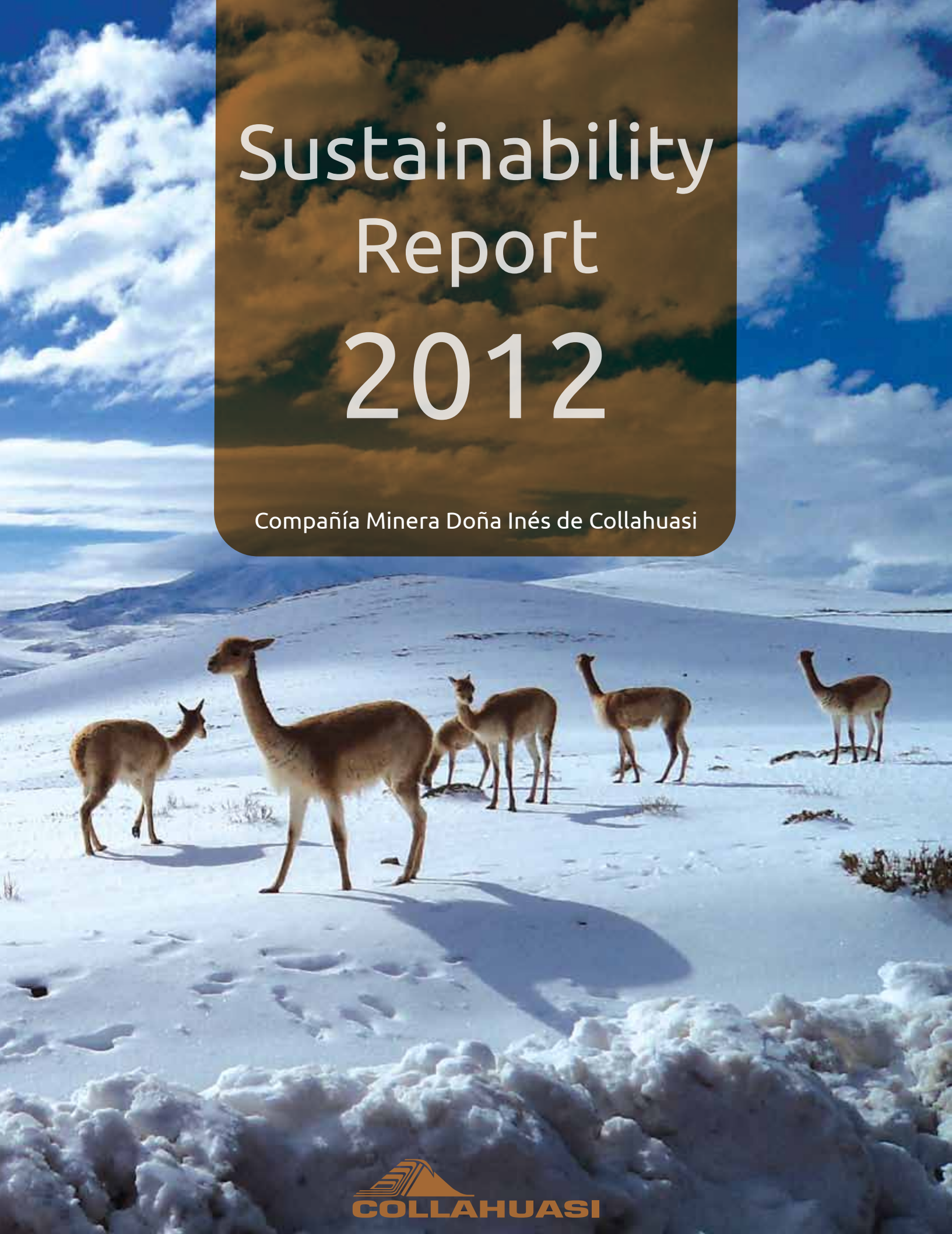


Sustainability Report 2012

Compañía Minera Doña Inés de Collahuasi





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 2012" 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. Para conocer más sobre la metodología: www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

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, 21 de mayo 2013

Neimara 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 utilizado en el mundo y sigue mejorándolo 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 económico, 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 09 de mayo 2013. GRI excluye explícitamente la aplicación de este certificado a cualquier cambio introducido posteriormente en dicho material.

Census of vicuñas (vulnerable species)
Biodiversity monitoring programme implemented in conjunction with Chile's
Agricultural Inspection Service (SAG)

Photograph taken by Sergio Tordoya, a mechanic at Collahuasi's Climatisation
area

Our reports:
Development over time



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



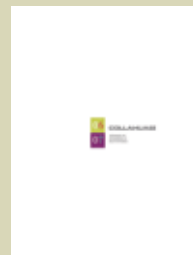
2002-2003

- Incorporation of Sustainable Development approach
- First Sustainability Report prepared under Global Reporting Initiative (GRI) Guidelines



2004-2005

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



2006-2007

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



2008



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

2009



- 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

2010



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

2011



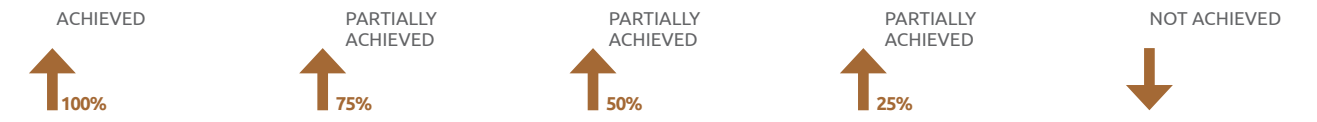
- Creation of Vice-Presidency for Sustainability
- More inclusive communication with employees
- Integrated Waste Management Plan
- First mining company in Chile to measure its product and organisational carbon footprint

2012

Commitments and results 2012 - Objectives 2013

COMMITMENTS 2012	RESULTS 2012	NIVEL DE CUMPLIMIENTO	OBJECTIVES 2013
Achieve a reduction compared to 2011 in the number of sanctions or fines from relevant labour, health and occupational health supervisory bodies.	According to the report "Proceedings-February 2013.V Final", the company received 5 fines from the Labour Inspection Service and SERNAGEOMIN for serious workplace accidents and infringements of Mine Safety Regulation. This commitment was, therefore, not achieved.	↓	Achieve a reduction compared to 2012 in the number of sanctions or fines from relevant labour, health and occupational health supervisory bodies. Carry out a comparative study for 2010-2012 of the evolution and final outcome of fines from supervisory bodies.
Incorporate the risk management and monitoring system in all areas of the company, with performance targets for each area and evaluation of results.	In 2012, a risk management and monitoring system was implemented in practically all areas of the company, permitting 1) identification of the high risks in each area, 2) programmes of action to address them, 3) implementation of a system of 12 inspection visits each month to verify and control the effectiveness of action plans, and 4) preparation of monthly reports. Performance as regards risk was incorporated into each area's KPIs. 300 risks requiring plans and control have been identified. The highest level of risk identification and management, reaching 90%, was achieved in the Environment and Safety areas, which worked together with the Risk area towards a common management plan. These teams also evaluate the environmental and safety implications of the risks identified in other areas. The CURA risk management software CURA has been key for management of information and development of the risk management and monitoring system.	↑ 100%	Implement a common risk management plan in the Environment, Safety, Occupational Health and Safety, and Risk areas of the company.
Complete definition and approval of the 20 sustainability standards.	The process of approving the 20 sustainability standards was suspended in 2012 in order to focus on the risk management system's incorporation throughout the company and give priority to implementation and integration of the 7 fatality prevention standards. This objective will be redefined in 2013 by the company's new management.	↓	Progress in identifying risks and the corresponding management plans in the company as a whole; integration of controls and follow-up in the CURA system.
Achieve progress on the Strengthening of Technical Personnel for the Mining Industry Plan as regards collaboration agreements and the system for accrediting training institutions, the system of certification of technical skills and the engineering and conditions for construction of the advanced technological training facility.	This commitment and all its components correspond to the Mining Technical Personnel Strengthening Plan (FORTEMIN) which was suspended in August 2012 pending reactivation of Collahuasi's expansion projects. This objective was, therefore, postponed but not abandoned. Progress was, however, achieved on the system for certification of technical skills. In 2012, Collahuasi and 10 other mining companies established the Mining Skills Council (CCM) under the auspices of Chile's Mining Council in order to provide information as an industry that permits alignment of the supply of training for technical and professional personnel with demand in the mining labour market as regards both quality and quantity. In April 2013, the Council published two studies: "Labour Force of Large-Scale Mining 2012-2020" and "Framework of Qualifications for the Mining Industry". Its plan of work also envisages other products: "Training Packages", "Quality Framework for Mining Training Programmes", "Quality Framework for Training and Certification of Instructors" and "Labour Skills Certification System".	↑ 50%	Evaluate the applicability and integration of the products planned for 2013 by the Mining Skills Council, in which Collahuasi participates, as regards the company's needs in the training and development of technical personnel.

COMMITMENTS 2012	RESULTS 2012	NIVEL DE CUMPLIMIENTO	OBJECTIVES 2013
Validate and implement the proposal for management of impacts on the community that arose from the Socio-Economic Assessment Toolbox (SEAT) study in 2011 of the positive and negative impacts of the company's operations.	In 2012, the model for management of community working groups was implemented, providing opportunities for the community to express its economic, social and environmental concerns and interests in a public, transparent and participative way. In addition, a system of community relations management through an online platform, developed by the Community Relations area and the Collahuasi Educational Foundation, was implemented in order to improve control and monitoring of internal procedures as well as to manage information relevant for Collahuasi's decisions as regards communities in a consolidated, efficient and online manner. It includes an online reporting system, facilitates control of the area's KPIs and permits management of various aspects of work with communities and its traceability.	↑ 50%	Carry out an evaluation of the organisations and community working groups in Collahuasi's area of influence and the results and effectiveness of the new management model implemented in 2012 based on SEAT.
The SEAT is a tool for management of community relations developed by Anglo American.	In 2012, the AA1000 auditing process by BSD Consulting continued, geared to evaluation of the principles of inclusivity (how the organisation incorporates the voice of its stakeholders in decisions about its strategy), materiality (how the organisation learns which are the most relevant issues for its stakeholders) and response capacity (how the organisation responds to its stakeholders' main expectations and the issues relevant for them). This audit took place for coastal communities (Chanavayita, Cañamo and Caramucho), the company's own and contractors' employees and local suppliers. In this sense, the company sought to take account of the concerns of its external and internal stakeholders and improve communication with them. However, a coordinated stakeholder engagement and response system that includes all the company's areas with direct responsibilities in this field has yet to be implemented.	↑ 50%	Based on the results of the AA1000 auditing process, establish coordination among the areas of the company with direct responsibilities for priority stakeholders (suppliers, own and contractors' workers and communities) in order to draw up and launch a first stakeholder engagement plan. Increase direct work with organisations and groups representative of coastal communities - Chanavayita, Cañamo, Caramucho - to increase social investment in programmes and projects that are significant for the communities' quality of life and development. Generate mechanisms for direct relations with indigenous communities in the vicinity of the company's operations.
Completar e implementar sistema de involucramiento con los principales grupos de interés, que permita considerar sus inquietudes, mejorar la comunicación y lograr mutua colaboración.	In 2012, the AA1000 auditing process by BSD Consulting continued, geared to evaluation of the principles of inclusivity (how the organisation incorporates the voice of its stakeholders in decisions about its strategy), materiality (how the organisation learns which are the most relevant issues for its stakeholders) and response capacity (how the organisation responds to its stakeholders' main expectations and the issues relevant for them). This audit took place for coastal communities (Chanavayita, Cañamo and Caramucho), the company's own and contractors' employees and local suppliers. In this sense, the company sought to take account of the concerns of its external and internal stakeholders and improve communication with them. However, a coordinated stakeholder engagement and response system that includes all the company's areas with direct responsibilities in this field has yet to be implemented.	↑ 50%	Based on the results of the AA1000 auditing process, establish coordination among the areas of the company with direct responsibilities for priority stakeholders (suppliers, own and contractors' workers and communities) in order to draw up and launch a first stakeholder engagement plan. Increase direct work with organisations and groups representative of coastal communities - Chanavayita, Cañamo, Caramucho - to increase social investment in programmes and projects that are significant for the communities' quality of life and development. Generate mechanisms for direct relations with indigenous communities in the vicinity of the company's operations.
Implement as part of Collahuasi's website an online information and monitoring system for environmental management indicators related to protection of biodiversity (terrestrial and marine flora and fauna), incidents, waste management and other aspects.	This system can be found in the Environmental Monitoring section of the website. It covers Coposa, the Coposa Salt Flat, Rosario, the Michincha Salt Flat, Puerto Patache and the Leaching area and contains monitoring indicators about intertidal and phytoplanktonic communities in Patache, surface and groundwater monitoring points in Rosario, monitoring of one of the groundwater water quality points in the Leaching area, monitoring of water quality in two of the wells located in the Michincha Salt Flat, monitoring of water quality in the Jachucoposa Spring in the Coposa Salt Flat and measurement of air quality and, specifically, PM10 particulate matter in Coposa. Indicators of biodiversity protection (terrestrial flora and fauna) and waste management have yet to be incorporated.	↑ 75%	Improve the public part of the Environmental Monitoring section of Collahuasi's website, incorporating indicators of terrestrial biodiversity management, environmental incidents and waste management.
Publication in 2012 of book on Results of Salt Flat Monitoring.	Publication of this book was delayed until the first quarter of 2013 so as to include the results of campaigns in September 2012. This is the only pending task.	↓	Publication and distribution of book on Results of Monitoring of the Michincha and Coposa Salt Flats.



COMMITMENTS 2012	RESULTS 2012	NIVEL DE CUMPLIMIENTO	OBJECTIVES 2013
Approval and implementation of a biodiversity strategy with specific lines of work for integration of protection of biodiversity in Collahuasi's operations and expansion projects.	The definitive version of the strategy was drawn up and is awaiting approval by the Board of Directors.	↑ 50%	Approval of Biodiversity Strategy by Board of Directors and implementation of lines of work; report on progress of implementation during 2013.
No environmental incidents of Category 3 or higher.	No environmental incidents of Category 3 or higher occurred in 2012.	↑ 100%	No environmental incidents of Category 3 or higher.
No fine or sanction for environmental incidents.	According to the Legal Affairs area, this objective was achieved since no fines or sanctions relating to the environment were received in 2012.	↑ 100%	No fine or sanction for environmental incidents.
Award contract for Integral Waste Management Service and start implementation of integrated waste management plans.	The direct award process launched in 2011 was halted in favour of a tender which was issued in September 2012 with its award scheduled for June 2013.	↑ 25%	Award contract for Integral Waste Management Service and start implementation of integrated waste management plans; progress report.
Carry out annual internal audit of environmental management system in accordance with ISO 14001.	The annual internal audit was carried out by Bureau Veritas in October 2012 and it issued a Recertification Audit Report indicating compliance with both ISO 9001 and ISO 14001:2004.	↑ 100%	Carry out annual internal audit of the environmental management system in accordance with ISO 14001:2004.
Complete the Closure Plan update study started in the second half of 2011 and incorporate results in the Plan.	When the study was on the point of completion, it had to be put on hold for adjustment to the new Law on Closure of Mine Sites (Law N° 20.551) published in November 2011. As a result, this objective was postponed until 2013.	↑ 50%	Update the Closure Plan in accordance with the new Law on Closure of Mine Sites (Law N° 20.551) which came into force in November 2012.
Based on results of tests of the 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.	The operational problems that Collahuasi experienced in 2012, with the resulting drop in its output, meant a decrease of around 2% in overall water consumption at the concentrator plant. However, the production process's low efficiency meant higher unit water consumption which reached 622 litres per tonne of mineral treated, below the target of 570 litres.	↓	In order to reduce water consumption, achieve a target of an average annual consumption of raw water of or less than 571 litres per tonne of mineral treated in 2013.
Maintain or increase the 77.62% reuse of process water achieved in 2011.	Efforts to avoid increased water consumption were reflected in 78% effective water recycling in the concentrator plant, above the 77.62% reuse of process water achieved in 2011.	↑ 100%	Maintain or increase the 78% reuse of process water achieved in 2012. Carry out annual internal audit of the environmental management system in accordance with ISO 14001:2004.
Maintain the recovery of the Jachucoposa Spring, achieving a water flow of at least 37.6 L/s in December 2012.	Recovery of the water flow in the Jachucoposa Spring continued and, in December 2012, reached 38.3 L/s.	↑ 100%	Maintain or increase the recovery of the water flow in the Jachucoposa Spring achieved in December 2012 when it reached 42 L/s.
Start operation of the first high compression thickener (OT22/SET) that will permit thickening of tailings to a 68% concentration of solids.	The high density thickener (OT22/SET) is still at the pilot test stage, with its start of operation scheduled for the second half of 2013.	↓	Start operation of the first high compression thickener (OT22/SET) in the second half of 2013, permitting thickening of tailings to a 68% concentration of solids.

COMMITMENTS 2012	RESULTS 2012	NIVEL DE CUMPLIMIENTO	OBJECTIVES 2013
Start construction of the irrigation canal improvement project drawn up and awarded in 2011 for the benefit of Pica and Matilla farmers.	Since 2008, the need to improve agricultural irrigation has been raised in the company's working groups with the Pica community, giving rise to the Resbaladero Community Irrigation Canal Improvement Programme. Topographic information about the canals was compiled and projects with a total cost of 30 million pesos were prepared for presentation for funding under Law N° 18.450 administered by the National Irrigation Commission (CNR). They envisaged construction of 5,491 linear metres of irrigation canals (4,946 linear metres, 161 linear metres and 441 linear metres for the Resbaladero, Altillo Chico and Alto Grande water users' communities, respectively). The CNR approved these projects in 2011, making available a total of 297,945,626 pesos for their implementation while Collahuasi contributed 308,621,203 pesos. The total cost of the projects reached 721,814,525 pesos. The farmers paid for official procedures, certificates, administrative expenses, supervisory fees, measurement station assistants, topographical survey assistants and remuneration of the irrigation allocation administrator for a total of 15,808,308 pesos. Collahuasi also contributed a further 180,206,529 pesos for infrastructure not included in the projects presented to the CNR. The projects were completed at the end of 2012 and received their state subsidy. A significant level of water recovery has been achieved and, as a result, irrigation every 15 days has been possible as compared to the previous 27 days.	↑ 100%	Provide further support for water management by farmers in the Pica municipal district, implementing projects for the reconstruction of a total of 3,355 metres of canals (720 metres for the Miraflores water users' community and 2,635 metres for the Resbaladero Bajo community). Studies will also be carried out and a project for the Cóncava water users' community for presentation to the CNR and implementation in 2014. Maintain support for optimisation of management of water resources in the Pica municipal district.
Review and reinforce application of the fatality prevention standards.	An integral plan for application of the 8 fatality prevention standards was implemented in 2012. The plan included 16 implementation and reinforcement activities in Collahuasi and contractor companies in different areas, monthly evaluation meetings, preparation and distribution of a manual, plans for each area of the company, recording of progress in the CURA system, a course for internal auditors, a Collahuasi management course, courses for contractors' advisors/supervisors, courses for Collahuasi operators and administrative personnel, audits and other activities. Twelve of the Plan's 16 activities were 100% completed.	↑ 100%	Reinforce training and application of the 7 fatality prevention standards with the objective of avoiding fatal or serious accidents.
Obtain a good classification in OHSAS 18001 Safety and Occupational Health Audit.	Good classification obtained and certification under OHSAS 18001:2007 and Nch. 18001 Of. 2009 from Bureau Veritas and the National Standards Institute (INN), respectively, for the period from 05/11/2012 to 04/12/2015.	↑ 100%	Obtain a good classification in OHSAS 18001 Safety and Occupational Health Audit.
Reinforce and implement training on health risks for all new workers.	Plans and lists covering a total of 2,217 workers for training (1) in health risks (noise, UV radiation, silicosis and others) belonging to operational vice-presidencies. Training received by 2,043 workers, corresponding to 90% of the total indicated.	↑ 100%	
Implement improved methodology for carbon footprint measurement and study mitigation measures to be developed in the coming years.	Review of documents identifying aspects of improvement of measurement methodology and of audits of the Leaching and Puerto Patache areas identifying mitigation measures for each area. Measurement of carbon footprint and GHG emissions in 2012 was certified in March 2013 by the Spanish Normalisation and Certification Association (AENOR). The result will be published as a single document at the end of April 2013.	↑ 100%	Draw up long-term GHG mitigation strategies; evaluate these strategies and obtain their approval by the Board of Directors.
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.	In 2012, the Energy and Greenhouse Gas Management System was developed in the Leaching area and Puerto Patache and work began in the Concentrator area. This implied energy audits in the first two areas and preparation of their respective abatement curves, consolidating the system's implementation in these two areas, and measures to increase energy efficiency were launched.	↑ 100%	Carry out energy audit in the Concentrator area to obtain abatement curves; update abatement curves for the Leaching area and Puerto Patache. Develop and implement software to automate the reporting system for the company as a whole for carbon footprint and GHG measurement, facilitating monthly evaluation of indicators and results. This will be assured and evaluated by the Spanish Normalisation and Certification Association (AENOR).

COMMITMENTS 2012	RESULTS 2012	NIVEL DE CUMPLIMIENTO	OBJECTIVES 2013
Award Alternative Renewable Energy (ARE) contract to supply Collahuasi's operations with 60,000 MWh/year as from 2013.	In August 2012, the contract for the ARE project was awarded to SolarPack, with a capacity of 25 MW for the supply of 60,000 MWh/year. Supply will begin in October 2013.	↑ 100%	-
Promote and supervise certification of operations contractors.	At the request of the contractor administration area, 556 profiles are reviewed in 2011-2012. The Contractor Regulation-Skill Certification provides instructions for contractors to implement the skill certification process. Information about the number of employees of operations contractors who received certification in 2012 is not available.	↑ 100%	-
Complete design of the Leadership for Supervisors Training Programme and apply to 20% of supervisors.	The Cimientos (Foundations) Programme (1) was launched in 2012 to strengthen administrative skills at the supervisory level. This coaching programme covers all company employees with supervisory functions (vice-presidents, managers, superintendents, heads of area, senior heads, first-line supervisors and operators and administrative personnel). In 2012, the Programme, which is supported by consultants and includes courses, e-learning, exercises and a magazine, was implemented in the Mine Operations Vice-Presidency, the Concentrator Operations Vice-Presidency, the Operational Services Vice-Presidency and the Human Resources area.	↑ 100%	Apply Leadership for Supervisors Training Programme to 40% of the company's supervisors.
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.	In 2012, 22 apprentices were hired (19 in the Mine area, 1 in the Mine Maintenance area and 2 at the concentrator plant), up from just 1 person in the Mine Operations area in 2011. The Mine Area Training School (1) was implemented in 2012 and enabled Collahuasi to strengthen the practical training of apprentices once they have completed the formal programme, thereby ensuring entry of operators in line with the standard defined by the company. A number of installations were improved for this school. This was carried out without coordination with the Collahuasi Educational Foundation's FORTECMIN Programme since this was suspended in August 2012.	↑ 100%	Complete implementation of Mine Area Training School, increase the number of apprentices hired for one year in the Mine Maintenance, Mine and Concentrator areas as compared to 2012 (22 people).
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.	In 2012, a diagnosis of the CMDIC brand was carried out (Integrated Diagnosis and Strategic Definitions, Almagrandes) but no other specific activities towards this objective took place.	↓	-
Continue improving camp accommodation conditions by completing the projects underway and implementing those scheduled for 2012.	The following projects were undertaken: - Inca Gymnasium. Completed and in operation since December 2012, for use of Collahuasi personnel, area of 200 m ² . - Pionero Gymnasium. Completed and awaiting installation of machines, for use of contractors' personnel, area of 339 m ² . - Construction of F Wing. Completed and in operation since October 2012, 204 rooms for company employees with a recreation room on each floor, built area of 7,330 m ² , parking area of 6,000 m ² . The drinking water matrix of the Pabellón del Inca Hotel was also replaced. Projects underway for March/April 2013: - Pionero Pub. For use of contractors' personnel, area of 162 m ² . - Multimedia room. For Internet use of contractors' personnel, area of 80 m ² . - Music room, Pabellón del Inca. For use of Collahuasi personnel to play musical instruments; acoustic facility with area of 100 m ² . - Construction of S-type building in Pionero. In operation since March 2013, 96 rooms for contractors' supervisors, area of 1,550 m ² . - Recreation rooms. Completed and awaiting official permits to start operation, 2 rooms of 500 m ² each.	↑ 100%	Finish and start operation in the first half of 2013 of installations almost completed in 2012: Pionero Pub (162 m ²), multimedia room (80 m ²) and S-type Pionero building (1,550 m ²) for contractors' personnel; music room (100 m ²) for CMDIC personnel and 2 recreation rooms of 500 m ² each. Implement and complete in 2013 repair of Pionero kitchen in order to improve conditions for the preparation of food and permit its preparation as Production canteen (640 m ²); remodel canteen 460, the Coposa canteen and laundry room.

COMMITMENTS 2012	RESULTS 2012	NIVEL DE CUMPLIMIENTO	OBJECTIVES 2013
Progress in applying the same quality requirements and standards as regards personal safety equipment, work clothing and transport of contractors' employees.	Concern about the state of safety equipment, work clothing and transport of contractors' employees is expressed in the document GSSO-REG-001-Regulation for Contractors and Subcontractors, page 25. It is not reported whether specific action has been taken as regards requiring and enforcing the same standards of safety equipment and work clothing for their employees as provided by Collahuasi for its employees. In the case of improving the quality of transport services, a tender is underway for the company's own employees and will be followed by a tender for contractors' employees.	↑ 50%	-
Deepen and expand supplier development programmes for suppliers of goods, direct contractors and transport companies.	The Goods Suppliers Development Programme was implemented with 15 regional suppliers who completed it in January 2013. The Programme had a total budget of 60,799,800 pesos of which the government's Economic Development Agency (CORFO) financed 50%. In addition, a Supplier Development Programme for Direct Contractors was implemented, with regional coverage and the participation of 18 suppliers from different sectors and was completed in August 2012. It had a total budget 94,981,317 of which CORFO financed 30.55%. The Transport Suppliers Development Programme was not implemented in 2012 since a programme for this purpose was implemented in 2011 and is in operation.	↑ 100%	Implement a second version of the local supplier development programme, More Suppliers Tarapacá 2013, with a base of 28 suppliers of goods and services through presentation, approval and implementation of a programme co-financed by CORFO in the framework of an agreement between mining companies in the region (Collahuasi, BHP Pampa Norte, TECK Quebrada Blanca and SQM). Launch a programme for the development of internal suppliers, identifying suppliers of goods and services that have permanent relations with Collahuasi and the potential to grow in volume of business or are suppliers that need to improve their performance. Projects that are feasible will be identified and at least one will be presented to CORFO with a company that is relevant for Collahuasi and includes contractors related to processes to be strengthened or improved. Launch a programme for the development of world-class suppliers, identifying high-impact challenges for Collahuasi and innovative solutions from suppliers of goods and services that address these challenges. In this process, 2 or 3 solutions from large-scale suppliers that have important benefits for both parties will be selected.

ACHIEVED 100% PARTIALLY ACHIEVED 75% PARTIALLY ACHIEVED 50% PARTIALLY ACHIEVED 25% NOT ACHIEVED

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Introduction



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Our company

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Appendices



1. President's message

[1.1]

Dear readers,

I would like to invite you to read our 2012 Sustainability Report which gives an account of a very particular year for Compañía Minera Doña Inés de Collahuasi as regards our operations and the organisational changes that occurred. In particular, the Report refers to our relations with our principal stakeholders - our employees and the communities where we operate.

Within the framework of transparency and commitment with which we have prepared this Report, I must mention the tragic death of three workers in February and May 2012 as a result of lamentable workplace accidents. We have made our condolences and solidarity known to their families but we are aware that this does not suffice and are reinforcing the preventive safety mechanisms that provide all those who work at Collahuasi with the confidence that, as a company, we understand that they are our principal asset.

In mid-2012, two of our shareholders, Xstrata Copper and Anglo American, decided to intervene Collahuasi in a process led by a representative of each of these two companies. Prompted by a deficient safety performance and low output, this intervention resulted not only in the appointment of a new Executive President but also in a restructuring of Collahuasi's management and, naturally, in the definition of new strategic guidelines. Our priorities for the coming years include safety,

productivity and the taking of decisions that will be sustainable in the medium and long term.

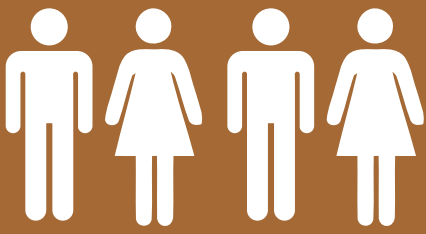
In this Report, you will, therefore, find undertakings and measures that seek to recover the trust of our stakeholders and deepen the sense of belonging and corporate identity that, together, we are determined to strengthen. To this end, we have established communications processes, based on a new approach, in which not only the company's managers but also its supervisors actively participate. We trust this will enable us to transmit clear and direct messages to our employees, facilitating cross-area cooperation and ever greater integration in addressing our challenges. We will, in this way, also be able to hear what our employees and collaborators need to tell us, thereby enriching the communication that is the basis of sound co-existence. We are aware that a Sustainability Report should refer to events in the previous year but, in this case, also want to draw attention to our undertakings and the efforts that will be required in order to comply with them. Companies are part of a history and a chain of events that, as well as being reported, must be taken into account when making decisions. This must, indeed, be our mission if we want to implement processes of continuous improvement and become the administration that our employees and collaborators require.

This Report also contains information about other important challenges that await us such as the strengthening of relations with neighbouring communities and the environment on which our activities necessarily have an impact. We recognise that relations with and respect for the area and communities in which we operate are key for expanding our production horizons, improving our results and creating shared value. That is why, in 2012, we intensified the processes through which we provide information to these communities and engage in open dialogue with them in order to increase the transparency of our activities and their trust in them.

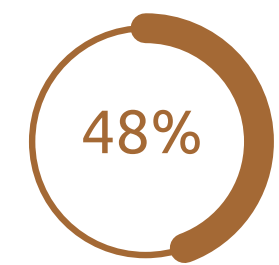
Finally, I would again like to invite you to read and analyse this Report and to participate actively in this new stage in which our overriding objective will be to be ever more sustainable and, through our projects, to contribute to Chile's sustainable development.

Jorge Gómez
President

Compañía Minera Doña Inés de Collahuasi SCM



OUR PEOPLE



48%
of employees from the Tarapacá Region.

Survey of contractor satisfaction



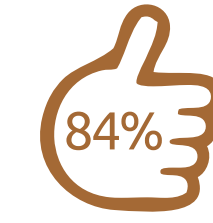
81%
Meal services



85%
Pullman del Norte transport service



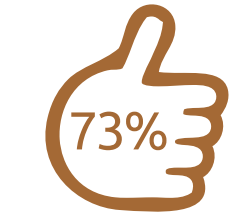
81%
Transmin transport service



84%
Truck rental service



83%
Accommodation/cleaning service



73%
Laundry service



HEALTH AND SAFETY



3
fatal accidents



8
disabling accidents



417
lost days



COMMUNITY



Construction and repair of irrigation canals in Pica:
Envisages reconstruction of **5,491** linear metres of irrigation canals

Financing of initiatives proposed by Community Working Groups:



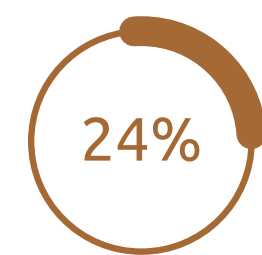
329 participants
90 meetings
13 projects implemented or being implemented



SUPPLIERS



61%
local suppliers



24%
of total contracts with suppliers correspond to companies in the Tarapacá and Arica and Parinacota Regions.

2. Numbers / figures / milestones 2012



OUR ENERGY MANAGEMENT

Award of contract for **construction of the first solar photovoltaic plant** located in the Pozo Almonte municipal district.

Product carbon footprint:

COPPER CATHODES

0.3974 tCO ₂ e/Cu cathode	1.6433tCO ₂ e/tonne Cu concentrate	1.6526 tCO ₂ e/tonne Mo concentrate
208.927 tCO ₂ e/year	1.536.196 tCO ₂ e/year	8.487 tCO ₂ e/year

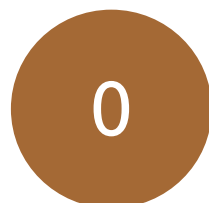


WATER RESOURCES

Increase of water flow in Jachucoposa Spring



ENVIRONMENT



significant environmental incidents



3. Scope of the Report

[3.2] [3.3]

This Collahuasi's seventh Sustainability Report and its publication reflects the company's commitment to communicating its annual performance transparently to society and, particularly, its stakeholders.

