows", electronic screens, meetings with the Cerro Verde Workers' Union, with the Occupational Health and Safety Committee, Internal Satisfaction Analysis which is performed through surveys to measure the work environment, corporate Compliance Line (Principles of Business Conduct), Performance Evaluations, Intranet and internal communications through the "Informed" initiative, accessible by email, a mobile application and website.

Community

Cerro Verde has 03 Permanent Information Offices (PIO) located in Arequipa (Cerro Verde Complex), Uchumayo and Yarabamba; monthly newsletters called Somos Yarabamba and Somos Uchumayo and since November 2018, Somos Tiabaya; direct meetings between authorized Cerro Verde officials with community leaders, as well as workshops, exhibits and website. As a result of the National State of Emergency, remote service was implemented through phone calls, WhatsApp messaging, suggestion box and emails.

Government

The Vice-Presidency of Corporate Affairs is in charge of sustainable development in Cerro Verde, and of relationships with the different government entities, at their different levels.

Suppliers

Cerro Verde has a Global Supply Chain Management, which is in charge of managing the purchases and services required by the organization and the relationship with our suppliers.

Customers

At Cerro Verde, the Sales Superintendency is responsible for relations with the corporate sales office and customers.

GRI Table of Contents

Declaration of use	Sociedad Minera Cerro Verde S.A.A. has presented the information cited in this GRI content index for the period from January 1 to December 31, 2021, using the GRI Standards as a reference.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	CONTENT	LOCATION	ODS
GENERAL DISCLOSURES			
GRI 2: General Disclosures 2021	2-1 Organizational details	10	
	2-2 Entities included in the organization's sustainability reporting	10	
	2-3 Reporting period, frequency and contact point	100	
	2-4 Restatements of information	9	
	2-5 External assurance	100	
	2-6 Activities, value chain and other business relationships	9, 10, 17, 25	
	2-7 Employees	17, 50	8, 10
	2-9 Governance structure and composition	37 - 39	5, 16
	2-10 Nomination and selection of the highest governance body	37	5, 16
	2-11 Chair of the highest governance body	37	16
	2-12 Role of the highest governance body in overseeing the management of impacts	32	16
	2-13 Delegation of responsibility for managing impacts	32	

	2-14 Role of the highest governance body in sustainability reporting	100 - 101	
	2-15 Conflicts of interest	39 - 40	16
	2-22 Statement on sustainable development strategy	5 - 7	
	2-23 Policy commitments	30 - 32, 43	16
	2-24 Embedding policy commitments	32	
	2-28 Membership associations	23	
	2-30 Collective bargaining agreements	51 - 52	8
MATERIAL TOPICS			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	100 - 101	
	3-2 List of material topics	100 - 101	
ECONOMIC PERFORMANCE			
GRI 3: Material Topics 2021	3-3 Management of material topics	25, 39, 45, 46	
GRI 201: Economic Performance 2016	201-1: Direct economic value generated and distributed	45, 46	1, 8, 9
GRI 203: Indirect Economic Impacts 2016	Disclosure 203-1: Infrastructure investments and services supported	65 - 80	5, 9, 11
	Disclosure 203-2: Significant indirect economic impacts	45, 46	1, 3, 8
GRI 204: Procurement Practices 2016	Disclosure 204-1 Proportion of spending on local suppliers	25	8
GRI 205: Anti-corruption 2016	Disclosure 205-1 Operations assessed for risks related to corruption	40 - 42	16
	Disclosure 205-2 Communication and training about anti-corruption policies and procedures	40 - 42	16
GRI 207: Tax 2019	Disclosure 207-1 Approach to tax	46 - 49	1, 10, 17
	Disclosure 207-4 Country-by-country reporting	46 - 49	1, 10, 17

ENVIRONMENTAL PERFORMANCE

GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics	81	
GRI 302: Energy 2016	Disclosure 302-1 Energy consumption within the organization	83 - 85	7, 8, 12
GRI 303: Water and Effluents 2018	Disclosure 303-1 Interactions with water as a shared resource	85 - 87	6, 12
	Disclosure 303-2 Management of water discharge- related impacts	85 - 87	6
	Disclosure 303-3 Water withdrawal	85 - 87	6
GRI 304: Biodiversity 2016	Disclosure 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	88 - 90	6, 14, 15
	Disclosure 304-2 Significant impacts of activities, products and services on biodiversity	88 - 90	6, 14, 15
	Disclosure 304-3 Habitats protected or restored	88 - 90	6, 14, 15
	MM1: Amount of land disturbed or rehabilitated (owned, rented and managed for production or extractive use activities)	90	
	MM2: Mitigated areas	90	
GRI 305: Emissions 2016	Disclosure 305-1 Direct (Scope 1) GHG emissions	92	3, 12, 14, 15
	Disclosure 305-2 Energy indirect (Scope 2) GHG emissions	92	3, 12, 14, 15
	Disclosure 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	91	3, 12, 14, 15

GRI 306: Waste 2020	Disclosure 306-1 Waste generation and significant waste-related impacts	93 - 98	3, 6, 11, 12
	Disclosure 306-2 Management of significant waste-related impacts	93 - 98	3, 8, 11, 12
	Disclosure 306-3 Waste generated	93 - 98	3, 6, 11, 12, 15
	Disclosure 306-5 Waste directed to disposal	93 - 98	6, 11, 12, 15
	MM3: Total amount of clearing (sterile rock), tailings, ship waste electrolytic, sludge and associated risks (metric tons)	98	
SOCIAL PERFORMANCE			
GRI 3: Material Topics 2021	3-3 Management of material topics	51 - 56	
GRI 401: Employment 2016	Disclosure 401-1 New employee hires and employee turnover		4, 5, 8, 10
GRI 403: Occupational Health and Safety 2018	Disclosure 403-1 Occupational health and safety management system	56 - 65	8
	Disclosure 403-2 Hazard identification, risk assessment, and incident investigation	56 - 65	8
	Disclosure 403-3 Occupational health services	56 - 65	8
	Disclosure 403-4 Worker participation, consultation, and communication on occupational health and safety	56 - 65	8, 16
	Disclosure 403-5 Worker training on occupational health and safety	56 - 65	8
	Disclosure 403-6 Promotion of worker health	56 - 65	3

	Disclosure 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	56 - 65	8
	Disclosure 403-8 Workers covered by an occupational health and safety management system	56 - 65	8
	Disclosure 403-9 Work-related injuries	56 - 65	3, 8, 16
	Disclosure 403-10 Work-related ill health	56 - 65	3, 8, 16
GRI 404: Training and Education 2016	Disclosure 404-1 Average hours of training per year per employee	55, 56	5, 8, 10
	Disclosure 404-3 Percentage of employees receiving regular performance and career development reviews	56	5, 10
GRI 405: Diversity and Equal Opportunity 2016	Disclosure 405-1 Diversity of governance bodies and employees	53, 54	5, 8
GRI 410: Security Practices 2016	Disclosure 410-1 Security personnel trained in human rights policies or procedures	42 - 44	16
GRI 413: Local Communities 2016	Disclosure 413-1 Operations with local community engagement, impact assessments, and development programs	65 - 80	



Cerro Verde