



2020

integrated ANNUAL REPORT
Summary

SK SIGDO KOPPERS S.A.



Letter from the Chairman

It is my great pleasure to present, in the name of the Board of Directors of Sigdo Koppers S.A., this summary of the Annual Report and Consolidated Financial Statements of the Company for the 2020 fiscal year.

Once again, for the seventh consecutive year, we are reporting our performance according to the framework of the International Integrated Reporting Council (IIRC) that measures economic, social and environmental performance. We are reporting proactively and publicly about our company's commitment to sustainability, transparency and the creation of value for all our stakeholders.

There can be no doubt whatsoever that Chile and the world faced a crisis in 2020 that was extraordinary because of its scope and impact. The challenges imposed by the COVID-19 pandemic put us to test in many ways, but we were prepared to face them. Sigdo Koppers S.A. has a lengthy, but not trouble-free, record, yet we have been able to move forward thanks to perseverance, passion for a job well done, and the integrity for which we are known.

Sigdo Koppers S.A. closed 2020 with a consolidated net profit of US\$73.3 million, a drop of 29.1% compared to 2019. Nonetheless, the economy showed signs of recovery starting in August, mainly in Chile, which increased the operating income of the businesses most affected by the pandemic in the first semester. The best performance of the year was recorded in the fourth quarter, and an important recovery was seen in the businesses of all subsidiaries. The consolidated EBITDA for the fiscal year totaled US\$332.8 million, 3.5% below the previous year. Consolidated income totaled US\$2,238 billion, a decrease of 4.1% in comparison to 2019, clearly the effect of the spread of COVID-19 around the world.

As of December 31st, Sigdo Koppers S.A. owned assets worth US\$3.933 billion and was highly liquid, with consolidated cash of US\$504.1 million and a conservative debt ratio. Excluding IFRS 16, the Net Financial Debt to Consolidated EBITDA ratio was 2.25 times.

Despite the difficulties, the company continued in 2020 to strengthen its competitive and strategic position both in the

nation and abroad. It expanded the supply of products and services of its companies, trained collaborators, developed technologies and processes to provide specialty solutions adapted to customers' needs, with a focus on innovation, productivity and internationalization.

Sigdo Koppers S.A. is staying true to its global goal of operating sustainably. It continued implementing that goal through different environmental and social initiatives. Of note among social initiatives is the work by Fundación Educacional Chile Dual, which began to implement a virtual education model that included both live and taped activities that gave continuity to students' education. This was in addition to training students from Technical Professional Schools and holding teacher workshops.

The Sigdo Koppers Group was also greatly committed to the communities around the world where it has operations that were impacted by COVID-19. Its companies made significant donations and implemented joint initiatives with the authorities that helped alleviate part of the effects and contribute to a recovery.

Thanks to this corporate commitment, for the sixth consecutive year Sigdo Koppers was on the Dow Jones Sustainability Index (DJSI), as was Enaex for the fifth year. The DJSI's analysis revealed that both companies surpassed their 2019 performance and thus ranked among the top 20% of companies with the best sustainability indexes in their respective industries. As a result of this good performance, both companies became a part of the DJSI MILA Pacific Alliance Index, a regional index that features the sustainable performance of the 62 best companies in the region of the Pacific Alliance of which Chile, Colombia, Peru and Mexico are a part.

2020 undoubtedly left a significant mark on the world as a whole because of the heart-wrenching loss of human lives and the severe social and economic impact. Despite this, our company earned a profit, so we are able to maintain our forecasts and our sound financial position. We can look to the future with conviction on the basis of our chosen long-term strategy and conservative financial profile.

2020 HIGHLIGHTS

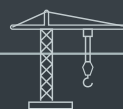


US\$
15.4
million invested
in innovation

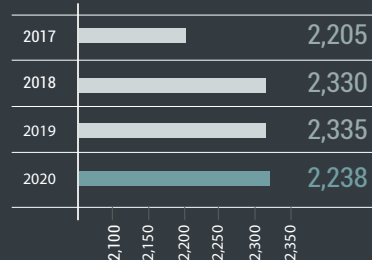
68
active
innovation
projects
in the year



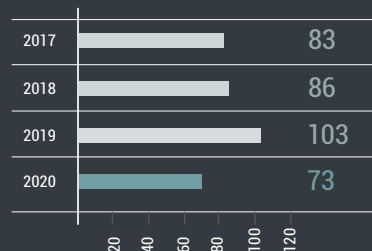
Economic Performance



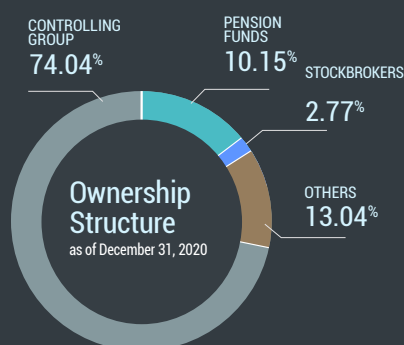
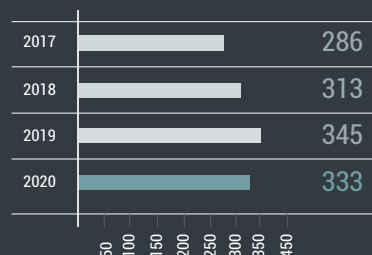
Consolidated Sales



Profit of Sigdo Koppers S.A.



Consolidated EBITDA



Social Performance



✓ **236,435**
hours of training

✓ **20,842**
employees

✓ **86%**
of employees are
satisfied or more than
satisfied with their job

✓ **75%**
of customers maintain
a long-term relationship
with the company

Environmental Performance



✓ US **9** Million
were invested in
environmental
measurements
and improvements

✓ **82,016**
tons
of
recycled/reused
waste

29

PRODUCTION PLANTS IN 17 COUNTRIES

Sigdo Koppers S.A. has production plants and direct operations in America, Europa, Africa, Asia and Oceania. Its products and services are sold around the world according to the Group's market diversification strategy.

Commercial operations
in more than 30 nations



USA
Magotteaux
Group S.A.

COLOMBIA
Ingeniería y Construcción
Sigdo Koppers
Group S.A.
SK Comercial S.A.
SKBergé S.A.

SPAIN
Magotteaux
Group S.A.

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

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

MEXICO
Magotteaux
Group S.A.

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

BELGIUM
Magotteaux
Group S.A.

ARGENTINA
Enaex S.A.
SKBergé S.A.

AUSTRALIA
Enaex S.A.

BOLIVIA
SK Comercial S.A.

THAILAND
Magotteaux
Group S.A.

PERU
Ingeniería y Construcción
Sigdo Koppers
Group S.A.
Enaex S.A.
Magotteaux
Group S.A.
SK Comercial S.A.
SKBergé S.A.

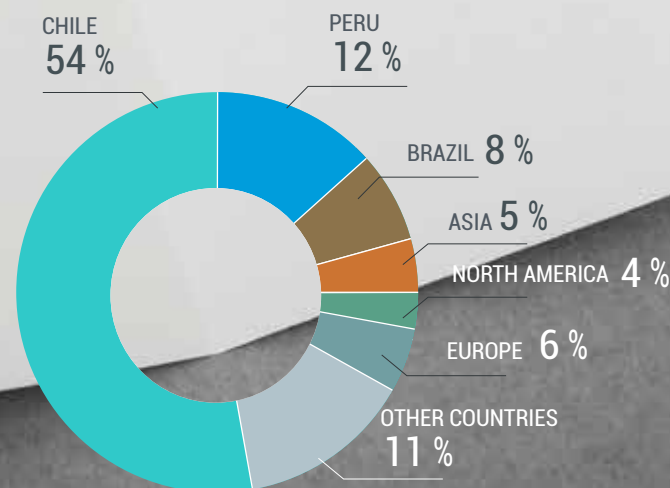
CHINA
Magotteaux
Group S.A.

INDIA
Magotteaux
Group S.A.

CHILE
Ingeniería y Construcción
Sigdo Koppers
Group S.A.
Puerto Ventanas S.A.
Ferrocarril del
Pacífico S.A.
SK Godelius S.A.
Enaex S.A.
Magotteaux
Group S.A.
SK Comercial S.A.
SKBergé S.A.

