

Sustainable Molymet

Third Sustainability Report
Summary / 2020



**We generate value for the
advancement of humanity**

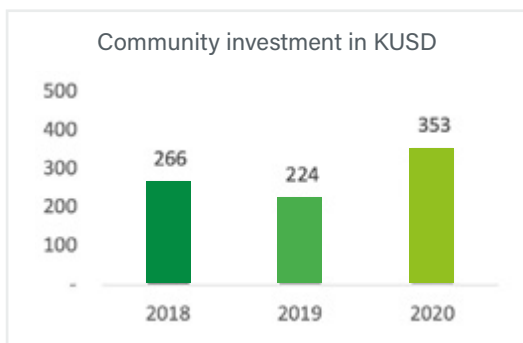
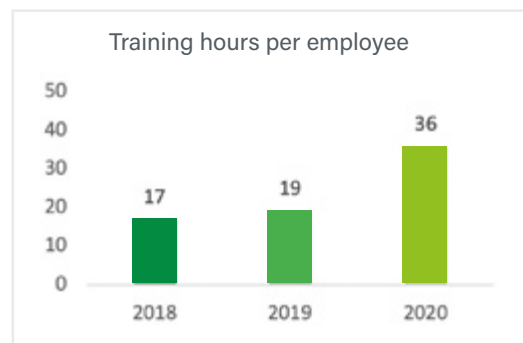
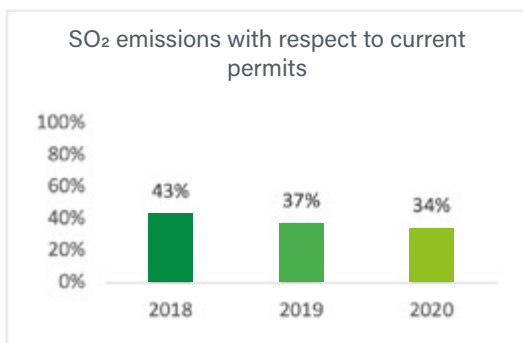
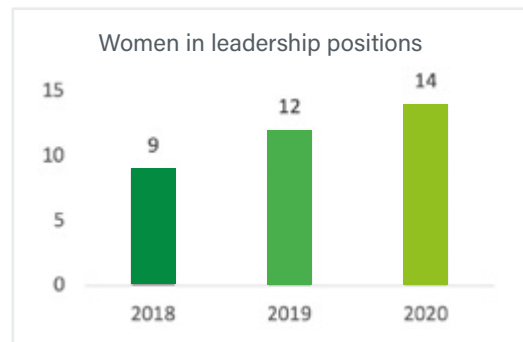
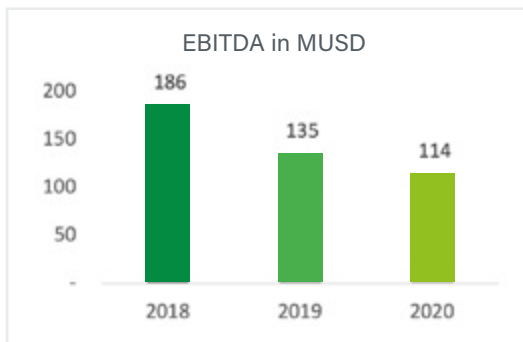
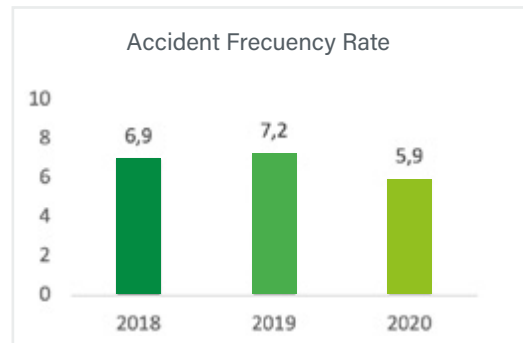
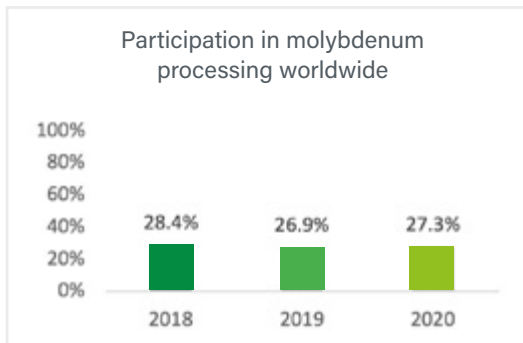
through products developed by
people who believe in the wellbeing
of our planet.



