



MINERA SAN CRISTÓBAL S.A.

Overcoming *challenges*

Sustainability  
*Report*

20  
22

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## WE VALUE YOUR COMMENTS (2-3)

We value our stakeholders' opinions regarding our Sustainability Report. For more information, questions or comments, please contact:

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## 1.1 Message from the President (2-22)

Dear readers,

It is very gratifying to present the eighth version of our Sustainability Report covering the 2022 year. It details our social, environmental, and governance performance, and also the economic contribution of Minera San Cristóbal to the country, the region where we operate, and to our shareholders. During this period, our efforts have remained focused on overcoming the great challenges of operational continuity and sustainability. The activities have been carried out within the framework of our Management System, which maintains its focus on the implementation of best practices and continuous improvement.

Regarding our personnel, which is our most important asset and thanks to their efforts, we have achieved important improvements. We currently have 1,322 employees of Minera San Cristobal and 1,501 contractors. In this period, there were no incidents related to violations of human rights and within the framework of respect for the freedom of association and collective bargaining of our workers, the collective labor agreement was signed, in addition to maintaining training and strengthening of competencies.

Our net income from concentrate sales decreased by 23% (US\$ 194M) compared to 2021. This was mainly due to a decrease in the volume of concentrate sold during the last quarter of 2022, which was substantially affected by a fire at our shipping port at Mejillones in Chile on October 1<sup>st</sup>, 2022.

The net result for the fiscal year was negative by US\$ 21M, affected by the payment of taxes from previous managements, the devaluation of fixed assets, the decrease in the sale of concentrate, and the increase in production costs. The cost of supplies increased as a result of international conflicts, supply chain bottlenecks and inflation. Despite this situation, Minera San Cristóbal made a contribution to the country of US\$ 402.1 million in royalties, taxes and patents.

Regarding production, during this year we produced 327 thousand tons of zinc-silver concentrate and 67 thousand tons of lead-silver concentrate; which represents a decrease of 17% of zinc-silver and 22% of lead-silver compared with the past year.

In 2022, we maintained commercial relationships with 1,113 suppliers and we spent approximately US\$ 306.8 million in the combined purchase of goods and services. This amount was higher than that registered in 2021, mainly due to the continuity of our

operations and the post-pandemic reactivation of different sectors in goods and services. Of the total amount, the acquisition of goods reached an approximate amount of US\$145.7 million, of which US\$53.3 million (37% of the total) was allocated to Bolivian national and community suppliers.

MSC spent US\$ 161 million on services in 2022. Offshore services make up 28% of the total and the rest are from national providers, including those from local communities. Of all the contracted services, 9% (US\$ 15.3 million) were contracted in the communities of the direct area of influence; and 63% of the total services (US\$ 101.3 million), were in the rest of Bolivia.

In our process of alignment with the ICMM principles and position statements, we carried out two independent audits on human rights issues carried out at foreign supplier facilities; one from Peru and one from China. We also conducted a Global Tailings Management Standard gap analysis, a Water Management Report, and our Climate Change Position Statement.

We renewed our certifications based on ISO standards and we were nationally recognized by the Global Compact for the implementation of "Best Practices in favor of the Sustainable Development Goals (SDG 9)". We also received international recognition for our "Leading practices of mining operational grievance mechanisms" within the framework of the Regional Cooperation Program for the Sustainable Management of Mining Resources in the Andean Countries.

We maintained our efforts in compliance with high safety standards and the protection of our workers and contractors. We very much regret the occurrence of a fatality during the year when a contractor's employee was electrocuted when exposed to a secondary source of electrical energy. After this event, the necessary investigations were carried out to identify the cause of the incident and to ensure that a similar incident does not occur in the future.

We achieved a Lost Time Incident Frequency Rate (LTFR) of 0.21 for Minera San Cristóbal S.A. and 0.33 for contractors. Contractors achieved a record low Total Incident Frequency Rate (TRFR) of 0.56 in 2022. This was achieved as a result of contractor and supervisor commitment and ongoing proactive training and monitoring by the MSC team.



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In health, it is important to mention that we did not record any occupational diseases. The intense vaccination activities against COVID-19 covered more than 98% of MSC employees and a high proportion of contractors and local community members. COVID protocols together with the improvements in the care capacity of the medical services, resulted in greater protection of the health of workers, their families, and the community.

Our Health System is in a transition process, resuming regular health protection actions, such as periodic controls and its operational programs reached over 91% of our workers.

The 2022 investment in communities was US\$ 2.9 million. The major activities carried out were support for the construction of the paved road Puente Río Grande-Cruce Laguna Colorada and the completion of the Lithium Substation Electric Bay project, providing access to the national power grid for the Lipez regional rural communities for the first time.

We reached a consensus for the signing of addendums with the communities involved to extend the use of land for the railway line for an additional 20 years. In the case of the community of San Cristóbal, we also signed the agreement to expand the use of land for the tailings pipeline and the north well field.

Our environmental management remained focused on the care and rational, efficient, and sustainable use of natural resources, and the application of good environmental practices. No reportable environmental incident occurred in 2022 and there were no fines or sanctions applied for noncompliance with environmental laws or regulations. Minera San

Cristóbal's Environmental License was updated reflecting the extension of the life of the mine until 2029.

Regarding water for the production process, 7.30 million m<sup>3</sup> of groundwater and 5.79 million m<sup>3</sup> of water were extracted from the tailings facility. The average consumption rate of groundwater extraction per treated ton was 0.40 m<sup>3</sup>/t. This is less than half the original consumption rate, due to continuous improvement in water reclamation innovations.

Energy consumption increased to 2,873 MWh or by 0.8% compared to 2021. The increase is due to the post-pandemic return to normal operations. This in turn, resulted in the logical increase in total greenhouse gas (GHG) emissions.

For all this and thanks to the efforts and commitment of our team and supportive stakeholders, we continue to overcome various, mainly external, challenges. Our positive performance continues to be dependent on effective risk management, strategic planning and adherence to our values. Our vision for the future remains positive, with a focus on innovation and exploration for new opportunities and projects.

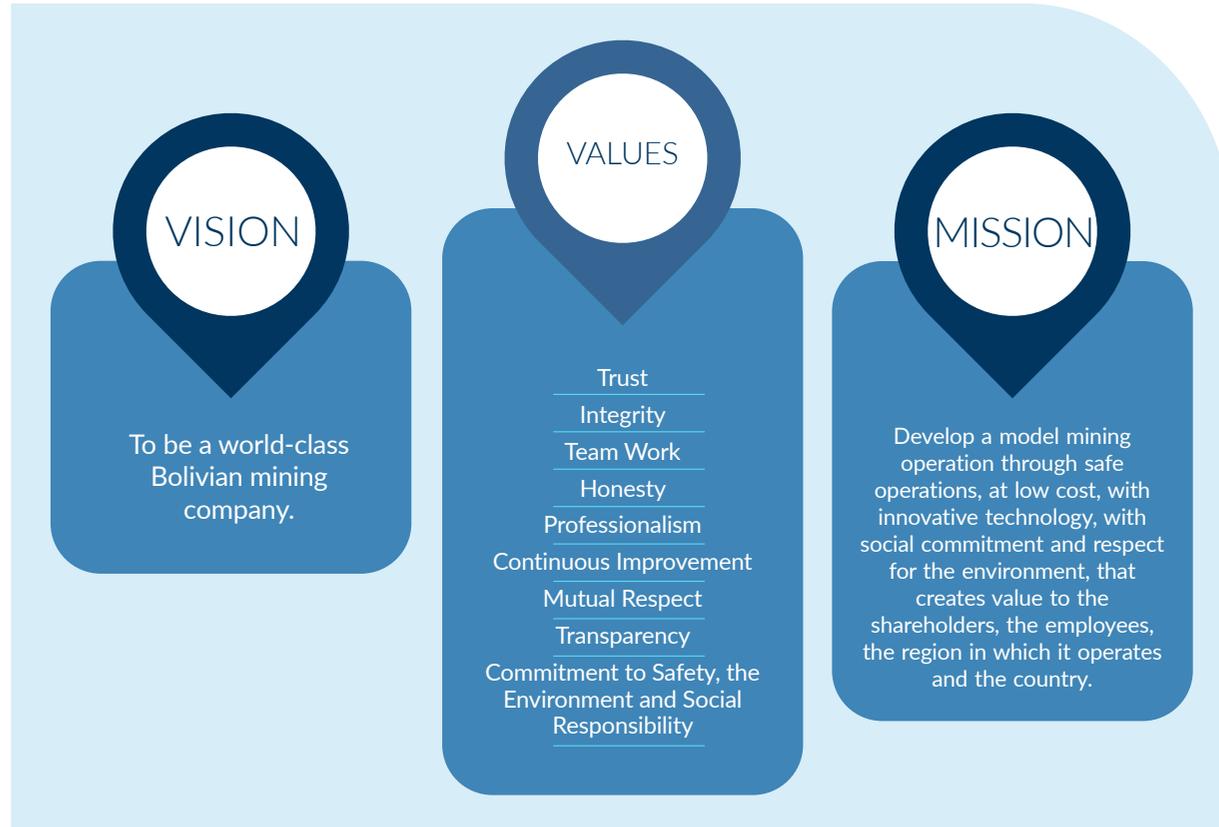
Dave Assels  
President





## 1.2 Our company (2-1)

Minera San Cristóbal S.A. (MSC) is a Bolivian mining company which was a fully-owned subsidiary of the Japanese Sumitomo Corporation from March 2009 until 2022.



## LOCATION

The San Cristóbal mine is our only operation (2-2), located in the province of Nor Lípez, municipality of Colcha K, department of Potosí.

<https://www.minerasancristobal.com/v3/en/inicio/our-company/corporate-values/>

We carry out our productive activities with a focus on protecting people's health and life, respecting the environment, ensuring social commitment, promoting human rights and operational efficiency.



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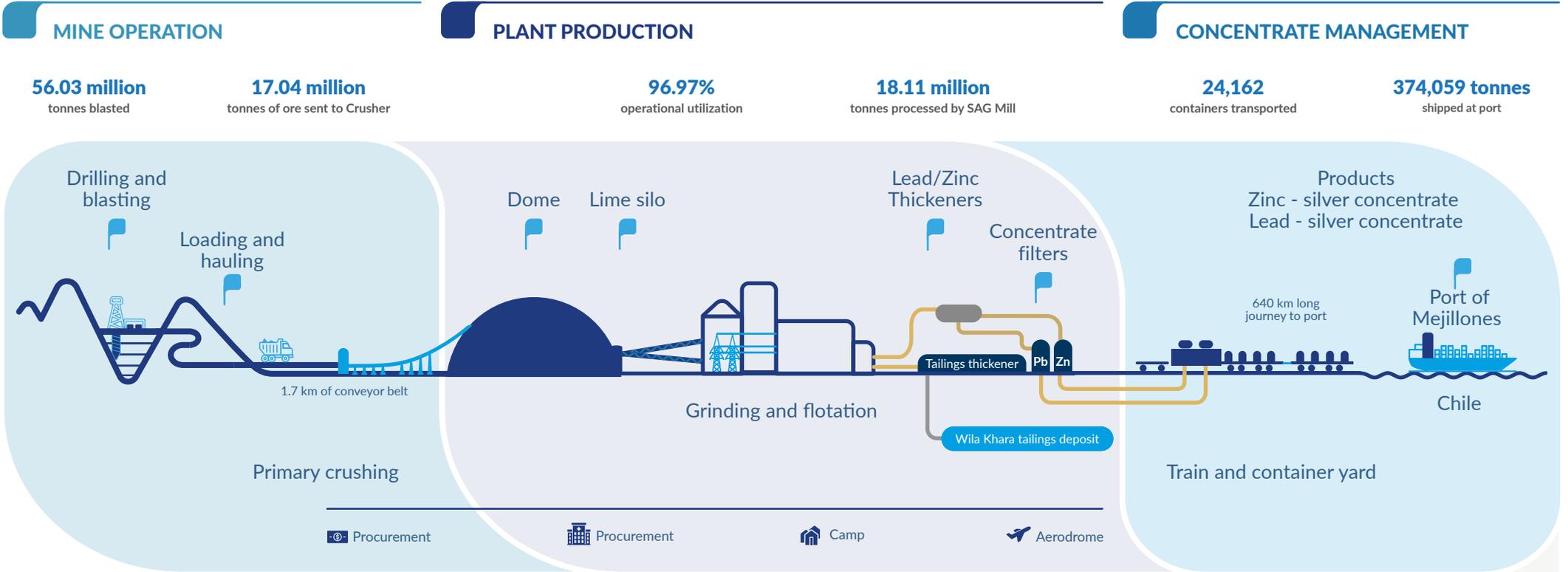
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# OUR COMPANY (2-6)

INITIAL INVESTMENT: **US\$ 1.8 BILLION**



**56.03 million** tonnes blasted | **17.04 million** tonnes of ore sent to Crusher | **96.97%** operational utilization | **18.11 million** tonnes processed by SAG Mill | **24,162** containers transported | **374,059 tonnes** shipped at port

### WE CONTRIBUTE TO THE FOLLOWING SDGS

**Minimization of negative impact**

- 5 GENDER EQUALITY
- 7 AFFORDABLE AND CLEAN ENERGY
- 10 REDUCED INEQUALITIES
- 11 SUSTAINABLE CITIES AND COMMUNITIES
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

**Increase of positive impact**

- 3 GOOD HEALTH AND WELL-BEING
- 4 QUALITY EDUCATION
- 6 CLEAN WATER AND SANITATION
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 17 PARTNERSHIPS FOR THE GOALS

\* Direct impact \*\* Direct influence

### EXPORTS BY CONTINENT

**55%** Smelters in Asia | **37%** Smelters in Europe | **8%** Smelters in Australia

### MAIN INDUSTRIES:

Steel - Brass - Transport - Construction alloys Consumer Goods - Household appliances and engineering

Information on SDGs: <https://www.un.org/sustainabledevelopment/>  
 More details on the process: <https://www.minerasancristobal.com/v3/en/inicio/operations/>



### 1.3 About this report and its verification

Through our sustainability report (2-3), we aim to inform our stakeholders and the general public on an annual basis about our performance, and show how we advance in strengthening a mining operation with principles in favor of sustainable development. Our management team reviews and approves the information presented in this sustainability report (2-14).

The data published herein refer to the work carried out during one calendar year, from 1 January to 31 December 2022. Seven editions of the report have been published previously, covering years 2015 to 2021.

We have prepared this report in accordance with ICMM's Assurance and Validation Procedure and the Global Reporting Initiative (GRI) standards and its Mining and Metals Sector Supplement. On page 96, you can find the Content Index, which shows the location of the performance indicators for material topics.

Company Deloitte Consultoria Ltda. (Chile) (2-5) conducted the independent verification of the sustainability performance standards applicable for 2022, with the aim of ensuring a proper level of confidence in the contents of this report.



## 1.4 Corporate governance structure

Our shareholding structure as at 29 December 2022:



According to Bolivian legislation and our bylaws (2-9), the General Meeting of Shareholders is the highest decision-making body of the company. This body decides on fundamental matters regarding sustainable development, the company budget, new mining developments, internal control, operations, and others. Furthermore, it has powers to appoint the five members who will manage the company: President, Vice President, Secretary and two Voting Members. The

President is a resident in Bolivia during his tenure.

The Board has overall management responsibility. At the Board meeting of 15 February 2022, the following Board members were appointed: (2-10, 2-11)

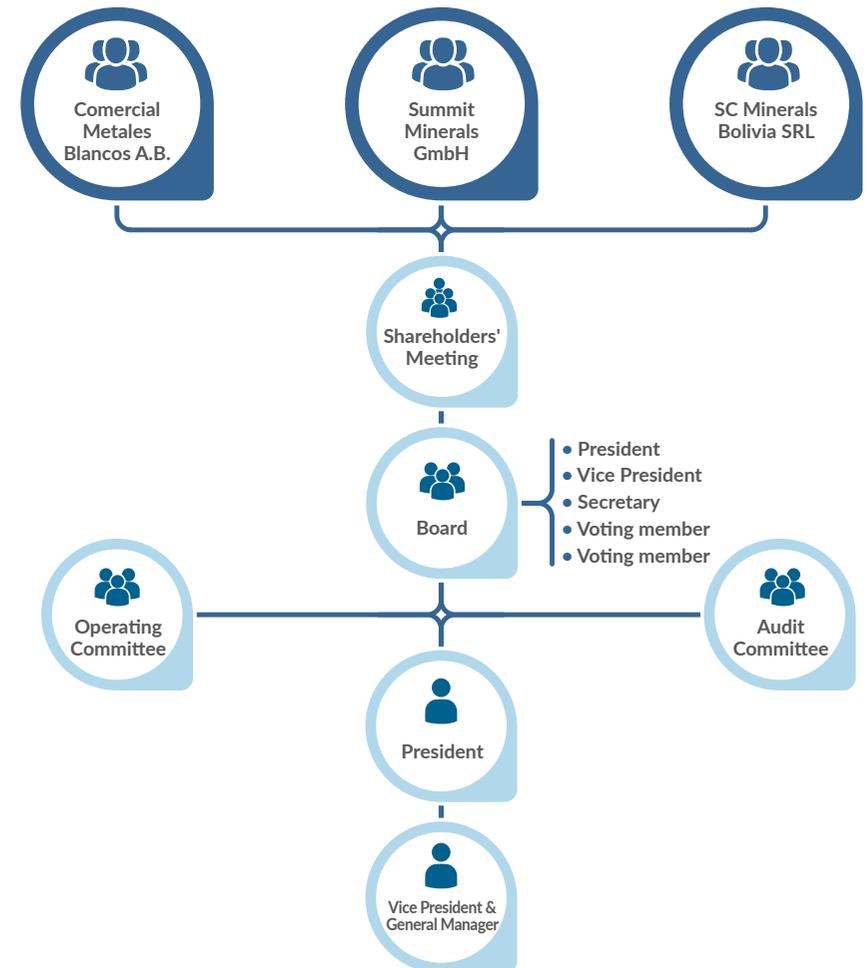
PRESIDENT	<b>Takashi Onda</b>
VICE PRESIDENT	<b>Kenichiro Tsubaki</b>
SECRETARY	<b>Takafumi Sakaki</b>
VOTING MEMBERS	<b>Mitsuhiro Hirano Haruhiko Aritomo</b>

Our four-member Operating Committee makes high-level decisions related to our operations, which are validated by the Board that, in turn, supervises and controls the Committee. Our organizational operational structure is made up of the Vice President & General Manager, Directors, Managers and Superintendents, who manage operational, economic, environmental and social issues (2-13).

Our Audit Committee is made up of three members, i.e. the President of the Board, the Vice President & General Manager,

and the Deputy General Manager. This Committee is responsible for the coordinated supervision of financial

reporting processes, audit processes, the internal control system, and compliance with relevant rules and regulations.



## 1.5 Ethical Conduct

Our management and mutual respect policies, as well as our ethical and legal principles, are the framework for all our activities. We reject any act of corruption, understood as any action that violates the legal provisions in force and the ethical values of our company. To do this, we have put in place the following mechanisms:



To reinforce ethical conduct, we provide training to our current and new personnel on this topic as part of their job induction (205-2). Our **ethics and business conduct rules** promote ethical and honest conduct, including the management and prevention of actual or apparent conflicts of interest that may arise as a result of personal and professional relationships (2-15).

Our **financial reporting regulations** comprise compliance with applicable regulations and legal requirements related to corporate reporting and financial disclosure, accounting and audit procedures, and other issues relating to fraud against the interests of the company and shareholders.

The fight against corruption and any misappropriation in the management of economic resources, such as bribery, is frontal and unwavering (100% evaluated), and comprises

all spheres and levels of our business, suppliers and others, both in our sole operation and in our offices in La Paz and Potosí.

No illegal actions were identified or reported in 2022 (205-1, 205-3). On the other hand, as a company we do not participate in party politics and we do not give any kind of contribution to political parties in the country (415-1).

Our **internal regulations** promote a harmonious labor relationship, which is underpinned by our **policy of mutual respect**.

We have implemented a formal **complaints/suggestions mechanism** (2-26) which our personnel or contractors who consider they have been treated unfairly or in violation of our policies and regulations and applicable labor laws can use to inform their direct supervisors of any problems or concerns regarding our workplace. If the concern involves supervisors, they can

take it to other levels or to the Human Resources department, so it would be solved according to the instruction manual (2-15, 2-16). During 2022, we did not receive any complaints related to labor practices through these mechanisms.

Among the mechanisms we have in place to deal with possible complaints of workplace abuse or harassment, we have an internal instruction that guarantees transparency and fairness, as well as protection of the person making the complaint. We give complainants the guarantee that they will be heard and that we will follow up on their complaint while preserving their integrity. We also guarantee the right of defense of the person against whom the report is filed and, according to constitutional rights, this person is considered innocent until proven otherwise (406-1, 2-25). In 2022 there were cases of consultation that were resolved through the direct intervention of the Personnel Services and Human Resources Department.



In the same way, we have a mechanism to address concerns and/or complaints for the communities and external local providers. All suggestions and complaints are examined and dealt with in accordance with the instruction manual on **addressing concerns and/or complaints from stakeholders**.

We ensure that no reprisals or disciplinary measures are taken against any employee or contractor who reports acts that are a threat to safety, violations of the code of ethics or of the financial reporting regulation or any action that may be perceived as an act of corruption.

The operational mechanisms for addressing complaints and grievances are important tools in the social management

of mining activities in order to prevent, address and remedy possible impacts and violations derived from the activity. Accordingly, we participated in the **project to identify leading practices, advances and challenges regarding operational grievance mechanisms in the mining sector in the Andean region**, within the framework of the program “Regional Cooperation for a more Sustainable Management of Mineral Resources in the Andean Countries” (MinSus). This initiative explores the grievance mechanisms of 18 mining companies in the region that stand out in relation to their peers in view of the degree of complexity, efficiency and integration in their business strategies.

For more information, see:

<https://minsus.net/Media-Publicaciones/practicas-lideres-avances-y-desafios-pendientes-de-los-mecanismos-de-reclamo-operacionales-en-la-region-andina/>

## 1.6 Compliance with laws and regulations (2-27)

We have a Legal Compliance process, which seeks to identify legal and other (voluntary) requirements, as well as licenses and permits applicable to the company, which will be subject to subsequent evaluations to verify their degree of compliance.

In order to achieve this objective, we have hired external experts in the following fields: environment, industrial safety, human resources, finance, accounting, corporate, information security, and health. This evaluation is performed on an annual basis. Once legal compliance has been verified, the observations are dealt with by the corresponding areas.

We did not receive any fines or penalties for non-compliance with laws or regulations in 2022. 





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# Sustainable development

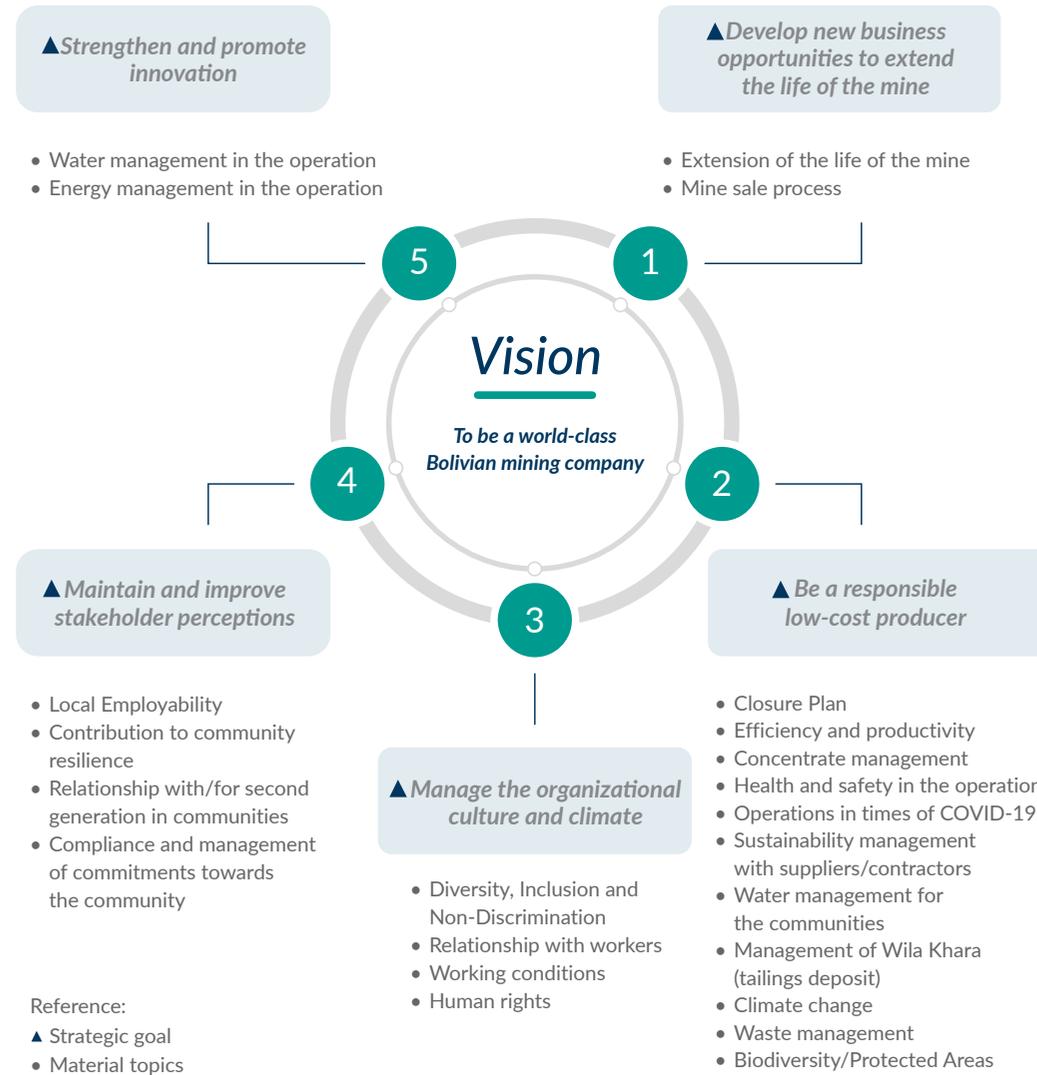
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## 2.1 Sustainable development management

Our corporate philosophy and strategic plan focus on developing principled mining, i.e. with financial, social and environmental responsibility. This means that sustainability is an inseparable part of our objectives and strategic goals.



Our Management and Mutual Respect Policies set forth, *inter alia*, the following general commitments (2-23):

- Develop safe activities, aimed at the responsible production of zinc, lead and silver mineral concentrate, integrating sustainable development in the different phases of the lifecycle of our mining operations and promoting ethical business practices.
- Identify, assess and control the actual and potential impacts linked to our operations, products or services within our sustainability context.

- Ensure that our environmental management identifies, assesses and manages risks, prevents pollution and mitigates potential impacts.

- Respect the human rights of our employees and the communities, making sure that our operations are free of discrimination, harassment, and child or forced labor.

The management team approves our policies, which are disseminated through several mechanisms: internal communications, meetings, training, posters, newsletters, our mobile application and our website, among others.

Both documents can be found on our website:

- <https://www.minerasancristobal.com/v3/en/inicio/our-company/management-policy/>
- <https://www.minerasancristobal.com/v3/en/inicio/our-company/mutual-respect-policy/>





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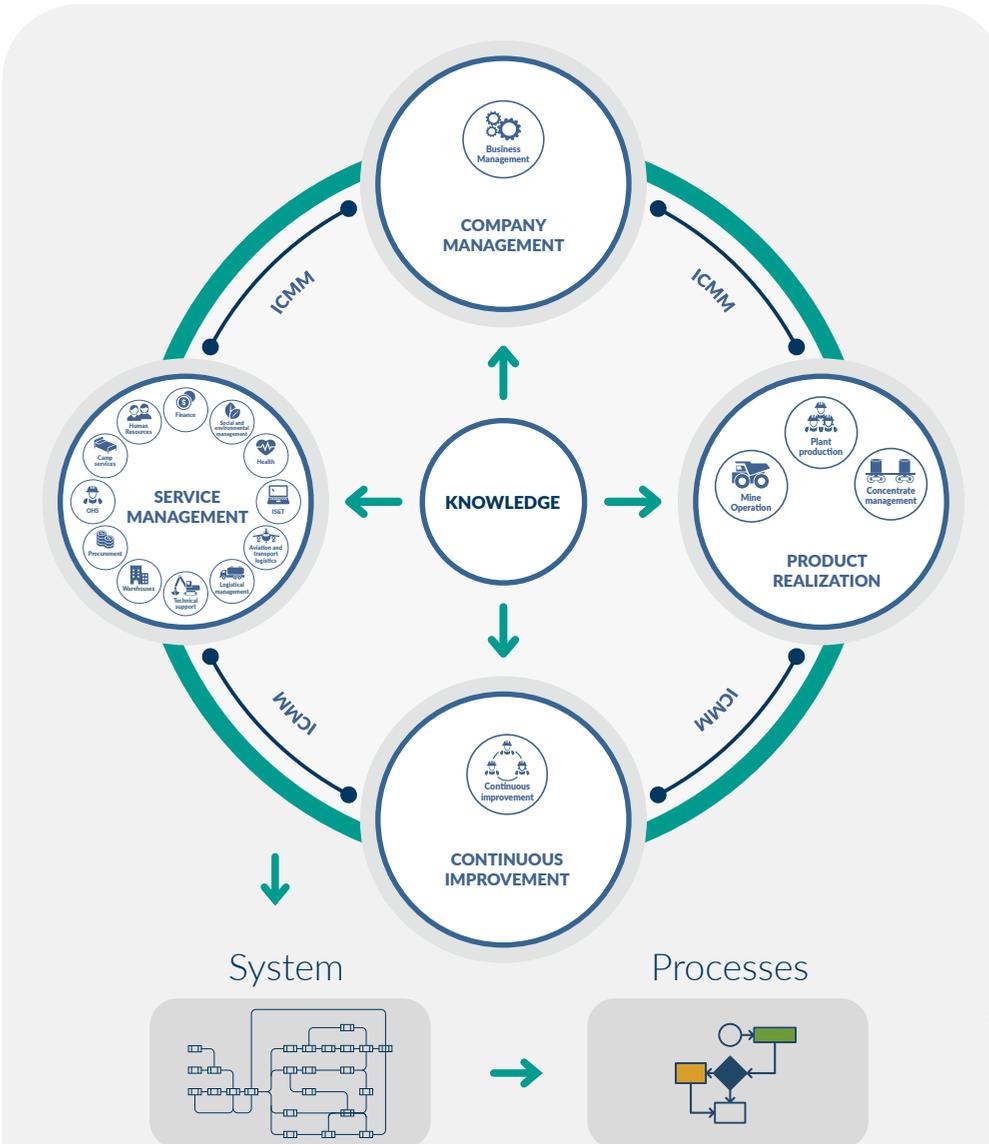
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## Management Model (2-24)

Our commitments to sustainability and best practices (GRI, ICMM, SDGs, ISO, etc.) are integrated and implemented through the different processes of the Management System, which has four core components: business management, product realization, services, and continuous improvement.

### MANAGEMENT MODEL



### FOCUS ON SUSTAINABLE DEVELOPMENT

This section highlights the company's focus on sustainable development. It features the logos for GRI (Global Reporting Initiative) and ICMM (International Council on Mining and Metals). A grid of 17 Sustainable Development Goals (SDGs) is displayed, each with its corresponding icon and number. Below the SDGs, there are two LRQA Certified logos for ISO 9001-ISO 14001-ISO 45001 and ISO/IEC 27001. At the bottom, there are three logos: Operador Económico Autorizado Bolivia, Laboratorio de ensayo acreditado (LABMETRO DTA-CET-018), and IS-BAO (International Standards Organization) Stage 2. A green arrow points from the Management Model diagram to this section.

Compliance with legal and regulatory requirements is through processes.



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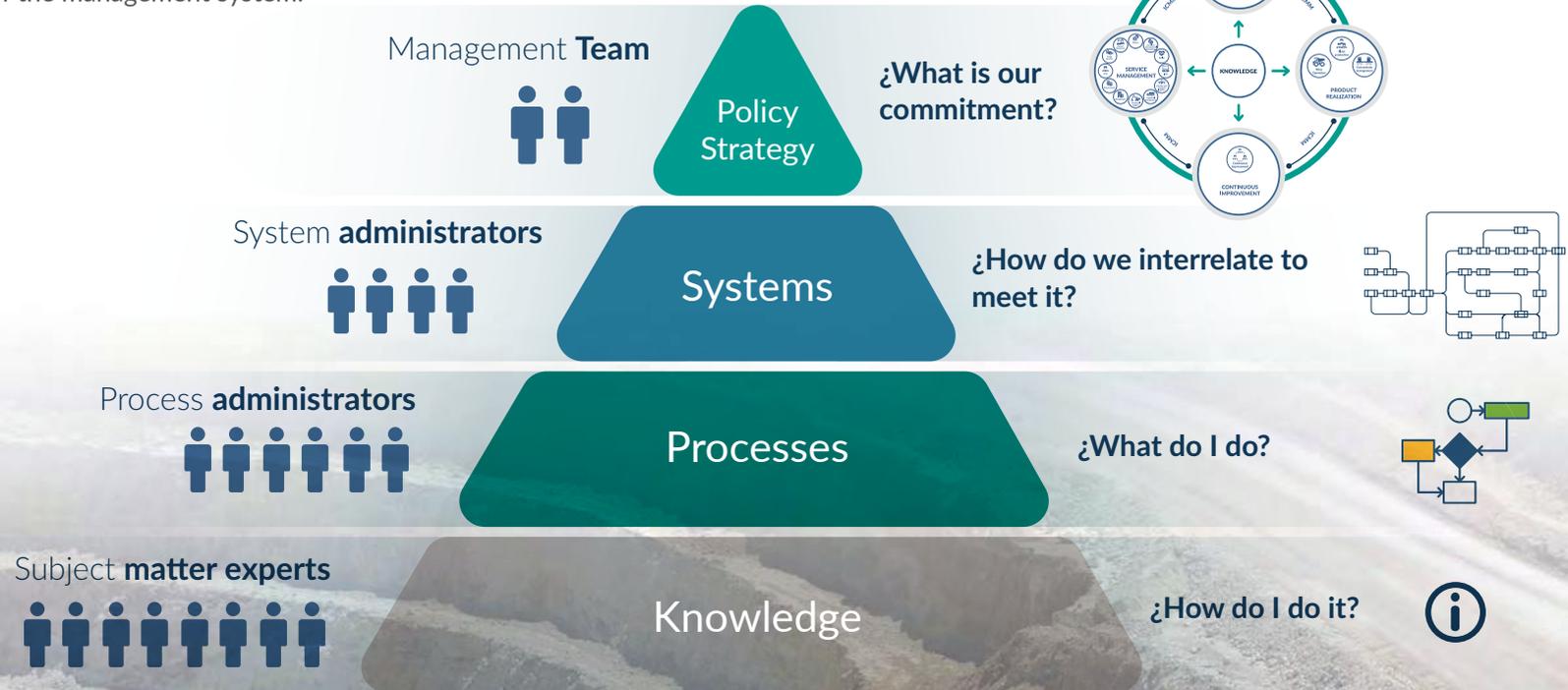
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The document structure, responsibilities and dissemination of commitments in the different fields of sustainability are specified in the different components and levels of the management system:





## 2.2 Our sustainability performance

The 2022 goals and achievement thereof are described below:

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	ECONOMIC/OPERATIONAL	PEOPLE	SOCIAL	CLIMATE CHANGE	ENVIRONMENT	
Financial performance	<p>—</p> <p>On average, we produced <b>1,114.52 t</b> of concentrate per day</p>	<p>—</p> <p><b>One fatality</b> related to the work of contractor ESMI</p>	<p>=</p> <p><b>93.92%</b> compliance with quality standards in the local health network</p>	<p>+</p> <p><b>3.55</b> Social License to Operate (annual average)</p>	<p>—</p> <p><b>220,864 t CO<sub>2</sub>eq</b> of GHG emissions</p>	<p>=</p> <p><b>0 (zero)</b> reportable environmental events</p>
Our people	<p>+</p> <p><b>100%</b> execution of the exploration program</p>	<p>=</p> <p><b>0 (zero)</b> occupational diseases</p>	<p>=</p> <p><b>62%</b> compliance with quality standards in the external health network</p>	<p>—</p> <p><b>86.2%</b> overall compliance of agreements with communities</p>	<p>—</p> <p><b>2.01 l/t</b> diesel consumption</p>	<p>+</p> <p><b>19,988 m<sup>3</sup>/day</b> average of industrial water extracted from wells</p>
Safety Health	<p>+</p> <p><b>100%</b> execution of the exploration program</p>	<p>—</p> <p><b>TRFR MSC 0.35</b> Total Recordable Frequency Rate</p>	<p>=</p> <p><b>62%</b> compliance with quality standards in the external health network</p>	<p>—</p> <p><b>0.031 l/t</b> gasoline consumption</p>	<p>+</p> <p><b>0.40 m<sup>3</sup>/t</b> of industrial water from wells used per t treated</p>	
Our communities	<p>+</p> <p><b>100%</b> of what was planned for comprehensive risk management</p>	<p>+</p> <p><b>TRFR CONTRACTORS 0.56</b> Total Recordable Frequency Rate</p>	<p>—</p> <p><b>91.32%</b> compliance with health care, prevention and promotion programs</p>	<p>—</p> <p><b>0.8%</b> increase in electricity consumption</p>		
Environmental management		<p>=</p> <p><b>0 (zero)</b> human rights violations</p>				
Report of the independent auditors		<p>=</p> <p><b>98.42%</b> coverage of third dose COVID-19 vaccination</p>				

+ Better performance than in 2021  
= Same performance as in 2021  
— Lower performance than in 2021



## 2.3 Comprehensive risk management

Our risk management is based on a comprehensive process that includes the different areas linked to sustainability: economic; occupational health and safety; environment; community; reputational; and legal.

