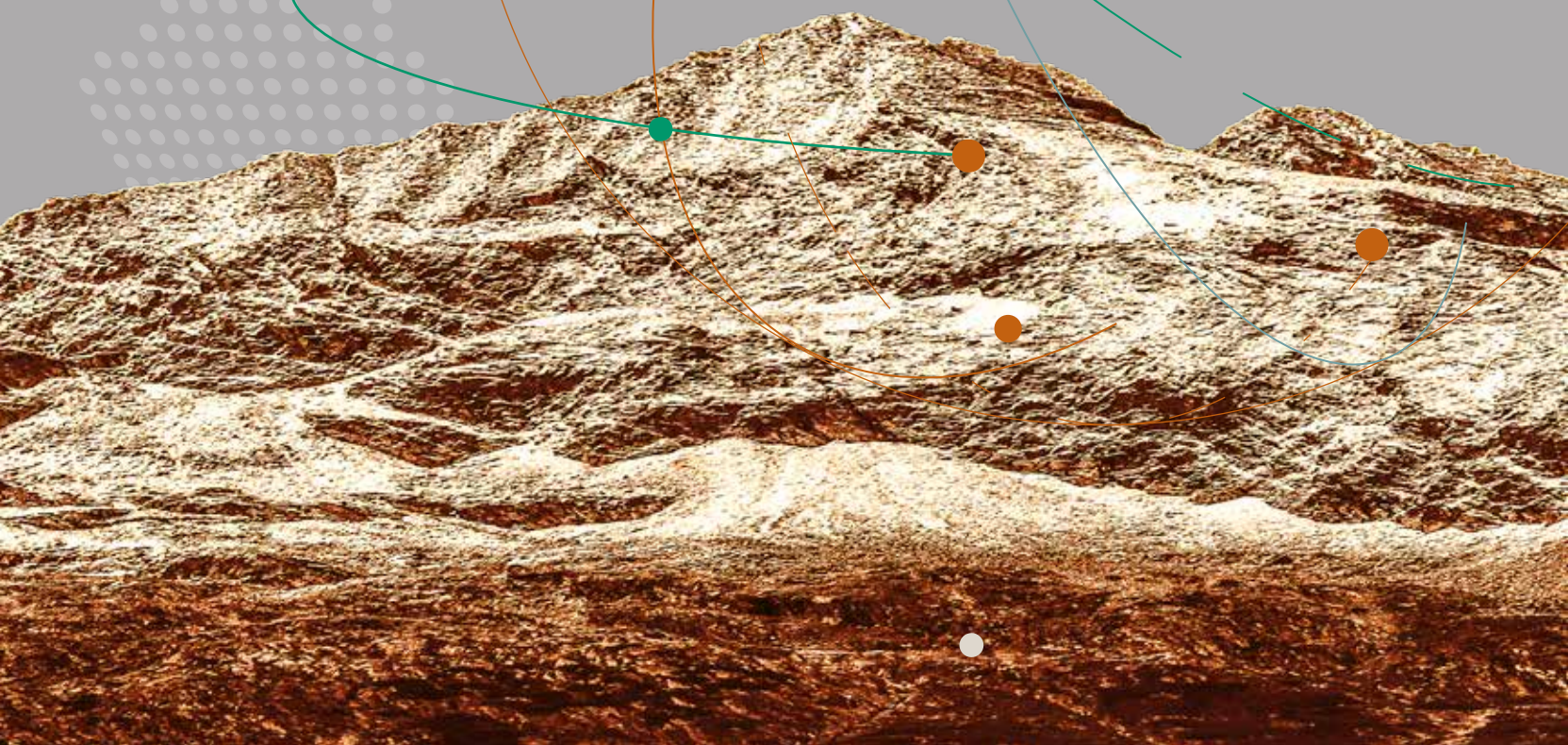
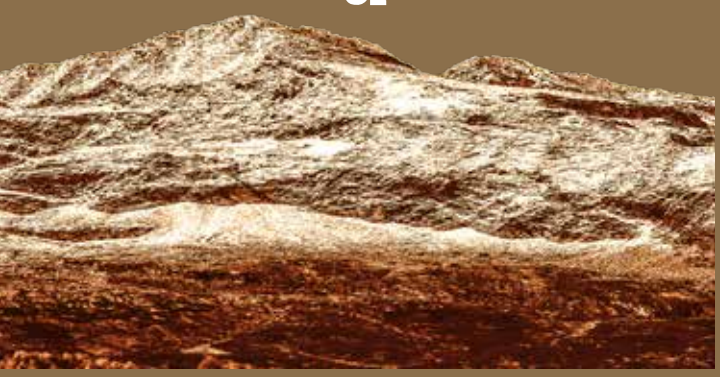
SIGDO KOPPERS S.A.

INTEGRATED ANNUAL REPORT
summary version

2022



SK SIGDO KOPPERS S.A. INTEGRATED ANNUAL REPORT summary version



2022

SIGDO KOPPERS IS ONE OF THE LEADING INDUSTRIAL GROUPS IN CHILE.

Its products and services are sold worldwide, and it has production plants and operations in America, Europe, Africa, Oceania and Asia.

letter from the Chairman

US$ 4,587 million

is the value of the assets owned by Sigdo Koppers. The company is highly liquid, with consolidated cash of US$411 million.

Dear shareholders,

Below we present a summary of our Annual Report, in line with our commitment to report to all our stakeholders on the company's business.

After reporting for eight consecutive years according to the guidelines of the International Integrated Reporting Council (IIRC), the 2022 Annual Report was guided by the requirement in General Rule 461 of the Financial Market Commission of Chile where the objective continues to be presenting integrated financial information and sustainability performance.

Although the results of Sigdo Koppers S.A. and its subsidiaries were very good at the close of the fiscal year, 2022 presented major challenges globally because of the economic, social and political effects resulting from the pandemic and the Russia-Ukraine war.

In addition to the huge human impact, these situations continue to cause major problems in the chain of supply of all industries, and Sigdo Koppers and its subsidiaries are not immune to them. Despite the complex situation, our company achieved an historic performance, the result of a team of excellence, sound investments in assets and an operations internationalization and distribution strategy that has enabled us to confront this scenario satisfactorily.

Our internationalization strategy aims to ensure a commercial and production presence in the main mining centers in order to provide customers a reliable, quality supply. The result was that at the close of 2022, 53% of the company's consolidated income came from markets other than Chile. Today we can offer each customer what they need, where they operate, and cover markets with great projections and possibilities for expansion.

The company's consolidated income totaled US$3,946 billion in 2022, an increase of 27% compared to the previous fiscal year. The net profit rose 36%, to US$217 million.

The consolidated EBITDA for the fiscal year was US$575 million, 33% higher than the previous year. This good performance was associated mainly with the improvement in the operating income of the Magotteaux Group S.A., Enaex S.A. and SK Comercial S.A. (SKC), the result of positive sectoral dynamics, an effective strategy to counteract the increase in the costs of their main raw materials, and successful operational efficiency plans.

As of December 31, 2022, Sigdo Koppers S.A. owned assets worth US$4,587 billion and it was highly liquid, with consolidated cash of US$411 million. Its debt ratio was conservative, with Net Financial Debt to consolidated EBITDA at 1.9 times.

One of the fundamental commitments of our company is to contribute to community development. We are very proud of the scope of work of Fundación Chile Dual, which we created in 2015, whose purpose is to help improve technical education. This year 4,000 students at Technical-Professional High Schools (EMTP, as abbreviated in Spanish) participated in different programs such as school-work alternation, apprenticeships, technical, social and employment training, and professional internships.

We engaged with 286 Schools by giving talks on school-work alternation, refresher education for teachers and direct assistance. We continued to be part of the Center for Innovation and Leadership for Professional and Technical Education (CILED, as abbreviated in Spanish), and we worked together with the Ministry of Education of Chile on school-work alternation educational programs.

I would like to emphasize that for the eighth consecutive year, we were selected to be on the Dow Jones Sustainability Index, which measures company performance according to environmental, social and governance standards. Sigdo Koppers and Enaex were also included in the MILA Pacific Alliance Index, Sigdo Koppers for the fifth time and Enaex for the third. It is a regional index that recognizes the sustainable operation of firms belonging to the Pacific Alliance. We have also been members of the U.N. Global Compact for 15 years under which we are committed to contributing to the development of society and businesses. Enaex became a member in 2022.

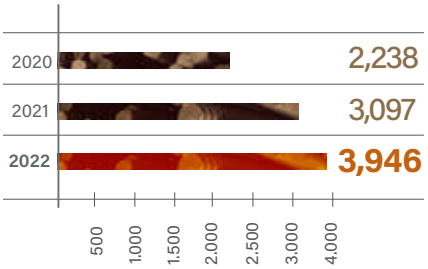
As concerns innovation, we continued to work towards our goal of providing solutions to help customers increase their productivity, create new spaces of operation and provide safer conditions for workers. SK Godelius S.A. developed a robotic system to load sulfuric acid onto trains in the operations of Vale S.A. in Sudbury, Canada. The system, one of a kind, has the potential to transform the loading of hazardous substances in mining and other industries. For Minera Zaldivar, it also implemented a service based on the Spot robotics platform of Boston Dynamics, which monitors the pulleys of conveyor belts via thermal imaging cameras. For the ERG Group, it designed the basic engineering for a robot fleet that will take geological samples in the Saudi Arabian desert.

According to projections, 2023 will be a tough year in which our subsidiaries will continue to face difficulties in their different areas of business as a result of global economic conditions, but I am sure that our market diversification strategy, our competitive advantages and the quality of our human team will enable us to take on all challenges that may arise.

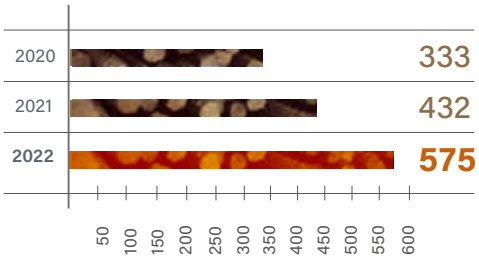
JUAN EDUARDO ERRÁZURIZ OSSA
Executive President
Sigdo Koppers S.A.

glance.

