

Over a 36-Month Term:

Workers from Union No. 3 of Escondida Receive a \$32 Million Bonus

The payment is similar to what workers from the largest union of the mining company received some time ago.

El Mercurio de Santiago. December 21, 2024

Union No. 3 of Escondida, created in November, reached an agreement with BHP as part of its collective bargaining process.

The bonus that workers from the new union will receive amounts to \$32 million, an identical figure to what members of Union No. 1 of the world's largest private mining operation received in August.

The contract will be valid for 36 months and includes social benefits with an emphasis on female union members, who represent 68% of a total of 330 members, according to BHP.

“As a company, we highlight the willingness for dialogue and collaboration that characterized the entire regulated collective bargaining process, resulting in the construction of an agreement with a gender-focused approach and productivity practices that balance the legitimate aspirations of workers with the long-term sustainability of Escondida,” the company stated.

The parties also agreed on variable bonuses tied to production and performance, as well as industry-leading initiatives that will positively impact the company's results.

Minera Escondida's net profit for the third quarter was US\$ 2.606 billion, 40% higher than the same period in 2023. Additionally, copper production at this operation reached a total of 901.6 thousand tons from January to September, representing a 10.23% increase compared to the same period in 2023.

During the same period, the company recorded tax payments of US\$ 1.724 billion, a 42% increase compared to the same period in 2023. This marks the highest contribution in the last five years.

Marcelo Fonseca, President of Union 3, with 67% Female Members

The Story and Style of the Escondida Leader Who Secured a \$32 Million Bonus

In 40 days, he managed to conclude negotiations with the company. The other union obtained the same bonus but had to resort to a three-day strike.

Las Últimas Noticias. December 21, 2024
By Mauricio Ruiz

"It's like being on edge for 12 hours," says Marcelo Fonseca, president of Union 3 at Escondida, who managed to negotiate the most lucrative collective contract in Chilean mining, which, in addition to multiple benefits for its members, secured an end-of-conflict bonus of 32,000,000 pesos.

Fifteen years ago, he joined the BHP group mine and works as a truck operator driving vehicles measuring 13 meters in height and 19 meters in length, capable of transporting 380 tons of material. "They're buildings on wheels, and an accident can end in tragedy," he comments.

He was previously a general accountant and worked in human resources for BHP contractor companies until a friend told him about an opportunity to train as a truck operator at Spence, another BHP mine. He worked there for a year until an offer at Escondida came up in 2009. "I entered a completely different field from accounting. I was an office worker, but I did it to improve my income," Fonseca explains.

He was an active member of Union 1, which today has around 2,400 members, for several years. However, his stance was always less confrontational, advocating for dialogue with the company. In February 2017, a 44-day strike occurred at Escondida after the failure of collective bargaining. "That length of strike wasn't necessary. A shorter one wouldn't have impacted wages and bonuses so heavily."

The following year, after 120 workers were dismissed, the union decided on a 24-hour stoppage, which he believed wouldn't change the outcome for the dismissed workers. "I disagreed with how the leaders made decisions, so I decided to leave the union. In 2018, during another negotiation, those of us who had resigned—about 100 people—were excluded from benefit extensions. It was punishment for thinking differently," Fonseca recounts.

Since the dissident group couldn't negotiate with the company, they formed an inter-company union with members from other mines, allowing them to represent the dissidents from Union 1 before BHP in 2019. "We managed to conduct three negotiations. This year, we noticed many temporary female workers entering the workforce, and they began expressing concerns about significant wage differences and a lack of benefits. That's why Union 3 was formed in November of this year, to affiliate people with temporary contracts," Fonseca explains.

The union has 362 members, mainly operators and maintenance workers. 67% are women, and three of the five board members are female representatives: Natalia Vergara, Tamara Orrego, and Maribel Rojas. The other man on the board is Pedro Marín, who was previously president of the Chilean Mining Federation and also served as a leader in Union 1.

In just over 40 days, without resorting to a strike like the three-day stoppage organized by Union 1, they secured an end-of-conflict bonus of \$32,000,000—a historic figure.

Did You or Did You Not Receive a Higher Bonus Than Union 1?

"It's not exactly like that. The truth is that we achieved the same end-of-conflict bonus as Union 1. The difference isn't in the amount of liquid money but rather in the contract's gender-focused approach due to the percentage of female members we have. There's an employability proposal that increases productivity and raises variable bonuses, ultimately improving salaries. By 2030, Escondida aims to transform into an autonomous mine, and we are working towards retraining our members to be part of that change."

