

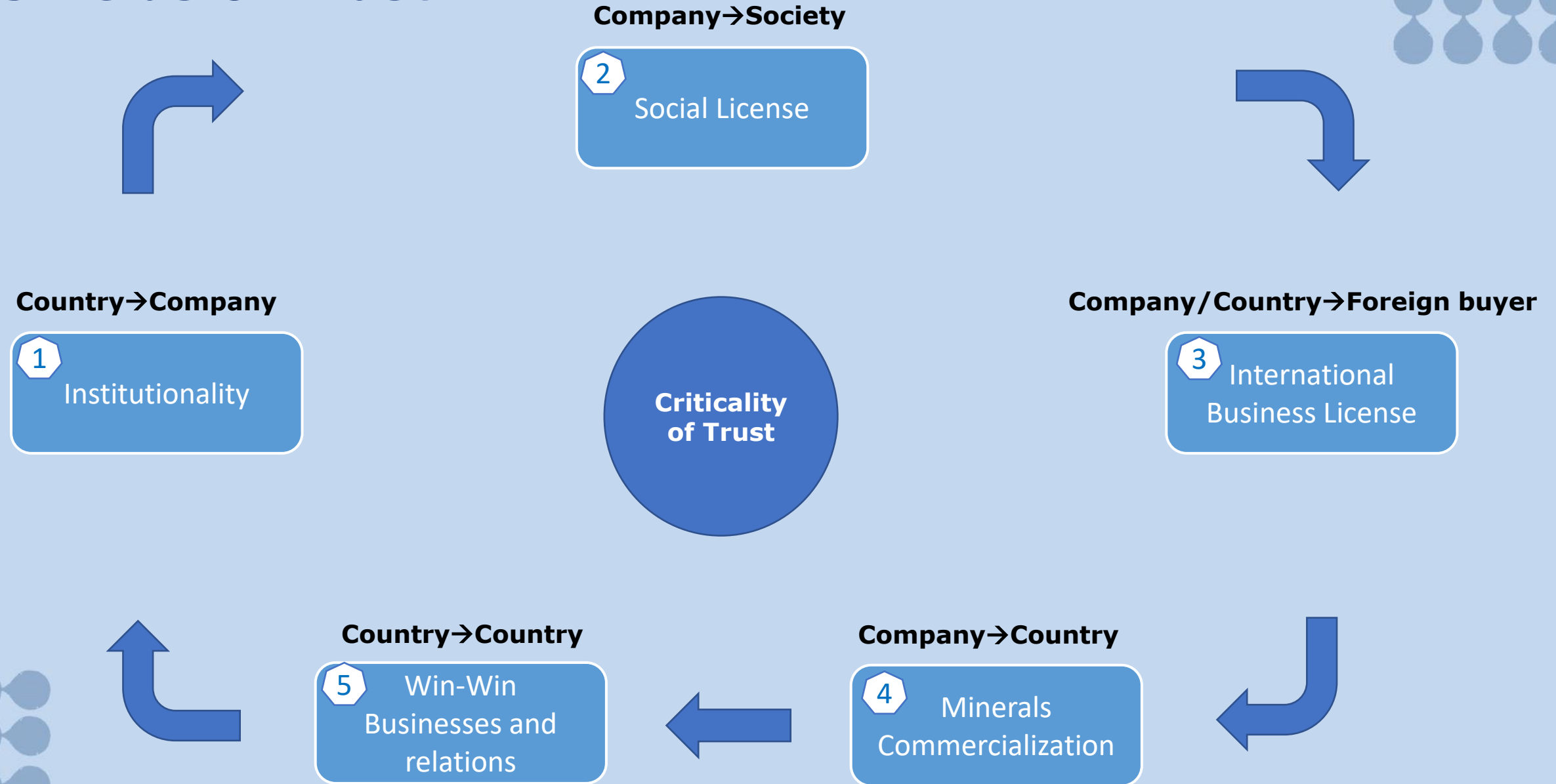
# 5 Fields of Trust in Chilean Mining Industry

