Commitment to the environment

Environmental management

SASB RR-ST 160a.1 410b.1

Grupo Cerro takes advantage of the opportunities arising and it is adapting to an environment marked by climate change. Our purpose as an organization is targeting that goal to which we are all committed.

Our concern for the environment has been internalized from the start and is seen as our purpose. Leading the energy transition innovatively so that people can choose a sustainable future.

We know that we are facing an unprecedented climate crisis both nationally and internationally, and given this situation, our company and its employees are committed to contributing to care of the planet. We are doing this through specific actions, through the development of innovation in processes to reduce emissions whereby we create lines of action and environmental management. The purpose of all this is to reduce the environmental impact of our projects while simultaneously endeavoring to become sustainable and to make our entire chain of value sustainable.

Governance and pillars of the Environmental Policy

The CEO of our Company and the Executive Committee are ultimately responsible for implementing Grupo Cerro's Environmental Policy that is governed by six pillars. The Corporate Affairs Office prepares the sustainability indicators, reports and standards.

We fulfill environmental commitments and obligations assumed during the environmental assessment phase of our projects.

We foster the participation of our employees by creating an environmental awareness in the company using all information channels available.

We put waste management measures into practice and promote recycling and repurposing.

We comply with governing environmental laws and internal regulations.

We train our employees in environmental topics, emphasizing in particular regulatory compliance and respect for the environment.

We ensure a continuous environmental improvement of our activities.

Environmental projects and initiatives

In order to reduce environmental impacts, our solar projects are installed in zones where there is little or no environmental impact. To do this, we consider land that is far from cities and towns, water courses and protected locations. We avoid building high voltage towers, heliostats or panel structures over riverbeds or archeological sites. Should such a situation arise, we change the design of the project to minimize the impact.

Other initiatives implemented in this respect were:

- There were no project delays because of ecological impacts nor have any projects been installed, are being leased or being managed on sites inside or beside areas of great biodiversity value.
- An increase in zonal tourism thanks to our viewpoint Flor del Desierto.
- the implementation of recycling in the office and of recycling points at projects (CSP+PV).
- the removal of salts no longer in use for reuse (in collaboration with SQM) to thereby help companies fortify the circular economy.
- The donation of water stored in evaporation ponds to other companies for their internal processes.

Removal of salts in disuse for reuse: collaborative work with SQM

Solar salts are a combination of potassium nitrate and sodium nitrate produced by SQM in the north of Chile. It is a 100% natural product that generates clean energy because it has the capacity to store energy captured in the daytime by the plant and to maintain its temperature to supply electricity at any time, thereby creating great flexibility. The salts are melted and are kept at very high temperatures: 565 degrees Celsius in hot salt tanks and 290 degrees Celsius in cold salt tanks.

Donation of water stored in evaporation ponds to other companies for their internal processes.

In 2022, we deposited water in evaporation ponds, which was donated to other companies for use in all of their processes, which made a specific contribution to reducing the consumption of water in the zone.