[3.1]

This Report sets out the highlights of Collahuasi's economic, environmental and social performance between 1 January and 31 December 2012. It also reports on the undertakings made in its 2011 Sustainability Report and describes its challenges for 2013 in areas related to sustainability, defined in accordance with its policies.

[3.8] [3.9]

[3.7] [3.10] [3.11]

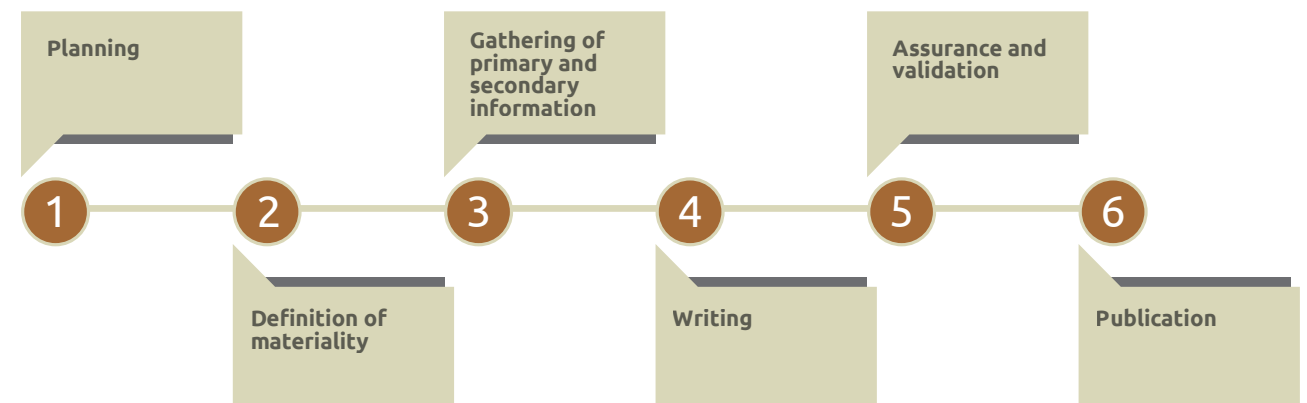
The Report was prepared according to the technical protocols of the G3.1 version of the Global Reporting Initiative (GRI), with the indicators defined in the Mining and Metals Sector Supplement and, as its key pillars, the principles of the International Council on Mining and Metals (ICMM). The data measurement methods and baselines used in calculations are governed by GRI recommendations and protocols and do not have any limitations of scope or boundary. Although Collahuasi adheres to the principles of the UN 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.

Preparation of the Report

[3.5]

The process of defining the Report's content and planning its preparation was led by the company's Corporate Affairs area. The information contained in the Report was, in addition, documented and validated by the different areas of the company which participated in its preparation.

Preparation of the Report involved the following stages:



[3.13] For the past four years, the Report has been 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 2011, the views of civil society were assured by Red Puentes, an NGO, which placed particular emphasis on the company's compliance with its undertakings.



4. Relations with our stakeholders

[4.14] [4.15] [4.16]

[4.15]
In order to define Collahuasi's principal stakeholders, a classification drawn up in 2011 that measures impact and influence.

Under this classification, the **company's priority stakeholders** are:

- | | |
|--------------|---------------------------------|
| EMPLOYEES | AUTHORITIES |
| CONTRACTORS | LOCAL REGULATORY BODIES |
| COMMUNITIES | SUPPLIERS OF GOODS AND SERVICES |
| MEDIA | UNIONS |
| SHAREHOLDERS | |

In 2012, the company fulfilled its undertaking to work directly with the following stakeholders: employees, contractors, communities, the media, authorities and suppliers of goods and services. The criterion used to select stakeholders was the search for representative sectors offering greater opportunities for improvement in Collahuasi's relations with its different stakeholders.

1.1. AA1000 audit

For Collahuasi, relations with its stakeholders are of crucial importance since they are what ensure the sustainability of its business. For the second consecutive year, it, therefore, hired BSD Consulting to carry out an audit of stakeholder perceptions, including:

- verification of the three accountability criteria: relevance, inclusion and response capacity
- detection of opportunities for improvement
- optimisation of information gathered for the 2011 Sustainability Report.

The following **stakeholders** were included in the audit:

- | | |
|-----------|-------------|
| EMPLOYEES | CONTRACTORS |
| SUPPLIERS | COMMUNITY |

1.2. SEAT Study * [SO9] [SO10]

In 2011, Collahuasi carried out a study using the Socio-Economic Assessment Toolbox (SEAT)* to measure the negative and positive impacts of its operation and contribute to improved dialogue with stakeholders. In June and July 2012, a feedback and assurance process was implemented in order to report the study's results and validate them with stakeholders. This took the form of workshops with local players, who valued the

initiative and highlighted the attitude of transparency it reflected.

This results of this process indicated that the communities perceive the company as seeking to address the Region's economic, social and environmental situation and the related local and regional problems. In this context, they highlighted improvements in areas such as monitoring plans and the modification of the company's social investment funds.

In addition, they indicated satisfaction on the part of these stakeholders with the community relations strategy implemented by Collahuasi, drawing attention to their transparency and the ties developed. This enables the company to create opportunities for cooperation and coordination with the communities located in its area of influence as well posing a challenge in the form of an opportunity to position Collahuasi as one of the Tarapacá Region's leaders on community relations.

The process was implemented by Fundación Casa de la Paz, an NGO, in three communities in the Tarapacá Region (coastline, Pica and Huatacondo). In addition, the SEAT study's results were presented to 33 regional, provincial and local authorities and to representatives of services, social institutions, indigenous organisations and the media.

***What is SEAT?**
The Socio-Economic Assessment Toolbox (SEAT) is a management tool, developed by Anglo American, that is used 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.
The study enabled Collahuasi to gather social information in the field, compile data about environmental impacts and systematise the economic information available.



5. Definition of materiality

Company viewpoint

Stakeholder viewpoint

[3.5] Information gathered from primary and secondary sources was used to define materiality and obtain two broad viewpoints - that of the company and of its stakeholders - as the basis for identifying and prioritising the most important issues to be covered by this Report.

A qualitative methodology was used, involving the review of secondary documents, as well as a quantitative methodology for the analysis of data and content. On this basis, it was possible to classify the information and define the most important aspects.

a) Company viewpoint

In order to obtain this viewpoint, semi-structured interviews took place with senior management and heads of strategic areas.

Through these interviews, the issues and aspects most material for development of the business were identified for inclusion in the Report. The people interviewed were:

- Executive President (Jorge Gómez)
- V-P for Human Resources (Fernando Hernández)
- VP for Sustainability (Juan Carlos Palma)
- VP for Administration and Services (Tomás Martínez)
- VP for Projects (Deepak Bhasin)
- Manager of Collahuasi Educational Foundation (Jaime Arenas)

- Comptroller (Santiago Diez)
- Manager for Water Resources (interim) (José Luis Delgado)
- Manager for Contracts (Gerardo Herrero)
- Manager for the Environment (Héctor Lagunas)
- Manager for Personnel Development and Organisation (Daniel Cabrera)
- Manager for Community Relations (Luciano Malhue)
- Manager for Risk (Sebastián González).

b) Stakeholder viewpoint

Stakeholders were consulted through:

- Workshops with the coastal community
- Focus group with employees, contractors and suppliers

In addition, the following secondary documents were reviewed:

- Preliminary report of AA1000 audit: employees, contractors, local suppliers and communities of Caramucho, Cáñamo and Chanavayita
- AA1000 audit report for coastal communities, BSD 2011
- Coastal communities, Pica and Huatacondo, 2012 SEAT report prepared in accordance with methodology developed by Anglo American
- Collahuasi's reputation among general public, 2012, Feedback
- Collahuasi's reputation among opinion leaders, Feedback.

4.2.1 - Material issues for stakeholders

The issues considered most important by stakeholders are shown below, together with the section of the Report in which they are addressed:

STAKEHOLDERS	MATERIAL ISSUES	LOCATION OF INFORMATION
COMMUNITY	Perception of pollution on coast.	Protection of the environment.
	Investment in local economic development. Need for investment in local economic development.	Our community relations management: Key projects in 2012 / Social development.
	Perception of decrease in marine resources.	Protection of the environment.
	Perception of decrease in water resources.	Our water management: Protection of water resources.
	Investment in and improvement of education. Need for investment in and improvement of education.	Our community relations management: Education.
	Need for job creation.	Our community relations management: Education; 3.2. Improvement of technical-professional education. Commitment to our suppliers: 2.1. Supplier development.
	Perception of improvement of community relations strategy.	Our community relations management: Community relations methodology.
	Need for investment in infrastructure and public spaces.	Our community relations management: Key projects in 2012.
EMPLOYEES	Perception of low response capacity on part of Collahuasi.	Our People: Our employees.
	Need to improve channels of communication with company.	Our People: Our employees; 3.3. Communication with employees.
	Need to improve accommodation conditions.	Our People: Our employees; Benefits and quality of life [LA3].
	Need for inclusion in company from a strategic perspective.	Our People: Our employees; 3. Career plans, professional recognition and communication with employees.
	Concern about safety and occupational health.	Health and safety: Employees.
	Need to establish relations of trust with company.	Our People: Our employees; 3. Career plans, professional recognition and communication with employees.
	Perception of absence or weakness of corporate identity.	Our People: Our employees; 3. Career plans, professional recognition and communication with employees.
	Lack of knowledge of professional development plans.	Our People: Our employees; 3. Career plans, professional recognition and communication with employees.
CONTRACTORS	Need to recognise employees' contribution to company.	Our People: Our employees; 3. Career plans, professional recognition and communication with employees.
	Construction of relations of trust with company.	Our people: Contractors / Management Approach / Channels of communication.
	Improvement in channels of communication with company.	Our people: Contractors; Channels of communication, Satisfaction survey.
SUPPLIERS	Improvement in accommodation conditions.	Our people: Contractors; Improvements in contractors' accommodation standards and quality of life.
	Construction of relations of trust with company.	Commitment to our suppliers: Supplier development.
	Interest in development of local suppliers.	Commitment to our suppliers: Supplier development.
OPINION LEADERS	Need to improve channels of communication with company.	Commitment to our suppliers: Supplier development.
	Perception of absence of an environmental sustainability approach.	- Protection of the environment. - Our energy management - Our water management.
	Interest in contribution to regional development.	Our community relations management: Education / Social investment.
	Need to develop projects with effective contribution in the Region.	Our community relations management: Investment by strategic product / Key projects 2012.
	Perception of labour turnover.	Our People: Our employees.
CONTRACTORS	Interest in safety and occupational health.	Health and safety.
	Perception of low investment in installation and development of capabilities.	Our community relations management: Education / Key projects 2012.

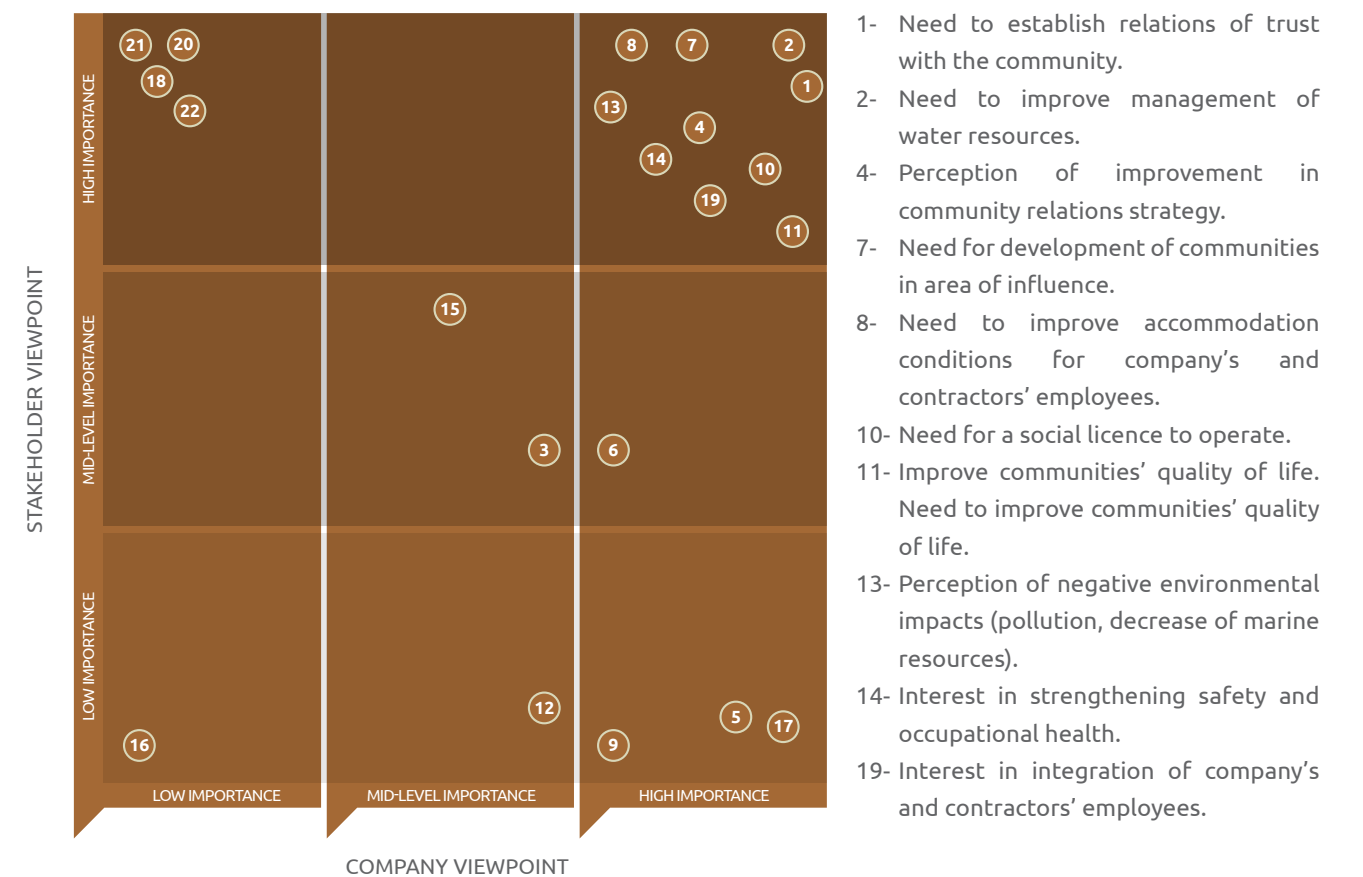
c) Material issues [4.17]

In order to define material issues, the information gathered from stakeholders was crossed with issues identified as material from the company viewpoint and the resulting issues were classified as priority or secondary.

A matrix was then prepared, highlighting issues considered priorities for both stakeholders and the company and to be addressed in depth in the Report. Other issues of lesser importance located in the rest of the matrix are also covered in the Report but in less detail.

It is important to note that the issues presented below are "material issues" for the preparation of this Report, reflecting the perceptions, needs, preferences and expectations of the different stakeholders consulted. They, therefore, warrant particular attention on the company's part so they can be addressed opportunely and proactively.

Matrix Stakeholder Viewpoint/Company Viewpoint



- 1- Need to establish relations of trust with the community.
- 2- Need to improve management of water resources.
- 4- Perception of improvement in community relations strategy.
- 7- Need for development of communities in area of influence.
- 8- Need to improve accommodation conditions for company's and contractors' employees.
- 10- Need for a social licence to operate.
- 11- Improve communities' quality of life. Need to improve communities' quality of life.
- 13- Perception of negative environmental impacts (pollution, decrease of marine resources).
- 14- Interest in strengthening safety and occupational health.
- 19- Interest in integration of company's and contractors' employees.



01

Our company

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2. Sustainability approach	34
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1. Company profile

1.1. Background

[2.1] [2.2]

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.

[2.3] [2.5] [2.8]

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

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 copper 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 administrative offices are located at Baquedano 902, Iquique, Tarapacá Region and at Avenida Andrés Bello 2687, 11th floor, Las Condes, Santiago, Metropolitan Region.

[MM1]

En 2012, Collahuasi increased its mining exploitation concessions by 13.05%, equivalent to 18,673 hectares, due principally to its expansion projects.

CONCESSIONS:

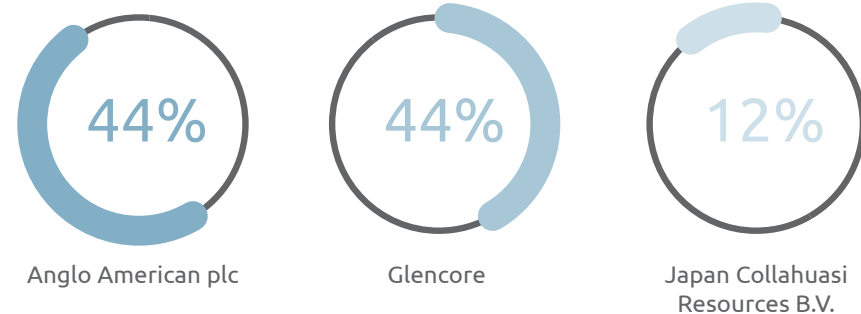
- Owner of 630 groups of mining exploitation concessions = 161,681 hectares
- Owner of 371 mining exploration concessions = 143,300 hectares
- Holder of concessions on 22,820 hectares through Sociedad Contractual Minera Michincha
- Owner of 15,293.62 hectares of surface land
- Land with mining-industrial infrastructure = 13,108 hectares (10,562 hectares belonging to Collahuasi + 2,546 hectares corresponding to authorised easements).

Expansion project

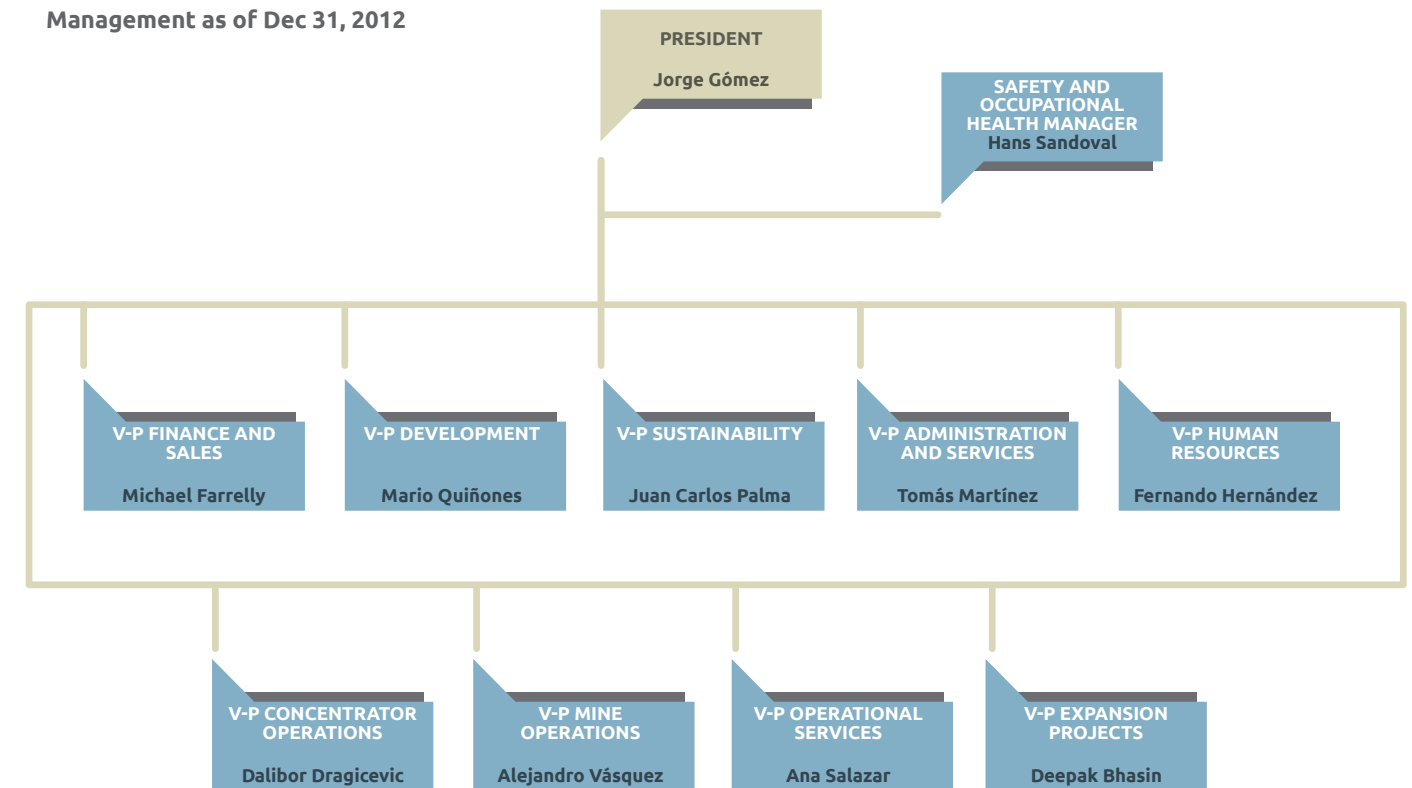
In 2012, Collahuasi was subject to a process of intervention that included management restructuring. This followed a drop in output and an unsatisfactory health and safety performance and it was decided that, in this context, the company's priority should be to set its existing operations in order before pursuing the development of its expansion project, known as Phase III.

As a result, this project remains at the pre-feasibility stage and no date has yet been set for the start of the feasibility phase.

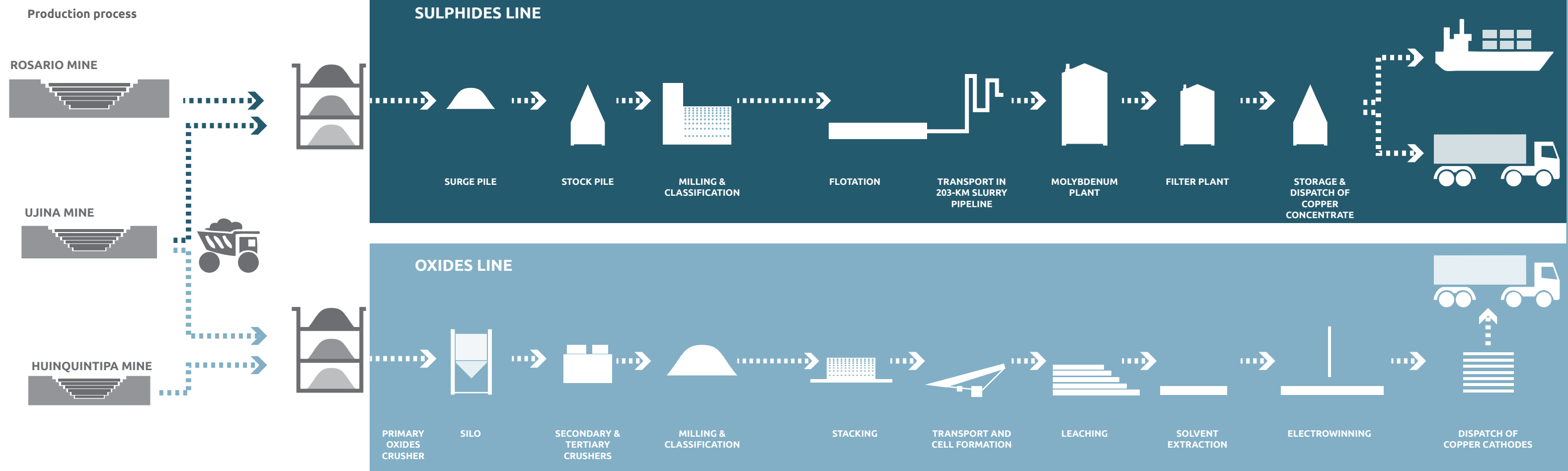
Ownership structure [2.6]



Management as of Dec 31, 2012



Management as of May 2013
 Front row from left to right: Tomás Martínez; Hans Sandoval, Ana Salazar, Marcos Bermudez, Juan Carlos Palma, Fernando Hernández
 Back row from left to right: Michael Farrelly, Deepak Bhasin, Jorge Gomez, Dalibor Dragicevic y Mario Quiñones



Key organisational changes

[2.9] The intervention process implemented in 2012 included changes in the company's senior management of which the most important were:

1. Giancarlo Bruno Lagomarsino was replaced as Executive President by Miguel Ángel Durán and Roberto Darouiche, representatives of shareholders Anglo American and Xstrata Copper, respectively, until 19 December 2012 when Jorge Gómez Díaz became the company's Executive President.

2. Brett Harries left his post as Vice-President for Asset Management since this vice-presidency was eliminated from the company's organisational structure.

3. The following new vice-presidents were incorporated into the company:

- Ana Salazar in Operational Services.
- Alejandro Vásquez in Mine Operations.
- Dalibor Dragisevic in Concentrator Operations.
- Tomás Martínez in Administration and Services.
- Fernando Hernández in Human Resources.
- Juan Carlos Palma, previously Vice-President for Legal and Corporate Affairs and Communities, became Vice-President for Sustainability with responsibility for Environment and Energy Efficiency as well as the above areas.
- Mario Quiñones, previously interim Vice-President became Vice-President for Development.



	CLOSURE PLAN				
OPERATION	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
YEAR OF CLOSURE	2013	2033	2045	2058	2058

1.2. Closure plan

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

In 2012, Collahuasi continued to work on an update of its closure plan and will pursue this further in 2013. The present stage of the process focuses on studies

to update the information used in the plan, ensuring compliance with the environmental regulation in force (including Law N° 20.551 on Closure of Mining Sites and Installations and its related norms) as well as to compile, analyse and assess existing closure criteria in the light of the results in order to introduce changes in Collahuasi's operations and mining plan. A budget of US\$200,000 has been allocated for the studies planned in 2013.

It should be noted that Collahuasi is evaluating different options for extending the useful life of its leaching processes. It is expected that the option to be adopted will be defined during the first half of 2013.

1.3. Output [2.8]

In 2012, Collahuasi produced 282,096 tonnes of copper, down by 37.8% on the previous year, while output of molybdenum also dropped by 70.7%.

	OUTPUT (TONNES)		
PRODUCT	2010	2011	2012
CONCENTRATE	465,207	417,282	245,288
CATHODES	38,836	36,002	36,808
TOTAL COPPER OUTPUT	504,043	453,284	282,096
MOLYBDENUM	4,476	6,659	1,953

The drop in output was the result of both exogenous and operational factors, with the former including the negative impacts of the Andean Plateau winter. Operating costs also increased significantly due to a sustained increase in the cost of inputs that included electricity, fuels, labour and contractors.

1.4. Sales and markets served

In the period covered by this Report, Collahuasi's total copper sales, measured in tonnes, dropped by 39% as compared to 2011. This reflected principally a 43% reduction in the volume of sales of copper concentrate which was partly offset by a 5% increase in sales of cathodes.

	SALES (TONNES)		
PRODUCT	2010	2011	2012
CONCENTRATE	462,293	428,960	245,202
CATHODES	38,485	36,159	37,814
TOTAL COPPER SALES	500,778	465,119	283,016
MOLYBDENUM	4,567	6,687	1,943

[2.7]

Markets served

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 South Korea.

Collahuasi's copper concentrate markets (DMTs*)

COUNTRY	% OF SALES 2012
JAPAN	24%
SOUTH KOREA	3%
CHILE	24%
CHINA	31%
INDIA	18%

* DMT = dry metric tonne

Collahuasi's copper cathode markets (TMs*)

COUNTRY	% OF SALES 2012
CHINA	52%
US	36%
SOUTH KOREA	6%
HOLLAND	5%
JAPAN	1%

* TM = metric tonne



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. In 2012, the company implemented important measures related to sustainability.

A key initiative was the creation of a Vice-Presidency for Sustainability to bring together all the areas of the company's activities that are related to sustainable development and represent a common corporate vision of the concept of sustainability, taking into account aspects related to the exploitation of natural resources, the cultural and social diversity of the area where the company has its operations and economic aspects of its operations.

The period covered by this Report was also crucial as regards community relations. In this context, the inclusion of the environment under the new Vice-Presidency for Sustainability played an important role in permitting even closer relations with communities, particularly as regards providing information, understanding their concerns and achieving reciprocal benefits. This approach permitted a recuperation of the communities' empowerment and level of engagement in the company's activities.

In 2012, the company experienced a significant drop in output, with a critical situation in its operations and an unsatisfactory safety performance (resulting in three fatalities). In response, its shareholders opted to intervene the company in a process whose priorities were to restructure management and the company's internal organisation.

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.

Our corporate values



Our strategic objectives

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

In 2009, in order to reinforce its culture and leadership, Collahuasi defined policies that are grouped into three areas, each with their respective scope and principles for taking decisions.

Policies (*)

PERSONAS	NEGOCIO	DESARROLLO SUSTENTABLE
<ul style="list-style-type: none"> Human resources Ethics and conflicts of interest in business 	<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 about these policies, see www.collahuasi.cl.

2.2. Risk management [4.11] [1.2] [4.9] [SO3]

Risk management at Collahuasi includes risks related to the business, the environment, safety and occupational health and legal risks. In addition, it covers risks arising from planned or unplanned changes so they can be identified, analysed, assessed and treated properly and then monitored, reviewed and mitigated.

The company's intervention in 2012 also had an impact on risk management, shifting its focus to the management of emergencies away from the planning of a system as had been envisaged in 2011. This was largely the result of the need to restructure management and re-establish leadership before addressing risk management systematically across the entire company.

Progress was, nonetheless, achieved towards formalisation of the risk management structure.

The risk management challenges towards which the company is directing its efforts are:

1. To advance towards convergence of all the areas of the company in order to be able to implement the Sustainable Management and Risk System;
2. To develop a common risk management culture;
3. To progress towards a form of joint work that includes more areas than those currently involved (safety and environment) in order to guarantee coordinated and systematic management of the risks associated with the business.

3. Associations and memberships

[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.

[4.13]

Collahuasi participates in different regional, national and international organisations in line with its sustainable development approach and its interest in contributing to community development.

[SO5]

Collahuasi participates actively 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).

ORGANISATIONS IN THE TARAPACÁ REGION

1. Iquique Chamber of Commerce, Industry and Tourism
2. Tarapacá Development Corporation
3. Iquique Industrialists' Association A.G. (AII)
4. Saltpetre Museum Corporation
5. Jiwasa Orage Indigenous Development Area
6. CONAMA Regional Advisory Council
7. Centre for Research and Development in Water Resources (CIDERH)

NATIONAL ORGANISATIONS

1. National Mining Society (SONAMI)
2. Chilean Mining Council A.G. including its Energy Efficiency in Mining Roundtable and Climate Change Committee
3. Chilean-North American Chamber of Commerce (AmCham Chile)
4. Chilean-British Chamber of Commerce (Britcham Chile)
5. National Safety Council
6. AcciónRSE
7. Centro de Estudios para el Desarrollo (CED)
8. Centro de Estudios Nueva Minería
9. National Energy Efficiency Commission (CNE)
10. Chilean Chapter of Transparency International
11. Global Compact

INTERNATIONAL ORGANISATIONS

1. International Copper Association (ICA)

COOPERATION AGREEMENTS AND ALLIANCES

1. National Service for Women's Affairs (SERNAM)
2. Civil Registry Service
3. National Forest Service (CONAF)





4. Awards and recognitions

[2.10]

PRIZE

Awarded by the Chilean-British Chamber of Commerce

Best Carbon Footprint 2012



PRIZE

Awarded by Fundación Chile and Revista Capital

First prize in mining sector in Third Ranking of Leading Companies on Climate Change



RECOGNITION

Awarded by the Ministry of Education

Outstanding performance of Juan Pablo II Bicentennial Mining Secondary School



5. Ethics and transparency

INITIATIVE

Collahuasi renews membership of Transparency International.

DESCRIPTION

Since 2011, the company has annually renewed its commitment as an associate member of Chile Transparente, the Chilean chapter of Transparency International. This organisation promotes transparent practices, integrity and honesty in public and private institutions and combats corruption.

INITIATIVE

Collahuasi signs Ethics and Conflict of Interest Declaration.

DESCRIPTION

In 2012, it signed the declaration affirming knowledge of the company's Conflict of Interest Policy and declared that it had no pending situations requiring analysis under its Ethics Policy.

INITIATIVE

Collahuasi renews its Authority Manual.

DESCRIPTION

In 2012, the company renewed its Authority Manual which includes provisions relating to ethics.



5.1. 2.1. Open Line [4.4]

Collahuasi has in place a confidential telephone service, known as the Open Line, which any person, direct employer or contractor can use to report to the highest level of the organisation any practice or conduct that is unethical or infringes the law such as ill treatment, abuse, non-compliance with social security laws, fraud or bribery.

[SO4] In 2012, 19 calls were made to the Open Line to report possible cases of fraud and incidents of ill treatment. All were investigated but it was not always possible to verify the information and reach a conclusion because, in some cases, the caller did not identify the person involved.