Our identification and assessment of risks is comprehensive and participatory, both at a strategic and operational level. This way, we can anticipate situations that may threaten the continuity of our activities. Among the main risks identified in 2022 are:



Addressing these risks allows us to manage possible impacts associated with permanent/temporary interruptions of the operations; sanctions or fines; economic losses; production losses; environmental impacts; health and safety impacts; social conflicts; loss of stakeholder confidence; etc.

It also allows us to manage opportunities, such as process automation; comprehensive water use; development of environmental conservation programs in conjunction with the communities; definition of partnerships with different social actors; human rights

management; efficient use of energy; and implementation of development projects in communities.

Our executive team validates the set of strategic business objectives and goals through the "Business Planning and Review" process. When formulating these objectives and goals, we keep in mind the risks and opportunities identified by the Risk Committee. Moreover, they are approved by the Vice President & General Manager (2-12).



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## Operational risk management

Our reinsurers make an annual evaluation of our ability to control the risk scenarios related to operational continuity. The graph on the right shows our performance achieved in risk management from 2018 (79.8%) to 2022 (80.7%):

The lower rating obtained in 2022 is mainly due to the mining strategy that reduced waste rock stripping on account of COVID-19. This, coupled with the existing geological faults and water seepage, gives rise to exposure to a higher risk of caving.

This value is compared to the average achieved by mining companies using the IMIU (International Mining Industry Underwriters) methodology. It is clear that our performance is above average, so we are commercially attractive to insurers, thanks to a combination of risk reduction measures. For more information on the methodology, visit <https://www.imiu.co.uk>

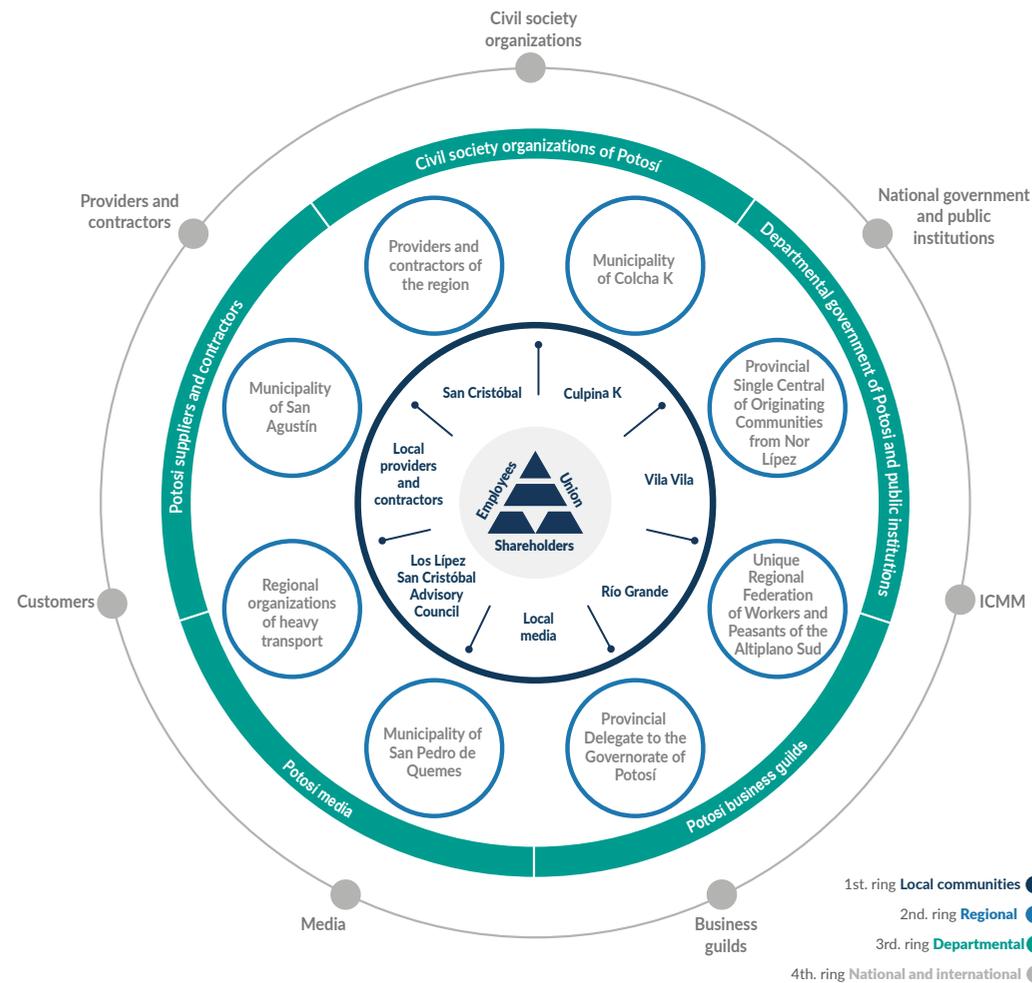




## 2.4 Stakeholders (2-29)

Our stakeholders are made up of the people, groups of people, organizations and public/private institutions that affect or may be affected, positively or negatively, as a result of our activities.

Our stakeholder groups are:



Our stakeholders share their concerns (worries, complaints or suggestions) and their expectations related to our operations with us, thereto using different formal and informal communication channels. We focus on addressing their requirements directly and individually (2-16).

We deal with requests in an appropriate and timely manner in order to respond to each concern within a framework of respect and information for the stakeholder about the actions that are being taken to arrive at effective solutions. The participation of our stakeholders is based on two-way and continuous communication, which is invaluable for identifying actual and potential impacts, or determining responses to prevent and mitigate possible adverse impacts.





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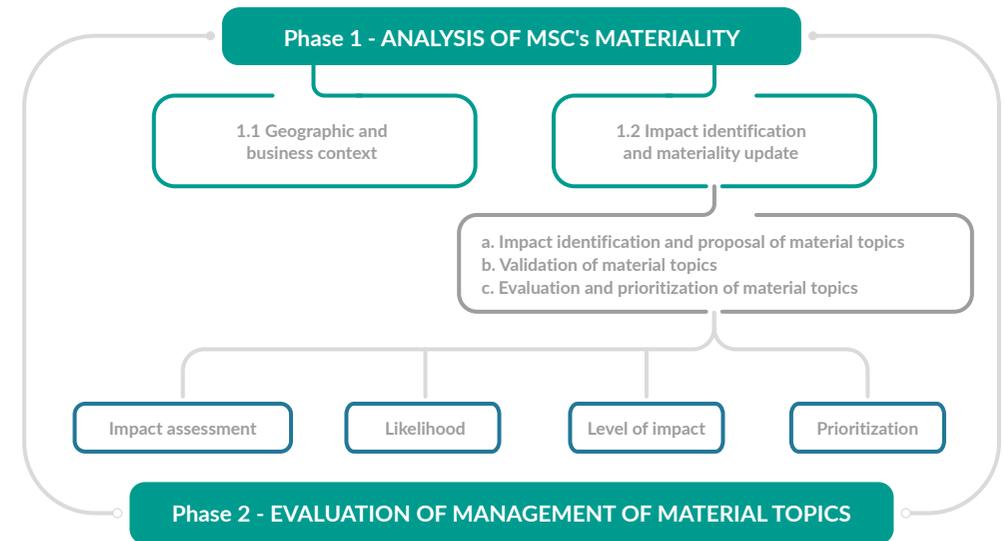


## 2.5 Determination of our material topics <sup>(3-1)</sup>

With the support of an independent consultant, we have conducted a materiality assessment on the basis of two objectives:

1. Assess and update the material topics, based on an analysis of the impacts associated with the value chain and aligned with the requirements of the GRI 3 Standard.
2. Assess the status of management of the material topics in order to ensure continuity in the transversal and gradual integration of the company's challenges.

The methodology applied is shown in the graph below:



The analysis focused on identifying and assessing the actual and potential positive and negative impacts of our operations on the different stakeholder groups.

The process consisted of 20 interviews with the management team, one with the representative of the mixed committee, six with representatives of local communities and/or authorities and four with representatives of our suppliers. Subsequently, we organized a workshop for reflection in which 19 members of our management team participated.



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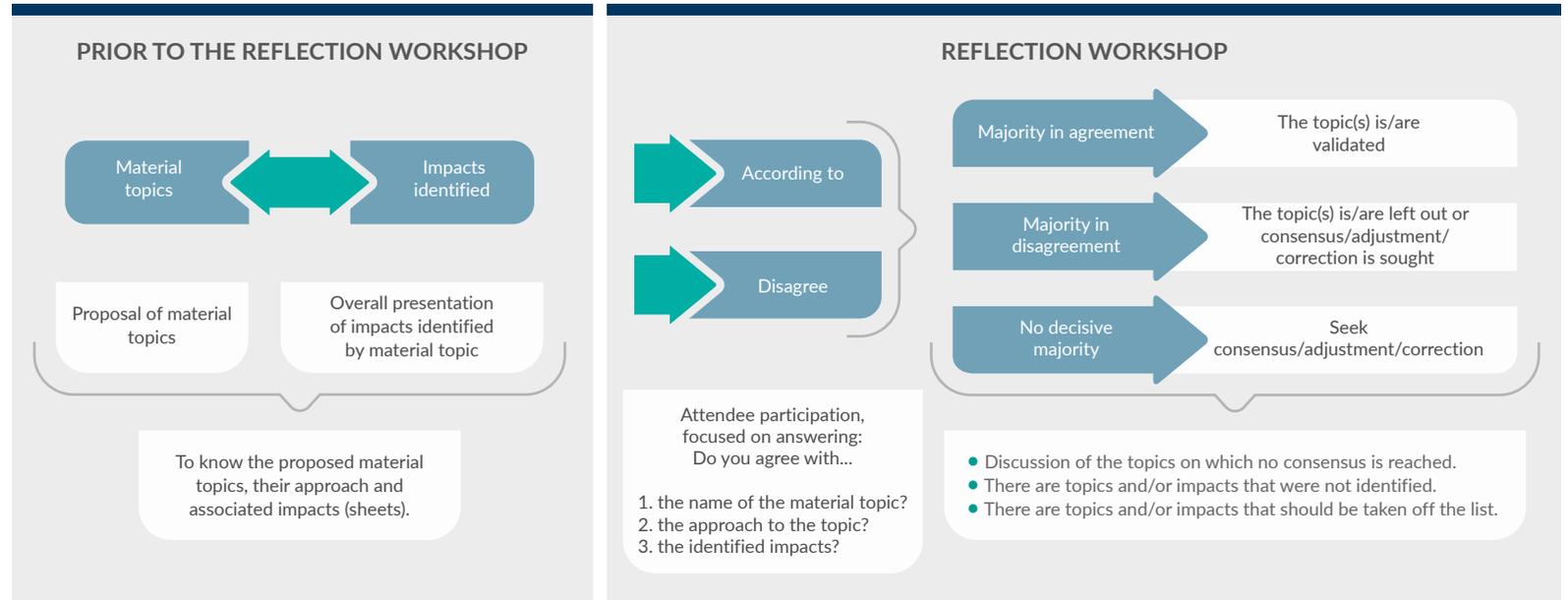
## Phase 1 - Analysis of MSC's materiality

**1.1 Understanding the company's geographical context.** We conducted a series of activities to collect information by means of an analysis of the sustainability context, a press review, an internal/external context review and internal/external interviews.

**1.2 Impact identification and materiality update.** For this aspect, we considered three elements:

a. Identification of impacts and proposal of material topics: We identified actual and potential positive and negative impacts, with a focus on stakeholders. These impacts were grouped by main themes to then identify more specific topics. These were compared with the materiality of the previous year (2021), with the objective of verifying whether they coincided with the new issues identified, to then propose a list of material topics.

b. Validation of material topics: We held a workshop to reflect on and validate the material topics and impacts identified, in which our management team participated. This activity is depicted in the graph on the right.



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Compared to the year before, the main change in material topics is the inclusion of two new topics, which are: *Mine sale process and Energy management in the operation*.

Since 2021, the material topic *Human Rights* includes *Gender equity/inclusion, Discrimination and Child labor in suppliers*.

The material topics *Source of work after closure, Alternative work for local entrepreneurs and Employment for the second generation in communities* have been consolidated into the material topic *Contribution to community resilience*.

The material topic *Local Employability* is the result of the merger of the themes presented in 2021 under the headings of *Employment and Employment for the second generation in communities*. In the same way,

the previous topics *Best labor practices, Economic benefits, Work climate (culture, and training and development)* are now under the material topic *Labor conditions*.

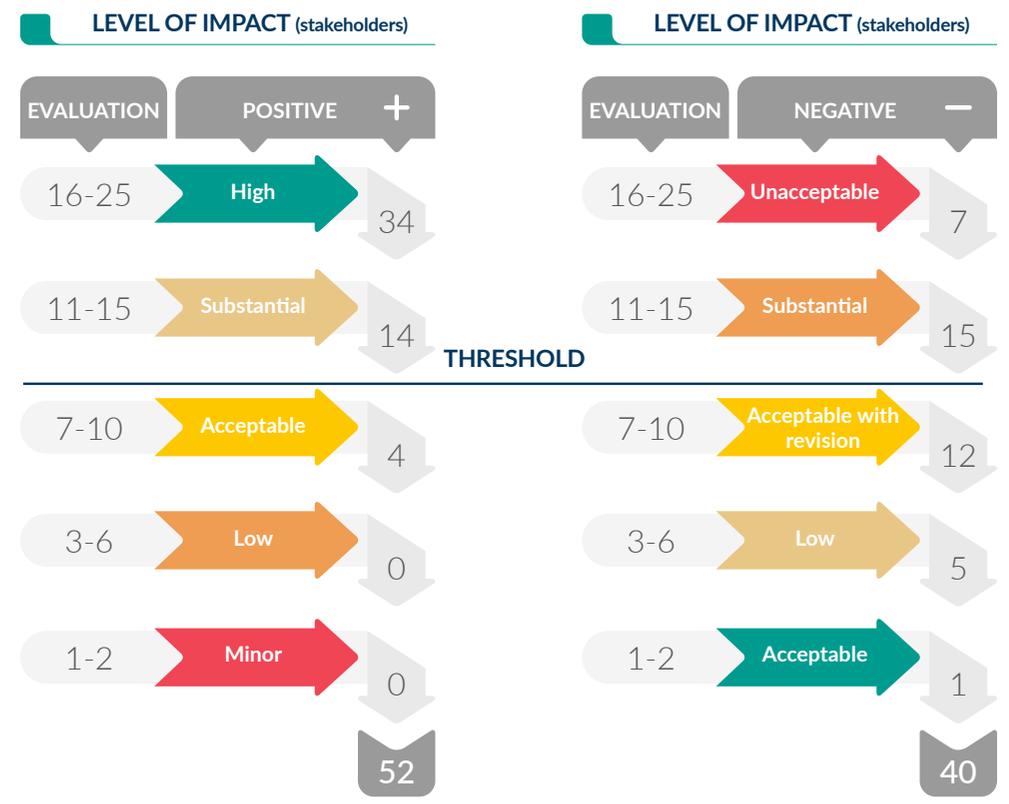
*Diversity, inclusion and non-discrimination* have become the merger of the material topics *Gender equity/inclusion and Discrimination*. Likewise, the topics *Labor and production cost (including energy) and Product lifecycle* are summarized in the material topic *Efficiency and productivity*.

c. Evaluation and prioritization of material topics: Once we identified the main potential and actual impacts on our stakeholders, the environment and society, we proceeded to assess their importance and prioritize the ones that are significant to communicate. The evaluation was structured as follows:



This analysis was based on our document "Guide for the identification and evaluation of strategic risks".

To prioritize the impacts identified for each material topic, we considered those that are above the threshold, i.e., those that have a deep impact (benefit and scope for stakeholders). This represents a total of 48 positive impacts and a total of 22 negative impacts above this threshold. This information is presented as follows:

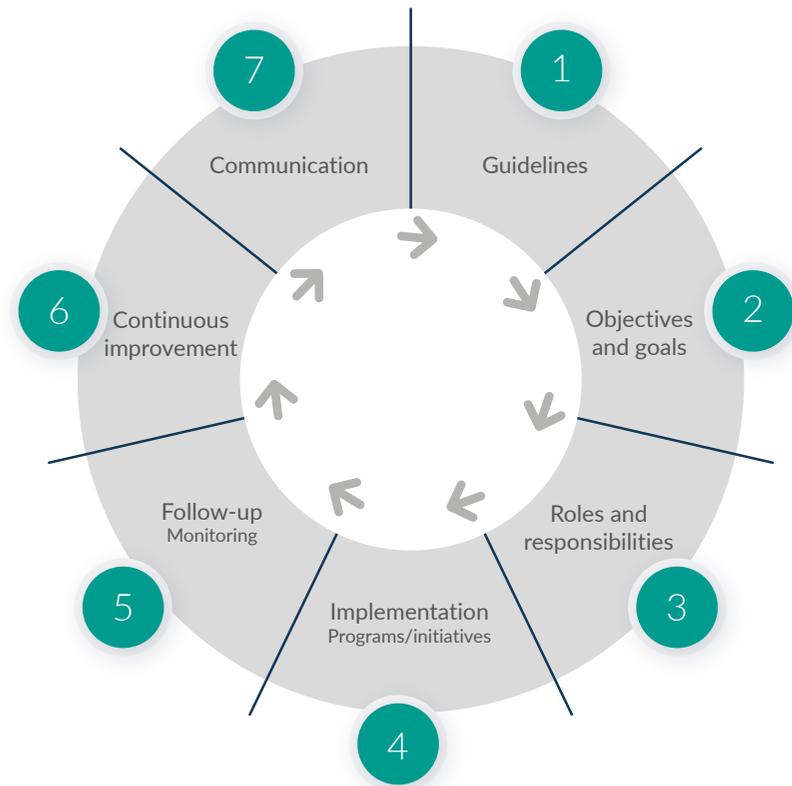


The management team reviews and validates the results and the material topics that were prioritized (2-12, 2-14). At present, we have an updated list of 23 Material Topics grouped into six thematic axes.



## 2.6 Listing and management of material topics (3-2, 3-3)

In the second phase, we analyzed and evaluated the management of each material topic in order to identify strengths and challenges. The graph below shows the management cycle.



This evaluation did not consider the material topic of the *Mine sale process*, since this does not depend directly on MSC, but on the parent company.

The list of prioritized material topics and their level of management is shown below:

ID_TM	MAIN TOPICS	MATERIAL TOPIC	Guidelines	Objectives and goals	Roles and responsibilities	Programs/ Initiatives	Monitoring	Communication plans
1		Extension of the life of the mine						
2	Future of MSC	Closure Plan						
3		*Mine sale process						
4		Efficiency and productivity						
5	Mine operation	Concentrate management						
6		Health and safety in the operation						
7		Operations in times of COVID-19						
8	Employment	Diversity, Inclusion and Non-Discrimination						
9		Relationship with workers						
10		Working conditions						
11		Sustainability management with suppliers/contractors						
12		Local Employability						
13	Community	Contribution to community resilience						
14		Relationship with second generation in communities						
15		Compliance and management of commitments towards the community						
16	Human rights	Human rights						
17	Environment	Water management for the communities						
18		Water management in the operation						
19		Management of Wila Khara (tailings deposit)						
20		Climate change						
21		Waste management						
22		Biodiversity/Protected Areas						
23		Energy management in the operation						

ASSESSMENT  
■ Complete ■ Partial ■ N/A

We manage each material topic and the associated impacts with concrete actions. In this sense, we have defined responsibilities, objectives, goals and indicators to evaluate progress and effectiveness of the measures taken. This process is carried

out through our management system and, more specifically, through processes, performance indicators and business review meetings, among others.



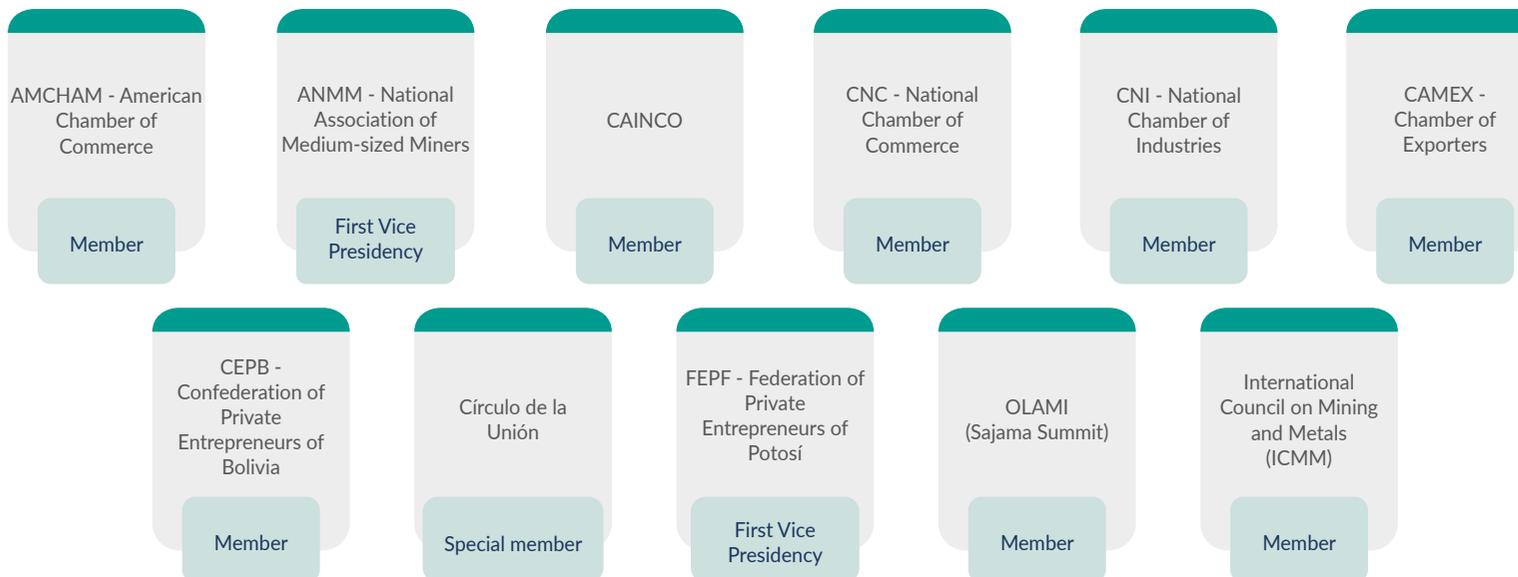
## 2.7 Commitment to external initiatives

Our performance is subject to periodic evaluations and we adhere to the following initiatives:



The mentioned certifications are available on our website: <https://www.minerasancristobal.com/v3/en/inicio/certifications/>

## 2.8 Membership in associations <sup>(2-28)</sup> We are signed up to the following external, both national and international, initiatives, of which we are members or participants:



At the end of 2022, the Bolivian-German Chamber of Commerce and Industry and ICR Systems & Management granted us a recognition for "Best Practice in the Sustainability Reporting Process" according to the Global Reporting Initiative (GRI).



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As part of our process of alignment to the ICMM Principles and Position Statements, we pushed forward the following activities:

- Instructions for managing alignment to ICMM Principles.
- Human rights:

- ◆ Second-party audit on human rights issues, conducted at the facilities of two international suppliers, i.e. one from Peru and the other from China.
- ◆ Human rights training for contractors.
- ◆ Integration of human rights criteria in the contractor inspection process.

- Initial gap analysis for:

- ◆ Global tailings management standard for the mining industry.
- ◆ Water management report.
- ◆ Individual commitments regarding the Position Statement on climate change: Measurement of greenhouse gases (scope 1, 2 and 3) and reduction targets.



Our level of compliance is detailed in the following table:

PRINCIPLES	ICMM PERFORMANCE EXPECTATIONS			
	COMPLIES	PARTIALLY COMPLIES	DOES NOT COMPLY	NOT APPLICABLE
01 Ethical business practices	5	–	–	–
02 Decision-making process	1	1	–	–
03 Human rights	7	1	–	–
04 Risk management	3	1	–	–
05 Health and safety	2	–	–	–
06 Environmental performance	–	4	–	1
07 Biodiversity conservation	–	2	–	–
08 Responsible production	1	1	–	–
09 Social performance	3	1	–	–
10 Stakeholder relations	2	2	–	–
	24	13	0	1

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Performance expectations with partial compliance are identified in the table above. Below is a summary of the improvements to be implemented to fill the identified gaps:

- **Principle 2:** Advocate with suppliers of goods and services to integrate sustainable development aspects into their policies and strategic plans.
- **Principle 3:** Explicitly integrate gender and diversity aspects as part of the management system.
- **Principle 4:** Strengthen the integration of human rights criteria in the company's comprehensive risk management.
- **Principle 6:**
  - ◆ Complement the closure plan and the consultation process with authorities and other stakeholders to roll out environmental and social measures to help ensure compliance with closure commitments.

- ◆ Draft the water report with a systematization of the information related to water governance, efficiency and sustainable use in operations, as well as the relationship with stakeholders at the basin level.
- ◆ Work on compliance with the global tailings management standard, integrating definitions related to the structure, accountability, risk management approach and emergency preparedness.
- ◆ Deploy specific initiatives associated with climate change, which include aspects concerning the structure, accountability, reduction targets, operational criteria and activities with stakeholders.
- **Principle 7:** Deploy initiatives that integrate aspects concerning the structure, roles and accountability, the integration of operational criteria in processes, studies and research.

- **Principle 8:** Ensure that sustainable development criteria are integrated into the reviewed and updated Closure Plan and environmental impact assessments (EIAs), through financially and technically feasible practices that are locally available and that have a lifecycle approach.
- **Principle 9:** Identify and undertake possible actions in the field of interinstitutional collaboration (government and others) that underpin good environmental and social practices.
- **Principle 10:** Conduct a more in-depth analysis of and ensure greater compliance with good practices put in place by the Extractive Industries Transparency Initiative (EITI).

For more information:  
<https://www.icmm.com/en-gb/our-principles>





CHAPTER

3

# Economic performance

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# APPROACH

Our net revenues from concentrate sales decreased by 23% (US\$ 194M) compared to 2021. This was due to a decrease in the volume of concentrate sold, which accounts for a drop of 138% (US\$ 269M) compared to 2021. One of the most important factors explaining this decrease came about in the last quarter of 2022 and was related to incidents at the export port. On the other hand, the favorable zinc prices drove up our net revenues by 38% (US\$ 75M).

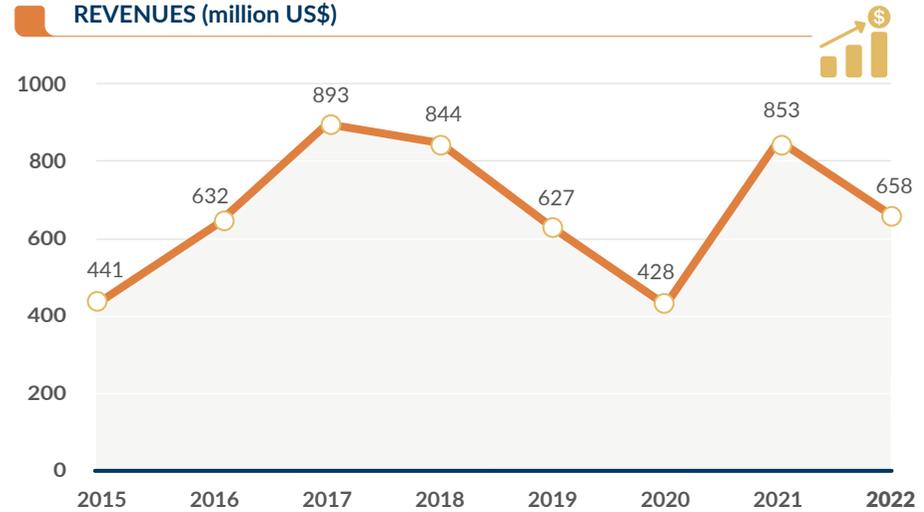
The negative net result of US\$ 21M was affected by the payment of taxes related to previous years and the depreciation of fixed assets. In addition, production costs increased by 9% due to inflation and its impact on the cost of inputs, even though the production volume decreased.

Working capital increased by 4% compared to the year before, due to the increase in concentrate stocks as a result of the declining commercial sales.

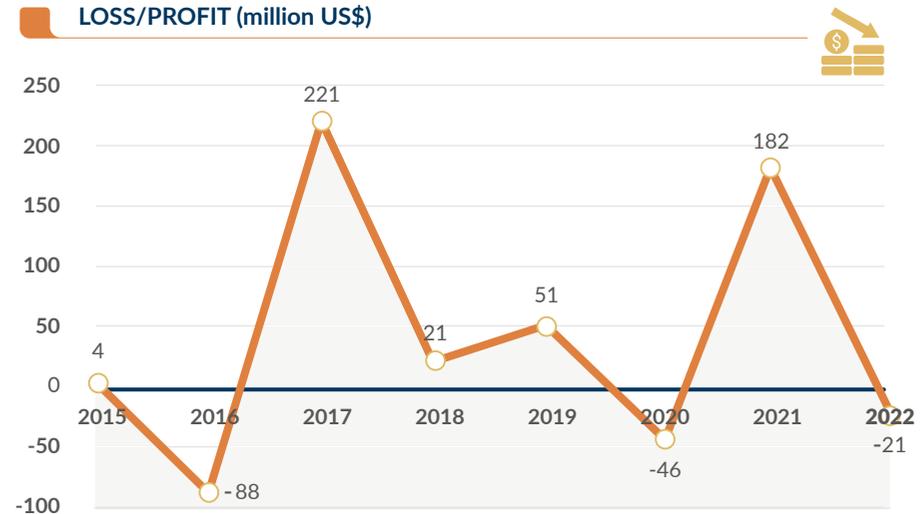
We were not given any fines or other monetary sanctions in 2022 for breaching laws or regulations (2-27, 2-24), nor were there significant changes in relation to size, structure, ownership and supply chain (2-6).