We are Molymet

We are global leaders in the processing of Molybdenum and Rhenium. Proud of our origins. Sustainable by nature. Innovative by essence. People are at the heart of who we are.

Our sustainable evolution





Our Leader's vision

It is with great pride that we present the summary of our third Sustainability Report which outlines our performance along ethical, social, environmental and economic dimensions during 2020. This was an unprecedented year due to the COVID-19 crisis, which has led us to analyze our priorities and reflect on our Purpose – guiding our thinking about how we want to continue to contribute improving the quality of life of all our stakeholders.

Our essence

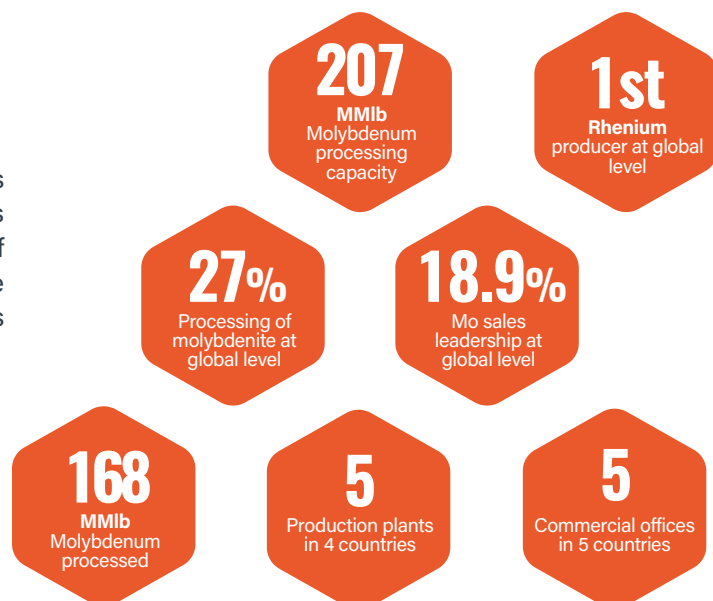
People are central to everything we do. They are the ones who share and live our Values and Principles which are the basis of our Strategic Management Pillars.

Our Corporate Stakeholder Engagement Policy raises our level of performance; contributes to the business continuity; and fosters the creation of value for our stakeholders who are the focus of our long term future of 'being and doing'. This includes: **Shareholders, Employees, Suppliers, Clients, Environment, Communities, Authorities.**



Global presence

Convinced that our activity has the potential to improve people's quality of life, we bring the benefits of molybdenum and rhenium to everyone in the world through our 244 clients located in 37 countries.



COVID-19 Management

Resilient spirit. The COVID-19 crisis rocked us to the core, threatening our people as their physical and emotional wellbeing was put at risk. To face the impact of COVID-19 in our Company we established a Corporate Crisis Committee, who evaluated, defined and put the necessary measures in place to ensure business continuity while putting the wellbeing of our people first. As we have operations in different countries, there have been different local realities.

Despite this, our subsidiaries maintained operational continuity thanks to our company business being declared an **Essential Activity**. Here the only exception was our Molymex subsidiary in Mexico where the government put strict measures in place to control the spread of infection at a country level. As a result, Molymex was forced to close down operations for a month before successfully obtaining Essential Activity status.

Thanks to our purposeful and resilient team, we did not have a drop in performance and for this we want to extend heartfelt appreciation and recognition to all our people for their great work and effort throughout the year, not least of which was their adaptability in facing difficulties and new ways of working.



Our main initiatives in 2020 were:

Employees

- Preparation of demanding protocols in order to minimize and mitigate the risks of infection spread as a result of the COVID-19 crisis.
- Zero layoffs and no wage drops related to the health crisis.
- Adaptation to new ways of working, training in teleworking, implementing shift systems and taking extra care with on-site work.
- Assistance to employees and their families through a comprehensive psychological support program.
- Empowering Molymet leaders to provide containment, build resilience and manage their teams effectively and empathically during the evolving crisis.
- Delivery of clear information on the health care measures adopted by the Company; providing training and clear communication for employees, suppliers, contractors and clients, using all available internal communication channels.

