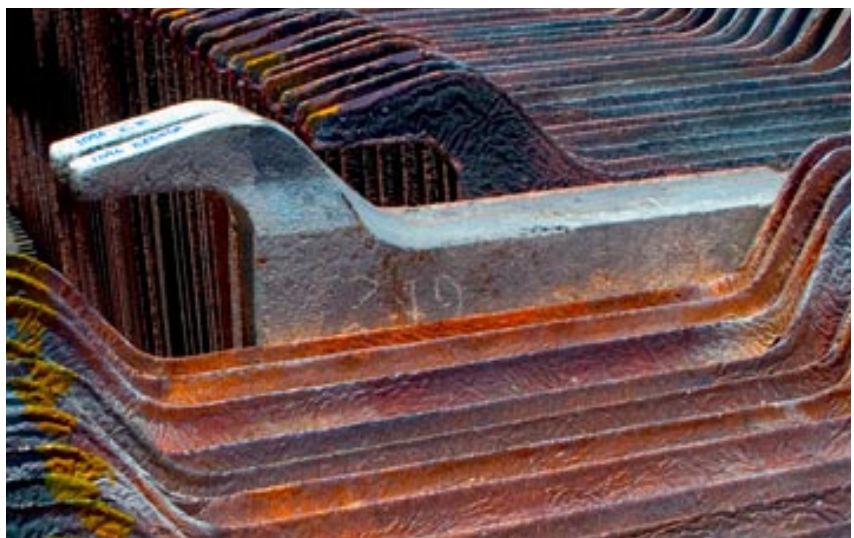




**ANGLO  
AMERICAN**

Anglo American Chile



SUSTAINABLE DEVELOPMENT &  
FINANCIAL STATEMENTS REPORT

**2007**



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### Anglo American Chile

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In seeking to mitigate the possible impacts of this process on the environment, this Sustainable Development and Financial Statements Report 2007 was printed on paper made from 100% chemical paste and free of chlorine and acid, and uses vegetable-based dye in the printing process.

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YEAR'S RESULTS

**TOTAL EARNINGS**  
**US\$4.5 BILLION**

**TOTAL TAX**  
**US\$924 MILLION**

**TOTAL NET INCOME**  
**US\$2.5 BILLION**

SUSTAINABLE DEVELOPMENT &  
FINANCIAL STATEMENTS REPORT

**2007**  
**CONTENT**

STATEMENT BY THE CHIEF EXECUTIVE	p.04
SCOPE	p.06
COMPANY PROFILE	p.08
2007 PERFORMANCE & 2008 TARGETS	p.18
APPROACH TO SUSTAINABLE DEVELOPMENT	p.20
FINANCIAL CAPITAL	p.28
HUMAN CAPITAL	p.42
SOCIAL CAPITAL	p.58
NATURAL CAPITAL	p.74
MANMADE CAPITAL	p.96
APPENDIX 1	p.104
APPENDIX 2	p.106
FINANCIAL STATEMENTS	p.109
GRI INDEX	p.132

## ANGLO AMERICAN CHILE'S OPERATIONS



### LOS BRONCES



The **Los Bronces Division** is located in the Andes mountains, 3,500 metres above sea level and 65 kilometres from Santiago in the Metropolitan region.

Los Bronces is an open-pit copper mine containing molybdenum. It has a grinding plant to treat sulphide ore and two SX-EW\*\* plants for the low-grade ore heap leaching process and produces copper cathodes from electro-winning.

The ore is transported from the mountains down a 56-kilometre ore slurry pipeline to Las Tórtolas with an elevation difference of 2,604 metres. The Las Tórtolas concentrator plant and the tailings dam are located in Colina, where the floatation process is undertaken to obtain copper and molybdenum concentrates.

LOS BRONCES	2007	2006	2005
TOTAL COPPER PRODUCTION (tonnes)	231,216	226,020	227,268
COPPER CONCENTRATE (tonnes)	182,894	183,487	188,434
COPPER CATHODES (tonnes)	46,420	42,533	38,834
MOLYBDENUM (tonnes)	2,582	2,549	2,123
C1 DIRECT COST (US\$/lb) *	57.7	56.1	39.5

### MANTOS BLANCOS



The **Mantos Blancos Division** is 800 metres above sea level in the Antofagasta Region, 45 kilometres northeast of the regional capital.

It is an open-pit mine with crushing plants, solvent extraction and electro-winning to treat oxide ores. It also has a sulphide ore treatment plant.

MANTOS BLANCOS	2007	2006	2005
TOTAL COPPER PRODUCTION (tonnes)	90,630	91,745	87,711
COPPER CONCENTRATE (tonnes)	40,165	42,607	39,108
COPPER CATHODES (tonnes)	50,464	49,138	48,603
C1 DIRECT COST (US\$/lb) *	121.7	109.3	87.1

## EL SOLDADO



The **El Soldado Division** is located in the coastal mountains 600 metres above sea level, in the district of Nogales, Valparaíso Region.

It consists of an open-pit mine, an underground mine, and oxide and sulphide ore treatment plants.

EL SOLDADO	2007	2006	2005
TOTAL COPPER PRODUCTION (tonnes)	72,768	68,697	66,480
COPPER CONCENTRATE (tonnes)	65,297	62,200	59,972
COPPER CATHODES (tonnes)	7,471	6,497	6,508
C1 DIRECT COST (US\$/lb) *	108.2	113.1	98.2

## MANTOVERDE



The **Mantoverde Division** is located 900 metres above sea level in the Atacama Region, 56 kilometres from the port of Chañaral.

conveyance and stockpiling system, heap leaching, and a solvent extraction and electro-winning process to process oxide ores.

It consists of an open-pit copper mine, a crushing plant, a mechanised ore

MANTOVERDE	2007	2006	2005
COPPER CATHODE PRODUCTION (tonnes)	61,001	60,322	62,000
C1 DIRECT COST (US\$/lb) *	91.9	79.9	74.9

## CHAGRES



The **Chagres Division** is one of the most modern smelters in Chile and its rated sulphur capture of 97% makes it a leading smelter in the country in environmental terms.

It is located in the district of Catemu in the Valparaíso Region, 100 kilometres north of Santiago. Its productive process is undertaken by means of a flash furnace and its rated production capacity is 184,000 tonnes of fine copper per annum.

CHAGRES	2007	2006	2005
FINE COPPER PRODUCTION (tonnes)	164,107	173,413	138,063
ACID PRODUCTION (tonnes)	493,382	499,243	317,870
C1 DIRECT COST (US\$/lb) *	15.4	12.4	13.5

## MINERA DOÑA INÉS DE COLLAHUASI



### Minera Doña Inés de Collahuasi

The deposits mined by Collahuasi are located in the Tarapacá Region in the north of Chile, 185 kilometres southeast of the city of Iquique at an average altitude of 4,400 metres above sea level.

The company produces and markets three products: copper concentrate; copper cathodes; and molybdenum concentrate.

MINERA COLLAHUASI**	2007	2006	2005
FINE COPPER PRODUCTION (tonnes)	198,899	193,609	187,890
MOLYBDENUM PRODUCTION (tonnes)	1,777	1,479	154
C1 DIRECT COST (US\$/lb) *	60.7	80.8	68.7

\* C1 Cost: mine cost, plant cost, overheads, smelting, refining and freight cost.

\*\* Solvent Extraction-Electro-Winning

\*\* Accounts for 44% of the production that is attributable to Anglo American



## .01

## STATEMENT BY THE CHIEF EXECUTIVE



The safety of our employees is and will continue to be a key value of Anglo American's management and a priority of all those who form part of Anglo American.

Although we improved the overall accident rate in 2007, attaining outstanding rates at national and international level, we regrettably had one fatality at the Mantos Blancos Division where a contractor company operator died. This accident triggered the implementation of additional measures to further improve work conditions and capacities at all our operations to meet the zero accidents target. We will not rest until we achieve this.

One of the core elements of Anglo American's business philosophy is that the communities around its operations benefit from its presence. We aim to contribute to the development of such communities, as set out in the Business Principles of Good Corporate

Citizenship. This is why we worked hard on the Emerge Programme in 2007, which supports small and medium-sized businesses run by entrepreneurs in the communities surrounding our company's operations.

The Emerge Programme arose from the conviction that the main contribution we can make to people that live close to our operations is to give them the tools needed to develop. They will thereby not only be able to enhance their own sustainable quality of life but also ideally that of others by creating new jobs.

This endeavour was acknowledged by the Government of Chile, which awarded it the Bicentenary Seal 2007, highlighting the contribution of the Emerge Programme to the celebration of Chile's 200 years of independence.

We are very proud of this award, and at the same time this makes us strive to work even harder to continue in this



## ADDITIONAL INFORMATION

p.60

Emerge Programme

p.78

Energy Efficiency Programme

direction and continuously improve the contribution we make. The Emerge Programme will continue to grow in the next few years and we hope to find and develop new programmes to sustainably enhance the living conditions of the surrounding communities.

With this same long-term vision, in 2007 we launched the University Scholarship Programme for students undertaking courses related to the mining business. The aim of this project is to support those who have chosen a mining career and to thereby motivate others to do so. One of the challenges the industry currently faces worldwide is the shortage of mining and metallurgical professionals. The aim of this programme is to respond to this challenge.

Likewise, in 2007 we worked hard to make our operations more efficient in terms of energy and fresh water consumption. The Energy Efficiency Programme also involved delivering 30,000 energy-saving light bulbs to people in surrounding communities and to all our employees. The energy efficiency challenge is one of the most important that Chile and the world is now facing, and Anglo American is globally committed to improving energy efficiency usage with clear and measurable targets.

We have set equally measurable targets to reduce our CO<sub>2</sub> emissions per saleable unit of production. This forms part of the global effort to fight the causes of climate change. This challenge will be increasingly more important on the worldwide agenda in the next few years and Anglo American aims to be a global leader in implementing measures to address this problem.

Operationally, our mining operations in Chile produced 652,000 tonnes of fine copper in 2007, ranking us as the third largest producer in the country. We also generated net income of US\$2.5

billion and contributed US\$924 million in taxes. These significant figures are largely explained by the high copper price and the company's cost reduction endeavours.

To carry on growing in the global copper industry, Anglo American's Board of Directors approved the Los Bronces Development Project entailing an investment of US\$1.7 billion to increase this Division's production to an average of 400,000 tonnes a year by 2011. In addition to this large challenge, there are other initiatives under review in other divisions to consolidate our position in the industry, prolong the life of the deposits and enhance the technology used at the facilities. One of the essential criteria being applied to studies of projects is for them to involve enhanced environmental performance and energy and water usage efficiency.

Moreover, our Sustainable Development Report 2006 was awarded the Best Sustainable Report in Chile and also won the prize for the Best Environmental Management Report. On receiving these awards, we feel proud of what we have done in Chile and of how we are informing our stakeholders. That is part of a conscious effort to position Anglo American as a company of excellence. We want to be the best at everything we do, and only in this way will we attain our vision of being one of the most profitable and respected copper businesses in the world.

This is the fourth report we have published. This year we have made improvements by rigorously applying the G3 guidelines of the Global Reporting Initiative (GRI<sup>1</sup>) and consulting our corporate stakeholders on the most significant issues they want to see addressed in this report. Moreover, we have also decided to include the financial statements of our mining companies in this report to merge the Financial Annual

Report and the Sustainable Development Report into one single document. We thereby hope to create a more complete and comprehensive document of our performance and at the same time reduce paper consumption by printing fewer pages. In addition, we have designed a summarised version of this report and an online version to reach more people.

Please send us your comments or suggestions using the form in this document or on our website. We are convinced that the contributions of all our stakeholders will help us improve our performance day by day with the aim of not only being a good business but also the best partner for our communities and for Chile as a whole.



Miguel Ángel Durán  
CEO

<sup>1</sup> [www.globalreporting.org](http://www.globalreporting.org)

## .02

## SCOPE

Continuous improvement process  
Stakeholders  
Scope of operations  
Verification  
Availability

This is Anglo American Chile's fourth Sustainable Development Report, which includes economic, environmental and social information regarding the performance of the five operations managed by the company: Los Bronces; Mantos Blancos; El Soldado; Mantoverde and Chagres, plus the corporate offices in Santiago, whenever relevant. This report includes the performance from January 1 to December 31, 2007. Information from 2005 is included and all figures are given in U.S. dollars for comparison and clarity.

### CONTINUOUS IMPROVEMENT PROCESS

This version has several changes in relation to previous reports. The main one is that it is structured around the five core aspects of the company's sustainable development strategy, i.e., financial capital, human capital, social

capital, natural capital and manmade capital. With this change, we aim to show how these variables are included in our processes and management. Additionally, we have better defined key issues by reviewing press articles, by carrying out an internal survey in various areas of the company, and by means of a benchmark between the reports made by the national and international mining industry and the winners of the Best Sustainable Development Report Prize of AcciónRSE, which awarded us the Prize for the Best Report and the best Environmental Chapter 2006.

Another change is the use of the G3 guidelines of the Global Reporting Initiative (GRI), and the Mining and Metals Supplement of the GRI. With this, we want to deliver a better, more transparent Grade A report that is more focused on the company's stakeholders.

A third modification this year is the addition of the company's summarised financial statements, consolidated into one single document, previously the Annual Report and Sustainable Development Report. This required an additional effort to make the process more efficient, delivering all the information on the company's performance in one document, and at the same time reducing the use of paper. The complete financial statements can be found on the CD enclosed in this Report or can be downloaded from the company's website [www.anglochile.cl](http://www.anglochile.cl).





## STAKEHOLDERS

Anglo American uses a tool developed in-house called the Socio-Economic Assessment Toolbox (SEAT), which has wide international recognition and enables us to understand the requirements of the surrounding communities in a standardised way and produce structured action plans aimed at our main targets. SEAT will once again be deployed in 2008 as a way of updating the data and assessing the implementation of the divisions' activities in the communities<sup>2</sup>.

Furthermore, in 2007 we conducted some formal research with corporate stakeholders to find out their opinion on the Sustainable Development Report 2006.



## SCOPE OF OPERATIONS

Anglo American owns 44% of Compañía Minera Doña Inés de Collahuasi which produces its own Sustainable Development Report every two years. However, this report consolidates the operating and financial information, specifically stating when it is part of the total and when the percentage stake in Collahuasi is excluded. The information on Collahuasi's environmental and social performance is not included in this report.

## AVAILABILITY

To ensure that people have access to our fourth Sustainable Development Report, we have printed 1,500 copies in Spanish, 300 in English and 3,000 summarised versions. We have also prepared an interactive version available on our website, where it is also possible to download the Reports and Annual Reports of previous years in PDF format.

## VERIFICATION

Anglo American plc undertakes a random verification process of all its operations worldwide, whereby some are selected for verification. This year said verification was carried out by PricewaterhouseCoopers and the divisions reviewed in Chile were Mantos Blancos, El Soldado, Mantoverde and Chagres. Moreover, the financial statements were analysed by external auditors Deloitte & Touche and their report is enclosed at the end of this document. To guarantee the principles of information transparency, balance, clarity and reliability, we hired the services of an external consultant to manage the collection of information and advise us on the best way of presenting it. This involved reviewing 37 documents and holding 29 interviews with company executives, who subsequently vouched for the information given.



<sup>2</sup> Should you need any further information regarding SEAT, please see pages 33 and 59 and the company's website [www.anglochile.cl](http://www.anglochile.cl), which contains the Sustainable Development Reports of previous years and they include special chapters on SEAT.

# .03

## COMPANY PROFILE

Anglo American plc  
Anglo American Chile's operations  
Copper marketing



## 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 it operates. Its head office is in London, England, and its shares are mainly traded on the London stock exchange. It had net income of US\$5.8 billion and sales of US\$35.7 billion in 2007, with its mining operations in Chile accounting for 13% of these.

Anglo American owns high-quality mining assets in platinum, diamonds, coal, ferrous and base metals, and industrial minerals. Because of this diversity, the Group has operations spanning all continents. Its divisions, Anglo Platinum, Anglo Diamonds, Anglo Coal, Anglo Industrial Minerals, Anglo Ferrous Metals and Anglo Base Metals, jointly provide jobs for around 90,000 permanent employees in 25 countries around the world.

### Sustainability

The 21st Century has brought major challenges for extractive activities worldwide. Modern mining must now not only consider financial variables but also social and environmental ones. Anglo American plc does so in order to become a leading mining company in its industry, because it considers that being the best means doing things with excellence in all its management areas. By means of its actions, it seeks to be valued by all its stakeholders, defined in the Principles of Good Citizenship, and the result of this commitment creates real economic opportunities with sustainable benefits beyond the life of mining operations.

For Anglo American plc a modern mining company means going beyond legal compliance. This has a different meaning in each of the countries where it is present. Proof of this is the fact that in 2002 it became the first company to announce free treatment for its HIV positive employees in Africa, undertaking the largest ever voluntary corporate

programme in the world on advice, testing and treatment of this disease. There are currently 11,500 HIV positive employees in this programme and 5,000 employees that receive antiretroviral drugs at the company's expense. Anglo American developed this campaign because it is needed by its employees, society and the company in South Africa.

Being a modern mining company also means facing the challenges of climate change. For example, Anglo American promoted a pioneering wetland conservation and recovery programme at one of its largest collieries in Australia. It is also constantly seeking ways to make water consumption - one of the main variables of the mining industry - more efficient. It has programmes and targets to reduce CO<sub>2</sub> emissions per unit of production. Moreover, it launched the Energy Efficiency Programme<sup>3</sup>, whose aim is to achieve a 15% improvement in energy use efficiency compared with 'business as usual'<sup>4</sup> at all its operations worldwide from 2003 to 2014.

## 2007 ACCOLADE

In November 2007, the Socio-Economic Assessment Toolbox (SEAT<sup>5</sup>), developed by Anglo American, was recognised as "Best Industry Practice," according to Business for Social Responsibility (BSR<sup>6</sup>), which is the main organisation to which U.S. companies embracing Corporate Social Responsibility belong.

BSR reported that SEAT is "Best Industry Practice," as it offers an understandable level of detail and is a guide to identifying and addressing socio-economic impacts. It also considers that various Anglo American operations have taken a large step forward by shifting from "philanthropy" to "strategic social investment," as is the case in Anglo American Chile's corporate development programmes.

<sup>3</sup> See the evolution of the Programme in Chile. Page 78.

<sup>4</sup> Business as usual is the way the business would develop in the future, should no changes be made.

<sup>5</sup> SEAT is a tool that is available free of charge to the entire business community, as part of Anglo American's commitment to best practices.

<sup>6</sup> [www.bsr.org](http://www.bsr.org)



Education, diversity, development of new business, supplier alliances, promotion of water conservation, protection of biodiversity, and energy efficiency are all essential areas that Anglo American plc embraces in various countries. The common denominator of this support is that each action is implemented according to the needs and requirements of the neighbouring communities.

By means of these initiatives, the company wishes to show that responsible mining and sustainable development are compatible. To prove this and share experiences, it participates with organisations that make a contribution to social and environmental development, like the United Nations Global Compact<sup>7</sup>, the Extractive Industries Transparency Initiative (EITI<sup>8</sup>), the International Council on Mining and Metals (ICMM<sup>9</sup>), the World Business Council on Sustainable Development (WBCSD<sup>10</sup>) and the Global Reporting Initiative (GRI).

## Transparency

Transparency is a core principle of the company's management. Corruption is the enemy of good business and hence sustainable development. For this reason, right from the outset Anglo American has driven its "Just Say No" corruption policy. According to Anglo American, the way it communicates its values and does business are key factors and must form the basis of any anti-corruption programme. In the last few years, for example, it stopped exploration in two countries in which it considered it could not operate transparently.

Furthermore, the company has given clear leadership on diversity by promoting the employment of women, who account for 10% of the work force at Anglo American plc. It is now possible to see women driving 300-tonne trucks at open-pit mines in Chile or leading underground teams in South Africa and Australia, and carrying out technical, professional or administrative functions.

## Safety and Diversity

One of the most important aspects, the safety of people, is at the top of the agenda for CEO Cynthia Carroll. It is the company's priority to eliminate accidents in the workplace with the target of zero accidents and to operate according to the Anglo Safety Way safety management standard, which is based on the best international practices and the OHSAS 18001 standard.

<sup>7</sup> [www.globalcompact.com](http://www.globalcompact.com)

<sup>8</sup> [www.eitransparency.org](http://www.eitransparency.org)

<sup>9</sup> [www.icmm.com](http://www.icmm.com)

<sup>10</sup> [www.wbcsd.org](http://www.wbcsd.org)



## ADDITIONAL INFORMATION

**p.41**

Financial Overview

**p.51**

Women at Los Bronces

**ANGLO AMERICAN  
CHILE**

Anglo American Chile is part of the Anglo American group and specifically of Anglo Base Metals. It mines and processes copper and is the third largest copper producer in the country and one of the main global copper producers.

It has existed in Chile since 1980 and owns and operates the following divisions:

- **Los Bronces**
- **Mantos Blancos**
- **El Soldado**
- **Mantoverde**

These divisions explore, mine, process and market copper concentrate and cathodes. Los Bronces is the only division that produces and markets molybdenum.

The fifth division is **Chagres**, a smelter that produces copper anodes/blister and sulphuric acid by processing concentrates produced at El Soldado and Los Bronces. Anglo American Chile also has a head office in Santiago and a mining exploration unit called the Exploration Division.

The company owns 44% of Compañía Minera Doña Inés de Collahuasi, which produces copper concentrate and cathodes and has had a molybdenum plant since 2005.



Anglo American could produce around one million tonnes of copper in Chile by 2014 – 2015. This would depend on the outcome of various projects, the most significant being the Los Bronces Development and the expansion of Collahuasi.



Anglo American Chile's operations had a total production of 652,791 tonnes of fine copper in 2007 with net income of US\$2.5 billion<sup>11</sup>.

For the year ended December 2007, the company had a total workforce of 5,854 employees<sup>12</sup>, of which 2,723 are company employees and 3,131 contractors. Its productivity rate was 174 tonnes per company employee (without considering Collahuasi) and 92 tonnes including contractors.



<sup>11</sup> The financial and production information of Anglo American's 44% interest in Collahuasi is presented in this report. However, all the other indicators only refer to the five divisions operated by Anglo American, as Collahuasi draws up its own sustainable development report.

<sup>12</sup> The employee total does not consider the Collahuasi headcount.



## CASE STUDY

# Los Bronces Development Project

During a meeting in Chile in October 2007, the Board of Directors of Anglo American plc gave the go-ahead to the Los Bronces Development Project, for which it approved an investment of US\$1.7 billion.

This initiative, whose construction stage commenced in 2007, includes new grinding facilities in the Confluencia sector, a floatation plant at Las Tórtolas, district of Colina, and new piping and pumping stations in the Andes mountains and the valley.

These facilities will boost the production of the Los Bronces Division from a current output of 231,000 tonnes to 400,000 tonnes of copper per annum, and molybdenum

production will rise to 5,400 tonnes at 2011. The Los Bronces Division of Anglo American will thereby become one of the deposits with the highest copper production in the world.

### Sustainable Approach

The project's environmental impact study, which was submitted in 2006 and approved by the National Environmental Agency (CONAMA<sup>13</sup>) in 2007, foresees the use of areas that are currently worked and it will therefore not affect other environmental assets. Moreover, most of the additional water to be used will come from the increase in water recirculation from the Las Tórtolas tailings dam to the mine by means of a new pumping system.

The outcome of this is that the quantity of fresh water used per tonne of copper produced will drop by around 40%.

Furthermore, to comply with regulations and the project objectives, the operational control and safety measures will be stepped up, meeting the requirements raised by the community in the Citizen Participation process.

To make up for the increase in traffic on the public access road to the operations, Anglo American will widen the surface in certain critical areas and build 12 overtaking lanes so smaller vehicles can pass easily.

The project will also generate direct economic benefits as, in addition to about 4,000 new jobs created in the construction stage, there will be 400 employees hired permanently when the project has been completed. It is also estimated that the domestic economy will receive around 55% of the total project investment, which is equivalent to US\$935 million.

The Los Bronces Development Project is the first of a series of copper projects of Anglo American in different countries worldwide, which will enable it to increase its copper production to around 1.7 million tonnes a year by 2016.



**BY MEANS OF THE LOS BRONCES DEVELOPMENT PROJECT, FROM 2011 THIS DIVISION WILL BECOME ONE OF THE DEPOSITS WITH THE HIGHEST COPPER PRODUCTION IN THE WORLD.**

<sup>13</sup> [www.conama.cl](http://www.conama.cl)

# COPPER MARKETING

Anglo American markets copper cathodes, copper concentrate, copper anodes/blister, molybdenum concentrate and sulphuric acid. Its offices in Santiago are used for this purpose, and to coordinate shipments to worldwide markets.

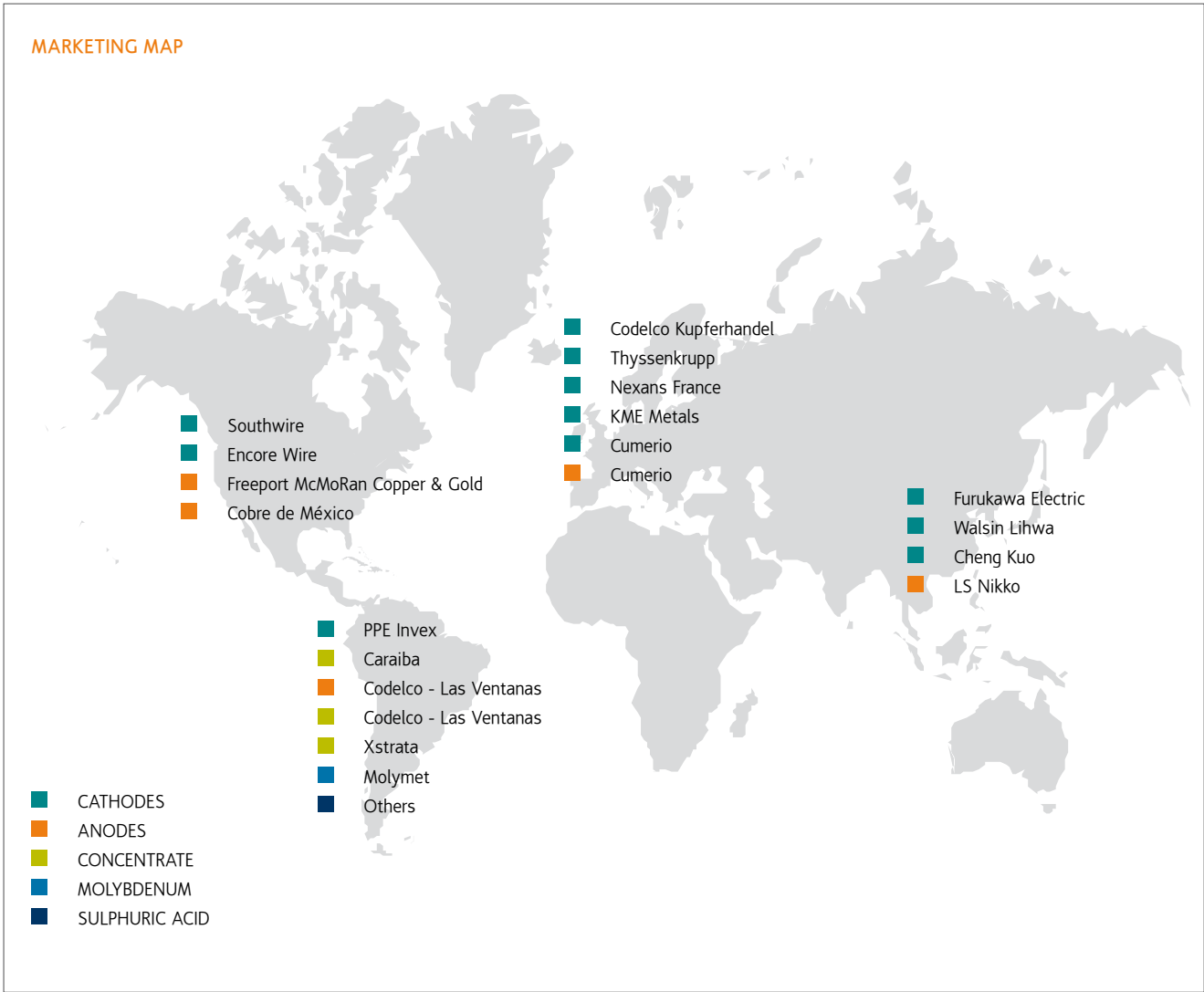
Around 70% of the total copper concentrate production of Los Bronces and El Soldado went to the Chagres Smelter (approximately 550,000 tonnes of copper concentrate) to produce copper anodes/blister and the rest was sold by means of long-term contracts and on the spot market<sup>14</sup>, typically through traders.

The concentrate from the Mantos Blancos Division was sold to Xstrata's Alto Norte Smelter at La Negra in Antofagasta, and the anodes/blister produced by the Chagres Smelter were shipped to five refineries: Codelco Ventanas (Chile); Freeport McMoRan Copper & Gold (USA); Cobre de México (Mexico); Cumerio (Belgium); and LS Nikko (Korea).