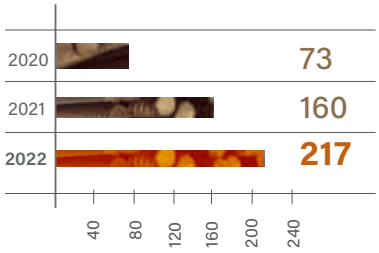
Consolidated Sales
MUS$



Consolidated EBITDA
MUS$

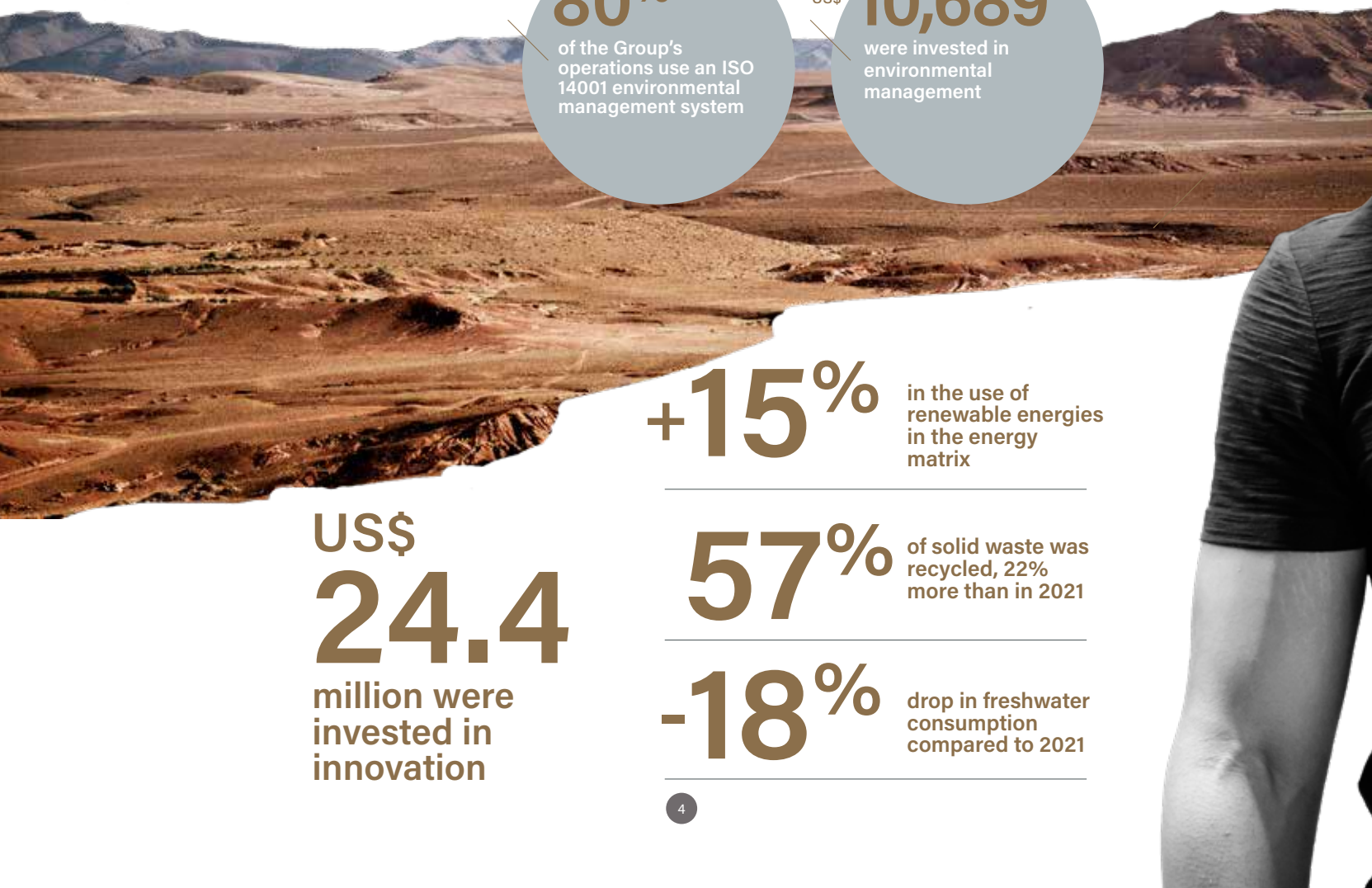


Profit of Sigdo Koppers S.A.
MUS$



80% of the Group's operations use an ISO 14001 environmental management system

US$ **10,689** were invested in environmental management



+15% in the use of renewable energies in the energy matrix

57% of solid waste was recycled, 22% more than in 2021

-18% drop in freshwater consumption compared to 2021

US$ **24.4** million were invested in innovation

73%

customer satisfaction

100%

of the companies have a supplier registration and evaluation system

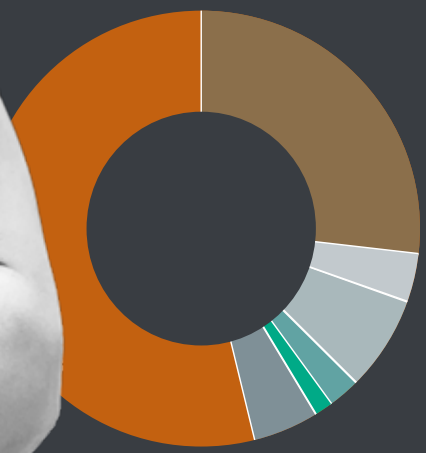
53%

of consolidated income comes from operations outside of Chile

22,633

employees

employee geographic distribution



- 58% CHILE
- 26% SOUTH AMERICA (except for Chile)
- 3% NORTH AMERICA
- 6% AFRICA
- 2% ASIA
- 1% OCEANIA
- 4% EUROPE

chain of value in mining and industry

Sigdo Koppers S.A. provides products and services to mining and industry around the world and considers the execution of a complete sequence of activities and processes that create value for customers.

The group integrates sustainable management to the chain of value to face situations and actual demands of its stakeholders, which reduces risks and is beneficial to all parties involved.

/01 DEVELOPMENT

/02 OPERATION

SIGDO KOPPERS INGENIERÍA Y CONSTRUCCIÓN GROUP S.A. (SKIC)

SKIC provides large-scale engineering, construction and assembly services in the mining, power generation and transmission sectors, for industrial projects, civil works, maritime operations and infrastructure.

ENAEX S.A.

Enaex S.A. is the leading producer of explosive-grade ammonium nitrate in the region and a leader in rock fragmentation services as well as in the development and sale of explosive products of a high added value.

SKC S.A.

SKC S.A. imports, distributes and leases machinery for mining, agriculture, transportation and industry.

ASTARA LATAM S.A.

Astara Latam is the representative of automobile manufacturers to industrial, mining and service companies.

/03 PROCESSES

MAGOTTEAUX GROUP S.A.

Magotteaux manufactures and sells cast parts and mill balls of a high added value used by large-scale mining companies and other industries like the cement industry, thermal power plants and dredging companies.

SK GODELIUS S.A.

SK Godelius develops technologies to optimize the operating processes of customers. It creates, implants and operates telecommand systems, the automation of machinery and production processes, among other developments.

/04 LOGISTICS

PUERTO VENTANAS S.A. (PVSA)

PVSA is the leading bulk port in the central zone of Chile. It provides transfer and storage services

FERROCARRIL DEL PACÍFICO S.A. (FEPASA)

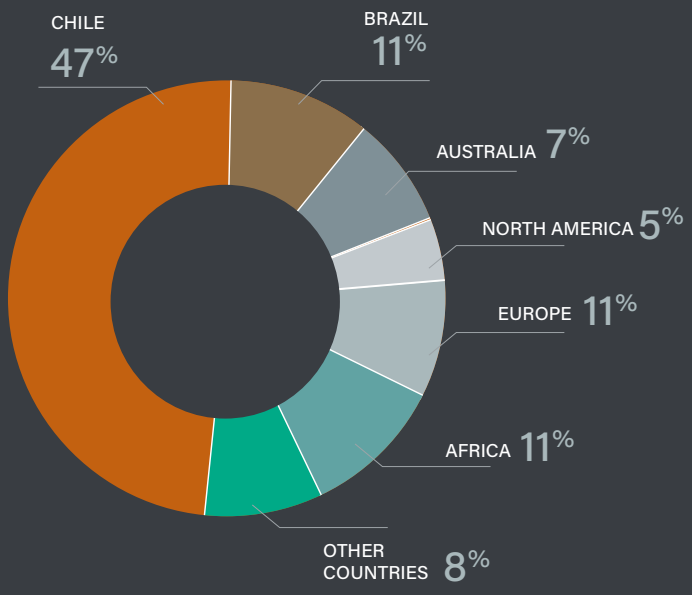
FEPASA provides cargo logistics services and cargo transfers by rail and by truck.

international presence

The company provides services and has production plants in 17 countries, and it has commercial offices in more than 30, consolidating an international presence on the five continents.

SALES BY DESTINATION
TOTAL IN MUS$

3,946



USA
Magotteaux Group S.A.

CANADA
Magotteaux Group S.A.
SK Godelius S.A.

MEXICO
Magotteaux Group S.A.

SPAIN
Magotteaux Group S.A.

FRANCE
Enaex S.A.
Magotteaux Group S.A.

BELGIUM
Magotteaux Group S.A.

AUSTRALIA
Enaex S.A.

THAILAND
Magotteaux Group S.A.

CHINA
Magotteaux Group S.A.

INDIA
Magotteaux Group S.A.

SOUTH AFRICA
Enaex S.A.
Magotteaux Group S.A.

PERU
Sigdo Koppers Ingeniería y Construcción Group S.A.
Enaex S.A.
Magotteaux Group S.A.
SKC S.A.
Astara Latam.

CHILE
Sigdo Koppers Ingeniería y Construcción Group S.A.
Puerto Ventanas S.A.
Ferrocarril del Pacífico S.A.
SK Godelius S.A.
Enaex S.A.
Magotteaux Group S.A.
SKC S.A.
Astara Latam.

COLOMBIA
Sigdo Koppers Ingeniería y Construcción Group S.A.
SKC S.A.
Astara Latam.

BRAZIL
Sigdo Koppers Ingeniería y Construcción Group S.A.
Enaex S.A.
Magotteaux Group S.A.

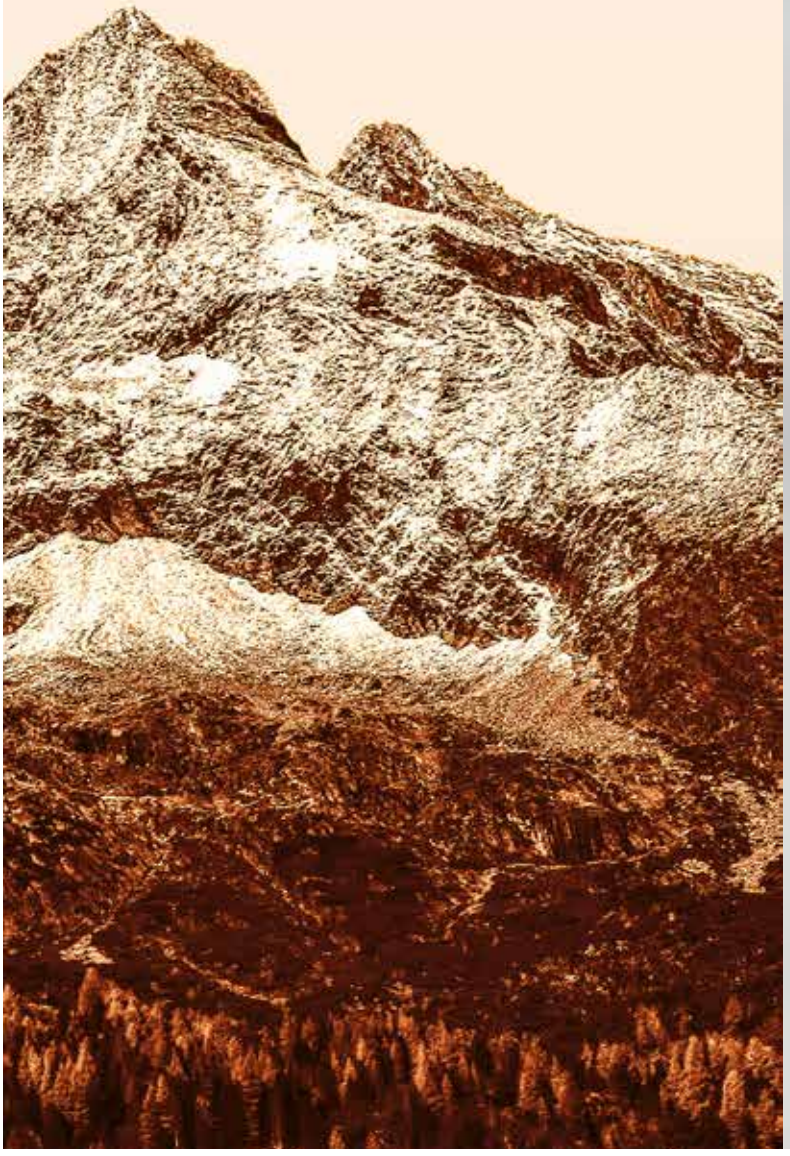
BOLIVIA
Astara Latam.

ARGENTINA
Enaex S.A.
Astara Latam.

/33

PRODUCTION PLANTS IN 17 COUNTRIES AND COMMERCIAL OPERATIONS IN MORE THAN 30

mission, vision, values



MISSION

Be an integral supply group and leader in services and products to mining and industry. Provide the highest quality to our customers, create value for our shareholders, and opportunities for our employees to develop.

VISION

Grow profitably, continuously and sustainably. Consolidate our development in the different industries and markets in which we engage and identify new opportunities for investment in harmony with our long-term vision.

VALUES

/01

Commitment to life

We prioritize the health, safety and quality of life of people. We aim to grow sustainably while caring for the environment and assuring the wellbeing of related communities.

/02

Integrity

We behave ethically, fairly and responsibly toward our stakeholders.