It is important to note that other possible cases of fraud were also reported. These were channelled through non-institutional mechanisms and investigated by third parties in order to guarantee independence and impartiality.

At the end of 2012, it was concluded that, although the performance of the Open Line as a reporting system was, in general, satisfactory, response times need to be shortened.

[HR4] Finally, in the case of ethics and transparency, an incident of discrimination was reported. This was resolved through an agreement in the courts.

5.2. How we combat corruption [SO2] [SO3]

[SO2] 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 who 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".

The risk of non-compliance with Law N 20.933 as regards the crimes it specifies is included in the company's risk management system. As a result, organisational risks related to corruption are analysed in all the company's business units.

[SO3]

Conflicts of interest

All Collahuasi's supervisory personnel have been informed about and trained in the company's Business Ethics and Conflict of Interest Policy and, in line with the company's annual practice, answers were obtained from supervisors on this issue.

Communication of policies

All the company's employees and contractors receive information about its policies on ethics and transparency which are published on the Intranet and in posters displayed at visible points around its installations. In addition, the Human Resources Policy specifically mentions Law N° 20.393 on Company Criminal Responsibility in "cases of money laundering, financing of terrorism and the bribery of any public official, whether in Chile or overseas committed by an individual for the direct benefit of the company" and companies' obligation to adopt and implement a Crime Prevention System in accordance with this law.

Law N° 20.393

The Law on Company Criminal Responsibility establishes that, in the case of crimes of money laundering, financing of terrorism and the bribery of any public official, whether in Chile or overseas, it is not only the person committing the crime but also the company that is responsible, providing the crime was committed as a result of the company's failure to comply with its duty to provide instructions and supervision.

For further information, see www.collahuasi.cl.



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
- Supervision of the Crime Prevention System
- Option of certifying the Crime Prevention System.

5.3. Government financial assistance [EC4]

The total financial assistance received from the government over the past three years is shown in the table below:

	US\$ THOUSAND		
	2010	2011	2012
VAT export recovery	-20,932	-145,097	-163,195
Tax credits and reductions			
SENCE	613	843	895
Credit for donations	2,255	1,141	257
Mining licences	1,053	107	110
6% fixed asset credit	40	38	42
TOTAL	-16,971	-142,968	-161,891

6. Regulatory compliance

[S08]

6.1. Main environmental incidents [EN28]

In 2012, the Environmental Evaluation Service (SEA) notified Collahuasi of fines and sanctions imposed under its Resolution N° 125 and ruled on the appeal (related to outcrops of water in the Patache area) as follows:

	NON-COMPLIANCE	FINE(UNIDADES TRIBUTARIAS MENSUALES - UTMS)
Resolution N° 19/2008	Section 4.2	Appeal accepted
Resolution N° 149/2004	Section 3.2.2	Fine increased from 500 to 540 UTMs
Resolution N° 149/2004	Section 4	Fine reduced from 100 to 90 UTMs
Resolution N° 19/2008	Section 3.1	Fine reduced from 500 to 400 UTMs
110 KTPD Expansion Project	Chapter 7, Point 7.3.7	Fine reduced from 100 to 90 UTMs

6.2. Labour incidents and inspections

Since 2010, Collahuasi has been subject to seven inspections: two by the Electricity and Fuels Superintendency (SEC), two by the Labour Inspection Service, one by the Health Ministry's Regional Office (SEREMI) and two by the National Geology and Mining Service (SERNAGEOMIN).

As a result of the fatal accident that occurred on 26 May 2012, causing the death of employee Julio Piñones Canto, the company was fined 50 unidades tributarias mensuales (UTMs) under Resolution N° 3546, issued by SERNAGEOMIN on 9 October 2012, for contraventions of the Mining Safety Regulation detected at the Rosario site (specifically the Rosario Mine). An appeal has been presented to SERNAGEOMIN's National Director.



02

Health and safety of our people

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1. Material issues for health and safety

STAKEHOLDERS	MATERIAL ISSUES
EMPLOYEES	Concern for safety and occupational health
OPINION LEADERS	Safety and occupational health

2. Milestones



3. Management approach

For Collahuasi, its undertakings as regards health and safety are a key priority. Safety is the value that characterises the way in which we live and work. In 2012, Collahuasi restructured its Health and Safety area, focusing attention on preventive systems or tools through which to control risks that could cause serious or fatal accidents and reinforce the leadership of supervisors and contractors as a vehicle for ensuring awareness of these issues throughout the organisation.

The value of safety is based on a policy that is transversal to all the areas of the company and is governed by three principles:

1. CULTURE

For Collahuasi, safety is a value around which to provide knowledge and create a corporate culture.

2. LEARNING

The experience of incidents that occur in the company is a valuable lesson for avoiding their recurrence.

3. DISCIPLINE

Rigour in safety means setting simple and non-negotiable standards.

4. Commitment to the health and safety of our employees, their families and the community

How Collahuasi addresses fatalities: tools

In 2012, three fatalities occurred, involving two direct employees - Cristián Araya of the company's Plant Maintenance area and Julio Piñones Canto of its Mine area - and Erwin Ruiz Gacitúa, an employee of Consorcio Abengoa Kipreos Limitada, a contractor working in the Projects area.

These fatalities led Collahuasi to reinforce its policies and tools for the protection of the life of its workers.

In response, it has implemented two important preventive tools: the Standards for the Prevention of Fatalities (EPF) and Visible Leadership.

The EPF comprises eight standards for controlling high-level hazards and eliminating or minimising the risks of fatalities or serious injuries that may be present in the company's operations. In 2013, all the company's own employees and those of contractors will be asked to carry out a self-evaluation of how the EPF have affected their daily work.

Visible Leadership is a component of Safety and Occupational Health Management that reinforces communication between workers and supervisors, permitting observation of conduct, providing positive

feedback and serving as a vehicle for discussing opportunities for improvements in methods of work. By fostering face-to-face two-way communication, it favours the correct preparation and implementation of tasks.

4.1 Training in safety and occupational health

In 2012, as part of the development of a shared culture as regards the value of workplace safety, a number of training activities took place for both the company's own employees and those of its contractors. These included a programme of training in self-care as regards exposure to breathable particulate matter/free crystalline silica through the Silicosis Eradication Plan (PLANESI). Workers considered to be exposed, personnel of the Cordillera and Puerto Joint Management-Worker Health and Safety Committees and representatives of the Collahuasi Workers' Union participated in this programme.

In addition, training in the protocol for exposure to noise (PREXOR) was provided for exposed workers from the company's Plant, Leaching, Port, Mine Operation and Mine Maintenance areas.

4.2 Educational and preventive initiatives [LA8]

Under its Safety and Occupational Health Policy, Collahuasi implemented the following initiatives in 2012 to benefit its employees, collaborators and their families and, thereby, comply with its commitment to their health and safety:

- OHSAS 18001 certification
- Standards for the Prevention of Fatalities (EPF)
- Legal assurance of aspects of safety and occupational health in accordance with mine safety regulation (Supreme Decree 132), regulation of basic workplace environmental and health conditions (Supreme Decree 594) and regulation of operations at Puerto Patache (Directemar)
- Establishment of a baseline for the Exposed Workers Monitoring Programme and proper check-up of workers showing problems in the medical test for work at altitude
- Talks on application of the change management procedure
- A3, A2 and A1 (risk management based on Anglo American's standards)
- Training on health risks
- Ergonomic risks: training modules and distribution in operational areas of a book on Ergonomics for Workers.

Emergency brigades

The emergency brigades are formed by volunteers from Collahuasi or its contractors. These units are responsible for taking decisions and action at the start of an emergency (as, for example, a worksite situation of danger or a situation with the potential to cause serious injury or loss of human life).

In 2012, the company reached a total of:

181
trained brigade
members

In 2012, brigade members received training in:

- Hazardous materials
- Industrial fires
- Rescue at altitude
- Use of the emergency kit.



Emergency plans

In 2012, local emergency plans were also drawn up for all operational areas and offices where Collahuasi personnel work in both Iquique and Santiago.

The Restec, Rescate y Tecnología company provides a Professional Brigade service and, in the case of an emergency, sends personnel to control the situation. In addition, it trains Collahuasi personnel to become members of the company's own brigades. In 2012, the number of Restec employees effectively required as professional brigade members was reduced from 22 to seven since greater use was made of the company's internal brigades, increasing the effectiveness of response to emergencies.

In the case of risk prevention, an Emergency Plan was drawn up for the Phase III expansion and, during May, was explained to all the communities close to the company's operations such as Cádiz, Chanavaya, Chanavayita, Pica, Pozo Almonte, Alto Hospicio and Iquique. Together with the company's Community Relations area, it was also presented to the Tarapacá Region's government authorities

The initiatives implemented by the company in a bid to prevent fatalities were reflected in the fact that no lost time accidents occurred at Port Operations.

0
lost time accidents in 2012 at Port Operations

"We value this achievement and have highlighted the role played by all our employees in building a safe workplace based on making things happen and avoiding things happening to us."

Luis Veloso, Manager of Port Operations

In 2012, the importance that the company gives to workplace safety was reflected in the organisation of:

28
emergency drills to evaluate local emergency plans

Through its programme of control of operational risks (PCRO), Collahuasi has been able to control its different business units and the contractors they employ. Using the CURA software, the most significant risks present in each unit were incorporated into the programme, with controls and action plans verified monthly.

Family health

In 2012, the coverage of the company's anti-influenza vaccination programme was extended to include worksites and Arica, Iquique, Antofagasta and Santiago. It benefited the company's own employees, its collaborators and their families, administering over 6,000 vaccinations.

In the period covered by this Report, different activities took place for families, including principally talks on subjects such as 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, 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.

For the community, Collahuasi has also implemented a programme of medical attention provided by doctors who travel from Santiago to Iquique.





5. Joint Management-Worker Health and Safety 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 that they have a Joint Committee. There are, at present, 43 contractors' Joint Committees which are coordinated and audited by the Worksite Committees.

[LA6] The Joint Management-Worker Health and Safety Committees (CPHSs) are an integral part of Collahuasi's overall safety management, facilitating instruction of employees on efficient management of the prevention of workplace risks. In particular, training focuses on the proper use of personal protection equipment, enforcement of health and safety norms and investigation of the causes of accidents resulting in fatalities or disabling injuries.

Joint Committees in operation:

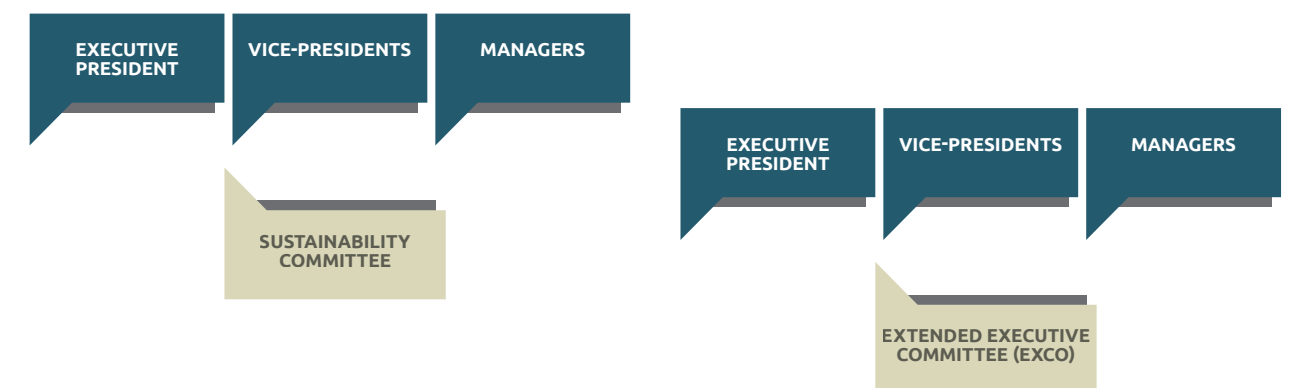
- 1) Cordillera Joint Committee
- 2) Puerto Patache Joint Committee

100% of employees covered

Joint Committees in process of creation:

- 1) Iquique Joint Committee
- 2) Santiago Joint Committee

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



Their functions are:

- Monthly review of performance and compliance with the safety and occupational health management established in order to achieve the company's strategic objectives;
- Management review of the different systems of norms that the company has decided to certify;
- The EXCO is also responsible for approving structural procedures and the Safety and Occupational Health Management Manual.



The purpose of the Integrated Management System (SIGEI) Committee is to control the safety and occupational health management of its respective business unit.



6. Key figures

Absenteeism, occupational diseases, lost days, workplace accidents and fatalities by gender: [LA7]

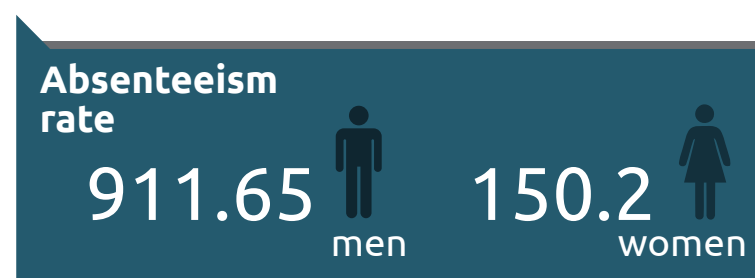
	ABSENTEEISM RATE			OCCUPATIONAL DISEASE RATE			INJURY DOWNTIME RATE			ACCIDENT RATE			N° FATALITIES		
	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012
Men	366.1	726.5	911.65	0.12	0	0	16.03	14.33	14.23	0.37	0.26	0.27	0	0	3
Women	21.97	107.7	150.2	0	0	0	0	0	0	0	0	0	0	0	0

Accident rate [LA7]

N° ACCIDENTS	N° FATALITIES			TOTAL LTI (**)		
	2010	2011	2012	2010	2011	2012
Collahuasi	0	0	2	9	7	8
Contractors	3	0	0	19	18	10
Projects *	0	0	1	1	4	3

(*) = Lesiones con Tiempo Perdido
(**) = Lesiones con Tiempo Perdido

[LA7]



In 2012, Collahuasi had an accident rate of 0.27 with a total of 21 disabling accidents and 417 lost days, representing an injury downtime rate (IDR) of 14.23.

7. Our contractors' safety

7.1 Policy on Contractors

Collahuasi's contractors carry out tasks that call for the management of hydraulic, electrical, potential, mechanical and other forms of energy as well as work at altitude and lifting operations. In view of the risks entailed by work of this type, Collahuasi's programmes for the support of contractors in preventive safety and occupational health management are based on three fundamental principles:

A key feature of the company's policy is the joint work undertaken by its Health and Safety area with each contractor's risk prevention department. This approach was maintained in 2012, seeking to increase integration and alignment between the parties.

1. CULTURE

To educate personnel and lead contractors' safety and health advisers in order to share knowledge and generate a corporate culture on these issues.

2. LEARNING

To provide information at every meeting with safety and health advisers and contract administrators about incidents during the previous month as a source of lessons for each of the company's different areas.

3. DISCIPLINE

A key feature of the company's policy is the joint work undertaken by its Health and Safety area with each contractor's risk prevention department. This approach was maintained in 2012, seeking to increase integration and alignment between the parties.

PRINCIPAL CONTRACTOR MILESTONES IN 2012:

- Recognition from the Regional Mine Safety Council (CORESEMIN) in the Outstanding Worker, Joint Health and Safety Committee and Risk Prevention Expert categories.
- Preparation in conjunction with workplace safety and health insurers of a training programme for contractors. The programme, comprising eight standardised workshops, was given at the company's Cordillera worksite.
- Scheduling of monthly meetings with contractors to evaluate their proper implementation of the systems in force at Collahuasi.
- Analysis at each meeting with contractors' safety and health advisers of incidents that have occurred in order to increase awareness and knowledge of issues related to safety and prevention.

In 2012, the integration of contractors' risk prevention departments and Collahuasi's Health and Safety area increased, principally as a result of the extended safety and occupational health meetings that took place monthly. It is important to note that the parties are aligned as regards risk control programmes.

ABSENTEEISM	ABSENTEEISM RATE			OCCUPATIONAL DISEASE RATE		
	2010	2011	2012	2010	2011	2012
Contractors	17.53	19.9	na	0.36	0.29	na



03

Building relations of trust with our stakeholders

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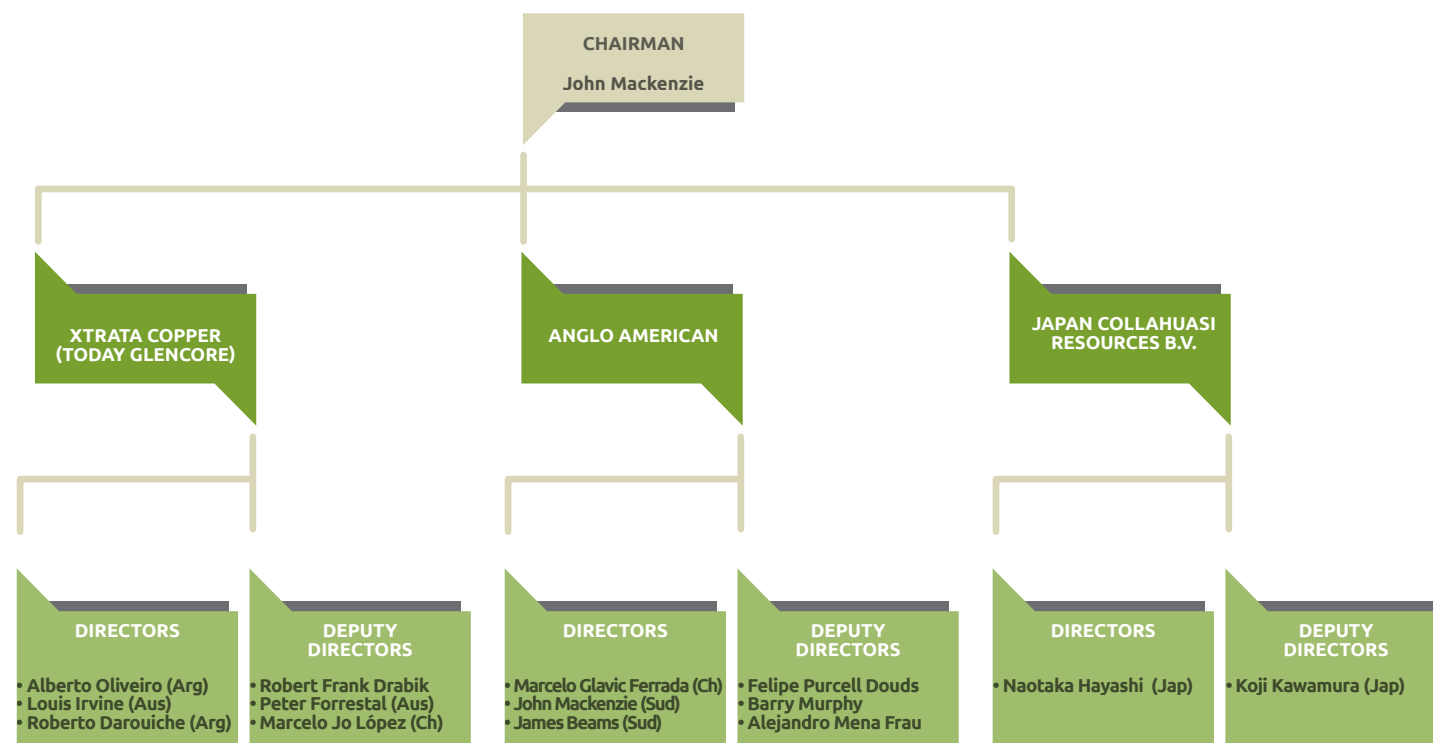


1. Corporate governance

Board of Directors

[4.1]

Compañía Minera Doña Inés de Collahuasi is a contractual mining company owned by Anglo American plc, Glencore Xstrata plc and Japan Collahuasi Resources B.V. and its Board of Directors is formed by representatives of these three companies:



[4.2] The directors are senior executives of the shareholder companies and do not hold executive posts in Collahuasi. Their role is to lead the business, applying the guidelines and standards agreed upon by the shareholders.

[4.3] [4.5] In order to ensure independence and prevent conflicts of interest, Collahuasi's directors do not receive any remuneration from the company nor are subject to evaluation by it.

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



2. Our People

Our employees

Material issues for employees

STAKEHOLDERS	MATERIAL ISSUES
EMPLOYEES	Perception of slow response capacity on part of Collahuasi
	Need to improve channels of communication with the company
	Need to improve accommodation conditions
	Need to be included in the company from a strategic perspective
	Need to generate relations of trust within the company
	Perception of absence or weakness of corporate identity
LEADERS OF OPINION	Need for recognition of employees' contribution to the company
	Perception of high labour turnover

1. Management approach

Collahuasi's people are its principal asset and are, moreover, key for the development of a sustainable mining operation.

Given the complex situation it faced in 2012, the company has focused on recovering its employees' trust and sense of belonging, with the long-term aim of being a "preferred employer".

To this end, it has striven to foster a safe and healthy workplace, promote initiatives that are conducive to integration, improve quality of life and strengthen communication and dialogue as well as emphasising the importance of talent and employees' professional development.

Key figures

Workforce [LA1]

As of the end of 2012, Collahuasi had a total of 2,865 direct employees, including those with indefinite and fixed-term contracts and 49 participants in its Apprentices Programme.

In 2012, 227 people joined the company.

Turnover [LA2]

In 2012, 270 people left the company (263 men and 7 women), down from 579 in 2011. As a result, the rolling turnover rate dropped to 9.5%. (This rate does not include participants in the Apprentices and Trainee Programmes.)

Gender [LA13]

Out of the company's 2,816 direct employees (excluding participants in the Apprentices Programme), 98 were women, representing 3.48% of the company's workforce. Eight of the company's executives were women. Women's participation was highest at the professional level, with 85 women out of a total of 98 persons, equivalent to 87%.

WORKFORCE



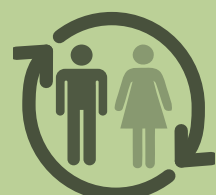
2.865

direct employees

227

new hirings

TURNOVER



270

employees left the company

9.5%

rolling turnover rate

GENDER



98

women work at Collahuasi

87%

of women employees are professionals



ACTIVITIES 2012

1. Update of the Performance Management Model.
2. Completion of the Cimientos (Foundations) Programme.
3. Implementation of the Corporate Leadership Model.
4. Definition of a Functional and Behavioural Skills Model for supervisors and operators.
5. Definition of a Talent Management Model.
6. Definition of a Job Valuation Model.

3.1 Recognition incentives

Collahuasi has in place different systems of incentives for recognising employees' contribution to the company's results.

LEVEL	INCENTIVE
SUPERVISORS	An annual bonus tied to fulfilment of a performance contract.
OPERATORS AND MAINTENANCE PERSONNEL	Quarterly bonuses tied to copper and molybdenum output.

The company's policy also includes other forms of recognition such as written and verbal congratulations in order to draw attention to a good performance and/or important achievements that are aligned with its vision and values.

In addition, after each five years with the company, employees receive a present in recognition of their commitment.

3.2 Career plans

Collahuasi designs career plans in accordance with its employees' different roles. For operators (OAS), it has a Career Development Plan and, for supervisors (SPS), an Internal Mobility Plan. In addition, it is working to design Succession Plans for both supervisors and executives.

Both the Career Development and Internal Mobility Plans include procedures in accordance with the objectives, scope and flows they are designed to administer. Under the Internal Mobility Plan, vacancies are published and employees apply through Collahuasi's website (<http://www.collahuasi.bumeran.cl/aplicantes/home.ngmf>).

Subsequently, applications are filtered and interviews take place to select the person to occupy the post.

In the case of the Career Development Plan, a policy of objective evaluations is applied in order to minimise selection of persons without clear justification as regards their performance.

INTERNAL MOBILITY

In 2012, 25% of vacancies were filled through the Internal Mobility Plan. This compares very favourably with a market average of between 15% and 20%.



3.2.1 Performance evaluation

[LA12] Employees receiving regular performance and professional development evaluations, by gender

	WOMEN		MEN		TOTAL	
	%	NÚMERO	%	NÚMERO	%	NÚMERO
Supervisors (more than 6 months with the company)	12%	80	88%	575	85%	655
	12%	74	88%	531	86%	605
Executives (more than 6 months with the company)	7%	8	93%	104	15%	112
	7%	7	93%	93	14%	100
TOTAL indefinite contracts	11%	88	89%	679	100%	767
	11%	81	89%	624	100%	705

Only executives and supervisors who have been with the company for at least six months are subject to performance evaluation.

In 2012, however, a pilot performance evaluation programme was implemented for operators (OAS) of the Vice-Presidency for Development and the Port area.

3.3 Communication with employees

The company's intervention had repercussions for internal communications and, as a result, the Labour Relations and Internal Communications area modified its approach in order to achieve alignment of both the company's own employees and its contractors and generate greater commitment. The changes included:

- Standardisation of communications between areas;
- Preparation of a guide on executive communication;
- Modernisation of graphics;
- Inclusion of a contact e-mail in publications to encourage feedback.

3.3.1. Direct channels of communication with employees [4.16]

Collahuasi uses different mechanisms to maintain direct, fluid and transparent communications with its employees. These differ in frequency, the audience they target and the issues addressed.

MECHANISM	FREQUENCY	AUDIENCE	ISSUES
PASS meetings	Daily		Safety
Intranet	Permanent	Supervisors	Different issues
E-mails	Permanent	All employees	Different issues
Intiminero magazine	Every two months	All employees	Different issues and news
Noticias Collahuasi newsletter	Every two months	All employees	Different issues and news
News programme on buses	Fortnightly	Operators - maintenance personnel	Different issues and news
Somos Collahuasi newsletter	Monthly	Contractors	Different issues and news
Bulletin boards	Permanent	All employees	Publication of notices
Collahuasi Online screens	Permanent	All employees	Publication of notices
Area meetings	Twice yearly	Area employees	Safety and risk management
Meetings with Executive President	Yearly (or when required)	All employees	Safety and risk management

5. Local hiring [EC7]

Under its labour policy, Collahuasi gives priority to hiring people from the Tarapacá Region, thereby contributing to its growth and development. In 2012, 48% of new hires were from the Region. In addition, the company seeks to promote local hiring through two training and educational initiatives: the Apprentices Programme and the scholarships it provides for students at the Mining Technological Centre (CTM).

Apprentices Programme

The Apprentices Programme has its origin in 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. By supporting the Programme, Collahuasi can contribute to the development of young people from the Tarapacá Region and the north of Chile in general while, at the same time, preparing professionals for the company's own future needs.

In 2012, 89 young people graduated from the Programme, up from 77 in the previous year.

Pupils entering the Programme's courses in February and June were as follows:

AREA	COURSE	FEBRUARY	JUNE	TOTAL
MINE	Mine maintenance	20	0	20
	Mine operation	28	29	57
PLANT	Leaching operation	5	0	5
	Operational services	14	0	14
	Instrumentation	8	0	8
	Plant operation	0	25	25
TOTAL		75	54	129

Pupils graduating in the Mine and Plant areas:

2012	ENTRANTS		GRADUATES
	FEBRUARY	JUNE	TOTAL
Mine	29	12	41
Plant	33	15	48
Total	62	27	89

Place of residence of apprentices:

PLACE OF RESIDENCE	TOTAL	PLACE OF RESIDENCE	TOTAL
Alto Hospicio	7	La Tirana	1
Antofagasta	19	Lasana	1
Arica	26	Pica	2
Calama	8	Pozo Almonte	1
Canela	1	Punitaqui	1
El Loa	1	San Pedro	1
Huara	1	Tocopilla	2
Iquique	57	TOTAL	129

6. Benefits and quality of life [LA3]

In 2012, the company's employees made use of benefits that include the system of educational scholarships for their children and health and social security benefits.

BENEFITS	2012
Benefits for supervisors with indefinite contract	• 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 employees' pension savings (2% of base wage from the company and 1% from the employee)
	• Inflation-indexed base wage (100% of consumer price index)
	• Soft loan
	• Life insurance
	• Medical and dental insurance (company pays 100% of premium)
	• School accident insurance
	• Housing assistance
	• Academic Excellence Scholarship for employees' children
	• Academic Excellence Scholarship for employees
	• Complementary benefits
	• Performance bonus
	• Holiday bonus
Benefits for supervisors with fixed-term contract	• Contribution to employees' 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
	• Hospitalisation insurance (company pays 100% of premium)
Benefits for operators and maintenance and administrative personnel	• School accident insurance
	• Holiday bonus
	• Severance pay based on years of service (with no upper limit on years or income, starting from the second year)
	• Contribution to employees' pension savings (2% of base wage from the company and 1% from the employee)
	• Life insurance
	• 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 Scholarship for employees' children
	• Higher education scholarship for employees
• Higher education scholarship for spouse or partner	
• Mortgages	
• Replacement bonus	



5.1 Employee integration initiatives

In 2012, the People Relations area implemented a worksite integration programme to strengthen identification with the company and the commitment of its own and contractors' employees. In addition, it implemented a family integration programme to tighten ties with employees and their families.

As in previous years, celebrations took place to mark different dates such as Miner's Day, Christmas and Independence Day as well as other recreational activities, both at worksites and in cities in the company's area of influence. These included the visits of employees' families to the Cordillera Worksite and Puerto Patache, theatre productions related to safety and talks on topics of interest such as the family and personal finances.

[EC3]

Clause 8 of Collahuasi's collective agreement includes contributions to employees' pension savings. These contributions are of two types, depending on the employee's post:

- employees engaged in heavy work who voluntarily decide to make an additional contribution to their pension fund in the AFP system or to make deposits in a voluntary pension saving account (APV) for an amount of up to 2% of their social security-liable wage are entitled to a matching contribution from the company up to the 2% limit;
- employees engaged in semi-heavy work are entitled to a company contribution equivalent to 2% of their base wage if they decide to make voluntary contributions or deposits of at least 1% of their base wage.

7. Labour relations [HR5]

For Collahuasi, the right of its employees to freedom of association and expression is a core value and, as part of its Labour Relations area, it has a unit (ESED) that promotes best labour practices and seeks to ensure compliance with the legislation in force.

Collahuasi's commitment to freedom of association is enshrined in its Internal Order, Health and Safety Norms which state that: "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".

Other measures to protect this right include an agreement with the government's Labour Inspection Service for the control of disloyal practices.

Four mechanisms are available for employees to report situations that affect their freedom of association or expression:

- Open Line
- Audits
- Field interviews
- Open doors policy for attending public.

In 2012, Collahuasi's relations with its employees showed a significant improvement that was reflected in a reduction in conflicts as compared to the previous year. This progress was due principally to the company's relations model which

includes different channels of communication that provide it with information about perceptions of its performance in different spheres. In addition, the date of renegotiation of the collective agreement was brought forward in order to proactively manage the needs expressed by employees and forestall possible conflicts that would damage both relations and development of the business.

[MM4]

In 2012, Collahuasi experienced no strikes lasting more than one week. There were, however, a number of 24-hour stoppages and mobilisations.

[LA4]

Out of Collahuasi's direct workforce, 68% (1,361 employees) belong to a union while, in the case of contractors' employees, 42% (2,141 employees) are unionised.

8. Education and training

[LA10]

In 2012, Collahuasi provided 236,372 hours of training for its employees, equivalent to 84.5 hours per capita, down from 108.5 hours in 2011. This reflected an optimisation of the allocation of training, tailoring it to an employee's post and own particular needs.

Total and average hours of training by employee category:

	N° OF EMPLOYEES			TOTAL HOURS			AVERAGE HOURS		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
Total workforce	2,503	2,784	2,816	294,532	302,102	236,372	117.7	108.5	84.57
Executives	91	96	125	4,318	2,455	9,476	47.5	25.5	75.808
Supervisors	530	674	685	34,956	34,223	70,336	66	50.7	105.93
Operators/ maintenance personnel	1,882	2,014	2,006	255,258	265,424	156,560	135.6	131.7	78.046

9. 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, permitting comparison at the same level of responsibility or for the same functions.

The results reveal highly positive trends, with wage differences narrowing from 15% to 4% among executives and from 36% to 31% among supervisors.

WAGE DIFFERENCES BY EMPLOYEE CATEGORY AND GENDER		AVERAGE BASE WAGE			N° OF EMPLOYEES			DIFFERENCE (%)		
		2010	2011	2012	2010	2011	2012	2010	2011	2012
Executives	Women	5,392,137	5,958,639	6,886,488	3	4	8	11%	15%	4%
	Men	5,994,844	6,875,527	7,150,470	81	87	117			
Supervisors	Women	2,198,946	2,182,086	2,383,735	63	79	85	25%	36%	31%
	Men	2,745,688	2,974,969	3,114,960	498	589	600			
Operators	Women	913,840	1,152,269	1,219,962	6	6	5	18%	1%	1%
	Men	1,081,831	1,159,560	1,223,416	1,777	1,862	2,050			

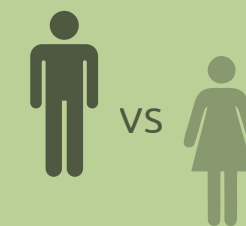
[EC5]

The lowest wage received by a Collahuasi apprentice in 2012 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.