The copper cathode production is mainly exported to customers worldwide and 70% is sold by means of long-term contracts and the rest on the spot market. The major long-term customers

are: Southwire & Encore Wire (USA); PPE-Invex (Brazil); Cumerio (Belgium); Codelco Kupferhandel & Thyssenkrupp (Germany); KME (Germany); Nexans (France); Walsin & Cheng Kuo (Taiwan) and Furukawa (Japan).

<sup>14</sup> The spot market is a market in which products are sold for cash and delivered immediately.



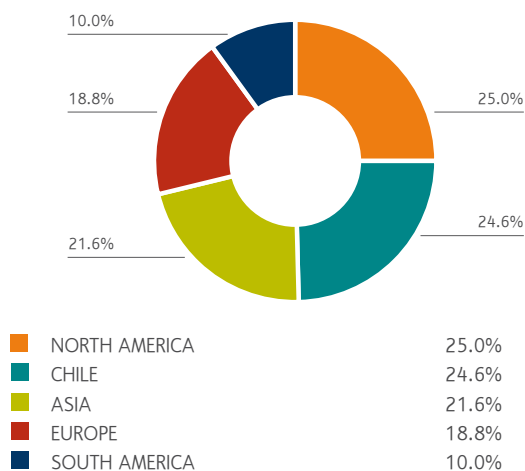
## WHAT IS SUSTAINABLE DEVELOPMENT?

The United Nations World Commission on Environment and Development defines sustainable development as “the meeting of current needs without compromising the possibility of future generations meeting their own needs.”

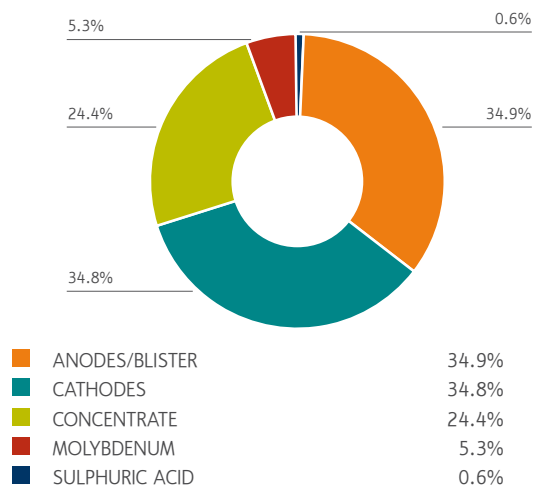
In general terms, the sustainable development concept foresees three areas:

- Economic Prosperity
- Environmental Balance
- Social Development

2007 SALES MARKETS

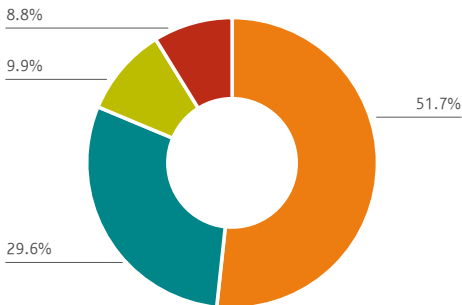


2007 EARNINGS BY PRODUCT



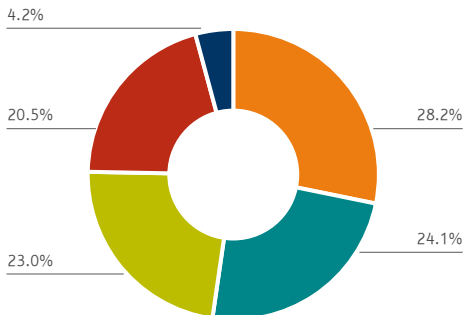


2007 CONCENTRATE SALES MARKETS (IN MT)



CHILE (CODELCO / XSTRATA)	51.7 %
BRAZIL (CARAIBA METAIS)	29.6 %
CHINA (TRADERS)	9.9 %
EUROPE (TRADERS)	8.8 %

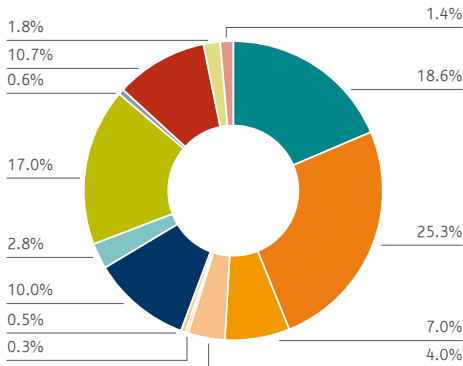
2007 ANODE SALES MARKETS (IN MT)



CHILE (CODELCO)	28.2 %
MEXICO (COBRE DE MÉXICO)	24.1 %
USA (FREEPORT McMORAN COPPER & GOLD)	23.0 %
BELGIUM (CUMERIO)	20.5 %
KOREA (LS NIKKO)	4.2 %

2007 CATHODE SALES MARKETS (IN MT)

CHINA	25.3 %
TAIWAN	18.6 %
USA	17.0 %
HOLLAND	10.7 %
FRANCE	10.0 %
ITALY	7.0 %
BRAZIL	4.0 %
JAPAN	2.8 %
KOREA	1.8 %
CHILE	1.4 %
MEXICO	0.6 %
SPAIN	0.5 %
THAILAND	0.3 %



## CASE STUDY

### Exploration Division

Anglo American's business strategy bases the company's growth on the development of projects to increase its useful life by raising the production of its current operations and seeking and developing new mining projects. The work of the Exploration Division plays a key role in this.

The Exploration Division operates in Chile according to Anglo American's values and regulations, to the business principles of Good Corporate Citizenship, and to the Divisional Policy on which the integrated Safety, Occupational Health, Environmental and Community management system is based. The exploration management system is also certified according to the ISO 14001 and OHSAS 18001 standards.

In this respect, the division's objectives and goals are to increase the company's ore resources without damaging the environment and in harmony with the communities where operations are carried out. The competency of company personnel and contractors who undertake exploration works, along with their commitment to work safely with systematic risk assessment, taking all the measures needed to minimise such risks, are ongoing requirements to address demanding site conditions in daily work.

The activities in Chile are developed in two main areas focused on obtaining copper and molybdenum ore resources:

**1. Exploration in areas close to the company's deposits**, with the aim of increasing the life of mines being exploited, adding ore resources in order to expand the quantity and quality of their production. There are currently exploration teams mainly focused on areas around the Los Bronces and El Soldado deposits.

**2. Project Generation Phase**, when work is done to explore favourable areas for the location of porphyry copper-type deposits found on the bands of the Oligocene in the north and the Miocene in the central area. Exploration works include the following tasks: selection of zones by means of satellite imaging; research by geological mapping, geophysical and geochemical studies; and testing by means of borings. The exploration development progresses from areas of interest that become














projects which, should there be discoveries of a deposit, are appraised by calculating their resources and ending with feasibility studies and the design of mining systems.

44 people work at the Exploration Division in Chile, most of whom are geologists, with the assistance of administrative staff from the mine property area, draftsmen, site assistants and contractors of specialised services like drilling, helicopters, mule driving and mountaineering. External laboratory services are contracted for chemical and geotechnical analyses.






## 2007 PERFORMANCE AND 2008 TARGETS

.04

ISSUE	2007 TARGET	COMPLIANCE	
HUMAN CAPITAL			
SAFETY			
	Maintain zero fatalities.		
	Zero lost-time accidents.		
	Implement the Anglo Safety Way System.		
	Consolidate basic safety processes.		
	Follow up and analyse preventive management by means of leadership indicators.		
	All operations must fully comply with the heavy-duty equipment and machinery guidelines and the power lockout procedures and practices in 2007.		
	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.		
	Implement the pending activities of the Contractor Plan according to the minimum standards and criteria.		
	Maintain the ISO and OHSAS certifications.		
OCCUPATIONAL HEALTH			
	Ensure contractor compliance with Anglo American's occupational health and hygiene guidelines.		
ENVIRONMENTAL CAPITAL			
ENVIRONMENT			
CERTIFICATIONS	Maintain the ISO 14000 certification.		
ENVIRONMENTAL MANAGEMENT SYSTEM			
TAILINGS DAM SEEPAGE CONTROL	Continue the El Torito tailings dam seepage studies and improvements.		
ALTERNATIVES/PRODUCTIVE USES OF TAILINGS WATER	Improve the forest irrigation system at Las Tórtolas.		
PARTICULATE MATERIAL EMISSIONS			
PROCESS WATER DISCHARGES COMPLIANT WITH SUPREME DECREE N°90	There was no specific target for 2007		
INDUSTRIAL WASTE MANAGEMENT	There was no specific target for 2007		
LAND USE	There was no specific target for 2007		
AIRBORNE EMISSIONS AT THE CHAGRES SMELTER	There was no specific target for 2007		
ENERGY CONSUMPTION	Identify/develop new initiatives to reduce energy consumption and CO2 emissions.		
WATER CONSUMPTION	Identify/develop new initiatives to reduce water consumption.		
IMPLEMENTATION OF KEY BIODIVERSITY ACTION PLANS	Propagate 20,000 “Belloto del Norte” plants at El Soldado.		
	Update the Yerba Loca protection agreement.		
CLOSURE PLANS	Update the closure plans at the 5 divisions.		
SOCIAL CAPITAL			
COMMUNITY ENGAGEMENT PLANS	Assess and update the community engagement plans.		
	Continue the “open door” policy at all the divisions.		
	Publish the third Sustainable Development Report.		
	Implement a support programme for small and medium-sized businesses at the 5 divisions.		



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

-  ACHIEVED  
 NOT ACHIEVED  
 PARTIALLY ACHIEVED

ACTION UNDERTAKEN IN 2007		2008 TARGETS
There was one fatality.		Maintain zero fatalities.
There was one fatality.		Zero lost-time accidents.
The Anglo Safety Way was consolidated in the OHSAS 18001 integrated management systems and Peer Reviews and all operations reported on the level of implementation according to the Anglo American guidelines.		Consolidate the Anglo Safety Way System in the ISO/OHSAS integrated systems of operations.
All the divisions will reinforce the application of behaviour observation, visibly felt leadership (VFL), accident analysis and risk control programmes.		Increase dedication to on-site "Visible Leadership" of the entire management and supervision team.
A proactive safety indicator support and follow-up tool called AngloSafe was developed.		Consolidate the AngloSafe system as a proactive indicator follow-up and analysis tool.
		All operations must be 70% compliant with the guidelines defined in the Anglo American Fatal Risk Standard (AFRS).
The progress of this activity was monitored by means of a corporate self-assessment guide. All the operations achieved the target set, with the implementation of the Equipment Anti-Collision System pending, due to supply times, which will be completed in 2008.		Complete the implementation of the Equipment Anti-Collision System at all operations.
All operations used the guidelines.		Launch the risk management retraining programme for the entire management supervision team.
At corporate level, Anglo Base Metals decided to undertake this activity globally in 2008.		Undertake a safety environment survey according to the scheme defined by Anglo Base Metals.
The roll-out programme went ahead, which ends in 2008.		Continue to implement the Contractor Plan in accordance with the minimum standards and criteria laid down in the plan.
All operations have certification. In 2007, the El Soldado, Chagres, Mantoverde and Los Bronces operations had to undertake the standard re-certification process for three more years.		Maintain the ISO and OHSAS certification.
		Maintain the Peer Review process.
		Start work to standardise good safety practices as part of the One Anglo programme.
Assurance activities were started with major contractors and the hiring bases were amended to include occupational health requirements.		Implement the Anglo Health Way system at all operations.
		Implement a fitness programme at all operations.
		Ensure contractor compliance with Anglo American's occupational health and hygiene guidelines.
		Maintain the ISO 14000 certification.
		Implement the new Anglo Environment Way at the 5 divisions, identifying the existing gaps and producing an action plan to rectify them.
More reconnaissance borings and pumping wells were drilled. The hydrogeological model of the dam was updated and a complementary system was designed to control seepage.		Complete the new seepage control system.
The curtain of anti-seepage wells on the main wall of the Las Tórtolas tailings dam operated continually at maximum capacity. The anti-seepage barrier was completed on the west wall and all the seepage was channelled to the pumping station.		Implement new pumping and monitoring wells. Test a treatment plant of the dam's clear water.
This did not take place because it was agreed to definitively stop the dissipation of surplus water by means of forest irrigation and all the water will be re-circulated to the Los Bronces process.		Maintain the system without dissipation of surplus water until the water recirculation system is expanded to Los Bronces.
		Implement the emission control systems at the Las Tórtolas dam wall, set forth in environmental permit RCA 3159 of November 2007, and install a certified air quality monitoring system.
		Maintain discharges with full compliance with the quality limits laid down in Supreme Decree N°90.
New energy and emission reduction initiatives were certified.		Undertake/commit new initiatives that position the company in line with the 2014 targets of Anglo plc.
An 8.7% reduction in fresh water consumption was achieved.		Maintain consistency with the unit water consumption of the divisions and alignment with the corporate target.
The "Belloto del Norte" propagation programme was continued, exceeding the plant production plan targets.		Hire third parties to plant the plants propagated according to the programme.
A change of administration at the Yerba Loca Sanctuary led to a re-assessment of the programme.		Undertake a biodiversity protection initiative in the central mountains.
The closure plans of the five divisions were updated.		Produce and present the official closure plans to the National Geology and Mining Survey (SERNAGEOMIN), in accordance with the current Mine Safety Regulation.
The plans were updated, but it is still a challenge to enhance them. The Socio-Economic Assessment Toolbox (SEAT) implementation in 2008 will allow progress to be made with this commitment.		SEAT application and update of the community engagement plans at the five divisions.
The "Open Door" programme continued to be applied.		Continue with the open door programme at all the divisions.
The Sustainable Development Report was published and was awarded the prize for the Best Sustainable Development Report in Chile by Acción RSE, El Mercurio and PricewaterhouseCoopers.		Develop the fourth Sustainable Development Report.
In 2007, the Emerge Programme benefited 1,246 small businesses with micro-credits and 20 medium-sized businesses were supported with business training.		Support 3,000 small-sized businesses with micro-credits and 60 medium-sized businesses with business training.
		Implementation of a management system to follow up and measure the social programmes.

# .05

## APPROACH TO SUSTAINABLE DEVELOPMENT

Challenges  
Participation  
Commitment to the community  
Direct impact of operations  
Indirect impact of the product

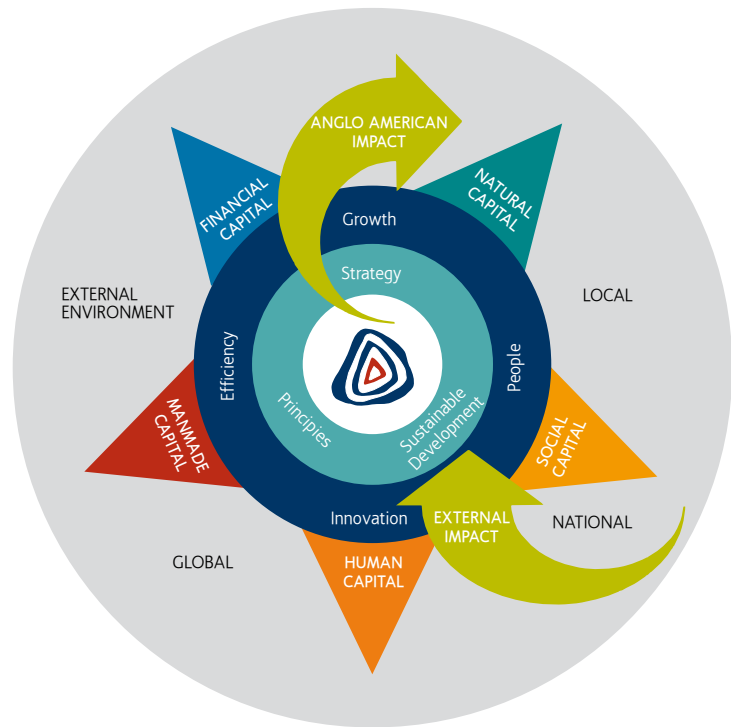


Anglo American's strategy for sustainable development is based on an ongoing commitment to five core aspects for management and decision-making:

- Financial capital
- Human capital
- Social capital
- Natural capital
- Manmade capital

Also, all the activities of Anglo American's employees must follow the guidelines included in the document Good Corporate Citizenship: Our Business Principles<sup>15</sup> and in the ten principles of the International Council on Mining & Metals<sup>16</sup> (ICMM). Moreover, performance must be reported by means of Sustainable Development Reports based on international guidelines like the Global Reporting Initiative that ensures the company's commitment to transparency. At the same time, the company promotes dialogue with its stakeholders with tools like SEAT<sup>17</sup> and the Community Engagement Plans.

#### THE FIVE CORE ASPECTS OF THE SUSTAINABLE DEVELOPMENT STRATEGY



## AWARDS

In September 2007, Anglo American Chile was awarded the prize for the "Best Sustainability Report" in Chile by AcciónRSE, in recognition of the quality and transparency of its report, which included its economic, social and environmental performance in 2006. It also won the prize for the "Best Report on Environmental Management."

The Mantos Blancos Division was awarded the San Lorenzo Prize in recognition of the role this Division plays in the development of small and medium-sized mining in the Antofagasta Region. The prize was awarded by Sociedad Nacional de Minería (SONAMI<sup>18</sup>) during the National Miner's Day celebration, held in Taltal.

<sup>15</sup> See [www.anglochile.cl](http://www.anglochile.cl) for the full version of the Principles of Good Corporate Citizenship.

<sup>16</sup> [www.icmm.com](http://www.icmm.com)

<sup>17</sup> Please see the Sustainable Development Reports 2006 and 2005 on the company's website, [www.anglochile.cl](http://www.anglochile.cl)

<sup>18</sup> [www.sonami.cl](http://www.sonami.cl)

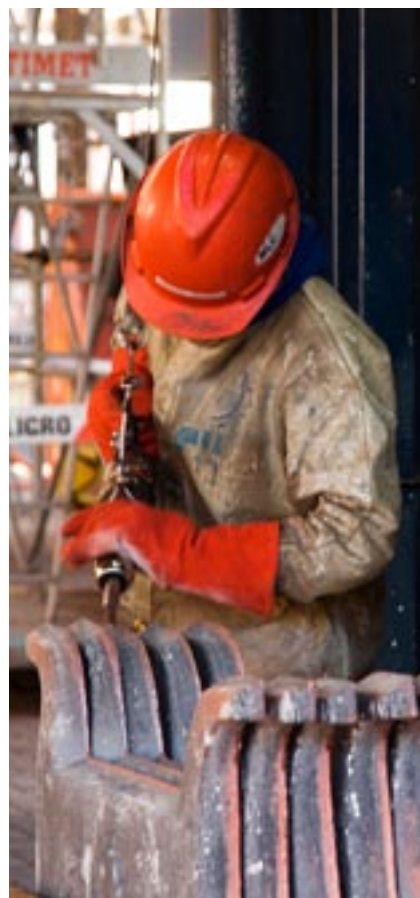
## CHALLENGES

The ability to include environmental and social considerations in its management is an ongoing challenge for the company. In this respect, special emphasis was placed on the safety of company employees in 2007. Anglo American believes that working in risk-free workplaces is the responsibility of all those working in the organisation and it has therefore developed initiatives focused on meeting the Zero Accident target to guarantee this.

Another recurring issue in mining is the “environmental footprint,” the footprint left as a result of operations. Anglo American manages its impacts, considers the optimisation of resources, water management, the reduction of waste generation and control of emissions at all its operations. Moreover, it implements biodiversity management and control programmes at Los Bronces and El Soldado, and supports local initiatives related to this issue. In terms of greenhouse gas emissions, one of the most worrying issues in the last few years, Anglo American launched the Energy Efficiency Programme<sup>19</sup> in 2005.

Furthermore, Anglo American strives to establish sustainable bases for the development of the communities surrounding its operations, mainly for when their life is over. The company

knows that it is necessary to support those who have no opportunities by means of long-term programmes and for this reason took the first steps in 2005 to create what became the Emerge Programme in the following year. The aim of this initiative is to support small and medium-sized entrepreneurs in the surrounding communities with the aim of these entrepreneurs establishing and developing long-lasting businesses.



<sup>19</sup> The Sustainable Development Report 2006 contains a special chapter on this issue. This document is available on the company's website [www.anglochile.cl](http://www.anglochile.cl)



## PARTICIPATION

To ensure the company's involvement in key industry discussions on society and sustainable development, Anglo American Chile participates in organisations that can help to provide answers to these questions. It is therefore involved with community and government bodies, trade associations, peers and NGOs.

### Industry and trade associations:

Sociedad Nacional de Minería<sup>20</sup>, Consejo Minero de Chile A.G.<sup>21</sup>, Instituto de Ingenieros de Chile A.G.<sup>22</sup>, Cámara Chileno – Norteamericana de Comercio (AMCHAM)<sup>23</sup>, Cámara Chilena Sudafricana de Comercio, Cámara Chileno Británica de Comercio<sup>24</sup>, Corporación de Desarrollo Productivo Región de Antofagasta<sup>25</sup>, Asociación de Industriales de Antofagasta<sup>26</sup>, Corporación para el Desarrollo de la Región de Antofagasta (CORPROA<sup>27</sup>) and Pro Til Til.

**Safety:** Consejo Nacional de Seguridad<sup>28</sup>, Comité Regional de Seguridad Minera (CORESEMIN) y Comité Nacional de Seguridad en la Montaña.

**Sustainable Development:** AcciónRSE<sup>29</sup>

**Others:** Instituto Libertad y Desarrollo<sup>30</sup>, Instituto Libertad<sup>31</sup>, Instituto Chileno de Administración Racional de Empresas (ICARE)<sup>32</sup>, Centro Estudios Nueva Minería and Centro de Estudios Públicos (CEP)<sup>33</sup>.

In addition, Anglo American is actively involved in the Chilean section of the World Business Council for Sustainable Development (WBCSD)<sup>34</sup>, it signed a Clean Production Framework Agreement through the Mining Council with the competent authority and has encouraged activities to promote and encourage the development of the Atacama mining cluster.

## COMMITMENT TO THE COMMUNITY

All the divisions applied the Socio-Economic Assessment Toolbox (SEAT) produced by Anglo American plc for the first time in 2004. It was possible to identify the main stakeholders surrounding operations and define their requirements by means of this work, executed by Casa de la Paz. The tool enabled the company to discover the realities facing the surrounding communities and their needs and thereby plan the

management of the social, environmental and economic impacts of the divisions. The information was logged and used as a basis to produce structured action plans known as community engagement plans. The previous reports outlined the main stakeholders, their needs and how the company has responded to all their requirements<sup>35</sup>.

The company has considered rolling out a new SEAT in 2008 to have newer information and use the updated version, which includes improvements due to its application in all the operations of Anglo American plc worldwide.

Mapping of corporate stakeholders was also undertaken in 2007. Those defined as critical were interviewed to find out their opinion regarding the content of the Sustainable Development Report 2006 and their information requirements for the 2007 report.



<sup>20</sup> [www.sonami.cl](http://www.sonami.cl)

<sup>21</sup> [www.consejominero.cl](http://www.consejominero.cl)

<sup>22</sup> [www.iing.cl](http://www.iing.cl)

<sup>23</sup> [www.amchamchile.cl](http://www.amchamchile.cl)

<sup>24</sup> [www.britcham.cl](http://www.britcham.cl)

<sup>25</sup> [www.cdp.cl](http://www.cdp.cl)

<sup>26</sup> [www.aia.cl](http://www.aia.cl)

<sup>27</sup> [www.corproa.cl](http://www.corproa.cl)

<sup>28</sup> [www.consejonacionaldeseguridaddechile.cl](http://www.consejonacionaldeseguridaddechile.cl)

<sup>29</sup> [www.accionrse.cl](http://www.accionrse.cl)

<sup>30</sup> [www.lyd.com](http://www.lyd.com)

<sup>31</sup> [www.institutolibertad.cl](http://www.institutolibertad.cl)

<sup>32</sup> [www.icare.cl](http://www.icare.cl)

<sup>33</sup> [www.cepchile.cl](http://www.cepchile.cl)

<sup>34</sup> [www.wbcds.org](http://www.wbcds.org)

<sup>35</sup> [www.anglochile.cl](http://www.anglochile.cl)

## DIRECT IMPACTS OF OPERATIONS

Anglo American has identified the main impacts caused by its operations, thereby complying with the principle of materiality of the Global Reporting Initiative (GRI). Based on this, it works jointly with the authorities and the community to discover their concerns and provide the best solutions for sustainable performance.

### 1. Exploration

- Respect for cultural and ethnic sensitive issues.
- Care and protection of protected areas.
- Respect for surrounding communities.
- Promote and maintain close relations with conservation-focused NGOs.



### 2. Mining operation and quarries

- Conservation of surface and ground water resources.
- Guarantee the stability of pit walls and of dump facilities.
- Minimise dust, noise, vibrations and visual impact generation.
- Optimise the deployment of resources and manage the impact on the closure processes.



### 3. Transport

- Prevent equipment and traffic accidents.
- Minimise dust emissions.
- Optimise the use of fossil fuels and prevent fuel spills.



### 4. Processing

- Minimise employee exposure to hazardous substances and other causes of accidents.
- Prevent fuel and chemical spills.
- Maximise the efficient use of water and energy.
- Minimise emissions.







## 5. Waste

- Minimise surface waste disposal impacts.
- Control and manage the impact caused by acid from waste.

## 6. Tailings dams

- Contain seepage of metals and other pollutants.
- Prevent flooding and faults.



## 7. Water consumption

- Prevent impacts on the surface and ground water quality.
- Maximise efficient water usage.
- Reduce global consumption, especially in overexploited areas.



## 8. Employees

- Guarantee safe workplaces.
- Offer suitable health agreements.
- Ensure fair work practices and opportunities for personal development.



## 9. Communities

- Ensure the ongoing commitment to stakeholders to understand their concerns.
- Contribute to economic development.
- Contribute to achieving the Millennium Development Goals.
- Provide local employment and work development opportunities.



## 10. Regulations and national and international policies

- Promote and protect human rights.
- Prevent corruption.
- Guarantee high ethical standards.
- Comply with the Principles of Good Corporate Citizenship.
- Comply with applicable legislation in advance.

## 11. Closure and rehabilitation

- Minimise the long-term environmental and social impact.
- Conserve, restore and enhance biodiversity.
- Ensure the sustainable final use of land.



## INDIRECT PRODUCT IMPACTS

Since the 1990s, copper mining has become the focus of large private and state projects that have consolidated Chile's leadership of global copper production. Such investments were not only related to capital injection but also to the relationship these companies had with their social and environmental surroundings. As a result, mining reserves have quadrupled in Chile from 1990 to date. Production is now almost 5.5 million tonnes per annum, positioning Chile as the largest copper exporter and the country with the greatest reserves in the world, accounting for almost 39% of the total<sup>36</sup>.

The reason for this copper marketing boom is mainly due to the ore properties, which make it ideal for a wide range of uses, from handmade articles to household and industrial elements. Copper is even beneficial for human health, agriculture, communications and

medicine. Copper is a ductile metal, an excellent conductor of electricity and heat, and it is very resistant to atmospheric corrosion. This has made it a key product in the growth of developing countries like India and China.

Its excellent product qualities are underlined by the wealth created by companies that mine it: employment in the construction and operations of mine sites; hiring of technical contractors and experts; partnerships with domestic and international suppliers; revenues for the country from income tax, specific taxes and royalties; investment in exploration and one of the main domestic cash flows from exports. For example, the domestic mining sector has accounted for an average of around 8% of the Gross Domestic Product at constant prices in the last few years.

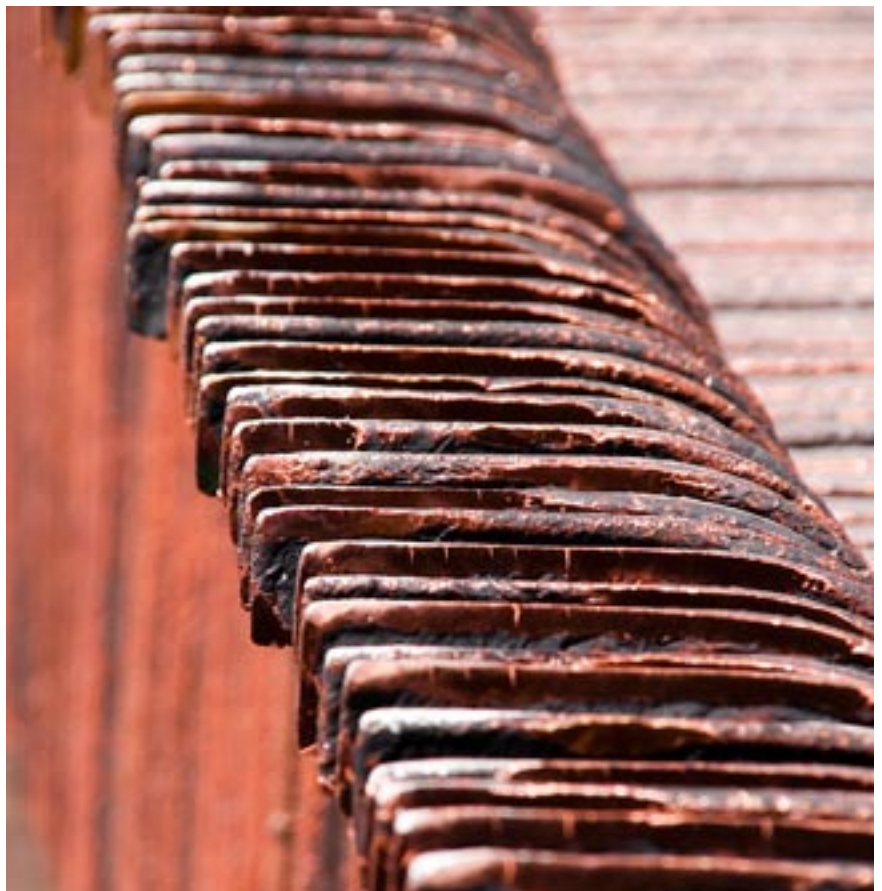
Society benefits in numerous ways. The quality of education rises with the possibility of technical and professional practice, access to university scholarships, support for the development of investment projects, construction of roads, street lighting or access to drinking water, and projects on environmental mitigation and improvement.

