

2020  
SUSTAINABILITY  
REPORT  
SUMMARY



# MESSAGE FROM THE PRESIDENT AND CEO

On a global scale, we collectively experienced many challenges throughout 2020. The COVID-19 pandemic has proven to be a complex situation that has continuously evolved and, in some way, affected each one of us. We adapted to the challenges and adopted new ways to accomplish our goals while doing our best to keep both our employees and host communities safe. As an industry, many of us pulled together our resources, shared learnings and provided assistance to those in need. I'm proud of our collective response and the team at Lundin Mining for their resilience and dedication throughout. With that, I present our 2020 Sustainability Report.

Though we faced challenges, we also celebrated many successes, achieved new records and delivered strong performance. Our *Mission* at Lundin Mining is to **responsibly mine base metals vital to society, creating meaningful value for our stakeholders**, and I have no doubt that we will continue to be resilient, demonstrating strong business and sustainability performance across our operations.

Our Corporate and site Crisis Management teams worked proactively, following our Pandemic Response Plan and the guidance of local health authorities and the World Health Organization, to monitor the evolving pandemic and put appropriate and protective measures in place. We also worked closely with our communities to identify needs and provide support.

Lundin Mining continued to demonstrate strong business and sustainability performance across our operations in 2020. Our sustainability highlights include:

- Formally adopted the Global Industry Standard on Tailings Management (GISTM). Supported by the Company's Responsible Mining Management System, the aim is to implement the Standard over the next three to five years with action plans being prioritized as defined by GISTM classifications.
- Achieved best-ever Total Recordable Injury Frequency (TRIF) rate of 0.55 per 200,000 person hours worked. While this achievement was overshadowed by the fatality at Neves-Corvo, the overall safety result was realized during a challenging year commanding significant changes to ensure workforce and local communities were protected from COVID-19.
- No Level 3 or above environmental incidents and a 13% decrease in Level 2 incidents.

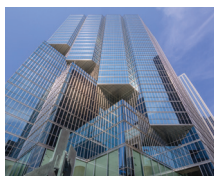


- Steadily improved disclosure scoring annually in the CDP climate change report, aligned with the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations, receiving a B rating in 2020.
- Operations continued to focus on addressing Scope 1 and Scope 2 greenhouse gas (GHG) emissions, assessing initiatives to improve energy efficiency and energy conservation, identifying lower-carbon energy sources. Efforts to expand evaluation of Scope 3 emissions have also been successful.
- Approved a formal Human Rights Standard, complementing and enhancing Lundin Mining's pre-existing commitment to human rights and serving as a guide in efforts to continuously improve understanding of how to identify, prevent, mitigate and report human rights risks and associated issues.
- Adopted a formal Diversity and Inclusion Policy, (amended in early 2021) to include targets for achieving and maintaining a Board where women comprise at least 30% of all directors, and to sustain at least 30% of executive officer positions being held by women.
- Carried out global diversity and inclusion training and created the Diversity, Inclusion, Anti-Racism and Discrimination Committee, a multi-disciplinary volunteer working group established to further our diversity and inclusion agenda.

I am encouraged and impressed when I look across the business and see the level of commitment to our *Mission and Values* driving us forward toward achieving our sustainability goals for 2021. Our **2020 Sustainability Report** provides a comprehensive disclosure of our past performance, commitments and strategy for the future.

**Marie Inkster**  
President and CEO

# OUR OPERATIONS



**Lundin Mining  
Head Office  
(Toronto, Canada)**

Photo credit: Ezio Molinari



**Candelaria,  
Atacama, Chile**

COPPER / GOLD / SILVER



**Chapada,  
Goiás, Brazil**

COPPER / GOLD



**Eagle, Michigan, USA**

NICKEL / COPPER



**Neves-Corvo,  
Alentejo, Portugal**

COPPER / ZINC / LEAD / SILVER



**Zinkgruvan, Örebro  
County, Sweden**

ZINC / LEAD / COPPER / SILVER



## ⚡ Exploration Activities

- Candelaria, Chile (Copper, Gold)
- Chapada, Brazil (Copper)
- Neves-Corvo, Portugal (Copper, Zinc)
- Zinkgruvan, Sweden (Zinc, Copper)
- Amauta, Peru (Copper)

## OUR APPROACH TO RESPONSIBLE MINING AND SUSTAINABILITY

At Lundin Mining, our *Mission and Values* form the foundation of our sustainability approach. Our reputation as a good corporate citizen is central to our *Mission and Values* and vital to the long-term economic success and sustainability of our business.

