



*SUSTAINABILITY
REPORT
2011*

Doña Inés de Collahuasi
Mining Company





Declaración de Control del Nivel de Aplicación de GRI

Por la presente GRI declara que **Compañía Minera Doña Inés de Collahuasi SCM** ha presentado su memoria "Informe de Desarrollo Sustentable 2011" a los Servicios de GRI quienes han concluido que la memoria cumple con los requisitos del Nivel de Aplicación A+.

Los Niveles de Aplicación de GRI expresan la medida en que se ha empleado el contenido de la Guía G3.1 en la elaboración de la memoria de sostenibilidad presentada. El Control confirma que la memoria ha presentado el conjunto y el número de contenidos que se exigen para dicho Nivel de Aplicación y que en el Índice de Contenidos de GRI figura una representación válida de los contenidos exigidos, de conformidad con lo que describe la Guía G3.1 de GRI.

Los Niveles de Aplicación no manifiestan opinión alguna sobre el desempeño de sostenibilidad de la organización que ha realizado la memoria ni sobre la calidad de su información.

Amsterdam, 14 de junio 2012

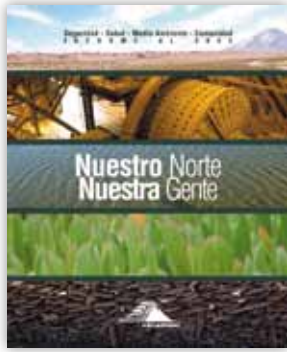
Nelmara Arbex
Subdirectora Ejecutiva
Global Reporting Initiative



Se ha añadido el signo "+" al Nivel de Aplicación porque Compañía Minera Doña Inés de Collahuasi SCM ha solicitado la verificación externa de (parte de) su memoria. GRI acepta el buen juicio de la organización que ha elaborado la memoria en la elección de la entidad verificadora y en la decisión acerca del alcance de la verificación.

Global Reporting Initiative (GRI) es una organización que trabaja en red, y que ha promovido el desarrollo del marco para la elaboración de memorias de sostenibilidad más utilizada en el mundo y sigue mejorándola y promoviendo su aplicación a escala mundial. La Guía de GRI estableció los principios e indicadores que pueden emplear las organizaciones para medir y dar razón de su desempeño económica, medioambiental y social. www.globalreporting.org

Descargo de responsabilidad: En los casos en los que la memoria de sostenibilidad en cuestión contenga enlaces externos, incluidos los que remiten a material audiovisual, el presente certificado sólo es aplicable al material presentado a GRI en el momento del Control, en fecha 05 de junio 2012. GRI excluye explícitamente la aplicación de este certificado a cualquier cambio introducido posteriormente en dicho material.



- First Health, Safety, Environmental and Community Report.
- ISO 14001 certification for the environmental management of all the company's processes.



- Development of energy efficiency issues.
- Incorporation of biodiversity and fauna protection issues.
- Incorporation of stakeholder concepts, identification and ties.

2002

2003

2004

2005

2006

2007

Our Reports: Developing over Time



- Incorporation of sustainable development approach.
- First Sustainability Report prepared under Global Reporting Initiative (GRI) Guidelines.



- Report includes the key issues and aspects of the ISO 26000 Guidelines.
- Redefinition of Sustainable Development Policies.
- Priorities focus on health, education, environment, community social development, job creation and entrepreneurship and the arts, culture and heritage.
- The Collahuasi Educational Foundation is created.



- Definition of strategic sustainability commitments.
- Audit of application of accountability principles.
- Application of SEAT methodology.
- Adherence to principles of UN Global Compact.

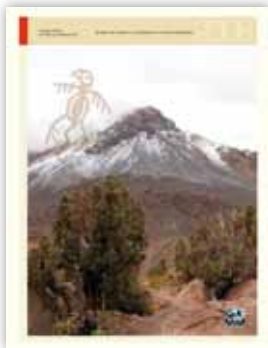
2008

2009

2010

2011

2012



- First Report published annually including Financial Statements.
- Redefinition of Vision, Values and Strategic Objectives in all areas of the company.
- Company headquarters move to Iquique in sign of commitment to the Tarapacá Region.
- External assurance and compliance with GRI Application Level A+.



- Survey of stakeholder expectations in accordance with AA1000 SES Guidelines.
- Double external assurance: NGO Red Puentes and Deloitte.
- Creation of Supplier Development area.
- ESUSCON project in Huatacondo, a pioneer in renewable energy.

*SUSTAINABILITY
REPORT
2011*

Doña Inés de Collahuasi
Mining Company





*Commitments 2011
and Objectives 2012*



As part of the preparation of this Report, the commitments entered into by Collahuasi in 2010 and 2011 were evaluated. Some of these correspond to regular company activities, such as epidemiological tests, alcohol and drugs training and internal audits, while others are related to GRI indicators and their year-by-year progress is reported in the corresponding chapter of the Report.

This section, therefore, first explains a set of strategic commitments that the company has defined as central for its organisational development, contribution to regional sustainability and social responsibility towards its stakeholders. Subsequently, it sets out the specific undertakings through which these strategic commitments are implemented and relevant company activities are reinforced.

STRATEGIC COMMITMENTS

Organisational Development and Sustainability:

- Implement a Sustainable Management and Risk system that integrates the efforts of different areas of the company and makes its day-to-day operations and expansion projects viable.
- Design and apply a stakeholder engagement model that facilitates communications with stakeholders and consideration, collaboration and mutual benefit.

Regional Contribution:

- Contribute to the development of the technical and professional capabilities of the Region's workers for the development of mining through investments and the strategic plan of the Collahuasi Educational Foundation.

- Implement and promote a programme for the development of local suppliers that contributes both to the company's needs and the generation of sustainable enterprises in the region.

Development of Human Capital and Retention of Talent:

- Improve work conditions and the work climate for both the company's own employees and those of contractors, helping to position Compañía Minera Doña Inés de Collahuasi as a preferred employer in the mining industry.

Care for the Environment:

- Draw up and implement a biodiversity strategy that contributes to the protection and recovery of species of fauna and flora, protects areas and ecosystems and avoids negative impacts as a result of the company's current operations and expansion projects.

Efficiency in Use of Water Resources:

- Implement projects and initiatives for technological change that, in the case of fresh water consumption, permit the reuse of process water, the operation of thickeners and gains in efficiency and the recovery of water resources.

Energy Efficiency:

- Implement programmes and initiatives that progressively reduce Collahuasi's carbon footprint through the even more efficient management of the energy used by the different areas of the company and through the incorporation and promotion of the use of Alternative Renewable Energy (ARE) sources.

Compliance Table



Commitments 2011	What we did in 2011	Compliance level	What we will do in 2012
Work not to receive sanctions or fines from relevant supervisory bodies.	See page 44.		Achieve a reduction compared to 2011 in the number of sanctions or fines from relevant labour, health and occupational health supervisory bodies.
1. Obtain approval of 20 management standards by EXCO. 2. Present the project for the new System. 3. Start implementation of the new System.	The process has required greater development and, in 2011, progress was made in designing the risk management system and definition of standards, planning for the complete integration of the Sustainable Management System in 2013.		Incorporate the risk management and monitoring system in all areas of the company, with performance targets for each area and evaluation of results. Conclude process of defining and approving the 20 sustainability standards.
Prepare Strategic Plan of the Collahuasi Educational Foundation for the development of technical personnel for the mining industry.	See page 94.		Advance in implementation of the plan for Strengthening of Technical Personnel for the Mining Industry as regards collaboration agreements and accreditation of training institutions, the system of certification of technical skills and the engineering and conditions for the construction of a technological facility for advanced training.
Design and development a model for measuring impact on the community.	In 2011, the results of the of the Socio-Economic Assessment Toolbox (SEAT) methodology were presented and were considered for defining the main lines of community relations.		Validate and implement the proposal for managing impacts on the community that arose from the application in 2011 of SEAT for evaluation of the positive and negative impacts of the company's operations.
Design a stakeholder engagement system under AA1000 SES.	An audit of the AA1000 SES principles took place.		Complete and implement the engagement system with the company's principal stakeholders in order to consider their concerns, improve communication and achieve mutual collaboration.
In the coastal biodiversity programme, continue expanded monitoring of seal lions complementing this with other species of ecological importance. In addition, an oceanographic monitoring system will be implemented, including current data and physical variables in the water column. For the Cordillera Worksite Biodiversity Programme, promote publication of results obtained, starting with the Queñoa Book and results of salt flat monitoring. In the case of fauna, a census of vicuñas will be carried out.	Two partial reports were presented on the extended monitoring of sea lions and a final report is being prepared by the University of Valparaíso for presentation in 2012. No new species were incorporated and monitoring of the Humboldt penguin was postponed until 2012. The Queñoa Book was published (launched in March 2012). The book on salt flat monitoring results is at the revision stage. A preliminary count of vicuñas took place and a formal census will be implemented in 2012.		An online information and follow-up system will be included in Collahuasi's website for environmental management indicators on protection of biodiversity (land and marine flora and fauna), incidents, waste management and other aspects. In 2012, the book on salt flat monitoring results will be published.
Develop a biodiversity strategy that includes the adaptation of future projects in its lines of action.	See page 142.		Approve and implement the biodiversity strategy with specific lines of work to incorporate protection of biodiversity in the company's operations and expansion projects.
No environmental incidents of Category 3 or higher.	See page 147.		No environmental incidents of Category 3 or higher.
No fine or sanction for environmental incidents.	See page 44.		No fine or sanction for environmental incidents.



Commitments 2011	What we did in 2011	Compliance level	What we will do in 2012
Award the new contract for an integral waste management service (operation, road cleaning and yard administration) that will permit implementation of integrated waste plans.	See page 144.		Award contract for Integral Waste Management Service and start implementation of integrated waste plans.
Carry out follow-up audits and internal audit	Audit done.		Carry out annual internal audit of the environmental management system in accordance with ISO 14001.
Carry out a Closure Plan Update study, starting in the second half of the year.	See page 28.		Complete the Closure Plan Update study started in the second half of 2011 and incorporate results in the Plan.
Carry out tests of HCT/TTD high density thickeners. Target 2011 = 580 litres/tonne.	See page 121.		Based on the results of tests of HCT/TTD high density thickeners, a target of an average annual consumption of raw water of or less than 571 litres per tonne of mineral treated is expected to be achieved in 2012.
Continue to increase reuse of process water in order to exceed the level achieved in 2010. Install a second extraction tower in the tailings dam to improve water recovery. Target 2011 = 77 %	See page 118.		Maintain or increase the 77.62% reuse of process water achieved in 2011.
Continue to implement water rights relocation programme and reduce withdrawals from the Pabellón Fault to a maximum of 20 L/s. With these measures, the company expects to continue complying with its commitments as regards the spring's recovery, achieving a water flow of 32.6 L/s by December 2011.	See page 115.		Maintain the recovery of the Jachucoposa Spring, achieving a water flow of at least 37.6 L/s by December 2012.
Improve operation of the tailings thickeners so as to meet the proposed target and also exceed the percentages of solids achieved in 2010.	In 2011, concentrations of solids of 52% and 55.4% were achieved in the smaller diameter thickeners and the HRT thickener, respectively. The thickeners underwent different maintenance processes that affected their performance.		Start operation of the first high compression thickener (OT22/SET thickener) that will permit thickening of tailings to a 68% concentration of solids.
Design a programme of collaboration with the Pica community to implement technology to reduce its fresh water consumption.	See page 78.		Start construction of the irrigation canal improvement project drawn up and put out to tender in 2011 for the benefit of the Pica and Matilla farmers.
Continue strengthening the PASS and Visible Leadership systems, implement fatality prevention standards and consolidate management of operational risks.	In 2011, the target of no fatalities was achieved but 4 serious accidents occurred, affecting three company employees and one employee of a contractor.		Review and reinforce application of fatality prevention standards in those activities and aspects in which serious safety events occur and avoid new accidents.
OHSAS 18001 audit.	The audit took place and OHSAS 18001-2007 certification was obtained.		Obtain a good classification in OHSAS 18001 Safety and Occupational Health Audit.
Train over 50% of workers in health risks.	In 2011, 98% of workers exposed to health risks received training with a 45-minute induction per group.		Reinforce and implement training on health risks for all new workers.



Objective achieved
(100% compliance)



Objective partially
achieved
(75% compliance)



Objective partially
achieved
(50% compliance)



Objective not achieved

Commitments 2011	What we did in 2011	Compliance level	What we will do in 2012
Continue measuring carbon footprint and obtain assurance by independent third party.	Assurance was obtained from the Spanish Normalisation Association (AENOR). PAS 2050-2011; GHC Protocol and ISO 14064-006.		Implement the improved methodology for carbon footprint measurement and study mitigation measures to be developed in the coming years.
Continue to reinforce the Energy Efficiency Programme, starting to transfer responsibility for objectives to operational areas. Award contract for supply of Alternative Renewable Energy (ARE).	Compliance was judged to be 75% because the company had undertaken to award the ARE contract in 2011. However, the tender was a large-scale task that was successfully completed in 2011, leaving award of the contract for the first half of 2012.		Consolidate development of the Energy and Greenhouse Gas Management System and its application in the leaching area and define energy efficiency targets for other areas of the company. Award the Alternative Renewable Energy (ARE) contract for 60,000 MWh/year for the company's operations as from 2013.
Certification of Labour Skills.	Progress was made in certifying the company's own employees but not those of contractors.		Promote and supervise certification of operations contractors.
Develop new Leadership for Supervisors training based on the company's strategy.	In 2011, a preliminary programme was implemented and applied as pilot to 54 operators and maintenance personnel.		Complete design of the Leadership for Supervisors Training Programme and apply to 20% of supervisors.
Continue to progress Tarapacá apprentices programmes. Reinforce professional internships and student theses in the company.	In 2011, 77 people received certification under the apprentices programmes, complying with the target. Incorporation into the company's lines of work was, however, low due to insufficient technical and labour skills.		Achieve a higher percentage of incorporation of apprentices into the company than in 2011, increasing the intensity of pupils' practical technical and labour skills training and increased integration with the Fortecmin project.
Define a strategy for being the preferred employer in the mining industry.	See pages 58, 68.		Implement the first stage of the strategy for being the mining industry's preferred employer among the company's own employees and those of contractors.
Continue improving camp living conditions.	See page 72.		Continue improving camp living conditions by completing the projects underway and implementing those scheduled for 2012.
Put contractors' employees on same terms as own employees with regard to personal safety equipment, work clothing and quality of transport to the worksite.	See page 108.		Progress in applying the same quality requirements and standards as regards personal safety equipment, work clothing and transport of contractors' employees.
Continue implementing the Supplier Development Programme (PDP) for regional transport and logistics companies.	See page 70.		Deepen and expand supplier development programmes among suppliers of goods, direct contractors and transport companies.





Contents

• Our Reports: Developing over Time	Inside cover	2. Corporate Governance	52
• Commitments 2011 and Objectives 2012	2	3. Our Employees	56
Introduction	10	4. Our Suppliers and Contractors	66
1. Executive President's Message	12	5. Our Community	74
2. Scope of the Report	16	Chapter 3: Our Commitment to Education: Collahuasi Educational Foundation	86
3. Preparation of the Report	17	1. Management Approach	88
4. Definition of Materiality	19	2. Primary School Educational Improvement Programme	90
Chapter 1: Our Company	22	3. Secondary Technical-Professional Education Improvement Programme	94
1. Company Profile	24	Chapter 4: Health and Safety of Our People	98
2. Sustainability Approach	33	1. Management Approach	100
3. Associations and Memberships	38	2. Our Commitment to the Health and Safety of Our Workers, Their Families and the Community	102
4. Awards and Recognitions	40	3. Joint Management-Worker Committees	104
5. Ethics and Transparency	41	4. Key Figures	106
6. Regulatory Compliance	44	5. Our Contractors' Safety	108
Chapter 2: Building Relations of Trust	46		
1. Management Approach: Relations with Our Stakeholders	48		



Chapter 5: Our Water Management

1. Management Approach	112
2. Protection of Water Resources	114
3. Efficiency in Water Consumption	116
4. Pilot Thickened Tailings Plan	120

Chapter 6: Our Energy Management: Climate Change and Efficiency in Use of Natural Resources

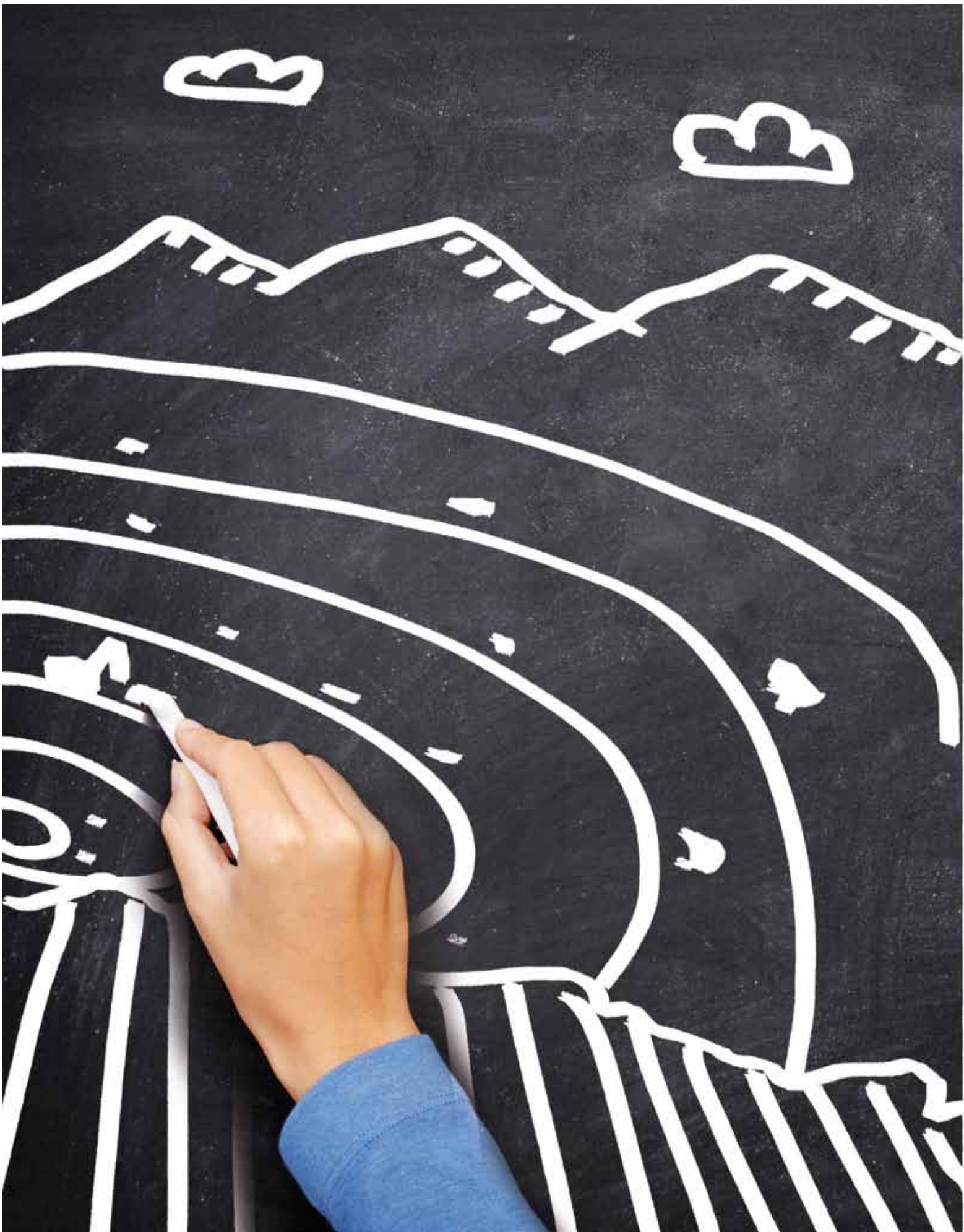
1. Management Approach: Mitigation and Adaptation to Climate Change	124
2. Organisational Carbon Footprint	126
3. Product Carbon Footprint	128
4. Energy Efficiency and Alternative Renewable Energies	130
5. Fuel Consumption at Collahuasi	132
6. Electricity Consumption at Collahuasi	134

Chapter 7: Care for Our Surroundings

1. Management Approach	138
2. Protection of Biodiversity	139
3. Waste Management	144
4. Effluent Management	146
5. Environmental Incidents	147

Appendices

1. Complementary Information	150
2. GRI Content Index	166
3. External Assurance Statement	180
4. Evaluation and Assurance of Commitments Report	184
5. Feedback Survey	187



Introduction



1. Executive President's Message [1.1]

Dear readers,

I am very pleased to be able to present our company's sixth Sustainability Report. In this publication, you will find comprehensive information about the economic, environmental and social performance of Compañía Minera Doña Inés de Collahuasi during 2011, prepared in accordance with Global Reporting Initiative (GRI) indicators and the ISO 26000 and AA1000 SES standards.

One of our most important tasks in this period was to continue building relations of trust with our stakeholders or, in other words, our employees, contractors, suppliers, the community and the authorities. We hired BSD Consulting, a consultancy company, to carry out an audit and give us their opinion about our application of AccountAbility criteria, detect opportunities for management improvements and optimise the information gathered for this Report. In addition, a study by the Casa de la Paz Foundation provided an integral analysis of the social, economic and environmental impacts of our mining operations, using the SEAT methodology of one of our shareholders.

We know that mining is one of the economic sectors with the highest short, medium and long-term growth prospects. That implies great challenges which we must manage correctly in order to transform them into opportunities for our company's growth and the development of our collaborators and a better future for the Tarapacá Region and our country. These challenges are on very different fronts, ranging from environmental issues to the

impact of the political-economic context and also include education, community relations, safety, human capital and technological innovation. In this Report, we have set out what we are doing on each of these fronts with the ultimate aim of keeping Collahuasi on the road to sustainability and doing so transparently with each of our stakeholders.

In one example of these activities, we are progressing in the implementation of a Sustainable Management System in order to strengthen the way we address sustainability and risks. A first step in this direction is the integrated management of risks as regards safety and occupational health, the environment and communities as well as legal and financial risks. In this way, processes that were previously managed in parallel are now managed in an integrated fashion in accordance with the company's standards and principles and best industry practices.

Given that people are Collahuasi's principal asset and their commitment and collaboration are vital for our company's sustainability, we are constantly developing initiatives that contribute to the wellbeing and progress of our employees and their families. These initiatives include our training programme through which we provided an average 108 hours of training per capita in 2011 as well as our pension, healthcare, educational, housing and other benefits.



In 2011, 7,571 contractors' workers were employed in our operations and projects, participating in our production process and specific projects, and we consider them a key element of our operations. We, therefore, seek to ensure that their working conditions are similar to those of our own employees of whom there were 2,635 in 2011. In addition to our contractual policy, which allows us to ensure that our contractors fulfil their obligations to employees, we signed an agreement in 2011 with the National Industrial Assembly Workers Union (SINAMI) that set a new precedent in Chile's mining industry as regards its relations with contractors. We also made important infrastructure improvements at our worksites, principally as regards living conditions, canteens and recreation facilities.

Along these same lines, the Eco Project we are developing will optimise contracts and the development of contract administrators. To this end, we are identifying good contract administrators and evaluating technical and functional skills as well as working on the training of contractors' personnel. We also updated our contractual policy, essentially establishing three points - a minimum net wage, a life insurance policy and minimum standards for safety, work clothing, meals and living conditions as well as an incentive for compliance with Key Performance Indicators (KPIs).

Another important challenge for the mining industry is to obtain the qualified suppliers required for its increasing needs. This challenge, together with the importance we attach to contributing to the Tarapacá Region's progress, means that, since 2010,

we have been implementing a Supplier Development Programme, co-financed by the Chilean government's Economic Development Agency (CORFO). In 2011, this programme focused on three groups - suppliers of goods, suppliers of transport services and suppliers for direct contractors.

In the case of community relations, Collahuasi has assumed a commitment to the development of the communities of the Tarapacá Region which is reflected in different initiatives that seek to improve quality of life in the following strategic areas: entrepreneurship and job creation, health, education, social development, the environment, sports and culture and heritage. In 2011, our investment in community relations projects reached over US\$13 million.

It is important to note that the company has established "working groups" with the community. These serve as a vehicle for dialogue through which to become familiar with the community's interests in an open and participative way and to respond accordingly.

In our relation with the Tarapacá Region and as part of our undertaking to contribute to educational improvement, we continue to work through the Collahuasi Educational Foundation. We know that better education is one of the great aspirations of the people of the Tarapacá Region and, indeed, of all Chileans. Through the Foundation, we can help to improve the quality of life of children and young people and we continue to see progress



in the attainment of pupils at the 18 schools that form part of our programmes.

In another important milestone in 2011, we also made a commitment to contribute to the quality of technical education by supporting and improving technical-professional teaching in six secondary schools in Iquique, Pica and Alto Hospicio and by managing the Liceo Juan Pablo II, one of the Bicentennial Secondary Schools, which seeks to produce technical staff of excellence for the mining industry.

In the case of water, we have achieved further gains in efficient use and sustainable extraction of this resource. We remain committed to recovery of the natural water flow in the Jachucoposa Spring, the principal water source affected by our operations. The measures we have already implemented have meant a recovery from 12.6 litres/second in 2007 to 39.2 litres/second in December 2011.

In 2011, as part of our Energy Efficiency Programme, we worked to develop and implement a transparent and auditable management system based on Chilean and international norms, encompassing our installations' different sources and possible uses of energy. In addition, the measurement of our 2011 carbon footprint was assured under the PAS 2050, GHG Protocol and ISO 14064 norms. As a result, Collahuasi became the first mining company in Chile to calculate its Product and Organisational

Carbon Footprint with the process and results assured by a third party. For the first time, it also calculated its greenhouse gas emissions broken down by unit of product.

We also supported the diversification of Chile's energy matrix into Alternative Renewable Energy (ARE). In 2011, we launched a first tender for the supply of 30,000 MWh/year of electricity generated from ARE sources, ideally located in the Tarapacá and Arica and Parinacota Regions.

We are aware that any productive activity can affect its surroundings directly or indirectly and it is, therefore, our policy to recognise biodiversity and the cultural-historical systems that exist in the areas where we have our operations. We currently have in place biodiversity management plans covering 42.9% of the total area affected by our activities.

We have also developed strategies and plans to guard against contamination produced by waste, seeking to facilitate and encourage its use, reuse, recycling and responsible disposal. Similarly, we have undertaken not to discharge liquid waste into any surface, underground, land or marine water body or course.

Growing sustainably

In view of our expansion projects, we increased our exploitation concessions by 15.6%. We also announced the prefeasibility stage of the so-called Phase III expansion which seeks to install one or



two milling lines. Through this project, we expect to increase our output to 800,000 or 1 million tonnes of copper content by 2017. This expansion will also mark a number of milestones as regards water efficiency such as the implementation of tailings thickening, increased water recycling and the use of desalinated water.

In 2011, Collahuasi's copper output was down by 10% on the previous year due to a number of factors that included principally climatic difficulties. In contrast, production of molybdenum rose by 48.8%.

At Collahuasi, we seek to maintain our competitiveness compared to the rest of the industry by controlling costs and making efficient use of resources. Direct sales to our shareholders - Xstrata Copper, Anglo American and Mitsui - account for most of our copper output, all of which will gradually be made over to the shareholders for its marketing. Total sales were also down by 7% in the period covered by this Report, reflecting principally a 7% drop in the volume of copper concentrate sold.

The Chilean market accounted for 99% of the molybdenum produced by Collahuasi while the other 1% went to Thailand. In the case of copper concentrate and cathodes, 34% went to the Chilean market, 25% to Japan, 19% to China and 12% to India, with the remainder corresponding to South Korea, Spain, Germany, Brazil and the Philippines.

I would like to invite you to read our sixth Sustainability Report in which we have made a conscientious effort to provide a transparent picture of our performance. I would, in addition, ask you to reply to the Feedback Survey included at the end of the Report as this would be of great value in helping us to continue improving in the future.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Giancarlo Bruno'. The signature is stylized and fluid, with a long horizontal line extending to the right.

Giancarlo Bruno



2. Scope of the Report

[3.2 · 3.3] This is Collahuasi's sixth Sustainability Report and its publication reflects the company's commitment to communicating its activities transparently to the society on which it has an impact and, particularly, to its main stakeholders.

[3.1] This Report sets out the highlights of the economic, environmental and social performance of all Collahuasi's operations between 1 January and 31 December 2011. It also refers to the undertakings made by the company in 2010 and its challenges for 2012 in areas related to sustainability, defined in accordance with its policies.

[3.8] The Report includes a chapter on the Collahuasi Educational Foundation, highlighting the company's work and social contribution in this field, one of the most critical for the Tarapacá Region and the mining industry.

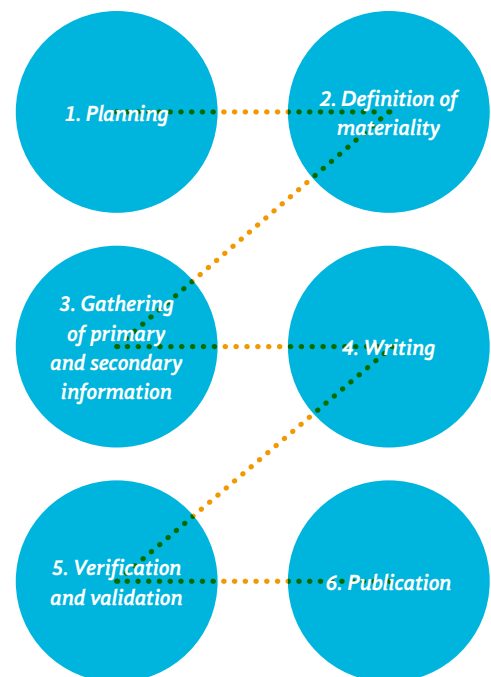
[3.7 · 3.10 · 3.11] The Report was prepared in accordance with the protocols of the G3.1 version of the Global Reporting Initiative (GRI), the Mining and Metals Sector Supplement and the principles of the International Council on Mining and Metals (ICMM) and does not have any limitations of scope or boundary. Although Collahuasi adheres to the principles of the Global Compact, this Report is not presented as a Communication on Progress (COP) but does include a table relating the GRI indicators to these ten principles. Changes introduced in the new G3.1 version may affect the comparability of data since some of its new requirements were not addressed by Collahuasi in previous periods. When this is the case, it is indicated in the Report.



3. Preparation of the Report

[3.5] The process of defining the Report's content and planning its preparation was led by Collahuasi's Vice-Presidency for Legal and Corporate Affairs and Communities through its Corporate Affairs area. All the information contained in the Report was, in addition, documented and validated by the different areas of the company which collaborated in the process of gathering the data and its subsequent verification.

Preparation of the Report involved the following stages:





[3.9] Information was gathered in accordance with the definition of material issues, following the G3.1 protocols including the Mining and Metals Sector Supplement indicators. As a result, the data measurement methods and baselines used in calculations are in line with GRI recommendations and protocols, without limitations of scope or boundary, and include all their principal and additional indicators.

[3.13] For the third consecutive year, the Report was externally assured and validated as complying with GRI Application Level A+. The assurance was carried out by BSD Consulting

with reference to the principles of the AA1000 standards on stakeholders as well as GRI principles. As in the previous year, the views of civil society were incorporated through the Report's review and assurance by Red Puentes, an NGO, with particular emphasis on the company's level of compliance with its undertakings.



Company Viewpoint

Industry Viewpoint

Stakeholder Viewpoint

4. Definition of Materiality

^[3.5] Information gathered from primary and secondary sources was used to define materiality and obtain three broad viewpoints as the basis for identifying the most important issues to be covered by the Report.

A quantitative methodology was used, involving the review of secondary documents and the classification of issues through percentage quantification, ordinal measurement (high, medium and low) and a matrix of the three different viewpoints. These three viewpoints were obtained as follows:

4.1. COMPANY VIEWPOINT

In order to obtain this viewpoint, internal company documents were reviewed and senior management and the heads of strategic areas were consulted:

a. Company documents reviewed:

Internal policies

2010 Sustainability Report

Collahuasi website (www.collahuasi.cl)

Collahuasi risk matrix



b. Interviews

Semi-structured interviews were carried out to identify the most important issues for the Report. The people interviewed were. →

4.2. INDUSTRY VIEWPOINT

This analysis sought to identify the issues relevant for the mining industry in Chile and internationally as well as best practices as regards sustainability. It involved the review of external documents and analysis of the media, benchmarks and best sustainability reporting practices:

a. External documents:

- UNDP Human Development Report 2011, Chapter 1, Why Sustainability and Equity?, UNDP, 2011.
- Visiones de Desarrollo Sustentable: Hacia un Chile 2050, Acción RSE, 2011.
- Tracking the Trends 2012, Deloitte, 2011.

<i>Juan Carlos Palma, Vice-President for Legal and Corporate Affairs and Communities</i>
<i>Bernardita Fernández, Manager for Corporate Affairs</i>
<i>Rodrigo Catalán, Manager for Personnel and Organisational Development</i>
<i>Sebastián González, Manager for Risks</i>
<i>Héctor Lagunas, Manager for the Environment</i>
<i>Luis Muñoz, Manager for Procurement and Contracts</i>
<i>Eduardo González, Manager for Contracts</i>
<i>Orlando Acosta, Manager for Water Resources</i>
<i>Leonardo Canales, Manager for Safety and Occupational Health</i>
<i>Jaime Arenas, Manager of Collahuasi Educational Foundation</i>
<i>Luciano Malhue, Manager for Community Relations</i>



- Magazines 2011: Nueva Minería, Minería Chilena and Área Minera.
- Corporate Reputation Business Monitor (MERCOS) Report 2011, MERCOS, 2011.

b. Media analysed:

- Diario Financiero
- La Tercera
- Iquique TV
- Diario21.cl
- Estrellaiquique.cl
- NortTV

c. Benchmarks and best sustainability practices:

- International mining companies: Grupo Mexico, Rio Tinto and Vale.
- Chilean mining companies: Minera Los Pelambres, Minera El Tesoro and Codelco.
- Leading Chilean companies on CSR: Banco de Crédito e Inversiones (BCI).

4.3. STAKEHOLDER VIEWPOINT

The viewpoint of the company's stakeholders was obtained from studies carried out in 2011 using both qualitative methodologies (focus groups, interviews and ethnographic analysis) and quantitative methodologies (surveys):

- Study of stakeholder expectations, AxisRSE, 2011
- Audit Report on 2010 Collahuasi Sustainability Report, BSD, 2011
- SEAT Report, Casa de la Paz, 2011
- Report on ISO 26000 Approach, Red Puentes, 2011
- Perceptions Study, Feedback, 2011
- Corporate Reputation Business Monitor (MERCOS) Report, MERCOS, 2011
- Survey of Perceptions of Collahuasi's Environmental Management, Ipsos, 2012.

4.4. MATERIAL ISSUES [4.17]

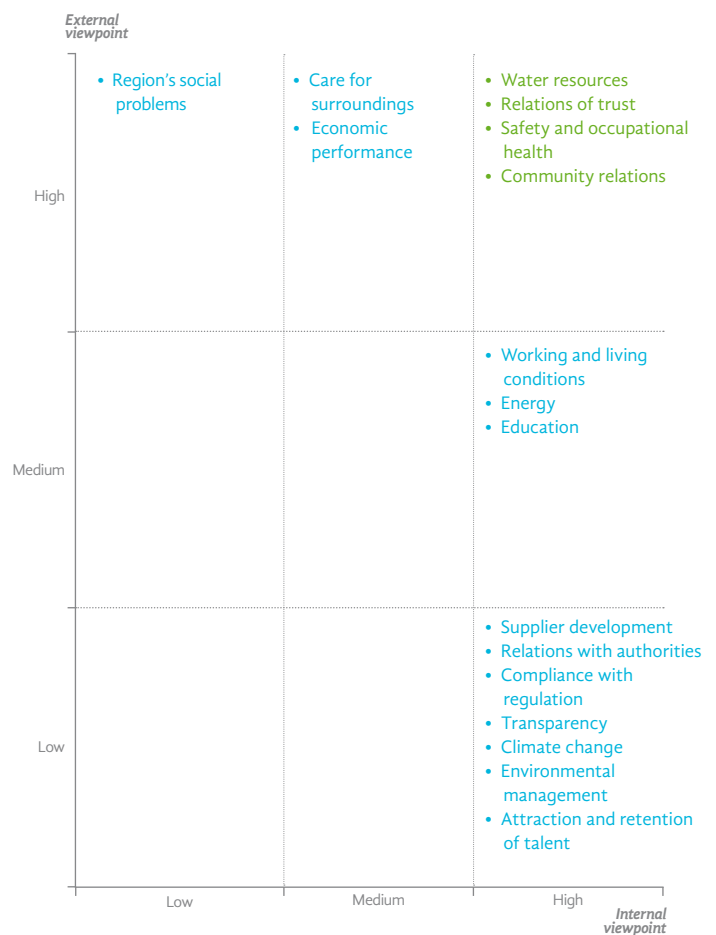
In identifying material issues, the viewpoints of the industry and the company's stakeholders were considered first since they are external to the company.

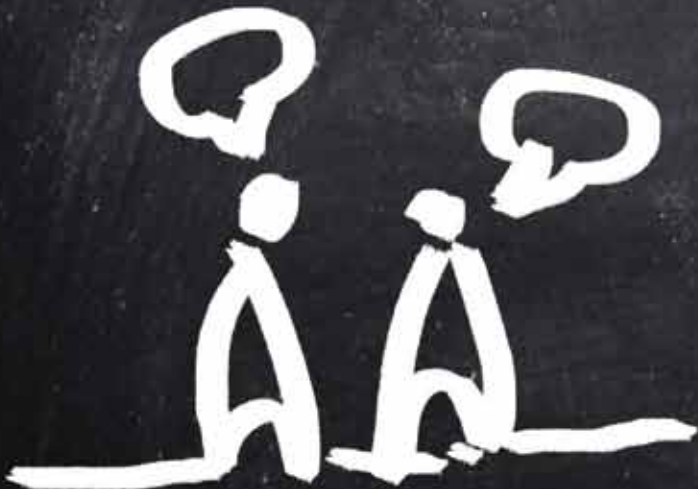
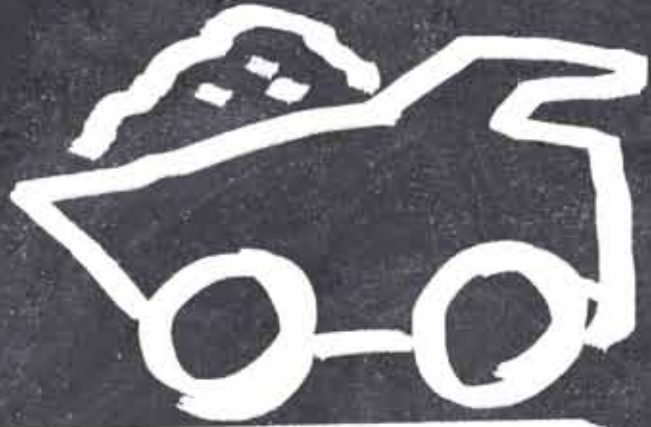
The company viewpoint was subsequently analysed and, as for the industry and stakeholder viewpoints, the issues identified were classified according to a quantitative methodology and the number of mentions they received in the different stages of the process.

Once the most important issues for each viewpoint had been identified, the material issues for the Report were defined, considering the external viewpoint (industry and stakeholders) as a block and the internal viewpoint (company) as another block.

Taking these two blocks, the issues were crossed according to their levels of importance, leading to the materiality that explains the structure of the Report. The results are shown in the matrix:

Matrix of External and Internal Viewpoints





→ US\$6,500

MILLION INVESTMENT IN EXPANSION PROJECT
THAT WILL START OPERATIONS IN 2017.

453,284

TONNES OF COPPER PRODUCED IN 2011.

✓
ADHERENCE TO PRINCIPLES OF
GLOBAL COMPACT AND CHILEAN
CHAPTER OF TRANSPARENCY
INTERNATIONAL

[US\$6,327.9]

MILLION IN DIRECT AND INDIRECT ECONOMIC IMPACT IN
2011, UP BY 46.79% ON 2010.