<sup>36</sup> Source: U.S. Geological Survey

On March 25, 2008, the U.S. Environmental Protection Agency (EPA<sup>37</sup>) approved the registration of antimicrobial copper-based alloys, stating they are beneficial to public health and can destroy harmful and potentially deadly bacteria. This means that copper has become the first solid surface material to receive this kind of registration from the EPA.

<sup>37</sup> [www.epa.gov](http://www.epa.gov)







# .06

## FINANCIAL CAPITAL

Corporate governance  
Good corporate citizenship  
Organisational structure  
Management systems

Economic value generated and distributed  
Overview of operations  
Projects  
Financial overview



## CORPORATE GOVERNANCE

The company underwent an important modification in 2007, which consisted of implementing a project to simplify the structure of companies related to Anglo American, reduce the number of companies and unify company names. The outcome was that Minera Sur Andes Ltda. is now called Anglo American Sur S.A. and Empresa Minera de Mantos Blancos S.A. became Anglo American Norte S.A.,

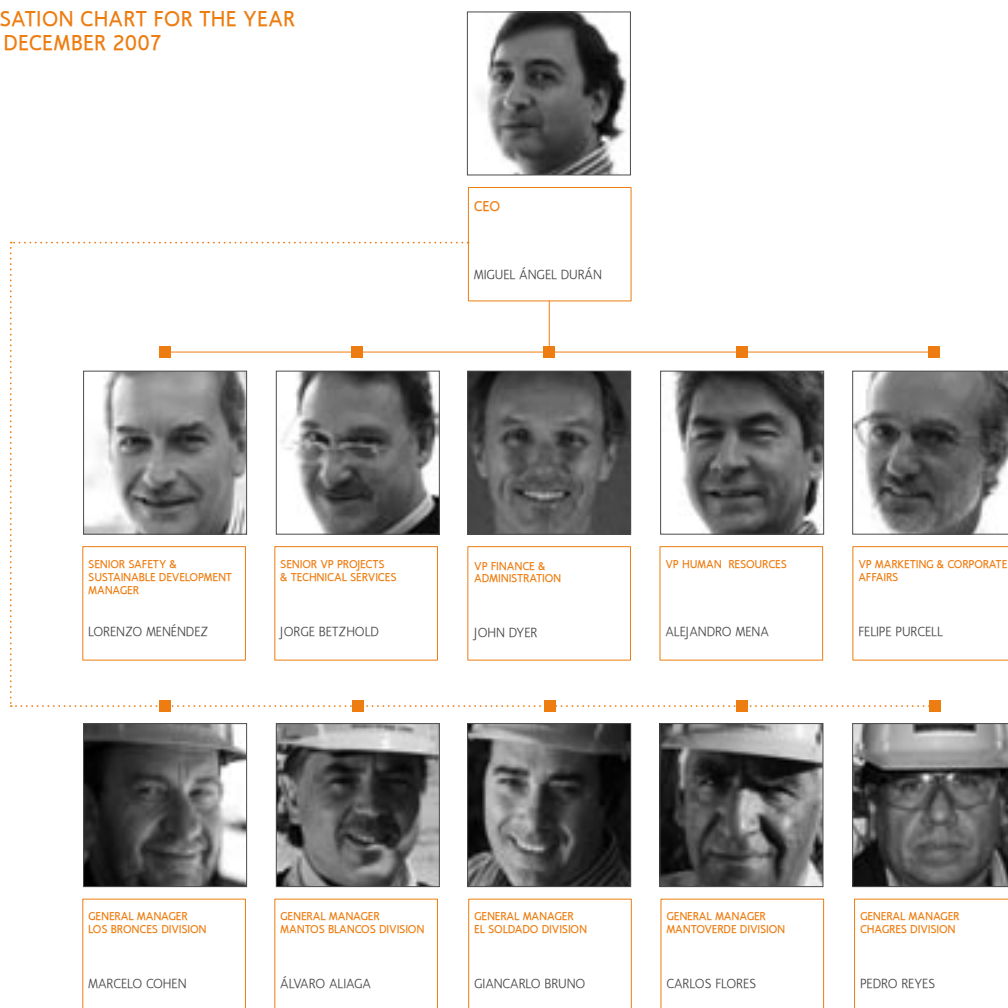
whose management is supported by the subsidiary Anglo American Chile Ltda.

Anglo American in Chile has five operational divisions: Los Bronces; Mantos Blancos; El Soldado; Mantoverde; and Chagres, plus the corporate office in Santiago, all of which are managed by the following single structure:

## SPEAKUP

As a way of guaranteeing the company's compliance with the Principles of Good Corporate Citizenship: Our Business Principles, Anglo American Chile has an open hotline called speakup, which is managed confidentially. There were no complaints in 2007.

### ORGANISATION CHART FOR THE YEAR ENDING DECEMBER 2007



Legal System and Ownership

In 2007, Minera Sur Andes Limitada became a corporation called Anglo American Sur S.A. and was dissolved. All its assets, liabilities and equity were transferred to its legal successor Anglo American Sur S.A. Its current and sole shareholders are Anglo American Sur S.A with 99.99% of the capital stock and Clarent Ltd. with the remaining 0.01%, both subsidiaries of Anglo American plc.

Empresa Minera de Mantos Blancos S.A. became a corporation and changed its business name to Anglo American Norte S.A. 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.

Corporate governance of operating companies

Anglo American Norte S.A. is managed by a Board of Directors composed of three incumbent directors and three deputy directors. A Board meeting held on September 11, 2007, accepted the resignation of Pieter Louw, an incumbent director and the company CEO, and Miguel Ángel Durán, his respective deputy director, became an incumbent director. The same Board meeting also unanimously appointed him acting company CEO.

INCUMBENT DIRECTORS	DEPUTY DIRECTORS
MIGUEL ÁNGEL DURÁN	–
JOHN DYER	ALEJANDRO MENA
FELIPE PURCELL	IGNACIO QUIÑONES

Anglo American Sur S.A. is managed by a Board of Directors composed of three incumbent directors and three deputy directors. As in the case of Anglo American Norte S.A., Pieter Louw, an incumbent director and the CEO, resigned and was replaced by his deputy director Miguel Ángel Durán.

INCUMBENT DIRECTORS	DEPUTY DIRECTORS
MIGUEL ÁNGEL DURÁN	–
JOHN DYER	ALEJANDRO MENA
FELIPE PURCELL	IGNACIO QUIÑONES

The company undertakes full accounting, an annual report, balance sheet and financial statements, which are reviewed by external auditors each year. Deloitte & Touche was the company chosen in 2007.





## 2007 MILESTONES

The Board of Directors of Anglo American plc, headed by the chairman Sir Mark Moody-Stuart, held a general board meeting in Chile in October 2007 for the first time. The Executive Committee of Anglo American plc, managed by CEO Cynthia Carroll, and the company's Sustainable Development Committee also attended.

This meeting made a detailed analysis of the Los Bronces Development Project and the Board subsequently visited the Los Bronces and Chagres Divisions.

Protocol activities were also held, which were attended by government authorities, MPs, business representatives and the top executives in the mining industry. Cynthia Carroll also had a meeting with the Mining Minister Karen Poniachik.

During this meeting the Minister said that "Anglo American is a world leader on the climate change issue, and has also implemented an active policy to promote efficient energy use, innovation and technology to make a contribution towards reducing greenhouse gas emissions, which is an example to be emulated."





## GOOD CORPORATE CITIZENSHIP: OUR BUSINESS PRINCIPLES

All the directors, executives and employees of Anglo American Chile are governed by the Principles of Good Corporate Citizenship<sup>38</sup>, which address issues like ethics, conduct and respect for human dignity, the rights of individuals and the communities associated with operations. They also cover stakeholders, care of the environment, protection and care of employees and how they relate to each other and to third parties.

Work started in 2007 on a concept known internally as One Anglo. This means, among other things,

that the standards, values and principles of those working in the organisation must be the same worldwide, i.e. one single way of doing things.

In 2007, as in previous years, these principles were disseminated by means of the Sustainable Development Report 2006 at external and internal levels, by induction programmes including the supply of a Welcome Manual containing the full document, and other specific policies and general information regarding the company.

The Principles of Good Citizenship are applicable to everyone related to the organisation, including contractors and suppliers. The contracts produced in January 2007 include a clause in which contractors state they are aware of and will apply the principles in their daily activities.

The document is currently under review by means of a consultation process of the main stakeholders of operations worldwide to update the principles and respond to the current requirements of society.

Additionally, security contractors must also comply with the Voluntary Principles of Security and Human Rights<sup>39</sup>, which are included in their contract criteria. 127 security guards that provide services at the five divisions were trained in these issues in 2007.

<sup>38</sup> The complete version is available on the company website [www.anglochile.cl](http://www.anglochile.cl) or can be requested directly from the company.

<sup>39</sup> [www.voluntaryprinciples.org](http://www.voluntaryprinciples.org)



## GOOD CORPORATE CITIZENSHIP

### Our business principles

The following are the core aspects 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 employees and contractors and we shall carry out our operations in accordance with this standard.

#### 2. ANGLO AMERICAN AS AN INVESTMENT

- We believe that offering our shareholders an excellent return by accepting 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 any part whatsoever in any corrupt or any practices that affect free and fair competition.

#### 4. ANGLO AMERICAN IN THE BUSINESS WORLD

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



## ORGANISATIONAL STRUCTURE

The success and achievements obtained by Anglo American in Chile are largely due to the consistency of its organisational structure, which fosters teamwork and achieves synergy between its corporate teams and the company's operative divisions.

A new corporate structure came into force in early 2008, and a Senior Safety and Occupational Health Corporate Management was created to stress the importance of employee safety, which replaced the previous Safety and Sustainable Development Management. The Sustainable Development and Community functions were assumed by the Vice-Presidency of Marketing and Corporate Affairs. This change was repeated in each Division where the Safety and Sustainable Development functions were divided, creating new job positions reporting directly to the General Manager of the respective operation.

In 2007, the company's financial management was assumed by the Finance and Administration Vice-Presidency, to which the Controllershship, Finance and Planning, Procurement and Contracts, and Information/Technology managements report.

All the managements of this Vice-Presidency have objectives focused on meeting the corporate goals, specifically based on the financing, investment and dividends' policy.

The financing policy entails using company resources to finance activities without discounting external alternatives when they are suitable. The investment policy is to invest to maintain the current productive capacity (stay in business) and the dividends' policy is determined by the needs of head office, always endeavouring not to distribute more than the financial net income already built up.





ADDITIONAL INFORMATION

p.43

Anglo Safety Way

## MANAGEMENT SYSTEMS



To meet its vision of “building one of the most valued and respected copper businesses in the world,” Anglo American Chile deploys various management systems to further sustainable development.

Since 2007, Anglo American Chile has systematically been using a framework for integrated risk management (IRM), whose objective is to implement this concept in all the processes of the divisions of Anglo Base Metals and which has been based on a culture of continuity, proactivity, management, and systematic evaluations.

There are also other tools to manage the different company processes:

- A safety and sustainable development database, which contains information on all the environmental, safety and occupational health variables.
- A letter of Assurance, which is an annual report sent to Anglo Base Metals containing information on compliance, application and dissemination of the principles of Good Corporate Citizenship, labour relations, diversity, penalties for bad practices, and SEAT-related actions, among others.
- Community engagement plans, which include information extracted from the SEAT process, the community requirements, and the activities carried out by the company in its influence areas.
- A 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.

All the divisions also have an integrated health, safety and environmental management system, in accordance with the ISO 14001 and OHSAS 18001 standards, along with the company standard, which has guaranteed continuous improvement processes in relation to these issues and used the Anglo Safety Way vision in the organisation.

Mantos Blancos and Mantoverde also have certification in accordance with the ISO 9001 quality standard. All the divisions carried out maintenance audits in 2007, obtaining new approvals for their processes.

## ECONOMIC VALUE GENERATED AND DISTRIBUTED

Chile accounted for 36% of the total earnings of Anglo American plc in 2007, revealing a continuing factor in the last few years, i.e., the high price of copper and its by-products due to greater consumption from countries like Russia, India and China.

Due to the use of the G3 guidelines of the GRI, this is the first year of reporting on the added and distributed value of Anglo American in Chile, which shows the company's contribution to society in various areas and at different levels, including its interest in Collahuasi. The consolidated economic value generated and distributed in 2007 was US\$4.520 billion. 31.81% of this was paid to capital suppliers, and operating expenses accounted for 28.54% and taxes for 20.44%, in terms of the consolidated figures.

In relation to benefit plan liabilities, Anglo American has not implemented a special pension fund, but as part of a compensation package it makes an agreed deposit to each employee's individual capitalisation account of its pension fund administration company (AFP), provided that each employee makes a voluntary payment. The total contribution made by the company for this amounted to US\$5.3 million in 2007.

Moreover, Anglo American includes a severance indemnity liability on its balance sheet. In the case of unionised employees, this is higher than the legal requirement of one month's salary per year worked, in accordance with what is set forth in the collective agreements. The balance for this provision amounted

to US\$32.9 million for the year ended December 2007.

In relation to benefit plan liabilities for employees at Doña Inés de Collahuasi, a special pension plan has not been implemented either. However, as part of a compensation package for supervisory staff a contribution of 2% of the base salary (with a limit of UF60 - index-linked currency unit) was created in 2007 as a voluntary social security contribution for all those employees that contribute 1% of their base salaries. The contributions made by Collahuasi for this item amounted to US\$172,000 (44% base).

### ECONOMIC VALUE GENERATED – 2007 (GIVEN IN MILLIONS OF US\$)\*

	ANGLO AMERICAN CHILE	COLLAHUASI (44% BASE)	CONSOLIDATED
A) EARNINGS <sup>(1)</sup>			
GROSS SALES	3,124	1,383	4,507
NET INCOME FROM FINANCIAL INVESTMENTS	18	4	23
NET INCOME FROM SALES OF FIXED ASSETS AND OTHERS	(12)	1	(10)
<b>ECONOMIC VALUE GENERATED</b>	<b>3,130</b>	<b>1,389</b>	<b>4,520</b>

\* Approximate values

### ECONOMIC VALUE DISTRIBUTED – 2007 (GIVEN IN MILLIONS OF US\$)\*

	ANGLO AMERICAN CHILE	COLLAHUASI (44% BASE)	CONSOLIDATED
B) OPERATING COSTS <sup>(2)</sup>	(951)	(338)	(1,290)
C) EMPLOYEE SALARIES AND BENEFITS <sup>(3)</sup>	(143)	(30)	(173)
D) PAYMENTS TO CAPITAL SUPPLIERS <sup>(4)</sup>	(894)	(544)	(1,438)
E) PAYMENT TO THE STATE <sup>(5)</sup>	(739)	(185)	(924)
F) INVESTMENT IN THE COMMUNITY	(2)	(2)	(4)
<b>ECONOMIC VALUE DISTRIBUTED</b>	<b>(2,729)</b>	<b>(1,099)</b>	<b>(3,829)</b>

### ECONOMIC VALUE WITHHELD

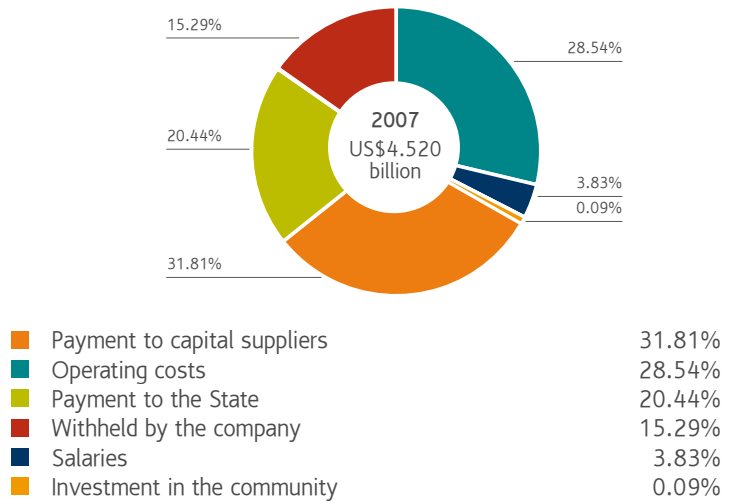
	401	290	691
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\* Approximate values

### NOTES

- (1) Includes operating and non-operating earnings.
- (2) Anglo American Chile's tangible goods and services suppliers account for 86.6% of the operating costs. This is 87% for Collahuasi.
- (3) Excludes training as an employee benefit.
- (4) Considers the interest paid on loans received, minority interest (paid to minority shareholders) and dividends paid (majority shareholders).
- (5) Please see the tax rate in the operating overview. Page 39.

## CONSOLIDATED ECONOMIC VALUE GENERATED AND DISTRIBUTED



In terms of the support received from the government, Anglo American has two main specific types, which are the tax rebate, and income tax credits and reductions.

FINANCIAL AID RECEIVED FROM THE GOVERNMENT – 2007 (GIVEN IN THOUSANDS OF US\$)			
	ANGLO AMERICAN CHILE	COLLAHUASI (44% BASE)	CONSOLIDATED
EXPORT VAT REBATE	29,729	9,125	38,854
TAX CREDITS AND REDUCTION:			
• SENCE <sup>40</sup>	503	112	615
• DONATION CREDIT	358	331	689
• 2% ROYALTY	40,967	20,276	61,243
• MINING LICENCES	37	39	76
• 6% FIXED ASSETS CREDIT	90	20	109
<b>TOTAL</b>	<b>71,683</b>	<b>29,904</b>	<b>101,587</b>

95% of Anglo American's purchases are made from domestic suppliers. Collahuasi has a similar percentage. In both cases, less than 10% is purchased from abroad.

PROPORTION OF SPEND ON LOCAL SUPPLIERS (GIVEN IN MILLIONS OF US\$)*						
	ANGLO AMERICAN CHILE		COLLAHUASI (44% BASE)		CONSOLIDATED	
DOMESTIC GOODS AND SERVICES	1,002	95%	267	92%	1,269	94%
INTERNATIONAL GOODS AND SERVICES	56	5%	22	8%	79	6%
<b>TOTAL</b>	<b>1,059</b>	<b>100%</b>	<b>289</b>	<b>100%</b>	<b>1,348</b>	<b>100%</b>

\* Approximate values

<sup>40</sup> National Training and Employment Department





## OVERVIEW OF OPERATIONS

Anglo American in Chile enjoyed a 1.9% increase in production of 12,000 tonnes of fine copper in 2007, with the company's total production amounting to 652,791 tonnes of fine copper. Copper cathodes accounted for 190,949 tonnes and copper concentrate for 461,662 tonnes of the total production. Also, the Los Bronces Division produced 1,903 tonnes of copper sulphate, and part of this was processed at the Mantos Blancos Division to produce 1,724 tonnes of copper cathodes.

Total molybdenum production was 4,359 tonnes, with the Los Bronces Division accounting for 2,582 tonnes and the 44% interest in Collahuasi for 1,777 tonnes.

The Chagres Division, where all the El Soldado concentrates and part of the concentrates produced at Los Bronces are processed, showed production of 164,107 tonnes of anodes/blister, which was 5.4% down on 2006. The sulphuric acid production was slightly down on the previous year amounting to 493,382 tonnes.



### OPERATING AND FINANCIAL OVERVIEW 2007

(IN MILLIONS OF US\$)	2007	2006	2005
ANGLO AMERICAN CHILE'S EARNINGS	3,124	3,095	1,890
COLLAHUASI'S EARNINGS (44%)	1,383	1,442	751
<b>TOTAL EARNINGS <sup>(1)</sup></b>	<b>4,507</b>	<b>4,537</b>	<b>2,642</b>
INCOME TAX OF ANGLO AMERICAN CHILE	266	322	184
ROYALTY TAX OF ANGLO AMERICAN CHILE	82	91	-
INCOME TAX OF COLLAHUASI (44%)	144	143	51
ROYALTY TAX OF COLLAHUASI (44%)	40	42	-
PROFIT REMITTANCE TAX PAID	367	541	80
OTHER TAXES	25	-	-
<b>TOTAL TAX</b>	<b>924</b>	<b>1,140</b>	<b>315</b>
ANGLO AMERICAN CHILE'S NET INCOME	1,697	1,685	800
COLLAHUASI'S NET INCOME (44%)	803	777	325
<b>TOTAL NET INCOME</b>	<b>2,500</b>	<b>2,462</b>	<b>1,125</b>
ANGLO AMERICAN'S FINE COPPER PRODUCTION (tonnes)	453,891	446,784	443,460
COLLAHUASI'S FINE COPPER PRODUCTION (44%) (tonnes)	198,899	193,609	187,890
<b>TOTAL FINE COPPER PRODUCTION (tonnes)</b>	<b>652,791<sup>(2)</sup></b>	<b>640,393</b>	<b>631,350</b>
C1 AVERAGE UNIT COST (US\$/lb) <sup>(3)</sup>	0.82	0.74	0.59
<b>PRODUCTIVITY (Tonnes/N° OF EMPLOYEES)<sup>(4)</sup></b>	<b>174</b>	<b>185</b>	<b>207</b>

#### NOTES

- (1) Only includes operating earnings.
- (2) Includes an adjustment of -1,724 tonnes of copper produced at the Mantos Blancos Division from processing copper sulphates produced at the Los Bronces Division.
- (3) C1 cost: mine cost, plant cost, overheads, smelting, refining and freight cost.
- (4) Only the divisions operated by Anglo American. Excludes Collahuasi.

## PROJECTS

The investment in different projects amounted to US\$180 million in 2007, and this figure includes the Los Bronces Development Project activities. This figure is similar to the US\$181 million investment in 2006.

The main projects carried out in the year were those commensurate with the corporate strategies of commitment to safety, health and the environment. The following were the main projects: the anti-collision systems installed on mining equipment; improvements to the fire protection systems; the new changing room facilities for company and contractor personnel; and improvements to the water neutralisation plants, among others.

### Los Bronces Division

- Construction started on the Los Bronces Development Project.
- There was 50% progress on the installation of the new primary crusher, which will maintain production by treating harder ore. The project is expected to be completed by late 2008.
- A third pebbles crusher was assembled, which will process 100% of this material. The project will be completed in 2008.
- A 140-foot clarifier was built at the San Francisco neutralisation plant to neutralise solutions from operations at the dumps and solvent extraction of the leaching plant.
- Construction progressed at the Las Tórtolas plant to build a cyclone system for the western wall and eastern starter dam of the tailings dam. Improvements were also made to the tailings launder to the main wall.



### Mantos Blancos Division

- Facilities were completed to reprocess the old gravel by means of dynamic heap leaching in the former smelter and western dump sectors.
- A feasibility study was undertaken on secondary leaching of launder gravel.
- Construction continued on the projects to install an additional ball mill and increase the critical velocity of the three current mills.

### Mantoverde Division

- The project continued to increase the capacity of the southern leach dump, and new leaching heaps were developed to process ore up to 2009.
- The pond, pumping and aqueduct facilities were improved and fresh studies undertaken to review the water supply options to the Division.

### Chagres Division

- The improvements to the electrostatic precipitator were successfully completed, aimed at optimising the gas capture system of the converters.
- Improvements were made that benefited employees and contractors and the changing room facilities, especially those for female personnel, were improved and implemented.
- Projects under review include the start of a pre-feasibility study of an electrolytic refinery, the feasibility of a slag treatment plant, and a conceptual study to modernise and expand the smelter.

### El Soldado Division

- New mining equipment was purchased to replace the leased equipment.
- The extended pit project works were completed.
- A new filter was installed at the El Cobre plant to eliminate the concentrate filtering bottleneck and a new lime plant with a greater capacity was assembled.
- Various projects started at the El Torito tailings dam, including the relocation of the recirculated water conveyance facilities from the lagoon to the El Cobre plant, the construction of a new road and contour channel to manage the surface water, and the construction of a new evacuator to convey the surplus water flow to the evacuator tunnel.
- Engineering studies commenced to expand the production capacity of the El Cobre plant.

## FINANCIAL OVERVIEW

The price of copper continued to rise in 2007, averaging US\$3.23 a pound, which was 6% higher than in 2006. This price increase, along with the greater fine copper production, boosted Anglo American Chile's earnings, which amounted to US\$4.507 billion.

The company's profits were up 1.5% on those of the previous year and amounted to US\$2.5 billion after tax.

The average direct unit cost (C1)<sup>41</sup> of the divisions operated by Anglo American was US\$0.82 a pound. The cost increase was due to a phenomenon that has affected the entire mining industry and is mainly explained by the higher costs of key raw materials, and the greater cost of energy.

Nevertheless, the divisions operated by Anglo American managed to partly offset the cost increase due to various continuous improvement initiatives with savings of US\$190 million, to advantageous commercial negotiations for the sale of products, and to higher production.

The total taxes paid in the period amounted to US\$924 million, with first category income tax accounting for US\$410 million, the profit remittance additional tax accounting for US\$367 million, and the mining royalty US\$122 million. All these figures include Anglo American's 44% interest in Minera Collahuasi.



<sup>41</sup> C1 Direct Cost: mine cost, plant cost, overheads, smelting, refining and freight cost.



.07

## HUMAN CAPITAL

Safety  
Occupational health  
Anglo American's people





## SAFETY

The accident rate has been dropping for five years, with record low company and industry rates in 2007<sup>42</sup>. Despite the efforts made on safety, a contractor died during the year, which led to modifications and action plans to make sure this situation does not occur again. Anglo American deeply regrets the death of a worker at its operations and reaffirms its ongoing commitment to eliminate accidents.

This challenge means achieving “Zero Accidents,” which is a goal that was once again emphasised by CEO Cynthia Carroll: “the company’s growth must go hand in hand with its safety performance and if we’re unable to reduce fatalities worldwide, we shouldn’t be in this business,” she said in a speech.

This message, and specific measures taken in some countries like the partial shut-down of operations due to poor safety performance, has led Anglo American Chile to re-state the management model applied and the structures that will underpin the achievement of this safety vision.

As a result, the first changes were made at Anglo American Chile in May 2007 with the addition of a Safety and Occupational Health Manager focused on working with the divisions to achieve the objective of Zero Accidents.

In early 2008, another step was taken<sup>43</sup> by separating the Safety and Occupational Health Management from the Safety and Sustainable Development Management, to which it was attached, to report directly to the company’s CEO. This function was also separated from those managing Safety and Sustainable Development at divisional level, thereby providing emphasis and dedication of its functions. The details and progress of this restructuring will be outlined in the next report.

### Anglo Safety Way: Risk Management and Peer Reviews

Anglo American operates in this area according to the Principles of Good Citizenship, the Zero Accident vision and Safety Policy. To help it comply with these guidelines, the company has principles and its own safety management system called the Anglo Safety Way, which was discussed in depth in the Sustainable Development Report 2006<sup>44</sup>.

The application of this system is guaranteed by means of regular self-evaluations, peer reviews with experts of international operations and external audits.

Progress continued to be made in 2007, mainly with the development, implementation and incorporation of

new standards to make the system sounder. A good example of this is the implementation of the “fatal risk standards,” which must be met at all Anglo American’s operations. These were based on the analysis of lessons learned from a large variety of fatalities that have occurred in this industry worldwide. Specific standards or best practices of how the business should be developed were defined from this.

Peer Reviews were also undertaken nationally and internationally during the year. This exercise improved safety management by identifying the best practices there are in the company to apply them to all the divisions, so as to generate a common platform of joint growth. This process also enabled the management to be compared with the operations of other companies of Anglo American worldwide.

The final outcome of the peer reviews is a series of reports that include action plans to improve the safety standards of operations.

<sup>42</sup> According to the National Geology and Mining Survey, Anglo American Chile’s accident rate was the lowest in the industry in 2005 and 2006. The 2007 figures were not available when this report came out, but with the drop in indicators from 2006 to 2007 Anglo American will continue to be the leader on safety in the mining industry. The accident frequency index of the industry was 5.8 and the accident severity index was 822 in 2006, and there were 218,267 days lost.

<sup>43</sup> Although the report includes information up to December 31, the change in structure was deemed important for this report.

