

CHAPTER



02

Corporate
Governance



Principles

Molymet's corporate governance ensures that all of the company's actions align with each country's regulatory frameworks and especially with corporate values, with a special focus on sustainability in all of its facets.

Board Members

Corporate governance at Molibdenos y Metales S.A. is led by a board composed of ten members who are elected by shareholders at the Annual General Meeting to a three-year term. Members may be reelected indefinitely. The Board in turn elects its Chairman and Vice-Chairman. The company's bylaws do not allow for alternate members.

The current Board was elected during the 44th Annual General Meeting held on April 21, 2020. During meeting No. 970, which was also

held on April 21, 2020, the Board elected Mr. George Anastassiou Mustakis as Chairman and Mr. Karlheinz Wex as Vice-Chairman.

At the same meeting, it appointed Raúl Álamos Letelier, Luis Felipe Cerón and Karlheinz Wex to the Directors' Committee in accordance with Article 50 bis of the Corporations Act.

Mr. Wolfgang Koeck joined the Board on July 1, 2020, after Bernhard Schretter resigned. Mr. Koeck's appointment will last until the next Annual General Meeting, at which time the entire Board will be renewed.

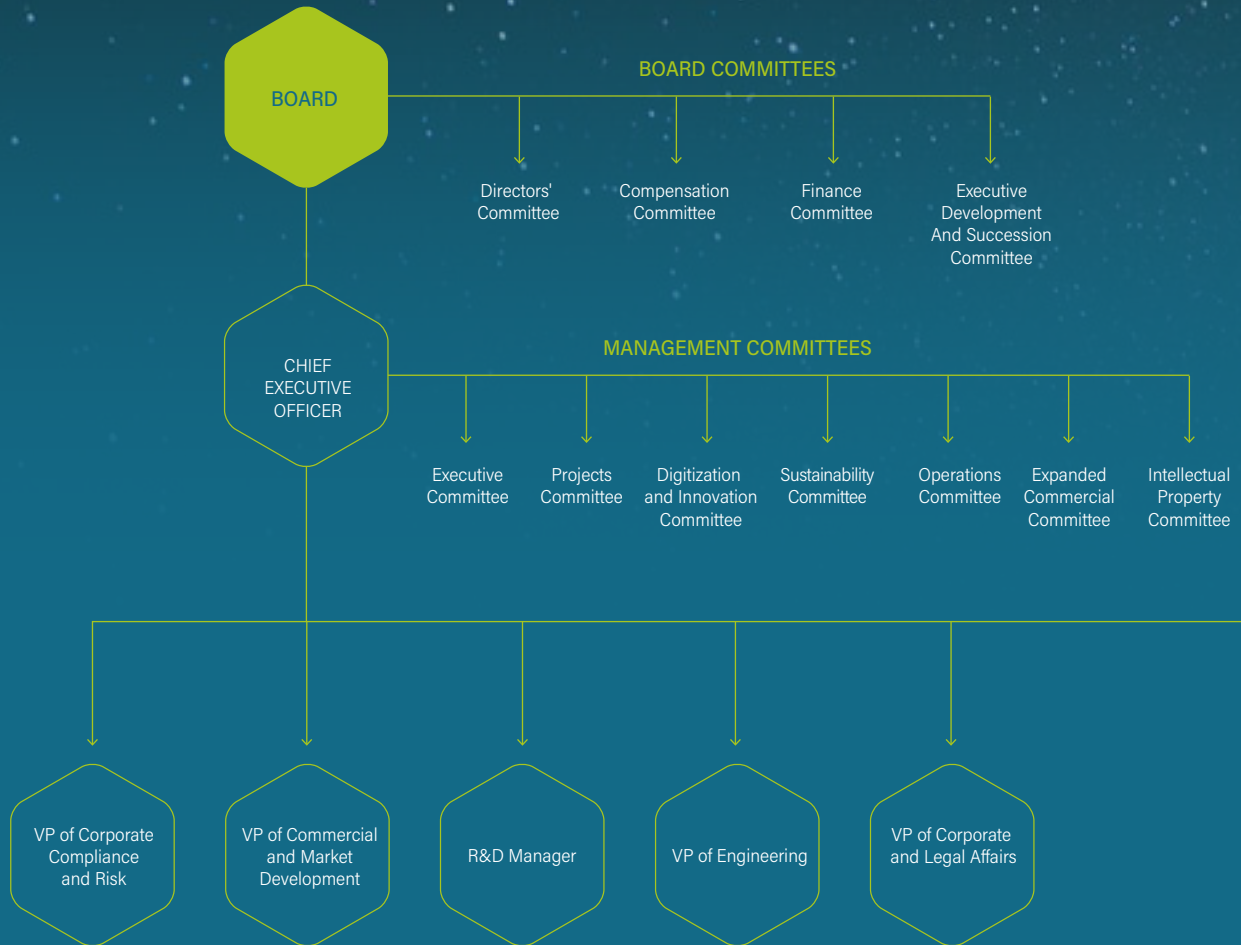


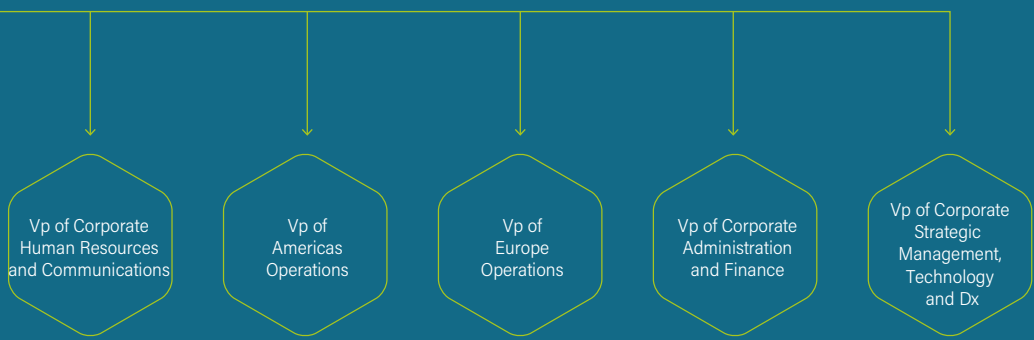
Board members are independent



Board members are foreign

Governance Structure





Board of Directors



George Anastassiou Mustakis
Chairman
Board Member
Non-independent

Appointment: April 21, 2020
Architect
Chilean ID Number:
6.374.232-5



Karlheinz Wex
Vice-Chairman
Board Member
Independent

Appointment: April 21, 2020
Business Administrator
Chilean ID Number:
48.213.498-K