LEGAL MINIMUM MONTHLY WAGE (MMW) \$172,000	2010		2011		2012	
	STANDARD ENTRY-LEVEL WAGE	DIFFERENCE WITH MMW	STANDARD ENTRY-LEVEL WAGE	DIFFERENCE WITH MMW	STANDARD ENTRY-LEVEL WAGE	DIFFERENCE WITH MMW
Apprentices	330,000	+ 92%	364,000	+ 100%	364,000	+ 112%
Trainees	693,136	+ 303%	718,525	+ 295%	739,511	+ 330%
Operators (entry-level)	835,072	+ 386%	865,660	+ 376%	890,943	+ 418%



EXECUTIVES

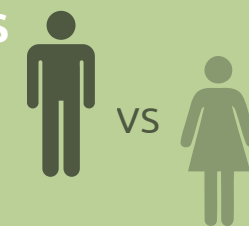


15%
4%



wage difference

SUPERVISORES



36%
31%



2011 2012

wage difference



Our contractors

Material issues for contractors

STAKEHOLDERS	MATERIAL ISSUES
CONTRACTORS	Need to generate relations of trust with the company
	Need to improve channels of communication with the company
	Need to improve accommodation standards

1. Management approach

Collahuasi considers its contractor companies as a strategic ally of its operation. It has, therefore, given priority to improving the quality of life and accommodation standards of their employees and implementing more fluid channels of communication. Through the latter, it hopes to receive constant feedback as an input for proactive management of the demands of these stakeholders.

2. Channels of communication with contractors [4.16]

Collahuasi has placed particular emphasis on establishing sincere and close dialogue with contractors, creating direct channels of communication in order to be aware of their demands, interests, needs and expectations.

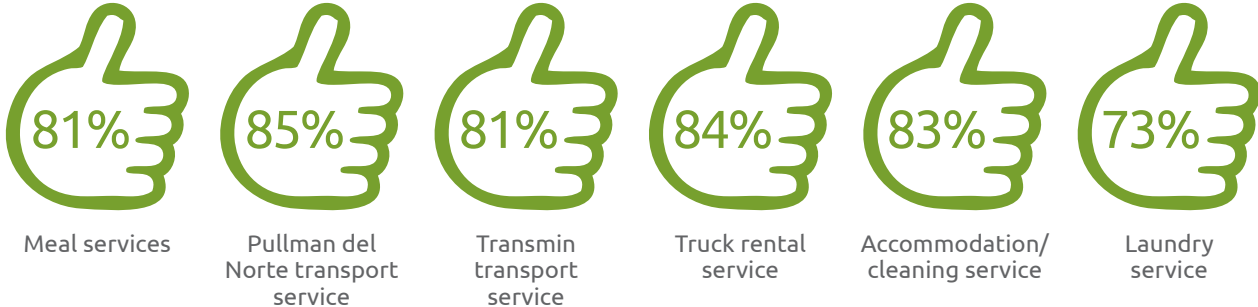
Weekly meetings with contractors' representatives serve as an opportunity to analyse the company's performance as regards these companies and their employees. The suggestions, evaluations and identification of opportunities for improvement that arise from these meetings are used by Collahuasi to design action plans.

In addition, the Somos Collahuasi newsletter, prepared monthly especially for this group, serves as a vehicle for formal and transversal communication.

Satisfaction survey

As a complement to its meetings with contractors, Collahuasi carries out a satisfaction survey in order to better understand their perceptions of the company. This uses a quantitative methodology, based on a sample of all their personnel.

In its main results, it shows:



5.287 CONTRACTORS' employees working in operations and projects



Collahuasi also carries out rigorous evaluations of these services and, based on their results and those of the survey, draws up strategies for making the necessary improvements.

3. Evaluation of contractors

Contractors are evaluated through measurement of their compliance with different performance indicators.

This evaluation process, which includes contractors' safety and environmental performance and labour standards, reflects the importance that Collahuasi attaches to the sustainable management of its operations.

Collahuasi has also sought to generate a relationship that allows contractors to play a role that goes far beyond the mere provision of a service. In future, it plans to incorporate initiatives and opportunities for improvement it has identified into contracts and performance indicators in order to raise quality standards.

4. Improvements in contractors' accommodation standards and quality of life

PROJECT	STATUS	M ² BUILT
Pionero Pub (contractors)	Completed and in operation	162
Multimedia Room (contractors)	Completed	80
Pionero Gym (contractors)	Completed	339
Repair of Pionero kitchen (contractors)	Underway	640
Construction of S-type pavilion in Pionero	Completed and in operation	1,550
Recreation room	Completed	500

In addition to these improvements, the implementation of sports programmes is being evaluated, with yoga, spinning, gym dance, Pilates and other classes given by certified teachers and professionals.

The aim of these initiatives is not only to improve quality of life through the practice of sports but also to generate opportunities for social contact and entertainment.

New hotel and maintenance software

In 2012, two processes for the acquisition of software were launched. The first, a tender for a hotel management programme, is scheduled to be awarded in April 2013 and will enable the company to optimise allocation of rooms and improve the booking process as well as providing more accurate information about the presence of users at the worksite and use of the camp.

In the second case, the acquisition involves maintenance software in order to provide clearer information about the company's goods and permit preventive maintenance, thereby minimising contingency events. Alongside this initiative, Collahuasi has used a tool developed in-house, known as ELIPSE, to update two databases for equipment and goods at camps and for offices and peripheral camps.



3. Our community relations management

Material issues for the community

STAKEHOLDERS	MATERIAL ISSUES
COMUNIDAD	Need for investment in and improvement of education
	Job creation
	Perception of improvement in community relations strategy
	Preferences for investment in infrastructure and public spaces
LÍDERES DE OPINIÓN	Need for projects that effectively contribute to the economic development of the Tarapacá Region
	Need for projects that make an effective contribution in the Region
	Perception of low investment in creation and development of capabilities

CONSTRUCTION AND REPAIR OF IRRIGATION CANALS IN PICA

Involves reconstruction of

5,491
linear metres of
irrigation canal

FINANCING OF INITIATIVES PUT FORWARD THROUGH THE COMMUNITY WORKING GROUPS

329
participants
90
meetings
23
projects

Creation of new local supplier development programmes

Start of construction of housing in Jardines del Desierto and Esfuerzo por un Techo projects of the Techos para Tarapacá programme



1. Management approach

As the Tarapacá Region's principal economic player, Collahuasi is committed to the development and strengthening of its communities, seeking to ensure that the projects it undertakes are sustainable. The company implements programmes and initiatives to improve the quality of life of the inhabitants of the different communities in line with their needs, preferences and expectations. To this end, regular meetings take place in community working groups that are inclusive, transparent and participative and comprise three panels: social, economic and environmental.

The outcomes of these panels determine the focus of investments, permitting the co-construction of initiatives and their legitimacy in the eyes of the community.

2. Community relations policy and approach [509]

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 has identified its direct areas of influence as those around its logistics corridor (used by vehicles related to its operations) and those around its operations. As a result, the communities on which it has a direct influence are Cãñamo, Chanavayita, Caramucho, Huatacondo and Matilla.

The company's impact on these communities includes both positive and negative changes in their inhabitants' quality of life in the social, environmental and economic spheres.

During the period covered by this Report, there were no significant incidents with an effect on these communities.

3. Community relations methodology [4.16]

Collahuasi has supervisors for each of its different areas of influence. Community relations are channelled principally through community working groups as well as through support for the implementation of projects and programmes, working meetings and two mechanisms for requests and complaints.

Each community is visited weekly or more frequently in the case of discussion, development and/or implementation of a project or of a contingency.

Community working groups

The company's methodology for community relations is anchored in regular meetings with the main local organisations. Each working group comprises three panels - social, economic and environmental - that enable the company to identify and gain in-depth understanding of the community's concerns and address them proactively.

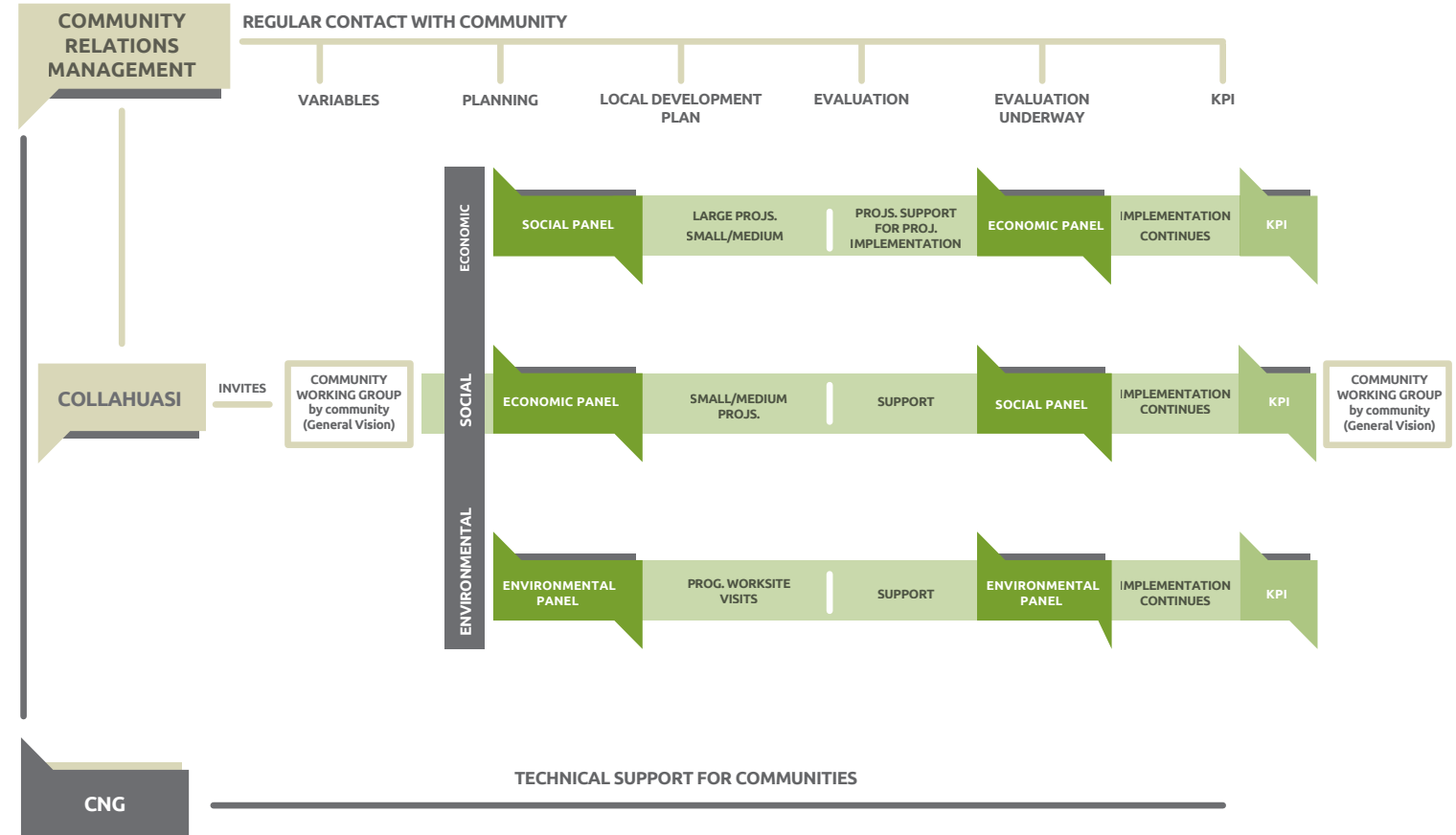
COMMUNITY	N° OF PARTICIPANTS	N° OF MEETINGS
Pica - Matilla	166	23
Huatacondo	36	7
Chanavayita	62	28
Caramucho	36	21
Cãñamo	29	11

The community working groups arose from the conclusions of the application of the Socio-Economic Assessment Toolbox (SEAT), a management tool developed by Anglo American, and from work with the NGO Corporación Norte Grande which recommended construction of a cultural profile and identification of the socio-cultural processes of Andean Plateau and coastal communities.

As horizontal, transparent, inclusive and participative vehicles, the working groups permit the development of relations of shared value through which the company generates trust in the community and the community seeks to create value through sustainable projects.



Structure of community relations



3.1. Relations with indigenous communities

The indigenous communities located within Collahuasi’s area of influence are a focus of constant concern on the company’s part and, in the framework of Chile’s ratification of ILO Convention 169, it has undertaken to maintain fluid relations that permit improvements in these communities’ quality of life.

[MM5] Within its area of influence, Collahuasi maintains relations with the communities of Pica, Cancosa, Huatacondo, Matilla, Laguna del Huasco and Collacagua which include members of indigenous communities.

Collahuasi’s community working groups serve as a vehicle for relations with these communities, enabling it to strengthen ties, gain a deeper understanding of their cultural characteristics, needs and expectations and build relations of trust that favour improvements in their quality of life.

In addition, the company participates in the Indigenous Development Area (ADI) in representation of the mining industry.

- Relations with government services and NGOs**
- **National Forest Service (CONAF)** for development of the Alto Hospicio and Iquique Environmental Improvement Programme and the Pintados Geoglyphs Development and Management Plan.
 - **National Irrigation Commission (CNR)** in co-financing the repair, construction and rehabilitation of irrigation canals in Pica.
 - **Corporación Norte Grande**, an NGO, which provides support for the community working groups and technical advice to the company’s supervisors and to communities for the preparation, evaluation, implementation and monitoring of projects.
 - **Institute for Agricultural Development (INDAP)** for construction of wells and canals in Matilla.
 - **Regional Government, Pica Municipal Government, SEMINAGRI, INDAP, CNR and CONADI**, with which the company cooperated in relief after the landslide emergency in Quisma and Camiña.

* For further details, see Appendices of this Report.



4. Key projects in 2012 [SO1] [SO10]

Collahuasi's approach to relations with communities in its area of influence is reflected in the projects implemented in 2012. All the company's operations have adopted compensation and mitigation programmes, geared to community development, that are the result of the community's participation through the company's different working groups.

The following projects have been developed and implemented through the community working groups:

STAKEHOLDERS	MATERIAL ISSUES
PICA	Football school
	Community Entrepreneurship Fund
	Co-financing of forest fire truck
	Construction of wells in Matilla
	Contribution to cultural identity activities
	Reconstruction of irrigation canals
HUATACONDO	Preventive support unit and emergency provisions
	Maintenance and management of ESUSCON System (under agreement with University of Chile's Energy Centre)
	Contribution of oil for generator
	Contribution to Huatacondo school
	Contribution to cultural identity activities
CARAMUCHO	Community strengthening programme
	Contribution to spearfishing sports activities
	Support for participation of Caramucho in international spearfishing championship
CHANAVAYITA	Expansion of neighbourhood centre
	Improvements to fire truck
	Football school
	Programme to strengthen Fishermen's Union
	Study of fishing areas
	Contribution to cultural identity activities
CAÑAMO	Improvements to fishermen's canteen
	Programme to strengthen Fishermen's Union
	Contribution to cultural identity activities
	Acquisition of pump for use in fires

(*) More details about each of these projects can be found in the Appendices of this Report.

4.1 - Social development

Since 2011, Collahuasi has had in place a protocol for implementation of its programmes, projects and funds for the development of different communities or stakeholders. This ensures implementation of the initiatives envisaged in the different strategic areas defined by the Community Relations area and fulfilment of the company's social responsibility programme.

Collahuasi defines stakeholders as those individuals and 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 the projects implemented are aligned with its strategy, the views of the communities and the development of the Tarapacá Region.

IRRIGATION CANAL IMPROVEMENT PROJECT

This initiative, proposed through the Pica Community Working Group, is managed jointly by the area's farmers, Collahuasi and the National Irrigation Commission (CNR). The project involves reconstruction of 5,491 linear metres of irrigation canals corresponding to the Resbaladero, Altillo Chico and Alto Grande water users' communities. The project directly benefits the inhabitants and farmers of Pica by increasing the supply of water for agricultural irrigation with the resulting recovery in yields and increase in the calibre of the fruit produced.

The government contributes 49.1% of the cost and the other 50.9% is financed by the community with support from Collahuasi which, in addition, financed the topographical studies, the design of projects and the work not eligible for subsidies under the irrigation law.

As of end-2012, the first stage of the project had been completed. This included principally improvements to the Miraflores and Las Ánimas canals, totalling 3,454 linear metres.

4.1.1- Techos para Tarapacá Programme

Collahuasi is collaborating with Un Techo para Chile (A Roof for Chile), an NGO, in a bid to eradicate shantytowns from the Tarapacá Region. Projects are designed to comply with five objectives: the new housing is well located, technical construction standards improve, public spaces are well equipped, a social integration process is provided for families moving to a new neighbourhood and management of real estate is efficient.

The projects will benefit 118 families from the El Esfuerzo II Committee and 119 families from the Jardines del Desierto Committee as well as 103 families from the La Unión Committee for whom construction began in 2011.

Collahuasi has undertaken to ensure high construction standards, financing the difference in cost with respect to basic housing. As a result, the projects represent the best social housing currently planned in Chile.

4.1.2- Local supplier development [4.16]

Collahuasi forms part of the board of directors of the Iquique Industrialists' Association (IIA), an organisation that seeks to boost development of the local supply chain by matching supply and demand. In addition, the company participates in a Public-Private Working Group, formed by 35 representatives of entities related to the mining sector, which has five strategic pillars: Entrepreneurship and Community, Education and Human Capital, Suppliers and Value Chain Development, Small Mining and Safety.

This Working Group includes a Sub-Committee on Suppliers and Value Chain Development. Led by the Regional Representative of the Mining Ministry (SEREMI) and including Collahuasi, BHP Pampa Norte, Teck Quebrada Blanca, SQM and HMC, this Sub-Committee focuses primarily on the development of world-class suppliers.

In this context, Collahuasi's Community Relations area has from the beginning supported the company's Supplier Development area, which forms part of its Procurement area, providing resources for its projects, publicising and assisting in its work within the company and collaborating in the management of payments. The Supplier Development area has also received financing

from the government's Economic Development Agency (CORFO) for the implementation and co-funding of projects, forming a highly successful public-private alliance that is an example at the national as well as regional level.

For further details of the Supplier Development Programme, see page 105.

5. Social investment [SO10]

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

- 1- To project the business over the length of the deposit's useful life
- 2- To build trust and the company's reputation in the eyes of the community
- 3- To contribute to the sustainable development of the Tarapacá Region through the creation of value
- 4- To interact with regional and local authorities and community and indigenous organisations in order to work together in the development of proposals for actions and their monitoring and control.

SOCIAL INVESTMENT (US\$)		
2010	2011	2012
13,362,558	13,758,453	15,220,467

In 2012, Collahuasi's social investment was up by 9.61% on the previous year.

5.1. Social investment by geographic location

Social investment by geographic location, 2012

SOCIAL INVESTMENT, 2012	
COMMUNITY	U\$ PER INHABITANT
Santiago	0.1
Región de Tarapacá	13.0
Iquique	15.7
Alto Hospicio	37.7
Pozo Almonte	43.5
Huara, Pisagua, Tarapacá	49.2
Pica	218.3
Borde Costero	1,310.0
Huatacondo	9,512.8

5.2. Investment by strategic product

In order to comply with its sustainable development objectives, Collahuasi has defined the following strategic areas for the development of shared-value projects.

Social investment by strategic product (US\$)

STRATEGIC PRODUCT	INVESTMENT (US\$)	INVESTMENT (%)
Education	7,195,305	54%
Environment	3,052,169	23%
Community social development	1,994,762	15%
Health	462,916	3%
Arts, culture and heritage	335,302	3%
Entrepreneurship and job creation	251,500	2%
TOTAL	13,291,954	100%

(*) For details of investment by strategic product, see the Appendices of this Report.

(**) Does not include sponsorships, Pica and Iquique Art Galleries or budget for community initiatives by small territorial, productive or community organisations.

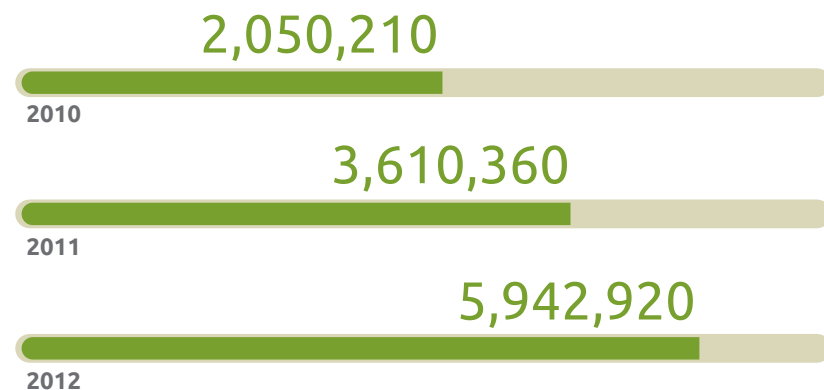




4. Education: Creating shared value in the Tarapacá Region

1. Key figures

INVESTMENT IN COLLAHUASI EDUCATIONAL FOUNDATION (US\$)



2. Management approach

As part of its bid to foster social development, Collahuasi has undertaken to contribute to improving educational standards in the Tarapacá Region through the Collahuasi Educational Foundation (FEC).

For the implementation of its programmes, the FEC applies a model under which it supports educational establishments in the adoption of the best practices identified by research in Chile into the effectiveness of schools catering for vulnerable children.

In 2012, education accounted for 42% of social investment by Collahuasi.

MISSION

To make a sustained contribution from a long-term perspective to improving education in the Tarapacá Region, focusing on technical-professional education in line with the company's interest in supporting the sustainable development of communities close to its operations.

STRATEGY

- To create a focus of application of educational practices of excellence, capable of irradiating its knowledge and experience to other primary and secondary schools in the Region.

MODEL

- The Collahuasi Educational Foundation, together with its collaborators, seeks to improve the educational attainment of children and young people through teacher professionalisation, high-quality school management and the involvement of families.

STRATEGIC PILLARS

- Improvement of primary and technical schooling.
- Public-private alliance.
- Empowerment of local players through collaboration in management of results.



3. Lines of action:

In order to fulfil its mission, the Collahuasi Educational Foundation (FEC) has defined the following lines of action:

3.1. Improvement of primary schooling

The FEC has developed programmes, initiatives and research in a bid to improve pupils' attainment and, in 2012, developed the following projects in the area of primary schooling:

STAKEHOLDERS	MATERIAL ISSUE
Primary Schooling Improvement Programmes • Boosting Schools • Best School	Implemented since 2009 in 17 primary schools in the Tarapacá Region to improve the quality of education through integral advice on school management and learning processes that foster an organisational change in these schools.
Diagnosis of schools participating in Primary Schooling Improvement Programmes Study: "Results and projections of the Collahuasi Educational Foundation's strategies of support for educational improvement"	In 2012, the schools advised by Aptus and Fundación Chile were in the final phase of the improvement plans implemented since 2009. In order to define the areas and focus of work in a new period of support, a study of the results was carried out by an external team.
Best School Programme in Navidad and Juan Fernández	In 2012, implementation of the Best Primary School and Best Secondary School Programmes continued in Juan Fernández and Navidad, respectively, both of which were rebuilt by Collahuasi after their destruction by the earthquake and tsunami of February 2010.
Independent evaluation: SEPA test	This measurement has been carried out since 2010 by the Measurement Centre of the Catholic University of Chile (MIDE UC) to assess the progress of the Educational Improvement Programmes.
Engaging Families Programme FEC receives a letter from UNICEF's representative in Chile stating that its alliance with Collahuasi has been a successful experience from which to learn.	Implemented since 2010 in 7 primary schools in Iquique and Alto Hospicio, this Programme seeks to increase parents' involvement in their children's learning processes by improving institutional conditions and teachers' skills as a way of contributing to pupil attainment.
Entre Niños Programme	The Entre Niños (Among Children) Programme seeks to support emotional-social development in the classroom through both teacher training and the application of the Psychoeducational Programme for pupils.
Del Tamarugal School Libraries Implementation Project	This project seeks to promote the development of critical and thoughtful reading, equipping children to read texts of all types as well as developing an interest in reading in the community related to the school.
School Website Programme	Launched in 2010, this Programme provides school with advice on the creation of their websites.
Gabriela Mistral Prize For Certification of Schools and School Management	Launched in 2007 by the educational area of Fundación Chile and the National Certification Council and, since 2010, with the participation of the Collahuasi Educational Foundation, the National Gabriela Mistral Prize seeks to promote school management and foster a culture of quality in schools in the Tarapacá Region.

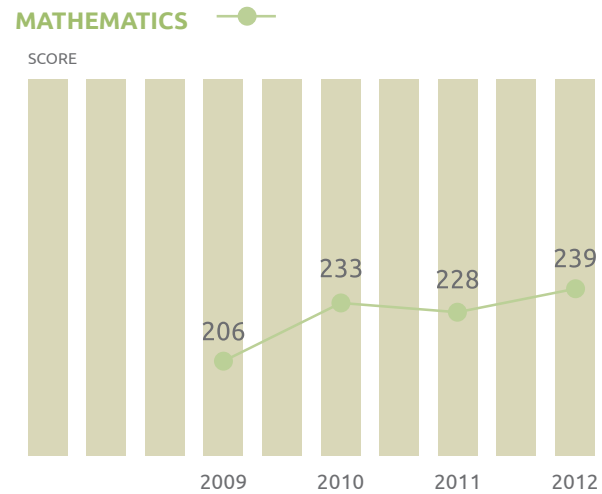
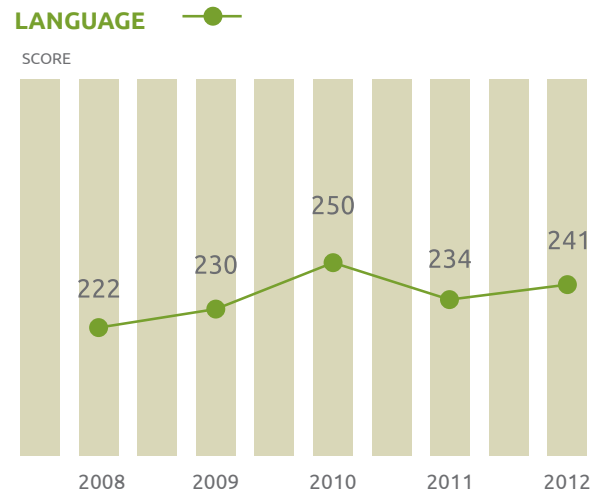
Results for schools participating in the Educational Improvement Programme in the national SIMCE test of 4th year primary pupils:

IQUIQUE PROVINCE	LANGUAGE					MATHEMATICS				
	SCHOOL	2008	2009	2010	2011	2012	2008	2009	2010	2011
Chanavayita	185	241	230	260	235	174	200	212	279	269
Colegio Simón Bolívar	211	231	235	201	224	185	194	214	196	231
Escuela Gabriela Mistral	206	242	259	249	268	197	223	238	228	251
Escuela Plácido Villarroel	233	207	246	241	235	223	190	234	236	239
Escuela Patricio Lynch	229	S/I	256	237	243	224	S/I	239	232	234
Escuela San Marcos	S/I	S/I	S/I	S/I	252	S/I	S/I	S/I	S/I	254
WEIGHTED AVERAGE	222	230	250	234	241	201	206	233	228	239

DEL TAMARUGAL PROVINCE	LANGUAGE					MATHEMATICS				
	SCHOOL	2008	2009	2010	2011	2012	2008	2009	2010	2011
Escuela Básica Fronteriza Colchane	256	250	268	212	244	201	245	249	212	255
Escuela Camiña	254	244	287	285	237	229	248	242	274	240
Liceo de Huara	236	211	248	235	209	227	217	214	194	181
Escuela Vertiente del Saber	261	214	262	230	259	269	210	272	235	266
Escuela Matilla de Nueva Extremadura	255	256	273	201	240	237	279	274	210	237
Escuela San Andrés de Pica	263	230	271	282	252	252	212	255	268	268
Escuela Básica La Tirana	225	245	242	234	225	211	228	197	203	209
Escuela Básica Estrella del Sur	229	215	249	216	244	209	213	220	202	233
Escuela Básica Pozo Almonte	240	237	253	248	233	215	220	240	225	226
WEIGHTED AVERAGE	239	227	256	234	240	220	221	236	220	235

Weighted average of results for schools participating in the Educational Improvement Programme in the national SIMCE test of 4th year primary pupils:

**4TH PRIMARY YEAR SIMCE TEST
WEIGHTED AVERAGE FOR SCHOOLS PARTICIPATING IN THE EDUCATIONAL IMPROVEMENT PROGRAMME IN THE IQUIQUE PROVINCE**



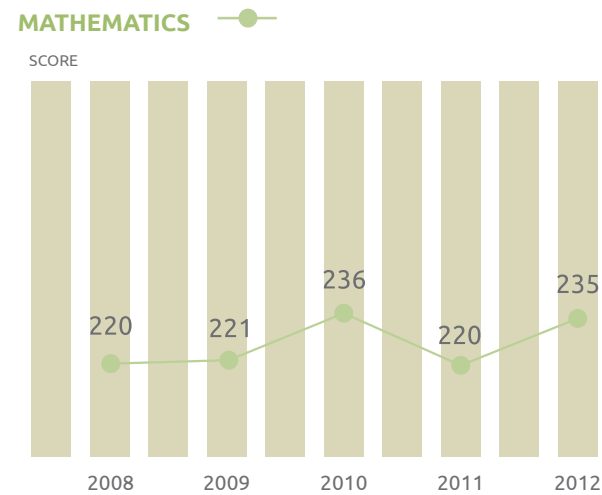
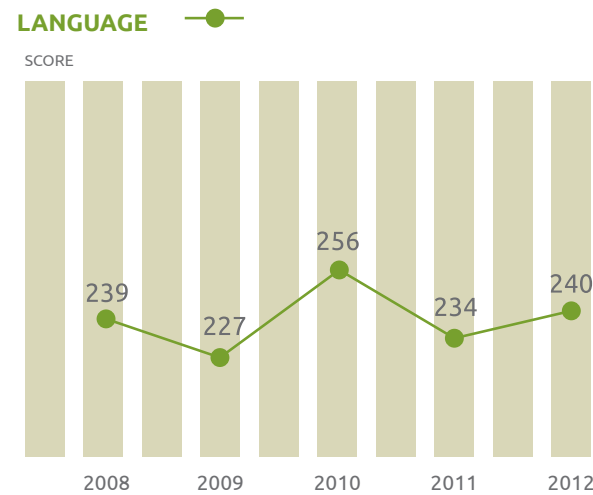
The increase exceeded that of municipal schools in the Region by **18 points for Language** and **23 points for mathematics** in 2012/2008.

29-point larger increase than in municipal schools in the Region in 2012/2008.



Schools participating in the Educational Improvement Programme in the Iquique Province showed a sustained improvement in 2008-2012, with a drop only in 2011. In both language and mathematics, they achieved significant progress, with their scores increasing by 19 and 33 points, respectively, exceeding the corresponding increases for municipal schools in the Region by 18 and 23 points.

**4TH PRIMARY YEAR SIMCE TEST
WEIGHTED AVERAGE FOR SCHOOLS PARTICIPATING IN THE EDUCATIONAL IMPROVEMENT PROGRAMME IN THE DEL TAMARUGAL PROVINCE**



Same performance as municipal schools in the Region in 2012/2008.

10-point larger increase than in municipal schools in the Region in 2012/2008.

Experience of the San Andrés de Pica School

"This support has had a direct impact on our school. We improved our score in the SIMCE 2012 test and are above the level of other schools in Chile with a similar socioeconomic level. Moreover, in 2011, we achieved an outstanding score at the national level."

Héctor Cuevas.
Director, San Andrés de Pica School

TESTIMONY





The schools in the Del Tamarugal Province that are participating in the Programme performed unevenly in language and mathematics, following a trend seen in many other schools in the Province, with a significant improvement only in 2010. In language, there was no significant improvement, at least not at the aggregate level, and, as in the Province as a whole, their SIMCE score increased by only one point. In mathematics, however, schools in the Programme achieved a 15-point increase in their score, five points more than municipal schools in the Tarapacá Region.

3.2. Improvement of technical-professional education

The Collahuasi Educational Foundation is also committed to improving the quality of technical-professional education in the Tarapacá Region. In this field, it seeks to create effective ties between the education sector and industry and, particularly, the mining industry as a way of improving the attainment and employability of pupils from the Region's seven technical-professional secondary schools.