Authorities

- Building alliances and working collaboratively with local authorities in the countries where our subsidiaries are located; providing our expertise; and aligning ourselves with the action protocols of municipalities, unions, neighborhood management and health centers, among others.

COVID-19 remains a pressing reality. Although we are making progress in the immunization of the population, we have to continue rethinking this 'new normal' in order to contribute to value creation, growth and prosperity for all our stakeholders.

Suppliers

- Flexibility of supply contracts: generating tools that made it possible to continue trading amidst uncertainty. Going forward, we are committed to maintaining and improving the level of supplier flexibility.

Shareholders

- Meeting our legal obligations and financial projections.

Communities

- Supporting local organizations in the Communities where we operate: including direct support through the delivery of food and hygienic/protection products; participating in the sanitization of public spaces; and ensuring support for physical and emotional health needs.



Working in alliances to combat the urgent issues of our planet

In 2020 we began to implement our **Corporate Sustainability Strategy**. In this way, we started contributing to **2** new Sustainable Development Goals: Climate action and Partnerships to achieve the goals.



We value collaborative work that is enriched by partnerships; committing ourselves to create and be part of influential organizations in the countries where we operate.

29 Activate Alliances during 2020

2020 Sustainable Management Milestones

Humanity has been undergoing a transformation in terms of a sustainable future. Not only are people no longer the same but companies are also different now. Our Corporate Sustainability Policy guides us in making sure that each action and project undertaken by Molymet is carefully thought out and managed for the greater good of all our stakeholders.



Molymet

Zero incidents that impacted our communities.

Corporate

We are implementing our Corporate Sustainability Strategy, defining the first 4 Corporate Policies.

MolymetNos

We embarked on the biggest and most significant project in 15 years in terms of environmental impact: a 40% voluntary reduction of SO₂ emissions from our operations.

Molynor

We found a use in the Copper mining industry for our main liquid effluent: ferrous chloride. This is another significant step towards a Circular Economy.

Molymex

We earned the distinction of being certified as a Socially Responsible Company for the 10th consecutive year.

Molymet Belgium

We lowered our serious accident index by 54% and the accident frequency by 58% while over the same period, increasing our workforce by 8%.

Molymet Germany

Achieved 5 years of no recordable accidents.

Carbomet Energía

We successfully avoided the emission of 13,668 tons of CO₂ equivalent by using hydroelectric generation.

Inmobiliaria San Bernardo

We donated land to the 5th Fire Department in San Bernardo for the construction of a fire Station.

Our goals

And we're aiming for more in 2021 ...

Create stakeholder value by defining management indicators for our Corporate Sustainability Strategy

Measure our sustainable performance using the Dow Jones Sustainability Index

Measure stakeholder groups' perception of sustainable management

Certify all our employees and subsidiaries in our Code of Conduct, evaluating how its scope can be extended to other interested audiences

Work on a Corporate Diversity Policy, Gender Equity and Inclusion which will incorporate our Diversity Plan created in 2020

Increase our water efficiency by 1% to 3%

Improve energy efficiency by 1% to 3% and increase the use of renewable energies

Reduce accident frequency and severity rates

Increase the % of waste recovery, aiming to meet the "Zero Waste" challenge

Achieve SA8000 certification for working conditions at MolymetNos

Implement a digital system to manage business risks and regulatory compliance



Social Performance



Employment

We will strive to attract talented people who will help revolutionize the molybdenum market: Employees who mobilize our Purpose and can execute our Business Strategy with efficiency and innovation; while enjoying the benefits of an enjoyable working environment with competitive working conditions conducive to personal and professional growth.

Each subsidiary has the autonomy to execute plans oriented towards a sustainable work cycle, where the recruitment and selection processes; talent retention; and work team diversity are focuses and challenges across the entire Company.

Promoting team diversity

At a Corporate level and at MolymetNos, we have implemented a Job Analysis (ATP) system. This is aimed at identifying the necessary adjustments needed to incorporate people with reduced physical mobility into our company. In this way we can build inclusive hiring processes for people with disabilities (PwD) while providing relevant training to work teams.

Customized Compensation and Benefits

All our subsidiaries use HAY methodology to place a value on each job in line with responsibilities, not personal characteristics. In 2021 we will work on including our European subsidiaries in the implementation of our Corporate Compensation Policy.