## 3.1 Operational highlights

REVENUES (million US\$)



LOSS/PROFIT (million US\$)





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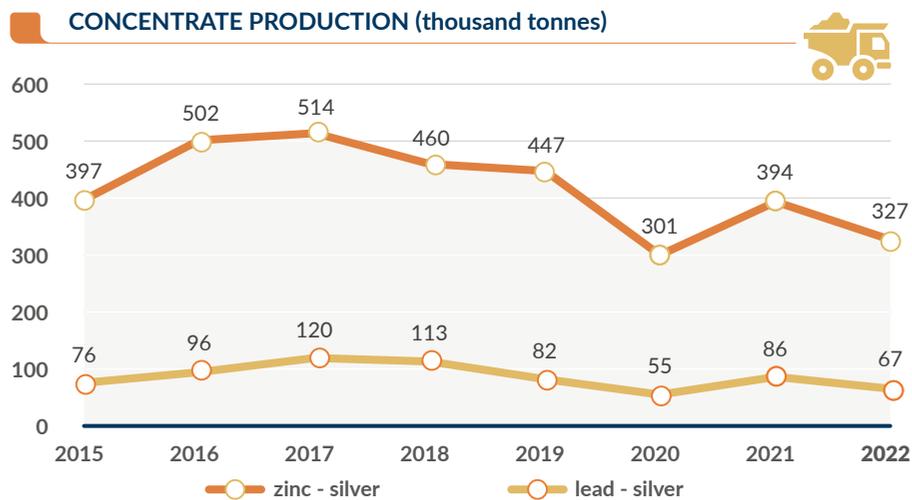
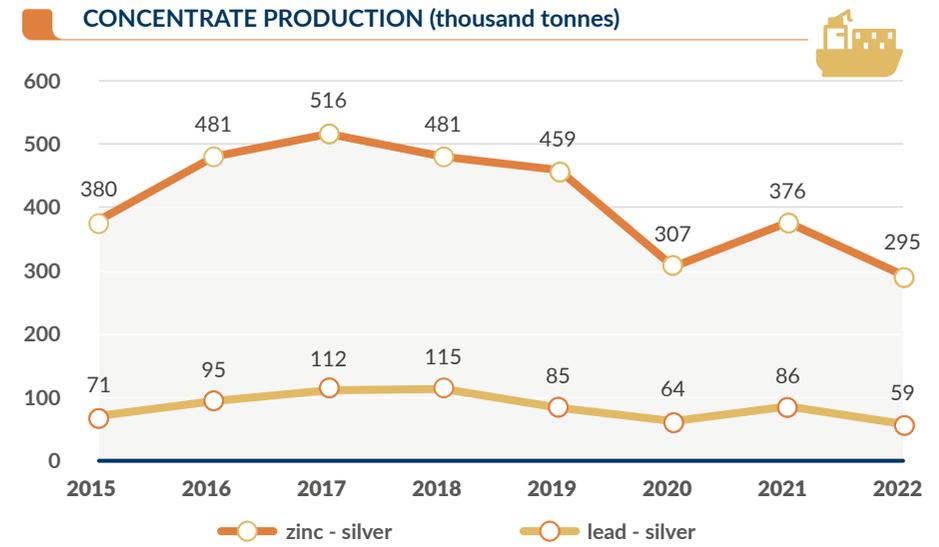
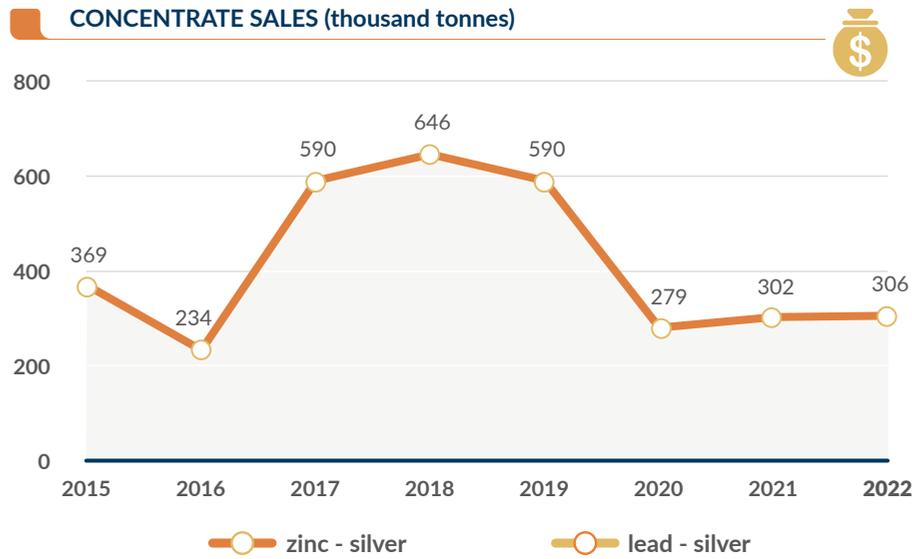
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\* The information in the preceding charts is based on a calendar year (January to December).



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## 3.2 Economic performance (201-1)

ECONOMIC PERFORMANCE								
	MILLION US\$							
<b>Economic value generated</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Operating revenues	441.3	631.7	892.8	843.6	627.2	427.5	852.5	658.2
Financial revenues	0.1	0.2	2.6	10.7	9.4	2.2	0.4	3.4
Non-operating revenues (losses)	11.1	10.0	8.5	9.1	7.1	3.3	-3.5	-2.5
<b>Total economic value generated (1)</b>	<b>452.5</b>	<b>641.9</b>	<b>903.9</b>	<b>863.4</b>	<b>643.7</b>	<b>433.0</b>	<b>849.4</b>	<b>659.1</b>

(1) Revenues from concentrate sales.  
Revenues from interest earned on short-term investments.  
Revenues/(losses) from exchange rate variations.

	MILLION US\$							
<b>Distributed economic value</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Production/operating costs	219.9	188.1	206.3	217.5	212.1	153.9	190.0	233.3
Wages and benefits	76.0	78.1	79.6	90.4	102.8	76.9	97.3	89.3
Capital expenditure	13.1	7.2	10.9	9.6	11.7	9.8	12.0	13.9
Financial expenditures	7.0	8.0	7.8	8.1	8.6	5.0	2.1	0.1
Payments to capital providers (investors)	117.0	70.0	100.0	200.0	161.7	365.3	123.0	0.0
Payments to Government (taxes, royalties and surface rental fees)	61.1	246.9	191.9	253.7	401.9	59.8	166.0	402.1
Investments and contributions to communities	0.8	0.9	1.7	1.0	4.9	3.9	2.2	1.6
<b>Distributed economic value (2)</b>	<b>494.8</b>	<b>599.2</b>	<b>598.3</b>	<b>780.2</b>	<b>903.7</b>	<b>674.6</b>	<b>592.7</b>	<b>740.3</b>
<b>Total retained economic value (3)</b>	<b>-42.3</b>	<b>42.7</b>	<b>305.6</b>	<b>83.2</b>	<b>-260.0</b>	<b>-241.6</b>	<b>256.7</b>	<b>-81.2</b>

(2) Operating costs: Payment to suppliers of goods and services for normal operation.  
Wages and benefits: Value distributed to workers through payments of wages, social contributions, bonuses, social benefits and health.  
Capital expenditure: Investment in capital assets that contribute to the operation.  
Financial expenditures: The obligations generated from interest on bank loans.  
Payments to capital providers: Includes dividends paid to shareholders of the company.  
Payments to Government: Payment of corporate income tax, royalties, mining surface rental fees and other taxes.  
Community investments: Contributions to social programs, sponsorship, support and donations.

(3) Retained economic value: This is the difference between the economic value generated and the distributed economic value, which will be reinvested in the company to ensure continuity of the operations. This difference includes depreciation and amortization in addition to the profit of the period.

The information on economic performance is derived from internally audited accounts. Moreover, financial management is subject to both internal and external verification because of its relevance.

Through an annual evaluation program, we conduct quarterly random internal reviews to check the effectiveness of our controls designed to ensure the completeness, disclosure, validity and accuracy of financial information. At the external level, the information in the Financial Statements as of the end of March and September is audited by KPMG Bolivia (2-2).





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## CASE STUDY

### Optimizing energy and operational efficiency in milling through an expert system and online particle size distribution based on acoustic sensors

In our constant search for optimizing the comminution process, we have implemented an acoustic sensor combined with an expert system. Thanks to this system, we can ensure online monitoring of the particle size distribution (P80) in the overflow of each hydrocyclone (figure 1) as well as in the common overflow of the hydrocyclone battery as an additional control.

The acoustic sensor receives high-frequency waves generated by the impact of particles moving through the hydrocyclone, which provides real-time information. This facilitates the rapid identification of anomalies before the coarse particles enter flotation (figure 2). Moreover, it helps detect significant changes in particle size (P80),

which helps the ball mill control system in adjusting the sound setpoint to obtain the desired particle size (figure 3). For example, if a very high P80 value is detected in the hydrocyclones, the sound setpoint of the mills will be increased to reach the desired P80, using electrical power efficiently.

This technology is being tested in the hydrocyclones of our concentration plant since 2010, first manually and at present through an expert system. Implementing this technology, we have managed to break through paradigms, since we ensure a high degree of efficiency with lower energy consumption.

The real-time information provided by the acoustic sensor technology facilitates quick decision-making in the control process and gives rise to sustainable and energy-efficient milling at a low cost. Overall, our research highlights the potential of this technology to optimize operations, enhance productivity and reduce costs in the mining industry.

Further research and development in this field may help build even more efficient and sustainable milling processes in the future.



Figure 1. Acoustic sensor in the overflow of each hydrocyclone.

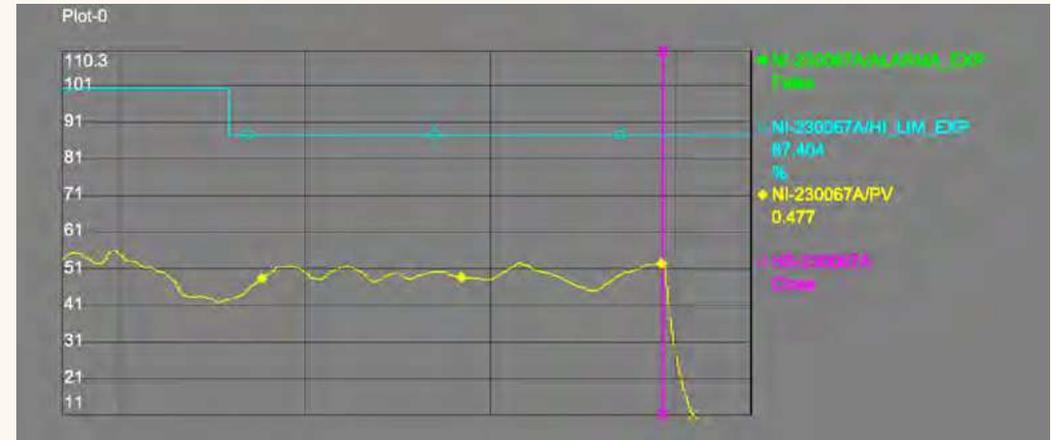


Figure 2: High acoustic signal at hydrocyclone overflow, automatic closure of the hydrocyclone valve.



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### 3.3 Tax compliance (207-1, 207-2, 207-3, 207-4)

Our tax strategy focuses on complying with all tax laws and regulations in force in Bolivia, in all our operations, both with third parties and with related companies. This is reviewed by external auditors, who verify compliance with all our tax obligations every six months (March and September).

As part of our compliance with obligations, at the end of each fiscal year (September), we submit the following documents to the Tax Administration: i) an expert opinion on our tax situation regarding compliance with our tax obligations, and ii) a report on all our transactions with related parties.

Tax governance in our company is the responsibility of the Tax Commission, which is made up mainly of the Vice President & General Manager, the Chief Financial Officer and the Tax Advisor.

As a member of the National Association of Medium-Sized Miners, we participate in different activities related to the mining sector, including meetings with the Bolivian Tax Administration

with regard to the implementation of new tax laws and regulations and/or modifications thereof, which affect the sector.

We have a direct relationship with the district office of the Tax Administration in the city of Potosí to coordinate the following matters: i) tax refunds (Value Added Tax and Customs Duty) for exports of mineral concentrates, and ii) audits of the different taxes in force in Bolivia.

The information presented takes into consideration the current standards required in international tax matters. It is also based on the information of the Financial Statements audited by KPMG and the Transfer Pricing Report Information for the fiscal year ended on 30 September 2022, which we submitted to the Bolivian Tax Administration:

DETAIL	MILLION US\$
1) Revenues from sales of mineral concentrate to third parties	29
2) Revenues from sales of mineral concentrate to related parties	823
3) Earnings before corporate income tax and royalties <small>(a)</small>	333
4) Tangible assets other than cash and cash equivalents	843
5) Corporate income tax accrued on profits or losses and royalties	321

(a) Excluding deferred taxes

### 3.4 Our suppliers (2-6, 2-8, 204-1)

We seek to benefit local and national suppliers with contracts and purchases in our operations. In this regard, we have a register of contractors who have passed different prior qualification processes. Our awards are made through public tenders, quotations or direct invitation. Moreover, we take special care to ensure that our contractors comply with the policies and standards related to quality, health, safety and environment implemented by our company, as well as that they respect the relationship with our communities.

The contracts are subject to our Code of Conduct for Suppliers, including aspects related to human rights, ethics and anti-corruption, among other topics. Furthermore, we conduct regular monitoring and performance evaluations to verify whether the quality of the services provided is as per the expected level.



## CASE STUDY



As a member of ICMM, we are committed to upholding ICMM's principles, particularly the principle of improving the understanding and practice of human rights. Thus, for example, throughout our supply chain, we have developed and implemented tools to put in place criteria to evaluate our suppliers of critical goods with a human rights-based approach.

In coordination with international company SGS, and in order to be able to learn about, detect and reduce the probability of violations and verify their compliance with the requirements of our company, we conducted second-

party on site human rights audits of two of our critical goods suppliers:

- Zinc Industrias Nacionales S.A., a supplier of zinc sulfate heptahydrate, whose operation is headquartered in Callao, Peru.
- Me Longteng Grinding Media (CHANGSHU) CO., LTD, a grinding media manufacturer headquartered in Jiangsu, China. This company is in a joint venture with Electro Metalúrgica S.A., which is our direct supplier.

## Due diligence in human rights issues with our suppliers

The audit of each supplier lasted approximately three days and took into account the following elements:

No.	SECTION
1	Child/youth labor
2	Forced labor
3	Employment contracts
4	Health and safety
5	Freedom of association
6	Discrimination
7	Disciplinary practices
8	Working hours
9	Wages and benefits
10	Environment
11	Compliance monitoring
12	Anti-bribery

Based on these audits, we were able to identify good practices and some opportunities for improvement (four minor observations, one major observation and no critical observations). This led to an action and follow-up plan for both companies.



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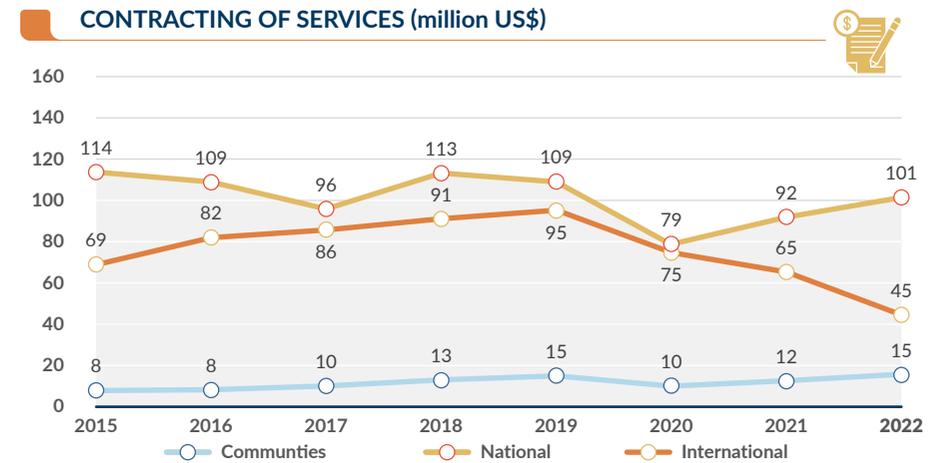
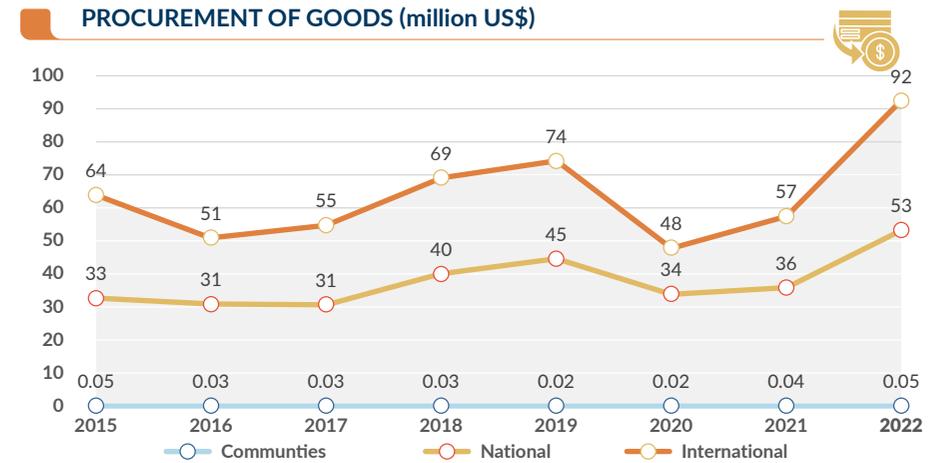
In 2022, we had a commercial relationship with 1,113 suppliers and we invested an approximate amount of US\$ 306.8 million in the combined purchase of goods and services. This amount was higher than that recorded in the year before, mainly thanks to the continuity of our operations and the reactivation of different sectors in the area of goods and services. Of the total amount, the procurement of goods accounted for an approximate amount of US\$ 145.7 million, of which US\$ 53.3 million (37% of the total) was with national suppliers and suppliers from the communities. Certain supplies are not available on the domestic market, either because of the volumes used or because of their specifications, so they must be purchased on the international market, particularly diesel, explosives, reagents and mill parts.

In services (transportation, electricity, food, maintenance, etc.), we invested an amount of US\$ 161 million. Services purchased abroad make up 28% of total procurement, and the rest of the services are procured from national suppliers, including from the local communities. Nine percent (9%) of all services (US\$ 15.3 million) were procured in the communities of the direct influence area (Culpina K, San Cristóbal and Vila Vila) and 63% of the total services (US\$ 101.3 million) from the rest of the country.



In addition to the economic benefits we generate for suppliers of goods and services in the region, we continue to promote their work, helping them improve their performance.

We also continued with our training program for suppliers and contractors and managed to train 263 workers in human rights issues, such as child labor, forced labor, discrimination, gender and harassment. 🗨️





CHAPTER

4

# Our people

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# APPROACH

We develop our operations with a focus on granting the best working and human conditions to our personnel, who we train on an ongoing basis. Likewise, we make efforts focused on prioritizing an administrative, communications and competency-building flow that, together with the health prevention activities for the benefit of our workers and their families, builds a solid system in favor of the wellbeing of our internal public.

Within the corporate culture that characterizes us, we interact and maintain a fluent communication with our stakeholders, including the Mixed Union of Mineworkers of San Cristóbal, contractors, the Ministry of Labor, Employment and Social Welfare, the Ministry of Health and the Migration Office, among others.

## 4.1 Human rights (408-1)

We adhere to the human rights principles laid down in the Constitution of the Plurinational State of Bolivia (as well as the General Labor Law, the General Occupational Hygiene, Safety and Wellbeing Law and Law No. 045 Against Racism and All Forms of Discrimination), regulatory decrees in the labor, human, mining and other sectors, as well as the Social Security Code, all of which are aligned with the United Nations Universal Declaration of Human Rights, the conventions of the International Labor Organization and the ICMM Principles. Likewise, we are committed to honest and transparent communications with our stakeholders and we act with respect for the cultural heritage, traditions and customs of the communities where we operate.

In 2021, there were no incidents related to human rights violations (including discrimination) (406-1).

## 4.2 Gender equality (405-2)

We comply with current regulations and laws regarding equal access to employment opportunities for men and women, as well as equal pay, which are in accordance with the complexity of the work performed and the characteristics and responsibilities of each position.

In this sense, whenever someone joins our company on the basis of an employment contract, his or her salary is based on the salary structure set for each hierarchical level, approved by Management, without discrimination on the grounds of gender or age.

On the other hand, in 2022, the salary of male workers was 1.1 times higher than that of female workers. This is due to the great variations in seniority allowances, the annual wage increases applied per person and the differences in the number of female and male personnel on the company's payroll. In executive positions, men's wages are 1.59 times higher than women's wages, and in supervisory positions, the ratio of women's wages to men's wages is 1.16.

We did not have any conflicts related to wages during the reporting year, and we conducted a favorable and productive negotiation on the wage increase with the relevant union body, agreeing on an additional increase above that determined by the national government.



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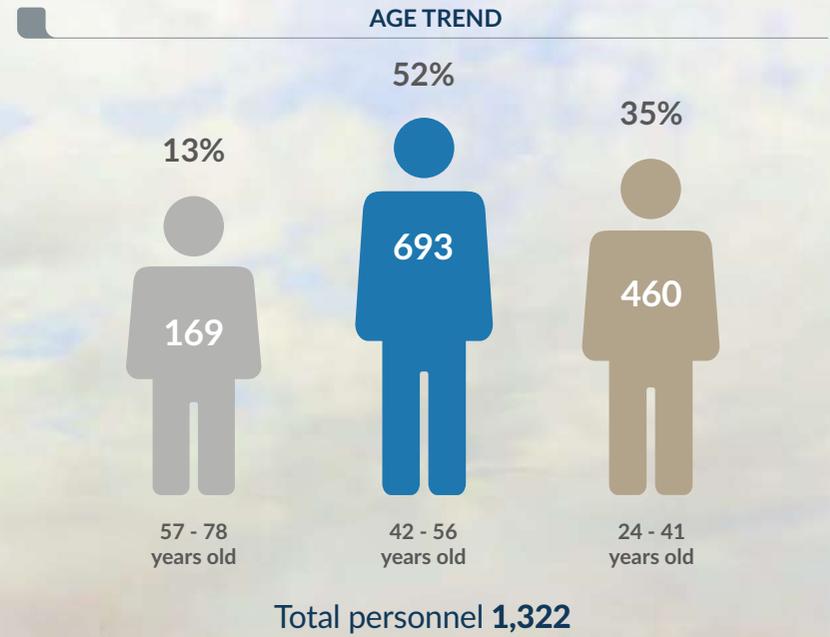
### 4.3 Workforce Characteristics (2-7, 2-8)

We have 1,322 employees distributed in the camp and our offices in the cities of Potosí and La Paz, as well as 1,501 contractor employees. Thus, we reached a total of 2,823 workers.

With the new hires (30 men and 5 women), the annual accumulated turnover rate reached 1.83% (401-1) and the annual average turnover was 0.15%. The factors underlying the staff turnover were mainly personal reasons and adjustments to our structure.

When hiring personnel, we make sure that candidates are of legal age, which is checked with the applicable supporting documents. While there is a risk of underage work in parts of the supply chain, we include legally binding provisions in this sense in the contracts with our product and service providers.

Below is an overview of the distribution of personnel by age range.





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Some of the most outstanding positive factors that contribute to the permanence of our staff in the company are:

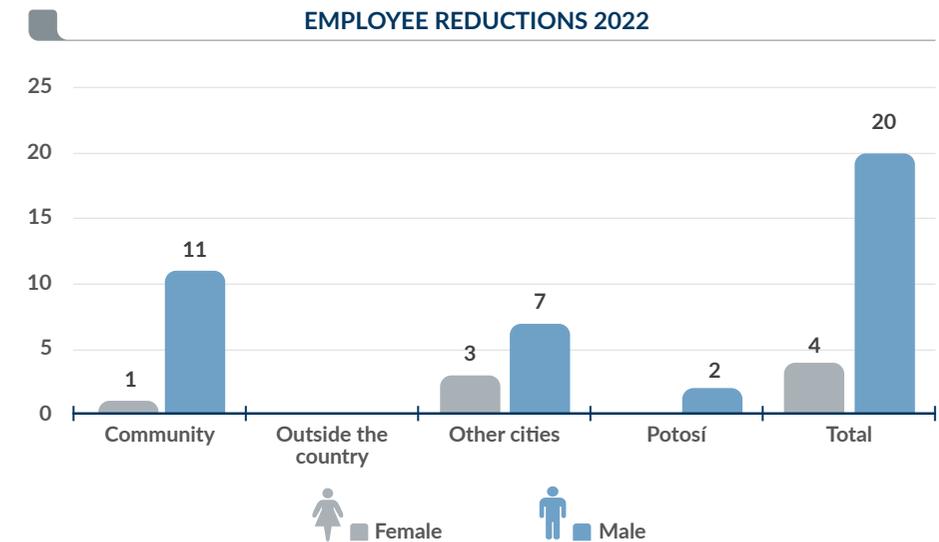
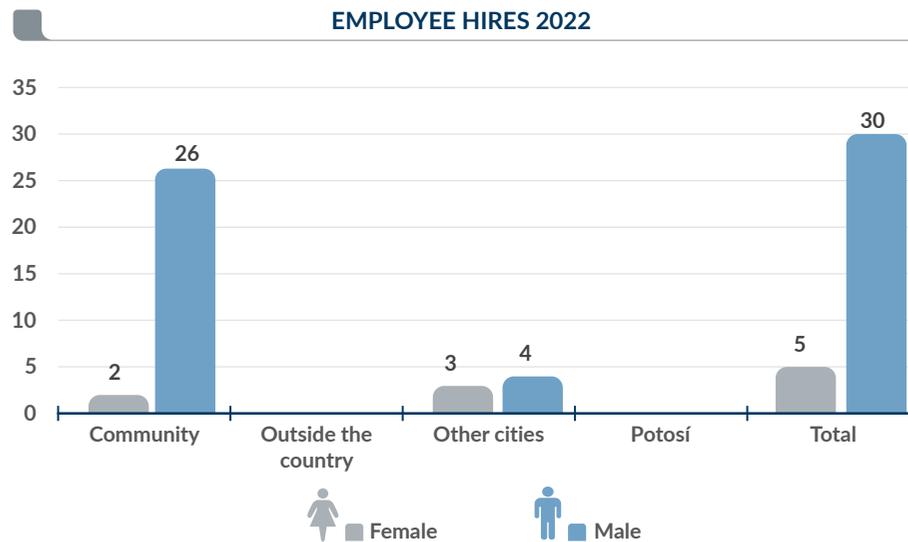
- We are among the national companies that award the most competitive salaries.
- The benefits package that we offer to our employees (full-time, temporary or under contract) includes a delegated health insurance; technical and specialized training; bonuses based on performance and the

attainment of goals; commercial opportunities for the procurement of goods and services by staff at preferential prices; and recreational areas in the camp (401-2).

- In certain operational areas, we have a 7/7 rotating work shift schedule.
- We protect our employees with high health and safety standards (403-1).

According to our country's maternity law, women are entitled to 45 days of leave before and after childbirth. Men have four days of paternity leave, which can be taken before or after their baby's birth. Both men and women receive 100% of their salary during this leave (401-2).

The retention rate after maternity or paternity leave reached 100% (401-3); that is, the two women on maternity leave returned to work and so did the ten men on paternity leave.



## 4.4 Local recruitment

We prioritize the hiring of people from the communities in the area of direct influence to fill the operational positions. For this purpose, the needs for personnel are shared with the local authorities of the surrounding communities. Once this source has been exhausted, and with the aim of finding

qualified personnel, we broaden the search to the regional level and, subsequently, to the national level.

Our executive level is composed of Directors, Managers, Senior Superintendents and Superintendents. One

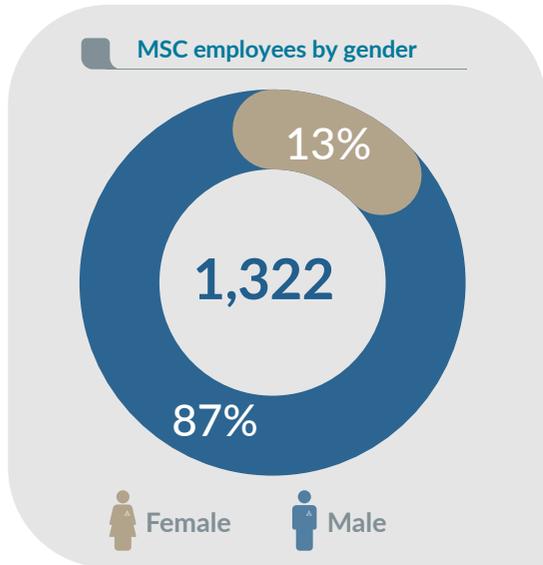
superintendent comes from the local communities in our area of influence, accounting for 0.08% of the executive level (202-2).



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# OUR WORKFORCE

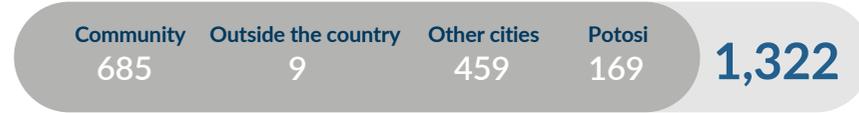
(2-7.405-1, 202-2)



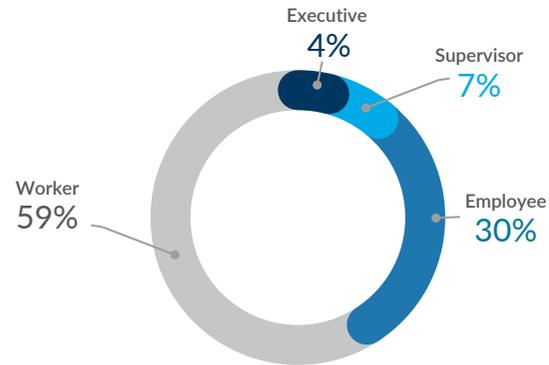
Number of MSC employees, by place of residence and by gender

	Community	Outside the country	Other cities	Potosi	Total
<b>Executive</b>	1	9	36	2	<b>48</b>
<b>Supervisor</b>	8	-	63	15	<b>86</b>
<b>Employee</b>	112	-	137	46	<b>295</b>
<b>Worker</b>	476	-	155	91	<b>722</b>

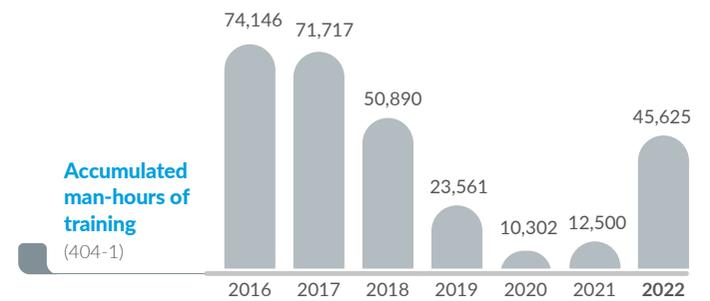
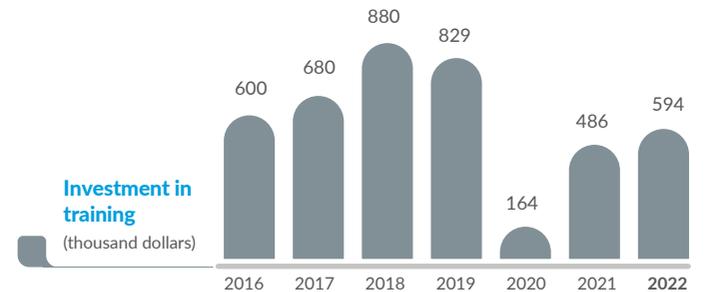
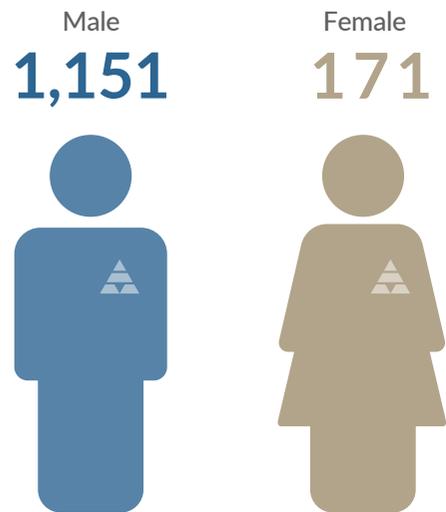
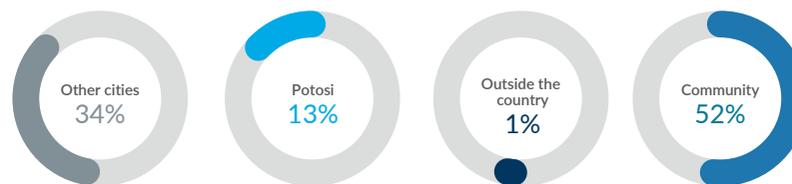
	Community	Outside the country	Other cities	Potosi	Total
<b>Executive</b>	-	-	3	-	<b>3</b>
<b>Supervisor</b>	-	-	9	-	<b>9</b>
<b>Employee</b>	27	-	56	12	<b>95</b>
<b>Worker</b>	61	-	-	3	<b>64</b>



MSC employees, by level (%)



MSC employees, by place of residence (%)





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## 4.5 Training and development

Training and support for the continuous development of our workers are critical to enhance our performance and ensure success of our operations.

One hundred percent (100%) of the workforce subject to annual performance assessments successfully and effectively completed this process, in accordance with established standards. The group that we assess is composed of employees and workers, of whom 166 women (100%) and 1,114 men (100%) were assessed (404-3).

We invested an amount of US\$ 594,007 in training, which is equivalent to 45,625 accumulated man-hours (2-17, 404-1). Compared to 2021, the execution of investments was lower and the number of man-hours increased. However, due to the pandemic we restricted in-person courses at certain times, given the nature of the operations.

MAN-HOURS OF TRAINING BY LEVEL (MSC and contractors)					
LEVEL	TOTAL TRAINING HOURS FOR MEN	TOTAL TRAINING HOURS FOR WOMEN	AVERAGE HOURS, MEN	AVERAGE HOURS, WOMEN	COMBINED AVERAGE
Employees and Workers	32,576	4,562	32	29	32
Executives	2,876	388	60	129	64
Supervisory Positions	4,633	591	54	66	55
<b>Total</b>	<b>40,084</b>	<b>5,541</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Contractors</b>	<b>16,229</b>	<b>1,657</b>	<b>16</b>	<b>11</b>	<b>15</b>

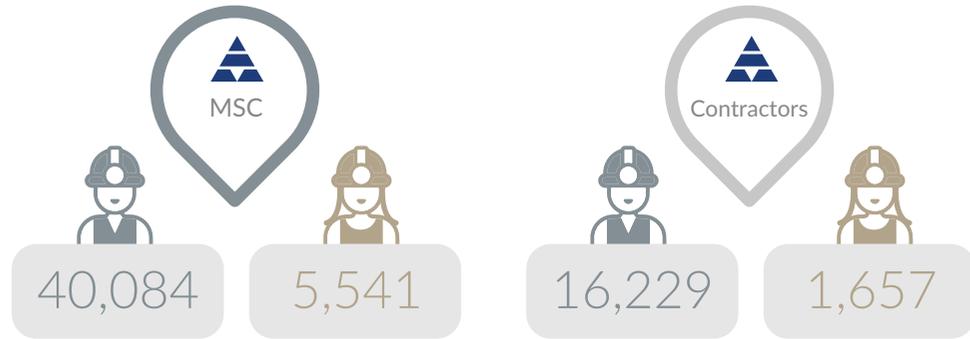
The training we develop focuses primarily on topics related to health, safety, environment, and other technical and specific topics, aimed at the proper performance of responsibilities. The number of courses for employees and workers is defined in a matrix of compulsory courses per position. The purpose is for our personnel to remain up-to-date as regards our standards in terms of industrial safety, administrative aspects, environment, health and cultural aspects of the company. In 2022, we organized the following courses (403-5):

COURSES	DESCRIPTION
Authorized insulator	Prevent incidents related to interventions in electrical equipment in operations of the concentration plant and in mine equipment maintenance processes.
Basic insulator	
Mine insulation	
OHS Orientation	Have general knowledge of the regulations and procedures related to industrial safety, health, environment and administrative aspects.
Induction OHS update	
General induction MSC	
Incident investigation	Conduct investigations of incidents and/or near-incidents with a high and low loss potential.
Defensive driving	Make drivers aware of good driving practices and know the vehicle driving policies at Minera San Cristóbal S.A.
Safe driving at the mine site	
Height work permit	
Hot work permit	Know the safety procedures and standards introduced in Minera San Cristóbal S.A. for high-risk jobs: height, hot work, confined spaces and excavations, as well as for identifying hazards and risk assessments in general.
Permit to work in confined spaces	
Excavation work permit	
Risk analysis at work (ART, in Spanish) / Previous work verification (VPT, in Spanish)	
Issuer/Carrier	Know Minera San Cristóbal's protocols to act in case of incidents.
MSC Emergency Plan (SI-06)	
Fire prevention and control (SI-07)	Know the procedures to be applied when dealing with incidents that require timely first aid, including training in CPR.
First aid and CPR	
Controlled substances	Know the protocols to identify the different types of controlled substances, as well as the national and internal regulations of Minera San Cristóbal related to controlled and hazardous substances.
Introduction to hazardous substances	Protect the worker, the environment and the company by providing information on the management of hazardous substances in MSC, and have personnel trained in this area.
Biodiversity conservation and climate change effects	Learn about the importance of biodiversity, with a description of the ecosystem and an analysis of actions for biodiversity conservation.
Identification and assessment of environmental risks	Identify environmental aspects in their own activities and determine prevention/control actions to minimize environmental impacts.
Solid waste management	Learn more about the technical and operational criteria for waste management in MSC, based on the principles of Law 755 on Integral Waste Management in Bolivia, so that its application contributes to environmental management.
Lead Ecotoxicology and Cyanide Poisoning	Protect and improve the state of health and quality of life of the population we cover through comprehensive actions focusing on health promotion, prevention and care.
Integral approach to the management system	Understand the main concepts and elements of the MSC management system.



