

ANGLO AMERICAN CHILE



Sustainable Development Report

2006

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Message from the CEO



Global warming and its direct effect on climate change not only has scientists concerned but also companies and the international community. Most experts believe that the concentration of greenhouse gases in the atmosphere, mainly due to human activity, is causing changes to the weather. If suitable measures are not taken to redress this situation right now, computer-based forecasts augur a complex outlook.

The Kyoto Protocol, the Stern Report, and more recently the report of the Intergovernmental Panel on Climate Change of the United Nations, all concur that the earth's temperature has risen, that there will be large changes to the earth's physiognomy, and that we have to take action immediately to spur some kind of positive change for the future.

As a way of establishing standards on this issue, Anglo American intends to achieve a demanding goal: attain 15% global energy consumption efficiency in all its operations worldwide, taking 2003 as the basis and 2014 as the target.

We are moving soundly and steadily towards achieving this commitment. We launched our Energy Efficiency Programme in 2004, in which we established targets, those accountable, methodologies and steps to achieve the corporate objectives. We then carried out a survey in each operation, with the CO₂ emissions and energy and water consumption segmented by process. We also defined a way of measuring this and created the concept of "certified reductions" We have now certified reductions of 2.48% in energy, 1.87% in CO₂ emissions and 2.54% in water consumption.

At the same time, we have strived to find ways of boosting energy savings: we were the drivers of the creation of a mining panel to share experiences, and we signed an agreement with Honda Motor to purchase hybrid automobiles for the company and its employees. This endeavour earned us the Energy Efficiency Award of the Ministry of Economy and the Confederation of Production and Commerce.

Another aspect we have been especially zealous with is our community engagement. We applied the SEAT in 2004, which has enabled us to learn more about the socio-economic reality of the communities around our operations. We have carried out various initiatives based on this analysis and we will repeat this process in 2007-2008. We will then know whether we have achieved tangible progress.

Moreover, in the 2005 report we informed about the decision to assign US\$3 million for the establishment of a rotating fund to promote enterprise and social development. This was materialised with an initiative called the "Emerge" Programme, which entails direct work with small-sized companies and also indirect support to local entrepreneurs through the "Fondo Esperanza" micro-credits foundation.

The project will initially help over 1,800 entrepreneurs from the provinces of Quillota, San Felipe and Chacabuco over the next two years by means of an investment of US\$500,000. The goal is to reach 6,700 entrepreneurs in three years with a total investment in the order of US\$2.5 million.

With regard to our workforce, Anglo American believes that safety is a core value. We have the moral obligation of assuring a risk-free workplace for our own and contractor employees. As a result of the initiatives undertaken, the total LTIFR was 0.34 in 2006 and the average contractor accidents rate dropped from 0.85 to 0.38 in two years. This is an achievement we would like to share, but it is no reason to relax in our search for the corporate goal of "Zero Harm." A management system called the Anglo Safety Way was also developed in 2006, which was drawn up based on the best practices in the industry and on renowned international standards like OHSAS 18001.

As in previous reports, our third sustainable development report presents a balanced vision of our financial, environmental and social performance, and this time we

have included the impacts caused by mining operations. To cope with such impacts, we have developed operation closure plans; we have supported the most varied research on biodiversity in the divisions where it is important for the life of autochthonous flora and fauna; we have implemented recycling initiatives and we have backed various community-focused activities, among other actions.

I am convinced we are on the right track, but we can do even better with the effort of not only Anglo American but also the support and collaboration of our neighbours, the authorities and everyone involved in our operations. I am confident that working as a team we can leave a legacy of a better world for future generations.



Pieter Louw
CEO
Anglo American Chile

Scope

The third sustainable development report of Anglo American Chile outlines the economic, social and environmental performance of all its divisions, i.e., Los Bronces, Mantos Blancos, El Soldado, Mantoverde and the Chagres Smelter, plus the corporate offices in Santiago. Moreover, it includes the financial and production information of its stake in Compañía Doña Inés de Collahuasi, when relevant and where it is expressly stated. It includes the performance from January 1 to December 31, 2006, and information from 2004 is considered to meet the principles of comparison and clarity. We have also considered information from previous periods, whenever applicable.

As last year, we have included a special chapter on our Energy Efficiency Programme with a commitment of raising energy efficiency by 15% by 2014. This programme also envisages targets to improve the efficiency of water usage and a reduction of CO₂ emissions.

We will also touch on some issues addressed by our Good Corporate Citizenship principles, which were included in the two previous reports and are now available on the company's website.

The structure this year is a synthesis between the 2002 Global Reporting Initiative (GRI) guidelines and the G3, which is the new generation of GRI indicators. We have also included the explanations and indicators of the Mining and Metals Supplement of the GRI and the Guide to Communication on Progress of the Global Compact. The most important community concerns, according to the socio-economic assessment toolbox (SEAT) process (see pages 28 and 81), are addressed in more detail.

To draw up this report and ensure the impartiality of the information and abundance by the GRI guidelines, we hired the services of an external consultant, which was in charge of collecting the information and advising us on how to present it. 40 internal and external documents were reviewed for this (see page 98) and 15 interviews were held of vice-presidents, managers, and various area heads. This was to guarantee the document verification principle. Regarding this, the data of the Los Bronces Division was audited by KPMG during the corporate reporting audit of Anglo American plc, and the financial information was analysed by the external auditors Deloitte & Touche. Their opinion was published in the 2006 Annual Report.

The financial information is stated in US dollars, unless indicated otherwise. Lastly, we have printed 1,500 copies

in Spanish and we have made a digital English version. To facilitate access, we have included the contact names, should you wish to have a copy. The document is available on the website of Anglo American Chile (www.anglochile.cl) where it is possible to review all the reports issued by the company.



Company Profile



“How can trust be built between companies, NGOs and the public at large? One way is through very open reporting on standardised indicators such as those developed by the Global Reporting Initiative (GRI).”

Sir Mark Moody-Stuart
Chairman
Anglo American plc

Anglo American plc

Anglo American plc is a global leader in mining focused on adding value for shareholders, customers, employees and the communities in which the Group operates. It owns a well-diversified range of high quality assets covering gold, platinum, diamonds, coal, ferrous and base metals, industrial minerals and paper and packaging.

It had sales of US\$38,637 million and earnings of US\$5,471 million in 2006, with Chilean mining operations accounting for 35%. Anglo American plc has over 64 operations on the 5 continents and it employs 195,000 people.

Its head office is in London and its shares are mainly traded on the London stock exchange, and on the financial markets in South Africa, Switzerland, Namibia and Botswana. In 2006, it maintained its STOXX European regional index and obtained a second place ranking on the Dow Jones Sustainability Index (DJSI) with a score of 84%, compared with an industry average of 57% and the highest being 86%.

The group strives to attain world-class performance in all its business areas through the following divisions:

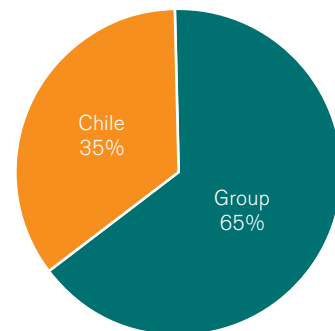
- **Anglo Platinum.**
- **Anglo Diamonds.**
- **Anglo Gold.**
- **Anglo Coal.**
- **Anglo Industrial Minerals.**
- **Anglo Ferrous Metals and Industries.**
- **Anglo Paper and Packaging.**
- **Anglo Base Metals.**

Accolades

In February 2006, the UK Association of Chartered Certified Accountants (ACCA) awarded Anglo American plc the Best 2005 Sustainability Report.

Furthermore, in the 2006 Global Accountability Report on accountability and transparency published by One World Trust, the company was one of the two multinationals (out of 10) that obtained over 50% in the "Participation, Response and Assessment, and Compliance" categories, regarding the presentation of information and response to external requests

Chile's importance for the Group based on 2006 earnings



Safety is been adopted as a core value for Anglo American. The small decrease in fatalities in 2006, amounting to 44 (46 in 2005), is a top concern. The company continues to strive to meet its target of "Zero Harm," for which it created a safety management standard based on the best international practices called the Anglo Safety Way. This introduced annual audits of this system and concrete action plans to improve the conditions beyond the regulation (see pages 52 and 53).

All the divisions have the ISO 14001 certification, almost a dozen operations, including the 5 operations in Chile, have completed the SEAT community engagement process (see pages 28 and 81), and all operations are implementing an integrated risk management system that considers economic, environmental and social variables.

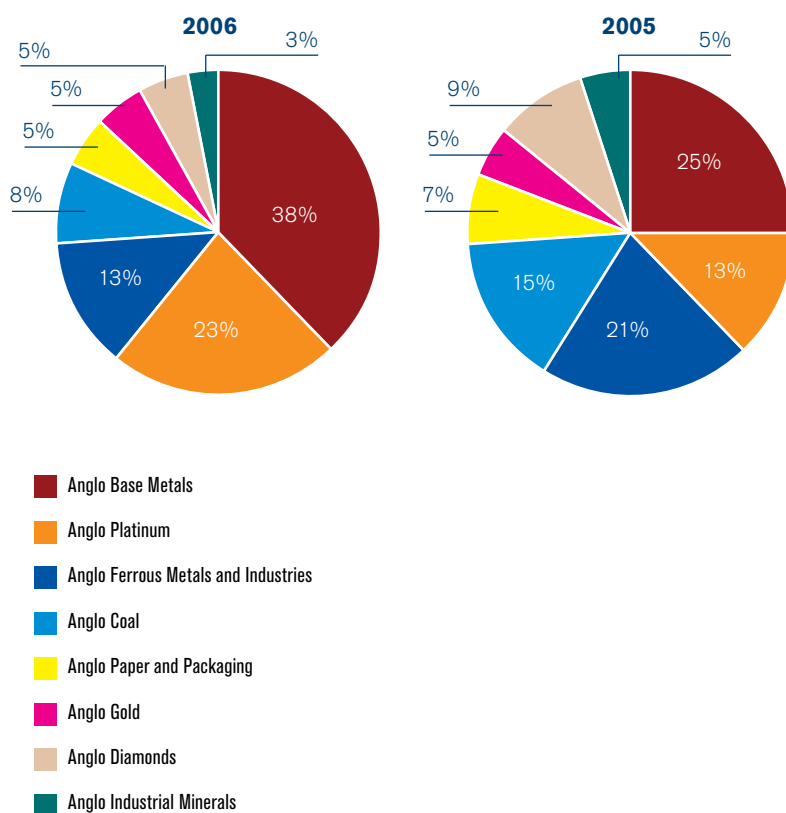
One of the major challenges has been to improve energy and water efficiency and at the same time lower the CO2 emissions. With this aim, the company has set demanding goals for the next few years so as to consolidate a sustainable future for the company and future generations (see page 33).



Cynthia Carroll

On October 24, 2006, it was informed that the North American Cynthia Carroll will take over as the CEO of Anglo American plc effective as of March 1, 2007, to succeed Tony Trahar who held this office for six years. This is the first woman to take the helm of this multinational and the third in the history of a FTSE 100 company, which is a category of the one hundred most highly capitalised companies listed on the London Stock Exchange. She studied geology at Kansas University and holds an MBA from Harvard. One of her first activities was to come to Chile in January 2007 when she visited the Los Bronces Division and Chagres Smelter, and held meetings with representatives of the Chilean mining industry and government authorities.

Importance of Anglo Base Metals based on Operating Earnings



Anglo American Chile

Anglo American Chile is part of the Base Metals Division. It is the third largest mining company in Chile regarding production and one of the largest global copper companies. Its 2006 earnings, including the stake in Minera Collahuasi, amounted to US\$4,403 million, and increased 67% on those in 2005.

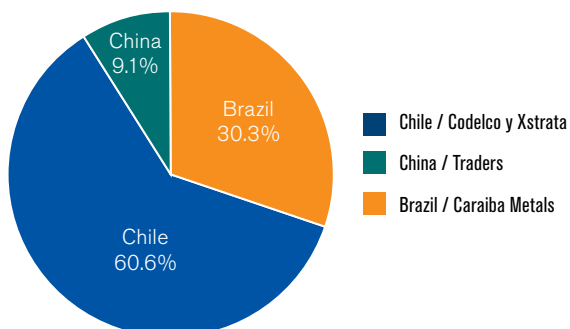
The divisions operated by Anglo American provide direct jobs for 2,505 employees and indirect jobs for 3,118 contractors. Collahuasi has an approximate headcount of 2,500 employees.

The company has been present in Chile since 1980 and operates five divisions. Four of them (Los Bronces, Mantos Blancos, El Soldado and Mantoverde) are engaged in the exploration, mining, processing and marketing of copper concentrate and cathodes. Los Bronces also produces and markets molybdenum and the Chagres Smelter produces anodes/blister and sulphuric acid.

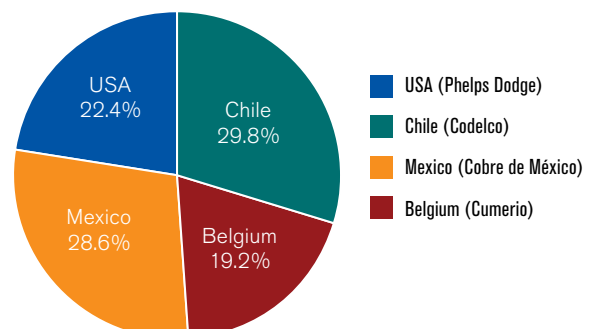
Anglo American operates the five divisions through Empresa Minera de Mantos Blancos S.A. and Minera Sur Andes Ltda. It also has a 44% stake in Compañía Minera Doña Inés de Collahuasi. The financial and production information of Anglo American's interest in Collahuasi is presented in this report. However, all the other indicators only refer to the 5 divisions operated by Anglo American, as Collahuasi draws up its own sustainable development report.

Anglo American's strategy is focused on generating long-term value for its shareholders, customers, employees and the communities in which it operates.

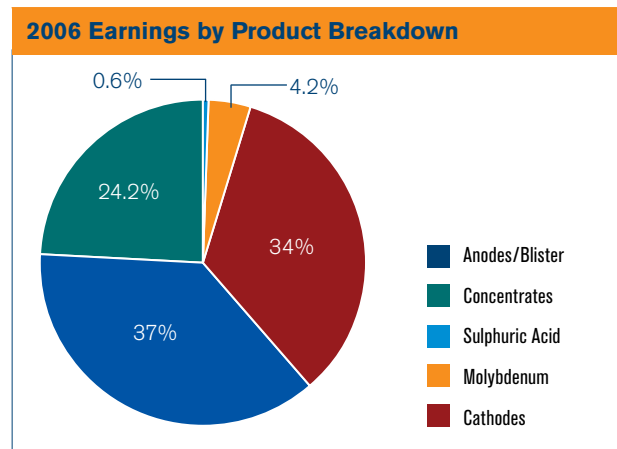
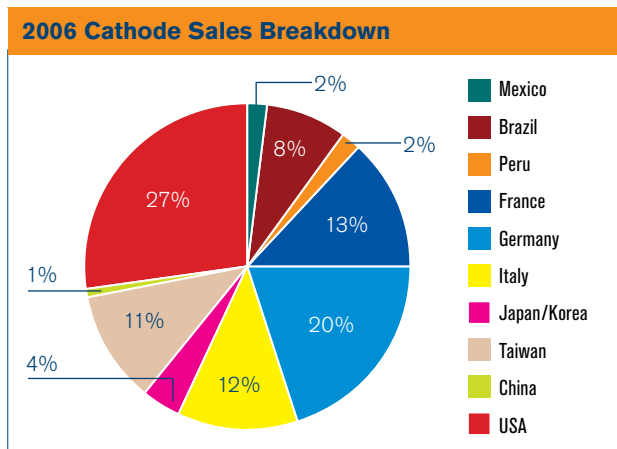
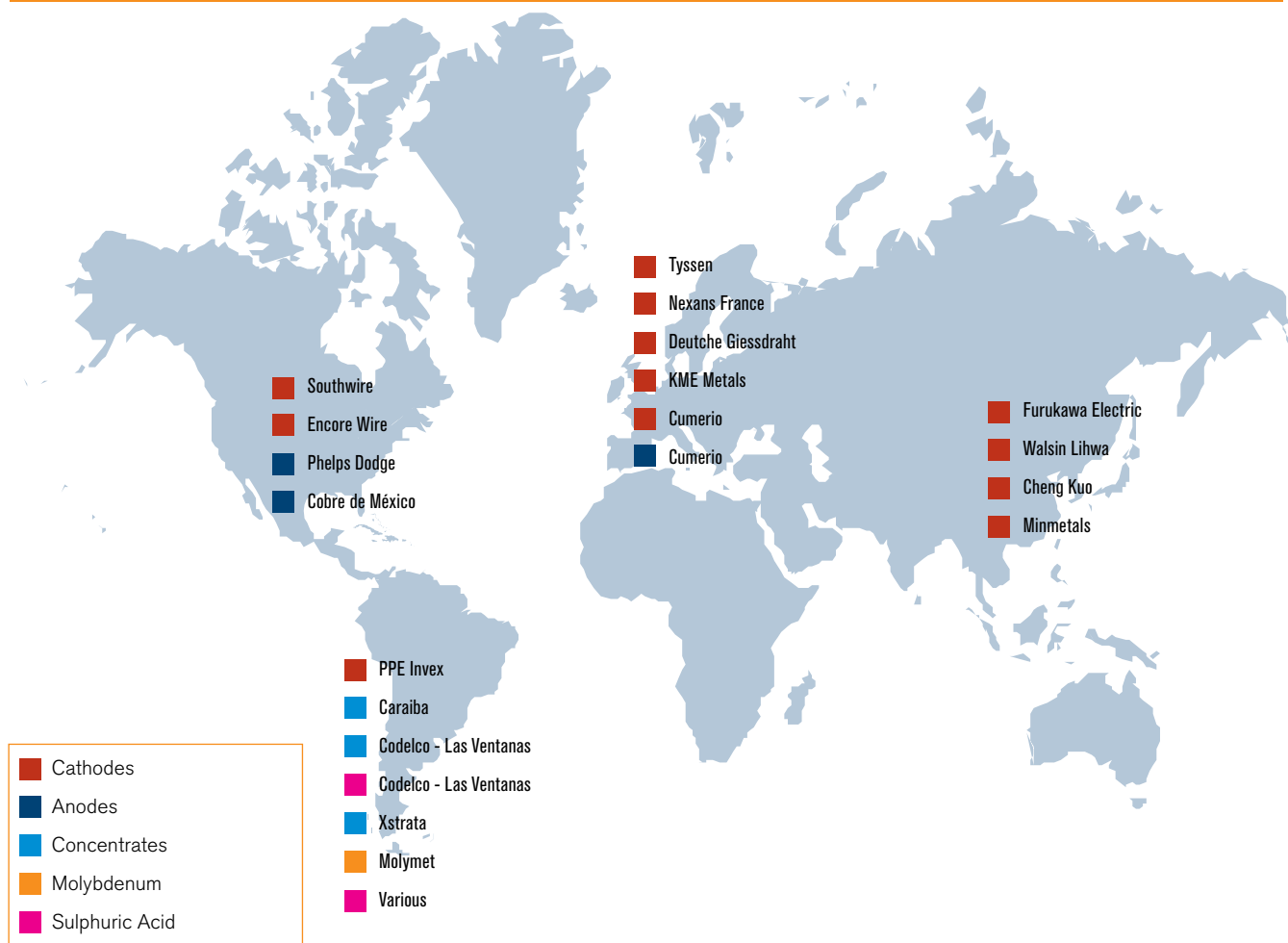
2006 Concentrate Sales Breakdown

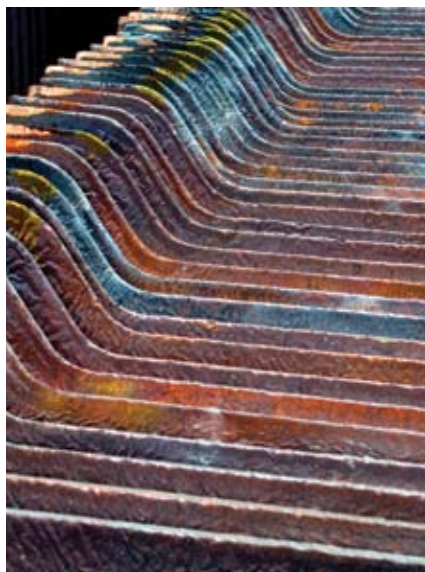


2006 Anode Sales Breakdown



Anglo American Chile's Customers Worldwide





Copper accounted for 56.6% of Chile's exports amounting to US\$33,340.4 million in 2006, essentially due to its high price. This was an 82.1% increase on 2005, according to data of the Chilean Central Bank

Copper Marketing

Anglo American Chile markets copper from its offices in Santiago for customers worldwide. The products are copper cathodes, copper concentrates, copper anodes/blister, molybdenum concentrate and sulphuric acid (see table Operations at a Glance).

The company produced 446,784 tonnes of fine copper in 2006 (total production including Collahuasi amounted to 640,393 tonnes), broken down into 288,294 tonnes of copper contained in concentrate (accounting for around 900,000 tonnes of copper concentrate), and 158,490 tonnes of cathodes. It also produced 2,549 fine tonnes of molybdenum and 499,243 tonnes of sulphuric acid.

Of the total production of copper concentrates by Los Bronces and El Soldado, 70% goes to the Chagres Smelter (approximately 540,000 tonnes of copper concentrates) and to meet long-term contract demand. If there are any leftovers, these are normally sold in the spot market¹ to traders who mostly sell it to China.

Virtually all the concentrate from the Mantos Blancos Division is sold to Xstrata's Alto Norte Smelter at La Negra in Antofagasta. If any is left over, this is sold to traders that mainly sell it to China.

Anodes and blister are produced by the Chagres Smelter for four refineries, for which 90% to 95% of the production is set aside for Codelco Ventanas (Chile), Phelps Dodge (USA), Cobre de México (Mexico) and Cumerio (Belgium). Should there be any leftover, this is sold in the spot market.

Over 158,000 tonnes of copper cathodes are sold to customers worldwide, with whom Anglo American develops and maintains a long-lasting relationship of trust. Some of the major customers are: South Wire and Encore Wire (USA); PPE-Invex (Brazil); Cumerio (Belgium); Codelco (Germany); Thiesen (Germany); KME (Italy); Nexans (France); Walsin and Cheng Kuo (Taiwan); and Furukawa (Japan).

Product Security

In 2006, the audit area requested a formal "product" definition to establish the features and maximum limits of certain elements to meet the contracts committed.

