

Q1 + Q2 2024

Customers' Sustainability Report



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CEO's Brief Message



I want to emphasize that our commitment to sustainability is not new. It is an integral part of our identity and a journey we have been on for a long time. We know that getting it right is fundamental to our continued long-term success, and it means integrating our people-centered values with the social, environmental and economic perspectives.

ME Elecmetal's Sustainability Strategy is integrated into our Corporate Strategy and is the result of our accumulated experience and our ongoing commitment to excellence and continuous improvement. It is also a way of enhancing the integral solutions we offer to our clients. In this sense, our Sustainability Strategy is closely linked to the mining companies' sustainability strategies.

We will partner with them to provide a world of sustainable mining.



Eugenio Arteaga



Company Statement

ME ELECMETAL: A COMPANY OPENED TO THE WORLD

ME Elecmetal is a global metallurgical business based on Chile, with more than 100 years of experience as a supplier and strategic partner for the mining and cement industries, focusing on four corporate strategic pillars: Globally Competitiveness, Search for Excellence, Integral Solutions, and Sustainability, which foster its commitment to add and create value for its main stakeholders: Customers.

- **WHAT DO WE PRODUCE?**

ME Elecmetal produces wear parts for grinding equipment (steel and white irons castings, polyfit and rubber compounds for SAG, ball, vertical, and rod mill; SAG and secondary grinding balls and grinding rods; wear parts for crushing equipment (wear parts for gyratory, cone, jaw, impact crushers, and others), and wear parts for earth-moving equipment (GET, blade systems, adapters, tips, and bucket protections for cable and hydraulic shovels, front loaders, and others).

Additionally, it manufactures components for industrial applications, large cast parts for primary crushers, mills, copper smelters, and other mining and industrial machinery, and provides high-hardness steel plates and services for the repair and reconditioning of mineral processing equipment.

Through its representation lines, it offers a wide variety of complementary products and solutions for mining applications, such as fastening bolts and nuts, acoustic systems for monitoring and improving mill performance for grinding operations; for crushing operations: bronze components and others, epoxy backing resins.

Moreover, as part of its 'ME Early Alert and Digital Lab business line, it offers a series of services with sensors and fault detection and warning tools, simulations, equipment repair, and productivity improvement services for mining operations through digital solutions that include digital twins, wear analysis of parts using laser technology, and advanced operational data analysis. Together with the products, these provide comprehensive solutions under the 'ME FIT' System or 'Fully Integrated Technology' program.

- **WHERE DO WE OPERATE?**

ME Elecmetal has production presence in South America, North America, and China, through five plants of its own: Rancagua in Chile, Callao in Peru, Tempe and Duluth in the United States, and Changzhou in China, and recently acquired ME Elecmetal Prima in South Africa. Additionally, three joint venture plants with strategic partners: Changshu in China and Kalumbila in Zambia, both in partnership with Long Teng under the brand ME Long Teng (MELT), and Colina in Chile, in collaboration with ESCO Corp.

This is further complemented by a commercial presence in more than 40 countries across five continents, ensuring proximity and reliability for its global clients, thereby fulfilling, at all levels, its purpose: **Partner for Sustainable Mining.**