Energy

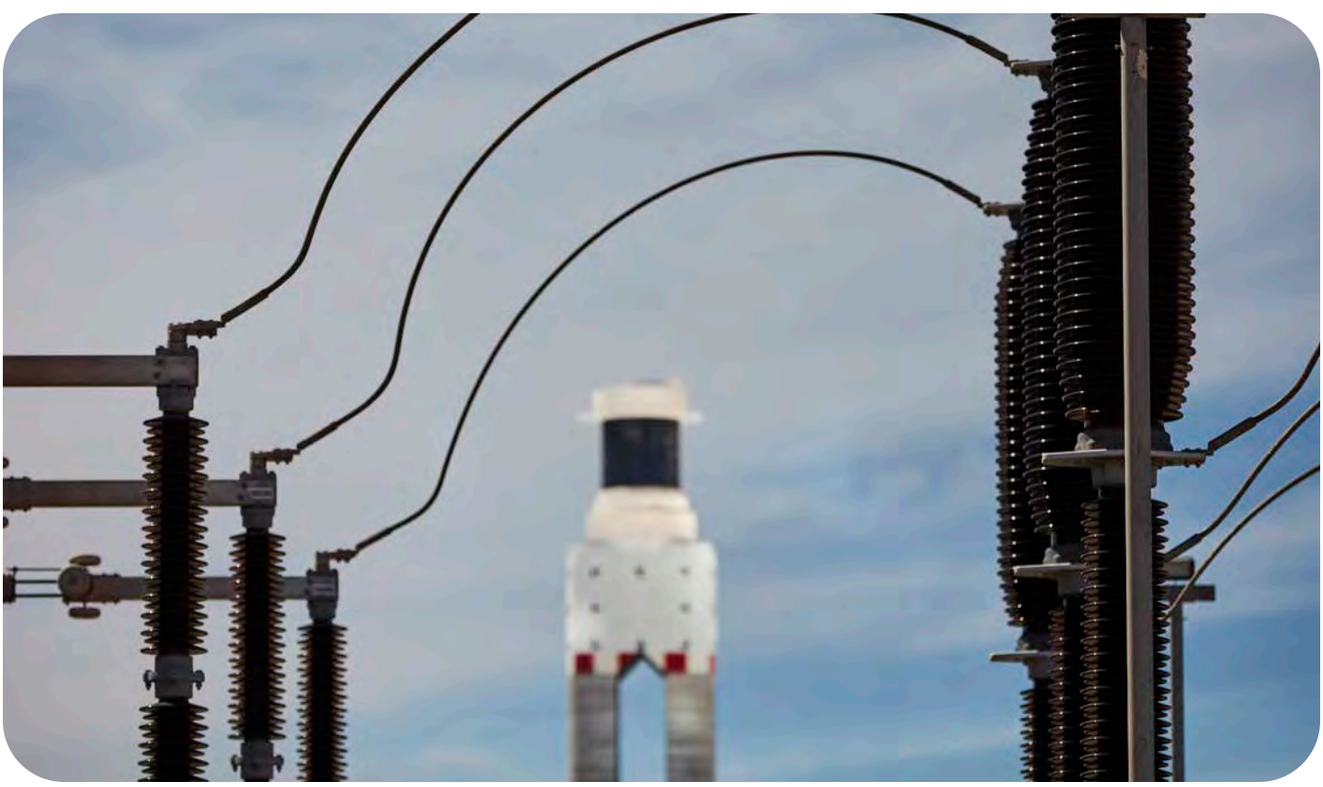
GRI 3-3 302-1 302-2 302-3 302-4 302-5

Grupo Cerro wants to lead the energy transition by means of the professionalism that characterizes us, which is seen in the delivery of a 100% effective and safe service available 24 hours a day, 365 days a year. In 2022, we reduced consumption 19.7% in comparison to the previous year through an efficient internal energy management aligned with the goal of becoming carbon neutral by 2050.

ENERGY MANAGEMENT INDICATORS*

	2022	2021	% VAR. 2021-2022
Total energy consumed (kWh)	904,169,758	725,471,094	-19.7%
Total consumption of fuels from renewable sources	0	0	0
Total consumption of fuels from non-renewable sources (kWh)	201,858	170,417	18.45%