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

SALES BY
DESTINATION
TOTAL OF MUS\$
3,355



The health crisis caused by the spread of the Covid-19 virus had significant impacts around the world.

RECOGNITIONS



Dow Jones Sustainability Index Chile

For the sixth consecutive year, Sigdo Koppers S.A. is part of the Dow Jones Sustainability Index (DJSI) that measures the performance of companies according to environmental, social and governance standards. Enaex was listed for the fifth consecutive year and the analysis revealed that both companies improved their performance over 2019, ranking in the top 20% of companies in their respective industries.

This good performance also helped Sigdo Koppers S.A. and Enaex become a part of the DJSI MILA Pacific Alliance, a regional index that reports the sustainable performance of the 62 top companies in the Pacific Alliance region.



First Place in Innovation for Mining

Enaex S.A. earned first place for mining services in the Most Innovative Companies Chile 2020 ranking. This ranking is prepared by the Business School in alliance with El Mercurio newspaper and Mic Innovation, a consulting company. The honor highlights the systematic ability of companies to innovate, and it considers factors such as strategy, culture, leadership, the innovation process, the use of strategic assets and the impact on the creation of value. The company has received this award in 4 of the last 5 years.



Best Mining Construction and Assembly Contractor

Ingeniería y Construcción Sigdo Koppers S.A. received first place for the second time in the 2020 Mining Suppliers Ranking in the category of Construction and Assembly. The study is prepared by Phibrand, a consulting company, and evaluates the competitiveness of Mining Suppliers in terms of quality, flexibility, reputation and after-sales service through surveys among more than 200 executives in the mining sector. The intent is to reward annually the companies in the industry receiving the best evaluations.



Contribution to Worker Safety

Puerto Ventanas S.A. was recognized by the Labor Safety Institute (IST) for implementing a new barge hooking system that is operated remotely to avoid the exposure and risks associated with maneuvering.

The initiative began to be developed by the coastal terminal team of Puerto Ventanas S.A. in 2019 as part of its innovation program, INPVA, which incorporates novel elements that reduce the risk of accident.



Shared Value Award

Puerto Ventanas S.A. received the 2020 Shared Value Award from the Regional Chamber of Commerce of Valparaíso, given to companies that help overcome environmental and social problems. PVSA was recognized for its program of support to Las Ventanas fisher entrepreneurs. This initiative also stands out for the potential to expand its coverage and social impact.



Development of Leadership in Technical Professional Education

Thanks to its experience and leadership in technical professional education, Fundación Educacional Chile Dual was invited to form a part of the new Educational Leadership Innovation Center (CILED), the first in the country. The goal is to develop leadership capacities in the administrators of technical professional educational institutions (TP). The co-founders of this center are Universidad del Desarrollo, University of Tarapacá, Inacap and Tec de Monterrey.



VALUES

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 ensuring the wellbeing of related communities.

MISSION

To be an integral supply group, a leader in services and products for mining and industry, delivering the highest quality to our clients, creating value for our shareholders and opportunities for development for our employees.

VISION

Growing profitably, continuously and sustainably and consolidating our development in the different industries and markets where we are engaged while identifying new investment opportunities in line with our long-term vision.

INTEGRITY

We behave ethically, fairly and responsibly to our stakeholders.

CUSTOMER FOCUS

We are building 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.

EXCELLENCE

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



CORPORATE STRATEGY

position itself as a leading supplier of products and services to mining and industry, Sigdo Koppers S.A. implements a sequence of activities and processes that create value for customers.

For the company, the relationship between these activities and their economic, social and environmental impacts constitutes a fundamental element in addressing sustainability and in the company's strategic decisions.

Value chain in mining and industry

The group integrates a sustainable management to the value chain that reduces risks and is beneficial to all parties involved, the goal being to face actual scenarios and demands of its stakeholders.

01

DEVELOPMENT

Development of the main industrial investment projects

02

OPERATION

Operation to provide relevant solutions in mining and industry.

03

PROCESSES

Solutions in the phases of material processing.

04

LOGISTICS

Logistics and cargo transfer services.



INGENIERÍA Y CONSTRUCCIÓN
SIGDO KOPPERS GROUP S.A.

Ingeniería y Construcción Sigdo Koppers Group S.A. provides 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.



SK COMERCIAL S.A.

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



SKBERGÉ S.A.

SK Bergé S.A. is a supplier of commercial vehicles to industrial, mining and service companies.



MAGOTTEAUX GROUP S.A.

Magotteaux Group S.A. 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 S.A. develops technologies to optimize the operating processes of customers. It creates, implants and operates remote command systems, the automation of machinery and production processes, among other developments.



PUERTO VENTANAS S.A.

Puerto Ventanas S.A. is the leading bulk port in the central zone of Chile. It provides transfer and storage services.



Through its subsidiary, Ferrocarril del Pacífico S.A. (FEPASA), it also provides cargo logistics services and cargo transfers by rail and by truck.

Board of Directors

The actual Board of directors was elected for the period 2018-2021 at the Regular Shareholders Meeting held April 23, 2018. Its members are Juan Eduardo Errázuriz Ossa, Naoshi Matsumoto Takahashi, Norman Hansen Fernández, Horacio Pavez Aro, Jaime Vargas Serrano, Felipe Cerón Cerón and Silvio Rostagno Hayes.

The Board of Directors of Sigdo Koppers S.A. acknowledged the resignation submitted by Horacio Pavez Aro, who held office from April 23, 2018, to April 27, 2020. The board unanimously decided to replace him by Horacio Pavez García.

During 2020, the average board members assistance was 100%.

The average tenure of the board members is 7 years



JUAN EDUARDO ERRAZURIZ OSSA
Executive President
TAX ID 4.108.103-1
Civil Engineer
Catholic University of Chile
Board member since: 2005



NAOSHI MATSUMOTO TAKAHASHI *
Vice-Chairman
TAX ID 3.805.153-9
Business Engineer
Catholic University of Chile
Board member since: 2005



SILVIO ROSTAGNO HAYES *
Independent Director
TAX ID 6.366.718-8
Mechanical Industrial Engineer
Catholic University of Chile
Board member since: 2018



NORMAN HANSEN FERNÁNDEZ
Director
TAX ID 6.06a2.403-8
Sociologist
Catholic University of Chile
Board member since: 2018



JAIME VARGAS SERRANO *
Director
TAX ID 7.035.696-1
Business Engineer Woodbury
University California, USA
Board member since: 2015



HORACIO PAVEZ GARCÍA
Director
TAX ID 3.899.021-7
Civil Constructor
Federico Santa Maria University
Board member 2005 - 2015, 2020



LUIS FELIPE CERÓN CERÓN
Director
TAX ID 6.375.799-3
Electrical Industrial Engineer
Catholic University of Chile
Board member since: 2018

Management of Sigdo Koppers S.A.

Sigdo Koppers S.A. is organized under a subsidiary model. Each manager has the duty to manage rigorously and prudently to ensure its economic solvency and to safeguard the interests of shareholders and other stakeholders.



JUAN EDUARDO ERRAZURIZ OSSA
Executive President, Sigdo Koppers S.A.
TAX ID 4.108.103-1
Civil Engineer
Catholic University of Chile



GONZALO CAVADA CHARLES
Chief Financial Officer, Sigdo Koppers S.A.
TAX ID 10.773.694-8
Civil Engineer
Catholic University of Chile
MBA, Cambridge University, UK



JUAN PABLO ABOITIZ DOMÍNGUEZ
Chief Executive Officer, Sigdo Koppers S.A.
TAX ID 7.510.347-6
Mechanical Industrial Engineer
Catholic University of Chile
Post-Graduate Degree in Business Administration
Catholic University of Chile

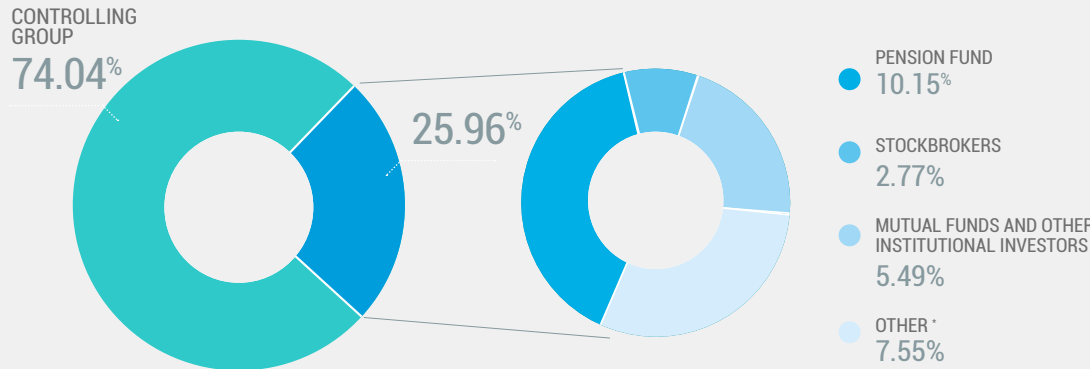


ALEJANDRO REYES PIZARRO
Chief Comptroller, Sigdo Koppers S.A.
TAX ID 8.386.498-2
Business Engineer, University of Santiago
Master of Tax Planning and Management
University of Santiago
Master of Business Law, Adolfo Ibañez University

Ownership Structure

Sigdo Koppers is managed by a seven-member board of directors that holds office for three years. Six board members are in representation of the six controlling families, one board member is independent and doesn't have votes for the controlling group.