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The man-hours covered by these courses in 2022 were as follows:



## 4.6 Labor relations (407-1, 2-30)

Within the framework of constitutional rights and laws and regulations in effect, our workers are free to join a union. Thus, we have the Mixed Union of Mineworkers of San Cristóbal (SMTMSC), which was set up in 2010 and can hold annual internal elections for the renewal of its leaders.

We are a company that is highly respectful of union work, in the understanding that this is a valid channel of communication between the workers and the company. For this reason, we avoid any interference in the relationship between this union and its members, although we do provide help and/or support that may be requested within the framework of the possibilities and competencies that we have as a company.

In 2022, no conflicts related to the lack of freedom of association were identified in the operations or in dealings with contractors. At the end of 2022, 52.2% of the company's workers were formally affiliated to the union, i.e. 690 workers out of a total of 1,322.

With regard to labor relations, our approach is to have a permanent interaction with the 16 elected union leaders, 5 grassroots delegates, 39 area delegates, and 3 national leaders. The latter are part of national parent structures, i.e. one of them in the Bolivian Central Workers' Union (COB), and two in the Bolivian Union Federation of Mineworkers (FSTMB). They participate in negotiations

with MSC's union leadership and in the relationship with the company. They are declared in permanent commission and are in office for a term that can be extended according to the characteristics of their parent organizations. Nonetheless, just like the company's union leaders, they enjoy all the rights and benefits laid down in the law.

At the same time, we have an ongoing dialogue with workers not affiliated to the union, ensuring a combined interaction with the 1,322 people who make up our company. We have put in place communication channels and systems for monitoring and seeking improvements in worker relations, both at the Toldos mining camp and at the offices in La Paz and Potosí.

Bargaining processes are coordinated with employees and take place within the framework of the values of our company, i.e. mutual respect, permanent dialogue and the prioritization of their needs.



## 4.7 Internal communication

Wellbeing, health, safety and administrative issues were the main pillars of internal communication in 2022. The purpose of this communication is to foment an environment of information targeting the internal public, raising awareness among the more than 1,300 workers through different communication tools and channels.

We have a crosscutting communication approach, which is applied through the use of formal and alternative channels so as to encourage greater accessibility to the messages issued.

Twenty-seven (27) communication campaigns were developed and carried out, including: the health campaign

(reinforcement of biosafety measures and vaccination); the "MSC, 15 years of exports" campaign; the recreational spaces campaign (reopening of the MSC coliseum, five-a-side soccer championship and chess tournament); the Qatar 2022 World Cup campaign; and campaigns on wellbeing (carnival and Labor Day, among others).

In terms of distribution, the messages reached an average of 618 people per work shift, as can be seen below:

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# CASE STUDY

## Creating sports facilities in the camp

In mining camps, the health and wellbeing of workers are critical to ensure success of the operation. In addition to ensuring a safe and healthy work environment, it is important to provide the workers with opportunities to stay physically and mentally fit during their spare time. This is why the facilities of the Closed Coliseum at the Aguirre camp were renovated and upgraded. This initiative comprised the construction of a soccer 5 field with synthetic grass, the implementation of changing rooms and an overhaul of the sanitary facilities. The main objective was to provide our workers, employees and contractors with a space where they can engage in sports activities by

making available inclusive and easily accessible facilities.

Regular physical activity is not only helpful to improve the health and fitness of workers, but also helps relieve stress and improves their mental health. In a work environment characterized by routine and stress, it is of the essence to provide workers with possibilities to release tension and relax.

In addition, practicing sports can foster team building and camaraderie among workers. Through participation in sports activities together, workers can develop closer relationships and a sense of community in the mining

camp. Beside motivating the workers, this can also have a positive impact on productivity and efficiency of the overall mining operation.

The sports fields are ideal for team games and competitions; however, it is also worth noting that our sports facilities are safe, adequate and accessible to all workers.





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## 4.8 Agreements signed (403-4)

Every year the collective agreement is negotiated, including general issues, as well as salary increases, some donations that we can grant based on our financial and legal capacity, and proposals for improvements in health and safety issues, among others.

In May 2022, we received the list of demands related to labor and wage conditions, which was the basis for a series of meetings with the union. A positive, harmonious and orderly negotiation was accomplished. The result was the signing of the Collective Labor Agreement for 2022, which was endorsed by the Ministry of Labor, Employment and Social Welfare and which was fully complied with.

Likewise, the Target Compliance Incentive Program was developed in line with the frameworks put in place and agreed upon.

## 4.9 Additional activities carried out without signing a collective agreement

We focus on continuous development and enhanced wellbeing of our employees, whether or not they are members of a union. Within this framework, we have carried out the actions detailed below:

- We have developed the scholarship program for our workers' children, with 60 scholarships per year for studies in public and private universities in Bolivia. In 2022, 46 applicants met the requirements and were awarded scholarships.
- We continue to take out private life insurance coverage.
- We have an internal promotion program for our workers, which is being carried out in the areas that require qualification of their work.
- We have developed an annual program for maintenance of our surrounding roads.
- With regard to health issues, and due to the pandemic, we continually implemented our biosafety protocol.
- We strongly promote information campaigns on the use of biosafety material and COVID-19 vaccination. The information was disseminated through audiovisual and written means, emails, WhatsApp messages and other means, thanks to which our workers received at least one message every day.  
  
Thanks to the decrease in the number of cases, the intensification of vaccination and preventive information campaigns, we no longer had to uphold isolation processes and moved towards more flexible measures in a planned and technically supported manner in coordination with our Health area.
- We achieved two million hours without incidents in 2022 and therefore, as set forth in the signed agreements, we delivered food packages to all our employees.
- Stepping up our efforts to strengthen the working atmosphere and the relationship between the company and workers, we give presents on days of celebration, i.e. Father's Day, Mother's Day and Labor Day, as well as Christmas gifts for all workers and toys for children under 12 years old.





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## 4.10 Hygiene, Occupational Safety and Wellbeing Mixed Committee (403-4)

We set up the Hygiene, Occupational Safety and Wellbeing Mixed Committee, whose functions and responsibilities are specified in Decree 16998 "General Law on Hygiene, Occupational Safety and Wellbeing" and in Ministerial Resolution No. 496/04 "Regulation for the Establishment of Hygiene and Occupational Safety Mixed Committees".

This committee is composed jointly and equally of representatives of the employers and the workers, and is made up of a chairperson, a secretary and voting members. The mixed committee at the mine site is made up of 64 representatives of the workers and employer.

After the restrictions on in-person meetings were lifted, this committee has carried out the planned activities with 70% progress and its goal is to reach 100% by April 2023, when the term of this Committee and its three commissions (Occupational Health Commission; Industrial Safety Commission; and Wellbeing Commission) ends.

The mixed committee at the La Paz office is made up of three representatives of the workers and three representatives of the employer. This committee has developed its activities by contributing to the implementation of the new health guidelines linked to COVID-19.

In both mixed committees, i.e. at the mine site and in La Paz, there have been presentations on the Management System, through the application of processes and documents related to risk management; change management; emergency management; investigation of incidents; management of opportunities for improvement; training and development; internal audit; and industrial hygiene, among others. 





CHAPTER

5

# Safety Health

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MINERA SAN CRISTÓBAL S.A.



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# APPROACH

For us, human resources are invaluable and irreplaceable; this is why we generate high standards in terms of occupational health and safety, which are not only based on a regulatory framework and policies of world-class quality, but on senior management's firm commitment to minimize business costs due to injuries and illnesses and maximize the company's productivity. Occupational health and safety do not only take into account our direct personnel, but also the personnel of our contractors and visitors.

The culture of prevention must be reflected in all actions and in safe behavior, especially in the workplace, but also in the family environment. This way, our personnel will adopt this behavior as part of their lives and will become agents of change at all times.

We ensure the timely identification and control of risks in our operations, preventing incidents, encouraging timely reporting of and response to events that may affect safety, and carrying out the preventive or corrective actions that may be needed.

## 5.1 Industrial safety performance (403-2)

As part of the continuous improvement process, we conducted an analysis of the statistical results, performance and compliance of objectives of the areas in the past year, identifying opportunities for improvement within the industrial safety framework. Accordingly, we draw up annual operating programs aimed at strengthening the preventive culture that has already taken root, in alignment with the company's objectives, mission, vision and values. This is done with the support and backing of the entire management team, in compliance with legal requirements and other requirements that are identified and evaluated periodically.

As in previous years, we continued to work in accordance with ISO standard 45001 and other international voluntary standards, such as those of the United States Occupational Safety and Health Administration (OSHA), the United States Mine Safety and Health Administration (MSHA), and the American Conference of Governmental Industrial Hygienists (ACGIH), and primarily, complying with Bolivian legislation (403-1).

PROGRAM	OBJECTIVE	COMPLIANCE 2022
Height program	Improve operational control of fall protection.	75%
Risk management program	Carry out the timely hazard identification and risk assessment, implementing effective control measures to lower the risk level to an acceptable level for the organization and thus prevent accidents.	90%
Electrical risk management program	Minimize losses due to electrical incidents through improvements in the implementation of risk controls and the provision of technical observation tools for safety personnel.	100%
Industrial hygiene program	Monitor occupational and environmental agents to assess occupational exposures and verify the effectiveness of current controls, and/or to recommend controls to be implemented.	96%
Contractor Strengthening Program	Enhance the performance of contractors to a minimum of 90% of the health and safety requirements for contractors, producing performance indicators and supporting documentation; and reach a TRFR of <1 and a LTFR of 0.	100%
STOP behavioral program	Promote a change in behavior in relation to safety among our personnel and the contractors and encourage the intervention of people.	80%
IRO-ISOP inspection program	Conduct inspections to ensure that the most important controls for high-risk jobs are in place and that substandard conditions are identified and corrected in a timely manner.	91%



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## 5.2 Risk management program

We have a prevention tool called "Risk Management Program" with a view to ensuring the early control of the most significant "unacceptable and/or substantial" risks. All our areas implement this tool with ongoing support and follow-up of Supervision and the industrial safety area. This way, each area can plan and execute its own activities, within the framework of our company's standards.

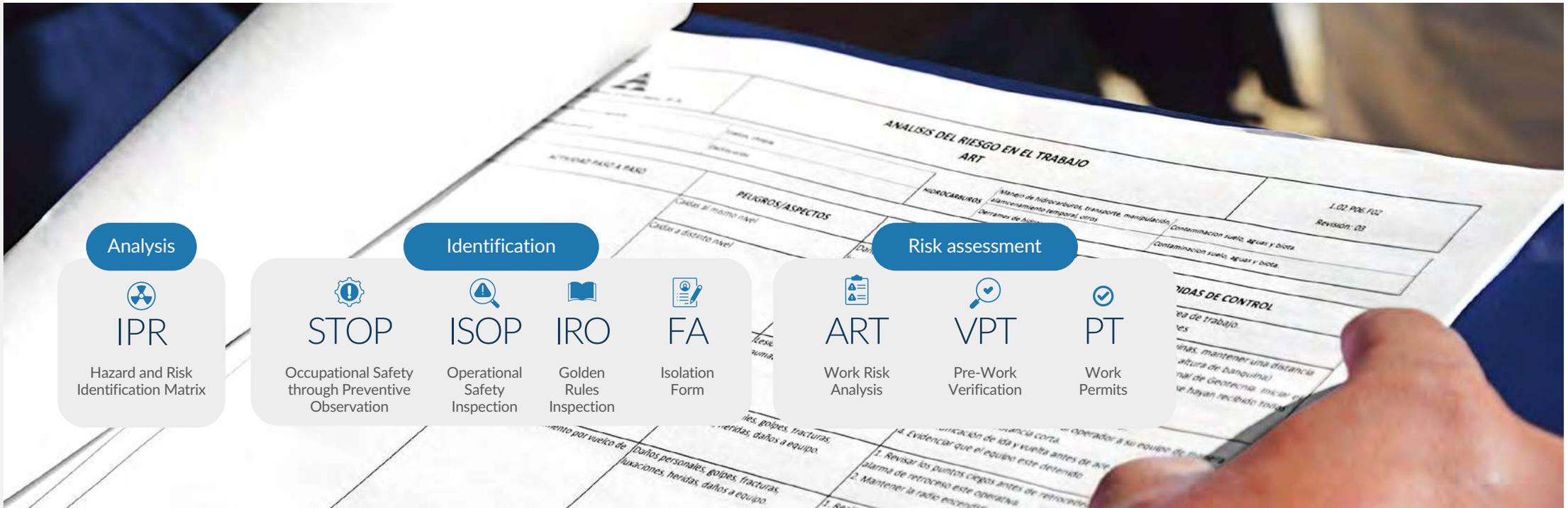
We have continued with performance measurements and continuous evaluation of the activities defined in the risk management programs, based on which we generate six-monthly compliance indicators that have shown that our compliance reached 90%. In addition, we publish daily information related to incidents in the previous

shift, updating safety instructions and scheduling training on Industrial Safety. This information is also used for discussions in the "safety assessment and commitment meetings".

To ensure implementation of the risk control measures put in place, we have defined means of verification to determine the degree of implementation. These means of verification are evaluated periodically as part of the "Risk Management Program".

Any of our workers can stop a work activity when they identify a safety risk affecting our own personnel, contractors and/or visitors without fear of reprisal. This is supported by the management policy, the ethics and business conduct regulations, the foundations of the Golden Rules Manual and work permits for high-risk activities, among others.

The "Risk Management Process" is our central mechanism for identifying occupational hazards and assessing risks on a regular basis. It brings together safety, health, environmental, operational and other areas, and uses different tools to analyze, identify and make an assessment of the risks to prevent incidents.





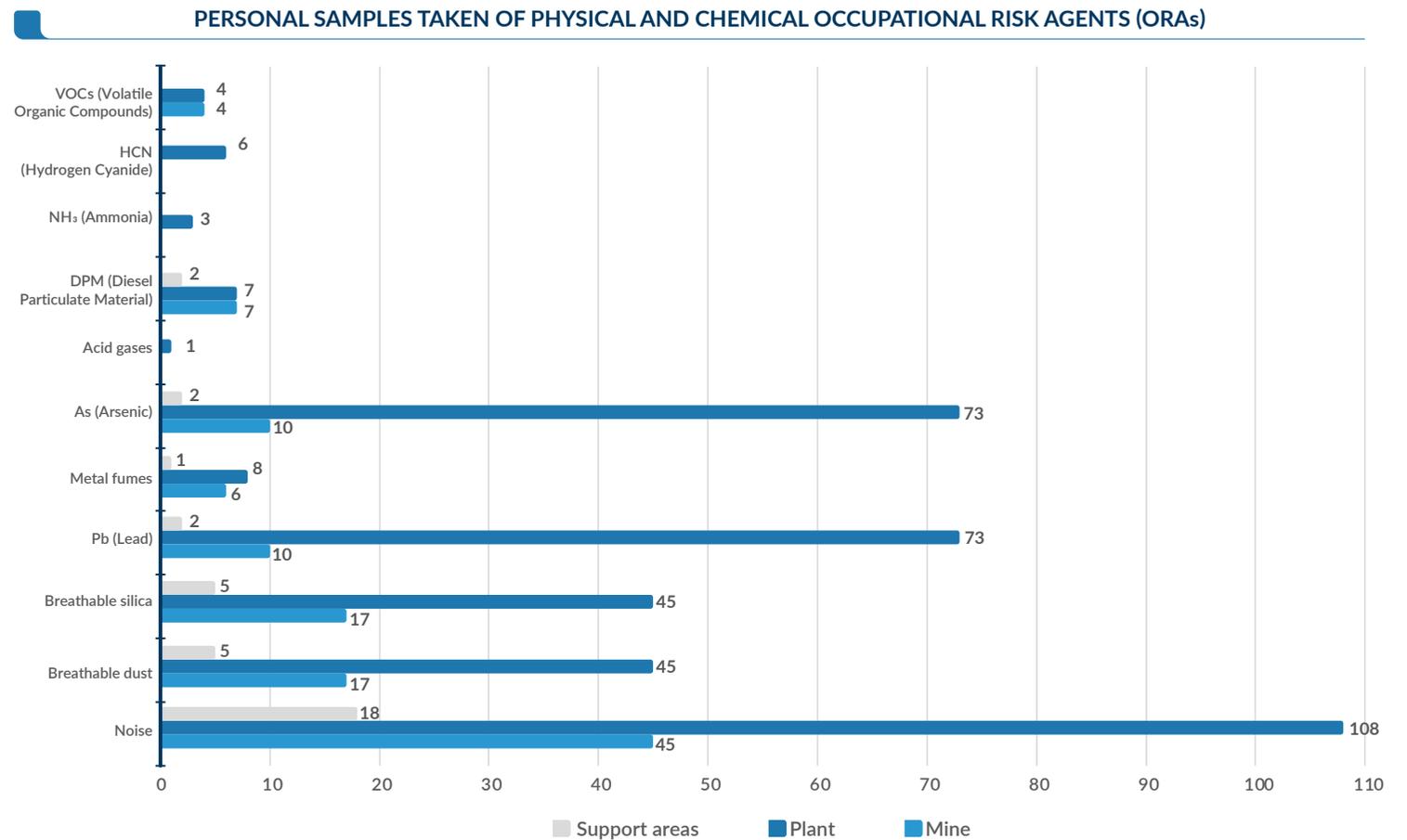
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### 5.3 Industrial hygiene program

This preventive program was introduced nine years ago with the primary objective of preventing occupational diseases caused by occupational risk agents (ORAs) present in the workplace, through monitoring and studies of physical and chemical agents. Based on the quantitative results of the monitoring studies in all our areas, we can optimize the working conditions through effective control measures.

In 2022, we continued to conduct personal evaluations and monitoring, in addition to critical work environment studies in order to have healthy work areas and ensure the availability of PPE (respiratory protection, disposable overalls and others).

Sampling is performed by professionals in the occupational safety and health area, with specific knowledge in the field of industrial hygiene and in accordance with the methodologies recommended by ACGIH, OSHA, NIOSH, ASHRAE and Bolivian legislation in force in the technical safety standards (NTS, in Spanish) and others identified as being applicable to the operation. The chart shows the number of samples of the main agents monitored in 2022.



We have identified the occupational risk agents (ORAs) present in the areas of operations as well as their concentration levels and the exposure affecting personnel. This makes it possible for us to recommend and implement control measures appropriate to each activity in order to maintain a healthy work environment.

In 2022, radiological protection activities (dosimetry) were transferred to the Industrial Hygiene area.

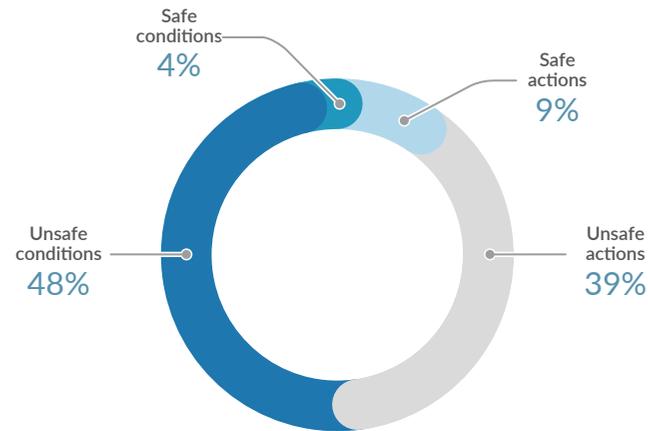


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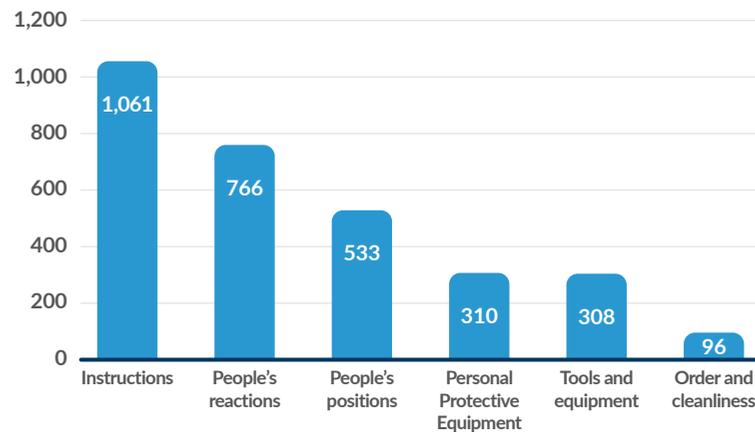
## 5.4 Behavioral observation

Behavioral observation in 2022 increased by 15.8% compared to 2021, recording 2,161 reports, i.e. an average of six reports per day. Most observations concerned substandard or unsafe conditions (48%),

and 39% concerned unsafe actions. The importance of the STOP program lies in the discussions people have so safe behavior would replace unsafe behavior.



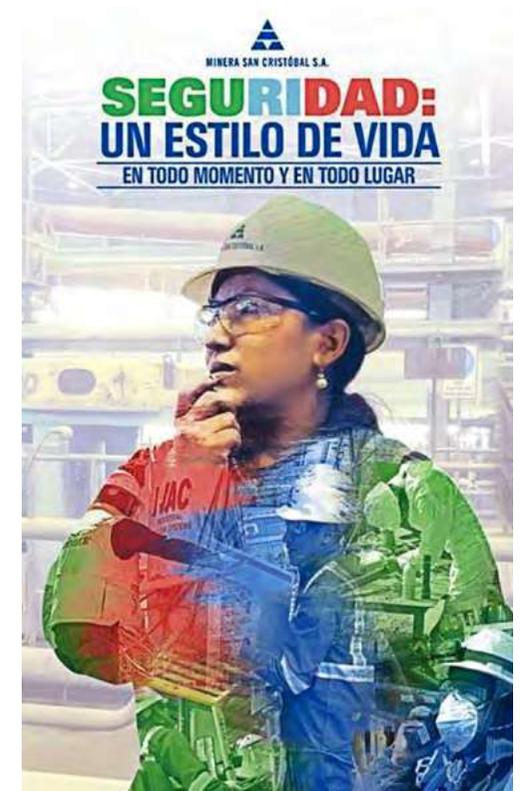
CLASSIFICATION OF UNSAFE ACTIONS



Making a classification of the basic causes of incidents with injuries in 2021 and 2022, the two most frequent causes related to unsafe behavior we found were a lack of supervision (failure to verify that controls are implemented, failure to identify hazards, failure to enforce standards), on the one hand, and personnel behavior (failure to follow instructions, despite knowing the standards; saving time and effort; not bothering), on the other hand. Both of these important causes of accidents can be corrected through the STOP program when all personnel observe and discuss safety.

We aim to enhance the participation of our personnel and refocus on observing actions followed by discussions of safety issues. To achieve this objective, we continue to carry out actions of:

- Promotion of safety talks and the STOP program.
- Review and follow-up of reported risk conditions to ensure they are properly closed.
- Use of digital mass media to remind people of the importance of the STOP program and the steps of the observation.



- Recognition for personnel participating in the program and for the best observations by area. The behavioral observation report does not consider retaliation against workers for their actions in the face of an identified hazard and provides feedback for the different areas to improve their safety performance.



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## 5.5 Incident management

Regrettably, one worker of contractor ESMI passed away following an injury. No occupational diseases were identified. Our workers completed a total of 2,837,584 hours worked and the contractors 1,799,124 hours worked. (403-9, 403-10)

OSHA STANDARDS - FREQUENCY INDEX (Injury Rate)	2015	2016	2017	2018	2019	2020	2021	2022
Workers	0.41	0.33	0.29	0.57	0.79	0.09	0.24	0.35
Contractors	1.11	0.74	0.91	0.71	1.32	1.22	0.90	0.56
Fatalities	1	0	1	0	0	0	0	1
MSC worker absenteeism rate (OHS-related incidents)	0.89	0.86	0.28	0.04	0.07	0.00	0.04	0.09
Contractor worker absenteeism rate (OHS-related incidents)	1.15	1.01	1.67	0.05	0.02	0.29	0.10	0.21

Absenteeism rate = (Total number of hours absent/Total number of hours planned) x 100

### Incident reports

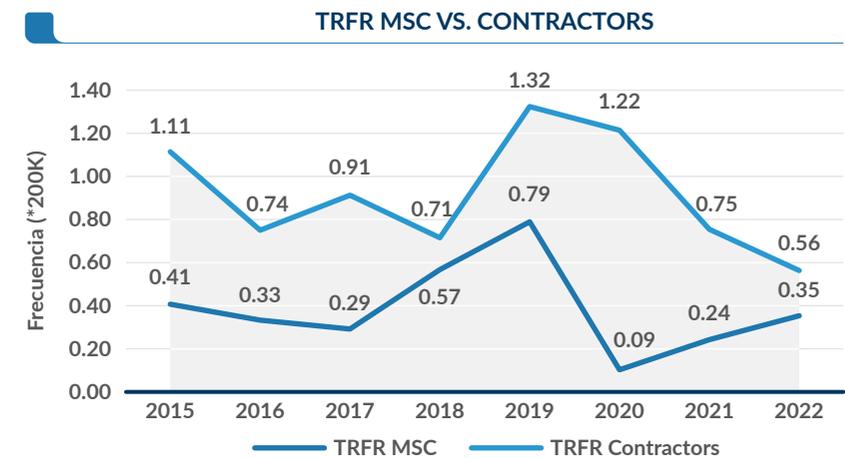
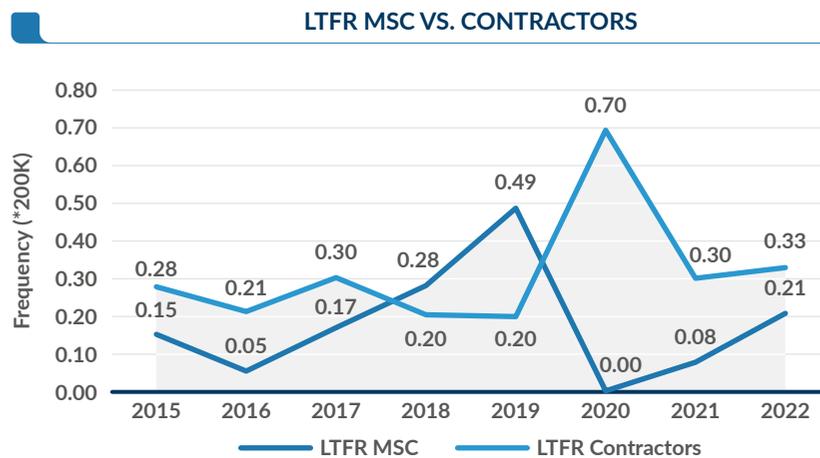
In accordance with our company policy, all incidents must be reported. Failure to report an incident/accident at work within the terms set is considered serious misconduct and will be sanctioned in accordance with our internal regulations.

In 2022, 1,789 incidents were reported in different areas of our operations (1,135 concerning MSC and 64 concerning contractors).

### Incident investigation

In 2022, we kept our ISO 45001 certification. Thanks to our incident management efforts, we achieved the historically lowest Total Recordable Frequency Rate (TRFR) in the contractors, at 0.56. In our case, the Total Recordable Frequency Rate (TRFR) increased, to 0.35, which is the highest of the last three years. This is considered unacceptable, both because of the fatality and the rate increase.

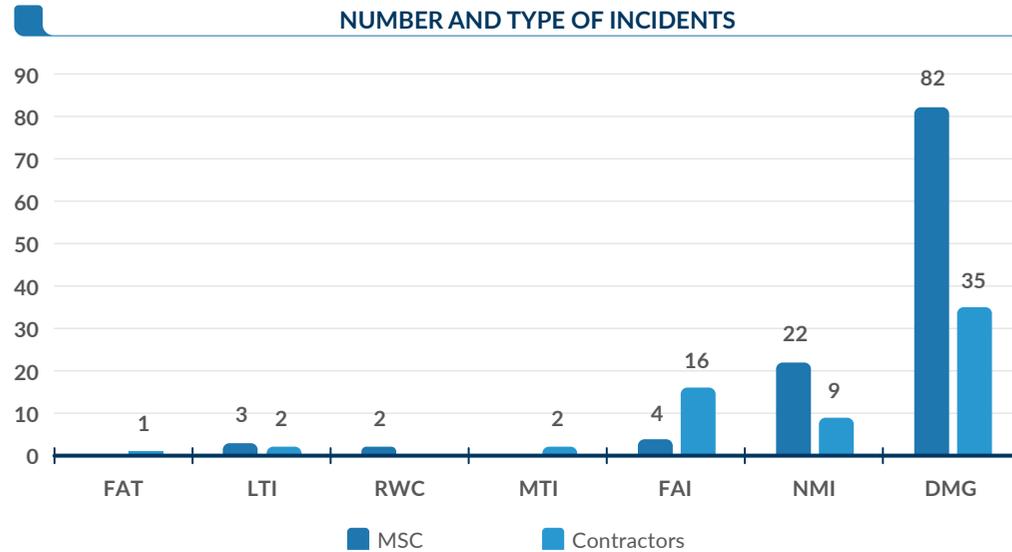
The Lost Time Incident Frequency Rate (LTFR) increased compared to the year before, reaching 0.33 for MSC and 0.21 for the contractors.





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The graph below refers to all incidents reported in 2022, both concerning MSC and the contractors, according to the type of incidents.



FAT: Fatality  
 LTI: Lost Time Injury  
 RWC: Restricted Work Case  
 MTI: Medical Treatment Injury  
 FAI: First Aid Injury  
 NMI: Near Miss  
 DMG: Material Damage

## 5.6 Emergency preparedness and response

In 2022, we reinforced the training in cardiopulmonary resuscitation (CPR), particularly emphasizing use of the automated external defibrillator. In this sense, we had individual sessions with Emergency Response Unit personnel, with extensive practice, as well as refresher courses on the same topic for workers in electrical maintenance and facilities of MSC and the contractors. The rapid application of these techniques significantly reduces the likelihood of major injuries or fatalities from exposure to the dangers of electricity.

Meeting the deadlines of international standards, we conducted hydrostatic tests and a thorough review of a batch of portable fire extinguishers together with a local supplier who is the official representative of the brand. The service

included training to maintain and recharge the equipment in accordance with the code.

We also added a component regarding the fire water network, with the provision of an adduction line to the crushing area, and we set up manually operated fire hydrants and dry networks to deal with uncontrolled fires.

Our purchase of standardized testing equipment for water-based firefighting systems has significantly improved the time it takes to perform tasks and the amount of resources needed in this regard.





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## CASE STUDY

Minera San Cristóbal and its Aviation Department have put in place clear and specific procedures to respond to medical emergencies in order to provide timely and immediate health care to save lives and avoid physical complications or further harm to injured people.

One of our main objectives is to ensure the timely referral and appropriate transportation of patients to the nearest medical center or to facilities with a level of response that is sufficient to address the complexity of the injuries.

The Medical Emergency Evacuation Plan (MEDEVAC) maps out the sequence of communications and procedures in the event of an accident or medical emergency in the

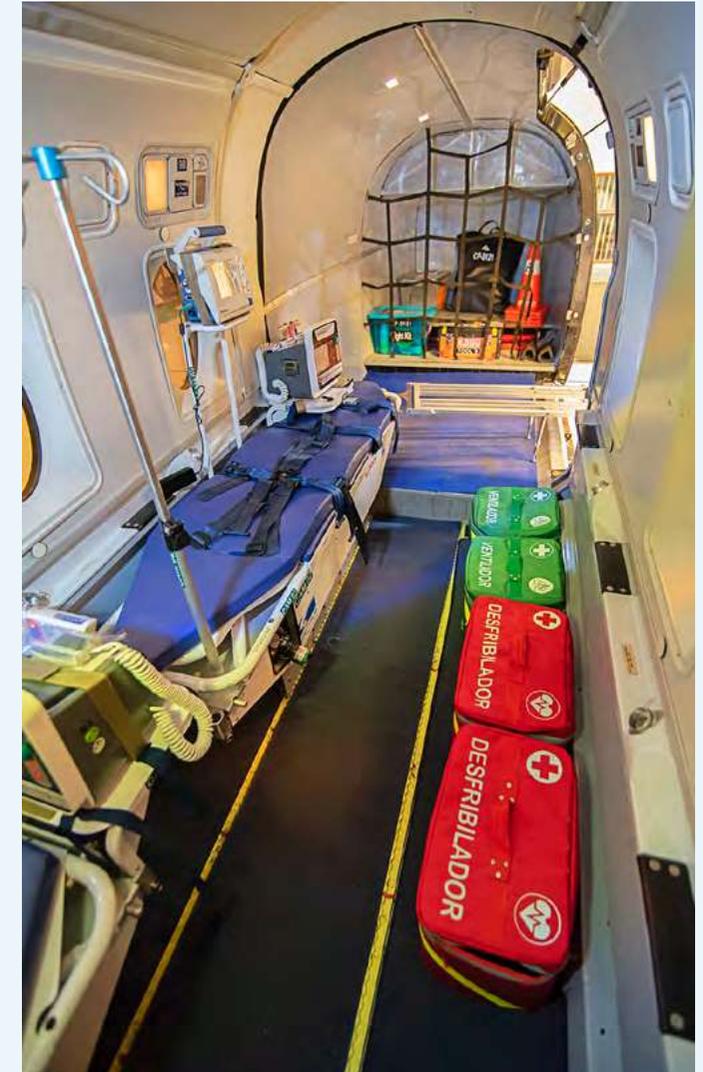
facilities. It also assigns and describes the roles of key personnel during the operation, determining the level of timely response to the event.

By ensuring the availability of human, financial and technological resources at the service of the operation, we can minimize the response time and the time for dispatching our (highly equipped) aircraft. This fundamental tool allows us to strengthen the medical emergency response protocols, which are complex in view of our geographic location.