In order to comply with this objective, it develops the following programmes and initiatives:

A. Secondary Technical-Professional Education Improvement Programmes:

PROGRAMME	
Secondary Technical-Professional Education Improvement Programme	In 2012, the advisory phase of this Programme began in six technical-professional schools in the Tarapacá Region.
Collahuasi Preparado Minero Programme	Using a skills for employability model, the Preparado Minero (Prepared Miner) Programme provides tools to facilitate insertion into the labour market through the development of labour and entrepreneurship skills.
Independent evaluation	As in the case of primary schools, the SEPA test of the Measurement Centre of the Catholic University of Chile (MIDE UC) was used in 2012 to evaluate the seven technical-professional schools participating in the Technical-Professional Education Improvement Programme.
Relating to Collahuasi Programme	As part of its Educational Improvement Programme, the Collahuasi Educational Foundation implements the Relating to Collahuasi Programme to strengthen ties between the education sector and industry.
Implementation of language, mathematics and science laboratories	The Collahuasi Educational Foundation contributed a fund for the acquisition of technological and didactic equipment to support the areas targeted by the technical assistance provided through the Technical-Professional Educational Improvement Programme.
CISCO IT Essentials, Computer Hardware and Software Course	Implemented in the Obispo Labbé School since mid-2008, this Programme provides pupils specialising in electronics and electricity with training in information technologies, using latest-generation technological media and teaching methods. The objective is to create a solid mass of mid-level professionals prepared for insertion in the labour market or to go on to higher education.

B. Liceo Minero Bicentenario S.S. Juan Pablo II Project

In 2011, with the support of the Collahuasi Educational Foundation, the Alto Hospicio Municipal Government presented the Juan Pablo II Secondary School to the Education Ministry's Bicentennial Secondary Schools of Excellence competition. It was judged the best project out of 94 schools from around Chile and became the Juan Pablo II Bicentennial Mining Secondary School.

Committed to high academic standards and values, the school will offer new academic and work alternatives, complemented by technical-professional specialisation alternatives geared to pupils' employability in the mining industry and the possibility of going on to higher education. This project was developed jointly by the Alto Hospicio Municipal Government, the Education Ministry and the Collahuasi Educational Foundation.

Milestones 2012

In a public tender, the Alto Hospicio Municipal Government awarded the Collahuasi Educational Foundation the concession to administer the Liceo Minero Bicentenario S.S. Juan Pablo II.

MONTH	MILESTONE
MARCH	Start of classes with 9 courses and 170 students from 7th primary year through to 4th secondary year; each pupil was provided with a track suit, 2 t-shirts, a tie and a rucksack with exercise books and set of school supplies.
JANUARY-AUGUST	Improvements in the school's infrastructure and equipment financed through the Education Ministry's Bicentennial resources.
AUGUST	Start of use of new classrooms equipped with digital whiteboard, lockers, new furniture, curtains and data show.
SEPTEMBER	School inauguration attended by Mining Minister, Undersecretary of Education, Mayor of Alto Hospicio, Governor of the Tarapacá Region, representatives of Collahuasi and the Collahuasi Educational Foundation, regional authorities, pupils and parents.
OCTOBER	New library with 4,500 books provided for the school with the support of the Collahuasi Educational Foundation.
NOVEMBER	Admission process with 600 applications for 200 new places and 320 pupils enrolled for 2013.

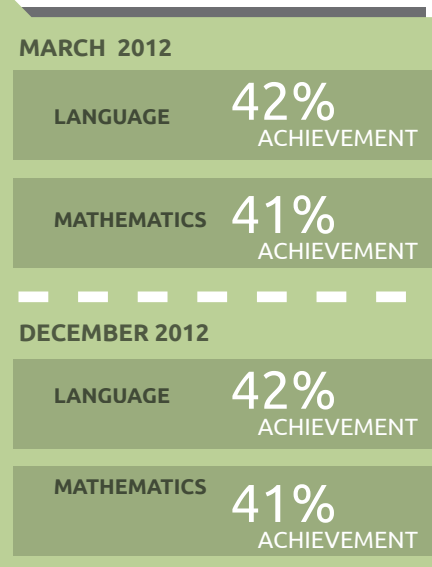
Results and achievements

A year after the launch of this project, early achievements are already evident in measurements carried out by the Education Ministry.

The Liceo Minero Bicentenario S.S. Juan Pablo II is recognised by the Education Ministry's National Director of Bicentennial Projects for its excellent progress in mathematics and language.

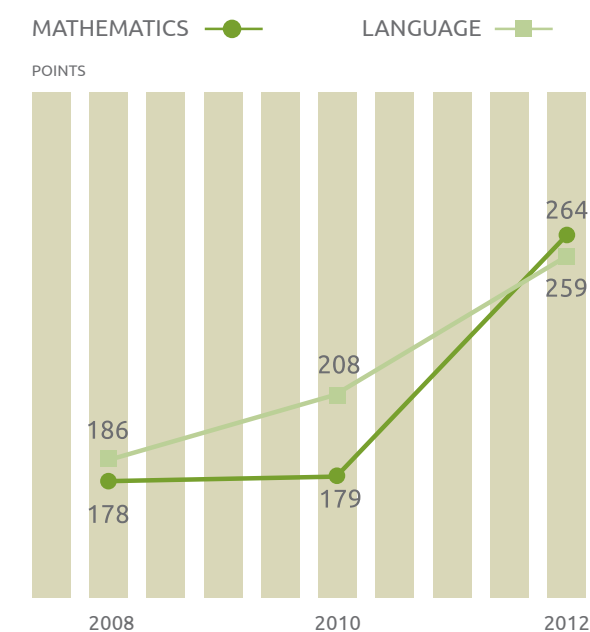


**BICENTENNIAL TEST
7TH YEAR PRIMARY PUPILS**



The achievements are apparent in both tests, showing that, with constant work and a sense of mission and commitment, progress is possible. In the case of the SIMCE test, the Education Ministry drew attention to the school as having achieved the largest increase in score in the country.

**SIMCE TEST
2ND YEAR SECONDARY PUPILS**



**SIMCE
2° MEDIO**



Experience of the Liceo Bicentenario Minero S.S. Juan Pablo II

“The support of the Collahuasi Educational Foundation has been very important as regards management of the school’s personnel, implementation and administration of its resources and all its contribution to improving our school’s performance. Without doubt, the progress seen in our results is anchored in the strategic alliance between the Foundation, the Alto Hospicio Municipal Government, the Education Ministry and the Educational Corporation of the National Agricultural Society (SNA Educa) and the different measures, plus good management, allow us to achieve good academic results. Without the Foundation’s support, this school wouldn’t be what it is today.”

César Gavilán
Director, Liceo Bicentenario Minero SS Juan Pablo II

TESTIMONY



3.3. Tarapacá Quality of Education 2010-2020 Initiative

In order to manage and develop a regional educational strategy, the Collahuasi Educational Foundation, together with central government, regional and citizen organisations, has set up the Education and Work Roundtable.

**TARAPACÁ EDUCATION AND WORK ROUNDTABLE
2010 – 2020**

The Tarapacá Quality of Education 2010-2020 Initiative, launched in 2010, arose from a public-private alliance with the Education Ministry’s Regional Office, formed in response to the need to take a strategic approach to education.

In 2012, it focused on providing technical support for the Education and Work Roundtable and the management teams of the associated institutions in order to create awareness of the Tarapacá Quality of Education 2010-2020 Strategy and facilitate its implementation.



5. Commitment to our suppliers

Collahuasi's suppliers have a strategic role in the company since they allow it to:

Serve close to
5 million
meals a year

Provide accommodation
equivalent to
3,5 million
bed-days a year

Clean an area of
40 million
m²

Transport
600,000
people a year

Provide
1.5 million
kms of external
transport
4 million
kms of internal
transport

Material issues for suppliers

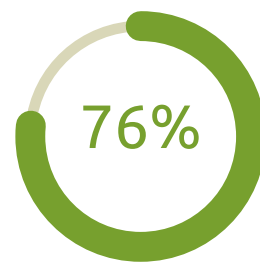
STAKEHOLDERS	MATERIAL ISSUES
SUPPLIERS	Need to generate relations of trust with the company
	Need to develop local suppliers
	Need to improve channels of communication with the company



CONTRACTS WITH LOCAL COMPANIES



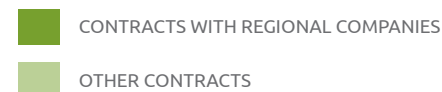
CONTRACTS WITH REGIONAL COMPANIES



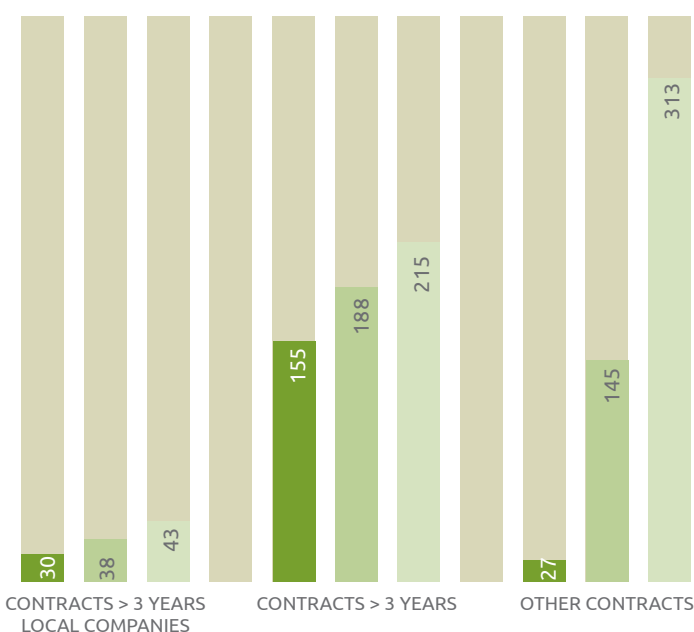
OTHER CONTRACTS

In 2012, Collahuasi worked with 571 suppliers of whom 135 were local companies.

CONTRACTS WITH LOCAL COMPANIES



CONTRACTS WITH A DURATION OF MORE THAN 3 YEARS



In 2012, 45% of contracts with Collahuasi had been in operation for more than three years and 17% corresponded to local companies.

1. Management Approach

The strategic importance that its suppliers have for Collahuasi is reflected in the company's creation of a Supplier Development area. One of its key objectives is to establish collaborative working relations that generate shared value, thereby contributing to the development of all the parties' businesses.

The company's Supplier Development Policy establishes the principles that regulate the development of suppliers of goods and services in order to generate value. Through its operational policies and practices, the company seeks to enhance its suppliers' competitiveness and, therefore, also conditions for the sustainable economic and social development of the community of which it forms part.

MISSION

Collahuasi's Supplier Development area seeks to create conditions that:

- Facilitate suppliers' compliance with the standards established by the company;
- Increase the sustainability, quality and productivity of suppliers of goods and services through collaborative work.

OBJECTIVES

- To address challenges that have a high impact for the business through innovative and exportable solutions developed by suppliers;
- Improve management of relations between Collahuasi and its existing suppliers of goods and services;
- Facilitate suppliers' compliance with the company's requirements;
- Strengthen interaction between Collahuasi and new suppliers of goods and services;
- Improve coordination between the Supplier Development area and other areas of the company;
- Monitor and increase awareness of the area's achievements and progress.

Collahuasi's commitment to improving the productivity of its value chain by means of a change of paradigm in the way it understands and relates to the context in which it operates is reflected in the World-Class Supplier Development Programme being implemented under an agreement between Collahuasi, other mining companies in the Region, the Chilean government's Economic Development Agency (CORFO), the Mining Ministry, the Regional Government and the Iquique Industrialists' Association (AII). This agreement establishes a commitment to work in collaboration with suppliers to foster their organisational transformation into world-class companies and, at the same time, develop the capabilities of local suppliers. (For further information, see page 105 (2.1).)

The supplier development projects so far implemented by Collahuasi have been co-funded by CORFO, generating a public-private alliance in concrete initiatives that contribute to the development of the country as a whole as well as the Tarapacá Region.



Between 2008 and 2012, 103 companies participated in Collahuasi's Supplier Development Programmes (PDPs).

SUPPLIER DEVELOPMENT PROGRAMMES
(N° of companies)



2. Guidelines for relations with suppliers [EC6]

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 governing commercial relations and the criteria regulating the process for hiring services.

PURPOSE OF THE CONTRACTUAL POLICY

To establish the principles regulating commercial relations with suppliers of tangible and intangible goods, including those 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.

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.

Local procurement [EC6]

In 2012, Collahuasi acquired goods and services for US\$1,793,480,554 as shown in the breakdown below:

TYPE OF EXPENDITURE (US\$)	2010	2011	2012
OWN STOCK	273,773,777	266,154,824	209,884,703
DIRECT CHARGE	303,523,950	145,085,128	234,595,698
CONTRACTS	1,071,085,869	1,054,140,020	1,110,066,882
PROJECTS	29,091,689	265,983,455	238,933,271
TOTAL	1,677,475,285	1,731,363,427	1,793,480,554



Local and national procurement

The Tarapacá Region (Region I) accounted for 20.94% of Collahuasi's total procurement of goods and services in 2012, up by two percentage points on the previous year.

	2011	2012
SANTIAGO REGION	66.92%	72.09%
REGION I	18.26%	20.94%
REGION II	11.54%	4.23%
REGION VI	1.64%	1.49%
REGION V	1.07%	0.30%
REGION XV	0.45%	0.09%
REGION III	0.06%	0.33%
REGION VIII	0.03%	0.20%
REGION IX	0.01%	0.00%
REGION VII	0.00%	0.00%
REGION IV	0.00%	0.34%

[HR1] [HR2] Collahuasi does not carry out specific human rights audits of its contractors and distributors and human rights clauses are not included in its investment contracts. However, it requires that suppliers always comply with the relevant laws and regulation, rather than merely at the start of a tender process, and this is expressly stated in their contracts.

The company is working so that, in future, human rights clauses and basic requirements are included in contracts.

In addition, as required under Chilean legislation and regulation, the company requires that contractors comply with their obligation to maintain complete

safety and health statistics and to make these available to the authorities or Collahuasi whenever so requested

2.1. Supplier development [4.16]

The strategic importance that Collahuasi's suppliers have for the development and sustainability of its business reflects the current context of the company's operations, characterised principally by the increase in both global and local output of copper and other minerals.

Forecasts suggest that, over the next two to three decades, output of minerals will exceed accumulated production throughout the history of mankind. This implies that, in order to satisfy demand in the coming decades, producers will have to increase their competitiveness.

Given this scenario, the challenge of achieving gains in productivity is driving the development of more innovative goods and services and of enhanced management capabilities that permit more efficient project implementation.

Suppliers that generate solutions for local challenges will, therefore, have an opportunity to target international markets and become competitive at the global level.

Supplier development agreement [EC8]

In 2012, Collahuasi signed an agreement for the support of supplier development with four other mining

companies in the Region: Compañía Minera Teck Quebrada Blanca S.A., Compañía Minera BHP Billiton Pampa Norte S.A., Química y Minera de Chile S.A. and Haldeman Mining Company S.A. The initiative aims to improve suppliers' management skills and increase their capacity for entrepreneurship and innovation and ability to export, enabling them to offer high-standard solutions in line with the demands of a sector undergoing a process of expansion.

Under this commitment, Collahuasi seeks to strengthen suppliers' competitiveness through the development of capabilities that permit identification of problems in its business and the implementation of solutions in collaboration with suppliers.

The agreement establishes an undertaking to support the development of world-class suppliers and of local capabilities.

World-Class Supplier Development (innovation and exports)

DESCRIPTION	An initiative that seeks to resolve challenges at mining operations together with regional suppliers or suppliers that have offices in the region and that have the potential to become companies that contribute significant value to mining so that they are recognised as companies that are world-class or on the way to becoming so.
OBJECTIVES	To address challenges that have a high impact for the business through innovative and exportable solutions developed by suppliers of goods and services.
GOAL	Each signatory mining company defines the number of suppliers participating and the specific methodology for the Programme's implementation. The common goal is for Chile to have a base of 250 world-class suppliers by 2020.

This initiative supports the development of technological capabilities and management skills that enable companies to achieve international standards. World-class suppliers are defined as companies that:

- Have business management systems that are orderly, measured and comprehensible to all the organisation's personnel;
- Offer a high-quality service in order to supply goods and services in line with the needs of each client;
- Work to high standards of quality, providing a service or product that is well designed from the start, anticipating clients' expectations.

Development of local capabilities

DESCRIPTION	The initiative seeks to increase the critical mass of suppliers in the Region that have the capacity to address more complex challenges and incorporate them into the World-Class Supplier Development Programme. This calls for joint action on the part of the signatory mining companies, geared to strengthening strategic areas and suppliers' capacity for management, entrepreneurship and innovation, enhancing their performance and generating shared value for both the supplier and the mining company.
OBJECTIVES	To strengthen the production chains of the signatory mining companies with regional suppliers by enhancing the latter's' capacity for management, entrepreneurship and innovation in generating high-quality products and services. Specific Objectives <ul style="list-style-type: none"> To increase the base of regional suppliers (companies with their headquarters in the region) with which the signatory mining companies have commercial relations. To improve the quality of the goods and services provided by regional suppliers to the signatory mining companies, with increased compliance with deadlines and undertakings.

2.2. Supplier Development Programmes, 2012 [EC6]

PROGRAMME	OBJECTIVE	DURATION (MONTHS)	COST (PESOS)	COLLAHUASI CONTRIBUTION	N° OF COMPANIES PARTICIPATING
Más Proveedores Tarapacá (More Tarapacá Suppliers) Supplier Development Programme (PDP)	To strengthen the capabilities of local suppliers in order to increase transactions and production linkages with Collahuasi and other regional mining companies.	10 months	\$150,697,000	\$31,000,000 (in cash)	28
Goods Supplier Development Programme	To improve the management skills and quality of the procurement process between a group of regional suppliers and Collahuasi in order to maintain and deepen commercial relations.	12 months	\$60,799,800	\$30,399,900 = \$24,869,900 (in cash) \$5,530,000 (in man-hours)	15
Direct Contractors Supplier Development Programme	To improve the management skills and quality of services provided to Collahuasi by a group of regional suppliers in order to maintain and deepen commercial relations.	12 months	\$60,799,800	\$30,399,900 = \$24,869,900 (in cash) \$5,530,000 (in man-hours)	15
Preparation Stage of World-Class Supplier Development Programme	Preparation stage: To identify challenges at Collahuasi, seek solutions from suppliers able to address these challenges and select the companies to participate in the next development stage. Development stage: To work in collaboration to develop the technical solution required by Collahuasi and, in parallel, develop the supplier organisationally (World-Class Path).	10 months	\$73,000,000	\$33,000,000 = \$13,000,000 (in cash) + \$20,000,000 (in man-hours)	To be defined on completion of preparation stage.

In addition, the company has deepened its relations with local suppliers through meetings with regional transport companies, creating political and technical working groups. A multidisciplinary team from the company participates actively in these working groups and comprises personnel from its Community Relations, Corporate Affairs, Procurement (Imports, Transport, Logistics and Supplier Development), Mine Maintenance, Contracts, Safety,

Personnel Services and Industrial Protection, Roads and Energy areas.

As a result of these meetings, business opportunities for the transport suppliers were identified and they were asked to provide information about their company, its equipment and personnel in order to carry out a diagnosis of its situation. On the basis of this information, a work plan has been jointly drawn up so that those companies interested in providing services to Collahuasi comply with its requirements and are prepared to offer services when an opportunity arises.

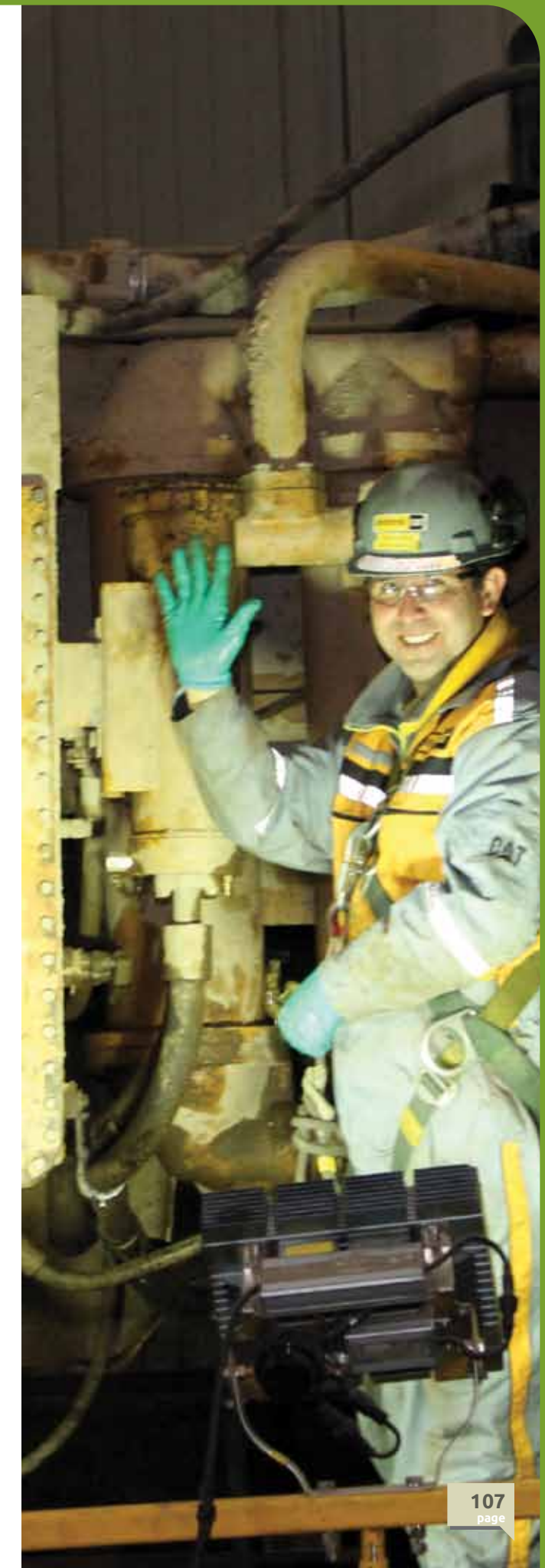
2.3. Participation in Expominera del Pacífico

Collahuasi participated in the 4th Expominera del Pacífico trade fair, which took place in August 2012. This trade fair brings together the different players in the Tarapacá Region's mining sector and is the area's principal business platform for the industry.

In 2012, a total of 244 companies, universities, suppliers and small and mid-sized enterprises participated in the event, which included business matchmaking meetings as well as seminars on human capital, the economic outlook and trade with Asia.

A team of professionals from Collahuasi's Contracts and Procurement areas participated actively in matchmaking meetings with suppliers interested in doing business with the company.

For further details, see www.expomineradelpacifico.com.





04

Protection of the environment

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1. Material issues for protection of the environment

STAKEHOLDERS	MATERIAL ISSUES
COMMUNITY	Perception of pollution in the coastal area
	Perception of decline in marine resources

2. Milestones

0 environmental incidents of Category 3 or higher reported in 2012

Protection of biodiversity
strategies for management of environmental impacts implemented by Collahuasi

Monitoring of environmental conditions in the Puerto Patache coastal ecosystem

Integrated waste management plan



3. Management approach

The core goals of the strategies for protection of the environment deployed by Collahuasi are to minimise environmental impacts and regularly monitor the physical-chemical and biological variables of the company's areas of influence.

[EN11] The company undertakes a range of research activities in order to protect biodiversity and the cultural and historical systems that exist in areas close to its operations and to minimise impacts whether these are the result of the company's use of land and water and/or of the transport of inputs and products.

The activities undertaken focus on:

- Maintaining the company's social licence to operate;
- Developing an internal culture of care for the environment;
- Strengthening the role of sustainability within the company;
- Incorporating the concept of sustainability into future projects from the very start.

4. Protection of biodiversity

[MM2]] In May 2012, Collahuasi signed a collaboration agreement with Chile's National Forest Service (CONAF) in order to generate basic information and organise joint activities for the conservation of biodiversity. The initiatives undertaken included organisation of the International Queñoa Seminar which will take place in 2013.

Under the agreement, a meeting was held in October 2012 to update the Queñoa Conservation Plan, highlighting the company's experience in generating information about this species.

SECTOR	RESULTS	WORK WITH AUTHORITIES	MANAGEMENT PLAN
JACHUCOPOSA WETLAND	Favourable measurement by the authority of recovery of vegetation cover. Implies focalising management.	Working meetings which resulted in modification of the monitoring system. Recovery of the Wetland is recognised in Resolution N°143/112 issued by Tarapacá Commission for the Environment.	Joint redefinition of follow-up and activities of A-E polygons.
CHICLLA WETLAND	Establishment of vegetation and improvements in water supply underway.	No joint actions.	Maintenance of terraces to reduce speed of water flow and re-establishment of vegetation.
IRRUPUTUNCU VOLCANO	Improvements in plantation, and its establishment and installation of new technologies to optimise water use.	Presentation of current status of queñoa reforestation programme in meeting to update Queñoa Conservation Plan, held jointly with Tarapacá Region CONAF.	Identification of new sectors for reforestation, follow-up plan and incorporation of new technologies for establishing the plantation.

4.1. Interaction with biodiversity

[EN15] Collahuasi has in place systems for monitoring flora and fauna in the areas close to its operations and maintains a register of sightings.

Principal species monitored in habitats within the operation's area of influence

HABITAT	SPECIES
COPOSA SALT FLAT	Flamingos, vicuñas
MICHINCHA SALT FLAT	Vicuñas
CHICLLA WETLAND	Wetlands (1.8 hectares)
IRRUPUTUNCU VOLCANO	Queñoas (84 hectares)
PUNTA PATACHE	Marine otters, sea lions

[EN12] [EN14] The company has taken all the necessary measures to conserve biodiversity, identifying its most significant impacts and deploying strategies for their mitigation and/or compensation.

SECTOR	IMPACT	STRATEGIES/ MEASURES DEPLOYED	DESCRIPTION OF STRATEGY	PROGRESS
JACHUCOPOSA WETLAND	Loss of vegetation cover due to drop in water table.	Seasonal monitoring, seasonal irrigation and replanting in some polygons.	Generation of information about the area to understand the ecosystem's behaviour and strengthen the company's mitigation and compensation programme. Permanent monitoring to assess the measure's effectiveness and, on this basis, carry out annual planning to respond to the authorities' requirements.	Resolution N°143 issued on 21 November 2012 by Tarapacá Commission for the Environment, modifying follow-up of transects after the sector authority (Agricultural Inspection Service, SAG) observed an increase in vegetation cover and a reduction in the elements that form part of the land without vegetation (Clause N°3 Resolution N°143/12).
MICHINCHA SALT FLAT	Loss of vegetation cover due to drop in water table.	Seasonal monitoring and application of water.	Strengthening of the company's mitigation and compensation programme.	Seasonal monitoring of the salt flat, finding increased presence of bird life and land vertebrates.
UJINA CARCANAL	Loss of queñoas due to installation of Ujina sector waste rock dump.	Compensation with forestation in the Irruputuncu Volcano sector.	Strengthening of the company's mitigation and compensation programme which has so far achieved 41% completion, equivalent to 8,523 plants. The programme is at the stage of testing the establishment of the queñoas by eliminating irrigation in some areas and applying technologies for efficient water use by the plant. In 2012, a description of the natural queñoa wood was prepared for the Carcanal area.	Generation of information about the queñoa wood (number, diameter, coverage) in the Ujina Carcanal sector. In the case of the Irruputuncu Volcano forestation, installation of 20 waterboxxes, devices that permit more efficient water use by the plant. Monitoring during the year with positive results.
CAPELLA WETLAND	Wetland covered by Rosario mine waste rock dumps.	Twice-yearly monitoring in Chiclla Ravine compensation area for transplanting wetland species.	Strengthening of the company's compensation programme. In 2012, 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.	Construction in 2012 of infrastructure to reduce the speed of water flow, incorporation of vegetable material and soil filling.
PUNTA PATACHE	No impact in this area.	Monitoring of physical-chemical and population aspects of the area in order to identify the condition of the coastal system in the port area.	Monitoring of the coastal system's population and communities, comparing the results with physical-chemical information in order to identify changes that could affect or threaten the ecosystems' species. Monitoring programmes in the area: - Bird and marine mammal monitoring in Puerto Patache's area of influence - Study of the marine otter in Punta Patache's area of influence - Monitoring of environmental conditions in the coastal ecosystem in Patache.	Activation of working group for protection of the marine coastal area in the Patache sector.

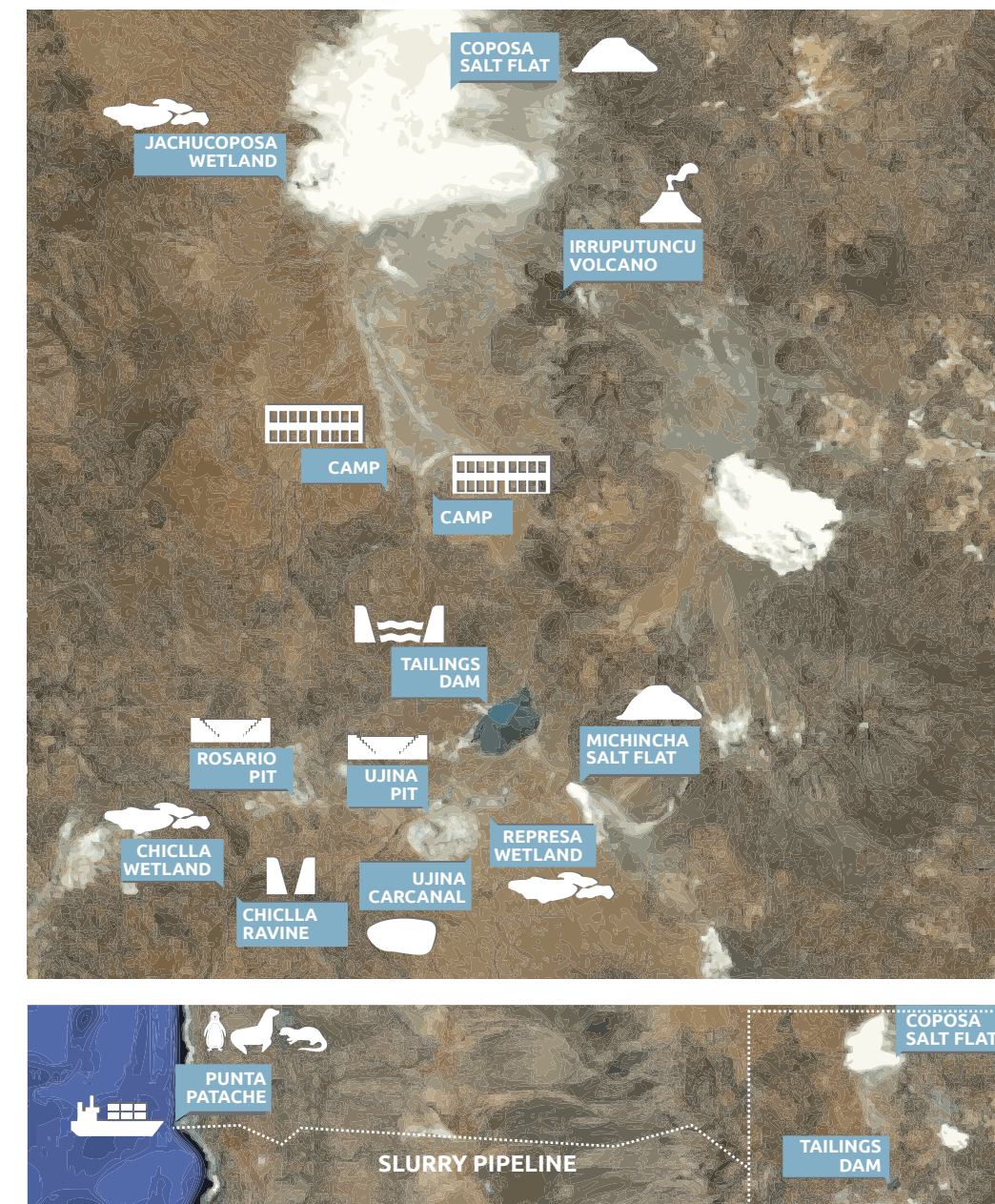
MONITORING OF THE ECOSYSTEM IN PUNTA PATACHE

Under this programme, general environmental conditions, birds and marine mammals are monitored and a specific study of the marine otter is being carried out.

Monitoring focuses on determining the condition of communities (intertidal, subtidal and water column) in the project's area of influence which stretches from Cádiz in the north to Punta Patache in the south.

To date, no changes have been detected that could affect or threaten the ecosystems' species.

In the case of impacts that the company has identified as irreversible (Ujina Carcanal and Capella Wetland), it has undertaken compensation, implementing a queñoa reforestation project in the Irruputuncu Volcano sector and transplanting vegetation from the Capella Ravine to the Chiclla Ravine sector.