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ME Elecmetal Signature



Property & Control

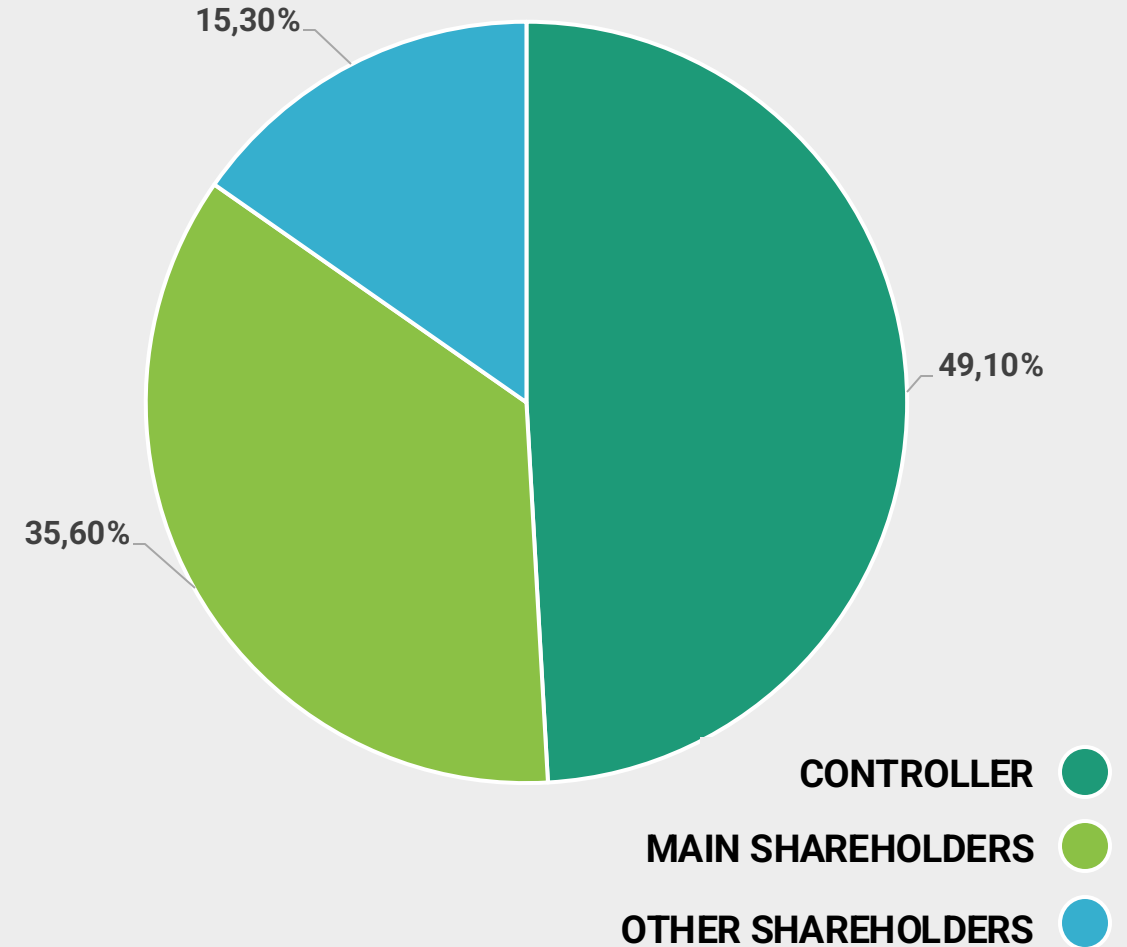
OUR CONTROLLER IS A NON-PROFIT ORGANIZATION

With 49% of the shares, the controller of ME Elecmetal is a non-profit organization: the Fundación Educacional Claro Vial (Claro Vial Educational Foundation). Founded in 2005, its primary focus is investing and supporting Culture and Education throughout Chile, especially in the regions of operation of its main assets. Between others, the foundation has financed the construction of schools and educational programs for vulnerable sectors in Chile, in alliance with other foundations that operate charities.

The commitment to Culture as well as Education is deeply rooted in the Company's origin and is strongly reflected in its relationship with all its stakeholders, including Mining Clients, both in Chile and globally.