** All these indicators represent only the management of the Solar Power Operation and the Titanium office in Santiago.*



Water

GRI 3-3 303-1 303-2 303-3 303-4 303-5 | SASB RR-ST 140a.1 140a.2

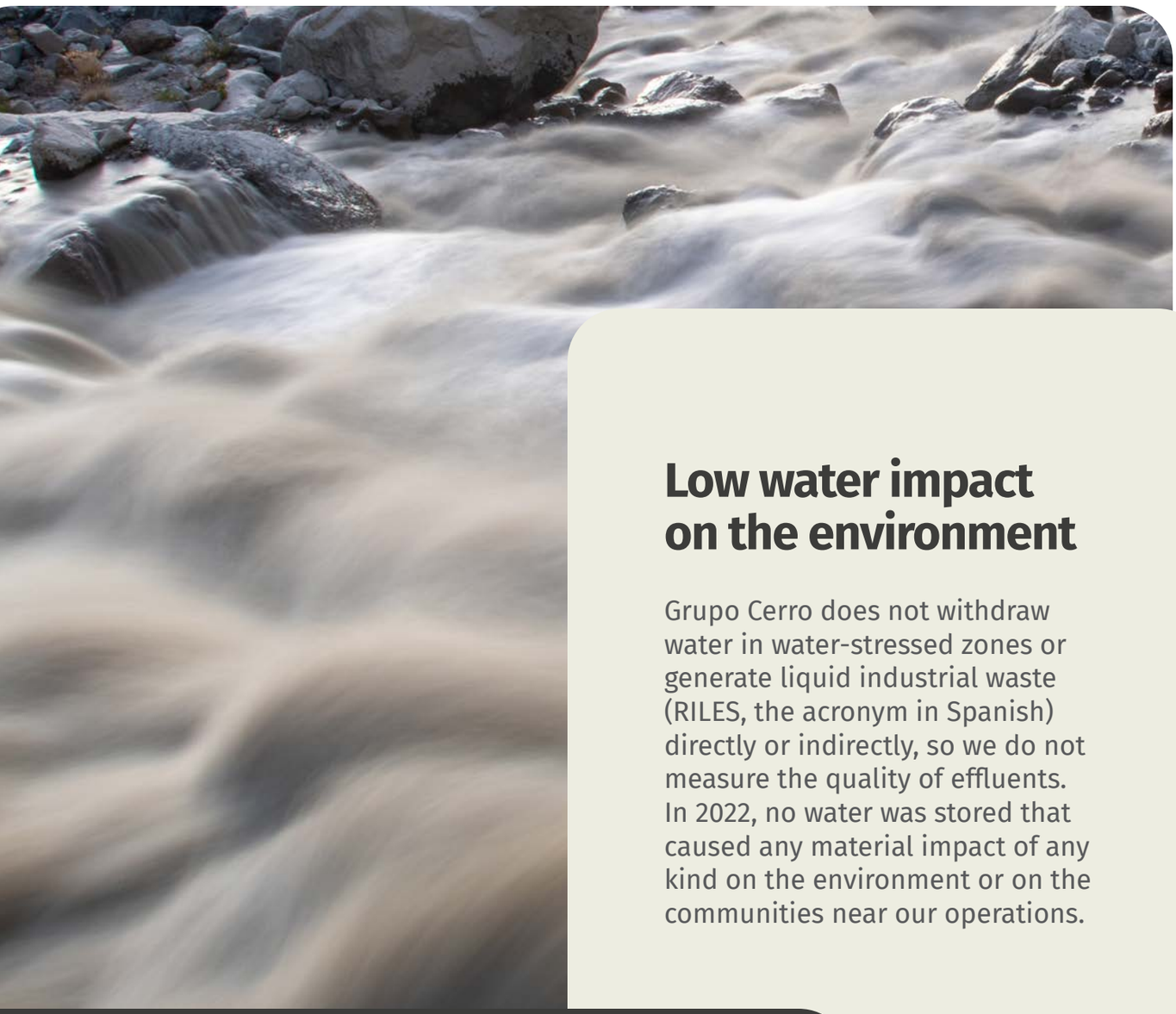
Water consumption in our generation processes is concentrated on two main uses: for consumption by our employees and for industrial consumption, mainly cleaning the photovoltaic panels and other processes.

Our Cerro Dominador CSP plant uses industrial water from surface sources and the energy production concession to use those sources is managed by Ferrocarriles Antofagasta. Potable water is used solely for human consumption and is supplied by water trucks or in water jugs. The suppliers are: Bionor, Factor, Agua Soda and Aguas Antofagasta.