<sup>44</sup> Please see the Sustainable Development Report 2006, which is available on the company’s website [www.anglochile.cl](http://www.anglochile.cl)



## CASE STUDY

### Energy for Safety

A new concept was added to the safety actions in 2007, namely safety accountability, which asserts that safety must be part of each person's commitment and responsibility, and must come from within people and be projected externally. To put this into practice, it was firstly necessary to define what is expected of each person in relation to his or her safety performance and the specific actions needed to improve the results, and it is then the

responsibility of each person to develop and record them.

As a result, the AngloSafe Portal was designed and launched to disseminate this concept, which is a safety instrument focused on personal actions that support safety proactively and is aimed at supervisors and employees. This system contains online information on the development of safety activities established for each person and has indicators to verify how the safety

activities are developing during the month, thereby ensuring that the energy put into this issue is appropriate for the requirements of each place, organisation and work.

Therefore, each activity carried out on site or in an office to control risks, be this visibly felt leadership, an inspection, review of critical items or risk analysis, etc., is reported and reflected by an indicator that compares the activities planned for the entire organisation versus those planned, and the progress of the safety actions "or energy" injected into the organisation daily can be seen on line. Safety issues are therefore managed with daily indicators and monthly trends, just as production and operations are controlled with daily indicators. Learning is not managing safety using retroactive indicators like counting the accidents that have occurred but managing safety using proactive actions that energise safety on site, in offices and projects.

In parallel with the safety performance activities, work was done to develop a Safety Branding to characterise safety messages in a "user-friendly" way.



**BASED ON THE SAFETY ACCOUNTABILITY FOCUS, SAFETY ISSUES ARE MANAGED USING DAILY INDICATORS AND MONTHLY TRENDS, JUST AS PRODUCTION AND OPERATIONS ARE CONTROLLED DAILY.**

## ADDITIONAL INFORMATION

p.48

Awards

## Safety Performance

The downward trend of the accident and injury rate for company employees and contractors in the last five years was maintained despite the fatality recorded<sup>45</sup>.

The total average accident rate was 0.29, which was a decrease on the 0.34 in 2006. The drop in the accident rate indexes can be seen on reviewing the average accident rate of all operations, which was 0.21 for company employees and 0.34 for contractors.

2,093 days were lost in 2007, which was an increase on the 1,924 days lost in 2006<sup>46</sup>. Days lost mean time when employees take medical leave as a result of a work accident. They are the total number of days and do not indicate the increase or decrease in the hours worked in each operation. The number of days of medical leave are generally used to determine the severity of an accident and, together with the man hours, generate the severity index, which is the standard value used in the industry. The lost-time injury severity rate (LTISR) has on average remained constant in the company since 2005 (see the tables below).

This performance still positions the company as one of the mining companies with the lowest accident rates in Chile and also within the Anglo American plc group, which has led to various awards from national and international organisations.

COMPANY EMPLOYEE AND CONTRACTOR ACCIDENT AND SEVERITY RATES						
2007	LTIFR(1)			LTISR(2)		
	COMPANY EMPLOYEES	CONTRACTORS	TOTAL	COMPANY EMPLOYEES	CONTRACTORS	TOTAL
LOS BRONCES	0.25	0.38	0.33	431	179	279
MANTOS BLANCOS	0.00	0.45	0.31	0	445	309
EL SOLDADO	0.14	0.21	0.18	119	79	98
MANTOVERDE	0.23	0.16	0.19	73	63	67
CHAGRES	0.55	0.56	0.55	148	142	145
SERVICES & PROJECTS	0.00	0.00	0.00	0	0	0
CONSOLIDATED INDEX	0.21	0.34	0.29	203	199	201

COMPANY EMPLOYEE AND CONTRACTOR ACCIDENT AND SEVERITY RATES						
2006	LTIFR(1)			LTISR(2)		
	COMPANY EMPLOYEES	CONTRACTORS	TOTAL	COMPANY 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

COMPANY EMPLOYEE AND CONTRACTOR ACCIDENT AND SEVERITY RATES						
2005	LTIFR(1)			LTISR(2)		
	COMPANY EMPLOYEES	CONTRACTORS	TOTAL	COMPANY 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	515	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

(1) Lost-time injury frequency rate (LTIFR): Number of lost-time accidents per 200,000 man-hours worked.

(2) Lost-time injury severity rate (LTISR): Number of working hours lost per 200,000 man-hours worked.

<sup>45</sup> Excludes information regarding Doña Inés de Collahuasi.

<sup>46</sup> There were 1,859 days lost in 2005.



## Joint Committees

Anglo American's six Order, Hygiene, and Safety Joint Committees (CPHS)<sup>47</sup> have a key role as articulators of accident prevention-related activities, as they are not only limited to complying with the law governing them but also work permanently by developing and leading programmes at all the divisions and even in Santiago. They additionally undertake activities with joint contractor company committees.

The following were some of the milestones of the year: the Los Bronces CPHS participated in the International Joint Committee Meeting, organised by the Regional Mining Safety Committee (CORESEMIN<sup>48</sup>); the Chagres CPHS organised the 2nd National Joint Committee Symposium of Copper Smelters, held in Viña del Mar in the Valparaíso Region; the Mantos Blancos Division CPHS represented Anglo American Chile in the Latin American Symposiums on Work Safety and Hygiene, to mention just a few examples. All the divisions' committees also carry out risk assessments, prevention and control activities and undertake the Inspection Programme for company employees and contractors. The integration of the joint committees to the daily management of the divisions was recognised by the National Safety Council, which awarded prizes to several of them, like, for example, the Los Bronces Joint Committee as one of the best committees in the industry for the second year running.



<sup>47</sup> There is a Parity Committee per Division and one at the Santiago offices.

<sup>48</sup> [www.coresemin.cl](http://www.coresemin.cl)



## OCCUPATIONAL HEALTH

A new occupational health management standard and principle called the Anglo Health Way, which is complemented by that of safety, was disseminated to all Anglo American's operations in the second half of 2007.

Like the Safety Management System, its application is ensured through the commitment of the company CEO, and Anglo American Chile's Executive Committee was responsible for implementing it, and must guarantee and verify compliance with the system by means of regular self-evaluations, peer reviews and external audits.

This system is part of the vision of achieving zero accidents, zero occupational diseases and a healthy and productive workforce by effective occupational health risk management at all Anglo American managed operations. Its core principles are:

1. All occupational diseases are preventable.
2. Learn from monitoring disease exposure and frequency and use this information to prevent any repeats.
3. Common, simple, non-negotiable occupational health standards must be consistently applied throughout the entire group.

### OCCUPATIONAL HEALTH PRINCIPLES

#### CULTURE

##### ZERO GOAL

We believe we can proactively prevent harmful exposure and occupational diseases.

We are all responsible for correcting unacceptable practices and situations that might harm health in the workplace.

#### LEARNING

##### ZERO REPEATS

All exposure, harmful practices and unacceptable incidents will be investigated to identify their causes.

We must learn from monitoring disease exposure and frequency, and take all the necessary action to prevent repeats.

#### STANDARDS

##### SIMPLE, NON-NEGOTIABLE STANDARDS AND RULES

We will adopt a set of simple and non-negotiable standards and rules in the entire Group.

Divisional line management at all levels is accountable for implementing and maintaining the standards and rules.

We will adopt a Code of Ethics to involve and protect our employees and contractors on occupational health issues.

We are all responsible for correcting unacceptable practices and situations that might harm health in the workplace.



It is a company priority to prevent occupational diseases and for this reason Anglo American continued to implement Health Programmes and monitor the hygiene and control conditions of the homogeneous risk groups.

An HIV/AIDS prevention campaign was also developed with the support of the National AIDS Commission (CONASIDA)<sup>49</sup>, along with an influenza vaccination campaign, and cardiovascular and healthy eating campaigns, among others.

The company also improved the Integral Work Fitness Programme with the result that there was no new occupational disease.

### Crisis Management Plan

There has been a corporate emergency response in place since 2005 in order to have a responsible team to respond to operational and environmental emergencies, which defines how the Emergency Response Committee (ERC) should be activated.

Its objective is to protect the well-being of employees and the community at all times and safeguard the environment and the company's interests.



### AWARDS

- The Mantoverde Division won five awards for having the lowest frequency index and accident rate in the national industry. These awards were presented by the National Safety Council, the National Geology and Mining Survey and the Regional Safety Committee of Atacama.
- Mantoverde was awarded the John T. Ryan Prize for the third time for its excellent work safety performance. This award, given by the Sociedad Nacional de Minería (SONAMI) and the Canadian Institute of Mining, was due to the fact that the Division had a total of one million man-hours without any lost-time accidents and reduced the accident frequency rate by 25% compared with 2005.
- The Los Bronces Parity Committee was awarded a Prize for the Best Joint Committee in the Industry by the National Safety Council for the second year running.

<sup>49</sup> [www.conasida.cl](http://www.conasida.cl)



## ANGLO AMERICAN'S PEOPLE

The Human Resources Vice-Presidency is responsible for implementing Anglo American Chile's policies in all operations and for generating value in all the activities inherent to its management, such as people development, the work environment, training, labour relations, collective contracts and the management of benefits.

It is divided into four management areas to achieve these objectives: people development; human resources management; labour relations and continuous improvement; and collaboration. The latter area was created in 2007, and one of its responsibilities is the management of the Source portal, which is a corporate communication and collaboration tool.

For the year ended December 31, 2007, Anglo American Chile had a workforce of 5,854 people, of whom 2,723 are company employees, 710 service contractors, 1,606 operations contractors and 815 project contractors.

In terms of employee gender diversity, the female workforce was 4%, which

was unchanged from 2006. Despite this, women accounted for 10% (8% in 2006) of the total hiring made in 2007. In the case of trainee students, the number of women increased from 7% in 2005 to 27% in 2007.

The average age of employees is 43, mainly due to the new talented student hiring programme, which lowered it by a few years compared with 2006.

The company sectors are divided into employees, accounting for 78% of the total with a turnover of 4.65%, and supervisors accounting for 22% with a turnover of 10.6% in 2007. The work absenteeism rate was 2.65%, which was 0.22% down on the 2.87%<sup>50</sup> in 2006.

<sup>50</sup> The company's absenteeism rate was 2.20% in 2005

**EMPLOYMENT GENERATED**  
 (at December 31 each year)

BY DIVISION (INCLUDING THIRD PARTIES)	2007	2006	2005
LOS BRONCES	1,420	1,355	1,270
MANTOS BLANCOS	1,014	997	977
EL SOLDADO	1,138	1,053	1,036
MANTOVERDE	731	678	768
CHAGRES	461	425	445
SANTIAGO OFFICES	275	264	249
PROJECT CONTRACTORS	815	851	1,008
<b>TOTAL WORKFORCE</b>	<b>5,854</b>	<b>5,623</b>	<b>5,753</b>

EMPLOYMENT BY DEPENDENCE	2007	2006	2005
COMPANY EMPLOYEES	2,723	2,505	2,387
SERVICE CONTRACTOR PERSONNEL	710	749	707
OPERATIONS CONTRACTOR PERSONNEL	1,606	1,518	1,651
PROJECT CONTRACTOR PERSONNEL	815	851	1,008
<b>TOTAL WORKFORCE</b>	<b>5,854</b>	<b>5,623</b>	<b>5,753</b>

BREAKDOWN OF MANAGEMENT POSITIONS	2007	2006	2005
N° OF MALE VICE-PRESIDENTS OR SENIOR MANAGERS	39	41	27
N° OF FEMALE VICE-PRESIDENTS OR SENIOR MANAGERS	1	1	1
<b>N° OF VICE-PRESIDENTS OR SENIOR MANAGERS</b>	<b>40</b>	<b>42</b>	<b>28</b>
N° OF MALE MANAGERS	110	100	47
N° OF FEMALE MANAGERS	0	1	1
<b>N° OF MANAGERS</b>	<b>110</b>	<b>101</b>	<b>48</b>

COMPANY EMPLOYEE EDUCATIONAL LEVEL	2007	2006	2005
BASIC EDUCATION	109	125	134
SECONDARY	589	541	432
TECHNICAL	1,080	967	966
UNIVERSITY	945	872	855
<b>TOTAL COMPANY EMPLOYEES</b>	<b>2,723</b>	<b>2,505</b>	<b>2,387</b>

TRAINING AREA	2007		2006		2005	
	M/H	N° OF PEOPLE	M/H	N° OF PEOPLE	M/H	N° OF PEOPLE
SAFETY, OCCUPATIONAL HEALTH, ENVIRONMENT AND QUALITY	16,629	1,736	21,014	1,695	36,109	1,794
MANAGEMENT	37,602	2,052	35,607	1,393	39,879	2,835
TECHNICAL	56,976	1,162	82,392	1,302	50,730	1,024
OTHERS	9,092	358	13,317	457	1,207	78
<b>TOTAL</b>	<b>120,299</b>	<b>5,308</b>	<b>152,330</b>	<b>4,847</b>	<b>127,925</b>	<b>5,731</b>



## CASE STUDY

### Women at Los Bronces

Kitty Alborno, Romanet Castro, Claudia Gálvez, María José San Martín, Carmen Martínez and Karina Navarro are the first women at the Los Bronces Division to form part of the 300-tonne Komatsu 830 and 930 truck driver team. This was the start of the Divisional Programme to Hire Women Operators at Los Bronces, which plans to hire 10 operators for this mine site.

Non-discrimination and the promotion of workplace equality are core principles of Anglo American's Good Corporate Citizenship. To honour this, Los Bronces has been promoting the hiring of women for various operator positions for four years, which was supported by the launch of this programme.

In 2007, the operators received a special visit from Mining Minister Karen Poniachik, who highlighted Anglo American's commitment to women employment opportunities, and had a meeting with Cynthia Carroll, the CEO of Anglo American plc, as part of the schedule of activities of the company's Board of Directors meeting in Santiago.

The Los Bronces workforce now includes 31 professional women, such as geologists, mine and plant processing engineers, warehouse administrators, laboratory technicians, and hydraulic engineers, undertaking administrative and operator jobs. Contractor employees also include 87 women. With this number of women, the Division is one of the operations with the highest percentages of women employed in

Chile. As a result, whereas women account for an average workforce of 4.74% in the national mining sector considering company employees and contractors, this reached 8% at Los Bronces in 2007<sup>51</sup>.

<sup>51</sup> Source: Women employed in mining, yearly report of the National Geology and Mining Survey.



## Recruitment

One of Anglo American Chile's main challenges and targets is to "attract, develop and retain people able to generate value for the company." To this end, Anglo American has developed initiatives to hire young professionals. One of these programmes is the Apprentice Programme, which entails providing employment to youngsters of 18 to 21 years old, who have completed their secondary education at technical schools in the communities near operations. An internal tutor takes charge of them for one year, who guides them during their professional and personal development. There were 119 apprentices at Anglo American's mine sites in 2007.

Another initiative is the Student Professional Practice and Thesis programme, through which the company offers placements to university students to undertake their professional work experience and theses. There were 34 thesis students and 105 students undertaking their professional work experience in 2007.

Complementing these programmes, the University Scholarship Programme was launched in 2007, which is aimed at academically outstanding students who are reading courses related to the company's requirements. It entails awarding 24 scholarships of US\$5,000 a year for students in the third to sixth year of geology, mining or metal engineering courses at the Catholic University of the North, University of Atacama, University of Santiago, University of Chile or the University of Concepción.

The aim is to double the number of scholarships in the short term and produce a programme for secondary school-leavers, who are interested in mining-related careers.

Anglo American complements this by using the normal sources of recruitment and hiring to meet its needs, like internal postings and/or selection from the external job market.



THESIS STUDENT PROGRAMME	2007	2006	2005
N° OF MEN	25	56	50
N° OF WOMEN	9	10	6
TOTAL THESIS STUDENTS	34	66	56
AMOUNT INVOLVED (US\$)	101,184	161,440	119,791

APPRENTICE PROGRAMME	2007	2006	2005
N° OF MEN	84	84	115
N° OF WOMEN	35	13	7
TOTAL APPRENTICES	119	97	122
AMOUNT INVOLVED (US\$)	394,347	274,882	245,571

PROFESSIONAL PRACTICE PROGRAMME	2007	2006	2005
N° OF MEN	76	109	88
N° OF WOMEN	29	4	3
TOTAL PRACTICES	105	113	91
AMOUNT INVOLVED (US\$)	89,390	158,119	72,223

## ACCOLADE

The National Training and Employment Department (SENCE) of the Antofagasta Region commended Mantos Blancos for being “the company that hired and trained the most youngsters in 2007 by means of its Apprentice Programme.”







## Labour relations

Anglo American Chile promotes long-term labour relations of cooperation, in which management and employees work together to achieve common objectives of mutual benefit, based on respect, trust and integrity. As of December 2007, there are 10 unions with 36 leaders in the company and 96% worker unionisation.

The collective bargaining processes with the Mantoverde and Mantos Blancos unions were carried out successfully in 2007. Based on the philosophy of long-term relations, each party stated its point of view and the common business vision was maintained. This led to the renewal of the collective contracts for 40 months, which underlines the good labour relations in the company.

The maturity and wide experience of Anglo American Chile's union leadership was another variable that enabled the collective bargaining process to be completed without any disputes and without being distracted by processes of the current economic climate. The next

collective bargaining process will take place in 2009.

Also, union leaders participated in an Adolfo Ibáñez University Diploma programme, aimed at providing them with management tools offering leadership, accounting, labour legislation and teamwork courses, among others. The Diploma, which was started in 2006, ended with 70% of the union leaders graduating.

### theSource Portal

2007 saw the start of the full operation of theSource portal, which is an information, cooperation and knowledge management tool that integrates all Anglo American's operations worldwide.

The portal is part of the continuous improvement philosophy and the Continuous Improvement and Cooperation area was established in 2007 to achieve its implementation.

## Training and development

The objective of the training processes established by the company is to develop the capacity of the organisation and employee knowledge, skills and performance needed to attain sustainable and responsible competitiveness.

### Skills Model

The Skills Model or Learning and Career Management (LCM) was implemented in 2007, aimed at supervisors, including basic skills and techniques. This model was implemented through development programmes in which, based on the assessment made of the employee's skills and the company's requirements, each supervisor agrees on a development programme to be met. Each person forming part of the company thereby takes responsibility for his or her own professional development.



## CASE STUDY

# Situational Leadership Programme

As a result of the work environment surveys, the need arose to work on communication and leadership areas. A Situational Leadership Programme was started in 2007, whose aim is to promote the basic principles that should govern the acts of all the company's leaders, such as safety, integrity, respect for people, teamwork and excellence.

An 18-hour workshop was held in 2007, providing tools so that leaders are able to make a correct diagnosis of the abilities of their work teams, to be flexible and understand the best way of establishing partnerships.

The complete programme lasts three years. The company's top management was trained in 2007

and it will be extended to the middle management in 2008 until all the supervisors have been trained by the end of 2009.

In the management skill development area, the Management Development Programme (MDP) and the operation of the Development Centre continued in 2007 for the third year running.



## Contractor relations

The philosophy of working with contractor companies is based on maintaining a long-term relationship founded on professional, ethical and fair practices. For this reason, since 2004 Anglo American has been working on the standardisation of external service company standards. One of the first breakthroughs was applying the Principles of Good Citizenship to their activities, including their compliance with the same contracts. The changing rooms and safety equipment were standardised and an external audit was undertaken in 2006 focused on compliance with labour laws, human resources management and the infrastructure and safety conditions. As a result of this audit, training was also developed for Anglo American's contract administrators so that they have the same criteria and knowledge of the subcontracting law. Around 400 contract administrators participated in this training, which was given by the Catholic University of Chile.

The development of the Integral Contractor Plan also continued, for which two work teams were formed, one focused on management issues and the other on those of infrastructure.

The first work team had the objective of reviewing all the contracts with contractor companies to assess whether to maintain an outsourced service or activity. The infrastructure team was focused on assessing the existence and/or development of the minimum provisions each person working in the company's operation should have, such as minimum education, integration to the safety programmes and initiatives, entry and exit control systems, standardisation of the safety equipment, clothing and tools, changing rooms, mine site facilities and cafeterias, among others.

The Contractor Plan also foresees ensuring that third party workers' legal and social security commitments are up-to-date. Using this vision, the company started the implementation of the Owner Controlled Insurance Programme (OCIP), which consists of

Anglo American taking out centralised life insurance to benefit contractor company employees. This guarantees better and greater coverage for these employees than if they took out the insurance individually.

In any case, there is still the option of the contractor company taking out its own insurance, with the requirement that such contract must be reviewed by Anglo American's finance area.

## Safety Bonus

Action continued in 2007 to get contractor personnel involved in and committed to the company's safety standards. For this reason and as a result of the evaluation made in 2006, the need was evident to add contractor companies to the safety incentive programmes. Therefore, the Contractor Safety Incentive

was created, which consists of a financial bonus, which is paid every two months and whose aim is for each employee to be responsible for his or her own safety and that of the team. The amounts of money are incremental with a certain amount received by an employee that has no accidents, a greater amount if there were no accidents to his or her team and even more received if there were no accidents at the Division.



## 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 rights in the workplace 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.



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## SOCIAL CAPITAL

Emerge programme  
Divisional community engagement programmes  
Support for the development of local infrastructure





Anglo American believes that its role as a neighbour of the communities surrounding its operations not only consists of making contributions, helping to improve the local and particular conditions, but is also convinced that it is necessary to find new models that ensure the company's contribution is sustainable and provides effective economic development and social mobility tools for its surrounding communities. All this is part of an attitude of respect, transparency and honesty that helps to generate long-term relations based on trust.

This chapter outlines Anglo American's endeavours to carry out this vision. It implemented the Emerge Programme for this, which is a corporate initiative

whose aim is to support the development of small and medium-sized businesses in the company's influence areas. Complementing this, each Division draws up and implements its own Community Engagement Plans (CEP), which are developed according to the Socio- Economic Assessment Toolbox<sup>52</sup> (SEAT) process, which will be implemented over three years. These plans are reviewed each year to adjust the activities undertaken to those required by the communities.

Anglo American's divisions invested over US\$2 million in 2007 in their community development programmes compared with a budget of US\$1.2 million in 2006 and US\$1.3 million in 2005. This amount

includes payment to associations, donations and sponsorship, support for social initiatives and the Apprentice, Thesis and Professional Practice Student programmes.

Additionally, Anglo American provides US\$3 million for the operation of the Emerge Programme in all the years of operation. US\$290,000 of these proceeds were invested in 2006 and US\$870,000 in 2007.

<sup>52</sup> Please review the Sustainable Development Reports 2006 and 2005 in which SEAT is dealt with at length.



A new SEAT assessment will be undertaken in 2008 to establish the progress and challenges for the next few years.



### EMERGE PROGRAMME: SUPPORT FOR THE DEVELOPMENT OF SMALL AND MEDIUM- SIZED BUSINESSES

Poverty is a major issue for most countries and governments and even for companies. It is not possible to avoid reality: 980 million people in developing countries lived on less than US\$1 a day in 2004. Although this figure has dropped by 21.6% compared with 1990<sup>53</sup>, efforts must continue.

Part of this concern was addressed in 2000, when all the member countries of the United Nations embraced the Millennium Declaration and the Millennium Development Goals, which has become a working framework to build sustainable development options. As a result, one of the eight goals of this initiative is to reduce the number of people that earn less than US\$1 a day<sup>54</sup> by half from 1990 to 2015.

Anglo American complies with international principles and agreements, which are not only aimed at greater business and management transparency but also promote action on behalf of societies, such as protection of the environment and support for small and medium-sized businesses.

In South Africa for example, Anglo American plc implemented the Anglo Zimele<sup>55</sup> initiative in 1980 to further the economic participation of historically disadvantaged people in small and medium-sized businesses. US\$5.1 million were invested in 2006 in 18 new South African businesses.

<sup>53</sup> 1,250 million people lived on less than US\$1 a day in 1990, since which the calculation base started to operate for the Millennium Goals.

<sup>54</sup> [www.un.org/millenniumgoals](http://www.un.org/millenniumgoals)

<sup>55</sup> [www.anglozimele.co.za/](http://www.anglozimele.co.za/)

## Emerge, a new commitment

According to the latest National Socio-Economic Survey (CASEN) undertaken by the Planning Ministry (MIDEPLAN)<sup>56</sup>, poverty in Chile decreased from 18.7% in 2003 to 13.7% in 2006, which is equivalent to just over two million people. Also, the number of people with earnings below the threshold of US\$91 a month<sup>57</sup> also dropped. Although these figures are encouraging as poverty is declining in Chile, there are still emerging sectors that have difficulties in becoming part of the economic development.

This was noted when the Socio-Economic Assessment Toolbox (SEAT) was applied in 2004 in the districts around Anglo American's operations. SEAT enabled the management of the social, environmental and economic impact of operations to be planned and started a review of how Anglo American Chile could make a more sustainable contribution to the growth of the communities where it operates.

Considering the national reality and the commitments undertaken as a country in the United Nations and Anglo Zimle's experience with supporting business, Anglo American Chile took the first step to implement the Emerge Programme, which aims to contribute to the social and economic development of the communities around its operations by supporting small and medium-sized businesses.

It worked on implementing this initiative in 2006, making surveys of businesses in the districts around operations, a benchmark of business support initiatives in Chile, and compiling studies on the condition of national businesses.

<sup>56</sup> [www.mideplan.cl](http://www.mideplan.cl)

<sup>57</sup> US\$91 is equivalent to Ch\$45,500 based on an exchange rate of Ch\$500 per U.S. dollar.





This analysis process led to the following conclusions:

- The inequality of earnings and work opportunities is one of the large social concerns in Chile.
- There is a clear differentiation in terms of the needs, type and form of support a business needs to develop, according to the entrepreneur's earnings and sales levels.
- There are institutions with proved experience and methodologies devoted to supporting the development of business in the poorest sectors of the country but they do not have suitable national coverage.
- There is a lack of support for businesses that have managed to overcome subsistence, but which are still not big enough or consolidated enough to gain access to the possibilities offered by the financial market.

In this respect, the objective of the Emerge Programme is to support small and medium-sized entrepreneurs so they can develop a sustainable business so some of them can overcome poverty, and others improve their level of earnings. To do this, Anglo American provides the necessary support for the creation and maintenance of business differentiated by two segments: small-sized businesses and medium-sized businesses. The goal is for Anglo American to have contributed to the development of 7,000 entrepreneurs by 2010, of whom 6,800 will be small entrepreneurs and 200 medium-sized entrepreneurs.





## Development of Small-Sized Businesses

The information studied by Anglo American about the condition of businesses in Chile revealed that there is a recognised segment of entrepreneurs with common characteristics and needs in sectors with scarce resources, normally an informal set-up with no more than three people working in the business and sales not exceeding US\$600<sup>58</sup> a month and frequently managed by women.

Out of the support methodologies analysed for this segment, the one with the best success in terms of penetration, volume and increase in sales and earnings of businesses is micro-credits<sup>59</sup>. For this reason, Anglo American signed a strategic partnership with Fondo Esperanza<sup>60</sup>, which is a supportive micro-credit institution, which by means of this agreement will support

entrepreneurs from areas around Anglo American's operations by granting this type of financing.

The first stage consisted of extending Fondo Esperanza to the provinces of Chacabuco, Quillota and San Felipe to satisfy the demand of 2,775 entrepreneurs by 2010. The next step is to expand coverage to the north of Chile, in Vallenar, Copiapó, Antofagasta and Iquique with a total of 4,197 entrepreneurs and also by 2010.

The support methodology for this segment was developed by Fondo Esperanza and involves granting individual micro-credits for entrepreneurs grouped into Communal Banks made up of a group of 18 to 25 people, who live in the same neighbourhood

and undertake their businesses independently, but who are voluntarily united as joint and co-guarantors to secure micro-credits.

Every member has access to a successive and progressive credit plan, which starts with an amount of around US\$80 to then have access to higher credits when the first loans are settled.

<sup>58</sup> US\$600 is equivalent to Ch\$300,000 based on an exchange rate of Ch\$500 per U.S. dollar.

<sup>59</sup> The micro-credit programmes were initially developed by Muhammad Yunus, Nobel Peace Prize 2006.

<sup>60</sup> [www.fondoesperanza.cl](http://www.fondoesperanza.cl)



## Development of Medium-Sized Businesses

Anglo American produced a methodology of direct support for the segment of medium-sized entrepreneurs, referring to those businesses that have managed to overcome subsistence but are still in a development stage or have been operating for some time and now face the challenge of growing. This is composed of three steps:

1. Training and coaching to develop the business.
2. Technical assistance to produce a business plan.
3. Capital contribution and guidance.

The first stage consists of selecting the businesses that will be supported by the Emerge Programme according to established and known criteria. The entrepreneur must then participate in a series of training courses, mainly focused on improving entrepreneurial skills and business management (marketing, sales strategies, negotiation, etc.). This tier, which ends with the preparation of a business plan, lasts six months and is financed by the Emerge Programme, including transfers and accommodation, if necessary.

To implement this stage, Anglo American entered into a partnership with the Faculty of Business of the

Adolfo Ibáñez University, with which it created the Emerge Campus, based on its eClass Programme that mixes traditional classes with e-learning.

Based on the economic viability of the business (essentially provided by the business plan), the entrepreneur can gain access to a capital contribution that gives the new business life and in which the entrepreneur and the Emerge Programme become partners.