This procedure applies to all workers and contractors operating within Minera San Cristóbal's facilities.



## Medical emergency evacuation plan - aviation

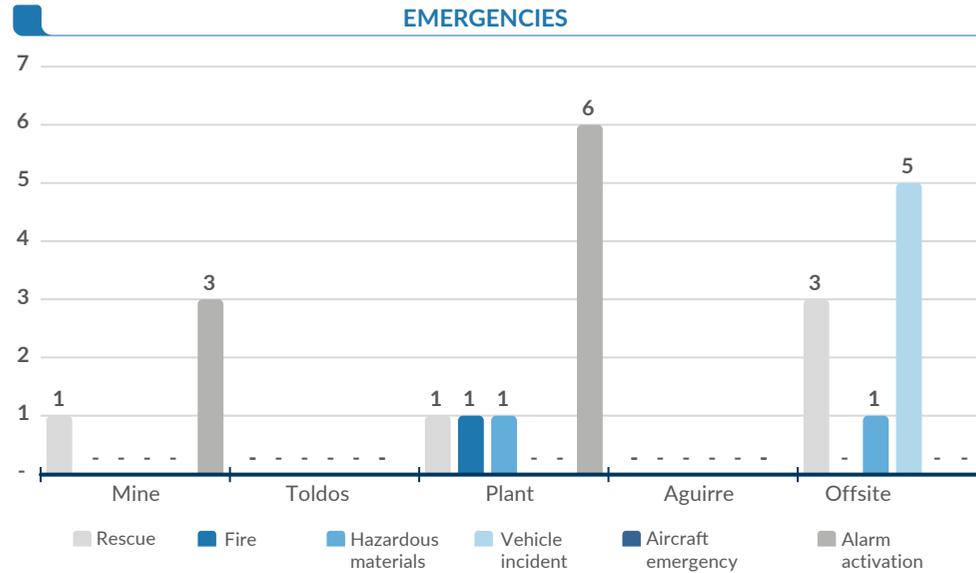




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## 5.7 Emergencies

We have registered 22 events, 9 of which related to emergency care for individuals within the radius of coverage of the unit around the operation.



Alarm triggering continued, due to the coverage and high availability of our supervised fire alarm and detection system.

## 5.8 Drills

Ten emergency drills were carried out, covering all emergency scenarios currently set out in the Emergency Management Plan: five operational scenarios, four non-operational (evacuation) scenarios and one office-based scenario. The observations found in these practices have been managed in our system.

## 5.9 Inspections

The inspection program includes in-depth verification and non-invasive maintenance of the emergency systems in 156 buildings or locations. This quarterly task covers around 900 fire extinguishers and 65 hydrants/hose stations, among other items that must achieve maximum availability to ensure a prompt response. At the same time, equipment and tools

are checked on a daily basis to check if they function correctly. Self-Contained Breathing Apparatuses (SCBAs) and firefighting equipment also follow this criterion.

This activity also comprises tests and maintenance of the fire alarm and detection system, which is operated on Honeywell's Onyx platform by external personnel certified for this service. The equipment installed in high-risk premises uses state-of-the-art technology with pumped, light beam, infrared and

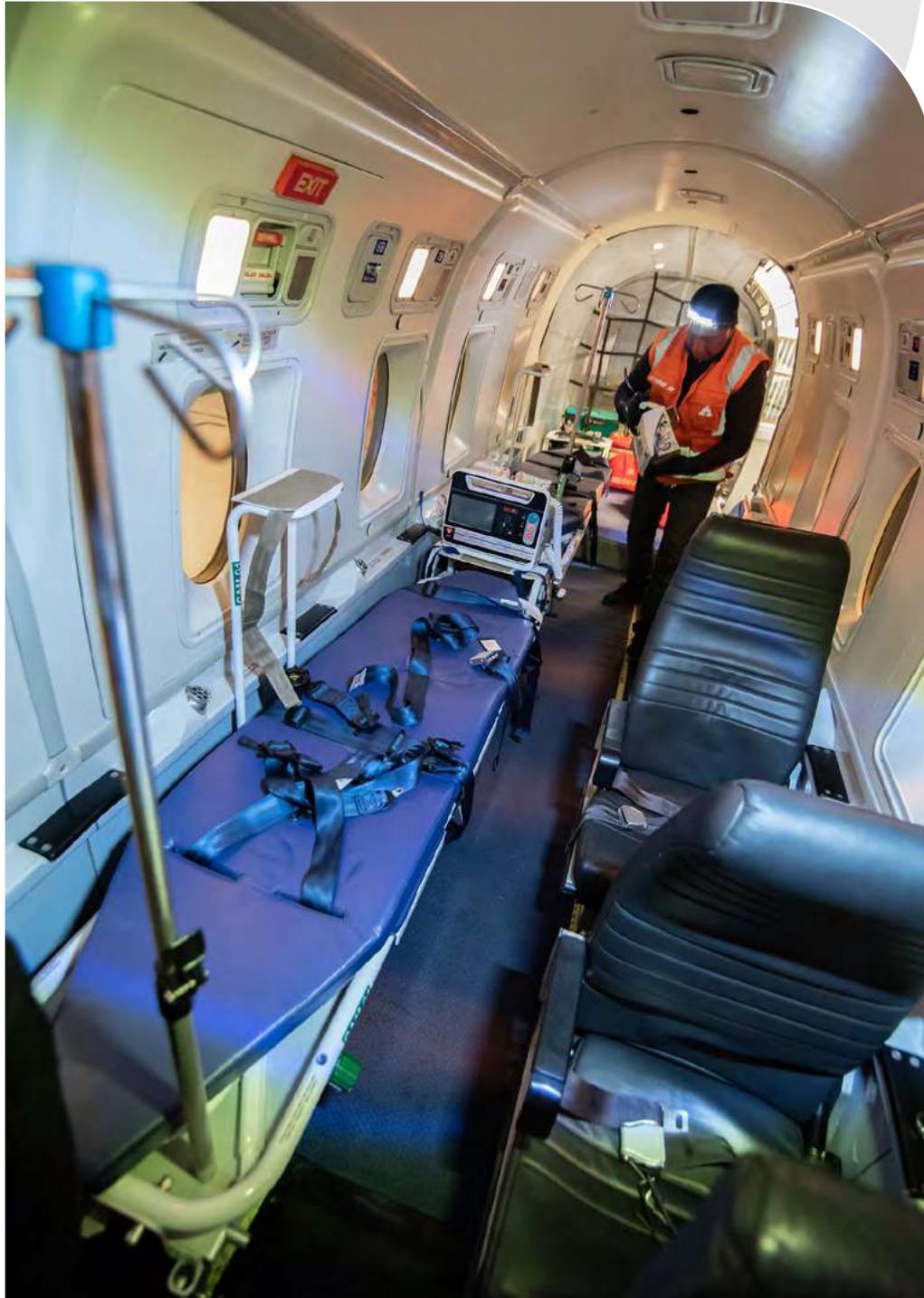
conventional photoelectric sampling sensors, which are also associated -in some areas- with automatic clean agent fire suppression devices.

The stationary fire pumps are tested weekly and, following each scheduled maintenance, the equipment is assigned to the sites where fuels and lubricants for the operation are stored and dispensed.





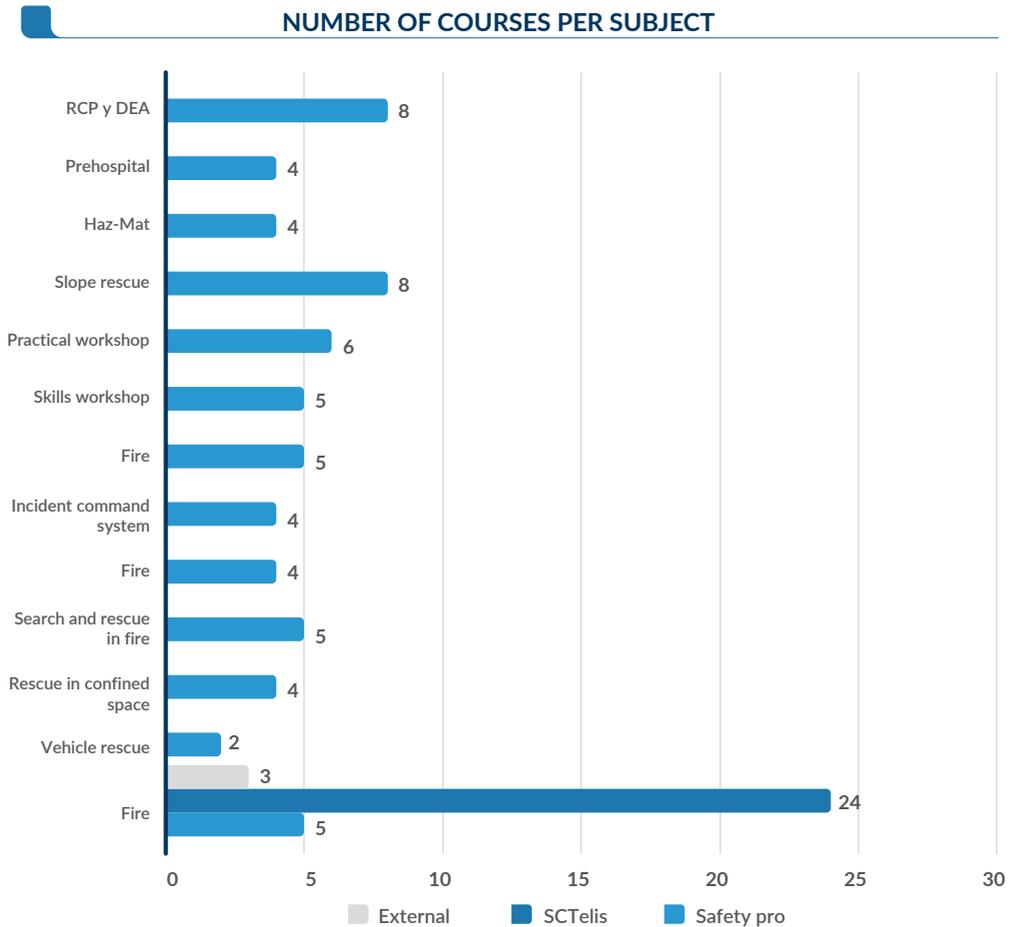
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## 5.10 Training (403-5)

Ten highly trained employees continue to provide us with ongoing support in emergency prevention, preparedness and response. In 2022, after suspending the isolation periods and restarting regular flights to the site, the in-person training program for permanent personnel was resumed.

A total of 91 courses were reported during the year, on various topics aligned to the emergency management plan. Our emergency responders have been certified in the maintenance of another line of portable fire extinguishers used on site (Protege & Amerex).





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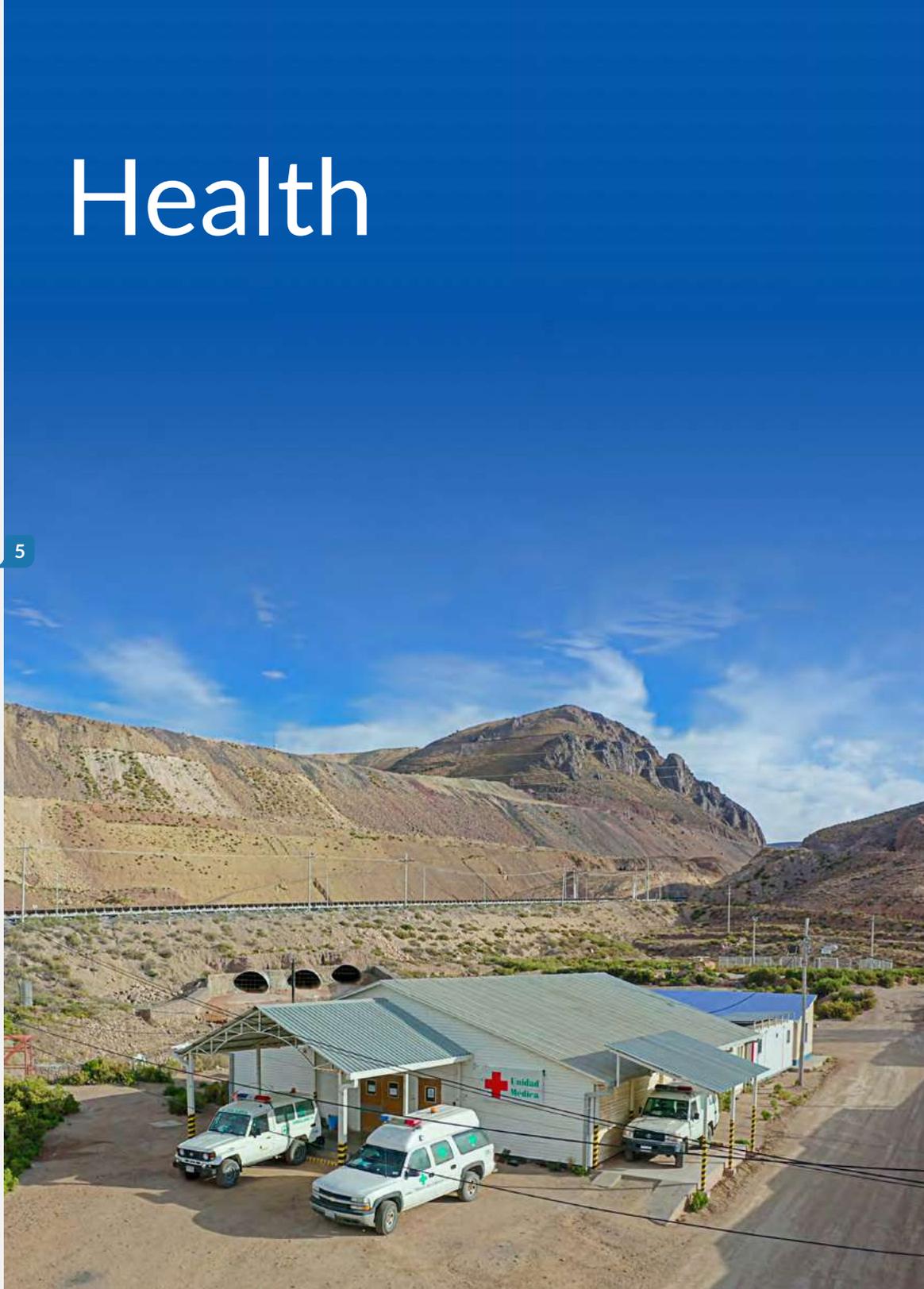
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# Health



## 5.11 Our health system

In 2022, we continued to develop our actions to protect the health of our workers and contractors working in the area of operations and in the offices of La Paz and Potosí (403-1). Our health system has a comprehensive network of services covering all health problem-solving levels available nationwide (403-3). The central axis of this system is the administration of the Delegated Health Insurance by the CNS (National Health Fund), within the framework of short-term social security. It is organized as follows (403-6):

- **Local network:** located in our area of operations and in the communities of San Cristóbal, Culpina K and Vila Vila. It is made up of four health centers, three dental centers, pharmacies, physiotherapy services and a clinical laboratory, all accredited by the Departmental Health Service of Potosí (SEDES) and operated by specialist doctors and general practitioners, dentists and the necessary technical support staff. The care processes provide for the referral of patients to services with a higher problem-solving level.
- **External network:** it includes health services in the capital cities of the whole country (except for cities and towns in the departments of Beni and Pando, since we have no insured population living in these locations), as well as in Uyuni, Tupiza and Villazón. It comprises approximately 75 health services with all medical specializations available in the country, with more than 200 specialist doctors. All these services are articulated in second and third level clinics and hospitals and centers with a high level of specialization.

As part of the local network, we have the Occupational Health and Medicine Center, which is located in our area of operations. This center has an interdisciplinary team of specialists in occupational medicine and other disciplines (occupational physiotherapy, audiometry, laboratory, spirometry and radiology), and its work is primarily aimed at developing worker health surveillance, as well



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Since 2016, the health system has been providing its protection actions through three strategic programs (403-6):

◆ **Medical care and emergency program**

Aimed at providing comprehensive, timely and quality care in case of illness and accidents affecting the covered population, including the insured, contractors and people living in the communities.

◆ **Health prevention and promotion program**

Aimed at addressing prevalent diseases and protecting the health of vulnerable population groups, e.g. the elderly, women of childbearing age, children under five years old, pregnant women and school-age children.

◆ **Occupational health program**

Focused on monitoring the workers' health in relation to their work environment, seeking to preserve, maintain and improve their state of health.

Since 2020, due to the COVID-19 pandemic, the regular development of these programs has been affected.

## 5.12 Health programs

Since the severity and lethality of COVID-19 went down (thanks to the high vaccination coverage), in 2022 we started to reactivate the three health programs (403-8):

**Medical care and emergency program**, through which we were able to:

- provide more than 5,949 medical appointments to workers and contractors in the local health services network;
- respond to six critical emergencies and 29 work-related incidents, with 79 hospital admissions; and
- administer 1,751 doses of the COVID-19 vaccine to workers and contractors, achieving a third dose vaccination coverage of 98.42% (complete vaccination + 1 booster). This was possible because SEDES Potosí designated the Toldos Comprehensive Health Center as a vaccination center (403-6).

**Health prevention and promotion program**, through which we were able to:

- reactivate the comprehensive care program for women, which ensures follow-up of pregnant women, including checkups from gestation to delivery and postpartum, covering 28 women during the year; and
- encourage COVID-19 vaccination by carrying out mass vaccination campaigns in the communities of San Cristóbal, Culpina K and Vila Vila.





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**Occupational health program** (403-2, 403-7, 403-10), through which we were able to:

- update the 2022 worker health surveillance matrix, which specifies occupational risks according to similar exposure groups (SEGs), based on which the periodic health checkups of our workers took place. We reached a coverage of 97.37% of our personnel, confirming that 99.69% are fit to perform the activities of the position they hold. **No occupational illnesses or related deaths** were identified in 2022;
- track the fitness of contractors for the work they perform through the occupational medicine area, based on the methodology and protocols of their health insurance;
- resume the comprehensive approach to worker protection, addressing the main health problems, thereto developing the following prevention and control programs:
  - ◆ Cardiovascular risk (CVR), regarding which 97.37% of the workers received information on their CVR. A total of 163 cases of moderate to high risk were followed up. The cardiovascular risk was calculated using the Framingham Heart Study.
  - ◆ Muscle fatigue, aimed at preventing musculoskeletal disorders in Mine Operation and Maintenance workers.
  - ◆ Comprehensive health care for women workers, achieving 85% coverage of gynecological checkups for female workers in La Paz, including mammographies, ultrasounds, Pap smear tests and bone densitometry tests.

- ◆ Erythrocytosis, through the follow-up of 43 workers who were identified as having this health problem and who benefited from individualized follow-up.
- ◆ Hearing conservation, applying audiometry studies in 96.69% of the workers and providing specific follow-up to 14 of them who have non-occupational hearing problems.
- ◆ Lead poisoning surveillance, for which 97.9% of the workers had a blood lead level test, all of which yielded values within normal ranges.
- ◆ Pulmonary diseases, through chest X-rays in 95.86% of the workers, aimed at identifying lung diseases, including possible post-COVID-19 issues. Eleven workers were referred to individualized follow-up.
- ◆ Immunizations, including vaccinations against seasonal flu, typhoid fever, hepatitis A and B, rubella, chickenpox and COVID-19; an average coverage of 80.29% was achieved.

- continue with the fitness-for-work assessments, based on specific requirements of the worker, supervisor or Hygiene area. The results were used as the basis to issue recommendations regarding restricted work, temporary disability, a change of job or orientation to access disability benefits (403-9).
- From the point of view of management, based on the experience of the surveillance and control applied within the framework of COVID-19, the information system has been improved, integrating the processes of individualized registration of the health events involving the workers covered so as to be able to monitor their health status and produce operational, epidemiological and strategic reports. ●





CHAPTER

6

# Our communities

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# APPROACH

In 2022, we completed the project for the construction and commissioning of the 115 kV output bay and the medium-voltage facilities at the Litio substation for rural electrification in LÍpez (located in the community of San Cristóbal). The works were handed over to the departmental government of Potosí. This energy project has a significant socioeconomic and productive impact, since it will promote the generation of industrial projects in the communities in southwestern Potosí. We also raised the necessary matching financial contributions for construction of the asphalt road Puente Río Grande-Cruce Laguna Colorada. At present, two of the five phases have been completed and the remaining three phases are under construction, with varying degrees of progress.

We have continued to support the strengthening of the productive development projects of the Consultative Council Los LÍpez San Cristóbal, in partnership with the Inter-American Development Bank (IDB) and through the Fundación para el Desarrollo Sostenible (FUNDES). This work is part of the project "Expanding opportunities for development and economic growth in communities in the influence area of the mining sector" and supports the marketing of llama meat products manufactured by the San Cristóbal Camelid Producers Association (APROSAC) in plants located in the community of San Cristóbal and sold in markets in three major cities of the country. With regard to support for equipment in the education project, a first group of students graduated from humanistic technical secondary school in the communities of San Cristóbal and Vila Vila. Moreover, 80 organic quinoa and camelid producers, handicrafts producers and gastronomes completed their complementary training as mid-level technicians.

In line with our Social Responsibility policy, we reached a consensus for signing addenda with the communities of San Cristóbal, Culpina K, Río Grande, Calcha K and Santiago K for extending the use of the land of the railway line for an additional 20 years. Also, an agreement was reached with the community of San Cristóbal to broaden the use of land for the tailings pipeline and the northern well field.



## 6.1 Area of influence (MM5)

Our activities have a direct area of influence comprised of four communities, and an indirect area of influence comprised of eight communities along the main road between Uyuni and Abaroa and the railway we use to transport materials, inputs and concentrates. The native indigenous population living in these communities is part of the Centrales Únicas Provinciales de Comunidades Originarias de Nor LÍpez and Enrique Baldivieso as an indigenous territory, Territorio Indígena Originario Campesino (TIOC).

Our company complies with Bolivian legislation regarding the rights of Indigenous Peoples, as well as international treaties, guidelines and principles related to mining activities. In 2022 there were no cases of violation of the rights of indigenous people (411-1).

As members of the Consultative Council Los LÍpez San Cristóbal, we cooperate in development projects involving other communities in the area of intervention, which can be seen in the following page.



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# AREAS OF INFLUENCE AND PROJECTS



## PROJECTS

### Quinoa

16 communities

Culpina K, San Cristóbal, Vilama, Cerro Gordo, Mejillones, Zoniquera, Villa Mar, Alota, Serena Vinto, Santiago Río Blanco, Río Grande, Pampa Grande, Pozo Cavado, Ramaditas, Catavi K, and Vila Vila.



### Camelid

9 communities

San Cristóbal, Culpina K, Vila Vila, Río Grande, Pampa Grande, Catavi K, Pozo Cavado, Iscay Uno, and Tambillo Ledezma.



### Vicuña

13 communities

Río Grande, Culpina K, Vila Vila, Pampa Grande, San Juan del Rosario, Aguaquiza, Calcha K, Vinto K, Santiago de Chuvica, Atulcha, Serena Vinto, (Colcha K, Mañica and Villa Candelaria), and Santiago K.



### Tourism - Education - Health

4 communities

San Cristóbal, Culpina K, Vila Vila, and Río Grande.





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## 6.2 Community investment <sup>(203-1)</sup>

### Indirect economic impact <sup>(203-2)</sup>

#### AMOUNT OF INVESTMENT IN COMMUNITIES, BY PROJECT - ACTIVITY (thousand US\$)

PROJECT	ACTIVITY	AMOUNT
1. Technical assistance	1.1. Studies for social management	24.50
	1.2. Strengthening the Consultative Council	1.79
		<b>26.29</b>
2. Community relationships	2.1. Dealing with requests	9.57
	2.2. Strategic social investment plans	38.77
	2.3 Social support	81.25
	2.4. Support for events	35.52
	2.5. Environmental project	25.67
	2.6. Communication	25.33
		<b>216.11</b>
3. Infrastructure improvement	3.1. Community infrastructure improvement	20.72
	3.2. Road improvement	251.62
		<b>272.34</b>
4. Mitigation and resettlement	4.1. Resettlement and mitigation works	97.78
	4.2. Socioeconomic restitution	102.67
		<b>200.45</b>
5. Basic services	5.1. Support and strengthening of water services	98.36
	5.2. Support and strengthening of energy services	1,940.92
		<b>2,039.28</b>
6. Education	6.1. Support for regular education	41.71
	6.2. Support for alternative education	15.64
	6.3. Support for higher education (scholarships)	17.85
		<b>75.20</b>
7. Health	7.1. Support for health promotion/prevention	3.34
	7.2. Support for health centers	2.44
	7.3. Support for the second-level hospital	1.35
	7.4. Support in psychological care	27.27
		<b>34.41</b>
8. Productive development	8.1. Camelid project	30.36
	8.2. Quinoa project	21.18
	8.3. Tourism project	13.50
		<b>65.04</b>
<b>*Grand total</b>		<b>2,929.11</b>

\* The difference in these values compared to the line "Investments in and contributions to communities" in the table in chapter "Economic performance" is due to the fact that the costs of some activities were appropriated to different cost centers.

We reduced the investment in technical assistance, because in 2022 we concentrated on concluding the study to update the Socioeconomic Baselines of the communities in the direct impact area, and we also helped cover the administrative expenses of the Consultative Council Los López San Cristóbal.

With regard to our relationship with the communities and social organizations, we allocated a higher budget to the social program, particularly to prepare applicants from the communities in topics such as office automation, soft skills and other specific skills required for jobs at Minera San Cristóbal. We also increased the matching resources in the social investment plans and in the environmental project in the communities.

In terms of impact mitigation works, we built three reservoirs in sectors adjacent to the operations area for use by the cattle in the sector. We also provided the matching contribution agreed upon for the fifth and final phase of the Puente Río Grande-Cruce Laguna Colorada road project, as per the agreement signed with the Autonomous Municipal Government of San Agustín. As

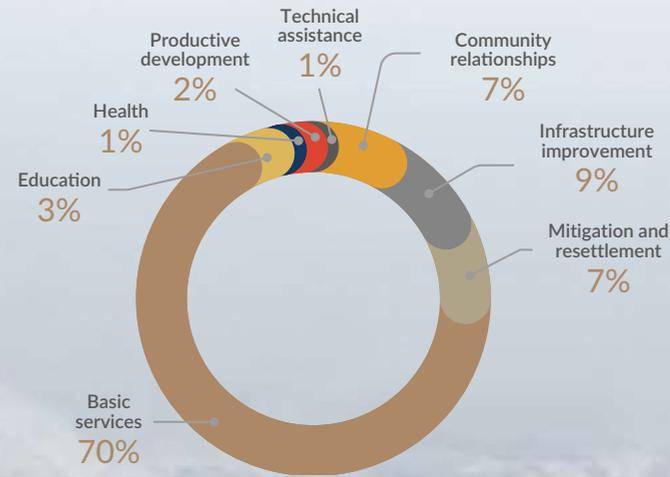
regards basic services, we mainly allocated resources to maintenance of the potable water systems in the communities of San Cristóbal and Culpina K and as mentioned above, to the Lito bay and substation.

With regard to social projects, in education we continued to help equip the workshops in the humanistic technical secondary schools of San Cristóbal and Vila Vila. In the health sector, our financial contributions went down since the health facilities meanwhile have good infrastructure and equipment.

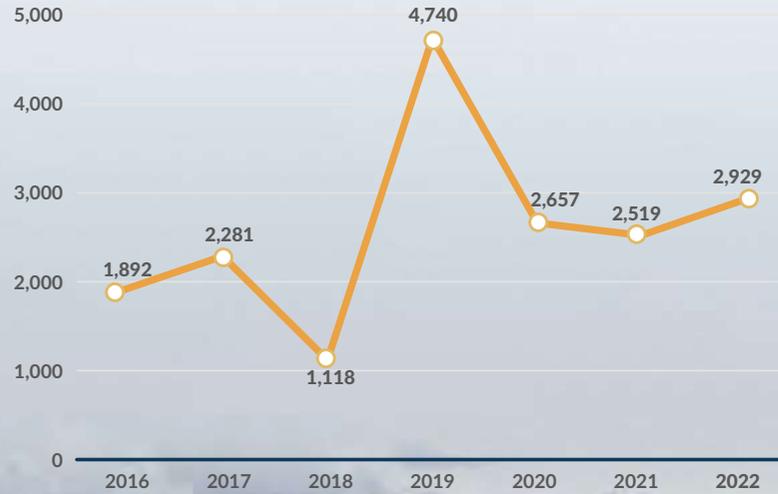


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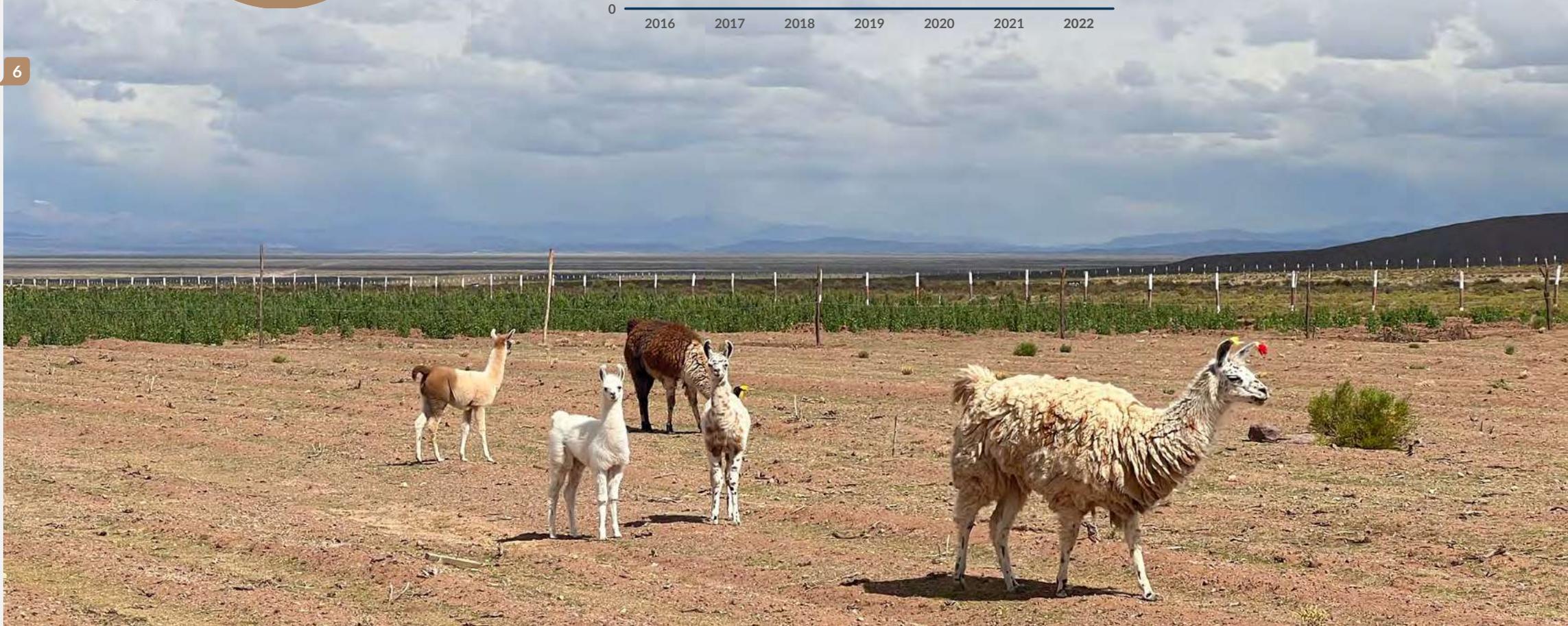
### COMMUNITY INVESTMENT (%)



### COMMUNITY INVESTMENT (thousand US\$)



In terms of the productive development projects, we made further investments to optimize production in the camelid project plants, improve the technical conditions of the quinoa saponin removal plant, and support the different tourism ventures for participation in regional, departmental, and national fairs.





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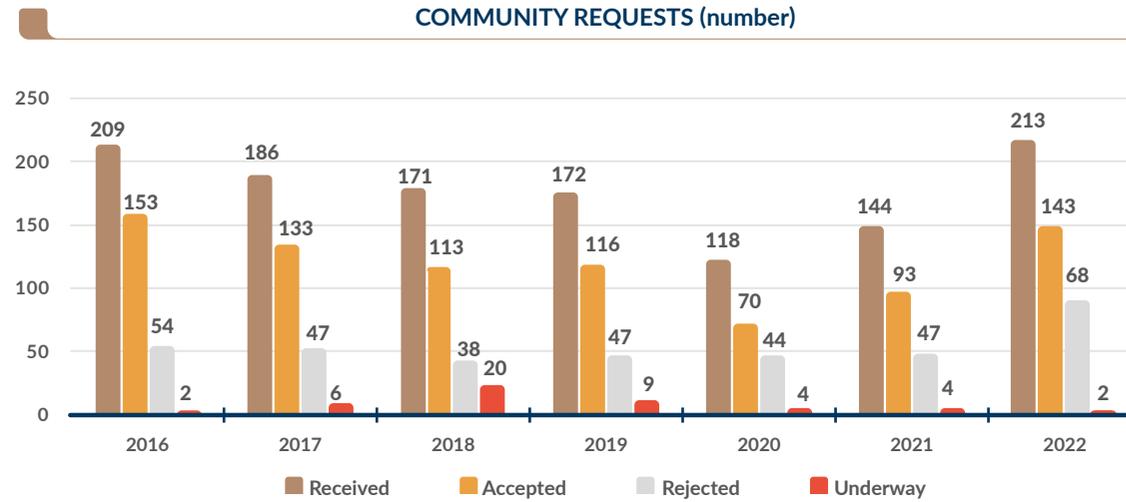
## 6.3 Community relations management (2-29)

### Stakeholder perceptions

In 2022, we continued to gather stakeholder perceptions through different types of contacts in the local and regional spheres. The community liaisons planned contacts with the different stakeholders to learn more about how satisfied or unsatisfied they are with our operational and support activities, as well as to identify expectations, concerns, complaints and potential social risks. In total, we recorded 1,110 perceptions. The increase in the number of perceptions gathered compared to previous years was due to the increase in the number of people in the stakeholder groups, particularly in socioeconomic development projects.