For the Cerro Dominador photovoltaic project, potable water was also limited to human consumption while industrial water was used to clean the panels and was supplied by the same company that does the cleaning.

Our business model does not plan for an intensive use of water in comparison to other industries, but the care and protection of water has become a relevant factor, especially in the zones where we do business where water is scarce. This situation affects a large part of the national territory, so we are continuously looking for ways to make water use more efficient, both in reuse and in consumption.

It is important to note that no new impacts have been identified in the use of water. The only impacts were those found while the environmental assessment was under way. There have been no incidents of a failure to abide by permits, standards and regulations on the quantity or quality of water during the period covered by this report.



Low water impact on the environment

Grupo Cerro does not withdraw water in water-stressed zones or generate liquid industrial waste (RILES, the acronym in Spanish) directly or indirectly, so we do not measure the quality of effluents. In 2022, no water was stored that caused any material impact of any kind on the environment or on the communities near our operations.

Water recycling

We use recycled water in the cooling processes. We also utilize the effluent from the wastewater treatment plant to wet roads. The reject water from the system is conveyed to ponds that are used by external companies in their own processes.

ENERGY MANAGEMENT INDICATORS*

	2022
Total water consumed in all zones (ml) *(including potable water and industrial water from the CD PV and CD CSP projects and the EIG offices in the Titanium building)*	106,031

** All these indicators represent only the management of the Solar Power Operation and the Titanium office in Santiago.*

WATER WITHDRAWAL	ALL ZONES (M^3)	WATER STRESSED ZONES (M^3)
WATER WITHDRAWAL BY SOURCE		
Surface water (total)	0	0
Fresh water (total dissolved solids ≤ 1000 mg/l)	0	0
Other water (total dissolved solids > 1000 mg/l)	0	0
Groundwater (total)	0	0
Fresh water (total dissolved solids ≤ 1000 mg/l)	0	0
Other water (total dissolved solids > 1000 mg/l)	0	0
Seawater (total)	0	0
Fresh water (total dissolved solids ≤ 1000 mg/l)	0	0
Other water (total dissolved solids > 1000 mg/l)	0	0
Water produced (total)	0	0
Fresh water (total dissolved solids ≤ 1000 mg/l)	0	0
Other water (total dissolved solids > 1000 mg/l)	0	0
Third-party water (total)	0	0
Fresh water (total dissolved solids ≤ 1000 mg/l)	0	0
Other water (total dissolved solids > 1000 mg/l)	0	0
TOTAL WATER WITHDRAWAL BY THIRD PARTIES BY WITHDRAWAL SOURCE		
Surface water	98,745,000	0
Groundwater	0	0
Seawater	0	0
Water produced	7,286,000	0
TOTAL WATER WITHDRAWAL		
Surface water (total) + groundwater (total) + seawater (total) + water produced (total) + third-party water (total)	**106,031,000**	**0**

** All these indicators represent only the management of the Solar Power Operation and the Titanium office in Santiago.*

Climate change strategy

GRI 3-3 305-1 305-2 305-3 305-5 305-6 305-7 203-1 203-2
SASB IF-EU-110a.1 IF-EU-110a.2 RR-ST-130a.1 RR-ST 130a.1 410a.2

We are a leader in the renewable energy sector and our goal is to contribute to the transition toward a sustainable energy model respectful of the environment. This translates into the commitment of making our business a channel to carbon neutrality and to a fair energy transition, following the directives of the Paris Agreement and the U.N. Sustainable Development Goals.

Grupo Cerro took its first carbon footprint measurement in which it identified the risks and opportunities associated with climate change. It then incorporated this sustainable view to our decision-making, operation and future acquisitions.

Examples of this is the carbon emissions certificate program present in the operations acquired in 2022 and the unrestricted commitment to gradually reduce our carbon footprint. Both initiatives highlight the company's conviction to contribute in this respect.