Raúl Álamos Letelier
Board Member
Non-independent

Appointment: April 21, 2020
Business Administrator
Chilean ID Number:
5.545.475-2



José Miguel Barriga Gianoli
Board Member
Non-independent

Appointment: April 21, 2020
Civil Engineer
Chilean ID Number:
6.978.911-0



Boris Buvinic Guerovich
Board Member
Non-independent

Appointment: April 21, 2020
Business Administrator
Chilean ID Number:
8.245.774-7





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Luis Felipe Cerón Cerón
Board Member
Independent

Appointment: April 21, 2020
Industrial Engineer
Chilean ID Number:
6.375.799-3



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Hernán Cheyre Valenzuela
Board Member
Non-independent

Appointment: April 21, 2020
Business Administrator
Chilean ID Number:
6.375.408-0



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Eduardo Guisilasti Gana
Board Member
Non-independent

Appointment: April 21, 2020
Civil Engineer
Chilean ID Number:
6.290.361-9



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Juan Manuel Gutiérrez Philippi
Board Member
Independent

Appointment: April 21, 2020
Civil Engineer
Chilean ID Number:
6.626.824-1



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Wolfgang Koeck
Interim Board Member*

Appointment: July 1, 2020
Doctor in Metallurgy
Chilean ID Number:
48.215.938-9

Director appointed to replace independent
director Bernhard Schretter

Senior Executives



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John Graell Moore
Chief Executive Officer

Industrial Engineer
Chilean ID Number:
06.153.784-8
Appointment: August 5, 1992



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Claudia Avendaño Rozas
Vice President of Corporate
Compliance and Risk