/03

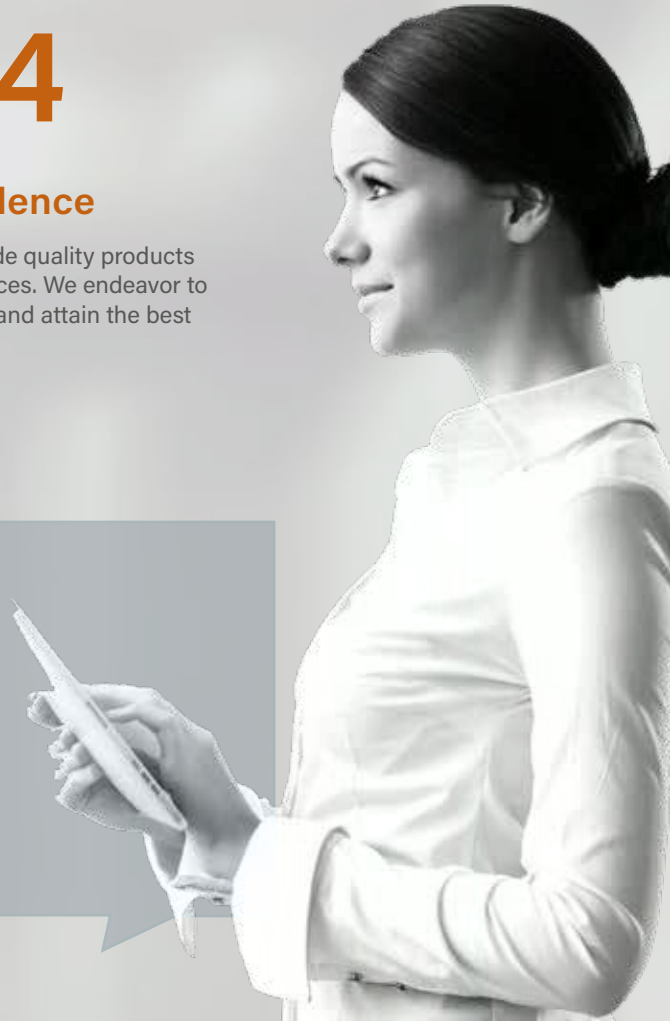
Customer focus

We build long-term relationships of trust with our customers. We endeavor to understand their needs, look at it from their viewpoint, and meet their expectations by providing competitive quality solutions.

/04

Excellence

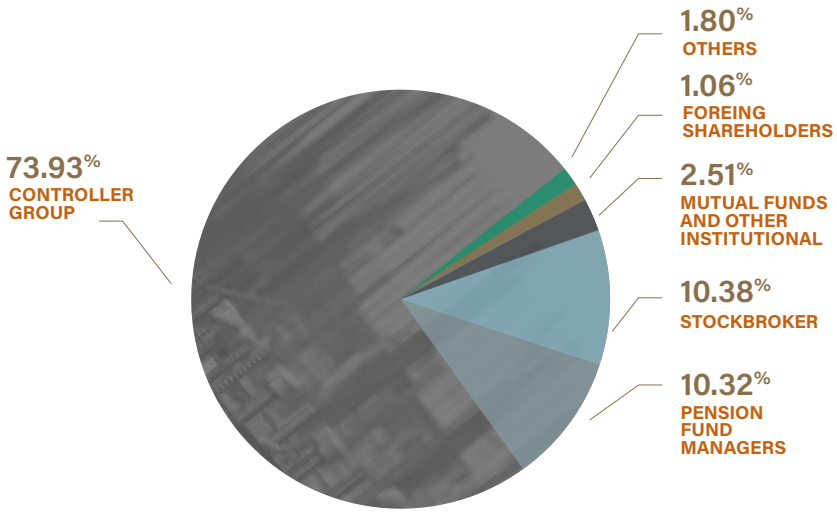
We provide quality products and services. We endeavor to innovate and attain the best solutions.



Sigdo Koppers S.A. is a member of the U.N. Global Compact and has several directives, such as the Human Rights Policy, the Code of Ethics and the Internal Hygiene and Safety Regulations that mention the company's commitment to that topic.

governance.

OWNERSHIP STRUCTURE



CORPORATE GOVERNANCE

OWNERSHIP CONTROL - LEGAL ENTITIES	Number of Direct Shares	Direct Ownership	Ultimate Natural Person Controller	Number of Indirect and Related Shares	% of Indirect and Related Ownership	Total Number of Shares	Total Ownership Percentagel
Villarrica Uno SPA (1)	14,992,406	1.39%	Juan Eduardo Errázuriz Ossa	8,535,378	0.79%	126,850,277	11.80%
Villarrica Dos SPA (1)	14,992,406	1.39%	Juan Eduardo Errázuriz Ossa				
Villarrica Tres SPA (1)	14,992,406	1.39%	Juan Eduardo Errázuriz Ossa				
Villarrica Cuatro SPA (1)	14,992,406	1.39%	Juan Eduardo Errázuriz Ossa				
Villarrica Cinco SPA (1)	14,992,406	1.39%	Juan Eduardo Errázuriz Ossa				
Villarrica Seis SPA (1)	14,992,406	1.39%	Juan Eduardo Errazuriz Ossa				
Villarrica Siete SPA (1)	14,992,406	1.39%	Juan Eduardo Errázuriz Ossa				
Villarrica Ocho SPA (1)	13,368,057	1.24%	Juan Eduardo Errázuriz Ossa				
Sociedad de Ahorro Kaizen Limitada	100,160,000	9.32%	Naoshi Matsumoto Takahashi	5,478,338	0.51%	124,988,338	11.63%
Inversiones Kaizen Dos SPA	19,350,000	1.80%	Naoshi Matsumoto Takahashi				
Sociedad de Ahorro Cerro Dieciocho Limitada	100,160,000	9.32%	Sucesión Mario Santander García (3)	10,050,000	0.93%	129,560,000	12.05%
Inversiones Cerro Dieciocho Dos SPA	19,350,000	1.80%	Sucesión Mario Santander García (3)				
Sociedad de Ahorro Jutlandia Limitada	100,160,000	9.32%	Norman Hansen Roses	2,946,431	0.27%	122,456,431	11.39%
Inversiones Jutlandia Dos SPA	19,350,000	1.80%	Norman Hansen Roses				
Sociedad de Ahorro Homar Limitada	100,160,000	9.32%	Horacio Pavez García	16,983,412	1.58%	136,493,412	12.70%
Inversiones Homar Dos SPA	19,350,000	1.80%	Horacio Pavez García				
Inversiones Busturia SPA	91,225,402	8.49%	Familia Aboitiz Domínguez (2)	10,493,32	0.98%	121,068,534	11.26%
Inversiones Busturia Dos SPA	19,350,000	1.80%	Familia Aboitiz Domínguez (2)				
Málaga Asesorías y Consultorías SPA	33,361,009	3.10%	Socios Málaga, Asesorías y	-	0.00%	33,361,009	3.10%
Total		**68.86%**			**5.07%**		**73.93%**

board of directors

The actual Board of directors was elected for the period 2021-2024 at the Ordinary Shareholders Meeting held April 26, 2021.

JUAN EDUARDO ERRÁZURIZ OSSA

Executive President

TAX I.D. 4.108.103-1
Civil Engineer
Appointed and/or reelected April 26, 2021

NAOSHI MATSUMOTO TAKAHASHI *

Vice-Chairman

TAX I.D. 3.805.153-9
Business Engineer
Appointed and/or reelected April 26, 2021

NORMAN HANSEN FERNÁNDEZ

Director

TAX I.D. 6.062.403-8
Sociologist
Appointed and/or reelected April 26, 2021

SILVIO ROSTAGNO HAYES *

Independent Director

TAX I.D. 6.366.718-8
Mechanical Industrial Engineer
Appointed and/or reelected April 26, 2021

HORACIO PAVEZ GARCÍA

Director

TAX I.D. 3.899.021-7
Civil Constructor
Appointed and/or reelected April 26, 2021

JAIME VARGAS SERRANO *

Director

TAX I.D. 7.035.696-1
Business Engineer
Appointed and/or reelected April 26, 2021

LUIS FELIPE CERÓN CERÓN

Director

TAX I.D. 6.375.799-3
Electrical Industrial Engineer
Appointed and/or reelected April 26, 2021

* Members of the Directors Committee

100%

Average board meeting attendance

DIVERSITY ON THE BOARD

Type of Director	Gender	2022					
		Less than 3 years	Between 3 and 6 years	More than 6 and less than 9 years	Between 9 and 12 years	More than 12 years	Total
Regular	Men	1	3	-	1	2	7
	Women	-	-	-	-	-	-
Alternate	Men	-	-	-	-	-	-
	Women	-	-	-	-	-	-

KNOWLEDGE AND EXPERIENCE OF OUR DIRECTORS

DIRECTOR'S NAME	POSITION ON THE BOARD	RÉSUMÉ
Juan Eduardo Errázuriz Ossa	Executive President	He earned a degree in civil engineering from the Catholic University of Chile. Partner in Sigdo Koppers S.A. and Chairman of the boards of Enaex S.A., SK Ingeniería y Construcción S.A., Puerto Ventanas S.A. and Astara Latam S.A. He is currently a Councilmember of Manufacturing Development Society (abbreviated as SOFOFA in Spanish) (in Chile) and Chairman of the Chile-Japan Business Committee. Over the course of his career, he has been a member of the boards of IBM International, Lan Airlines and Endesa Chile, among other companies, and he has been honored by the governments of Japan, Argentina, Peru and Belgium.
Naoshi Matsumoto Takahashi	Vice-Chairman	He holds a business engineering degree from the Catholic University of Chile. His business career spans more than 50 years, and he is a founding partner of Sigdo Koppers and of Grupo Security. He is a member of the Sigdo Koppers Directors Committee, a director in several of the Group's companies, and a founding partner of the Social Development Association of Sigdo Koppers S.A. He is a director of Grupo Security S.A. since 1991 and has been honored by the government of Japan.
Silvio Rostagno Hayes	Independent Director	He holds a degree in civil engineering from the Catholic University of Chile and a M.Sc. from Stanford University in California, U.S.A. He is currently a director in many companies: since 2018 in Sigdo Koppers, Pucobre, Cial Alimentos, Ventisqueros (Salmon) and Viña Odfjell. He was formerly a director in Drake Enterprises, CEO of D&S Retail and Walmart Retail, CEO of Viña Santa Rita, Commercial Vice-President of the Chilesat Group, Gilat Satellite Networks, a partner in Heidrick & Struggles, CEO of Lotus Development Corp for Chile and South America, among other interests in businesses, foundations and entrepreneurships.
Norman Hansen Fernández	Director	He graduated from the Philosophy program at the Catholic University of Chile and earned a M.A. in Sociology from the New School for Social Research. He has undertaken graduate studies in Political Risk Assessment for Foreign Investment and in Lobbying Laws and Business Transparency. He was a member of the Latin American Conference of the Council on Foreign Relations in the United States and is currently a Director in Enaex.
Jaime Vargas Serrano	Director	He holds a B.Sc. in International Business from Woodbury University in California, U.S.A. He is a businessman and director in non-profit organizations and has held different executive positions in companies in Chile and the United States. He is currently a director in SK Godelius S.A. and Chairman of the Board of Grupo Incorp S.A, Incofin S.A. and Incofin Leasing S.A.
Horacio Pavez García	Director	He earned a degree in Civil Construction from Federico Santa Maria Technical University. He is a businessman and a founding partner in Sigdo Koppers S.A. and Grupo Security. He is a member of the Board of SK Ingenieria y Construcción S.A. and Ferrocarril del Pacifico S.A. He has extensive experience in trade associations and is a former president of the Chilean Chamber of Construction (abbreviated as CChC in Spanish) and a National Councilmember.
Luis Felipe Cerón Cerón	Director	He holds a degree in industrial engineering, specializing in Electricity, from the Catholic University of Chile and a M.Sc. in Accounting and Finance from the London School of Economics. He was Chief Project Engineer of the National Energy Commission, Assistant Finance Manager of Bancard, Chief Development Officer at SQM and CEO of Electrica Guacolda, Central Puerto de Buenos Aires, SCL Terminal Aereo Santiago and AES Gener S.A. He was also Executive President of AES Gener S.A. and Executive Director of Energia Llaima. He was a member of the board of AES Chivor in Colombia, AES Tiete and AES Electropaulo in Brazil. He oversaw the businesses of AES in Argentina, Mexico, Panama and Puerto Rico and he is currently a director in Molymet and Euroamerica.Director de Molymet y Euroamerica.

management Sigdo Koppers S.A.

In 2022, the Multiple of base salary of Juan Eduardo Errázuriz, was 1.051x.