Our *Mission and Values* and Responsible Mining Policy align with the UNGC Principles and SDGs, and we have undertaken programs at site and Corporate levels to advance positive change in these priority areas. Lundin Mining has been building towards the development of its Sustainability Strategy incrementally since 2018, and in 2020, we initiated planning for the next stage. We envision a cross-functional and collaborative process that includes a multi-disciplinary sustainability working group, an executive steering committee and a formal governance structure. These will define, integrate and embed sustainability pillars, key themes, performance indicators and long-term targets for Lundin Mining. Several initiatives that support our sustainability performance were implemented throughout the year that will complement the full strategy when it is completed in 2021.

Key initiatives in 2020:

- Human Rights Standard;
- Human Rights Risk and Impact Assessments (HHRIA);
- Diversity, Inclusion, Anti-Racism and Discrimination Committee (DIARD);
- Program to develop corporate strategy for responsible sourcing and product stewardship; and
- Commitment to the implementation of the Global Industry Standard on Tailings Management (GISTM).

Selected documents supporting our responsible mining activities include:

- Responsible Mining Policy (RMP);
- Responsible Mining Management System (RMMS), supported by HSEC technical standards and guidance documents;
- Annual United Nations Global Compact (UNGC) Communication on Progress (COP) submission;
- Annual Sustainability Report and CDP submissions

More details regarding our Corporate Responsibility may be viewed at <http://www.lundinmining.com>.

## OUR MISSION

We responsibly mine base metals vital to society, creating meaningful value for our stakeholders.

## OUR VALUES



### SAFETY

We hold health and safety as our top priority in everything we do.



### RESPECT

We embrace diversity, inclusion, open dialogue and collaboration.



### INTEGRITY

We do what is right and honour our commitments.



### EXCELLENCE

We set high standards and challenge ourselves to deliver superior performance.



**SUSTAINABLE DEVELOPMENT GOALS**





# 2020 PERFORMANCE HIGHLIGHTS



**THROUGH OUR CORPORATE AND SITE CRISIS MANAGEMENT TEAMS,** we worked proactively, following our Pandemic Response Plan, the guidance of local health authorities and the World Health Organization, to monitor the evolving pandemic and put measures in place to ensure the safety of our employees, contractors, communities and the Company.



**SUPPORT PROGRAMS AND POSITIVE FEEDBACK FROM COMMUNITIES ACROSS SITES DUE TO COVID-19 RESPONSE.**



Formal adoption of the Global Industry Standard on Tailings Management.



Evaluated and selected a standard methodology for monitoring community perception at our sites.



**OUR HUMAN RIGHTS STANDARD WAS APPROVED IN 2020.**

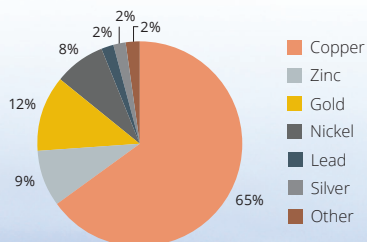


**NO LEVEL 3 OR ABOVE ENVIRONMENTAL INCIDENTS AND A 13% DECREASE IN LEVEL 2 INCIDENTS.**

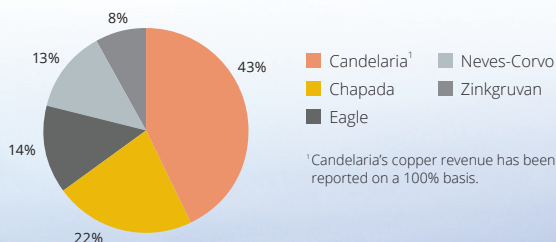


We carried out global diversity and inclusion training and created the Diversity, Inclusion, Anti-Racism and Discrimination Committee, a multi-disciplinary volunteer working group established to further Lundin Mining's diversity and inclusion agenda.

Revenue Breakdown, by Metal 2020



Revenue Breakdown, by Mine 2020



<sup>1</sup> Candelaria's copper revenue has been reported on a 100% basis.



# 2021 SUSTAINABILITY GOALS



## GOVERNANCE

Continue Board renewal and maintain Board and executive officer positions comprising at least 30% women.

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Develop an executive cybersecurity dashboard.

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Develop site-level gap assessments and action plans to support the implementation of the Global Industry Standard on Tailings Management (GISTM).



## HEALTH AND SAFETY

Zero fatalities.

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Achieve a Total Recordable Injury Frequency (TRIF) rate of 0.55 or better.

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Continue to manage the impacts of the COVID-19 pandemic through effective prevention and control measures.



## ECONOMIC PERFORMANCE

Monitor and optimize shareholder returns while continuing to maintain balance sheet strength to act on compelling growth opportunities.

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Continue to manage efficient, effective, operating expenditures ensuring more productive operations and achievement of financial returns.

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Execute Neves-Corvo's ZEP Project as planned while continuing to optimize sustaining capital expenditures.