Sigdo Koppers equity is divided in 1.075.000.000 equal shares



* Members of the Directors Committee

* Sigdo Koppers S.A. is a fully public company, the government of Chile doesn't have shares of SK nor its subsidiaries.

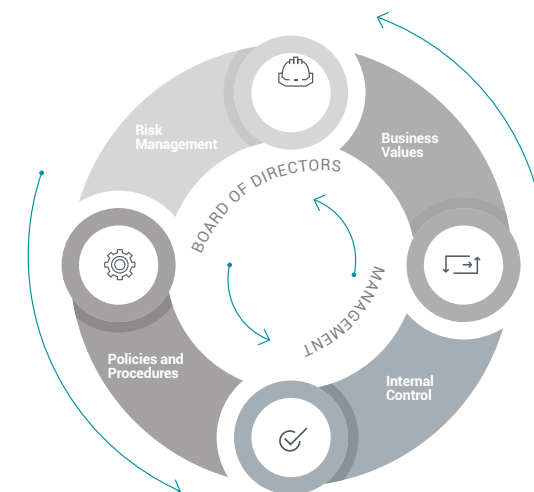
ETHICS AND COMPLIANCE



The main objectives of Sigdo Koppers S.A.'s corporate governance are to provide a sound and efficient structure for management and stakeholders and set down the responsibilities that will add value equitably to the company based on the commitment of each of the parties.

Corporate Governance Model

EMPLOYEES
SHAREHOLDERS
SUPPLIERS
CUSTOMERS AND OTHER
STAKEHOLDERS



1. CODE OF ETHICS

This code is based on the ethical and business practices according to the values established by the company's founders who gave shape to a corporate culture that characterizes the company and has been successfully transferred to its subsidiaries. In the Code of Ethics, Sigdo Koppers S.A. sets down the basic values, principles and standards of conduct that are the guide for actions by each of the members of the company and its subsidiaries and the foundation for future projects. The main purpose is to provide a positive and safe work environment that protects transparent relations with customers, suppliers and other stakeholders.

2. FAIR COMPETITION

Sigdo Koppers S.A. promotes and appreciates fair competition in its daily businesses, which prevails in all areas. Competition stimulates efficiency and innovation and facilitates equitableness in all commercial relations.

The commercial objectives of the company guide its competitiveness, as do the characteristics inherent to the market in which it is engaged. Directors and employees cannot make any type of agreement with competitors, customers and/or employees that restricts free trade.

Finally, a careful legal analysis is required in each area of business for the drafting and signature of agreements and contracts and for actions that might infringe trade and competition regulations.

3. ETHICS COMMITTEE

The Ethics Committee is comprised of the Chief Executive Officer, the Corporate Chief Controller and at least one company Director. The purpose of this committee is:

- to promote and strengthen values and ethical actions in the company.
- to provide and guide the solution of ethical conflicts and play the role of mediator between the parties.
- to analyze, decide on and communicate complaints.
- to issue rules and instructions for compliance with the Code of Ethics.

The committee must meet every quarter and whenever circumstances warrant.

4. CRIME PREVENTION MODEL

This model was designed in compliance with Law 20,393 that holds legal entities criminally liable for the following crimes:

- Terrorism financing
- Asset laundering
- Bribery of a public official
- Concealment
- Transactional conflicts of interest
- Private-to-private bribery
- Misappropriation
- Disloyal administration
- Water pollution
- Processing, heaping, transformation, transport, sale and storage of banned ocean products.
- Illegal extractive fishing in marine resource exploitation and management areas without holding licenses.
- Processing, preparation or storage of marine resources whose legal origin cannot be certified and are banned or overexploited products.
- Our Crime Prevention Model is aligned with the company's values to avoid any action that violates its principles. It has been certified by BH Compliance and the company has a Crime Prevention Officer who ensures compliance.

5. WHISTLEBLOWER CHANNEL

Sigdo Koppers makes a whistleblower channel available to its different stakeholders to be able to identify suspicious behavior inside the company. Any information provided will be kept confidential.

The objective is to reduce the risk of corruption, conflicts of interest, regulatory violations and inappropriate conduct that affects the integrity of employees.

The channel is available on the company's website (www.sigdokoppers.cl/denuncias/) and/or intranet and is managed according to the procedures that include protocols, deadlines, responses and tracking.

The complaints received were objectively and independently investigated and analyzed by the Ethics Committee, which formally generated a resolution for each complaint. At Sigdo Koppers no cases of corruption, bribery, breach of ethics or misconduct (whistleblower channel) were reported during 2020.

6. INTERNAL REGULATIONS

The internal regulations of Sigdo Koppers guarantee the stability, harmonious relations, respect and good operation of the organization.

Some of the main regulations are:

- Internal Order, Hygiene and Safety Regulations.
- Information Security and Cyber Security Policies.

There are specific rules on Corporate Governance management that make use of the following tools:

- Manual on information of interest to the market
- Senior Executive Succession Policy
- New Director Induction Procedure
- Director Candidacy Procedure
- Risk Management Procedure
- Board Evaluation Policy
- External Advisor Policy

7. SUPPLIER RELATIONS

Suppliers and subcontractors are an active part in the value chain of Sigdo Koppers S.A. and its subsidiaries. For this reason, the company has a Supplier Code of Ethics and Conduct that summarizes the main ethical principles and minimum standards of conduct to guide their actions.

Suppliers and subcontractors are required to share these guidelines and apply the standards in the chain of supply.

8. COMMITTEES

The function of the Committees of Sigdo Koppers S.A. is to address specific matters among members of the organization according to across-the-board directives. This helps guide decisions and be able to issue formal resolutions that propose better managerial alternatives. Committees are chaired by the Executive President or the Chief Executive Officer of Sigdo Koppers and have a stable structure where representatives of subsidiaries participate in order to incorporate the best practices in the companies' management.

The following companies are currently active at a corporate level:

- Innovation Committee
- Sustainability Committee
- Human Resource Committee
- Diversity and Inclusion Committee
- Environmental Committee
- Technology Committee

Sigdo Koppers has designed a risk management process in line with the best practices of the industry, the regulations governing in Chile and in the countries where it has operations, and with the acceptable risk determined by the board of directors.

The Risk Committee manages the risks and opportunities that might have an impact on the company's businesses and goals. This analysis is key to supporting the senior management decision-making process to reduce the effect of adverse events and capitalize on the opportunities arising in an environment that presents new, major challenges.

The analysis and assessment are made globally, regionally and locally. The process promotes the discussion of the risks and their mitigative measures by the senior management of the different subsidiaries in the group, and it is supervised by the Board.

The global, regional and country agenda of the Risk Committee is updated each year and takes into consideration the actual and future risks as well as the opportunities that might potentially have an impact on the company in the short, medium and long term. Its work is presented quarterly to the Sigdo Koppers S.A. Board of Directors.

Risks are rated as Strategic, Financial, Operational and Regulatory Compliance. After analysis and assessment, they are prioritized on the basis of their potential impact and the probability that they occur. A mitigation strategy and monitoring plan are defined to confront and monitor them.