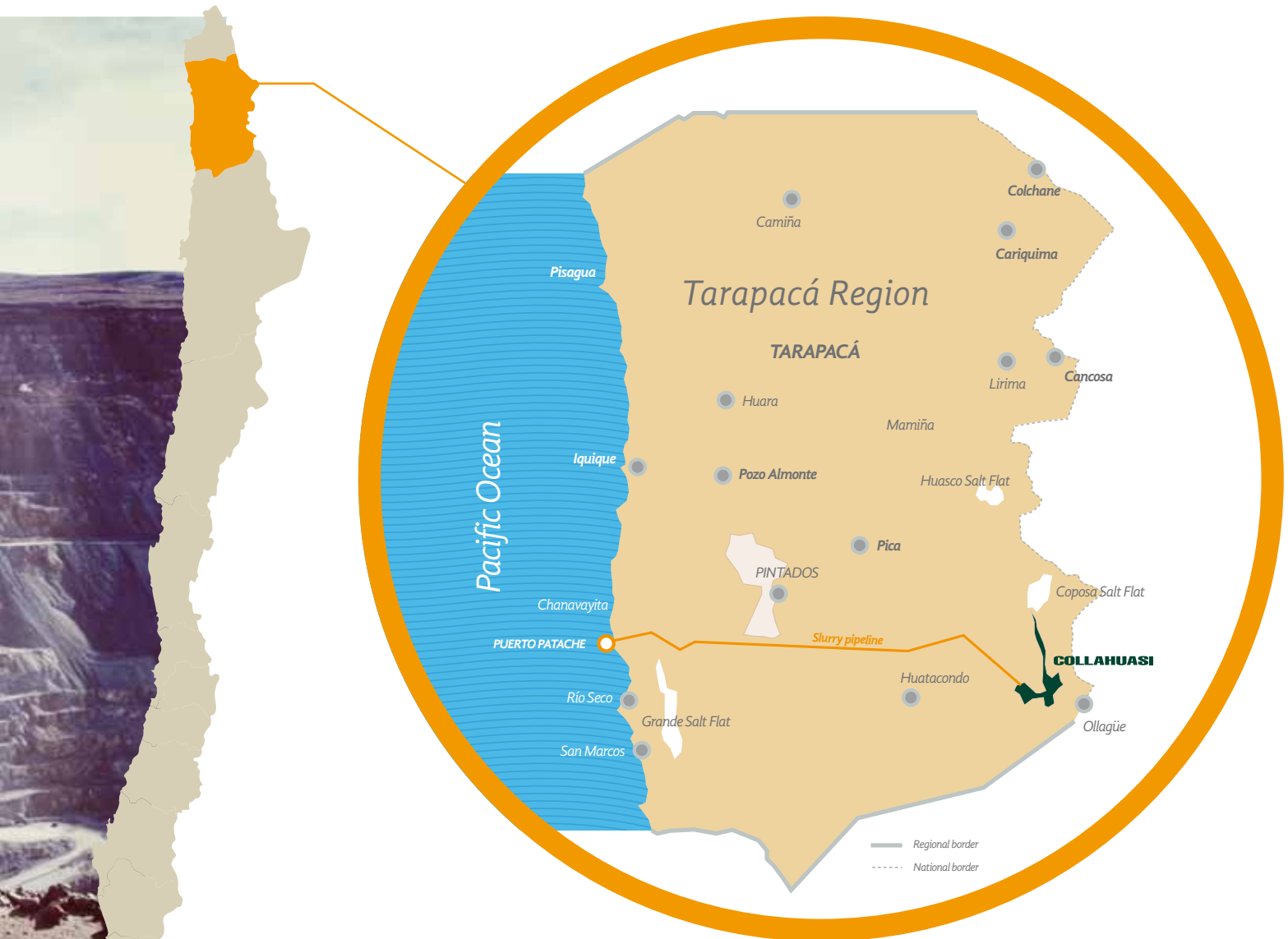
1. Our Company

Compañía Minera Doña Inés de Collahuasi SCM produces copper concentrate, copper cathodes and molybdenum concentrate. It is currently the world's third largest copper deposit. [2.1 - 2.2]

1.1. COMPANY PROFILE

[2.3 - 2.5] Collahuasi is a mining contractual company that operates solely in Chile and does not, at present, have joint ventures with other local or international companies. It exploits three open-pit mineral deposits in the Pica municipal district of northern Chile's Tarapacá Region.

Its industrial installations and its Rosario, Ujina and Huinquintipa deposits, located in the Pica municipal district, are referred to as the "Cordillera Area". From the concentrator plant in Ujina, a 203-kilometre slurry pipeline transports cop-



per concentrate down to the filter plant and port facilities in Punta Patache in the Iquique municipal district. The molybdenum plant is also located in Punta Patache, along with the port terminal from which the processed products are shipped to international markets, in the company's "Port Area".

[2.4] The company's headquarters are located at Baquedano 902, Iquique, Tarapacá Region, and it also has administrative offices at Avenida Andrés Bello 2687, 11th floor, Las Condes, Santiago, Metropolitan Region.

[MM1] In 2011, due to its expansion projects, Collahuasi increased its mining exploitation concessions by 15.6%.

COLLAHUASI'S CONCESSIONS:

- Owner of 546 groups of mining concessions, totalling 143,008 hectares.**
- Holder of 371 mining exploitation concessions, totalling 143,300 hectares.**
- Holder of concessions on 22,820 hectares through Sociedad Contractual Minera Michincha.**
- Owner of 15,294 hectares of surface land.**
- An area of 13,108 hectares with mining-industrial infrastructure (10,562 hectares belonging to Collahuasi and 2,546 hectares corresponding to easement authorisations).**



Ownership Structure

44%
Anglo American plc

44%
Xstrata Copper

12%
Japan Collahuasi
Resources B.V.

Expansion Project

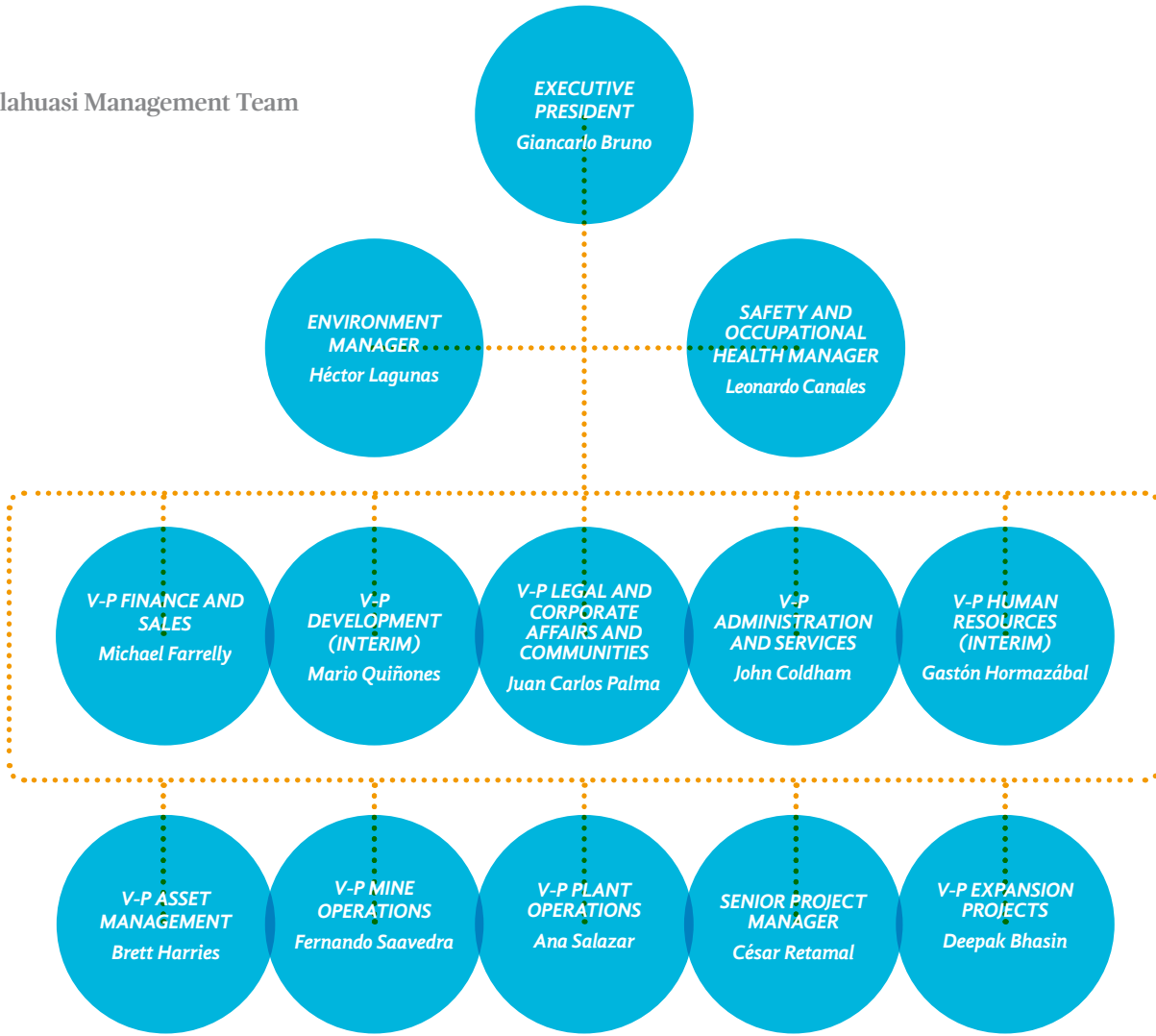
Collahuasi has begun development of its expansion project which envisages an investment of US\$6,500 million and is due to start operations in 2017.

The project is currently at the prefeasibility stage, due to be completed in mid-2012, during which a concept engineering study is being carried out in a bid to determine whether one or two milling lines will be used.

It expects to produce over one million tonnes of copper content from 2017, consolidating Collahuasi's position as one of Chile's largest mining projects.

By creating jobs and requiring suppliers and contractors, this project represents a contribution to the economic development of the Tarapacá Region and the quality of life of its inhabitants.

| Collahuasi Management Team

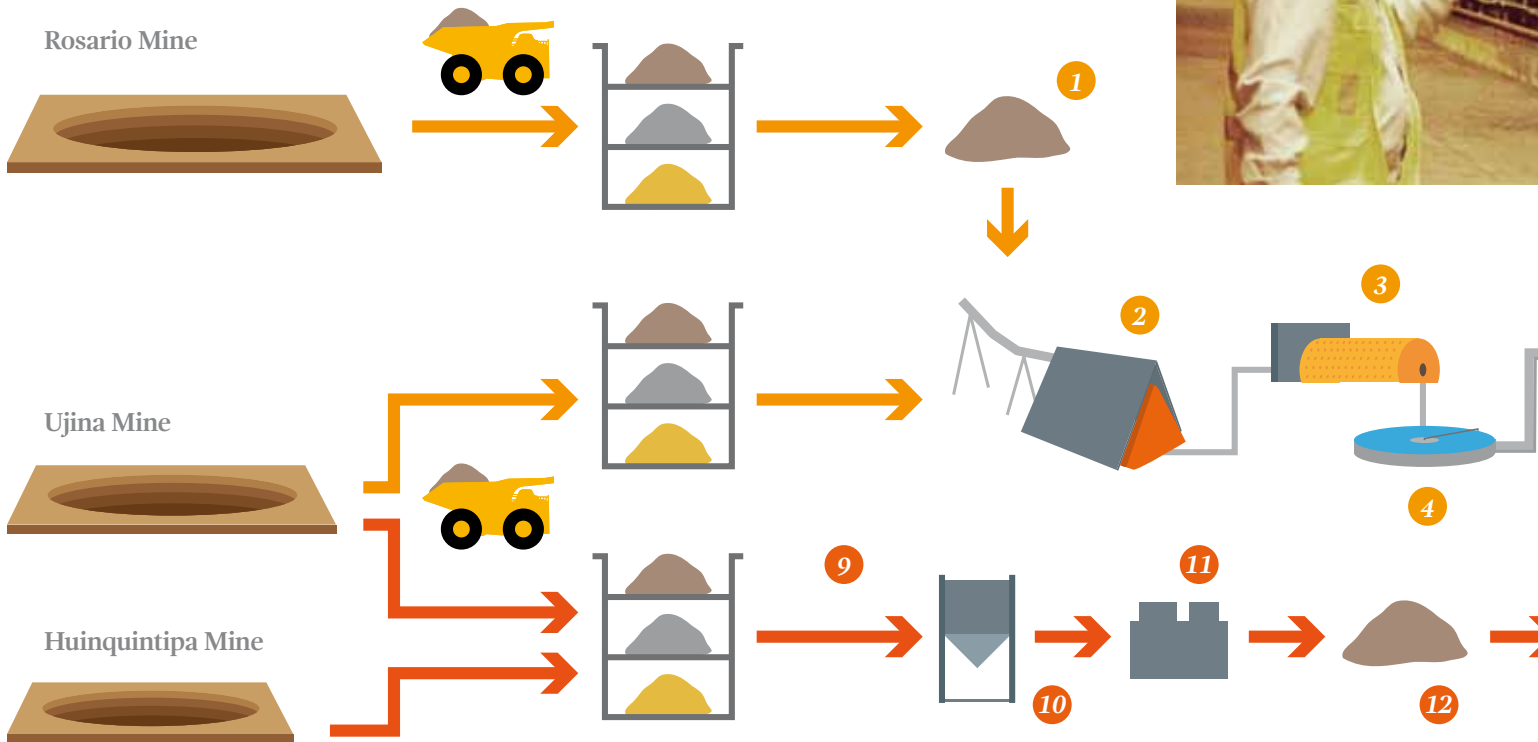


LEFT TO RIGHT

*Gastón Hormazábal, V-P Human Resources (i) · Ana Salazar, V-P Plant Operations · Fernando Saavedra, V-P Mine Operations
Juan Carlos Palma, V-P Legal and Corporate Affairs and Communities · Giancarlo Bruno, Executive Presidency · John Coldham, V-P Administration and Services
Brett Harries, V-P Asset Management · Michael Farrelly, V-P Finance and Sales · Mario Quiñones, V-P Development (i) · Deepak Bhasin, V-P Expansion Projects*



Our Production Process



Main Organisational Changes

[2.9] In the period covered by this Report, the following organisational changes took place in the company's management:

1. Edwin Ugarte resigned as Vice-President for Human Resources to take on a new post for his employer, Anglo American.
2. Jorge Betzhold left his job as Vice-President for Development and was temporarily replaced by Mario Quiñones.
3. Three new Vice-Presidents were hired: Ana Salazar in Plant Operations, Deepak Bhasin in Expansion Projects, and Brett Harries in Asset Management.

1.2. CLOSURE PLAN

[MM10] The objectives established for the closure plan are to minimise Collahuasi's future legal and environmental risks and to reduce the costs of closure activities.

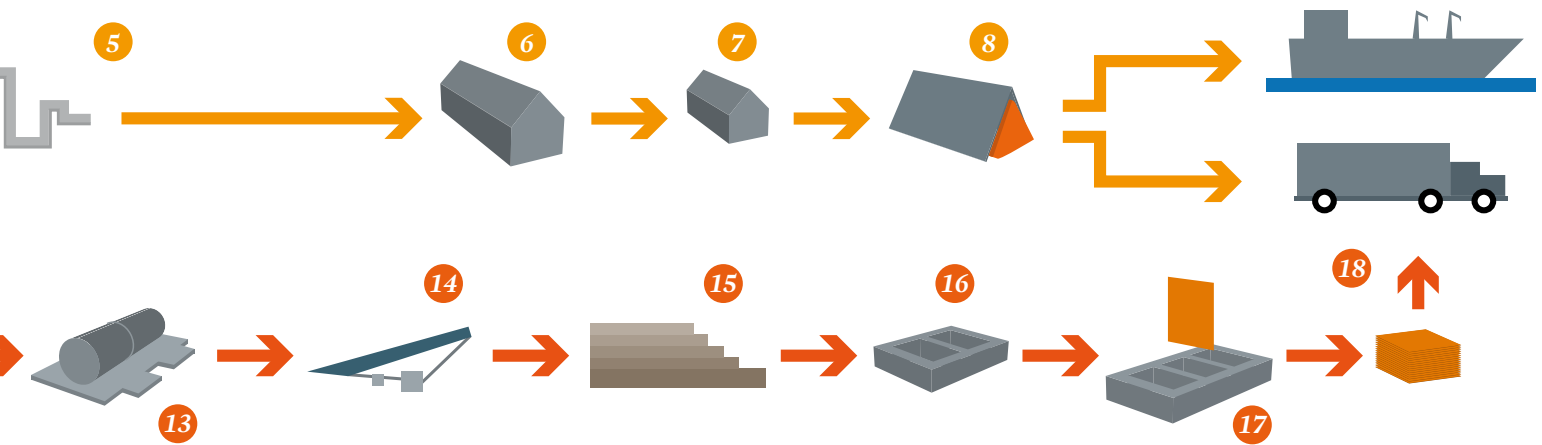
In 2011, Collahuasi worked on an update of its closure plan and this will continue in 2012. The main aim of this new update is to ensure compliance with the environmental regulation in force (including new requirements introduced by Law N° 20.551 on Closure of Mining Sites and Installations) as well as to analyse and assess existing closure criteria in the light of the results of the latest studies and the experience of recent years, in order to introduce changes in Collahuasi's operations and mining plan.

Sulphides Line

- 1 Surge Pile
- 2 Stock Pile
- 3 Milling & classification
- 4 Flotation
- 5 Transport in 190-km slurry pipeline.
- 6 Molybdenum plant
- 7 Filter plant
- 8 Storage & dispatch of copper concentrate.

Oxides Line

- 9 Primary oxides crusher
- 10 Silo
- 11 Secondary & tertiary crushers
- 12 Stock Pile
- 13 Stacking
- 14 Transport and cell formation
- 15 Leaching
- 16 Solvent extraction
- 17 Electrowinning
- 18 Dispatch of copper cathodes.



In addition to the update of the company's base condition, a conceptual closure plan was drawn up for the new installations and/or modifications arising from the implementation of its Phase III Expansion Project. An additional budget of US\$68,000 has been allocated for this study.

2013	2033	2045	2058	2058
Processing of leachable minerals	End of operations at Rosario Pit	End of operations at Ujina Pit	End of processing of stocks of marginal minerals	Definitive closure of Collahuasi



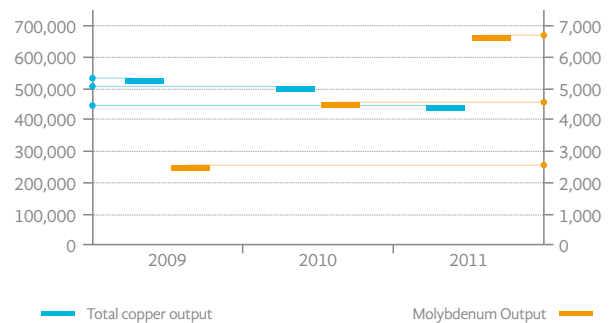
1.3. OUTPUT

In 2011, Collahuasi produced 453,284 tonnes of copper, down by 10.1% on the previous year. Molybdenum output, however, rose by 48.8% compared to 2010.

Output at Collahuasi (tonnes)

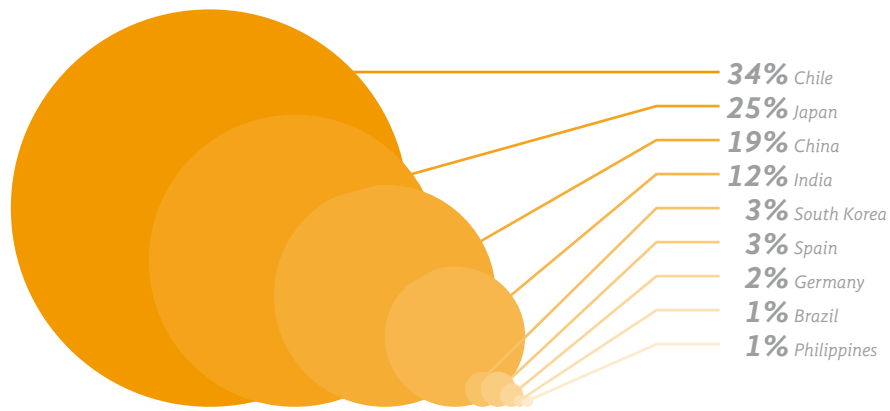
Product	2009	2010	2011
Concentrate	492,727	465,207	417,282
Cathodes	43,126	38,836	36,002
Total copper output	535,853	504,043	453,284
Molybdenum	2,541	4,476	6,659

Total Copper and Molybdenum Output (tonnes)



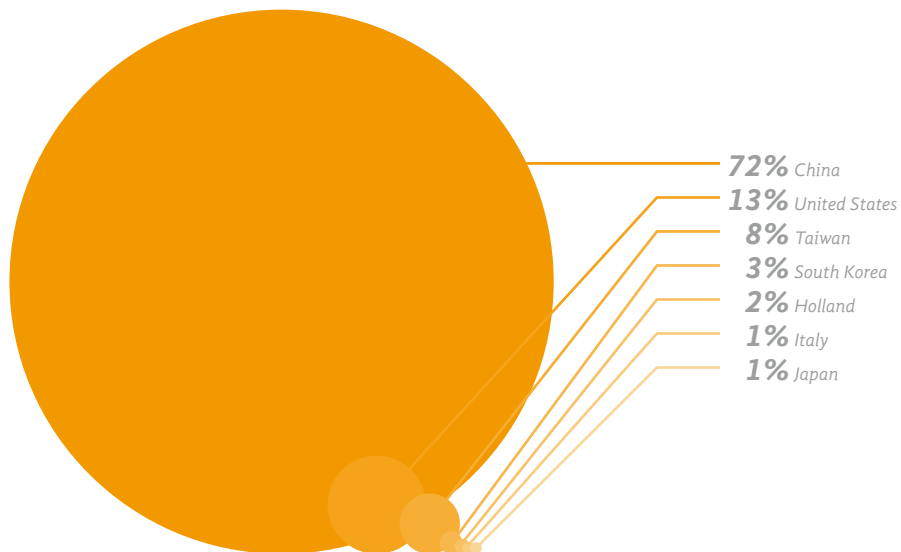
Collahuasi's Copper Concentrate Markets (DMTs*)

* DMT = Dry metric tonne.



Collahuasi's Copper Cathode Markets (tonnes)

* DMT = Dry metric tonne.



1.4. SALES AND MARKETS SERVED

In the period covered by this Report, Collahuasi's total copper sales showed a 7% drop in volume as compared to 2010. This reflected principally a 7% drop in the volume of sales of copper concentrate.

[2.7] Information about sales includes customers who have a contract with the company as well as direct sales to

shareholders. It should be noted that all Collahuasi's output will gradually be transferred to the company's shareholders for its sale.

In the case of the molybdenum produced by Collahuasi, 99% is sold within Chile while the remaining 1% goes to Thailand. The company's markets for copper concentrate and cathodes are shown in the graphs above:

SALES AND MARKETS SERVED

Sales (tonnes)	2009	2010	2011
Concentrate	488,217	462,293	428,960
Cathodes	42,450	38,485	36,159
Total copper sales	530,667	500,778	465,119
Molybdenum	2,467	4,567	6,687

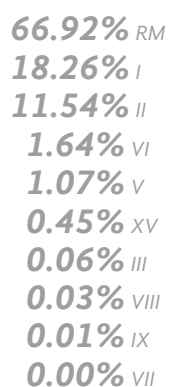
1.5. LOCAL PROCUREMENT ^[EC6]

In 2011, Collahuasi acquired goods and services for US\$1,731,363,427, up by 3% on the previous year.

Type of expenditure (US\$)	2009	2010	2011
Own stock	272,950,281	273,773,777	266,154,824
Direct charge	212,623,782	303,523,950	145,085,128
Contracts	852,645,361	1,071,085,869	1,054,140,020
Project (*)	-	29,091,689	265,983,455
Total	1,338,219,424	1,677,475,285	1,731,363,427

(*) Includes Project and Project Contracts.

Purchases of goods reached U\$439,907,659 of which 81%, equivalent to U\$354,355,268, were acquired in Chile. Their breakdown by region of Chile is shown in the graph below:



Purchases of goods in the Tarapacá Region - Collahuasi's direct area of influence - totalled US\$64,712,000, representing 18.3% of the amount acquired in Chile during 2011.



2. Sustainability Approach

Sustainable development is a key pillar of Collahuasi's business strategy, guiding its approach to its production process and relations with its surroundings. This is why, since starting commercial operations on 7 April 1999, Collahuasi has sought to develop its activities on the basis of policies and practices that contribute to the wellbeing of society, the economy and the environment, taking into account the needs of its stakeholders.

Our Vision

To be a company acknowledged as a preferred employer with committed people working as one team to achieve maximum performance and leadership in copper production, maximising the potential of our assets whilst also demonstrating total commitment to safety, the community, the environment and sustainable development.

Our Strategic Objectives

1. A safe and healthy work environment
2. The sustainable performance of our operations
3. Use of capacity
4. Cost competitiveness
5. Efficient use of capital
6. Efficient management of the business
7. To be the preferred employer in the mining sector
8. Growth (Development and Projects)
9. Maximisation of value for shareholders.

Our Values

Collahuasi is characterised by conduct in accordance with the following values:

- Safety
- Respect
- Honesty
- Passion
- Recognition
- Responsibility

Responsibility is a new value that was incorporated in 2011 and is defined as "compliance with targets and promises, adhering to the company's norms, procedures and values and assuming the consequences of our actions".



2.1. OUR STRATEGY AND CULTURE ^[4.8]

Collahuasi's values, strategic objectives and policies allow it to develop its business in accordance with its Vision.

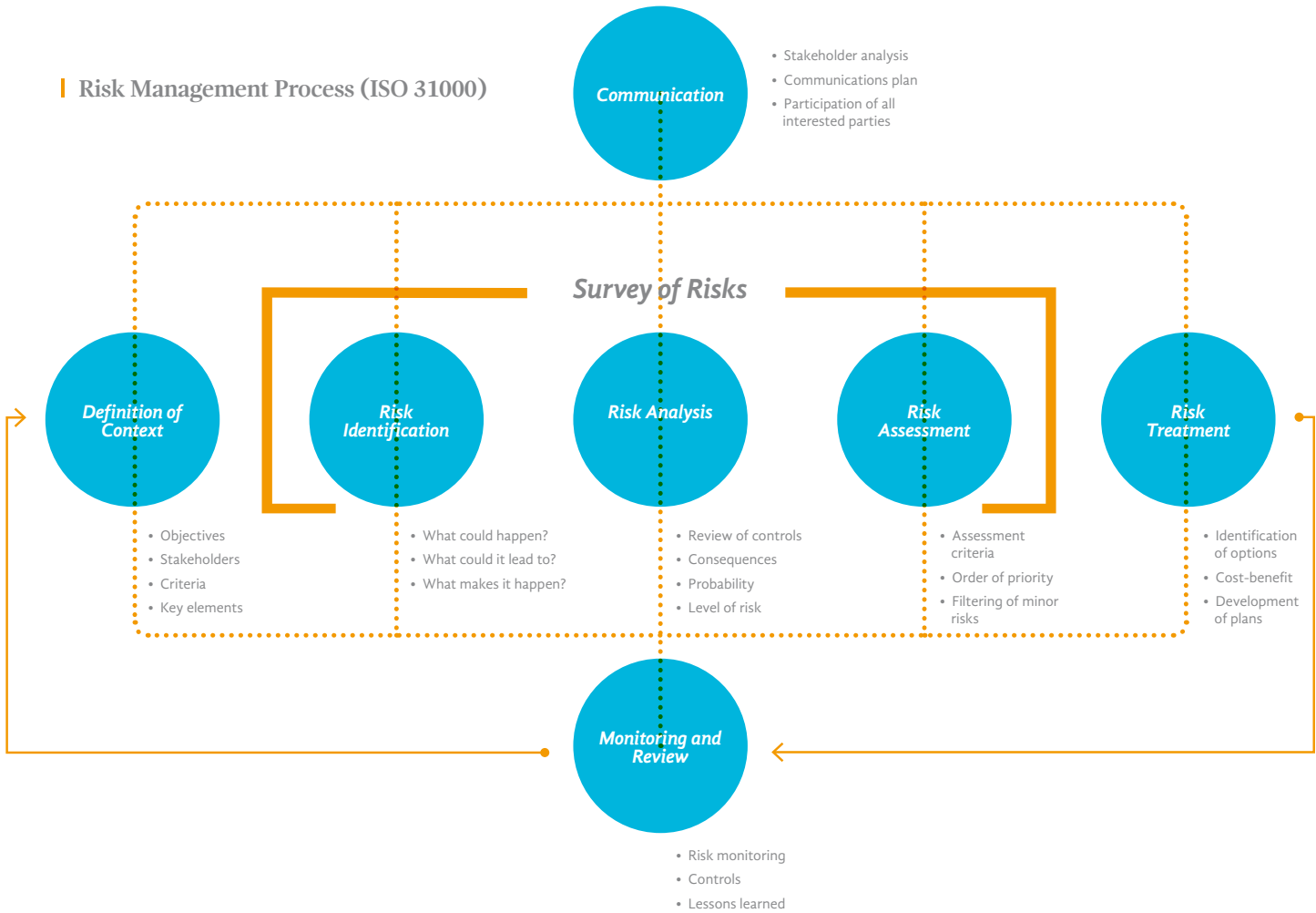
Complementing our values and strategic objectives, the policies that Collahuasi defined in 2009 reinforce the company's culture and style of leadership. These policies are grouped into three areas, each with their respective scope and principles, and are the basis on which decisions are taken.

I Our Policies (*)

<i>People</i>	<i>Business</i>	<i>Sustainable Development</i>
<ul style="list-style-type: none"> • Human Resources • Business Ethics and Conflicts of Interest 	<ul style="list-style-type: none"> • Risk Management • Quality • Contracts 	<ul style="list-style-type: none"> • Safety and Occupational Health • Environment • Community Relations and Corporate Affairs • Water Resources • Energy

(*) For further information, see www.collahuasi.cl.

Risk Management Process (ISO 31000)



2.2. RISK MANAGEMENT [4.11 · 1.2 · 4.9 · 503]

Risk management at Collahuasi refers to risks related to the business, the environment, safety and occupational health and legal risks. It covers risks arising from planned or unplanned changes so they can be identified, analysed, assessed and treated properly and then monitored and reviewed. The company's Risk Management Policy establishes the principles for detecting the existence of risks, duly evaluating them and implementing mitigation measures to reduce them to an acceptable level.

The principal advances achieved in the Risk Management System during 2011 were:

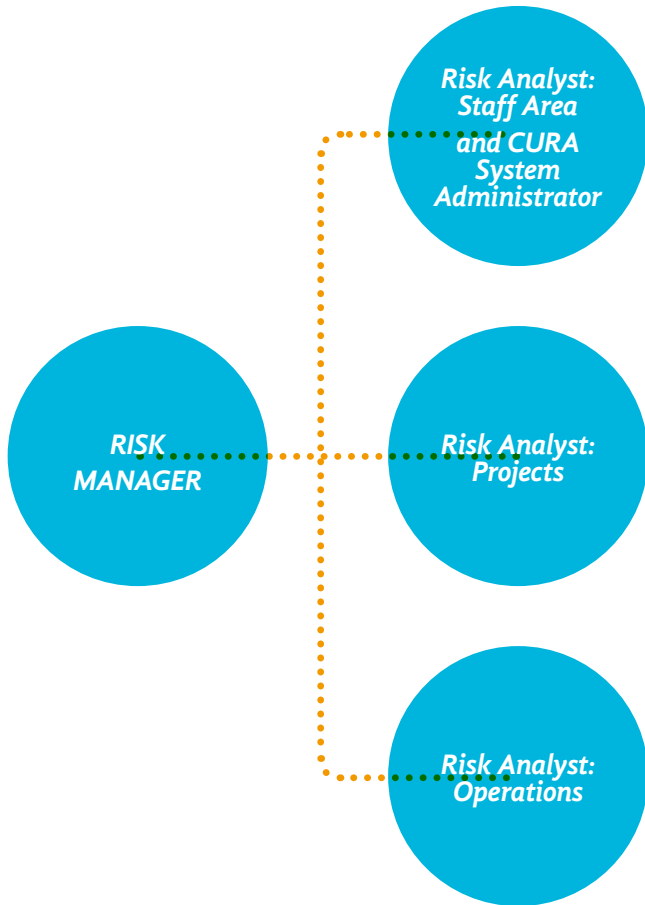
1. Formal identification of the risks of all the areas of the company, including those related to the business, the environment and safety and occupational health. As a result, the company was able to implement the CURA software which it had been developing since 2010 and which includes all its risks.

2. Start of training through presentations and workshops for the company's managers and supervisors about its risk policy and obligations and roles under the system.

3. An agreement that, as from 2011, all managers make a presentation about their area's risks at monthly meetings.

All risks are measured according to their impact on the organisation in financial, safety and occupational health, environmental, legal, community relations and reputational terms.

Each manager is responsible for the risks present in his or her area, for monitoring them and constantly updating the related information in the CURA software. Progress, possible problems and opportunities for improvement are reviewed at monthly meetings.



4. Design of a governance structure for the system, including internal support, an analyst to administer the CURA software and two other analysts for the risks of projects and operations, respectively. The resulting structure is shown above: ↑

5. In accordance with the importance given to risk management, the number of reports presented to the Board of Directors increased and this became one of the principal topics addressed at its meetings. The Audit Committee meets on the day before the Board and, in general, the importance of the issues raised there means that they are again discussed at its meeting. It should be noted that the Audit Committee is a formal part of the Board and is formed by directors and representatives of Collahuasi.

6. Risk analysis was carried out for the project's prefeasibility stage and the results were presented to the company's shareholders for the definition of business cases.

7. Twenty standards were designed and written in order to homogenise criteria and policies across the company and guarantee the quality of risk management. These standards are related to each different risk and take into account aspects that include safety and occupational health, the environment, operations and finance. As of completion of this Report, the standards had been approved and a guide for their implementation will be prepared in 2012

These advances represent a formalisation of Collahuasi's efforts to progress in the management of risks and establish the foundation for the Sustainable Management System it plans to implement in the near future.

At the beginning of 2010, Collahuasi's Executive President requested that the company create an integrated system for the management of norms and standards, including those required



ROLE OF THE AUDIT COMMITTEE

- To define risk criteria
- To provide guidelines for risk management (risk policy and compliance with its targets)
- To draw up an annual audit plan
- To enforce internal and external (KPMG) audit plans
- To review strategic issues related to fraud
- To monitor Open Line cases
- To establish the company's insurance policy strategy.

by current regulation and those to which the company has decided or may in future decide to adhere. The purpose of this system is to integrate the management of related and complementary areas for the company's sustainable development.

Although it was decided in 2011 to postpone implementation of the Sustainable and Risk Management System and its formalisation in the company's organisational structure, significant progress was achieved towards introducing it in a robust and consistent way during 2013.

By defining standards, risk management can be homogenised, thereby providing the Risk Management System with the foundations for a future Sustainable Management System.

The objective of the Sustainable Management System project is to create a single risk-based management system under which risks are managed in an integrated way according to certain standards and principles.



3. Associations and Memberships

I Associations and Memberships



1. IQUIQUE INDUSTRIALISTS' ASSOCIATION A.G. (AII)
2. GOVERNING BOARD OF THE ARTURO PRAT UNIVERSITY (UNAP)
3. INCUBA BUSINESS INCUBATOR (UNAP)
4. SALTPETRE MUSEUM CORPORATION
5. JIWASA ORAGE INDIGENOUS DEVELOPMENT AREA
6. CONAMA REGIONAL ADVISORY COUNCIL
7. TAMARUGAL EMPRENDE
8. CENTRE FOR RESEARCH AND DEVELOPMENT IN WATER RESOURCES (CIDERH)
9. NATIONAL MINING SOCIETY (SONAMI)
10. CHILEAN MINING COUNCIL A.G. INCLUDING ITS ENERGY EFFICIENCY IN MINING ROUNDTABLE AND CLIMATE CHANGE COMMITTEE
11. CHILEAN-NORTH AMERICAN CHAMBER OF COMMERCE (AMCHAM CHILE)
12. CHILEAN-BRITISH CHAMBER OF COMMERCE (BRITCHAM CHILE)
13. NATIONAL SAFETY COUNCIL
14. ACCIONRSE
15. CENTRO DE ESTUDIOS PARA EL DESARROLLO (CED)
16. NATIONAL ENERGY EFFICIENCY COMMISSION (CNE)
17. CHILEAN CHAPTER OF TRANSPARENCY INTERNATIONAL
18. GLOBAL COMPACT
19. INTERNATIONAL COPPER ASSOCIATION (ICA)
20. CASA DE LA PAZ FOUNDATION
21. UNIVERSITY OF QUEENSLAND
22. UNIVERSITY OF CHILE
23. FOUNDATION FOR WOMEN'S PROMOTION AND DEVELOPMENT (PRODEMU)
24. MINISTRY FOR WOMEN'S AFFAIRS (SERNAM)
25. CIVIL REGISTRY SERVICE
26. NATIONAL FORESTRY SERVICE (CONAF)

[4.12] Collahuasi adheres to the principles of the RAMSAR Convention on Wetlands, the International Council on Mining and Metals (ICMM) and the Universal Declaration of Human Rights and has obtained certification for its copper cathodes under European REACH norms.

In June 2011, Collahuasi became a member of the Global Compact, adhering to its ten principles, and also signed an agreement with the Chilean Chapter of Transparency International, undertaking to comply with its code of conduct.

[4.13] Collahuasi participates in different regional, national and international organisations in line with its sustainable development approach and its interest in boosting its contribution to community development.

[505] Collahuasi participates in public policy through its membership of different organisations and business associations, focusing on issues related to the mining industry's main challenges or, in other words, energy and water efficiency and human capital. In the case of industry regulation, it keeps abreast of developments and makes known its views through its membership of organisations such as the Chilean Mining Council and the National Mining Society (SONAMI)

Addressing Violence Against Women in the Media

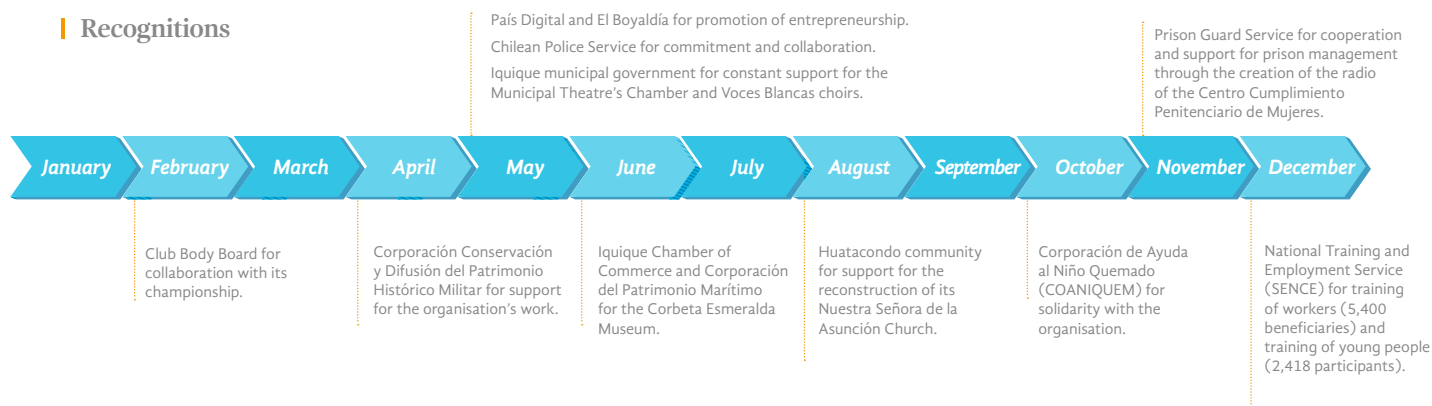
In November, the United Nations Population Fund (UNFPA) and Collahuasi held a workshop - La Violencia tiene Mil Caras (Violence has a Thousand Faces) - for journalists and communications professionals in the city of Iquique. The activity, carried out under an alliance between the Ministry for Women's Affairs (SERNAM), UNFPA and the private sector represented by Collahuasi, sought to increase awareness of gender-related violence in the Chilean media.