Carbon emissions and carbon footprint

Grupo Cerro has implemented projects that supply green energy to our customers 24/7, which means a reduction in its carbon dioxide emissions, but it has become indispensable to our operation and work to also make the lowest footprint possible. For this reason, in line with the purpose of leading the country's decarbonization, we have implemented several measures to monitor and progressively manage our direct emissions and those of the entire chain of value.

CO_2 EMISSIONS (TON CO_2 EQ)	2021	2022	VAR. 2021-2022
Scope 1*	32.80	38.90	19%
Scope 2*	3.90*	28.10	621%
Scope 3*	27,181	18,595	-32%

** The method of calculation underwent a change between 2021 and 2022, so the data from both periods are not comparable.*

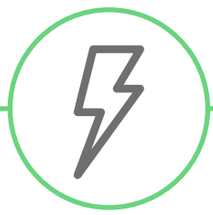
What do we understand Scope 1 emissions to mean?

These are direct emissions from sources that are owned or controlled by the organization, such as the combustion of fossil fuels in boilers, vehicles or generators.

How did Grupo Cerro address Scope 1 emissions in this period?

The calculation of Scope 1 emissions considered emissions by vehicles that are owned and operated by Cerro Dominador and emissions from using air-conditioning equipment at the PV and CSP plants and from wastewater treatment.

However, we did not consider the refill of coolants in the climatization system of the Santiago offices because it is an outsourced service.



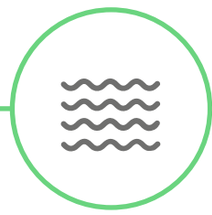
What do we understand Scope 2 emissions to mean?

This means indirect emissions associated with the consumption of electricity, heat or steam acquired from third parties.

How did Grupo Cerro address Scope 2 emissions in this period?

The calculation of Scope 2 emissions covers the use of electricity in Cerro Dominador's offices.

Please note that there is a difference in the consumption of electricity between 2021 and 2022 because of the shift from telecommuting, widely used in 2021, to the hybrid format in 2022, which meant an increased use of facilities and the consequent increase in electricity consumption.



What do we understand Scope 3 emissions to mean?