STRATEGIC RISKS

- Definition of strategy (industry, commerce, services, customer and country risk)
- Mergers, acquisitions and joint ventures
- Economic cycle
- Dependency on Key Employees
- Reputation Risk
- Innovation and Development

OPERATING RISKS

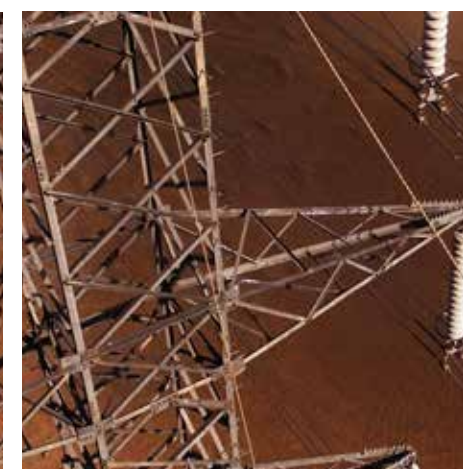
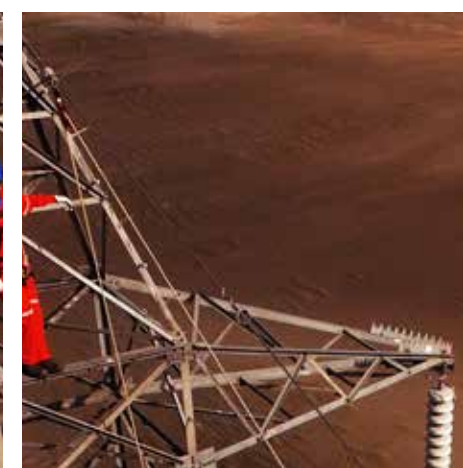
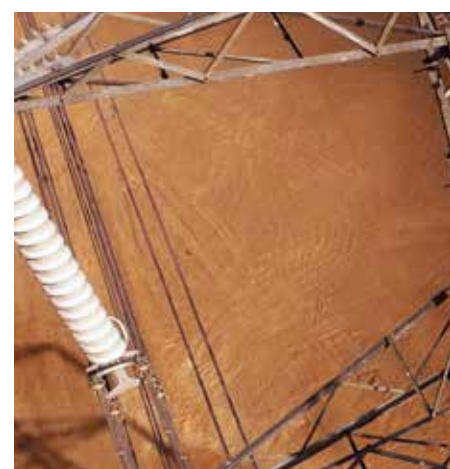
- Subsidiary risk (monitoring the risks of subsidiaries, checklists and group lists)
- Systems and processes
- Cyber risks
- Fraudulent or illegal activities

FINANCIAL RISKS

- Liquidity

RISKS OF COMPLIANCE WITH REGULATIONS AND/OR LAWS

- Labor
- Tax
- Transfer Pricing
- Financing Market Commission Rules
- Stock Market Rules
- Environment
- Competition
- Customs



2020

Main Risks seen in 2020

ECONOMIC CONDITION OF THE COUNTRIES WHERE WE DO BUSINESS:

The economic scenario of the countries where subsidiaries of Sigdo Koppers have production or commercial operations has an impact on the financial situation, results and forecasts for the business.

A slowdown in the global economy has required measures to be adopted to guarantee the profitability of the companies.

Mitigative Measures

Global Presence:

Sigdo Koppers aims to have a great global presence through products and services of high added value. This allows for a greater diversification to confront the slowdown in the economy that affects each country differently.

Cost Containment:

In recent years, global initiatives have been identified and have begun to be implemented to facilitate greater synergies among the companies. The Capex plan was modified during 2020 and efforts were made to reduce working capital.

OPERATIONAL CONTINUITY

Each of subsidiaries in the group has an operational continuity plan that defines the critical processes and the resources needed to support them.

Mitigative Measures

Operational continuity during the pandemic:

The situation existing because of the pandemic in the different countries in the world in 2020 meant that the operational continuity plans of each of the group's subsidiaries had to be reviewed and implemented. At the same time, a specific relations plan was put into place with manufacturers and suppliers in order to monitor the level of inventories and maintain a long-term commercial relationship.

SOCIOPOLITICAL FACTORS:

The political uncertainty and its potential economic and social consequences can affect the operations and profitability of the companies. Any political event that materially impacts the economic development of a country or its business environment can potentially impact operations, like the social crisis in Chile starting October 18, 2019.

Mitigative Measures

Monitoring:

The company monitors the course of important political events in the countries where it has operations, and it seeks the advice of local experts to anticipate potential changes.

REGULATORY CHANGES:

Operations are subject to the laws and regulations of each of the countries where they are present. Eventual regulatory changes and a failure to adapt to them might have an adverse impact both on the business and on the public perception of the Sigdo Koppers' brand.

Mitigative Measures

Code of Ethics:

All Sigdo Koppers' employees adhere to the Code of Ethics and Conduct according to which they promise to abide by changes in the laws and regulations in all countries where the Group has operations.

Monitoring:

The company is permanently monitoring the laws and regulations of the countries where it is present.

MORE COMPLEX COMPETITIVE DYNAMICS

The markets in which Sigdo Koppers does business are highly competitive and numerous, renowned companies participate. New participants regularly enter the industry, and both imports and substitute products are on the rise.

Mitigative Measures

Added Value for the Customer:

The Group aims to maintain and increase its market share by providing better solutions to its customers.

Innovation:

It is a leader in innovation, an area in which it is constantly making advancements and investments in order to provide novel, competitive and high-quality solutions.

FINANCIAL AND DEBT RESTRICTIONS:

Sigdo Koppers and its subsidiaries owe debt and other financial liabilities that come due in the short and long term. The capacity to pay debt as it comes due depends on the operating flow and dividends paid to the parent company by the Group's subsidiaries.

Mitigative Measures

Appropriate handling of our debt profile

The company aims to maintain a conservative financial profile that will allow it to easily pay its debt. It also has numerous financing alternatives by which it can maintain a relationship with most of the banks in the countries where it does business. It also has bond facilities.

OCCUPATIONAL HEALTH AND SAFETY RISKS:

Some of the activities in the businesses in which some of the Sigdo Koppers companies engage may cause injury to people or damage to facilities. For example, some production plants require employees to work with hazardous products, large machinery or at a height. Damage, injury or fatalities could happen if risks are not managed very carefully.

Mitigative Measures

Risk prevention campaigns and training:

The health and safety of its employees are a priority for Sigdo Koppers. The company endeavors to avoid accidents by promoting a culture of safety in everyday work, by specific programs and by training.

Insurance:

The company has an insurance plan that is managed on a consolidated level and by each operation in particular to reduce potential economic damage and civil claims as a result of accidents.

CYBER RISKS

The risk of cyberattacks has become increasingly relevant to the Group because the globality of its operations requires a greater use of internet-connected systems and devices by employees and by the companies' operations. Additionally, the confinement decreed by the health authority because of the Covid-19 pandemic meant that most employees began to work from home in order to guarantee their safety and operational continuity. This increase in telecommuting entailed a greater risk of information management, both to restrict and to guarantee access to data based on the different roles and profiles.

Mitigative Measures

Information asset security protocols:

Plans were implemented to protect information that included setting up a VPN connection, regularly updating equipment and devices, monitoring access to the corporate network from outside, and establishing channels to report potential security breaches.

Risk prevention campaigns and training: SK Management Team with the help of the CEO of SK Converge oversees the company's cybersecurity strategy. The Board of Directors and senior executives were trained in minimizing cyber risks. Communication campaigns were held, and employees were trained to improve information security habits.

Information back-up on the cloud

Information is transferred to the servers of the leading companies in data management, which have procedures to back up and look for vulnerabilities in the software used by the company. Additional monitoring was also implemented to strengthen security control (network, data center, internet) internally and with the support of suppliers (Telefónica, IBM/SAP).

TRIPLE BOTTOM-LINE STRATEGY

Sigdo Koppers S.A. orients its work towards achieving goals for all its stakeholders. To do this, the Group is grounded on a Triple-Bottom-Line Strategy that has three main pillars:

- Economic performance
- Social performance
- Environmental performance

A facilitator is added to these three pillars that impacts strategy transversally: innovation.



ECONOMIC PERFORMANCE:

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

SOCIAL PERFORMANCE:

This refers to the social management of stakeholders, including the community, employees, trade associations, and the authorities, among other relevant actors.