Did You Not Use a Strike as Leverage to Achieve This Goal?

"No, we promote dialogue over threats and seek operational improvements for the company because a negotiation should result in a win-win for both parties. That way, there's no need to resort to a strike."

After This Historic Bonus, Do You Feel Privileged Among Chilean Workers?

"Yes, it's a privilege, but not one that comes without effort. We have training unlike any other worker. Training for truck operation is similar to that of an airplane pilot, and I don't think there are more than 15,000 operators like us worldwide. So, clearly, this is highly skilled labor, not only for trucks but also in concentrator plants, desalination plants, and mining in general. On the other hand, there's the daily risk of the job, which is extremely high."

The Virtuous Sequence of Mining Bonuses

The ranking of historic end-of-conflict payments this year is led by BHP, which operates in Chile with its Escondida and Spence mines. First, with the 32 million pesos received

by members of the company's Union 1 last August, and now reaffirmed with the recent announcement of Union 3's agreement at the conclusion of negotiations this December.

These two negotiations set a significant precedent, surpassing earlier milestones. In terms of amounts, the agreement reached by workers at Minera Los Pelambres, part of Antofagasta Minerals, in 2022 stood out with a payout of 25 million pesos per worker. Close behind were the 22.5 million pesos paid by Codelco following the conclusion of negotiations last September, with a contract valid for 36 months with union representatives from the El Teniente Division in Rancagua. Previously, attention was drawn to an agreement at a mine in Atacama—Caserones, owned by the Canadian group Lundin Mining—where workers received 20.5 million pesos.

New Union No. 3 of Escondida Emerges with a \$32 Million Bonus

LABOR. Union No. 1 claims there was coordination with the company.

El Mercurio de Antofagasta. December 21, 2024

The Workers' Union No. 3 of Escondida, formally established on Friday, November 15, and led by Marcelo Fonseca, achieved a significant milestone by securing an end-of-negotiation bonus and a loan totaling \$32 million in its first collective bargaining agreement with the mining company operated by BHP.

This first collective contract sets another precedent, as fixed-term workers associated with the organization—who are typically not included in bargaining groups—will receive a \$28 million bonus, divided into an initial payment of \$14 million and a second payment of the same amount once they transition to permanent contracts.

The union, representing 12% of Escondida's operators and maintenance workers, also stands out for its high female participation, with 68% of its 330 members being women. Additionally, three out of the five board members are women.

GENDER FOCUS

For the president of Union No. 3, Marcelo Fonseca, the evaluation is positive: "We had an important challenge, which was to represent the 67% of women who make up the union, and we wanted to send a strong message with a gender-focused approach, and I believe we achieved that. (...) There are two key points: the inclusion of fixed-term workers who benefited and specific benefits for women, which is also a strong and innovative topic."

Regarding the agreement, which has a validity of 36 months, the mining company stated: "Overall, it was a good negotiation. While the final conditions involved paying an amount equivalent to the process with the other workers' union, the productivity gains for the company are greater and will be reflected throughout the year."

COORDINATION

Union No. 1 of Escondida claimed yesterday that there is a document that would demonstrate collusion between the mining company and Union No. 3, which became evident as part of the union's legal actions against the copper company. Specifically, an email dated August 22—just days before their negotiation ended—where the Labor Relations Superintendent sent an invitation to a "Next Steps Coordination Meeting S3"* to the Labor Relations Manager and the president of Union No. 3. They described this as "an anti-union operation."

Escondida regretted the accusation, stating that it aims to "distort and call into question a process that complied with the law with a union formally constituted before the authority." They added that "the mentioned meeting is part of these activities, and its content is known to the authorities through properly documented and supported records."

Government Proposes Transmission Project Similar to Megaline Kimal-Lo Aguirre but Towards the South: It Would Cost US\$ 1.5 Billion

It is a direct current initiative between the Entre Ríos and Lo Aguirre substations, whose entry into service is projected for 2034.

El Mercurio de Santiago. December 21, 2024

By: Karen Peña.

The National Energy Commission (CNE) issued this Friday the Preliminary Technical Report containing the Annual Transmission Expansion Plan for the National Electric System, corresponding to 2024, which includes a total of 34 expansion projects, with an estimated investment of approximately US\$ 2.259 billion. However, this time, it brought with it a significant novelty for the sector.