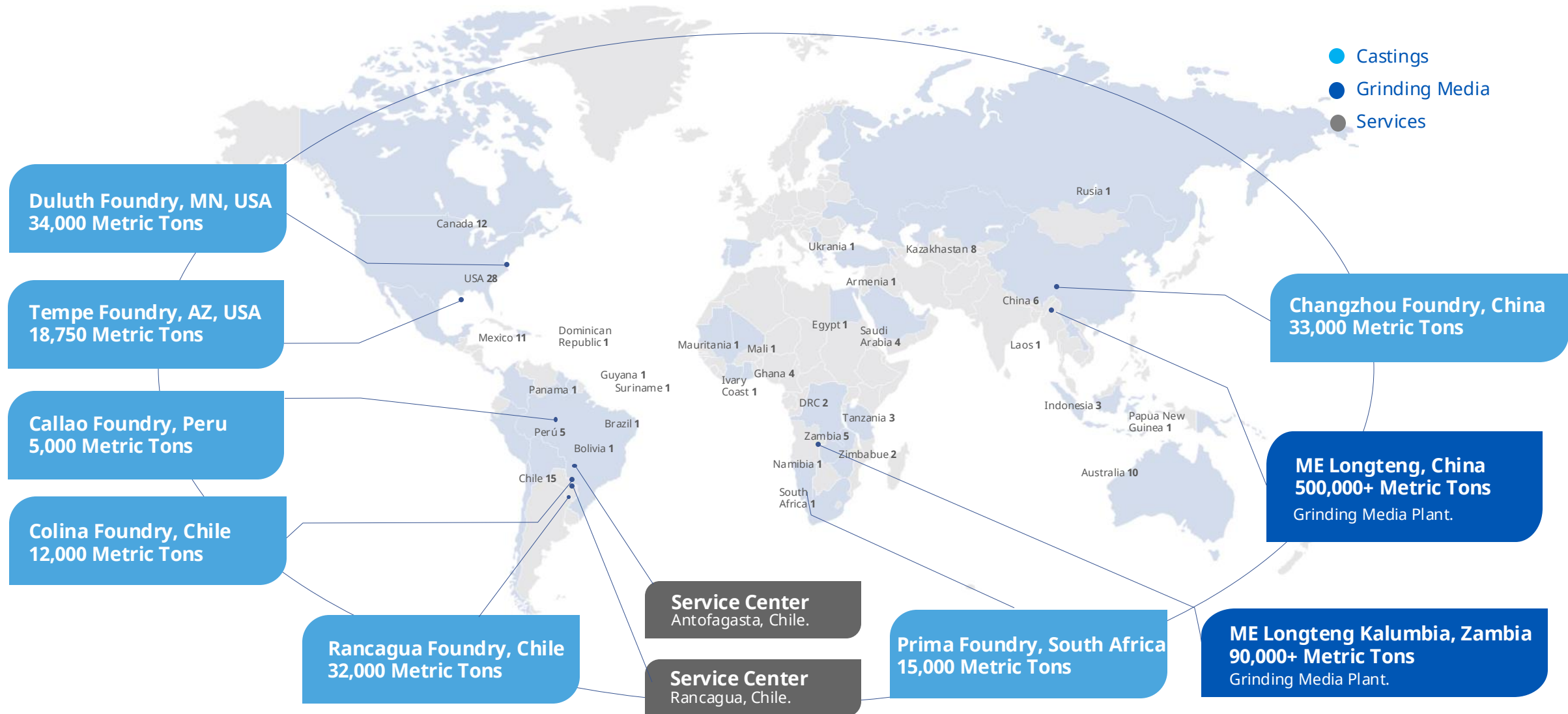
Museo Andino's main entrance. Santa Rita Vineyard. Buin, Chile.



To Learn More, please visit: [Museo Andino](#)

To Learn More, please visit: [2023 Cia Electro Metalúrgica Integrated Report](#)

Presence: Thinking Globally, Acting Locally



ME FIT Services: Supporting Customers' Operations



ME FIT Services

- Throughput increase
- Circuit analysis
- Consulting Services
- VAES Report
- Schedule Optimising
- Grind Efficiency
- Control Process Engineering
- Mine to Mill Service

Field Support

- Failure Analysis
- Mill Inspections
- Fastener Bolting Audit
- Inventories

- Others Services
- Reline Service / Installation
 - Repair Services

Engineering Support

- Reverse Engineering Service
- DEM Simulation (Discrete Element Modelling)
- FEA (Finite Element Analysis)
- Design development
- Alloy development

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Our People



Diversity & Inclusion

ME ELECMETAL: A COMPANY THAT ENDORSES DIVERSITY

Comprised by over 1,400 people, ME Elecmetal is a **diverse company**, not only due to the various geographies where it operates, both in production and commercial facilities, but also because of the **wide range of nationalities and cultural backgrounds** of its people.