JUAN EDUARDO ERRÁZURIZ OSSA

Executive President

TAX I.D. 4.108.103-1
Civil Engineer
Appointed: April 30, 2010

ANDRÉS BARRIGA MARTÍNEZ

Chief Financial Officer

TAX I.D. 15.642.938-4
Civil Engineer
Appointed: November 1, 2022

JUAN PABLO ABOITIZ DOMÍNGUEZ

Chief Executive Officer

TAX I.D. 7.510.347-6
Mechanical Industrial Engineer
Appointed: April 30, 2007

ALEJANDRO REYES PIZARRO

Controller

TAX I.D. 8.386.498-2
Business Engineer
Appointed: May 1, 2003

officers subsidiaries and associates

SANDRO TAVONATTI POLLI

Chief Executive Officer
Ingeniería y Construcción
Structural Engineer

JORGE OYARCE SANTIBAÑEZ

Chief Executive Officer
Puerto Ventanas S.A.
Transportation Technologist

JUAN ANDRÉS ERRÁZURIZ DOMINGUEZ

Chief Executive Officer
Enaex S.A.
Industrial Engineer

GONZALO CAVADA CHARLES

Chief Executive Officer
Magotteaux Group S.A.
Civil Engineer

FERNANDO BRACCO NAHSON

Chief Executive Officer
SK Godelius S.A.
Mechanical Industrial Engineer

FRANCISCO JAVIER ERRÁZURIZ DOMINGUEZ

Chief Executive Officer
SKC S.A.
Business Engineer

FRANCISCO URZUA EDWARDS

Chief Executive Officer
Astara Latam
Business Engineer

USD 948,518

2022 contributions to trade associations

In 2022, there were no direct or indirect political contributions.

The General Manager of Sigdo Koppers S.A. is responsible for IT security/cybersecurity of the Group.

Number of breaches in FY 2022 of Corruption or Bribery, Discrimination or Harassment, Customer Privacy Data, Conflicts of Interest, and Money Laundering or Insider trading

: 0

Our Crime Prevention Model is aligned with the values of the company, in order to avoid any action that violates its principles. It is certified by BH Compliance and the company has a Crime Prevention Officer who safeguards its compliance.

risk management

Sigdo Koppers has a corporate Risk Management Policy that provides the main risk guidelines and the roles and responsibilities of the people and bodies in charge of the company's risk management process.

Risk management and administration are conducted by means of a process that considers the rules and regulations goveming in Chile and in the countries in which the company operates, in addition to setting down guidelines according to the best practicas of the industry in the world, such as those of the:

COSO (Committee of Sponsoring Organizations of the Treadway Commission); COBIT (Control Objectives for Information and Relatad Technology), TCFD (Task Force on Climate-Related Financia! Disclosures), and ISO (Intemational Organization for Standardization).

The company imparts ongoing training to employees in aspects relating to risk management. In 2022, Sigdo Koppers conducted training in Climate Change, the Crime Prevention Model, Cybersecurity, General Rule 461 and new ESG trends.

Risk analysis, especially relevant in a setting of ongoing change, is made globally, regionally and locally to review risks and evaluate mitigation strategies, in addition to a monitoring plan to address and track them.

The company has a Risk Committee that ensures that these processes are implementad correctly. It also analyses the potential impacts of the business decisions of subsidiarles and provides the necessary information to upper management. This committee is supervisad by the Sigdo Koppers Board of Directors, which monitors its work quarterly.

Risks are rated as:

/01 Strategic

These risks are related to the strategic goals aligned to the organization's mission

- Definition of the Strategy
- Mergers, Acquisitions and Joint Ventures
- Economic Cycle
- Dependency on Key Employees
- Reputation Risk
- Innovation and Development
- Human Rights
- Social Risks

/02 Operational

Risks resulting from deficiencies or failures in processes, people, systems or outside events, such as Climate-Change phenomena, considering both Physical risks (flooding, mudslides, tidal waves and ocean swells, droughts and water crises) and Transition risks.

- Subsidiary risks
- Systems and processes
- Cyber risks
- Fraudulent or illegal activities
- Climate change
- Regulatory risks and the risk of compliance with labor, tax, transfer pricing, Financial Market Commission, environmental, competition and customs rules and regulations.

/03 Financial

Risks related to an effective and efficient use of resources

- Money management
- Liquidity
- Bond Covenant Compliance

THE COMPANY OPERATES UNDER A DIVERSIFIED BUSINESS MODEL THAT CONSIDERABLY MITIGATES THE RISKS DESCRIBED ABOVE. IT IS ALSO CONTINUOUSLY INCORPORATING THE BEST PRACTICES THROUGHOUT ITS CHAIN OF VALUE TO STRENGTHEN THE RESILIENCE OF ITS INFRASTRUCTURE AND PROCESSES. THE PURPOSE IS TO AVOID ANY DEVIATIONS IN PLANNING AND CONTROLS AND ANY NON-COMPLIANCE IN ANY OF THE ABOVE AREAS.

It is important to note that both environmental and social risks, which include Human Rights risks (HRs), are appropriately considered in Sigdo Kopper's Risk Management Policy. Social risks are managed by measurement, analysis and response procedures while a method and processes are being developed for environmental and HRs risks that are aligned with the new requirements in General Rule 461 of the CMF. This includes, for example, the means to conduct a due diligence of HRs risks in operations.

As with the Risk Committee, the Board of Directors of Sigdo Koppers supervises the risk management process implemented by management. This responsibility encompasses:

- approval of the Risk Management Policy and Procedure.
- approval of the risk profile and tolerance defined by management and proposed by the Risk Committee.
- staying informed on the critical risks of the organization.
- staying informed on the monitoring of progress in the critical risk action plans.
- approval of the annual budget proposed by the Risk Committee to implement critical risk action plans.
- receiving and analyzing the recommendations of the Risk Committee regarding risk management.

The risk management duty of the Chief Executive Officer is to align the company's strategy to Risk Management.

Therefore, the Chief Executive Officer plays an active role in the management, supervision, and control of risks and processes by identifying, analyzing, evaluating, treating, monitoring and disclosing those risks. The CEO must:

- encourage a "Control Culture" to ensure that the Company's officers are aware that the information comes from a well-controlled environment.
- ensure compliance with the Risk Management Policy and Procedure.
- understand the levels of exposure and adequately manage the identified risks of the company.
- ensure that action plans to confront identified critica! risks are implemented.
- ensure that the company's risks are within the tolerance limits approved by the Board of Directors.
- appoint the Risk Management Officer.
- validate and evaluate the main critica! risks identified in Sigdo Koppers together with upper management.
- design and maintain govemance mechanisms to effectively manage and monitor the risks of Sigdo Koppers.

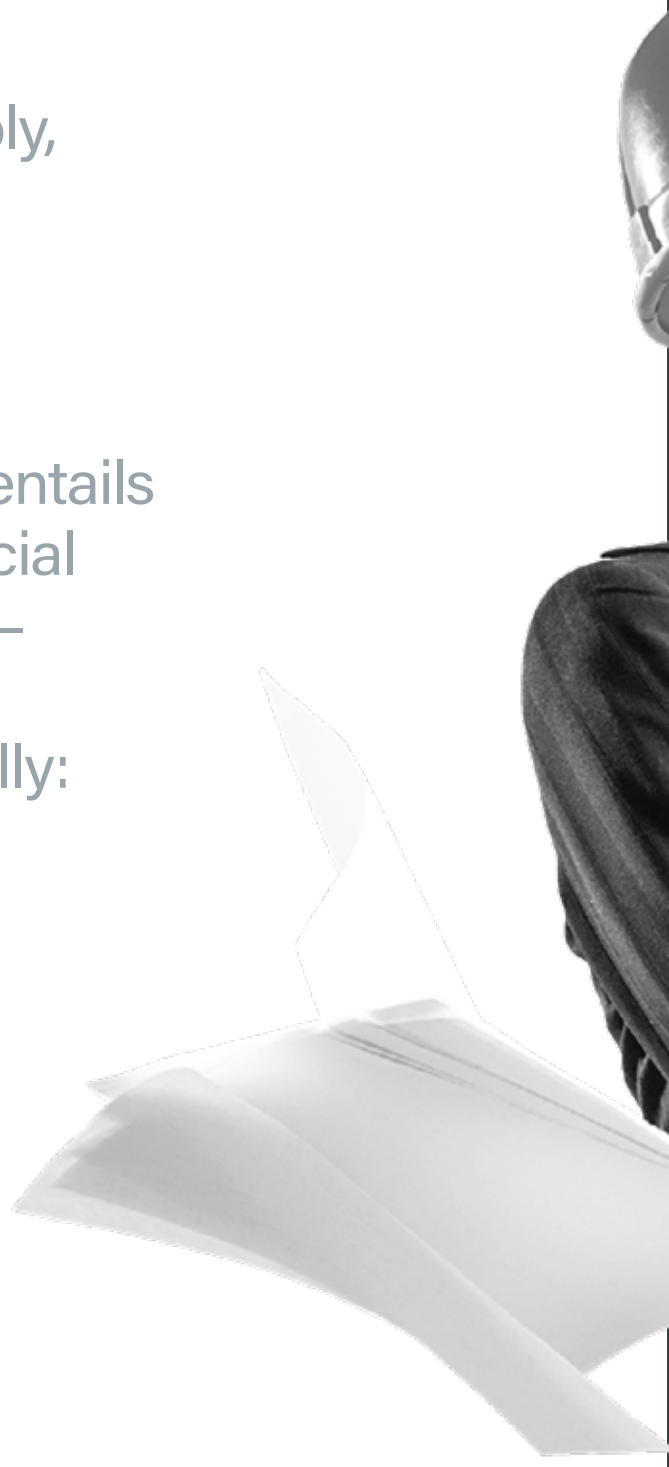
Also for risk management, the company has an interna! auditing unit responsible for verifying the effectiveness of, and compliance with, the policies, procedures, controls and codes implemented for risk management.

As said earlier, in the aim of maintaining a work environment and business practices in line with its business principies, the company has set up whistleblower channel that is available to its interna! and externa! stakeholders, who can use it directly or anonymously. Complaints may be related to violations of ethical standards, conflicts of interest, regulatory breaches or inappropriate conduct that must be reviewed by the Ethics Committee (www.sigdokoppers.cl/denuncias/).

Sigdo Koppers has a Code of Corporate Ethics to facilitate an appropriate management of regulatory risks, of the risks in business practices and in the relationships with stakeholders in general. That Code contains the Vision, Mission, Values and Principies of the company and its commitment to ethical conduct in all of its activities, including relationships with its employees, suppliers and customers, with the communities where it operates, with the authorities, and generally in any action in which it intervenes, regardless of the physical location where it conducts its activities and functions.

strategy.

The business objective of Sigdo Koppers is to grow profitably, continuously and sustainably. Sustainability is a specific, fundamental pillar in the company's strategy and vision. The Triple-Bottom-Line Strategy entails three basic pillars—economic, social and environmental performance—and it is complemented by a key facilitator that impacts transversally: innovation.



/01

ECONOMIC PERFORMANCE

This involves the economic and financial viability, corporate structure, growth and profitability of the business.

/02

SOCIAL PERFORMANCE

This refers to the community, employees, trade associations, and the authorities, among other relevant sectors.

/03

ENVIRONMENTAL PERFORMANCE

This means a responsible environmental management, care of biodiversity and a sustainable use of natural resources.

THIS INNOVATION FACILITATOR IS A BASIC TOOL IN ADDRESSING THE INTERESTS AND NEEDS OF THE STAKEHOLDERS OF SIGDO KOPPERS AND OF THE INDUSTRY. IT HAS BECOME A VIRTUOUS ECOSYSTEM OF COLLABORATION, ALLIANCES AND VALUE CREATION.

identifying stakeholders

Part of Sigdo Koppers' Sustainability strategy entails identifying all stakeholders central to its management. Stakeholders are analyzed on the basis of two variables: the impact caused by the company's activities and their influence in the company's decisions.

It is a priority of Sigdo Koppers that long-term relationships of trust and transparency be established with its stakeholders, so it has defined goals in relation to each.

stake holders of Sigdo Koppers S.A.

internal

EMPLOYEES AND UNIONS

Employee experience is a fundamental part of the Group's sustainable management. It endeavors to promote the career and personal development of each. We aspire, together with employee representatives, to long-term, mutually beneficial relationships.

SHAREHOLDERS

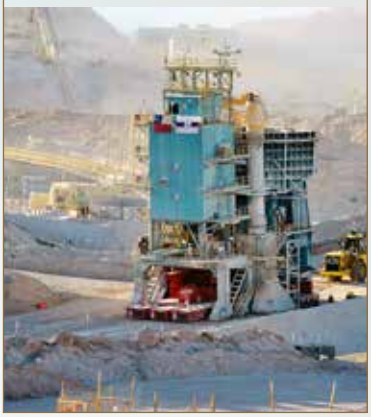
The commitment of Sigdo Koppers to this group is to ensure the utmost growth and profitability through a responsible, proactive, sustainable management and a high level of innovation to face complicated challenges.