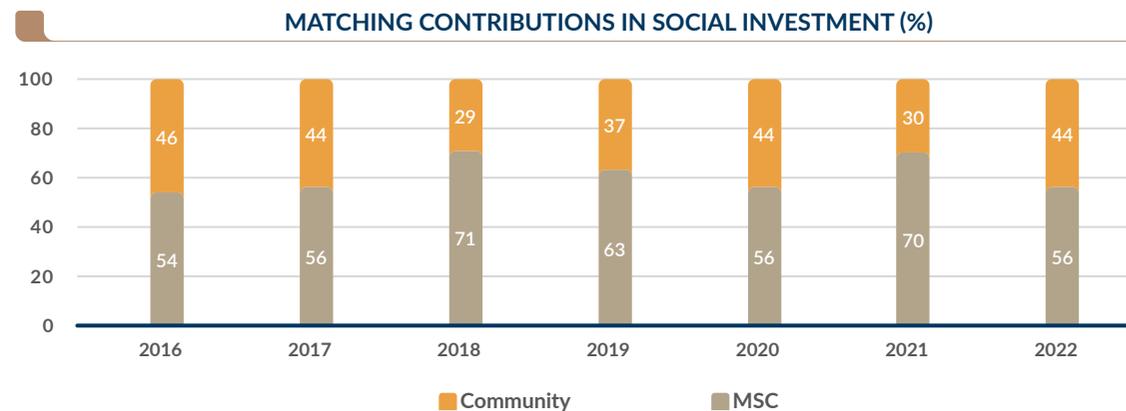
### Dealing with requests

In 2022, the number of requests submitted by the communities in the area of influence increased to 213. These requests are mainly related to topics in the field of production, culture, solidarity with vulnerable people, environment, education, basic services, health, biosafety and security, among others.



### Social investment plans

We executed 18 social investment plans, in which we contributed an average of 44% of the funds required and the communities the remaining 56%. The number of social investment plans did not vary, but we increased our percentage of participation compared to the year before, because the communities had less capacity to provide matching contributions due to the economic downturn.





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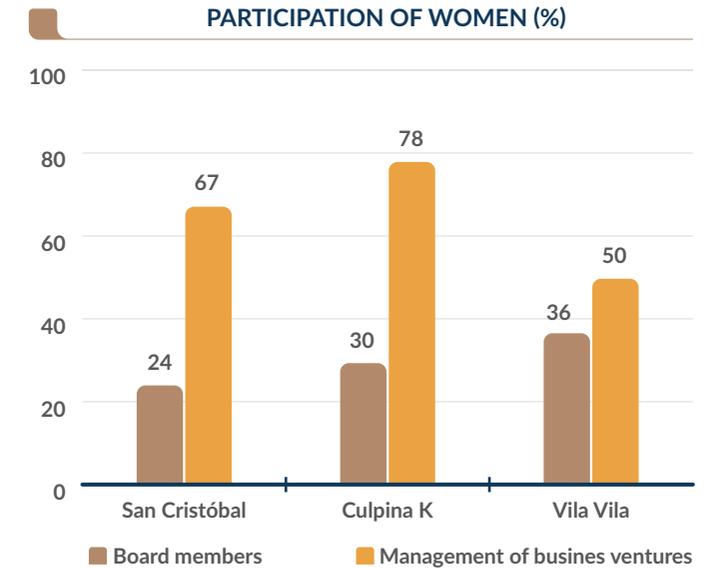
## Social project

In accordance with the recommendations of the social closure plan and related international standards, we continued with our social work within the framework of the 2020-2024 five-year plan, which is composed of the programs listed on the right.



We developed the following actions in coordination with the relevant authorities:

- Two-monthly delivery of food packages to 33 elderly citizens from the affected/signatory families in the communities of San Cristóbal and Culpina K. In total, we delivered 191 packages.
- Delivery of 12 food and clothing packages to six vulnerable people from the communities of San Cristóbal and Culpina K.
- Support for 320 families from 23 communities in the municipality of Colcha K, who suffered an economic impact due to the COVID-19 pandemic, and who received food packages.
- In the communities of San Cristóbal and Culpina K, senior citizens from the resettled/affected families benefited from 83 social visits to follow up and evaluate their physical and emotional wellbeing.
- Support for women entrepreneurs who are household heads in accessing new contracts for the provision of cleaning services for MSC.
- Provision of training workshops in office automation, soft skills and specialized skills (blasting, safety standards, occupational health and environmental management) for 28 young professionals from the communities of San Cristóbal, Culpina K and Vila Vila, aimed at improving this group's employability.
- Organization of 17 social workshops on governance, leadership, gender, human rights and resilience, with 219 attendants (53% men and 47% women). In the communities in the area of direct influence, we also monitored female participation in decision-making positions in community organizations (30% on average) and in economic initiatives (65% on average). The results can be seen in the graph on the right.





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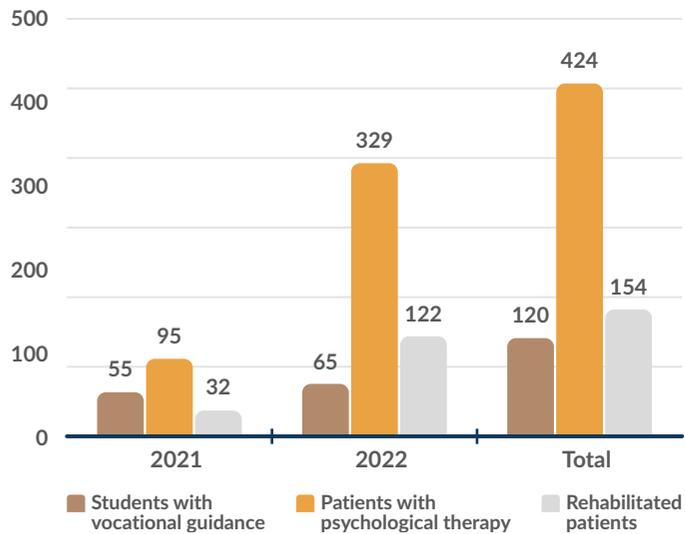
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- Dissemination of 105 messages on leadership, governance, gender, human rights and resilience.
- Organization of a public written story contest about the "Ritual of Irucancha", together with the authorities of the community of San Cristóbal and within the framework of cultural revaluation. Five people participated and shared their traditions, customs, experiences and rituals. The stories will be systematized in a document next year.
- Specialized external professional psychosocial care and vocational guidance courses in the communities of the direct influence area. Due to the COVID-19 pandemic, regular activities were not resumed until the second half of 2021. The following table shows coverage by year:

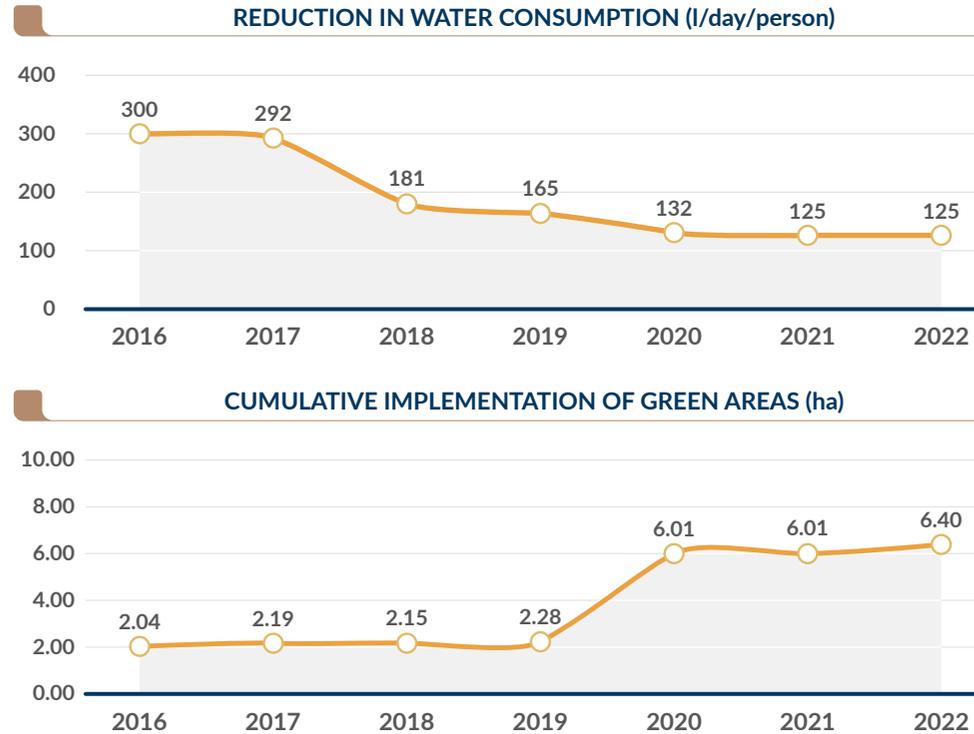
### PSYCHOLOGICAL CARE AND VOCATIONAL GUIDANCE



### Environmental management in communities

The environmental best practices included in our five-year plan 2020-2024 are implemented in close coordination with the environmental committees, communal authorities and the Autonomous Municipal Government of Colcha K. In order to disseminate environmental messages on topics such as waste management, rational use of water, use of water storage tanks, importance of green areas, biodiversity and climate change, we use social media and local and regional radio stations.

In 2022, waste generation in the communities of direct influence increased from 25 to 29 m<sup>3</sup>/month. This was because of the greater influx of people from other communities to participate in several fairs, cultural, sports, political and religious events organized by local authorities. Domestic water consumption did not vary and remained at 125 l/day/person. Finally, the coverage of green areas increased.





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## Communication targeting communities

We developed messages and news stories about our social and environmental performance and about the Sustainable Development projects of the Consultative Council Los Lipez San Cristóbal and disseminated them in the surrounding communities.

The content of the communication program was based on the following thematic axes:

Projects of the Consultative Council Los Lipez San Cristóbal: preparation and dissemination of 18 content items, including monthly newsletters, quarterly reports on the activities and scope of the projects, and spots on the productive plants.



**Overcoming challenges:** development and dissemination of 14 content items on the environment, agreements and industrial economic impact.

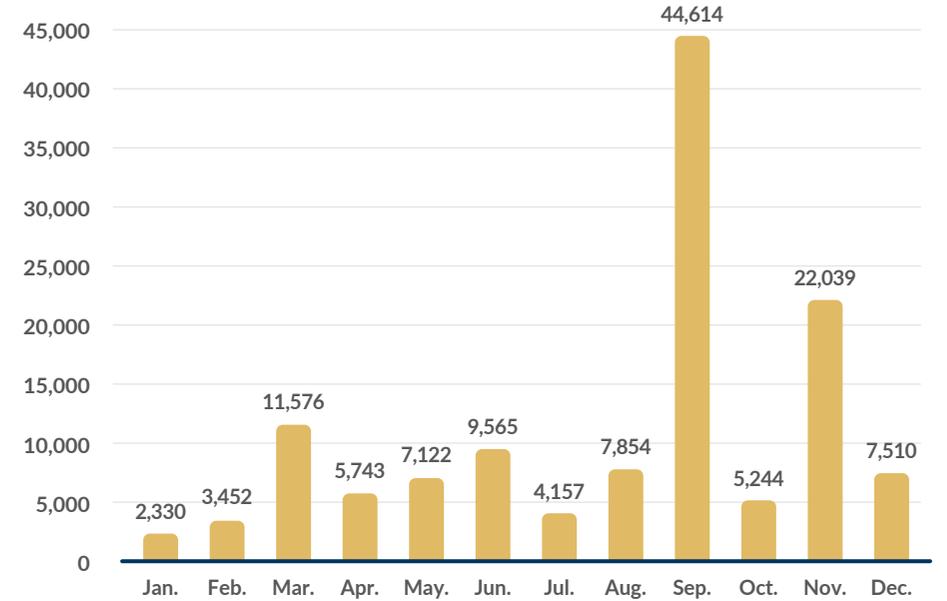


**Campaña COVID-19 y protocolo de bioseguridad:** elaboración y difusión de seis materiales audiovisuales sobre prevención, promoción de la vacunación y protocolos de bioseguridad.



On the Facebook page of the Consultative Council Los Lipez San Cristóbal, we disseminated 18 publications in Quechua and Spanish about the socioproductive projects, reaching an average of 7,782 people per month. (This average does not include data for September, as it is an extremely cyclical value.)

## REACH OF THE CONSULTATIVE COUNCIL ON FACEBOOK (people per month)





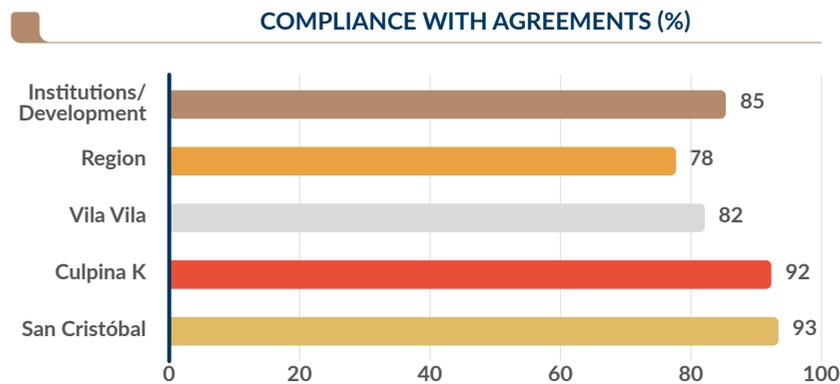
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## 6.4 Resettlement and mitigation of impacts (MM9)

### Current status of compliance with agreements

Progress in the fulfillment of agreements and covenants in 2022 reached 86.2%, i.e. a reduction of 2.8% compared to 2021. This is because we incorporated seven agreements:

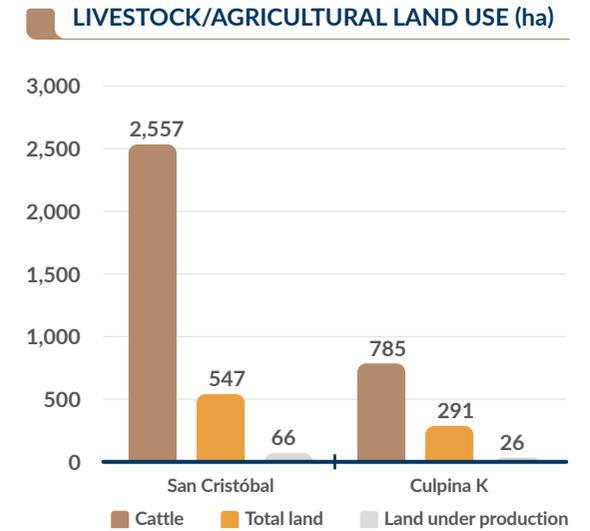
1. Agreement signed by MSC and authorities of the community of San Cristóbal for the improvement of educational services.
2. Agreement signed by MSC and authorities of the community of San Cristóbal to support water and sewerage management.
3. Agreement between MSC and authorities of Culpina K to strengthen humanistic technical education in the Ingavi school.
4. Cooperation agreement between MSC and the community of Río Grande.
5. Memorandums of understanding (3) between authorities of the communities of San Cristóbal, Culpina K and Vila Vila and MSC on solid waste management, effective from 2022 to 2026.



### Socioeconomic monitoring of the affected families of San Cristóbal and Culpina K

We updated the socioeconomic and productive data concerning the 32 families in San Cristóbal and the 14 families in Culpina K that were affected by the use of productive land.

In 2022, the affected families of San Cristóbal owned 2,557 camelids and 547 hectares of cropland, of which 66 hectares actually had crops. On the other hand, the affected families of Culpina K owned 785 camelids and 291 hectares of cropland, of which 26 hectares actually had crops.





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## Monitoring the mitigation of impacts in productive areas of San Cristóbal and Culpina K

We carried on with the activities of periodic verification of the rotation of cattle in the area of operations and in the surrounding areas, as well as with periodic monitoring of operation of the mitigation works in the communities of San Cristóbal and Culpina K, with a total of 79 on site verifications. We also continued with the transfer of affected people from San Cristóbal to their former *sayañas*, transferring a total of 3,929 people in 1,262 trips.

We performed annual maintenance of three dams for the containment and storage of runoff water (reservoirs) which are used for cattle and which are located near the operations area. In addition, three new reservoirs are being built, as per the agreement signed with the community of San Cristóbal. Furthermore, in the jurisdiction of the community of Culpina K, we installed three wells (using solar energy) to provide water for livestock.

In compliance with the agreements with our stakeholders in San Cristóbal and Culpina K, we performed annual maintenance of 142 kilometers of local roads, in coordination with our auxiliary services area.

## Basic services

Technical personnel from the San Cristóbal and Culpina K water committees were responsible for operation and periodic maintenance of the Jalanta and Yana Loma well pumping systems and trained local suppliers performed annual maintenance of the pumping systems. Both groups receive technical assistance from an external specialist.

We delivered the reverse osmosis water treatment plant to the authorities of the community of San Cristóbal and the plant is currently in the calibration phase. Moreover, to ensure the synchronized supply from the water pumping system at the Jalanta wells to the water treatment plant, we installed an automated digital system to enable monitoring from the office.

As for support in the supply of electric power, the macro project of the 115 kV output bay and medium-voltage installations at the Litio substation was completed and delivered. On the other hand, the connection to the Lípez rural electrical grid was ratified in the general assemblies of the communities of San Cristóbal and Culpina K and the necessary administrative arrangements in this sense are being made with SEPSA Potosí (Servicios Eléctricos Potosí S.A.).



## 6.5 Socioeconomic development projects (413-1)

### Five-year plan 2020-2024 of the Consultative Council Los Lípez San Cristóbal

At an extraordinary meeting, the Consultative Council renewed its board and decided to update its bylaws and regulations, including a reform of the roles and functions of the council members, in order to improve the organization's functionality.



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# CASE STUDY

## Partnerships for sustainable community development

The sustainable development promoted by the Consultative Council Los Lipez San Cristóbal with the support of Minera San Cristóbal focuses on the integration of productive, social and environmental projects. To achieve the objectives and results set forth in the five-year plans, it was necessary to build strategic partnerships with various public and private organizations, including the Center for International Studies and Cooperation (CESI) and Conservation International, which are sponsored by the Canadian Cooperation Agency; the Vice Ministry of Tourism; and the Vice Ministry of Alternative Education, among others.

In order to consolidate the Consultative Council's productive projects, the project "Expanding opportunities for development and economic growth in communities in the influence area of the mining sector" was negotiated

with the Inter-American Development Bank (IDB) and is currently managed by the Fundación para el Desarrollo Sostenible (FUNDES). The project seeks to enhance economic opportunities in areas of influence of mining activity. This objective is attained by promoting a self-managed and sustainable local economic development model, with the participation and governance of different sectors and local stakeholders.

At the moment, FUNDES is actively supporting the camelid, quinoa and tourism production chains, hiring specialists for training and technical assistance in production and organizational strengthening, marketing and the pursuit of sustainability. With this significant support, the llama meat products manufactured by APROSAC are currently being sold in markets in different cities across the country.





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## Quinoa project

As decided by the quinoa sectoral committee of the Consultative Council Los Lípez San Cristóbal and the people engaged in this activity, activities for strengthening the productive base and the internal control system were prioritized. Thus, in conjunction with an expert consulting firm hired by IDB-FUNDES, training, technical assistance in organic production and implementation of demonstration plots for applying techniques and practices with a view to certification were provided. In addition, new information was collected, updated and entered into the Internal Control System; the folders of 120 organic quinoa producers were updated; and a new certification company, Control Unión, was selected for the external inspection processes that will be carried out in 2023.

As for the organic quinoa saponin removal plant, the scheduled tests of the machinery and equipment were conducted in coordination with APRACCUK and technicians hired by FUNDES. The result is that the quinoa processing plant can

now operate continuously. Moreover, the production capacity increased from 5.59 qq/h to 9.11 qq/h, and production losses were reduced from 31.53% to 18.20%.

The marketing of quinoa and its derivatives suffered delays due to two factors: one internal factor related to the fact that the formal procedure for the sanitary authorization of the saponin removal plant is still underway; and one external factor, namely the fall in prices and the saturation of the pearl quinoa market at the national level. The latter was a decisive factor in making the commercialization of this product unfeasible.

## Camelid project

The slaughterhouse gradually increased its level of activity. Between 4 and 10 animals were slaughtered each week and 310 llamas were processed during the year. Likewise, the production of llama meat derivatives increased through the standardization and optimization of the production process in the plants, producing 4,679 kg of special cuts, 1,075

kg of jerky (normal, crispy and sliced), 90 kg of burgers and 400 kg of sausage and smoked sausage.

With specialized assistance, the market for llama meat products, such as jerky, was expanded to local markets (including the NewRest store at the MSC camp) and to cities such as La Paz (Eco stores), Oruro, Cochabamba, Potosí and Sucre.

The San Cristóbal Camelid Producers Association (APROSAC) won several awards at the regional level (the Municipal Government of Colcha K gave the

association an award for its achievements), and at the departmental and national level (first place in meat products at the Camelid Fairs). APROSAC also promoted its products at the EXPOCRUZ fair (considered one of the most important international fairs in Bolivia).

The following table is a summary of operation of the slaughterhouse and meat processing plant in 2021 and 2022.

DESCRIPTION	2021	2022
Turnover generated by the production and sale of camelid products (in BOB)	64,195.50	281,709.70
Number of animals slaughtered	50	310
Special cuts of meat (kg)	-	4,678.80
Quantity of jerky produced (kg)	351.39	1,075.00
Quantity of sausage produced (kg)	482.43	400.00
Quantity of burgers produced (kg)	63.89	90.00





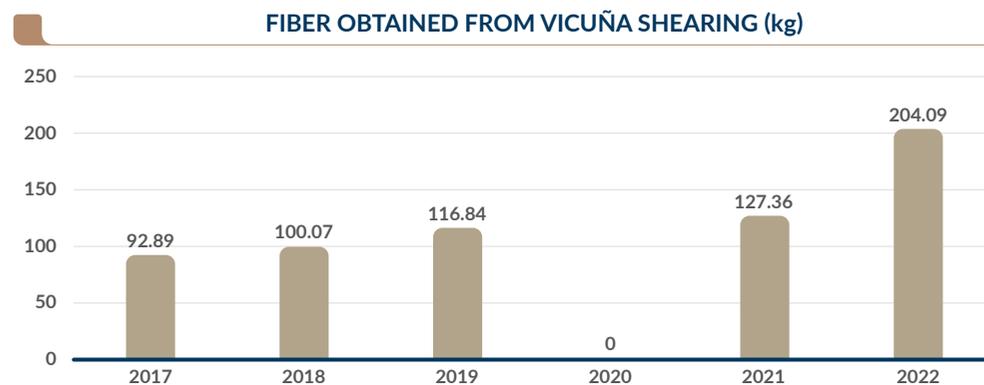
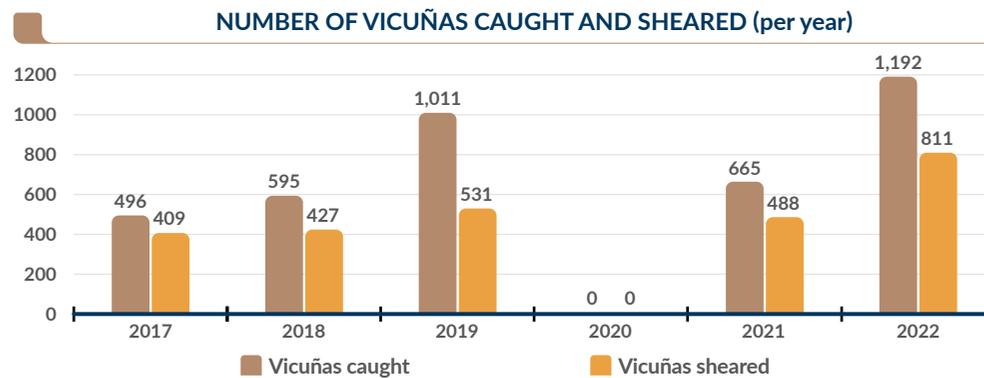
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## Vicuña project

This year, the community of Viluy joined the Regional Association of Vicuña Producing Communities of the Municipality of Colcha K (ARCMANI CK). Thanks to the vicuña census in the 14 communities that are part of the association, we now know that there are 8,722 animals, i.e. an increase compared to 2021. During the vicuña capturing and shearing campaigns, 811 animals were captured and shorn, obtaining 204 kg of raw fiber, more than in 2021. All actions are carried out in compliance with

the animal welfare parameters required by the General Directorate of Biodiversity and Protected Areas. Also, specialists hired by FUNDES provide technical assistance.

The following table shows the upward trend in the capture, shearing and fiber obtained from vicuñas, by year:



In 2020, due to the pandemic, no work was done to capture or shear fiber in vicuñas.

## Tourism projects

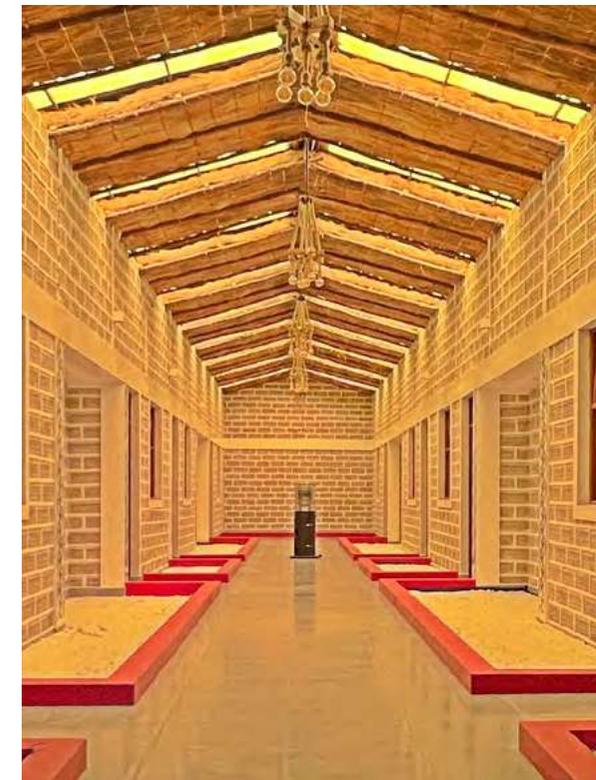
The actions taken to reactivate local tourism focused primarily on the visibility of the "Pueblos Mágicos de Los Lípez" (PML) tourism product in physical and virtual promotional spaces (Facebook and Instagram) and at regional, departmental and national events, aimed at showcasing and offering local products and services, particularly to national clients.

The Cultural Tourist Center as the commercial operating arm of the Association Pueblos Mágicos de Los Lípez has been operating normally and is earning money from the gastronomy services requested by tour operators. It has used its proceeds to expand and upgrade the infrastructure.

The business units were strengthened with the support of experts hired by FUNDES, who provided training in short sessions on entrepreneurship, administration, accounting, costs and marketing. Nonetheless, the male and female entrepreneurs want complete training and specific assistance aligned to their business areas and needs.

As regards the marketing of handicraft products, led by women belonging to the Association of Women Entrepreneurs of Río Grande (AMERIG) and the Integral Production, Handicrafts and Ecotourism Center of Vila Vila (CIPAET), the

entrepreneurs participated in different fairs at the local, regional, departmental and national levels. AMERIG in particular won awards as the regional representative at the national level. Both organizations participated in EXPOCRUZ at the invitation of the municipal government of Colcha K and were also invited to participate in the fair of the Bolivian Chamber of Exporters. Additionally, both organizations opened handicraft stores in their communities.





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## Education project

### Regular education

With the support of specialized equipment provided through the Consultative Council Los Lípez San Cristóbal, 43 students graduated from humanistic technical secondary school in San Cristóbal and Vila Vila. Furthermore, in compliance with the Cooperation Agreement signed by MSC and the community of Río Grande, we delivered five complete computer sets to the "Nuevo Amanecer" school to be used by secondary school students.

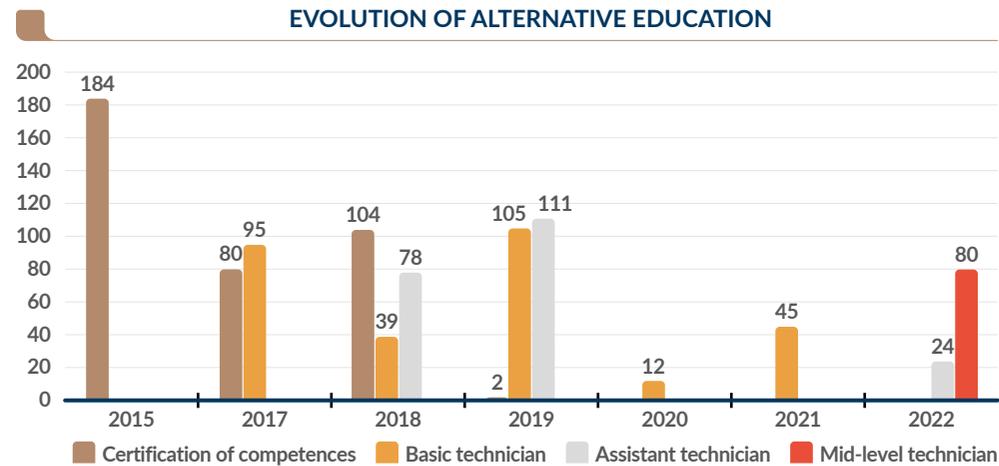


### Alternative education

Eighty (80) producers and entrepreneurs completed complementary training courses as mid-level technicians in the areas of quinoa, camelids, gastronomy and handicrafts in the communities of San Cristóbal, Culpina K, Vila Vila and Río Grande. Short courses on working with looms and weaving benefited 61 women

from the communities of San Cristóbal and Culpina K.

The following table shows the evolution over time of participation in the different levels of complementary training based on the certification of competences:



### Higher education

Through an agreement on higher education entered into between the communities of San Cristóbal and Culpina K, we awarded a total of eight scholarships to outstanding secondary school graduates who will continue their higher education at universities and technical institutes.

### Community-based health project

We continue to strengthen the competencies of health personnel in conjunction with the Consultative Council Los Lípez San Cristóbal. Specialized courses in health facility management and medical accreditation-auditing were held with 25 participants, in order to maintain the accreditation of the health centers and to accredit the San Cristóbal Comprehensive Health Center. We also supported the provision of illuminated signs and signage, which were required for the clinical laboratory of the San Cristóbal Comprehensive Health Center to be granted an operating license. Finally, medical specialists from the San Cristóbal Comprehensive Health Center conducted a Pap smear campaign in the communities in the area of direct influence, reaching approximately 180 women.



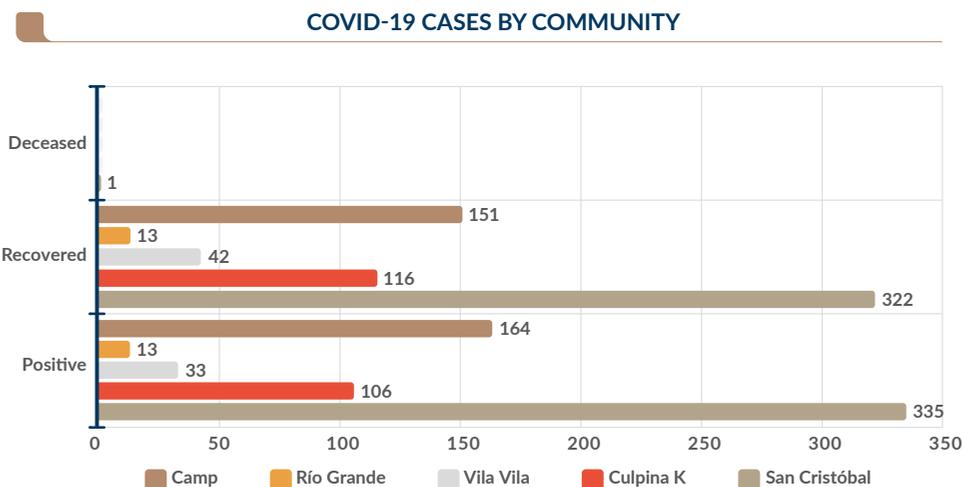
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## Community health

We continued to support the dissemination of 12 health promotion and prevention messages through local radio stations and print media, as well as by providing 3,000 leaflets to the five health facilities. We also supported the multi-programmatic health fairs, in which not only health personnel from the communities of direct influence participated, but also health workers from

health centers that are part of the Colcha K Municipal Health Services Network (SAFCI).

Below is an overview of the positive and recovered cases of COVID-19 as well as the number of deaths due to COVID-19 in the communities of the municipality of Colcha K:

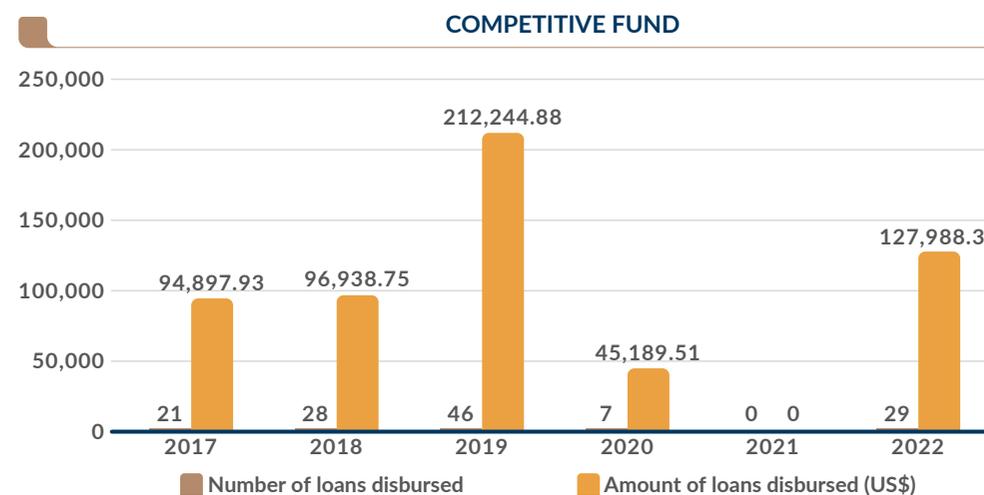


Source: Municipal Health Services Network SAFCI Colcha K.

## Competitive fund

In coordination with PRODEM, and in accordance with the guidelines of a new contract, we re-launched the Competitive Fund, which had been paralyzed as a result of the COVID-19 pandemic. This year 31 projects were approved, of which 29 were granted loans, benefiting entrepreneurs in

the communities of San Cristóbal, Culpina K, Vila Vila and Río Grande. The total amount of loans granted to entrepreneurs was US\$ 127,988.36.





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## 6.6 Social capital (2-29, MM7)

### Identification of stakeholders

There was no change in the 65 strategic stakeholder groups, the only difference being that the Culpina K Agreement Review Committee was withdrawn and was replaced by the Environmental Commission of the community of Culpina K, with the objective of exchanging

criteria in a direct and timely manner on environmental concerns, mainly related to the tailings deposit.