With **more than 18 nationalities**, the Company aims to act as one team, where everyone count individually, as well as collectively. This **multicultural and one-team approach** is at the core of the Company's Corporate Values.

Within ME Elecmetal 's multiculture and beyond it **gender diversity is nested**, acknowledging that fostering more inclusion is the key path to tackle one of the main challenges of the mining sector: to integrate **more women in the industry**, while setting the landscape for the **inclusion** of more types of diversities.



Diversity & Inclusion

As of today, ME Elecmetal’s workforce consists of **89% men** and **11% women**, a figure that includes **remarkable stories of women at ME Elecmetal** such as Mary Steffen, who worked for 45 years (for more information, check out full story at the following [link](#)).

The Company is aware of the **significant gender gap**, and as a path to be walked through, it has set the **goal of designing and implementing** initiatives to promote the hiring of **more women across all its business lines**, both globally and regionally, based on:

- Key benchmark outcomes
- First state-of-the-art information leverage

Gender Diversity	ME ELEC METAL	CHILE	UNITED STATES	CHINA	APAC	EMEA
Total employees	1.425	759	346	290	11	19
Male	1,266 89%	666 88%	317 92%	254 88%	11 100%	18 95%
Female	159 11%	93 12%	29 8%	36 12%	0 0%	1 5%

For coming reporting exercises the new acquisitions will be integrated, such as Funvesa in Perú and ME Prima in South Africa. Same thing related to Grinding Media Business, both in China and Zambia, through ME Long Teng

Health & Safety

- **RISK PREVENTION, IDENTIFICATION, AND EVALUATION**

In all countries, significant Health & Safety risks are identified and evaluated annually, with control measures developed to mitigate potential accidents and regular inspections conducted. These evaluations are also carried out after process changes or incidents, ensuring that corrective actions are effective and continuously reviewed.

Employees have the right and responsibility to report any safety risk to their supervisors, the safety department, or Human Resources, with confidentiality maintained and without fear of reprisal. The organization fosters a safety culture where employees are empowered to stop work if they feel their safety is compromised, as evidenced by the "If it's not safe, I won't do it" policy in Chile and the training programs in the United States and China.

All three countries also conduct annual emergency drills and safety tests, such as air quality and hearing assessments, to ensure compliance with regulations. Additionally, they have safety committees and bidirectional feedback tools between leaders and teams, enabling proactive risk management and the continuous implementation of improvements.

A detailed investigation is conducted for every incident, including identifying the cause, implementing corrective measures, and following up until the issue is fully resolved. These investigations are reviewed by executives and, when appropriate, by safety committees, ensuring a robust and effective safety management system across all levels of the organization.

- **OCCUPATIONAL HEALTH SERVICES**

- *In **Chile**, the company provides a first-aid room available 24/7, and all employees are covered by work accident and occupational disease insurance, with ongoing training and supervision.*
- *In **China**, orientation and training focus on risk notification, the use of personal protective equipment (PPE), heat stroke prevention, and other occupational health topics.*
- *In **United States**, safety training complies with OSHA requirements and is managed through a learning system that covers all positions based on job-specific needs.*



Q1 + Q2 2024 Health & Safety

- Duluth: 3 Years on March 22nd with no LTA in 1252 days
- Tempe: 2 Years on April 12th with no LTA in 866 days

Work Related Near Miss Incidents*

	ME ELECMETAL		CHILE		UNITED STATES		CHINA		APAC		EMEA	
	Full time	Hired	Full time	Hired	Full time	Hired	Full time	Hired	Full time	Hired	Full time	Hired
Work Related Near Miss Incident*	33	16	16	16	14	0	3	0	0	0	0	0
Frequency Rate of Work Related Near Miss Incident*	4.7	13.3	4.1	4.1	7.5	0	2.4	0	0	0	0	0

* A near miss incident is an unplanned incident in which no property or environmental damage or personal injury occurred, but in which damage or personal injury could easily have occurred but for a slight change in circumstances