The high cathode purity fully meets the international certification standard. In the case of copper concentrate and copper anodes/blister, the quality is expressly laid down in the contracts. If production does not meet the defined standard, the product can be sold to the long-term customer with its consent, or it is sold in the spot market.

¹ Spot Market: This is the market where products are usually sold for immediate delivery in the commercial terms of the moment.



CASE STUDY

El Soldado completes the extended pit works

The pre-production works of El Soldado's Extended Pit were completed in December 2006 to guarantee the plant ore feed and maintain fine copper production of over 70,000 tonnes per annum and sulphide treatment of 7.6 million tonnes a year for the next 16 years. The project entailed an investment of US\$73 million to purchase equipment, open the pit, and expand workshops and other minor works.

The engineering phase commenced in 2004 and its main challenge was the mining of the Risco Sur area (1,490 m.a.s.l.) due to it being impossible to get excavators and heavy-duty equipment into the area. To successfully complete this stage of the project, it was necessary to strip over 20 million tonnes of material from the high peaks of El Soldado, which were transported to the El Sauce dump.

Operations at a Glance

Los Bronces	It is located in the Andes mountains in the Metropolitan region 65 kilometres from Santiago. The concentrator plant and the tailings dam are located in Las Tórtolas sector, district of Colina. This is the only division that produces molybdenum, a copper by-product.		2006	2005	2004
		Total copper production (tonnes)	226,020	227,268	231,554
		Copper concentrate (tonnes)	183,487	188,434	199,825
		Copper cathodes (tonnes)	42,533	38,834	31,729
		Molybdenum (tonnes)	2,549	2,123	1,706
		C1 ² Direct Cost (USc/lb)	63.2	39.5	32.5
El Soldado	It is located in the coastal mountains, district of Nogales, Fifth Region, 600 m.a.s.l. There is an open-pit mine and another underground one. It also has oxide and sulphide ore treatment plants.		2006	2005	2004
		Total copper production (tonnes)	68,697	66,480	68,832
		Copper concentrate (tonnes)	62,200	59,972	60,727
		Copper cathodes (tonnes)	6,497	6,508	8,105
		C1 operating cost (USc/lb)	119.0	98.2	67.3
Mantos Blancos	The mine is 800 m.a.s.l., 45 km northeast of Antofagasta, Second Region. It is an open-pit mine with crushing plants, which uses solvent extraction and electro-winning to treat oxide ores. It also has a sulphide ore treatment plant that produces copper concentrate containing silver.		2006	2005	2004
		Total copper production (tonnes)	91,745	87,711	94,877
		Copper concentrate (tonnes)	42,607	39,108	36,708
		Copper cathodes (tonnes)	49,138	48,603	58,169
		C1 operating cost (USc/lb)	112.1	87.1	69.4
Mantoverde	It is located 56 km from the Chañaral port, Third Region. It is an open-pit copper mine, with a crushing plant, a mechanised material conveyance and stockpiling system, heap leaching and a solvent extraction and electro-winning process.		2006	2005	2004
		Copper production (tonnes)	60,322	62,000	60,111
		Copper cathodes (tonnes)	60,322	62,000	60,111
		C1 operating cost (USc/lb)	79.9	74.9	65.2
Fundición Chagres	This is one of the most modern smelters in Chile and is located in Catemu, Fifth Region. Its productive process is undertaken by means of a flash furnace and its current processing capacity is 184,000 tonnes of fine copper per annum. The nominal sulphur capture is around 97%, which makes it one of the leading smelters in Chile from an environmental standpoint.		2006	2005	2004
		Fine copper production (tonnes)	173,413	138,063	165,010
		Acid production (tonnes)	499,243	317,870	440,514
		C1 operating cost (USc/lb)	12.4	13.5	8.5

² C1 cost: mine cost + plant cost + overheads + sales expenses (smelting, refining and freight).

CASE STUDY

Los Bronces Development Project



Anglo American Chile submitted the Environmental Impact Study (EIS) of the Los Bronces Development Project in 2006, which entails a set of new facilities to increase the ore processing capacity from the current 58,000 tonnes per day to an average of 160,000 tonnes per day at an investment of US\$1.2 billion. These modifications will raise the production of Los Bronces to approximately 370,000 tonnes of fine copper.

The Los Bronces Development Project includes the construction of new pipelines and pumping stations in the Andes mountains and the valley. It only envisages the use of areas that have already been intervened without affecting major environmental assets like new rock glaciers, “vegas”³ (mountain meadows), or others. In the case of additional water needed by the project, this will be obtained by reallocating current usage and by process water recirculation from the Las Tórtolas tailings dam. The project does not include any modifications to the current facilities in the San Francisco sector.

Operational controls and safety measures will be stepped up to monitor compliance with the regulations and objectives set. Moreover, the citizen participation process was carried out in Til Til, Colina, Lo Barnechea and Los Andes from October to December as part of the Environmental Impact Assessment System. Mayors, councillors, opinion leaders and community

representatives attended the meetings. The main issues raised in this process were water use and consumption, suspended dust of Las Tórtolas, and traffic problems on the public road to Los Bronces.

Once the Environmental Impact Study has been approved, construction will take three to four years, and the additional production is therefore expected by 2011

³ “Vegas” are dense or very dense herb formations, integrated by temporary surface draining associated with saline streams or soils.

Key Operation Impacts

The diagram shows the key impacts of the mining operations. Anglo American reports on its response to these impacts in the 2006 Sustainable Development Report, assuming the materiality principle of the Global Reporting Initiative (GRI). These issues include the risk management system (page 24), the ISO 9001, ISO 14001 and OHSAS 18001 (page 25) certifications, safety and occupational health management programmes (page 51), the energy efficiency programme (page 33), and community initiatives, including the implementation of the SEAT (page 79).





Good Corporate Citizenship

All the members of the organisation are governed by a document called "Good Corporate Citizenship: Our Business Principles,"⁴ which sets out the commitment to all the critical aspects of the company and it is focused on conducting the business in an ethical and sustainable way. It addresses issues like business integrity, stakeholder engagement, the respect of human dignity and the rights of individuals, health protection, work safety and care of the environment. This document is embedded in the organisation's operation and is a guide for employees and a reference for stakeholders, especially investors, the government, the families and communities associated with its operations.

Different activities were used to disseminate it. The principles were included in the two previous sustainable development reports that were delivered to the main stakeholders. They also form part of the induction programmes and are stated in a Welcome Manual given to those entering the company. Moreover, a clause of abidance by these principles is embedded in the contractors and suppliers documents, who must pledge to comply with and respect them as part of their work.

Good Corporate Citizenship: Our Business Principles

The following are the key aspects⁵ of Good Corporate Citizenship:

1. Anglo American as a workplace

- We propose to attract, develop and retain the services of the most appropriately skilled individuals.
- We require all our employees and contractors to perform their duties according to the highest standards of ethics and integrity.
- We will not tolerate any kind of discrimination and will promote workplace equality.
- We will not tolerate injuries to our workers and contractors and we shall carry out our operations pursuant to this standard.

2. Anglo American as an investment

- We believe that offering our shareholders an excellent return shouldering our share of social and environmental responsibilities are complementary aspects of mutual benefit.

3. Anglo American as a good corporate citizen

- We seek to make a contribution to the well-being of the communities associated with our operations and we are committed to abiding by the principles of sustainable development.
- We will fully comply with the current regulation and will not take part whatsoever in any corrupt or anti-competitive practices.

4. Anglo American in the business world

- We will try and establish mutually beneficial relationships with our customers, business partners, contractors and suppliers. We will strive for them to see us as their preferred suppliers and partners.

⁴ The complete version is available on the company website www.anglochile.cl

⁵ The numbering indicates what the key aspects of Good Corporate Citizenship are. Some excerpts of the document are included in this report and the complete text is available on the company website.

The company has even transmitted the principles of Good Corporate Citizenship to its business partners, contractors and suppliers. They have pledged to abide by them and make them part of their operations.



Corporate Governance

Up to December 31, 2006, the Board had 14 members, who receive no remuneration for their services, made up of 7 incumbent directors and the same number of alternate directors. All the board members are executives of Anglo American Chile or Anglo American plc and they were appointed by the partners. Hence, Minera Sur Andes Ltda. and Empresa Minera Mantos Blancos S.A. designated three incumbent and three alternate directors each, and both companies jointly appointed a seventh incumbent director and his alternate.

The administration and use of the trade name Anglo American Chile Ltda. corresponds to the partners through the Board, who meet as many times as necessary to evaluate the company's performance according to the articles of association. Some of the issues they review are the investment plan, monthly and annual results, new projects, the disposal of real estate, and the company's businesses, among others. All the Board meetings and decisions are recorded in the Board Book and any modification to the articles of association is registered in the Commerce Registry and published in the Official Gazette.

The company holds a full accounting system, issues an annual report, balance sheet and financial statements that are reviewed by external auditors each year. Deloitte & Touche were the auditors in 2006.

Anglo American Chile Board

as of December 31, 2006

INCUMBENT DIRECTORS	ALTERNATED DIRECTORS
Peter Smith	Robert Cunningham
Pieter Louw	John Dyer
Felipe Purcell	Lorenzo Menéndez
Simon R. Thompson	Alejandro Mena
Brian Beamish	Jorge Betzhold
Mike John Gordon	James Edward Beams
Miguel Angel Durán	Eduardo Muñoz



Good Corporate Citizenship: Business Ethics and Integrity

- We support free enterprise as the system best able to contribute to the economic welfare of society as well as to promote individual liberty. Without profits and a strong financial foundation, it would not be possible to fulfil our responsibilities to shareholders, employees, society and to those with whom we do business. However, our investment criteria are not solely economic. They also take into account social, environmental and political considerations.
- We will comply with all laws and regulations applicable to our businesses and to our relationships with our stakeholders.
- We are implacably opposed to corruption. We will not offer, pay or accept bribes or condone anti-competitive practices in our dealings in the marketplace and will not tolerate any such activity by our employees.
- We prohibit employees from trading securities illegally when in possession of unpublished price-sensitive information.
- We require our employees to perform their duties conscientiously, honestly and with due regard for the avoidance of conflicts between any personal, financial or commercial interests and their responsibilities to their employer.
- We will maintain high standards of planning and control to: identify and monitor material risks; safeguard our assets; and to detect and prevent fraud.
- We will promote the application of our principles by those with whom we do business. Their willingness to accept these principles will be an important factor in our decisions to enter into, and remain in, such relationships.
- We will encourage employees to take personal responsibility for ensuring that our conduct complies with our principles. No one will suffer for raising with management, violations of this policy or any legal or ethical concern.



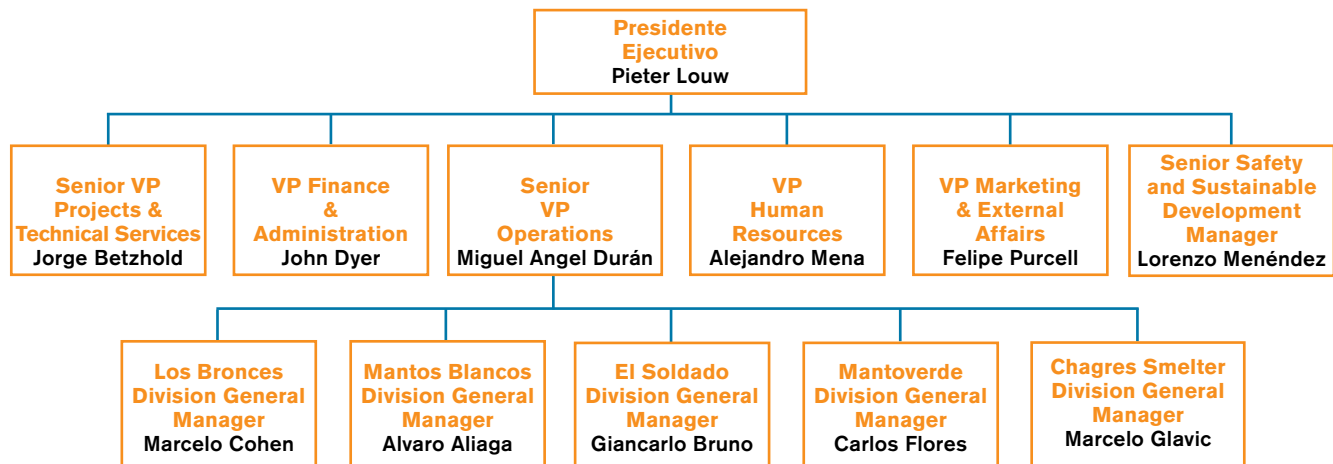
Organisational Structure

Anglo American Chile's organisational structure is focused on striving for and achieving efficiency by means of teamwork between the corporate staff units and the operating divisions. This model has been applied since March 2005.



From left to right:

Jorge Betzhold, Felipe Purcell, Lorenzo Menéndez, John Dyer, Miguel Angel Durán, Pieter Louw and Alejandro Mena.





Management Systems

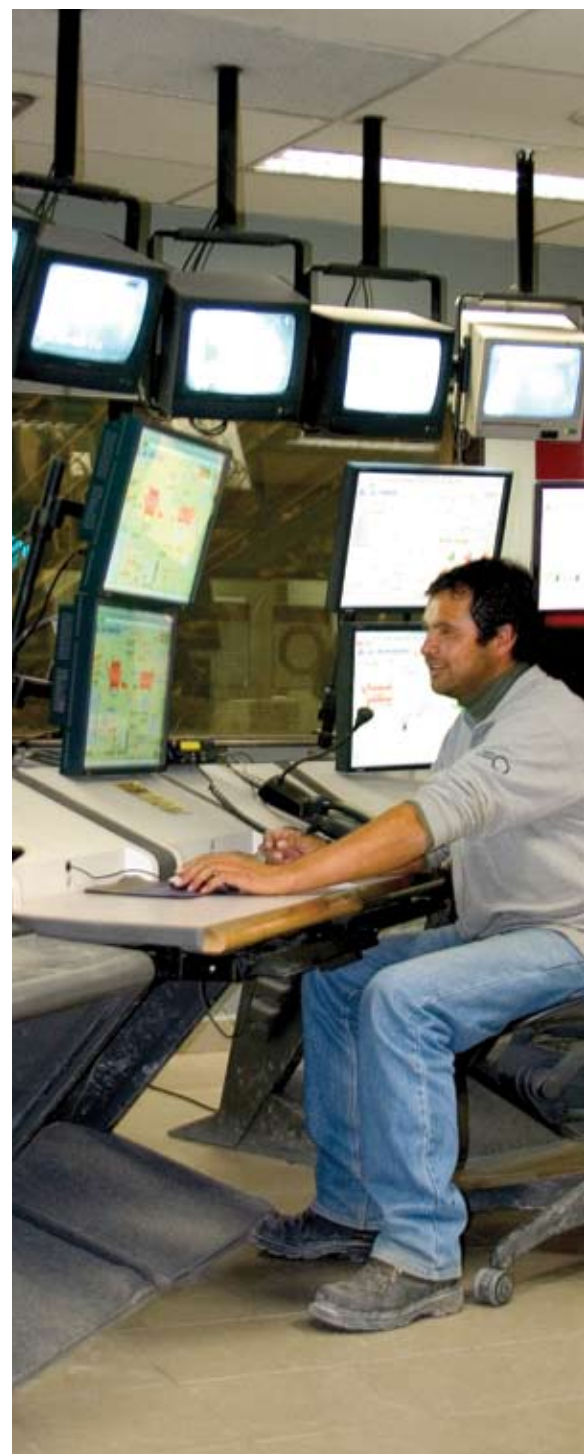
To guarantee the sustainability of the business, Anglo American Chile bears in mind strategic variables like the reduction in operating costs, the strengthening of ties of trust with the communities and the authority, the boosting of the organisational culture, and the implementation of initiatives to lower and control environmental impacts. All this is to meet its vision of "building one of the most valued and respected copper businesses in the world."

Up to 2005, the Anglo American group used the Turnbull Guides as a management tool to assess these variables. As of 2006, a framework for integrated risk management (IRM) started to be implemented, whose objective is to incorporate this concept in all the processes of the divisions of Anglo Base Metals and embed it in a culture based on continuity, proactivity, management, and systematic evaluations. This scheme formalises roles, those accountable, metrics and performance indicators and considers 17 significant variables for the processes, like the foreign exchange rate, commodity price, labour relations, safety, occupational health, environment, social performance, policies, regulations, reserves and resources, operating performance, capital projects, acquisitions, technology and possible risks like fire, explosions and earthquakes, among others.

Furthermore, there are other tools to manage the diverse company processes:

- Safety and sustainable development database, which contains information on all the environmental, safety and occupational health variables.
- Letter of Assurance, which is an annual report that is sent to Anglo Base Metals with information on compliance, application and dissemination of the principles of Good Corporate Citizenship, labour relations, diversity, fines for bad practices and SEAT-related actions (see page 81), among others.
- Community engagement plans, which consider information extracted from the SEAT process, the community requirements, and the activities carried out by the company in its influence areas.
- Bubble Chart, which is a tool to define the company's strategic supplies and to manage them.
- Enterprise Resource Planning (ERP), which is a management system of all Anglo American Chile's processes.

The company's vision is to build one of the most valued and respected copper businesses in the world.



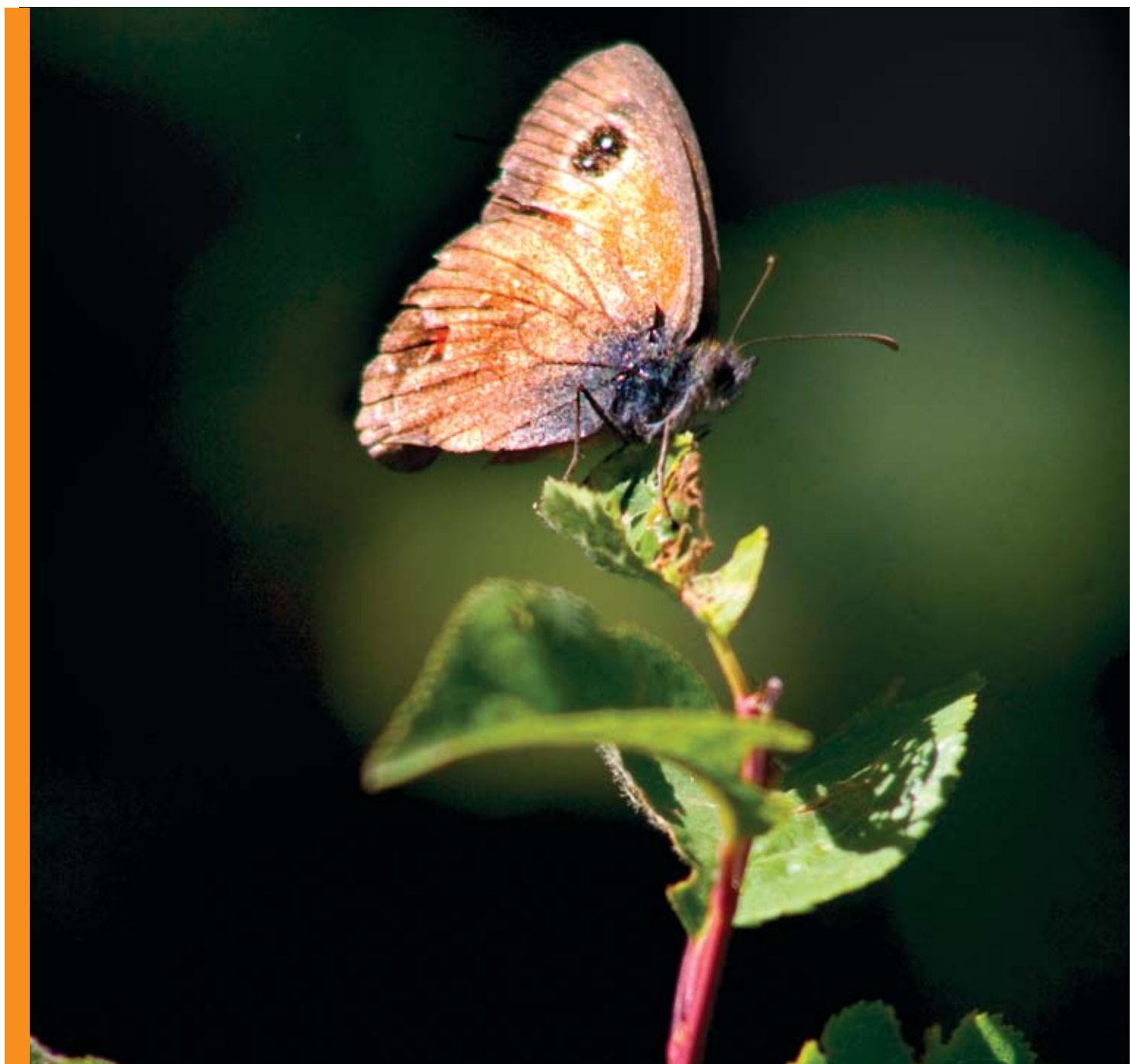


The Mantos Blancos and Mantoverde divisions were the first mining operations in Chile to obtain certification pursuant to the OHSAS 18001 standard in 2004.

Certification

All the divisions have certification pursuant to the ISO 14001 and OHSAS 18001 standards, and Mantos Blancos and Mantoverde also have certification pursuant to the ISO 9001 quality standard. In addition to undertaking the maintenance audit of all the standards, the company upgraded to the 2004 version of the environmental certification in 2006.

This process commenced in 1999 with the certification of Mantoverde and Mantos Blancos with the ISO 9001 quality standard. Both divisions were also the first mining operations in Chile to obtain the OHSAS 18001 safety certification in 2004. All the divisions also have an integrated environmental and safety management system since December 2005.



Safety, Occupational Health, Environmental and Quality Policy

Anglo American Chile is a mining company that strives for excellence in the production of copper. It carries out its activities in a socially and environmentally responsible manner, is committed to the principles of sustainable development endorsed by its parent company Anglo American plc, providing quality products that meet the requirements and expectations of its customers.