# 2021 SUSTAINABILITY GOALS



## OUR PEOPLE

Continuous improvement of talent programs globally through the implementation of Success Factors.

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Review diversity and inclusion action plans.

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Increase female representation with a focus on site and Corporate leadership positions.



## ENVIRONMENT

No Level 3 or above environmental incidents.

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Integrate climate-related risks and opportunities within our Risk Management Framework.

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Develop corporate water report internally, providing a holistic view of Company water stewardship.

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Assess dust suppression technology, including thorough quantitative assessment and trial studies.



## SOCIAL PERFORMANCE

Develop a five-year corporate social performance strategy as part of the corporate Sustainability Strategy.

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Implement the Social License to Operate Index at all sites to enhance our understanding of the level of trust and acceptance towards our operations.

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Train all Company leaders and key operational staff on the Human Rights Standard.



## OUR VALUE CHAIN

Development of Responsible Sourcing and Product Stewardship program.

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Roll out supplier business conduct expectations and enhanced due diligence reviews.







## GOVERNANCE

Lundin Mining is committed to maintaining high standards of accountability, corporate governance, ethics and honesty; enacting robust corporate governance processes; and ensuring our employees understand, and consistently meet, the standards of the Company's systems and policies. The Board has nine members (67% male and 33% female), eight of whom are independent, non-executive directors, with an average age of 58 and an average tenure of eight years.

We foster an inclusive and diverse workplace that does not tolerate harassment or discrimination based on gender, age, race, national origin, marital status, sexual orientation, religious beliefs, disability or any other personal characteristics protected by applicable law. The Company adopted and updated its Diversity and Inclusion Policy in March 2020. The Company formally established the DIARD Committee at the Corporate office to further those beliefs.

All employees and contractors are expected to conduct business ethically and transparently as stated in our Code of Conduct, Ethical Values and Anti-Corruption Policy. Our Human Rights Standard, approved by our CEO in 2020, indicates our commitment. We continued to advance our Human Rights Risk and Impact Assessments (HRIAs) to increase awareness and to identify potential improvements to the observance of human rights at our sites.

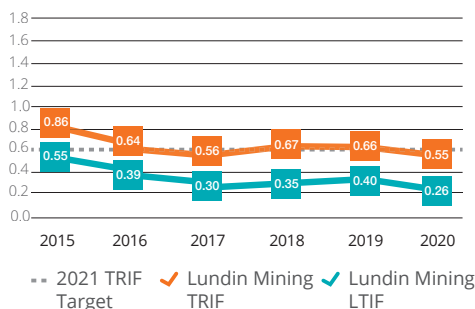
## HEALTH AND SAFETY

We are committed to Zero Harm and to providing our workforce with a safe, healthy and productive work environment wherever we operate. The *Values of Safety, Respect, Integrity and Excellence* established the foundation for our approach to health and safety. Even within the constraints of COVID-19, our workforce remained actively involved in health and safety, participating in working groups, pandemic crisis management teams, special projects, business improvement initiatives, health and safety committees, and engaged with designated employee health and safety representatives.

We worked to improve hazard identification and elimination, enhance personal safety accountability, reduce long-term occupational health risk exposure, and improve prevention of fatalities.

Despite our goal of zero workplace fatalities, a tragic fatality occurred underground at the Neves-Corvo mine in Portugal when an employee was struck by a fall of ground on September 25. This was investigated by Portuguese authorities, Lundin Mining and an independent, third-party investigator. Additional safeguards have been implemented across the Company based on their findings. It was our first fatality since June 2015.

### Lundin Mining – TRIF & LTIF Trends







## ECONOMIC PERFORMANCE

Our economic strategy in 2020 focused on delivering strong production and cash flow generation, low cash costs, maintaining a strong and flexible balance sheet, and executing improvement and expansionary projects, improving productivity through operational excellence initiatives, value-added technologies, continuous improvement programs and commitment to optimizing sustaining capital expenditures.

Production of all metals met or exceeded 2020 targets. This, despite stoppages ranging from COVID-19-related suspension of the Zinc Expansion Project (ZEP) at Neves-Corvo, to damaged mill motors at Chapada in late September, to strike action at Candelaria in October. Candelaria and Chapada both returned to full production in late 2020, and ZEP activities resumed in January 2021.

We generated approximately \$2.0 billion in total economic value (revenues) in 2020, distributing \$1.3 billion via operating costs: wages and salaries paid to employees and contractors, taxes, royalties, fees and community investment. In 2020, approximately 96% (\$1.73 billion) of our goods and services were procured at the local or country level across the Company's operating sites. Our community investments in 2020 reflect our response to the pandemic and we contributed \$3.1 million in direct COVID-19 relief efforts, including education, healthcare support, local business development and humanitarian aid, during the year. We also continued our emphases on promoting economic diversification and advancing local entrepreneurship that will support long-term resilience following the pandemic.