5. Waste management

Collahuasi is committed to management of the waste generated by its operations and consumption of mining inputs and has implemented a number of different strategies and plans to facilitate and encourage reuse, recycling and responsible disposal of these materials.

[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 principal materials used are sulphuric acid, petrol, diesel, LPG, NaSH, flocculants, tyres and steel balls. (For further information about consumption of materials, see page 169.)

5.1. Solid and liquid waste

[EN22] Given Collahuasi's commitment to management of the waste generated both by its own operations and by its contractors, the company has in place strict controls in all its production areas in order to comply with the environmental regulation in force and its own Environment Policy.

Resiter, a waste management and treatment company, is currently responsible for managing the waste generated at Collahuasi's worksite operations, cleaning roads and administering yards.

Waste generated by Collahuasi's copper and molybdenum production processes

TYPE OF WASTE	UNITS	2010	2011	2012	TREATMENT/DISPOSAL METHOD
Solid industrial waste	Tonnes	5,126	5,609	5,253	Landfill
Solid domestic waste	Tonnes	1,931	1,485	1,472	Landfill
Solid organic waste	Tonnes	571	1,246	1,284	Landfill
Solid hazardous waste	Tonnes	2,851	3,305	3,925	Final disposal company with government authorisation

Given the situation faced by Collahuasi during the period covered by this Report, implementation of some projects was halted, reducing assembly work and the construction of offices and other buildings.

The increase seen in generation of solid hazardous waste during 2012 was due principally to maintenance and oil changes in a large part of the company's mining equipment (trucks, shovels and drills), with the resulting increase in generation of used oil.

5.2. Integrated waste management plan

[EN26] [MM11] In the second half of 2011, Collahuasi implemented its Integrated Waste Management Plan, a long-term strategy that includes recycling programmes (bottles, paper, wood and scrap) and reuse of materials.

Initiatives to mitigate environmental impacts

INITIATIVE	IMPACTS AVOIDED	2011	2012
Recycling of electronic waste	Reduction in consumption of materials. Elimination of risk of ground contamination since, if disposed of in places not properly equipped for this purpose, contamination with hazardous substances could occur.	6.6 tonnes	4.25 tonnes (*)
Recycling of plastic bottles	Reuse of bottles to produce new bottles, reducing consumption of materials and space occupied in landfill.	140,970 units	182,480 units
Disposal of medical waste	Elimination of risk of contamination of ground with hazardous substances and of infection from waste impregnated with biological residues.	1 tonne	1.2 tonnes
Ecological brigades and cleaning of internal and other roads	Elimination of paper, plastic bags, wood etc. as cause of visual contamination in the ecosystems where Collahuasi's worksites are located.	31 tonnes	29.72 tonnes
Recycling of scrap	Reduction in emissions of greenhouse gases as result of iron smelting to produce new steel. Reduction in water and energy consumption for steel production.	9,274 tonnes	3,238 tonnes (**)
Recycling of used oil	Elimination of risk of contamination of ground and water with waste containing hydrocarbons.	1,551 tonnes	2,194 tonnes (***)
Increase in hazardous waste transported by truck to final handler	Reduction in number of truck journeys and, therefore, CO2 emissions.	Increase in load transported from 7 tonnes/truck in 2010 to 8.5 tonnes/truck in 2011	Increase in load transported from 8.5 tonnes/truck in 2011 to 9.7 tonnes/truck in 2012

(*) The reduction as compared to 2011 reflects elimination of waste generated during this period.
 (***) In 2011, the yard cleaning contract was in operation during 10 months but only 4 months in 2012 due to postponement of the tender for the integral waste management contract.
 (***) The increase reflects an increase in the mine equipment in operation and the corresponding maintenance.



6. 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:

Total waste water generated by type

	TOTAL VOLUME (M3/YEAR)		
	2010	2011	2012
Treated sewage	369,109	413,159	379,987 (*)
Waste water	872,322	754,051	934,422
Water used for irrigation	178,786	273,031	224,772

(*) Includes treatment by mobile plant.

The volume of treated sewage showed a drop of 9% on 2011, reflecting a reduction of approximately 18% in the workforce.

The increase in the volume of waste water was a result of lower output of copper concentrate in 2012 which implied a larger quantity of water in the slurry pipeline.

The waste water generated by Collahuasi and the treatment method used are shown in the table below:

Total waste water generated by treatment method and destination

	DESTINATION	TREATMENT METHOD
Treated sewage	Evaporation ponds	Activated sludges
Waste water	Evaporation ponds	Dissolved air flotation
Water used for irrigation	Irrigation of Patache forest plantation	Inverse osmosis + nanofiltration

7. Environmental incidents

[EN23] In 2012, 17 environmental incidents occurred of which nine corresponded to spillages on unprotected ground.

Of these, two were considered more significant due, in one case, to the area of unprotected ground affected and, in the other, because the spillage occurred outside the company's worksite.

In 2012, the ground was the resource most affected by environmental incidents, accounting for 82% of spillages during the year.

0 environmental incidents of Category 3, 4 or 5 reported in 2012.

SIGNIFICANT SPILLAGES	VOLUME (M ³)	MATERIAL SPILLED	LOCATION	IMPACT
Breakage in pipeline for transporting tailings	60	Tailings	Cordillera worksite (Ujina)	600 m ² of ground contaminated
Breakage in slurry pipeline	30	Collective concentrate	VS-3 dissipating station (outside worksite)	Spillage outside worksite, 200 m ² of ground contaminated
Breakage in leaching irrigation matrix	40	Leaching solution	Leach pads (Ujina)	550 m ² of ground contaminated
TOTAL VOLUME SPILLED	130			

Category 1: Negligible. An incident that has caused negligible, reversible environmental impact, requiring very minor or no remediation.

Category 2: Minor. An incident that has caused minor, reversible environmental impact, requiring minor remediation.

Category 3: Moderate. An incident that has caused moderate, reversible environmental impact with short-term effects, requiring moderate remediation.

Category 4: Serious. An incident that has caused serious environmental impact with medium-term effects, requiring significant remediation.

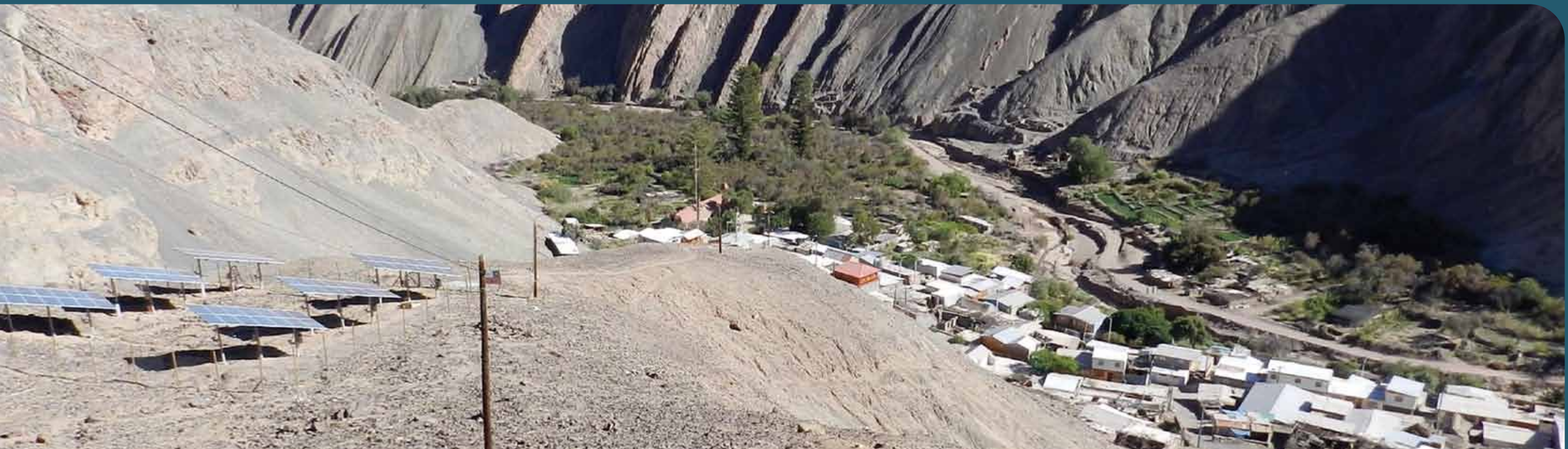
Category 5: Disastrous. An incident that has caused disastrous environmental impact with long-term effects, requiring major remediation.



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05


Our energy management: climate change and efficient use of natural resources




1. Milestones



Award of contract for 1^a solar photovoltaic plant
located in the Pozo Almonte municipal district



Consolidation of Collahuasi's
measurement of its carbon footprint
both organisational and product



Implementation of
Energy Management System
in Puerto Patache

2. Management approach: mitigation and adaptation to climate change

Energy consumption is one of the critical aspects of the mining industry and, for its production processes, Collahuasi requires important energy resources that include 95-octane petrol, LPG, fuel oil 6 and, above all, oil and electricity.

From the very beginning, the company has sought to develop its activities sustainably in accordance with its environmental management system and the ISO 14001 standard. In this context, it identifies the project for measurement of its carbon footprint, launched in 2010, as strategic both in terms of its results and their subsequent use in determining mitigation measures. The company's Energy Management System, based on the ISO 50001 standard, which is currently being implemented, has an important role to play in this field along with the company's constant quest to incorporate alternative renewable energy sources into its operations.

It is crucial to ensure supply and proper management of these resources which have a direct impact on the company's production costs and its results.



3. Organisational carbon footprint

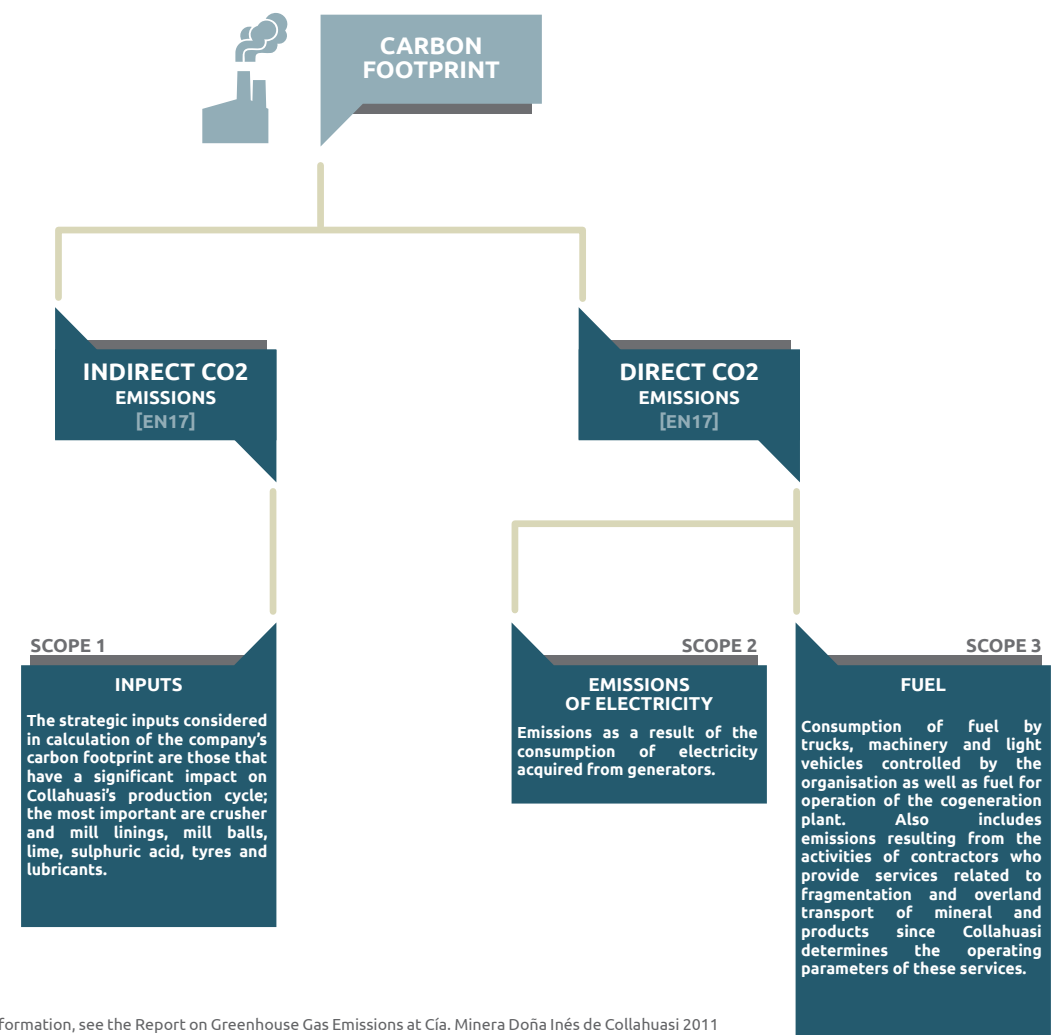
[EC2] In line with its policy of operating in harmony with the environment and society, Collahuasi measures and openly discloses its carbon footprint, leading the industry in this best practice. In the period covered by this Report, the company consolidated its work of previous years, measuring its 2012 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 standard.

Non-binding international agreements and protocols related to climate change to which Chile has adhered point to increasing pressure to enter into environmental undertakings and a company's carbon footprint (CO₂ emissions per unit of output) is a factor that is taken into account when it seeks to market its products. Collahuasi, therefore, maintains the same proactive and strategic approach to this issue which it adopted a few years ago, measuring and monitoring its carbon footprint on a monthly basis and using this information in the mitigation measures it is analysing and implementing.

[EC16] [EC17] 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.

In order to define the organisation's boundary, all the operation's activities that generate GHG emissions were taken into account, including its entire value chain from mining exploration through to the arrival of copper concentrate or cathodes at their port of destination.



For further information, see the Report on Greenhouse Gas Emissions at Cía. Minera Doña Inés de Collahuasi 2011 and Appendices of the company's 2011 Sustainability Report.



Collahuasi's total estimated CO₂ emissions in 2012 are shown in the table below:

Annual emissions by scope (tCO₂e)

SCOPE	2010	2011	2012
Scope 1	354,468	477,130	472,461
Scope 2	1,047,653	930,531	902,927
Scope 3	179,454	368,008	378,274
TOTAL	1,581,575	1,775,669	1,753,662

4. Product carbon footprint

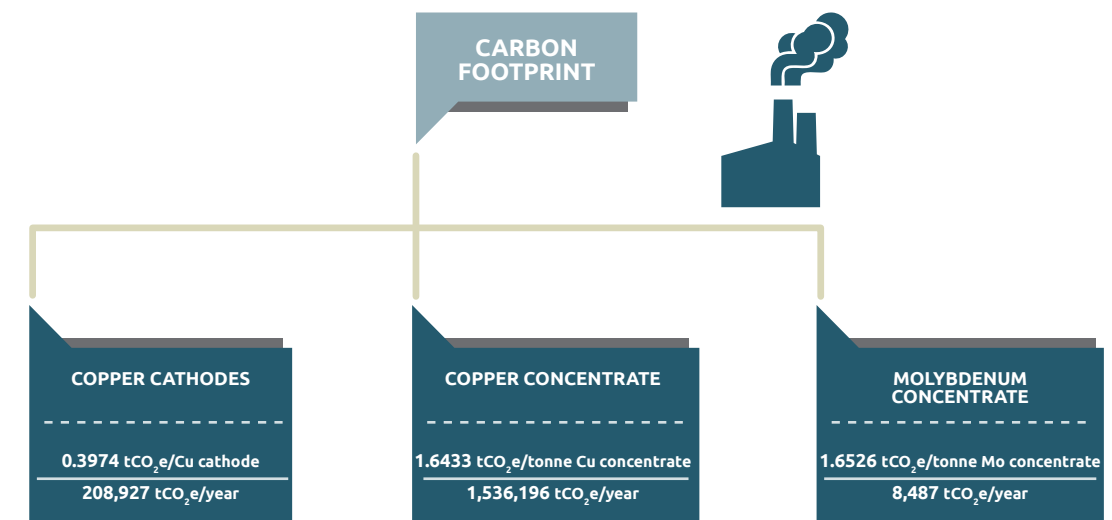
Since 2011, Collahuasi has calculated a breakdown of its emissions by product (copper cathodes, copper concentrate and molybdenum) in accordance with and assurance under the British PAS 2050 standard.

EMISSIONS GENERATED BY TRANSPORT OF PERSONNEL (TCO₂E)

[EN29] Indirect emissions as a result of the movement of personnel including air travel and overland transport to and from the worksite:

	2010	2011	2012
Emissions generated by air travel	1,466	2,256	1,968
Emissions generated by overland transport (*)	2,124	2,998	3,397
Total	3,590	5,254	5,366

Source: 2009 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting.
 (*) Emissions within and outside the worksite (buses).





5. Carbon footprint reduction initiatives

5.1. Abatement curves [EN18]

The different areas of Collahuasi are committed to reducing the impact of the company's operations in terms of greenhouse gas (GHG) emissions. In order to support their work, it is necessary to identify, evaluate, compare and implement proposals for energy efficiency and mitigation. 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 2012, Collahuasi worked on the development of the GHG abatement curve for Puerto Patache, analysing and comparing specific proposals for reducing the emissions generated by this area of its operations. This showed a potential to reduce emissions by over 3,119 tCO₂e.

5.2. Recognitions received

For the second consecutive year, Collahuasi received the Best Carbon Footprint Prize from the Chilean-British Chamber of Commerce. In addition, the Revista Capital business magazine and the Fundación Chile technology transfer institute awarded it their Best Management of Climate Change Prize.

6. Energy efficiency and alternative renewable energies

[EN6] Collahuasi's implementation of an Energy Management System based on the ISO 50001 standard, together with its annual measurement, monitoring and assurance of its carbon footprint, clearly testify to the company's commitment to the sustainable development of its operations. Through the incorporation of alternative renewable energy (ARE) sources and energy efficiency technologies, the company has sought to strengthen its management of energy use and consumption, with the resulting benefits in terms of GHG emissions.

In 2012, the company continued with its work over the two previous years in identifying potential opportunities for improvements, related principally to the energy efficiency of its processes. The initiatives identified include:

- Use of LED technologies for office lighting
- Reuse of SEE SAG 1011 heat in showers
- Reuse of SEE SAG 1011 heat in bioleaching
- Capture of energy from the Tailings Hydraulic Drop
- Use of magnetic induction for warehouse and outside lighting
- Use of solar systems to heat water for showers
- Promotion of awareness of lighting in electricity rooms
- Improvement of configuration of electrical circuits.

In the period covered by this Report, the company faced a number of challenges that affected compliance with its production targets and objectives as regards energy efficiency.

Collahuasi is committed to making particular efforts to stabilise production and regularise the work it has been undertaking for a number of years in areas that include the energy efficiency of its processes.

6.1. Implementation of Energy Management System in Puerto Patache

[EN18] In 2011 and 2012, Collahuasi worked to develop and implement an Energy Management System that is transparent, can be audited, is based on Chilean and international standards (ISO 50001) and envisages different energy sources and their possible uses at the company's installations.

An internal communications campaign was implemented in order to reinforce the system and increased responsibility was assigned to the company's executives in controlling energy consumption. The system was implemented in the leaching area in 2011 with positive results and this was followed by its implementation in Puerto Patache in 2012.

BENEFITS OF THE ENERGY MANAGEMENT SYSTEM FOR COLLAHUASI	Improved control of energy consumption and identification of consumption reduction opportunities throughout the value chain.
	Reduction in energy costs.
	Reduction in GHG emissions and other environmental impacts.
	Continuous improvement in energy intensity (energy use/output).
	Confirmation of Collahuasi's commitment to sustainable development in eyes of external stakeholders.
	Preparation for future ISO 50001 and/or ISO 14067 certification as well as for other legal requirements related to GHG emissions.

6.2. Alternative Renewable Energies (AREs) [EN6]

ARE INCORPORATION

Through a tender, a contract was awarded for the purchase of energy from a solar photovoltaic plant located in the Pozo Almonte municipal district. The results of its environmental and technical-economic evaluation were so positive that it was decided to increase the original contract for 30,000 MWh/year to 60,000 MWh/year, corresponding to an installed capacity of 25 MWp. The business model is based on an energy purchase-sale contract, with the engineering, construction and operation of the plant administered by Spain's Solarpack. In addition, a 300 kW solar photovoltaic plant will be built at Puerto Patache for research purposes, using different photovoltaic technologies. This plant may be opened to the public for technical visits.

OTHER PROJECTS

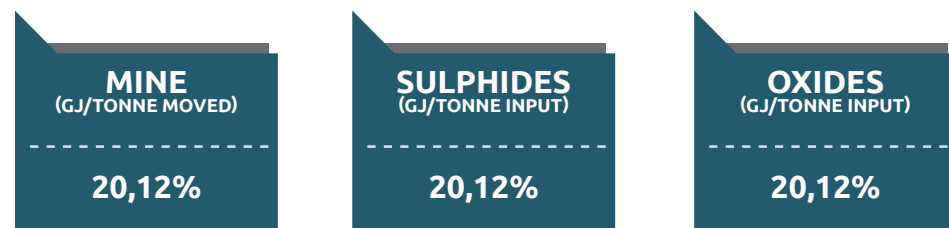
Due to the successful implementation and operation of the ESUSCON photovoltaic project, which supplies electricity for the community of Huatacondo (Tarapacá Region), it is planned to implement projects using clean and renewable energy sources in other communities. In the case of geothermal energy, the company has continued to make progress towards a future tender.



6.3. Energy efficiency of processes

[EN5] Collahuasi strives to increase the energy efficiency of its processes through sustained reductions in energy consumption per tonne input in the plant and leaching process. Its commitment in this field is reflected in the achievement of figures that are below the average for the past three years.

Unit energy consumption by area (2011-2012)



In the case of the mine, the intrinsic nature of an open-pit operation, an increase in the distance over which material has to be transported and hardening of the rock (primary rock) result in an increase in unit energy consumption.

7. Fuel consumption

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

Fuel consumption

FUEL CONSUMPTION (GJ)	OIL	95-OCTANE PETROL	FUEL OIL 6	LPG
2010	3,961,485	11,714	290,244	67,119
2011	4,698,300	9,539	441,948	76,089
2012	5,306,597	6,428	48,118 (*)	63,589

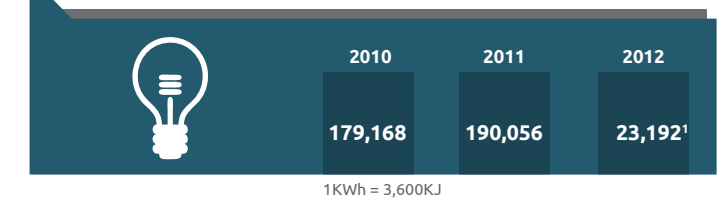
(*) This reduction is a result of a drop in electricity production by the cogeneration plant from 52,793 MWh in 2011 to 6,442 MWh in 2012.

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

7.1. Cogeneration plant

For the purpose of carbon footprint measurement, the fuel used by the cogeneration plant, located at the worksite, is considered rather than the energy generated since the process involves transformation of the primary fuel.

OUTPUT OF COGENERATION PLANT



8. Electricity consumption

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

Electricity consumption

ELECTRICITY CONSUMPTION	2010	2011	2012
MWh	1,303,753	1,282,656	1,263,601
GJ*	4,693,511	4,617,560	4,548,963

* 1 MWh = 3.6 GJ

(1) This plant is not in operation. In 2011, some tests were carried out and legal discussions with its suppliers continue.



06

Our water management

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1. Material issues

STAKEHOLDERS	MATERIAL ISSUES
OPINION LEADERS	Perception of the lack of an environmental sustainability approach
COMMUNITY	Perception of a decline in marine resources

2. Management approach

In order to harmonise the long-term security of water supply with conservation of the related biodiversity, Collahuasi has designed an integrated strategy for the sustainable extraction of groundwater and has high standards of water management in place in all its processes, rationalising withdrawals in accordance with the type of activity or task being undertaken at its worksite.

In line with its vision and long-term commitment, the company's expansion plans necessarily take account of future water needs and evaluate different alternatives ranging from the rational and sustainable use of groundwater to the use of seawater.

In parallel, Collahuasi also pre-drains and drains the sides of pits in order to control their stability and minimise risks to people and equipment.



3. Protection of water resources

3.1. Coposa water management strategy: Extraction organisation plan

Since 2006, as part of its environmental policies, Collahuasi has implemented a plan for organising water withdrawals from the Coposa basin in such a way as to avoid affecting the Jachucoposa Spring and surrounding wetland.

Until 2007, withdrawals from the Coposa basin took place exclusively in the Pabellón Fault sector, an area whose water system is very closely connected with the Jachucoposa sector, resulting in a greater impact than originally anticipated. In response, Collahuasi has since gradually relocated withdrawals to sectors where they have a lesser impact on the wetland and only 3% of the company's water rights are now located in the Pabellón Fault sector, with the remainder distributed across areas such as Coposa Norte (45%), Coposa Sur (35%) and Portezuelo (16%) that also form part of the Coposa basin but have less influence on the Jachucoposa sector. These changes in water withdrawal points have permitted a gradual recovery of the natural water flow in the Jachucoposa Spring.

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. 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, for the transport of copper concentrate from the worksite to the port for its shipment. 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. It is subsequently evaporated in ponds and a forest plantation in the Patache sector, avoiding its disposal into the sea.

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 seawater. This salt water, extracted principally from Coposa Norte, could not be used for agriculture and certainly not as drinking water.

3.2. Jachucoposa Spring

[EN9] The Jachucoposa Wetland in the Coposa Salt Flat Basin is one of the sectors that has been most affected by Collahuasi's water withdrawals since 1998. Since 2005, the company has implemented a strict programme of reduction of withdrawals from the Pabellón Fault sector in order to fulfil its undertakings with the authorities and reverse impacts, particularly on the Jachucoposa Spring, and this has been reflected in a recovery of the latter's natural water flow.

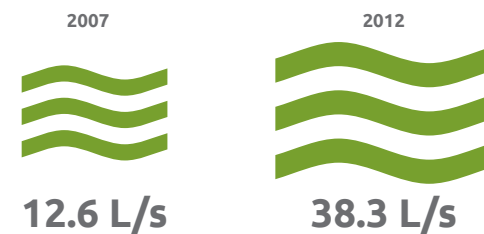


Programme of reduction of withdrawals from the Pabellón Fault Sector

AÑO	REAL FLOW EXTRACTED
2007	750 L/s
2009	150 L/s
2010	50 L/s
2011	33 L/s
2012	18 L/s

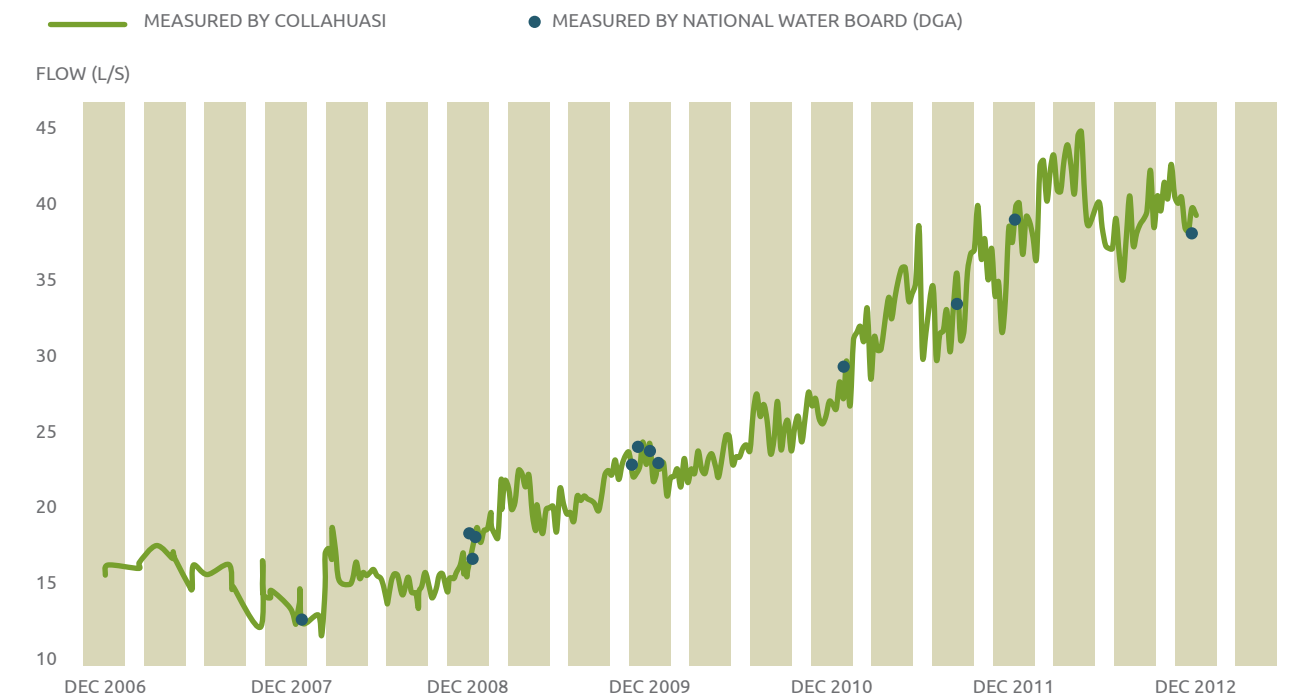
Thanks to these measures, the natural water flow of the Jachucoposa Spring has shown a sustained increase from 12.6 L/s in December 2007 to 38.3 L/s in December 2012 and has, in other words, tripled in five years.

Water flow in Jachucoposa Spring



Thanks to these water management measures and other measures to improve the soil of the Wetland and increase its humidity, the surrounding area has shown a rapid recovery. This is a tangible demonstration of Collahuasi's commitment to maintenance of the production capacity of the water matrix it uses for its production processes and to its sustainable development.

Natural water flow in Jachucoposa Spring



Since 2007, the natural water flow in the Jachucoposa Spring has shown a clear tendency to increase, reflecting the effectiveness of Collahuasi's water management in the Coposa basin. This has been anchored in a programme of modification of the places where it extracts groundwater, giving priority to those sectors which have less impact on the Spring and its surrounding Wetland.

In 2010 and 2011, the water flow in the Spring showed an above-trend increase due to the unusual snowfalls that occurred during the winter of 2010 and abundant rainfall in the summer of 2011-12.



4. Efficiency in water consumption

[EN8] Collahuasi's main sources of water are located in the basins of the Coposa and Michincha Salt Flats in the Andean Plateau of the Tarapacá Region. In addition, it obtains water from the drainage of its mine pits.

Coposa and Michincha are endorheic (closed) basins surrounded by mountains and volcanoes that reach heights of over 5,000 metres.

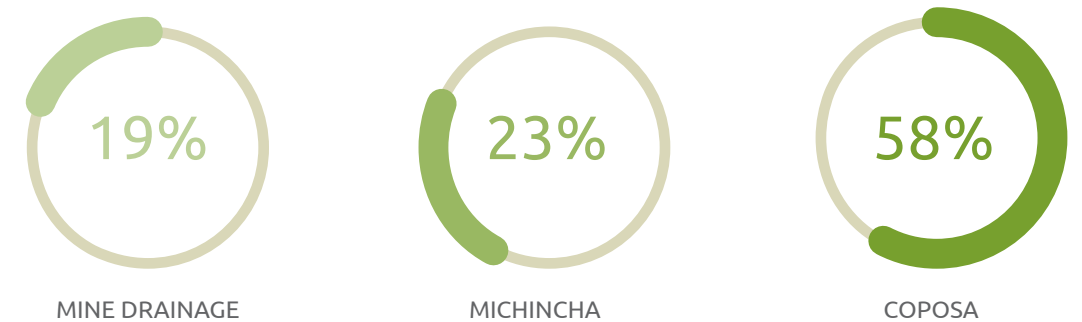
In 2012, Collahuasi's total water withdrawals were down by 3% on the previous year, due partly to the reduction in the company's copper output. The company nonetheless remains committed to developing a balanced water supply matrix and to limiting impacts on the environment, particularly in the Jachucoposa sector.

Total water withdrawal by source

TOTAL WITHDRAWAL BY SOURCE	TIPO	UNIDADES	2010	2011	2012
COPOSA BASIN	Groundwater	'000 m ³	23,523	20,858	20,675
MICHINCHA BASIN(*)	Groundwater	'000 m ³	8,864	8,917	8,185
MINE DRAINAGE	Groundwater	'000 m ³	4,505	6,862	6,575
TOTAL AÑO		'000 m ³	36,892	36,637	35,435 (**)

(*) Includes water from infiltration wells which corresponds to water recovered from the tailings dam.
 (**) The drop as compared to the previous year was due to lower copper output in 2012.