4. Awards and Recognitions

[2.10] In 2011, Collahuasi received the following prizes, reflecting its commitment to the context in which it operates:

Prize	Awarded by	Date
Prize for the Best Carbon Footprint 2011 in Large Company category	Climate Change Committee, British-Chilean Chamber of Commerce	October 2011
Best Corporate Citizen Prize in Innovation category	Chilean-North American Chamber of Commerce	October 2011
2nd place in Best Company in Regional Development for launch of the Corbeta Esmeralda Museum in Iquique	Diario Financiero business newspaper (vote by readers)	December 2011
Prize for the Best Annual Report in Non-Listed Companies category	Estrategia business newspaper and PricewaterhouseCoopers	December 2011

Recognitions





5. Ethics and Transparency

Seminar on Transparency

In August 2011, Collahuasi and Chile Transparente, the Chilean chapter of Transparency International, organised a seminar on transparency that was open to the community. The event in Iquique - *Transparencia: ¿Dónde está el Norte? No te quedes atrás, con transparencia todo se sabe* (Transparency: Where is Northern Chile? Don't get left behind; with transparency, all is known) - sought to foster combat of corruption and increase awareness of the benefits of transparency for any organisation, whether public or private. Leading speakers at the seminar included the Undersecretary at the Ministry for the President's Office, Claudio Alvarado, and the National Director of the Chile's Consumer Protection Service (SERNAC), Juan Antonio Peribonio, as well as Juan Pablo Olmedo of the Chile's Council for Transparency and Luz Ebensperger, Governor of the Tarapacá Region. The seminar, held in the Gavina Hotel, was attended by leaders of neighbourhood associations, public officials, teachers and representatives of the private sector and served as an opportunity to debate the importance of transparency and the economic and social costs of corruption as well as practical exercises for attendees' internalisation of their related duties and rights.

5.1. OPEN LINE ^[4.4]

All Collahuasi's employees have access to a confidential telephone line which any person can use to report misconduct of different types such as ill treatment, abuse, non-compliance with social security laws, fraud or bribery.

The Open Line is a confidential telephone line which any employee or contractor can use to report to senior management unethical or illegal business practice or behaviour at Collahuasi. Its objective is to serve as an additional and secure means of communication which does not, however, seek to replace existing channels.

^[SO4] In 2011, nine reports were made to the Open Line, all of which received a reply and, in the corresponding cases, information was provided about measures taken as a result of the investigation or, once all the information had been obtained, the complaint was dismissed. The reports related principally to supervision, conflicts of interest or incompatible negotiation and referred to both the company's own employees and contractors. As of completion of this Report, response to seven of the nine cases had been concluded while, in the other two cases, over 90% of the resulting action plans had been implemented.

^[HR4] In 2011, no complaints about discrimination at Collahuasi were presented to the Open Line.

Terms of Law N° 20.393

In its essence, Law N° 20.393 establishes companies' responsibility for the crimes of money laundering, financing of terrorism and the bribery of any public official, either in Chile or overseas, when they are committed for the direct benefit of the company, its owners, controllers, principal executives, representatives or any person carrying out management or supervisory activities, providing the crime was committed as a result of the company's failure to comply with its duties as regards leadership and supervision. Similarly, the company is criminally liable if these crimes are committed by individuals under the direct supervision of any of the persons indicated above.

The company's duties as regards leadership and supervision are understood to have been fulfilled when, prior to the crime, it has adopted and implemented the Crime Prevention System required under Law N° 20.393.

For further information, see www.collahuasi.cl.

5.2. HOW WE ADDRESS CORRUPTION [S02 - S03 - S04]

[S02] Collahuasi's Human Resources Policy expressly mentions business ethics and conflicts of interest, stating that: "We demand compliance with our integrity rules at all times and at all levels of the organisation as well as among the external collaborators that participate in the company's operations by providing goods and services".

As a member of Chile Transparente, the Chilean Chapter of Transparency International, Collahuasi also adheres to its Code of Conduct which states that: "We reject corruption in all its forms because it causes poverty, creates social inequality, damages the environment and undermines democracy". It is, in addition, important to note that all Collahuasi's business units are analysed for organisational risks related to corruption.

[S03] All Collahuasi's supervisory personnel have been informed about and trained in the company's Business Ethics and Conflict of Interest Policy. In 2011, an audit took place of Collahuasi's

implementation of the Crime Prevention Model required under Law N° 20.393. This Model involves identification of the procedures for administering and auditing financial resources that allow the organisation to prevent their use in the crimes indicated under Law N° 20.393.

Law N° 20.393

In 2010, in response to this law which came into force in late 2009, Collahuasi implemented a Crime Prevention Model which comprises the following elements:

- Appointment of a Crime Prevention Officer.
- Provision of sufficient means and powers to the Crime Prevention Officer.
- Creation of a Crime Prevention System (identification, evaluation, response, monitoring and reporting).
- Supervision of the Crime Prevention System.
- Option of certifying the Crime Prevention System.



The law refers to the crimes of money laundering, financing of terrorism and the bribery of any public official, either in Chile or overseas, and any Collahuasi employee aware of any of these crimes must report them through the company's permanent channels of communication or by contacting the Crime Prevention Officer directly.

5.3. FINANCIAL ASSISTANCE FROM GOVERNMENT^[EC4]

^[EC4] The total financial assistance received from the government over the past four years is shown in the table to the left:

Variations in 2011 as compared to 2010 were a result of the following factors:

1. SENCE credit. The significant increase in the company's own workforce in 2011 directly affected the upper limit of this tax credit for training which increases with the company's payroll.

2. Credit for donations. The drop in this item was explained principally by the type of donations made during 2011 since each vehicle for donations has independent upper limits as regards the amount that can be used as a tax credit and as expenditure for tax purposes. As a result, the significant use of one particular vehicle means that the upper limit for the tax credit (14,000 unidades tributarias mensuales) is used up and, subsequently, the differential is normally considered only as expenditure.

3. Mining licences. This benefit corresponds to the part of a mining licence that can be imputed to provisional monthly tax payments (PPMs) as mining exploitation licences in use. In 2011, the amount activated corresponds to that reported.

	Total 2011 US\$ thousand	Total 2010 US\$ thousand	Total 2009 US\$ thousand	Total 2008 US\$ thousand
VAT export recovery	-145,097	-20,932	128,920	50,667
Tax credits and reduction:				
SENCE	843	613	294	235
* Credit for donations	1,141	2,255	1,600	742
2% royalty	-	-	0	0
Mining licences	107	1,053	100	75
6% fixed asset credit	38	40	47	38
Total	-142,968	-16,970	130,961	51,757



6. Regulatory Compliance ^[S08]

6.1. MAIN ENVIRONMENTAL INCIDENTS ^[EN28]

Environmental incidents described below were reported in the 2010 Report and the end of 2011 still remain as unsolved cases, which remain valid.

In the case of the incident of outcrops and the efficiency of the system for final disposal of effluents at Patache and the procedure initiated by the Environmental Evaluation Service (SEA) to determine and establish responsibilities and possible sanctions in relation to the implementation of the following projects: (i) recovery of molybdenum from copper concentrates approved under Environmental Permit (RCA) N°149/2004, (ii) nanofiltration plant approved under Environmental Permit (RCA) N°19/2008, and (iii) expansion to 110 ktpd approved under Environmental Permit (RCA) N°167/2001, the SEA notified Collahuasi of the following fines and sanctions:

	Non-compliance	Fine (Unidades Tributarias Mensuales)
Resolution N° 149	Section 3.2.2	500
Resolution N° 149	Section 4	100
Resolution N° 19	Section 3.1 (3.1.3)	500
Resolution N° 19	Section 4.2	100
Resolution N° 167	Chapter 7, Point 7.3.7	100
Resolution N° 100	Section 4.3	Compliance ordered.

The unidad tributaria mensual (UTM) varies monthly in line with inflation and, as of June 2012, was worth approximately US\$80. These penalties were applied in 2010, and reported again in 2011 because the processes have not been closed. During 2011 there were no environmental fines or penalties.

In addition, the SEA ruled that:

- The effluent disposal system be restricted to the evaporation ponds and irrigation of the tree plantation, excluding all grass areas;
- All interception trenches be closed, including that located at the northern edge of the tree plantation which dates back to 2000.

On 1 October 2010, the company filed the following administrative appeals: (i) an appeal to the SEA for reconsideration and (ii) a supplementary administrative appeal to the Executive Director's Office of the SEA. As of completing this Report, rulings on these appeals were still pending.

In 2011, Collahuasi was subject to the following investigation by the health authorities:

In addition, in 2011 ended the health summary 271/2010 of the Health Seremi Tarapacá Region, started in 2010, by the finding of poor coverage of the landfill and odor emissions in plant wastewater treatment Coposa. By Resolution No. 108, November 2011, the Environmental Assessment Service declared the limitation of actions

6.2. LABOUR INCIDENTS AND INSPECTIONS

1. In May 2011, a Collahuasi employee asked the government's Labour Inspection Service to determine whether the deductions made by the company for advances on sick leave benefit were legally correct or not. The company presented its defence but the Labour Inspection Service ruled that the deductions were not legally correct and, in response, Collahuasi filed a writ of amparo.

2. In May 2010, as a result of site inspections, the Labour Inspection Service found that it had not been opportunely informed of the (serious) accident that, on 26 April 2010, affected Iván Castillo, a Collahuasi employee, when a front loader tuck overturned on the Phase 4 Ramp of the Rosario Pit. Under Resolution N° 4460/10/47, two fines of 50 unidades tributarias mensuales each were imposed against which the company presented an administrative appeal whose result was pending at the date of completing this Report.

3. Following an inspection of the Pioneros Camp by the Labour Inspection Service, the Health Service, the National Geology and Mining Service (SERNAGEOMIN) and the Mining Ministry's Tarapacá Regional Office on 19 May 2010, the Labour Inspection Service issued Resolution N° 6183/10/1 imposing eight fines of 40 unidades tributarias mensuales each. Collahuasi was notified on 25 May 2010 and presented an administrative appeal, requesting a reduction of the fine on the grounds that it had remedied the

infractions within the stipulated period. The result of this appeal was pending at the date of completing this Report.

4. In April 2011, during an inspection, the government's Superintendency of Electricity and Fuels (SEC) found that the expansion area of the Pabellón del Inca Camp was receiving energy and in use without having complied with the obligation to report the project at least 15 days beforehand. As a result, it imposed a fine of 50 unidades tributarias mensuales against which Collahuasi filed an appeal for reconsideration to the SEC, the result of which was pending at the time of completing this Report.

5. The company was subject to an investigation by the health authorities for declining to give Health Service inspectors access to the medical records of employee Daniel Rojas Collao (R.I.P.). The Health Service imposed a fine of 10 unidades tributarias mensuales against which the company filed an appeal (Rol 1794-2011) before the Second Civil Court of Iquique. As of completion of this Report, the parties had yet to be summoned to be informed of the result.

6. An inspection visit as a result of the death of Rolando Cubillos (R.I.P.), an employee of Salfa Corp., led to an investigation by the Health Service, still underway, without a clear identification of the charges. As well as presenting its defence, Collahuasi requested that the Council for Transparency oblige the Health Service to make the charges public, a request that was accepted by the Council.

7. In an inspection carried out on 18 and 19 August 2011, the Labour Inspection Service found that the company's attendance register did not fulfil legal requirements and, under Resolution N° 3493-11-26, imposed a fine. Collahuasi filed an appeal for reconsideration but this was rejected by the Labour Inspection Service and the company then filed an appeal (Rit I-36-2011) before the First Civil Court of Iquique.



Building Relations of Trust



INAUGURATION OF
CORBETA ESMERALDA
MUSEUM IN THE CITY
OF IQUIQUE.

FIRST SUSTAINABILITY WORKSHOP
FOR COLLAHUASI EXECUTIVES.

2,784

DIRECT EMPLOYEES, INCLUDING
APPRENTICES. 7,571 CONTRACTORS'
EMPLOYEES IN PROJECTS AND
OPERATIONS.

40+

COMPANIES PARTICIPATING IN
SUPPLIER DEVELOPMENT
PROGRAMMES.

US\$

13,758,453

INVESTMENT IN THE COMMUNITY,
30% IN EDUCATION.





1. Management Approach: Relations with Our Stakeholders

[4.14·4.15·4.16]



1.1. AA1000 AUDIT

For Collahuasi, relations with our different stakeholders are of crucial importance since they are what ensure the sustainability of our business over time. The company, therefore, hired BSD Consulting to carry out an audit of their perceptions of the following aspects:

- Assurance of the three accountAbility criteria: Materiality, Inclusivity and Responsiveness
- Detection of opportunities for management improvements
- Optimisation of information gathered for the 2011 Sustainability Report.

The priority stakeholders considered in the audit were:

- Employees

- Suppliers
- Shareholders
- Community
- Authorities

Through a process of dialogue, information was gathered from these stakeholders in both Iquique and Santiago, with the exception of representatives of the unions of the company's own employees and those of contractors with whom it was not possible to talk.

1.2. SEAT STUDY [S09 - S010]

Given Collahuasi's interest in integral analysis of the social, economic and environmental impacts of its mining operations, a study was carried out using the Socio-Economic Assessment Toolbox (SEAT) in order to identify these impacts on the basis



of information provided by the company and from other primary and secondary sources. This study was carried out by the Casa de la Paz Foundation.

The SEAT study examined three types of impacts: environmental, economic and social. In order to gather information, interviews were carried out with over 130 representatives of social organisations, public institutions and other stakeholders in 22 towns and villages in the Tarapacá Region. In addition, 11 company executives were interviewed.

Complementing the SEAT study, research was also carried out during September and October 2011 in order to build a cultural profile of communities in the Andean Plateau and on the coast and understand the socio-cultural processes involved in their his-

tory and development. This research included four communities in the Andean Plateau of the Tarapacá Region - Collacagua, Lirima, Salar del Huasco and Salar de Coposa - and three fishing communities and/or villages - Caleta Río Seco, Caleta Chanavaya and Caleta Caramucho - located to the south of the city of Iquique.

1.3. SUSTAINABILITY WORKSHOP

In December 2011, Collahuasi launched a course designed to enhance the incorporation of sustainability and corporate social responsibility (CSR) principles, policies and practices into its culture and the day-to-day running of its business.

The course used a Blended E-Learning methodology and lasted for 35 hours, divided into three modules between December 2011 and January 2012.

What is SEAT?

The Socio-Economic Assessment Toolbox (SEAT) seeks to improve a company's understanding of the positive and negative impacts of its operations, contribute to more structured dialogue with the players that form part of the context for these operations and enhance the company's ability to manage social issues and be at the forefront of transparency and accountability at the local level.

This first SEAT study in Collahuasi's area of influence gathered social information on the ground, compiling data about environmental impacts and systematising the economic information available.

The course's importance lies in the transfer of Collahuasi's Sustainability and CSR Policy and its concepts to key personnel such as executives and supervisors. Knowledge of these issues and their relevance is key for fostering an organisational culture that contributes to sustainability and the integration of CSR principles and practices into each area of its operations.

Representatives of the company's different areas participated in the course:

- Collahuasi Educational Foundation
- Community Relations
- Human Resources
- Strategic Inputs and Energy
- Safety and Occupational Health
- Contracts
- Procurement
- Water Resources
- Shipment and Logistics
- Finance
- Legal Affairs
- Environment

The first day of the course consisted in participative exercises during which the participants identified critical issues for Chile's mining industry which also coincided with the material issues identified in the process of preparing this Report.

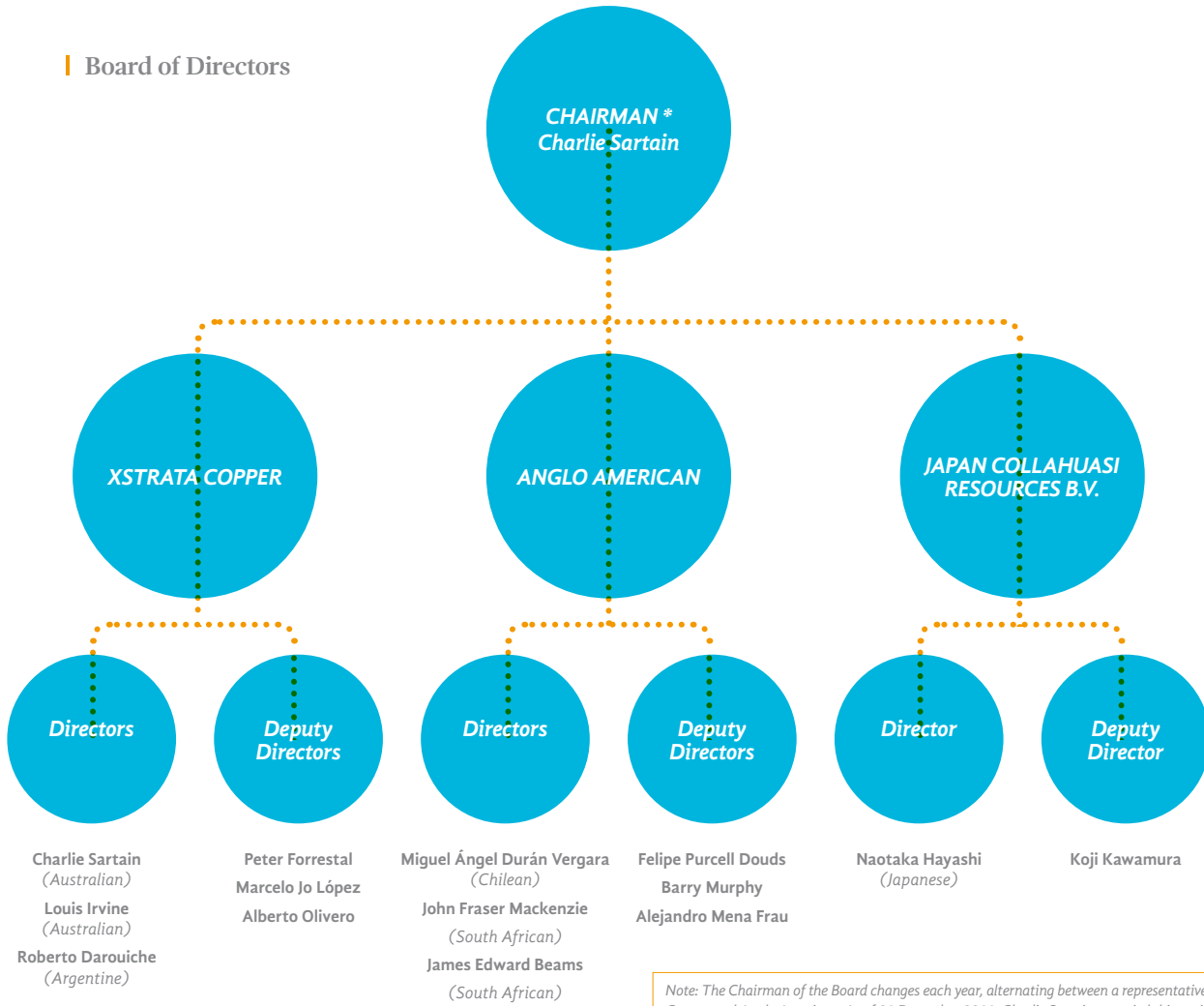


| Seminar on Transparency in Iquique



2. Corporate Governance

Board of Directors

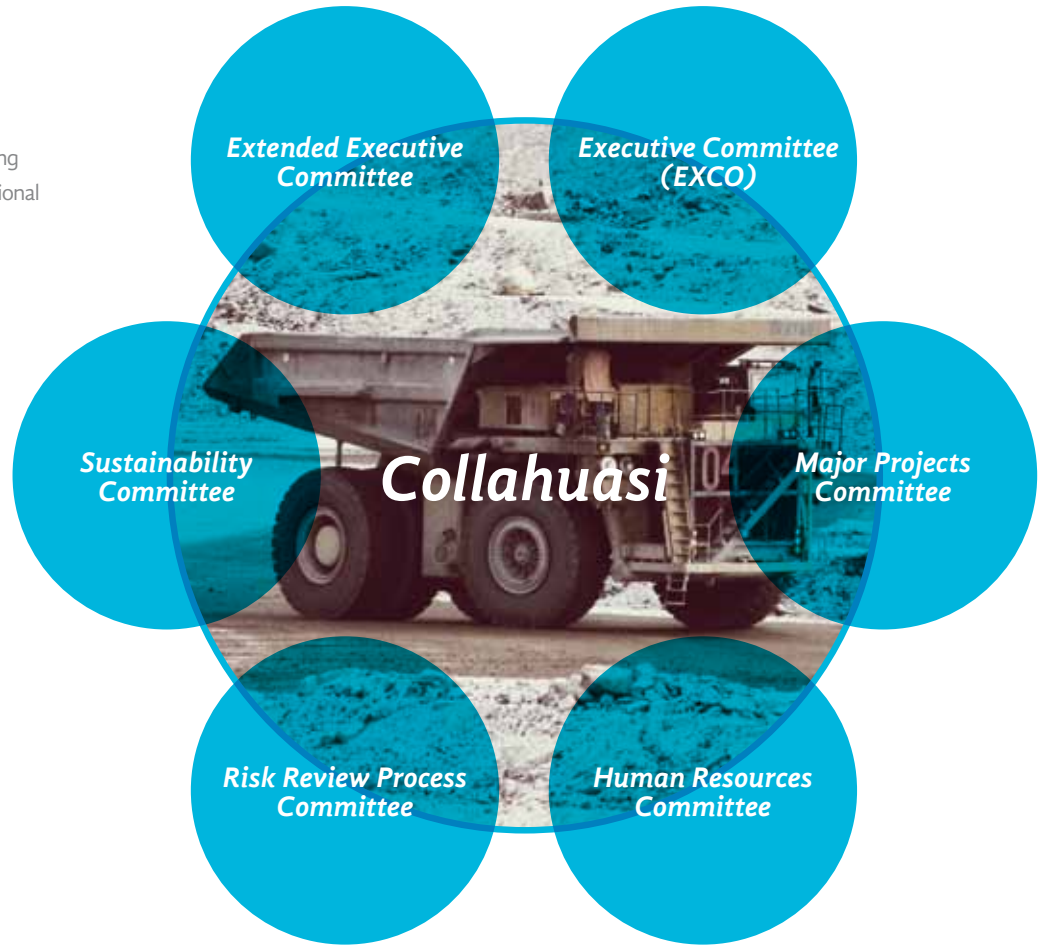


Note: The Chairman of the Board changes each year, alternating between a representative of Xstrata Copper and Anglo American. As of 31 December 2011, Charlie Sartain occupied this position.



Decision-Making System of Directors' Committees

All organisations have in place processes and structures for taking decisions. As part of its organisational governance, Collahuasi has the following system of committees:



[4.1] As described in the Our Company chapter of this Report, Collahuasi is a contractual mining company owned by Anglo American plc, Xstrata Copper and Japan Collahuasi Resources B.V. Its Board of Directors is formed by representatives of these three companies:

[4.2] The role of the directors is principally to lead the business, applying principles that are in accordance with the guidelines and standards agreed and adopted by Collahuasi's shareholders. The directors are senior executives of the shareholder companies and do not hold executive posts in Collahuasi.

[4.3 - 4.5] Collahuasi's directors do not receive remuneration from the company. They do not, therefore, have an economic interest in the company or other potential benefits from it and this independence protects them from conflicts of interest. In addition, they are not subject to evaluation by Collahuasi.

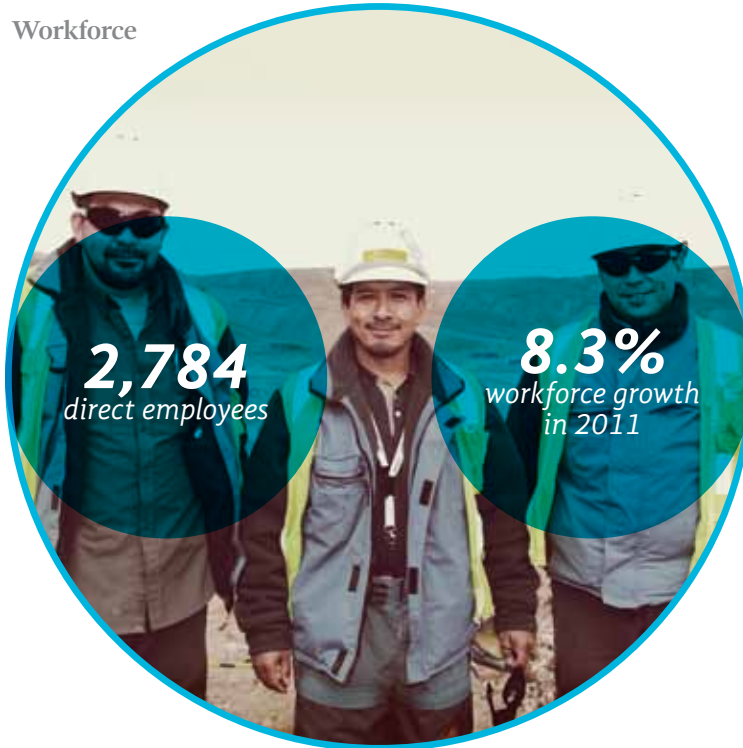
[4.6] The company's bylaws and Shareholders Agreement regulate relations among shareholders and between Collahuasi and its shareholders, setting out the corresponding guidelines.





3. Our Employees

| Workforce



| Turnover



Collahuasi's people are its principal asset and their commitment and collaboration are essential for the development of a sustainable mining operation. For this reason, the company implements initiatives that contribute to the wellbeing and progress of its employees and their families.

Collahuasi's vision identifies people as a priority, establishing that the company seeks to be a "preferred employer" that offers them the opportunity to develop their skills, with flexibility and leadership, in order to address the challenges of the future.

Workforce

^[LA1] As of the end of 2011, Collahuasi had 2,638 direct employees, including those with indefinite and fixed-term contracts. As of December, 146 apprentices were also employed at the company. In addition, 7,571 contractors' employees were working at Collahuasi, either in operations or projects..

In 2011, the company's workforce (excluding apprentices) increased by 8.3% on the previous year, equivalent to 219 additional employees.

Turnover

^[LA2] In 2011, 579 people left the company, up by 492 people on 2010. As a result, the rolling turnover rate increased to 11.5%.

Classification

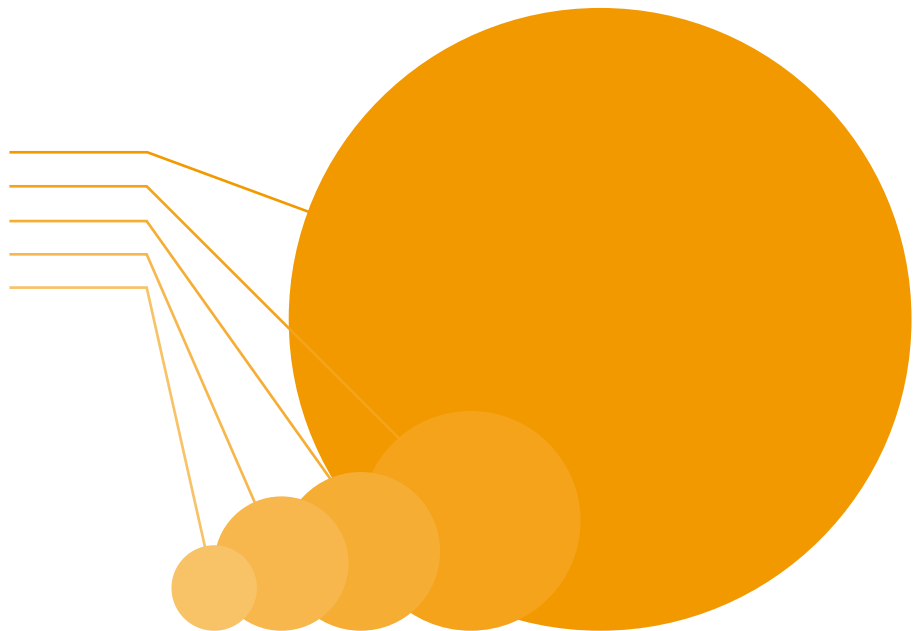
^[LA13] Out of the company's 2,638 direct employees, 89 were women, representing 3.37% of the workforce. Among the company's executives, there were four women, equivalent to 4.17% of this category. Women's participation was highest at the professional level where it reached 13.28%. It should be noted that the participation of women showed no significant change on 2010. However, the incorporation of a woman vice-president - Ana Salazar as V-P for Plant Operations - marked an important milestone.

Classification

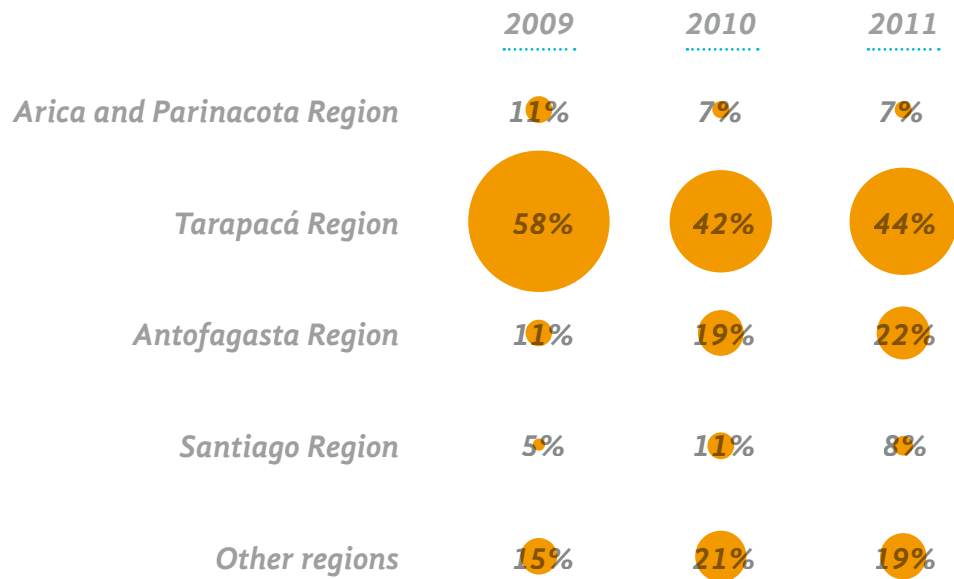


Origin of Collahuasi's employees

- 51%** Tarapacá Region
- 18%** Other regions
- 13%** Antofagasta Region
- 11%** Arica and Parinacota Region
- 7%** Santiago Region



| Origin of new hires



3.2. LOCAL HIRING

^[EC7] Since the start of its operations, Collahuasi has sought to contribute to the development of the Tarapacá Region and neighbouring regions by giving priority to hiring people from these areas.

In 2011, it hired 131 new employees of whom 44% were from the Tarapacá Region. In addition, the company seeks to promote local employment through a number of other initiatives such as the Apprentices Programme and the scholarships it provides for students at the Mining Technological Centre (CTM).

Apprentices Programme

The Apprentices Programme is a government plan for the training of young people that seeks to provide them with the skills required for their insertion into the labour market. Collahuasi views the Programme as a concrete opportunity to contribute to the development of young people from the Tarapacá Region and the far north of Chile in general and, at the same time, to prepare professionals for the company's own future. In 2011, 77 young people received certification and came from the following communities:

- Camiña · 1
- Colchane · 2
- Huara - Pisagua · 4
- Iquique · 11
- Ollagüe · 1
- Pica · 11
- Pozo Almonte · 18
- Alto Hospicio · 12
- Chañaral · 1
- Copiapó · 3
- Calama · 11
- La Serena · 1
- Tierra Amarilla · 1
- **TOTAL · 77**



3.3 Benefits and quality of life^[LA3]

Benefits	2011
<p>Benefits for supervisors with indefinite contract</p>	<ul style="list-style-type: none"> • Scholarships for dependent children, administered by CCAF de Los Andes • Severance pay based on years of service (with no upper limit on years or income, starting from the second year) • Contribution to employee's pension savings (2% of base wage from the company and 1% from the employee) • Inflation-indexed base wage (100% of consumer price index) • Soft loans • Life insurance (24 and 48 SB) • Medical and dental insurance (company pays 100% of premium) • School accident insurance • Housing assistance • Academic Excellence Scholarships for employees' children • Academic Excellence Scholarships for employees • Complementary benefits • Performance bonus • Holiday bonus • Scholarships for studying English abroad for employees' children • Optional talks, courses and/or seminars related to the business • Preventive medical examination.
<p>Benefits for supervisors with fixed-term contract</p>	<ul style="list-style-type: none"> • Contribution to employee's pension savings (2% of base wage from the company and 1% from the employee) • Inflation-indexed base wage (100% of consumer price index) • Life insurance (24 and 48 SB) • Hospitalisation insurance (company pays 100% of premium) • School accident insurance • Holiday bonus.
<p>Benefits for operators and maintenance and administrative personnel</p>	<ul style="list-style-type: none"> • Severance pay based on years of service (with no upper limit on years or income, starting from the second year) • Contribution to employee's pension savings (2% of base wage from the company and 1% from the employee) • Life insurance (24 and 48 SB) • Medical and dental insurance (company pays 100% of premium) • School accident insurance • Housing assistance • Educational scholarships: preschool, primary, secondary and university • Assistance for purchase of school materials • Preventive medical examination • Leave of absence in excess of legal rights • Academic Excellence Scholarships for employees' children • Higher education scholarships for employees • Higher education scholarships for spouse or partner • Mortgages • Replacement bonus • Emergency or force majeure bonus.

^[EC3] The Collective Agreement signed in December 2010 (for 42 months) includes benefits in terms of contributions to the pension funds (Voluntary Saving Fund or Defined Contribution Fund) of different employee categories (Clause 8 of the Collective Agreement). In 2011, a programmed exit plan, also established in the Collective Agreement, was implemented at the agreed rate of ten employees per year in addition to some exceptional cases.





Type of agreement	2010	2011
Union 1 Agreement	1,239	1,416
Without agreement	642	815
2010 individual agreement, union members	310	0
2010 individual agreement	195	15
Union 1 similar extensions	33	389
Total	2,419	2,635

3.4. LABOUR RELATIONS

^[HR5] The company's Labour Relations area has a unit responsible for ensuring compliance with the regulation in force and which also promotes the implementation of best labour practices by the company's contractors as well as respect for workers' freedom of association and expression. For Collahuasi, the right to freedom of association is a core value as expressed in Article N° 52 of its Internal Order, Health and Safety Norms: "The most absolute autonomy of trade unions in relation to the company and, if more than one exist, each other will be safeguarded; similarly, the free exercise of the right to trade union affiliation and disaffiliation and workers' welfare, whether union members or not, will be protected".

^[MM4] Nonetheless, Collahuasi suffered two partial stoppages of its operations by groups of workers in 2011. Lasting 24 hours, they occurred on 30 July and 28 November and, given that they did not form part of a collective bargaining process, were illegal.

^[LA4] Out of Collahuasi's total workforce, 54% is covered by a collective agreement. This far exceeds Chile's average rate of union membership which, according to the International Labour Organization (ILO), reached 11.7% in 2010.

3.5. EDUCATION AND TRAINING

^[LA10] In 2011, Collahuasi's employees received 302,102 hours of training, representing an average of 108.5 hours per capita.

Average hours of training for different employee categories are shown in the table on the next page:

^[LA11] In 2011, training focused on the following topics:

Internal training courses:

- Career Development Programme, based on skills.
- Courses on specific mine/plant equipment.

| Training



- Work Post Training Programme (apprentices in plant maintenance, mine maintenance, leaching maintenance and mine operations).
- Diploma in Management Skills.
- Diploma in Contract Administration.
- Emergency Brigade Training Programme.
- Courses for reinforcement of basic skills.
- Courses on critical equipment.

Financing of external training or education:

- Higher education scholarships for employees.
- Postgraduate funding benefit.

- Free-choice course benefit.
- Seminars and congresses.
- Language courses.
- Equipment driving licence courses.

[LA12] In 2011, Collahuasi evaluated the performance of most of its executives and supervisors, representing a total of 648 employees. It should be noted that new hires are not considered here since, under their contracts, they receive their first evaluation after six months with the company.

Training by employee category	Employees				Hours			Average hours		
	2009	2010	2011	*2009	2010	2011	2009	2010	2011	
Total employees	2,221	2,503	2,784	252,871	294,532	302,102	113.9	117.7	108.5	
Executives	82	91	96	-	4,318	2,455	72.6	47.5	25.5	
Supervisors	469	530	674	-	34,956	34,223	63.4	66.0	50.7	
Operators / maintenance personnel	1,670	1,882	2,014	-	255,258	265,424	130.3	135.6	131.7	

*In 2009, only average hours were reported.



Evaluation

	Women		Men		Total	
	%	N°	%	N°	%	N°
Supervisors	11.2%	62	88.8%	492	85.5%	554
Executives	3.2%	3	96.8%	91	14.5%	94
TOTAL	10%	65	90%	583	100%	648

3.6. WAGE RATIO

Men-women wage ratio

[LA14] In order to determine the ratio of men's wages to those of women, each wage range was separated and the average wage received by each group was calculated. This enabled wages to be compared at the same level of responsibility or for the same functions. The largest difference was among supervisors where it reached 36%

while, among operators, there was virtually no difference. Data for 2011 is set out in the table below:

[ECS] The lowest wage received by a Collahuasi apprentice in 2011 was twice Chile's legal minimum wage (set annually for the period from 1 July to 30 June). This underlines the company's commitment to developing competent and motivated personnel.

Wage differences by employee category and gender

		Average base wage			N° of employees			Difference %		
		2009	2010	2011	2009	2010	2011	2009	2010	2011
Executives	Women	5,047,264	5,392,137	5,958,639	3	3	4			
	Men	5,175,869	5,994,844	6,875,527	88	81	87	2%	11%	15%
Supervisors	Women	2,761,973	2,198,946	2,182,086	54	63	79			
	Men	2,711,393	2,745,688	2,974,969	417	498	589	-2%	25%	36%
Operators and administrative personnel	Women	1,044,954	913,840	1,152,269	9	6	6			
	Men	1,028,597	1,081,831	1,159,560	1.650	1.777	1.862	-2%	18%	1%



| Legal Minimum Monthly Wage (MMW): 172,000 pesos

	2009		2010		2011	
	Standard entry-level wage	Difference with MMW	Standard entry-level wage	Difference with MMW	Standard entry-level wage	Difference with MMW
Apprentices	330,00	100% plus	330,000	92% plus	364,000	100% plus
Trainees	644,508	291% plus	693,136	303% plus	718,525	295% plus
Operators (entry-level)	784,446	375% plus	835,072	386% plus	865,660	376% plus





4. Our Suppliers and Contractors



As of end-2011, Collahuasi had 7,571 operations and projects contractors as well as 1,089 staff contractors, distributed among the different areas of its operations as shown below:

34%
Development and projects

33%
Operations and staff

21%
Operations Vice-Presidency

12%
Staff areas

4.1. GUIDELINES FOR RELATIONS WITH SUPPLIERS

The bases for Collahuasi's relations with its suppliers are established in the company's Contractual Policy. This defines the role of contractors, the norms on commercial relations and the principal criteria governing the process for hiring services.

[HR1 · HR2] In line with this, the company establishes contractual requirements for its suppliers which come into force as from the tender process. The contracts signed by the company explicitly state that the services supplied must always comply with all the applicable laws and regulation.

Purpose of the Contractual Policy

To establish the principles regulating commercial relations with suppliers of tangible and intangible goods, including those suppliers who provide services or carry out work under a service contract or, in other words, contractors, in order to make efficient use of the company's own resources and those available in the market that are required for its operations.

In line with the corresponding laws and regulation, contractors are also required to maintain a complete statistical record of workplace accidents and professional illnesses and to make this information available to the relevant authorities and to Collahuasi whenever it is requested.

The External Services Department of the company's Human Resources area carries out a monthly review of contractors' compliance with their labour obligations towards employees. It also verifies the existence of work contracts and ensures that these comply with the legislation in force.