## OUR PEOPLE

Lundin Mining strives to create a safe, fair and respectful working environment for our employees. Our Diversity and Inclusion Policy commits the Company to creating an inclusive and diverse work environment that aligns with our Human Rights Standard. We believe diversity among our Board, senior management and employees will enable Lundin Mining to be a more successful business and an employer of choice.

At December 31, 2020, Lundin Mining employed 9,927 people globally (11,362 in 2019). Our workforce is largely sourced locally to ensure the economic benefit of employment remains in nearby communities. In 2020, employees were almost exclusively from in-country, with expatriates accounting for only 0.80% of our employees. Across the Company, 85% of our employees had union representation.

In 2021, we will continue with our diversity and inclusion awareness training. We have defined targets across Lundin Mining for the next five years, aspiring to maintain a Board where women comprise at least 30% of all directors, and we aim to reach and sustain at least 30% for female executive officers as skilled candidates become available for vacant positions.



## ENVIRONMENTAL

Lundin Mining is committed to effective environmental management, including compliance with applicable legal requirements and corporate governance. During 2020, initiatives were implemented to advance corporate strategic planning for water management. Recognizing the potential impacts of changing weather patterns in changing climatic environments, we launched a Company-wide commitment to integrate climate-related risks into our broader risk framework and approach to water management planning. We evaluated and implemented energy efficiency and greenhouse gas (GHG) reductions, noting the continued decreasing trend in our energy intensity. Routine environmental monitoring of waters, soils, noise, vibration, air emissions and biodiversity continued, confirming the effectiveness of our environmental protection measures. We continue to follow strict protocols for storing, handling and disposing of hazardous materials and wastes.

Several studies were conducted or initiated in 2020 towards improving our ability to manage environmental and human health-related risks. No Level 3 and above environmental incidents were recorded in 2020.

Surface tailings facilities present significant environmental risks for the mining industry. Considerable resources are employed to ensure our tailings facilities are designed, constructed and operated in accordance with leading industry practices and standards. In 2020, we committed to implementing the Global Industry Standard on Tailings Management (GISTM) over the next three to five years, supported by our Responsible Mining Management System.





## SOCIAL PERFORMANCE

Lundin Mining strives to build a trust-based environment that earns and maintains the Company's social license to operate while contributing to the long-term viability and well-being of the regions where we operate – each having unique and diverse cultures, languages, landscapes and levels of economic development. Our commitment is to consider and respect the rights, interests, concerns, traditional land uses and cultural activities of Indigenous Peoples within our sphere of influence.

Our local teams collaborated with communities to identify the immediate needs of community members in response to the pandemic, contributing \$3.1 million in direct COVID-19 relief efforts in 2020. We also continued to promote economic diversification and advance local entrepreneurship to support the long-term resilience of our host communities following the pandemic. Our 2020 social investments, comprising both direct investments across our operations and Corporate headquarters and contributions to the Lundin Foundation, totalled \$8.915 million (~\$7.96 million direct investment and approximately \$1 million to the Lundin Foundation).

We continued with routine stakeholder engagement and grievance management at all sites, responding to concerns raised and implementing mitigation measures for the management of a range of identified social impacts.



## OUR VALUE CHAIN

Our exploration activity supports production growth, economic viability and sustainability by further developing and expanding at existing operations and seeking new business and discovery potential. Most of the exploration activity for 2020 was directed towards near-mine targets, which continued to be successful at Chapada, Candelaria and Zinkgruvan.

Our concentrates are sold and transported according to International requirements, and shipments carry appropriate documentation. Safety Data Sheets (SDS) that attest to the health, safety and environmental hazards of our concentrates are provided to our employees, customers, shippers and handlers. In 2020, we updated the SDS to ensure accuracy, and training continued at our operations to build upon our knowledge for future updates.

We rely on national and international supplier networks to support business activities at our mines. Supplier due diligence measures are monitored through our vendor Onboarding and Certification program. In 2020, we formed a cross-functional working group to establish a corporate strategy for responsible sourcing and product stewardship aligned with corporate management systems and business strategy. In 2021, we will roll out our supplier business conduct expectations and enhanced due diligence reviews.

Lundin Mining recognizes the increasing importance of data privacy and cybersecurity. In 2019, a corporate cybersecurity function to safeguard against the increasing enterprise risk posed by cybersecurity threats was established and to ensure compliance with data protection regulations.

# lundin mining

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## Sustainability Report Feedback

We welcome feedback from stakeholders regarding our *2020 Sustainability Report*.  
For further information or comments, please contact:

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### Photo Credits:

Site and Corporate Staff

Photos in this report reflect adherence to COVID-19 regulations in place at the time, with some representing the period prior to the pandemic.