The company has been strengthening its commitment to its stakeholders by making progress, adopting new methods of planning and management and focusing its strategic decisions on the basis of sustainability and the world today.

external

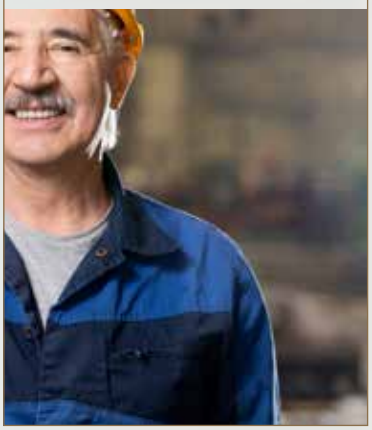
CUSTOMERS

Sigdo Koppers believes that customers are at the core of the business. It endeavors to deliver highly competitive products and services of excellence to satisfy their needs.



SUPPLIERS

It aims to develop long-term, mutually beneficial relationships with suppliers and extend sustainability to all members of Sigdo Koppers value chain.



AUTHORITIES

The Group's relationship with the authorities is established on the basis of an absolute compliance with standards and regulations, the best ethics standards in the industry and the contribution, by its membership in trade associations, to topics important to the nation.

COMPETITORS

The Group has an honest and ethical relationship with its competitors in which it believes in free competition and a respect for the best business practices.

COMMUNITIES

Sigdo Koppers fosters relationships that help improve the quality of life of communities in view of their main interests and expectations.

sustainable development goals

The Group has policies promoting the hiring and career development of women in its companies, which is done through different programs.

Sigdo Koppers materializes its commitment to education, as a pillar of its community social development programs, through Educación Chile Dual Foundation and SK Capacitación.

Its companies have set the goal of progressively increasing efficiency in the use of water and energy resources utilized in their operations. In 2022, the use of renewable energy rose by 15%.

Sigdo Koppers wants to create the conditions for people to gain access to quality jobs by boosting internal training and job retraining via SK Capacitación, and through programs like those implemented by Enaex and Puerto Ventanas with the fishers in Mejillones and Las Ventanas. It is also encouraging the hiring of local labor and suppliers to help contribute to the social progress of the communities where it operates.

The company has adopted the additional commitment of providing workspaces that safeguard the interests, development and safety of its employees.

Sigdo Koppers believes that investments must be made in infrastructure and in technology innovation in order to make its business, the industry and the economy in general sustainable.

For the Group, using the highest technology is the way to increase production efficiency, outfit new operations to make them profitable, provide safe workspaces for employees and protect the environment. So, the Group's companies developed robotics, remote operation and augmented reality programs as well as new sales channels, among other initiatives, to improve their productivity and provide competitive solutions to their customers.

Sigdo Koppers promotes responsible production with a long-term view. To do so, it supports, among other things, technology innovations to make processes more efficient and circular economy and waste management initiatives. As a result of this effort, the freshwater consumption by operations fell 18% in 2022.

In 2022 the Group continued to make progress in a strategy to make an effective contribution to mitigating the impacts that accelerate climate change. Circular economy programs and new technologies were implemented, the use of renewable energy was increased and it began a green hydrogen project.

In 2022, the company began to implement a program that encouraged good practices of protecting biodiversity and ecosystems. One of the first initiatives was to survey protected sites and endangered habitats related to operations.

Sigdo Koppers fosters an institutional framework that establishes efficient, transparent regulations both internally and in the relationship with others. To do this, it has a sound corporate governance that responsibly assures the interests of all members of the company, shareholders and customers.

In order to create collaborative work structures, Sigdo Koppers fosters creating alliances with the public and private sectors and society as a whole. During 2022, the parent company and its subsidiaries continued to establish ventures: with the government for community development programs; with trade associations to strengthen the industry; with universities for the research and development of new products and innovations; and with organizations like the U.N. Global Compact. This has helped create a shared vision and goals and extend best practices.

economic performance

CONSOLIDATED STATEMENT OF INCOME

INCOME

The consolidated income of Sigdo Koppers S.A. rose 27% compared to December 2021, to US$3.946 billion. The main reason was the increase in activity in the Industrial Area subsidiaries—Enaex S.A. and Magotteaux Group S.A.—, followed by a good performance in the Commercial Area that was partially offset by a slight decrease in the Services Area.

OTHER RESULTS

As of December 31, 2022, the share in earnings of associates and joint ventures was US$51 million, an 18% decline compared to 2021. The main reason was the decrease in income in Astara Latam S.A., mainly because of the depreciation of the Chilean peso against the U.S. dollar and a greater dynamism on the automobile market in Chile.

OPERATING INCOME

The consolidated EBITDA was US$575 million as of December 31, 2022, 33% higher compared to the previous fiscal year.

This comeback was the result of an improvement in operating income in the Industrial Area subsidiaries: Enaex (+46%) and Magotteaux (+84%).

PROFIT

The net profit totaled US$217 million, or a 36% increase compared to 2021. This good result was associated with the positive performance of Enaex and Magotteaux. In the case of Enaex, Davey Bickford, Enaex South Africa and Enaex Brazil experienced better export conditions and increased operating income, in addition to the incorporation of Enaex Australia. In Magotteaux, the margins on high-chromium mill balls improved.

RESULTS OF SIGDO KOPPERS S.A. AND ITS SUBSIDIARIES

FIGURES IN KUS$	2018	2019	2020	2021	2022
Economic Value Generated	**2,452,200**	**2,486,343**	**2,353,027**	**3.277.331**	**4.135.484**
Revenue	2,332,119	2,334,422	2,238,038	3,096,889	3,946,460
Income from financial investments	50,096	55,601	33,167	85,986	75,075
Income from the sale of property, plant and equipment	69,985	96,320	81,822	94,456	113,949
Economic Value Distributed	**2,323,097**	**2,344,534**	**2,217,917**	**3,085,478**	**3,841,287**
Operating Expenses	1,528,254	1,508,577	1,443,649	2,042,266	2,652,480
Distribution to Financial Capital					
Dividend to shareholders	64,917	83,659	56,186	112,693	112,481
Interest expense paid to creditors	57,261	67,752	60,062	60,818	80,290
Distribution to Human Capital					
Employee salaries and benefits	618,367	632,023	613,365	797,150	885,638
Distribution to Social Capital					
Tax expense	48,269	46,865	37,754	64,797	99,709
Community Investments	6,029	5,658	6,901	7,754	10,689
Economic Value Retained	**129,103**	**141,809**	**135,110**	**191,853**	**294,197**

consolidated financial results

/01

CONSOLIDATED STATEMENT OF INCOME BY FUNCTION	IN KUS$		
	Dec-21	Dec-22	Var.
Consolidated income	3,096,889	3,946,460	27.4%
Consolidated EBITDA [1]	432,020	575,259	33.2%
EBITDA Margin	14.0%	14.6%	
Proforma Consolidated EBITDA [2]	494,104	625,870	26.7%
Total profit (loss)	225,861	310,496	37.5%
Sigdo Koppers Profit	**160,292**	**217,361**	**35.6%**
Main Indicators	**Dec-21**	**Dec-22**	**Var.**
Total Assets	3,957,583	4,586,653	15.9%
Total Equity [3]	1,778,648	1,976,505	11.1%
Net Financial Debt	852,450	1,067,441	25.2%
Net Financial Debt / EBITDA	1.97	1.86	
ROE	12.1%	14.8%	
ROCE	9.7%	12.6%	

[1] EBITDA = Operating Profit + Depreciation and Amortization Expenses
[2] Proforma EBITDA = EBITDA + Related Company Profits
[3] Total Equity includes non-controlling interests
[4] EBITDA + Proportional profit of unconsolidated consortiums

CONSOLIDATED BALANCE

At the close of 2022, Sigdo Koppers owned assets worth US$4.587 billion. It also had adequate liquidity, with consolidated cash of US$411 million and a consolidated net financial debt to EBITDA ratio of 1.86 times (1.97 times in December 2021).

Consolidated financial liabilities totaled US$1.478 billion, an increase of US$282 million. The reason was an increase in Enaex's debt (US$553 million) as well as Magotteaux's (US$222 million). At the parent level, financial liabilities were US$257 million, comprised of corporate bonds for UF 5.0 million and bank debt for US$50 million.

The total consolidated equity of Sigdo Koppers was US$1.977 billion, a slight increase of 11%.

CONSOLIDATED CLASSIFIED BALANCE SHEET	Figures in KUS$		
	Dic-21	Dic-22	Var.
Total current assets	1,466,140	2,045,359	39.5%
Property, plant and equipment	1,211,609	1,238,279	2.2%
Other non-current assets	1,279,834	1,303,015	1.8%
Total Assets	**3,957,583**	**4,586,653**	**15.9%**
Total current liabilities	1,038,187	1,430,818	37.8%
Total non-current liabilities	1,140,748	1,179,330	3.4%
Equity attributable to the controller	1,322,953	1,468,336	11.0%
Equity attributable to non-controlling interests	455,695	508,169	11.5%
Total Equity and Liabilities	**3,957,583**	**4,586,653**	**15.9%**

LIQUIDITY INDICATORS	Unidad	Dec-21	Dec-22
Current Liquidity [1]	veces	1.41	1.43
Acid-Test Ratio [2]	veces	0.91	0.87
Debt Ratio [3]	veces	1.23	1.32
Net Financial Debt / EBITDA	veces	1.97	1.86
Net Financial Leverage [4]	veces	0.47	0.52

[1] Current Liquidity = Current Assets / Current Liabilities
[2] Acid-Test Ratio = (Cash and Cash Equivalents + Accounts Receivable and Trade Receivables) / Current Liabilities
[3] Debt Ratio = Total Liabilities / Total Equity
[4] SK Corporate Bond Covenants < 1.2 times

CONSOLIDATED STATEMENTS OF CASH FLOW

The consolidated operating cash flow was a positive US$141 million as of December 2022, representing a drop of 42% compared to 2021. The consolidated investment cash flow was a negative US$175 million. Investment in fixed assets (Capex) totaled US$149 million. Of note are the investments by Enaex (US$66 million) and Magotteaux (US$21 million), mainly associated with maintenance Capex; and by SKC S.A. (US$41 million) to renovate the SK Rental machinery fleet. Finally, the financing cash flow was a positive US$91 million as of December 31, 2022.

CONSOLIDATED CASH FLOW	Figures in KUS$		
	Dec-21	Dec-22	Var.
Operating flow	242,161	140,876	-42%
Investment flow	-171,590	-175,266	-2%
Financing flow	-213,722	91,386	143%
Net flow in the period	**-143,151**	**56,996**	**140%**
Effect of the variation in the exchange rate on cash and cash equivalents	**-18,981**	**-10,046**	**47%**
Cash and cash equivalents	**341,615**	**388,565**	**14%**

results of main subsidiaries

/02

AREAS OF BUSINESS	Income in KUS$			Ebitda in KUS$		
	2021	2022	Var.	2021	2022	Var.
Services	**794,599**	**775,045**	**-2%**	**96,497**	**84,790**	**-12%**
SK Ingeniería y Construcción Group S.A.	623,619	610,734	-2%	42,476	40,246	-5%
Puerto Ventanas S.A.	170,980	164,311	-4%	54,021	44,544	-18%
Industrial	**2,002,643**	**2,857,907**	**43%**	**276,947**	**428,652**	**55%**
Enaex S.A.	1,285,318	1,949,907	52%	211,518	308,414	46%
Magotteaux Group S.A.	717,325	908,000	27%	65,429	120,238	84%
Commercial and Automotive	**311,739**	**324,742**	**4%**	**75,291**	**71,268**	**-5%**
SK Comercial S.A.	311,739	324,742	4%	75,714	71,335	-6%
SK Inversiones Automotrices S.A. [1]	-	-		-423	-67	84%
Parent, eliminations and adjustments [2]	-12,092	-11,234	7%	**-16,714**	**-9,451**	**43%**
Consolidated Total	**3,096,889**	**3,946,460**	**27%**	**432,020**	**575,259**	**33%**

AREAS OF BUSINESS	Profit of sk companies in KUS$			% SK	Profit attributable to the controller in KUS$		
	2021	2022	Var.	2022	2021	2022	Var.
Services	**25,216**	**20,692**	**-18%**		**12,081**	**10,787**	**-11%**
Ingeniería y Construcción SK Group S.A.	766	4,069	431%	72.28%	507	2,685	430%
Puerto Ventanas S.A.	24,450	16,623	-32%	50.01%	11,574	8,102	-30%
Industrial	**118,794**	**223,172**	**88%**		**79,027**	**156,173**	**98%**
Enaex S.A.	93,303	159,155	71%	60.72%	56,655	96,641	71%
Magotteaux Group S.A.	25,491	64,017	151%	100.00%	22,372	59,532	166%
Commercial And Automotive	**93,881**	**75,805**	**-19%**		**89,257**	**72,942**	**-18%**
SK Comercial S.A.	34,841	29,406	-16%	87.90%	30,604	25,844	-16%
SK Inversiones Automotrices S.A.	59,040	46,399	-21%	99.99%	58,653	47,098	-20%
Sk Companies' Profit	**237,891**	**319,669**	**34%**		**180,365**	**239,902**	**33%**
Parent and adjustments					-20,073	-22,541	-12%
Consolidated Profit Of Sigdo Koppers S.A.					**160,292**	**217,361**	**36%**

[1] SK Inversiones Automotrices S.A. (SKIA) does not account for the income of Astara Latam because it owns 40% of its shares, so it does not consolidate its financial statements.

commitment to innovation

Innovation is a core pillar of the development strategy of Sigdo Koppers and its companies. The ongoing effort to innovate is implemented in line with its fourth Corporate Value, Excellence, and its Triple-Bottom-Line strategy that considers Innovation to be a key facilitator that has a transversal impact on the Economic, Social and Environmental pillars of that strategy. This facilitator is a fundamental tool in addressing the material aspects in the relationship with the stakeholders of Sigdo Koppers and the industry, and it is becoming a virtuous ecosystem of collaboration, alliances and value creation.