ENVIRONMENTAL PERFORMANCE:

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

OUR CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS (SDS)

	<p>For the Group, the primary thrust to the sustainability of the business and to social progress is to encourage the training and education of people. Of note is the program of Fundación Educacional Chile Dual that trained 1,651 students in conjunction with SK Capacitación, a technical professional educational institution (OTEC). To work towards inclusion, the Chile Valora program was put into action in 2020 to acknowledge know-how, skills and abilities of people in a trade.</p> <p>Inclusion and diversity are also addressed by Sigdo Koppers through its Diversity and Inclusion Committee.</p>
	<p>In 2020, the Group's subsidiaries made significant investments in modernizing processes in order to maintain an operational continuity in the midst of the health, social and economic crisis caused by the Covid-19 pandemic. The company thus contributed to the local economy and to reducing the levels of unemployment that were particularly affected in this period. Occupational health and safety programs are constantly being implemented to guarantee safe workspaces.</p>
	<p>Sigdo Koppers made major innovations in different areas in 2020: human resources, internal processes, products, customer service, and the environment, to name a few. Innovation is key to the Group's Triple-Bottom-Line strategy since it contributes considerably to the company's short-, medium-, and long-term goals. The budget allocated by the different companies to these initiatives has been on the rise in recent years.</p>
	<p>Sigdo Koppers S.A. encourages an institutional framework that sets down efficient and transparent rules. It has a sound corporate governance that safeguards the interests of all members of the company and its stakeholders. This governance includes a risk management model, policies and procedures that address, with particular emphasis, the areas associated with business ethics.</p>
	<p>A responsible production has been addressed by the companies in their business and sustainability plans. These initiatives relate to the consumption of water, energy, waste generation, emissions and other areas and the results are disclosed to different audiences.</p>
	<p>Sigdo Koppers fosters the creation of alliances with the public sector and civic society to create collaborative work structures. This leads to a shared vision and goals in regard to wellbeing and sustainability.</p>

STAKEHOLDERS

Sigdo Koppers S.A. wants to establish permanent relationships of trust with all its stakeholders. The Group uses different channels to communicate with each of these clusters and to transparently and effectively convey the information requested:

Why do we engage?

EMPLOYEES

Our employees' experience is a fundamental part of the Group's sustainable management. The intent is to promote the career and personal development of each member.

SUPPLIERS

The goal is to attain long-term, mutually beneficial relations with suppliers and extend sustainability to all members of the Sigdo Koppers value chain.

INVESTORS AND SHAREHOLDERS

Sigdo Koppers' commitment to this Group is to ensure the greatest growth and profitability by means of a responsible, proactive, sustainable management and a high level of innovation in facing complex challenges.

AUTHORITIES

The Group's relationship with the authorities is based on an absolute compliance with standards and regulations, the best ethical standards in the industry, and its involvement in trade associations to handle issues that help the

CUSTOMERS

To Sigdo Koppers, customers are at the core of the business. It always endeavors to deliver highly competitive products and services of excellence.

COMPETITORS

The Group maintains an honest and ethical relationship with its competitors. It competes fairly and respects the best market practices.

COMMUNITY

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

How do we inform them?

Annual report / Integrated report

Internal websites

Internal means of communication

Social networks

Annual report / Integrated report

Supplier portal

Website

Social networks

Annual report / Integrated report

Website

Investor relations area

Social networks

Annual report / Integrated report

We constantly send any information requested.

Website

Annual report / Integrated report

Website

Advertising

Social networks

Annual report / Integrated report

Website

Trade associations

Annual report / Integrated report

Website

Community workshops

Visits to plants



CONTINUING INNOVATION

INVESTMENT IN INNOVATION

	2019 INVESTMENT2019 (KUS\$)	2020 INVESTMENT (KUS\$)
Ingeniería y Construcción SK Group S.A.	2,000	679
Puerto Ventanas S.A.	-	2,702
SK Godelius S.A.	1,773	944
Enaex S.A.	10,952	8,757
Magotteaux Group S.A.	3,866	1,390
SK Comercial S.A.	475	996

Innovation is a key element to Sigdo Koppers S.A. so that companies can develop in a changing and demanding environment. It helps guarantee security, the continuity of the business, operating efficiency and long-term sustainability.

Sigdo Koppers promotes a culture that aims to introduce innovative processes and products that address the interests and expectations of customers and other stakeholders. All companies in the Group have an innovation plan adapted to the setting, needs and capacities of each that is intended to raise the standard in the industry and overcome any challenges.

In 2020, the focus was on introducing the latest technology to increase operational efficiency and to install new capacities in teams that protect the safety of employees.

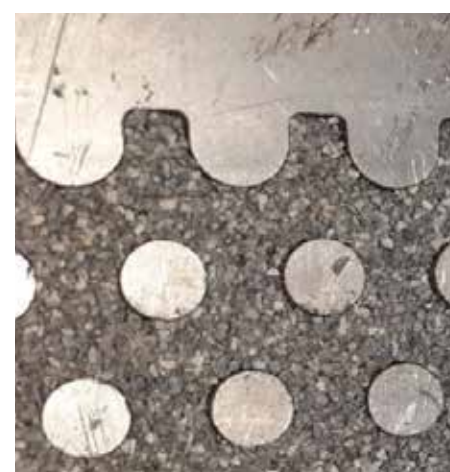
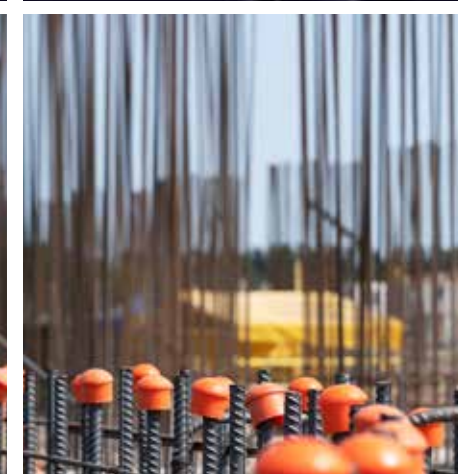
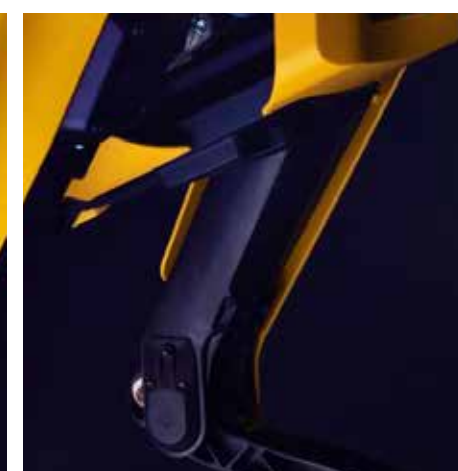
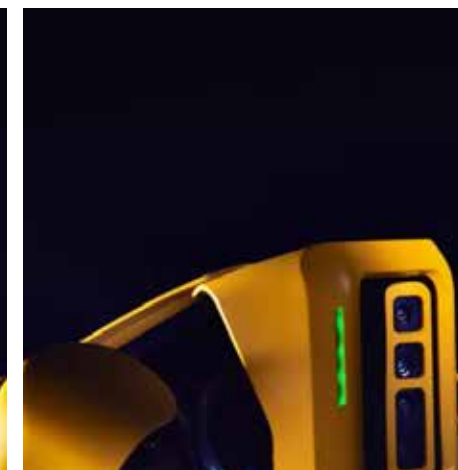
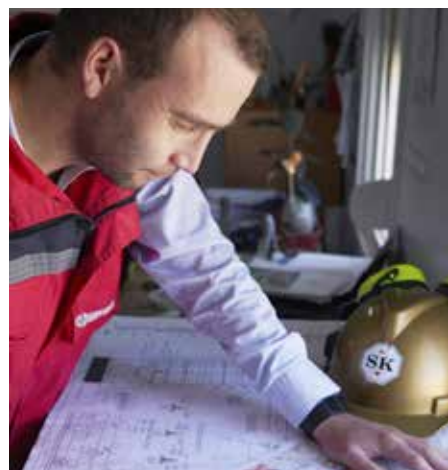
2020, marked by the COVID-19 crisis, changed most of the known conditions to innovate products on site. Companies therefore had to find ways to support innovation and continuous learning and to make major achievements in key areas of the operation. The circumstances imposed by the pandemic also revealed that innovation is a key tool that gives continuity and security to processes in periods where there is an exposure to risks in the environment.