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The Environment Performance



Environmental Performance

ME ELECMETAL: A GOOD NEIGHBOUR & A RESPONSIBLE CORPORATE CITIZEN

Thanks to its innovative production technology, during 2024, ME Elecmetal has been acknowledged for:

- **95%** of recycled Metallic Raw Material (MRM) in production
- An energy matrix, with **42%** coming from electric energy and **35%** of it, sourced by renewables.
- Extremely low water consumption (close to 0%), where **98%** of the water captured is recirculated.
- Greenhouse Gas (GHG) emissions' intensity of **0.53 tCO₂eq/t in Scope 1**, positioning the Company below all regulatory limits
- **Fully certified** in Quality Management, Environmental Management, and Operational Health & Safety Management



Recycled Metallic Raw Material Usage

As a key part of our plant's production, we use recycled **Metallic Raw Material**, by-product recovered and returned, both from externally thirds parties and internally sources, respectively, and which has allowed us fostering **Circular Economy** in all our facilities.

At a consolidated level so far, **91.5%** of the input used for manufacturing, comes from externally recovered Metallic Raw Material, while **94.8%** comes from both externally plus internally returns, meaning that only **5.15%** are virgin inputs.

	ME ELECMETAL	CHILE	UNITED STATES	CHINA
Semestral input used in production (external and internal recycled MRM plus ferro-alloys) (t)	82,276 t	23,610 t	32,979 t	25,687 t
External MRM used, out of the total input (%)	91.5 %	92.8 %	90.0 %	92.2 %
External + internal MRM used, out of the total input (%)	94.8 %	95.4 %	94.2 %	95.0 %

Recovery Performance

ME Elecmetal's keyway to endorse **Circular Economy**, while optimizing logistics and production processes is by **recovering metallic by-product**, then foundries' Metallic Raw Material through the following means:

- **Directly** purchases to customers.
- **Indirectly** purchases to customers through intermediaries
- **Purchases to third parties** (e.g., other metallurgical companies and scrapyards).

	ME ELECMETAL	CHILE	UNITED STATES	CHINA
Semestral production (t)	46,432 t	13,005 t	17,757 t	15,670 t
Recovered MRM out of the semestral production (%)	99.7 %	133.9 %	76.6 %	97.4 %
Traceable (direct from primary source) recovered MRM out of the semestral production (%)	46.9 %	78.9 %	63.5 %	1.8 %
		<p>In ME South America, the Patio Maipú has the capacity to centralize and process MRM coming from Peru and Chile. Currently, there is an overstock of 33.89%, which ensures inventory for coming months, following the ME SA Circular Business Model.</p>	<p>By recovering the 98.17% from third parties, ME China shows an outstanding traceability opportunity within its Supply Chain:</p> <ul style="list-style-type: none"> • By assuring traceability at the beginning and at the end of its Supply Chain 	

Energy Consumption

ME Elecmetal continuously strive to make energy consumption more efficient, mainly to **decrease in GHG emissions**, thus contributing to **mining customers' decarbonization**. Within a mixed matrix basically resting on Electric Energy + Natural Gas, the electricity consumption – globally- is up to **41.6%** so far, and **34.6% of it coming from renewables**. This drives to the opportunity of:

- Increasing the supply of **certified renewable sources** (via RECs & I-RECs),
- Developing more **self-generation projects**, and
- Issuing **Efficiency Energy Management Certification** in all our operations

	ME ELECMETAL	CHILE	UNITED STATES	CHINA
Semestral energy consumption (GJ)	730,033 GJ	206,332 GJ	362,845 GJ	160,856 GJ
Semestral electric energy consumption, out of the total energy consumed (%)	41.6%	43.2%	38.0%	47.9%
Semestral renewable electric energy consumption, out of the total electric energy consumed (%)	34.6%	50.0%	43.4%	1.3%

Coming from **self-generation installed capacity**;

Some ahead research is needed to:

- Understand the share of renewables in the national and/or distrital grid
- Find out whether is applicable (or not) the issuing of I-RECs

Water Management

ME Elecmetal’s activities **don't require intensive use of hydric resources**, moreover, it’s important to set this value-added opportunity as a **positive impact among the mining sector** and each surrounding, installing the **low-intensive water consumption** and the **high rate of reusage**, given the **high-risk areas of operation** due to scarcity as **key factors**.