The challenges entailed in Innovation and Development form a part of Sigdo Koppers' Risk Matrix. The Risk Committee monitors, evaluates, plans and manages the diverse actions undertaken in this respect. The company also has an Innovation Committee that specifically handles the subject in the Group and its companies.

Innovation also plays a central role in the search for solutions to the needs and requirements of customers and it is one of the key commitments of each of the companies comprising the Sigdo Koppers Group. This is a basic element in companies developing in a changing and exigent environment because it helps guarantee the safety of employees, business continuity, operational efficiency and long-term sustainability.

- **CONVEYOR BELT MONITORING AT MINERA ZALDIVAR**

  SK Godelius was in charge of monitoring the conveyor belts at Minera Zaldivar used to heap material to be leached. Given the risks involved in the mining operation, especially because of the presence of sulfuric acid and hydrochloric acid, the utilization of Boston Dynamics' Spot robot resulted in a reliable assessment, protected workers and minimized the risk of damage to equipment or the process.

- **ECOLOGICAL BLASTING SOLUTIONS**

  Enaex continued making progress in the HyEx project to install a plant to produce green ammonia from green hydrogen in the Antofagasta Region. The pilot plant is expected to begin production in 2025, capable of manufacturing, in the first phase, 36,000 tons of Clean Ammonium Nitrate. Several material milestones were reached in 2022, one of which was receiving Environmental Approval (abbreviated as RCA in Spanish) of the project. Enaex can now begin to request sectoral permits to build the pilot plant.

- **WAVE ENERGY CONVERTER**

  Puerto Ventanas started up a project to generate power from the ocean's waves. The system, unique in Chile, was installed in the southwest sector of Berth 5 of the terminal pier. The project, developed with the support of Alu Energy and CORFO, will produce clean energy that will be used internally in the first stage, to later expand on a greater scale.

- **MAGIMPACT**

  Magotteaux started up the first MagImpact, a vertical shaft impact crusher with impellers designed to create an optimal impact performance. The system was installed and began to operate in the operations of one of the company's customers.

DEVELOPING INNOVATIVE PRODUCTS, SERVICES AND PROCESSES CONTINUED TO BE THE FOCUS IN 2022. DIVERSE SAFETY, OPERATIONAL, DIGITALIZATION AND ENVIRONMENTAL INITIATIVES WERE IMPLEMENTED, AMONG OTHER ASPECTS.

CONSISTENT WITH THIS EFFORT, THE SIGDO KOPPERS GROUP AND ITS SUBSIDIARIES ALLOCATE SIGNIFICANT RESOURCES EVERY YEAR TO RESEARCH AND DEVELOPMENT.

In 2022, the number of R&D positions was 106

8%

Share of revenue from newly commercialized products or services launched during the previous 5 years.

US$

24.4 million

was the consolidated investment in Research and Development projects.

OPEN INNOVATION

Sigdo Koppers companies participate in numerous open innovation projects by which they can make an intensive use of internal and external knowledge to accelerate innovation internally. In 2022, Puerto Ventanas participated in R&D workshops with Corfo and the Innovation Committee of the Valparaiso Business Association (abbreviated as ASIVA in Spanish). SK Godelius was awarded a 3-year research project together with Magotteaux, Vale Corp, Queen's University and Glencore on the optimization of the metallurgical process using pulp data. Enaex launched the open innovation challenge called "Focus on Optimization of Mixer Truck Fleets, Availability and Reliability," together with Innspiral, and it continued with its alliances with the Chilean Venture Capital Association and LETI CEA TECH in France; with Hotmilk, an innovation ecosystem of the Catholic University of Paraná; and with Advance Mining Technology Center, an institute of technological development of the University of Chile, among other initiatives. Magotteaux continued making progress in key projects that included simulation, modeling and data science. SKC worked with the factories of the vehicle brands it represents and with partners like Google, PMG, BBR BY EVERTEC, think tanks of the Catholic University, the University of Chile and University of the Andes, ICARE, BCG and GARTNER-GROUP.

social performance

The main objective in this area is to design objectives and achieve Shared Value goals with employees, customers, suppliers and the communities near operations.

Employees are a fundamental pillar in the company's work, so upper management promotes transmitting ethics principles and Values that guide actions and foster a search, from a long-term perspective, for job excellence to attain results. Also key in this respect is implementing practices that guarantee employee health and safety, a respect-based work environment and teamwork.

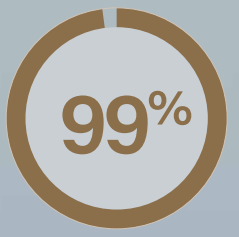
Employees

In 2022, the Sigdo Koppers Group employed a total of 22,633 people. This report only considers the permanent employees of 15,912 in order to keep information traceable and comparable to previous years.

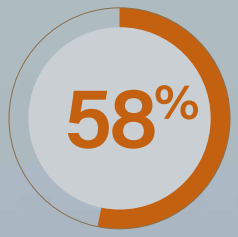
COMPOSITION

22,633 people

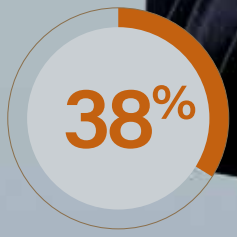
EMPLOYED BY THE SIGDO KOPPERS GROUP



of all employees work a regular work week.



have a continuing contract.



are hired for a specific project or operation.

have a fixed-term contract.

58% of employees work in Chile

- Share of women in total workforce (as % of total workforce):

16.8%

- Share of women in all management positions, including junior, middle and top management (as % of total management positions):

11.9%

- Share of women in junior management positions, i.e. first level of management (as % of total junior management positions):

12.2%

- Share of women in top management positions, i.e. maximum two levels away from the CEO or comparable positions (as % of total top management positions):

11.3%

*** It does not consider personnel with a defined/temporary contract.*

NUMBER OF PEOPLE BY ETHNICITY AND NATIONALITY

	GRUPO SIGDO KOPPERS	
	Share in total workforce	Share in all management positions, including junior, middle and senior management
South America	84.3%	82.6%
North America	2.6%	2.9%
Europe	3.7%	5.5%
Africa	5.6%	3.4%
Asia	2.5%	4.3%
Oceania	1.2%	1.3%

UNIONS

Sigdo Koppers fosters a relationship of trust, dialog and mutual collaboration with the unions representing its employees.

Employees represented by independent trade union or covered by collective bargaining agreements.

68%

of employees represented by an independent trade union or covered by collective bargaining agreements

TRAINING AND DEVELOPMENT

The Group's companies imparted 449,785 hours of training in 2022. The programs focused mainly on developing talent so that the company has teams of excellence.

- THE "ENAEX YOUNG PROFESSIONALS" AND SK INGENIERIA Y CONSTRUCCIÓN "YOUNG TRAINEE PROFESSIONALS" PROGRAMS

Talent management programs aim to prepare outstanding youths by imparting training in leadership skills, technical training and accompaniment.

The Enaex program lasts 2 years and 33 people are participating. The SKIC program accepted 12 employees out of a total of 600 applicants. Its objective was to train high-potential youths who understand the company's culture.

- ENAEX GROW PROGRAM

The GROW program provides internal training of middle management in Enaex's operations who are seen to have a high performance and potential. The goal is to prepare them to be future leaders of the operation.

19.9

hours of training per person on average

Each subsidiary of Sigdo Koppers carries out individual and/or team performance appraisal, such as Management by objectives, Multidimensional performance appraisal (e.g. 360 degree feedback), Team-based performance appraisal, and/or Agile conversations, at least annually.

TALENT ATTRACTION AND RETENTION

In addition to training plans, the Group's companies want to create opportunities for employees to develop, so the Group is fostering internal mobility, a work-life balance and benefits plans

1,991 Total number of new employee hires 2022

14% Percentage of open positions filled by internal candidates

1,753 People work in telecommuting mode

10.2% Employee Turnover Rate

83% of employees with top level of job satisfaction

- ✓ Complementary health insurance
- ✓ Sport initiatives
- ✓ Flexible working hours
- ✓ Working-from-home arrangements
- ✓ Childcare facilities or contributions

OCCUPATIONAL HEALTH AND SAFETY

Occupational health and safety, building a risk prevention culture and a zero work accident policy are priorities for the company. On a corporate level, Sigdo Koppers provides the guidelines that are implemented by each subsidiary through Internal Regulations and Management Systems that are intended to prevent potential health risks to workers and people involved in activities. The results are monitored permanently by the responsible areas and by the Boards of each of the Group's companies.

Each subsidiary of the SK group has its own OHS policy and program according to the particular needs and realities of each company. In turn, the non-operating parent company Sigdo Koppers S.A. defined corporate guidelines in which each subsidiary must comply and guide its OHS management, included in the Corporate Code of Ethics, and the Supplier Code of Ethics and Conduct

3 Work-related fatalities for employees

0 Work-related fatalities for contractors

3.8 LTIFR (n/million hours worked) in 2022

HEALTH AND SAFETY INDICATORS	
Accident Rate [1]	0.83
Fatality Rate [2]	13.25
Occupational illness frequency rate [3]	0.2
Average Days Lost per Accident [4]	22.7

[1] Accident rate = number of work accidents / [RW4] the number of workers x 100

[2] Fatality rate = number of work accident fatalities/number workers x 100,000

[3] Occupation illness frequency rate = number of occupational illnesses/ number of workers x 100

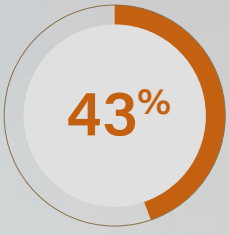
[4] Average days lost per Accident = days lost because of accidents/number of work accidents.

suppliers

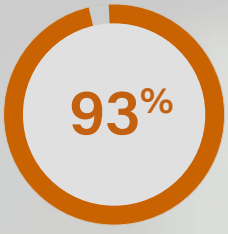
Sigdo Koppers aims to have a mutually beneficial relationship with suppliers and promote their development. It has an Evaluation Policy that sets down the directives to be followed prior to making a contract in order to know the quality of suppliers' corporate governance, their risk management system and other sustainability aspects, and to evaluate their performance during the provision of goods and/or services.

The company also has a Code of Supplier Ethics and Conduct that summarizes the principles guiding actions by suppliers, contractors, subcontractors and third parties who have a relationship with Sigdo Koppers S.A. In this same respect, a Group-wide project is being implemented to integrate all suppliers of subsidiaries in a centralized system of administration and time-of-payment records.

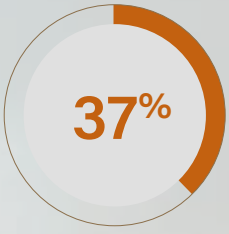
% OF SME SUPPLIERS



SKIC



PUERTO VENTANAS



FEPASA

MAGOTTEAUX

Companies that have supplier registration and evaluation.