The last stage (lasting two to three years) is focused on implementing the business plan, monitoring the meeting of the goals set and the entrepreneur's participation in coaching and training activities to improve negotiation skills, marketing, the use of technology and cost control. The entrepreneur is supported and guided throughout the process by a tutor from the Emerge Programme called a Business Advisor.

In this last stage it is possible for the entrepreneurs to gain access to a second capital contribution, depending on how far they meet the goals set and the real profitability attained by his or her business.



Verónica Olmos represents a group of four women that own "Produflor El Garretón," located in the district of Nogales, Valparaíso Region. This is a small-sized greenhouse cut-flower business using irrigation technology, with a carpark and a warehouse. With this business they can join Anglo American's Emerge Programme and receive support. Verónica says she was very interested in the course in order to grow as a business. "I'm studying hard every day after work, and so far I've been successful. We're very enthusiastic because opportunities like these don't arise every day. We are even planning how we'll do our business plan."



EMERGE PROGRAMME STEPS AND EVOLUTION				
	2007	2008	2009	2010
	START-UP/PILOT PLAN	EXPANSION	CONSOLIDATION	SELF-ASSESSMENT AND IMPROVEMENT
<b>MEDIUM-SIZED BUSINESSES</b>	<ul style="list-style-type: none"> <li>• Definition of the support model.</li> <li>• Incorporation of 20 entrepreneurs.</li> <li>• 5 businesses with development potential.</li> <li>• 5 businesses with development potential.</li> </ul>	<ul style="list-style-type: none"> <li>• Addition of 40 new projects.</li> <li>• Capital provided to 20 businesses.</li> </ul>	<ul style="list-style-type: none"> <li>• Addition of 60 new entrepreneurs.</li> <li>• Capital provided to 40 new businesses.</li> </ul>	<ul style="list-style-type: none"> <li>• Addition of 80 new projects.</li> <li>• Capital provided to 40 new businesses.</li> <li>• Impact studies to assess the effectiveness of the model applied.</li> <li>• Definition and implementation of further development activities.</li> </ul>
<b>SMALL-SIZED BUSINESSES</b>	<ul style="list-style-type: none"> <li>• Partnership with Fondo Esperanza in central Chile.</li> <li>• 728 entrepreneurs supported with micro-credits.</li> <li>• Local dissemination in partnership with municipalities.</li> </ul>	<ul style="list-style-type: none"> <li>• Partnership with Fondo Esperanza in northern Chile.</li> <li>• 3,000 entrepreneurs supported with micro-credits.</li> <li>• Local dissemination in partnership with municipalities.</li> </ul>	<ul style="list-style-type: none"> <li>• 5,500 entrepreneurs supported with micro-credits.</li> <li>• Local dissemination in partnership with municipalities.</li> </ul>	<ul style="list-style-type: none"> <li>• 6,800 entrepreneurs supported with micro-credits.</li> <li>• Local dissemination in partnership with municipalities.</li> </ul>
<b>GENERAL ASPECTS</b>	<ul style="list-style-type: none"> <li>• Formation of the work team</li> </ul>		<ul style="list-style-type: none"> <li>• Assessment to determine the growth of the work team.</li> </ul>	



## TESTIMONY FROM SMALL-SIZED BUSINESSES

Editra Sáez lives in Colina in the Metropolitan Region. In this district, Anglo American not only supports neighbours with financing and training but also organised the first “Entrepreneurs’ Fair” in the sector. “This Fair is a good initiative for us and a new experience. It’s the opportunity to show what we do and it’s a point of sale for the people that really need it. Without asking for anything in return, Anglo American and Fondo Esperanza gave us support and a large area in which to promote our products. We told the neighbours that wherever you go, first you’re asked for a lot of documents, whereas here we were supported immediately.”

From left to right: Mario Olavarría, Mayor of Colina; Editra Sáez, entrepreneur; and Jorge Poblete, Anglo American Chile Foundation Manager.



## EMERGE PROGRAMME IS AWARDED THE BICENTENARY SEAL

Anglo American was awarded the Bicentenary<sup>61</sup> Seal on December 17, 2007, for its contribution to the economic and social development of the communities surrounding its operations by means of the Emerge Programme, and for providing more job opportunities and for getting small and medium-sized entrepreneurs to achieve a higher degree of involvement in Chile's global development.

The Bicentenary Commission awarded this distinction for the fourth year running to "projects in the private sector and for citizens that help to build national identity and the development of a free and democratic, diverse and integrated, socially fair and supportive Chile undergoing growth, in harmony with the environment."

The award was given by President Michelle Bachelet, who said that "initiatives such as those we're today awarding the Bicentenary Seal are those that articulate what we all want on the arrival of the Bicentenary, i.e., a Chile more united in its diversity and participative in its modernity."



From left to right: Miguel Ángel Durán, CEO of Anglo American Chile; Michelle Bachelet, President of the Republic; and Belisario Velasco, Home Secretary.



From left to right: Lorenzo Menéndez, Senior Safety and Sustainable Development Manager; Felipe Purcell, Vice-President Marketing and Corporate Affairs; Miguel Ángel Durán, CEO; Jorge Poblete, Anglo American Foundation Manager; Nicolás Shea, e-class Director of the Adolfo Ibáñez University; Marcelo Esquivel, External Affairs Manager; and Juan Cristóbal Romero, Fondo Esperanza Manager.

<sup>61</sup> [www.bicentenario.gov.cl/inicio/sello.php](http://www.bicentenario.gov.cl/inicio/sello.php)



## DIVISIONAL COMMUNITY ENGAGEMENT PROGRAMMES

### Los Bronces Division

Los Bronces has an influence area of three districts: Lo Barnechea; Colina; and Til-Til. Its Community Engagement Plan (CEP) places emphasis on initiatives that promote the educational development of the surrounding communities, environmental protection, community development, healthcare and the prevention of alcoholism and drug addiction.

Therefore, works started in 2007 to expand the Lo Barnechea Reading Centre, which will be opened in October 2008. The work, which is the result of an agreement signed with the municipality of this district, includes the refurbishment of the facilities, the construction of a second floor to increase the capacity of the Centre, and a small outdoor square as a meeting place.

Los Bronces also signed an agreement with the Municipal Education Department to train 200 teachers, 3,200 pupils and over 500 parent representatives of municipal schools in the theory and use of computer tools by 2008 through the Virtual Community Project. Also in the educational area, the Division jointly with the Corporación La Montaña of Lo Barnechea trained over 500 children from municipal schools on environmental issues for the second year running.

Los Bronces collaborates with municipal authorities to promote the protection of areas surrounding its operations, considering that it is near a site of special interest for biodiversity conservation. Los Bronces signed an agreement with the Association of Municipalities in relation to the Proteje Project, whose aim is to improve the infrastructure of the Puente Ñihue sector, which is the main access point to Cerro Provincia. The project aims to improve the access, add parking, and install road signs, toilets, benches and tables, amongst other things. The “Let’s



Keep Our Cordillera Clean” campaign was also undertaken, which entailed providing 23,000 rubbish bags to ski resort visitors in the Metropolitan Region over the ten busiest weekends in these winter resorts.

Also, Los Bronces supported the Lo Barnechea Youth Orchestra and the Farellones Children’s Orchestra during the year through the Lo Barnechea Cultural Corporation (COBA), and supported walks, local festivities, workshops on alcohol and drug prevention and activities for the elderly.

In Til-Til, the Division developed an educational and environmental management programme for the pupils of the Huertos Familiares High School. The aim of the activity was for recycling to become a characteristic and permanent feature of the school, incorporating the environmental topic into the curriculum and better educating school children about their relationship with the environment. Los Bronces, with other companies in the area promoted the creation of the Til-Til Development Corporation, Pro Til-Til, as a way of channelling resources for projects that further the sustainable growth and development of this town. As a result, this initiative has financed activities and projects on behalf of the community, which have benefited the inhabitants of the sector (courses on trades and businesses).

The Division signed an agreement to finance the new special field of Chemical Laboratory Technician at the Huertos Familiares High School to give more opportunities and work tools to these students. To this end, it secured the participation of a well-known chemical company in the industry for it to play a technical support and curriculum guidance role in relation to current market needs, thus improving the employment possibilities of school-leavers.

In Colina, the special field of cooking was added to the curriculum of the Rigoberto Fontt Technical School by means of a partnership between Los Bronces, the Division’s catering company Sodexho, and the Municipal Education Corporation of Colina. The first promotion of 30 students, who were trained for a catering service operation, graduated in November 2007.

The Division also provided financial aid for the refurbishment of the emergency first aid clinic (SAPU) in this district, and works will be completed in the first half of 2008.

## Mantos Blancos Division

The Mantos Blancos influence area covers the communities of Sierra Gorda, Baquedano, Antofagasta and Mejillones in the Antofagasta Region. The role of the Division in these cities has gained importance, mainly through the DeLTA – Catholic University of the North (UCN) Programme (Developing and Leading Academically Talented Students), which is undertaken in partnership with the municipalities of these districts, the UCN and Fundación Andes. This initiative, which has been operating since 2004, consists of an extra-curricular academic programme that complements school education. It is aimed at poor students from sixth grade of basic education to the last year of secondary education, who have outstanding abilities or talent and who are highly motivated to further their education.

In its first year, DeLTA-UCN helped 80 students from sixth grade of basic education to the first grade of secondary education and three years later this increased to 320 students up to the last year of secondary education. 16 people from the first generation of students on the programme graduated in 2007. 14 of the students sat the university entrance examination (PSU) with a 572-point average in the language and mathematics examinations, which was higher than the average of municipal and subsidised schools in the region<sup>62</sup>.

Also, Mantos Blancos runs an Integral Health Programme for its employees and families to provide the necessary education to improve their eating habits. To this end, it organised the Health Fair, where it distributed healthy recipes, and a line of healthy foods was introduced in the Division's cafeteria.



Of the fourteen students on the DeLTA-UCN Programme that sat the university entrance examination (PSU), nine applied to the Catholic University of the North, four to the University of Antofagasta, and one did not apply to either. The following courses were chosen:

- Industrial Civil Engineering
- Business Administration
- Civil Metallurgical Engineering
- Geology
- Bachelor's degree in physics specialising in astronomy
- Business computer engineering and management control
- Law

<sup>62</sup> Based on the results reported by the Catholic University of the North, the mathematics and language university entrance examination average was 507.8 points, including three municipal schools with a score of over 500 points. Subsidised schools averaged 548.9 points, only including 13 schools that got over 500 points.



## El Soldado Division

El Soldado is near Nogales and the sectors of El Melón, Collahue, Los Caleos, Chamizal, Macal and Garretón in the Valparaíso Region. The Division defines the social development projects it will support each year with the Municipality of Nogales, seeking to provide tools to improve the quality of life of the inhabitants of the district.

In 2007, 50 people were trained in courses on trades selected to complement key issues for the area. Workshops were held on plumbing, beekeeping and welding, giving priority to neighbours of the Division and the unemployed.

El Soldado has also had an agreement with the Christa Mock High School of Nogales since 2002 to research methods of propagating native forest species, especially those threatened or in danger of extinction. A community development programme to produce native trees in the central zone is also carried out in this area by providing training and technical advice to small landowners near operations. In 2007, both works propagated 42,000 plants that will be added to the reforestation and forest improvement programmes on and off the land owned by Anglo American in the area.

The Division also makes donations and sponsors local events, like the year-end party of the Neighbours' Committee of Los Caleos, provides second-hand computers to the Neighbours' Committee of Villa Disputada and second-hand furniture to that of Chamizal. It also assisted with the delivery of an igloo for the El Polígono Sports Club and the building of Villa Pablo Neruda's perimetric enclosure, both at El Melón.



## Mantoverde Division

Chañaral, Diego de Almagro, Copiapó and El Salado are the cities that are permanently supported by the Mantoverde Division in the Atacama Region. This support consists of development opportunities through the professional work experience and thesis student and apprentice programmes. The Division also plays a major role in supporting initiatives to improve the socio-economic conditions of young people in the area.

One of the main activities in 2007 was the launch of the cookery assistant training course for pupils of third and fourth grades of secondary education at the Federico Varela High School in the district of Chañaral and providing social scholarships in Chañaral to build and market solar panels. These initiatives had the certification of the Technology University of Chile (INACAP), aimed at improving the employment possibilities of the unemployed.

Mantoverde also financed cultural activities in Chañaral and Copiapó through EMPROARTE and supported the development of different cultural expressions at schools in its influence area, like the sponsorship of the XII International Meeting of writers, organised by the Municipality of Chañaral.





## ADDITIONAL INFORMATION

p.52

Recruitment



## Chagres Division

Catemu, San Felipe, Llay Llay and Panquehue in the Valparaíso Region are in the influence area of Chagres. As mentioned in the Sustainable Development Report 2006, Chagres undertook participative work with the community leaders of these areas to identify those initiatives of interest to the communities surrounding the Division through the Master Community Relations Plan.

In 2007, support started for the work carried out by the Municipality of Catemu, which each year promotes the introduction of social projects by means of a District Fund for Tender. Through this initiative, formal organisations have the chance to present their ideas that benefit their community. The aim of this fund is to promote activities generated in the organisations themselves, which meet the community needs and have community backing for their development.

The contribution of Chagres meant increasing the District Fund for Tender from US\$6,000, which the Municipality of Catemu originally gave, to US\$18,000 to carry out a greater number of initiatives. 15 projects of the

52 presented were financed using this budget increase in 2007. In addition to providing funds, the company gives the social leaders training to improve their skills and knowledge to apply for this and other social funds.

It is therefore hoped that neighbours will participate in the development of their own community, that support networks in the community will be created and, through the joint work with other contributors, projects will be implemented and teamwork fostered. Moreover, the same organisations, Anglo American and the Municipality undertake evaluations at the end of each project to monitor achievements.

Chagres also helped 45 students from Catemu to enter the Pre-University Remedial Course of the district high school and gave training and consultancy to six municipal basic education schools in Llay-Llay (two rural schools and four urban ones) to help them enter the National School Environmental Certification System (SINCAE) of the National Environmental Agency (CONAMA).

It also helped to improve local leadership through the advanced training of 47 leaders of social organisations

in the province of San Felipe at the Universidad del Dirigente. They reviewed local management and sustainable development issues by means of this initiative. To consolidate the education of local development teams, it helped with the training of community leaders from Catemu, Santa Margarita, San José and Chagres to design, produce, manage and assess social projects.

Lastly, the activities of the Catemu Goat and Beekeeping Agricultural Farm should be mentioned, which received the Good Corporate Citizenship Award from the Chilean-North American Chamber of Commerce (AMCHAM) in 2005, and which has furthered the development of this business of local entrepreneurs by means of support using marketing and management techniques, now adding them to the Emerge Programme.

## LOCAL INFRASTRUCTURE DEVELOPMENT SUPPORT

As a result of the SEAT assessment, the divisions consider the permanent provision of goods, services and financing to improve the quality of the existing infrastructure in their influence areas.

In this respect, Los Bronces donated an ambulance to the people of Huertos Familiares in the district of Til-Til, and the Division also donated changing rooms to the Quilapilún Bajo Sports Club in Colina and made contributions to the Fire Brigades of Macul, Lo Barnechea, Vitacura, Esmeralda, Huertos Familiares and Las Condes, which support the training of the Division's emergency brigades. This is because during such

courses several Fire Brigades are invited to practice vehicle rescue in confined spaces and emergencies with dangerous substances, amongst other things.

It also signed an agreement with the Municipality of Colina to refurbish an old school in the district and convert it into a municipal library, which will benefit all the community, and works should be completed in 2008. As part of the importance the Division places on education and knowledge of technological tools, Los Bronces signed an agreement to finance the purchase of over 120 laptops, which will be distributed between the Rigoberto Fontt high school in Chacabuco and

Esmeralda high school in Colina, which have a combined total of around 3,000 pupils. Another major initiative was the continuation of support for educational and cultural dissemination by means of the mobile library in Colina and Lo Barnechea, which supplies educational and reading material to these districts.

The Mantos Blancos Division donated a US\$7,000 telescope to the Baquedano Astronomical Observatory in 2007 to contribute to the scientific development undertaken by this organisation.

The Mantoverde Division made a contribution towards the maintenance and purchase of new equipment for



the Chañaral Fire Brigade amounting to US\$14,000. It also donated computers to municipal schools and kindergartens in the district and provided financing for the construction of a bakery, which benefited 300 pupils at the José Luis Olivares special school in Chañaral.

The El Soldado Division financed the importing of a vehicle for the Nogales Fire Brigade and the purchase of an ecotomograph for the El Melón walk-in clinic. It also continued to support the transportation of 120 school children from their homes in Los Caleos, Collahue 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, thus contributing to increased school attendance and improving transport safety.

Chagres undertook various pieces of community work with the municipalities and community, such as the construction of social centres and the local hall of the San José Parish in Catemu and the construction of the Santa Margarita and San José roads. It also organised workshops and sports schools, supported the creation of a community computer centre at Lo Campo-Panquehue and the refurbishment of the Santa Margarita Square, which benefits people from Santa Margarita and Catemu.





.09

## NATURAL CAPITAL

Raw materials  
Energy consumption and emissions  
Energy efficiency programme  
Water management  
Discharges  
Seepage

Emissions  
Waste management  
Biodiversity  
Closure plans  
Environmental investments  
Environmental incidents



Anglo American has placed special emphasis on the efficient use of resources, mainly water and energy, and on the reduction of emissions, focusing on reducing CO<sub>2</sub>. It additionally manages possible waste-related impacts on biodiversity to reduce or mitigate any situation that might be harmful as a result of operations. These actions form part of what Anglo American has defined as its Natural Capital.

Legislation, local laws and international environmental commitments are being taken into consideration to manage these issues. The Safety, Occupational Health and Environmental Policy of Anglo American<sup>63</sup> is the framework that guides company employees in undertaking their work. As a result, the area was restructured in January 2008 for better management of such issues, and there is now a Senior Environmental Manager and a person that manages this issue in each operation<sup>64</sup>.

## RAW MATERIALS

Anglo American Chile's main raw material is the ore extracted from its mines. The total material stripped, including ore to processes and gravel to waste, was 208 million tonnes in 2007, 8% more than in 2006. The sulphide and oxide ore accounted for 18% and 6%, respectively, of this tonnage, which was similar to the 17% and 7% of the previous year.

The main raw material of the Chagres Smelter is copper concentrate, which is provided by the company's other divisions and is used to produce metallic copper in the form of anodes and sulphuric acid as a by-product. The smelter does not use waste from external sources as raw materials.

In thousands of tonnes		
ROCK STRIPPED	2007	2006
LOS BRONCES	86,405	85,037
MANTOS BLANCOS	42,280	41,445
EL SOLDADO	47,644	30,535
MANTOVERDE	31,438	29,699
<b>TOTAL</b>	<b>207,767</b>	<b>186,716</b>

CONCENTRATE SMELTED	2007	2006
CHAGRES	560.2	577.9

Source: Monthly Report for the year ended December 2007

## 2008 CHALLENGE

As a result of the start-up of the Los Bronces Development Project, one of the main challenges of the Environmental Management is to support this initiative within the parameters established in the Environmental Impact Study so the project is undertaken without any social or environmental incidents.



<sup>63</sup> The Safety, Occupational Health and Environmental Policy was under review in 2007. A new version will be published in 2008.

<sup>64</sup> This restructuring was deemed to be important which is why it is mentioned.

Also, Anglo American consumes other types of strategic raw materials, which are essential for copper mining and production, and these are listed in the table below:



STRATEGIC RAW MATERIALS	2007 CONSUMPTION	MEASUREMENT UNIT	USE/APPLICATION
<b>MINE AREA – CONCENTRATOR PLANT OPERATIONS</b>			
TYRES	565	units	45" rim tyres and above used in loading, transport and support mine equipment.
GRINDING BALLS	22,235	tonnes	Steel balls of different diameters used for grinding in SAG and ball mills.
ABRASION STEEL	4,450	tonnes	Steel that lines parts in constant friction with other media. This prolongs the useful life of equipment.
MIBC	629	tonnes	Frothing agent: lines minute air bubbles to help them stick to the xanthate-impregnated copper particles.
XANTHATE	209	tonnes	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 stick to the bubble and rise to the surface.
SODIUM SULPHYDRATE	2,283	tonnes	Reagent used in selective molybdenum floatation.
LIME	95,017	tonnes	pH conditioner. It is used in the floatation process and for water treatment.
<b>HYDROMETALLURGICAL PLANTS</b>			
SULPHURIC ACID	606,938	tonnes	Used in the copper leaching processes to dissolve the copper contained in the oxide ores.
THINNERS	4,371	m <sup>3</sup>	Thin the extractant, preserving and enhancing its properties.
EXTRACTANTS	565	m <sup>3</sup>	Selective reagent that separates the copper dissolved in the aqueous solution.

Note: The consumption of fuels, energy and water are strategic raw materials of the mining process. The consumption figures are listed in other chapters on pages 77 and 80.



## ENERGY CONSUMPTION AND EMISSIONS

In terms of energy, Anglo American consumes fuels and electricity to undertake operations. 24.10 GJ per tonne of fine copper produced were used in 2007 compared with the 23.11 GJ in 2006. Three main factors explain this higher energy consumption. The first is the mining industry, despite experiencing positive and negative variations year by year, it generally has higher specific energy consumption due to fact that ore grades drop steadily, transport distances are longer every year, pits are deeper as mining increases, as well as ore hardness due to the depth at which it is found. This means more energy is consumed to produce the same quantity of copper.

The second factor concerns environmental requirements, which also drive up energy consumption, such as when new equipment is added, like filtering or sleeve systems or any device for cleaner production, increasing the energy consumption per tonne treated without raising production. Lastly, adding value affects specific consumption when this is measured by unit of fine copper in products. In the case of Anglo American, when Chagres increases production and more tonnes of fine copper like anodes instead of concentrate are sold, energy consumption rises.

In the case of overall CO<sub>2</sub> emissions, these include everything produced by the consumption of fossil fuels, plus the CO<sub>2</sub> emitted by the leaching processes and the indirect emission generated by electric power plants. These CO<sub>2</sub> emissions increased slightly in 2007 on those planned, mainly because of the need to increase the use of oil #6 and diesel to offset the natural gas supply shortage in Chile in 2007.

### ENERGY CONSUMPTION (Company Total)

RAW MATERIALS	2007	2006	2005
OIL # 6 (tonnes)	8,472	4,854	6,015
DIESEL (m <sup>3</sup> )	117,446	102,466	92,529
GASOLINE (m <sup>3</sup> )	1,363	1,589	2,275
ANFO (EXPLOSIVE - tonnes)	39,652	36,814	33,134
NATURAL GAS (m <sup>3</sup> )	1,750,535	7,284,161	6,514,577
NATURAL GAS (tonnes)	1,448	938	337
ELECTRICITY (MWh)	1,675,398	1,639,330	1,586,646

### SPECIFIC CONSUMPTION/EMISSIONS

	2007	2006	2005
TOTAL ENERGY (GJ)	10,979,495	10,327,096	9,778,713
CO <sub>2</sub> EMISSIONS (tonnes)	856,814	812,301	768,914
FINE Cu PRODUCTION (tonnes)	455,615	446,784	443,459
GJ/FINE Cu tonnes	24.10	23.11	22.05

Note: the method of calculation was modified in 2007, and the 2005 and 2006 records have been adjusted to reflect this. Figures therefore differ from those reported in the Sustainable Development Report 2006. Explosives were also included in the energy and emissions calculation, unlike in 2006.



## ENERGY EFFICIENCY PROGRAMME

The main company efforts are focused on achieving the target of the Energy Efficiency Programme, which has been addressed since 2005, due to compliance with international commitments like the Global Compact and the Kyoto Protocol.

Work continued in 2007 to achieve the target of a 15% increase in efficiency compared with business as usual<sup>65</sup> of the overall energy consumption of all the operations of Anglo American plc worldwide from 2003 to 2014. Anglo American Chile went one step further

with its participation in the mining roundtable organised by Programa País Eficiencia Energética<sup>66</sup>, in which it leads the commission on measurement methodology.

A study was carried out during the year to implement a new method of recording consumption and reductions to standardise the measurement in line with the rest of the industry. This new method is at trial stage.

**SUMMARY OF ENERGY CONSUMPTION AND EMISSIONS BY OPERATIONS 2005-2007<sup>67</sup>**

	GIGA JOULES (Gj)			TONNES OF CO <sub>2</sub>		
	2007	2006	2005	2007	2006	2005
LOS BRONCES	4,700,778	4,338,492	4,153,056	285,375	261,075	248,585
MANTOS BLANCOS	1,936,047	1,798,830	1,780,657	243,148	234,808	233,754
EL SOLDADO	1,847,176	1,690,394	1,509,491	120,581	109,648	98,258
MANTOVERDE	1,434,009	1,416,467	1,366,713	140,724	141,993	128,824
CHAGRES	1,053,948	1,075,194	961,081	66,583	64,365	59,081
SANTIAGO	7,538	7,720	7,715	403	413	412
<b>TOTAL</b>	<b>10,979,495</b>	<b>10,327,096</b>	<b>9,778,713</b>	<b>856,814</b>	<b>812,301</b>	<b>768,914</b>

Note: the calculation base was modified in 2007, and the 2005 and 2006 records were adjusted to this new database. This is the reason why some figures are different from those reported in the Sustainable Development Report 2006.



<sup>65</sup> Business as usual is the way the business would develop in the future, should no additional activities be undertaken.

<sup>66</sup> [www.programapaiseficienciaenergetica.cl](http://www.programapaiseficienciaenergetica.cl)

<sup>67</sup> The CO<sub>2</sub> emission figure includes the consumption of fossil fuels, the leaching process emissions and the indirect CO<sub>2</sub> emissions caused by electric power plants that supply power to operations. In this latter case, the average conversion factor of the years 1996-2005 was used, which was 192 tonnes of CO<sub>2</sub> per GWh generated for the Central Interconnected Grid (SIC) and 517 tonnes of CO<sub>2</sub> in the Great North Interconnected Grid (SING).

To achieve the targets of the Energy Efficiency Programme, operations must define initiatives to improve the energy efficiency in their processes. Formal certificates were therefore designed for this, which guarantee that the actions undertaken are permanent and meet the targets of the programme. In this respect, the certified accumulated overall reductions attained in 2007 were 3.5% for energy consumption and 4.5% for CO<sub>2</sub> emissions.

Additionally, more initiatives to reduce consumption have been identified. Implementation of these would further improve energy efficiency. Further reductions are needed to achieve the target set by Anglo American plc for 2014, but the actions to achieve these improvements have not yet been defined.

In parallel with the Energy Efficiency Programme, Anglo American carries out awareness activities in relation to the importance of this issue in Chile. In 2007, it distributed 30,000 energy-saving light bulbs in three-unit packs in Catemu, Llay Llay, and Panquehue, which are communities in the influence area of Chagres; El Salado, which is a community near Mantoverde; Collahue, Los Caleos, Macal Rural and El Chamizal, communities around El Soldado; and to all its company employees and contractors. It is calculated that this contribution could lead to a national energy saving of 1.57 MWh, equivalent to the consumption of 3,000 homes.

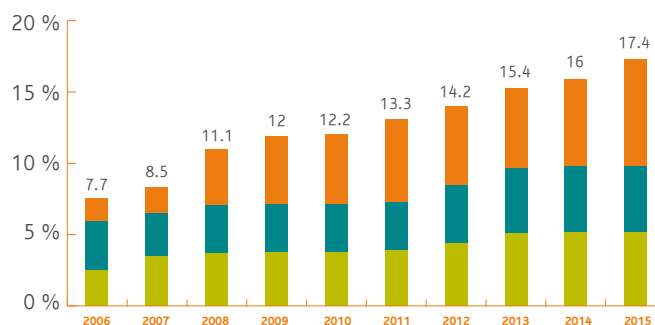
It also renewed the agreement it signed in 2006 with Honda Motor to incorporate and promote the purchase of hybrid cars among its employees, which pollute 80% less than conventional cars and have a higher performance than petrol engine cars. From the launch of the programme to December 2007, six employees purchased hybrid cars for their personal use and the company bought two cars for its regular fleet of vehicles.

#### CORPORATE SUMMARY OF ENERGY AND CO<sub>2</sub> REDUCTIONS - 2007

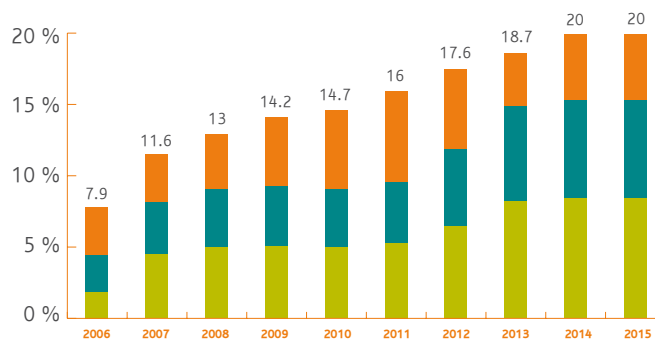
	GJ	TONNES OF CO <sub>2</sub>	% OF GJ	% OF CO <sub>2</sub> TONNES
CERTIFIED REDUCTIONS	392,133	40,266	3.5%	4.5%
POTENTIAL REDUCTIONS	354,863	32,538	3.1%	3.7%
MISSING REDUCTIONS	210,000	30,000	1.9%	3.4%

#### SUMMARY OF CERTIFIED, POTENTIAL AND MISSING REDUCTIONS 2006-2015

##### Energy Reductions



##### Reduction of CO<sub>2</sub> Emissions



■ Missing  
■ Potential  
■ Certified



WATER MANAGEMENT

Water is an essential resource in mining processes. Anglo American Chile mainly uses water in the grinding, floatation, and leaching stages of mining operations and in the refrigeration system at the smelter.