To achieve this objective, Anglo American Chile undertakes continuous improvement management based on the following commitments, encouraging its collaborators to adopt them:

- Allocate the human, material and financial resources needed to comply with this policy.
- Identify and evaluate the risks associated with its activities and implement the necessary prevention and control measures to protect the health and physical integrity of employees and contractors that work at the divisions, and prevent or reduce adverse environmental impact and damage to property.
- Respond efficiently to emergencies, accidents or incidents arising from operations.
- Guarantee a healthy, competent, responsible and committed workforce by means of ongoing employee selection, education, training and evaluation.
- Comply with applicable laws and regulations and other commitments undertaken by the company adopting, whenever appropriate, the best international practices commensurate with other company policies. Promote suitable regulations based on sound scientific knowledge and with due consideration of the risks, costs and benefits.
- Promote the conservation of natural resources with the efficient use of power and water, among other measures, maintaining active follow-up of the effects of its activities on these resources and on the biodiversity.
- Set objectives, targets and performance indicators for all the operations and evaluate their progress against such objectives and targets, including the applicable legal requirements.
- Cooperate with and maintain open and constructive dialogue with employees, customers, suppliers, local communities, authorities and other interested parties, reporting on the progress towards the achievement of the aims set.
- All the members of the organisation will be informed of this policy so they can incorporate it to their daily activities. It will be available to other interested parties and will be reviewed regularly.

Stakeholders

The principles of Good Corporate Citizenship set out the company-defined segmentation of stakeholders into: investors, employees, communities, customers, commercial partners, governmental organisations and non-governmental organisations.⁶

As commented on in a special chapter of the previous report, in 2004 Anglo American Chile applied a socio-economic assessment toolbox (SEAT) to the communities surrounding its operations. This enabled information to be collected about who the major stakeholders are for the divisions and their requirements and expectations from the company (see page 81).

Hence, each Division not only collected information to define the stakeholders in each one of its areas but also data about their expectations.⁷

⁶ See the company website www.anglochile.cl

⁷ All the expectations raised by the community in the SEAT were presented in the previous report. You can access the report on the company website or by requesting a 2005 report.

The SEAT can be fully or partially replicated by any company that so wishes.



Division	Stakeholders
Los Bronces	<ul style="list-style-type: none"> • Neighbours of Lo Barnechea (from Las Puertas to Paso Marchant), Corral Quemado sector (16 km from the facilities), Quilapilún, Til Til, Peldehue, Santa Filomena Estate and family vegetable gardens. • District organisations: El Arrayán Neighbours' Committee, Mapocho River Irrigation Committee, Colina Municipal Corporation, Colina Private Corporation and Grandmothers' Club. • Borough Councils: Lo Barnechea and Colina. • Schools: Colina and Lo Barnechea technical schools, San José School of Lo Barnechea, borough council schools. • Chilean Army (Peldehue), National Forestry Corporation. • Drugs and Alcohol Commission of the Lo Barnechea Borough Council. • Other companies: Aguas Andinas (and other water utilities.)
Mantos Blancos	<ul style="list-style-type: none"> • Neighbours who walk along the road in front of the mine site. • Astronomy Community, Second Region. • Borough Council of Baquedano. • Educational establishments: private and state universities, industrial secondary school, Don Bosco secondary school, schools. • Baquedano police and fire brigade. • Healthcare centres.
El Soldado	<ul style="list-style-type: none"> • Neighbours of Los Caleos, Collahue, Chamizal, Carretón, El Melón, Nogales, La Calera, and Quillota. • District organisations: landowners at El Litre, Nogales and El Melón Neighbours' Committees. • Las Rosas Foundation and the Nogales Old People's Home. • Fifth Region provincial and regional authorities, Nogales Borough Council. • Controlling authorities: National Environmental Commission, National Geology and Mining Survey, National Forestry Corporation, Agricultural and Livestock Board, General Water Board, and the Fifth Region Health Service. • Fire brigade, police and crime investigation department of Nogales and El Melón. • Native Forest Austral Centre. • Other companies: Sopraval and Cemento Melón.
Mantoverde	<ul style="list-style-type: none"> • Neighbours of Chañaral, Diego de Almagro, and El Salado. • Educational establishments: Chañaral and El Salado industrial secondary schools, universities, Chañaral professional institutes. • Borough Council of Chañaral. • Chañaral Development Corporation, CORPROA, Chañaral Development Board. • Fire Brigade and Underground Rescue School.
Chagres Smelter	<ul style="list-style-type: none"> • Neighbours of San José, Santa Margarita, Chagres and Lo Campo. • District organisations: Irrigation Committee, Mothers', Old Age and Handicapped People Centres, sports clubs and district neighbour committee associations. • Borough Councils of Catemu, Panquehue, and Llay Llay. • San Felipe Governor's Office. • Catemu, Panquehue and Llay Llay police and fire brigade of the same communities plus Puchuncavi. • Catemu Healthcare Centre. • Controlling authorities: Agricultural and Livestock Board, Fifth Region National Environmental Commission, National Geology and Mining Survey, and Aconcagua Health Service.

International Agreements

Anglo American Chile abides by all the parent company agreements on good environmental and social practices and business ethics.

The most significant agreements signed include: Voluntary Principles on Security and Human Rights, signed in 2005, whose purpose is to provide a framework for extractive companies to guarantee the safety of their employees and respect the human rights of people living near their facilities; The Extractive Industries Transparency Initiative (EITI), which promotes transparency in the generation of employment and resources in countries where extractive operations are carried out by means of good practices and the creation of open debates on how to generate and invest corporate resources.

The company became a signatory to the Global Compact⁸ in June 2004, whose objective is to get organisations to embrace its 10 principles on human rights, labour standards, the environment and anti-corruption as an integral part of their strategies.

Anglo American plc is also an Organisational Stakeholder (OS) of the Global Reporting Initiative (GRI)⁹ and Chairman Sir Mark Moody-Stuart is a director of the GRI. He played a key role as a panelist during the presentation of the new version of the G3 guidelines in Amsterdam, Holland in October 2006.

Anglo American plc also participates in other initiatives to promote sustainable development practices:

- Internacional Council on Mining and Metals (ICMM).
- World Business Council on Sustainable Development (WBCSD).
- International Business Leaders Forum.
- Global Business Council on HIV and AIDS.
- Global Corporate Citizenship Initiative of the World Economic Forum.

⁸ www.globalcompact.com

⁹ www.globalreporting.org



Human Rights

Anglo American plc signed the Voluntary Principles on Security and Human Rights in 2005, which are mainly aimed at extractive companies.

The company translated the principles that same year and included them in the security contractor contract bases in 2006. They are also published in the Welcome Manual given to all new employees.

95 security guards of the two private security companies that provide services to Anglo American Chile were trained on the principles in May 2006.



Voluntary National Agreements

Chilean Chapter of the WBCSD

As co-founder and member of the Chilean Chapter of the World Business Council for Sustainable Development (WBCSD), Anglo American sponsored the sneak peak process of the G3 guidelines of the Global Reporting Initiative (GRI), held in March 2006 in Chile. The event was attended by GRI CEO Ernst R. Ligteringen.

Clean Production Framework Agreement

The Clean Production Framework Agreement was signed in November 2000 by the Mining Council and public sector bodies with competence in issues related to the agreement. The objective is for both sectors to work together to apply a preventive environmental strategy in the work processes, products, services and organisation to raise efficiency and competitiveness, to prevent the generation of wastes at origin, and reduce hazards to people and the environment.

Atacama Mining Cluster

The Atacama mining cluster project commenced in August 2004, with the sponsorship of 11 mining companies in the region, articulated by the Atacama Region Development Corporation (CORPROA).¹⁰ Various activities have been carried out since then to consolidate a development strategy in Atacama that transcends the life of mining deposits. Mantoverde is Anglo American Chile's Division that participates in this local development activity.

The Mining Company Collaboration Committee (CCME) was established in 2006, which is a new form of relationship for regional development. It includes those accountable in the procurement and contract administration areas of mining companies that belong to the Atacama Cluster, which has prioritised the homologation of requirements and the design of a supplier certification system.



Membership

Membership is related to industry, safety and sustainable development organisations.

Industrial Sector	Safety	Sustainable Development	Others
National Mining Board	National Safety Council	Corporate Social Responsibility (CSR) Action	Libertad y Desarrollo
Mining Council	Regional Mining Committee (CORESEMIN)		Instituto Libertad
Instituto de Ingenieros de Chile A.G.	National Mountain Safety Committee		ICARE
Chilean-North American Chamber of Commerce (AMCHAM)			Centro de Estudios Nueva Minería
Chilean-South African Chamber of Commerce			Centro de Estudios Públicos - CEP
Chilean-British Chamber of Commerce			
National Chamber of Commerce			
Region II Productive Development Corporation			
Antofagasta Industrial Association			

¹⁰ www.corproa.cl

Energy Efficiency Programme



“Clear targets that can be measured and monitored, like those applied by Anglo American, help to promote and work on this issue within the company, and they are also transparent commitments to the community and public sector. This is what we need to be aware, so we can learn from each other and make comparisons to detect possible improvements in operations”.

Nicola Borregaard
CEO
Country Energy Efficiency Programme

Climate Change

"Global warming will hit the GDP of world economies by 5% to 20% arising from natural disasters and the influx of hundreds of millions of refugees due to the climate and uprooted by the increase in sea levels. Addressing the problem would only cost 1% of the GDP,"¹¹ says the report delivered on Monday, October 30, 2006, by Sir Nicholas Stern, the former Chief Economist of the World Bank, to the British government after more than a year of economic and scientific research.

Qualified by Sir David King, the chief scientific advisor of the British government, as "the most detailed economic analysis ever made," the Stern Report warns about the likely impact of climate change if the world continues its trend of "carrying on as always," although it also states what can be done to reduce its impact.

To prevent global warming and its effects, scientists are currently arguing that it is necessary to reduce global greenhouse gas (GHG) emissions by 40% by 2050 compared with 1990.

Bearing in mind this situation, countries belonging to the United Nations held a conference in Río de Janeiro in 1992 in what was known as the Earth Summit. The United Nations Framework Convention on Climate Change¹². The Kyoto Protocol¹³, signed in 1997, not only rekindled the agreements signed in the Earth Summit but also helped to establish stricter commitments to GHG emission reductions and limits for developed countries.

Stern Report on Climate Change

The Stern report, whose aim was to find out the financial implications of global warming, warns that the current level of greenhouse gases in the atmosphere is equivalent to 430 parts per million (ppm) of CO₂, compared with the 280 ppm before the Industrial Revolution. This concentration has caused global warming of over 0.5°C and will carry on causing a 0.5°C increase in the next few decades due to inertia inherent in the climate system. Even if the annual emission rate remained at current levels, the GHG levels would reach 550 ppm by 2050. As the annual emission rate accelerates according to fast-growing economies investing in high carbon infrastructures and demand for energy and transport increases, this level could be reached by 2035.

Although it is not possible to predict exactly the effect of these changes on the global temperature, the models indicate it is highly feasible it will increase by more than 2°C. This would cause glaciers to melt, raise the risk of flooding, reduce the supply of fresh water, a decline in harvests, heat waves, the spreading of diseases like malaria and dengue fever, besides a 15% to 40% extinction of species.

¹¹ Stern Report: <http://www.ecosistemas.cl/1776/article-76302.html>

¹² The United Nations Framework Convention on Climate Change has been Law of the Republic since 1995. The 1997 Kyoto Protocol emerged from this Convention during the third conference of members.

¹³ Intergovernmental Panel on Climate Change (IPCC): www.ipcc.ch/languageportal/spanishportal.htm





A demanding goal: 15% energy saving

Anglo American upholds the concern expressed in the Stern report and assumes the commitments undertaken by England and Chile regarding the Kyoto Protocol. For this reason, as a way of strengthening its global warming standpoint, it has set a demanding goal of achieving a 15% global energy consumption saving for the business as usual¹⁴ in all its operations worldwide from 2003 to 2014.

Business as usual implies an increase in specific energy in the mining industry due to lower ore grades, greater transport distances, deeper pits, among other factors, in addition to production increases.

Bearing this objective in mind, in October 2004, the CEO of Anglo American Chile informed all its employees of the launch of an Energy Efficiency Programme. This involved a planning process, which established targets, those accountable, methodologies and steps to make progress with achieving the targets set in each one of the divisions.

One of the milestones was the creation of the Energy Committee with representatives from all the divisions to define the 2003-2014 general consumption and emission table. "The Responsible Use of Energy" campaign was launched in November 2005 as one of the first measures, whose objective was to educate all employees about the rational consumption of various types of energy used by the company and in daily life.

Energy Efficiency Programme Roles & Responsibilities

Roles	Responsibilities
Project Leader	<ul style="list-style-type: none"> Assure programme compliance. Lead the work team, the meetings of the Project Committee and guarantee leader training. Support studies, initiatives and execution of related projects. Co-ordinate dissemination of the project. Periodically report on the overall project status.
Division Leaders	<ul style="list-style-type: none"> Assess energy and emission saving initiatives to meet the division's targets. Accountable for issuing the management reports of their divisions. Accountable for the follow-up of the targets set. Attend project committee meetings and work sessions.
Process Leaders	<ul style="list-style-type: none"> Identify energy and emission saving initiatives. Execute the project scope, investigate, and collect information, etc. Draw up and issue documents and reports. Attend training and work sessions. Certify reductions of energy and water consumption and of CO₂ emissions.

¹⁴ Business as usual means how the business would develop in the future if no additional activities were undertaken.

Programme Progress

In order to achieve a thorough understanding about the consumption of the different types of energy, the CO₂ emissions and the water consumption, a survey and detailed balance were made in each division, separated by productive processes and types of energy consumed. This indicated the energy consumption breakdown to focus initial endeavours on the most significant.

Subsequently, a methodology was proposed comprising specific control indicators in the processes so as to have a standardised measurement method and clarity regarding the results obtained in the different initiatives. The saving calculation therefore considers reductions of energy consumption (GJ), reductions of

CO₂ (tonnes of CO₂) emissions, and reductions of fresh water consumption (m³) as a result of initiatives beyond “business as usual” and being permanent over time.

Regarding this, there are reductions that are certified, potential and to be discovered. The certified reductions are actions carried out and certified by the Divisional Leaders and the Programme Leader to provide the transparency and reliability required in this process. The potential reductions are those identified but which have not been materialized, and the reductions to be discovered are those that are essential to meet the target but which have not been identified yet.



The impact of a 15% reduction in the energy consumption of Anglo American plc by 2014 is equivalent to taking 1,000,000 cars off the roads.

Energy Reduction

It was established that, with the reduction certificates issued, as of December 2006, the global reductions regarding the base business (2006 Plan) were:

Energy (GJ)	2.48 %	Energy (GJ)	3.70 %	Total Reductions
Emissions (tonnes of CO₂)	1.87 %	Emissions (tons of CO₂)	2.79 %	4.7 %
Water (m3)	2.54 %	Water (m3)	2.81 %	5.3 %



2003 – 2006 Consumption and Emission Summary

	GJ				CO ₂			
	2003	2004	2005	2006	2003	2004	2005	2006
Los Bronces	3,517,774	3,834,870	4,099,824	4,281,765	211,107	228,032	246,080	258,402
El Soldado	1,468,764	1,442,300	1,486,222	1,659,226	95,708	94,452	97,161	108,175
Mantos Blancos	1,892,872	1,995,478	1,751,789	1,769,257	246,700	271,493	232,412	233,414
Mantoverde	1,308,631	1,373,730	1,345,251	1,393,071	121,098	132,178	127,813	140,890
Chagres	1,108,956	1,071,558	961,309	1,075,386	71,714	62,371	59,093	64,379
Santiago	8,895	7,133	7,715	7,720	476	381	412	413
Total	9,305,892	9,725,070	9,652,110	10,186,425	746,803	788,907	762,971	805,673

Direct Energy Consumption

	2003	2004	2005	2006
Petroleum N°6 (tonnes)	11,295	3,459	6,015	4,854
Oil Used (m ³)	17	27	0	0
Diesel (m ³)	91,643	89,694	92,519	102,469
Petrol (litres)	2,366,085	2,631,847	2,274,260	1,586,736
Kerosene (litres)	0	0	3,933	0
Natural Gas (m ³)	2,973,003	11,497,700	6,514,577	7,284,161
Liquid gas (tonnes)	261	225	337	938
Electricity (KW/h)	1,474,944,521	1,612,885,948	1,686,706,144	1,639,305,753

Sharing Experiences

In addition to the Energy Programme, Anglo American has adopted initiatives like the interaction with other mining companies to learn about their energy efficiency experiences, which has attracted the interest of government authorities. Hence, Nicola Borregaard, the CEO of the Country Energy Efficiency Programme, jointly with Anglo American Chile organised the First Mining Roundtable with the participation of six mining companies, ProCobre, and the Mining Ministry. The company has continued to promote this initiative and was in charge of organising the 4th version of this Mining Roundtable.

Anglo American also supported the production of two leaflets on energy consumption, published by Chile Sustentable and the Country Energy Efficiency Programme. The company distributed 2,400 copies of the first leaflet internally and 600 for the communities around the five divisions.

The Country Energy Efficiency Programme also designed a website called Participative Work Area (ETP) where Anglo American and other mining companies have published information on the development and characteristics of the programme, measurement methods and conversion parameters.

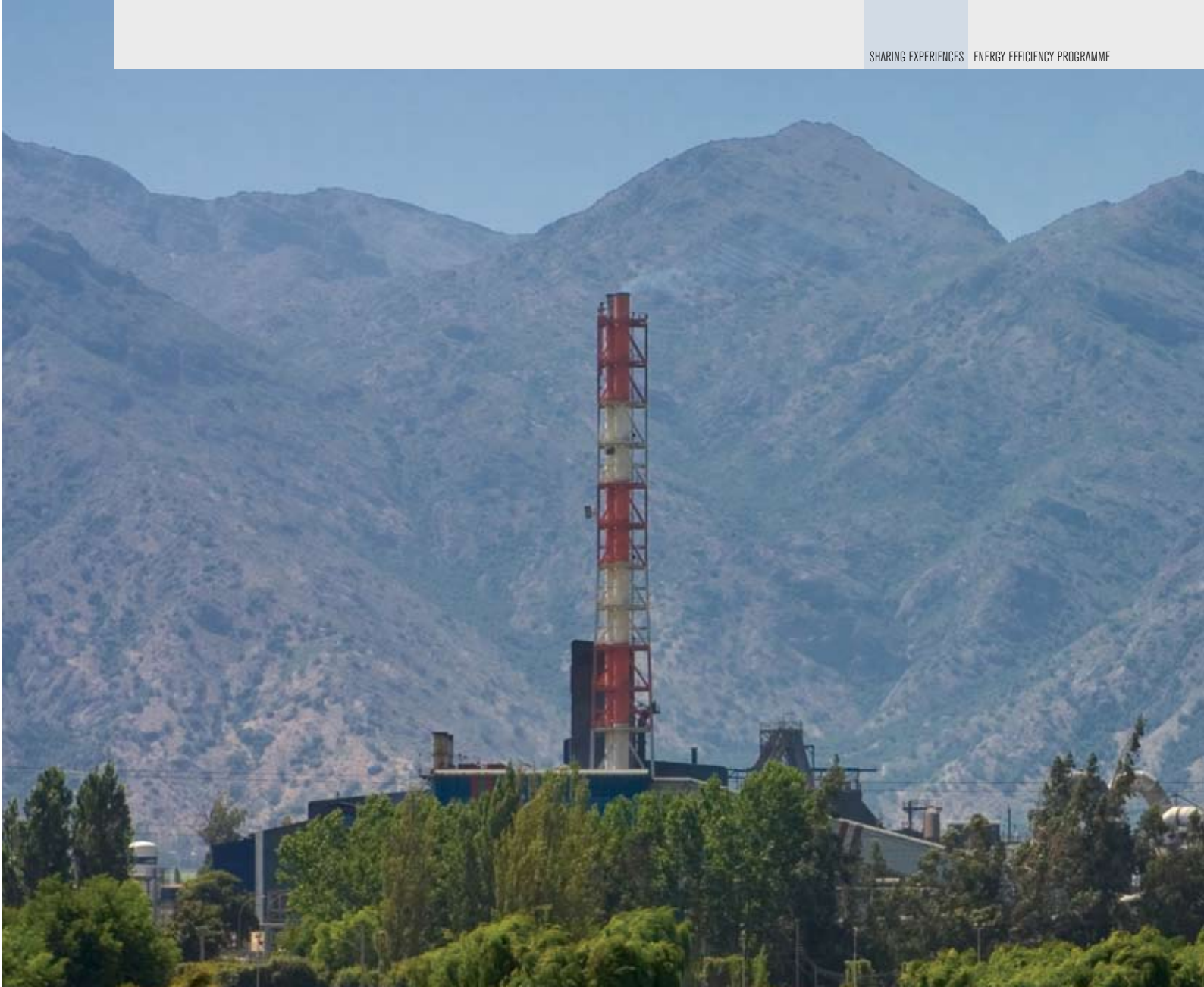


Energy Efficiency Award

The company won the 2006 Energy Efficiency Award in the mining category. The Ministry of Economy, the Confederation of Production and Commerce (CPC) and the Country Energy Efficiency Programme recognized Anglo American Chile for its Energy Efficiency Programme.

2004

- September** Anglo Base Metals establishes the programme objectives.
- October** Launch of the Energy Saving Programme with a letter from the company CEO.



2005

- February** The 2003 consumption and emission baseline is established.
- June** An Energy Manual is designed, containing the basic definitions to carry out the programme.
- July** The Energy Committee is created with representatives from the 5 divisions and roles are defined.
- August** A general 2003 – 2013 consumption and emission table is established.
- September** The monthly consumption and emission report starts to be disseminated.
- November** Re-launch of the Energy and Emission Savings Programme with a letter from the company CEO.
- November** Launch of the programme dissemination campaign.

2006

- March** Start of the monthly consumption and emission report by processes in all the divisions and reduction certificates start to be issued.
- June** The reporting system is consolidated: list of certified reductions, monthly report by process by division and long-term forecast.
- October** Anglo American receives the Country Energy Efficiency Award in the mining category from the Ministry of Mining, the Confederation of Production and Commerce (CPC) and the Country Energy Efficiency Programme.
- November** Anglo American Chile and Honda Motor sign an agreement to promote the use of hybrid cars.

Around 7 billions tonnes of CO₂ are released into the atmosphere each year. Some experts estimate that in the future the increase in these kinds of emissions will be caused by developing countries, mainly by the greater number of vehicles.

There are currently 15 cars per one thousand people in the world, and according to ExxonMobil this figure will increase to 50 cars per one thousand people by 2020. Hence, the forecast is an increase of around 40% in the demand for energy, while the energy efficiency will only increase by 1% a year.

In the light of this, Anglo American Chile signed an agreement with Honda Motor de Chile to incorporate and encourage its employees to purchase hybrid cars, which contaminate 80% less than conventional cars and provide better performance than vehicles that are exclusively petrol-driven.