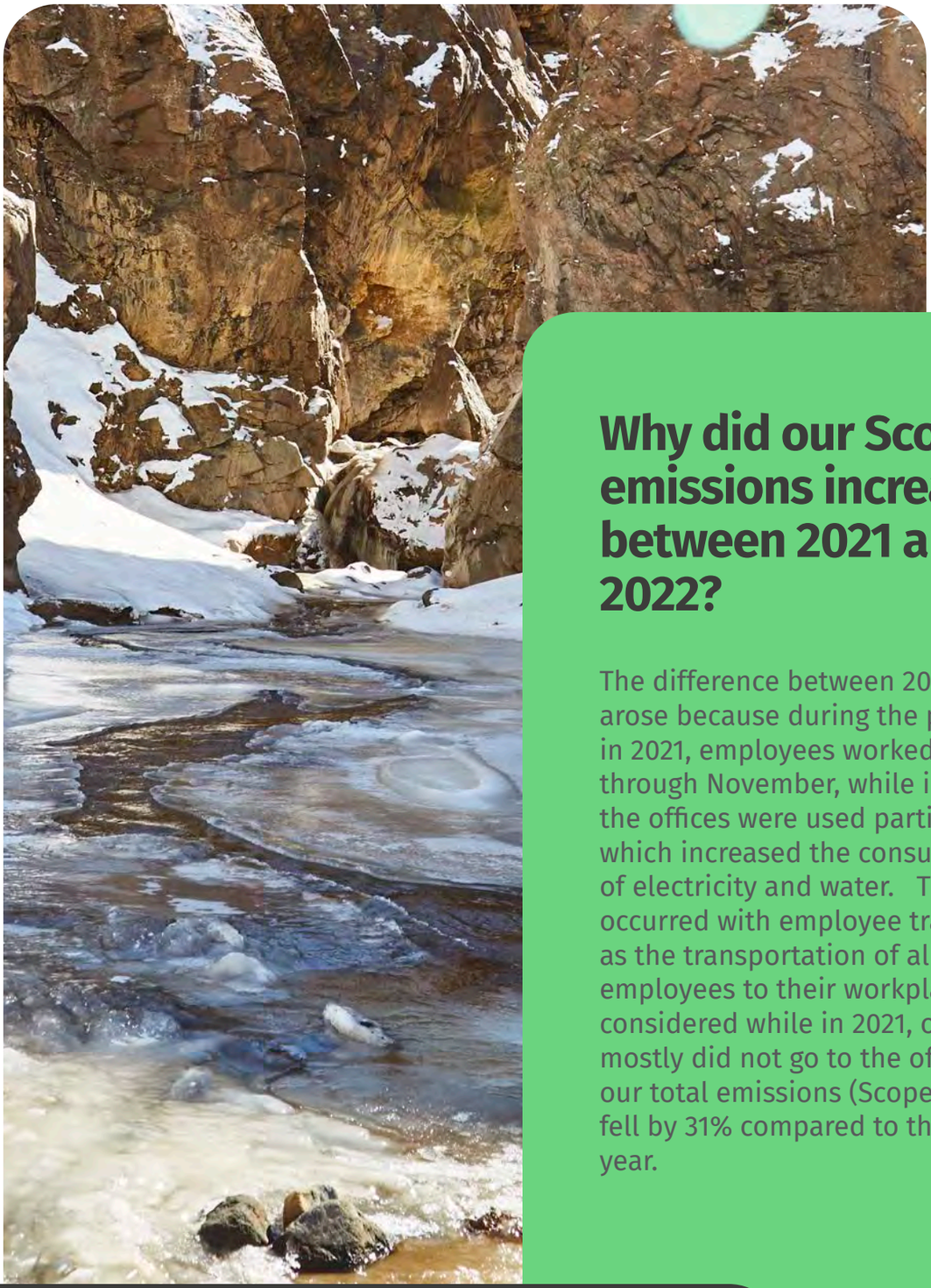
Scope 3 emissions are indirect emissions that are generated in the organization's chain of value, both upstream and downstream, and are not under its direct control, such as the carriage of water, materials or products, business travel and waste generated.

How did Grupo Cerro address Scope 3 emissions in this period?

The calculation of Scope 3 emissions considered the production of water for consumption at the Santiago offices and the gas contractors used as a fuel in operations.

Water and diesel fuel used at our plants are managed by contractors, so they were not included in this calculation at this time.

Likewise, the carriage of other inputs, like water in water trucks or of spare parts for plant maintenance, were also excluded from the calculation because those services are outsourced.



Why did our Scope 2 emissions increase between 2021 and 2022?

The difference between 2021 and 2022 arose because during the pandemic in 2021, employees worked remotely through November, while in 2022, the offices were used partially, which increased the consumption of electricity and water. The same occurred with employee transportation as the transportation of all our employees to their workplaces was considered while in 2021, office workers mostly did not go to the office. Even so, our total emissions (Scopes 1, 2 and 3) fell by 31% compared to the previous year.

Commitments and climate ambition

Our interest in leading the energy transition innovatively so that people can choose a sustainable future entails a duty toward the environment and sustainability that is materalized by reducing greenhouse gas emissions and managing climate change risks. That is why we have acquired several commitments that are part of our 24/7 Revolution Sustainability Strategy that can be seen on page 20 of this document.

Incorporating Climate Change opportunities and risks to our management

Grupo Cerro is focused on the opportunities arising from climate change. One of the most important opportunities is currently the energy transition, driven by the commitments acquired by the country to become carbon neutral. There is also a growing need and social demand for the reduction of emissions and the utilization of renewable energy sources, thereby contributing to our sustainability.

