





Local commitment and innovation

The dynamics of the solar energy industry in the country have opened the door to the creation and development of local companies that can become a part of the chain of supply of our projects. We have worked together with suppliers so that not only our production goals attained but also safety goals and respect for the environment. We have looked for alternatives to give them the tools to facilitate their work and help them become a part of the chain of value of the different actors in the industry.

Innovation is a key element in this industrial ecosystem. Therefore, we encourage our teams to work creatively in looking for alternatives to collaborate with other actors in the sector and to explore options that increase our possibilities of taking maximum advantage of the benefits of renewable energy.

Supply chain management

Material topic

GRI 101-1 101-2 101-3

Why is it important?

We endeavor, in both the construction stage and operating stage, to interact with suppliers who can offer us products and services under the standards of quality, reliability and pricing that we need and who can also ensure us that they will meet the sustainability requirements to which we are committed.

Some of these inputs must be acquired in international markets, which entails logistics and transportation, while others are obtained nationally and locally, especially services involving labor.

What does Cerro Dominador do?

We proposed being a contribution to the development of the territories in which operate and we view the procurement and hiring of local products and services to be a great opportunity to contribute to the advancement of the local economy. Bearing the different factors in mind, such as, for example, that the mid-sized and small businesses available to us are still in formation or growth, we are taking care to install the technical capacities that strengthen them and make their businesses viable, which translates into providing a better service to us.

Supply chain

GRI 102-9 102-10 204-1

By selecting national suppliers, we have a real opportunity to contribute to the economy of the zones where we operate. An increase in the flow of money can inject dynamism to the local economy, foster growth and/or strengthen existing businesses, in addition to allowing new entrepreneurship to emerge.

In 2021, we worked with a total of 533 suppliers, which represented an increase of 5.75% in general contracting in comparison to 2020. This increase is in perfect harmony with the multiple services that arise due to the change in phase from construction to operation.

Due to the transition from construction to operation and maintenance of our Cerro Dominador project, an increase of 21% was specifically perceived in the hiring of national and/or local suppliers by our contractor.



The main change in our supply chain occurred because of the completion of the construction and the startup of O&M, which increased the need for services from national and local companies.

Our suppliers are classified in two categories:

Indirect suppliers

Suppliers contracted by the construction contractor.

In 2021, our contractor contracted more national and/or local suppliers than in comparison to 2020, increasing that contracting by 13.10%. At the same time, the contracting of foreign suppliers fell. This increase accounted for 76.13% of all procurement and services.

Foreign suppliers are located in Germany, Spain, the U.S., China, Czech Republic, Holland and France, among other locations.

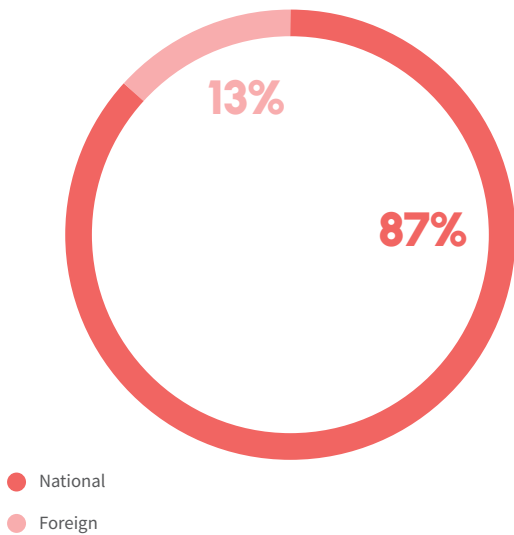
Direct suppliers

Direct suppliers means the procurement and hiring of services that are done directly by Cerro Dominador. In 2021, 86.55% of our procurement came from national and/or local suppliers and 13.45% from foreign suppliers.

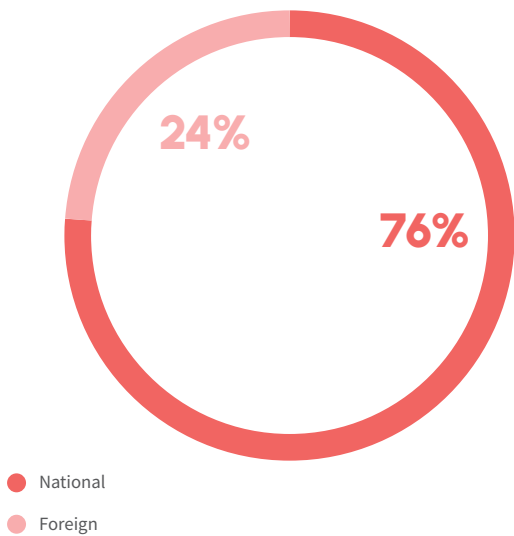
TYPES OF SUPPLIERS

	National	Foreign	Total
Direct (managed by Cerro Dominador)	193	30	223
Indirect (managed by the construction contractor)	236	74	310
Total	429	104	533

DIRECT SUPPLIERS IN 2021



INDIRECT SUPPLIERS IN 2021



Terms of payments are at 30 days to foreign suppliers and at 10 to 15 days to national suppliers.

Strict job controls

GRI 408-1

None of Cerro Dominador's objectives is greater than the safety and dignity of people. As a world-class company, we have developed initiatives to ensure and foster a working environment where job safety, respect for governing law and compliance with the operating standards we have adopted are primary.