Certified Public Accountant
Chilean ID Number:
11.959.266-6
Appointment: August 1, 2018



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Gonzalo Bascuñán Obach
Vice President of Commercial
and Market Development

Business Administrator
Chilean ID Number:
12.797.030-0



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Gonzalo Concha Parada
Vice President of Engineering

Mechanical Engineer
Chilean ID Number:
07.817.539-7
Appointment: January 1, 2008



Miguel Dunay Osses
Vice President of Corporate
and Legal Affairs

Lawyer
Chilean ID Number:
13.232.353-4
Appointment: August 1, 2018



**María Inés
Gómez González**
Vice President of Corporate
Human Resources and Communications

Psychology
Chilean ID Number:
10.977.232-1
Appointment: August 1, 2018



Edgar Pape Arellano
Vice President of Americas Operations

Industrial Engineer
Chilean ID Number:
14.138.397-3
Appointment: October 1, 2018



Jorge Ramírez Gossler
Vice President of Corporate
Administration and Finance

Business Administrator
Chilean ID Number:
07.017.179-1
Appointment: March 1, 2004



**Juan Cristóbal
Valenzuela Béjares**
Vice President of Corporate
Strategic Management,
Technology and DX

Industrial Engineer
Chilean ID Number:
09.750.501-2
Appointment: February 2, 2018



Godfried Van Schuylenbergh
Vice President of Europe Operations

Chemical Engineer
Foreigner
Appointment: January 1, 2020



Internal Control

Molymet has voluntarily implemented a Crime Prevention Model based, among other things, on Law 20.393 on Criminal Liability for Legal Entities in order to avoid possible unethical situations and crimes that damage the prestige and integrity of the company. This model has been certified by an external entity to ensure that it functions properly.

Crime Prevention Model

The Molymet Crime Prevention Model, which has been certified by BH Compliance, seeks to prevent crime by complying with the following policies or regulations:

- Crime Prevention Policy Act 20,393.
- Policy on Organizational Values and Principles of Conduct
- Policy on Interaction between Molibdenos y Metales S.A. and Domestic Subsidiaries and Public Servants
- Contributions and Donations Policy
- Policy on Company Purchasing, Services and Authorizations
- General Commercial Area Customer Evaluation Policy
- Internal Regulations on Order, Health and Industrial Safety

Ethics

The Molymet corporate website hosts an anonymous channel that provides information and facilitates safe and confidential reporting of unethical or illegal situations as well as reports of possible cases of fraud and corruption. The initiative also has all necessary safeguards in place to prevent improper or malicious use of the tool meant to injure or harm people's honor. This does not exclude the right of all people to submit reports directly to the company or relevant legal entities, whether in person or in writing.

Corporate Policies and Regulations

Crime Prevention Policy	Instructions for all personnel of Molibdenos y Metales S.A. and subsidiaries in Chile regarding how to prevent the crimes listed in Law No. 20.393 on money laundering, terrorism financing, bribery and handling of stolen goods. It will soon include bribery among private entities, incompatible negotiation, misappropriation and unfair administration in the various activities and process conducted by the company in its business dealings.
Policy on Organizational Values and Principles of Conduct	This policy establishes organizational, ethical and behavioral values for Molytmet and its subsidiaries. All activities are recorded and monitored in strict observance of applicable laws, policies, standards and procedures.
Policy on Interaction between Molibdenos y Metales S.A. and Domestic Subsidiaries and Public Servants	This policy reaffirms the commitment to ethical and transparent behavior that Molibdenos y Metales S.A. and its subsidiaries in Chile have regarding interaction with stakeholders, government officials and public servants in Chile and abroad. These principles are set out in Molytmet's internal policies and in Chilean legislation, especially Law 20,393 on Criminal Liability for Legal Entities.
Contributions and Donations Policy	This applies to all requests for and potential donations and contributions made by Molytmet and its subsidiaries, its Board members and all executives as well as all employees who receive requests to make contributions or donations as part of their roles and/or attributes by any of the company's stakeholders.
Policy on Company Purchasing, Services and Authorizations	This policy defines the principles, regulations and guidelines in place for Molytmet and its subsidiaries in regard to establishing commercial and other relations with suppliers and/or contractors. It outlines responsibilities and guidelines for preparing, negotiating and managing the commercial relationship between the company and its employees based on high ethical and integrity standards in order to build solid, equitable and transparent relations.
General Commercial Area Customer Evaluation Policy	Establishes the profile of the customer with which the company wishes to do business, outlining the steps necessary to carry out transactions based on its financial and commercial risk profile defined prior to customer acceptance. Each business will be evaluated based on internal policies and current legal regulations as well as proper compliance with the principles and values that Molytmet and its subsidiaries promote for their business.
Internal Regulations on Order, Health and Industrial Safety	Developed in accordance with Articles 153 and following of the Labor Code, this manual is meant to promote harmonious relations between the company and its staff and ensure a high level of safety, quality and efficacy in the development of operations and dealings with suppliers, visitors and customers.