The agreement, which complements the Energy Efficiency Programme, involves Honda offering preferential commercial conditions to company employees and Anglo American developing a special programme to facilitate the financing of cars. This initiative included the purchase of two vehicles to use them as part of the regular pool of company cars. Three company employees had already purchased hybrid cars for their personal use as of December 2006.

CASE STUDY

Agreement with Honda Motor



From left to right:

Hitoshi Abe, president of Honda Motor; Danilo Núñez, Transport Undersecretary; Pieter Louw, CEO Anglo American Chile; Nicola Borregaard, CEO Country Energy Efficiency Programme, and Felipe Purcell, VP Marketing and Corporate Affairs Anglo American Chile.

People



“Adding value is about the attitude and will of each one of us. Good relations and communications among everyone at Anglo American Chile are essential in our company’s long-term strategic vision”.

Alejandro Mena
VP Human Resources
Anglo American Chile



Organisational Development

The objective of Anglo American Chile's organisational development is to give the business a competitive advantage through its people. It has therefore focused on "aligning the human capital management processes at all organisational levels to attract, develop and retain excellent performing people capable of creating value for the company." This was the philosophy of the following activities carried out in 2006:

- Management Development Programme (MDP) for supervisors in Chile for the second year running.
- Young professionals hiring programme and activities to retain talented people.
- Start-up of the Development Centre.
- Second labour climate survey with the participation of all the personnel.

- Adolfo Ibáñez management diploma for all union leaders.
- Supplier development programme at the Chagres Smelter.
- Internal audit of all contractor companies to assess the Human Resources management.

Anglo American Chile has a headcount of 5,623 people, of which 2,505 are own headcount, 749 are service contractors, 1,518 are operations contractors and 851 are project contractors.

Regarding the employee gender diversity, the female headcount remained at 4%, the same as in 2005. In relation to the average age of employees, this continued to be 43 years old, with the average company service time dropping from 15 years in 2005 to 13.5 years in 2006.

Employment generated (as of December 31, 2006)

By division (including third parties)	2006	2005	2004
Los Bronces	1,355	1,270	1,288
Mantos Blancos	997	977	1,041
El Soldado	1,053	1,036	949
Mantoverde	678	768	666
Chagres Smelter	425	445	462
Santiago Offices	264	249	287
Project Contractors	851	1,008	763
Total Headcount	5,623	5,753	5,456

By dependence	2006	2005	2004
Own employees	2,505	2,387	2,253
Service contractor personnel	749	707	760
Operations contractor personnel	1,518	1,651	1,680
Project contractor personnel	851	1,008	763
Total headcount	5,623	5,753	5,456

Breakdown of management positions**2006**

N° of vice-presidents or male senior managers	41
N° of vice-presidents or female senior managers	1
N° of vice-presidents or senior managers	42
N° of male managers	100
N° of female managers	1
N° of managers	101

Own employee educational level	2006	2005	2004
Basic Education	125	134	170
Secondary	541	432	462
Technical	967	966	749
University	872	855	872
Total own employees	2,505	2,387	2,253



Training area	2006		2005		2004	
	Man Hours	N° of people	Man Hours	N° of people	Man Hours	N° of people
Safety, occupational health, environment and quality	21,014	1,695	36,109	1,794	14,755	1,780
Management	35,607	1,393	39,879	2,835	19,073	1,272
Technical	82,392	1,302	50,730	1,024	59,861	3,027
Others	13,317	457	1,207	78	803	56

Recruitment

Anglo American is constantly looking for high-potential young professionals due to its interest in having suitable people to participate in the succession plans. For this reason, one of the main activities in 2006 as in the previous two years was the Young Professional Recruitment Programme, in which 13 new graduates participated to work in the first line of the organisation.

Moreover, the Senior Professional Hiring Programme was held for the first time to boost the organisation's line of succession. A special 2007 scholarship programme was approved, which will fund the careers of 24 students at important universities in the country.

Furthermore, a Development Centre was started up in 2006 to design individual development plans for people with the help of a specialised external company.

Support continued for outstanding pupils in the communities surrounding the company's operations with the following programmes:

Professional Practice and Thesis Programme: these are special places for workers' children and students of universities in the cities near to operations to undertake their professional practice and theses.

Apprentice Programme: this initiative started up 12 years ago at Mantos Blancos and was implemented in all the divisions as of 2005. It entails providing employment of a training nature for a 12-month period for youngsters of 18 to 21 years old, who have completed their secondary education at technical schools in the communities near the divisions. The objective is to support them to develop labour and personal skills. It is estimated that 40% of those school-leavers find a job (10% remain in Anglo American Chile and 30% enter contractor companies).

Direct Line

The Direct Line, created in 2004 for company employees, contractors, and suppliers, to reduce the possibilities of practices infringing the Good Citizenship Principles, continued to operate in 2006. There was a decrease in the number of complaints due to the consolidation of the initiative.



Thesis Student Programme	2006	2005	2004
N° of males	56	50	40
N° of females	10	6	7
Total thesis students	66	56	47
Amount involved (US\$)	161,440	119,791	112,863

Apprentice Programme	2006	2005	2004
N° of males	84	115	60
N° of females	13	7	19
Total apprentices	97	122	79
Amount involved (US\$)	274,882	245,571	160,484

Professional Practice Programme	2006	2005	2004
N° of males	109	88	91
N° of females	4	3	39
Total practices	113	91	130
Amount involved (US\$)	158,119	72,223	101,446



CASE STUDY

thesource Portal

In 2006, Anglo American started a process of radical change in the way of understanding communications, knowledge management and collaboration. The organisation joined the group's global information network with the implementation of thesource portal, adding 2,505 users that are connected to all the company's information worldwide.

The trial run stage ended in December 2006 and thesource has been operating normally since January 2007. The portal adds new applications for communication management, information, and collaboration among employees beyond geographical and cultural boundaries. It also provides access to daily news and includes all the applications that previously had restrictions limiting their potential.





Labour Relations

For Anglo American Chile labour relations are a key aspect in achieving its vision. These are based on collaboration and on relations of long-term trust where the management and employees work together to achieve common objectives of mutual benefit within current regulations.

There are 10 unions with 34 leaders. Unionisation reached 99% in 2006, eight percent higher than the 91% in 2005. This was mainly due to a new union being formed at Mantoverde due to the insourcing of loading, transport and drilling operations personnel carried out in 2005.

As in 2005, a workshop was held to inform the union leaders of the nature of the copper business and its implications for the domestic and international economy. The development of union leaders was also supported in 2006 by means of an Adolfo Ibáñez University Union Leader Diploma. Its objective was to provide leaders with management tools. The programme entailed leadership, accounting, labor legislation and teamwork courses, among others.

The collective bargaining agreements are specific for each division and they set forth the benefits, the working system, the union fund, coaching and training, among other issues. There is a financial incentive for complying with the safety standards at individual and operation level.

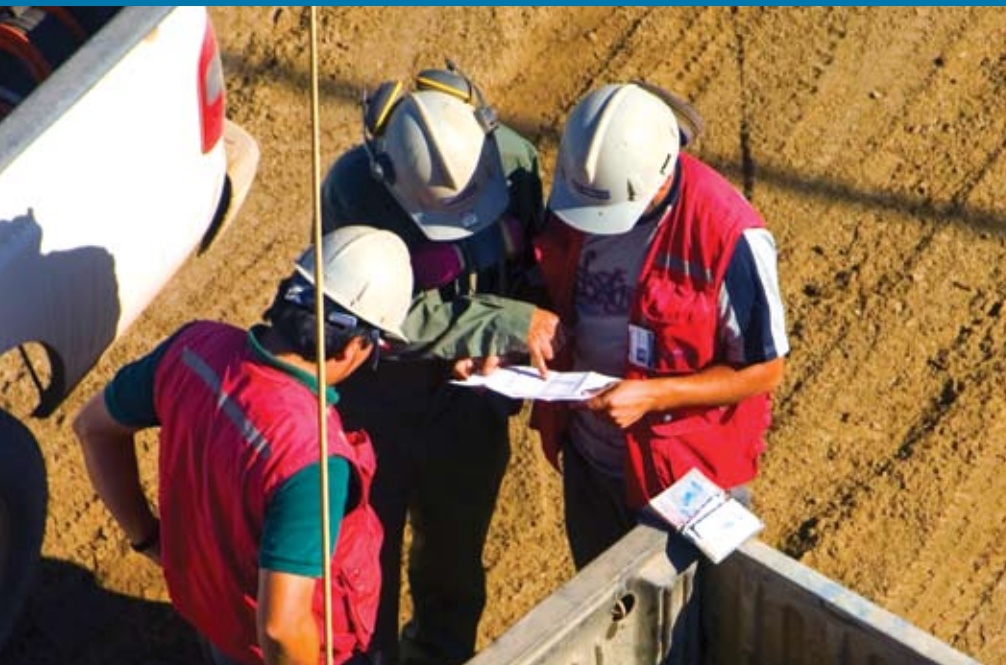
Life at Operations

Only Los Bronces and Mantoverde of Anglo American Chile's five operations have lodging facilities, due to their geographical location and shift system.

Even considering the existence of a shift system, the average working day of the organisation is 43 hours a week and the national average is 45 hours. Furthermore, all the employees in the divisions have a balanced diet in keeping with the work requirements. The company also has employee recreation and entertainment facilities, and it co-ordinates activities through the sports clubs.

Principles of Good Corporate Citizenship: Employment and Labour Rights

- We are committed to the adoption of fair labour practices at our workplaces and our conditions of service will comply with applicable laws and industry standards.
- We will promote workplace equality and will seek to eliminate all forms of unfair discrimination.
- We will not tolerate inhumane treatment of employees including any form of forced labour, physical punishment, or other abuse.
- We prohibit the use of child labour.
- We recognise the right of our employees to freedom of association.
- We will operate fair and appropriate means for the determination of terms and conditions of employment. We will provide appropriate procedures for the protection of workplace rights and our employees' interests.
- We will provide employees with opportunities to enhance their skills and capabilities, enabling them to develop fulfilling careers and to maximise their contribution to our business.





Work Climate Management

Anglo Base Metals carried out the second organisational work climate survey in June 2006 with the participation of all the employees at the divisions and in Santiago and 92% of the Anglo Base Metals operations.

The local results were deemed satisfactory compared with those in 2004, when this survey was undertaken for the first time. The average level of satisfaction remained at 85%.

The survey examined 10 areas by means of 61 questions, i.e., efficient leadership, clarity, standards, commitment, accountability, communication, team commitment, flexibility, diversity and reward.

As in 2004, focus groups were developed for a better comprehension of the results. The objective was to start 2007 with the design and implementation of action plans to strengthen those areas that need improvement.

COMMITMENT

To implement an action plan to reduce the work climate survey gaps.



Good Corporate Citizenship stresses that “all employees and contractors shall perform their duties according to the highest standards of ethics and integrity.”

Relationship with Contractors

The company's philosophy of working with contractors is that of maintaining a long-term relationship based on professional, ethical and fair practices. All the organisation's activities focused on them are developed in keeping with this.

To such effect, the Chagres Smelter Division started to implement a Supplier Development Programme with the support of the Promotion Board (CORFO) aimed at providing them with management tools (see page 91). The programme lasts 3 years and its objective is to support them to become companies of excellence and to provide a better service, culminating with certification pursuant to the NCh 2909 standard. This programme will be extended to the other divisions in the next few years.

IR Consulting carried out an external audit in 2006 on all contractors and focused on compliance with labour legislation, their human resource management, and their safety and infrastructure conditions. Based on the results of this audit, those with weaknesses and non-conformities were informed and undertook the commitment to improve. The compliance process will be monitored by the company in a subsequent phase.

Another initiative arising from the results of the audit was the training of the whole organisation's contract administrators to standardise criteria and tools with contractor interaction. This training was carried out by the Catholic University of Chile.

An end-of-year celebration for contractors and their families was held for the first time in all the divisions in 2006, with similar standards than those in place for employees of Anglo American Chile.

Safety and Occupational Health



“All accidents and occupational illnesses are preventable. All necessary steps must be taken to learn from incidents in order to prevent any recurrence, and common, simple, non-negotiable standards must be consistently applied.” These are the three principles of the Anglo Safety Way management system”.

Safety

Determined to meet the demanding goal of "Zero Harm" at its operations, Anglo American plc articulated a new safety and occupational health strategy that is being applied in all its operations worldwide as of early 2006. It is based on three principles:

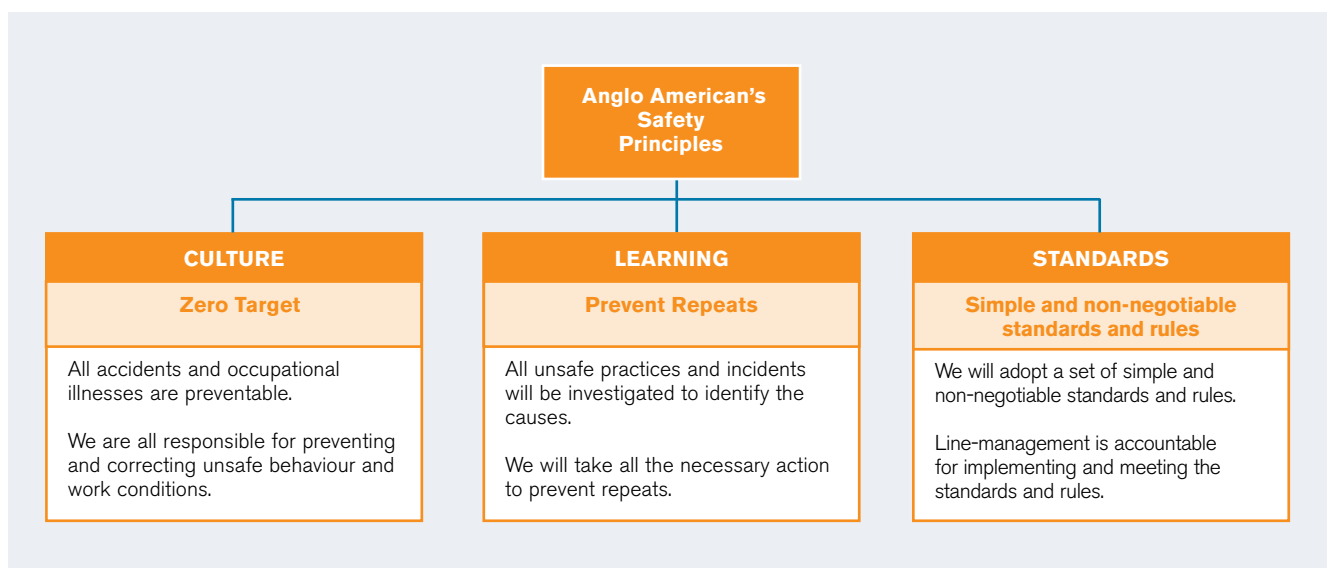
- 1) All accidents and occupational illnesses are preventable.
- 2) All necessary steps must be taken to learn from incidents in order to prevent any recurrence.
- 3) Common, simple, non-negotiable standards must be consistently applied.

A safety management system called the Anglo Safety Way arose from this decision, which is developed by means of a consultation process that establishes twelve standards based on the Plan-Do-Check-Act methodology and 142 requirements that are reviewed in each stipulated audit (see diagram on page 53). These standards, which were drawn up from existing procedures, the best practices in the industry, and renowned international standards like OHSAS 18001 are the basis for the development, enhancement and application of extensive and integrated safety management systems.

The Anglo Safety Way was supported with a global dissemination campaign called "One Injury is One Too Many." Posters, leaflets, banners, T-shirts and internally-used articles were used to communicate this commitment.

A safety system audit (Safety Peer Review) was carried out in July 2006 to assess to what extent Chilean operations are complying with the standards. A team was formed made up of eight people from the five divisions and led by a specialist of Anglo American plc, which undertook an audit and issued a report. As this is one of the first experiences worldwide, the results were qualitative. This audit detected the need of strengthening leadership and the worker commitment and boosting the monitoring and checking standard. Each Division received a set of photographs and reports with the findings to help them draw up the corresponding action plans.

Moreover, Anglo Base Metals launched a standard format in 2006 to share information about accidents and their causes called the Safety Incident Flash Report, which benchmarks and extracts preventive conclusions from the operations of the entire Group. It also helps to standardise the way of reporting when a lost-time accident or one of high potential (in which no personnel are injured but there could be a serious or fatal injury) occurs. Furthermore, accident logs are maintained in all the divisions, which include information about the accident, its description, causes, lessons learned, and a diagram. This is posted on the Intranet and experiences are shared. An accident statistical report is also submitted to the National Geology and Mining Survey (SERNAGEOMIN), pursuant to national legislation.





Anglo Safety Way Standards



The company has also established a decentralised organisation chart, which gives independence to those in charge of safety and occupational health. It has implemented indicators for the Visible Leadership programme launched in 2004 and benchmarked all the divisions in Chile on the main safety processes, visible leadership, behavioural observations, investigation of incidents and near-miss reports. This is to establish the quality and effectiveness with which they are implemented. As a result, an individual report was made for each Division with the areas for improvement and the company's outstanding practices. The divisions drew up action plans based on this report to address its findings.

Management and supervision made 18,833 contacts during their site visits in 2006 (45% more than in 2005) to observe the safety behaviour and motivate personnel to protect themselves and take care of the company's resources, according to the Visible Leadership Programme.

COMMITMENT

When the next safety peer review is undertaken in 2007, all the divisions must fully comply with the 12 Anglo Safety Way standards.

Performance

Anglo American Chile reduced its accident rate from 0.40 in 2005 to 0.34 in 2006. This indicator includes the own employee and contractor rates. The average accident rate of all the operations was 0.27 for employees and 0.38 for contractors. Although the contractor rate is still higher than the internal rate, it improved significantly, considering that historically this used to be three times higher than the internal rate.

The figures position the company as one of the mining companies with the lowest accident rates in Chile, with the annual average incident rate of the industry around 2,000, which is equivalent to three incidents a day. Evidence of this is that in December Anglo American Chile completed 28 months without any fatalities. Moreover, the work absenteeism rate was 2.87% in 2006 compared with the 2.20% in 2005. More than 70% of the lost-time accidents are related to the "line of fire" (injuries from objects) concept and these situations mostly affect the hands.

Furthermore, the incidents with the greatest potential of harm were related to heavy-duty equipment. One of the innovations the company will introduce in this area in 2007 is the incorporation of information systems in mining trucks so drivers can detect and be warned about the presence of small vehicles around them. Training was also done to review the heavy-duty equipment and energy operation guidelines, as set forth in the Golden Rules on safety.



The drive to get Anglo American's safety standards across to its contractors has reduced the accident rate in just two years from 0.85 in 2004 to 0.38 en 2006.

Absenteeism rate (%)

2006	2.87
2005	2.20
2004	2.23

Own employee and contractor accident and severity rates

2006	LTIFR*			LTISR**		
	Own Employees	Contractors	Total	Own Employees	Contractors	Total
Los Bronces	0.24	0.23	0.23	202	181	191
Mantos Blancos	0.44	0.22	0.29	374	45	154
El Soldado	0.00	0.68	0.41	0.00	434	263
Mantoverde	0.00	0.48	0.28	13	149	93
Chagres	1.19	0.47	0.79	408	364	384
Services & Projects	1.19	0.47	0	408	364	0
Consolidated Index	0.27	0.38	0.34	170	221	199

2005	LTIFR*			LTISR**		
	Own Employees	Contractors	Total	Own Employees	Contractors	Total
Los Bronces	0.09	0.56	0.35	35	323	194
Mantos Blancos	0.83	0.26	0.48	337	215	261
El Soldado	0.16	0.88	0.58	516	158	306
Mantoverde	0.40	0.33	0.35	67	132	113
Chagres	0.52	0.26	0.35	281	57	132
Services & Projects	0.00	0.00	0.00	0	0	0
Consolidated Index	0.29	0.48	0.40	213	195	202

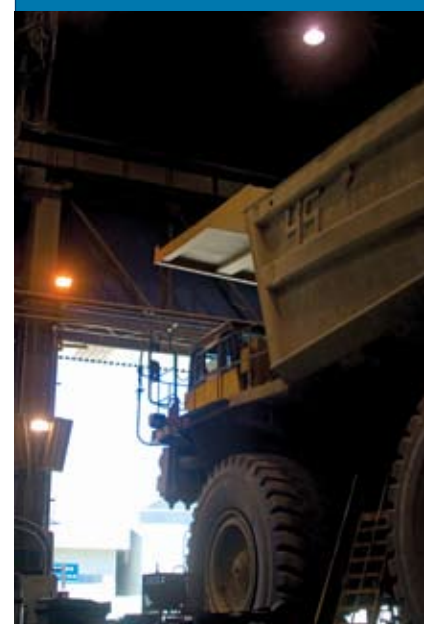
2004	LTIFR*			LTISR**		
	Own Employees	Contractors	Total	Own Employees	Contractors	Total
Los Bronces	0.37	0.66	0.56	115	314	202
Mantos Blancos	0	0.90	0.60	0	489	344
El Soldado	0.63	2.05	1.37	108	538	336
Mantoverde	0	0.43	0.35	0	146	140
Chagres	0.56	0.63	0.59	305	173	252
Services & Projects	0	0.60	0.52	0	225	194
Consolidated Index	0.33	0.85	0.65	100	334	244

*Lost-Time Injury Frequency Rate (LTIFR): Number of lost-time accidents per 200,000 man-hours worked.

**Lost-Time Injury Severity Rate (LTISR): Number of working hours lost per 200,000 man-hours worked.

Accolades

- The Las Tórtolas concentrator of the Los Bronces Division received the Gold Award and the Crystal Floating Trophy for the best safety performance in 2005 of Anglo American's subsidiaries worldwide in the category of small operations (less than 300 people).
- Los Bronces won the National Safety Council Award for its safety performance in 2005 in the mining and quarry category.
- Mantoverde received an award from the Mutua de Seguridad for attaining one million man-hours without any lost-time accidents.
- Mantoverde received an award from the Regional Mining Safety Committee for the best safety indexes in the Atacama Region.
- The Chagres Smelter received a special mention in the John T. Ryan mining safety award.