The following graph shows the number of stakeholder groups by community in the area of direct and indirect influence:



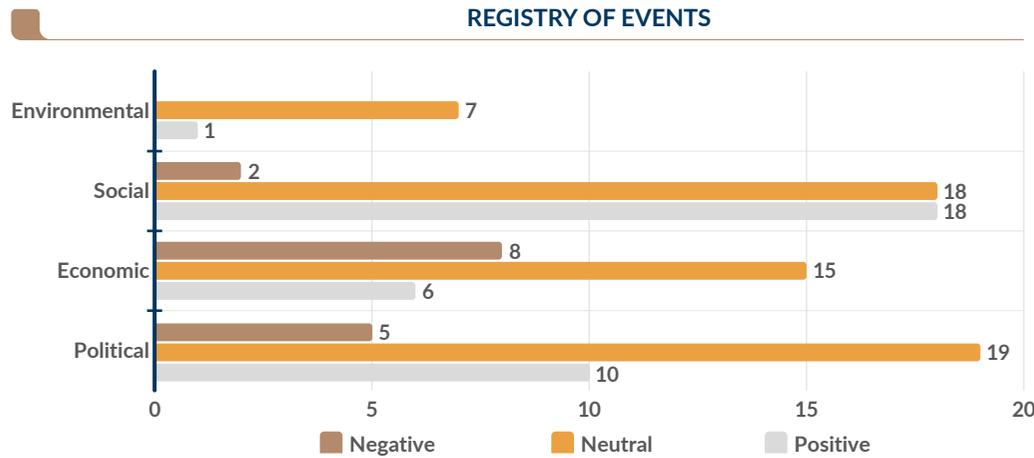


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## Registration and systematization of events

We registered 109 relevant events, i.e. the same number as in 2021. The number of neutral events increased to 59 and of positive events to 35, while the number of negative events decreased to 15. This was mainly thanks to the positive results achieved in basic services; capacity building of local producers and entrepreneurs;

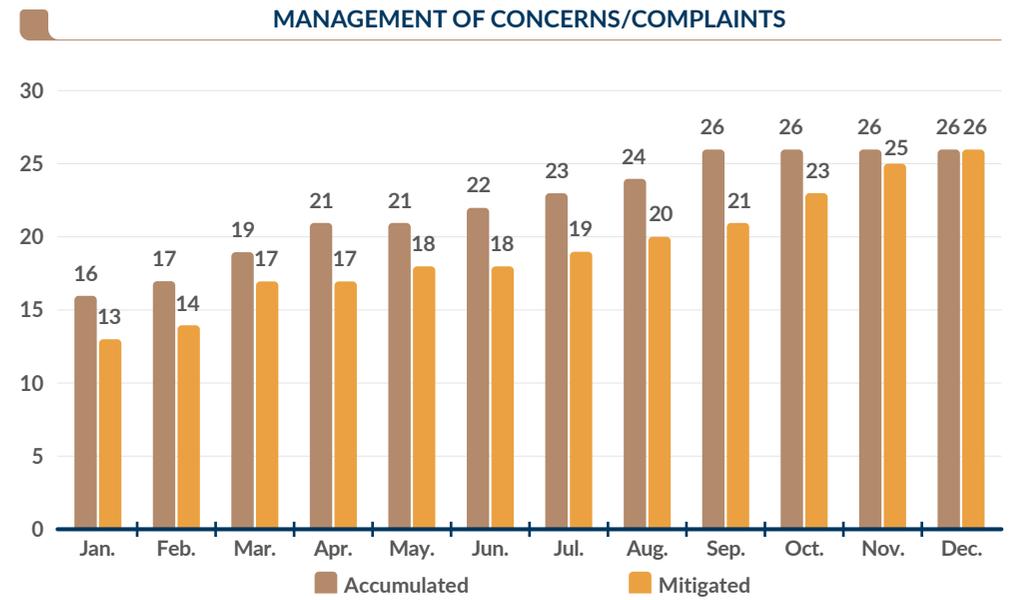
agreements with the communities of San Cristóbal, Culpina K, Calcha K, Santiago K and Río Grande to expand the use of land for the railway line; and the joint efforts with the Environmental Commission to address environmental concerns of the community of Culpina K.



## Management of concerns/complaints

In total, we registered 13 concerns/complaints: 10 related to the social factor and three to the environmental factor.

This graph shows, cumulatively, the monthly number of concerns/complaints that have been mitigated:





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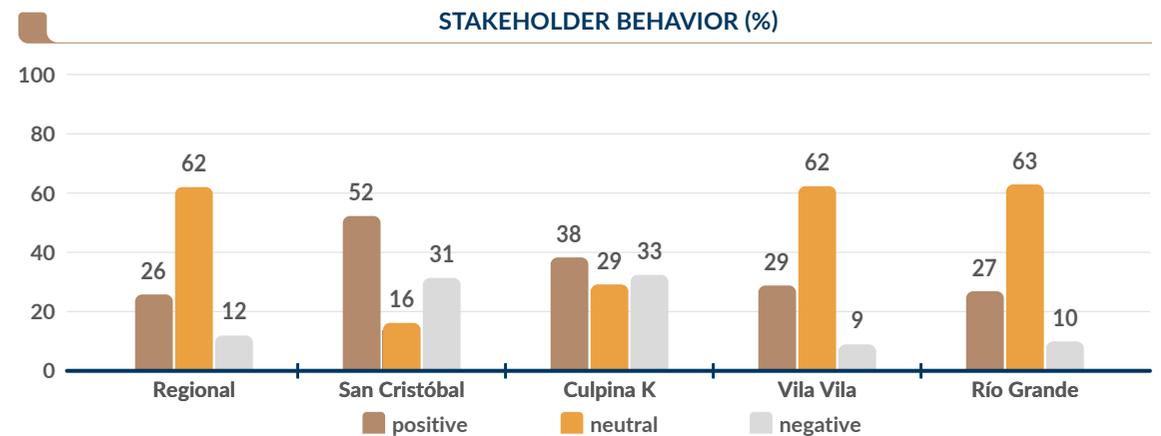
## Social risk management in communities

We continue to manage the 14 identified social risks at the local and regional level. Below is a summary of some of them:

N.º	COMMUNITY	FACTOR	RISKS
1	San Cristóbal/Culpina K	social	Quantity, quality and management of drinking water.
2	San Cristóbal/Culpina K/Vila Vila/Río Grande	social	Conditions of employment after mine closure.
3	San Cristóbal/Culpina K	environmental	Environmental liabilities generated by the mining operation.
4	San Cristóbal/Culpina K/Vila Vila	economic	Lack of community ownership of local economic development following mine closure.
5	Communities/Authorities/Organizations in the area of direct and indirect influence	political	Social conflicts unrelated to MSC.
6	San Cristóbal/Culpina K	social	Delay in connection to the Lípez I power grid.
7	San Cristóbal/Culpina K/Vila Vila/Río Grande/ 6 communities in the area of indirect influence	social	Impact of the COVID-19 pandemic and dissatisfaction with the change in the work system.
8	San Cristóbal/Culpina K/ Vila Vila	social	Delay in operation of the second-level hospital.

## Stakeholder behavior

Stakeholder behavior varied in relation to 2021, with a decrease of the percentage of negative behavior by 3.1% and an increase of the percentage of positive behavior by 13.7%. There are latent expectations among both young professionals and entrepreneurs in the communities of direct influence regarding greater job opportunities and opportunities related to the procurement of services/products.





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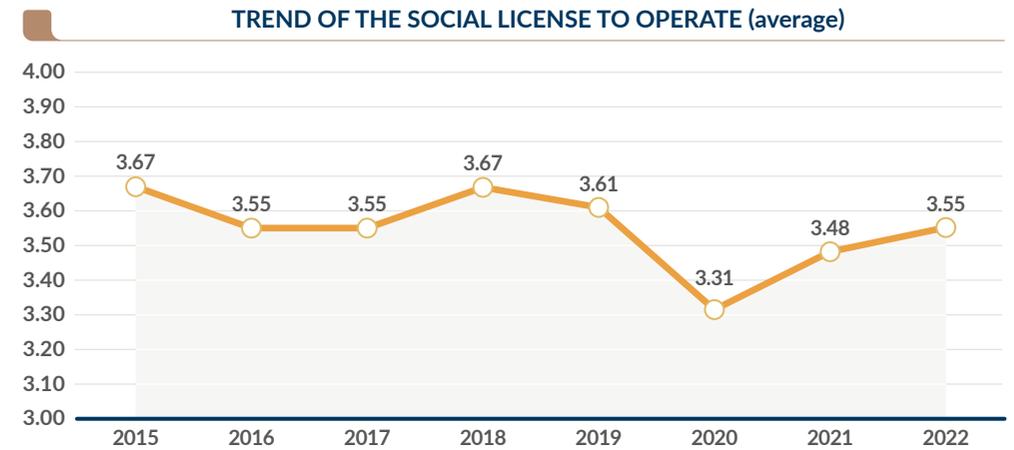
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## Social License to Operate (SLO)

We continue with monthly measurement of the Social License to Operate (SLO). This year's average rating was 3.55; however, we closed the year at 3.77. This means that the target of 3.50 was achieved. Hence, the level of "tolerance" was maintained with our stakeholders.

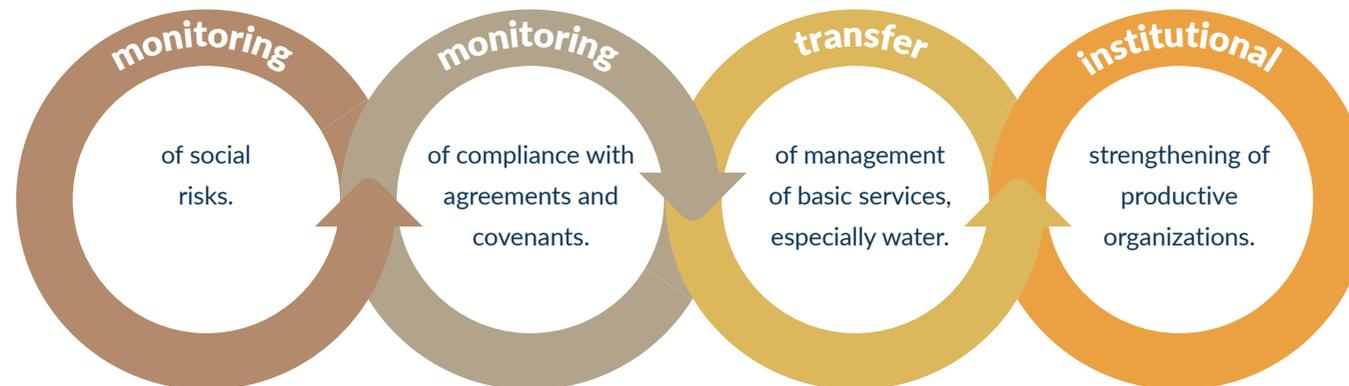
Compared to the average SLO in 2021 (3.48), the increase in the value is explained by a series of relevant events: conclusion of the electrical bay project for rural electrification in LÍpez; signing of conciliation agreements with the communities of San Cristóbal, Culpina K, Río Grande, Santiago K and Calcha K regarding the use of land for the railway line, which has been extended for 20 more years; the satisfaction felt by the community of Culpina K on its participation in the Environmental Commission and in the activities to monitor and follow up management of the tailings deposit and to control environmental factors.

The year-on-year average SLO comparison is detailed below:



## 6.7 Social closure plan

We have continued to make progress in several activities related to the strategic objectives of the social closure plan:



The compliance rate for these activities was 92.6%.



CHAPTER

7

# Environmental management

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# APPROACH

Our environmental management system focuses on compliance with current regulations; the care and rational, efficient and sustainable use of natural resources; and the application of good environmental practices. Thus, our operational activities include fundamental actions, such as the identification and assessment of risks, the mitigation/remediation of negative impacts, and the application of standards and protocols for monitoring environmental factors. This policy generates credibility and trust with our stakeholders (2-23).

## 7.1 Efficient use of water (303-1, 303-2, 303-3, 303-4, 303-5)

The industrial water we use in our mineral processing plant comes from the pumping in the northern and southern well fields of the Jaukihua aquifer, located at 10 km southeast of the mine. During the construction phase of this project, a baseline study was conducted, which identified this body of water as saline and not apt for human or animal consumption or irrigation. Likewise, the source of groundwater extraction is located in an area where the demand for this resource is low; hence, no water stress is generated.

Subsequent studies confirmed that Jaukihua is a non-confined saltwater aquifer that stores approximately 366

million m<sup>3</sup>, and that is recharged. It is therefore sufficient to supply water for the mining operation during its years of existence. This aquifer is not part of and is not adjacent to national or international protected areas and, as a deep groundwater source, it does not affect other surface water bodies.

Even though the quality of the water stored in the aquifer has been found to be of no importance for activities in the surrounding communities, the company upholds a policy of rational use and responsible management of this water resource.



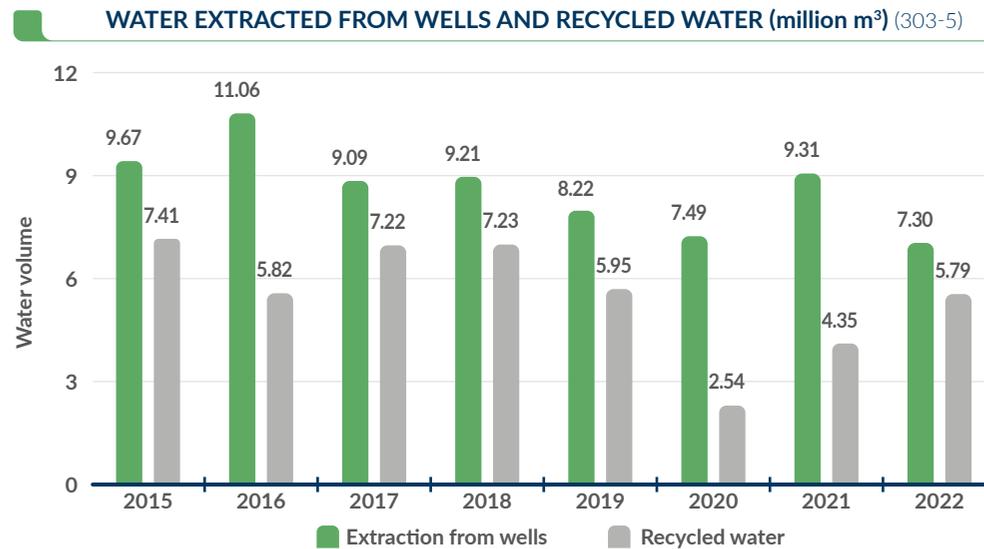


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## Industrial water consumption

In 2022, 7.30 million m<sup>3</sup> of groundwater were extracted from the production wells drilled in the Jaukihua aquifer. In addition, 5.79 million m<sup>3</sup> of process water were recovered from the tailings deposit, which accounts for 44.2% of the water used as input in the mineral concentration plant (303-1). Other complementary sources are: 531,570 m<sup>3</sup> of contact water collected in the mine (4.1% of the total collected for use) and 163,922 m<sup>3</sup> from the surface runoff of the Toldos River (1.3%), which is recovered during the rainy season.

Moreover, 1,468,875 m<sup>3</sup> (11.2%) of water was collected in external canals of Wila Khara and the average groundwater consumption rate per tonne treated was 0.40 m<sup>3</sup>/tonne. (303-3)



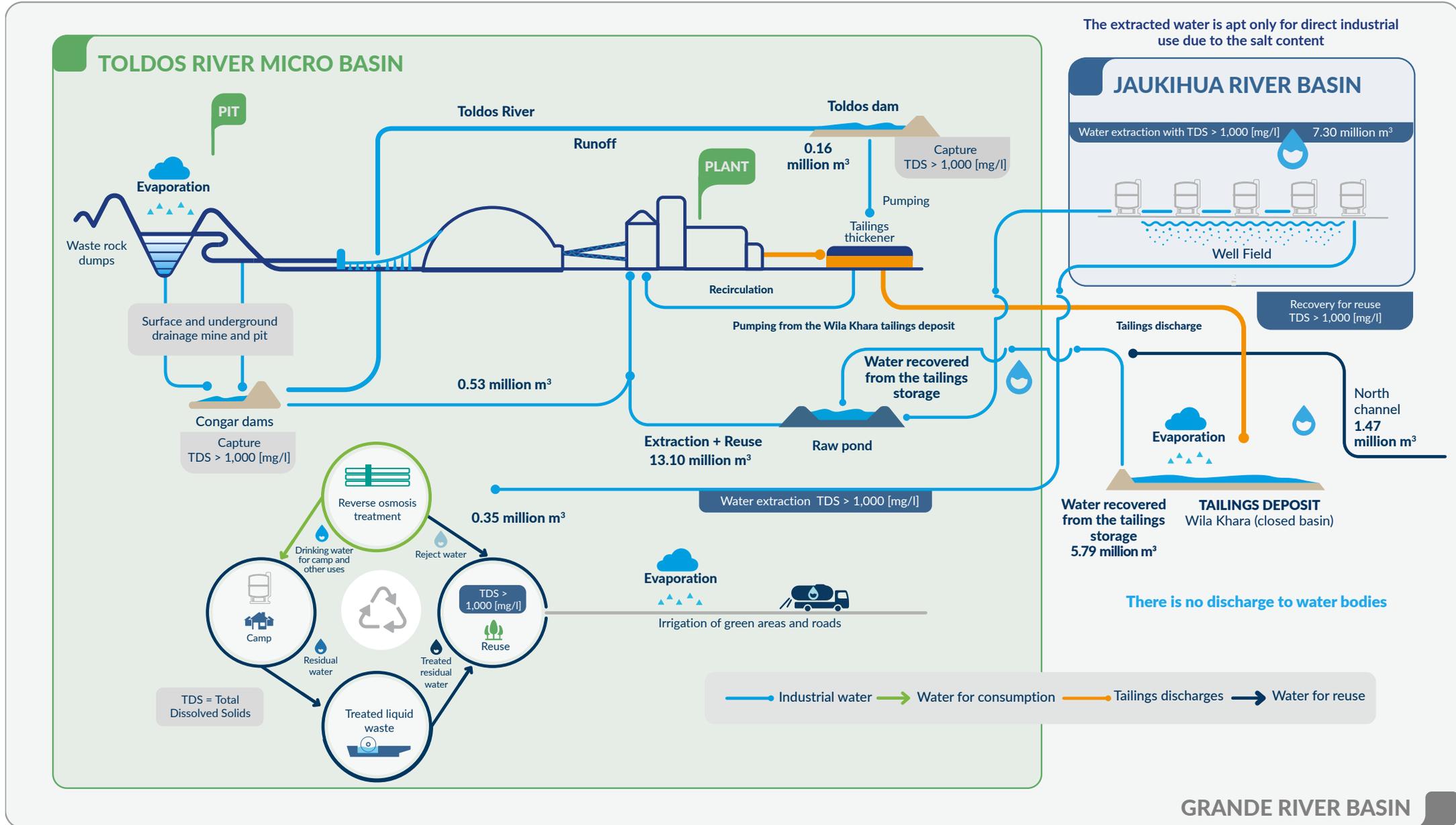
As an environmental control measure to avoid liquid discharges outside the operations area and dust emissions into the air, the wastewater from the camp and the dining area is treated through a biological process until the quality is apt for reuse in the irrigation of revegetation parcels and roads in the operations area. Due to the arid conditions in the region and the demand for water for different activities, there are no discharges into water bodies (303-2, 303-4).





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## 7.2 Energy consumption (302-1)

The electricity used in our facilities is acquired from the national interconnected system. Of the total energy consumption, electricity accounts for 49.9%; diesel for 49.4%; and gasoline for the remaining 0.7%.

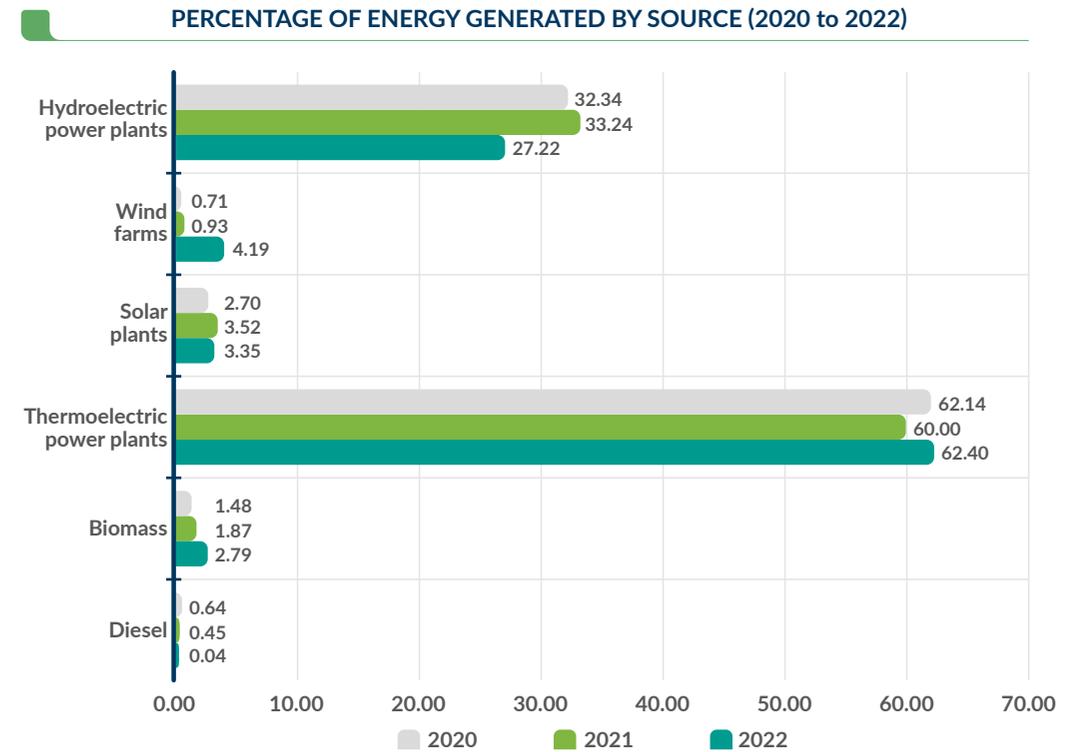
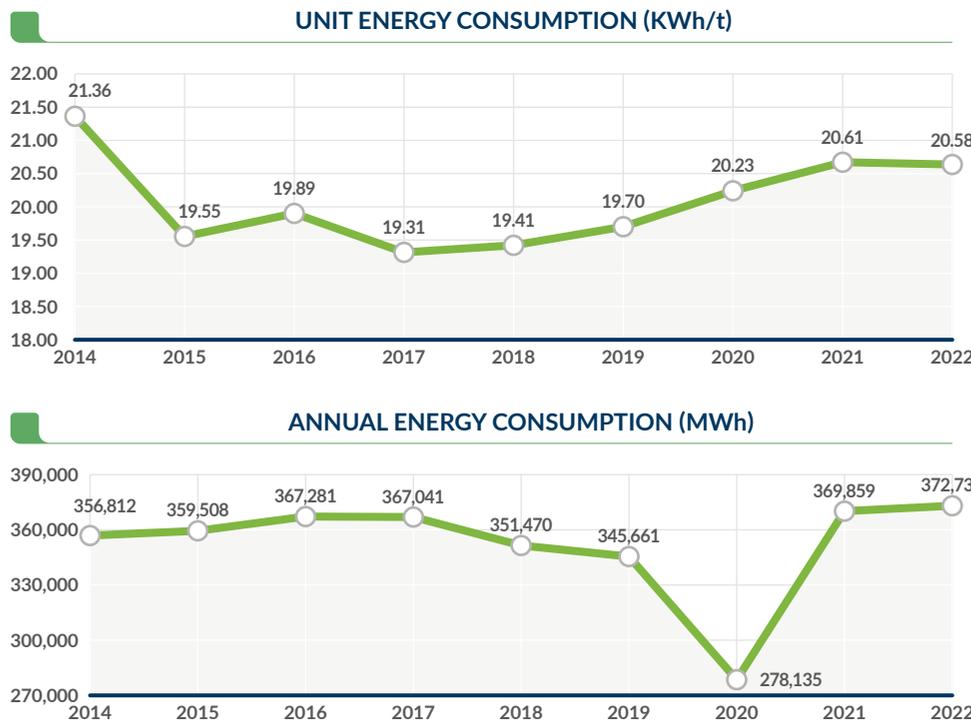
The average electrical intensity was 0.0033 TJ/t in processed concentrate and the total energy intensity was 0.0067 TJ/t, i.e. higher than in 2021, when we had 0.0028 TJ/t in electrical intensity and 0.0053 TJ/t in energy intensity (302-3, 302-4).

	2016	2017	2018	2019	2020	2021	2022
Electrical intensity per tonne of processed concentrate (MWh/t)	0.61	0.58	0.61	0.64	0.75	0.77	0.93
Energy intensity per tonne of processed concentrate (MWh/t)	1.16	1.10	1.31	1.35	1.45	1.48	1.86

*For conversion to Tera Joules (TJ), the factors of the "Sustainability Reporting Guidelines & Mining and Metals Sector Supplement RG Version 3.0/MMSS Final Version" were adopted.*

The following graphs show that energy consumption increased by 0.8% (2,873 MWh) compared to 2021, and the rate of consumption per tonne of concentrate produced remained practically the same, because the tonnage of ore treated in the plant barely increased by 161,720 tonnes, that is, 0.9% more than in the previous year (302-4).

The proportion of energy injected to the national interconnected electricity system, by source of generation, was as follows:



In 2022, energy from renewable sources accounted for 37.55%.



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## 7.3 Atmospheric emissions

We periodically monitor the air quality in our area of influence at eight PM10 stations located around the mine, at the tailings deposit, at the camp and at two stations with cascade impactors in the communities of San Cristóbal and Culpina K. Furthermore, and according to the standards of the United States Environmental Protection Agency (EPA), measurements are made 24 hours a day, every 12 days.

To prevent dust and particulate material dispersion in the air, we have implemented the following controls:

1

Speed restriction in the operational area.

2

Frequent irrigation Vof roads.

3

Construction of a 140 m diameter dome over the stockpile.

With respect to noise generation, two-monthly monitoring is carried out at specific points within the operations area and in communities. The measured values are below the permissible levels.



### Greenhouse gases

In order to calculate the greenhouse gas emissions, we used the documents entitled "UNE-ISO/TR 14069:2015 IN: Greenhouse gas – Quantification and reporting of greenhouse emissions for organizations – Guidance for the application of ISO 14064-1" and "The Greenhouse Gas Protocol – A corporate Accounting and Reporting Standard" – World Business Council for Sustainable Development and World Resources Institute.

For the conversion of energy and fuels to tonnes of CO<sub>2</sub> equivalent, we used the factors from the table "Emission Factors for Greenhouse Gas Inventories", which was published by the United States Environmental Protection Agency (EPA) – [https://www.epa.gov/system/files/documents/2022-04/ghg\\_emission\\_factors\\_hub.pdf](https://www.epa.gov/system/files/documents/2022-04/ghg_emission_factors_hub.pdf) and "Towards Sustainable Mining Energy and Greenhouse Gas Emissions Management Reference Guide" – The Mining Association of Canada, June 2014 (2-4).

The increase in the consumption of electricity and fuels (305-5) in 2022 caused the equivalent increase in total greenhouse gas (GHG) emissions, which totaled 220,864 t CO<sub>2</sub>eq, i.e. 6.95% higher than that reported in 2021, and which is composed of 104,650 t CO<sub>2</sub>eq of direct emissions (305-1) and 116,214 t CO<sub>2</sub>eq of indirect emissions (305-2).

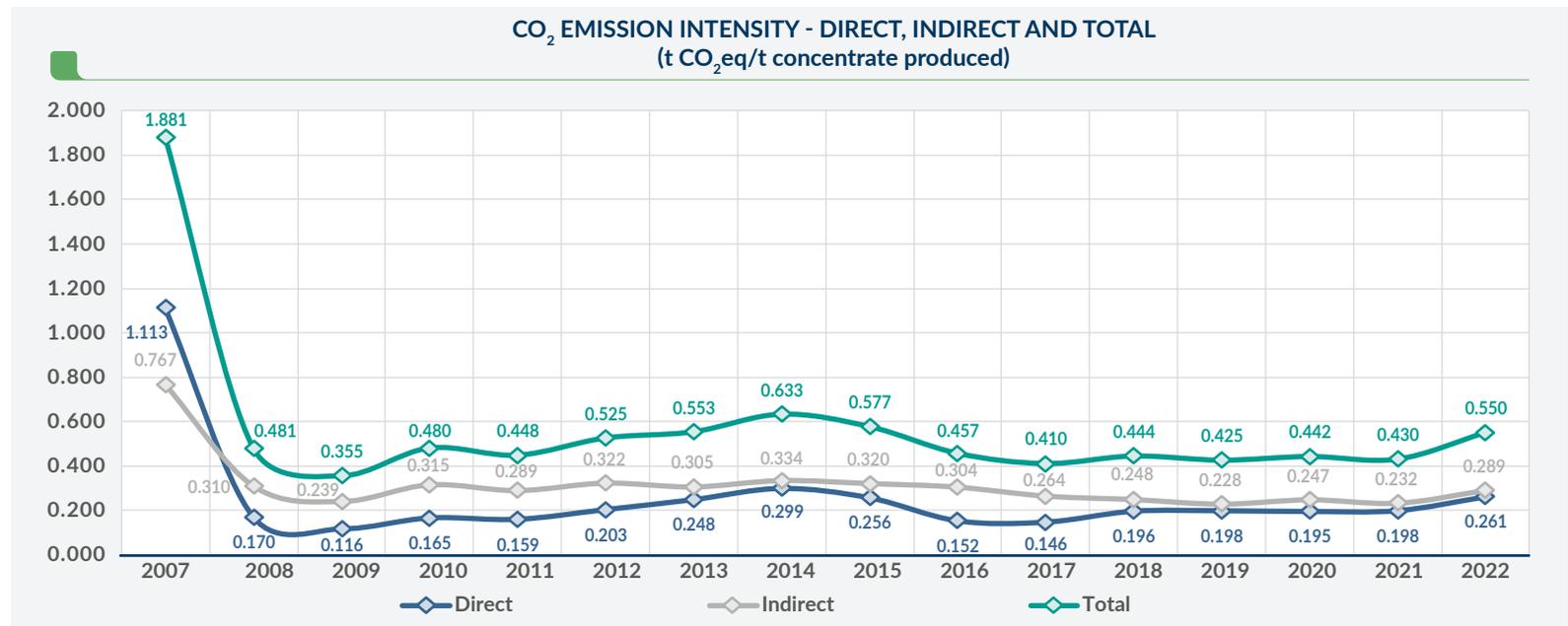
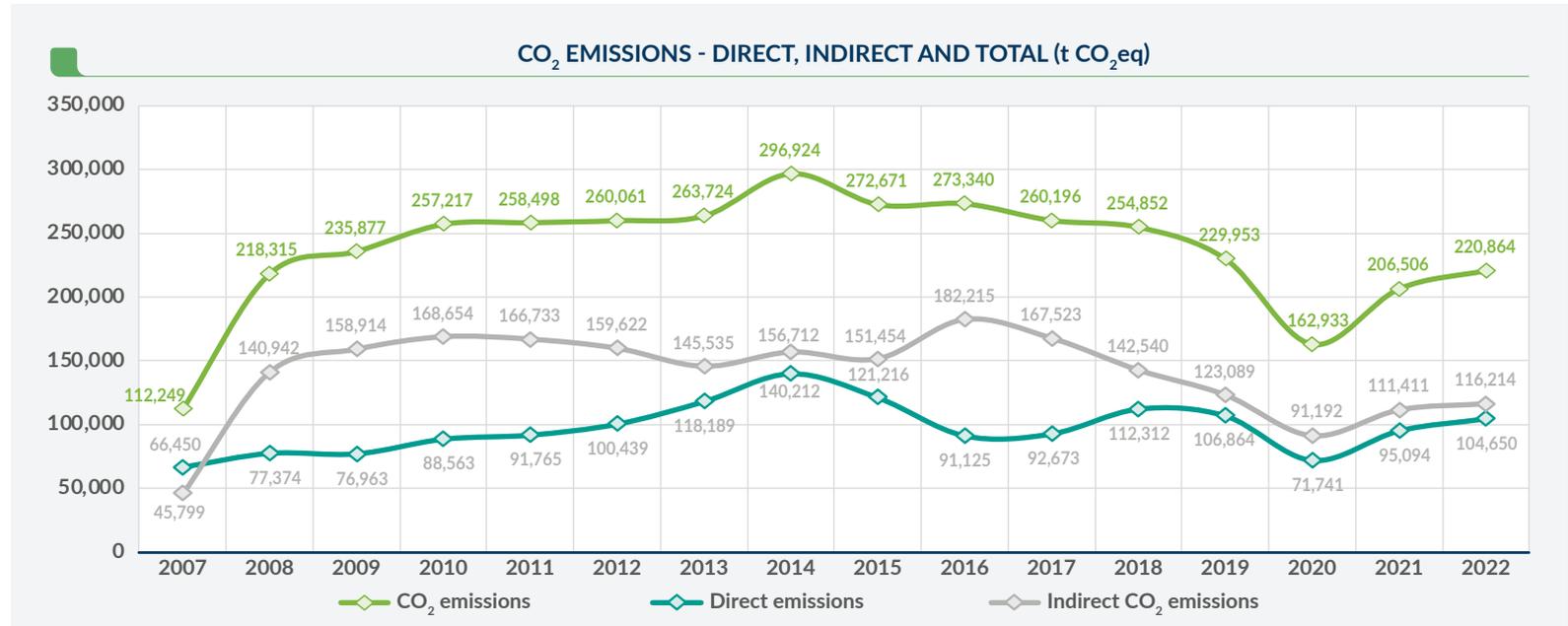


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The total GHG emission intensity rate is 0.550 t CO<sub>2</sub>eq per tonne of concentrate, which is the result of dividing the total emissions, including energy consumption, by the total tonnes of mineral concentrates produced in a year. The total value of the intensity of emissions is composed of the intensity of direct emissions with a value of 0.261 t CO<sub>2</sub>eq and an intensity of indirect emissions with a value of 0.289 t CO<sub>2</sub>eq (305-4).

For data consistency, the direct emission values from previous years have been updated considering an emission factor of 2.772 kg CO<sub>2</sub>eq/l for diesel, an emission factor of 2.471 kg CO<sub>2</sub>eq/l for gasoline and an emission factor of 0.189 t CO<sub>2</sub>eq/t for ANFO; and the calculation of the emission factors per year, from 2007 to 2022, is based on annual data from the National Interconnected System (SIN). The calculation does not yet consider the emissions from waste management within the operations or the transfer of personnel (scope 1), nor does it consider waste management outside the operations or transportation -upstream and downstream- of the operations, among others (scope 3).

The following graphs show the historical behavior of total annual emissions as well as emissions by unit of concentrate produced.