*Minerals Value Chains: The Criticality of Trust*



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# 5 fields of Trust



# 1. Institutional

## Demonstrate trust from the Country to the Company

### ***INSTITUTIONS AND LEGAL CERTAINTY***

- The institutional framework for mining in Chile includes the Ministry of Mining (Since 1953, oversees: public policies), the National Service of Geology and Mining, SERNAGOEMIN, (Since 1978, oversees: technical overview of geology, mining and volcanic hazards), and the Chilean Copper Corporation, COCHILCO, (Since 1978, oversees: studies and statistics of copper and control of its commercialization).
- The Chilean Mining Code (1982) regulates the exploration, exploitation, and processing of mineral resources in the country.
- Current modifications (2023) aim to boost changing ownership of mining properties to promote exploration through the increase in progressive patents, at the same rate as international rates.
- National Mining Policy 2050 → 78 goals in terms of economic, social, environmental, and institutions matters.

### ***ENVIRONMENTAL AND MINING PERMITS***

- First Environmental Law N°19.300 from 1990, and further update Law N° 20.417 from 2010.
- Permitting system regulated by the Environmental Assessment Service, SEA, and Mining Safety Regulations. It includes an environmental impact assessment, community consultation, and compliance with safety and environmental standards.

### ***TAXATIONS***

- The taxation system for mining in Chile includes corporate income tax , mining royalties, and additional tax (for withdrawal of dividends and remittances abroad). In addition, in the past Chile offered foreign mining companies the option to sign contracts that provide tax invariability for some years. The objective of these contracts is to provide a stable and predictable fiscal environment for foreign mining companies and to encourage investment in the sector.

# 2. Social License

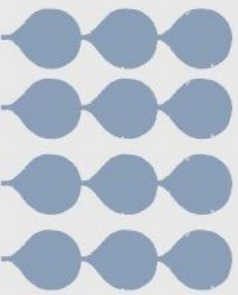
## Demonstrate trust from the Company to the Society

### ***CREDIBILITY OF THE CONTRIBUTION***

- Mining royalty: Currently there is a law for the modification of mining royalty (including ad valorem) to reach taxation to same rate as international levels. Funds will be directed to regional and communal development.
- Productive linkages: Mining represents approximately 10% of Chile's GDP. For every direct job in mining, 1.9 indirect jobs are generated in other industries, which is known as the multiplier effect of mining.
- Employment: In 2019, mining contributed 2.7% of total employment in the country. They have the highest salaries in the country.
- Currently pursuing to adhere to the Extractive Industries Transparency Initiative, EITI, a global standard to promote the open and accountable management of oil, gas, and mineral resources revenues.

### ***RESPECT FOR THE ENVIRONMENT***

- Chile's mining history has left a lasting environmental impact that remains ingrained in society's collective memory.
- Several mining projects in Chile have been taken to court for various reasons, including environmental concerns, indigenous communities' rights, and regulatory issues.
- The modern Chilean mining industry has widely embraced ESG standards as a way to improve sustainability, increase transparency, and build trust with stakeholders.
- The Early Community Engagement, ECE, processes are regulated by the Environmental Assessment Service, SEA, which oversees the submission and evaluation of environmental impact studies, EIS.

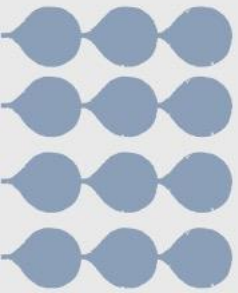


# 3. International Business License

Demonstrate trust from the Country/Company to the Foreign Buyer

## *PUBLIC INFORMATION DISCLOSURES AND COMMITMENTS*

- National environmental inspection information system, SNIFA. **Public access.**
- Environmental Impact Assessment System. Public access and participation.
- Sustainability Reports.
- COCHILCO develops copper and metals studies and statistics.
- Escazú Agreement (2022). Regional Agreement on Access to Information, Public Participation, and Justice in Environmental Matters in Latin America and the Caribbean.
- ILO Convention No. 169, Indigenous and Tribal Peoples Convention.
- Human Rights National Institute, INDH. Autonomous public corporation aimed at promoting and protecting the human rights of all people living in Chile.
- Currently pursuing to adhere to the Extractive Industries Transparency Initiative, EITI. Global standard to promote the open and accountable management of oil, gas, and mineral resources.