Risk Management

The experience that Molymet acquired during the pandemic was incorporated into its risk matrix.

During its 2020 risk management process, the company continued to identify new strategic risks. It identified 12 groups of risks related to specific areas that are managed through action plans. These are monitored by the Vice President of Corporate Compliance and Risk and are reported biannually to the Board.

In essence, the company believes that failing to adequately manage risks could be the main threat to the business strategy or its ability to meet its goals. As such, it has created a management system that starts by assessing the likelihood of a specific risk, followed by reviewing operations to identify processes, subprocesses and their potential associated risks, which are then classified as high, medium or major. The risk management model also includes evaluating controls for each of the associated risks by determining whether or not they serve their purpose of covering the risk with which they are linked.

In an effort to mitigate risk, action plans are generated to continuously improve controls.

Risks Associated with the Pandemic

The following are the main risks related to COVID-19 that could affect Molymet's regular activities:

- a. Interruption of the molybdenum concentrates supply chain as a result of less activity or mine closures. In order to mitigate this risk, Molymet has significant inventory levels and a solid liquidity position that should allow it to manage interruptions such as mine closures for a period of one or two months.
- b. Logistics problems and delayed shipments. In order to mitigate this risk, Molymet has a level of geographic diversification that is unparalleled in the industry, with production plants and sales offices located in different parts of the world, as well as long-term relationships with shipping companies, off-site storage facilities and sales agents, which gives it remarkable flexibility to address these potential situations.
- c. Downward pressure on the price of molybdenum oxide as a result of global economic slowdown. Molymet has a robust business model that should allow it to mitigate this situation and offset potential drops in revenue with higher liquidity.

Stakeholder Engagement

Molymet seeks to create value for all stakeholders.

Understanding the various stakeholders' needs and expectations is fundamental to fulfilling Molymet's purpose. As a result, the company has a Corporate Stakeholder Engagement Policy that outlines how it should interact with employees, customers, the community, suppliers, regulators, investors and the environment. The policy's goal is to boost the company's performance, ensure operational continuity and promote value creation, thus contributing to the wellbeing of the planet.

Stakeholders and Focus Areas

Stakeholders	Focus Areas
<ul style="list-style-type: none"> Shareholders 	<ul style="list-style-type: none"> Sustainable corporate management Sustainable leadership
<ul style="list-style-type: none"> Employees 	<ul style="list-style-type: none"> Inclusive selection and hiring Flexible compensation and benefits Purposeful labor relations Satisfaction and commitment Culture and merit Quality of life Safety and health Benefits support
<ul style="list-style-type: none"> Suppliers 	<ul style="list-style-type: none"> Sustainable supplier billing and payment Supplier selection Local supplier development Promotion of micro and small business
<ul style="list-style-type: none"> Customers 	<ul style="list-style-type: none"> Customer satisfaction Sustainable marketing
<ul style="list-style-type: none"> Environmental matters 	<ul style="list-style-type: none"> Environmental management system Environmental incident management Energy efficiency Integrated handling of materials and waste Water efficiency Emissions
<ul style="list-style-type: none"> Community 	<ul style="list-style-type: none"> Community outreach Prevention of conflicts with the community Corporate social responsibility
<ul style="list-style-type: none"> Regulators 	<ul style="list-style-type: none"> Performance beyond regulatory compliance