We aim to establish business relationships with contractors who share our values and operating standards. We therefore have strict protocols to identify, report and correct practices that may jeopardize the safety of workers, meeting the promised deadlines and our corporate reputation.

We say no, without hesitation, to labor exploitation, which includes the risks of minors participating in our operations and associated activities. We audit contractors monthly and review their personnel hiring records.

There is a strict identity control (using wrist bands and identity card checks) at operations, which reduces the risk of people entering who are not part of the staff and makes it impossible for minors to enter our facilities.

In 2021, our total expense on the procurement of goods and services was US\$126,757,367. 86.5% corresponded to national suppliers as the amount paid to indirect suppliers is not managed by us.

Local supplier development

Cerro 3

The solar technology that we are implementing in the north of Chile is new and requires advanced technical and professional skills. For that reason, the work with our contractors has been focused on transferring the skills and expertise so that they can work confidently according to the schedule in our plan. As a result, we have held activities to train the employees of contractors to give them the tools they need to automate and modernize their processes.

Of note in 2021 was the Procurement Program for Business Development implemented in the Municipality of María Elena, sponsored by Corfo, Cerro Dominador and two other companies. The purpose was to improve the operating standards of a group of local suppliers to help them become part of the chain of production and trade in the mining and energy industry in the zone.

Like in 2020, we participated in the “Pampa Salitrera Economic Reactivation Plan,” an initiative whereby actors in the public world and in the mining and energy industries endeavored to provide support to entrepreneurs and microentrepreneurs in the zone to face the health crisis. More than 100 million pesos were allocated to the funding of projects to strengthen their businesses. This program won 3rd place in the contest of the Chilean Generators Association.

Substitute payment to suppliers

Despite the growing volume of suppliers participating in our chain of value, our constant purpose is to support not only hiring but also fulfillment of our payment obligations, above all considering the pandemic that we have had to live through. Therefore, we continued to make efforts to keep the average period of payment at 15 days, one of the promptest payment periods in the industry.

Also part of those efforts and processes to fulfill our obligations is ensuring that our contractor also fulfills their responsibilities in the same way. So, in 2021, during a review and monitoring, we found delays in payments by our contractor to its subcontractors. We made an additional effort and agreed on transactions with the contractor, and we have been managing fulfillment of those obligations, which entails not only an extra economic effort but also work that required time by our team, all in the intent to fulfill and maintain our chain of value.

Innovation

Material topic

GRI 103-1 103-2 103-3
Cerro 5

The Unconventional Renewable Energy (URE) industry is the result of numerous technological and systemic innovations developed decades ago. Today, the sense of urgency imposed by the fight against the effects of climate change is mobilizing research and development in the scientific and academic world that is trying to change patterns and create disruptive solutions in an alliance with government agencies and the private sector.

Our participation in the Antofa Innova Innovation Tournament

This initiative is promoted by the Regional Production Development Committee of Antofagasta, implemented by the Innovation Club, that aims to strengthen technologies using an open innovation tournament strategy that will deliver solutions to the mining, energy, logistics, tourism, hydraulic and agricultural industries.

In the second version, we proposed that one issue in the energy area was the development of an alternative system to clean the heliostats (mega-mirrors) that would reduce the consumption of water by 20%. After evaluating the projects presented, we selected the Nano2Chile proposal, called "Nanoglass," that proposed using a transparent, dust-resistant, waterproof, lightning-proof and antistatic nano material film that will reduce the use of water by 90%.

We are exploring other technologies: the uses of green hydrogen (H2V).

As benchmarks in the development and management of renewable energy generation technologies in Chile, we sponsor projects that adhere to our policy on innovation, competitiveness and integrity for a sustainable future. Towards the end of 2021, we and seven other companies were awarded co-funding to make pre-investment studies of green hydrogen projects in a contest held by the European Union and the Chilean Agency of International Cooperation for Development (Agcid), implemented by the Ministry of Energy and Corfo. The purpose of this initiative is to accelerate the development of products for the production, storage, transport and/or use of green hydrogen to activate the energy industry in Chile and contribute to the progress toward being carbon-neutral by 2050.

Our 100 MW Cerro Dominador photovoltaic plant is in operation and has been supplying electricity to the system since July 2017. The CSP plant has been generating energy since May of 2021. The Cerro Dominador solar complex will be able to produce 100% renewable hydrogen by taking advantage of the huge potential of the north of Chile, and to deliver new alternatives that will enable people and companies to choose to accelerate decarbonization and contribute to the energy transition.

Progress toward goals and objectives

FOCUS	OBJECTIVES	2023 GOAL	2021 STATUS
2. RAISE the standard of relationships with people, society and communities.	Ensure that local labor and suppliers are hired by requiring this of our contractors.	75% of our construction and operations workforce is national.	An objective for new projects.
		60% of our suppliers are local and/or national.	81.33% (direct and indirect combined). 60% of our suppliers were local and/or national.
		50 people are trained annually in technical skills related to our business.	Corfo Program
4. PROPEL a 24/7 solar energy ecosystem in Chile.	Develop mechanisms for investment in entrepreneurship and innovation in products and services based on 24/7 solar energy.	2 projects annually developed with 24/7 solar energy entrepreneurship.	Talca pilot project (transition from firewood to electricity).
		Transfer 24/7 solar energy know-how and new technologies.	Schools were visited and talks were given at the Outlook, but access was restricted because of Covid-19.
		One project annually with university innovation centers.	Antofa Innova
	Foster alliances with other technologies.	An alliance with another technology.	University of Chile
			H2V project – European Union