# 4. Minerals Commercialization

## Demonstrate trust from the Company to the Country

### *EXPORT CONTROL*

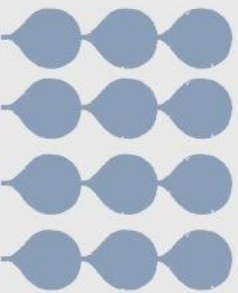
- National Customs performs inspections and verifies the quality and quantity of the copper to be exported before allowing its shipment. There are also taxes and export duties that must be paid. The objective of these regulations is to ensure that the export of copper is carried out in a legal and transparent manner.
- COCHILCO has a role of monitoring and controlling the commercialization values of copper exports in Chile, to certify that these correspond with market values and there is no distortions for tax calculations.

### *ROYALTY*

- The specific mining tax or current mining royalty, IEAM, is a tax on the extraction and sale of certain minerals, such as copper, lithium, silver, and gold. The Internal Revenue Services (SII in Spanish) is responsible for collecting this tax and ensuring that mining companies comply with their tax obligations in relation to it. In addition, the SII has the power to carry out audits and inspections to verify compliance with tax obligations in relation to the IEM.
- Mining royalty: Currently there is a law project for the modification of mining royalty (including ad valorem) to reach taxation to same rate as international levels. Funds will be directed to regional and communal development.

### *METALS IN COPPER CONCENTRATES*

- Currently metals tracked and charges with taxes within copper concentrates are copper, gold, and silver. There is a debate related to what happens with other metals contained in copper concentrates (i.e., Platinum, Palladium, and Selenium) and the importance of strengthening the capacity of smelters and refineries in Chile.





# 5. Win-win businesses and relations

## Demonstrate trust between Countries

### *RESPONSIBLE EXPLOITATION BY FOREIGN COMPANIES*

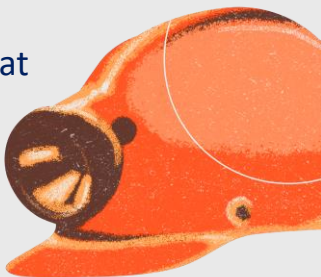
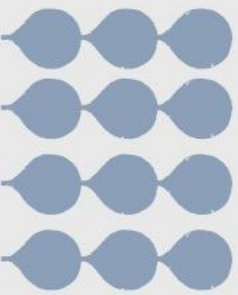
- All mining companies that are members of the National Mining Association, SONAMI, and the Mining Council, CM, in Chile have published at least one sustainability report. This includes major and mid size mining companies in Chile such as Codelco, Antofagasta Minerals, BHP, Anglo American, Teck, and Freeport-McMoRan, among others.
- Several MoU signed with different countries related to promote sustainable mining.

### *MORE TECHNOLOGY FOR A SUSTAINABLE MINING (R+D+i)*






- International Centers of Excellence Attraction Program (2009), to promote innovation in the country, generates partnerships with international entities and Research and Development projects with the industry. The program considers a baseline contribution from the Chilean State to operate, equivalent to one third (which in some cases reaches 50%) for 10 years, but with the condition of achieving financial self-sustainability after that period → Meric (Marine Energy Research & Innovation Center), Fraunhofer Chile CSET (Center for Solar Energy Technologies), Inria Chile, UC Davis Chile, Leitat Chile and SMI-ICE Chile

### *DEVELOPMENT OF THE COUNTRIES*

- Chile has signed various free trade agreements and treaties that include chapters related to mining and natural resources, such as with countries such as China, Japan, South Korea, and the United States, among others. These agreements seek to promote investment and cooperation in various fields, including mining, among the countries involved.
- We are currently starting the development of our Critical Minerals Strategy, that will address the cooperation with countries that need the minerals for the energy transition.



# Conclusions

-  Importance of Legal and institutional certainty
-  Importance of the credibility of the contribution and respect for the environment
-  Importance of transparency, public information disclosure and commitments
-  Importance of minerals exports control
-  Importance of the development of the countries involved





*Thanks for your attention =)*