2007 Programme

The 2007 safety programme is focused on near-misses, hazardous behaviour, and learning from other accidents with a proactive attitude. The following are some of the activities of this plan:

- 1) Implement the Anglo Safety Way system, with an emphasis on the standards for which gaps were found in the analysis.
- 2) Consolidate basic safety processes. Emphasise quality and effectiveness in applying safety tools according to the minimum corporate standards.
- 3) Follow up and analyse preventive management by means of leadership indicators.
- 4) All the operations must fully meet the equipment and heavy-duty machinery guidelines in 2007, along with the power lockout practices and procedure.
- 5) Enhance the audit process, using Anglo American's standard reporting protocol and findings format.
- 6) Undertake a new work climate survey, according to the Du Pont scheme, to assess progress from the previous one.
- 7) Carry out the outstanding activities of the Contractor Plan, according to the minimum standards and criteria.
- 8) Maintain the ISO and OHSAS certification.

Parity Committees

Each division has a Housekeeping, Hygiene, and Safety Parity Committee, pursuant to law N°16.744, and there is also one at the Santiago offices. These organisations had a key role in 2006 due to the roll-out of the Contractor Plan.

This initiative aims to standardise the relationship with third parties at all the operations and improve their safety indicators and work conditions. The Plan envisages 40 variables or requirements: general safety and productivity standards; regulatory aspects; and a long-term development plan.

In 2006, the parity committees worked to establish the minimum contractor standards and requirements for operations and carried out initiatives to meet such requirements. The aim was to make an initial diagnosis to identify the gap and generate action plans to resolve this. The requirements and initiatives set forth in the Contractor Plan will start to be applied as of 2007. The long-term initiatives carried out with contractors will be available in the next report.



CASE STUDY

Emergency Situations: Crisis Management Plan

The Corporate Emergency Response Plan was approved and disseminated in August 2006, and this provides guidelines on forming and activating the Emergency Response Committee (ERC) and defines the roles and responsibilities of each one of its members.

This committee is chaired by the company CEO and is made up of all the members of the Executive Committee plus the External Affairs Manager. It evaluates the information available and determines what emergency stage the situation is in. The objective is at all times to protect the integrity of employees and the community and safeguard the environment and the company's interests.

The Corporate Emergency Response Plan includes the responsibilities of each ERC member and the alternates of each one of the roles. It also sets out the way of initially recording emergencies and of informing this internally according to the degree of emergency. In addition to this plan, a Crisis Communication Plan was developed, which must be used as an appendix to this document.



Occupational Health

Based on the Safety, Occupational Health and Environmental policy (see page 27), the company shall "identify and evaluate the risks associated with its activities and implement the necessary prevention and control measures to protect the health and physical integrity of employees and contractors that work in its divisions."

The specific goal for occupational health is to prevent or minimise work-related injuries or illnesses of employees and contractors. All the divisions have the OHSAS 18001 certification as of 2005, which is an international standard developed to assess the safety and occupational health management systems. Moreover, all the operations and contractors have guidelines on good practices issued by Anglo American plc, which recommend minimal standards and that in some countries exceed the standards of local legislation.

This area is managed by an integrated safety and environmental system, and the Safety and Sustainable Development management is in charge of the management, and the business units participate directly in the execution of the programmes, designating supervisors or risk prevention personnel. Each operation also has Industrial Hygiene and Occupational Health (IHOH) teams made up of executives, advisors, and union leaders, who make a monthly review of the programmes and cases recorded. Each division issues a quarterly report on this issue, which is consolidated at Anglo Base Metals and finally Anglo American plc levels.

The company also undertakes external audits with the Mutual de Seguridad which review aspects ranging from the risk policy to the risk mitigation measures.

Risk Management

The company has established that the major health risk factors in mining operations are noise, vibrations, heavy metal emissions, combustion gases, heat, and work at altitude or in demanding ergonomics conditions. These are related to the most frequent illnesses in the industry, like hearing loss, pneumoconiosis, silicosis and dermatitis.

The zero tolerance policy on risks and occupational illnesses is executed by means of a specific annual programme for each division. This starts with pre-occupational medical examinations and periodical occupational examinations, and it is then structured based on the analyses of the potential hazards of operations and the classification of personnel according to their exposure level to them. Based on the risk intensity, the periodicity of the medical check-ups is determined, which can range from monthly to twice a year and are carried out internally or at the facilities of the Mutual de Seguridad, according to their complexity.

During 2006 the only case of an occupational illness in the company occurred in October. An operator at Mantoverde was disabled for 7 days because of tendonitis of his upper extremities due to the repetitive movements of the remote control operation of an overhead bridge crane.

The purpose of these programmes is to reduce exposure to a level at which the health risk is minimal. In some cases, this means acting on the source. Mantos Blancos, for example, has introduced enhancements to the electro-winning plant, which has enabled it to reduce the concentration of acid mist by 80% and thereby significantly lower the likelihood of generating respiratory illnesses.

The occupational health programme also includes a physical fitness check-up as part of the Physical Work Fitness Programme, which is especially designed for those people who are subject to considerable physical effort.

Due to the greater risk of exposure to ultraviolet radiation from the sun, the company has started basic measurements to take the necessary action to prevent related illnesses. The Mantos Blancos Division carried out a study in 2006, which quantified the strength of the UV radiation to which some operators doing outdoor work are exposed to establish their degree of exposure based on what is laid down in Supreme Decree N°594/01 ("Regulation on Basic Sanitary and Environmental Conditions in Workplaces" of the Ministry of Health).

The measurement was made from 12:12 hours to 14:15 hours on a clear day using a radiometer. The conclusion was that the maximum exposure time per day for the unprotected skin and eyes of a normal person during the peak radiation time (12:00 hours to 14:00 hours) is 8.3 minutes. Any exposure time over this limit should be with suitable protection, i.e., long-sleeved white shirt with collar, hard hat with a visor, and sun cream with a protection factor of over 30.

As a result, the operators at Mantos Blancos and Mantoverde have suitable dress and sun block, and there is a special operator rotation system at outdoor mine sites so no operator is exposed to the sun for too long during peak hours.

CASE STUDY

Ultraviolet Radiation Measurement





Environmental Performance



“We are committed to the rational use of resources and to attaining significant control of the environmental impact our activities in order to achieve a sustainable operation”.

Lorenzo Menéndez

Senior Manager Safety & Sustainable Development
Anglo American Chile

Environmental Management

The principles of Good Corporate Citizenship establish that "senior executives and operation and production managers are responsible for the company's safety management and environmental performance and the allocation of suitable financial and human resources." To meet this responsibility, the general managers of each division have the support of the safety and sustainable development managers, who are co-ordinated at corporate level through the senior area manager.

For management to be efficient, all the information on raw materials, water, energy, biodiversity, waste management, and environmental incidents is entered into a safety, occupational health and environmental database called the SHE Database. Likewise, in 2006 US\$30.2 million were allocated to projects and activities for the environmental enhancement of the processes and initiatives concerning the protection of autochthonous flora and fauna in the areas of operations. This investment amounted to US\$10.4 million in 2005, in addition to the US\$20 million to improve the environmental performance of the Chagres Smelter.

KPMG Sustainability auditors reviewed the Los Bronces Division database during an audit this company makes to draw up the 2006 Sustainable Development Report of Anglo American plc.

Maintenance was undertaken in 2006 for the ISO 14001 and OHSAS 18001 certification, and at the same time an upgrade was made to the 2004 environmental regulation.

Raw Materials

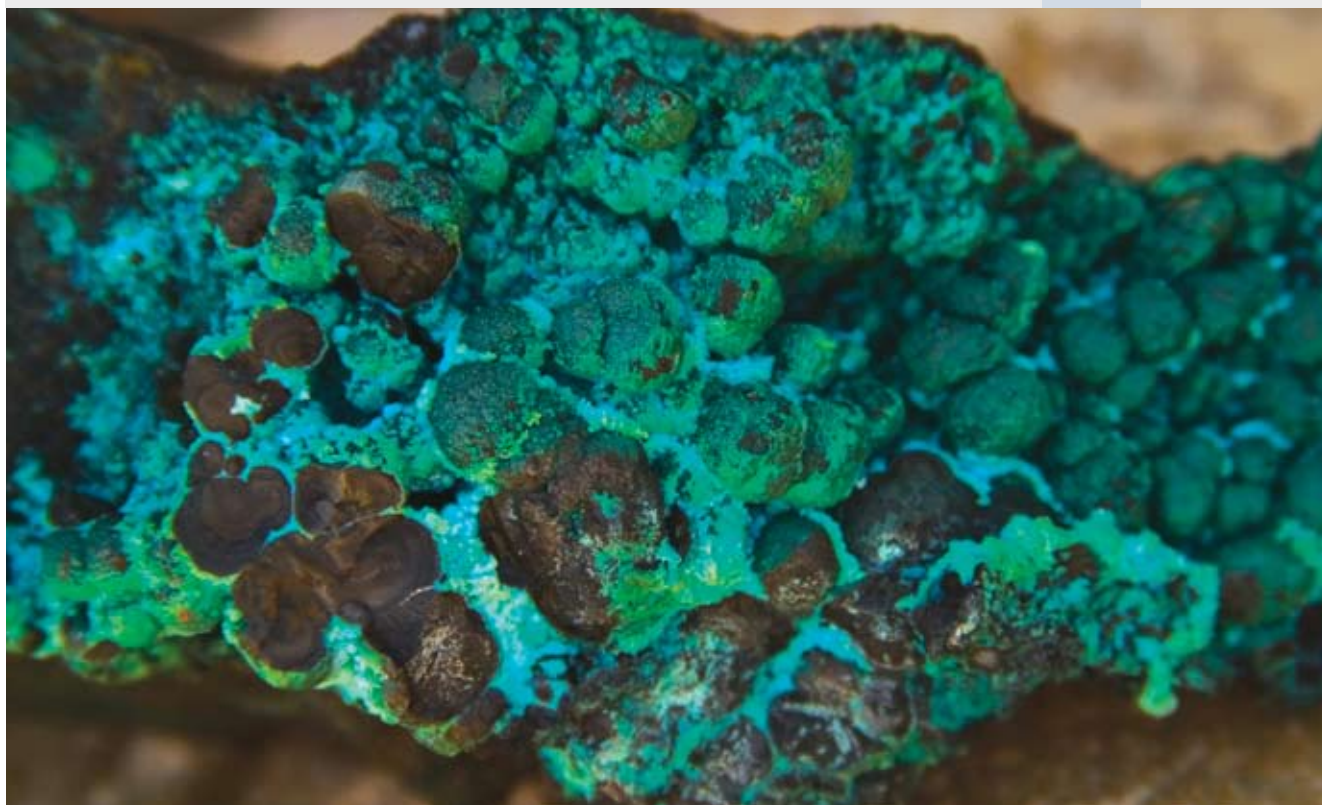
The sulphide and oxide ore mined is the main raw material for Anglo American's processes. Consumption in 2006 was 192 million tonnes, 3.8% more than the 185 million tonnes in 2005. The fine copper production increased by 0.7% and the raw material consumption rate per tonne of product rose 3% compared with 2005.

The main raw material for the Chagres Smelter is copper concentrate, which is used to produce metallic copper in the form of anodes and sulphuric acid as a by-product. Based on this scheme, the company does not use waste from external sources as raw materials, although some supplies are produced as a result of the recycling process like lead anodes and tyres for mining equipment (see page 70).

The company classifies some of its supplies as strategic, according to the definition made from an impact versus risk analysis for the productive process. The annual spend on each strategic supply is shown on a graph known as a Bubble Chart and supplies are prioritised according to the variables indicated. Those mentioned in this report are high impact and high risk supplies.

Consumption of ore mined (in millions of tonnes)

2006	2005	2004
192	185	174



Strategic Supply Item	2006 Consumption	Measurement Unit	Use/Application
Mine Operations			
Diesel oil	75,500	m3	Fuel mainly used in haulage trucks and mining equipment.
Explosives	Ammonium nitrate: 23,000 Emulsion Dye: 20,000 Electronic detonators: 42,000	tonnes tonnes units	Blasting to extract ore
Tyres	924	units	45" rim tyres and greater used in loading, transport and support mine equipment.
Concentrator Plants			
Grinding balls	21,000	tonnes	Steel balls of different diametres used for grinding in SAG and ball mills.
MIBC	792,814	kg	Frothing agent: lines minute air bubbles to help the copper particles impregnated in xanthate adhere to them.
Xanthate	210,500	kg	Reagent used in the copper floatation process. It acts as a collector lining the particles of copper contained in the sulphide ore, making them impermeable, which causes them to rise to the surface.
Abrasion steel	4,545,455	kg	Steel that lines parts in constant friction with other media. It prolongs the life of machinery.
Sodium Sulphhydrate	2,269,397	kg	Reagent used in selective floatation. It facilitates the molybdenum floatation.
Lime	41,583,826	kg	Floatation and water treatment.
Smelter			
Diesel oil	6,300	m3	Fuel used in the smelting processes.
Hydrometallurgical Plants			
Sulphuric Acid	610,000	MT	It is used in the copper leaching process to dissolve the copper contained in the oxide ores.
Thinners	2,848	m3	They thin the extractant preserving and enhancing its properties.
Extractants	344,950	kg	Selective reagent that separates the copper dissolved in the aqueous solution.

Water Management

Anglo American uses water, mainly in the ore slurry pipeline transport process, leaching, flotation and refrigeration, with the Los Bronces Division needing the most water. The total fresh water consumption in the divisions amounted to 34 million m³ in 2006, 2.96% more than the over 33 million m³ in 2005. Although consumption increased due to the needs of operations, efficiency rose by 3.09%. 64% of the water used was re-circulated in 2006, 1% less than in 2005.

The National Mining Board (SONAMI) and the Mining Council organised the "Mining and Water Resources" seminar in October 2006. This allowed for standardisation of the criteria and visions of the different stakeholders interested in domestic water consumption. Moreover, the SONAMI pledged to disseminate the conclusions of this seminar regionally as of January 2007 through regional forums.

Water Consumption (m³)

Divisions	2006	2005	2004	2003
Los Bronces	22,649,077	22,498,192	21,954,000	21,727,565
El Soldado	3,185,921	3,362,959	3,575,811	3,334,480
Mantos Blancos	3,766,770	3,564,396	3,974,576	3,712,900
Mantoverde	2,874,116	2,610,897	2,802,436	2,656,023
Chagres	1,503,657	1,125,540	1,474,833	1,288,600
Santiago	8,810	8,312	7,259	12,153
Total	33,988,351	33,170,296	33,788,915	32,731,721



Discharges

Supreme Decree N°90 (DS90/00) on surface water discharges, qualified as an industrial liquid waste emission source, came into force in 2000. Pursuant to this, Anglo American informed the Superintendency of Sanitary Services (SISS) of 9 discharges, of which two have been eliminated and two are re-circulated back into the process.

In 2005, 80% of the total discharges came from the purge of the refrigeration water at the Chagres Smelter without needing any prior treatment. In 2006, the smelter's discharges increased by 36% compared with the previous year, and this difference can be explained by the 48-day smelter shutdown in 2005.

Water Discharges (millions of m³)

	2006	2005	2004
Total water discharged (millions of m ³)	1.5	1.1	1.5
Variance on previous year (%)	+36	-26	-40



CASE STUDY

Diagnosis of the Copiapó riverbed water resources

140.4 million m³ of well water is withdrawn from the Copiapó riverbed a year. 75% of this is used for irrigation (106 million m³ a year), 13% for mining (17.7 million m³ a year) - Mantoverde uses 2.4 million m³ a year - and 10% is used by water utilities for human consumption (13.6 million m³ a year).

This is one of the most significant findings of the "Diagnosis of the Copiapó riverbed water resources" study that was commissioned to the consultant Golder Associates S.A. by the Association of Agricultural Producers and Exporters of the Copiapó valley, Mantoverde, Minera Candelaria, the Vigilance Committee of the river Copiapó and its affluents, and Sociedad Punta del Cobre S.A. (Pucobre) with the co-ordination of the Atacama Region Development Corporation (CORPROA).

Although this study is just a first step, Anglo American deems it is progress with addressing the water resource issue raised by all the riverbed users.



Seepage

Seepage into ground water and spills into surface water could arise from the tailings dams of Los Bronces (including the Pérez Caldera 1 and 2 mountain dams and the Las Tórtolas dam), Mantos Blancos and El Soldado. They could occur from burst water, ore slurry, or tailings slurry pipelines, and seepages from emergency ponds. For this reason, Anglo American has implemented concrete measures to control and prevent this from occurring.

An increase in seepage from forest irrigation was detected last year at the Las Tórtolas tailings dam of Los Bronces, and this had to be analyzed in the areas involved along with the implementation of other action currently under study to understand the problem better and assess the potential solutions. The most significant studies are: hydrogeological models of the basin; and study of the evapotranspiration capacity of the forest. The specific action taken to date is: construction of a pilot seepage ditch; detailed irrigation

programme by sectors according to the evapotranspiration capacity of the forest, and installation of flow meters at each of the irrigation areas.

The El Soldado Division is updating and making quantitative improvements of the information and quality of the estimated hydrogeological study submitted with the expansion of the Torito dam to 181 million tonnes in 2003.

One of the results obtained is that the impact of the dam on the ground water remains within the margins considered. However, to assure that the trend in future years maintains its level of impact this new study models the effectiveness of additional measures to control seepage from the dam. One of the measures carried out was to seal the pond depositing slime on the perimeter of the dam pond thus leveraging its impermeability to reduce the seepage of water in direct contact with the natural land.

Mist Traps at Chañaral

Mantoverde provided financial support in 2006 for the construction of facilities to start operating the mist trap system in the Falda Verde sector of Chañaral, whose objective is to irrigate vegetables and harvest purified water for human consumption. The project has led to ecological research of pupils from schools in the area and to theses of university students from different parts of the country. National and foreign researchers (German, Japanese, Spanish, North American, among others) have visited the project to learn about the water harvesting technique and the sustainable use of natural resources.



Significant Emissions

Both extractive operations and smelting at the Chagres Smelter generate emissions. Although the limits laid down in current legislation are met, Anglo American strives to permanently reduce these emissions over time by means of specific initiatives and systematic monitoring.

Extractive Operations

The divisions generate two types of significant emissions: CO₂ as a result of the use of fuels in the divisions and the consumption of electric power (see page 33); and particulate material (PM10) from blasting, rock movement in quarries and the permanent traffic of haulage trucks and other vehicles on unpaved roads. The PM10 emissions are controlled by monitoring stations set up in areas indicated by the authority, which measure the concentration according to systematic monitoring programmes.



Chagres Smelter

The Chagres Smelter is one of the most modern smelters in Chile. As informed in the 2005 Sustainable Development Report, its optimisation project entailed an investment of US\$60 million, of which environmental enhancements alone accounted for US\$20 million. This increased the sulphur and particulate material capture due to the improvements of the gas handling system.

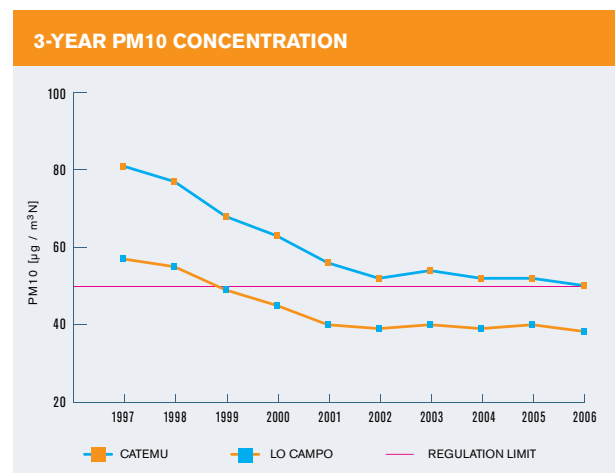
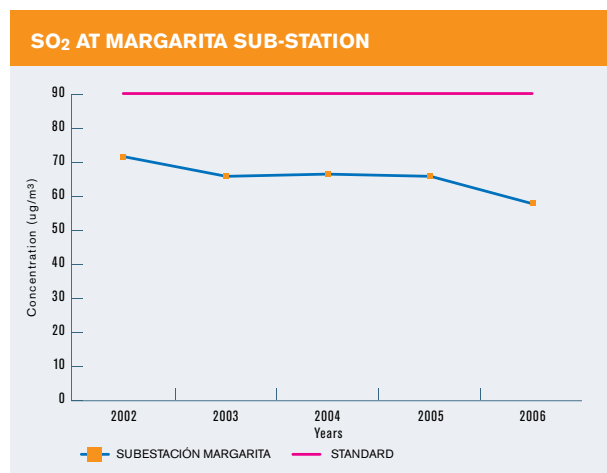
The main emission of the Smelter is sulphur dioxide (SO₂). The legal provisions regulating the concentrations in the environment are the primary quality standard (DS113/02) and secondary quality standard (DS185/92) that mainly depend on the level of SO₂ emission. To monitor compliance, Anglo American has installed a network with four official stations around the Smelter where the environmental concentration of SO₂ is recorded and whose results are reported each month. The company has not exceed the regulation on SO₂ emissions in the last three years.

Studies made indicate that the particulate material in Chagres is lower and the division therefore has two monitoring stations located in the towns of Catemu and Lo Campo. The graphs below show the SO₂ performance for the stations with the highest detection and the annual regulation (three years rolling average) of the PM10 stations.

Arsenic is another significant emission of the Smelter, which is regulated by Supreme Decree 165 (DS165/98) with a limit of 95 tonnes per year. Chagres had emissions of 84.4 tonnes in 2006, equivalent to 88% of the regulated value.

Annual Environmental Concentration of SO₂ (ug/m³N)

	2006	2005	2004	Standard Limit	
				Primary	Secondary
Annual SO₂	58	66.0	66.7	80	80





Waste Management

Anglo American has a waste management plan for its three operative tailings dams (Los Bronces, Mantos Blancos and El Soldado) that complies with Supreme Decree N°86 (DS86/70) and that was updated in 2006. This Decree regulates the design and safe operation of tailings dams and waste dumps. Furthermore, the National Geology and Mining Survey (SERNAGEOMIN) monitors compliance with this regulation.

The waste management plan for the dams includes continuous seepage monitoring systems to sample the ground water quality in their respective basins.

Regarding other waste, Supreme Decree N°148 started to be applied in 2005, which sets forth the sanitary and minimal safety conditions for the generation, possession, storage, transport, treatment, re-use, recycling, final disposal and other means of disposing of hazardous waste. The company developed a management system for this.

Quantity of hazardous substances identified

Divisions	Quantity identified
Mantos Blancos	184
Los Bronces	210
Mantoverde	189
El Soldado	268
Chagres Smelter	253

(Not all the substances are managed with warehouse stock, some are only purchased when they need to be used)

Integrated Management System of Hazardous Substances

All the information about hazardous substances and waste used or that could possibly be used by own employees or contractors was updated and consolidated into a new software in 2006. This system improves access to the information on the Material Safety Data Sheets, offering thorough data on products for all those people having access to a computer connected to the Anglo American network.