The total fresh water consumption was around 30 million m<sup>3</sup> in 2007, which was a reduction of 4 million m<sup>3</sup> on 2006, mainly due to the initiatives implemented by the divisions.

TOTAL WATER CONSUMPTION AND PERCENTAGE BY SOURCES (IN THOUSANDS OF m³)			
SOURCES	2007	2006	2005
PUMPING	917	893	915
GROUND WATER	12,291	12,408	11,588
SURFACE WATER	17,485	21,755	21,582
TOTAL CONSUMPTION	29,775	34,164	33,170
GROUND WATER (%)	41.3	36.3	34.9
SURFACE WATER (%)	58.7	63.7	65.1

Note 1: The only Division that uses surface water is Los Bronces, all the others use ground water.



As part of the Energy Efficiency Programme, significant progress was achieved in terms of the management of water consumption, as reflected in the graph on fresh water consumption per unit of fine copper produced, which shows consumption of 65.35 m<sup>3</sup> per tonne of fine copper in 2007, which was around 10 m<sup>3</sup> lower than in 2006.

The lower consumption was due to various initiatives and action, some of which are outlined below:

### Los Bronces

The Division certified reduction in water consumption of 1.8 million m<sup>3</sup> in 2007 due to two main projects:

1. Re-pumping of surplus tailings water from Las Tórtolas to Los Bronces. This consisted of the operation of a pumping line which, with its ancillary equipment, re-circulated process water to Los Bronces, thereby reducing the fresh water requirements of the operation. The pumping system from Las Tórtolas to San Francisco was improved in 2007, and all the pumps reached normal operation with the subsequent improvement, besides the efficiency of energy use. Frequency variators were also added to the dam pumping station to optimise the operation of the system.
2. Reduction of the minimum flow in the slurry pipeline. A greater number of energy dissipation loops were added, which reduced the volume of water consumed in the slurry pipeline during process stoppages.

### Mantos Blancos

A hydro-runoff was installed at the tailings plant of this Division and the leaching heap irrigation was changed with a subsequent saving on water consumption.

### El Soldado

Three initiatives have been developed since 2004 to increase the efficiency of water usage:

1. Optimisation of fresh water consumption at the sulphur plant (m<sup>3</sup>/tonne treated), due to the higher plant treatment by reconfiguring the conventional grinding circuit, modifying the grading profile of the SAG (mine to mill, at the fines crushing plant) and using 5" grinding balls. This reduction also led to an increase in the percentage of solids in floatation from 34% to 38%.
2. Replacement of the grinding and crushing refrigeration system. To do this, air-cooled equipment was installed in the lubrication systems to replace systems cooled by fresh and industrial water. The lubrication systems, which are now air-cooled, are those of Symons primary sulphide crushers, SAG and 2000 mills. This has led to a water consumption saving of 350,000 m<sup>3</sup> a year.
3. Reuse of water used to flush pit equipment. The project to reuse flushing water from Portezuelo was launched in June 2006 with the start-up of the new flushing yard. 72 m<sup>3</sup> of water a day are currently reused with an average saving of 26,000 m<sup>3</sup>/year (net value that includes a 25% loss due to water sprayed into the atmosphere, evaporation and humidity in the disposal of solids).

Using these projects, El Soldado managed to reduce water consumption by 538,000 m<sup>3</sup> in 2007 compared with 2003.

### Mantoverde

To reduce the watering of roads, the internal and external roads of the mine were gravelled, for which "Bichufita" (earth and salt mixture) was used. The reduction of water used to water internal roads was 50% and 100% on external roads. This was undertaken by the Ministry of Public Works.

### Chagres

The smelter implemented the start-up of the Integral Water Management Plan, which provides for better management of the rainwater ponds. This action will continue in 2008.

## JOB POSITION UNIFICATION OF THE PERSON THAT MANAGES WATER AT EL SOLDADO AND LOS BRONCES

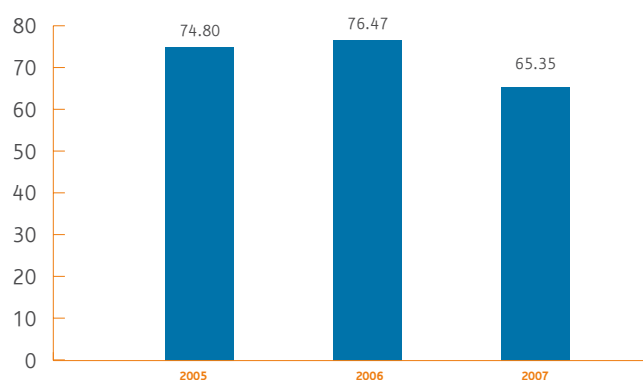
Due to the importance of water consumption management for Anglo American, a Water Superintendent was appointed in 2007 to manage the tailings and water dams within the El Soldado and Los Bronces Divisions. His role is to monitor campaigns, analyse the results and implement control and mitigation measures to optimise water consumption.

## SUMMARY OF WATER CONSUMPTION BY OPERATION 2005 - 2007 (IN THOUSANDS OF m³)

DIVISION	2007	2006	2005
LOS BRONCES	18,402	22,649	22,498
MANTOS BLANCOS	3,903	3,767	3,564
EL SOLDADO	3,204	3,197	3,362
MANTOVERDE	2,849	3,039	2,610
CHAGRES	1,407	1,504	1,125
SANTIAGO	9	8	8
<b>TOTAL</b>	<b>29,775</b>	<b>34,164</b>	<b>33,170</b>

## CORPORATE SUMMARY OF WATER CONSUMPTION REDUCTIONS - 2007

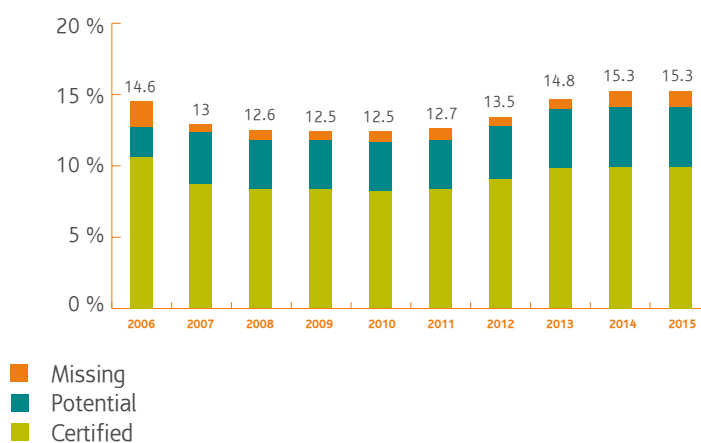
	m³	%
CERTIFIED REDUCTIONS	2,830,389	8.7
POTENTIAL REDUCTIONS	1,136,485	3.7
MISSING REDUCTIONS	180,500	0.6

DRINKING WATER CONSUMPTION PER TONNE OF COPPER PRODUCED  
m³ water / Fine tonnes of copper

■ Water / Fine Tonnes Cu

SUMMARY OF CERTIFIED, POTENTIAL AND MISSING REDUCTIONS  
2006-2015

## Reductions of fresh water consumption





## CASE STUDY

# Water roundtable of the Copiapó riverbed

The Mantoverde Division participated actively in the discussions of the water roundtable of the Copiapó riverbed in 2007, seeking alternatives to reduce the valley's water consumption. The roundtable outlined the development of three strategies as a result of this:

**1) Strengthening of the Institutional Process**, to have a regional institution for water resources, that is representative, participative and permanent, responsible for establishing public and public-private coordination and connections. It also seeks to make progress with the self-management of water resources,

bringing together ground and surface water users and establishing corporate riverbed entities for the sustainable use of water.

**2) Management of the resource**, to produce an operational water simulation model that includes the surface and ground components and enables different integrated management alternatives to be evaluated for the water resources in the Copiapó riverbed. The sustainable exploitation level of the aquifer and the optimal exploitation modality by hydrogeological sector should be discovered in the mid-term based on this tool.

**3) Study of new sources.** The artificial rainfall stimulation programme will be developed by 2008 and based on international experience at an annual investment of around \$140 million. A technical and economic feasibility study on installing desalination plants along the coastline will be addressed.



## DISCHARGES

Surface discharges are regulated by Supreme Decree N°90 of 2000 (SD90/00). The discharges of Anglo American's divisions amounted to 1.4 million m³ in 2007. 96% of these came from the disposal of the refrigeration water at the Chagres Smelter, with full compliance with the concentration limits of the surface water discharge regulation, and with the authorisation of the Superintendency of Sanitary Services (SISS).

The Los Bronces Division informed the SISS of the possible discharge from the Pérez Caldera dam drain due to outages that prevent the pumping station from operating. On the request of the environmental authority, generator sets were installed in 2007 to prevent such outages.

TOTAL WATER DISCHARGES (MILLIONS OF m³)		
2007	2006	2005
1.4	1.5	1.1

## SEEPAGE

Anglo American monitors and implements action to control and prevent potential seepage into ground water and spills into surface water that could arise from the tailings dams of Los Bronces (Pérez Caldera 1 and 2, and Las Tórtolas), Mantos Blancos, El Soldado and emergency pond seepage.

Progress has been made since 2007 by updating the hydrogeological studies and work to control seepage of the Las Tórtolas dam of Los Bronces. During this process a possible impact on the water quality of the monitoring wells related to the dam was detected. For this reason, the seepage control systems and monitoring of their effectiveness were improved. The seepage control mechanism is based on a system of drains and curtains of wells at the foot of the main wall, and drains and a seepage wall with impermeabilising injections at the foundation of the western wall. A set of monitoring wells is also maintained downstream from the seepage control system.

Forest irrigation implemented in the Las Tórtolas forest with surplus process water stored at the tailings dam was

also suspended in April 2007. At the same time, the relevant authorities were informed, control and mitigation measures were implemented and the expansion of the pumping system was designed to re-circulate water to Los Bronces, whose works were integrated into the Los Bronces Development Project currently under construction.

The hydrogeological modelling of the El Torito dam basin was updated at El Soldado to determine the behaviour of the sulphate concentration downstream. A water quality monitoring programme is also executed each year in the surrounding communities and the company works with them to improve access to water supply services for human consumption. The basic engineering design was started in 2007 to find a solution to reducing seepage into ground water, which will lead to a drop in the sulphate concentration downstream from the dam.



## ADDITIONAL INFORMATION

p.78

Energy Efficiency Programme

## EMISSIONS

Mining generates a series of emissions, which Anglo American measures, controls and manages, seeking a steady reduction over time. The main elements making up emissions are CO<sub>2</sub> (See the Energy Efficiency Programme), particulate material (PM10), arsenic, sulphur dioxide (SO<sub>2</sub>) and noise levels.

## Chagres Smelter

The main emissions controlled by the smelter are sulphur dioxide (SO<sub>2</sub>), particulate material (PM10) and arsenic (As). All these are duly regulated by environmental regulations that demand a certain level of emissions or concentrations. Anglo American has monitoring stations for this at various areas within a certain radius of the operation to monitor the impact operations might cause.

At the same time, the start-up of the smelter's Optimisation Project was completed in 2007, which increases sulphur and particulate material capture due to improvements made to the gas management system. Environmental improvements alone accounted for around US\$20 million of the total investment of US\$60 million.

Particulate material is measured at two monitoring stations located in the towns of Catemu and Lo Campo. Several studies undertaken indicate that the smelter's effect on these results is not significant. In the case of arsenic, Chagres emitted 47.4 tonnes, equivalent to 50% of the value regulated by Supreme Decree 165 of 1998.

Chagres did not exceed the regulation on SO<sub>2</sub> concentration in 2007, and the highest value was 76% of the limit established by the regulation. In terms of SO<sub>2</sub> emissions, after inspection by the Operative and Control Committee of the National Environmental Agency (CO-NAMA) in March and August 2007, the sulphur emission limit was modified from 500 tonnes/month to 7,200 tonnes/year.

SO<sub>2</sub> CONCENTRATION (REGULATED BY SUPREME DECREE 113/02 AND SUPREME DECREE 185/91 IN ug/Nm<sup>3</sup>)

MONITORING STATION	PEAK PER HOUR	PEAK PER DAY	YEAR
REGULATION	1.000	250	80
SANTA MARGARITA	647	183	61
LO CAMPO	486	97	24
CATEMU	358	38	13
ROMERAL	310	53	16

PM10 CONCENTRATION (ug/m<sup>3</sup>) - MOBILE AVERAGE (REGULATION = 50)

	PEAK 24 HOURS 2007	2006	2005
REGULATION	150		
LO CAMPO	132	38	39
CATEMU	141	50	56

YEARLY ARSENIC EMISSIONS	47.4 tonnes (Regulation: 95 tonnes/year)
YEARLY SULPHUR EMISSIONS	6,854 tonnes





**SO<sub>2</sub> REGULATION BREACHES AT CHAGRES**

	2007	2006	2005
N° OF REGULATION BREACHES DAILY	0	0	0
N° OF REGULATION BREACHES HOURLY	0	0	0

**ANNUAL SO<sub>2</sub> ENVIRONMENTAL CONCENTRATION (ug/m<sup>3</sup>N) AT CHAGRES**

	2007	2006	2005	REGULATION LIMIT	
				PRIMARY	SECONDARY
ANNUAL SO <sub>2</sub>	61	58	66	80	80

## Operations

The main emissions of mines and concentrator plants are particulate material from blasting, movement of materials and traffic of haulage trucks on unpaved roads. CO<sub>2</sub> is also emitted as a result of the use of fuels.

In this respect, Los Bronces, Mantos Blancos, El Soldado and Mantoverde have complied with the breathable particulate material (PM-10) and suspended particulate matter (SPM) monitoring programmes without exceeding the levels permitted by Supreme Decree N°59 of 1998 for PM-10. There is no Chilean regulation applicable to SPM at the divisions, so the Swiss regulation was used as a reference.



CASE STUDY

Noise levels at El Soldado

El Soldado carried out mine-related noise monitoring campaigns from 2006 to 2007. The specialised company Control Acústico evaluated the acoustic and vibration impact related to blasting at four points around the Division from June to August 2007.

The results of such evaluation revealed that “there are no harmful acoustic impacts in the direct influence area,” in accordance with what is laid out in Supreme Decree N°146 of 2001. In terms of vibrations, “the recommendations of international reference regulations (DIN 4150 of 1979) are widely complied with.”

Other noise monitoring was undertaken previously in 2006, which revealed that the sound pressure

levels in the Los Caleos sector were below the 10 dB(A) difference with the base noise, as shown in the table below, and it is therefore possible to confirm that noise levels are within the limits of the current regulation.

NOISE MONITORING AROUND EL SOLDADO MINE			
SOUND PRESSURE LEVEL - LOS CALEOS AREA			
DATE	dB OF NPSg RECORDED (A)	dB OF BACKGROUND NOISE (A)	DIFFERENCE
4/4/06 - DAY	43.3	42.5	0.8
4/4/06 - NIGHT	35.9	33.6	2.3



## WASTE MANAGEMENT

In terms of solid waste management, the divisions develop plans to control and reduce the waste from generating points, by segregation at source, differentiated management of hazardous and non-hazardous waste and recycling. With regard to the latter, El Soldado recycles all the ferric waste by means of an external company that recovers the metal to re-use it, thereby saving on resources and leading to a minimal environmental

impact. Mantos Blancos recycles over 90% of hazardous and non-hazardous waste through authorised companies. The initiatives related to these practices are outlined on page 103.

NON-MINING WASTE MANAGEMENT 2007					
	HAZARDOUS WASTE (tonnes)		NON-HAZARDOUS WASTE (tonnes)		
DIVISION	EXTERNAL		INTERNAL	EXTERNAL	
	RECYCLING	FINAL DISPOSAL	FINAL DISPOSAL (STOCKPILE)	RECYCLING	FINAL DISPOSAL
LOS BRONCES	1,070	408	0	1,952	2,014
MANTOS BLANCOS	535	110	8	578	35
EL SOLDADO	286	299	0	720	517
MANTOVERDE	198	167	0	185	316
CHAGRES	21,022	0	0	551	131
ANGLO AMERICAN CHILE	23,111	984	8	3,986	3,013

NON-MINING WASTE MANAGEMENT 2006					
	HAZARDOUS WASTE (tonnes)		NON-HAZARDOUS WASTE (tonnes)		
DIVISION	EXTERNAL		INTERNAL	EXTERNAL	
	RECYCLING	FINAL DISPOSAL		RECYCLING	FINAL DISPOSAL
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	29,044	0	0	2,105	131
ANGLO AMERICAN CHILE	30,709	601	0	5,427	2,834

NON-MINING WASTE MANAGEMENT 2005					
	HAZARDOUS WASTE (tonnes)		NON-HAZARDOUS WASTE (tonnes)		
DIVISION	EXTERNAL		INTERNAL	EXTERNAL	
	RECYCLING	FINAL DISPOSAL		RECYCLING	FINAL DISPOSAL
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	1,077	604	99	3,217	2,453



## Hazardous waste

Anglo American developed a management system for hazardous waste, which complies with the provisions of Supreme Decree N°148 in relation to minimum sanitary and safety conditions for the generation, possession, storage, transport, treatment, re-use, recycling, final disposal and other means of disposal of hazardous waste.

Just over 96% of the hazardous waste of Anglo American's divisions was recycled in 2007, which consisted of used oil, garbage contaminated with oils or solvents, grease, batteries, used gloves and cloths, lead sludge, contaminated empty drums, small batteries and fluorescent tubes.



## Mass mining waste

The mass mining waste is waste material from the mining process that is produced in large quantities and is non-hazardous, in accordance with what is defined in Supreme Decree N°248. This waste must be managed and disposed via approved projects and designs, in accordance with current legislation and in compliance with international criteria and best practices for these deposits. Mass mining waste mainly includes mine gravel<sup>68</sup>, low-grade ore that is not processed in plants, tunnel bases, underground excavation, leaching gravel (ore already leached), tailings and slag.

Anglo American has four operative tailings dams, for which it has a Management Plan that complies with Supreme Decree N°248 of 2006 that establishes the regulations on the design, construction, operation and closure requirements for mining tailings dams and the layout of their ancillary works to guarantee the safety of people and goods. The National Geology and Mining Survey (SERNAGEOMIN) monitors compliance with this regulation.

The quantity of mass mining waste accumulated up to 2007 in Anglo American Chile's five divisions is shown in the table below.



MASS MINING WASTE	2007
<b>GRAVEL/LOW-GRADE ORE (in millions of tonnes)</b>	
TONNAGE ACCUMULATED IN GRAVEL DEPOSITS	1,408
TONNAGE ACCUMULATED IN LEACHING DEPOSITS	283
<b>TAILINGS (in millions of tonnes)</b>	
TONNAGE ACCUMULATED IN ACTIVE DAMS	447
QUANTITY OF ACTIVE DAMS	4
TONNAGE ACCUMULATED IN INACTIVE DAMS	109
QUANTITY OF INACTIVE DAMS	7
<b>SLAG (in thousands of tonnes)</b>	
SLAG PRODUCED IN THE YEAR	346
SLAG ACCUMULATED ON THE SLAG DUMP	4,000

<sup>68</sup> Waste material

## BIODIVERSITY

Anglo American is openly committed to the efficient use of natural resources and to protecting them and restoring those ecosystems affected by its operations.

Commensurate with this, it has a biodiversity strategy based on five principles:

1. To allocate resources and responsibilities for the management of biodiversity.
2. To add biodiversity elements to business planning.
3. To implement awareness, educational and training programmes on this issue.
4. To produce action plans that include inventories of biodiversity, resources and systems, risk assessment, and the impact of biodiversity activities, monitoring programmes and remedial action.
5. To add biodiversity criteria related to closure, abandonment and restoration.

Los Bronces and El Soldado are located near sectors classified as a priority for biodiversity conservation, and therefore undertake a more systematic and permanent management of their surroundings than other divisions.

Los Bronces continued to monitor the wealth, abundance and distribution of the herpetofauna (reptiles) whose habitat is in the Riecillos sector. The study undertaken by specialist consultants reveals that operations in the sector have not significantly altered the dynamics of existing fauna.

In contrast, duck mortality was detected at the Las Tórtolas tailings dam and in other wetlands in the area in late 2005. A count of the duck mortality has been studied and maintained, and a census was made of the population of these birds jointly with the National Environmental Agency (CONAMA), the Agriculture and Livestock Department (SAG), external consultants and companies related to such wetlands. The studies have still not indicated the cause of the problem, however the bird mortality dropped significantly in 2007, with a count of 180 dead birds against 1,091 in 2006. Only three dead birds were found from April 2007 up to the end of the year against a count of 1,247 ducks in November. Transmitters were also attached to some ducks, revealing that they move between different wetlands in the area.

El Soldado sponsored a regional reforestation programme in 2007 called "Sowing the Future." This initiative led to joint work with the NGO Laguna Verde with the sponsorship of the Intendency and the regional office of the National Environmental Agency (CONAMA). US\$35,000 were allocated to this project to deliver more than 38,000 trees. The initiative was implemented in

three districts in the region and its main focus was to recover degraded sites and areas through a participative community work system<sup>69</sup>.

The Division also undertakes initiatives to protect and raise awareness of the "Belloto del Norte" at national level. These include a propagation programme of over 40,000 plants produced in 2007. This initiative is carried out with the communities around the Division as part of Anglo American Chile's social development programmes.

At the same time, research is being done to raise awareness of this species and improve forest conditions in the central Mediterranean zone in Chile. A group of researchers from the Catholic University is completing studies at El Soldado that should be published in 2008.

COMPANY LANDS			
DIVISION	TOTAL COMPANY- CONTROLLED LANDS (HECTARES)	TOTAL LANDS USED IN OPERATIONS (HECTARES)	TOTAL LANDS RESTORED OR UNDER RESTORATION (HECTARES)
LOS BRONCES	35,592	4,701	0
MANTOS BLANCOS	6,800	1,888	0
EL SOLDADO	8,155	999	107
MANTOVERDE	34,395	1,557	0
CHAGRES	258	40	0
<b>TOTAL</b>	<b>85,200</b>	<b>9,185</b>	<b>107</b>

<sup>69</sup> Please see the Sustainable Development Reports 2006 and 2005, which report on various biodiversity-related studies and activities undertaken by Los Bronces and El Soldado.

## CASE STUDY

### Biodiversity peer review

The National Environmental Agency (CONAMA) has classified the El Melón cordillera as one of the priority regional biodiversity conservation sites, due to its abundance of flora and fauna species. Commensurate with the sustainable development strategy of Anglo American plc and Anglo American's standards on biodiversity management, the El Soldado Division produced a Biodiversity Action Plan (BAP), considering the importance of the area.

El Soldado was therefore one of the 12 operations of Anglo American plc that underwent a corporate peer review in 2007. Peter Coombes, Environment Head, and Carol Dixon, Senior Divisional Legal Advisor of Anglo American plc, undertook an audit at the Division on each of the elements that must be included in the Biodiversity Action Plan and the degree of compliance with each of the aspects considered, in accordance with corporate standards. 87% compliance was attained compared with the 65% in the previous peer review in 2005.





CLOSURE PLANS

The closure plans of all operations were updated in 2007, in line with the company’s global guideline that indicates these must be updated every two years. The breakdown of plans depends on the closure date of operations.

SCHEDULED CLOSURE YEAR BY DIVISION	
DIVISION	DATE
LOS BRONCES	2041
MANTOS BLANCOS	2014
EL SOLDADO	2024
MANTOVERDE	2013

ENVIRONMENTAL INVESTMENTS

US\$36.7 million were allocated to projects and activities in 2007 for the environmental improvement of processes at all operations.

Los Bronces made investments of a similar amount to that of the previous year (US\$2.6 million) in initiatives to improve the Division’s environmental management. The main environmental actions in 2007 were aimed at improving the water recirculation process at Las Tórtolas, optimising the slurry pipeline for emergencies, the early monitoring of wear levels and the installation of emergency generators that prevent the impact of outages on the river flow.

The environmental investments of Mantos Blancos were mainly focused on installing the hydro-runoff at the sulphide plant, which required an investment of around US\$180,000. The aim of this is to gain a greater recovery of the water used at the plant, at the same time as reducing energy consumption.

The initiatives at El Soldado were focused on the Biodiversity Action Plan, protection measures for the “Belloto del Norte,” on executing the reforestation committed to in the Forestry Stewardship Programme, on research programmes with universities, on agreements with the community to propagate native trees, on monitoring of water quality, noise and particulate material, and on works to seal the El Torito tailings dam and to reduce seepage into ground water.

Mantoverde carried out monitoring of the environment, of the operation of plants and the sanitary landfill, and supported environmental activities with the community. There are other additional initiatives that were undertaken with schools in the district that have environmental certification.

Activities at the Chagres Division, for which the company hopes to attain environmental improvements, entailed re-implementing the electrostatic precipitator, optimising the sewage treatment plant, bulk watering management, the slag dump watering and the oil micro-filtering system.



## ADDITIONAL INFORMATION

p.80

Water Management

p.90

Biodiversity

## ENVIRONMENTAL INCIDENTS

Environmental incidents are classified according to their impact and effect on the environment, in relation to physical or biological environment, protected species, level of community disturbance, third-party health and property, cultural values and compliance with legislation.

Incidents are classified into the following 3 categories:

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 52 incidents and they were all level 1, mainly involving minor acid, oil and hydrocarbon spills.

The Sustainable Development Report 2006 reported an incident arising from the breaking of the slurry pipeline from Los Bronces to Las Tórtolas. After the immediate work undertaken and reported in 2006, the creek bed was cleaned up with the permission and final approval of the relevant authorities. This event helped to improve the communications system to prevent future incidents. Environmental and water quality monitoring was also maintained until September and then the monitoring of vegetation and insects in the water courses was repeated. All the action was executed to the satisfaction of the authority and neighbours.

Another significant event was at El Soldado due to the cutting of a “Belloto del Norte<sup>70</sup>” near the El Torito tailings dam. This situation was detected during land burning in the road construction and dam contour channel sector in November 2007. Contractor company personnel unintentionally damaged a tree, which was then fenced off with danger tape but not identified on the respective work plans and was outside the permitted

area. Works were then stopped, the situation was investigated and it was decided that a person with wide experience in recognising species would from that time be the site leader of the land burning operations. The relevant authorities (National Environmental Agency (CONAMA) and the National Forestry Department (CONAF)) were informed and a compensation plan was submitted, which included reforestation of the area and recovery of the “Belloto del Norte.” The tree now has new growth from buds, the area is fenced off and the forest was restored. The CONAMA started an investigation into the incident.

Also, in 2007 works were identified in the sector of the El Torito tailings dam emergency dump access road, outside the boundary laid down in the approved Forestry Stewardship Plan (FSP). For this reason, works were stopped immediately and the CONAMA and CONAF were informed of the situation. The CONAF visited the site and filed a proceeding in the Local Police Court for illegal forest felling. At the close of this report, the process had been resolved. El Soldado submitted a Forestry Stewardship Plan that was approved by the CONAF, and the work ban was lifted in the first week of March 2008. The establishment of a possible fine by the judge is pending.

<sup>70</sup> The “Belloto del Norte” is a species protected by law and was classified as a Natural Monument by Supreme Decree N°13 of 1995. Cutting or using it is therefore prohibited.



NUMBER OF ENVIRONMENTAL INCIDENTS						
YEAR	LOS BRONCES	MANTOS BLANCOS	EL SOLDADO	MANTOVERDE	CHAGRES	TOTAL
2007	6	1	20	5	20	52
2006	1	15	5	9	11	41
2005	6	2	14	16	9	47

SPILLS OF SUBSTANCES (m³)								
2007	LOS BRONCES		MANTOS BLANCOS		EL SOLDADO		MANTOVERDE	
	Nº	VOLUME	Nº	VOLUME	Nº	VOLUME	Nº	VOLUME
PROCESS WATER	0	0	0	0	5	202.5		-
ACID/SOLUTIONS	0	0	1	5	2	0.5	3	960
OIL/FUEL	0	0	0	0	7	0.85	2	0.2
SLURRY/TAILINGS	0	0	0	0	1	20		-

SPILLS OF SUBSTANCES (m³)								
2006	LOS BRONCES		MANTOS BLANCOS		EL SOLDADO		MANTOVERDE	
	Nº	VOLUME	Nº	VOLUME	Nº	VOLUME	Nº	VOLUME
PROCESS WATER	0	0	2	7	0	0	0	0
ACID/SOLUTIONS	0	0	2	5	1	40	1	0.1
OIL/FUEL	0	0	0	0	0	0	0	0.13
SLURRY/TAILINGS	1	700 tonnes*	0	0	0	0	0	0

\* This is the only value given in tonnes

SPILLS OF SUBSTANCES (m³)								
2005	LOS BRONCES		MANTOS BLANCOS		EL SOLDADO		MANTOVERDE	
	Nº	VOLUME	Nº	VOLUME	Nº	VOLUME	Nº	VOLUME
PROCESS WATER	2	1.461	0	0	2	3.240	0	0
ACID/SOLUTIONS	1	50	3	6	0	0	12	0.36
OIL/FUEL	0	0	0	0	7	0.5	4	0.13
SLURRY/TAILINGS	1	16	0	0	0	0	0	0





# .10

## MANMADE CAPITAL

Extending accountability  
Supplier development programme  
Reach  
Recycling programmes



From this year on it was decided to use the criteria of the company's sustainable development strategy to frame the report's structure. The last chapter is manmade capital, which considers initiatives developed by the company to reduce its social and environmental impact on the communities where it operates, such as studies and research on this matter. This chapter also considers those improvements implemented by the divisions to reduce the generation of waste.

