

EDC PROJECT REVIEW SUMMARY:

Minera Centinela Copper Expansion Project

Project Description	Brownfield expansion of the Minera Centinela copper project in the Atacama Desert
Project Sponsors	Antofagasta plc
Country	Chile
Project Category	A
Canadian Exporter(s)	Various Canadian Exporters
Description of capital goods and/or services	Developing Export Trade - Connection Financing
EDC Product	Structured Project Financing
Date of publication on EDC's website (dd/mm/yy)	10/03/2023
Date of Signing (dd/mm/yy)	15/03/2024

Project Categorization

The Project supports the brownfield expansion of the Minera Centinela copper project in Chile's Atacama Desert for the addition of (i) two new copper sulfide pits ("Esperanza Sur" and "Encuentro"), (ii) a new concentrator plant, (iii) a new thickened tailings deposit, (iv) expansion of seawater extraction and pumping station facilities as well as concentrate transportation pipelines (~140km from the Michilla port to the mine site), and (v) expansion of port facilities to double the Project's mining rate of sulfide ore to a nominal 200,000 tonnes per day (tpd). Given the size of the Project, the additional ~140km of linear ancillary infrastructure, and the possibility of cumulative impacts, the transaction is considered a Category A project. Category definitions can be found [here](#).

Summary of EDC's Review

EDC reviewed the Project in accordance with its Environmental and Social Review Directive (ESRD) and the Equator Principles (EPs). The Project's relevant environmental and social (E&S) information was also subject to a 60-Day *ex-ante* disclosure starting on March 10th, 2023, and included the Project's full Environmental Impact Assessment (EIA) linked to a dedicated website.

An Independent Environmental and Social Consultant (IESC) was retained by the Lenders group to benchmark the Project against host country standards, the Equator Principles IV (EPIV), and the IFC Performance Standards (IFC PS). In parallel, EDC conducted a similar benchmarking exercise leveraging and contrasting the information produced by the IESC. Where gaps against international standards were identified, the Project Sponsors

committed to address them via time-bound commitments in an Environmental and Social Action Plan (ESAP). A site visit to the Project was conducted jointly with the IESC and the Lenders’ group on July 25 and 26, 2023.

EDC has concluded that, given the information provided to date and with the expected completion of the ESAP developed to address the identified gaps, the Project has fulfilled the requirements of the ESRD and the EPs for Category A projects.

Summary of Key Environmental and Social Risks and Mitigants

EDC due diligence determined that the Project Sponsors have demonstrated adequate capacity to manage their environmental and social risks and have suitably avoided and minimized impacts per the mitigation hierarchy. The following table summarizes key risks identified for the Project along with the most pertinent mitigations that were applied for each.

Key Risk	Key Mitigants
Impacts on <u>air quality</u> derived from increased fugitive dust emissions.	<ul style="list-style-type: none"> Additional monitoring of particulate material (PM_{2.5} and PM₁₀), as well as undertaking a Human Health Risk Assessment (HHRA) and establish an action plan to address potential current and future health effects of fugitive dust on workers living at the camps.
Potential <u>biodiversity impacts on the restricted range species</u> occurring in the Project’s desertic environment.	<ul style="list-style-type: none"> Conducting an Ecosystem Services Assessment (ESA) with emphasis on the Michilla fisherfolk and increased Project-related activities at Centinela’s port, and a project-specific gap analysis of the corporate Biodiversity Standard against IFC PS6 that includes a Critical Habitat Assessment (CHA) and establishing a dedicated Biodiversity Action Plan (BAP).
Current <u>lack of a Project’s dedicated Environmental and Social Management System for construction</u> (cESMS)	<ul style="list-style-type: none"> A clear roadmap of the actions and items required to finalize and implement a cESMS for Centinela’s expansion by leveraging the existing E&S practices/procedures applied at Centinela’s existing operations/footprint.

Documentation Reviewed:

The following is an illustrative list of key documentation that was reviewed as part of the current confirmation of the ESRD.

1. SLR Environmental and Social Due Diligence Report, Sep 2023
2. Project's host-country Environmental Impact Statement (EIS) 2018
3. Project's 2020 addendum to host-country EIS 2018
4. AMSA's Sustainability Report 2022
5. AMSA's Sustainability Policy
6. AMSA's Sustainability Goals
7. AMSA's Climate Change Strategy
8. AMSA's Health & Safety Policy
9. AMSA's Special regulation for Contractors and Subcontractors for the implementation of the Occupational Health and Safety Management System
10. AMSA's Operational Health and Safety Management System Manual
11. AMSA's Environmental Policy
12. AMSA's Biodiversity Field Guide
13. AMSA's Tailings Management Policy
14. AMSA's Human Rights Policy
15. AMSA's Code of Conduct
16. AMSA's Water Policy
17. AMSA's Energy Policy
18. AMSA's Stakeholders Management Practices
19. AMSA's Strategic Alliances
20. AMSA's Modern Slavery Statement 2022
21. AMSA's ESG Supporting Documents 2023
22. AMSA's ESG Databook 2022
23. SLR Site Visit Presentation
24. Due Diligence Question Tracker
25. Extensive Q&A calls with the E&S representatives of AMSA, ECAs, IESC, and Centinela.
26. ESG Advisory site visit (July 25 and 26, 2023)

Applicable International Finance Corporation (IFC) Environmental and Social Standards used by EDC (in addition to host country requirements):

- PS 1: Social and Environmental and Management Systems
- PS 2: Labour and Working Conditions
- PS 3: Pollution Prevention and Abatement
- PS 4: Community Health, Safety and Security
- PS 5: Land Acquisition and Involuntary Resettlement
- PS 6: Biodiversity Conservation and Sustainable Natural Resource Management of Living Natural Resources
- PS 7: Indigenous Peoples
- PS 8: Cultural Heritage

When applicable, EDC also considered the relevant aspects of the World Bank General EHS Guidelines, the EHS Guidelines for Mining, the EHS Guidelines for Electric Power Transmission and Distribution, and the EHS Guidelines for Ports, Harbours, and Terminals.