In the context of the COVID-19 health contingency, Chilean subsidiaries, implemented an Employee Assistance Program (EAP) which provides assistance in matters of employees' mental health, legal, financial, parental and family matters, with support from third party service providers. We have benefits for all our employees, including complementary insurance, health insurance and life insurance.

Talent development

We are able to help advance the evolution of humanity thanks to the talented people in our Company. Our Corporate Training Policy has consolidated our commitment to having a highly trained team, which in turn enables us to lead the way in our industry and scientific communities.



Gender equality

As men and women, we all have a part to play in achieving the long term wellbeing of our planet. And our approach is clear: there can be no gender discrimination. This is why, during 2020 we developed actions to bring us closer to gender equity at all our subsidiaries. Here, our Compensation Policy seeks to mitigate gender bias by determining equitable remuneration based on job levels.



Salary equality

We have progressively incorporated topics that promote a quality, safe and inclusive work environment, so that at MolyMET, a diverse range of people can find a place to develop their talents and skills. Salary equity is a key factor in achieving this.

We still have a long way to go on this issue. However, our American subsidiaries have initiated compensation

management based on salary studies that define the parameters established in our policy. A leveling plan is to be initiated in terms of base salaries for performing the same position, also allowing for improvement of other aspects that make up employee compensation. We have now initiated similar salary studies at our European subsidiaries.



Health & Safety

As we navigated our way through the COVID-19 crisis in 2020, our HR teams and leaders responsible for health and safety issues worked across the company to ensure that our Corporate Policy for Occupational Health & Safety provided a clear response to the needs of all our employees. Seven cross-cutting principles were then incorporated into the Sustainability pillar of our Strategic Agenda, making sure that we prioritized a preventive and proactive occupational health and safety culture. This boosted employee trust and performance and led to improved accident rates.

We are governed by the international OHSAS 18001 and ISO 45001 standards which are monitored and evaluated by our Integrated Management System.



Our commitment to safety

We are responsible for the health and safety of our operations and our people. Our Joint Health and Safety Committees are made up of employees elected by direct vote. This gives all our employees representation through formal Occupational Health & Safety committees which allow us to monitor, evaluate and propose improvements.



Health & Safety training for our workforce



Supplier evaluation

Our suppliers add value to our business management and commercial activity. We, in turn, take care to foster their development based on trust relationships underpinned by: respect for labor rights; good business practices; and preference for local purchasing. The Corporate Policy for Suppliers and Contractors was developed collaboratively by professionals from our administrative, supply, finance, legal and sustainability areas. It defines the action principles for sustainable development of the supply chain of inputs and services, along with promoting the adoption of sustainable practices by suppliers and contractors.



Supplier Selection Criteria

We have an accreditation process that provides us with an instrument to evaluate our suppliers based on social criteria. Through this process, the potential long-term involvement of each supplier as a part of the Molymet

team of people is evaluated. In this way we can provide options for improving their contribution or exclude suppliers who do not meet the required criteria.

Labor relations

Representation and dialogue between employees and our Company are key to aligning visions and expectations. All of our subsidiaries have trade union organizations.

Negotiation processes are based on the legal frameworks in force in the countries where we operate. They are either undertaken directly between the organization and employees, or through mediation led by a third party service provider to ensure transparent and respectful dialogue.

At corporate level, we are working on a Labor Relations Policy, through Employee Relations Committees with the aim of strengthening the organizational commitment of our teams, aligned with the culture and purpose of Molymet.



Community relationships

Long term relationships, based on trust, are the hallmark of our relationships with communities where we operate, where we take into particular account, the local values and culture. In 2020 we began to work across regions and teams on our Corporate Policy for Community Engagement which will guide our actions based on the reality and needs of each locality.



Listening to our communities

We have a close relationship with our neighbors in all the communities where we operate. This is thanks to an open door policy, conducive to transparent dialogue and joint resolving of complaints in a thoughtful way.