It also includes the activities undertaken using the goods and services chain of suppliers, ensuring that they abide by the Principles of Good Citizenship by signing all contracts.

## EXTENDING ACCOUNTABILITY

The department responsible for the goods and services supplier relations is the Senior Procurement and Contracts Management, which is divided into two main focuses of action: the first is to manage procurement and contracts and the second is warehouse and materials management. To decentralise its functions, the first unit was restructured in early 2007 in line with operational needs. The outcome of this was that a Procurement and Contracts Head was created in each Division, who reports administratively to the Finance and Administration Management of each operation and functionally to his counterpart in Santiago.

One of the most significant initiatives in this area in 2007 was the compliance by the Integral Mining Contractor and Supplier Registry (REGIC), managed externally by Achilles Chile.

REGIC is a tool to keep information updated in relation to suppliers and contractors in Anglo American Chile's Supplier Registry to mitigate potential risks for the company and to have a reliable and traceable database of mining industry suppliers and contractors. This system covers general, legal, financial, management systems (related to ISO or OHSAS certification processes) and products and services (approved company experiences) data.

Anglo American additionally plans to use a contractor and supplier performance evaluation system called Evaluate, also managed by Achilles. This tool can evaluate different areas such as service or product quality, environmental, safety and legal aspects, compliance with delivery dates and with the company's policies, among other aspects.

Both initiatives aim to guarantee the quality and standard of companies that work at Anglo American and raise the level of transparency and competence in tenders.

As a result of a study undertaken by Anglo American plc, the roll-out of the Anglo Content Warehouse (ACW) Project continued, in which Chile was the pilot scheme for Anglo Base Metals. The objective of this initiative is to create a single worldwide catalogue with essential parameters on each spare part to standardise classification, description and characterisation. Work was undertaken in 2007 using the information contained in the existing catalogues in Chile, completing the information required in the new specification sheets for each one of the materials.





Since 2007, the department has also been working on the Sustainable Development Project in the Supply Chain, promoted globally by Anglo American plc. The first stage of the initiative has been to identify and assess those supplies and/or services that might generate some kind of environmental or social impact.

The Digital Works Book started to be rolled out at the divisions, and particularly at Los Bronces and Chagres, in the last quarter of 2007 to replace the physical Works Book, which is used as a means of communication between Anglo American's contract administrators and those of the contractor. This information is now online and can be accessed from any location. Documents are therefore validated by means of a digital signature, which guarantees the transparency of information and traceability of agreements.

Another milestone of the year was the installation of global positioning systems (GPS) in 35 trucks belonging to the transport companies that provide services to Anglo American in order to improve the control of heavy-duty vehicles related to operations. Complementing this, new speed control systems were created, including the re-opening of a control point at Las Puertas at the Los Bronces Division to calculate the speed of trucks between this sector and the operation. These initiatives have allowed for greater control when vehicles are en route, helping to improve the community's opinion of the truck traffic on the road to Farellones.



Anglo American Chile also developed a website, which from the beginning has included information accessible to suppliers. Here they can consult their payment status and main documents related to the Supply and Contracts Management, amongst other things:

- Supplier Performance Evaluation, which contains the criteria used by Anglo American to evaluate the relationship with its suppliers and contractors.
- General Contractual Provisions, which establish the minimum regulation on what contracts should include.
- Safety, Occupational Health and Environmental Policy.
- The Contractors and Suppliers Registry (REGIC), which lists all the companies that have relations with Anglo American.

## CASE STUDY

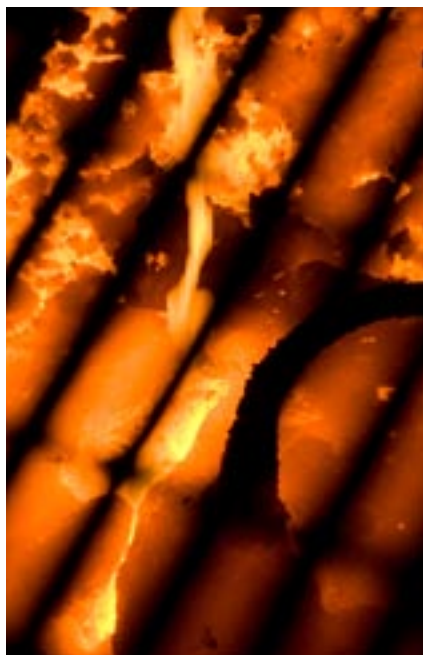
# Improving the standard of fuel facilities

Anglo American used to have different fuel suppliers for its operations until late 2005. That meant that the standards of facilities and their operation were different, and it therefore held a corporate tender. Shell was awarded the work of supplying fuel and related services to all divisions. As a result, in 2006 a review was undertaken of all the current facilities to define the standardisation works required.

An assessment was made in 2007 to establish the environmental status of the subsoil and ground water adjacent to the facilities. The project was called Environmental Assessment Phase I and Phase II and the methodology followed the guidelines and standards established in the ASTM E 1527/00 and 1903-97 R02 standards of the United States.

These environmental assessments do not affect the integrity or operation of current facilities. Also, the ground water monitoring wells installed were sealed with a hermetic cap, level with the ground to allow for normal traffic at the site and the monitoring and sampling of ground water in the future.





## SUPPLIER DEVELOPMENT PROGRAMME

Anglo American has been undertaking joint activities with its suppliers for two years now to consolidate supplier relationships. Two examples are the initiatives implemented at the Chagres and Mantoverde Divisions.

### Chagres Division

The Chagres Division developed a Supplier Development Programme (SDP) in 2007, which had the participation of 17 suppliers that provide services to this Division. This initiative, which is financed by the company, the Chilean Economic Development Agency (CORFO) and the participating companies, aims to contribute to business efficiency and the independence of service providers of the smelter by implementing continuous improvement principles. Its purpose is

to introduce practices and competencies so they can offer all their customers high-quality services that fully comply with the regulations on safety and the environment. This programme has a three-year development term and in the first year it is hoped to standardise business competencies; transmit the basic concepts to promote innovation amongst businessmen; develop innovation skills and techniques of supplier personnel; and design and implement the coordination and supervision model in contractor companies.

At the close of this report, Chagres was waiting for the report by FUNDES<sup>71</sup>, an entity responsible for implementing the programme, to assess the overall results and progress of each supplier.

<sup>71</sup> [www.fundes.org](http://www.fundes.org)



## Mantoverde Division

As a result of the diagnosis made from August to October 2007, the Mantoverde Division started the execution stage of its Supplier Development Programme in November, whose aim is to improve the business management and the quality of service provided to the operation by fifteen of its suppliers. This initiative includes various stages that will last a year and a half.

The achievement of three specific objectives is included in the first year:

### 1. To train suppliers in business management

To achieve this objective, a business training programme is being undertaken, which involves the participation of suppliers in eight workshops to give them new and better management tools. The following workshops have been held to date: "Preparing the change;" "Leadership and communication for action;" "Customer focus and commercial decision-making;" "Strategic planning;" and the "Negotiation workshop." The next stage is to undertake the following workshops: "Analysis of financial indicators and preparation of commercial proposals;" "Treatment of faults;" and "Administration of human resources and organisational development." At the publication date of this document, 63% progress had been made against the schedule, with eight months to implement it.

### 2. To develop immediate improvements of coordination, registration of contractors and organisational structure

The first activities conducted to meet this objective were work roundtables with suppliers and contract administrators of the Division. These meetings addressed coordination and work practice improvements on providing services to the Division. They also addressed the registration of suppliers in the REGIC and its implementation in Quadrem. At the publication date of this document, 83% progress had been made against the schedule.

### 3. To design and implement the bases of a continuous improvement system for the services provided by suppliers to Mantoverde

Each supplier company must develop a methodology to identify the value contribution of its respective services. To do this, it must consider establishing performance indicators, develop a management model, organise data required by the Division, analyse the existing gaps, produce action plans to improve these gaps and implement incentive policies. In the second part of the execution stage, each supplier must monitor the indicators on a monthly basis, identifying the critical failings and developing or rectifying them by means of improvement plans. This objective was 13% complete at December 2007.

## Suppliers participating in the project:

- Asmecco Ingeniería Ltda.
- Avances Ingeniería Ltda.
- Cefeba S.A.
- Constructora Carmona
- Ecocil Ltda.
- E-Proyectos E.I.R.L.
- Friotérmica
- GDA Ltda.
- Ingelcop Ltda.
- Logistic & Service E.I.R.L.
- MHR Servicios
- MPC S.A.
- Soinver Ltda.
- Velásquez S.A.
- Zepeda y Vecchiola Ltda.



## REACH

The European Union (EU) approved the Registration, Evaluation and Authorisation of Chemicals (REACH), which means that any chemical imported to Europe is subject to this new legislation. The legislation is based on the premise that it is the industry itself that should guarantee that chemicals do not harm the environment or people's health.

The European Copper Institute is cooperating with the development and implementation of this legislation, which includes copper and the by-products arising from the smelting and refining processes. In this respect, Anglo American Chile, within a consortium of copper producers and consumers worldwide, is working to comply with REACH and continue marketing its products with countries of the European Union. As a result, the company's marketing area and the Base Metals Division of Anglo American plc is preparing the information required to submit it to the bodies that manage REACH.



## RECYCLING PROGRAMMES

One of the most advanced recycling programmes is undertaken by the Mantos Blancos Division treating its hazardous waste, as virtually all of this is dispatched for recycling or reuse.

A system has been designed to reuse the lead or solid lead waste generated in the anode dissolution process. This has been sent to the company Inppamet since 2004, which then gives a discount on the sale of new anodes to the Division. Also, the anode bars that constitute hazardous waste have been transferred and disposed of by the company Recicladora Ambiental Ltda. since 2006. This company is a subsidiary of the anode provider and the waste it removes from Mantos Blancos is therefore reused to make new anodes that are sold to the same Division. All the lead sludge (around 247 tonnes) was recycled in 2007.

The aim of this initiative is to reduce the unit anode cost by 20% by delivering the waste recovered from the electro-winning process to the same lead supplier.

Mantos Blancos also delivers all used oil (equivalent to 283 tonnes) to cement companies for use as an alternative fuel, as their process guarantees the complete burning of the oil without affecting the environment. Finally, 5.3 tonnes of hazardous waste from contaminated drums was generated in 2007. This was all recycled by the company LML, which treats it for reuse.

El Soldado recycles its scrap, which is removed and managed by an external company that sends it to a smelter for reuse. Mantoverde delivers non-hazardous waste, such as scrap, paper, cardboard, wood and glass to companies for reuse. Tyres have in some cases been reused as fencing in parks.





## APPENDIX I

Legal system and ownership  
Affiliates and related companies  
Corporate Governance of Anglo American Chile Ltda.

### LEGAL SYSTEM AND OWNERSHIP

Minera Sur Andes Limitada was established through a public deed issued by the Santiago Notary Office of Mr. Eulogio Altamirano on September 6, 1916. The file was registered on sheet 793 N°406 of the Santiago Commerce Registry of the Real Estate Registrar of the same year. After various modifications, the company became a corporation by means of a public deed issued by the Santiago Notary Office of Mr. Cosme Fernando Gomila Gatica, on July 23, 2007. The file was registered on sheet 29,974 N°21,615 in the Santiago Commerce Registry on July 24, 2007, and an extract was published in the Official State Gazette N°38,822, on July 26, 2007.

Subsequently, through an agreement reached in an Extraordinary General Shareholders' Meeting, held on July 31, 2007, whose minutes were registered in a public deed on the same date in the Santiago Notary Office of Cosme Fernando Gomila Gatica, the company was absorbed by merger into Anglo American Sur S.A. An extract of this public deed was registered on sheet 32,444 N°23,304 in the Santiago Commerce Registry on August 7, 2007, and published in the Official State Gazette N° 38,834, on August 9, 2007.

As a result of the merger, the company Minera Sur Andes S.A. was dissolved, and all its assets, liabilities and equity were transferred to its legal successor Anglo American Sur S.A. Its current

and only shareholders are Anglo American Sur S.A with 99.99% of the capital stock and Clarent Ltd. with the remaining 0.01%, both subsidiaries of Anglo American.

Empresa Minera de Mantos Blancos S.A. was established as a corporation by means of a public deed issued by the Santiago Notary Office of Mr. Jaime García Palazuelos on October 19, 1955, and an extract of its file was registered on sheet 6,101 N°3,598 of the Santiago Commerce Registry of 1955.

By means of an Extraordinary General Shareholders' Meeting, held on September 27, 2007, whose minutes were registered in a public deed on September 28, 2007, in the Santiago Notary Office of Ms. Alvaro Bianchi Rosas, the company changed its business name to Anglo American Norte S.A.. An extract of this public deed was registered on sheet 41,176 N°29,533 in the Santiago Commerce Registry on October 4, 2007, and published in the Official State Gazette N° 38,883, on October 10, 2007.

Its capital stock is divided into 157,847,925 registered shares of a single series, of which approximately 99.98% is held by Anglo American plc's subsidiary companies called Inversiones Anglo American Norte Limitada, Minorco Inversud S.A., and Inversiones Minorco Chile S.A.

With the aim of using 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, through a public deed, dated March 14, 2003, issued by the Santiago Notary Office of Andrés Rubio Flores, whose file was registered on sheet 7,114 N°5,596 of the Santiago Commerce Registry in the same year.



## SUBSIDIARIES AND RELATED COMPANIES

Anglo American Norte S.A. has a stake in the following companies:

- a) 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.
- b) Minera Santa Rosa SCM, engaged in the exploration, development and exploitation of mining claims. 25.12% stake of the capital stock.
- c) Anglo American Chile Limitada, engaged in providing management, planning and consultancy services in various areas. 30% stake of the capital stock.
- d) Compañía Minera Anglo Cominco Limitada, engaged in mine exploration and exploitation. Anglo American Norte S.A. participates in this company indirectly through its stake in Minera Anglo American Chile Limitada. The latter company holds 50% of the capital stock of Compañía Minera Anglo Cominco Limitada.

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

## CORPORATE GOVERNANCE OF ANGLO AMERICAN CHILE LTDA.

There were two major changes in relation to the corporate governance of Anglo American Chile Ltda in 2007. The first was the departure of CEO Pieter Louw, who was assigned to another executive post within the Anglo American plc group and was replaced by Miguel Ángel Durán, who at that time was the Senior Vice-President of Operations. Miguel Ángel Durán is a director on the boards of subsidiaries and related companies.

The Articles of Association were also amended, reducing the number of directors from seven incumbent and deputy directors to three. One of these and his respective deputy director is elected by Anglo American Sur S.A., the other by Anglo American Norte S.A. and both companies appoint the third incumbent and deputy directors.

The administration and use of the trade name Anglo American Chile Ltda. is vested in the partners through the Board of Directors, which meets as many times as necessary to evaluate the company's performance according to the Articles of Association. All the Board meetings and decisions are recorded in the Board of Directors' Book and any modification to the Articles of Association is registered in the Commerce Registry and published in the Official State Gazette.



### BOARD OF DIRECTORS OF ANGLO AMERICAN CHILE LIMITADA FOR THE YEAR ENDED DECEMBER 31, 2007.

#### INCUMBENT DIRECTORS

LORENZO MENÉNDEZ PAGLIOTTI

JOHN DYER HOPWOOD

FELIPE PURCELL DOUDS

#### DEPUTY DIRECTORS

–

MIGUEL ÁNGEL DURÁN VERGARA

LUIS IGNACIO QUIÑONES SOTOMAYOR

## APPENDIX 2

The following people participated in the process of producing this Sustainable Development Report 2007 by sending information or through formal interviews:

### COMPANY PRESENTATION

VICENTE IRARRÁZVAL	VP Explorations South America
GASTÓN VÉLIZ	Comptroller
CHRISTIAN PUTNAM	Copper Cathodes Marketing Manager
MARCELO ESQUIVEL	External Affairs Manager
EDSON ORELLANA	Tax Head
LUIS CIFUENTES	Human Resources Manager, Los Bronces Division
ALEJANDRO GOLES	Senior Advisor on Mine Human Resources, Los Bronces Division
HERNÁN MONTES	Attorney

### FINANCIAL CAPITAL

ERIC PIVET	Planning and Finance Specialist
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### HUMAN CAPITAL

ALEJANDRO MENA	VP Human Resources
ROBERTO MARTÍNEZ	Senior Safety & Occupational Health Manager
RODRIGO CISTERNAS	Senior Human Resources Advisor
BENJAMÍN GALDAMES	Labour Relations & Organisational Effectiveness Manager
GERMÁN ESCOBILLANA	Portal Content Administrator & Continuous Improvement Coordinator
ÁLVARO SOTO	Safety & Sustainable Development Manager, Mantoverde Division

### NATURAL CAPITAL

FERNANDO VALENZUELA	Senior Environment Manager
FERRUCCIO MEDICI	Senior Maintenance and Energy Advisor
EUGENIO LABARCA	Environment & Communities Manager, Los Bronces Division
JOSÉ CAMPILAY	Environment & Sustainable Development Advisor, Mantos Blancos Division
ÁLVARO CANALES	Environment & Sustainable Development Advisor, El Soldado Division
RICARDO VALERO	Environment & Sustainable Development Advisor, Mantoverde Division
CARLOS SALVO	Senior Environment & Community Advisor, Chagres Division
CARLOS PÉREZ	Management Control Engineer, Mantoverde Plant Management

### SOCIAL CAPITAL

JORGE POBLETE	Anglo American Foundation Manager
MARÍA EMA CASTRO	General Management Secretary, Chagres Division
MAURICIO ALCAYAGA	Human Resources & Continuous Improvement Advisor, Mantos Blancos Division



**MANMADE CAPITAL**

JUAN ALBERTO RUIZ	Senior Procurement & Contracts Management
VALERIA ROJAS	Procurement & Contracts Manager
HERNÁN GÓMEZ	Procurement & Contracts Manager for the Los Bronces Development Project
EDUARDO GONZÁLEZ	Material Engineering, Warehouse and Logistics Manager
GRACIELA BUSTAMANTE	Management Control Advisor, Procurement & Contracts Management
RAÚL SÁNCHEZ	Logistics Specialist

**WRITTEN SOURCES**

Cynthia Carroll's Speech, American Social Forum Meeting, Sao Paulo, May 10, 2007
Cynthia Carroll's Speech, Annual General Meeting of Transparency International (UK), November 20, 2007
Cynthia Carroll's Speech, Business for Social Responsibility Annual Conference, San Francisco, October 24, 2007
Cynthia Carroll's Speech, China Mining Conference, November 13, 2007
Cynthia Carroll's Speech, Breakfast with the Resources Development Council of Alaska, October 23, 2007
theSource Revision
Emerge Campus Press Release
Emerge Campus Launch Speech
Press coverage/audiovisual of the partnership with Fondo Esperanza
Partnership with Fondo Esperanza Press Release
Emerge Programme Feature Story, <i>La Segunda</i> Newspaper, August 31, 2007
Bicentenary Seal Application
Bicentenary Seal Presentation
Feature Story Harvard Business Review, August 2007
Emerge Programme Article, <i>El Mercurio</i> , August 29, 2007
Anglo American plc. Annual Report
Principles of Good Corporate Citizenship
Anglo World 18
Anglo World 19
Anglo World 30
Monthly Health, Safety and Environmental reports, 2007
Los Bronces Development Project Press Release
Official Los Bronces Development Project Presentation
Presentation of the Los Bronces Development Project to the Board of Directors
Los Bronces Development Project Q&A
Feature Article Women at Los Bronces, <i>Las Últimas Noticias</i> , November 10, 2007
2007 Results Press Release
2007 Results Presentation
Worldwide Mining Companies Benchmark
Stakeholder Engagement Process Interviews
Los Bronces Community Engagement Plan
Mantos Blancos Community Engagement Plan
El Soldado Community Engagement Plan
Mantoverde Community Engagement Plan
Chagres Community Engagement Plan
Presentation on the Company Structure Simplification Project
Letter of Assurance 2007



# CONSOLIDATED FINANCIAL STATEMENTS AUDITED CONDENSED

**.01**

ANGLO AMERICAN NORTE S.A. AND SUBSIDIARY

**.02**

ANGLO AMERICAN SUR S.A. AND SUBSIDIARY



**ANGLO  
AMERICAN**

Anglo American Chile

SUSTAINABLE DEVELOPMENT &  
FINANCIAL STATEMENTS REPORT

**2007**





**ANGLO AMERICAN NORTE S.A. AND SUBSIDIARY  
(FORMERLY EMPRESA MINERA DE MANTOS BLANCOS S.A. AND SUBSIDIARY)**

**.01  
INDEPENDENT AUDITORS' REPORT  
ANGLO AMERICAN NORTE S.A. AND SUBSIDIARY**

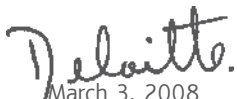


To the Directors and Shareholders of  
Anglo American Norte S.A. and Subsidiary (formerly Empresa Minera de Mantos Blancos S.A. and Subsidiary)

We have audited, in accordance with generally accepted auditing standards in Chile, the consolidated balance sheets of Anglo American Norte S.A. and subsidiary as of December 31, 2007 and 2006, and the related consolidated statements of income, changes in shareholders equity and cash flows for the years then ended. In our report dated March 3, 2008, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived. However, as condensed financial statements are presented in considerably less detail than complete financial statements, they should be read in conjunction with the audited consolidated financial statements.

The accompanying financial statements have been translated into English for the convenience of readers outside Chile.

  
March 3, 2008  
  
Daniel Joignant P.

**ANGLO AMERICAN NORTE S.A. AND SUBSIDIARY  
(FORMERLY EMPRESA MINERA DE MANTOS BLANCOS S.A. AND SUBSIDIARY)**

CONSOLIDATED STATEMENTS OF INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006  
(In U.S. dollars - US\$)

<b>CONTINUING OPERATIONS</b>	<b>Notes</b>	<b>2007 US\$</b>	<b>2006 US\$</b>
OPERATING REVENUE	6	851,764,300	875,746,557
OPERATING COST		(379,382,074)	(348,323,892)
OTHER OPERATING INCOME (EXPENSE), NET	7	(4,944,631)	(5,432,557)
Revenue from investments in related companies	12	480,872	1,078,626
<b>TOTAL OPERATING REVENUE AND REVENUE FROM INVESTEEES</b>		<b>467,918,467</b>	<b>523,068,734</b>
Financial income	8	7,114,734	7,217,971
Financial expense	9	(3,006,582)	(4,354,043)
Exchange difference		4,848,786	4,381,913
<b>Total non - operating income</b>		<b>8,956,938</b>	<b>7,245,841</b>
<b>INCOME BEFORE INCOME TAX AND MINORITY INTEREST</b>		<b>476,875,405</b>	<b>530,314,575</b>
<b>INCOME TAX EXPENSE</b>	<b>10</b>	<b>(90,055,216)</b>	<b>(100,684,321)</b>
<b>INCOME BEFORE MINORITY INTEREST</b>		<b>386,820,189</b>	<b>429,630,254</b>
<b>MINORITY INTEREST</b>		<b>142,237</b>	<b>12,543</b>
<b>NET INCOME FOR THE YEAR</b>		<b>386,962,426</b>	<b>429,642,797</b>
<b>INCOME PER SHARE</b>		<b>2.4515</b>	<b>2.7219</b>
Number of shares	19a	157,847,925	157,847,925
Final dividend per share		0.1908	0.6699
Total final dividends		30,114,208	105,748,879
Interim dividend per share		1.7099	2.5382
<b>Total interim dividends</b>		<b>269,901,010</b>	<b>400,651,181</b>



**ANGLO AMERICAN NORTE S.A. AND SUBSIDIARY**  
**(FORMERLY EMPRESA MINERA DE MANTOS BLANCOS S.A. AND SUBSIDIARY)**

CONSOLIDATED BALANCE SHEETS AT DECEMBER 31, 2007 AND 2006

(In U.S. dollars - US\$)

	Notes	2007 US\$	2006 US\$
<b>ASSETS</b>			
NON - CURRENT ASSETS			
Property, plant and equipment	11	159,175,888	173,372,589
Investment property	12	4,123,000	4,521,018
Deferred tax assets	10	35,112,611	49,282,333
Total non - current assets		198,411,499	227,175,940
CURRENT ASSETS			
Inventories	13	67,579,699	31,587,763
Trade and other receivables	14	79,734,764	53,656,284
Current tax assets		42,189,210	6,900,070
Cash and cash equivalent	21	76,374,027	68,037,768
Total current assets		265,877,700	160,181,885
<b>TOTAL ASSETS</b>		<b>464,289,199</b>	<b>387,357,825</b>

**ANGLO AMERICAN NORTE S.A. AND SUBSIDIARY  
(FORMERLY EMPRESA MINERA DE MANTOS BLANCOS S.A. AND SUBSIDIARY)**

CONSOLIDATED BALANCE SHEETS AT DECEMBER 31, 2007 AND 2006  
(In U.S. dollars - US\$)

	Notes	2007 US\$	2006 US\$
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
SHAREHOLDERS' EQUITY			
Paid-in capital		156,077,488	156,077,488
Retained earnings		(11,233,265)	(10,110,673)
Reserves		(152,427,087)	(234,714,324)
Net income for the year		386,962,426	429,642,797
Interim dividends		(269,901,010)	(400,651,181)
Equity attributable to equity holders		109,478,552	(59,755,893)
Minority interest		291,989	652,992
Total shareholders' equity, net		109,770,541	(59,102,901)
NON - CURRENT LIABILITIES			
Employees benefit obligation	17	17,870,003	15,538,460
Provisions	15	28,952,854	25,777,350
Other liabilities	18b		132,587,953
Total non - current liabilities		46,822,857	173,903,763
CURRENT LIABILITIES			
Trade and other payables	16	105,433,141	79,924,710
Current tax liabilities	10		27,594,210
Provisions	15	19,617,335	16,734,394
Other liabilities	18b	182,645,325	148,303,649
Total current liabilities		307,695,801	272,556,963
Total liabilities		354,518,658	446,460,726
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		464,289,199	387,357,825

**ANGLO AMERICAN NORTE S.A. AND SUBSIDIARY**  
**(FORMERLY EMPRESA MINERA DE MANTOS BLANCOS S.A. AND SUBSIDIARY)**

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
 FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006  
 (In U.S. dollars - US\$)

	<b>Paid-in capital US\$</b>	<b>Retained earnings US\$</b>	<b>Reserves US\$</b>	<b>Net income for the year US\$</b>	<b>Total US\$</b>
Balances at January 1, 2006	156,077,488	(110,641,137)	(111,431,810)	206,279,343	140,283,884
Transfer of 2005 profit		206,279,343		(206,279,343)	-
Cash flow hedge			(122,325,361)		(122,325,361)
Dividends paid		(105,748,879)		(400,651,181)	(506,400,060)
Actuarial loss			(957,153)		(957,153)
Net income for the year				429,642,797	429,642,797
<b>Balances at December 31, 2006</b>	<b>156,077,488</b>	<b>(10,110,673)</b>	<b>(234,714,324)</b>	<b>28,991,616</b>	<b>(59,755,893)</b>
Balances at January 1, 2007	156,077,488	(10,110,673)	(234,714,324)	28,991,616	(59,755,893)
Transfer of 2006 profit		28,991,616		(28,991,616)	-
Cash flow hedge			81,544,410		81,544,410
Dividends paid		(30,114,208)		(269,901,010)	(300,015,218)
Actuarial gains			742,827		742,827
Net income for the year				386,962,426	386,962,426
<b>Balances at December 31, 2007</b>	<b>156,077,488</b>	<b>(11,233,265)</b>	<b>(152,427,087)</b>	<b>117,061,416</b>	<b>109,478,552</b>

**ANGLO AMERICAN NORTE S.A. AND SUBSIDIARY  
(FORMERLY EMPRESA MINERA DE MANTOS BLANCOS S.A. AND SUBSIDIARY)**

CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006  
(In U.S. dollars - US\$)

	Notes	2007 US\$	2006 US\$
CASH FLOW FROM OPERATING ACTIVITIES:	20	321,849,211	531,914,123
CASH FLOW FROM INVESTING ACTIVITIES:			
Interest received from other investments		6,933,307	8,024,870
Sales of fixed assets		4,966,910	
Additions of fixed assets	11	(25,529,229)	(20,075,841)
Net cash flow used in investing activities		(13,629,012)	(12,050,971)
CASH FLOW FROM FINANCING ACTIVITIES:			
Repayment of loans received from related companies		(68,274,668)	(200,865,002)
Loans received from related companies		69,337,174	199,490,717
Interest paid		(136,714)	(102,743)
Dividends paid	19c	(300,015,218)	(506,400,060)
Other		(434,514)	4,033
Net cash flow used in financing activities		(299,523,940)	(507,873,055)
NET POSITIVE VARIATION OF CASH AND CASH EQUIVALENTS		8,696,259	11,990,097
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		68,037,768	56,047,671
CASH AND CASH EQUIVALENTS AT END OF YEAR	21	76,734,027	68,037,768



## **ANGLO AMERICAN NORTE S.A. AND SUBSIDIARY (FORMERLY EMPRESA MINERA DE MANTOS BLANCOS S.A. AND SUBSIDIARY)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(In United States Dollars - US\$)

### **1. INCORPORATION AND BUSINESS PURPOSE**

The Company was incorporated in Santiago in 1955. It was decided to change the Company's name to Anglo American Norte S.A. effective on October 1, 2007. The Company is currently operating the copper mines and processing plants of Mantos Blancos and Mantoverde, which are located 45 kilometers Northeast of Antofagasta and in the province of Chañaral, III Region of Atacama, respectively.