4.2. JOINT INITIATIVES FOR THE DEVELOPMENT OF LOCAL SUPPLIERS

1. Joint initiatives with the Iquique Industrialists' Association and other mining companies in the Tarapacá Region

In 2011, Collahuasi worked together with the Iquique Industrialists' Association (AI) and four other mining companies in the Region to design a joint project for the development of local suppliers, enhancing the quality of their goods, services and compliance and, therefore, their ability to enter into commercial relations with Collahuasi and the rest of the Region. It should be noted that Collahuasi participates actively in the Iquique Industrialists' Association of which the company's Community Relations Manager, Luciano Malhue, is a director.

Objective

- To increase the number of suppliers with headquarters in the region that are in a position to form commercial relations with Collahuasi through competitive processes and compliance with the company's requirements.

Results 2011

- As of completion of this Report, an agreement had been signed by Collahuasi, other mining companies in the Tarapacá Re-

gion, the Mining Ministry, the Regional Government (GORE), the government's Economic Development Agency (CORFO) and the Iquique Industrialists' Association for the joint implementation of the Programme for the Development of Local Capabilities with the aim of improving the management of suppliers with headquarters in the Region and increasing the business they do with mining companies.

2. Participation in ExpoMinera del Pacífico

Collahuasi has participated in every version of ExpoMinera del Pacífico, a Tarapacá Region mining fair that is a key marketing platform for the industry in northern Chile. The Company will participate in the fourth version.

Objective

- To generate an opportunity for the Tarapacá Region's mining industry to do business, build networks and exchange information and knowledge, working in collaboration with Collahuasi's regional allies and projecting the mining industry into the Asia-Pacific region.

For further information, see www.expomineradelpacifico.com.



3. Abastecimiento Minero meeting

The latest Abastecimiento Minero (Mining Supply) meeting, held in 2011, was supported by the System for Qualification of Suppliers of Goods and Services (SICEP) and the Programme for Improving Mining Competitiveness (PMC). The meeting provides an opportunity for each company to set out its standards for supplier development and continuous improvement.

Objectives

- To generate opportunities for suppliers to meet Collahuasi and other mining companies in the Tarapacá Region.
- To report innovations in the SICEP for the Tarapacá and Arica and Parinacota Regions, to update procurement policy procedures and to present the investment and growth plans of mining companies.

4.3. SUPPLIER DEVELOPMENT

In view of its current production challenges and investment projects, Collahuasi understands that it must intensify its work

with suppliers from a more strategic standpoint. It has, therefore, created a Supplier Development area whose principal function will be to strengthen the company's relations with its suppliers of goods and services, generating an improvement in the business to the benefit of all the parties and thereby contributing to the development of communities in the region where Collahuasi has its radius of action. The aim is to progress through different stages in the quest for integration of the value chain, seeking a change of paradigm from the traditional type of relations between companies to ways of relating that create value added.

Collahuasi launched its Supplier Development Programme (PDP) in 2008, with co-financing from the Chilean government's Economic Development Agency (CORFO), and over 30 companies have participated. In 2011, three specific programmes were developed with the participation of over 40 companies:

- Development Programme for Suppliers of Goods.
- Development Programme for Direct Contractors.
- Development Programme for Transport Suppliers.

	<i>Development Programme for Suppliers of Goods</i>	<i>Development Programme for Direct Contractors</i>	<i>Development Programme for Transport Suppliers</i>
Description and participants	The objective of this programme, which is under implementation, is to improve management of the supply cycle and its quality in 15 regional Collahuasi suppliers in order to strengthen and maintain commercial relations.	This programme, which is under implementation, seeks to improve the management capabilities of contractors and the quality of their services to Collahuasi. It has a regional scope and involves 18 suppliers of different sizes from different sectors.	This project, which was completed in December 2011, focused on the development of 8 local suppliers of transport services (small and mid-sized enterprises). It sought to strengthen strategic, commercial and sustainability aspects of the businesses, with a particular emphasis on safety.
Expected results	To strengthen the suppliers' business management, generate a business model for them and achieve immediate-impact improvements in aspects of coordination and commercial relations within the supply cycle.	To strengthen the suppliers' management, coordinate opportunities for immediate-impact improvements in the service or contract and generate in the suppliers a Service Management Model, enabling them to internalise measurement practices using Key Performance Indicators that allow them to understand the way the service is being provided and its dynamics.	To strategically develop the transport companies participating in the project; to develop the companies' vision of the sustainability of the business and to strengthen their commercial management, allowing them to provide a high-quality service.
Progress	6.5% progress in activities which are scheduled to conclude in February 2013.	56.1% progress; completion scheduled for September 2012.	The project was completed in December 2011.
Budget	The programme has a total budget of 60,799,800 pesos of which half was co-financed by CORFO.	The programme has a total budget of 94,981,317 pesos of which 30.55% is co-financed by CORFO.	The project had a budget of 53,499,889 pesos of which half was co-financed by CORFO.

Regional Agreement for the Development of World-Class Suppliers

In 2011, Collahuasi and four other mining companies signed a regional agreement under which they undertook to strengthen and support the Programme for the Development of World-Class Suppliers launched by Chile's Mining Ministry.

The aim of the agreement is to permit more suppliers from the Tarapacá Region to participate in the programme and also allow them to consider international expansion. The agreement stipulates that:

- The signatory companies undertake to participate in the Programme for the Development of World-Class Suppliers launched by the Mining Ministry.
- Each mining company will take on a number of suppliers from the Region each year in a bid to ensure that, by 2020, Chile has 250 world-class suppliers.
- As this Report was being completed, a new agreement was signed by the Region's mining companies, the Mining Ministry, the Regional Government (GORE), the government's Economic Development Agency (CORFO) and the Iquique Industrialists' Association (All) with the aim of identifying a methodology suited to each company for the implementation of this type of world-class supplier projects.

The project seeks to resolve the specific challenges seen at mine sites and in new projects, the solution of which would have significant value for Collahuasi's business, doing so in collaboration with suppliers that want and have the potential to become "world-class" companies, including universities and technological centres.

General objective

The Supplier Development Programme seeks to support suppliers in the Tarapacá Region so that they improve their management capabilities, the quality of their services and management of the supply cycle, putting them in a better position to address the company's challenges. These programmes are aligned with Collahuasi's strategic objectives.

In 2011, the above progress was achieved by the company's Supplier Development Programmes:

I Summary of Supplier Development Programme (PDP)

	<i>Nº of participant companies</i>	<i>Total cost (pesos)</i>	<i>% invested by Collahuasi</i>	<i>% financed externally</i>	<i>Collahuasi investment as of December 2011 (pesos)</i>	<i>External investment as of December 2011 (pesos)</i>
Goods Suppliers Programme	15	60,799,800	50	50	0	0
Transport Suppliers Programme	8	53,499,889	50	50	15,973,755	15,973,755
Direct Contractors Programme	18	94,761,500	69.45	30.55	15,402,274	6,775,227

4.4. IMPROVEMENTS FOR OUR CONTRACTORS

Collahuasi employs contractors in its production process and in specific projects and, due to their work in these processes, considers them key collaborators in the company's operations.

Given the importance of the roles played by its contractors, Collahuasi seeks to ensure that working conditions for their employees are similar to those of its own workforce. To this end, it not only fosters opportunities for contact with its collaborators but also permanently monitors the contracts of contractors in order to ensure compliance with the regulation in force.

As part of the improvements in conditions for worksite contractors implemented in 2011, Collahuasi signed an agreement with the National Industrial Assembly Workers Union (SINAMI) that set a new precedent in Chile's mining industry.

In addition, improvements were made in infrastructure, with a favourable impact on conditions for contractors' employees, including accommodation, meals and recreation facilities. These infrastructure projects were managed by Collahuasi's Services for People area and were as follows:

Collahuasi and the National Industrial Assembly Workers Union (SINAMI), as a union that represents employees of contractors that provide services to Collahuasi, declared their will and intention to maintain permanent dialogue within a framework of respect between the parties in order to generate and maintain a proper work climate and treatment for contractors' employees at the company's sites.

Under the terms of the agreement:

- Collahuasi will pay a variable incentive to contractors' employees tied to compliance with certain Key Performance Indicators or milestones, depending on the project. This will be paid once the project has been completed and will apply to work with a duration of at least six months.
- At Collahuasi's sites, exceptional work and rest systems may be established depending on the type of service, the place it is provided, legal regulation and authorisation from the corresponding labour authorities.
- As a general reference, priority will be given to the exceptional 10 x 10 system (with 12 hours of work) at all construction sites located at more than 3,000 metres above sea level. However, depending on the nature and/or particular conditions of projects, a different system may be agreed upon.
- At sites at less than 3,000 metres above sea level, the exceptional working day will continue to be regulated according to the procedures established by the corresponding authorities.



Project	Status and m2 built
Industrial Neighbourhood (for suppliers and contractors)	Completed. Construction of 15,000 m ² .
Expansion and remodelling of 1000 Canteen, Ujina sector	Completed and in operation. Remodelling of 1,200 m ² .
Expansion and remodelling of Pioneros Canteen, Coposa sector	Completed and in operation. Remodelling of 1,250 m ² .
Expansion and remodelling of Leaching Canteen	Completed and in operation. Remodelling of 100 m ² .
Expansion of Puerto Patache Canteen, Patache sector	Completed and in operation. Expansion of 150 m ² .
Construction of new pavilions, Pioneros Camp	Completed and in operation. Construction of 12 S-type buildings and 5 W-type buildings. Total area built of 26,860 m ² .
Construction of Recreation Room	Completed and in operation. Construction of 512 m ² .
Construction of covered walkways	Completed. Construction of 900 linear metres of walkways.
Expansion and remodelling of Pioneros Gym	Completed. Remodelling of 340 m ² .
Construction of Multimedia Room	Completed. Remodelling of 130 m ² .
Construction of Pioneros Pub	Completed. Remodelling of 200 m ² .
Construction of Wing G Building, Pabellón del Inca	Completed. Construction of 8,100 m ² .
Construction of multi-purpose rooms, Pabellón del Inca	Completed. Construction of 528 m ² .
Construction of Wing F Building, Pabellón del Inca	Under implementation. Construction of 7,300 m ² .





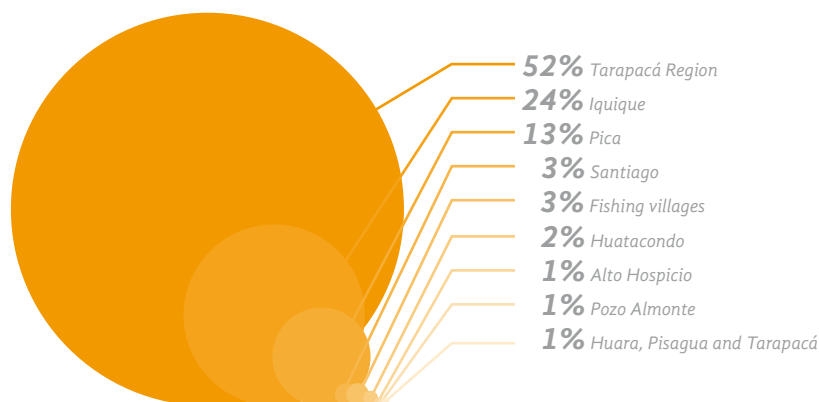
5. Our Community

Investment by Location

Municipal District	2010 (US\$)	2011 (US\$)
Iquique	\$ 5,393,727	\$ 3,331,158
Alto Hospicio	\$ 453,145	\$ 106,542
Pica	\$ 1,526,133	\$ 1,737,831
Pozo Almonte	\$ 268,694	\$ 157,436
Huara, Pisagua and Tarapacá	\$ 121,636	\$ 98,018
Colchane and Camiña	\$ 74,788	-
Cancosa and Lirima	\$ 19,041	-
Huatacondo	\$ 597,265	\$ 272,771
Laguna del Huasco	\$ 163,522	-
Fishing villages	\$ 278,613	\$ 367,155
Santiago	\$ 315,278	\$ 475,284
Tarapacá Region	\$ 4,150,716	\$ 7,212,257
TOTAL	\$ 13,362,558	\$ 13,758,453

Investment by Location (US\$)

Note: Does not include small donations, community programmes or sponsorships.



5.1. COMMUNITY RELATIONS POLICY AND APPROACH [S09]

Collahuasi's approach to community relations is defined in the company's Community Relations and Corporate Affairs Policy, which is one of its five Sustainable Development Policies.

Collahuasi is committed to the development and empowerment of the communities of the Tarapacá Region and has put this commitment into practice through initiatives that seek to improve the quality of life of their inhabitants.

Collahuasi recognises its position as the Region's leading economic player and takes an active role in relations with communities close to its operations through the implementation of sustainable development projects.

Collahuasi has defined its areas of direct influence as those that form part of its logistics corridors, that are close to its mining deposits and that are subject to potential economic impact. The logistics corridors are those areas used by vehicles related to its operations and include the coastal area, the Pica municipal district and all the communities within this district as well as the cities of Iquique, Alto Hospicio and Pozo Almonte.

5.2. SOCIAL INVESTMENT [S010]

Under the company's Community Relations and Corporate Affairs Policy and in compliance with one of its strategic objectives which calls for "the sustainable performance of our operations", the following strategic objectives have also been defined:

1. To project the business over the length of its useful life.
2. To make sustainable contributions to the Tarapacá Region.
3. To strengthen intangible assets such as reputation, credibility, trust and transparency.

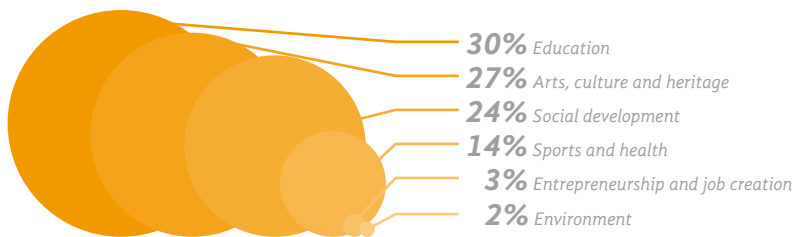
In 2011, Collahuasi modified its mechanism for assigning funds for entrepreneurship, giving priority to community investment funds. The activities of the working groups were also strengthened in order to increase the number of initiatives they generate. These modifications followed the application of the SEAT methodology in 2010 and the presentation of its results in 2011.

Investment by Strategic Product

Product	2010 (US\$)	2011 (US\$)
Arts, culture and heritage	\$ 6,252,979	\$ 3,694,000
Entrepreneurship and job creation	\$ 115,445	\$ 429,167
Sports and health	\$ 219,779	\$ 1,930,523
Education	\$ 2,481,809	\$ 4,194,701
Social development	\$ 1,592,930	\$ 3,242,336
Environment	\$ 350,626	\$ 267,126
Sports *	\$ 2,348,990	-
Total	\$ 13,362,558	\$ 13,758,453

* In 2011, donations in the area of sports were included under health.

Investment by Strategic Product, 2011 (US\$)



The following strategic areas were defined for the pursuit of these objectives:

- Arts, culture and heritage
- Entrepreneurship and job creation
- Education
- Social development
- Environment
- Sports
- Health

The company's investment in community relations projects in these areas reaches over US\$13 million.

In 2011, the focus of the company's direct social investment in the community changed, with educational initiatives accounting for 30% of the total, up from 18% in 2010.



5.3. SOCIAL DEVELOPMENT [SO1-EC8]

In 2011, a protocol was drawn up for the implementation of the programmes, projects and funds that Collahuasi makes available for the development of different communities or stakeholders. This protocol seeks to facilitate the development of the initiatives envisaged in the different strategic areas as defined by the Community Relations area and, in this way, comply with the company's social responsibility programme.

In future, activities will be generated through the following mechanisms that form part of the protocol which stipulates that they must be projects of a community nature or benefit, not those of individuals (see table on the next page).

Collahuasi defines a stakeholder as those individuals and/or public or private institutions whose physical surroundings are or may be affected by its activities. The company's Community Relations area is responsible for ensuring that projects are aligned with its strategy, the views of the communities and the development of the Tarapacá Region.



| SOCIAL DEVELOPMENT MECHANISM

Mechanism

At the request of communities, stakeholders or the company's strategic partners.

At the request of or under agreements reached in working groups or community meetings. In some special cases and in view of the characteristics of some communities, projects may benefit a community that consists of a family group whose initiative seeks to foster ties of collaboration with other communities or organisations.

As the result of a request from within the company; in this case, the activity will be considered as part of corporate volunteer activities and must also be previously evaluated and approved by the Human Resources Vice-Presidency. Initiatives may not take the form of handouts.

As a result of an award by one of the company's Social Investment Funds. This mechanism was modified in 2011. In this case, the award must be made in accordance with the procedure of each particular fund. These funds support initiatives developed by individuals but that will have an impact on the community where they are implemented.

All the projects implemented form part of a Five-Year Plan which is reviewed and updated annually as part of the company's budgeting process.

The requests and needs of communities are identified through the working groups that Collahuasi has established in different towns and villages in the Tarapacá Region. These serve as a vehicle for working with the community to draw up programmes and initiatives that benefit the local economy, promoting the Region's development in line with the company's own growth.

The most important projects implemented in 2011 are shown on the next page.

Project for improvement of the Pica and Matilla irrigation canals

In the working group established by Collahuasi with farmers in Pica and Matilla, the Pica Farmers' Association requested the company's technical support to design a project for the

improvement of agricultural irrigation canals in order to increase the efficiency of water use in both Pica and Matilla. Springs in the area had not been measured and the sectors where water was withdrawn were in poor condition. In response, work began with the National Hydraulics Institute to implement a system to measure and control the flow of water in the area's main sources in a bid to facilitate water management for the development of agriculture. The main points selected for monitoring were:

- Miraflores Spring
- Resbaladero Spring
- Matilla Outcrop
- Concova Spring
- Las Ánimas Spring.

This project was designed jointly with the National Hydraulics Institute. In 2011, studies for the project were carried out and water

Most Important Projects

Community	Issue	Programmes and Initiatives
Coastal area	<ul style="list-style-type: none"> Improvement in marketing of products of the Chanavayita Fishermen's Union. Certification of fishing area. Technical advice on preparation of productive projects. 	<ul style="list-style-type: none"> Course on negotiation and marketing. Support for work to certify the areas exploited by the Chanavayita Fishermen's Union. Definition of a portfolio of short, medium and long-term projects and their implementation.
Huatacondo	<ul style="list-style-type: none"> Electricity generation. 	<ul style="list-style-type: none"> Maintenance and technical support from the University of Chile for the ESUSCON system
Pica-Matilla-Huasco farmers	<ul style="list-style-type: none"> Improvement of irrigation canals. Mitigation of white fly plague. Productive projects. Work Post Training Programme of practical experience and courses. 	<ul style="list-style-type: none"> Legal regularisation of the Canal Resbaladero, Alto Grande, Altillo Chico and Miraflores Water User Communities. Preparation of four projects to improve irrigation infrastructure: <ul style="list-style-type: none"> Installation of meteorological stations. Improvement of irrigation canals. Installation of instruments to measure the Resbaladero, Miraflores, Las Ánimas, Concova and Matilla Springs Repair and improvement of the Miraflores Subsidence structure. Start of construction of irrigation improvement infrastructure Implementation of second year of the white fly plague mitigation programme. Professional work experience for technical training graduates Selection process for Work Post Training course.

flow measurement equipment was installed with, in the latter case, an investment of 36,391,625 pesos. The studies implemented included the gathering of topographical information, the legal regularisation of the water user communities and the preparation of projects for presentation to the National Irrigation Commission.

Another initiative proposed through this working group involved the repair and improvement of the Miraflores Subsidence structure, which is now in the third stage of its construction. This project to strengthen and stabilise the internal walls of the subsidence means that it has been possible to protect and maintain the flow of water to the agricultural sector of Miraflores. By using local labour, the initiative also provides a new source of jobs for Pica, adding value as a construction project as well as through its impact in improving agricultural irrigation.

Relations with indigenous communities

As stated in the one of the principles of its Community Relations and Corporate Affairs Policy, Collahuasi is particularly concerned for neighbouring communities and indigenous peoples.

[MMS] Within its area of influence, Collahuasi maintains relations with the communities of Pica, Huara, Pisagua, Colchane, Camiña, Cancosa, Lirima and Huatacondo which include members of indigenous peoples.



Courtesy of La Estrella de Iquique

In the context of Chile's implementation of the International Labour Organization's Convention 169, Collahuasi has undertaken to contribute to improving the quality of life of communities and indigenous peoples in the area around its operations.

In a bid to contribute to the sustainable development of the Tarapacá Region, Collahuasi works permanently with different NGOs in order to address different aspects of community development. These NGOs include the Corporación Norte Grande and the Fraternidad Ecológica Universitaria. In 2011, the former collaborated with Collahuasi in working with and gathering information about communities on the coast and indigenous communities while, with Fraternidad Ecológica Universitaria, an organisation that focuses on issues related to anti-personnel mines in the area, it worked to provide information and support for the community while also collaborating with institutions such as the Foreign Ministry, municipal governments and the Chilean Army.

In 2011, Collahuasi also worked directly with the Cancosa community in the implementation of two initiatives. The first, a joint project for the construction of a community centre of which the company financed 50%, arose from dialogue with the community in which its needs and preferences were identified. The second project involved the implementation of working groups for the development of a tourism project in the area. Collahuasi has hired an external company to carry out accounting, financial and technical audits of these projects to ensure their optimum implementation.

5.4. ARTS, CULTURE AND HERITAGE ^[EC8]

Collahuasi implements different programmes that seek to increase the community's access to the arts and promote the cultural identity of the Tarapacá Region. Key initiatives in this field include:

Inauguration of the Corbeta Esmeralda Museum

In May 2011, the Corbeta Esmeralda Museum was officially opened



in a ceremony attended by Minister of Defence Andrés Allamand and Minister of Culture Luciano Cruz-Coke along with Giancarlo Bruno, Executive President of Collahuasi, Admiral Rodolfo Codina, President of the Chilean Maritime Heritage Corporation, other civilian and military authorities and Collahuasi directors and executives.

The Museum, housed in a scale replica of the ship commanded by Arturo Prat, was proposed by the company's employees as a contribution from Collahuasi to celebration of the bicentenary of Chile's independence.

Implemented jointly with the Chilean Navy through the Chilean Maritime Heritage Corporation, the project seeks to contribute to the education of future generations as well as to tourism in the Tarapacá Region and its economic development, helping to keep alive memory of the values represented by Chile's national heroes.

This is the largest cultural project to be developed in the Tarapacá Region with private participation and the first museum of its type in Chile. It is managed by the Chilean Maritime Heritage Corporation with support from Collahuasi for its maintenance.

La Tirana Anthropological Museum

Collahuasi's commitment to promoting culture and access to it in the Tarapacá Region is also reflected in the construction of the La Tirana Anthropological Museum. This project seeks to preserve the region's culture and identity from a perspective of social and cultural dynamics that extends beyond popular religiosity.

Located within the grounds of the La Tirana church, the museum has an area of 342 m² and the walls of its main access will be painted with murals representing the Aymara culture and the traditional activities of the area's inhabitants.



Designed to form part of a heritage, religious and tourist circuit, the museum contains clothing and other objects used in religious rituals, unique pieces brought to Chile by the Spaniards. Special sectors will also be created to display objects of value, with a system for reproducing the music of the La Tirana religious festival. The initiative also includes training for guides.

Restoration of the Pica and Huatacondo Churches

In 2011, the churches of San Andrés de Pica and Huatacondo were restored, repairing the important damage caused by different earthquakes as well as the passage of time.

This project forms part of the company's commitment to promoting and conserving the area's culture and reflects the great importance the churches have for the community from the cultural and religious points of view.

In both cases, the company's contribution was channelled through the Jofré Foundation, which drew up the plans for the churches' restoration and took charge of their implementation.

At the reopening and consecration of the San Andrés de Pica church, the Executive President of Collahuasi, Giancarlo Bruno, presented its keys to Monsignor Marco Antonio Ordenes, highlighting the special importance the church has for the community and the Tarapacá Region as part of its cultural and religious heritage.

- Investment in Pica Church: **402,400,000 pesos.**
- Investment in Huatacondo Church: **270,820,000 pesos.**

Murals in Iquique Airport

In 2011, Collahuasi, together with the Ministry of Public Works, the Sociedad Concesionaria Aerotas and the Saltpetre Museum Corporation, implemented a project under which Ay-mar Yuthawi, a leading local artist, and a group of young people, painted three large murals in Iquique's Diego Aracena Airport. The murals, which represent the region's identity, decorate the entrances to the airport which receives around 1 million visitors annually.



Collahuasi Launches Book on the Company's History

Published in 2011, *Una Historia de Esfuerzo* (A History of Effort) recounts the history of the Collahuasi deposit from its discovery and exploitation by the Incas through to its role today as the world's largest copper deposit.

The book was presented to the community at the company's offices in Iquique. The launch was attended by regional authorities, members of the community, company employees and its Executive President, Giancarlo Bruno.

Roberto Arancibia Clavel, a historian, and co-author Isabel Jara led the research which focused on the efforts made by thousands of people who, at different stages of Chile's history, ventured out in a quest to discover the riches of the land.

The initiative forms part of the third stage of the Murales para Tarapacá (Murals for Tarapacá) project, which was launched in 2009 with murals on Avenida Arturo Prat in Iquique.

Pica Art Gallery

This art gallery, which was inaugurated in 2010, reflects the interest expressed by different members of the Pica community in having a place to facilitate the development and promotion of local artists. In response, Collahuasi coordinated the creation of the Pica Art Gallery which serves not only as a place for the community to meet but also for training.

In collaboration with the Art School of the Catholic University of Chile, three workshops for local artists took place in the gallery during 2011, building on the workshops implemented in 2010, with 15 pupils per workshop. The workshops held in 2011 were:

- Workshop 1: Basic Drawing II (continuation of Landscape I, 2010)
- Workshop 2: Painting II (continuation of Painting I, 2010)
- Workshop 3: Landscape Painting (development of techniques taught in Painting, with specialisation in Landscape).



5.5. COMMUNITY AND ENVIRONMENT

Site Visits

In 2011, 27 guided visits took place to the company's Cordillera Site, with the participation of 447 people from the Pablo Neruda Secondary School, the William Taylor Secondary School, the Luis Cruz Martínez Secondary School, the Arturo Part University (UNAP), the INACAP technical training institute, the Santo Tomás University and the Chilean Navy as well as teachers from schools that work with the Collahuasi Educational Foundation. The main objective of these visits is to increase understanding of the company's mining processes and the measures it has in place to protect and care for the environment.

Environmental education workshops for wetland conservation

As part of its efforts to increase public understanding and awareness of the environmental and heritage value of the area's wetlands, the Centre for Wetland Research, an institution supported by Collahuasi, held a workshop on Citizen Education and Awareness for the Conservation and Rational Use of the Tarapacá Region's Wetlands. This activity targeted representatives of private companies and was also attended by members of the media, civil society in general, government institutions and educational establishments.

Agreement with CONAF for environmental improvement in Alto Hospicio

An agreement signed three years ago by Collahuasi and Chile's National Forestry Service (CONAF) seeks to promote the sustainability and development of the Alto Hospicio municipal district through training to increase the environmental awareness of its inhabitants and students. Since its launch, the project has provided the community with over 8,000 plants but its most important contribution is the education it has provided through activities targeting different age groups.

Principal results:

- Donation of 2,000 trees, principally to neighbourhood associations and educational establishments. In addition, 1,500 plants were donated to the Pampa del Tamarugal National Reserve.
- Community environmental education through:
 - 1st environmental seminar for secondary schoolchildren and their teachers
 - 3rd environmental fair at which different types of solar cookers and ovens were shown to the community as well as touring educational establishments.
- Talks and/or workshops at educational establishments and institutions benefitting from the project, including different workshops on reuse that were very popular with the community and in which 905 people participated.
- Improvements in educational establishments and institutions through:
 - Implementation of systems for reusing grey water at the Academia Santa Laura, the Camino Al Sol Nursery School and the Karitani Nursery School.
 - Installation of plant nurseries and/or ecological rooms at the COANIL Foundation, the Monte Sion School and the Espisant Language School.

5.6. SPORTS AND HEALTH ^[Ece]

Collahuasi has undertaken to promote sports and contribute to the health of the Tarapacá Region's inhabitants as a way of enhancing their quality of life.

In 2011, the company contributed to the repair of six all-purpose pitches of the following Neighbourhood Associations:



- Puquios 1
- Gómez Carreño
- Dolores
- Tamarugal 3
- Cariquima
- Rubén Godoy

This project, implemented in conjunction with the respective municipal governments, sought to promote local sports and to bring the community together around attractive facilities suitable for different activities.

Together with the Pozo Almonte municipal government, Collahuasi also inaugurated a synthetic-grass football pitch in Huatacondo. At the end of 2011, construction of another football pitch with synthetic grass began in Iquique, a project that corresponds to 2010 funding for investment in sports and is expected to be completed in 2012.

Infrastructure improvements in health centres

Chile's Health Ministry has allocated funds for different infrastructure improvements to health centres in the Tarapacá Region and, under an agreement with the Regional Government, Collahuasi undertook to contribute US\$1 million for the design stage of these projects.

This contribution will be used in:

- Iquique Hospital
- Alto Hospicio Hospital
- Primary healthcare centres
- Family healthcare centres
- Local low-complexity hospitals

Alliance with School of Medicine

In a bid to attract health professionals to the Iquique Hospital, Collahuasi signed an agreement with the Catholic University of Chile under which it will finance a postgraduate scholarship for a student at the university's School of Medicine.

After completing his or her studies, the winner of the scholarship must work for the Iquique Health Service in a bid to ensure that, in the medium term, the community is provided with a specialist in internal medicine.

• MODEL FOR ACCOMPANYING
EDUCATIONAL INSTITUTIONS, BASED
ON BEST PRACTICES.



Our Commitment
to Education:
Collahwasi Educational
Foundation

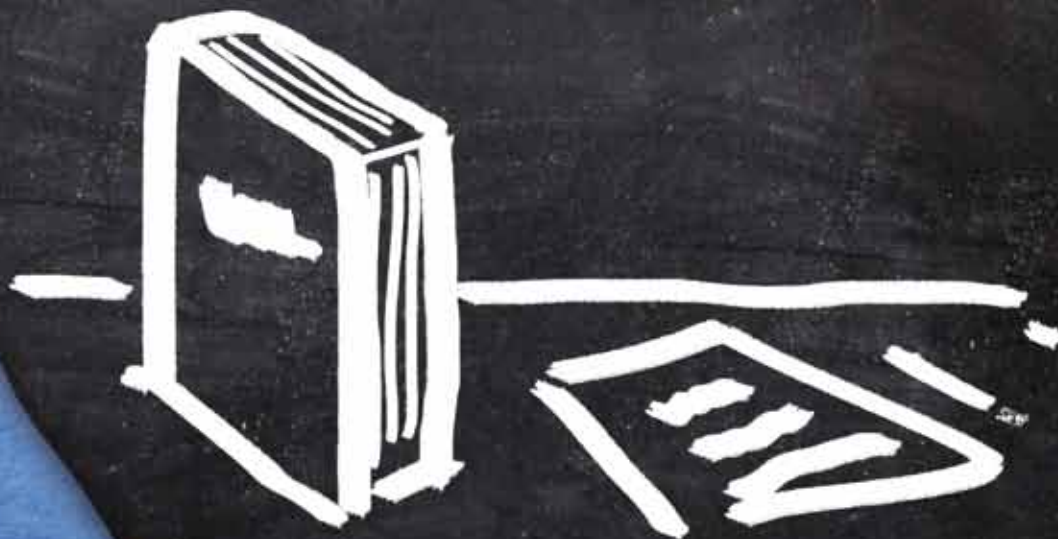


18

- SCHOOLS IN THE IQUIQUE AND DEL TAMARUGAL PROVINCES BENEFITTED BY PRIMARY SCHOOL EDUCATIONAL IMPROVEMENT PROGRAMME.



LICEO BICENTENARIO S.S JUAN PABLO II
PROJECT, FIRST BICENTENNIAL MINING
TECHNICAL-PROFESSIONAL SECONDARY
SCHOOL IN CHILE.





1. Management Approach

The Collahuasi Educational Foundation (FEC) is a non-profit institution, created by Compañía Minera Doña Inés de Collahuasi in 2008, whose mission is to make a sustained long-term contribution to improving education in the Tarapacá Region. In line with the company's interest in supporting the sustainable development of communities in the area close to its operations, its work focuses on technical-professional education.

As part of its strategy, the Foundation applies educational practices of excellence and seeks to transmit its knowledge and experience to other primary and secondary schools throughout the Region.

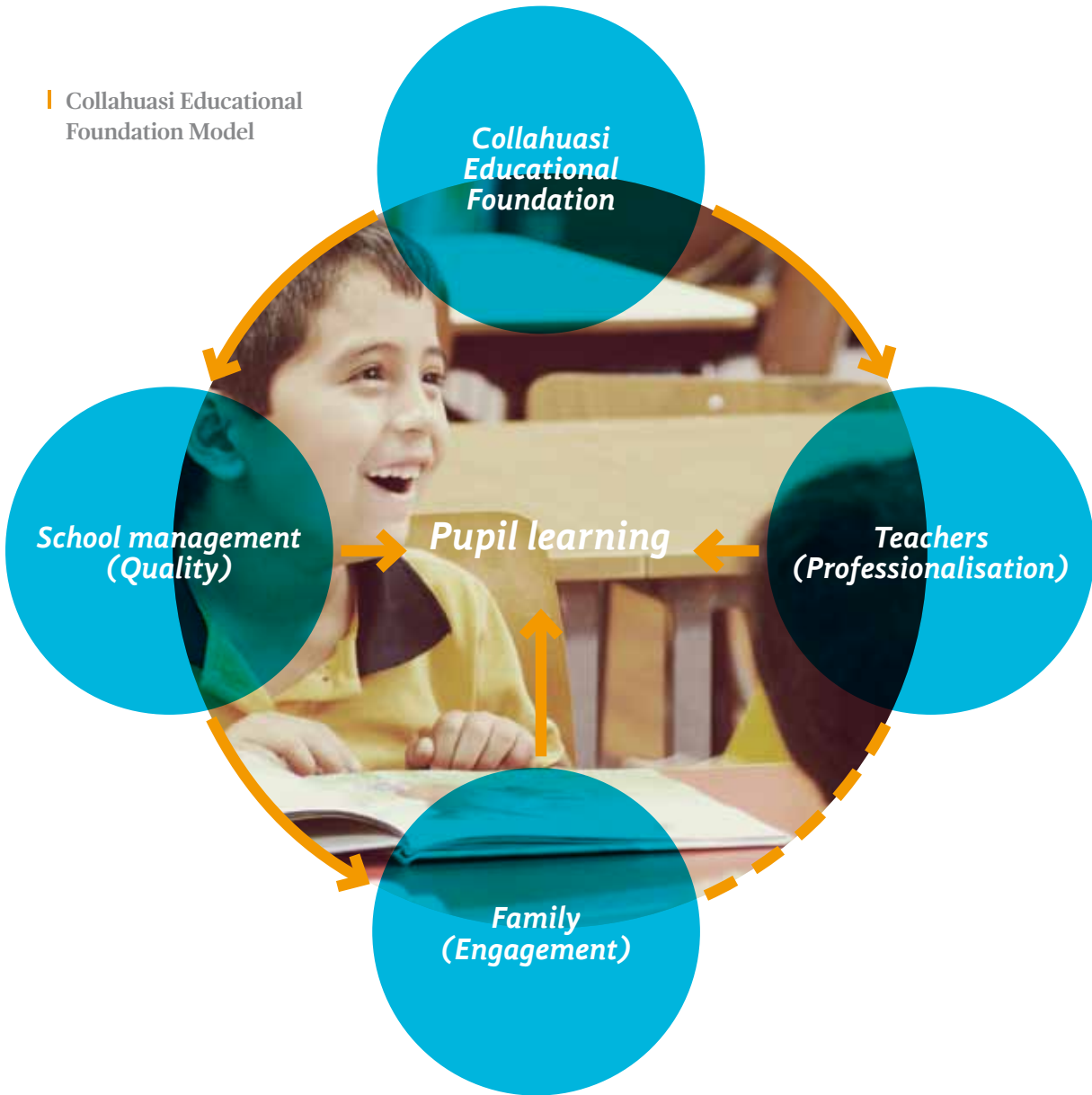
It seeks primarily to serve the educational needs of the children of the most vulnerable sectors of the Region's population and to foster their social integration.

With the aim of promoting social development, Collahuasi has undertaken to contribute to improving education in the Tarapacá Region through the Collahuasi Educational Foundation (FEC).

For the implementation of its programmes, the Foundation uses a model under which it accompanies educational establishments. This model is based on best practices in Chile as identified through research into the effectiveness of schools catering for pupils in a situation of vulnerability.

The diagram opposite illustrates the way in which the different educational players and key variables are harnessed to enhance pupils' attainment:

Collahuasi Educational Foundation Model



* For additional information about programmes and projects, see www.fundacioncollahuasi.cl.



2. Primary School Educational Improvement Programme [EC8]

This programme seeks to improve the results of schools participating in it through the gradual implementation of institutional and learning management processes. It has so far been applied in 18 schools in the Iquique and Del Tamarugal Provinces.

It provides integral technical assistance on school management, with support for school directors and their teams, as well as teacher training designed to improve classroom strategies, class planning and educational evaluation. This process is also supported with an international-standard library donated by the Foundation with a reading plan based on the school syllabus.

This technical assistance is provided by two institutions with an established track record: Fundación Chile in the Del Tamarugal Province and Aptus Chile in the Iquique Province. They have introduced a predictive measurement system that allows the schools to manage their pupils' learning through tests of syllabus coverage that are correlated with the results of the SIMCE national pupil attainment testing system.

In addition to these programmes, the Collahuasi Educational Foundation also monitors schools and provides on-the-ground support in the form of planning and follow-up meetings with their owners and directors. In 2010, as a result of this follow-up process, it incorporated standardised measurement by independent third parties and two strategies - the UNICEF Involving Families in Learning programme and the Entre Niños (Among Children) programme - to engage families in their children's school.

2.1. BOOSTING SCHOOLS PROGRAMME, APTUS CHILE.

The aim of this programme is to transfer school and learning management strategies, using methodologies based on the extensive experience of the Sociedad de Instrucción Primaria (SIP), and to develop capabilities that will allow the schools to maintain their organisational change once the advisory process has been completed. The programme is implemented by Aptus Chile, a non-profit organisation that helps the country's most vulnerable schools to improve the quality of the education they provide.

Activities in 2011

- Pedagogical advice for teachers from nursery school through to 4th year of primary school .
- Targeting of efforts in the science sub-sector.
- Follow-up in mathematics, language and communications.
- Advice on school management, reinforcing the director's leadership in the framework of the SIP Culture Model. en el marco del "Modelo de Cultura SIP".



In 2011, the programme had been in operation for three years, achieving an important impact in:

5 schools managed by the Municipal Education Corporation of Iquique (CORMUDES).

3 schools managed by the Alto Hospicio Municipal Government (MAHO).

2.2. BEST SCHOOL PROGRAMME IN THE TARAPACÁ REGION, FUNDACIÓN CHILE

This programme, designed to enhance educational attainment, is implemented by Fundación Chile in ten schools in Camiña, Huara, Pica, Pozo Almonte and Colchane, towns and villages located in the Del Tamarugal Province.

In 2011, it focused on teaching strategies in key subjects such as mathematics and language, the implementation of different measures tailored to the needs of each individual school and coordination with the Entre Niños programme, with an emphasis on strategies that are reflected in pupil attainment.

Although pupils' results remain below their expected level in tests of syllabus coverage (adequate = over 60%), important progress had been achieved by 2011 as compared to 2008.

Involving Families in Learning - UNICEF 2011

Objectives:

- To increase the engagement of parents and guardians in children's learning by improving institutional conditions and teachers' skills.
- To improve the attainment of pupils attending these schools.

Progress:

- Municipal schools in Iquique and Alto Hospicio.
- Creation of institutional conditions and development of the professional capabilities of teachers and school directors.
- Provision of methodologies and practical guidelines in parents' and guardians' areas of concern about children's educational process.
- Activity to improve parents' meetings and boost the role of head teachers as a way of strengthening ties with pupils' families.