SKIC
Puerto Ventanas
Fepasa
Enaex
Magotteaux
SKC

customers

objectives

Sigdo Koppers aims to provide products and services of excellence to its customers. Its team is oriented toward understanding customers' needs, developing the best solutions to those needs and meeting their expectations.

As part of its development strategy, Sigdo Koppers has sought, from the beginning, to build long-term relationships of trust with each of its customers. To that end, the Group's companies conduct satisfaction surveys and market studies from time to time to measure their performance, in addition to loyalty initiatives via after-sales monitoring and a thorough understanding of customers' processes so as to add value through the company's products and services.

01

Measure customers' perception of the company's products and services.

02

Achieve greater synergies among the Group's companies to provide integrated solutions to customers that add value to their processes.

03

Add value by innovating with competitive, high-tech products and services.

74%

Percentage of satisfied customers/tenants

COMPANY	Long-Standing Customers	% of sales to recurrent customers
SKIC	10	91%
Puerto Ventanas	8	100%
Fepasa	7	87%
Godelius	66	83%
Enaex	22	92%
Magotteaux	1,692	47%

community engagement

Sigdo Koppers considers education to be the tool to be preferred in improving the quality of life of people and employees. In this respect, it also promotes inclusion and equity, transversal pillars in education, by investing in training workshops for employees and other stakeholders. These workshops are held by its subsidiary, SK Capacitación S.A. and Fundación Educacional Chile Dual.

In 2022, more than 4,000 students attending Technical-Professional High Schools (abbreviated as EMTP in Spanish) took different programs, such as school-work alternation, apprenticeships, technical, social and job training, professional internships and pedagogical resources for diverse specializations. The Foundation engaged with 286 schools (30% of all schools in Chile) through school-work alternation talks, teacher refresher courses and direct assistance. It also continued to be a part of the Center for Innovation and Leadership for Professional-Technical Education (abbreviated as CILED in Spanish) and it worked hand in hand with the Ministry of Education of Chile on school-work alternation education. It was also able to add 4 companies to the network, in addition to the professional internships offered by 15 companies to students.

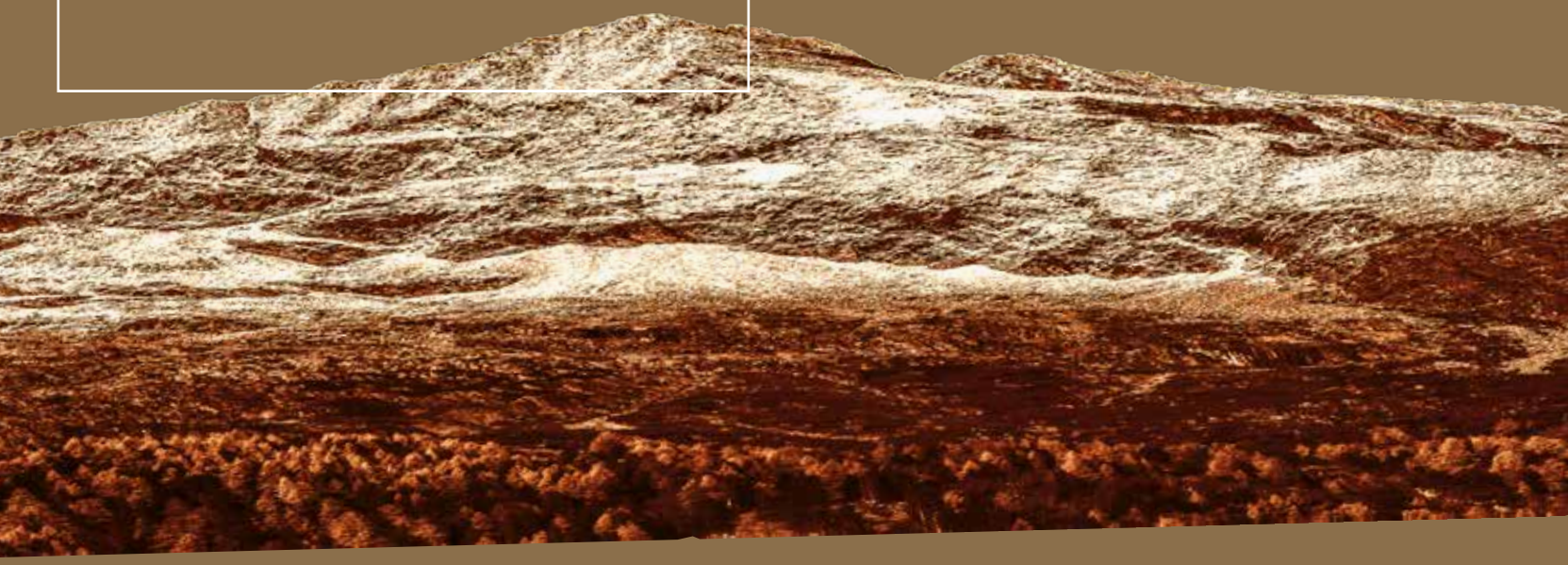
CHILE DUAL

COMPANY	Students in School-Work Alternation Program	Master Guides
SKIC Group	8	7
Puerto Ventanas	13	9
SK Godelius	1	1
Enaex	25	13
SKC	50	40
Astara Latam	110	70
Total	**207**	**140**

environmental performance

Each year, Sigdo Koppers S.A. reports, on a consolidated basis, several environmental indicators that are managed according to its Environmental Management Strategy and its Climate Change and Environmental Management Policy, based on the global commitments it has adopted, including the U.N. Sustainable Development Goals.

In line with the requirements in General Rule 461 of the CMF, the company decided to report certain environmental indicators of the SASB Standards because the Group is in the Metals and Mining category of the Sustainable Industry Classification System (SICS), although not all apply to its subsidiaries. Although it may be repetitive, exhaustive reporting by the two Sigdo Koppers subsidiaries listed on the Stock Exchange can be found in their respective annual reports and on their corporate websites.



Sigdo Koppers is committed to environmental care and protection. It continued working towards that goal in 2022 by designing an Environmental Management Strategy and a Climate Change and Environmental Management Policy, which are the groundwork for sustainable development and control of environmental considerations inherent to its business.

It has thus created a common framework for its subsidiaries around the world, where the priorities are:

objectives

01

Protecting the environment by preventing environmental impacts.

02

Environmental responsibility in its different areas of performance.

03

Adopting and abiding by applicable environmental regulations and signed environmental commitments.

emissions management

(SASB: EM-MM-110a.1 / EM-MM-110a.2)

CLIMATE CHANGE AND GREENHOUSE GASES

Sigdo Koppers is a business group with a global presence, so it promotes taking actions to help mitigate the crisis caused by climate change. It encourages its subsidiaries to implement strategies in line with the nature and impact of their activities and to quantity and reduce their carbon footprint over time. The goal is to anticipate the effects of climate change and the opportunities they represent.

The short- and medium-term strategy of Sigdo Koppers includes measuring Scopes 1, 2 and 3 of the carbon footprint of all subsidiaries in 2023 to standardize and set a base year for the design of a long-term strategy that will include emissions-reduction goals and objectives according to the nature and size of each business or activity.

Its companies will therefore work gradually on designing a plan to strengthen technological innovation initiatives, to increase the use of renewable energy, to integrate new clean energy like green hydrogen, as well as circular economy initiatives that include: waste recycling, repurposing and reduction programs to progress towards a low carbon economy.

GREENHOUSE GAS EMISSIONS (GHG)

		PVSA	FEPASA	ENAEX	MAGOTTEAUX GROUP	SKC
Scope 1: Direct Emissions	tons of CO_2-e	345	35,226	202,742	58,264	1,323
Scope 2: Energy Emissions	tons of CO_2-e	2,492	314	17,030	121,471	301
Coverage	**%**	**100%**	**100%**	79%*	100%	89%

		PVSA	FEPASA	ENAEX	MAGOTTEAUX GROUP	SKC
Scope 3: Indirect Emissions	tons of CO_2-e	263,625	8,391	919,234	868,25	175,507
Coverage	**%**	**100%**	**65%**	79%	100%	89%

		2022
Scope 1: Direct Emissions	tons of CO_2-e	297,900
Scope 2: Energy Emissions	tons of CO_2-e	141,607
Scope 3: Indirect Emissions	tons of CO_2-e	2,234,882

Notes:

*(1) *Enaex's coverage is calculated in relation to the income of each subsidiary as compared to Enaex's total income. The reported 79% includes: 44% for which there is external verification certification, including all of Chile, while the remaining 35% was calculated using the same standard but for which there is no external verification certification, which includes the plants in Brazil and South Africa.*

(2) SKIC was not considered at the close of this report. This information will be processed during 2023.

air quality

(SASB: EM-MM-120a.1)

AIR EMISSIONS FROM STATIONARY SOURCES

BY SUBSIDIARY		ENAEX	MAGOTTEAUX GROUP	SKC
PM10	ton	0.9	106.5	3.0
SOx	ton	4.0	3.2	-
NOx	ton	14.8	8.0	-
VOC	ton	0.4	84.2	-
CO	ton	3.0	21.4	-
Coverage		**78%**	**92%**	**100%**

SIGDO KOPPERS GROUP GLOBALLY

		2019	2020	2021	2022
PM10	ton	94	161	165	110
SOx	ton	73	8	8	7
NOx	ton	212	130	23	23
VOC*	ton	-	-	-	85
CO*	ton	-	-	-	25

(*) CO and VOC gases are being included in the report for the first time, with a minimum coverage of the plants that were already measuring these factors. Coverage will be greater in 2023 according to each operation.

energy management

(SASB: EM-MM-130a.1)

To encourage a progressive increase in the efficient use of water and energy resources utilized in the operations of the Sigdo Koppers Group, it was decided that implementing an energy management system had to be promoted as a tool for continuing improvement of energy performance in the operations that are large energy consumers. The goal is also to promote the purchase of energy-efficient products, services and raw materials.

ELECTRICITY CONSUMPTION AND RENEWABLE ENERGY CONSUMPTION BY SUBSIDIARIES

		SKIC GROUP	PVSA	FEPASA	ENAEX	MAGOTTEAUX GROUP	SKC
Electricity Consumption	MWh	1,366	7,752	898	62,900	449,620	33,078
Renewable energy	MWh	-	-	-	-	96,487	-

CONSOLIDATED NON-RENEWABLE ENERGY CONSUMPTION FOR THE SIGDO KOPPERS GROUP IN MWH.

		2018	2019	2020	2021	2022
Electricity Consumption	MWh	495,961	502,861	474,454	550,013	555,614
LPG Consumption	MWh	63,864	92,346	83,984	106,174	95,902
NG Consumption	MWh	153,203	174,824	122,028	134,791	112,139
Diesel Consumption	MWh	319,375	211,207	318,612	278,822	247,572
Gasoline Consumption	MWh	4,505	5,033	8,442	6,014	5,000
TOTAL NON-RENEWABLE ENERGY	**MWh**	**1,036,908**	**986,271**	**1,007,520**	**1,075,814**	**1,016,227**

CONSOLIDATED RENEWABLE ENERGY CONSUMPTION FOR THE SIGDO KOPPERS GROUP IN MWH.