As Diario Financiero previously reported, the entity proposes in its report a direct current transmission line project between the Entre Ríos and Lo Aguirre substations with an estimated investment amount of US\$ 1.3 to 1.5 billion. Thus, the project is practically a new Kimal-Lo Aguirre megaline, which is currently under environmental evaluation and seeks to connect Antofagasta and Santiago.

According to sources confirmed to this outlet, the proposal, which will use HVDC technology, also involves an extension across several regions. In this case, it will pass through the Metropolitan, O'Higgins, Maule, and Ñuble regions. Regarding the timeline, it is expected that the project will enter service in 2034, considering current legislation. However, this timeline could be brought forward by at least two years if the sectoral authorization project being promoted by the Government progresses successfully.

In a statement subsequently released by the CNE, it was indicated that the new HVDC Entre Ríos-Lo Aguirre system corresponds to a multipurpose project that, among its main attributes, "will enable the development and evacuation of wind potential from the southern part of the country, mitigating congestion in the 500 kV Ancoa-Alto Jahuel and Alto Jahuel-Lo Aguirre corridor, increasing the security of SEN operation, and reducing its operational costs."

They added that the Preliminary Technical Report incorporates a link with a voltage of at least ± 600 kV, approximately 440 kilometers of transmission line, with at least 2,000 MW of capacity per pole, and four HVAC/HVDC converter substations, two near the Lo

Aguirre substation in the Metropolitan Region and two near the Entre Ríos substation in the Ñuble Region. This, they specified, allows a total transfer of 3,000 MW.

Sources explained to this outlet that the justification for this proposal lies in leveraging the wind potential in the northern area of Biobío and the southern area of Ñuble. Additionally, this initiative would even be supported under scenarios of low materialization of wind projects and low electricity demand.

Although this proposal was not part of the alternatives evaluated by the Electrical Coordinator, those familiar with the initiative indicate that the organization overseeing the system's operation is aware of this idea. One of the advantages that would facilitate the implementation of this project is that it would be located in an area that would not face significant construction difficulties.

The proposal for a new transmission project was announced around noon this Friday by the Minister of Energy, Diego Pardow, during the promulgation ceremony of the energy transition law in the Ñuble Region. Various industry actors attended the event, but the presence of key executives from CGE stood out. At the local level, its general manager, Iván Quezada, and also the chairman of the company's board, Yan Dai, were in attendance.

The Details of the Plan

In the case of the National Transmission System, the Preliminary Technical Report presents a total of 15 expansion projects, with an estimated investment of approximately US\$2.031 billion. Of these, eight are expansions of existing facilities, amounting to approximately US\$119 million, and seven are new projects, totaling approximately US\$1.910 billion.

Regarding zonal transmission systems, a total of 19 expansion projects are presented, with an estimated investment of approximately US\$229 million. Of these, 12 are expansions of existing facilities, amounting to approximately US\$73 million, and seven correspond to new projects, totaling approximately US\$156 million.

It is estimated that the projects included in the report will begin construction in the first half of 2027.

In addition to the new HVDC Entre Ríos-Lo Aguirre system, support projects for Ñuble also stand out. The report considers three new projects consisting of two substations and one transmission line, as well as reinforcement for an existing line in the Ñuble region, with the goal of ensuring the electricity supply to the city of Chillán and its surroundings. These projects involve an estimated investment of US\$58 million.

CNE: "A New Boost for Decarbonization"

The executive secretary of the CNE, Marco Mancilla, highlighted the work carried out, explaining that the projects will contribute to strengthening the electrical infrastructure of the National Electric System.

According to him, this plan includes significant projects for the southern part of the system, such as the direct current Entre Ríos-Lo Aguirre project, "which enables the development of new renewable generation plants, particularly wind energy, representing a new boost for the country's decarbonization."

This is because "it will complement the high solar potential from the north, improving the operational security conditions of the National Electric System, thus easing the current restrictions on transmission systems, which translates into a significant reduction in operational costs, as well as representing an increase in social benefits."

He added that the projects included in the report also aim to generate new investment opportunities in different regions of the country, particularly in the Biobío and Ñuble regions.

After the publication of this preliminary document, the CNE will receive feedback from interested parties, after which the Final Report will be published. This report may be subject to disputes by the same interested parties before the Panel of Experts.