Our main community initiatives

MolymetNos

- COVID-19 related Sanitation Programs in 33 Neighborhood Councils
- Training Programs using e-learning modality
- Competitive funding for projects related to social, educational, safety, facilities/amenities, environmental, inclusion and cultural development
- Through Inmobiliaria San Bernardo, we carry out the donation of land to the 5th Fire Department for the construction of a barracks

Molynor

- Raising awareness of community interest groups; building a matrix of socio-environmental risks; and defining guidelines for the preparation of a Community Relations plan

Molymet Belgium

- Sponsored the purchase of cardiac resuscitation equipment for use by the local EDUGO school in Ghent
- Participation in the Eco² project
- Visits to neighboring farms are made to monitor molybdenum levels in the soil and to take measures to prevent impacting the local community



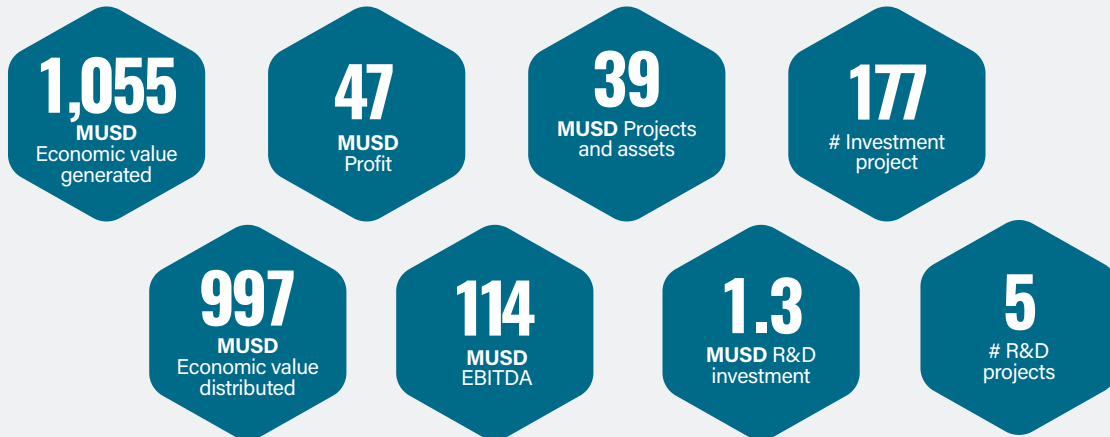
Molymex

- Company Social Responsibility Program which directly supports schools in the local community
- Sanitation Program for Cumpas Municipality
- Provision of Community Funding to the Cumpas Municipality
- Molymex Summer 2020 "From home" program of recreational activities contributed to the healthy development of our employee's children and children throughout the Cumpas community
- Our Campaign "Pay attention, no more cases" aimed at encouraging measures to prevent the spread of COVID-19 infection in the Cumpas community

Molymet Germany

- Monetary contribution for the purchase of defibrillator equipment for firefighters and monetary contribution to the University of Leipzig for scientific purposes, mainly associated with the study of molybdenum

Economic Performance



The way we go about our business and production is clearly encapsulated in our Purpose statement:

Our molybdenum and rhenium products are used in a variety of compositions and processes in manufacturing bridges, cars, pipes, aircraft engines and medical prosthetics around the world. Our innovation provides disruptive and effective solutions for our clients.

Investment highlights for this reporting period include: the start-up of a new pure products plant (Purox) at Molymet Belgium; Process automation focused on reducing risks at MolymetNos; and a new metallic molybdenum production line at Molymet Germany.



Our highly trained employees believe wholeheartedly in playing their part in the sustainable evolution of humanity. This, commitment, coupled with our top-class infrastructure, strengthens the trust of our shareholders and investors.

Governance

Ethical Management



Behaving ethically across the dimensions of strategic planning, sustainable management and operations is a conviction at the heart of each project and employee. In 2020, we took this a step further by constructing the **Molymet Code of Conduct** to guide our thinking and actions.