To evaluate the physical risks, we used the risk assessment framework of the Intergovernmental Panel on Climate Change (IPCC) and information from the Climate Risk Atlas Threat Explorer (Arclim) of the Ministry of the Environment. We identified the risks associated with an accelerated transition to a low carbon economy and we evaluated Cerro Dominador's vulnerability to this innovation. We also examined the potential implications in different scenarios, taking into account the country's progress toward reducing greenhouse gas emissions and the transition to cleaner sources of energy. The Executive Committee and the ESG Committee are in charge of monitoring and supervising the progress toward the goals and targets that address climate change problems and/or opportunities. It is important to highlight that we were focused on identifying the risks that the climate crisis may present, but in this search, we have also found opportunities for our company.

In this context, different risk categories were defined that are also classified by severity and may be acute, chronic, regulatory or market-related. Opportunities can arise from them in relation to the efficiency of resources, sources of energy, products and services.

RISK OR OPPORTUNITY	DESCRIPTION	
PHYSICAL RISKS	**Chronic**	Impacts caused by specific events, such as extreme weather that has increased in intensity and/or frequency.
TRANSITION RISKS	**Acute**	Impacts resulting from long-term changes in climate patterns.
	Regulatory	Political actions that attempt to limit the actions helping to counteract the adverse effects of climate change or political actions that are intended to promote adapting to climate change.
	Technological	Changes in the demand for certain products and services due to the development of better or more innovative technologies that contribute to a more energy-efficient and low-carbon economic system.
	Market	Impacts that may occur to the company's chain of production due to variations in the supply and demand for products and services, or changes in the behavior of customers and suppliers.
	Reputational	A change in the perception of customers and the community regarding an organization or production sector because of its contribution to GHG emissions, and the measures that have been adopted to support climate change action.
OPPORTUNITIES ARISING FROM CLIMATE CHANGE	**Resource efficiency**	A reduction in operating costs by improving process efficiency.
	Energy sources	Energy production using low-emission alternatives.
	Products and services	Development of new low-emission products and services that may improve its competitive position.
	Markets	Participation in emerging markets better positioned for a low-carbon transition, who may receive financial support.
	Resilience	Implementation of actions to handle physical and transitional risks.

Energy policy risks and opportunities

En el proceso de descarbonización de la In the decarbonization of the national power grid, inserting solar energy is substantial progress. This is possible thanks to the regulatory conditions that attracted new actors to the domestic market, mainly photovoltaic and CSP energy providers, who had renewable solutions and who participated in tenders for supply to regulated customers.

It is encouraging to know that the government's interest in promoting renewable energy and fortifying the energy transition continues. This is seen, for example, in bills of law that aim to increase the quota of renewable energy and laws promoting energy storage.

However, this progress could be hindered for reasons like the following:

(1) Technically, there are no policies on substituting fossil fuel generation, which gives the grid voltage stability and frequency. In other words, generation is based on synchronous motors.

(2) The promotion of distributed generation without safeguarding the viability of projects that have been built because of the award of renewable power purchase agreements for supply to regulated customers.

(3) Currently under debate are the regulations on compensation of capacity, a relevant instrument in the financing of solar energy projects where the temporary method of application implies risks to investments already made. This could inhibit the development of technologies like CSP and create conflicts when allocating capacity to each generator.

(4) Transmission congestion has hindered access by solar generation to the electricity market in the north of the country, which necessarily implies establishing planning standards that have the necessary flexibility to ensure that transmission capacities are available when needed.

(5) There is a growing conflict regarding how efficient power grid operation is, revealing the sector's growing interest in developing better standards of transparency and accountability of the National Electric Coordinator.

This scenario has become an opportunity to boost renewable technologies that help fortify the network of power grids. We could therefore emphasize CSP and ensure, via laws and regulations, that policies on the tender of supply and distributed generation complement each other. Likewise, collaboration in drafting policies and the existence of regulated and objective dispute resolution would lead to courses of action to continue deepening the sustainable development of solar energy in Chile.