US\$ **295** million

INVOICED FOR THE SALE OF
NEW PRODUCTS INVENTED IN
THE LAST FIVE YEARS.

68
active innovation
projects in the year

61
employees
focused on R&D



01.

Economic Performance

US\$ **1.787**
billion

TOTAL CONSOLIDATED
EQUITY OF SIGDO KOPPERS,
A RISE OF 2.8%

US\$ **2.238**
billion

CONSOLIDATED
INCOME OF
SIGDO KOPPERS S.A.

ECONOMIC VALUE GENERATED AND DISTRIBUTED

		FINANCIAL STATEMENT NOTE		
		2018	2019	2020
ECONOMIC VALUE GENERATED		2,452,200	2,486,343	2,353,027
Revenue	30	2,332,119	2,334,422	2,238,038
Income from financial investments	16 y 32	50,096	55,601	33,167
Income from the sale of property, plant and equipment	17	69,985	96,320	81,822
ECONOMIC VALUE DISTRIBUTED		2,323,097	2,344,534	2,217,917
Operating Expenses		1,528,254	1,508,577	1,443,649
Distribution to Financial Capital				
Dividend to shareholders		64,917	83,659	56,186
Interest expense paid to creditors	33	57,261	67,752	60,062
Distribution to Human Capital				
Employee salaries and benefits	34	618,367	632,023	613,365
Distribution to Equity				
Tax expense	21	48,269	46,865	37,754
Community Investments	36	6,029	5,658	6,901
ECONOMIC VALUE RETAINED		129,103	141,809	135,110

CONSOLIDATED STATEMENT OF INCOME BY FUNCTION

	KUS\$		
	Dec. 2019	Dec. 2020	VAR.
Consolidated income	2,334,422	2,238,038	-4.1%
Consolidated EBITDA ⁽¹⁾	344,78433	2,844	-3.5%
EBITDA Margin	14.8%	14.9%	
Proforma Consolidated EBITDA ⁽²⁾	381,364	344,409	-9.7%
Total profit (loss)	150,863	119,601	-20.7%

SIGDO KOPPERS PROFIT	103,382	73,282	-29.1%
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MAIN INDICATORS

	MUS\$		
	Dic. 2019	Dic. 2020	VAR.
Total Assets	3,811,051	3,932,723	3.2%
Total Equity ⁽³⁾	1,738,753	1,787,016	2.8%
Net Financial Debt	896,417	748,709	-16.5%
Net Financial Debt / EBITDA	2.60	2.25	
ROE	7.79%	5.53%	
ROCE	7.41%	6.77%	

⁽¹⁾ EBITDA = Operating Profit + Depreciation and Amortization Expenses

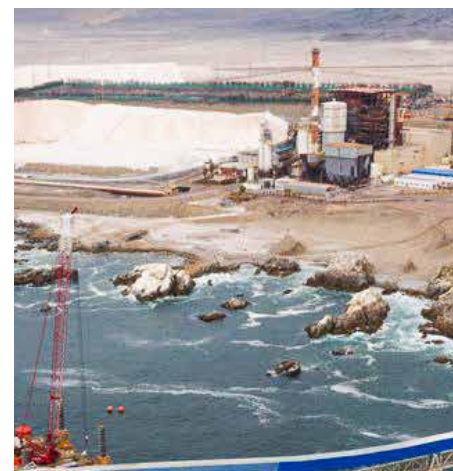
⁽²⁾ Proforma EBITDA = EBITDA + Related Company Profits

⁽³⁾ Total Equity includes non-controlling interests

⁽⁴⁾ EBITDA + Proportional profit of unconsolidated consortiums

US\$ **333**
million

WAS THE CONSOLIDATED EBITDA,
3.5% BELOW THE PREVIOUS
FISCAL YEAR. A RECOVERY
IN ACTIVITY WAS SEEN AS OF
AUGUST.



4.3% WAS THE DECREASE IN THE
WORLD ECONOMY IN 2020,
EVIDENCE OF THE IMPACT OF
THE COVID-19 PANDEMIC.

THE MARKET ENVIRONMENT

The world economy slowed down to about 4.3% in 2020, revealing the impact of the Covid-19 pandemic. The U.S. economy contracted close to 30.6% and the Euro zone 7.4% in 2020 as compared to 2019, when their growths were 2.2% and 1.3%, respectively. On the other hand, the Chinese economy expanded close to 2.0%, quite below the 6.1% it achieved in 2019 and the 6.6% in 2018.

In this setting of a global pandemic, the growth expected in emerging markets was also affected. For example, Chile decreased at a rate of 6.3%, unlike the growth of 1.1% in 2019. Brazil also contracted at a rate of close to 4.5%, leaving behind the 3 consecutive years of expansion after its recession.

The businesses in which Sigdo Koppers engages are mainly influenced by the level of large-scale mining globally, which accounts both directly and indirectly for approximately 80% of the sales of products and services linked to the production of copper, iron and gold. The remaining sales of the company are connected mainly to investment in industrial and electrical projects in Latin America.

Given the uncertainty created by Covid-19 around the world, the prices of these minerals fell significantly in the 2020 fiscal year. Copper in particular fell to a minimum price of USD 2.09/lb. in March 2020. The price then progressively recovered to a closing high of USD 3.53/lb. on December 18th, created by the increased demand in China, the recovery of the global manufacturing industry and a decrease in copper inventories. The annual average price was close to USD 2.80/lb., 3% higher in comparison to the USD 2.72/lb. in 2019.

In this context, the Group implemented diverse action plans in 2020 to confront the effects of this pandemic. First was protecting the health of employees, ensuring operational continuity and fulfillment of the stipulations in contracts with customers. Non-payment was also tracked by type of debtor and portfolio, and future capital and liquidity requirements were analyzed. Nonetheless, the financial bottom line was adversely affected in the first half of 2020, but the Group showed a recovery in activity in the second semester.

THE ORGANIZATIONAL CULTURE OF SIGDO KOPPERS S.A. PUTS PEOPLE AT THE CENTER OF ANY DECISION. THE CORPORATE VALUES AND PRINCIPLES ARE PRESENT IN THE WAY EVERYONE IN THE COMPANY ACTS AND IN THE RELATIONSHIPS ESTABLISHED WITH THE DIFFERENT STAKEHOLDERS.

03.

Social Performance

2020 was without a doubt a different and quite challenging year that put teams to test in many ways.

The support of the company in this complex scenario was focused on three aspects: protecting the physical and mental health of each collaborator and their family; advancing in the innovation of processes that would support the protection of safety; training managers in the management and support of teams; and supporting related communities.

The coverage of the social indicators reported in this chapter is 100% of the companies subsidiaries and affiliates.

EMPLOYEES

COMMUNITIES

CUSTOMERS



20,842

employees

EMPLOYEES

NUMBER OF EMPLOYEES BY COMPANY

	TOTAL NUMBER OF EMPLOYEES WITH A CONTINUING CONTRACT	TOTAL NUMBER OF EMPLOYEES PER PROJECT	TOTAL NUMBER OF EMPLOYEES
Sigdo Koppers S.A. (*)	79		79
Ingeniería y Construcción Sigdo Koppers Group S.A.	1,806	7,646	9,452
Puerto Ventanas S.A.	949	55	1,004
Enaex S.A.	5,413	61	5,474
Magotteaux Group S.A.	2,464	154	2,618
SK Comercial S.A.	963	79	1,042
SKBergé S.A.	1,007	166	1,173
CONSOLIDATED SIGDO KOPPERS S.A.	12,681	8,161	20,842

(*) Includes Sigdo Koppers S.A., SKConverge S.A. and SKGodelius S.A.

	2017	2018	2019	2020
Total number of employees	19,359	21,594	20,439	20,842
Average number of employees	18,466	20,949	19,451	19,056
Employees with a Continuing Contract	9,097	10,636	10,382	12,681
Younger than 30 years of age	19.02%	18.90%	19.00%	19.43%
Women	16.06%	14.82%	15.60%	12.37%

Composition

As of December 31, 2020, the Sigdo Koppers Group employed a total of 20,842 people. This figure includes the parent company and its subsidiaries both in Chile and abroad.