- In **Chile**, water is extracted from a registered well at the Dirección General de Aguas (DGA)
- In **United States**, water is supplied by the municipal company.
- In **China**, water is sourced from the municipal network.

	ME ELECMETAL	CHILE	UNITED STATES	CHINA
Total water withdrawn (ML)	64.2 ML	10.9 ML	36.7 ML	16.2 ML
Water reused (closed-circuits), out of the total withdrawn (%)	98.2%	99.4%	97.8%	98.4%
Water withdrawn in area of high or extremely high-water stress (%)	55.1%	100.0%	21.6%	100.0%

Mainly explained by **ME North America’s Duluth Plant**, since it is the only facility not located in high or extremely high-water stress area.

Waste Management

To minimize the environmental impact, each facility has implemented measures to **identify, classify, and properly manage** the waste generated.

- In Chile, the Rancagua Plant has undertaken a **Clean Production Agreement** (APL by its acronym in Spanish) based on the **CTI** methodology, and traced a **Waste Management Plan**, establishing procedures to optimize the consumption of inputs: raw materials and supplies. Controls have also been implemented in case of spills, **preventing** the generation of additional waste. As part of Circular Economy measures, **discarded sand and ferrous slag are being recycled, zirconium is being recovered, and fusion furnace dust is being reused.**
- In China, a **sand recovery system** has been installed, and **zircon sand recovery** is subcontracted.
- In the US, both Tempe and Duluth facilities have run **rigorous process controls** through constant supervision and adopting **corrective measures** when needed

	ME ELEC METAL		CHILE		UNITED STATES		CHINA	
Semestral waste generation (Mt)	65,890		22,685		36,504		6,701	
Non-Hazardous waste out of the total (Mt)	65,478	99.3%	22,278	98.2%	36,504	100.0%	6,696	99.9%
Hazardous waste out of the total (Mt)	411.54	0.6%	406.31	1.7%	0.00	0.0%	5.23	0.1%
Managed waste out of the total (Mt)	51,390	77.9%	17,577	26.6%	27,206	41.2%	6,607	10.0%
Ultimate disposed waste (e.g. transferred to landfill/incinerated) out of the total (Mt)	14,499	22.0%	5,107	7.7%	9,298	14.1%	94.0	0.1%

ME South America in its **Rancagua Plant**, has set a **Zero Waste Goal by 2040.**

Certified Management Systems

ME Elecmetal is committed to the **Occupational Health & Safety** of all the employees. Thus, the plants are aligned with its **Zero Harm Goal** and **certified** by the **Occupational Health & Safety Management** standard

In addition, the Company seeks to strengthen all together its management systems, **promoting the certification** of the plants with **different ISO standards**.

	CHILE	UNITED STATES	CHINA
Zero Harm Target	✓	✓	✓
ISO 9001 ISO 14001	✓	✓	✓
ISO 45001 OSHAS 18001	✓	✓	✓
ISO 50001	✓		

The United States is certified to **OHSAS 18001**, the international standard for Occupational Health and Safety management, **equivalent to ISO 45001**.

Currently, ME Elecmetal is **measuring and verifying** its **GHG emissions** related to Scope 1+ 2 in all plants.

- In **Chile**: Implemented the **Energy Efficiency Management System (ISO 50001)** that supports some reductions in scope 1, introducing some research about reducing natural gas consumption.
- In **United States**: By the second quarter of 2025, **Scope 3 emissions will be included in the inventory**, along with emissions from the Tempe sales offices and the corporate offices in Minneapolis.
- In **China**: Continued control of its fuel usage, reducing waste, and exploring new technologies to cut emissions In scope 1. The scope 2 is representing a large share, so it's a **matter of fact the analysis of more renewables to cut off the GHG emissions***
- To set reduction projects, globally, **2023** has been set as the **baseline year**.