1,104 hazardous substances were classified. 696 of these are used at corporate level and each one is related to a Safety Data Sheet that has information on the product and supplier, the hazards and precautions, the legal registry, physical and chemical properties, first aid, handling and storage measures, technical recommendations, their stability, toxicological and ecological information concerning the degradation and bioaccumulation of the substance, final disposal and information on transport, among other variables.

Moreover, each hazardous substance has a code to identify it in the material administration ERP system to determine the quantity there is and its location in the company. This information is available on the Intranet, in the five divisional warehouses and each person who is going to handle a hazardous substance also receives a Safety Data Sheet. There is also a Summary Sheet with brief information, which could facilitate timely action in emergencies.

The software also provides information about the existing legal regulation, including Law 19.300 on General Environmental Bases, the specific procedures, scope, definitions, the procedure for entering a new substance and the relationship with the sustainable development system.

16 Safety Sheets on hazardous waste were also added, which are basically used oils and lubricants. These materials are stored separately and dispatched for final disposal by an authorised hazardous waste disposal company. A truck comes to the divisions periodically to remove and transfer waste and dispose of it according to the legal permits and requirements.

CASE STUDY

Recycling at Mantos Blancos

Mantos Blancos undertakes two interesting recycling initiatives: the first is a system to re-use the lead waste generated by the dissolution of the anodes used in this process. As of 2004, solid lead waste (remains of anodes equivalent to 30,000 kg a year) are delivered to the company Inppamet, and as of January 2006 anode slime (which accounts for 25,000 kg a year) is transported by the company Recicladora Ambiental Ltda.

In the case of solid lead, when Mantos Blancos buys new anodes it receives a rebate from the producer Inppamet.

Regarding lead slime, Recicladora Ambiental Ltda is paid to remove this and the price depends on the concentration of lead in the slime. This recycling company is an affiliate of Inppamet, which uses the remains of anodes for fresh production. The unit cost of anodes is expected to drop by 20% as a result of the waste recovered from the electro-winning process being delivered to the same lead supplier.

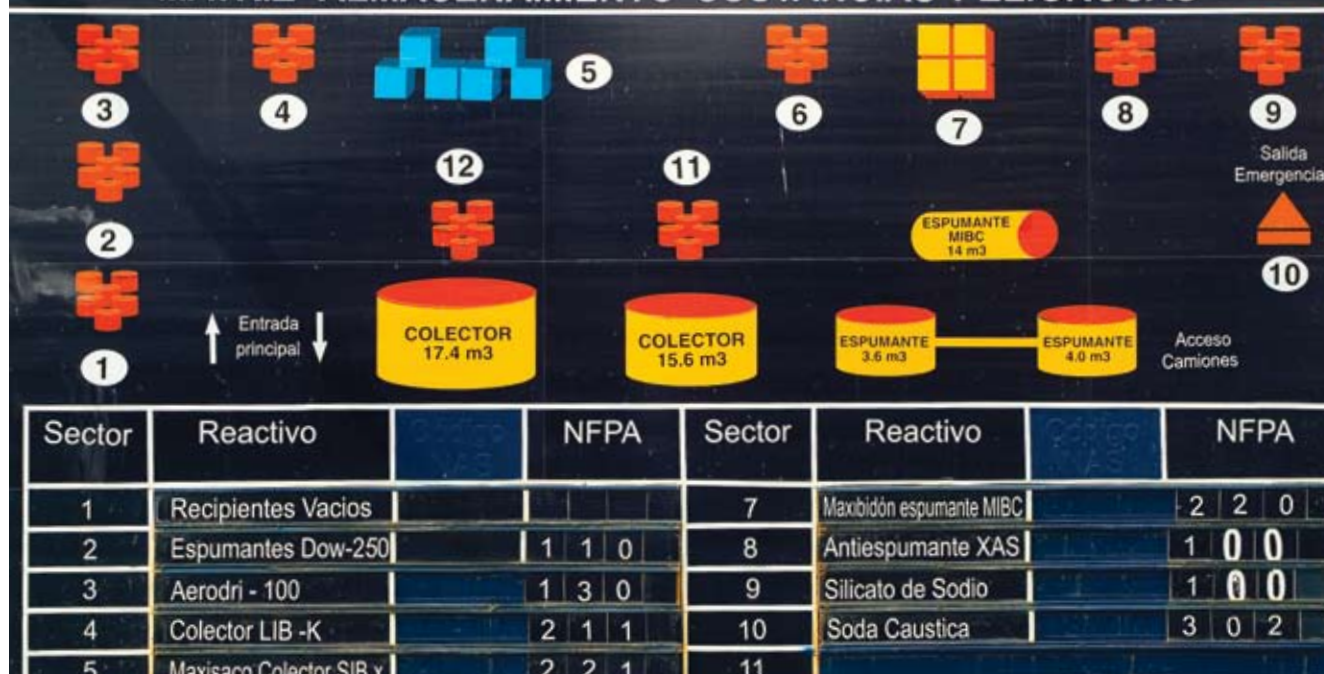
The second initiative aims to resolve the problem of scrapped mine haulage truck tyres, which are an environmental liability. An agreement was reached to sell the scrapped giant tyres to the company RAES and Santa Marta Ltda., which are currently on specially implemented yards. It was also agreed to remove scrapped tyres directly from the mine maintenance area workshops as they are scrapped.

The outcome of this is a sales revenue of Ch\$70,000 for each giant tyre and Ch\$45,000 for mid-sized tyres, and the space freed up from the tyres can be used as a dump. This also eliminates the cost of transporting and handling tyres, which is equivalent to an energy saving and a reduction in CO₂ emissions commensurate with the Energy Efficiency Programme.

ANGLO AMERICAN CHILE

PATIO DE REACTIVOS PLANTA LAS TORTOLAS

MATRIZ ALMACENAMIENTO SUSTANCIAS PELIGROSAS



Waste Management (tonnes)

2006

Division	Hazardous Waste external			Non-hazardous Waste	
	Recycling	Final disposal		internal	external
Los Bronces	1,129	230	0	1,819	1,811
Mantos Blancos	197	31	0	138	28
El Soldado	119	145	0	1,331	484
Mantoverde	220	195	0	34	380
Chagres Smelter	29,044	0	0	2,105	131
Anglo American Chile	30,709	601	0	5,427	2,834

2005

Division	Hazardous Waste external			Non-hazardous Waste	
	Recycling	Final disposal		internal	external
Los Bronces	437	18	0	1,508	1,336
Mantos Blancos	278	89	55	855	62
El Soldado	117	311	28	258	541
Mantoverde	245	186	16	105	306
Chagres	0	0	0	491	208
Anglo American Chile	1,076	604	99	3,217	2,453

2004

Division	Hazardous Waste external			Non-hazardous Waste	
	Recycling	Final disposal		internal	external
Los Bronces	496	0	0	1,520	448
Mantos Blancos	382	267	92	643	319
El Soldado	229	0	18	2,109	710
Mantoverde	312	166	12	35	274
Chagres	0	0	0	1,300	0
Anglo American Chile	1,419	433	122	5,608	1,751



Biodiversity

Anglo American is committed to the efficient use of its natural resources and to protecting and rehabilitating those ecosystems affected by its disturbance, and to drawing up biodiversity action plans. This led it to establishing the quantity of lands occupied and to carrying out a study in 2003 on the implementation of projects concerning protection of the biodiversity in its divisions. According to the Safety, Occupational Health and Environmental database, Anglo American occupies a total of 84,797 hectares, and operations account for disturbance of 9,140 hectares of the total.

El Soldado is the only operation that has rehabilitated part of its land, specifically because some of its dumps are in the closure stage. The other divisions have not considered land rehabilitation yet, as all the dumps are currently being used. The rehabilitation plans are also envisaged in the closure plans.

Division	Total land (hectares)	Land disturbed (hectares)	Rehabilitated land (hectares)
Los Bronces	35,407	4,710	-
Mantos Blancos	6,800	1,888	-
El Soldado	8,155	945	7
Mantoverde	34,395	1,557	-
Fundición Chagres	40	40	N/A
Total	84,797	9,140	7

Management of Biodiversity

A study was made in 2003 to implement projects to protect the biodiversity in all the divisions. Los Bronces and El Soldado are the operations with the greatest risk, as they are located in areas deemed by the authorities to be priority sites for biodiversity conservation.

Biodiversity Strategy Principles

- Allocate resources and responsibilities for the management of biodiversity.
- Incorporate biodiversity elements to the business planning.
- Implement awareness, educational and training programmes on this issue.
- Draw up action plans that include inventories of biodiversity, resources and systems, risk assessment, and the impact of biodiversity activities, monitoring programmes and corrective action.
- Incorporate biodiversity criteria related to closure, abandonment and rehabilitation.

Los Bronces

The Los Bronces division has developed the Yerba Loca Nature Sanctuary Conservation project and Villa Paulina with the Borough Council of Lo Barnechea and the National Forestry Corporation (CONAF). The aim is to raise knowledge of the sector and support the biodiversity conservation of both sanctuaries.

To such effect, it drew up a Biodiversity Management Plan for Villa Paulina. In 2006, it carried out satellite follow-up of three Andean condors born in captivity and released in 2005. It created a Clean Ecology Guides Training Programme with the Borough Council of Lo Barnechea, which will be implemented as of 2007. The objective is to train monitors that can show the benefits of these areas and teach visitors to protect and look after the environment. 60 guides were trained, who received an internationally-valid certificate.

COMMITMENT

The Los Bronces Division, the Borough Council of Lo Barnechea and Corporación La Montaña signed two agreements: the first one binds them to develop a waste disposal programme for the next ski season, and the second one to schedule an outing for 600 pupils in eighth grade of basic educational schools in the district to clean up the mountain.



El Soldado Division

Native forest accounts for 350 hectares of the 8,155 hectares owned by El Soldado, and mining activities account for 945 hectares. The mine is in a Mediterranean ecosystem that is only present in five places in the world. A survey was carried out in 2003, and the outcome was that this area possesses one of the highest concentrations of the following species: Belloto del Norte (*Beilschmiedia miersii*) (natural monument); Naranjillo (rare) (*Citronella mucronata*); Guayacán (*Porlieria chilensis*) (vulnerable); and *Puya berteroniana* (vulnerable). There are also Lingue del Norte (*Persea lingue*), Temo (*Blepharocalyx cruckshanksii*) and *Puya chilensis* (all vulnerable). Regarding the fauna, there are species in the conservation category like the Culpeo, Chilla and Cururo foxes, the Lemniscata lizard, the condor and the ringdove.

El Soldado has an action plan for the management of biodiversity and permanently supports various research and studies on protecting the flora and fauna of the land around its facilities:

- Propagation project for species that are difficult to reproduce like the Naranjillo and Guayacán with the Christa Mock agricultural high school of Nogales (see page 75).
- Agreement with the Foundation for the Recovery and Promotion of the Chilean Palm Tree for the "Belloto del Norte for Future Generations" project, which consists of the research, conservation, protection and promotion of the environmental heritage of the Belloto del Norte and which has propagated more than 50,000 new plants.
- Promotion of the sustainable use plan for the El Soldado territory with the Natural Resources Studies Centre of Universidad Mayor (OTERRA), whose aim is to acknowledge the environmental attributes to make them compatible with the presence of a large productive activity. The objective is to define action to articulate the specific programmes and the incorporation of sustainability criteria to the El Soldado mining operations. The process will end in 2007 with the development of land management programmes that will be steadily implemented.
- Vegetative reproduction research on the Belloto del Norte with the Playa Ancha University.
- Scientific research on the Belloto with the Catholic University, which entails designing a transfer protocol, vegetative propagation and micro-propagation with genetic material of the transplanted species and the research into the self-ecology of the species.



CASE STUDY

Biodiversity at El Soldado

The El Soldado land is located in the mountain range called the “El Melón Cordillera,” classified by the National Environmental Commission (CONAMA) as priority 1 for the conservation of the biodiversity of the land ecosystems of the Fifth Region. Its importance was revealed due to the presence of large quantities

of Mediterranean native forest with a high diversity and endemism of flora and fauna species.

Anglo American has maintained a co-operation agreement since 2002 with the Christa Mock agricultural high school of Nogales to investigate methods of propagating native forest species, especially those that are threatened or are vulnerable to extinction. To date, this school has propagated more than 20,000 native plants and it is expected to produce 60,000 more in the next three years. All these plants have been added to the reforestation and forestry enhancement programmes on and off the land owned by Anglo American in the area.

Furthermore, a community plant propagation programme was started due to the knowledge gained. Agreements were signed with small landowners in the communities around El Soldado, with the first goal being the propagation of 20,000 plants by 2007. All these will be purchased by the division to use them in its reforestation programme.

Closure Plans

Based on the half-yearly planning, it was necessary to update the closure plans of all the divisions in 2006, since operations are flexible and their resources therefore change over time.

The closure plans consider the variables proposed by the authority in DS 132/04 and also include Anglo American's corporate requirements, which aim to guarantee that what is left after closure does not involve any environmental or social harm whatsoever. The possible impacts of the operation are also identified, solutions are defined and their value is quantified to make a financial provision for the closure cost. The provisions currently existing for the closure of Anglo American Chile's mine sites amount to US\$145.5 million.

SCHEDULED CLOSURE YEAR BY DIVISION

Division	Last year of operation
Mantos Blancos	2012
Los Bronces	2041
El Soldado	2024
Mantoverde	2013



Land Management

To identify those having rights on a particular landholding, especially surface landowners, the public registries of the respective real estate, mine, easement and lien registrars are used, among others. Site visits are also made to identify occupants having any other land title or possession.

The company constitutes surface and mining ownership of the lands it is interested in exploiting. The surface property title is indefinite, provided that it does not default on payment of the respective mining licence. It also constitutes mine easements on third-party lands to provide access to mining operations by means of roads, to aqueducts, to electric power lines, etc.

Environmental Incidents

The company classifies environmental incidents according to their impact and effect on the environment, considering the physical and biological environment, protected species, level of community disturbance, third-party health and property, cultural values and compliance with regulations.

Incidents are classified into the following 3 categories based on these variables:

Level 1: Minor impact, short-term effects.

Level 2: Moderate impact, medium-term effects.

Level 3: Major impact, long-term effects.

According to the Safety, Occupational Health and Environmental database, there were 41 environmental incidents in 2006 compared with 47 in 2005. Most of the situations informed were level 1.

Number of Environmental Incidents

	Los Bronces	Mantos Blancos	El Soldado	Mantoverde	Chagres	Total
2006	1	15	5	9	11	41
2005	6	2	14	16	9	47
2004	6	10	6	5	1	28



Spills of substances (m³)

2006	Los Bronces		Mantos Blancos		El Soldado		Mantoverde	
	Nº	Volume	Nº	Volume	Nº	Volume	Nº	Volume
Process water	-	-	2	7	-	-	-	-
Acid/Solutions	-	-	2	5	1	40	1	0.1
Oil/Fuel	-	-	-	-	-	-	-	0.13
Slurry/Tailings	1	-	-	-	-	-	-	-

2005	Los Bronces		Mantos Blancos		El Soldado		Mantoverde	
	Nº	Volume	Nº	Volume	Nº	Volume	Nº	Volume
Process water	2	1,461	-	-	2	3,240	-	-
Acid/Solutions	1	50	3	6	-	-	12	0.36
Oil/Fuel	-	-	-	-	7	0.5	4	0.13
Slurry/Tailings	1	16	-	-	-	-	-	-

2004	Los Bronces		Mantos Blancos		El Soldado		Mantoverde	
	Nº	Volume	Nº	Volume	Nº	Volume	Nº	Volume
Process water	-	-	-	-	-	-	-	-
Acid/Solutions	-	-	9	334	1	4.5	-	-
Oil/Fuel	-	-	1	0.08	1	0.4	-	-
Slurry/Tailings	-	-	-	-	1	2	-	-

Copper is a malleable and ductile metallic element, a very good conductor of electricity and heat, and it is very resistant to atmospheric corrosion. It is present in virtually everything around us. It is a good electrical and thermal conductor (60% of the global production is focused on this function), and also has various benefits for human health, agriculture, communications and medicine.

Furthermore, copper alone contributes to conserving natural resources, minimising waste and reducing the energy use. This is because it is estimated that around 80% of all the copper ever extracted is still in use. Moreover, up to 40% of the annual global demand for copper comes from recycling.

There were three situations of special importance in 2006, more due to their social impact rather than environmental implications. Two of them were related to vehicle accidents on the public road to Los Bronces. The first one occurred in March and involved a fuel transport truck, and the second one was in August and involved a vehicle that was transporting ammonium nitrate. In both cases, a small percentage of the spill seeped into the river San Francisco compelling the drinking water plant to suspend impoundment for a few hours.

As a precautionary measure, the safety norms were reviewed with all the suppliers and contractors and new speed control systems were implemented, including the re-opening of a control point at Las Puertas, which will calculate the speed of trucks between this point and the entrance to the Division and operations.

The third incident took place in December and entailed the ore slurry pipeline from Los Bronces to Colina bursting, which caused the material (basically ground rock) to seep downhill. The emergency pond of the pipeline received part of this material and the rest flowed into the El Durazno creek where it joins the river Colina, located downstream of station N°2. This led to the river turning a lead colour due to the effect of the sands in suspension.

The irrigation channel gates were closed timely to control the situation, dikes were built in the El Durazno creek to separate* solids and start a process to clarify the water in the river Colina. The irrigation association committee was contacted to assess the situation in the next 12 and 24 hours to allow it to continue irrigation. Everything done enabled the flow to return to normal 24 hours after the incident. A thorough and detailed clean-up operation was carried out in the entire area in the next three months.

Social Performance



“The application of the SEAT methodology in Anglo American Chile’s five productive divisions generated important information to improve the company’s social and environmental performance, to serve as a useful resource to draw up its engagement plans, and to adopt social intervention strategies with clear objectives involving the community”.

Ximena Abogabir,
Director
Casa de la Paz Foundation



The company vision assumes as an ethical obligation that its productive operations generate fruits in terms of social reciprocity, which means that each one of its operations not only provides returns to the company but also better economic and social conditions for the area where it is located. The main endeavours are focused on maximising work opportunities for the local workforce with the support of suitable training programmes, the promotion of training for its employees, the development of ongoing alliances with various significant areas of the community, and the fostering of small and mid-sized local businesses.

To carry out these commitments, the general managers of the divisions have the technical and operative support of the safety and sustainable development managers, who are organised corporately through the senior area manager. Moreover, as of 2006 the co-ordination of projects and social policies is supported by a management specially engaged in these issues and that as of 2007 will also be responsible for the Anglo American Foundation, whose legal proceedings are being processed. Its mission will be to develop corporate programmes to support small and mid-sized businesses (see page 86).

Complementing this structure, a Sustainable Development Committee has been operating since 2003, headed by the company CEO and made up of all the vice-presidents, and the senior safety and sustainable development manager. Its objectives are to embed the social responsibility concepts in the company's strategic definitions, to identify key aspects and assess and develop a structure for the integration of social values within the organisation, and to establish concrete long term goals in the different development areas.

SEAT

The Good Corporate Citizenship document sets out that the company shall try and identify those aspects that might affect communities. The implementation of the socio-economic assessment toolbox (SEAT) is part of this statement, which was applied by all the divisions in the country in 2004. This not only formalised a series of processes and practices undertaken by the company to date but also helped to have a planning tool to manage the social, environmental and economic impacts of operations. The process, supported by the Casa de la Paz Foundation¹⁶, ended up with a report for each division that included the following:

- The profile of mining and its related communities.
- The identification and assessment of the socio-economic impacts of each division.
- The economic and social impacts raised by the stakeholders.
- The assessment of key issues and their impacts.
- General management measures.
- Performance indicators.
- The added value that each division provides to its community.
- The quantity of material goods and services acquired locally.
- The local community percentage of the workforce.
- The investment in public infrastructure and social contributions.
- Indemnity and tax payments.

The application of the SEAT also considered the development of management responses to the key issues raised in community engagement, which were implemented in 2006 and extend to 2007. Social performance indicators were developed to follow up on these activities. It was necessary to homogenise them for their application, and they will therefore be worked on in 2007.

COMMITMENT

To articulate management and standardisation policies for the social development indicators in 2007.



¹⁶ Casa de la Paz (www.casadelapaz.cl); a Civil Society Organisation (NGO) engaged by means of support initiatives in promoting citizen participation, environmental education and relations between companies and communities, among others.



Moreover, in 2006 Anglo American plc submitted the second version of the SEAT with four new tools, since the previous process helped to establish certain basic community needs. These concern supporting the local public health systems, looking for initiatives providing synergy between the community and the investments in infrastructure made by the company, people relocation planning by considering economic, environmental and social variables for their transfer, and the development of local skills to reinforce them, making them more effective and efficient to meet the needs of their own districts.

In the light of this, each division has a budget to implement the activities contained in the Community Engagement Plans (CEP). The total social development budget presented, which amounted to US\$1.2 million in 2006, includes payment to associations, donations in money, support of social initiatives and the apprentice, thesis and professional practice programmes (see page 45). It also considers the workshops promoted by the company, trade courses and study scholarships. The budget for community activities amounted to around US\$1.3 million in 2005, and US\$734,000 in 2004.

Furthermore, US\$3 million were provisioned in 2005 for the operation of the Anglo American Foundation. US\$500,000 of this was allocated in 2006 as a first stage to the Emerge Programme and the agreement with Fondo Esperanza (see page 86), of which US\$290,000 were actually invested.

Los Bronces Division

Los Bronces has three types of initiatives. Those for the development of kids and youngsters like the inauguration of a bus library in Colina, the computer equipment of the Corporación Privada de Colina, the purchase of new wind instruments for the Youth Orchestra of Colina, the financial support of the Youth Orchestra of the Lo Barnechea Corporation, and the expansion of the reading centre of the same district. A swimming pool was also built at the Rigoberto Fontt high school of Colina, and an agreement was signed with the company Sodexho and the Municipal Educational Corporation of Colina to start the specialised catering course in that same school.

The second type of initiative is focused on drug and alcohol addiction prevention programmes. Seven early prevention

projects were financed in various neighbours committees of Lo Barnechea, it supported the 3rd Drug and Alcoholism Prevention Family Walk, and supported the “Seba y Cabeza de Pelota” project, whose aim is to educate kids in first and second grade of basic education on prevention and awareness of the dangers and consequences of addiction by means of academic methodology.