Entre Niños Programme, 2011

Objective:

- To boost pupils personal and social development in accordance with their age, creating propitious conditions for learning.

Result:

- Development of teachers socio-emotional skills or use in class management
- Facilitation of family-school relations and prevention of problems such as bullying.

2.3. IMPLEMENTATION OF SCHOOL LIBRARIES IN THE DEL TAMARUGAL PROVINCE

This initiative seeks both to produce children who are critical and thoughtful readers as well as to increase interest in reading in the community in general. In 2011, the second phase of the Proyecto Lector (Reader Project) initiative was implemented and libraries were provided for eight schools participating in the educational improvement programme in the Del Tamarugal Province.

2.4. BEST SCHOOL PROGRAMMES IN JUAN FERNÁNDEZ AND NAVIDAD

In 2011, implementation of Fundación Chile's Best Primary School and Secondary School Programme continued in the Juan Fernández Archipelago and the town of Navidad, respectively. This initiative builds on Collahuasi Educational Foundation's work in the wake of the 2010 earthquake when it financed reconstruction of the two schools.

In 2011, the Best School Programme continued its implementation in the Robinson Crusoe Island School, involving both technical assistance and the deployment of improvement measures.

The plan of work designed for the second half of the year could be implemented only partially since the airplane accident that occurred in the Juan Fernández Archipelago (September 2011) meant that access to the islands was closed for several months. In response, Fundación Chile drew up a plan of work to restart the Programme.

2.5. ENGAGING FAMILIES

In 2011, work continued on two programmes designed to engage families as a key factor in children's learning processes. These are the UNICEF Involving Families in Learning programme and the Entre Niños (Among Children) programme.

2.6. SEPA AND SIMCE RESULTS, 2011

An external and independent evaluation carried out in 2011 by the Measurement Centre of the Catholic University of Chile (MIDE UC), using its School Learning Assessment System (SEPA), provided valid and reliable information about pupils' progress in language and mathematics.

Results 2011

School	RBD	Average	Language		Mathematics	
			VA	Difference	VA	Difference
Escuela Caleta Chanavayita	10916	10	10.6	0.6	10.6	0.6
Colegio Simón Bolívar	12632	10	6.1	-3.9	6.3	-3.7
Escuela Gabriela Mistral	111	10	9.8	-0.2	10.2	0.2
Escuela Plácido Villarroel	114	10	5.3	-4.7	8.4	-1.6
Escuela Almirante Patricio Lynch	113	10	9.1	-0.9	10.7	0.7
Escuela Básica Estrella del Sur	12617	10	4.8	-5.2	7	-3
Escuela Básica Fronteriza de Colchane	178	10	10.3	0.3	10.3	0.3
Escuela Básica La Tirana	195	10	8.3	-1.7	9.3	-0.7
Escuela Básica de Pozo Almonte	193	10	9.4	-0.6	8.8	-1.2
Escuela Básica de Camiña	167	10	12	2	11.6	1.6
Escuela Matilla de Nueva Extremadura	188	10	7.3	-2.7	8.3	-1.7
Escuela San Andrés de Pica	12623	10	14.1	4.1	12.6	2.6
Liceo Huara	161	10	8	-2	6.4	-3.6
Escuela Vertiente del Saber	187	10	8.2	-1.8	9.6	-0.4

INTERPRETATION OF RESULTS: Less than 8 = insufficient and over 12 = outstanding while 10 indicates that value is being added but only at an average level.

For the results of schools in the Tarapacá Region in the SIMCE national tests, see Appendix 1.3. Education.

It measured value added (VA), an index obtained through statistical analysis that reflects a school's contribution to its pupils' attainment between two successive measurements.

In order to calculate the value added, the methodology isolates factors related to pupils' context (their socioeconomic level), leaving only those factors that reflect the work of the school. Results of between eight and twelve points in the value added index are within the expected range, indicating that the school makes a contribution to its pupils' learning that is similar to those of other schools assessed using SEPA.



What key players say after three years

"Thanks to the processes introduced by the Collahuasi Educational Foundation, the self-esteem of our teachers has increased; now they believe in themselves, that they can do many things and achieve a great deal with their pupils. Planning is one example of that and has enabled us to reorganise and improve syllabus coverage. Thanks to all this, we have been able to improve our SIMCE results in both language and mathematics."

Héctor Cuevas, Primary School Director, San Andrés de Pica.

"We have learned how to work with diversity because we are a municipal school and so do not select our pupils. The work of the Collahuasi Educational Foundation is very positive and replicable; first, it targets vulnerable schools and, second, it teaches how to work with diversity."

Ximena Sepúlveda, Director, Gabriela Mistral School, Iquique.

"In the four years we have worked together, we have also begun to grow together; this public-private relationship is reflected in improved results and, as a result, a change of paradigm, with teachers approaching their work with greater professionalism, and the concept of planning and systematisation has produced a new process of growth."

Manuel Castillo, Head of the Municipal Education Department, Alto Hospicio.

3. Secondary Technical-Professional Education Improvement Programme



The technical-professional education improvement programme aims to create effective ties between the education sector and industry in order to enhance pupils' employability, particularly in the mining sector.

In its first five-year stage, the initiative is working with six technical-professional schools in the Tarapacá Region.

Implemented by two consultants who are experts in the field, it seeks to improve the schools' results through two specific programmes - the Best Technical-Professional (TP) Secondary School and Technical-Professional Talent.

In 2011, the evaluation and diagnosis phase of both programmes began in six schools in preparation for the launch of the improvement plans themselves as from 2012.

Proyecto Liceo Bicentenario S.S. Juan Pablo II

In response to an invitation from the Education Ministry and the Governor of the Tarapacá Region to participate in the Bicen-

ennial Secondary Schools project, the Collahuasi Educational Foundation designed the country's first Mining Technical-Professional Bicentennial Secondary School project with the aim of providing education of excellence for vulnerable pupils from Alto Hospicio, teaching special courses related to mining.

In July 2011, the Foundation, together with the municipal government, presented the Juan Pablo II Secondary School to the Education Ministry's Bicentennial Secondary School competition. It was judged the best project out of 94 schools from around Chile.

The Collahuasi Educational Foundation has undertaken to see

As from 2012, the school will be known as the Liceo Bicentenario Minero S.S. Juan Pablo II.

Its distinguishing feature is its quest for excellence in training technicians suited to the mining industry.

<i>Collaborators</i>	<i>Programme</i>	<i>Schools</i>	<i>Municipal District</i>
Fundación Chile	Best TP Secondary School	Instituto del Mar Almirante Carlos Condell	Iquique
		Liceo Padre Alberto Hurtado Cruchaga	Pica
Conexium	Technical-Professional Talent	Colegio Inglés	Iquique
		Liceo Luis Cruz Martínez	Alto Hospicio
		Colegio Metodista William Taylor	Alto Hospicio
		Colegio Metodista Robert Johnson	

Objectives

To support and advise school directors and technical and teaching staff at technical-professional secondary schools in the Tarapacá Region in order to develop capabilities that improve pupils' results, strengthen the relation between education and employability and encourage pupils to pursue further technical-professional studies related to mining.

that the school achieves mining technical-professional excellence through the implementation of:

- Management of quality through its inclusion in the SNA EDUCA network of schools.
- Infrastructure improvements.
- Acquisition of an international-standard library.
- Ties for employability in Collahuasi and other mining companies.
- Pupils' preparation for further studies.
- Creation of new special courses related to mining.

Preparado Programme

In 2011, the Preparado (Prepared) skills model was implemented as a pilot programme in the Luis Cruz Martínez Secondary School. It is designed to equip pupils from schools participating in the Educational Improvement Programme with skills for their employability.

Educational Improvement Programme in Pica

This is a special fund designed to strengthen education in the Pica municipal district in three areas:

- **In-service staff training:** The Technical Course for Senior Teaching Assistants is being offered in Pica by the Arturo Prat University.

Preparado Skills Model

Tailored to the sectoral needs, this develops the skills and knowledge that allow people to achieve access, permanence and development in the labour market in general and the mining sector in particular.

Objective

To facilitate young people transition from education to work by developing employability skills.



- **Strengthening of Pica Secondary School:** In 2011, measures were implemented to improve the school's infrastructure and its attraction of pupils.

- **Improvement of municipal management:** Under this programme, designed to improve management of education by the Pica municipal government, progress was achieved in presenting the improvement plan to the work team and in its implementation.

Huatacondo project

In October 2011, the Todos Aprenden (Everyone Learns) laboratory was donated to the school community in Huatacondo. It is designed to facilitate inclusive work on language and mathematics through experimentation and activities in small groups, allowing the contents to be tailored to local needs. The laboratory is scheduled to be inaugurated and the programme's coordinator trained for the start of the 2012 school year.

Incorporating Technology in Education in the Tarapacá Region

Launched in 2010, this programme seeks to contribute to the incorporation of information and communications technologies (ICTs) in the 18 schools participating in the Best School and Boosting Schools educational improvement programmes.

Objectives

- To provide training for the schools that joined the programme in 2011.
- To encourage update of the websites developed in order to publicise the schools activities.

Results

16 schools in the Mitigation Programme posted their websites on a free platform managed by the schools themselves.



Participation in the commission for the Gabriela Mistral Prize for certification of schools and school management

This prize for a Culture of Educational Quality represents an effort by public and private organisations to promote a culture of quality among teachers, pupils and parents in order to strengthen the school's outreach to the community as an effective contribution to the development of education.

Objectives

- To promote improvements in institutional culture that foster educational quality and innovation
- To highlight the culture of quality of establishments with school management certification
- To draw attention to original experiences and processes of innovation in the management of learning
- To publicise best educational practices.

Since 2010, the Collahuasi Educational Foundation has been a member of this initiative, launched in 2007 by Fundación Chile and the National Certification Council. Its objective is to promote school management in the Tarapacá Region and foster a culture of quality in schools.

Awards

Awards for processes of improvement in Gabriela Mistral Educational Quality were received by the following schools in the Tarapacá Region:

- Colegio Academia Tarapacá de Iquique.
- Colegio Academia Iquique Bulnes.
- Liceo Polivalente Sagrado Corazón de Alto Hospicio.

Seminars

In 2011, three seminars took place and were attended by a total of over 800 people from the education sector of the Tarapacá Region.

1. International Seminar on Current Educational Improvement and Leadership Policies, held in January and attended by 320 people including teachers, school directors and university lecturers.

2. National seminar on The New Institutional Framework for Education: Are We Prepared?, held during May in the framework of the Gabriela Mistral Culture of Educational Quality Prize and attended by 250 teachers, school directors and university lecturers from the Region.

3. National seminar on Teaching Professionalisation, Innovation and Educational Quality, held in October and attended by 250 teachers, school directors and university lecturers.

Health and
Safety for
Our People



IMPLEMENTATION OF
OPERATIONAL RISKS CONTROL
PROGRAMME (PRO)

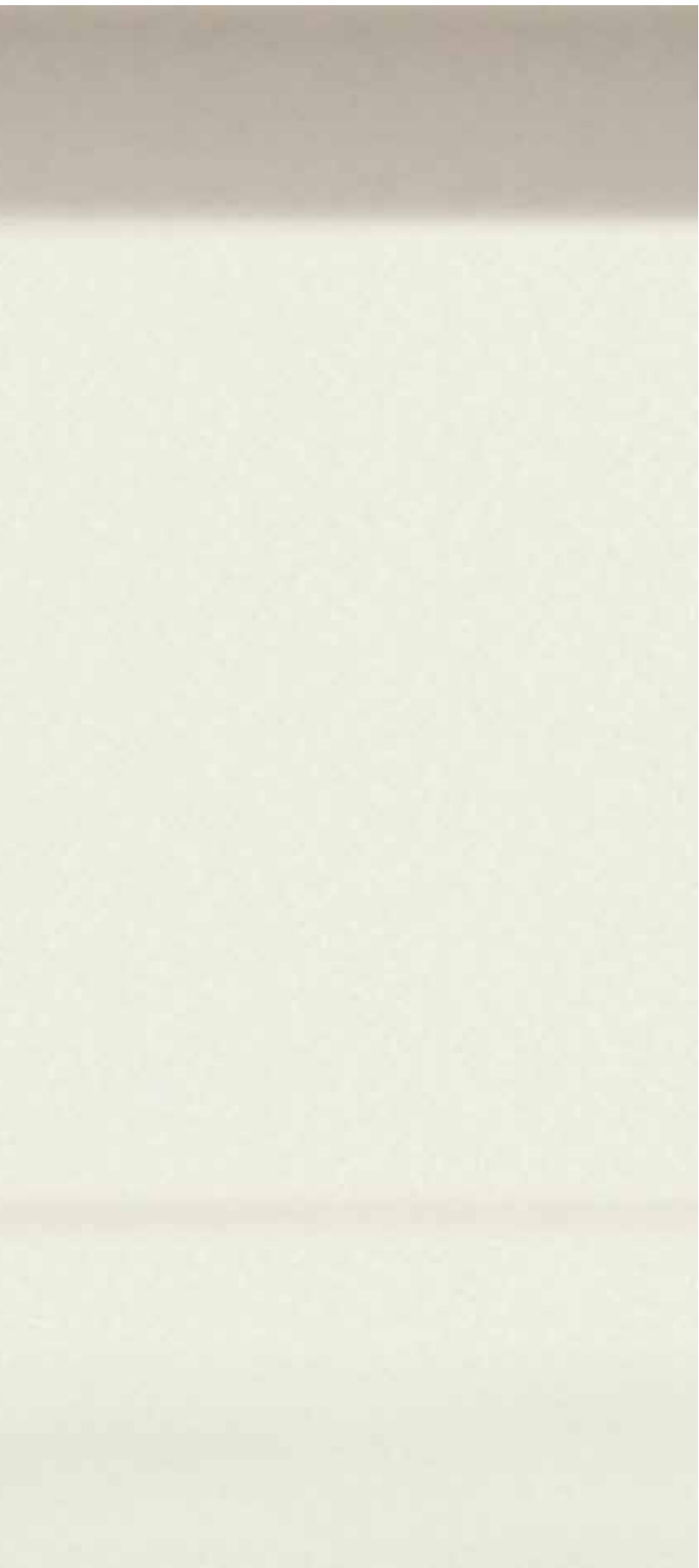


2011 WITH NO FATALITIES

[7 DISABLING
ACCIDENTS AND
390 LOST DAYS]



1. Management Approach



Collahuasi's Vision establishes safety as a non-negotiable priority that defines the way we live and work. We constantly control risks, striving to ensure the health and wellbeing of people and care for assets, our surroundings and the community.

For Collahuasi, safety is a value that must prevail in our workplaces and also extends beyond them, involving our employees' families.

The three principles that underpin Collahuasi's conduct as regards safety are:

- **Culture:** Safety as one of the outcomes of work well done.
- **Learning:** Avoidance of recurrences.
- **Discipline:** Simple and non-negotiable standards.

The company focuses on strengthening its safety and occupational health management programme. It facilitates the identification, evaluation and control of risks at all levels of the organisation and in its contractors through motivation, training and constant communication of the policies, procedures, norms and regulation established by the company. In this way, it strives to achieve its strategic objectives of which the first is a "safe and healthy work environment". (**For further details, see Sustainable Development Policies - Safety and Occupational Health**).



2. Our Commitment to the Health and Safety of our Workers, their Families and the Community

2.1. PROGRESS IN TRAINING ON SAFETY AND OCCUPATIONAL HEALTH

In order to develop and boost the potential of its workers, Collahuasi has in place a system that establishes training requirements in accordance with needs.

In 2011, the company implemented a programme for the control of operational risks in order to provide its own employees and those of contractors with training in safety and occupational health. The topics covered were of common interest, some of which were obligatory while others were of an individual and collective nature, including standards for the prevention of fatalities, analysis of work risks, occupational health and emergencies.

2.2. INITIATIVES IN EDUCATION AND PREVENTION

^[LAB] During 2011, as part of its commitment to the health and safety of its employees, collaborators and their families, Collahuasi implemented a number of programmes and initiatives aligned with its Safety and Occupational Health Policy.

Initiatives for the training and education of the company's employees, collaborators and their families:

- Safety monitor training for members of the Worksite Joint Management-Worker Health and Safety Committee (CPHS) and the Committees of contractors .
- Visible Leadership.

Programme for Control of Operational Risks (PCRO)

This programme's implementation permitted monthly control of the different business units, including the contractors working in these units. Through the CURA software, control was exercised over each unit's most significant risks, with monthly monitoring of compliance.



- Training of mine safety monitors.
- Positive Attitude Safety System (PASS), with training for own and contractors' employees.
 - Training on different technical subjects for contractors' safety and health advisors.
 - Analysis of work risks and work permits.
 - Safety and occupational health management system.
 - "5S" Order and Cleaning System.
 - Implementation of the Change Management methodology.
 - Standard for prevention of fatalities.
 - Investigation of incidents.
 - Safety Risks Management Process: Level A3 (for senior management) and A2 (for supervisors).
 - Creation of a joint training programme with workplace safety and health insurers for all own worksite employees and those of contractors.
 - Training on occupational health risks.

- Measures for control of exposure to free crystalline silica, ionising radiation and ergonomics.

In addition, a total of 65 brigade members were trained in:

- Hazardous materials
- Vehicle rescue
- Industrial fires
- Rescue at altitude
- Rescue in confined spaces
- Rescue brigade.

In 2011, at weekly meetings in the different areas of the company through open and closed courses, 94.4% of personnel also received training in its Manual on Emergencies and 14 of the 15 local emergency plans for the company's different operational areas were implemented.

A total of 17 emergency drills, rather than the 15 initially planned, took place in order to evaluate local emergency plans.

In order to involve employees' families in safety and health issues, talks were given on nutrition, alcohol and drugs. The company also offers a health phone line for employees' families and, through the Employee Support Programme (PAE), offers employees and their families advice on legal, psychological and other matters. This initial service is free-of-charge and is provided by lawyers, psychologists or social assistants who attend general needs. If more specialised assistance is required, the person is referred to a professional whose cost must be covered by the employee or the employee's health insurer. These services are confidential and employees access them directly.

In 2011, the company again implemented an influenza vaccination programme, attending a total of 5,000 people including its own and contractors' employees and family members. The programme was extended from the Cordillera and Patache worksites to include cities such as Arica, Iquique, Antofagasta, La Serena and Santiago.

For issues related to the health and safety of the community, Collahuasi has implemented a programme of medical attention provided by healthcare professionals who travel from Santiago to Iquique. In this way, Collahuasi helps to alleviate the shortage of healthcare professionals that is one of the Tarapacá Region's principal problems.

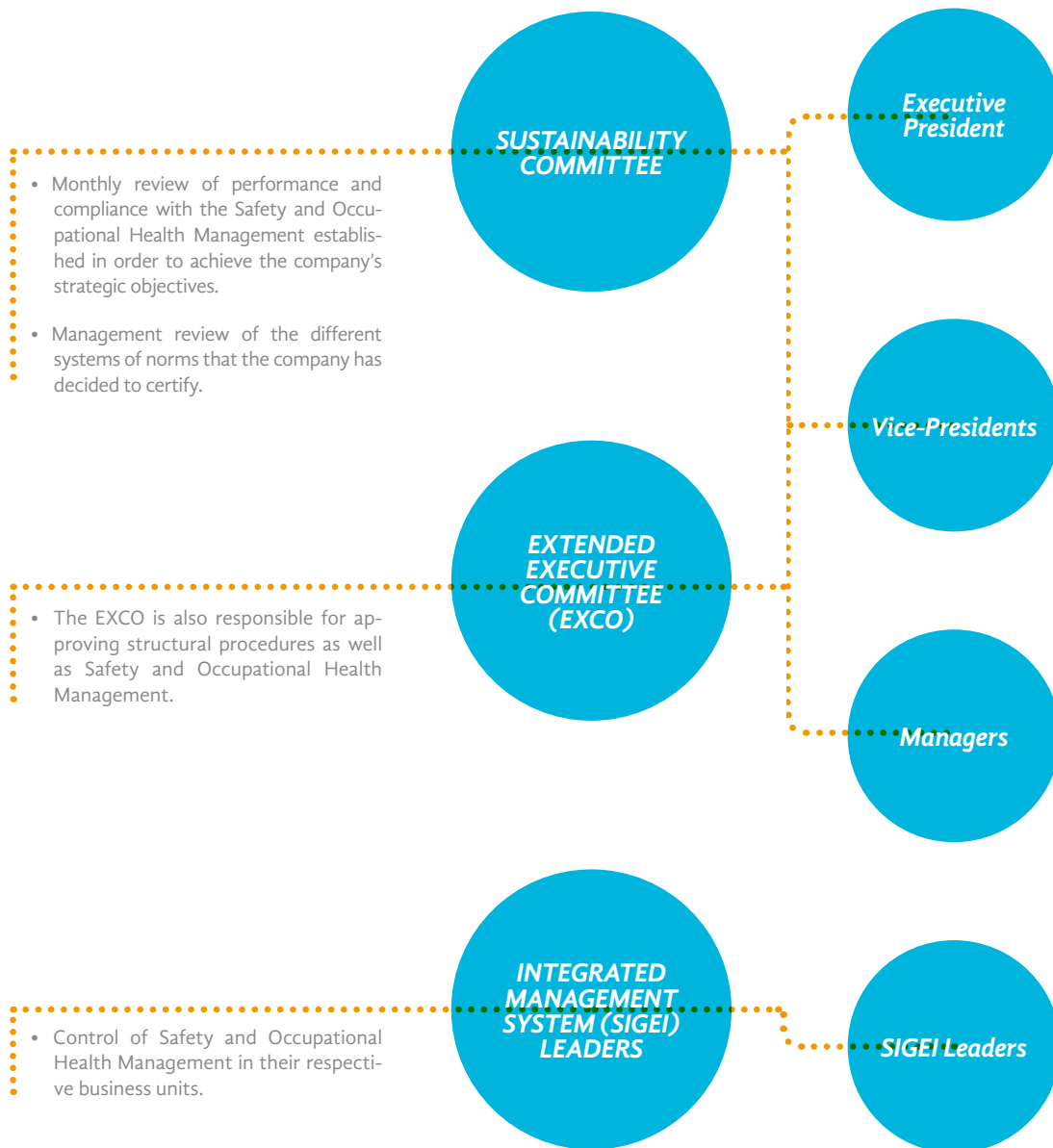
3. Joint Management-Worker Committees



As required under Supreme Decrees 54 and 76, all the company's employees and collaborators are represented by the Joint Worksite Management-Worker Health and Safety Committees (Cordillera and Puerto Patache). In addition, all contractors with more than 25 employees working at Collahuasi comply with the legal requirement to establish a Joint Committee. These are coordinated and audited by the Worksite Committee.

[LA6] The contribution made by the Joint Management-Worker Health and Safety Committees (CPHSs) is an integral part of Collahuasi's overall safety management. Advising and instructing workers in the proper use of personal protection equipment, supervising compliance with health and safety norms and investigating the causes of accidents resulting in disabling injuries or other high potential incidents that may occur are tasks that are crucial in positioning safety as a core value at Collahuasi.

In addition to the Joint Committees required by law, Collahuasi also has the following three committees:



4. Key Figures



Absenteeism

	Absenteeism Rate			Occupational Disease Rate			Injury Downtime Rate			Accident Rate			N° of Fatalities		
	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
Men	327.6	366.1	726.5	0.18	0.12	0	40.83	16.03	14.33	0.14	0.37	0.26	0	0	0
Women	84.58	21.97	107.7	0	0	0	0	0	0	0	0	0	0	0	0



Accident Rate

	N° of Fatalities			Total LTI*		
	2009	2010	2011	2009	2010	2011
Collahuasi	0	0	0	3	9	7
Contractors	0	3	0	20	19	18
Projects	0	0	0	13	1	4

* LTI = Lost Time Incidents

[LA7] In the period covered by this Report, no cases of work-related illnesses were diagnosed, giving an occupational disease rate (ODR) of 0 while the absenteeism rate (AR) was 726.53 for men and 107.75 for women.

In 2011, Collahuasi experienced a total of seven disabling accidents and 390 lost days, giving an Injury Downtime Rate (IDR) of 14.33.



5. Our Contractors' Safety

Incentives for contractors

In line with the permanent commitment to its contractors and their employees established in the company's Contracts Policy, Collahuasi reached an agreement with the National Industrial Assembly Workers Union (SINAMI) under which it undertook to pay contractors' employees a variable incentive based on compliance with certain key performance indicators (KPIs) or, depending on the project in question, milestones. This bonus, which applies in tasks with a duration of at least six months and is received once the project has been completed, reaches a gross annual amount of 1,300,000 pesos per worker, tied to the number of days actually worked. It is paid quarterly through the contractor.

5.1. POLICY ON CONTRACTORS

Some of the most important risks in a mining operation have to do with the management of hydraulic, electrical, potential, mechanical and other forms of energy as well as with lifting operations and work at altitude. At Collahuasi, some of these tasks are carried out by contractors.

The company has, therefore, established standards such as the Standards for the Prevention of Fatalities which, when correctly implemented, significantly reduce the probability of undesired events in these high-risk activities.

In order to provide the necessary support for implementation of these standards, prevention systems and compliance with legal requirements for the prevention of risks, the company has also defined standards for Experts in Safety and Occupational Health under which all contractors must employ a risk prevention advisor or have a risk prevention department. The characteristics of these advisors are defined in accordance with the criticality of the processes in which

the contractor is involved and the number of workers it employs. An average of 200 experts in this field are employed by the company's contractors and participate together with its Safety and Occupational Health area in the prevention of accidents and occupational illnesses.

Collahuasi has a development programme for these experts which starts with a diagnosis of their technical skills, the relevant legislation and their knowledge of Collahuasi's procedures and standards as well as their personal characteristics.

Monthly alignment meetings take place with the participation of all contractors' and subcontractors' safety and health advisors, reinforcing their role in the application of the different systems the company has in place.

The principal activities that took place in 2011 in relation to the company's contractors and subcontractors were:

- Update and reinforcement of the company's regulation on contractors and subcontractors

- Implementation of a monthly self-evaluation system in each company to assess compliance with the legislation in force, including the requirements established by the principal company
- Sponsorship of a national course for safety experts in the extractive mining industry, given in collaboration with the National Geology and Mining Service (SERNAGEOMIN), in order to increase the number of contractors' advisors with certification
- Update and reinforcement of the company's policy on contractors, partly in a bid to create closer ties
- Implementation of a monthly self-evaluation system in

each company to assess compliance with norms, identifying the legal requirements with which they must comply including the requirements of the principal company.

5.2. CONTRACTOR INDICATORS

^[LA6] In 2011, contractors working for Collahuasi had a total of 36 Joint Management-Worker Health and Safety Committees, representing 100% of their employees as required under Supreme Decrees 54 and 76.

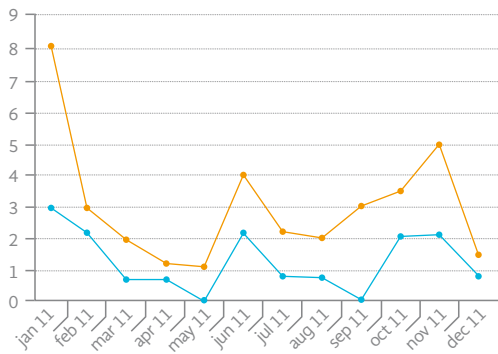
Absenteeism ^[LA7]

	Injury Downtime Rate			Accident Rate		
	2009	2010	2011	2009	2010	2011
Contractors	29.22	17.53	19.19	0.69	0.36	0.29

Accident Rate ^[LA7]

	Fatalities			Total LTI		
	2009	2010	2011	2009	2010	2011
Collahuasi	0	0	0	3	9	7
Contractors	0	3	0	20	19	18
Projects	0	0	0	13	1	4

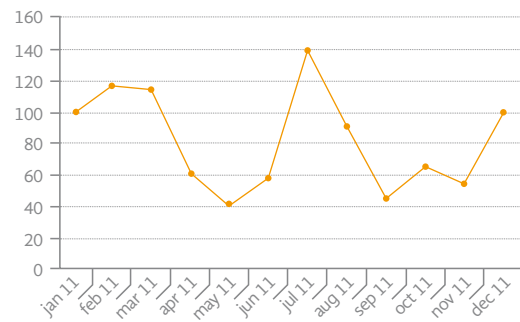
LTIFR and TRIFR Contractors ^[LA7]



—●— LTIFR Contractors —●— TRIFR Contractors

LTIFR: Lost Time Injury Frequency Rate
TRIFR: Total Recordable Injury Frequency Rate

DISR Contractors ^[LA7]



—●— DISR Contractors

DISR: Disabling Injury Severity Rate



Our Water
Management

→ INCREASE IN FLOW OF JACHUCOPOSA SPRING:

12.64/s → 39.24/s

IN 2007

IN 2011

→ DEVELOPMENT OF PILOT THICKENED TAILINGS TECHNOLOGY PLAN.



→ EFFICIENCY IN RAW WATER CONSUMPTION:

640% TONNE → 571% TONNE

IN 2008

IN 2011



1. Management Approach

Efficient use of the water we withdraw from primary sources is a key objective of Collahuasi's sustainable development strategy and this is reflected in the high water management standards applied in the company's different processes. One example of this is the development of an integrated strategy for the sustainable extraction of underground water which has fostered its effective use by rationalising extraction and water quality in accordance with the needs of the particular type of activity or task.

These principles are crucial in order to ensure both the long-term security of water supply and the conservation of the related biodiversity.

Optimisation of water management is an important part of Collahuasi's mining planning cycle whose long production horizon calls for long-term vision and commitment. The company's expansion plans, therefore, include important studies of future water needs. In all the scenarios envisaged, demand for water would increase and the company is evaluating alternatives that range from rational and sustainable use of ground water to the use of seawater.

Like any other large-scale open pit operation, Collahuasi also has to carry out complex tasks to pre-drain and drain the sides of the pits in a key safety measure for controlling their stability and reducing risks to people and equipment.

Water Resource Research Centre (CIDERH)

In view of the key importance of water resources at both the local and national level, the Tarapacá Regional Government invited Collahuasi to participate in this initiative and it has provided solid and sustained support for the CIDERH.

In the second year of the initiative, the CIDERH's implementation was concluded with the incorporation of new professionals to complete its research team, and research work began. Under the Centre's Strategic Plan, this is aligned with both the project approved by the National Commission for Scientific and Technological Research (CONICYT) and with regional interests.

Progress was achieved on Lines 1 and 2 of its research and work began to identify new areas of research that would be of interest to different sectors in the Tarapacá Region.

In 2011, the Centre signed three new cooperation agreements - with the National Water Board (DGA), the University of Concepción and the De La Frontera University - complementing its existing six agreements.

2. Protection of Water Resources

780 L/s

is the average monthly withdrawal rate with which Collahuasi must comply in Coposa

2.1. JACHUCOPOSA SPRING

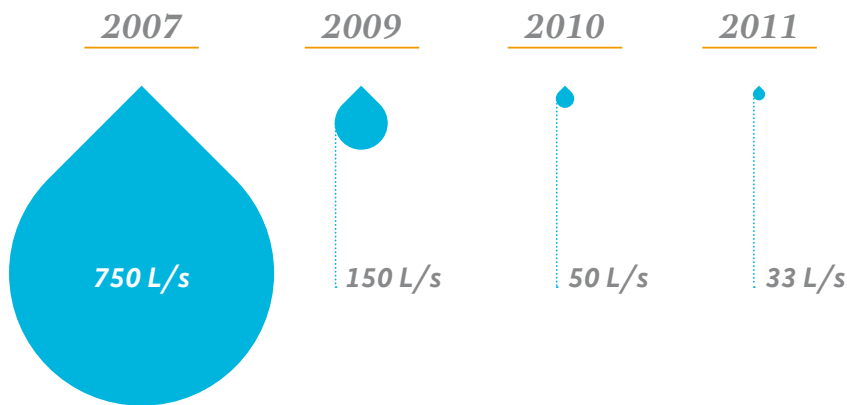
^[EN9] The Jachucoposa Wetland and Spring are the main water source affected by withdrawals for Collahuasi's operations. The company has, therefore, undertaken to contribute to the restoration of the natural water flow so that it evolves in line with its commitments with the authorities.

Water Management Strategy in Coposa: Withdrawal Plan

Collahuasi took the view that, in order to achieve a rapid and effective recovery of the Jachucoposa Spring, an even more proactive management strategy was required than that envisaged under the obligations imposed by the authority. This implies the gradual relocation of extraction wells from the Pabellón Fault sector, the area with direct influence over the Spring, to the Coposa Norte and Coposa Sur sectors where withdrawals have much less impact.

Since 2008, Collahuasi has completed a programme for relocating withdrawal points from the Pabellón Fault to other sectors as shown below:

Water harvesting from Pabellon Fault

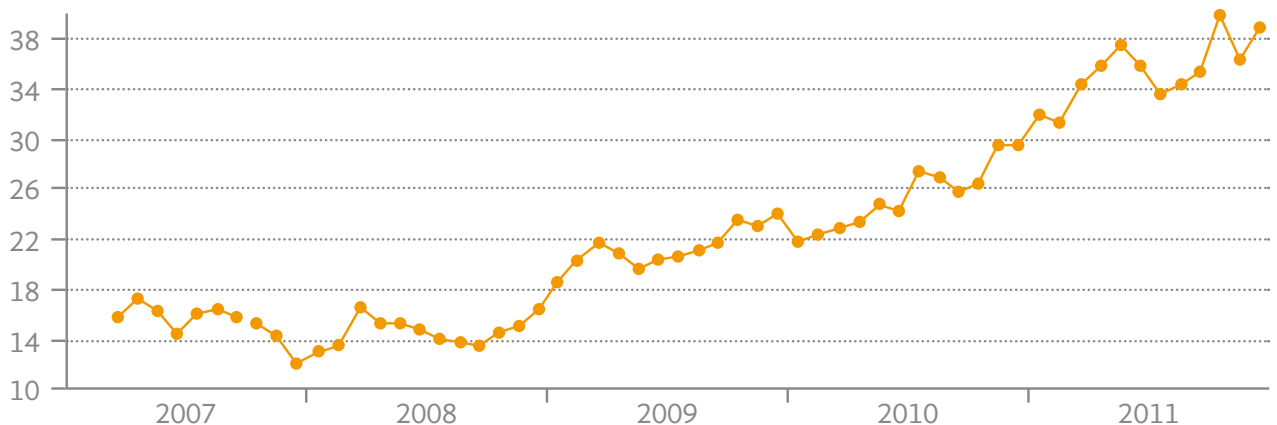


Thanks to these measures, the natural water flow of the Jachucoposa Spring has shown a sustained increase from 12.6 L/s in December 2007 to 39.2 L/s in December 2011 and has, in other words, tripled in four years. The successful recovery of this water course, which supports the Jachucoposa Wetland, is a matter of particular pride for Collahuasi which has worked intensely to honour its environmental commitments.

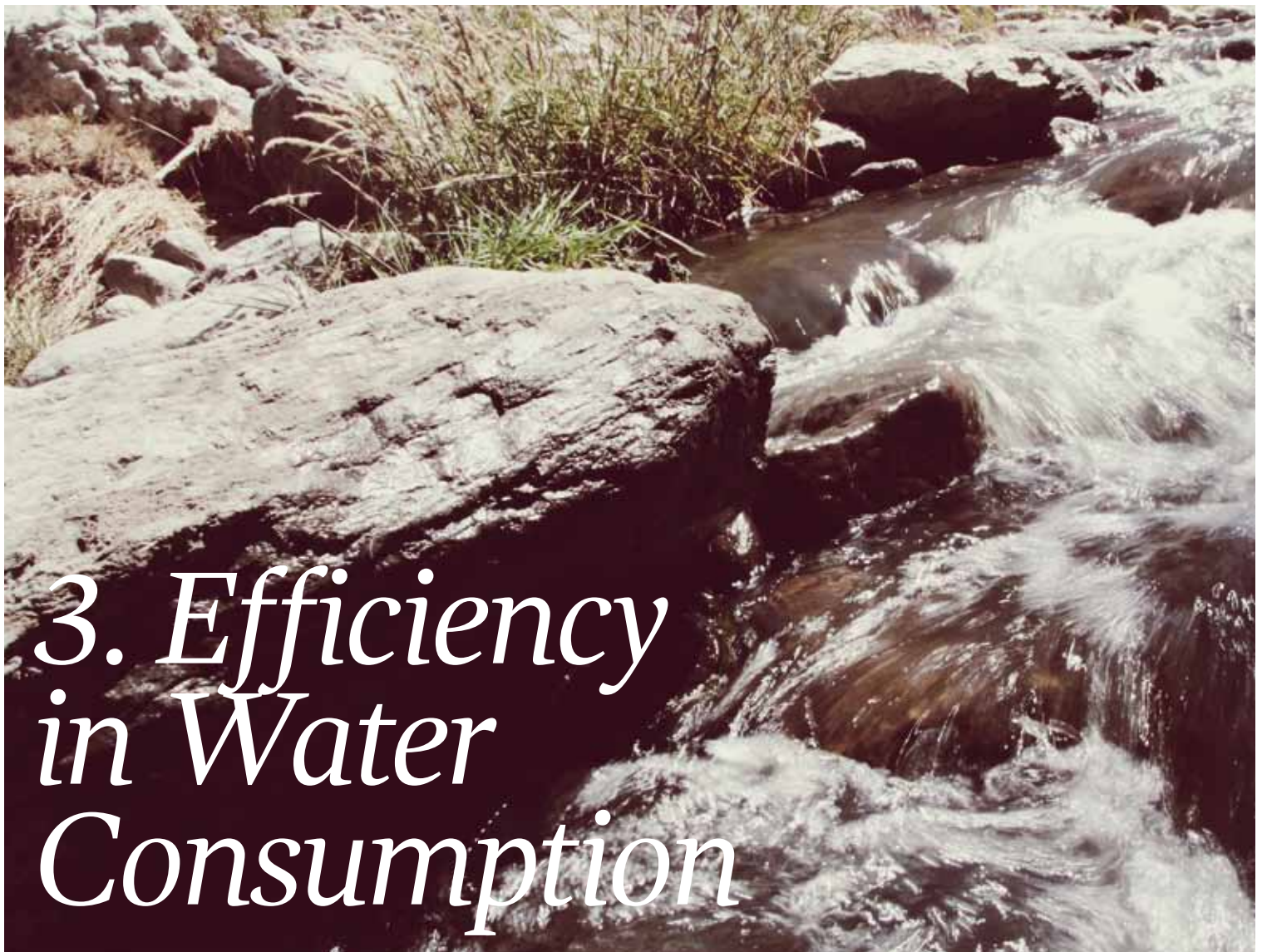
As well as illustrating the best water practices in place at Collahuasi, the Jachucoposa Spring's rapid recovery is also a tangible example of the way in which the company assumes responsibility for its impacts and seeks to mitigate them, permanently monitoring the effects of its operations on water resources and their influence on ecosystems. In this way, the company demonstrates its commitment to the maintenance over time of the water matrix's production capacity, developing it in accordance with principles of sustainability¹.

Monthly Water Flow, Jachucoposa Spring (L/S)

Source: Collahuasi Water Resource Area.



¹For additional information about water flow recovery, see the Appendices of this Report.



