

EMERGING RISKS

In 2020, we broadened our emerging risk analysis, based on international global or specific risk reports for the mining industry. Thus, we started identifying and managing our company's risks associated with human rights in our mining units, according to our policies and standards. The COVID-19 pandemic had a leverage effect on our emerging risk analysis, both for our staff and operations.

Based on this analysis we prioritize the following risks that will become relevant in the medium term:

Cybersecurity

The pandemic context has prompted us to streamline our digitalization process and collaborative work. This creates opportunities to make our processes more efficient, while posing -at the same time- new risks: cybersecurity risks.

A breach of the information systems of our main business units, information theft or hijacking or the connection of third-party equipment to our network may affect our strategic potential if sensitive information is exposed for the value of our shares in the stock markets (partnerships, mergers, exploration strategy, etc.)

On the other hand, it may also imply a potential interruption of our operations and lead to a breach of the obligations we have with our customers, thus risking business continuity.

In 2020, we have identified our most critical information assets to continuously strengthen our information security management system. Moreover, we have a Corporate Information Security Plan, with which we test our business continuity plans, in addition to our permanent testing of ethical hacking.

Our collaborators are our first line of defense; thus, we have created spaces to raise awareness and provide training on cybersecurity.

Furthermore, we have a sensitive information and confidentiality policy that regulates all this management system.

Risks derived from Climate Change

Climate change is a real probability and a critical challenge for the planet, which requires an authentic leadership from the mining sector, taking measures to reduce emissions and managing potential impacts related to all business aspects (water, air, soil and biodiversity).

On the other hand, international markets are increasingly aware of this problem. Thus, establishing an environmentally responsible management that includes risk analysis and climate change mitigation is a way to generate trust in our customers and investors, and it provides us with international financing opportunities.

Climate change mitigation involves effective management and control of all the sources of energy that are used in our mining units and projects to optimize and reduce greenhouse gas (GHG) emissions through a greater use of renewable energies and new technologies.

Year after year we have been upgrading our environmental management system to reduce our environmental impact. In addition, our Climate Change Policy establishes our commitment to developing a corporate Climate Change Standard aligned with our vision and international standards, aiming at raising awareness at all levels in our company.

On the other hand, we are considering a consultancy to identify climate change related risks, as well as the development of a mitigation strategy.