The division also supports initiatives concerning the development of public health. To meet this objective, it started the refurbishment of the current emergency healthcare clinic (SAPU) in the district in alliance with the Borough Council of Colina so as to provide a quality emergency service to the people, and as every year it provided catering services to the Chilean Police at the company's facilities in the La Ermita sector.



First Meeting of Community Development Teams at the Chagres Smelter

Chagres Smelter Division

Various initiatives arose from the application of the SEAT to partly address the community concerns about the operations. The projects implemented included the Goat and Beekeeping Agricultural Farm, which received the Good Corporate Citizenship Award from the Chilean-North American Chamber of Commerce (AMCHAM), training in agricultural trades at the Chagres high school and the Open Door Programme¹⁷.

However, the application of these initiatives allowed the company to realise they must be complemented to attain deeper ties with the community. For this reason, in late 2005 and early 2006 participative work was carried out to identify those initiatives that were of interest to the communities surrounding the Smelter, which would make a contribution to improving the quality of life of the people while aligned with the corporate policies.

A strategy was adopted to develop local leaders by means of the joint design and management of the projects arising from these initiatives and as part of the 5-year Master Community Engagement Plan. To apply this strategy, groups of neighbours were created, made up of local organisation leaders called "Community Development Teams."

The Community Development Teams of each town are in charge of designing the projects and managing their execution and assessment, always with the support of Anglo American. The projects to be developed must make a contribution to the community and include community participation through voluntary work, materials or financial resources, without fostering a relationship of assistance.

As a result of this approach, the relationship evolved from an individualistic stance to one of a common vision, the community's knowledge of Anglo American's contribution to these initiatives increased, and it improved the way the community can raise its concerns about operations.

Moreover, a Master Community Engagement Plan symposium was held in December for all the members of the community development teams. During that occasion, each team shared their projects making this an excellent knowledge sharing opportunity.

¹⁷ See the 2005 Sustainable Development Report.

Mantos Blancos Division

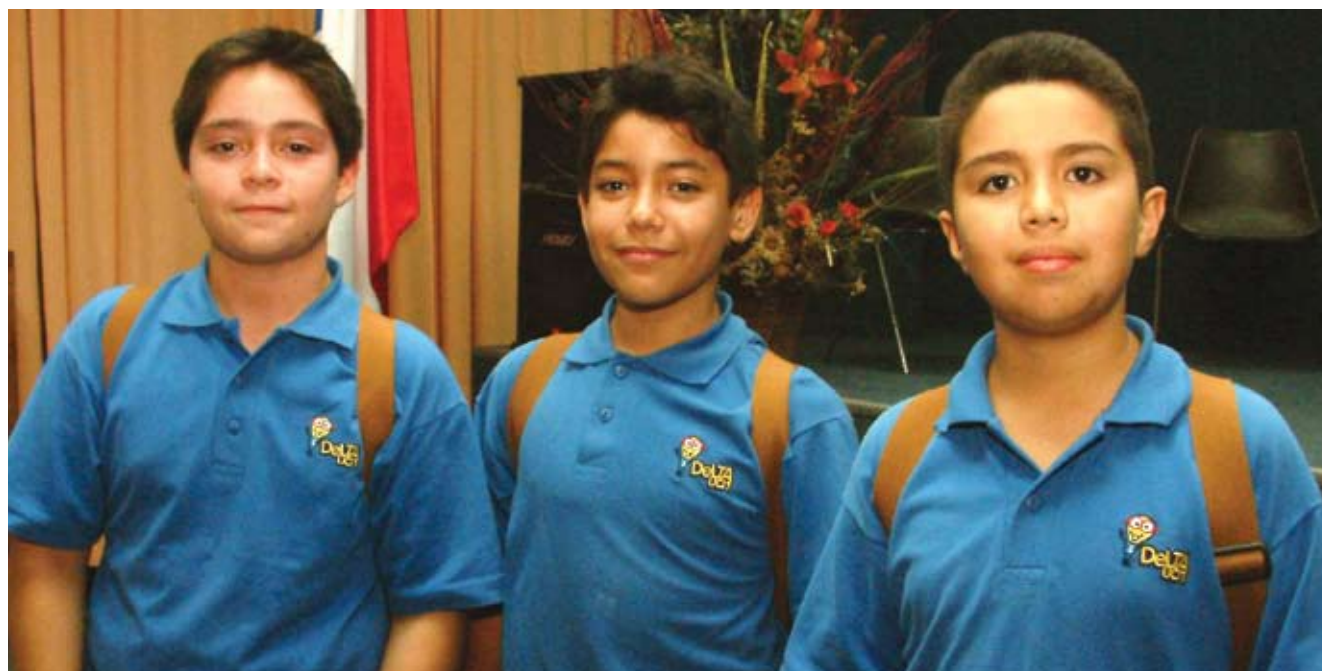
Mantos Blancos signed an agreement with the National Mining Board (ENAMI) in 2006, in which the division pledged to receive the production of small-sized copper producers who had no one to sell it to due to the limited quotas of the old processing fee system, according to the data of the Mining Trade Association of Antofagasta (AGREMA).

Furthermore, as in the last three years, the main focus was on the financing of the DeLTA – UCN Programme (developing and leading academic talent), which is been implemented jointly with the Catholic University of the North, the Andes Foundation and the borough councils of Antofagasta and Mejillones.

This is an extra-curricular academic programme for low income families, that is developed as a complement to school education aimed at pupils with academic talent from the sixth grade of basic education to the last year of secondary education. It aims to develop and empower their intellectual and socio-affective skills, by contributing to educating creative and critical people who are highly motivated for knowledge, and in turn ethically responsible, socially committed and affectionately integrated.

Students joining the DeLTA-UCN Programme per year

Year	6th Grade Basic Education	7th Grade Basic Education	8th Grade Basic Education	1st Grade Secondary Education	2nd Grade Secondary Education	3rd Grade Secondary Education	4th Grade Secondary Education	Total
2004	40			40				80
2005	40	40		40	40			160
2006	40	40	40	40	40	40		240
2007	60	40	40	40	40	40	40	300





El Soldado Division

The main initiative in 2006 was the repair of the Los Caleos dam, whose water is used by the Association of Landowners. This work, which cost Ch\$10 million, involved changing the geomembrane to impermeabilise the dam and increase its original capacity by 8%. Due to this, landowners can make better use of the water for the technical irrigation of their crops.

El Soldado also continued to support the transport of 120 pupils from their homes in Collahue, Los Caleos and the Macal III housing estate to their classes at the Felipe Cortés high school, the Santa Isabel school and the Municipal School of El Melón, contributing to higher school attendance and improving the transport safety. Before this project, the children used to walk 10 kilometres a day to attend classes.

The division also supported the Municipal Health Service with the purchase of an ecotomograph and the monitoring of the neighbours' wells, and also supported other El Melón and Nogales district initiatives such as the Fire Brigade, the neighbours' committees and elder people's homes.

Mantoverde Division

Mantoverde provided financial support to the Regional Mining Safety Council (CORESEMIN¹⁸) of Atacama in 2006 to support health and risk prevention programmes of small miners in the north.

The social budget is also focused on educational and cultural activities, support for the Chañaral and El Salado Fire Brigades, productive organisations and local authorities. A series of talks were given during the year to secondary education, technical and university pupils and students. Cultural activities were

sponsored, like presentations of artistic and musical groups, and the activities of the Fire Brigade's Underground Rescue School and the Urban Rescue Centre were supported, among others.

An agreement was reached with the National Training Institute (INACAP) to launch the complementary training programme "Gastronomy Assistant and Food Preparation" in the district of Chañaral. This programme trains over 40 youngsters of 3rd and 4th grade of secondary education at the Federico Varela high school to provide them with new knowledge and tools so they can gain a specific trade and increase their possibilities of employment when they leave school. This initiative, which was launched in 2004 in the Mantoverde Division, has trained over 120 youngsters in this speciality.

Mantoverde also plays an important role in the Atacama Region Development Corporation (CORPROA), which is made up of businessmen and company representatives. Its objective is to promote the mining cluster to consolidate the process in Atacama, boosting local small and mid-sized companies. All these activities are focused on supporting the two large identified needs of education and employability of the people in the area, and on local charity institutions and community service.

18 www.consejonacionaldeseguridaddechile.cl



CASE STUDY

Signing of an Agreement with Fondo Esperanza

According to the Ministry of Planning (MIDEPLAN), 20% of the poorest families in Chile live on an average monthly income of less than US\$215, whereas 20% of the wealthiest families live on US\$3,000. This reality was noted during the application of the SEAT and when the local community requirements were received.

This is why, as mentioned in the last report, the company approved a budget of US\$3 million in late 2005 to create a rotating fund that will help social undertakings and development. By means of its Emerge Programme, the Fondo Esperanza Foundation (an Hogar de Cristo organisation), Anglo American Chile strives to contribute to the economic development and well-being of the communities around its operations by supporting small business. The credit methodology of the Fondo Esperanza Foundation is based on the formation of community banks made up of groups of 18 to 25 people who live in the same district and who undertake their business independently and pledge jointly and severally to pay back the capital lent.

The first stage of the project will benefit over 1,800 entrepreneurs from the provinces of Quillota, San Felipe and Chacabuco over the next two years with an investment of around US\$500,000. Based on the results, the proposal allows for expansion that would reach over 6,700 entrepreneurs in three years with a total investment of US\$2.5 million.

A methodology of direct support has been developed for those entrepreneurs who have moved beyond subsistence, which will start to be applied as of May 2007 with the first undertakings selected from the survey. Over 20 projects with the potential of entering this programme are currently under analysis.

19 www.fondoesperanza.cl

Economic Performance



“Excellence in safety performance, best practice in sustainable development and sound business performance go hand in hand”.

Tony Trahar
CEO
Anglo American plc.

Highlights of 2006

2006 will be remembered for the high copper price in international markets with the average price reaching 305.3 US\$/lb, an 83% increase on the average price of 167.1 US\$/lb of the previous year. This really boosted Anglo American Chile's earnings of US\$4,403.2 million, 67% higher than in 2005, including the result of Collahuasi .

The total fine copper production of the four mining divisions operated by Anglo American amounted to 446,784 tonnes, which was a 0.7% increase on 2005. Collahuasi had total production of 440,019 tonnes of fine copper, a 3% increase on the previous year.

Anglo American Chile's total production of fine copper amounted to 640,393 tonnes, 1.4% higher than in 2005. The total molybdenum production was 4,028 tonnes, with the Los Bronces Division accounting for 2,549 tonnes and the 44% production of Collahuasi accounting for 1,479 tonnes. Around 85% of the copper produced by Anglo America is smelted in Chile and is exported as metallic copper.

The Chagres Smelter had record production of 173,413 tonnes of anodes/blister, which was a 26% increase on 2005. It produced 499,243 tonnes of sulphuric acid, which was 34.3% higher than the previous year.



20 Anglo American owns 44% of Compañía Minera Doña Inés de Collahuasi.

2006 Results

Anglo American Chile's earnings after tax rose 119% year-on-year to US\$2,461.9 million. This increase not only reflects the high copper price but also greater total fine copper output and cost savings.

Total taxes amounted to US\$1,139.8 million, with first category tax accounting for US\$465.2 million, the additional profit remittance tax accounting for US\$541.5 million, and the mining royalty for US\$133.2 million. More than three times the tax was paid in 2006 compared with the US\$310 million in 2005.

US\$181 million were invested in different operational projects in 2006, an increase on the US\$123 million in 2005, mainly to increase the life of operations or to optimise processes. The social investment in 2006 was US\$1.5 million, which was a 14.6% increase on the US\$1.3 million in 2005.



Main Results (millions of US\$)			
	2006	2005	2004
Anglo American Net Income	2,960.9	1,890.7	1,461.6
Collahuasi Net Income (44%)	1,442.3	751.1	640.2
Total Income before taxes	4,403.2	2,642	2,102
Total Taxes	1,139.8	243	53.2
Anglo American Earnings	1,684.7	800.2	638.4
Collahuasi Earnings	777.2	325.6	282.9
Total Earnings	2,461.9	1,125.8	921.3
Anglo American fine copper production (tonnes)	446,784	443,460	455,375
Collahuasi fine copper production (tonnes)	193,609	187,890	211,629
Total production (tonnes)	640,393	631,350	667,004
Operating Cost (US\$/lb)	89.8	73.2	61.3
Capital Investments	181	123	115
ROCE	155%	75%	46%
Average copper price (US\$/lb)	305.3	167.1	130.1

Suppliers and Contractors

The Principles of Good Corporate Citizenship extend to contractors and suppliers, who had to sign a clause of adherence to these principles in the contracts entered into with them in 2006.

The company had commercial relations with 1,131 suppliers in 2006 and requested the services of 600 contractor companies, which generated 3,118 indirect jobs (749 services, 1,518 operations and 851 project jobs) in 2006. As of December 2006, 98% of the supplier payments were made within the terms agreed on. 1.04% was made within the next 60 days and 0.87% before 90 days. Only 0.09% of the payments were totally out of the ordinary, generally because of withholding due to the contractor's fault, according to the internal audit data.

Likewise, the Mantos Blancos and Mantoverde divisions started to use Quadrem's QMarket tool, joining other operations that were already using it. A supplier classification was made and those not registered in Quadrem were invited to do so to bolster the commercial transactions through this platform.

This mechanism reduces the transaction costs and improve the response times generating faster negotiation processes and offering more competitiveness, transparency and equal opportunities.

The Mantos Blancos Division also uses the Goods and Services Supplier Company Classification System (SICEP), which is a supplier registry system developed by the Industrial Association of Antofagasta (AIA) and the mining companies in the region. It allows for an updated database of suppliers/contractors and their compliance with legislation, and environmental, social and safety aspects.

At the same time, AIA asked Abastemin of the Mining Council, which includes all the procurement areas in the mining industry, to standardise the safety requirements for third parties and to include an intellectual property article in the contracts so that contractor maintain ownership over operations innovations. Anglo American considered these clauses in its new contracts according to the standards defined.

Another significant highlight was the publication of the new General Administrative Bases, which entails a new contract format in which the main characteristic is that administrators must require third-party workers to be paid through Previred. The objective is to guarantee compliance with labour regulations regarding social security payments and to implement it before the effectiveness of the Subcontracting Law, which came into force on January 14, 2007.



The Procurement and Contracts area is in charge of the commercial relations with contractors and suppliers. Periodically it undergoes self-evaluations using a methodology known as the Supply Chain CI Guidelines, which includes 9 dimensions related to sustainable development, such as hazardous materials, ethical business, waste reduction and the environment, among others. This not only enables the performance of this management area to be evaluated but also its results to be compared with other divisions of Anglo Base Metals.

Initiatives with Commercial Partners

The Chagres Smelter undertook a systematic Supplier Development Programme. Mantoverde approved the budget to implement similar activities in 2007, considering ten suppliers, and the other divisions carried out ongoing activities with their commercial partners.

Chagres implemented a Supplier Development Programme aimed at training 17 companies that provide supplies and services as part of its collaboration policy to boost the sustainable development of contractors and raise the service quality with high performance standards.

The first diagnosis phase was undertaken by FUNDES²¹ and was co-financed by Anglo American Chile and CORFO²². The aim of this initiative is to increase the competitiveness of the productive chain, strengthen the stability of the subcontracting relationship among small and large-sized companies and promote the business development of the small and mid-sized companies participating in a long-term process, whose results in the future are deemed beneficial for both the suppliers and the company using their products/ services.

Mantoverde supported a study called "Atacama Supplier Characterisation Diagnosis," co-financed by CORFO and the Atacama Region Development Corporation (CORPROA).

The objective was to characterise suppliers of mining goods and services in Atacama in order to define gaps on the requirements of the companies requesting such goods and services. An intervention plan will then be proposed, which will allow local supply to position itself competitively in the market, leveraging external factors that are generated with the productive chain. The intervention will boost small and mid-sized companies according to the requirements of the companies requesting services.

Based on the diagnosis made, 259 companies supply the mining operations, of which 141 are local suppliers and 118 external. In other words, 54.6% of the purchases made by mining companies in Atacama are from local suppliers in the region and the remaining 45.4% from external providers²³.

Moreover, Mantoverde sponsored the II Business "Win-Win" Session, whose aim was to get small and mid-sized companies closer to mining operations. This is a meeting point for entrepreneurs where they can exchange supply and demand for products, services, technology and projects, and the labour market requirements.

El Soldado signed four agreements with neighbours in the areas of Los Caleos (Juan Altamirano and René Blanco) and Collahue (Jacqueline Morales and Alfonso Ramírez) to produce native plants in the next three years with each of them producing 5,000 plants per year. An agreement was also reached with the Christa Mock Agricultural School in Nogales to produce 20,000 native plants a year.

The propagation is carried out on the division's land and the neighbours are given technical assistance and most of the seeds. The agreement was possible due to the interest of these neighbours in participating in the programme. The plants produced will be allocated to the reforestation programmes of the Forestry Stewardship Plans carried out by the El Soldado Division and to other regional reforestation programmes.



²¹ www.fundes.cl

²² www.corfo.cl

²³ Complete information in the document published by CORPROA "Mining industry suppliers in Atacama, Economic Situation Analysis N°32, May 6, 2004"



Suppliers of goods and services	2006
Suppliers of goods	1,131
Suppliers of services	600
Total suppliers	1,731

	National	Foreign	Total
Suppliers of goods	1,035	96	1,131
Suppliers of services	555	45	600
Total	1,590	141	1,731

Payment to suppliers in 2006 (national and foreign currency)

	National Currency Ch\$	% Total	Foreign Currency ThUS\$	% Total	Total	% Total
Suppliers of goods	350,603	39.7	16,915	1.9	367,518	41.6
Suppliers of services	500,472	56.7	15,318	1.7	515,791	58.4
Total	851,074	96.4	32,233	3.6	883,309	100

Targets and Commitments



Targets and Commitments

The table below shows the degree of compliance with the aspects considered in the previous report and also exhibits the 2007 commitments.

Issue	2006 Target	
Seguridad		
	Maintain zero fatalities	√
	Zero lost-time accidents	X
	Implement Golden Rules audit plans	√
	Implement initiatives/shorten the gaps detected in the DuPont diagnosis.	√
	Complete implementation of the Behaviour-Based Safety Programme at Mantoverde. Reinforce in other divisions.	√
	Maintain the ISO 14000 and OHSAS 18000 integrated certification in all divisions.	√
	Implement the plan to align contractor personnel work standards and conditions.	√
Occupational Health		
	Implement the job position study based on the Work Fitness Programme at the Mantos Blancos and Mantoverde divisions.	√
	Ensure contractor compliance with Anglo American's occupational health and hygiene guidelines.	√
Environment		
Certifications	Maintain the ISO 14001 and OHSAS 18000 integrated certification in all the divisions.	√
Tailings dam seepage	Continue to improve the control of the Las Tórtolas and El Torito tailings dams.	√
Alternatives/productive use of tailings water	Develop the Las Tórtolas pilot project study for the agricultural use of tailings water.	X
Process water discharges complying with Supreme Decree 90.	Improvements submitted to and approved by the authority before September 2006.	√
Industrial waste management	Approval of the industrial waste management plans.	√
Land use	Define the area to be protected for conservation of the biodiversity at El Soldado.	▷
	The forestation of 7.8 hectares plus the 3 hectares outstanding from 2005 are equivalent to a total of 10.3 hectares rehabilitated in 2006.	√
Chagres emissions	Complete implementation of the optimisation project.	▷
Energy consumption	Identify/develop new energy reduction initiatives.	▷
Water consumption	Identify/develop new water consumption reduction initiatives.	▷
Implementation of key biodiversity action plans	Propagate a further 20,000 Bellotos from seeds.	√
	Undertake another project at Yerba Loca.	√
	Carry out studies/research at the old dams for rehabilitation using autochthonous flora.	√
Closure plans	Complete the next detailed stage of the Mantos Blancos closure plan	X
Social Development		
Community Engagement Plans	Consolidation/implementation of the 2006 Community Engagement Plans.	√
	Implement the "open door" concept in all the divisions.	▷
	Publish the second Sustainable Development Report	√

Target achieved: ✓ Processes being developed: ▷ Target not achieved: X

Action undertaken in 2006	2007 Targets
The accident rate dropped from 0.4 in 2005 to 0.34 in 2006. New version of the Golden Rules.	Maintain zero fatalities. Zero lost-time accidents. Implement the Anglo Safety Way system. Consolidate basic safety processes. Make a follow-up and analysis of the preventive management by means of leadership indicators. All the operations must fully comply with the heavy-duty equipment and machinery guidelines in 2007, and the power lockout procedures and practices.
	Enhance the audit process using Anglo American's standard reporting protocol and format for findings. Undertake a new work climate survey according to the DuPont scheme.
	Carry out the pending activities of the Contractor Plan according to the minimal standards and criteria. Maintain the ISO and OHSAS certifications.
Compliance close to 100%	Ensure contractor compliance with Anglo American's occupational health and hygiene guidelines.
	Maintain the ISO 14000 certification.
The hydrogeological study of the El Torito dam was updated and improved; studies were conducted on the hydrogeological models of the basin and on the evapotranspiration of the forest at the Las Tórtolas dam.	Continue the studies and improvements of the El Torito tailings dam seepage. Improve the forest irrigation system at Las Tórtolas.
The waste management plan was updated in 2006 pursuant to Supreme Decree 86/70.	
The rehabilitation plan was complied with.	
Progress was made with complying with the targets of the Energy Efficiency Programme.	Identify/develop new initiatives to reduce energy consumption and CO2 emissions. Identify/develop new initiatives to reduce water consumption.
	Propagate 20,000 Belloto plants. Expansion of the Yerba Loca protection agreement.
	Update the closure plans in the 5 divisions.
(addressed in the Social Performance chapter)	Assess and update the Community Engagement Plans. Continue the "Open Door" concept in all the divisions. Publish the third Sustainable Development Report. Implement a support programme for small and medium-sized business in the 5 divisions.