		2018	2019	2020	2021	2022
Renewable energy	MWh	-	2,774	2,661	4,195	96,487

fuel consumption

BY SUBSIDIARIES		SKIC GROUP	PVSA	FEPASA	ENAEX	MAGOTTEAUX GROUP	SKC
Monthly LPG Consumption	Kg	10,809	5,509	750	2,412,748	5,353,349	13,711
Monthly Natural Gas (GN/GNL) Consumption	m3	2,398	-	1	441,294	11,286,374	-
Monthly Diesel Consumption	L	6,414,34	75,843	12,678,222	3,161,480	511,895	404,612
Monthly Gasoline Consumption	L	71,642	23,680	8,911	384,397	5,044	49,784

water management

(SASB: EM-MM-140a.1)

WATER CONSUMPTION, WITHDRAWAL AND DISCHARGE

BY SUBSIDIARY		SKIC GROUP	PVSA	FEPASA	ENAEX	MAGOTTEAUX GROUP	SKC
Potable water from the public main (A)	Mm3	36	25	27	109	329	58
Water from groundwater tables (B)	Mm3	5	-	-	201	84	16
Water from surface bodies of water (C)	Mm3	-	-	-	46	4	0
Discharges*(D)	Mm3	-	-	-	66	1	-
Total Fresh Water Consumption (A+B+C-D)	**Mm3**	**41**	**25**	**27**	**290**	**416**	**74**
Total Seawater Withdrawal	Mm3	-	-		32	-	0,4
Coverage		**100%**	**100%**	**100%**	**88%**	**92%**	**100%**

SIGDO KOPPERS GROUP GLOBALLY		2019	2020	2021	2022
Potable water from the public main (A)	Mm3	450	416	525	526
Water from groundwater tables (B)	Mm3	204	290	417	289
Water from surface bodies of water (C)	Mm3	45	143	36	50
Discharges*(D)	Mm3	-	-	-	67
Total Fresh Water Consumption (A+B+C-D)	**Mm3**	**700**	**850**	**977**	**799**
Total Seawater Withdrawal	Mm3	-	-	-	32

**Discharges: The water returned to the source of withdrawal with a quality similar or better than the quality of the raw water withdrawn (Surface water sources).*

water stress

(SASB: EM-MM-140a.1 / EM-MM-140a.2)

The Sigdo Koppers Group identified all industrial and production activities globally to determine whether they are located in zones with a moderate, high or extreme water stress.

The benchmark water stress measures the ratio between total water withdrawal and the available renewable surface water and groundwater supply. Water withdrawal includes water withdrawn for household use, industrial use, irrigation and livestock, both consumptive and non-consumptive uses. The renewable water supplies available include the impact of water users upstream and large reservoirs for availability downstream. The highest numbers indicate that competition is greater among users (WRI Aqueduct, 2019).

The review was made according to the classification of the Aqueduct Water Risk Atlas of the World Resources Institute (WRI).

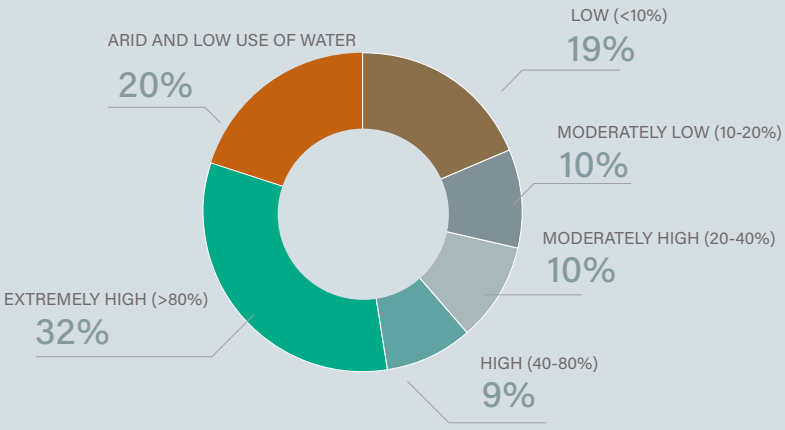
Total for Operations of Sigdo Koppers subsidiaries*	80

	OPERATIONS IN WATER-STRESSED ZONES		
	High (40-80%)	Extremely High (>80%)	Total (High + Extremely High)
(N°)	7	26	33
%	9%	32%	41%

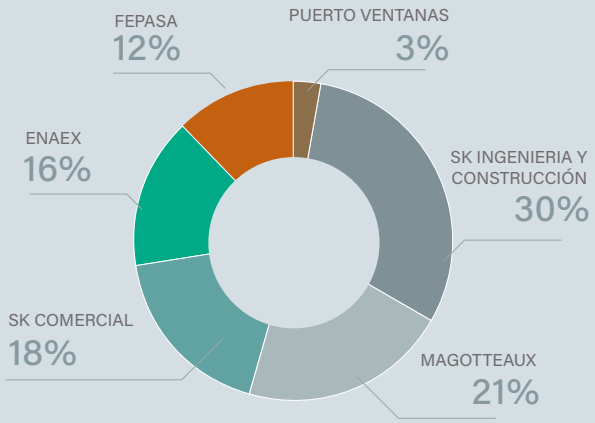
Coverage 100%

(*) The operations of the Sigdo Koppers Group (subsidiaries) consider activities under the control of Sigdo Koppers S.A.
Operations surveyed: Production plants, industrial projects, industrial facilities.
Salesrooms and operations that are solely administrative were excluded.

% of Sigdo Koppers Operation in **Water-Stressed Zones**



% of Operations of Sigdo Koppers Subsidiaries in **High and Extremely High Water-Stressed Zones**



waste and a circular economy

(SASB: EM-MM-150a.1)

One of the main reasons behind climate change is the effect of linear production and usage economic models that neglect to manage the waste produced by operations.

The Sigdo Koppers Group has focused on complying strictly with the regulations on the management of hazardous and non-hazardous waste and on promoting the adoption of techniques that optimize the use of resources and reduce the consumption of raw materials.

It also endeavors to create opportunities that consider reusing waste and repurposing materials that have finished their useful life by giving them a new use to extend that life.

Hazardous Materials and Waste Management (SASB: EM-MM-150a.5 / EM-MM-150a.7 / EM-MM-150a.8)

BY SUBSIDIARY		SKIC GROUP	PVSA	FEPASA	ENAEX	MAGOTTEAUX GROUP	SKC
Hazardous waste	tons	395	152	102	1,451	2,356	631
Non-hazardous waste	tons	9,581	901	25	2,352	29,751	352
Recycled/reused waste	tons	2,635	23	518	1,399	59,023	81
Coverage		**100%**	**100%**	**100%**	**91%**	**92%**	**100%**

SIGDO KOPPERS GROUP GLOBALLY		2019	2020	2021	2022
Hazardous waste	tons	4,927	5,111	4,566	5,086
Non-hazardous waste	tons	78,718	74,223	116,143	42,962
Recycled/reused waste	tons	38,298	82,016	65,431	63,679

Wastewater

BY SUBSIDIARY		SKIC GROUP	PVSA	FEPASA	ENAEX	MAGOTTEAUX GROUP	SKC
Recycled or Reutilized Water	m3	-	13,750	-	11,529	68,956	772
Liquid Industrial Waste	m3	-	-	-	42,698	1,832	689
Sewage	m3	6,083	3,219	-	43,201	58,457	4,648
Coverage		**100%**	**100%**	**-**	**86%**	**92%**	**100%**

GRUPO SIGDO KOPPERS GLOBAL		2019	2020	2021	2022
Recycled or Reutilized Water	m3	-	36,927	122,394	95,007
Liquid Industrial Waste	m3	45,645	8,165,575	83,276	45,219
Sewage	m3	161,814	99,891	126,096	115,608

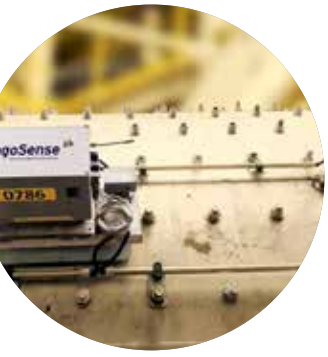
Recycled Waste

(SASB: EM-MM-150a.2)

		2019	2020	2021	2022
Recycled	%	31%	51%	35%	57%

biodiversity

(SASB EM-MM-160a.1)



Sigdo Koppers is aware that biodiversity is essential in caring for the environment. So, it decided to set a separate goal of promoting and encouraging all of the Group's companies to implement good biodiversity and ecosystem protection practices in line with the nature of their operations, the impact of their activities and governing laws.

As its initial action, Sigdo Koppers took a first survey of its operations where there are protected sites and habitats of species declared to be endangered.

Total for Operations of Sigdo Koppers Subsidiaries	80

% of protected areas near operations of Sigdo Koppers subsidiaries	15%

	Inside a Protected Area	Near a Protected Area (within 5 km)
Number of operations of Sigdo Koppers subsidiaries	1	11

environmental violations

Sigdo Koppers have not paid any significant fines (> USD $10,000) related to environmental or ecological issues in the past four fiscal years.

incidents

Number of non-conformity incidents related to water quality permits, standards and regulations.

(SASB - EM-MM-140a.2)

There were no incidents in 2022 in any of the subsidiaries of the Sigdo Koppers Group related to water quality permits, standards and regulations.

Number of major incidents associated with hazardous materials and waste management.

(SASB - EM-MM-150a.9)

Enaex suffered a chemical spill in 2022.

investments and costs

		2018	2019	2020	2021	2022
Investment in environmental projects or improvements	KUS$	867	1,802	1,572	1,629	3,128
Environmental measurements	KUS$	646	501	777	536	530
Waste management	KUS$	3,031	4,773	5,184	5,735	4,783
Wastewater treatment	KUS$	680	1,494	1,468	2,157	1,816
Other environmental management expenses	KUS$	-	-	-	-	432
Total	**KUS$**	**7,241**	**8,570**	**9,000**	**10,058**	**10,689**

MATERIALITY

Sigdo Koppers S.A. developed a materiality adjustment process that allowed defining the importance of issues for the organization and its stakeholders. The process was based on the GRI methodology, applying three stages that combine different methods of information gathering:

/01 REVIEW

This involves the economic and financial viability, corporate structure, growth and profitability of the business.

/02 IDENTIFICATION

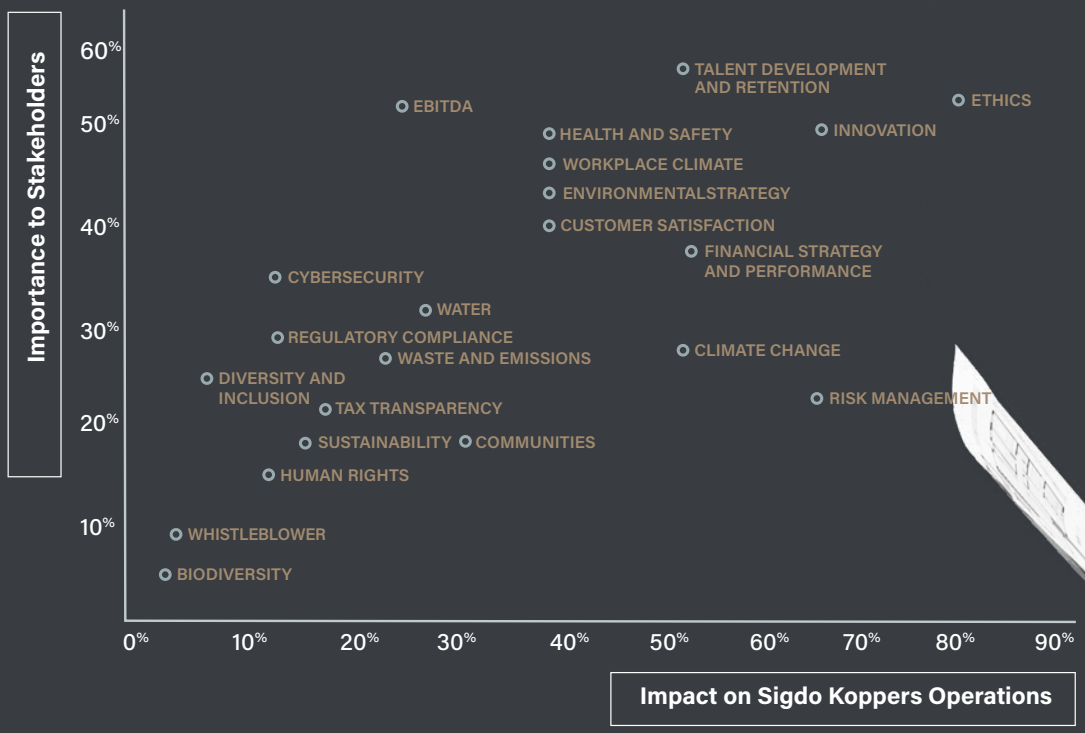
Building upon the reviewed topics and stakeholder identification, surveys were conducted among employees of Sigdo Koppers S.A., employees of the Sigdo Koppers Group, and investors, allowing for prioritization of the aforementioned aspects.

STAKEHOLDERS	NUMBER OF RESPONSES
Employees of Sigdo Koppers S.A	36
Employees Sigdo Koppers Group	19
Investors	10
Total	**65**

/03 PRIORITIZATION

The prioritization of the topics identified in the previous stages allowed determining which ones were material, meaning the most relevant both from a business perspective and for stakeholders. These topics are the ones that Sigdo Koppers reports in its reports and are part of its Sustainability Strategy.

Materiality Matrix



2022

SK SIGDO KOPPERS S.A.

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