Water withdrawal by source (%)



4.1. Water recovery and reuse

[EN10] Collahuasi's consumption of raw and reused water from in 2010-2012 is shown below:

CONSUMPTION OF RAW AND REUSED WATER	UNITS	2010	2011	2012
TOTAL RAW WATER CONSUMPTION BY COLLAHUASI	'000 m ³	33,743	33,457	32,892
TOTAL RAW WATER CONSUMPTION BY CONCENTRATOR PLANT	'000 m ³	29,235	27,272	27,573
WATER REUSED FROM TAILINGS DAM AND THICKENERS	'000 m ³	110,677	111,988	101,353
UNIT WATER CONSUMPTION AT CONCENTRATOR PLANT	(L/tonne)	595	571	622

The operational problems that Collahuasi experienced in 2012, which meant an important drop in its output, were also reflected in a 2% reduction in water consumption at the concentrator plant. However, the production process's low level efficiency meant an increase in unit water consumption which reached 622 litres per tonne of mineral treated, ahead of the expected target of 570 litres. Collahuasi, however, made a great effort to avoid higher consumption and achieved an effective recycling rate of 78% in the concentrator plant, maintaining its position as one of the most efficient companies in the industry.



WATER REUSE



4.2. Improvements in tailings management

4.2.1. Increase in the number of thickener units

As part of the company's efforts to increase water efficiency in the plant, a new tailings thickener unit was built in 2012, improving water recycling in the copper concentration process and increasing water recovery from tailings before their disposal in the dam. Start-up of this new HRT-3001 thickener began at the end of 2012 prior to its full operation as from the first quarter of 2013. As a result, Collahuasi will be operating two of the largest water recovery units in the mining industry globally.

NEW HRT TAILINGS THICKENER TO IMPROVE RECOVERY OF WATER FROM THE PROCESS



Image: Google Earth.



Appendices

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1. Complementary information

Additional information is available on Collahuasi's website (www.collahuasi.cl).

1.1 Economic Performance [2.8]

DIMENSIONS OF COLLAHUASI

Workforce

DIMENSIONS OF THE REPORTING ORGANISATION	2010	2011	2012
DIRECT EMPLOYEES			
Annual average	2,295	2,695	2,842
Year-end	2,419	2,784	2,865
CONTRACTORS' EMPLOYEES			
Annual average	5,813	7,820	6,656
Year-end	5,086	7,571	5,073
TOTAL ANNUAL AVERAGE	8,108	10,515	9,498
TOTAL YEAR-END	7,505	10,355	7,938

Financial data

	2010	2011	2012
Net sales or net income (US\$ thousand)	3,928,862	3,837,146	2,277,290
CAPITALISATION (BROKEN DOWN BY DEBT AND NET EQUITY)			
Fixed assets and intangibles (US\$ thousand)	3,225,604	4,069,943	4,704,666
Liabilities to banks (US\$ thousand)	91.59	0	149.187
Net equity (US\$ thousand)	3,475,150	3,992,559	4,487,457

VALUE GENERATED AND DISTRIBUTED (US\$ THOUSAND) [EC1]

	2010	2011	2012
INCOME			
Gross sales	3,928,862	3,837,146	2,277,290
Income from financial investments	1,196	1,222	546
Income from sales of fixed assets and others	40,188	3,495	164
ECONOMIC VALUE GENERATED	3,970,246	3,834,873	2,278,000
EXPENDITURE			
Operating costs	1,073,047	1,298,523	1,303,878
Employee wages and benefits	152,084	209,518	228,387
Payments to providers of capital	1,604,033	1,167,267	882
Payments to government*	455,369	903,892	133,520
Investment in community	13,363	14,825	15,220
ECONOMIC VALUE DISTRIBUTED	3,297,896	2,691,037	1,681,887
ECONOMIC VALUE RETAINED	672,350	1,143,836	596,113

* Does not include deferred taxes.

Direct and indirect economic impact in 2012 [EC9]

The global economic value of Collahuasi's business has been estimated on the basis of operational procurement, payment of remunerations and tax payments as well as their multiplier effect or indirect impact.

This indicator shows the relative weight of the company's operations in the main macroeconomic variables of Chile and the Tarapacá Region. In addition, it permits an understanding of the scope of these impacts which 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 2012 was equivalent to US\$4,202 million, down by 33.59% on the previous year. This drop reflected an important reduction in tax payments due to the impact of lower copper prices on the company's revenues and lower profits in contrast to their upward trend in the previous three years.

Out of the company's total economic impact, 76.9% was related to operating and investment purchases (business impact), 14.02% to remunerations (personal income) and 9.02% to taxes and royalties paid to the central and local governments (government).

The company's direct economic impact reached US\$1,437.4 million (down by 40.4% on the previous year) while its indirect impact was US\$2,536.3 million (down by 172.4%).

COLLAHUASI'S ECONOMIC IMPACT

DIRECT IMPACT (US\$ MILLION)	2009	2010	2011	2012
Remunerations	116.84	152.08	209.51	228.3
Direct business	967.03	1,072.04	1,298.52	1,303.9
Payments to government	272.06	455.37	903.89	133.5
	1,355.93	1,679.49	2,411.92	1,437.4

INDIRECT IMPACT (US\$ MILLION)	2009	2010	2011	2012
Remunerations	184.61	204.29	331.01	360.8
Direct business	1,431.20	1,588.10	1,921.78	1,929.7
Payments to government	500.59	837.88	1,663.18	245.7
	2,116.40	2,630.27	3,915.97	2,536.3

TOTAL IMPACT (US\$ MILLION)	2009	2010	2011	2012
Remunerations	301.45	356.37	540.52	589.2
Direct business	2,398.23	2,661.14	3,220.30	3,233.6
Payments to government	772.65	1,293.25	2,567.07	379.2
	3,472.33	4,310.76	6,327.89	4,202

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 direct business (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 1.5% of Chile's GDP in 2012, down from 2.5% in 2011.

COLLAHUASI'S IMPACTS AND SHARE OF THE MINING INDUSTRY

Share of Chilean output ('000 FMT)

	2010	2011	2012
Collahuasi	504,043	453,284	282,096
Chile	5,418,900	5,262,800	5,433,900

Fuente: Cochilco 2012

Given the drop in Collahuasi's output in 2012, it accounted for 5.1% of Chile's copper output, down from 8.6% in 2011 and 9.3% in 2010.

Share of Chilean exports (US\$ million)

	2010	SHARE 2010	2011	SHARE 2011	2012	SHARE 2012
Collahuasi	2,299		1,574		442.2	
Total Chilean exports	70,897	3.24	81,411	1.93	78,813	0.56
Chilean mining exports	44,360	5.18	48,865	3.22	46,986	0.94
Chilean copper exports	41,170	5.58	44,438	3.54	42,722	1.03

Source: Central Bank of Chile and Collahuasi Exports ProChile 2012

Collahuasi's lower share of Chile's total exports and its mining and copper exports in 2012 was principally due to its lower output and sales.

1.2 Labour performance

EMPLOYEES

Workforce by type of contract [LA1]

WORKFORCE BY TYPE OF CONTRACT	EXECUTIVES			SUPERVISORS			OPERATORS / MAINTENANCE PERSONNEL			TOTAL 2012
	2010	2011	2012	2010	2011	2012	2010	2011	2012	
APPRENTICE	0	0	0	0	0	0	84	146	49	49
INDEFINITE	91	96	125	520	520	682	1,777	1,811	1,925	2,732
FIXED-TERM	0	0	0	10	10	3	21	57	81	84
TOTAL*	82	96	125	530	530	685	1,882	2,014	2,055	2,865

Workforce by category and gender [LA1]

	WOMEN			MEN			TOTAL 2012
	2010	2011	2012	2010	2011	2012	
PRESIDENT & VICE-PRESIDENTS	0	1	1	7	6	10	11
MANAGERS & SUPERINTENDENTS	3	3	7	81	86	107	114
PROFESSIONALS	58	79	85	472	595	600	685
OPERATORS, ADMINISTRATIVE STAFF & SIMILAR	8	6	5	1,790	1,862	2,001	2,006
TOTAL	69	89	98	2,350	2,549	2,718	2,816*

* Excludes 49 apprentices.

Workforce by type of contract and gender [LA1]

	WOMEN	MEN	TOTAL
Apprentice		49	49
Indefinite	96	2,617	2,713
Fixed-term	1	83	84
Secondee	1	18	19
Total	98	2,767	2,865

Indefinite-contract employees by category and gender [LA1]

CATEGORÍA	FEMENINO	MASCULINO	GRAND TOTAL
Executive	8	104	112
Operators, administrative staff & similar (OAS)	5	1,920	1,925
Supervisors, professionals & similar (SPS)	80	575	655
Trainee	3	18	21
Secondee	1	18	19
Total	97	2,635	2,732

Total workforce by region, gender and type of contract [LA1]

	REGION															TOTAL
	1	2	3	4	5	6	7	8	9	10	12	13	14	15		
APPRENTICE																
Men	35	7													7	49
INDEFINITE																
Women	60	3	1		1	1								29	1	96
Men	1232	353	103	269	110	21	15	32	1	4	4	171	2	300	2617	
FIXED-TERM																
Women	1														1	
Men	39	16	5	11	3				1			2		6	83	
SECONDEE																
Women														1	1	
Men		3			3					1		11			18	
GRAND TOTAL	1367	382	109	280	117	22	15	32	2	5	4	214	2	314	2865	

Number of employees leaving the company by age and gender [LA2]

AÑO	EMPLOYEES LEAVING THE COMPANY BY AGE AND GENDER							TOTAL
	SEXO	18-19	20-29	30-49	40-49	50-59	MAYOR QUE 60	
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
2012	Men	0	28	104	96	29	6	263
	Women	0	1	5	1	0	0	7
TOTAL BY AGE 2012		0	30	109	97	29	6	

12-month rolling turnover rate * [LA2]

	12-MONTH ROLLING TURNOVER RATE		
	2010	2011	2012
Total SPS (Supervisors, professionals & similar)	11.3%	15.9%	19.0%
Total OAS (Operators, administrative staff & similar)	1.2%	10.0%	5.9%
Total compañía	3.8%	11.5%	9.5%

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

* Apprentices and trainees not considered in calculating turnover.

Percentage of employees leaving the company by age and gender [LA2]

AÑO	EMPLOYEES LEAVING THE COMPANY BY AGE AND GENDER (%)						
	SEXO	18-19	20-29	30-49	40-49	50-59	MAYOR QUE 60
2010	Men	0	16	66	0	16	0
	Women	0	12	48	25	12	1
2011	Men	1.25	31.11	32.73	24.28	8.45	2.15
	Women	4.34	47.82	30.43	17.39	0	0
2012	Men	0	10.64	39.54	36.50	11.02	2.28
	Women	0	25	62.5	12.5	0	0

Number of employees leaving the company by gender and region [LA2]

REGION	WOMEN	MEN	TOTAL
1	6	110	116
2		46	46
3		10	10
4		24	24
5	1	12	13
6		2	2
7		1	1
8		4	4
13	1	37	38
15		17	17
TOTAL	8	263	271

Percentage of employees leaving the company by gender and region [LA2]

REGION	WOMEN	MEN	TOTAL
1	5.17%	94.82%	116
2		100%	46
3		100%	10
4		100%	24
5	7.69%	92.30%	13
6		100%	2
7		100%	1
8		100%	4
13	2.63%	97.36%	38
15		100%	17
TOTAL	2.95%	97.04%	271

Employees by category, gender and age range [LA13]

	TRABAJADORES POR NIVEL JERÁRQUICO Y RANGO ETARIO						TOTAL	
	SEXO	20-29	30-39	40-49	50-59	MAYOR QUE 60		
President & vice-presidents	Men		1	3	5	1	10	
	Women			1			1	
Managers & superintendents	Men		31	46	25	5	107	
	Women		2	4	1		7	
Professionals	Men	76	232	203	77	12	600	
	Women	18	41	15	9	2	85	
Operators, administrative staff & similar	Men	282	781	718	208	12	2,001	
	Women	1	2	1	1		5	
TOTAL	Men	358	1,045	970	315	30	2,718	
	Women	19	45	21	11	2	98	
TOTAL BY AGE 2012			377	1,090	991	326	32	2,816

* Total excludes 49 apprentices.

Union Membership [LA4]

	N° UNION MEMBERS	% UNION MEMBERS
2010	1,239	64%
2011	1,416	54%
2012	1,361	68%

Training for employability [LA11]

INTERNAL TRAINING PROGRAMMES	FINANCING FOR EXTERNAL TRAINING OR EDUCATION
Career Development Programme based on skills for operators and maintenance personnel	Scholarship for supervisors
Training courses	Benefit for financing postgraduate studies
Training at Work Post Programme	Benefit for course of free choice
Diploma in Management Skills for the Mining Business (31 supervisors and executives)	Seminars and congresses
Programme of Training in Basic Supervision Tools - Cimientos (Foundations) Programme (for all executives and supervisors of Mine V-P, Concentrator V-P and Operational Services V-P)	Language courses
Individual development plan for supervisors	Coaching programme for executives and supervisors
Trainee programme for professionals	
Training in basic skills	
Brigade members	
Critical equipment courses	

HEALTH AND SAFETY

1. Training courses

The training programme managed by the company's Health and Safety area addressed the following topics and targeted both Collahuasi's own employees and those of its contractors:

1. Standard for prevention of fatalities (EPF)
2. Training and self-care for exposure to breathable particulate matter/free crystalline silica
3. Training in protocol for workplace exposure to noise
4. Training in risks of exposure to UV radiation
5. Courses on first aid, use of extinguishers, risk prevention for joint management-worker committees, industrial hygiene and manual handling of loads
6. Courses on fire fighting, rescue of injured persons and vehicle rescue
7. Course on radiological protection
8. Course on scaffolding assembly and work at heights
9. Basic courses on PASS system, Visible Leadership, Work Permits and Job Safety Analysis (JSA)
10. Course on accident information and investigation.

1.2 Social performance

PROJECTS IMPLEMENTED IN 2012

PICA

PROJECT	ORIGIN	OBJECTIVE	SCOPE	EXPECTED RESULTS	AMOUNT INVESTED (US\$)
Football school	Community working group	To offer children, adolescents and young people a sports training and values alternative to keep them away from drug and alcohol consumption circles.	55 participants, including children, adolescents and young people.	Reduction in levels of vulnerability of children and young people in Pica and its surrounding area through the discipline of sports.	6,000
Entrepreneurship fund	Community working group	To set up and implement an entrepreneurship fund for the Pica municipal district to support projects with a significant impact on the town.	Support for productive enterprises that add value to the local economy.	Sustainable insertion of local entrepreneurs in market opportunities, offering locally produced services and/or goods.	45,000
Co-financing of forest fire truck	Community working group	To improve the capacity of the Pica Fire Brigade to combat fires on agricultural properties, to provide rescue services in case of road accidents and other purposes.	3,000 Pica-Matilla inhabitants (direct beneficiaries). 7,000 inhabitants of nearby communities (indirect beneficiaries).	Significant improvement in the Fire Brigade's capacity to respond to emergencies effectively and efficiently, reducing the risk of fatalities in the community.	120,000
Emergency in Quisma Valley and Camiña	Agricultural community working group	To clear and clean farm land and wells destroyed by the landslide.	Clearing of 11 wells with heavy machinery and 7 smaller wells with well-digging equipment. In Camiña, support for clearing activities or operation of work gangs sent to the area.	Recovery of the Valley's production capacity. Normalisation of activities of Valley's inhabitants.	630,372
Reconstruction of irrigation canals	Farmers' working group	To eliminate water losses as result of leaks caused by poor state of Pica irrigation canals.	5,491 linear metres of canals.	Recovery of average of 50% of irrigation water and increase in production and calibre of fruit and in frequency of irrigation.	1,800,000

HUATACONDO

PROJECT	ORIGIN	OBJECTIVE	SCOPE	EXPECTED RESULTS	AMOUNT INVESTED (US\$)
ESUSCON	Community working group	To maintain and manage Cónдор sustainable energy system (ESUSCON).	Huatacondo community.	Ongoing operation of the system which supplies electricity for Huatacondo.	72,000
Preventive support unit and emergency provisions	Community working group	To generate actions through the acquisition of inputs that help to reduce uncertainty for the community in the event of being cut off.	Approximately 50 inhabitants.	Reduction in sensation of uncertainty and neglect in event of roads being impassable. Improvement in capacity for internal organisation in face of natural phenomena.	1,400

CARAMUCHO

PROJECT	ORIGIN	OBJECTIVE	SCOPE	EXPECTED RESULTS	AMOUNT INVESTED (US\$)
Community strengthening programme	Community working group	To implement social and community identity activities.	Approximately 120 persons.	Contribution to strengthening community integration and identity.	4,000

CHANAVAYITA

PROJECT	ORIGIN	OBJECTIVE	SCOPE	EXPECTED RESULTS	AMOUNT INVESTED (US\$)
Expansion of neighbourhood centre	Community working group	To improve the centre's installations for community activities organised by different groups.	Approximately 150 persons.	Fostering of participation of individuals and community organisations as result of centre's improvement.	120,000
Financing of repair of fire truck	Community working group	To improve response capacity of Chanavayita Fire Brigade for fires in the fishing village and along the rest of the coast.	600 inhabitants (direct beneficiaries). Up to 1,200 people in summer.	Improvement in local organisation as contribution to progress in local development indicators.	1,400
Football school	Community working group	To support existing sports activities that seek to reduce consumption of drugs and alcohol among adolescents and young people.	Approximately 50 persons (children, adolescents and young people).	Gradual reduction in violation of rights and community appreciation of Collahuasi for specific support for situations of this type.	6,000
Programme to strengthen Fishermen's Union	Fishermen's Union working group	To improve capacity to negotiate terms of sale of products.	40 Union members and their families.	Improvement in Union's internal organisation and increased income as result of higher sales, increase in members' confidence in Union's organisation, higher income and better quality of life.	16,000
Study of fishing areas	Fishermen's Union working group	To strengthen fishing activity as Union's principal economic role.	40 Union members and their families.	Improvement in sustainable management of fishing areas, increase in members' confidence in Union's organisation, higher income and better quality of life.	15,000
Improvement of fishermen's canteen	Fishermen's Union working group	To diversify strategies for generating income in STI 1 in Chanavayita.	40 Union members and their families.	Increase in purchasing power of Union members and their families, reducing their economic vulnerability.	136,000

CÁÑAMO

PROJECT	ORIGIN	OBJECTIVE	SCOPE	EXPECTED RESULTS	AMOUNT INVESTED (US\$)
Programme to strengthen Fishermen's Union	Community working group				16,000
Acquisition of pump for use in fires	Community working group	To create and train group of volunteers for initial response to fires and other similar events.	25 persons.	Improvement in community's internal organisation and increase in self-confidence, improvement in local perceptions of Collahuasi's commitment to community's real problems.	2,600

Investment by strategic product

Projects 2012

	AMOUNT INVESTED (US\$)
Arts, culture and heritage	335,302
Theatre (Dance and Theatre Festival)	29,011
Maintenance of Corbeta Esmeralda Museum	306,291
Education	7,195,304
Educational Foundation	6,523,344
Mining Innovation Centre	149,661
University scholarships	83,326
Improvements to Tarapacá Campaign Historical Route	438,974
Entrepreneurship and job creation	235,797
Implementation of Pica fruit packing plant	23,472
Supplier development	212,324
Health	462,916
Implementation of health project	462,916
Environment	3,052,169
Huasco workshops	64,335
Alto Hospicio Environmental Improvement Programme	136,680
Pica Wetlands Research Centre	189,278
Drilling of wells in Matilla	72,755
Improvements to Pica-Matilla measuring stations and canals	1,832,328
Combat of white fly	557,379
Recycling-Tricycle Programme	199,414
Community social development	2,010,466
Techos para Tarapacá	1,307,084
Collaboration agreement with Civil Registry	10,188
Multi-purpose sports pitches for Iquique neighbourhood associations	301,608
Chanavayita Fishermen's Union Canteen	136,702
Studies of Chanavayita fishing areas	15,704
Total projects 2012	13,291,954
Sponsorships by Corporate Affairs and Communities	843,715
Pica and Iquique Art Galleries	147,314
Community Programmes (*)	546,292
Contributions for emergencies	630,372
	15,220,467

(*) Corresponds to the budget for community initiatives by small territorial, productive or community organisations.

Relations with government services and NGOs

National Forest Service (CONAF)	<p>Alto Hospicio and Iquique Environmental Improvement Programme to develop environmental awareness through activities related to use of and care for water and, for example, tree planting.</p> <p>The initiative seeks to:</p> <ul style="list-style-type: none"> reach a social and environmental diagnosis through participative surveys in establishments, institutions and neighbourhood associations; develop a plan for production of plants to satisfy the project's needs; foster and support the participation of the municipal district's educational establishments; incorporate and evaluate the largest possible number of social organisations and vulnerable members of the population in participative work to improve the district environmentally. <p>Pintados Geoglyphs Development and Management Plan to build facilities and enhance the appearance and museology of the Pintados archaeological site.</p> <p>The initiative seeks to transform Pintados into a site of heritage and tourist interest and develop environmental education activities, ensuring its protection as part of the Pampa del Tamarugal National Reserve.</p> <p>The project is co-financed with the Tarapacá Regional Government. In addition, Collahuasi financed the initial studies for the project's design.</p>
National Irrigation Commission (CNR)	<p>Co-financing of the repair, construction and rehabilitation of Pica irrigation canals.</p> <p>This is the largest-scale project developed in northern Chile in recent years and has allowed farmers to recover an average 50% of the available water which was being lost through leaks in the canals. This has had a positive impact on irrigation frequency, productivity and fruit calibre.</p>
Corporación Norte Grande	<p>This NGO provides technical support to Collahuasi supervisors who lead community working groups in different places in the company's area of influence. In addition, it supports communities in drawing up, evaluating, implementing and monitoring projects.</p>
Institute for Agricultural Development (INDAP)	<p>This project involves the construction of wells and canals in Matilla to provide water in areas that are not currently productive.</p>
Regional Government, Pica Municipal Government, SEMINAGRI, INDAP, CNR and CONADI	<p>Collahuasi collaborated with these organisations and the community in the Quisma Valley in responding to the agricultural emergency caused by a landslide in Quisma where a high proportion of the population is indigenous and crops typical of the area are grown.</p> <p>In addition, the company helped to mitigate the landslide's effects in the Camiña area with the coordination of the Collahuasi Corporate Volunteer Force, which fosters employees' participation in social initiatives.</p>

EDUCATION

1.1. Primary Schooling Improvement Programme

<p>Primary Schooling Improvement Programmes</p> <ul style="list-style-type: none"> Boosting Schools Best School 	<p>Programme implemented since 2009 in 17 primary schools in the Tarapacá Region to improve pupil attainment through integral advice on school management and learning processes that foster the development of capabilities as a basis for organisational change in the schools participating in the two programmes:</p> <ul style="list-style-type: none"> Boosting Schools Programme implemented by Aptus Chile in 7 primary schools in the Iquique Province; Best School Programme implemented by Fundación Chile in 10 primary schools in the Del Tamarugal Province. <p>The programmes implemented by Aptus Chile and Fundación Chile completed their first 4-year phase and, as from 2013, will focus on embedding improvements in order to achieve the schools' permanent transformation and significant progress in their academic results.</p>
<p>Diagnosis of schools participating in Primary Schooling Improvement Programme</p> <p>Study: "Results and projections of the Collahuasi Educational Foundation's strategies of support for educational improvement"</p>	<p>In 2012, the schools advised by Aptus and Fundación Chile were in the final phase of the improvement plans implemented since 2009. In order to obtain information about the schools and the results achieved, diagnostic studies were carried out by a team external to the Programme in order to define the areas and focus of work for a new period support.</p> <p>Based on the results of these studies, an aggregate study was then carried out which showed that a process of educational change had begun and that its first fruits, as well as complexities and obstacles, were becoming apparent. In this context, the study confirmed the need to maintain and deepen the intervention strategies with a focus on educational improvement.</p>
<p>Best School Programme in Navidad and Juan Fernández</p>	<p>In 2012, implementation of the Best Primary School and Best Secondary School Programmes continued in Juan Fernández and Navidad, respectively, which were rebuilt by Collahuasi after their destruction by the earthquake and tsunami of February 2010.</p>

(below)

Independent evaluation: SEPA test	<p>Measurement carried out since 2010 by the Measurement Centre of the Catholic University of Chile (MIDE UC) to assess the progress of the Educational Improvement Programmes. These evaluations also seek to assess pupils' attainment and the progress and value added in each of the classes in the 17 primary schools in the Tarapacá Region that receive support from the Collahuasi Educational Foundation. The results obtained are predictive of schools' scores in the national SIMCE test and permit educational management by teachers.</p>
<p>Engaging Families Programme</p> <p>FEC receives a letter from UNICEF's representative in Chile stating that its alliance with Collahuasi has been a successful experience from which to learn.</p>	<p>Implemented since 2010 in 7 primary schools in the Iquique and Alto Hospicio municipal districts, this Programme seeks to increase parents' involvement in their children's learning processes by improving institutional conditions and teachers' skills as a way of contributing to pupil attainment.</p> <p>With advice from UNICEF, the Collahuasi Educational Foundation launched the book, Working Together: Experiences of Family Engagement for Educational Effectiveness in the Tarapacá Region, analysing the lessons learned and best practices and presenting conclusions that can be of use to other schools and the school system's administrators in achieving progress in consolidation of an alliance with pupils' families.</p>
Entre Niños Programme	<p>Programa que tiene por objetivo apoyar el desarrollo afectivo-social en la sala de clases, tanto a través de la formación de los docentes, como en la aplicación del Programa Psicoeducativo con los estudiantes de la escuela.</p> <p>Este programa se aplica en el Liceo de Huara, Escuela Básica de Pisagua, Escuela Vertiente del Saber, Escuela Nueva Extremadura de Matilla y Escuela San Andrés.</p>
Del Tamarugal School Libraries Implementation Project	<p>This project seeks to promote the development of critical and thoughtful reading, equipping children to read texts of all types as well as developing an interest in reading in the community related to the school.</p> <p>The project consists in equipment of the area to be used, the selection and acquisition of books and the implementation of a computing system for their management in all the schools in the Del Tamarugal Province with which the Collahuasi Educational Foundation works. In 2012, the project was also presented to the educational community and library managers received training.</p>
School Website Programme	<p>Launched in 2010, this Programme provides schools with advice on the creation of their websites.</p> <p>In 2012, its activities focused on advising schools as to the importance of maintenance of their websites so that they are informative, updated and communicate the school's activities to the educational community.</p>
Gabriela Mistral Prize for Certification of Schools and School Management	<p>Launched in 2007 by the educational area of Fundación Chile and the National Certification Council and, since 2010, with the Collahuasi Educational Foundation as a member, the National Gabriela Mistral Prize seeks to promote school management and foster a culture of quality in schools in the Tarapacá Region.</p> <p>In the framework of the prize, two seminars were organised: an international seminar in January and a national seminar in August, both with top-level speakers and attended by over 300 teachers.</p>

Schools supported by the Primary Schooling Improvement Programme:

	SCHOOL	CITY/TOWN	MUNICIPAL DISTRICT
1	Escuela Caleta Chanavayita	Chanavayita	Iquique
2	Escuela Caleta San Marcos	San Marcos	Iquique
3	Escuela Patricio Lynch	Iquique	Iquique
4	Escuela Gabriela Mistral	Iquique	Iquique
5	Escuela Plácido Villarroel	Iquique	Iquique
6	Escuela de Lenguaje Oasis del Saber	Alto Hospicio	Alto Hospicio
7	Escuela Simón Bolívar	Alto Hospicio	Alto Hospicio
8	Escuela Nueva Extremadura	Matilla	Pica
9	Escuela San Andrés	Pica	Pica
10	Escuela Vertiente del Saber	Pica	Pica
11	Escuela de Camiña	Camiña	Camiña
12	Liceo de Colchane	Colchane	Colchane
13	Liceo Huara	Huara	Huara
14	Escuela Básica de Pisagua	Pisagua	Huara
15	Escuela Básica de Pozo Almonte	Pozo Almonte	Pozo Almonte
16	Escuela Básica Estrella del Sur	Pozo Almonte	Pozo Almonte
17	Escuela Básica La Tirana	La Tirana	Pozo Almonte

1.2. Secondary Technical-Professional Education Improvement

Secondary Technical-Professional Education Improvement Programme	In 2012, the advisory phase of this Programme began in six technical-professional schools in the Tarapacá Region. This Programme seeks to optimise pupils' attainment and generate an educational option and institutional management that are in line with the needs of the labour market by providing integral technical assistance and implementing related programmes. In particular, it has focused its efforts on the implementation of two programmes: Best Technical Secondary School and Technical-Professional Talent.
Collahuasi Preparado Minero Programme	Using a skills for employability model, the Preparado Minero (Prepared Miner) Programme provides tools to facilitate insertion into the labour market through the development of labour and entrepreneurship skills. At present, it is being implemented in 7 schools that are participating in the Collahuasi Educational Foundation's Educational Improvement Programme. Through this Programme, 56 teachers and school directors and 1,720 pupils in 3rd and 4th year secondary school have received training.
Independent evaluation	As in the case of primary schools, the SEPA test of the Measurement Centre of the Catholic University of Chile (MIDE UC) was used in 2012 to evaluate the 7 technical-professional schools participating in the Technical-Professional Education Improvement Programme. These evaluations, carried out in 2011 and 2012, also seek to assess pupils' attainment and the progress and value added in each of the classes.
Relating to Collahuasi Programme	As part of its Educational Improvement Programme, the Collahuasi Educational Foundation implements the Relating to Collahuasi Programme to strengthen ties between the education sector and industry. In particular, a series of activities developed under the Programme seek to familiarise pupils in their last year at 7 technical-professional secondary schools in the Tarapacá Region with Collahuasi professionals and the company's processes. Key activities include standard and technical worksite visits, talks and the provision of equipment.
Implementation of language, mathematics and science laboratories	Con el fin de apoyar los focos de intervención de las asistencias técnicas de los establecimientos educacionales que participan del programa de mejoramiento educativo TP, Fundación Educacional Collahuasi, apoyó con un fondo de recursos para el año 2012, la adquisición de equipamiento tecnológico y didáctico. Con esto se busca mejorar y en algunos casos crear los laboratorios de lenguaje, matemáticas y ciencias que permitan elevar el aprendizaje de los alumnos en estas áreas, a través de recursos que faciliten la implementación curricular y el desarrollo de habilidades de los estudiantes.
CISCO IT Essentials, Computer Hardware and Software Course	Implemented in the Obispo Labbé School since mid-2008, this Programme provides pupils specialising in electronics and electricity with training in information technologies, using latest-generation technological media and teaching methods to create a solid mass of mid-level professionals prepared for insertion in the labour market or to go on to higher education. To date, 109 pupils have taken this course, acquiring the necessary skills in information and communications technologies (ICTs) and 19 have obtained CompTIA A+ certification from the Computer Technology Industry Association.

1.3 Tarapacá Quality of Education 2010-2020

Tarapacá Education and Work 2010-2020 Roundtable	The Tarapacá Quality of Education 2010-2020 Initiative, launched in 2010, arose from a public-private alliance with the Education Ministry's Regional Office, formed in response to the need to take a strategic approach to education. Its aim is to make a systematic and significant contribution to improving the quality of education in the Tarapacá Region by implementing a strategic development proposal that addresses the principal problems and challenges. In 2012, it focused on providing technical support for the Education and Work Roundtable and the management teams of the associated institutions in order to create awareness of the Tarapacá Quality of Education 2010-2020 Strategy and facilitate its implementation. The Initiative's plan of work is built around four pillars: institutional management, opportunities for analysis and debate, corporate image and the publicising of the activities undertaken, and the Education and Work Roundtable.
	Opportunities for Analysis and Debate: The events organised seek to provide the members of the Roundtable with opportunities to analyse and debate issues related to improving the quality of education: – "Lessons of the experience of SIP and Aptus for a strategic vision for improving the quality of education in the Tarapacá Region", speaker Patricia Matte, September 2012. – "School syllabus and graduation standards in teacher training and performance", speaker Carmen Sotomayor Echeñique, October 2012. – "Nursery school standards", speaker Marcela Pardo, November 2012. – Presentation of educational experiences of members of the Roundtable in Regional Education Congress organised by the Collahuasi Educational Foundation in November 2012.
	Regional Educational Portal As part of its mission, the Collahuasi Educational Foundation carries out day-to-day work to increase knowledge about and adoption of best educational practices through the development and implementation of a permanent and ongoing plan. In this context, it formed an alliance with the Educarchile portal to create a regional educational portal with the potential to become a powerful tool for dialogue among local players aligned with this strategy.
	In 2012, the information required to give the portal a regional identity was gathered. It will be launched in 2013 and a communications plan implemented to draw attention to its existence.