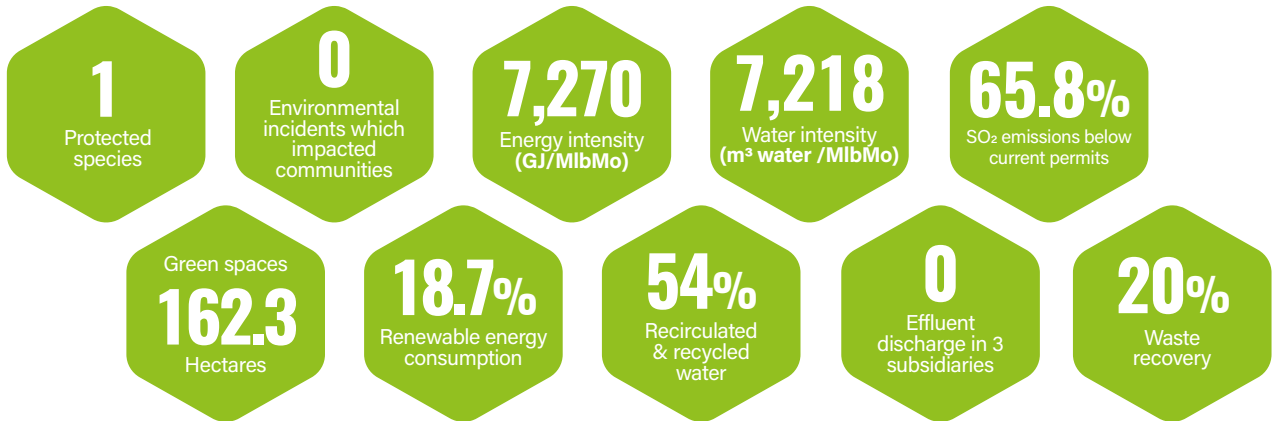
A key instrument to ensure ethical behavior is our safe and anonymous Ethics Line. Through this communication channel, any stakeholder, whether internal or external, can express doubts or make complaints about any issue which is contrary to our ethical or legal codes of conduct.

During 2020 there were 4 complaints: 1 at our Corporate Headquarters and 3 at MolymetNos. They were related to work harassment, material theft, bribery and safety conditions. All were investigated and resolved.

Ethical Management in Chile

The Crime Prevention Model based on Law 20,393 is widely used in employee onboarding and workshops to raise awareness of anti-corruption procedures. In this way we ensure that all our people have a solid understanding of what it means to behave with integrity and follow good corporate practices.

Environmental Performance



Biodiversity

Looking out for the wellbeing of our planet is fundamental to our Purpose; and conducting our business in a way that constantly takes the environment into account means that we bring value to the evolution of humanity.

Having plants in four countries constantly challenges us to analyze each geographic context and create specific plans for the ongoing monitoring and management of potential biodiversity impacts.



Purposeful cultivation of the urban landscape and climate

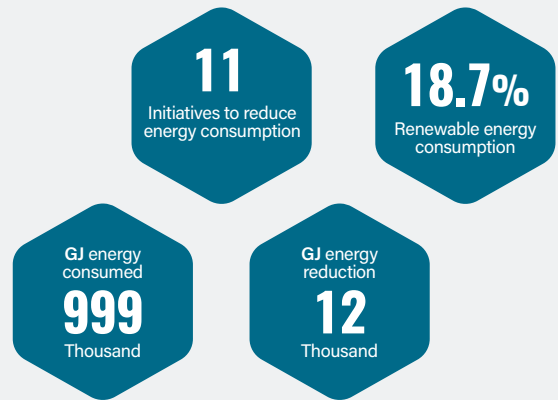
In the community of San Bernardo, Chile, we have an organic walnut crop that creates a green lung and buffer zone for MolymetNos' activities. The cultivation over an area of 123 hectares not only provides permanent and temporary sources of employment, but also: improves the structure and quality of the soil; facilitates the proliferation of beneficial species for pest control; aids the capture of CO₂; and improves the local microclimate by reducing the radiation and intensity of the urban heat island.

Protection of the Little Tern

At Molynor we invested USD 54,309 in efforts to protect the endangered Little Tern. This was done by working with the Little Tern Sustainability Foundation, where we are founding partners and serve on the Board of Directors. Actions carried out over 2020 were aimed at monitoring and protecting the species in accordance with Chilean Environmental Qualification Resolution guidelines.

Energy

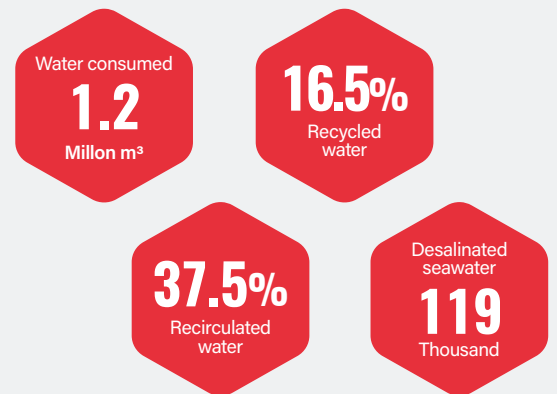
We are ever mindful of the amount of energy needed to transform molybdenite concentrate into our final product. To this end we have a Corporate Energy Policy to guide us in our ongoing search for more efficient and less polluting energy systems.