	ME ELECMETAL		CHILE		UNITED STATES		CHINA	
Semestral scope 1 + 2 GHG emissions (TCO₂eq)	55,048		8,705		29,541		16,802	
Semestral scope 1 emissions (TCO₂eq)	27,741	45%	5,904	68%	14,080	48%	4,757	28%
Semestral scope 2 emissions (TCO₂eq)	30,307	55%	2,801	32%	15,461	52%	12,045	72%
Scope 1+2 Intensity (tCO₂eq/t)	1.19		0.67		1.66		1.07	

Both the **United States and China** show featured opportunities for abating scope 2 emissions, based on an increased **electric energy management**, fundamentally **sourced by renewables**.

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Value-Creation Connections Outcomes

VAES Innovation Projects

“A way of doing things and relating to each other that seeks to generate added value through a step-by-step documented technical solution.”

At ME Elecmetal, we aim to make mining sustainable through innovation and collaboration. This commitment has led us to develop **Value Added Engineering Services (VAES)**, a work philosophy, based on building collaborative relationships and earning trust with customer.

ME FITGRINDING

	Successful Projects	Availability	Processing	Maintainability	TCO	Reliability (N° of declared reports)	Safety (N° of declared reports)
40' SAG MILLS ⇒	51	38%	15%	34%	35%	-	-
SAG MILLS UNDER 40' ⇒	116	26%	12%	35%	22%	9	4
BALLS MILLS ⇒	32	31%	11%	42%	18%	2	-
TOWER MILLS ⇒	7						
AG MILLS ⇒	5						

How does VAES *impact* our clients?

Innovation Projects: VAES

“A way of doing things and relating to each other that seeks to generate added value through a step-by-step documented technical solution.”

As a strategy designed to **address complex technical challenges** and add value by providing comprehensive solutions for mining and its processes. These services positively **impact the performance indicators of our clients**, helping them achieve greater efficiency, sustainability, and success in their operations