3. Efficiency in Water Consumption

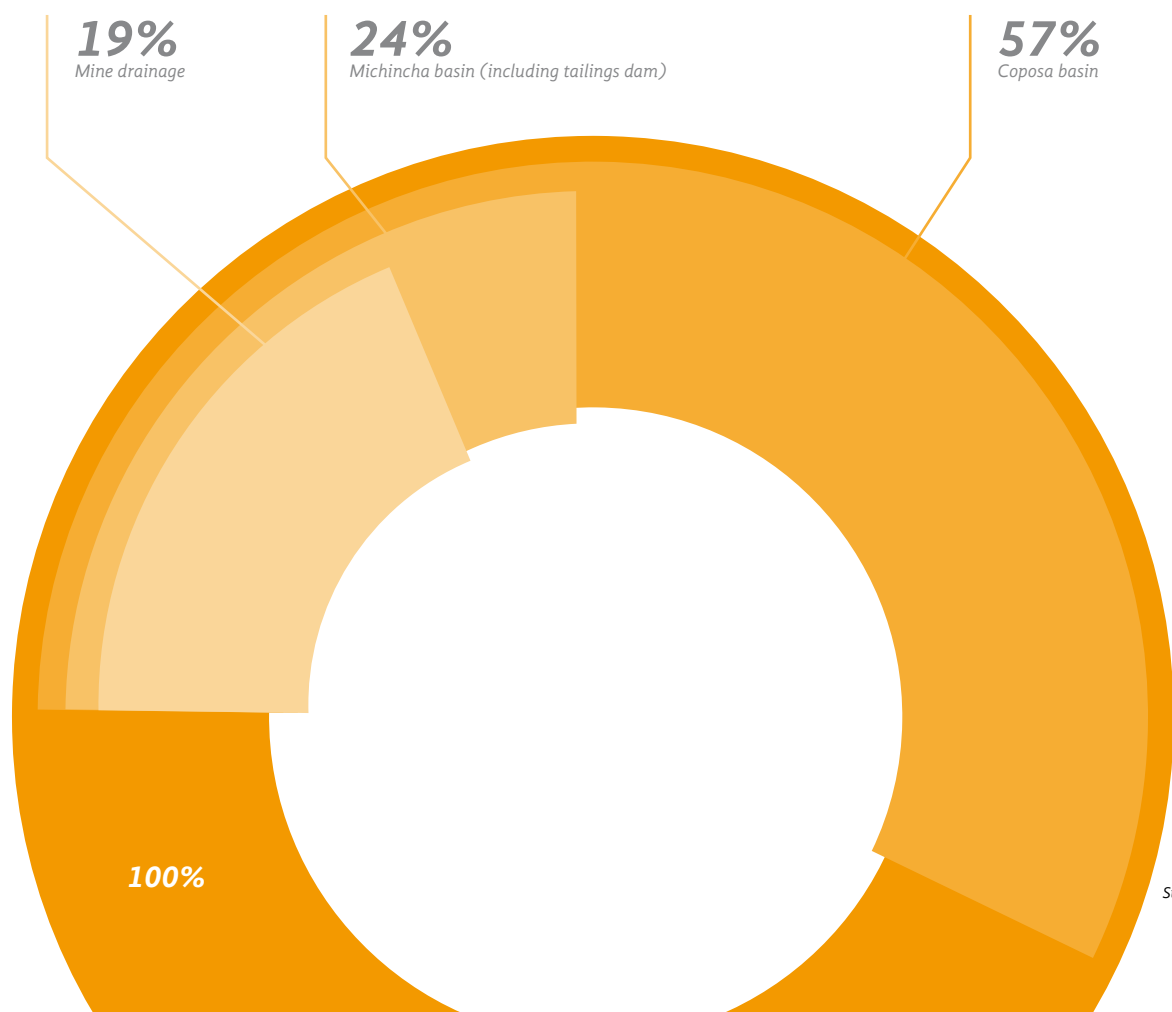
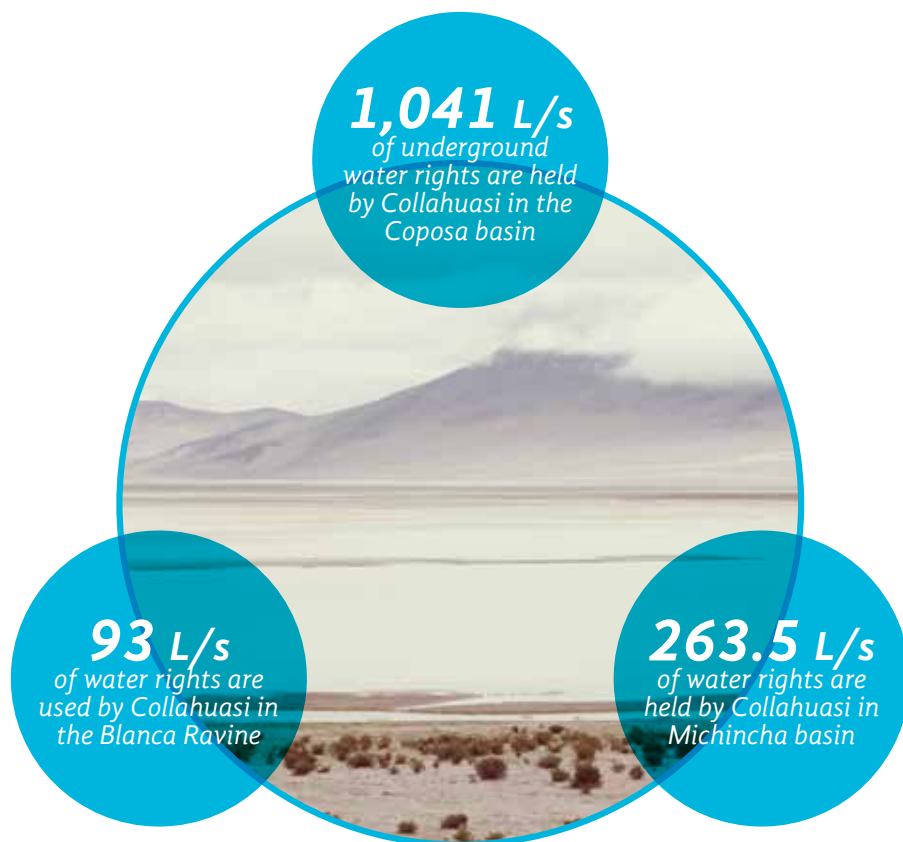
[ENB] The basin of the Coposa Salt Flat is Collahuasi's main source of water supply. It is located in the region's Andean plateau and is an endorheic (closed) basin surrounded by mountains and volcanoes that reach heights of over 5,000 metres.

In 2011, the company extracted a total of 36,637,000 m³ of water of which only 57% came from the Coposa basin. This reflected the company's strategy of developing a balanced water supply matrix that seeks to limit impacts on the natural environment, particularly in the Jachucoposa sector.

The company's total water withdrawals are shown in the table below:

Total Withdrawals by Source	Type of Water	Units	2011	2010	2009
Coposa basin	Underground	Thousand m ³	20,858	23,523	23,123
Michincha basin (including tailings dam)	Underground*	Thousand m ³	8,917	8,864	8,351
Mine drainage	Underground	Thousand m ³	6,862	4,505	1,566
Total año		Thousand m³	36,637	36,893	33,039

* Except for water from infiltration wells which corresponds to recovered water.



3.1. 3.1. WATER RECOVERY AND REUSE

[EN10] Collahuasi's consumption of raw and reused water from 2009 to 2011 is shown below:

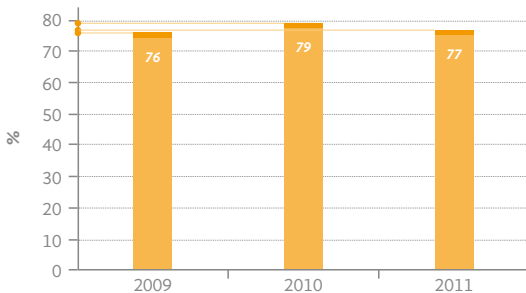
Consumption of Raw and Reused Water

	Units	Annual Total		
		2011	2010	2009
Total raw water consumption by Collahuasi	Thousand m3	33,457	33,743	30,105
Total raw water consumption by concentrator plant	Thousand m3	27,272	29,235	27,790
Water reused from tailings dam and thickeners	Thousand m3	111,988	110,677	101,452
Unit water consumption at concentrator plant	(L/tonne)	571	595	613

It is important to note that this was the fourth consecutive year in which the concentrator plant's unit consumption of raw water dropped. This not only implies greater efficiency but also positions Collahuasi as an industry leader in this field.

The company has achieved a positive performance on water reuse in the concentrator plant, with rates of around 78% over the past three years.

Water Reuse



In 2011, the water recirculation rate at the worksites reached 77% and this is expected to increase in 2012 due to operational improvements being made in the thickener units.





CLARIFYING MYTHS

- ***Collahuasi DOES NOT extract water from the Huasco Salt Flat.***

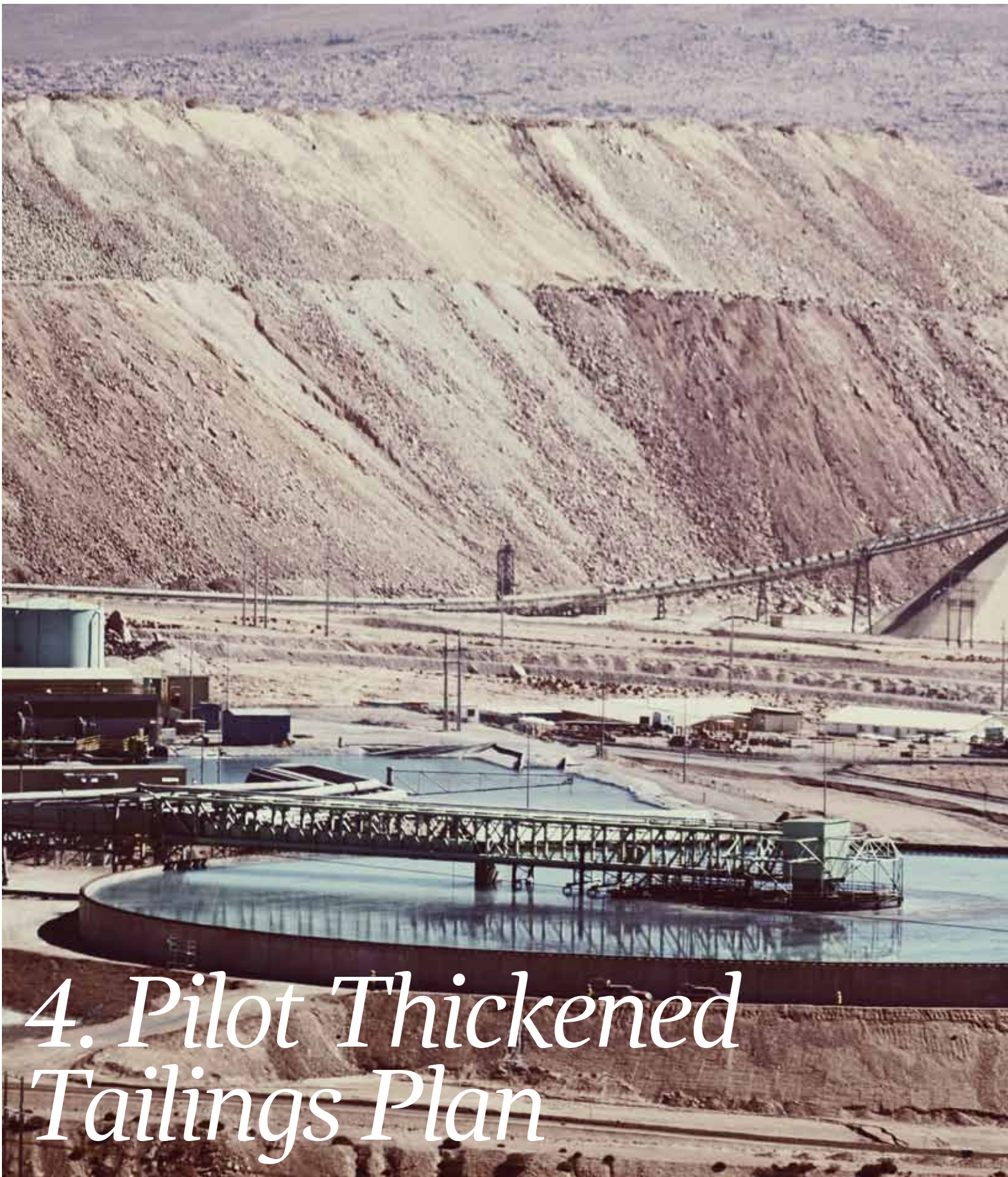
The company does not have water rights in the Huasco Salt Flat nor has it built installations to extract water from this area. Over ten years ago, it merely established wells for the purpose of studying the basin as a basis for submitting applications for water rights which are, moreover, not located in the Salt Flat or in the RAMSAR zone that protects it. The conservation and protection of biodiversity in the Huasco Salt Flat is, and will always be, a priority for Collahuasi.

- ***A large amount of water DOES NOT go down Collahuasi's slurry pipeline to be lost at sea.***

The slurry pipeline consists of two tubes, one of seven inches and the other of eight inches. The water that accompanies the concentrate does not exceed 40 L/s and, in other words, represents less than 4% of the water used by the company.

- ***Collahuasi DOES NOT extract large quantities of "fresh water" from the Andean plateau which could be used for other purposes.***

Almost half the water Collahuasi extracts is practically "brine" with such a high content of salts that it is comparable to the salinity of sea water. This salt water could not be used for agriculture and certainly not as drinking water.



4. Pilot Thickened Tailings Plan



WHAT ARE THICKENED TAILINGS?

These are tailings from which a large part of the water has been removed by using thickeners to obtain a concentration of solids of 65% or 75%, forming a homogeneous high-density paste that is deposited in the tailings dam.

This technology has become ever more attractive for the mining industry, reflecting advantages that include low leakage into the subsoil, a reduction in evaporation losses, low dust emissions, increased water recovery and lower consumption of raw water.

In 2011, thickening tests were carried out in pilot plants with a 1-metre diameter, operating as high compression thickeners (HCTs) in order to demonstrate the feasibility of reaching a 68% concentration of solids. Between January and April, parallel pilot tests were carried out with two suppliers (FLSmidth and Outotec) according to a strict protocol prepared by Collahuasi and reviewed by SNC Lavalin as an external auditor.

The aim of these tests was to obtain data indicating tailings with characteristics similar to those envisaged in the future and they showed the feasibility of reaching the expected concentrations of solids with the required feeding rate. The tests will serve as the basis for a large-scale design that, in the future, will allow Collahuasi to achieve an important leap forward in the continuous improvement of its water efficiency.



Our Energy
Management:
Climate Change
and Efficiency in
Use of Natural
Resources





➤ FOR THE FIRST TIME, COLLAHUASI CALCULATED THE CARBON FOOTPRINT OF ITS PRODUCTS.

➤ COLLAHUASI CALCULATED ITS ORGANISATIONAL CARBON FOOTPRINT FOR THE SECOND CONSECUTIVE YEAR.

1. Management Approach: Mitigation and Adaptation to Climate Change





Energy is a critical aspect of the mining industry since, in addition to the issue of its availability, it also has a very significant impact on production costs and company results. The important energy resources that Collahuasi requires for its production process include oil, 95-octane petrol, LPG, N° 6 fuel oil and electricity.

The company seeks to establish principles that allow it to ensure supply of the different forms of energy it requires in a way that is environmentally and economically sustainable, achieving continuous and sustainable improvements in its environmental performance through innovation, management and efficient energy use. It also promotes the measurement and reduction of emissions of greenhouse gas (GHG) emissions as a result of the use of energy resources in its operations and by its contractors and suppliers.

Energy and Greenhouse Gas Management System

[EN18] In 2010, Collahuasi defined the implementation of an Energy and Greenhouse Gas Management System as one of its strategic objectives. This was seen as a natural development of the company's Energy Efficiency Programme, representing an important leap forward in the optimisation of its processes.

In 2011, work took place to develop and implement a transparent and auditable Management System based on Chilean and international norms (ISO 50001) that covers the company's different sources and possible uses of energy.

Steps taken to reinforce this System included an internal familiarisation campaign and an increase in the responsibilities of the company's executives as regards controlling energy consumption. In 2011, the System's implementation was completed in the leaching area with positive results.



2. Organisational Carbon Footprint ²

^[EC2] For all companies whose productive processes seek to maintain a harmonious relationship with the environment and stakeholders, carbon footprint measurement has become imperative. In 2011, building on the work it had undertaken in previous years, Collahuasi measured its 2011 carbon footprint for products in accordance with the PAS 2050 international norms and its organisational footprint in accordance with the GHG Protocol and ISO 14064 standards. The measurement, carried out by the Spanish Normalisation Association (AENOR), complied with a reasonable assurance level, the highest level of accuracy that it is possible to achieve in measurements of this type.

In 2011, the mining sector was not directly affected by international agreements or protocols related to climate change

but Collahuasi has nonetheless adopted a proactive and strategic approach to this issue, measuring and monitoring its carbon footprint monthly prior to the mitigation measures it will analyse and implement in the coming years.

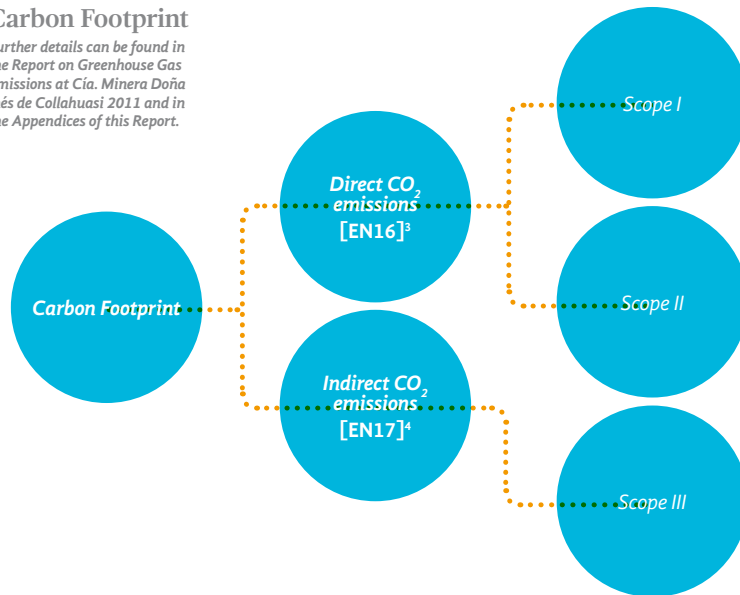
A carbon footprint is the total set of greenhouse gas (GHG) emissions caused directly and indirectly by an individual, organisation, event or product. It is an internationally recognised indicator through which an activity's total impacts on the environment can be dimensioned and managed.

Collahuasi became the first mining company in Chile to measure its Product and Organisational Carbon Footprint with the process and results assured in accordance with international norms by a third party.

organisation's boundary and all the operation's activities that generate GHG emissions were included in the inventory. Emissions throughout the company's value chain were taken into account from mining exploration through to the arrival of copper concentrate or cathodes at their port of destination.

Carbon Footprint

Further details can be found in the Report on Greenhouse Gas Emissions at Cia. Minera Doña Inés de Collahuasi 2011 and in the Appendices of this Report.



Consumption of fuel for trucks, equipment and light vehicles controlled by the organisation as well as fuel for operation of the cogeneration plant. Also includes emissions resulting from the activities of contractors who provide services related to fragmentation and overland transport of mineral and products since Collahuasi determines the operating parameters of these services.

Emissions as a result of the consumption of electricity acquired from generators.

The strategic inputs considered in calculation of the company's carbon footprint are those that have a significant impact on Collahuasi's production cycle of which the most important are crusher and mill linings, mill balls, lime, sulphuric acid, tyres and lubricants.

Emissions generated by transport of personnel (tCO₂e)

Source: 2009 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting.

^[EN29] Indirect emissions are also generated as a result of the movement of personnel, including air travel and overland transport to and from the worksite.

* Emissions within and outside the worksite (buses).

	2010	2011
By air	1,466	2,256
By land *	2,124	2,998
Total	3,590	5,254

The company's total estimated CO₂ emissions by scope are shown in the table below:

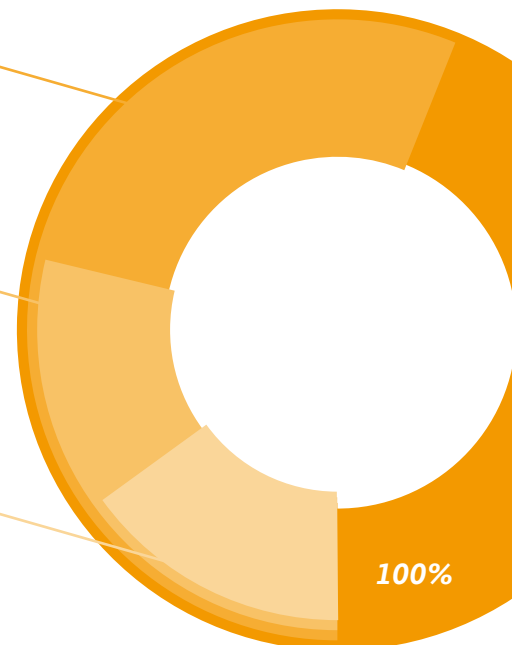
Annual Emissions by Scope (tCO₂e)

Scope	2009	2010	2011
Direct emissions (Scope 1)	305,588	354,468	477,130
Indirect emissions (Scope 2)	1,026,451	1,047,653	930,531
Other indirect emissions (Scope 3)	199,265	179,454	247,577
Total	1,531,304	1,581,575	1,665,238

56%
Direct emissions
(Scope 1)

29%
Indirect emissions
(Scope 2)

15%
Other indirect emissions
(Scope 3)



3. Product Carbon Footprint⁵



2011 became the base year for calculating the carbon footprint of Collahuasi's products.

In 2011, Collahuasi for the first time calculated its emissions broken down by product (copper cathodes, copper concentrate and molybdenum) in accordance with and assurance under the British PAS 2050 standards.

The carbon footprint of Collahuasi's products is shown on page 136.

It is important to note that Collahuasi has published two comprehensive reports on its product and organisational carbon footprints, which can be downloaded from its website (www.collahuasi.cl).

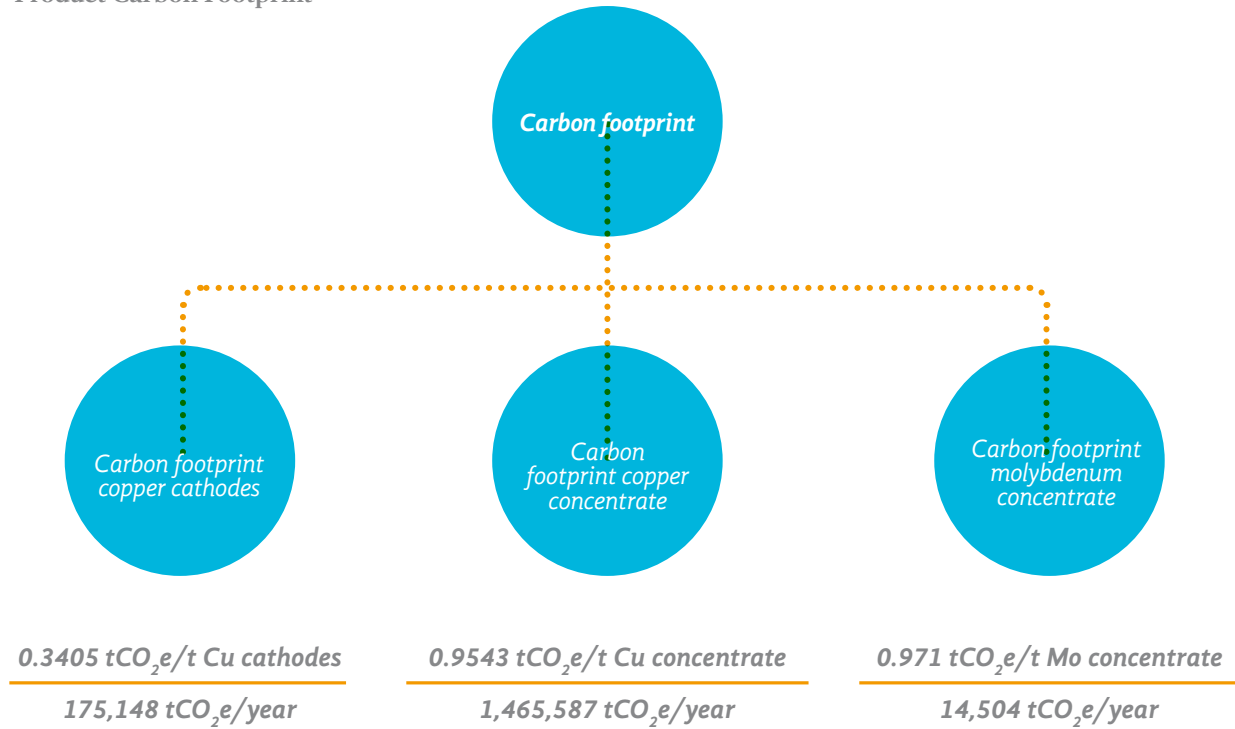
3.1. CARBON FOOTPRINT REDUCTION INITIATIVES

^[EN18] Abatement Curves

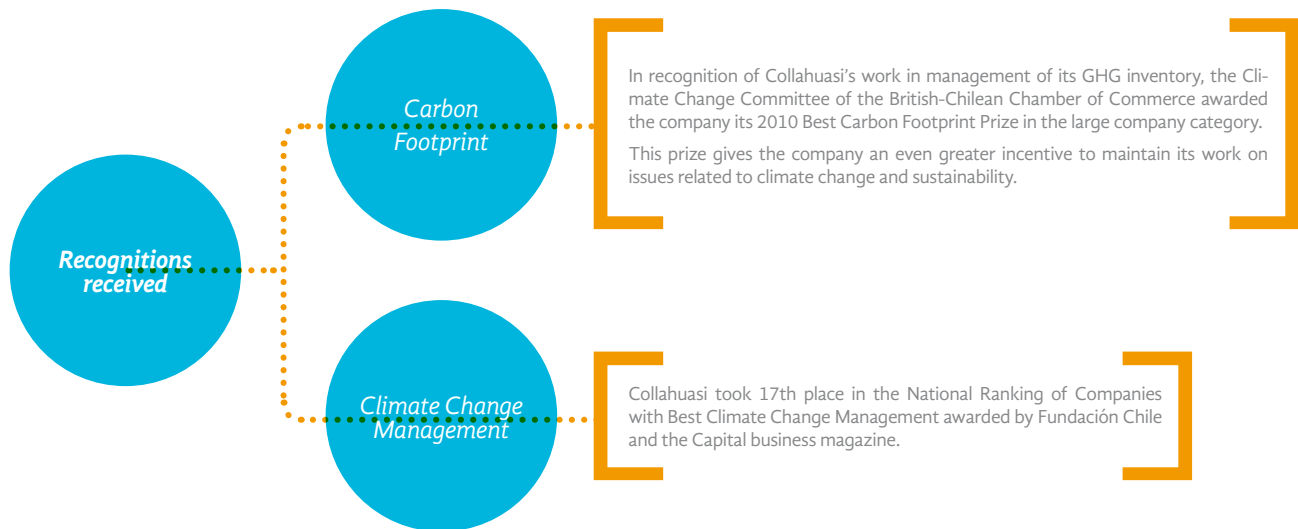
The identification, evaluation, comparison and implementation of initiatives to increase energy efficiency and mitigate GHG emissions will help to support the work carried out by the company's different areas in a bid to reduce the operation's impact in terms of GHG emissions. To this end, the company launched an initiative in 2010 to develop GHG abatement curves on the basis of which to calculate the cost-effectiveness of different proposals for mitigation.

In 2011, Collahuasi worked on the GHG abatement curve of the leaching area, analysing and comparing different proposals for reducing specific emissions generated by this area of its operations. This showed a potential to reduce emissions by over 5,800 [tCO₂e], equivalent to a reduction of 3.8% in the area's GHG emissions in 2010.

Product Carbon Footprint



Recognitions received Carbon Footprint



4. Energy Efficiency and Alternative Renewable Energies



Collahuasi's implementation of its Energy and Greenhouse Gas Management System is also a reflection of its commitment to caring for the environment and maintaining the sustainability of its operations. This obliges the company to manage the energy resources used by its operations and their consequences for its surroundings.

An increasing interest in the use of alternative renewable energy (ARE) sources and other technologies related to energy efficiency means that the company has evaluated their potential adoption either directly or through its suppliers and contractors.

[EN6] In addition to the implementation of the Energy and Greenhouse Gas Management System and the development of abatement curves for the different areas of the company's operations, Collahuasi has continued with work which began in 2010 to gather information about potential opportunities for improvements throughout the company, related principally

to the energy efficiency of its processes. The main opportunities detected include:

- Autonomous efficient lighting for the new access to Puerto Patache
- Implementation of efficient lighting in the EW plant
- Reduction in the temperature of air extracted by EX/SX compressors
- Use of solar energy to heat raffinate in the bioleaching plant
- Efficient lighting in the Rosario shelter
- Energy recovery in the slurry pipeline
- Cleaning of the HX403 heat exchanger
- Implementation of biodigester
- Use of solar energy to heat water for HPI bathrooms.

Alternative Renewable Energies ^[EN6]

ARE incorporation

A first tender for the supply of energy from ARE sources was issued for 30,000 MWh/year generated by clean energy projects, ideally located in the Tarapacá or Arica and Parinacota Regions. The results will be announced in the first half of 2012. In December 2011, a research contract was signed with the University of Chile in order to give continuity to this project.

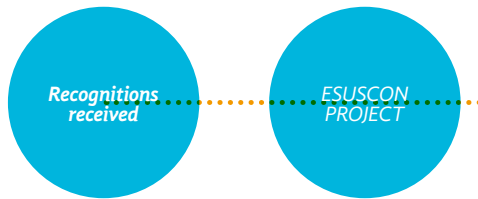
Cóndor Sustainable Energy (ESUSCON) Project

This project in Huatacondo was consolidated during 2011. It is progressing on schedule and has a collaboration agreement with the Energy Centre of the University of Chile's Physical and Mathematical Sciences Faculty for periodic improvements.

Collahuasi Geothermal Project

Information obtained in previous years was validated in 2011 in order to strengthen the project's methodology and generate a solid body of knowledge about the possible resource.

Collahuasi holds three geothermal exploration concessions, known as Irruputuncu and Olca, all of which are located in the Tarapacá and Antofagasta Regions.



ESUSCON project receives Innovation Prize from Chilean-North American Chamber of Commerce

Huatacondo is the first town in Chile to have its own electricity micro-network using renewable sources such as the sun and the wind. The project includes the community's involvement in efficient energy use and the system's operation. Participation in a project of this nature is important for Collahuasi because of its significance not only at a regional level, but also at the national and even international level, since it will provide Huatacondo with 24-hour electricity in an autonomous and sustainable manner through the coordination of small generating units.

The project was recognised as a pioneer in Chile in the generation of electricity from renewable sources and as the best innovation project in an award by the Chilean-North American Chamber of Commerce.

Energy Efficiency

^[ENS] The efforts made by Collahuasi to increase the energy efficiency of its processes are reflected in a reduction in energy consumption per tonne input in the plant and leaching process. In 2011, figures were below the average for the last three years.

Unit Energy Consumption by Area

Area	Units	2009	2010	2011
Mine	GJ/tonne moved	0.0201	0.0178	0.0180
Sulphides	GJ/tonne input	0.0825	0.0789	0.0801
Oxides	GJ/tonne input	0.1029	0.0985	0.0888





5. Fuel Consumption at Collahuasi

<i>Fuel Consumption</i>	<i>Oil</i>	<i>95-Octane</i>	<i>Nº 6 Fuel</i>	<i>LPG</i>
2009	3,652,970	10,106	0	74,421
2010	3,961,485	11,714	290,244	67,119
2011	4,698,300	9,539	441,948	76,089

Source: Energy and Greenhouse Gas Management System.

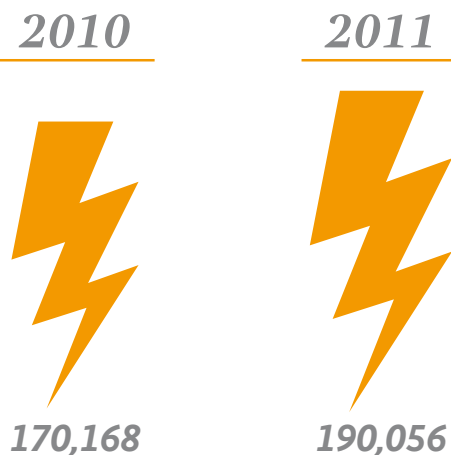
^[EN3] The table above shows the historic fuel consumption related to the company's direct emissions:

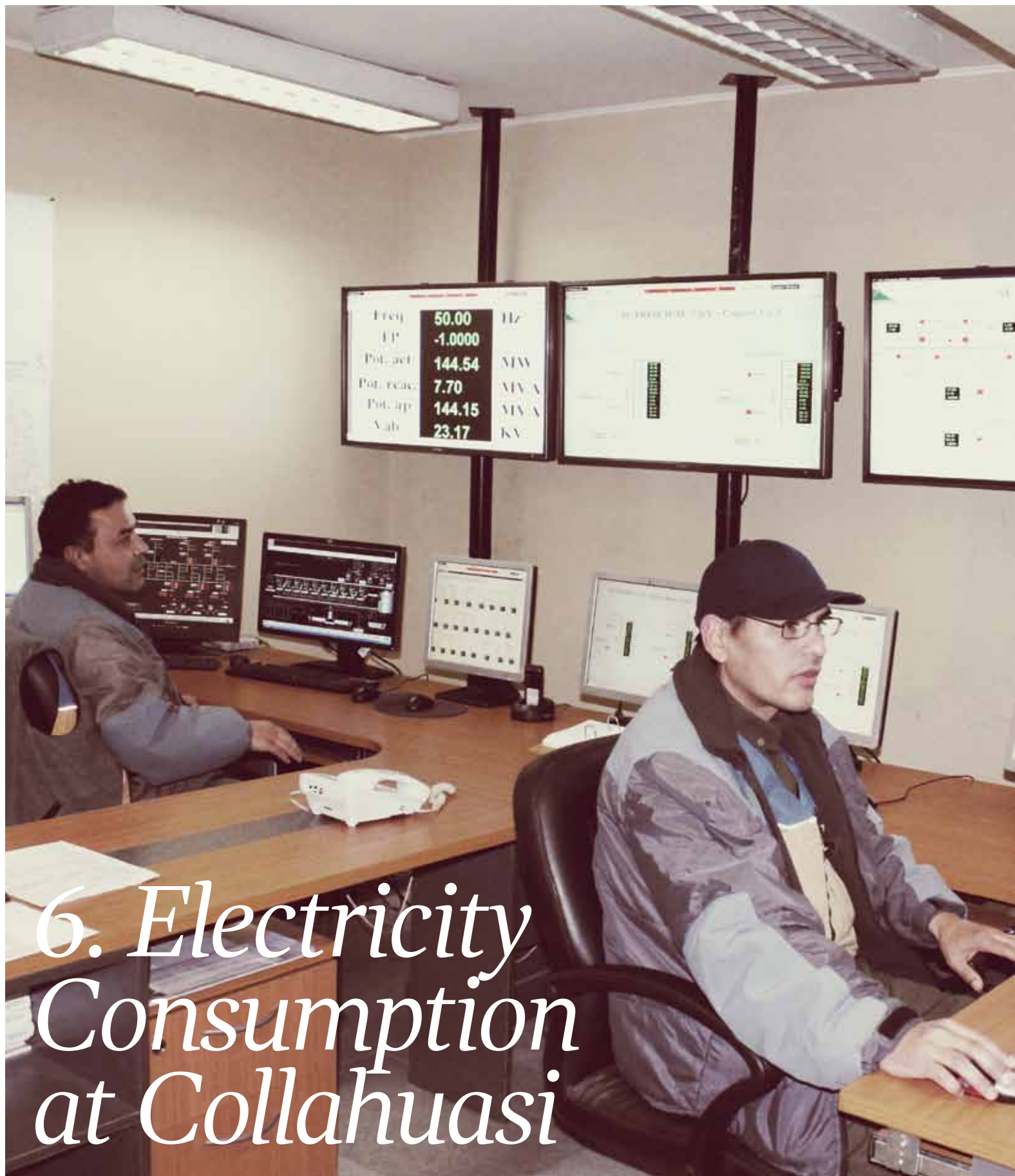
Diesel consumption is rising due to an increase in the number of trucks and the distances they travel due to pit growth and natural expansion. This obliges Collahuasi to implement measures related to energy efficiency and control so as to improve its global management of energy resources.

5.1. COGENERATION PLANT

The cogeneration plant is located at the worksite and, for the purpose of carbon footprint calculation, the fuel used to produce energy is considered, rather than the energy generated, since this is the transformation of the primary fuel.

Output of Cogeneration Plant (GJ)





6. Electricity Consumption at Collahuasi



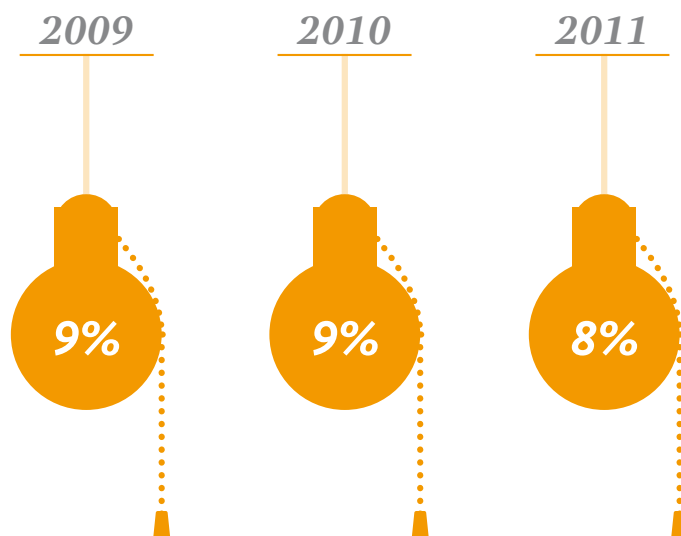
[EN4] The electricity consumed by Collahuasi's production processes and for the company's administration is shown in the table below:

| Electricity Consumption

	2009	2010	2011
MWh	1,294,919	1,303,753	1,282,656
GJ*	4,661,707	4,693,511	4,617,560

* 1MWh = 3.6 GJ

Collahuasi's share of demand for electricity in the Northern Interconnected Grid (SING) has evolved as follows:





Care of Our Surroundings



PREPARATION OF BOOK "THE QUEÑOJA, THE TREE OF ALTITUDES"



DEPLOYMENT OF ENVIRONMENTAL
IMPACT MANAGEMENT STRATEGIES IN:

- COPOSA AND MICHINCHA SALT FLATS
- CAPELLA WETLAND
- UJINA CARCANAL
- PUNTA PATACHE
- JACHUCOPOSA WETLAND



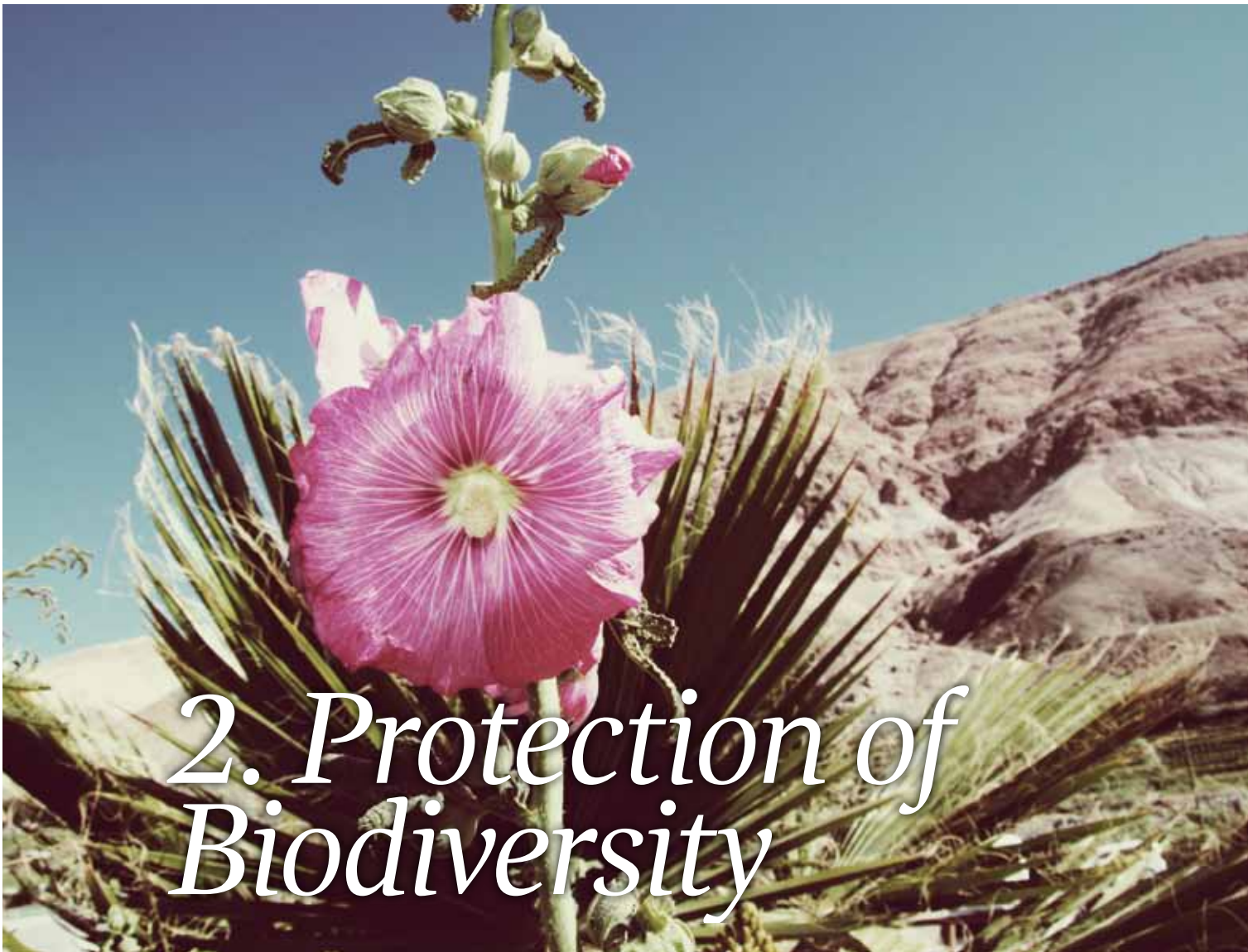
NO ENVIRONMENTAL INCIDENTS CLASSIFIED AS
SIGNIFICANT BY THE COMPANY



1. Care for our Surroundings

In the different strategies and measures it has implemented, Collahuasi has focused on compensation and mitigation of environmental impacts as well as on regular monitoring of physical-chemical and biological variables in vulnerable sectors and habitats.