Appendix 1

Legal System and Ownership

Minera Sur Andes Limitada was established as a corporation by means of a public deed issued by the Santiago Notary of Mr. Eulogio Altamirano, on September 6, 1916. The folio of its excerpt was registered on sheet 793 N°406 of the Santiago Commerce Registry of the Real Estate Registrar the same year. Its current and only partners are Inversiones Anglo American Sur Limitada with 99.9% of the capital stock, and Anglo American Sur S.A. with the remaining 0.1%, and both are subsidiaries of Anglo American plc. Empresa Minera de Mantos Blancos S.A. was established as a corporation by means of a public deed issued by the Santiago Notary of Mr. Jaime García Palazuelos, on October 19, 1955, and the excerpt of its folio was registered on sheet 6.101 N°3.598 of the Santiago Commerce Registry the same year. Its capital stock is divided into 157,847,925 registered non-par-value shares of a single series, of which approximately 99.98% belong to Anglo American plc's subsidiary companies called Inversiones Anglo American Norte Limitada, Minorco Inversud S.A., and Inversiones Minorco Chile S.A. To leverage the synergies arising from the work of two copper-producing companies with similar products, and especially with human resources that could work in either company, it was decided to form Anglo American Chile Limitada pursuant to a public deed, dated March 14, 2003, issued by the Santiago Notary of Mr. Andrés Rubio Flores, whose folio excerpt was registered on sheet 7.114 N°5.596 of the Santiago Commerce Registry in the same year.

Subsidiaries, Affiliates and Related Companies

Empresa Minera de Mantos Blancos S.A. has a stake in the following companies:

- Minera Anglo American Chile Limitada, engaged in mine exploration and exploitation, the purchase and sale of mining claims. 57.22% stake of the capital stock.
- Minera Santa Rosa SCM, engaged in the exploration, development and exploitation of mining claims. 25.12% stake of the capital stock.
- Anglo American Chile Limitada, engaged in providing management, planning and consultancy services in various areas. 30% stake of the capital stock.
- Compañía Minera Anglo Cominco Limitada, engaged in mine

exploration and exploitation. Mantos Blancos participates in this company indirectly through its stake in Minera Anglo American Chile Limitada. The latter company owns 50% of the capital stock of Compañía Minera Anglo Cominco Limitada.

Minera Sur Andes Limitada has a stake in Anglo American Chile Limitada, engaged in providing management, planning and consultancy services. 70% stake of the capital stock.

Corporate Governance of Related Companies

Empresa Minera de Mantos Blancos S.A. has a board made up of three incumbent directors and three alternate directors. There is also a General Manager appointed by the company board, and John Dyer Hopwood holds this position.

INCUMBENT DIRECTORS	ALTERNATE DIRECTORS
Pieter Louw John Dyer Eduardo Muñoz	Felipe Purcell Gastón Véliz Lorenzo Menéndez

Minera Sur Andes Limitada has a board made up of 5 incumbent directors and 5 alternate directors.

INCUMBENT DIRECTORS	ALTERNATE DIRECTORS
Pieter Louw Miguel Angel Durán John Dyer Felipe Purcell Robert Cunningham	Alejandro Mena Lorenzo Menéndez Claus Bunker Gustavo Tapia Ignacio Quiñones

Appendix 2

All the material consulted and the list of interviewees that participated in this project have been included to make the 2006 Sustainable Development Reporting process more transparent.

Internal documents consulted

2005 & 2006 Annual Reports.

2005 & 2006 Sustainable Development Reports.

The company's articles of association.

The Board's book of minutes.

Corporate Emergency Response Plan.

Principles of Good Corporate Citizenship.

Letter of Assurance.

SEAT and new tools.

2005 & 2006 Community Engagement Plans.

Bulletin on Integrated Risk Management (IRM – framework for Integrated Risk Management).

Agreement with the Esperanza Foundation.

"Product" definition procedure.

Angloworld corporate newsletters N°25 & 27

Welcome manual "Welcome to building one of the most valued and respected copper businesses in the world."

Cultural Model: Summit Project.

Feedback on the results of the work climate survey.

Safety, occupational health and environmental database

Los Bronces Development Project leaflet

Los Bronces, El Soldado, Mantos Blancos, Mantoverde and the Chagres Smelter collective bargaining agreements.

Documents on handling hazardous substances.

External documents consulted

Golder Report: diagnosis of the water resources of the Copiapó riverbed.

2006 Global Accountability Report – One World Trust.

SEAT 2003 Reports of all the divisions issued by Casa de la Paz.

Anglo American plc SD Assurance 2006 presentation – site close out meeting drawn up by KPMG.

SAM Benchmarking Report.

2006 Mining and Biodiversity. Document by the National Mining Board.

Chilean Mining Pulse 2006 – Document by Mori and the Catholic University of Chile.

Report on the Evaluation of External Service Company Labour Relations – IR Consulting.

Interviews:

1. Alejandro Mena,
Vice-President Human Resources
2. Lorenzo Menéndez,
Senior Manager Safety & Sustainable Development
3. Juan Alberto Ruiz,
Senior Manager Procurement & Contracts
4. Mauricio Bianchi,
Senior Manager Marketing
5. Fernando Valenzuela,
Environmental Manager
6. Ignacio Quiñones,
Legal Affairs Manager
7. Carlos Wilhelm,
Safety Manager
8. Carlos Cruces, Gerente de Ingeniería de Materiales,
Warehousing & Logistics Manager
9. Hernán Gómez,
Procurement & Contracts Manager
10. Benjamín Galdames, Gerente de Relaciones
Organisational Effectiveness Manager
11. Oscar Torres,
Human Resources Administration Manager
12. Ferruccio Medici,
Maintenance & Energy Advisor
13. Christian Clark,
Sustainable Development Advisor
14. Graciela Bustamante,
Management Control Advisor
15. Jorge Poblete,
Social & Economic Development Advisor



Global Reporting Reporting Initiative

Global Reporting Initiative Index / Global Compact Principles

Vision and Strategy

GRI Indicator	Global Compact Principle	Page N°
1.1 Organisation vision and strategy.	N°8: Undertake initiatives to promote greater environmental responsibility.	4 & 24
1.2 Message from the CEO.		4

Profile

GRI Indicator	Global Compact Principle	Page N°
2.1 Name of the organisation.		10
2.2 Primary products and services.		10-15
2.3 Operational structure of the organisation.		14
2.4 Description of the main divisions, operating companies, subsidiaries and joint ventures.		6
2.5 Number of countries where the organisation operates.		8
2.6 Legal form.		97
2.7 Markets served.		11-12
2.8 Scale of the reporting organisation.		10
2.9 List of stakeholders.		28-29
2.10 Contact person for related issues.		Pocket
2.11 Reporting period.		6
2.12 Date of most recent previous report.		6
2.13 Scope of the report.		6
2.14 Significant changes in the organisation.		N/A
2.15 Basis for reporting on subsidiaries.		10
2.16 Explanation of the effect of any re-statements of information provided in earlier reports.		6
2.17 Decision of not applying GRI principles.		N/A
2.18 Criteria and definitions used		Footnote
2.19 Significant changes in the calculation method.		N/A
2.20 Policies and practices to guarantee accuracy, thoroughness and veracity.		6
2.21 Policy and current practices with regard to seeking external assurance for the report.		6
2.22 Means by which users can find additional information.		6/footnote

Governance Structure and Management Systems

Elemento GRIGRI Indicator	Global Compact Principle	Page N°
3.1 Governance Structure.		20
3.2 Percentage of non-executive independent directors.		N/A
3.3 Process for determining the expertise of directors.		20
3.4 Procedures for identifying and managing economic, environmental and social opportunities and risks.		24
3.5 Linkage between direct compensation and the achievement of the financial and non-financial objectives.		N/A
3.6 Organisational structure.		22
3.7 Statements of mission and values, principles, codes of conduct, and policies relevant to environmental, social, and economic performance.		Report
3.8 Mechanisms for shareholders to provide recommendations to the Board.		N/A
3.9 Process for defining stakeholders.		Not reported
3.10 Methods for consulting interested parties.		28-81
3.11 Type of information generated by stakeholder concerns.		2005 Report
3.12 Use of the information obtained as a result of stakeholder commitments.		28-81
3.13 Explanation of the use of the precautionary principle.	N°7: Businesses should support a precautionary approach to environmental challenges.	Not reported
3.14 Economic, environmental, and social commitments, principles, or other voluntary initiatives to which the organisation subscribes.		30-31
3.15 Membership of business/industry associations.		32
3.16 Policies and/or systems for managing impacts caused by processes prior to and after those of the organisation.		24
3.17 Organisation's focus on the management of the indirect economic, environmental and social impacts of its activities.		24
3.18 Main decisions made during the reporting period regarding the location or modification of operations.		N/A
3.19 Programmes and procedures regarding economic, environmental and social performance.		33-34/61-92
3.20 Certification status of economic, environmental and social management systems.		25

Economic Performance

GRI Indicator	Global Compact Principle	Page N°
EC1. Net sales.		10 & 89
EC2. Geographical breakdown of markets for each product.		10 & 11
EC3. Costs of all raw materials and goods purchased, and all the services hired.		92
EC4. Percentage of contracts paid pursuant to agreed terms.		90
EC5. Total payroll.		Strategic
EC6. Distribution to capital providers, broken down by interest on debt and borrowings, and dividends from shares of any kind.		Not reported
EC7. Retained earnings at the end of the period.		89
EC8. Total sum of taxes of all types paid.		89
EC9. Subsidies received.		N/A
EC10. Donations to the community in cash and kind, broken down by types of group.		82
MM1. Identify those sites where the local economic contribution and development impact is of particular significance and interest to stakeholders.		
MM2. Value added (total earnings minus total acquisition cost).		89 & 92

Environmental Performance

GRI Indicator	Global Compact Principle	Page N°
EN1. Total consumption of raw materials.	N°8: Undertake initiatives to promote greater environmental responsibility.	62
EN2. Percentage of raw materials used that are waste.	N°8: Undertake initiatives to promote greater environmental responsibility.	62
EN3. Direct energy consumption by primary energy source.	N°8: Undertake initiatives to promote greater environmental responsibility.	37
EN4. Indirect energy consumption.	N°8: Undertake initiatives to promote greater environmental responsibility.	37
EN17. Initiatives for using renewable energy sources.	N°8: Undertake initiatives to promote greater environmental responsibility. N°9: Encourage the development and diffusion of environmentally-friendly technologies.	40
EN5. Total water withdrawal.	N°8: Undertake initiatives to promote greater environmental responsibility.	64
EN6. Location and size of land owned by the company with high biodiversity value.	N°8: Undertake initiatives to promote greater environmental responsibility.	72-75
EN7. Analysis of significant impacts of activities, and/or products and services on biodiversity in land, saltwater and freshwater environments.	N°8: Undertake initiatives to promote greater environmental responsibility.	72-75
EN23. Total amount of land or property for production activities or extractive use.		
1. Total land disturbed and not yet rehabilitated.		
2. Total amount of land newly disturbed within the reporting period.		
3. Total amount of land newly rehabilitated within the reporting period.		72-75
MM3. The number of sites identified as requiring biodiversity management plans, and the number of sites with plans in place.		72-75
EN25. Impacts caused by activities or operations in protected and sensitive areas.		72-75
EN26. Changes to natural habitats as a result of activities and operations, and percentage of protected or restored habitats.		72-75
EN27. Programmes and objectives to protect and restore ecosystems and autochthonous species in degraded zones.		72-75
EN8. Greenhouse gas emissions.	N°8: Undertake initiatives to promote greater environmental responsibility.	37-67
EN9. Use and emissions of ozone-depleting substances.	N°8: Undertake initiatives to promote greater environmental responsibility.	67
EN10. NOx, SOx, and other significant air emissions by type.	N°8: Undertake initiatives to promote greater environmental responsibility.	67
EN11. Total weight of waste by type.	N°8: Undertake initiatives to promote greater environmental responsibility.	69-71
EN12. Significant spills into watercourses (by amount or impact).	N°8: Undertake initiatives to promote greater environmental responsibility.	65
EN13. Chemical, oil and fuel spills.	N°8: Undertake initiatives to promote greater environmental responsibility.	78
EN31. Any production, transport, import or export of hazardous waste.		70-71
EN14. Significant environmental impacts of main products.	N°8: Undertake initiatives to promote greater environmental responsibility.	78
EN15. Percentage weight of products sold that are reclaimed at the end of their life.	N°8: Undertake initiatives to promote greater environmental responsibility.	
EN16. Events and fines for non-compliance with agreements /treaties / declarations.	N°8: Undertake initiatives to promote greater environmental responsibility.	None
EN35. Total environmental protection expenditures.		62
MM4. Percentage of products derived from secondary materials (excluding internal recycling).		70
MM5. Describe policies for assessing the eco-efficiency and sustainability attributes of products.		27
MM6. Describe the approach to management of overburden, rock, tailings/waste, and sludge.		66 & 69

Social Performance GRI Indicator		Global Compact Principle	Page N°
LA1.	Breakdown of workforce by regions/status (employees-non-employees), employment type (full-time-part-time), employment contract (indefinite-term).		42-43
LA2.	Net employment creation and average turnover.		42 & 89
LA3.	Percentage of employees represented by trade union organisations.	N°3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	47
LA4.	Policy and procedures on information, consultation and negotiation with employees.	N°3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	47
LA5.	Methods of recording and notifying work accidents and occupational diseases.		58
LA6.	Describe joint management and trade union health and safety commissions.		56
LA7.	Rates of absenteeism, work accidents and injury, days lost and number of fatalities.		54-55
LA8.	Describe policies or programmes on HIV/AIDS.	Good Corporate Citizenship	
LA9.	Average hours of training per year by employee category (executive, operator, technician).		43
LA10.	Describe equal opportunity programmes and policies.	N°6: The elimination of discrimination in respect of employment and occupation.	9 & 48
LA11.	Composition of senior management and corporate governance bodies, including gender ratio and other indicators of diversity.	N°6: The elimination of discrimination in respect of employment and occupation.	9 & 43
HR1.	Policies, guidelines, corporate structure and procedures on human rights.	N°1: Businesses should support and respect the protection of internationally proclaimed human rights.	48
HR2.	Evidence that human rights are considered in the company's strategy.	N°1: Businesses should support and respect the protection of internationally proclaimed human rights.	
		N°2: Make sure that they are not complicit in human rights abuses.	30 & 48
HR3.	Policies and procedures to assess human rights performance within the supply chain and contractors.	N°1: Businesses should support and respect the protection of internationally proclaimed human rights.	
		N°2: Make sure that they are not complicit in human rights abuses.	30, 90 & 91
HR4.	Global policies and programmes to prevent discrimination.	N°1: Businesses should support and respect the protection of internationally proclaimed human rights.	
		N°6: The elimination of discrimination in respect of employment and occupation.	42, 44, 48
HR5.	Describe the freedom of association policy and the extent to which it is applied.	N°3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	47, 48
HR6.	Describe the policy of anti-child labour.	N°5: The effective abolition of child labour.	48
HR7.	Statement of the policy against forced or compulsory labour.	N°4: The elimination of all forms of forced and compulsory labour.	48
SO1.	Describe the management policies of the impacts on communities in regions affected by activities (support for local development, workforce training, and biodiversity projects).		61-86
SO2.	Describe the management systems/compliance procedures on corruption and bribery.	N°10: Businesses should work against corruption in all its forms, including extortion and bribery.	21-44
SO3.	Describe the management systems/compliance procedures addressing contributions and political lobbying.		21
SO7.	Describe the management systems to prevent anti-competitive behaviour.		21-44
PR1.	Describe the policy on the customer's health and safety during the use of the product.		12
PR2.	Describe the policies and management systems on product labelling and description.		12
PR3.	Describe the policies and management systems on customer privacy.		N/A
MM7.	Describe significant incidents affecting communities during the reporting period, and grievance mechanisms used to resolve the incidents and their outcome.		78
MM8.	Describe programmes that address artisanal and small-scale mining.		84
MM9.	Describe resettlement policies and activities, transfer of camps, transfer indemnity.	N/A in the period	
MM10.	Number or percentage of operations with closure plans, covering social, environmental and economic aspects.		75
MM11.	Describe the process for identifying local communities' land and customary rights of local communities, and grievance mechanisms used to resolve any disputes.		76
MM12.	Describe the approach to identifying, preventing, and responding to emergency situations affecting employees, local communities, or the environment.		57
MM13.	Number of cases of occupational disease by type. Describe programmes to prevent occupational disease.		58-59

We are interested in your opinion

To improve next year's report, we would like to know your opinion and therefore ask you to complete this questionnaire on our website www.anglochile.cl.

1. What interest group do you belong to?

- | | |
|---------------------------------------|--|
| <input type="checkbox"/> Shareholders | <input type="checkbox"/> Suppliers and Contractors |
| <input type="checkbox"/> Customers | <input type="checkbox"/> Authorities |
| <input type="checkbox"/> Workers | <input type="checkbox"/> Community in general |

2. What is your opinion about the 2006 Sustainable Development Report?

2.1. In general terms:

- ☐ The information is provided comprehensibly and with an orderly structure.
- ☐ The information is provided comprehensibly but disorderly.
- ☐ The information is not provided very comprehensibly but is orderly.
- ☐ The information is not provided very comprehensibly and is disorderly.

2.2. Concerning the content:

- ☐ I consider it provides all the information I need.
- ☐ I consider the information provided is not what I need.
- ☐ I consider the information is provided impartially.
- ☐ I consider the information provided is partial.

3. If you consider the information provided is not what you need, help us to improve our next report by letting us know what kind of information you would like to see in our report.

4. Comments or suggestions

Thank you very much for your time

SEAT

Anglo American Chile applied the socio-economic assessment toolbox (SEAT) with the support of Casa de la Paz to the communities around the divisions in 2004. The objective of this instrument was to raise comprehension of the expectations and requirements of these stakeholders.

Anglo American launched a new version of this instrument in 2006, SEAT II, to improve the process in the light of situations that were a constant factor in all its operations, like the local health problems, the search for synergy in infrastructure investments, resettlement planning, and the development of local skills.

The toolbox and the process were commended by the judges of the World Business Awards, which are jointly presented by the International Chamber of Commerce, the United Nations Development Programme and the International Business Leaders Forum for the support they provide to the UN Millennium Development Goals (MDGs).

Continuous Improvement and Engagement

STAGE 1:
Profile the mining operations of Anglo American and related communities.



STAGE 2:
Identify & assess social and economic impacts and share results with stakeholders.



STAGE 3:
Develop management responses to key issues, including closure planning.



Etapa 4:
Report the results of the assessment.

Associated steps

STEP A:
Profile the mining operations of Anglo American

STEP B:
Profile the community and start engagement with key stakeholders to identify core issues.

STEP C:
Identify and assess the social and economic impacts of the mining operations and assess existing management measures and social investment initiatives.

Paso D:
Share results of impact assessment (quantitative and qualitative) with stakeholders and obtain recommendations for management of issues.

STEP E:
Develop a management and supervision plan for key issues, including formulation of key performance indicators (KPIs) on a lower scale.

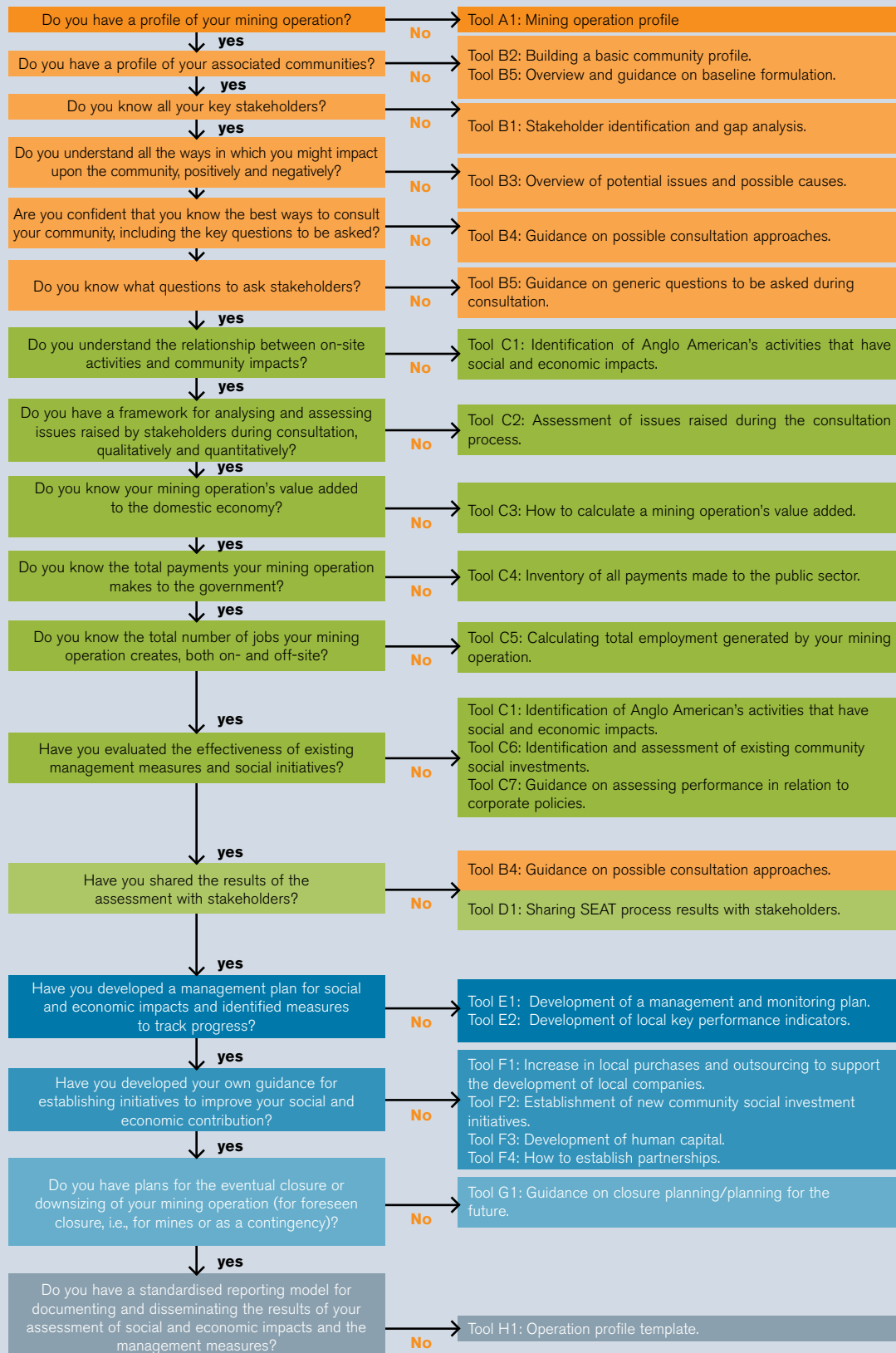
STEP F:
Improve the application and contribution of non-core activities.

STEP G:
Post-closure planning

STEP H:
Prepare a report summarising the assessment conclusions and stakeholder feedback contribution.

Key question to ask at each stage

Tools to answer the questions



Design / Production
People Marketing Group
Advice on the use of GRI guidelines
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