Collahuasi Educational Foundation congresses and seminars

In order to contribute to analysis and debate about the quality of education in the Tarapacá Region, the Collahuasi Educational Foundation organised the following events:

EVENT	ORGANISER(S)	PARTICIPANTS
International Seminar: Talking about Municipal Education, What State Education Do We Want for Chile?	Collahuasi Educational Foundation in conjunction with Fundación Chile as part of the National Gabriela Mistral Prize for a Culture of Educational Quality	265 teachers, school directors and university lecturers
National Seminar: Professional Teaching Career, A Pending Task for Education of Quality in Chile	Collahuasi Educational Foundation	300 members of the school community
Regional Congress: School Effectiveness for Education of Quality in the Tarapacá Region	Collahuasi Educational Foundation	300 teachers, school directors and university lecturers from the Region on each day.

Educational establishments supported by the Technical-Professional Education Improvement Programmes:

COLLABORATOR	PROGRAMME	SCHOOL	MUNICIPAL DISTRICT
Fundación Chile	Best Secondary School	Instituto del Mar Almirante Carlos Condell	Iquique
		Liceo Padre Alberto Hurtado Cruchaga	Pica
Conexium	Technical-Professional Talent	Colegio Inglés	Iquique
		Colegio Metodista William Taylor	Alto Hospicio
		Liceo Luis Cruz Martínez	Iquique
SNA Educa	Bicentennial Secondary School	Colegio Metodista Robert Johnson	Alto Hospicio
		Liceo Bicentenario Minero S.S. Juan Pablo II	Alto Hospicio
Fundación Red de Academias Digitales	CISCO Networking Academy	Colegio Obispo Labbé	Iquique

1.3. Environmental performance

CONSUMPTION OF MATERIALS

[EN1] The materials used by Collahuasi in 2012 were as follows:

Materials used

MATERIALS USED	UNITS	2010	2011	2012
Sulphuric acid	(tonnes)	179,477	121,424	132,675
Petrol	(m³)	326	276	200
Diesel	(m³)	101,969	113,258	142,321
LPG	(m³)	2,628	2,979	2,490
NaSH	(tonnes)	2,906	1,626	1,977

MATERIALS USED	UNITS	2010	2011	2012
Flocculants	(tonnes)	751	739	694
Tyres	(n°)	622	635	665
Steel balls	(tonnes)	46,470	39,868	36,184
Mining oil	(m³)	3,253	3,408	3,407

Consumption of sulphuric acid increased slightly in 2012 due to higher intensity of use per tonne of mineral treated in the leaching process. During the year, 8,081,435 tonnes of material were loaded on the pads, with an acid consumption of 15.79 kg/tonne of mineral input as compared to 15.02 kg/tonne in 2011.

Higher diesel consumption was explained by a 9.5% fleet increase and a 6.3% increase in equipment availability while higher tyre consumption reflected an increase in the fleet of extraction trucks. Lower consumption of steel balls was a result of the drop in production of copper concentrate.

Higher consumption of NaSH reflected the quality of concentrate (higher ultra-fine content), a lower molybdenum ore grade received in the collective concentrate and discontinuity in the feeding of concentrate into the slurry pipeline.

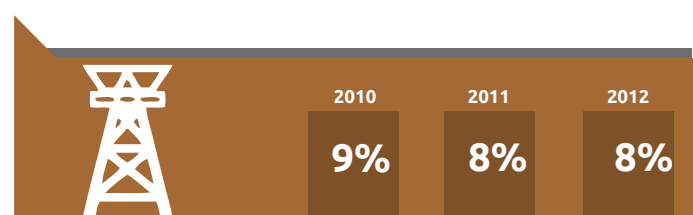
[EN2] In 2012, there was a reduction in the volume of oil reused to produce explosives (ANFO) for the blasting process. At 60,500 litres, this represented a 6% saving on diesel for ANFO production. In 2012, a total of 3,407 m³ of oil was used in mine equipment.

MATERIALS REUSED	UNITS	2010	2011	2012
Mining oil	(litres)	209,515	284,940	60,500
Dielectric oil	(litres)	-	-	11,300
Flotation cell agitators	(n°)	-	-	17

The drop in reuse of mining oil was principally a result of difficulties in transporting this material to the plant. These difficulties were resolved at the beginning of 2013.

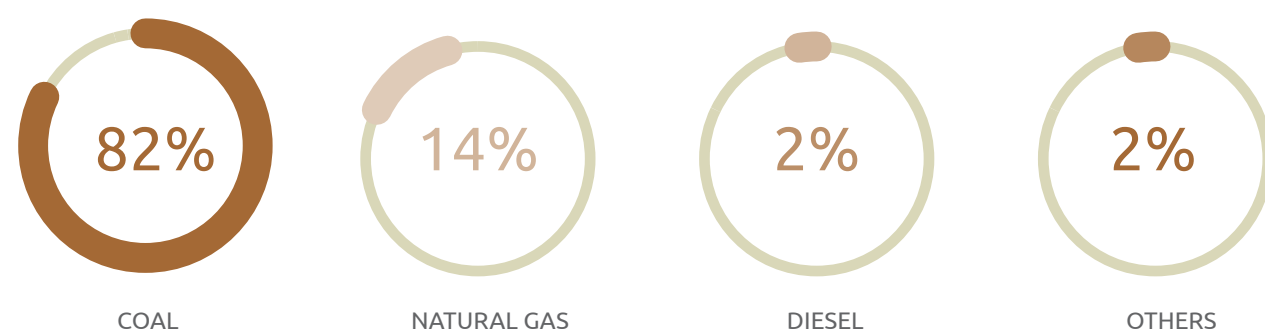
In the period covered by this Report, dielectric oil began to be filtered as part of the maintenance of transformers, thereby increasing its useful life.

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



Analysis of the primary source of the electricity used by Collahuasi

% of generation in SING



BIODIVERSITY

[EN11] The following company installations are located in priority sites for the conservation of biodiversity:

SECTOR	ADJACENT OPERATIONAL INSTALLATIONS	LOCATION OF INSTALLATIONS IN RELATION TO PROTECTED AREA	TYPE OF OPERATION	VALUE OF PROTECTED AREA
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 and installations of Dulcinea-La Borracha pit	6.43 km to northwest	Exploration	Wetland compensation area *
Irruputuncu Volcano	Coposa Norte and Portezuelo well fields	Coposa Norte 20 km to north; Portezuelo 6 km to south	Water withdrawal	Queñoa tree compensation area **
Punta Patache	Puerto Patache	1 km to northeast	Shipment port and molybdenum plant	Priority conservation site
Punta Patache	Puerto Patache	1 km al Nordeste	Puerto de embarque - Planta Molibdeno	Sitio prioritario para la conservación

* Important for the conservation of fauna and Andean birdlife.
** Species with conservation problems.

[EN13] The habitats restored by Collahuasi are shown in the table below:

PROTECTED/RESTORED HABITAT	STATUS	CONDITION OF AREA	SIZE OF AREA
Jachucoposa Wetland	Restoration underway	Good	8 hectares
Michincha Salt Flat	Restoration underway	Acceptable	3 hectares
Jachu Ujina and Represa Wetlands	Without intervention	Good	23.8 hectares
Chiclla Wetland	Restoration underway	Good	1.8 hectares
Irruputuncu Volcano	Restoration underway	Good	60.3 hectares

Restoration of the different areas continued in 2012 and it is expected that it will be completed once the authorities verify compliance with the corresponding undertakings.

OVERALL

5.1.1. Environmental investment and expenditure [EN30]

The environmental management costs incurred by the company were as follows:

Environmental management costs

	COSTOS (US\$)
Integral waste treatment	7,072,000
Treatment of emissions	290,307
External certification of management systems	47,000
Other environmental management costs	2,352,251
TOTAL	9,761,558

The environmental investments implemented by Collahuasi in 2012 were as follows:

Environmental investments

PROJECT	(US\$)
Air quality monitoring station	120,000
Meteorological station	150,000
R&D	3,186,728
Permanent water level and quality monitoring equipment	12,129
TOTAL	3,468,857

In addition to the amounts indicated above, the company also invested US\$3,383,000 in the Environmental Impact Study for its Phase III Expansion (yet to be submitted to the authorities). The work undertaken included preparation of baselines for fauna, flora and vegetation, archaeology, oceanography, acid rock drainage and water resources.

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 a very complex management challenge.

ENERGY CONSUMPTION PER TONNE OF COPPER CONTENT PRODUCED	2010	2011	2012
GJ/tonne Cu (Cu sulphide + Cu oxide)	17.57	20.29	34.21

Videoconferences

[EN7] Reduction of indirect energy consumption is shown in the case of the use of videoconferences as an alternative to business travel. In 2012, the number of videoconferences held by the company again increased significantly, reducing travel for face-to-face meetings.

N° of videoconferences

	VIDEOCONFERENCES
2010	1,376
2011	1,774
2012	1,633

EMISSIONS, DISCHARGES AND WASTE

Direct CO₂ emissions

[EN16] Collahuasi's direct greenhouse gas (GHG) emissions are calculated using 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 for indirect emissions in the Northern Interconnected Grid (SING) 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.

Annual direct emissions

SCOPE 1 (TCO ₂ E)	2010	2011	2012
Mine	292,138	359,804	420,298
Sulphides	5,088	44,813	12,868
Leaching	21,440	23,119	23,868
Cogeneration plant	31,917	39,199	6,503
Others	3,886	10,195	8,924
Total Scope 1 emissions	354,468	477,130	472,461

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 sources used to generate electricity shows that, in 2012, coal continued to play an important role in the Northern Interconnected Grid (SING), implying that the emissions factor of electricity supplied by this system also remained high.

Annual indirect emissions

SCOPE 2 (TCO ₂ E)	2010	2011	2012
Mine	42,993	47,284	59,784
Sulphides	822,940	723,713	686,596
Leaching	91,545	80,875	78,474
Others	90,175	78,695	78,073
Total Scope 2 emissions	1,047,653	930,531	902,927

(*) 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 and lubricants.

The CO₂ emissions of these strategic inputs are shown below:

Other indirect emissions

SCOPE 3 (TCO ₂ E)	2010	2011	2012
Mine	26,302	52,557	16,268
Sulphides	35,240	81,658	117,825
Leaching	36,826	12,400	62,461
Others	81,085	221,392	181,720
Total Scope 3 emissions	179,454	368,008	378,274

Fugitive emissions

[EN19] In the case of fugitive emissions, 65.2% of the refrigerants used by the company in 2012 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.

Emissions generated by refrigerants

	AMOUNT (KG)
2010	441
2011	477
2012	260

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) of which 90.4 kg were used in 2012.

Air emissions

[EN20] In 2012, 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 emissions and these are shown below:

Air emissions

	SUMMARY OF GHG EMISSIONS			
	CO ₂	CH ₄	N ₂ O	TCO ₂ E
2010	1,539,333	122	128	1,581,575
2011	440,153	23	122	477,130
2012	429,414	23	142	472,461

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

WATER

Other water sources

Collahuasi has entered into undertakings as regards maintenance of water flow not only in the Jachucoposa Spring but also a number of other water bodies that include the Michincha Spring and the Huinquintipa Ravine. Average flows in 2012 are shown in the table below:

VARIABLE	UNIDAD	ANNUAL AVERAGE		
		2010	2011	2012
Average flow of Jachucoposa Spring (natural)	(L/s)	24.5	33.4	40.3
Average flow at Jachucoposa measurement station (natural + mitigation)	(L/s)	66.3	60.3	58.2
Average flow at Michincha measurement station (mitigation)	(L/s)	4.7	4.8	4.5
Average flow at Huinquintipa measurement station (natural)	(L/s)	7.5	17.3	28.2

It should be noted that the Coposa basin and the Huinquintipa sub-basin correspond to sources of which Collahuasi is the only user. Michincha, on the other hand, is a shared basin from which water was extracted before the company began withdrawals, resulting in the disappearance of the Michincha Spring. However, in 2005, the company undertook to restore the total water flow of this spring and an artificial mitigation flow of close to 5 L/s is maintained as established in Environmental Permit (RCA) N° 167/2001.

2. Tabla GRI

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3.4	Contact point regarding the report.	contraportada
3.5	Process for defining report content.	16
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3.6	Boundary of the report.	All the company's operations are included: the Ujina, Rosario and Huinquintipa deposits, its installations in Coposa and Puerto Patache and the activities of its Iquique, Pica and Santiago offices.
3.7	Limitations on the scope or boundary of the report.	16
3.8	Basis for reporting on subsidiaries and others.	During the reporting period, there were no joint ventures, new subsidiaries, leased facilities or outsourced operations that could significantly affect comparability from period to period.

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4.8	Mission, values and principles.	35
4.9	Overseeing of performance and risks.	36
4.10	Evaluation of performance of members of board of directors.	Collahuasi does not carry out evaluations of this type; the directors are evaluated by the companies to which they belong.
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EN12	Description of impacts on biodiversity.	114
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EN13	Habitats protected or restored.	161
EN14	Strategies, current actions and future plans for managing impacts on biodiversity.	114
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EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	128
EN19	Emissions of ozone-depleting substances.	163
EN20	Other significant air emissions.	164
EN21	Total water discharge.	118
EN22	Weight of waste managed.	116
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	Most significant accidental spills.	118

EN24	Weight of transported waste deemed hazardous.	All hazardous waste generated by Collahuasi is transported and treated by companies in Chile. In 2012, 3,925 tonnes of hazardous waste were transported in 342 trucks from the Cordillera worksite and Puerto Patache by GESAM, Transporte Moscoso y Moscoso, Transportes Alborada and Transportes Pitancura for final disposal by Soluciones Ambientales del Norte Ltda. (Sierra Gorda), Recicladora Ambiental (Calama), Crowan (San Antonio), Inacesa (Antofagasta) and Celite Chile Ltda. (Arica).
EN25	Biodiversity value of water bodies affected by the reporting organisation's discharges of water.	In its Environmental Impact Studies and Declarations, Collahuasi undertook not to discharge liquid waste into any land or maritime water body. 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 liquid waste treatment plant (nanofiltration and reverse osmosis), producing permeate and reject water. Permeate water is reused in the molybdenum production process and to irrigate the forestation area while reject water is sent to the dissolved air flotation (DAF) plant where the metals it may still contain are removed and, once treated, goes to the evaporation ponds.
6. Products and Services		
EN26	Mitigation of environmental impacts of products.	117
EN27	Percentage of products sold and their packaging materials that are reclaimed by category of products.	Collahuasi does not generate packaging materials that are reclaimed at the end of their useful life.
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EN28	Fines and sanctions for non-compliance with environmental laws and regulations.	43
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LA2	Number and rate of employee turnover by gender and region.	63, 150, 151
LA3	Benefits provided to employees.	69
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 for the reporting period.
1.2. Labour/Management Relations		
LA4	Employees covered by a collective bargaining agreement.	71, 151
LA5	Minimum notice period(s) regarding organisational changes.	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.	71
1.3. Occupational Health and Safety		
LA6	Employees represented in health and safety committees.	52
LA7	Absenteeism, lost days and fatalities.	54
LA8	Training in risk prevention and control.	49
LA9	Health and safety topics covered in formal agreements with trade unions.	Life and complementary health insurance are stipulated in the collective contract signed in 2010 and currently in force.
1.4. Training and Education		
LA10	Hours of training per year per employee.	71
LA11	Programmes for fostering employability.	152
LA12	Performance and career development reviews.	66
1.5. Diversity and Equal Opportunity		
LA13	Composition of governance bodies and workforce.	63, 151
LA14	Ratio of basic salary men/women.	72

* Indicators that correspond to the new version of GRI 3.1.

2. Human Rights		
2.1. Investment and Procurement Practices		
HR1*	Human rights clauses in investment contracts.	104
HR2	Human rights screening of contractors.	104
HR3	Employee training on human rights policies and procedures.	In 2012, no activities of this type took place.
2.2. Non-Discrimination		
HR4	Incidents of discrimination and actions taken.	40
HR5	Freedom of association and collective bargaining.	71
2.3. Child Labour		
HR6	Child labour.	Purchase orders include clauses requiring compliance with the regulation in force in Chile.
2.4. Forced Labour		
HR7	Forced labour.	Purchase orders include clauses requiring compliance with the regulation in force in Chile.
2.5. Security Practices		
HR8	Training of security personnel in human rights.	Se entrega al 100% del personal de seguridad el Reglamento Interno de Orden, Higiene y Seguridad, que señala explícitamente "Comprender y aceptar los principios establecidos en la Declaración Universal de los Derechos Humanos".
2.6. Indigenous Rights		
MM5	Operations taking place in or adjacent to indigenous peoples' territories.	83
HR9	Incidents relating to violations of rights of indigenous people and actions taken.	No related incidents occurred in 2012.
2.7. Assessment		
HR10*	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.
2.8. Remediation		
HR11*	Grievances related to human rights.	In 2012, there were no grievances related to human rights.
3. Society		
3.1. Community		
SO1	Impact of operations on communities.	84

MM6	Disputes relating to land use, customary rights of local communities and indigenous peoples.	No legal action has been filed against the company.
MM7	Grievance mechanisms used to resolve disputes referred to in MM6.	In 2012, there were no disputes relating to land use, customary rights of local communities and indigenous peoples.
SO9*	Operations with negative impacts on local communities.	19
SO10*	Prevention and mitigation measures implemented for negative impacts on local communities.	19, 84
3.2. Artisanal and Small-Scale Mining		
MM8	Operating sites where artisanal and small-scale mining (ASM) takes place.	No artisanal mining takes place on the company's operating sites or in the surrounding area.
3.3. Resettlement		
MM9	Community resettlements.	No community resettlements took place in 2012.
3.4. Closure Planning		
MM10	Closure plans.	32
3.5. Corruption		
SO2	Risks of corruption in business units.	40
SO3	Percentage of employees with anti-corruption training.	36, 41
SO4	Actions taken in response to incidents of corruption.	40
3.6. Public Policy		
SO5	Public policy positions.	36
SO6	Contributions to political parties or related institutions.	Collahuasi does not make donations or contributions of any type to political parties.
3.7. Anti-Competitive Behaviour		
SO7	Legal actions related to anti-competitive behaviour and monopoly practices.	No legal action of this type was filed against the company in 2012.
3.8. Compliance		
SO8	Fines and sanctions for non-compliance with laws.	43
4. Product Responsibility		
4.1. Materials Stewardship		
MM11	Programmes and progress relating to materials stewardship.	117

4.2. Customer Health and Safety		
PR1	Customer health and safety.	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	Incidents relating to health and safety impacts of products and services during their life cycle.	No incidents of this type occurred in 2012.
4.3. Product and Service Labelling		
PR3	Product and service labelling.	The quality of Collahuasi's copper cathodes is registered under the European REACH system and with the London and New York metals exchanges.
PR4	Incidents of non-compliance relating to information and labelling.	In 2012, Collahuasi did not receive sanctions or fines for incidents relating to product information and labelling.
PR5	Practices related to customer satisfaction.	Using the flexibility provided by the company's off-take contract with its shareholders, the volumes they received was adjusted in line with the reduction in Collahuasi's output in 2012. Direct clients received the volumes established in mutually agreed delivery programmes for 2012.

4.4. Marketing Communications		
PR6	Marketing communications.	Given that it produces a commodity, Collahuasi does not undertake marketing activities. However, it continues to carry out corporate marketing activities in the media and through the campaigns of the business associations to which it belongs.
PR7	Incidents of non-compliance with regulation of marketing communications.	No incidents relating to non-compliance of this type occurred during the reporting period.
4.5. Customer Privacy		
PR8	Complaints regarding breaches of customer privacy and losses of customer data.	No incidents relating to non-compliance of this type occurred during the reporting period.
4.6. Compliance		
PR9	Significant fines for non-compliance with laws and regulations concerning the provision and use of the organisation's products and services.	In 2012, no fines were received for non-compliance with this regulation.

These principles are advocated (or adhered to) by these three entities:

	INDICATOR
GLOBAL COMPACT	EC2-EC5-EC7-EN1-EN2-EN3-EN4-EN5-EN6-EN7-EN8-EN9-EN10-EN11-EN12-EN13-EN14-EN15-EN16-EN17-EN18-EN19-EN20-EN21-EN22-EN23-EN24-EN25-EN26-EN27-EN28-EN29-EN30-LA2-LA3-LA4-LA5-LA6-LA7-LA8-LA9-LA13-LA14-HR1-HR2-HR3-HR4-HR5-HR6-HR7-HR8-HR9-SO1-SO2-SO3-SO4-SO5-SO6-PR1-PR2-PR3-PR4-PR8
ICMM	EC1-EC8-EC9-EN1-EN2-EN3-EN4-EN5-EN6-EN7-EN8-EN9-EN10-EN13-EN14-EN17-EN18-EN19-EN20-EN21-EN22-EN23-EN24-EN25-EN26-EN27-LA1-LA2-LA3-LA6-LA8-LA9-LA10-LA11-LA12-LA13-LA14-HR1-HR2-HR4-HR6-HR7-HR9-SO1-PR1
ISO 26.000	1.1-1.2-2.3-3.13-4.1-4.2-4.3-4.4-4.5-4.6-4.7-4.8-4.9-4.10-4.12-4.13-4.14-4.15-4.16-4.17-DMA-EC1-EC2-EC5-EC6-EC7-EC8-EC9-DMA-EN1-EN2-EN3-EN4-EN5-EN6-EN7-EN8-EN9-EN10-EN11-EN12-EN13-EN14-EN15-EN16-EN17-EN18-EN19-EN20-EN21-EN22-EN23-EN24-EN25-EN26-EN27-EN28-EN29-EN30-LA1-LA2-LA3-LA4-LA5-LA6-LA7-LA8-LA9-LA10-LA11-LA12-LA13-LA14-HR1-HR2-HR3-HR4-HR5-HR6-HR7-HR8-HR9-SO1-SO2-SO3-SO4-SO5-SO6-SO7-SO8-PR1-PR2-PR3-PR4-PR5-PR6-PR7-PR8-PR9

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

Jorge Gómez
Executive President
Compañía Minera Doña Inés de Collahuasi

ASSURANCE STATEMENT

BSD Consulting has carried out independent assurance of the preparation by Compañía Minera Doña Inés de Collahuasi of its 2012 Sustainability Report in accordance with the Global Reporting Initiative (GRI) G3.1 Guidelines. The assurance took place for the second consecutive year for the purpose of providing the company's stakeholders with an independent opinion on the Report's quality, stakeholder engagement processes, adherence to the principles of AA1000AS 2008 and the company's sustainable management.

INDEPENDENCE

BSD Consulting declares that the assurance was carried out independently and confirms that none of its personnel has consultancy contracts or other commercial ties 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 is an international company that specialises in sustainability. The assurance was carried out by a group of professionals with experience and specific training in external assurance processes.

RESPONSIBILITIES OF MINERA DOÑA INÉS DE COLLAHUASI AND BSD CONSULTING

The preparation of the company's Sustainability Report as well as of its content is the responsibility of Compañía Minera Doña Inés de Collahuasi. The purpose of the work of BSD Consulting is to validate the Report and assure its GRI application level.



SCOPE AND LIMITATIONS

The scope of our work includes the information in the complete version of the 2012 Sustainability Report of Compañía Minera Doña Inés de Collahuasi for the reporting period. An independent assurance process of Type 1, providing a moderate level of assurance, was carried out in accordance with the principles of the AA1000 Assurance Standard 2008, including assurance of compliance with the company's accountability process under the principles of Inclusivity, Materiality and Responsiveness.

METHODOLOGY

Assurance of the AA1000 process consisted in:

- Dialogues with company stakeholders (community, direct and contractors' employees and local suppliers) to assure compliance with the principles of AA1000: Inclusivity, Materiality and Responsiveness;
- Assurance of the content of the 2012 Sustainability Report and its adherence to the GRI G3.1 Guidelines and the principles of AA1000AS 2008;
- Interviews with senior management in order to understand the integration of sustainability into the organisation's strategy;
- Review of the processes for definition of materiality and preparation of the 2012 Sustainability Report;
- Visit to the company's installations in the city of Iquique and at the worksite to assure implementation of

improvements in the Pioneros contractors' camp and the conditions of its canteen and recreation facilities for contractors' employees;

- Interviews with executives and personnel in key areas of the company related to management of relevant issues;
- Assurance of the quality and reliability of a significant sample of GRI indicators and selected data through interviews, support documents and review of the information system.

PRINCIPAL CONCLUSIONS - AA1000AS 2008 PRINCIPLES

In the assurance process, it is important to draw attention to background information that is relevant to the conclusions we present to the company and its stakeholders. This refers particularly to the management intervention process to which the company was subject in 2012 by two of its principal shareholders (Anglo American and Xstrata Copper - now Glencore) and the internal implications of this process.

The audit process took place during this period and it is, therefore, important to note that the company sought to strengthen its internal structures, deepen its industrial safety policies following the fatalities that occurred in 2012 - referred to by the company's President in his Message in the 2012 Report - and address the challenges posed as regards sustainability in the context of this new administration.

We could observe the current management's commitment to reinforcing its efforts and commitments to stakeholders, particularly, the company's own and contractors' employees, and to strengthening corporate culture and good relations with communities.

Many of these commitments were developed in 2012 and will begin to show results in 2013.

1.- INCLUSIVITY - ADDRESSES STAKEHOLDER PARTICIPATION IN ORDER TO DEVELOP AND ACHIEVE A STRATEGIC RESPONSE TO SUSTAINABILITY IN THE ORGANISATION

In 2012, the company progressed in strengthening relations with its suppliers in order to foster their development and ensure the quality of its value chain. To this end, it established alliances with government bodies in order to support these suppliers and improve their performance.

Commitment to the development of local suppliers was also one of the company's objectives and it advanced in the implementation of new projects geared to these stakeholders. However, it is important to note that, among these stakeholders, the perception is that there remain opportunities for improvement, particularly as regards the long-term vision that the company must build with these important stakeholders.

Although the company has maintained a permanent channel of dialogue with its employees, it is important to note opportunities for improvement in areas such as:

- identity and corporate culture;
- integration of its own and contractors' employees;
- conditions of infrastructure at the Pioneros Camp;

- internal communications.

Finally and in relation to its communities, the company has permanently maintained fluid and transparent communication, improving its investment plans and engagement model in order to develop the initiatives that are of interest to these communities in a participative way. It should be noted that, for these stakeholders, the following issues continue to be important and call for special attention on the company's part:

- external assurance of environmental issues in fishing villages;
- improvements in communication and participation in the definition of investment projects;
- training with a focus on employability.

The company is working on these issues and developing improvements that may be presented in 2013.

2.- MATERIALITY - REFERS TO THE ISSUES NECESSARY FOR STAKEHOLDERS TO TAKE DECISIONS ABOUT THE COMPANY'S ECONOMIC, SOCIAL AND ENVIRONMENTAL PERFORMANCE

The company's definition of materiality is clearly reflected and is aligned with stakeholders' expectations.

The company has engaged in permanent dialogue with its stakeholders with the intention of identifying the most material issues and, in this way, gaining a better understanding of their expectations.

Key material issues include the company's conduct on environmental matters as reflected in measurement of the carbon footprint of its products as well as the operation, its concern about climate change and its first solar photovoltaic plant, combined with the implementation of concrete measures such as:

- energy efficiency and alternative renewable energies (AREs);
- fuel and electricity consumption;
- reduction of its carbon footprint.

The company clearly sets out its risks and measures for their management in a way that this is appropriate and transparent, indicating its negative as well as positive impacts such as the three fatalities that occurred in 2012.

The company has in place an adequate management system that enables it to monitor its commitments as regards sustainability.

3.- RESPONSIVENESS - ADDRESSES MEASURES DEFINED BY THE COMPANY IN RELATION TO THE DEMANDS OF ITS STAKEHOLDERS

In 2012, the company improved its responsiveness, aligned with material issues for sustainability and connected with its stakeholders' expectations. Adherence to the GRI G3.1 Guidelines is clear, addressing the principal material issues.

The assurance noted the proper compiling of indicators that demonstrate the company's commitments on social, environmental and economic issues and that these are based on information and data gathered in accordance with GRI G3.1 protocols.

However, it is important that the company improve its responsiveness to some issues that are material to certain stakeholders such as its coastal communities. Although the company presents all the actions developed for these stakeholders, their perception is that further improvements are required in information about environmental aspects of conditions in their fishing villages.

The targets and commitments established by the company are clear and can be monitored by stakeholders.

GRI G3.1 APPLICATION LEVEL

In accordance with the GRI G3.1 Guidelines, BSD declares that the 2012 Sustainability Report of Compañía Minera Doña Inés de Collahuasi complies with Application Level A+. The Report provides clear information on issues related to the company's profile and describes its sustainability management processes.

All the information related to economic, social, environmental, human rights, labour practices, society and product responsibility categories, aspects and indicators as well as Mining and Metals Sector Supplement indicators are developed and presented in this Report.



Hugo Vergara Recabal
Managing Partner
BSD Consulting Group

Santiago, Chile, 13 June 2013

4. Report on evaluation of CMDIC's Sustainability Report and assurance of commitments for 2012

Jorge Gómez
Executive President
CMDIC

Dear Mr. Gómez,
Please find attached the conclusions of the agreed evaluation and assurance work carried out by Red Puentes.

1) Participation in stakeholder analysis by BSD Consulting. AA1000 Assurance Standard.

Red Puentes participated as an observer in the workshops held by BSD Consulting with communities on the coast, suppliers and the company's own and contractors' employees. We value the fact that, at a time of some crisis, CMDIC made the effort and took the time to study the demands and problems of its stakeholders and move forward in its application of the AA1000 Assurance Standard. We recommend that the results of these workshops - reports - are addressed since they contribute to better relations with priority stakeholders and, therefore, CMDIC's greater sustainability. We also recommend that the areas of the company whose performance relates directly to priority stakeholders (Human Resources, Community Relations, Corporate Affairs, Contracts and others) increase their coordination and complementation in addressing them.

2) Evaluation of 2011 Sustainability Report and final pre-publication draft of 2012 Sustainability Report

Using its methodology, Red Puentes analysed 83 GRI 3.1 indicators contained in the 2011 Sustainability Report and found complete information for 50 indicators (62.2%), including particularly Environment, Community Development and Organisational Governance. For a further 21 indicators (25.3%), the information provided was sufficient while, for 12 indicators (14.5%), it was insufficient. All the 11 Mining Supplement indicators analysed were satisfactorily addressed and, in those cases where the information was considered insufficient (EC4, SO2, SO3, SO4, HR1, HR2, HR5, LA8, LA12, EN24, EC6, SO1), the observations were accepted by Collahuasi and Deloitte - the company responsible for preparing the Report - for the 2012 version. Information for human rights indicators - HR1, HR2, HR5 - is scarce and the company needs to develop this issue further. It was noted positively that the 2011 Report and the current Report represent a significant improvement as regards their design and the pedagogical quality of the information.



However, we consider that the length of the Report is still not appropriate as regards its accessibility for different stakeholders.

3) Assurance of commitments

Complete information was available for assurance of CMDIC's 30 commitments for 2012, all of which could be directly assured with greater ease than in the previous year given their more precise formulation. We also found that, despite the company's operational problems, there was a high level of achievement of and compliance with the commitments and noted that the company maintained its efforts to fulfil them. We consider that further progress as regards the company's commitments calls for monitoring during the year, more participative evaluation mechanisms in each area of the company responsible for the results and greater internal communication and knowledge of the commitments for each particular year.

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

Yours sincerely,

Gilberto Ortiz Silva
Red Puentes Chile
June 2013

5. Feedback Survey

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

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

- Shareholder
- Investor
- Employee
- Customer
- Supplier
- Contractor
- Community in vicinity of Collahuasi operations (Pica, Huasco, Matilla)
- Community in general (Iquique, Santiago)
- Regional government
- Regulatory body
- Environmental group
- Business sector
- Other (please specify)

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

A. Length

- Very good
- Good
- Satisfactory
- Poor
- Very poor

B. Usefulness of the information presented

- Very good
- Good
- Satisfactory
- Poor
- Very poor

C. Transparency and honesty

- Very good
- Good
- Satisfactory
- Poor
- Very poor

D. Lay-out and design

- Very good
- Good
- Satisfactory
- Poor
- Very poor

E. Clarity and ease of understanding

- Very good
- Good
- Satisfactory
- Poor
- 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 de Chile.

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Thank you very much for your comments.

Compañía Minera Doña Inés de Collahuasi SCM

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Reporte de Desarrollo Sustentable Compañía Minera Doña Inés de Collahuasi
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Para mayor información sobre los contenidos del presente Reporte, consultas, sugerencias y/o comentarios, favor dirigirse a Bernardita Fernández, Gerente de Asuntos Corporativos.

Email: bernarditafernandez@collahuasi.cl

Verificado por:





Accionistas CMDIC



GLENCORE