[EN11] Collahuasi recognises that productive activities can affect biodiversity directly or indirectly through their use of land and water and the transport of inputs and products. It, therefore, seeks to protect the area around its operations based on recognition and respect for biodiversity and cultural-historical systems. It is important to note that the company's only installations in priority biodiversity conservation sites are its well fields in the Coposa Salt Flats⁷.



2. Protection of Biodiversity

[MM2] Collahuasi has in place biodiversity management plans covering 42.9% of the total area affected as shown in the table below.

In the case of the Coposa Salt Flat and the Jachucoposa Wetland as well as the Chiclla Wetland, the management plan was established in response to a direct impact as described in the section below on Interaction with Biodiversity.

In the case of the Irruputuncu Volcano, the plan is a compensation measure that the company undertook to implement in the Environmental Impact Study carried out in 1995 in response to the impact of part of its waste rock dump on 149.2 hectares of the Ujina sector with queñoa trees. So far, approximately 6,030 trees have been planted in an area of 60 hectares, representing 40% completion of the programme.

Sector	Results	Work with Authorities	Management Plan
Coposa Salt Flat and Jachucoposa Wetland	Favourable measurement by authority, implies focalising management	Working meetings to implement modifications in activities	Redefinition of activities by A-E Polygons
Chiclla Wetland	Recovery of area, management of water resources	No joint actions	Construction of terraces to reduce speed of water flow
Irruputuncu Volcano	Improvements in plantation and its establishment	No joint actions	Identification of new sectors for reforestation, follow-up plan and new technologies for establishing the plantation

2.1. INTERACTION WITH BIODIVERSITY

Collahuasi has in place systems for monitoring fauna in the areas close to its operations and maintains a register of sightings. In general, census results indicate seasonal variations in the population of the different species that are within

historical averages. The company takes the measures necessary to conserve biodiversity, identifying the most significant impacts and deploying mitigation and/or compensation measures as shown in the table on Strategies for Managing Environmental Impacts.

<i>Habitats Intervened</i>	<i>State Habitat</i> <small>[EN13]</small>	<i>Species close to operations.</i> <small>[EN15]</small>
Jachucoposa Wetland	Restored	Flamencos
Michincha Salt Flat	Restored	Vicuñas
Ujina Carcanal	-	Vizcachas
Chiclla Wetland	Restored	Wetland
Irruputuncu Volcano	Reforested	Queñoas

Studies of Fauna



Book on the Queñoa, the Tree of Altitudes

The queñoa (*polylepis tarapacana*) is a tree that grows at more than 4,000 metres above sea level and its leaves have traditionally been used by local communities for medicinal purposes. It can reach heights of up to seven metres and, considered vulnerable, is on the red list of the International Union for Conservation of Nature (IUCN).

In conjunction with Chile's National Forestry Service (CONAF), Collahuasi is implementing a project for the restoration of its habitat in order to ensure the preservation of this native species.

The results of this public-private initiative were published in a book that recounts the work undertaken to reforest the slopes of the Irruputuncu Volcano, above the Coposa Salt Flat in the Tarapacá Region, with over 10,000 queñoas.

The book, prepared by the company's Environment area with the support of CONAF, was shared with the community in 2012. The success of this experience opens the way to the possibility of similar initiatives for the recovery of other species.



2.2. STRATEGIES FOR MANAGING ENVIRONMENTAL IMPACTS

Sector	Impacts ^[EN12]	Strategies or Measures ^[EN14]	Description of Strategy
Coposa Salt Flat and Jachucoposa Wetland	Loss of vegetation cover due to drop in water table	Seasonal monitoring, seasonal irrigation and replanting in some polygons	The strategy's objective is to understand the behaviour of the ecosystem and strengthen the company's Mitigation and Compensation Programme which is subject to permanent follow-up in order to assess its effectiveness and carry out annual planning that meets the authorities' requirements.
Michincha Salt Flat	Loss of vegetation cover due to drop in water table	Seasonal monitoring and application of water	This activity seeks to strengthen the company's Mitigation and Compensation Programme.
Ujina Carcanal	Loss of queñóas due to installation of Ujina waste rock dump	Annual monitoring, plantation and irrigation in Irruputuncu Volcano compensation area	Progress on this activity reaches 57% and it is embarking on the stage of testing the establishment of the queñóas by eliminating irrigation in some areas and applying technologies for efficient water use by the plant.
Capella Wetland	Reduction in size of wetland	Twice-yearly monitoring in Chiclla Ravine compensation area and area of transplanting of wetland species	In 2011, priority was given to improving water supply in the area as well as to the elimination of dead vegetable material and its incorporation into the area's subsoil in an area of 1.8 hectares.
Punta Patache	No impacts in the area have so far been identified.	Twice-yearly monitoring of abiotic and biotic variables in areas near the port	<p>Under these programmes, a register is kept of the number of examples of each species and changes in natural systems are identified that could affect and/or pose a risk to these and other species in coastal ecosystems.</p> <p>The following monitoring programmes are applied in the coastal area: Bird and Marine Mammal Monitoring in Puerto Patache's area of influence, Study of the Chungungo in Punta Patache's area of influence and Monitoring of Environmental Conditions in the Coastal Ecosystem in Patache.</p>



3. Waste Management



In order to minimise the environmental impacts of its operations, Collahuasi has developed a number of different strategies and plans to prevent possible impacts arising from the waste generated by its operations and consumption of mining inputs. It is, therefore, committed to waste management, facilitating and encouraging the use, reuse, recycling and responsible disposal of waste.

[EN1] For the extraction of copper and molybdenum, the company uses materials that are handled carefully and in an environmentally safe way in compliance with the regulation in force. The materials used are sulphuric acid, petrol, diesel, LPG, NaSH, flocculants, tyres, steel balls and mining oil⁸.

3.1. SOLID AND LIQUID WASTE

[EN22] Given the company's commitment to minimising its impacts on the environment, management of the waste generated by its processes and contractors is a constant concern for

Collahuasi. It, therefore, applies strict controls in all its production areas in order to comply with environmental regulation as well as its own Environmental Policy. Resiter, a company that handles and treats waste, is responsible for management of waste generated at the company's worksites, cleaning roads and administering yards.

The increase in the amount of waste generated by the company in 2011 was a result of the larger number of workers employed and of the start of new projects with the resulting assembly and construction work.

The most important solid hazardous waste generated by the company's operations comprises:



The waste generated by Collahuasi's copper and molybdenum production processes comprises:

Type of Waste	Units	2009	2010	2011	Treatment/Disposal Method
Solid industrial waste	Tonnes	4,472	5,126	5,609	Authorised industrial landfill
Solid domestic waste	Tonnes	983	1,931	1,485	Authorised industrial landfill
Solid organic waste	Tonnes	763	571	1,246	Authorised organic landfill
Solid hazardous waste	Tonnes	2,262	2,851	3,305	External companies with health service authorisation for final disposal

Solid Hazardous Waste	% of total
Used oil	46.9
Water used for washing equipment and trucks	14.1
Contaminated rags, cloth and EPP	9.9
Plastics contaminated with HC and AC	5.7

Integrated Waste Management Plan ^[MM11 - EN26]

Since the second half of 2011, Collahuasi has been implementing an Integrated Waste Management Plan which consists in the development of a long-term strategy that includes recycling programmes (bottles, paper, wood and scrap) and the reuse of materials.

- **Recycling of plastic bottles.** Reduces the consumption of materials as well as the space used in the landfill. Level of reduction: 140,970 units.
- **Recycling of electronic waste.** Plastics, glass, copper and precious materials are obtained from these recycled products which correspond to 203 CPUs, 96 monitors, 100 printers and 314 mobile phones. The risk of soil contamination is also avoided. Level of reduction: 6.6 tonnes.
- **Recycling of oil.** The risk of soil and water contamination by the hydrocarbons contained in these materials is avoided. Level of reduction: 1,551 tonnes.

- **Recycling of scrap.** This reduces GHG emissions and the consumption of water and energy that would otherwise be needed to produce the same amount of steel. These materials are sold to two companies, Neptuno and Recmetal. Level of reduction: 9.27 tonnes.
- **Disposal of hospital waste.** The risk of soil contamination by the hazardous substances contained in this waste is avoided as well as the risk of infection from the biological remains that it also contains. Level of reduction: 1 tonn.
- **Ecological brigades and cleaning of internal and external roads.** Paper, plastic bags, wood, etc., which produce visual pollution of the ecosystems where Collahuasi's worksites are located, are removed. Level of reduction: 31 tonnes.
- **Increase in amount of hazardous waste transported for final disposal by each truck.** This reduces the number of journeys required to the place of final disposal, thereby reducing CO₂ emissions. Level of reduction: The amount transported per truck increased from 7 tonnes in 2010 to 8.5 tonnes in 2011.



4. Effluent Management

^[EN21] In its Environmental Impact Studies and Declarations, Collahuasi undertook not to discharge liquid waste into any surface, underground, land or marine water body or course.

The total volume of waste water generated by Collahuasi is shown in the table below:

	<i>Total Volume (m3/year)</i>		
	2009	2010	2011
Treated sewage	237,077	369,109	371,655
Waste water	778,647	872,322	754,051
Water used for irrigation	445,822	178,786	273,031

The liquid industrial waste generated in the recovery of molybdenum and filtration of copper concentrate at Puerto Patache goes to the nanofiltration plant where permeate and

reject water are produced. Permeate water is used for irrigation of the forest plantation and in the recovery of molybdenum while reject water, after treatment in the dissolved air flotation plant, is stored in the evaporation ponds located in the forestation area.

After treatment, sewage is also sent to the evaporation ponds.

<i>Effluent</i>	<i>Destination</i>	<i>Treatment Method</i>
Treated sewage	Evaporation ponds, Cordillera worksite	Activated sludges
Waste water	Evaporation ponds, Puerto Patache	Dissolved air flotation plant
Water used for irrigation	Irrigation of Patache forest plantation	Nanofiltration



5. Environmental Incidents

5.1. SIGNIFICANT SPILLAGES

^[EN23] In 2011, out of a total of 21 significant environmental incidents, only three corresponded to spillages affecting the ground or water courses. No Category 3, 4 or 5 environmental incidents were reported in 2011.

The spillage that occurred at Puerto Patache in 2011 was considered significant due mainly to the area of ground affected while the second spillage, at Km 191 of Road A-1, was

caused by the overturning of a truck transporting concentrate from Puerto Patache to the Altonorte smelter. In the third spillage, in Ujina at the Cordillera worksite, six llareta plants were affected.

It is important to note that the ground is one of the resources most affected, accounting for 77% of environmental incidents (significant and not very significant).

Significant Spillages	Volume (m3)	Location	Impacts
Spillage of concentrate	180	Inside Puerto Patache	1 hectare of ground affected
Spillage of concentrate	12	Km 191 Road A-1	Spillage on public road
Spillage of tailings	50	Cordillera worksite (Ujina)	Protected flora
Total	242		

⁹ Collahuasi classifies Category 3, 4 and 5 incidents as moderate, serious and disastrous, respectively.



COLLAHUASI

Appendices



1. Complementary information

1.1. ECONOMIC PERFORMANCE

Dimensions of Collahuasi ^[2.8]

	2009	2010	2011
WORKFORCE (N°)			
DIRECT EMPLOYEES			
Annual average	2,015	2,295	2,695
Year-end	2,127	2,419	2,784
CONTRACTORS' EMPLOYEES			
Annual average	5,076	5,813	7,820
Year-end	5,103	5,086	7,571
Total annual average	7,091	8,108	10,515
Total year-end	7,230	7,505	10,355
FINANCIAL DATA (US\$ THOUSAND)			
Net sales or net income	3,208,318	3,928,862	3,837,146
TOTAL CAPITALISATION (broken down into debt and net equity)			
Fixed assets and intangibles	2,653,206	3,225,604	4,069,943
Liabilities to banks *	183,146	91,59	0
Net worth	3,027,247	3,475,150	3,992,559

* The company's liabilities to third parties were paid down in 2011.

Value Generated and Distributed (US\$ thousand) ^[Ecl]

	2009	2010	2011
Income			
Gross sales	3,208,318	3,928,862	3,837,146
Income from financial investments	479	1,196	1,222
Income from sales of fixed assets and others	80,720	40,188	- 3,495
Economic Value Generated	3,289,517	3,970,246	3,834,873
Operating costs	967,032	1,073,047	1,298,523
Employee wages and benefits	116,838	152,084	209,518
Payments to providers of capital	208.94	1,604,033	1,167,267

Payments to government *	272,057	455,369	903,892
Investment in community	11,577	13,363	14,825
Economic Value Distributed	1,576,444	3,297,896	2,691,037
Economic Value Retained	1,713,073	672,350	1,143,835

* The significant increase in payments to the government reflects three main factors:

Net VAT payments: In 2010, the company received a net reimbursement due to its recovery of VAT as an exporter whereas, in 2011, VAT payments exceeded the reimbursement, resulting in a payment to the government higher than (US\$146 million) the tax reimbursements obtained in the period.

Difference between tax paid in April 2011 and provisional monthly payments (PPMs) in 2010: In 2010, corporate income tax payments were completely covered by PPMs made in 2009 whereas, in 2011, these fell US\$137 million short of the total amount to be paid.

Increase in PPM rate in 2011: This reflected the increase in the rate of corporate income tax (first category) from 17% to 20% as a result of which PPMs in 2011 were up by US\$166 million on 2010.

Economic impact of our operations ^[EC9]

The global economic volume of Collahuasi's business was estimated using operating and investment purchases (business), remunerations (personnel) and tax payments (government) as well as their multiplier or indirect impact.

This indicator shows the relative weight of the company's operations in Chile's and the Tarapacá Region's main macroeconomic variables. Understanding the scope of these impacts is important for improving performance in all aspects of the company's management. These indirect impacts include the additional effects generated by the circulation of money in the economy.

Collahuasi's direct and indirect economic impact in 2011 was equivalent to US\$6,327.9 million. In a continuation of the upward trend seen over the last three years, this represented an increase of 46.79% on 2010.

Out of this total, 53.84% was related to operating and investment purchases (business impact), 8.68% to remunerations (personal income) and 37.48% to taxes and royalties paid to the central and local governments (government).

In Chile, the company's direct economic impact reached US\$2,411.92 million (up by 43.6% on the previous year) while its indirect impact reached US\$3,915.97 million (up by 48.9%).

Collahuasi's Economic Impact, 2011

DIRECT IMPACT (US\$ million)

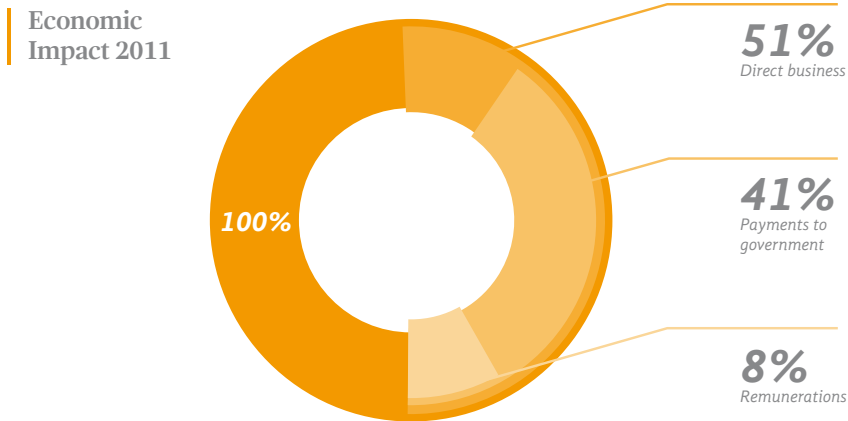
	2009	2010	2011
Remunerations	116.84	152.08	209.51
Direct business	967.03	1,072.04	1,298.52
Payments to government	272.06	455.37	903.89
Total	1,355.93	1,697.49	2,411.92

INDIRECT IMPACT (US\$ million)

Remunerations	184.61	204.29	331.01
---------------	--------	--------	--------

Direct business	1,431.20	1,588.10	1,921.78
Payments to government	500.59	837.88	1,663.18
Total	2,116.40	2,630.27	3,915.97
TOTAL IMPACT (US\$ million)			
Remunerations	301.45	365.37	540.52
Direct business	2,398.23	2,661.14	3,220.30
Payments to government	772.65	1,293.25	2,567.07
Total impact	3,472.33	4,310.76	6,327.89

Source: Calculated by Excelencia & Gestión using the input-output matrix of the Central Bank of Chile.



The multipliers estimated for Collahuasi's direct effects in Chile show that each US\$1 spent directly generates an additional US\$1.62.

Similarly, the multiplier for direct expenditure related to personal income (remunerations) is 1.58 and for business income and payments to the government, 1.48 and 1.84, respectively

According to the results for Collahuasi's direct and indirect impact, it accounted for an estimated 2.5% of Chile's GDP in 2011, up from 2.1% in 2010.

Collahuasi's impacts and share in mining industry

<i>Output (thousand FMT)</i>			
	<i>2009</i>	<i>2010</i>	<i>2011</i>
Collahuasi	535,853	504,043	453,284
Chile	5,394,400	5,418,900	5,262,800

Source: Cochilco

Given the drop in Collahuasi's output in 2011, it accounted for 8.6% of total copper production in Chile, down from 9.3% in 2010 and 9.9% in 2009.

<i>Share in Chile's Exports (US\$ million)</i>						
	<i>Exports 2009</i>	<i>Share 2009 (%)</i>	<i>Exports 2010</i>	<i>Share 2010 (%)</i>	<i>Exports 2011</i>	<i>Share 2011 (%)</i>
Collahuasi	1,667	-	2,299	-	1,574	-
Total Chilean exports	55,463	3.01	70,897	3.24	81,411	1.93
Chilean mining exports	31,877	5.23	44,360	5.18	48,865	3.22
Chilean copper exports	29,695	5.61	41,170	5.58	44,438	3.54

Sources: Central Bank of Chile and ProChile.

Collahuasi's share in Chile's total exports and its mining and copper exports was mainly a result of lower output and sales in 2011.

1.2 ENVIRONMENTAL PERFORMANCE

Consumption of materials

^[EN1] The materials used by Collahuasi are as follows:

<i>Materials Used</i>	<i>Unit</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>
Sulphuric acid	(tonnes)	219,05	179,477	121,424
Petrol	(m3)	308	326	276
Diesel	(m3)	104,681	101,969	113,258
LPG	(m3)	2,914	2,628	2,979
NaSH	(tonnes)	3,410	2,906	1,626
Flocculants	(tonnes)	801	751	739
Tyres	(number)	317	622	635
Steel balls	(tonnes)	48,948	46,470	39,868
Mining oil	(m3)	2,412	3,253	3,408

A reduction in consumption of sulphuric acid in the leaching process during 2011 was due principally to a change in the characteristics of the mineral processed, with a shift away from Capella Exotic Oxides, whose chemical composition implies greater acid consumption, to a higher percentage of Rosario mixes and marginal sulphides which call for less acid. As a result, estimated acid consumption dropped to 16 kg/tonne of mineral, down from 26 kg/tonne.

The lower consumption of steel balls in 2011 was mainly the result of a change of supplier from Molycop to Elecmetal, improved control of mill filling levels, better quality control of the balls acquired and the installation of retaining rings in the secondary mill.

The reduction of consumption of NaSH was explained largely by control of the residual reagent to reduce this to the lowest possible level, thereby obtaining good metallurgical yields, controlling emission of odours and increasing the use of the liquid industrial waste plant.

[EN2] In 2011, initiatives were implemented for the reuse of materials and inputs. In the mine area, out of the total of 3,408 m3 of oil used in equipment, 285 m3 was reused to produce explosives (ANFO) for the blasting process. This implied a saving of 30.6% in diesel consumption, equivalent to US\$205,700 and a 36.2% increase in reuse of this input as compared to 2010.

		<i>Unit</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>
<i>Materials Reused</i>	Mining oil	<i>Litres</i>	84,759	209,515	284,940
	Copper filtering plates	<i>Number</i>		398	67

The drop in the number of copper filtering plates reused in 2011 was a result of the acquisition of 52 new plates which were installed in press filters, increasing the frequency of replacement and reducing the number of plates being rotated for repair. In addition, a more efficient quality of concentrate was received, reducing the level of insoluble content and, therefore, premature deterioration of the plates and the factors that had contributed to wear and tear of the filters in 2010.

WATER

Recovery of water sources

[EN9] Collahuasi has commitments regarding water flow in a number of sources such as Michincha and Huinquintipa. All water sources and average values in 2011 are shown in the table below:

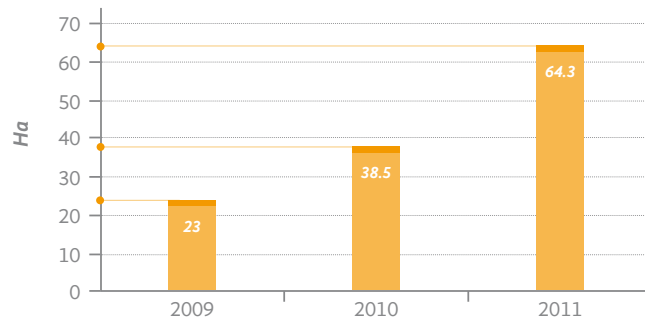
<i>Variable</i>	<i>Unit</i>	<i>Promedio anual</i>		
		<i>2011</i>	<i>2010</i>	<i>2009</i>
Average flow of Jachucoposa Spring (natural)	<i>(L/s)</i>	33.4	24.5	21.0
Average flow at Jachucoposa measurement station (natural + mitigation)	<i>(L/s)</i>	60.3	66.3	65.6
Average flow at Michincha measurement station (mitigation)	<i>(L/s)</i>	4.8	4.7	4.7
Average flow at Huinquintipa measurement station	<i>(L/s)</i>	17.3	7.5	13.5

It should be noted that the Coposa and Huinquentipa basins correspond to sources where Collahuasi is the only current user. Michincha, on the other hand, is a shared basin from which water was extracted before the company began withdrawals. Nonetheless, since 2005, the company has undertaken to restore the total water flow of the old Michincha Spring. To this end, a mitigation flow of close to 5 L/s is maintained in the Spring as established in Environmental Permit (RCA N° 167/2001).

Puerto Patache outcrops

In the case of the outcrops that appeared in the sector of the evaporation ponds at Puerto Patache in 2008, the company continued to intensify the management of effluents from the copper concentrate filtering process in 2011, increasing the operational security of the system for dissipation by evaporation, increasing the area of the ponds by 67% and making a total of 64.3 hectares available for direct evaporation. In 2011, it also built the second phase of Pond 3 (17.5 hectares) and all of Pond 4 (8.3 hectares).

Total Area of Evaporation Ponds



Thanks to the increase in the ponds' evaporation area, control of possible outcrops has improved and, in 2011, no new events occurred. Together with the forestation area, these ponds are a key part of the system for dissipating waters and have allowed Collahuasi to comply with its commitment not to discharge liquid waste into the environment.

ENERGY

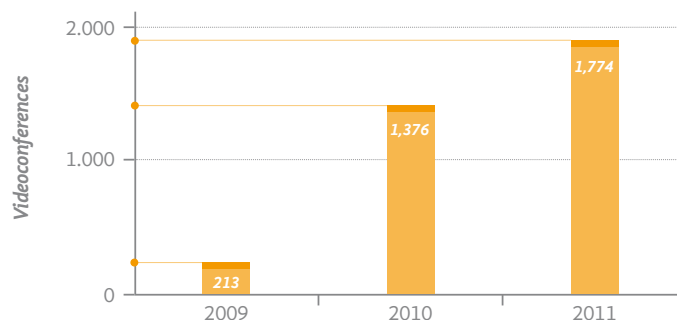
Energy efficiency initiatives

^[EN5] The ageing of mines as an operation advances means that the extraction and production of copper is ever more energy-intensive and the resulting increase in energy consumption per tonne of copper output poses an important management challenge.

<i>Energy consumption per tonne of copper content produced</i>	2009	2010	2011
[GJ/tonne Cu] (Cu sulphide + Cu oxide)	15.96	17.57	20.29

^[EN7] Reduction of indirect energy consumption is shown in the case of the use of videoconferences as an alternative to business travel. In 2011, the number of videoconferences held by the company again increased significantly, reducing travel for face-to-face meetings.

Videoconferences



EMISSION, DISCHARGES AND WASTE

Direct CO₂ emissions

^[EN16] Collahuasi's direct greenhouse gas (GHG) emissions are the result of consumption of fuel by trucks and pick-ups and by the cogeneration plant. The energy used in the processes of the company's different areas takes the form of petrol, diesel, explosives, residual fuel oil and LPG.

The emissions factors used are those recommended by the International Carbon Bank & Exchange and the adaptation of the Revised 1996 IPCC Guidelines for National Greenhouse Gas Inventories: Reference Manual for indirect emissions generated by the Northern Interconnected Grid (SING).

<i>Annual Direct Emissions - Scope 1 (tCO₂e)</i>			
<i>Emissions by Area</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>
Mine	274,813	292,138	359,804
Sulphides	5,549	5,088	44,813
Leaching	21,496	21,440	23,119
Cogeneration plant	--	31,917	39,199
Others	3,730	3,886	10,195
Total Emissions: Scope 1	305,588	354,468	477,130

Source: Collahuasi Energy Efficiency Programme (EEP) Report, consolidated December 2009.

Includes the emissions of all the company's installations and equipment.

* Source: For the calculation of the GHG inventory, the methodology used was that proposed by the GHG Protocol (WRI/WBCSD).

** Source: IPCC 2006. IPCC Guidelines for National Greenhouse Gas Inventories, Vol 2. Table 1.2: Net calorific values.

*** Source: GHG Protocol: Tool for stationary combustion.

In the case of Scope 2 emissions, analysis of the primary energy source used to generate electricity shows that, in 2011, coal played an important role in the Northern Interconnected Grid (SING), leading to an increase in the emissions factor of the power generated.

Annual Indirect Emissions - Scope 2 (tCO₂e)			
Emissions by Area	2009	2010	2011
Mine	35,557	42,993	47,284
Sulphides	807,573	822,940	723,713
Leaching	101,630	91,545	80,875
Others	81,691	90,175	78,695
Total Emissions: Scope 2	1,026,450	1,047,653	930,531

Source: Collahuasi Energy Efficiency Programme (EEP) Report, consolidated December 2009. Includes the emissions of all the company's installations and equipment.

* Source: For the calculation of the GHG inventory, the methodology used was that proposed by the GHG Protocol (WRI/WBCSD).

** Source: IPCC 2006. IPCC Guidelines for National Greenhouse Gas Inventories, Vol 2. Table 1.2: Net calorific values.

*** Source: GHG Protocol: Tool for stationary combustion.

Indirect CO₂ emissions

^[EN17] The strategic inputs considered in the calculation of the carbon footprint which form part of Scope 3 are those that significantly impact Collahuasi's production cycle. The most important are linings of crushers and mills, mill balls, lime, sulphuric acid, tyres, lubricants and fuels. The CO₂ emissions of these strategic inputs are shown below:

Other Indirect Emissions - Scope 3 (tCO₂e)			
Emissions by Area	2009	2010	2011
Mine	39,816	26,302	13,314
Sulphides	33,112	35,240	11,678
Leaching	51,058	36,826	23,538
Others	75,279	81,085	199,055
Total Emissions: Scope 3 (tCO₂e)	199,265	179,454	247,577

Source: GHG Inventory, Collahuasi, 2010 and 2011.

Source: 2009 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting.

Source: IPCC 2006. IPCC Guidelines for National Greenhouse Gas Inventories. Net calorific values.

Fugitive emissions

^[EN19] In the case of fugitive emissions, 22.3% of the refrigerants used by the company in 2011 corresponded to R-407C (Genetron), an ecological refrigerant. This was in line with the company's undertaking to minimise the impact of its air emissions.

The only refrigerant used by Collahuasi that is subject to control under the Montreal Protocol and, by default, under Chile's Supreme Decree (DS) 37 is R-22 (a non-ecological refrigerant). At 272 kg in 2011, its use was down by 24.4% on 2010.

476.6 kg
of refrigerants were
used by Collahuasi in
2011.

Air emissions

^[EN20] In 2011, Collahuasi improved the quality of information about its carbon footprint as a result of the continuous improvement established under the norms governing its GHG inventory. The international GHG Protocol requires independent reporting of Scope 1 GHG emissions and these are shown below:

<i>Summary of GHG Emissions, 2011</i>				
<i>Año</i>	<i>CO₂</i>	<i>CH₄</i>	<i>N₂O</i>	<i>tCO₂e</i>
2009	1,488,930	120	129	1,531,304
2010	1,539,333	122	128	1,581,575
2011	440,153	23	122	477,130

This breakdown improves the quality of the quantification of gases emitted by the company.

BIODIVERSITY

^[EN11] The installations of Collahuasi that are within priority sites for the conservation of biodiversity are the well fields in the Coposa and Michincha Salt Flats, which are near the following areas of environmental value:

<i>Sector</i>	<i>Adjacent Operational Installations</i>	<i>Location of Installations in relation to Protected Area</i>	<i>Type of Operation</i>	<i>Value of Protected Area</i>
Coposa Salt Flat and Jachucoposa Wetland	Coposa Norte well field	17 km to north	Water withdrawal	Priority conservation site
Michincha Salt Flat	Michincha well field	5 km to north	Water withdrawal	Conservation of biodiversity
Ujina Carcanal	Oxides plant, leach pads and Ujina waste rock dump	35 m to south	Production	Conservation of biodiversity
Jachu Ujina and Represa Wetlands	Concentrator plant	2.7 km to southwest	Production	Site protected by National Water Board (DGA)
Chiclla Wetland	Perforations, installations of Dulcinea-La Borracha pit	6.43 km to northwest	Exploration	Wetland compensation area *
Irruputuncu Volcano	Coposa Norte and Portezuelo well fields	Portezuelo 6 km to south and Coposa Norte 20 km to north	Water withdrawal	Queñoa tree compensation area **
Punta Patache	Puerto Patache	1 km to northeast	Shipment port and molybdenum plant	Priority conservation site

(*) Important for the conservation of fauna and Andean birdlife.

(**) Species with conservation problems.

Environmental investment and expenditure ^[EN30]

<i>Environmental Expenditure (US\$)</i>	
<i>Project</i>	<i>Cost</i>
Waste treatment and disposal	6,218,853
Treatment of emissions	413,874
Remediation	1,676,189
External certification of management systems	117,166
R&D	3,485,324
Other environmental management costs	2,372,665
Total	14,284,071

<i>Environmental Investment (US\$)</i>	
<i>Project</i>	<i>Cost</i>
Air quality monitoring station	128,036
Permanent oceanographic monitoring equipment	216,282
Meteorological station	5,260
Permanent water level and quality monitoring equipment	40,170
Oil filter compactor	7,200
Bottle recycling bins	10,400
Total	407,348

1.3 SOCIAL PERFORMANCE

CUSTOMERS

Customer satisfaction practices ^[PRS]

In response to the logistics contingency faced in the first half of 2011 as a consequence of the tragic accident which occurred at Puerto Patache when the copper concentrate shiploader collapsed, Collahuasi implemented a mitigation plan which involved transporting concentrate by road to the ports of Antofagasta, Arica and Iquique in order to be able to comply with its export contracts. Although it met all its commitments for this period, the need to use public ports had an impact on the programming and timing of shipments.

Despite the company's efforts during the logistics contingency, the customer satisfaction survey that was carried out in September 2011 showed a drop in perceptions of the timing of shipments. This was immediately corrected once shipments were resumed from Puerto Patache in July 2011.

EMPLOYEES

[LA1] Workforce by category

By Type of Contract	Executives			Supervisors			Operators / Maintenance Personnel			TOTAL 2011
	2009	2010	2011	2009	2010	2011	2009	2010	2011	
Apprentice	0	0	0	0	0	0	55	84	146	146
Indefinite	82	91	96	463	520	665	1,595	1,777	1,811	2,572
Fixed-term	0	0	0	6	10	9	20	21	57	66
Total*	82	91	96	469	530	674	1,670	1,882	2,014	2,784

* Includes apprentices although they are not considered in other indicators.

[LA1] Direct employees by level and gender

Level	Women		Men		Total 2011
	2010	2011	2010	2011	
President and vice-presidents	0	1	7	6	7
Managers and superintendents	3	3	81	86	89
Professionals	58	79	472	595	674
Operators and administrative and other similar personnel	8	6	1,790	1,862	1,868
Total	69	89	2,350	2,549	2,638

[LA2] Employees leaving the company by age and gender

Age range		18-19	20-29	30-49	40-49	50-59	Over 60	Total
2009	Men	0	5	20	25	17	2	69
	Women	0	3	0	1	0	0	4
2010	Men	0	1	4	0	1	0	6
	Women	0	10	39	21	10	1	81
2011	Men	7	173	182	135	47	12	556
	Women	1	11	7	4	0	0	23
Total by age 2011		8	184	189	139	47	12	

[LA2] 12-month rolling turnover rate

	2009	2010	2011
Total SPS	8.6%	11.3%	15.9%
Total OAS	2.3%	1.2%	10%
Total	3.9%	3.8%	11.5%

* Turnover: Number of employees leaving the company/total employees.

[LA2] Hirings by age, gender and region of Chile, 2011

	20-29		30-39		40-49		50-59		Over 60		Total
	M	W	M	W	M	W	M	W	M	W	
Region 1	54	5	38	4	23	2	5	-	-	-	131
Region 2	20	1	48	-	25	1	4	-	-	-	99
Region 3	3	-	12	-	3	-	-	-	-	-	18
Region 4	11	-	19	-	14	-	4	-	-	-	48
Region 5	2	-	6	-	11	-	4	-	-	-	23
Region 6	-	-	-	-	1	-	-	-	-	-	1
Region 7	1	-	1	-	1	-	1	-	-	-	4
Region 8	3	-	3	-	3	-	2	-	-	-	11
Region 9	-	-	-	-	-	-	-	-	-	-	0
Region 10	1	-	-	-	-	-	-	-	-	-	1
Region 11	-	-	-	-	-	-	-	-	-	-	0
Region 12	1	-	-	-	-	-	1	-	-	-	2
Santiago Metropolitan Region	7	1	17	1	8	1	8	1	1	-	45
Region 14	-	-	-	-	-	-	-	-	-	-	0
Region 15	9	-	13	-	10	-	-	-	-	-	32
Total by age	112	7	157	5	99	4	29	1	1	0	

[LA13] Employees by level and age range, 2011

		20-29	30-39	40-49	50-59	Over 60
President and vice-presidents	Men	-	1	4	1	1
	Women	-	-	1	-	-
Managers and superintendents	Men	-	26	48	15	4
	Women	-	1	1	1	-

Professionals	Men	87	234	184	70	13
	Women	17	32	8	4	-
Operators and administrative and similar personnel	Men	254	751	672	174	11
	Women	2	7	6	4	1

[LA4] Union membership

	N° Union Members	% Union Membership
2009	1,595	67%
2010	1,239	64%
2011	1,416	54%

HUMAN RIGHTS

"Human rights are the basic rights to which all human beings are entitled because, as human beings, they have an intrinsic desire for liberty, peace, health and happiness." ISO 26000

Training

[HR3] In 2011, the following human rights training was provided by Collahuasi:

Training	CSR and Sustainability Workshop *	CEO Communications Workshop	Six-Monthly Management Meeting/
N° of participants	23	1,311	1,548
N° of hours	8	1	1 (monthly)
Areas participating	Vice-Presidencies: Legal & Community Relations, Administration & Services, Finance & Sales, Projects and the Safety & Occupational Health and Environment areas.	All	All

* This workshop included analysis of the ISO 26000 diagnosis in Collahuasi which refers to aspects of human rights.

Security personnel

[HR8] Collahuasi has two security employees of its own who work as private industrial security guards. They have received human rights training and, in 2011, participated in meetings with the company's CEO.

Security personnel supplied by contractors are, like all other contractors' employees, subject to all the norms in force as set out in the general terms of contracts.

SOCIETY

Complaints procedure ^[HR11 · MM7]

Under the principles governing the company's relations with communities in the area where it operates, a complaints procedure was established in 2011 through which to channel suggestions and respond to concerns expressed by communities included in the company's action plan.

This procedure establishes parameters for receiving, following up, managing and responding to any type of complaint presented by the communities. It applies to any situation resulting from the company's activities that may eventually result in social harm, of whatever nature, to the inhabitants of communities in the areas around the company's worksites and is also considered a risk for the company. In 2011, no complaints relating to human rights were presented through this mechanism.

EDUCATION

Social Scholarships Programme

Locality	N° of Beneficiaries 2010	N° of Beneficiaries 2011
Pica	90	0
Chanavayita	45	30
Los Verdes	30	0
San Marcos	45	0
Iquique	--	60
Caramucho	--	23
Total	210	113

University Scholarships Programme

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Indigenous Peoples Scholarship	1	1	1*	1*	1	1	1	1	1
Pica Scholarship	2*	2*	2*	2*	2	2	2	2	1

*Not in force in 2011.

So far, one student has graduated from the Arturo Prat University in English-Spanish-English Translation and three students have completed their courses but have yet to take final exams: one in Civil Electrical Engineering at the University of Antofagasta, one in Kinesiology and Rehabilitation at the Tarapacá University of Arica and the third in Computer Engineering at the INACAP technical training institute and university.