This figure is comprised of regular staff and workers hired for projects, who are mainly employed by subsidiaries in the Group's construction sector.

The data shown in this report includes only regular staff so that the information is comparable to previous periods.

NUMBER OF EMPLOYEES BY TYPE

	MEN	WOMEN
CEO and direct subordinates	1.4%	0.1%
Assistant Managers (to 3 levels below the CEO)	3.1%	0.2%
Other – Operations employees	60.0%	7.2%
Other – Administrative employees	23.2%	4.9%
TOTAL NUMBER OF EMPLOYEES WITH A CONTINUING CONTRACT	87.7%	12.4%
Employees with a fixed term or per project contract	98.7%	1.3%

VACANCIES FILLED INTERNALLY

(from within the Sigdo Koppers S.A. Group)

Sigdo Koppers S.A. (*)	0%
Ingeniería y Construcción Sigdo Koppers Group S.A.	40%
Puerto Ventanas S.A.	0%
Enaex S.A.	71%
Magotteaux Group S.A.	5%
SK Comercial S.A.	16%
SKBergé S.A.	28%

NUMBER OF EMPLOYEES BY TIME IN OFFICE

	LESS THAN 3 YEARS	3 TO 6 YEARS		10 TO 12 YEARS	MORE THAN 12 YEARS
CEO and direct subordinates	0.4%	0.4%	0.4%	0.4%	0.9%
Assistant Managers (to 3 levels below the CEO)	1.7%	0.8%	1.0%	0.8%	1.5%
Other – Operations employees	23.2%	15.7%	9.0%	3.8%	12.6%
Other – Administrative employees	13.0%	5.7%	2.6%	1.7%	4.4%

NUMBER OF EMPLOYEES BY REGION

	CHILE	SOUTH AMERICA (EXCLUDING CHILE)	NORTH AMERICA	EUROPE	AUSTRALIA AND ASIA	AFRICA	OTHER
CEO and direct subordinates	1.1%	0.2%	0.0%	0.1%	0.0%	0.0%	0.0%
Assistant Managers (to 3 levels below the CEO)	2.3%	0.5%	0.0%	0.1%	0.0%	0.1%	0.3%
Other – Operations employees	42.6%	8.4%	0.3%	3.7%	0.1%	9.0%	3.1%
Other – Administrative employees	15.0%	10.9%	0.1%	1.0%	0.3%	0.5%	0.3%

NUMBER OF EMPLOYEES BY AGE

	YOUNGER THAN 30	31 TO 40	41 TO 50	51 TO 60	61 TO 70	ABOVE 70 YEARS
CEO and direct subordinates	0.1%	0.4%	0.9%	0.7%	0.2%	0.1%
Assistant Managers (to 3 levels below the CEO)	0.2%	1.4%	1.7%	1.0%	0.4%	0.0%
Other – Operations employees	13.5%	24.0%	14.4%	10.4%	3.1%	0.1%
Other – Administrative employees	5.6%	10.3%	6.3%	4.3%	0.7%	0.0%

Turnover

NEW HIRES	SEVERANCES	AVERAGE NUMBER	TURNOVER
2,336	2,437	19,056	12.5%

Employee turnover: ((A+D)/(2x100))/DP

Unions

INGENIERÍA Y CONSTRUCCIÓN SK GROUP S.A.	PUERTO VENTANAS S.A.	FERROCARRIL DEL PACÍFICO S.A.	SK GODELIUS S.A.	ENAE S.A.	MAGOTTEAUX GROUP S.A.	SK COMERCIAL S.A.	SKBERGÉ S.A.
1*	2	3	-	12	10	1	**

(*) The only permanent union in Ingeniería y Construcción Sigdo Koppers S.A. There are also unions per project.

(**) The workers are presented by Employee Delegates.

Unions are key groups in the sustainable management of companies. The Group therefore fosters constructive, responsible, dialog-based relationships.

There were 29 unions in Sigdo Koppers in 2020 and 55% of all employee are represented by an independent trade union or covered by collective bargaining agreements

Job Climate

2020 imposed major challenges on the companies and their employees because of the instability and uncertainty created by the health crisis and because teams were unable to interact in one same physical space. In this scenario, the companies deployed efforts to support their workers and maintain their sense of belonging through strategies on internal communication, regular online meetings and monitoring by their welfare areas, among other initiatives.

Given the importance of the job climate inside the organization, the companies in the Sigdo Koppers Group conduct studies at least every two years to understand how employees perceive the company.

Diversity

Diversity and inclusion have acquired a fundamental role in the culture of Sigdo Koppers. This is seen both in the internal relations established with employees and in the relationships with the remaining stakeholders.

In fact, diversity represents a competitive advantage for the Group, represented by the initiatives taken in this respect.

For the company, these initiatives have two main focal points: job inclusion and education.

For example, in 2020 we implemented the Chile Valora Program to recognize the know-how, skills and abilities of people in a trade. The Group also has a Diversity and Inclusion Committee on which all subsidiaries of Sigdo Koppers participate. This Committee implements across-the-board diversity and inclusion measures.

The Group's companies conduct annual performance evaluation and industry salary parameter studies to be able to have the best people for the tasks they perform and to avoid any gender or other biases that affect decision-making objectivity. 55.6% of positions in the parent company, Sigdo Koppers S.A., are held by women, who have different responsibilities and duties. There were no gender-pay gaps.



Occupational Health and Safety

The health and safety of employees are key aspects in the companies' businesses. Each has policies that guide the actions of the organization's members, procedures to identify potential risks, and management systems that are intended to reduce the possibility of accidents to zero and assure the wellbeing of employees.

SAFETY INDICATORS

(consolidated)

Number of fatal accidents (*)	2
Accident frequency ratio (LTIFR) (1)	5.1
Number of lost-time accidents	132
Occupational illness frequency ratio (OIFR) (2)	7.5
Number of hours of absenteeism	100,204
Incident ratio: hours lost because of incidents (3)	0.69
Hours worked	25,639,099

There were no fatal accidents among contractors.

* Related to civil works and Exponum blasting
(1) LTIFR = (Number of lost-time injuries) / (Total number of hours worked in the period) x 1,000,000
(2) OIFR = (Number of events in the fiscal year) / (Total number of hours worked in the period) x 1,000,000
(3) Number of lost-time accidents x 100/number of workers



236,435

hours of training by the Sigdo Koppers Group, with an average of 11.4 hours and US\$260 spent per person.

Training

Diverse training programs were held in 2020 for employees of the Sigdo Koppers Group and for the community. They were intended to improve abilities and impart knowledge, an aspect that was especially relevant given the challenges of adapting imposed by the world pandemic.

ICSK
More than 13,500 people were trained in the period and the total number of training hours increased significantly compared to the previous year (+37%), mainly because of the e-learning method that accounted for 67% of the training time in 2020.

There were 2,600 participants in the entrepreneurial social responsibility program for the community developed with Fundación Chile Dual and the Intermediate Technical Training Agency (OTEC). The average was close to 80 hours per person.

Also notable is the role of the SK Center of Excellence (<https://cesk.icsk.com>), an internal training platform to which more than 2,000 people logged on, comprised both of the company's employees and outsiders, after free courses were offered to the community.

PUERTO VENTANAS
Some of the relevant issues addressed in 2020 were training in operating systems, such as bearings, sampling, basic electricity, safety matters and regulations like OMI, ISO 14001 and 50001. Courses were also imparted on administrative matters (office automation, languages, warehouse management, inventory control and SAP, to name a few).

ENAEX
The consolidation of Enaex Academy is noteworthy, a training platform comprised of more than 220 internal courses taught by Enaex experts through microlearning, asynchronous courses and master classes, among formats. Alliances with the Massive Open Online Course (MOOC) platforms were also strengthened so that employees could take courses and receive certification from the best universities in the world. 175 candidates were approved in EDX and 60 active courses in Coursera.

MAGOTTEAUX
A multiple skills program was implemented to train operations employees in different critical positions like fusion, molding and heat treatment in order to guarantee operational continuity.

CHILE DUAL FOUNDATION
It trained students at 18 Technical Schools Professional in social and labor skills and techniques. These workshops were held via synchronous e-learning and covered new territories. 250 master teachers were also trained.