Risks associated with integrating solar energy to the energy infrastructure

The main risk in integrating solar energy to the national energy infrastructure is a shortage of transmission capacity to transmit that production from the north of the country to the center of consumption. As a consequence, there was a record number of renewable generation cutbacks in 2022 (called “dumping”).

That dumping totaled 1,471 GWh for wind and solar generation, increasing 225% compared to the previous year. This is the equivalent to the annual power consumption of 600 thousand homes or the entire power generation produced by diesel-fired power plants in 2022.

There was a considerable increase in 2022 in the number of hours of 0 marginal cost throughout the country. For example, in the north, there were nearly 2,000 hours of no marginal costs in the maximum of around 3,000 hours in which a photovoltaic plant can generate. This means that 2/3 of the time, solar power plants are injecting their energy to the system at the price of 0.

To manage those risks, the National Electric Coordinator (CEN) was asked to establish grid operating conditions under strategies to increase transmission levels without sacrificing security but while making operation as economical as possible.

Through different trade associations in which Grupo Cerro participates, diverse meetings were also held with representatives of the Government administration and of Congress in order to sensitize them to the problems of the industry and the need to resolve them soon.

Internal carbon pricing and climate-related opportunities

Carbon prices are set by the specific market and renewable attributes are what are traded. In our case, we are solar-certified according to the Verra standard, which provides a global indicator for GHG emissions reduction and removal projects and programs. Our carbon emission certificates are sold by SouthPole.

Circular economy and waste management

GRI 3-3 306-1 306-2 306-3 306-4 306-5
SASB RR-ST 150a.1 150a.2 410b.1 410b.2

13%

was the reduction of waste sent for disposal

10%

of waste is recycled at the corporate offices

Grupo Cerro is committed to the responsible use of materials and waste management. That is why we are working efficiently to have the lowest impact possible using the necessary resources at our operations while ensuring compliance with environmental and health regulations. This meant that there were no material waste-related impacts in 2022, either potential or real.

INDICATOR	PROGRESS IN THE INDICATOR IN 2022	GOAL / TARGET	YEAR WHEN GOAL / TARGET SHOULD BE ATTAINED
Recycling in the corporate offices in the Titanium building	11%	15%	2023
Disposal of household waste at the Cerro Dominador plant	0%	Change the system	2025

Recycling in the corporate office

A recycling system was implemented in the Santiago office and more than 10% of waste is recycled that used to be sent to a dump.

Total weight of waste sent for disposal in tons and itemization of that total based on the waste composition.

	2022	2021	% VAR. 2021-2022
Household waste (Tons)	465	165	181.8
Industrial waste (Tons)	455	939	-51.5
Hazardous solid waste (Tons)	4.9	4.9	0.0
Hazardous liquid waste (Tons)	41.5	0.7	5828.5
Total weight of waste sent for disposal (Tons)	**966.4**	**1,109.6**	**-12.9**

All waste was sent for disposal in 2022. Grupo Cerro has contracted a recycling service, but the minimum quantity for removal was not reached.

	2022			2021		
	AT FACILITIES	OUTSIDE OF FACILITIES	TOTAL	AT FACILITIES	OUTSIDE OF FACILITIES	TOTAL
Weight of hazardous waste (Tons)						
Incineration with energy recovery	0	0	0	0	0	0
Incineration with no energy recovery	0	0	0	0	0	0
Removal to a dump	0	0	0	0	0	0
Other disposal operations	0	46.4	46.4	0	5.6	5.6
Weight of non-hazardous waste	0	0	0	0	0	0
Incineration with energy recovery	0	0	0	0	0	0
Incineration with no energy recovery	0	0	0	0	0	0
Removal to a dump	0	920	920	0	1,104	1,104
Other disposal operations	0	0	0	0	0	0
TOTAL	**0**	**966.4**	**966.4**	**0**	**1,109.6**	**1,109.6**