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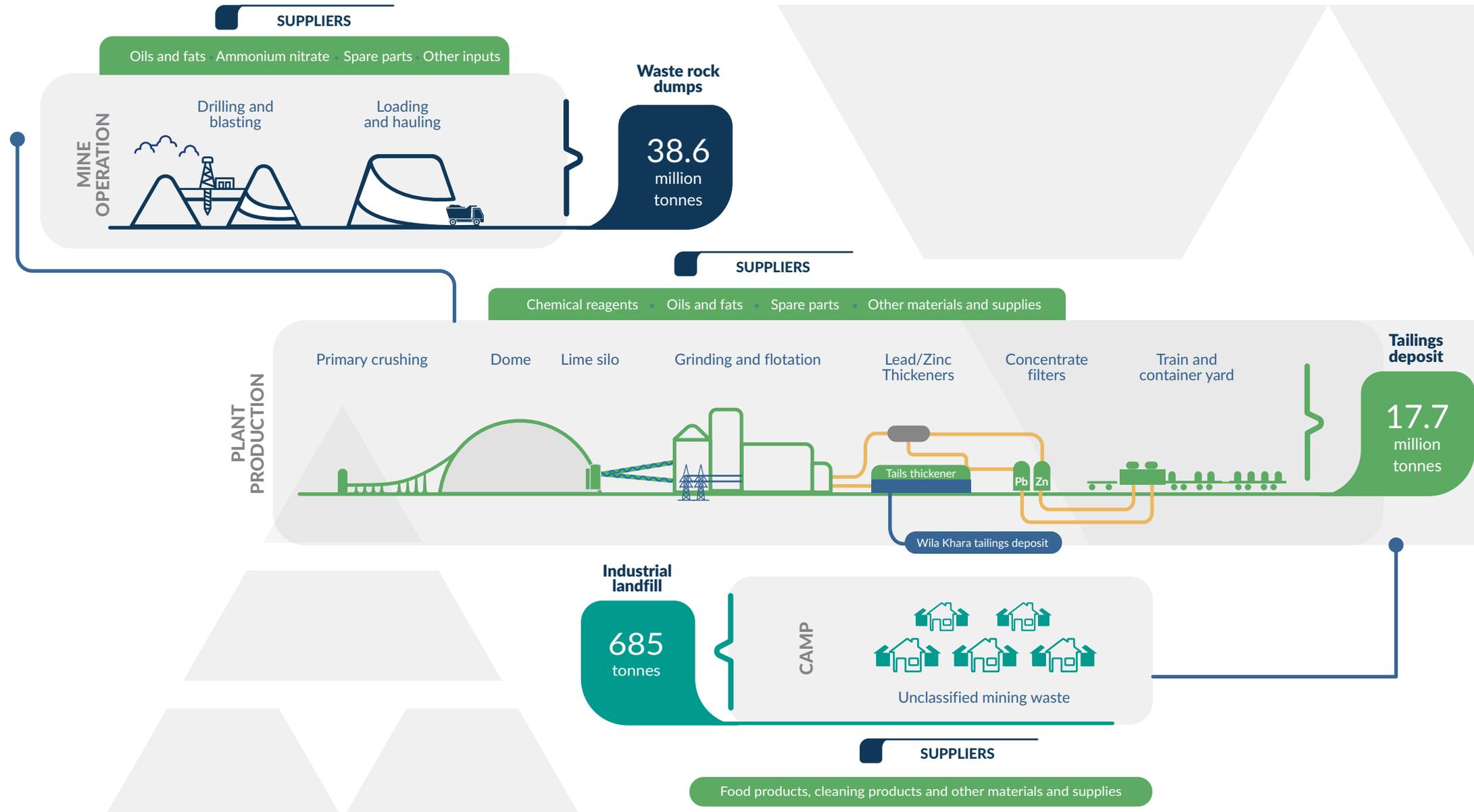
## 7.4 Waste management

(306-1, 306-2, 306-3, 306-4, 306-5)

The potential effects of waste generation, identified in the project's environmental impact assessment, include possible soil, air and water contamination. The

infographic below summarizes the following data: the amount of waste (in tonnes); the final destination (disposal or otherwise); the place of management (on

or off the premises); the hazard level; and the operation applied:





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## CASE STUDY

### Waste declaration and movement

Given the need to have a single digital database of waste and other obsolete materials resulting from the operation, we deployed a technological tool for this purpose.

We had previously identified many difficulties that arose from having only a manual registry, which entailed a risk of generating scattered data, omitting information and having very limited traceability. In 2022, more than 8,000 records were generated, organized into 6 classes and 34 types of waste.

At the onset of the process, we defined the scope and specifications in a form for implementation through the *Sharepoint* platform. Using this process, we could make the shift from a physical record and manual approvals to a database with digital approvals.

This solution brought the following benefits:

- improved data quality and traceability, both for metrics reports and for KPIs and GRI reporting;
- have the records in a single database of waste, materials and obsolete items, which provides an actual and up-to-date record of the materials available for transfer and release from the operations site; this way, we can reuse or recycle them;
- access to the history of the origin, movement and final destination of the declared waste, material or obsolete item (complementary support in view of legal and regulatory obligations);

- improved efficiency of the process by not requiring manual approvals or confirmations and, consequently, the movement of people for this purpose (ubiquity); and
- the possibility to use the data for (real-time) display on dashboards, analysis and definition of actions in relation to generation and management.

It is our expectation that digitization of the information generated in the process will have a direct impact on the improvement of planning, as well as on operational management of the waste we generate, thanks to the enhanced integrity, reliability and availability of the information.





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## Non-mining waste

Solid waste management comprises the following stages: classification at source (separation by type of waste); collection and transport; temporary storage; and final disposal. Of the 2,397.77 t of total waste generated, 75.94% was separated for recycling and reuse, and 24.06% was separated for disposal.

The main reason explaining the increase in waste in relation to 2021 has been the higher quantity of organic, conventional and recyclable waste. On the other hand, the types of waste that used to be recorded with the unit "piece", especially in the *hazardous* waste class, were added to the accounting by weight.

As a by-product of treatment of the waste water from camps, offices and dining rooms, approximately 67 m<sup>3</sup> of septic sludge were generated, which were disposed of in pits of the Industrial Sanitary Landfill (ISL).

WASTE DIVERTED FROM DISPOSAL (306-4)		TOTAL [t]	
	Non-hazardous recyclable waste (PET bottles, cardboard, plastics, cables, scrap)	740.19	→  Transport to recycling →
	Hazardous recyclable waste (hydraulic hoses, filters, oils and coolants)	525.48	
	Organics and wood	555.28	→  Composting →
<b>TOTAL</b>		<b>1,820.95</b>	<b>75.94%</b>

WASTE DIRECTED FROM DISPOSAL (306-5)		TOTAL [t]	
	Conventional (food wrappers, toilet paper, construction waste, etc.)	294.27	→  Disposal in pits
	Hazardous (hospital waste, oily rags and grease)	40.68	→  Incineration
	Hazardous (paint containers, aerosol containers, incineration ashes, dried sludge)	241.43	→  Disposal in security pits
<b>TOTAL</b>		<b>576.82</b>	<b>24.06%</b>

## Plant tailings (MM3)

The pulp waste, called tailings, is the result of the mineral flotation process of the concentrator plant. The tailings are pumped and transported by pipeline to the tailings deposit, 10 km southwest of the Toldos plant, on the bed of a natural depression called Wila Khara, which is the lower part of the basin bearing the same name.

This basin is endorheic and the underlying geological formations have very low permeability, preventing infiltration and risks of groundwater contamination.

Thanks to its topography, the tailings deposit only has perimeter berms and does not require a structural containment dam like other mining operations. In 2022, a total of 17.7 million tonnes of tailings were discharged at the Wila Khara deposit.

Septic sludge in m <sup>3</sup> /year							
2015	2016	2017	2018	2019	2020	2021	2022
128	106	190	93	153	36	70	67

Tailings sent to the deposit per year, in million tonnes							
2015	2016	2017	2018	2019	2020	2021	2022
17.9	17.9	18.4	17.5	16.1	13.4	17.5	17.7





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## 7.5 Climate change and biodiversity (304-2, 304-3)

According to the International Union for Conservation of Nature, the main endangered species in our area of operation are: the small parina, the suri or Andean ostrich, the chirquincho and the Andean fox. The endangered flora includes thola, yareta and sicha (304-4).

However, the area of influence of our operation is very far from any protected area or national reserve (304-1).

The ICMM Principles guide our business philosophy and policies and we are working to prepare a comprehensive and strategic approach to climate change. Among the operational tasks that we carried out, we can mention the following:



In October we resumed in-person training courses, and a total of 384 people have been trained in the topics of Biodiversity Conservation and Impacts of Climate Change.

We designed material for two internal environmental campaigns: efficient use of electricity and solid waste management.

We participated in ICMM workshops on emissions reporting and reduction in mining operations.

With regard to biodiversity conservation, we conducted the following activities:

Virtual meetings with representatives of Alianza Gato Andino (AGA) to try and establish a strategic partnership and encourage research projects.

Virtual meetings with the director of the Eduardo Avaroa Nature Reserve (REA) to learn about the biodiversity conservation projects which we could join.

Participation in periodic virtual sessions organized by Global Compact to identify spaces for mutual collaboration.



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### Soil remediation and rehabilitation (304-3)

Every year, we perform tasks for the remediation and rehabilitation of areas disrupted by mining activities, with the purpose of reestablishing traditional use of the soil and preserving the local ecosystems as much as possible. Thus,

since 2007, and with the participation of a local community-based company, we have developed the revegetation plan for 133 hectares of soils that were affected during the construction phase and during operations.

QUANTITY OF DISTURBED AND REHABILITATED (ha)								
	2015	2016	2017	2018	2019	2020	2021	2022
Disrupted areas not yet rehabilitated	2,350	2,507	2,507	2,507	2,507	2,507	2,507	2,507
Total rehabilitated area	9.46	0.00	26.64	16.15	10.7	0.00	0.00	10.93
Total accumulated rehabilitated area	9.46	9.46	36.10	52.25	62.95	62.95	62.95	73.88

### Environmental complaints

We have continued with the action plan to address the concerns of the community of Culpina K regarding tailings management in the Wila Khara operating area, periodically monitoring the water accumulation sites around the deposit and the soils of adjacent agricultural land.

### Spill report

No significant spills occurred while developing our activities which, according to the instructions in force, refer to spills of hazardous substances in quantities equal to or greater than 2,000 liters (306-3).

While developing our activities, there were no environmental incidents to be reported to the national environmental authorities, nor were any fines or non-monetary penalties imposed on us for not complying with environmental laws or regulations (2-27).





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## 7.6 Investments and expenses on environmental protection

The following table shows the operating expenses and investments in prevention, mitigation and remediation of environmental impacts:

INVESTMENTS IN ENVIRONMENTAL PROTECTION (US\$)	2020	2021	2022
Operational costs and investments in prevention, mitigation and remediation of environmental impacts: Mine drainage civil works; watering of roads (mine and camp); dam cleaning and maintenance; top soil removal in Wila Khara; O&M water recovery.	924,935	1,292,880	1,811,482
Rehabilitation, revegetation and maintenance of areas disturbed by mining operations, within and outside the area of operations.	18,220	65,487	135,583
Environmental prevention and management costs.	141,620	185,552	292,867
<b>TOTAL</b>	<b>1,084,775</b>	<b>1,543,920</b>	<b>2,239,932</b>

## 7.7 Mine closure and rehabilitation planning (MM10)

The activities focused on completing the required technical studies. The underlying objective is to improve the level of precision and certainty in the preparation of environmental remediation works, particularly in the mine operations area and in the tailings deposit, which are the main components from an environmental, social and financial perspective.

As part of the environmental closure planning, we conducted an evaluation of alternatives for the future use of rehabilitated soils, pursuant to the agreements signed with the communities in the area of influence of the operation.

Additionally, we developed activities to engage community representatives in the follow-up of environmental prevention and control actions at the tailings deposit of the concentration plant.

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The most notable activities in this regard were:

- 

Drilling of additional environmental monitoring wells at the eastern edge of the tailings deposit; geotechnical characterization; and measurement of permeability and lithological profile data in the northern sector of the well field. We conducted these studies in order to collect the additional information required for the environmental assessment and to be able to calibrate the hydrogeological models of the tailings deposit and the well field.
- 

Formulation of the pilot remediation project in the western sector of the Ánimas landfill with a view to execution in the short term as part of the concurrent closure and rehabilitation plan. This is aimed at verifying and validating equipment performance and unit cost data under the scenarios considered in the alternative conceptual closure and environmental remediation plan.
- 

Implementation of the system for monitoring and measuring field data in the pilot revegetation plots and experimental cells, using sensors and equipment for real-time information recording. This information is required to evaluate performance of the planned cover for remediation of the tailings deposit.
- 

Installation of a flowmeter in the Toldos River to record continuous and automatic data on the flows in this river during the rainy season, and to estimate the response time of the Toldos basin to rainfall.
- 

Establishment of an Environmental Committee made up of technical personnel from the Environmental Management, Community Relations Management, and authorities and representatives of the community of Culpina K, to work together on the monitoring and evaluation of measures to prevent and control the risks associated with water management and operation of the tailings deposit, and the development of studies and projects, taking into account their concerns and perceptions.

Minera San Cristóbal's strategic objectives currently focus on extending the life of the operation. Thus, the information generated in the closure and rehabilitation planning process is referential and may be complemented and updated according to the company's operational plans, keeping in mind the different initiatives that may be developed in the future.

On the other hand, in the social domain, we will continue to disseminate messages and raise awareness among the population in the communities on issues related to resilience, human rights, gender, governance and leadership. In terms of socioeconomic mitigation actions due to impacts caused by the San Cristóbal Project in the communities in the area of influence, an evaluation of compliance with agreements and covenants is being carried out. With regard to sustainable development, we support productive development initiatives in quinoa, camelid and tourism projects, which are aligned to the aptitudes of each community, and also in education and health, as the foundation for planning the social closure plan in the future.

### 7.8 Progress in planning the Oxide Project (MM10)

The Oxide Project is still in the technical-financial and socio-environmental feasibility assessment phase, given its importance in generating options for extending the operation's useful life.

In the long term, the assessment activities will contribute in terms of environmental safety in the tailings deposit, the optimization of remediation works and, primarily, the socioeconomic wellbeing to be built at the local, regional and national levels. 



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**INDEPENDENT VERIFICATION LETTER  
OF SUSTAINABILITY MANAGEMENT INDICATORS  
OF THE SUSTAINABILITY REPORT OF  
MINERA SAN CRISTÓBAL S.A. 2022**

Sirs of  
Minera San Cristóbal S.A.  
Present

From our consideration:

We have reviewed the following aspects of the Sustainability Report of Minera San Cristóbal S.A. 2022:

**Scope**

Limited assurance review of the contents and indicators of the Sustainability Report of Minera San Cristóbal S.A. 2022, with the provisions of the Global Reporting Initiative (GRI) Standards and the GRI Mining and Metals Sector Supplement regarding sustainability management indicators around the criteria established by said standard, also definition of Sustainability Accounting Standards metrics established by the Sustainability Accounting Standards Board (SASB), together with the review of compliance with the Sustainable Development Principles and the Position Statements of the International Council on Mining and Metals (ICMM) and its Performance Expectations Validation Guide.

**Verification standards and processes**

We have carried out our work in accordance with the International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000), issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accounts (IFAC), the sustainability management indicators of the Global Reporting Initiative, and the Assurance Criteria according to the underlying subject matter under analysis 1,2,3 and 4 of the International Council on Mining and Metals (ICMM).

verification work has consisted of the review of evidence provided by the business units of Minera San Cristóbal S.A., which have been involved in the process of making this report, which support the information written in the 2022 Sustainability Report, as well as analytical procedures and review tests described below:

- Meetings with key managers, responsible for the information described in the 2022 Sustainability Report of Minera San Cristóbal S.A.
- Analysis of the adaptation of the contents of the 2022 Sustainability Report of Minera San Cristóbal S.A. to those recommended by the GRI Standard and verification that the verified indicators included in this report correspond to the protocols established by said standard and the non-applicable or non-material indicators are justified.
- Verification that the verified indicators included in this report correspond to the protocols established by said standard.
- Verification through review tests of the quantitative and qualitative information, corresponding to the sustainability management indicators of the GRI standards included in the 2022 Sustainability Report of Minera San Cristóbal S.A. and its adequate compilation from the data provided by the information sources of Minera San Cristóbal S.A.



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**Conclusions**

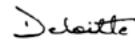
verification process was carried out based on the GRI indicators included in the 2022 version of the Sustainability Report. The indicators reported and verified are indicated in the following table:

2-1	2-2	2-3	2-4	2-5	2-6	2-7	2-8	2-9	2-10	2-11	2-12
2-13	2-14	2-15	2-16	2-17	2-22	2-23	2-24	2-25	2-26	2-27	2-28
2-29	2-30	3-1	3-2	3-3	201-1	202-2	203-1	203-2	204-1	205-1	205-2
205-3	207-1	207-2	207-3	207-4	302-1	302-3	302-4	303-1	303-2	303-3	303-4
303-5	304-1	304-2	304-3	304-4	305-1	305-2	305-4	305-5	306-1	306-2	306-3
306-4	306-5	401-1	401-2	401-3	403-1	403-2	403-3	403-4	403-5	403-6	403-7
403-8	403-9	403-10	404-1	404-3	405-1	405-2	406-1	407-1	408-1	411-1	413-1
415-1	MM3	MM5	MM7	MM9	MM10						

Regarding the verified indicators, we can affirm that no aspect has been revealed that makes us believe that these indicators incorporated in the 2022 Sustainability Report of Minera San Cristóbal S.A., have not been prepared in accordance with the GRI Standard or with the Assurance Criteria according to the underlying matter object of analysis 1,2,3 and 4 of the International Council on Mining and Metals (ICMM) in the aspects indicated in the scope.

**Responsibilities of Minera San Cristóbal S.A. and Deloitte**

- The preparation of the 2022 Sustainability Report of Minera San Cristóbal S.A., as well as its content, is the responsibility of Minera San Cristóbal S.A., which is also responsible for defining, adapting and maintaining the management and internal control systems from which the information is obtained.
- Our responsibility is to issue an independent verification letter, based on the procedures applied in our review.
- We have conducted our work in accordance with the standards of independence required by the IFAC Code of Ethics.
- The verification conclusions made by Deloitte are valid for the latest version of the chapters sent from the 2022 Sustainability Report of Minera San Cristóbal S.A., in our possession, received on 06/15/2023.
- The scope of a limited safety review is substantially less than that of a reasonable safety audit or review, so we do not provide an audit opinion on Minera San Cristóbal S.A.'s 2022 Sustainability Report.

  
Deloitte



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<b>Statement of use:</b>	Minera San Cristóbal S.A. has reported in accordance with the GRI standards for the period 1 January to 31 December 2022.
<b>GRI 1 used:</b>	GRI 1: Foundation 2021
<b>Applicable GRI industry standard:</b>	GRI G4 Mining and Metals Sector Disclosures

GRI Standard	Content	Page	ICMM		SDGs	Omission
			Related principles	Related position statements		

General Disclosures							
GRI 2: General Disclosures 2021	2-1	Organizational details	6	10			
	2-2	Entities included in the organization's sustainability reporting	6 - 30				
	2-3	Reporting period, frequency and contact point	2 - 8	10			
	2-4	Restatements of information	84				
	2-5	External assurance	8				
	2-6	Activities, value chain and other business relationships	7 - 28 - 32	1,8			
	2-7	Employees	37 - 39			8	
	2-8	Workers who are not employees	32 - 37				
	2-9	Governance structure and composition	9	1,2			
	2-10	Nomination and selection of the highest governance body	9				
	2-11	Chair of the highest governance body	9				
	2-12	Role of the highest governance body in overseeing the management of impacts	17 - 22	1,2,4,10		16	
	2-13	Delegation of responsibility for managing impacts	9	1,2			
	2-14	Role of the highest governance body in sustainability reporting	8 - 22	1,2			
	2-15	Conflicts of interest	10	1,2		16	
	2-16	Communication of critical concerns	10 - 19	1,2,10			
	2-17	Collective knowledge of the highest governance body	40				
	2-18	Evaluation of the performance of the highest governance body					Information not available: The members of the highest governance body are evaluated by the parent company (Sumitomo Corporation).
	2-19	Remuneration policies					Information not available: Remuneration policies for members of the highest governance body are managed by the parent company (Sumitomo Corporation).
	2-20	Process to determine remuneration					Information not available: The process for determining the remuneration of the members of the highest governance body is defined and managed by the parent company (Sumitomo Corporation).



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GRI Standard	Content	Page	ICMM		SDGs	Omission
			Related principles	Related position statements		
<b>Contenidos generales</b>						
<b>GRI 2: General Disclosures 2021</b>	2-21	Annual total compensation ratio				Confidentiality restrictions: Everything related to salary issues within the company is classified as confidential and restricted to a group of people only.
	2-22	Statement on sustainable development strategy	4	2		
	2-23	Policy commitments	13 - 80	1,2,4	16	
	2-24	Embedding policy commitments	14 - 28			
	2-25	Processes to remediate negative impacts	10	10	3,5,6,8,9,10,11,13,15,16,17	
	2-26	Mechanisms for seeking advice and raising concerns	10	1,2	16	
	2-27	Compliance with laws and regulations	11 - 28 - 90	4, 6	16	
	2-28	Membership associations	24	2	Mining associations for development	17
	2-29	Approach to stakeholder engagement	19 - 64 - 75	10		
	2-30	Collective bargaining agreements	41	3		8
<b>Material Topics</b>						
<b>GRI 3: Material Topics 2021</b>	3-1	Process of determining Material Topics	20			
	3-2	List of Material Topics	23	10		
<b>Extension of the life of the mine</b>						
<b>GRI 3: Material Topics 2021</b>	3-3	Management of Material Topics	23			
<b>GRI 201: Economic Performance 2016</b>	201-1	Direct economic value generated and distributed	30	9, 10	Transparency in revenues from the mining sector	5,8,9
<b>GRI 207: Tax 2019</b>	207-1	Approach to tax	32	9, 10		5,8,9
	207-2	Tax governance, control, and risk management	32	9, 10		5,8,9
	207-3	Stakeholder engagement and management of concerns related to tax	32	9, 10		5,8,9
	207-4	Country-by-country reporting	32	9, 10		5,8,9



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<b>Closure Plan</b>						
GRI 3: Temas materiales 2021	3-3	Management of Material Topics	23			
GRI G4: Mining and Metals Sector Disclosures	MM10	Number and percentage of operations with closure plans	91 - 92	6,9	11	
<b>Efficiency and Productivity</b>						
GRI 3: Material Topics 2021	3-3	Management of Material Topics	23			
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	39 - 40	5	4,8	
	404-3	Percentage of employees receiving regular performance and career development reviews	40	3	5	
<b>Concentrate Management</b>						
GRI 3: Material Topics 2021	3-3	Management of Material Topics	23			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	30	9, 10	Transparency in revenues from the mining sector	5,8,9
<b>Health and safety in the operation</b>						
GRI 3: Material Topics 2021	3-3	Management of Material Topics	23			
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	38 - 47 - 56	5		3,8
	403-2	Hazard identification, risk assessment, and incident investigation	47 - 58	5		3,8
	403-3	Occupational health services	56	5		3,8
	403-5	Worker training on occupational health and safety	40 - 55	5		4,8
	403-6	Promotion of worker health	56 - 57	5		3,8
	403-8	Workers covered by an occupational health and safety management system	57	5		3,8
	403-9	Work-related injuries	51 - 58	5		3,8
	403-10	Work-related ill health	51 - 58	5		3,8



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<b>Operations in times of COVID-19</b>						
GRI 3: Material Topics 2021	3-3	Management of Material Topics	23			
GRI 403: Occupational Health and Safety 2018	403-8	Workers covered by an occupational health and safety management system	57	5	3,8	
<b>Diversity, Inclusion and Non-Discrimination</b>						
GRI 3: Material Topics 2021	3-3	Management of Material Topics	23			
GRI 401: Employment 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	38	3	8	
GRI 405: Diversity and Equal Opportunity 2016	405-2	Ratio of basic salary and remuneration of women to men	36	3	5,8,10	
GRI 406: Non-Discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	10 - 36	3	5,8,16	
<b>Relationship with workers</b>						
GRI 3: Material Topics 2021	3-3	Management of Material Topics	23			
GRI 403: Occupational Health and Safety 2018	403-4	Worker participation, consultation, and communication on occupational health and safety	44 - 45	5	8	
<b>Relationship with workers</b>						
GRI 3: Material Topics 2021	3-3	Management of Material Topics	23			
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	37	3	5,8	
	401-3	Parental leave	38	3	8	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	41	3	8	
<b>Sustainability management with suppliers/contractors</b>						
GRI 3: Material Topics 2021	3-3	Management of Material Topics	23			
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	32	9	12	
GRI 403: Occupational Health and Safety 2018	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	58	5	3,8	
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk of child labor	36	3	8,16	



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<b>Local Employability</b>						
GRI 3: Material Topics 2021	3-3	Management of Material Topics	23			
GRI 202: Market Presence 2016	202-2	Proportion of senior management hired from the local community	38 - 39	9		8
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	39	3		5,8
<b>Contribution to community resilience</b>						
GRI 3: Material Topics 2021	3-3	Management of Material Topics	23			
GRI G4 Mining and Metals Sector Disclosures	MM9	Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process	68	3, 10		1,2,11
<b>Relationship with second generation in communities</b>						
GRI 3: Material Topics 2021	3-3	Management of Material Topics	23			
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	69	9		11,16,17
<b>Compliance and management of commitments towards the community</b>						
GRI 3: Material Topics 2021	3-3	Management of Material Topics	23			
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported (communities)	62	9	Indigenous peoples and mining	2,5,7,9,11
	203-2	Indirect economic impacts	62	9	Transparency in revenues from the mining sector	1,2,3,8,10,17
GRI G4 Mining and Metals Sector Disclosures	MM5	Total number of operations taking place in or adjacent to Indigenous Peoples' territories, and number and percentage of operations or sites where there are formal agreements with Indigenous Peoples' communities	60	3, 10	Indigenous peoples and mining	1,16
	MM7	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and Indigenous Peoples, and the outcomes	75	9, 10	Indigenous peoples and mining	1,2,11,16



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<b>Human rights</b>						
GRI 3: Material Topics 2021	3-3	Management of Material Topics	23			
GRI 205: Anti-Corruption 2016	205-1	Operations assessed for risk related to corruption	10	1		16
	205-2	Communication and training about anti-corruption policies and procedures	10	1,2		16
	205-3	Confirmed incidents of corruption and actions taken	10	1		
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk of child labor	36	3		8,16
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	60	3	Indigenous peoples and mining	10
GRI 415: Public Policy 2016	415-1	Political contributions	10	1		16
<b>Water management for the communities</b>						
GRI 3: Temas materiales 2021	3-3	Management of Material Topics	23			
GRI 303: Agua y efluentes 2018	303-1	Interactions with water as a shared resource	80 - 81	6	Water	6
<b>Water management in the operation</b>						
GRI 3: Material Topics 2021	3-3	Management of Material Topics	23			
GRI 303: Water and Effluents 2018	303-2	Management of water discharge-related impacts	80 - 81	6	Water	6
	303-3	Water extraction	80 - 81	6	Water	6
	303-4	Water withdrawal	80 - 81	6	Water	6
	303-5	Water consumption	80 - 81	6	Water	6
<b>Management of Wila Khara (tailings deposit)</b>						
GRI 3: Material Topics 2021	3-3	Management of Material Topics	23			
"GRI G4 Mining and Metals Sector Disclosures	MM3	Total amounts of overburden, rock, tailings, and sludges and their associated risks	88	7,8	Tailings governance	2,6,12
<b>Climate Change</b>						
GRI 3: Material Topics 2021	3-3	Management of Material Topics	23			
GRI 3: Material Topics 2021	304-2	Significant impacts of activities, products and services on biodiversity	89	7	Mining and protected areas	15



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<b>Waste management</b>						
GRI 3: Material Topics 2021	3-3	Management of Material Topics	23			
GRI 306: Effluents and Waste 2016	306-1	Waste generation and significant waste-related impacts	86	6	Water	3,6,12
	306-2	Management of significant waste-related impacts	86	6		3,6,12,15
	306-3	Waste generated	86 - 90	6		3,6,12,15
	306-4	Waste diverted from disposal	86 - 88	6		3,6,12,15
	306-5	Waste directed to disposal	86 - 88	6		3,6,12,15
GRI G4 Mining and Metals Sector Disclosures	MM3	Total amounts of overburden, rock, tailings, and sludges and their associated risks	88	7,8	Tailings governance	2,6,12
<b>Biodiversity/Protected Areas</b>						
GRI 3: Material Topics 2021	3-3	Management of Material Topics	23			
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	89	7	Mining and protected areas	15
	304-3	Protected or restored habitats	89 - 90	6,7		15
	304-4	IUCN Red list species and national conservation list species with habitats in areas affected by operations	89	6,7		15
<b>Energy management in the operation</b>						
GRI 3: Material Topics 2021	3-3	Management of Material Topics	23			
GRI 302: Energy 2016	302-1	Energy consumption within the organization	83	6	Climate Change	7,12,13
	302-3	Energy intensity	83	6		7,12,13
	302-4	Reduction of energy consumption	83	6		7,12,13
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	84	6	Climate Change	7,12,13
	305-2	Energy indirect (Scope 2) GHG emissions	84	6	Climate Change	7,12,13
	305-4	GHG emissions intensity	85	6	Climate Change	7,12,13
	305-5	Reduction of GHG emissions	84	6	Climate Change	7,12,13



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## **Glosario**

### Definitions

- |   |  |   |   |   |  |
|---|--|---|---|---|--|
| A | <b>Affected families:</b> Families from the surrounding communities that were affected by the use of soils for MSC's operations.   | K | <b>Hydrocyclone:</b> Equipment intended for the separation of solid particles in liquid media.  | S | <b>Safety pro:</b> Provider of comprehensive industrial emergency management services.   |
| D | <b>Comminution process:</b> Reduction of the size of materials for subsequent processing.  | L | <b>Lithological profile:</b> A graph representing the study and interpretation, as well as the identification, description and sequence -both vertically and horizontally- of the rocks (stratigraphy) in a sector. | T | <b>Saponin removal:</b> A process by which saponin is extracted from quinoa, so that it would lose its bitter taste.                       |
| F | <b>Deloitte:</b> A global company present in 164 countries that provides advice and services in the field of sustainability/corporate responsibility, audit, finance, risk, tax and legal matters. | M | <b>Material topics:</b> Topics that represent the company's most significant impacts on the economy, environment, and people, including impacts on their human rights.  |   | <b>Sayaña:</b> Estate where the crop fields and grazing areas are located; in this specific case, the places around the old San Cristóbal. |
| G | <b>Framingham Heart Study:</b> Study to prospectively investigate the epidemiology and risk factors for cardiovascular disease.  | N | <b>MWh:</b> Unit of measurement of electrical energy, megawatt-hour. One megawatt-hour is equivalent to one million watts during one hour.  |   | <b>Tailings deposit:</b> A deposit where mineral processing waste is stored.   |
| H | <b>Golden Rules:</b> An incident prevention tool based on the verification and control of activities with high loss potential. There are nine Golden Rules.  | P | <b>Newrest:</b> Catering and hotel services contractor.   |   |  |
|   | <b>Granulometry:</b> Part of petrography that addresses the measurement of particle, grain and rock size in soils.   | R | <b>Protege &amp; Amerex:</b> Brand of portable fire extinguishers used on site.   |   |  |
|   | <b>Honeywell's Onyx:</b> Panels for testing and maintenance of the fire alarm and detection system, operated on a platform.  |   | <b>Reservoir:</b> A reservoir for containing runoff water.  |   |  |



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## Acronyms and abbreviations

**A**

**ACGIH:** American Conference of Governmental Industrial Hygienists.

**AEO:** Authorized Economic Operator.

**Ag:** Symbol for silver.

**AGA:** Alianza Gato Andino (research projects).

**AMERIG:** Association of Women Entrepreneurs of Río Grande.

**ANFO:** High explosive consisting of a mixture of ammonium nitrate and fuel oil.

**APRACCUK:** Association of Agricultural Producers of the Community of Culpina K.

**APROSAC:** San Cristóbal Camelid Producers Association.

**ARMAVI CK:** Regional Association of Vicuña Producing Communities of the Municipality of Colcha K.

**B**

**BTH:** Humanistic technical secondary school education.

**C**

**CECI:** Centre for International Studies and Cooperation.

**CIPAET:** Integral Ecotourism Artisanal Productive Center of Vila Vila.

**COB:** Bolivian Central Workers' Union.

**CNS:** National Health Fund.

**CPR:** Cardiopulmonary resuscitation.

**CVR:** Cardiovascular risk.

**E**

**EITI:** Extractive Industries Transparency Initiative.

**EPA:** United States Environmental Protection Agency.

**ESMI:** Empresa de Servicios de Mantenimiento Industrial (contractor).

**EXPOCRUZ:** Santa Cruz Exhibition Fair.

**F**

**FUNDES:** Fundación para el Desarrollo Sostenible (sustainable development foundation).

**FSTMB:** Bolivian Union Federation of Mineworkers.

**G**

**GHG:** Greenhouse Gases.

**GRI:** Global Reporting Initiative.

**H**

**ha:** hectares.

**I**

**ICMM:** International Council on Mining and Metals.

**IDB:** Inter-American Development Bank.

**IEC:** International Electrotechnical Commission.

**IMIU:** International Mining Industry Underwriters.

**IPR:** Hazard and risk identification matrix.

**IRO:** Golden Rules inspection.

**IS-BAO:** International Standard for Business Aircraft Operations.

**ISO:** International Organization for Standardization.

**ISOP:** Operational safety inspection.

**L**

**LTFR:** Lost Time Incident Frequency Rate.

**M**

**MEDEVAC:** Medical Emergency Evacuation Plan managed by the Aviation area.

**MSC:** Minera San Cristóbal S.A.

**MSHA:** Mine Safety and Health Administration.

**N**

**NB:** Bolivian Standard.

**NIOSH:** National Institute of Occupational Safety and Health.



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- NTS:** Technical safety standards.
- OMA:** Maintenance Organization for airplanes.
- OSHA:** Occupational Safety and Health Administration.
- Pb:** Symbol for lead.
- PML:** Pueblos Mágicos de Los López.
- PPE:** Personal Protective Equipment.
- PRODEM:** Promoción y Desarrollo de la Microempresa (micro finance entity).
- PT:** Work Permits.
- REA:** Eduardo Avaroa Nature Reserve (biodiversity projects).

- RMP:** Risk Management Program.
- SAFCI:** Municipal Health Services Network Colcha K.
- SCBA:** Self-Contained Breathing Apparatus.
- SCTelis:** Santa Cruz Telis - information technologies.
- SDGs:** Sustainable Development Goals.
- SEDES:** Departmental Health Service.
- SEGs:** Similar exposure groups.
- SEPSA:** Servicios Eléctricos Potosí S.A.
- SLO:** Social License to Operate.

- SMTMSC:** Mixed Union of Mineworkers of San Cristóbal.
- STOP:** Safety at work through preventive observation.
- TIOC:** Native Indigenous Peasant Territory.
- TJ:** Terajoule.
- TRFR:** Total Recordable Frequency Rate.
- VPT:** Previous work verification.
- Zn:** Symbol for zinc.

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**99% digital edition**

The 2022 Sustainability Report "Overcoming Challenges" has as its main feature a completely digital design. This content has been adapted to print a very limited number of copies on recycled paper and with 100% organic ink.





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