ME FITCRUSHING

Primary
Crushers



Secondary & Tertiary
Crushers



Pebble
Crushers



Successful
Projects



35

30

7

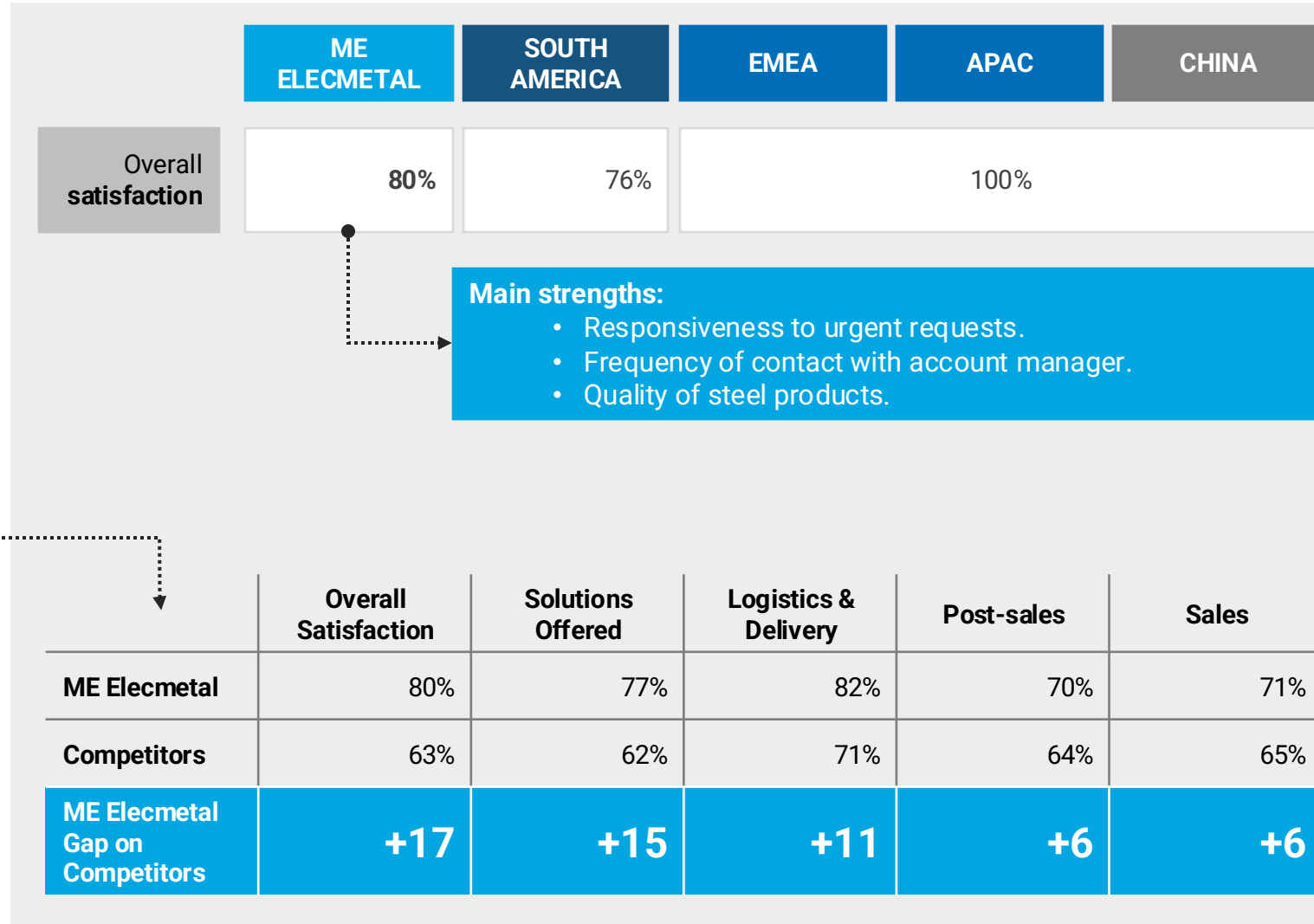
Customer Experience

Based on the **2023 annual sales of over USD \$800 million**, and seeking to improving every day, the Company is committed to ensure an **exceptional customer experience**.

Since 2023, **Customer Satisfaction** has been measured through **CSAT metric**, through methodologies and KPIs to effectively **track the evolution of indicators and processes** that impact our customers, such as: **Sales, Solutions Offer, Post-Sales, Logistics and Delivery and Overall Satisfaction**.

MAIN OUTCOMES:

- *Good KPIs compared to Competitors*
- *Actions plans for **ME SA**: improve specific processes, enough data to have a representative sample (53%), action plans can be developed*
- *Key Challenges for **APAC-ME CHINA**: increase data capture for the coming surveys*



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2024-2025 Initiatives



Sustainability 2024 Action Plan

SUSTAINABILITY INITIATIVES	2024 GOAL	LEVEL	SPECIFIC ACTIONS	
			Q3	Q4
Integration of the Sustainability Strategy within ME Elecmetal's Business Strategy		●		
Integration of the main Sustainability KPIs into the existing structure of committees and task forces		●		
Implement a periodic reporting method based on ME Elecmetal's sustainability performance, focused on customers' needs	2024-2025 Reporting Plan In Place	●		1st Sustainability Report Disclosure, and Double Materiality Assessment Executed
Design and implementation of a global diverse talent attraction and retention program, prioritizing the hiring of women	Talent And Diversity Benchmark Completed	●		Diagnosis Completed; Action Plan In Progress
Measurement of ME Elecmetal's GHG emissions, establishing a baseline for all operations and defining corporate reduction goals along with its strategy	Emissions 2024 measurement in place, baseline year established (2023), and verification in process	●		Verified Corporate Carbon Footprint
	Emission reduction goals proposal (short, medium, long term)	●		GHG Emissions Reduction Plan And Goals Proposal
Design and formalize the Corporate Circular Economy Business Model, including eco-design in the company's products	On Going Corporate Circular Economy Business Map	●		Corporate Circular Economy Business Model Disclosure
Global Sustainability Committee Sessions	4 Sessions	●		



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