Water

Water is an essential resource for human evolution and we are highly conscious of the risks posed by its scarcity. This is why we have a firm commitment to reducing the consumption of water in our operations and we are developing plans that make us responsible for safeguarding this precious resource for future generations.

Recognizing water as a limited resource not only implies revision of our internal processes but also an understanding of how our consumption impacts others who share this resource with us.



Effluent

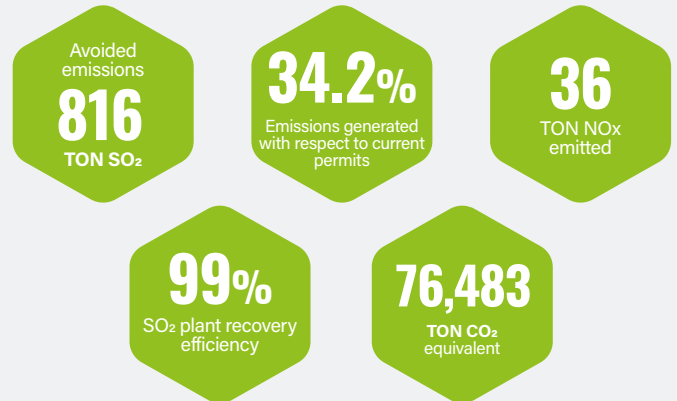
We are resolute in our undertaking to treat the water we use in our production processes and return it to the environment with the quality required by the regulations of the countries where we operate and the voluntary commitments we ourselves have adopted.

We had no significant spills in 2020.



Emissions

Our focus is to be sustainable; to deliver value today; and to be champions of the future. The construction of our Corporate Climate Change Policy will allow us to achieve this, ensuring that in each project and action which has the potential to do environmental damage, we will adopt a comprehensive preventive approach. To this end, Molymet has an Environmental Management System defined in its Corporate Environmental Policy.



Measures to reduce our carbon footprint

We monitor our CO₂ emissions to control their impact and evaluate the results of initiatives to reduce emissions.

As a company, we measure ranges 1 and 2 of greenhouse gas emissions. At Molynor and Molymex we carried out a complete calculation of the carbon footprint for 2021. Going forward, our Corporate Climate Change Policy will guide the actions of our other subsidiaries based on this pioneer exercise.

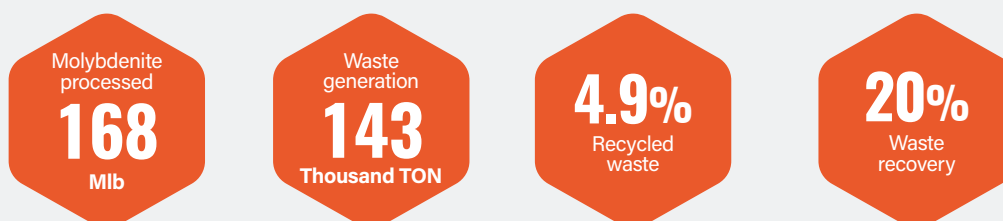
Our Commitment: Keep on reducing emissions!



Reuse and recycling of primary and other materials

Manufacturing products which create value for the advancement of humanity means that our purchasing processes and material management must be carried out in accordance with strict parameters, which guides our relationships with suppliers, customers and end users.

At Molymet we develop and promote initiatives to contribute to a Circular Economy, either by reducing the input of raw material and / or through the recovery of waste, that is, recovering materials through a set of actions, such as prevention, reuse and recycling.



Sustainable Management at Carbomet Energía

Carbomet Energía, which was fully acquired by Molymet in 2019, is a renewable energy generating Company.



Sustainable Management at Inmobiliaria San Bernardo

With its operations located in the green belt buffer zone described earlier, Inmobiliaria San Bernardo is an agricultural company carrying out commercial production of walnuts which are cultivated organically.