Primary and Secondary Schooling Completion Programme

Locality	N° of Beneficiaries 2010	N° of Beneficiaries 2011
Iquique	120	--
Chanavayita	33	16
Pica	34	30
Huara	--	35
San Marcos	--	15
Total	187	96

SIMCE Results Mitigation Programme

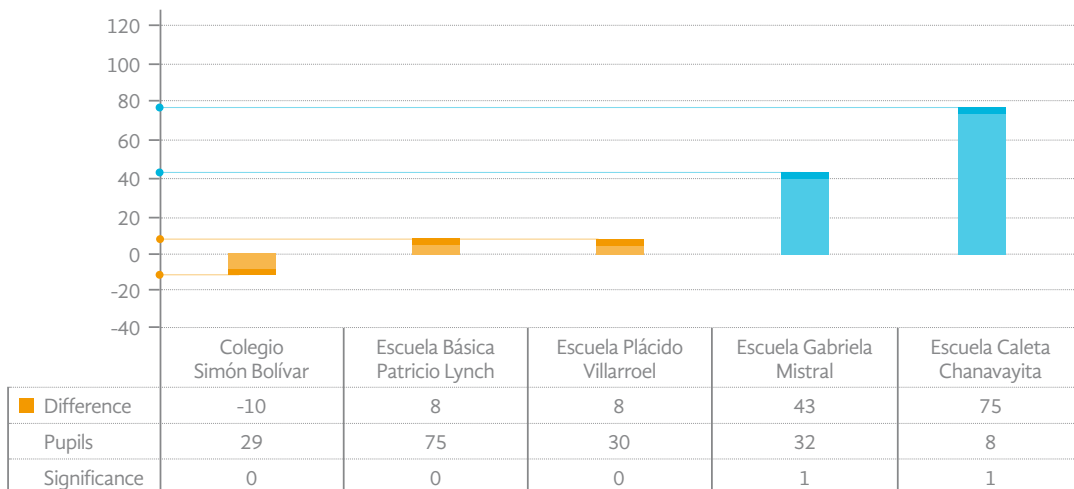
The graphs below show how the schools with which the Collahuasi Educational Foundation has been working for the past four years have performed in the national SIMCE pupil attainment testing system. Care is required in comparing results due to the heterogeneity of schools in terms of the number of pupils per class and their cultural situation (for example, differences in native language and access to other centres of education).

The graphs, therefore, show the results of the same school in the tests carried out in 2008, when work with the schools was beginning, and in 2011. In many cases, it can be inferred that the changes in a school's results reflect factors such as a massive influx of pupils in the last year and changes in teachers and directors that negatively affect continuity in the implementation of programmes. These factors have a very important impact on results.

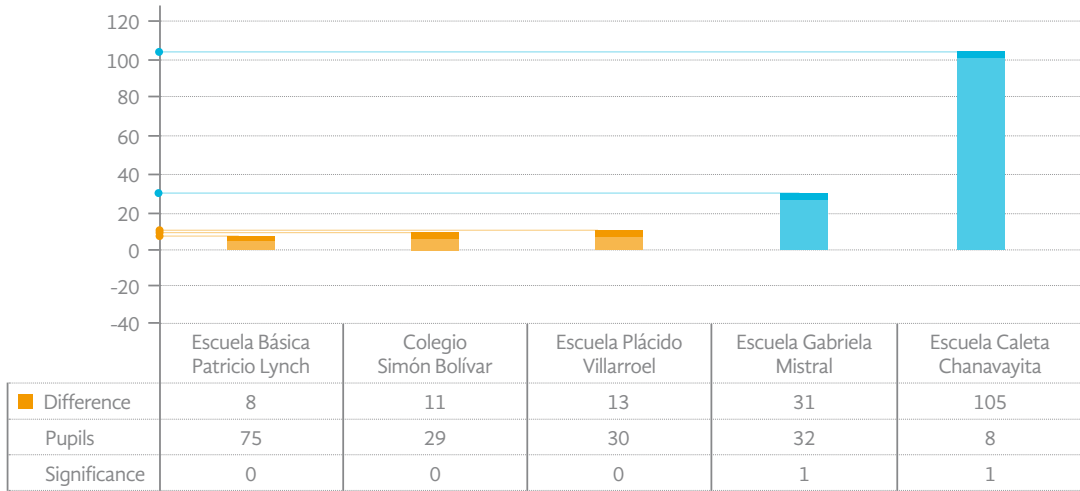
The colour red indicates schools where there was an important drop in results between the two tests while green shows those schools with a significant improvement and orange indicates that there was no statistically significant change.

Schools in Iquique Province

Evolution of Fourth-Year SIMCE Language Results, 2008 and 2011

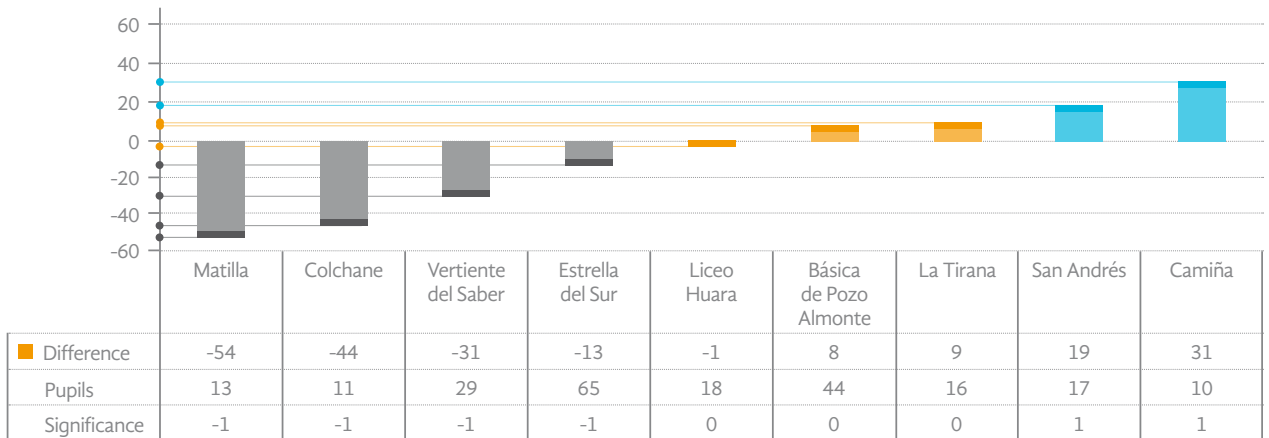


Evolution of Fourth-Year SIMCE Maths Results, 2008 and 2011

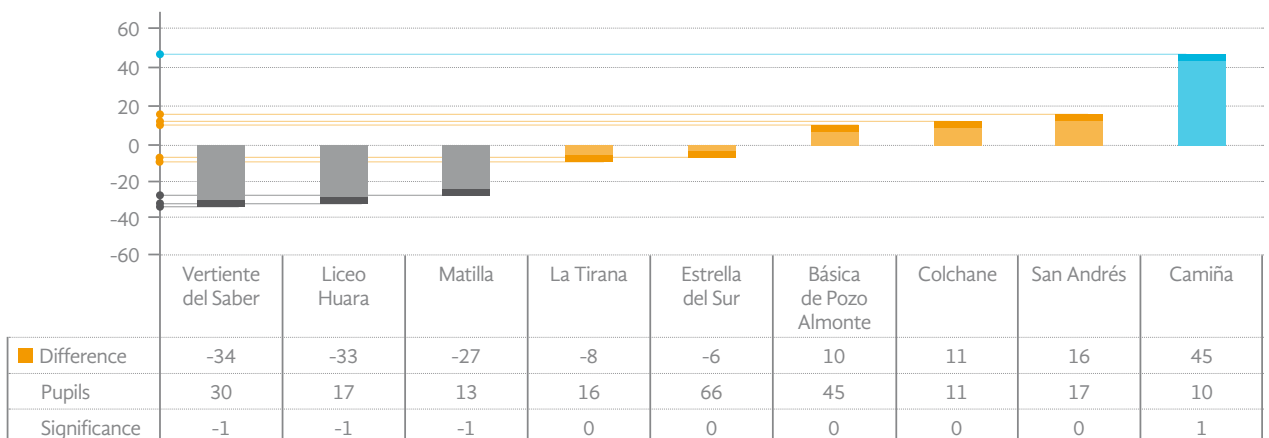


Schools in Del Tamarugal Province

Evolution of Fourth-Year SIMCE Language Results, 2008 and 2011



Evolution of Fourth-Year SIMCE Maths Results, 2008 and 2011



2. GRI Content Index [3.12]

<i>Indicator Description</i>	<i>Global Compact Principles</i>	<i>ICMM Principles</i>	<i>ISO 26.000</i>	<i>Page</i>	
PROFILE					
1. Strategy and Analysis					
1.1	Statement from the most senior decision-maker of the organisation (director general, chairman or equivalent post) about the importance of sustainability for the organisation and its strategy.	-	P2	6.2	12
1.2	Description of key impacts, risks and opportunities.	-	P10	6.2	35
2. Organisational Profile					
2.1	Name of the organisation.	-	-	-	24
2.2	Primary brands, products and/or services.	-	-	-	24
2.3	Operational structure of the organisation including main divisions, operating companies, subsidiaries and joint ventures.	-	-	6.2	24
2.4	Location of organisation's headquarters.	-	-	-	25
2.5	Number of countries where the organisation operates and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	-	-	-	24
2.6	Nature of ownership and legal form.	-	-	-	26
2.7	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries).	-	-	-	31
2.8	Scale of the reporting organisation including: • Number of employees • Number of operations • Net sales (for private sector organisations) or net income (for public sector organisations) • Capitalisation broken down by debt and net equity • Quantity of products or services provided	-	-	-	150
2.9	Significant changes during the reporting period regarding size, structure or ownership of the organisation.	-	-	-	28
2.10	Awards received in the reporting period.	-	-	-	40

	<i>Indicator Description</i>	<i>Global Compact Principles</i>	<i>ICMM Principles</i>	<i>ISO 26.000</i>	<i>Page</i>
3. Report Parameters					
3.1. Report Profile					
3.1	Reporting period (e.g. fiscal/calendar year) for information provided.	-	P1	-	16
3.2	Date of most recent previous report (if any).	-	P1	-	16
3.3	Reporting cycle (annual, biennial etc.).	-	P1	-	16
3.4	Contact point for questions regarding the report or its contents.	-	P1	-	On cover
3.5	Process for defining report content including <ul style="list-style-type: none"> • Determining materiality • Prioritising topics within the report • Identifying the stakeholders the organisation expects to use the report. 	-	P1	-	17,19
3.2. Scope and Boundary					
3.6	Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See the Boundary Protocol of GRI report 25 for further information.	-	P1	-	All the company's operations are included: the Ujina, Rosario and Huinquinipa deposits, installations in Coposa and Puerto Patache and the activities of its Iquique, Pica and Santiago offices.
3.7	State any specific limitations on the scope or boundary of the report.	-	P1	-	16
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can significantly affect comparability from period to period and/or between organisations.	-	-	-	16
3.9	Data measurement techniques and the bases of calculations including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report.	-	-	-	18
3.10	Explanation of the effect of any re-statements of information provided in earlier reports and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/periods).	-	-	-	16
3.11	Explanation of the effect of any changes with respect to previous periods in the scope, boundary or measurement methods used in the report.	-	-	-	16
3.12	Table identifying the location of the Standard Disclosures in the report. Identify the page numbers or links where the following information can be found: <ul style="list-style-type: none"> • Strategy and analysis, 1.1–1.2 • Organisational profile, 2.1–2.8 • Parameters. 	-	-	-	166

<i>Indicator Description</i>	<i>Global Compact Principles</i>	<i>ICMM Principles</i>	<i>ISO 26.000</i>	<i>Page</i>	
3.3. Assurance					
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Explain the relationship between the reporting organisation and the assurance provider(s).	-	P2	7.5.3	18, 180, 184
4. Governance, Commitments and Engagement					
4.1. Governance					
4.1	Governance structure of the organisation including committees under the highest governance body responsible for specific tasks such as setting strategy or organisational oversight.	-	-	6.2	55
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, the Chair's function in leading the organisation and the grounds that justify it).	-	-	6.2	55
4.3	For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	-	-	6.2	55
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	-	-	6.2	41
4.5	Linkage between compensation for members of the highest governance body, senior managers and executives (including departure arrangements) and the organisation's performance (including social and environmental performance).	-	-	6.2	55
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	-	-	6.2	55
4.7	Process for determining the composition, qualifications and expertise of the members of the highest governance body and its committees including any consideration of gender and other indicators of diversity.	-	-	6.2	Directors have experience in the sustainable management of their own companies.
4.8	Internally developed statements of mission or values, codes of conduct and principles relevant to economic, environmental and social performance and the status of their implementation.	-	-	6.2	33

	<i>Indicator Description</i>	<i>Global Compact Principles</i>	<i>ICMM Principles</i>	<i>ISO 26.000</i>	<i>Page</i>
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental and social performance including relevant risks and opportunities and adherence or compliance with internationally agreed standards, codes of conduct and principles.	-	-	6.2	35
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance.	-	-	6.2	Collahuasi does not carry out evaluations of this type; the directors are evaluated by the companies to which they belong.
4.2. Commitment to External Initiatives					
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation. Article 15 of the Rio Principles introduced the precautionary approach. Response to this indicator may include the organisation's approach to environmental issues.	-	-	-	35
4.12	Externally developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or endorses.	-	-	6.2	39
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations.	-	-	6.2	39
4.2. Stakeholder Engagement					
4.14	List of stakeholder groups engaged by the organisation (including local communities as well as communities in general).	-	P10	6.2	49, 50, 51
4.15	Basis for identification and selection of stakeholders with whom to engage.	-	P10	6.2	49, 50, 51
4.16	Approaches to stakeholder engagement including frequency of engagement by type and by stakeholder group.	-	P10	6.2	49, 50, 51
4.17	Key topics and concerns that have been raised through stakeholder engagement and how the organisation has responded to those key topics and concerns including through its reporting.	-	P10	6.2	21

Indicator Description		Global Compact Principles	ICMM Principles	ISO 26.000	Page
ECONOMIC PERFORMANCE					
DMA	Economic management approach	-	-	6.2.6.8	151
1. Economic Performance					
EC1	Direct economic value generated and distributed including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments.	-	P9	6.8 6.8.3 6.8.7 6.8.9	150
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	7	-	6.5.5	126
EC3	Coverage of the organisation's defined benefit plan obligations.			-	61
EC4	Significant financial assistance received from government.		P9	-	43
2. Market Presence					
EC5	Range of ratios of standard entry level wage compared to local minimum wage by gender at significant locations of operation.	6	-	6.4.4 6.8	64
EC6	Policy, practices and proportion of spending on locally-based suppliers at significant locations of operation.	-	P9	6.6.6 6.8 6.8.5 6.8.7	32
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	-	-	6.8 6.8.5 6.8.7	60
3. Indirect Economic Impacts					
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement.	-	-	6.3.9 6.8 6.8.3 6.8.4 6.8.5 6.8.6 6.8.7 6.8.9	77, 80, 84, 90
EC9	Understanding and describing significant indirect economic impacts including the extent of impacts.	-	-	6.3.9 6.6.6 6.6.7 6.7.8 6.8 6.8.5 6.8.6 6.8.7 6.8.9	151

Indicator Description		Global Compact Principles	ICMM Principles	ISO 26.000	Page
ENVIRONMENTAL PERFORMANCE					
DMA	Environmental management approach	-	-	6.2 6.5	113, 125, 138
1. Materials					
EN1	Materials used by weight or volume.	-	P6	6.5 6.5.4	144, 153
EN2	Percentage of materials used that are recycled input materials.	7-8	P6	6.5 6.5.4	144, 154
2. Energy					
EN3	Direct energy consumption by primary energy source.	-	P6	6.5 6.5.4	133
EN4	Indirect energy consumption by primary energy source.	-	P6	6.5 6.5.4	135
EN5	Energy saved due to conservation and efficiency improvements.	7-8	-	6.5 6.5.4	131, 155
EN6	Initiatives to provide energy-efficient or renewable energy based products and services and reductions in energy requirements as a result of these initiatives.	7-8-9	-	6.5 6.5.4	130, 131
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	-	-	6.5 6.5.4	156
3. Water					
EN8	Total water withdrawal by source.	-	-	6.5 6.5.4	116
EN9	Water sources significantly affected by withdrawal of water.	-	-	6.5 6.5.4	114, 154
EN10	Percentage and total volume of water recycled and reused.	7-8	-	6.5 6.5.4	118
4. Biodiversity					
EN11	Description of land in or adjacent to protected areas and areas of high biodiversity value outside protected areas. Location and size of land owned, leased or managed in or adjacent to areas of high biodiversity value outside protected areas.	7-8	P7	6.5 6.5.6	138, 158

<i>Indicator Description</i>		<i>Global Compact Principles</i>	<i>ICMM Principles</i>	<i>ISO 26.000</i>	<i>Page</i>
EN12	Description of significant impacts on biodiversity in protected areas and areas of high biodiversity value outside protected areas as a result of activities, products and services in protected areas and areas of high biodiversity value outside protected areas.	-	-	6.5 6.5.6	142
MM1	Amount of land (owned or leased and managed for production activities or extractive use) disturbed or rehabilitated.	-	-	-	25
EN13	Habitats protected or restored.	7-8	-	6.5 6.5.6	140
EN14	Strategies, current actions and future plans for managing impacts on biodiversity.	7-8	P7	6.5 6.5.6	142
MM2	The number and percentage of total sites identified as requiring biodiversity management plans and the number (percentage) of those sites with plans in place.	-	-	-	139
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations by level of extinction risk.	7-8	-	6.5 6.5.6	140
5. Emissions, Effluents and Waste					
EN16	Total, direct and indirect greenhouse gas emissions by weight.	7-8	P6	6.5 6.5.5	127, 156
EN17	Other relevant indirect greenhouse gas emissions by weight.	7-8	P6	6.5 6.5.5	127, 157
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	7-8	P6	6.5 6.5.5	125, 128
EN19	Emissions of ozone-depleting substances by weight.	7-8	P6	6.5 6.5.3	157
EN20	NOx, SOx and other significant air emissions by type and weight.	7-8	P6	6.5 6.5.3	158
EN21	Total water discharge by quality and destination.	7-8	-	6.5 6.5.3	146
EN22	Total weight of waste managed by type and disposal method.	7-8	-	6.5 6.5.3	144
MM3	Total amounts of overburden, rock, tailings and sludges and their associated risks.	-	-	-	No movements representing potential risks took place during the reporting period.
EN23	Total number and volume of significant spills.	7-8	P6	6.5 6.5.3	147

	<i>Indicator Description</i>	<i>Global Compact Principles</i>	<i>ICMM Principles</i>	<i>ISO 26.000</i>	<i>Page</i>
EN24	Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III and VIII, and percentage of transported waste shipped internationally.	7-8	-	6.5 6.5.3	No waste of any type is imported or shipped overseas by Collahuasi. Hazardous waste is collected by external companies in the Antofagasta Region for its final disposal.
EN25	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff.	7-8	-	6.5 6.5.4 6.5.6	In its Environmental Impact Studies and Declarations, Collahuasi undertook not to discharge any liquid waste. It generates liquid industrial waste only in the recovery of molybdenum and the filtering of copper concentrate in Puerto Patache and this is sent to the nanofiltration plant, producing permeate and reject water.
6. Products and Services					
EN26	Initiatives to mitigate environmental impacts of products and services and extent of impact mitigation.	7-8	-	6.5 6.5.4 6.6.6 6.7.5	145
EN27	Percentage of products sold and their packaging materials that are reclaimed by category of products.	7-8	-	6.5 6.5.4 6.7.5	Collahuasi does not generate packaging materials that are reclaimed at the end of their useful life.
7. Compliance					
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	7-8	P6	6.5	44
8. Transport					
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations and transporting members of the workforce.	7-8	-	6.5 6.5.4 6.6.6	127
9. Overall					
EN30	Total environmental protection expenditures and investments by type.	7-8	-	6.5	159

Indicator Description		Global Compact Principles	ICMM Principles	ISO 26.000	Page
SOCIAL PERFORMANCE					
DMA	Social management approach	-	-	-	44, 45, 88, 100
1. Labour Practices and Decent Work					
1.1. Employment					
LA1	Total workforce by employment type, employment contract and region broken down by gender.	-	P3	6.4 6.4.3	58, 160
LA2	Total number and rate of new employee hires and employee turnover by age group, gender and region.	-	P9	6.4 6.4.3	58, 160
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees by major operations.	-	P9	6.4 6.4.3 6.4.4	61
LA15*	Return to work and retention rates after parental leave by gender.	-	-	-	Collahuasi does not have a register of days of leave related to maternity and paternity.
1.2. Labour/Management Relations					
LA4	Percentage of employees covered by collective bargaining agreements.	3	P3	6.3.10 6.4 6.4.3 6.4.4 6.5.4	62, 162
LA5	Minimum notice period(s) regarding significant operational changes including whether specified in collective agreements.	3	P3	6.4 6.4.3 6.4.4 6.4.5	Notice periods are not specified in the collective contract. However, in the case of important changes in the organisation, these are announced at least seven days beforehand.
MM4	Number of strikes and lock-outs exceeding one week's duration by country.	-	-	-	In 2011, no strikes with a duration of more than a week occurred; however, there were 24-hour stoppages and mobilisations.
1.3. Occupational Health and Safety					
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes.	3	P5	6.4 6.4.6	104, 109
LA7	Rates of injury, occupational diseases, lost days and absenteeism and total number of work-related fatalities by region and gender.	-	P5	6.4 6.4.6	107, 109

	<i>Indicator Description</i>	<i>Global Compact Principles</i>	<i>ICMM Principles</i>	<i>ISO 26.000</i>	<i>Page</i>
LA8	Education, training, counselling, prevention and risk-control programmes in place to assist workforce members, their families or community members regarding serious diseases.	-	-	6.4 6.4.5 6.8 6.8.3 6.8.4 6.8.8	102
LA9	Health and safety topics covered in formal agreements with trade unions.	3	-	6.4 6.4.6	Life and complementary health insurance are stipulated in the collective contract signed in 2010 and currently in force.
1.4. Training and Education					
LA10	Average hours of training per year per employee by gender and by employee category.	-	-	6.4 6.4.7	62
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	-	-	6.4 6.4.7 6.8.5	62
LA12	Percentage of employees receiving regular performance and career development reviews by gender.	-	-	6.4 6.4.7	63
1.5. Diversity and equal opportunity					
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity.	6	P3	6.3.7 6.3.10 6.4 6.4.3	58, 161
LA14	Ratio of basic salary and remuneration of women to men by employee category by significant locations of operations.	6	-	6.3.7 6.3.10 6.4 6.4.3 6.4.4	64
2. Human Rights					
2.1. Investment and Procurement Practices					
HR1*	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	1-2	P3	6.3 6.3.3 6.3.5 6.6.6	68
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening and actions taken.	1-2	P3	6.3 6.3.3 6.3.5 6.4.3 6.6.6	68
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations including the percentage of employees trained.	1-2	-	6.3 6.3.5	162

<i>Indicator Description</i>		<i>Global Compact Principles</i>	<i>ICMM Principles</i>	<i>ISO 26.000</i>	<i>Page</i>
2.2. Non-Discrimination					
HR4	Total number of incidents of discrimination and corrective actions taken.	1-2-6	P3	6.3 6.3.6 6.3.7 6.3.10 6.4.3	41
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	1-2-3	P3	6.3 6.3.3 6.3.4 6.3.5 6.3.8 6.3.10 6.4.3 6.4.5	62
2.3. Child Labour					
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	1-2-5	P7	6.3 6.3.5 6.4.3 6.6.6	Purchase orders include clauses requiring compliance with the regulation in force in Chile.
2.4. Forced Labour					
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour.	1-2-4	P8	6.3 6.3.5 6.4.3 6.6.6	Purchase orders include clauses requiring compliance with the regulation in force in Chile.
2.5. Security Practices					
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	1-2	-	6.3 6.3.5 6.4.3 6.6.6	162
2.6. Indigenous Rights					
MM5	Total number of operations taking place in or adjacent to indigenous peoples' territories, and number and percentage of operations and/or sites where there are formal agreements with indigenous peoples' communities.	-	-	-	79
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	1-2-6	-	6.3 6.3.6 6.3.7 6.3.8 6.6.7	No related incidents occurred in 2011.
2.7. Assessment					
HR10*	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	-	-	-	Purchase orders include clauses requiring compliance with the regulation in force in Chile.

<i>Indicator Description</i>	<i>Global Compact Principles</i>	<i>ICMM Principles</i>	<i>ISO 26.000</i>	<i>Page</i>	
2.8. Remediation					
HR11*	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	-	-	-	163
3. Society					
3.1. Community					
SO1	Percentage of operations with implemented local community engagement, impact assessments and development programmes.	2	P4	6.3.9 6.6.7 6.8 6.8.5 6.8.7	77
MM6	Number and description of significant disputes relating to land use, customary rights of local communities and indigenous peoples.	-	-	-	No legal action has been filed against the company.
MM7	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and indigenous peoples, and the outcomes.	-	-	-	163
SO9*	Operations with significant potential or actual negative impacts on local communities.	-	-	-	50, 76
SO10*	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	-	-	-	50, 76
3.2. Artisanal and Small-Scale Mining					
MM8	Number (and percentage) of company operating sites where artisanal and small-scale mining (ASM) takes place on, or adjacent to, the site; the associated risks and the actions taken to manage and mitigate these risks.	-	-	-	No artisanal mining takes place on the company's operating sites or in the surrounding area.
3.3. Resettlement					
MM9	Sites where resettlements took place, the number of households resettled in each and how their livelihoods were affected in the process.	-	-	-	No community resettlements took place in 2011.
3.4. Closure Planning					
MM10	Number and percentage of operations with closure plans.	-	-	-	28
3.5. Corruption					
SO2	Percentage and total number of business units analysed for risks related to corruption.	10	P1	6.6 6.6.3	42
SO3	Percentage of employees trained in the organisation's anti-corruption policies and procedures.	10	P1	6.6 6.6.3	35, 42

	<i>Indicator Description</i>	<i>Global Compact Principles</i>	<i>ICMM Principles</i>	<i>ISO 26.000</i>	<i>Page</i>
SO4	Actions taken in response to incidents of corruption.	10	-	6.6 6.6.3	41, 42
3.6. Public Policy					
SO5	Public policy positions and participation in public policy development and lobbying.	1-10	-	6.6 6.6.3	39
SO6	Total value of financial and in-kind contributions to political parties, politicians and related institutions by country.	1-10	-	6.6 6.6.3	Collahuasi does not make donations or contributions of any type to political parties.
3.7. Anti-Competitive Behaviour					
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes.	1-10	-	6.6 6.6.5 6.6.7	There were no legal actions of this type in 2011.
3.8. Compliance					
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	1-10	-	6.6 6.6.7 6.8.7	44
4. Product Responsibility					
4.1. Materials Stewardship					
MM11	Programmes and progress relating to materials stewardship.	-	-	-	145
4.2. Customer Health and Safety					
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	8	-	6.3.9 6.6.6 6.7 6.7.4 6.7.5	Collahuasi does not evaluate the life cycle stages of its products since it is an extractive mining company and, therefore, does not market end products for direct consumption.
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	-	-	6.3.9 6.6.6 6.7 6.7.4 6.7.5	No incidents of this type occurred in 2011.
4.3. Product and Service Labelling					
PR3	Type of product and service information required by procedures and regulation, and percentage of significant products and services subject to such information requirements.	2-10	-	6.7 6.7.3 6.7.4 6.7.5 6.7.6 6.7.9	The quality of Collahuasi's copper cathodes is registered both under the European REACH system and with the London and New York metals exchanges. The copper concentrate it markets is accompanied by a chemical analysis certificate issued by Bureau Veritas.

<i>Indicator Description</i>	<i>Global Compact Principles</i>	<i>ICMM Principles</i>	<i>ISO 26.000</i>	<i>Page</i>
PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	2-10	-	6.7	In 2011, Collahuasi did not receive sanctions or fines for incidents related to product information and labelling.
			6.7.3	
			6.7.4	
			6.7.5	
			6.7.6	
PR5 Practices related to customer satisfaction including results of surveys measuring customer satisfaction.	2	-	6.7	159
			6.7.4	
			6.7.5	
			6.7.6	
			6.7.8	
6.7.9				
4.4. Marketing Communications				
PR6 Programmes for adherence to laws, standards and voluntary codes related to marketing communications including advertising, promotion and sponsorship.	2-10	-	6.7	Given that it produces a commodity, Collahuasi does not carry out marketing activities. However, it continues to carry out corporate marketing activities through the media and the campaigns of the business associations to which it belongs.
			6.7.3	
			6.7.6	
			6.7.9	
PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications including advertising, promotion and sponsorship by type of outcomes.	2-10	-	6.7	No incidents relating to non-compliance of this type occurred during the period covered by this Report.
			6.7.7	
4.5. Customer Privacy				
PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	2-10	-	6.7	No incidents relating to non-compliance of this type occurred during the period covered by this Report.
			6.7.7	
4.6. Compliance				
PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	2-10	-	6.7	In 2011, no fines were received for non-compliance with this regulation.
			6.7.6	

* Additional indicators.

3. External Assurance Statement



Assurance Statement on the 2011 Sustainability Report of Compañía Minera Doña Inés de Collahuasi

Santiago, 8 June 2012

Giancarlo Bruno

Executive President

Compañía Minera Doña Inés de Collahuasi

ASSURANCE STATEMENT

BSD Consulting has carried out independent assurance of the preparation of the 2011 Sustainability Report of Compañía Minera Doña Inés de Collahuasi. The purpose of the assurance is to provide the company's stakeholders with an independent statement as to the quality and level of application of the Global Reporting Initiative (GRI) G3.1 guidelines and methodology and the incorporation of the principles of the AA1000AS 2008 AccountAbility Assurance Standard in the company's sustainability management processes. In addition, recommendations are made for the organisation's continuous improvement on sustainability.

Independence

BSD Consulting works independently and confirms that it currently has no consultancy contract or commercial tie with Compañía Minera Doña Inés de Collahuasi.

BSD Consulting has an AccountAbility licence as an assurance provider (AA1000 Licensed Assurance Provider) under registration number 000-131.

Our Skills

BSD Consulting offers specialised sustainable development solutions. Its assurance was carried out by a team of professionals with experience and specific training in external assurance processes.

Responsibilities and Limitations

The preparation of the 2011 Sustainability Report, the stakeholder engagement processes and the definition of materiality are the responsibility of Compañía Minera Doña Inés de Collahuasi.

The scope of the assurance corresponds to the non-financial information contained in the company's 2011 Sustainability Report and the stakeholder engagement processes it is currently implementing. An assurance process of Type 1, or moderate, was carried out in accordance with the AA1000AS 2008 principles of Inclusivity, Materiality and Responsiveness.

Objectives and Scope

The purpose of the assurance is to provide the stakeholders of Compañía Minera Doña Inés de Collahuasi with an independent opinion as to the quality of the Report, the company's sustainability management processes, its adherence to AA1000AS 2008 principles and the continuity of the processes established. In addition, the assurance statement of BSD Consulting confirms the Report's compliance with the level of application of the GRI G3.1 Guidelines and the GRI Mining and Metals Sector Supplement. The scope of our work comprises the information contained in the 2011 Sustainability Report of Compañía Minera Doña Inés de Collahuasi for the period between 1 January 2011 and 31 December 2011.

Assurance Method

The assurance process carried out by BSD Consulting included:

- Assurance of the non-financial information contained in the 2011 Sustainability Report and its adherence to GRI guidelines and AA1000AS 2008 principles.
- Interviews with senior management in order to understand the integration of sustainability into the organisation's strategy.
- Review of the processes for defining materiality and developing the 2011 Report and meetings with the team responsible for its preparation.
- Evaluation and analysis of different vehicles for relating to stakeholders.
- Interviews with stakeholders about their perceptions of the vehicles for engagement established by the company.
- Assurance of the quality and reliability of a sample of indicators and data through interviews, support documents and review of information systems.

Principal Conclusions on Adherence to AA1000AS Principles

Inclusivity – This refers to the participation of stakeholders in developing and achieving a strategic response to sustainability in the organisation.

- In 2010, the company carried out consultations in order to gather information about its stakeholders' opinion of its performance and commitments as regards the company's sustainable management. In these consultations, it used the Socio-Economic Assessment Toolbox (SEAT) and dialogue with stakeholders, implemented in both cases by external bodies.

- It is important to note that the company has in place permanent stakeholder engagement systems and clearly defines their objectives and scope, the participation of stakeholders and the engagement of the company's operations units and senior management.
- Through this process, the company seeks to ensure that relations and engagement with stakeholders are developed satisfactorily and permit the involvement of all players, both internal and external, in the engagement process.
- The company must progress in consolidating a system of internal communications that permits the commitment of all its units and senior management in engagement processes and the definition of the company's strategic stakeholders.
- The company's present risk analysis system, which includes sustainability issues in the control of management and performance, must be extended to include all the information and management of the units relevant for fulfilling the company's commitments to its stakeholders. This will provide the company with a robust and reliable system for the performance of the company's sustainability management.

Materiality - This is the determination of the relevance of issues to the organisation and its stakeholders.

- Material issues for the 2011 Sustainability Report were defined on the basis of consultations with stakeholders and the gathering of information by the Vice-Presidency for Legal and Corporate Affairs and Communities.
- The material issues identified by the company correspond to its stakeholders' principal matters of interest.
- The company must strengthen its internal communications so that all operations units and senior management are familiar with the main expectations of its stakeholders as regards the company's sustainable management.
- It is important that the materiality process be updated constantly in order to ensure an adequate system of control of results, considering changes in the local context in which the company operates.

Responsiveness - This refers to the actions taken by the company in response to specific stakeholder expectations.

- The company must strengthen its responsiveness to its most strategic stakeholders, focusing on relations with and the expectations of communities where it has a direct impact, its local suppliers, its large suppliers and its internal stakeholders in order to respond adequately to their expectations.
- In the case of environmental management, the company shows a good level of responsiveness, developing a number of important measures to improve its processes and impacts on its surroundings. These include particularly its policies and commitments on climate change, its energy and water management and its concern for waste management and its surroundings in general.
- In a future report, it would be important to provide more extensive and in-depth information about impacts on and management of all the flora and fauna found in the geographic area of the company's operations.
- A change underway in the representatives of the company's workers meant that, for this audit, it was not possible to know their opinion of the company's responsiveness to their expectations. For the next report, inclusion of this information and access to workers' representatives in order to validate their participation are recommended.

GRI-G3.1 Application Level

In line with the recommendations of the GRI-G3.1 Guidelines, BSD declares that the 2011 Sustainability Report of Compañía Minera Doña Inés de Collahuasi complies with Application Level A+. The Report contains all the information related to the company's profile and provides a clear description of its sustainability management processes.

It also provides complete information about the economic, social, environmental, human rights, labour practices and ethics, society and product responsibility dimensions of the company's activities. In addition, it includes response to the indicators of the Mining and Metals Sector Supplement.

Concluding Remarks

BSD Consulting can confirm the company's will and policy to advance in and strengthen its sustainable management processes and that it has in place adequate systems for controlling the performance of its commitments.



Hugo Vergara Recabal
Managing Partner
BSD Consulting Chile

4. Evaluation and Assurance of Commitments Report



Report on Evaluation of CMDIC's Sustainability Report and Assurance of Commitments for 2011.

GianCarlo Bruno
Executive President
CMDIC

Dear Mr. Bruno,

Please find attached the main conclusions of our work on the agreed evaluation and assurance of your company's Sustainability Report.

1) Evaluation of 2010 Sustainability Report and final pre-publication draft of 2011 Sustainability Report

The 2010 Sustainability Report was analysed using the Red Puentes' Guide to Analysing the Sustainability Reports of Large Companies. The results indicate that complete information was provided as regards the GRI Version 3 and Mining Sector Supplement indicators. Only eight (11.7%) of the 68 GRI indicators evaluated require greater development and information. We, therefore, suggest improving the quality of the information provided for indicators SO2, 4.15, 4.17, HR1, HR8, EN6, EN20 and EN18. In the case of the 13 Mining Supplement indicators, their results are all satisfactory.

We subsequently reviewed the final pre-publication draft of the 2011 Sustainability Report, using the same methodology, and made observations on indicators 1.2, 4.3, 4.17, EC2, HR3 and SO2 that were taken into account by the company's Corporate Affairs area and Deloitte for the published version.

The quality and accessibility of information in the 2011 Report show an improvement on the previous report and respond to stakeholder expectations as regards materiality.

2) Assurance of commitments

Information and documents relating to the 52 commitments established by CMDIC in its 2010 Report were analysed, working directly with the areas of the company responsible for these commitments. The company's level of compliance with these commitments is indicated in our report and a redefinition of its commitments for 2012 is suggested, distinguishing between strategic commitments and those designed to facilitate and complement these strategic objectives. It is also recommended

that the company's commitments for 2012 be formulated in a more precise and measurable way, excluding those that form part of its normal activities and/or must be reported in the GRI indicators of the Report's inner chapters.

We confirm that, as regards CMDIC's commitments, the company shows significant results and efforts with respect to organisational development, sustainability and social responsibility.

Our complete reports and recommendations have been supplied to the company's Corporate Affairs area.

Yours sincerely,



Gilberto Ortiz
Red Puentes Chile.
Junio 2011.

5. Feedback Survey

We would like to know your opinion of this Sustainability Report so as to take your comments and suggestions into account and continue improving our reports.

1. To which of the following groups of Collahuasi stakeholders do you belong?

- | | | |
|-----------------------------------|---|--|
| <input type="radio"/> Shareholder | <input type="radio"/> Contractor | <input type="radio"/> Community in vicinity of Collahuasi operations (Pica, Huasco, Matilla) |
| <input type="radio"/> Investor | <input type="radio"/> Regional government | <input type="radio"/> Community in general (Iquique, Santiago) |
| <input type="radio"/> Employee | <input type="radio"/> Regulatory body | <input type="radio"/> Other (please specify)..... |
| <input type="radio"/> Customer | <input type="radio"/> Environmental group | |
| <input type="radio"/> Supplier | <input type="radio"/> Business sector | |

2. How would you describe the following aspects of this Sustainability Report?

- | A. Length | B. Usefulness of the information presented | C. Transparency and honesty | D. Lay-out and design | E. Clarity and ease of understanding |
|------------------------------------|---|------------------------------------|------------------------------------|---|
| <input type="radio"/> Very good | <input type="radio"/> Very good | <input type="radio"/> Very good | <input type="radio"/> Very good | <input type="radio"/> Very good |
| <input type="radio"/> Good | <input type="radio"/> Good | <input type="radio"/> Good | <input type="radio"/> Good | <input type="radio"/> Good |
| <input type="radio"/> Satisfactory | <input type="radio"/> Satisfactory | <input type="radio"/> Satisfactory | <input type="radio"/> Satisfactory | <input type="radio"/> Satisfactory |
| <input type="radio"/> Poor | <input type="radio"/> Poor | <input type="radio"/> Poor | <input type="radio"/> Poor | <input type="radio"/> Poor |
| <input type="radio"/> Very poor | <input type="radio"/> Very poor | <input type="radio"/> Very poor | <input type="radio"/> Very poor | <input type="radio"/> Very poor |

3. What improvements would you suggest for our next Sustainability Report? Why?

.....

.....

Please send your completed questionnaire to **Bernardita Fernández, Corporate Affairs Manager:**

By e-mail: bernarditafernandez@collahuasi.cl

By post: Avda. Andrés Bello 2687, piso 11, Edificio del Pacífico, Santiago, Chile

By fax: (56 2) 362 6592





Shareholders CMDIC



El papel de este reporte proviene de fibras vegetales de fuentes sostenibles y fuentes certificadas. www.pefc.org



Compañía Minera Doña Inés de Collahuasi SCM

Iquique office

Avenida Baquedano 902
Iquique, I Región de Tarapacá, Chile
Phone: +56 57 417 777
Post Code: 1100960

Pica office

Blanco Encalada 280
Pica, I Región de Tarapacá, Chile
Phone: +56 57 741 258
Post Code: 117007

Santiago office

Avenida Andrés Bello 2687, Piso 11
Las Condes, Santiago, Chile
Phone: +56 2 362 6500
Fax: +56 2 362 6562
Post Code: 7550611

www.collahuasi.cl

Sustainability Report 2011

Compañía Minera Doña Inés de Collahuasi

General Coordination:

Vice-Presidency for Legal and
Corporate Affairs and Communities

Content Development:

Deloitte

Design:

Armstrong & Asociados

Photographs:

Arturo Morales
Alfredo Oñate
Archivo Collahuasi

Printing:

Fyrma Gráfica

August 2012

For more information about the contents of this Report, questions, suggestions and / or comments, please contact Bernardita Fernández, Manager of Corporate Affairs.
Email: bernarditafernandez@collahuasi.cl