The Foundation maintained alliances with 22 companies, and though many of them could not receive students because of the pandemic, they maintained the bond with youths through remote motivational talks, job preparation workshops and technical activities, among other activities. Social and emotional containment workshops were also held that were very much appreciated by these youths.

CHILE DUAL FOUNDATION

22 alliances with different companies

250 master teachers trained.

CUSTOMERS

Sigdo Koppers aims to provide products and services of excellence to its customers. It has a team that aims to understand their needs and meet their expectations. In 2020, despite the complexities imposed by the pandemic, the companies maintained that approach and quickly adapted.

As part of its development strategy, Sigdo Koppers S.A. endeavors to build long-term relationships of trust with each of its customers. To that end, the Group's companies conduct satisfaction surveys from time to time as well as market studies to measure their performance, added to loyalty initiatives by after-sales monitoring and a thorough understanding of the customers and industrial processes.

MAIN INITIATIVES

- ✓ **Operations Monitoring Center (MOC):**
SKC implemented a system whereby the company's expert technicians can provide assistance anywhere using augmented reality technology and onsite assistance via video and audio streaming.
- ✓ **Be Rental:**
The web platform of SK Rental, and SKC subsidiary, is a way to respond quickly to customer requests, either for the rental or sale of machinery.
- ✓ **Online sales channel:**
SK Bergé implemented a new sales channel for its makes that is available to its dealers. A vehicle can be reserved and purchased entirely online, so the company can attract new customers through preference options, an expeditious reservation and the possibility of purchasing a "customized" vehicle.

75%
of customers have long-term relationships with the Group's companies.

83%
of Sigdo Koppers customer recommend the company in Net Promote Score survey

SUPPLIERS

Sigdo Koppers has a Supplier Code of Ethics and Conduct that has been implemented by all subsidiaries. That code stipulates the standards for procurement, conflicts of interest, crime prevention models and work rules, among other aspects. The goal is to minimize potential risks and develop long-term, mutually beneficial relationships with suppliers.

Additionally, to guarantee the best conditions of supply, the company establishes strategic relationships mainly in regard to the supply of raw materials (basically ammonia and junk metal), construction materials, machinery, trucks and automobiles. From a sustainability viewpoint, the company also endeavors to maintain the right proportion among its suppliers, both national and international. In particular, it has established a social selection standard for outsourcing according to which at least 30% of employees under the outsourcing contract must come from the zone where the services are provided, to the extent possible.

COMMUNITIES

Given the challenges imposed by the pandemic around the world, Sigdo Koppers S.A. decided to contribute to the communities where the Group's companies operate in line with the needs of each.

In this context, a budget and an approach were established according to which the companies made different contributions. Those contributions consisted of, for example, providing personal protective health equipment and protective equipment for use by physicians and residents in communities; the donation of infrastructure, vehicles or inputs for medical care; the sanitization of building and streets.

In 2020, the companies worked in coordination with the local authorities and experienced emergency organizations so that their support would be as effective as possible.



03.

Environmental Performance

SIGDO KOPPERS S.A. AIMS TO CONTINUOUSLY RAISE ITS STANDARD OF ENVIRONMENTAL PERFORMANCE BY PROMOTING A SUSTAINABLE MANAGEMENT OF RESOURCES. TO DO SO, IN 2020 THE GROUP MADE A SPECIAL EFFORT TO OPTIMIZE THE USE OF ENERGY AND WATER AND MANAGE EMISSIONS AND WASTE FROM OPERATIONS.



In line with the environmental challenges in the region, Sigdo Koppers constantly monitors both the environmental impacts caused by the Group's companies and the environmental management systems they have implemented. Sigdo Koppers assigns special importance to compliance with the law and regulations, and with the requirements in the certifications held by the companies as well as ISO standards and other environmental laws governing in the countries where it operates.

Our companies have become increasingly focused on the principles of sustainability and have established a sound record of innovative projects that help improve their environmental performance.

All companies of Sigdo Koppers S.A. keep:

- ✓ a record of sources and types of emissions
- ✓ a record of energy sources
- ✓ a record of water consumption
- ✓ a record of waste generated
- ✓ a record of environmental incidents

With a Coverage of all this Environmental Indicators above 80% of Sigdo Koppers revenues, this information provides a robust environmental management system pertinent to each subsidiary and prevents environmental risks impacting their operation.

TOTAL ENVIRONMENTAL COSTS

	UNIT	2018	2019	2020
Investment in environmental projects or improvements	KUS\$	867	1,802	1,572
Environmental measurements	KUS\$	646	501	777
Waste management	KUS\$	3,031	4,773	5,184
Wastewater treatment	KUS\$	680	1,494	1,468
TOTAL	KUS\$	5,224	8,570	9,001

In 2020, the Group made significant investments to improve the environmental performance of its companies and the businesses in which they engage.

During 2020, as previous years, neither Sigdo Koppers nor its subsidiaries had any significant fines or penalties related to the environment

ENERGY EFFICIENCY

To raise our standards in relevant matters, we have introduced energy efficiency as an active pillar in the strategic management of the business.

In 2020 the Group implemented several measures to reduce energy consumption without affecting productivity.

The companies in the Sigdo Koppers Group recorded a total energy consumption of **474.454 MWh**. This figure encompasses the different sources of energy that were assimilated through a conversion factor.

	UNIT	TOTAL 2018	TOTAL 2019	TOTAL 2020
Total Power Consumption	MWh	495,961	502,860	474,454
LPG Consumption	Kg	4,545,495	6,572,691	6,827,934
NG Consumption	m3	14,120,065	16,112,777	12,764,458
Diesel Consumption	L	29,988,281	19,831,618	29,916,583
Gasoline Consumption	L	473,684	529,274	917,599

EMISSIONS

Emissions around the world must be especially responsibly managed because of their impact on events like climate change and other internal processes inside the companies.

Sigdo Koppers recognizes their importance, so it wants to address the management of waste integrally through measures that transparently systematize the quantity of emissions and through the implementation of plans that reduce emissions in the short, medium and long term.

	UNIT	TOTAL 2018	TOTAL 2019	TOTAL 2020
PM10	tons/year	74	94	161
SOx	tons/year	11	73	8
NOx	tons/year	273	212	130

GREENHOUSE GAS EMISSIONS (GHGs)

	SCOPE 1: DIRECT GHGS	SCOPE 2: INDIRECT ENERGY GHGS	SCOPE 3: OTHER INDIRECT EMISSIONS	COVERAGE
Enaex S.A.	107,917	16,830	794,158	50%*
Puerto Ventanas S.A.	294	3,290	n.a.	100%
FEPASA	31,970	620	n.a.	100%
Magotteaux Group	53,067	122,022	n.a.	100%
TOTAL	193,248	142,762	794,158	51%*

* Coverage is calculated as the ratio of revenue to total income.

82,016

tons of recycled/
reused waste

WASTE

Sigdo Koppers is facing the challenge of being able to sustainably manage natural resources, which implies a rational management of waste. Each day the need to manage waste increases and to treat it appropriately as a poor disposal leads to serious environmental problems and constitutes a risk to the health of people.

	UNIT	2018	2019	2020
Hazardous Waste	Tons	5,691	4,927	5,111
Non-Hazardous Waste	Tons	65,937	78,718	74,223
Recycled/Reused Waste	Tons	37,637	38,298	82,016

WATER

Water is an area of special concern for the different territories and countries. Sigdo Koppers is therefore exploring different alternatives to reduce and reuse the water in its operations. The Group keeps a permanent record of water consumption for an efficient management of the use of water in line with promoting the sustainable development of its companies.

WATER CONSUMPTION

	UNIT	INGENIERÍA Y CONSTRUCCIÓN SK GROUP S.A.	PUERTO VENTANAS S.A.	ENAEX S.A.	MAGOTTEAUX GROUP S.A.	SK COMERCIAL S.A.
Potable Water from the Public Main	m3	24,418	31,897	93,952	241,316	24,567
Groundwater	m3	15,698	0	160,934	111,342	2,074
Surface Water	m3	7,411	0	22,618	113,077	230
COVERAGE	%	100	100	90	100	100

2020

ANNUAL REPORT

SK SIGDO KOPPERS S.A.