Company activities include exploration, mining prospecting and services related to mining.

The subsidiary Minera Anglo American Chile Ltda. was created by public deed dated 29 December 1980. The subsidiary's objective is to develop and execute all kind of industrial and mining activities and businesses, either on its own or including third parties. Activities can include, specially, exploration and examination of geological areas and deposits and mines of all kind.

As of December 31, 2007, the Subsidiary has been dedicated to the exploration and examination of geological areas, on its own and by other related Companies of the group. As a consequence of the consolidation of its operations through its parent company, the Subsidiary does not have any personnel.

The Company personnel consists largely of workmen working at the mine. Executives and supervisors responsible, among other things, for finance, operating, tax-related, and legal issues, and for human resources, are hired by the related company Anglo American Chile Ltda..

### **2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) adopted by the European Union; on the basis of the information provided by the Company for consolidation purposes with its parent Anglo American PLC, since January 1, 2005, when they first adopted the IFRS adopted by the European Union. Also, these financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial instruments.

New accounting developments:

- |                    |  |
|--------------------|--|
| • IFRS 8           | Operating Segments (current January 1, 2009)                         |
| • IAS 23 (Revised) | Borrowing Costs (current January 1, 2009)                            |
| • IAS 1 (Revised)  | Presentation of Financial Statements (current January 1, 2009)       |
| • IFRIC 12         | Service Concession Arrangements (current January 1, 2008)            |
| • IFRIC 13         | Customer Loyalty Programmes (current July 1, 2008)                   |
| • IFRIC 14/IAS 19  | The Limit on a Defined Benefit Asset, Minimum                        |
| •                  | Funding Requirements and their Interaction (current January 1, 2008) |

Management considers that the adoption of these standards and interpretations in future periods will not have any material effect on the financial statements.

The preparation of the financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Such estimates are based on management's best knowledge of the reported amounts, events or actions. Details of the Company's significant accounting policies and critical accounting estimates are set out in Note 4.

The Company prepares its statutory financial statements in accordance with accounting principles generally accepted in Chile.

## ANGLO AMERICAN NORTE S.A. AND SUBSIDIARY (FORMERLY EMPRESA MINERA DE MANTOS BLANCOS S.A. AND SUBSIDIARY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(In United States Dollars - US\$)

### 3. SIGNIFICANT ACCOUNTING PRINCIPLES

**a. Basis of preparation of the consolidated financial statements** - Consolidated financial statements for Empresa Minera de Mantos Blancos S.A. include the balances of its subsidiary Minera Anglo American Chile Ltda., in which the parent company has a 57.22% share. Balances and transactions with the subsidiary have been eliminated in consolidation and also the elimination of unrealized income and loss from said transactions has been considered. Also, the interest of minority shareholders has been recognized in the minority interest accounts, under equity and consolidated statements of income.

**b. Currency** - The financial statements are prepared in United States dollars (the functional currency), since the Company is authorized to maintain its accounting records in that currency.

**c. Basis of conversion** - Assets and liabilities in currencies other than the US dollar have been translated into US dollars at the year end exchange rate of Ch\$496.89 for US\$1 (2006: \$532.39).

Variations in the exchange rate of different currencies during the year resulted in a net exchange gain against the US dollar of US\$4,848,786 (2006: gain of US\$ US\$4,381,913), which is presented in the statement of income under non-operating income (expense), in the line exchange difference.

**d. Revenue recognition** - Revenues are recorded when rights and obligations have been substantially transferred to the buyer, in accordance with IAS 18 "Revenue".

**e. Income tax and deferred taxes** - The income tax provision is calculated based on the first category net taxable income, prepared in accordance with current tax regulations.

Deferred taxes arising from temporary differences and other events that create differences between the book and tax basis of assets and liabilities are recorded in accordance with IAS 12, "Income Taxes".

Similarly, the Company has recorded deferred taxes arising from temporary differences between the according and taxable base, as a result of determining the Taxable Operating Income (RIO) for calculating the specific tax on mining.

**f. Fixed assets and depreciation** - Fixed assets are expressed at acquisition cost and include major renewals and improvements. Maintenance expenses are charged to income.

Fixed assets are depreciated on a straight-line basis based using the estimated useful life of the assets. Depreciation associated with mineral reserves is amortized over the life of the mine through the method of units of fine copper produced, considering proven and probable mineral reserves.

Property, plant and equipment recorded through financial leasing contracts are recorded as other fixed assets. These assets have been valued at their current value applying the implicit interest rate in the contracts and are depreciated using the straight-line method based on the useful lives of the assets. The Company does not legally own these assets until it exercises the respective purchase option.

During 2006, the Company exercised the respective purchase option.

**g. Mine preparation** - Costs for mine preparation incurred with the sole purpose of maintaining the current level of production are charged to cost of production.

Costs incurred in the preparation of mining activities before starting commercial production are deferred and amortized based on the production basis, based on proven and probable mineral reserves.

**h. Inventories** - Inventories have been valued at acquisition cost, using the following methods:

## ANGLO AMERICAN NORTE S.A. AND SUBSIDIARY (FORMERLY EMPRESA MINERA DE MANTOS BLANCOS S.A. AND SUBSIDIARY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(In United States Dollars - US\$)

- Finished products and products in process, at the average monthly production cost, excluding depreciation of fixed assets and other indirect expenses.
- Raw materials, supplies and spare parts, at the average monthly purchase cost.
- Stockpiles, at the average monthly extraction cost or recoverable value, whichever is lower.
- Raw materials and supplies in transit, at the acquisition cost.

Cost assigned to inventory does not exceed its net realization value.

**i. Trade debtors** - Shipments of ore are presented at net realizable value based on sales contracts.

The Company recognizes a mark to market provision when the sale price of billed shipments, which have not finally priced falls below the market price at each year end.

**j. Time deposits** - This item includes capital invested plus accrued interest.

**k. Operations with repurchase agreement** - Purchase of financial instruments with repurchase agreement are recorded as a fixed rate deposit and presented in current assets - other.

**l. Mining properties** - Mining properties-related costs are amortized over the respective useful life of the mine using the units of fine copper produced method based on proven and probable reserves.

**m. Mining projects** - Costs related directly to mining properties are capitalized until the commencement of the normal exploitation of the mineral bodies and are amortized based on production, considering the proven mineral reserves. Discarded projects are charged to income the year they are discarded. Also, a provision is recorded for projects for which available information hints that they will not be completed as originally planned.

**n. Closure cost provision** - The Company recognizes future mining closure costs and decommissioning costs at present value, in accordance with corporate standards and IAS 37 ("Provisions, Contingent Liabilities and Contingent Assets"). The corresponding provision is presented under the item "Provisions".

In 2007 the Company updated its estimation of mining closure costs and decommissioning costs for all divisions, which led to a net increase of US\$1,713,367 in the closure costs provision, crediting US\$6,795,904 to the restoration provision and charging US\$5,082,537 to the decommissioning provision.

**o. Employee vacations** - The cost of employee vacations is charged to income in the year accrued.

**p. Personnel benefits costs** - As required by IAS 19 ("Employee Benefits"), the Company recognizes the cost of employee benefits based on an actuarial calculation which includes variables such as life expectancy, salary raises, etc. An annual interest rate of 5% has been used in order to discount the obligation.

**q. Statement of cash flow** - Cash and cash equivalents include time deposits and investments in repurchase agreements maturing within 90 days.

The net cash provided by operating activities represents the net cash flows for the year that result from operations that affect the Company's income.

**r. Derivative contracts** - To hedge its exposure to copper price-related risks, the Company enters into forward contracts.

## ANGLO AMERICAN NORTE S.A. AND SUBSIDIARY (FORMERLY EMPRESA MINERA DE MANTOS BLANCOS S.A. AND SUBSIDIARY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(In United States Dollars - US\$)

The Company does not use derivative financial instruments for speculation. Copper sale agreements (normal purchase or sale) meeting the requirements of IAS 39 are recognized in income after physical delivery has occurred or after ownership's risks and benefits have been substantially transferred.

All derivatives designated as hedges are classified as current or non-current assets or liabilities, depending on the derivative's maturity date.

Changes in the fair value of derivative financial instruments designated as "hedges of cash flows" are recognized directly in equity.

**s. Reclassifications** - For purposes of uniformity, some account in the financial statements at December 31, 2006 have been reclassified.



**ANGLO AMERICAN SUR S.A. AND SUBSIDIARY  
(FORMERLY INVERSIONES ANGLO AMERICAN SUR LTDA. AND SUBSIDIARY)**

## **.02**

### **INDEPENDENT AUDITORS' REPORT ANGLO AMERICAN SUR S.A. AND SUBSIDIARY**

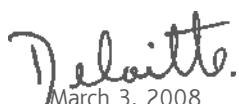
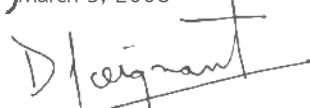


To the Directors and Shareholders of  
Anglo American Sur S.A. and Subsidiary (formerly Inversiones Anglo American Sur Ltda. and Subsidiary)

We have audited, in accordance with generally accepted auditing standards in Chile, the consolidated balance sheets of Anglo American Sur S.A. and subsidiary as of December 31, 2007 and 2006, and the related consolidated statements of income, changes in shareholders equity and cash flows for the years then ended. In our report dated March 3, 2008, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived. However, as condensed financial statements are presented in considerably less detail than complete financial statements, they should be read in conjunction with the audited consolidated financial statements.

The accompanying financial statements have been translated into English for the convenience of readers outside Chile.

  
March 3, 2008  
  
Daniel Joignant P.

**ANGLO AMERICAN SUR S.A. AND SUBSIDIARY  
(FORMERLY INVERSIONES ANGLO AMERICAN SUR LTDA. AND SUBSIDIARY)**

CONSOLIDATED STATEMENTS OF INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006  
(In U.S. dollars - US\$)

<b>CONTINUING OPERATIONS</b>	<b>Notes</b>	<b>2007 US\$</b>	<b>2006 US\$</b>
OPERATING REVENUE	7	2,293,433,137	2,232,451,354
OPERATING COST		(744,684,315)	(685,181,541)
OTHER OPERATING INCOME (EXPENSE), NET	8	(37,139,566)	(17,558,994)
<b>TOTAL OPERATING REVENUE</b>		<b>1,511,609,256</b>	<b>1,529,710,819</b>
Financial income	9	11,863,816	20,528,293
Financial expense	10	(11,166,950)	(12,492,481)
Exchange difference		6,749,068	6,753,254
Total non - operating income (expense)		7,445,934	14,789,066
INCOME BEFORE INCOME TAX AND MINORITY INTEREST		1,519,055,190	1,544,499,885
INCOME TAX EXPENSE	11	(209,041,535)	(289,183,807)
INCOME BEFORE MINORITY INTEREST		1,310,013,655	1,255,316,078
MINORITY INTEREST		(480,872)	(1,078,624)
<b>NET INCOME FOR THE YEAR</b>		<b>1,309,532,783</b>	<b>1,254,237,454</b>
<b>INCOME PER SHARE</b>		<b>1.0554</b>	
Number of shares	19a	1,240,750,565	
Interim dividend per share		0.2850	
Total interim dividends		353,552,158	

**ANGLO AMERICAN SUR S.A. AND SUBSIDIARY**  
**(FORMERLY INVERSIONES ANGLO AMERICAN SUR LTDA. AND SUBSIDIARY)**

CONSOLIDATED BALANCE SHEETS AT DECEMBER 31, 2007 AND 2006  
(In U.S. dollars - US\$)

	Notes	2007 US\$	2006 US\$
<b>ASSETS</b>			
NON - CURRENT ASSETS			
Property, plant and equipment	12	1,459,673,355	1,424,154,580
Intangible assets	4h	120,000,000	120,000,000
Total non - current assets		1,579,673,355	1,544,154,580
CURRENT ASSETS			
Inventories	13	85,616,288	55,425,580
Trade and other receivables	14	205,978,478	187,924,042
Current tax assets		62,234,409	5,460,045
Cash and cash equivalents	21	189,698,574	93,291,924
Total current assets		543,527,749	342,101,591
<b>TOTAL ASSETS</b>		<b>2,123,201,104</b>	<b>1,886,256,171</b>

**ANGLO AMERICAN SUR S.A. AND SUBSIDIARY  
(FORMERLY INVERSIONES ANGLO AMERICAN SUR LTDA. AND SUBSIDIARY)**

CONSOLIDATED BALANCE SHEETS AT DECEMBER 31, 2007 AND 2006  
(In U.S. dollars - US\$)

	Notes	2007 US\$	2006 US\$
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Paid-in capital		1,240,737,082	1,257,783,023
Retained earnings		(598,992,304)	(1,263,702,250)
Reserves		(97,794)	386,163
Net income for the year		1,309,532,783	1,254,237,454
Interim dividends		(353,552,158)	
Equity attributable to equity holders		1,597,627,609	1,248,704,390
Minority interest		4,035,515	4,433,532
Total shareholders' equity, net		1,601,663,124	1,253,137,922
<b>NON - CURRENT LIABILITIES</b>			
Employees benefit obligation	17	71,113,647	56,130,148
Deferred tax liabilities	11d	81,977,628	131,523,320
Provisions	15	119,178,544	119,766,653
Total non - current liabilities		272,269,819	307,420,121
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	217,481,078	156,539,075
Current tax liabilities	11c		121,373,408
Provisions	15	31,787,083	47,785,645
Total current liabilities		249,268,161	325,698,128
Total liabilities		521,537,980	633,118,249
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>2,123,201,104</b>	<b>1,886,256,171</b>



**ANGLO AMERICAN SUR S.A. AND SUBSIDIARY**  
**(FORMERLY INVERSIONES ANGLO AMERICAN SUR LTDA. AND SUBSIDIARY)**

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
 FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006  
 (In U.S. dollars - US\$)

	<b>Paid-in capital US\$</b>	<b>Retained earnings US\$</b>	<b>Reserves US\$</b>	<b>Net income for the year US\$</b>	<b>Total US\$</b>
Balances at January 1, 2006	1,257,783,023	(325,124,530)	150,643	585,927,220	1,518,736,356
Transfer of 2005 profit		585,927,220		(585,927,220)	-
Amounts distributed to partners		(1,524,504,940)			(1,524,504,940)
Actuarial gains			235,520		235,520
Net income for the year				1,254,237,454	1,254,237,454
<b>Balances at December 31, 2006</b>	<b>1,257,783,023</b>	<b>(1,263,702,250)</b>	<b>386,163</b>	<b>1,254,237,454</b>	<b>1,248,704,390</b>
Balances at January 1, 2007	1,257,783,023	(1,263,702,250)	386,163	1,254,237,454	1,248,704,390
Transfer of 2006 profit		1,254,237,454		(1,254,237,454)	-
Amounts distributed to partners		(590,003,620)			(590,003,620)
Dividends paid				(353,552,158)	(353,552,158)
Actuarial losses			(483,957)		(483,957)
Effect of merger	(17,045,941)	476,112			(16,569,829)
Net income for the year				1,309,532,783	1,309,532,783
<b>Balances at December 31, 2007</b>	<b>1,240,737,082</b>	<b>(598,992,304)</b>	<b>(97,794)</b>	<b>955,980,625</b>	<b>1,597,627,609</b>

**ANGLO AMERICAN SUR S.A. AND SUBSIDIARY  
(FORMERLY INVERSIONES ANGLO AMERICAN SUR LTDA. AND SUBSIDIARY)**

CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006  
(In U.S. dollars - US\$)

	Notes	2007 US\$	2006 US\$
CASH FLOW FROM OPERATING ACTIVITIES:	20	1,182,685,906	1,372,449,818
CASH FLOW FROM INVESTING ACTIVITIES:			
Interest received from other associates		11,863,816	22,628,293
Incorporation of fixed assets	12	(154,169,371)	(161,170,729)
Net cash flow used in investing activities		(142,305,555)	(138,542,436)
CASH FLOW FROM FINANCING ACTIVITIES:			
Repayment of loans received from related companies		(65,000,000)	(136,379,000)
Loans granted to related companies		65,000,000	136,379,000
Interest paid		(417,923)	(2,255,497)
Dividends paid	19c	(943,555,778)	(1,525,404,940)
Net cash flow used in financing activities		(943,973,700)	(1,527,660,437)
NET POSITIVE (NEGATIVE) VARIATION OF CASH AND CASH EQUIVALENTS		96,406,650	(293,753,055)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		93,291,924	387,044,979
CASH AND CASH EQUIVALENTS AT END OF YEAR	21	189,698,574	93,291,924

## ANGLO AMERICAN SUR S.A. AND SUBSIDIARY (FORMERLY INVERSIONES ANGLO AMERICAN SUR LTDA. AND SUBSIDIARY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(In United States Dollars - US\$)

### 1. INCORPORATION AND BUSINESS PURPOSE

The Company was incorporated by public deed dated September 6, 1916, as a closely held corporation. On November 2, 1998, in accordance with agreement of the Extraordinary Meeting of Shareholders held on October 9, 1998, the Company became a limited partnership.

The Company's business purpose is the exploration, extraction, exploitation, production, smelting and trading of concentrates, precipitate ores, copper bars and all metal and non-metal mineral substances and, in general, all fossil substances and liquid and gas hydrocarbons, in any form in which they are naturally present, including exploration, operation and use of all sources of natural energy susceptible of industrial exploitation and products or by-products obtained from them and, in general, the performance of any other related, connected or complementary activities that the partners agree.

The subsidiary Anglo American Chile Ltda. was created on the 14 of March 2003. The Company's objective is to provide administration, planning and assessments services within different areas such as management, treasury, accounting internal audit, evaluation and project controls, mining, metallurgic, engineering, support services, management of insurance policies, purchase of supplies, materials and equipment, hiring of external services, geology, information technology, sales and marketing, security, health care, the environment and quality control, human resources, and legal issues, in particular for mining activities with specialization in the needs and requirements of this type of companies, being allowed to render them on its own or through third parties, or coordinating with these how to perform them; and, in addition, conducting other activities either directly or indirectly related, and those that the partners agree.

The Company personnel consists largely of workmen working at the mine. Executives and supervisors responsible, among other things, for finance, operating, tax-related, and legal issues, and for human resources, are hired by the subsidiary Anglo American Chile Ltda.

### 2. BASES OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) adopted by the European Union; on the basis of the information provided by the Company for consolidation purposes with its parent Anglo American plc, since January 1, 2005, when they first adopted the IFRS adopted by the European Union. Also, these financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial instruments.

New accounting developments:

- |                    |  |
|--------------------|--|
| • IFRS 8           | Operating Segments (current January 1, 2009)                         |
| • IAS 23 (Revised) | Borrowing Costs (current January 1, 2009)                            |
| • IAS 1 (Revised)  | Presentation of Financial Statements (current January 1, 2009)       |
| • IFRIC 12         | Service Concession Arrangements (current January 1, 2008)            |
| • IFRIC 13         | Customer Loyalty Programmes (current July 1, 2008)                   |
| • IFRIC 14/IAS 19  | The Limit on a Defined Benefit Asset, Minimum                        |
| •                  | Funding Requirements and their Interaction (current January 1, 2008) |

Management considers that the adoption of these standards and interpretations in future periods will not have any material effect on the financial statements.

The preparation of the financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Such estimates are based on management's best knowledge of the reported amounts, events or actions. Details of the Company's significant accounting policies and critical accounting estimates are set out in Note 5.

The Company prepares its statutory financial statements in accordance with accounting principles generally accepted in Chile.

## ANGLO AMERICAN SUR S.A. AND SUBSIDIARY (FORMERLY INVERSIONES ANGLO AMERICAN SUR LTDA. AND SUBSIDIARY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(In United States Dollars - US\$)

### 3. MERGER, CHANGE OF NAME, AND PURPOSE OF THE COMPANY

On July 23, 2007 Inversiones Anglo American Sur Ltda. became Inversiones Anglo American Sur S.A. Subsequently, as a result of a decision made by an extraordinary shareholders meeting held on July 31, 2007, Minera Sur Andes S.A. (formerly. Minera Sur Andes Ltda.) was upstream merged into Anglo American Sur S.A., which took over all the rights and obligations of the absorbed entity.

The merger was completed on the basis of the balance sheets at December 31, 2006.

Following is the value of assets, liabilities, and equity transferred to Anglo American Sur S.A. at December 31, 2006:

	US\$
<b>Assets:</b>	
Current assets	296,045,644
Fixed assets, net	718,615,854
Other	13,751,587
<b>Total assets</b>	<b>1,028,413,085</b>
<b>Liabilities:</b>	
Current liabilities	318,315,358
Long-term liabilities	164,141,310
<b>Total liabilities</b>	<b>482,456,668</b>
<b>Shareholders' equity</b>	
Paid-in capital	970,702,790
Amounts distributed to partners	(2,292,216,035)
Retained earnings	591,757,233
Net income for the year	1,275,712,429
<b>Total shareholders' equity, net</b>	<b>545,956,417</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,028,413,085</b>

The difference in the value of the above assets and liabilities amounts to US\$476,112 and was recorded in retained earnings under equity, as required by IFRS 3, "Business Combinations", which deals with contributions of assets under common control.

The capital increases just mentioned were accounted for following IFRS 3, "Business Combinations", as a business combination under the pooling of interest method, consequently the difference between the book and contribution value of assets and liabilities was recognised in other reserves, under equity.



## ANGLO AMERICAN SUR S.A. AND SUBSIDIARY (FORMERLY INVERSIONES ANGLO AMERICAN SUR LTDA. AND SUBSIDIARY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(In United States Dollars - US\$)

### 4. SIGNIFICANT ACCOUNTING PRINCIPLES

**a. Bases of preparation of the consolidated financial statements** - Consolidated financial statements for Anglo American Sur S.A. include the balances of its subsidiary Anglo American Chile Ltda., in which the parent company has a 70.00% share. Balances and transactions with the subsidiary have been eliminated in consolidation and also the elimination of unrealized income and loss from said transactions has been considered. Also, the interest of minority shareholders has been recognized in the minority interest accounts, under liabilities and consolidated statements of income.

**b. Currency** - The Company and its subsidiary maintain their official accounting records in U.S. dollars (their functional currency).

**c. Basis of conversion** - Assets and liabilities in currencies other than the US dollar have been translated into US dollars at the year end exchange rate of Ch\$496.89 for US\$1 (2006: \$532.39).

Variations in the exchange rate of different currencies during the year resulted in a net exchange gain against the US dollar of US\$6,749,068 (2006: gain of US\$6,753,254), which is presented in the statement of income under non-operating income (expense), in the line exchange difference.

**d. Revenue recognition** - Revenues are recorded when rights and obligations have been substantially transferred to the buyer, in accordance with IAS 18 "Revenue".

**e. Income tax and deferred taxes** - The income tax provision is calculated based on the first category net taxable income, prepared in accordance with current tax regulations.

Deferred taxes arising from temporary differences and other events that create differences between the book and tax basis of assets and liabilities are recorded in accordance with IAS 12, "Income Taxes".

Similarly, the Company has recorded deferred taxes arising from temporary differences between the according and taxable base, as a result of determining the Taxable Operating Income (RIO) for calculating the specific tax on mining.

**f. Fixed assets and depreciation** - Fixed assets are expressed at acquisition cost and include major renewals and improvements. Maintenance expenses are charged to income.

Fixed assets are depreciated on a straight-line basis based using the estimated useful life of the assets. Depreciation associated with mineral reserves is amortized over the life of the mine through the method of units of fine copper produced, considering proven and probable mineral reserves.

**g. Mine preparation** - Costs for mine preparation incurred with the sole purpose of maintaining the current level of production are charged to cost of production.

Costs incurred in the preparation of mining activities before starting commercial production are deferred and amortized based on the production basis, based on proven and probable mineral reserves.

**h. Goodwill** - At December 31, 2007 and 2006, the Company records US\$120,000,000 for goodwill generated by the payment made by the company's majority shareholder of a Price Participation under the original conditions of the contract for acquiring Minera Sur Andes. Such goodwill is subject to an annual impairment test in accordance with IAS 36 "Impairment of assets".

## ANGLO AMERICAN SUR S.A. AND SUBSIDIARY (FORMERLY INVERSIONES ANGLO AMERICAN SUR LTDA. AND SUBSIDIARY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(In United States Dollars - US\$)

**i. Inventories** - Inventories have been valued at acquisition cost, using the following methods:

- Finished products and products in process : At the average monthly production cost, excluding depreciation of fixed assets and other indirect expenses.
- Supplies in the warehouse : At the average acquisition cost
- Raw materials and supplies in transit : At the acquisition cost

Cost assigned to inventory does not exceed its net realization value.

**j. Trade debtors** - Shipments of ore are presented at net realizable value based on sales contracts.

The Company recognizes a mark to market provision when the sale price of billed shipments, which have not finally priced falls below the market price at each year end.

**k. Time deposits** - This item includes capital invested plus accrued interest.

**l. Operations with repurchase agreement** - Purchase of financial instruments with repurchase agreement are recorded as a fixed rate deposit and presented in current assets - other.

**m. Ore reserves** - Mining reserve-related costs are amortized over the respective useful life of the mine using the unit of production (UOP) method based on proven and probable reserves.

**n. Mining projects** - Costs related directly to mining properties are capitalized until the commencement of the normal exploitation of the mineral bodies and are amortized based on production, considering the proven mineral reserves. Discarded projects are charged to income the year they are discarded. Also, a provision is recorded for projects for which available information hints that they will not be completed as originally planned.

**o. Personnel benefits costs** - As required by IAS 19 ("Employee Benefits"), the Company recognizes the cost of employee benefits based on an actuarial calculation which includes variables such as life expectancy, salary raises, etc. An annual interest rate of 5% has been used in order to discount the obligation.

**p. Closure cost provision** - The Company recognizes future mining closure costs and decommissioning costs at present value, in accordance with corporate standards and IAS 37 ("Provisions, Contingent Liabilities and Contingent Assets"). The corresponding provision is presented under the item "Provisions".

In 2007 the Company updated its estimation of mining closure costs and decommissioning costs for all divisions, which led to a net decrease of US\$2,526,059 in the closure costs provision, crediting US\$819,642 to the restoration provision and charging US\$3,345,701 to the decommissioning provision.

**q. Employee vacations** - The cost of employee vacations is charged to income in the year accrued.

**r. Statement of cash flow** - Cash and cash equivalents include time deposits and investments in repurchase agreements maturing within 90 days.

**s. Reclassifications** - For purposes of uniformity, some account in the financial statements at December 31, 2006 have been reclassified.



## GLOBAL REPORTING INITIATIVE (GRI) INDEX

### GLOBAL REPORTING INITIATIVE (GRI) INDEX – G3 AND GLOBAL COMPACT INDICATORS

The index below shows page references in the Sustainable Development Report 2007 to the indicators established by the GRI.

1. STRATEGY AND ANALYSIS			
INDICATOR	DESCRIPTION	GLOBAL COMPACT PRINCIPLE	PAGE
1.1	Statement from the most senior decision maker of the organisation regarding sustainability		4 and 5
1.2	Description of key impacts, risks and opportunities		4 and 5 // 22 // 24 and 25
2. ORGANISATIONAL PROFILE			
INDICATOR	DESCRIPTION	GLOBAL COMPACT PRINCIPLE	PAGE
2.1	Name of the organisation		Cover
2.2	Primary brands, products and/or services		2 and 3
2.3	Operational structure, including main divisions, operating companies, subsidiaries and joint ventures		2 and 3 / 29 and 30
2.4	Location of organisation's headquarters		9
2.5	Number of countries in which the organisation operates		9 and 11
2.6	Nature of ownership and legal form		29 and 30
2.7	Markets served		14 - 16
2.8	Scale of the reporting organisation		9 - 12
2.9	Significant changes during the reporting period		6 and 7
2.10	Awards received in the reporting period		5, 9, 21, 48, 53 and 6
3. REPORT PARAMETRES			
INDICATOR	DESCRIPTION	GLOBAL COMPACT PRINCIPLE	PAGE
REPORT PROFILE			
3.1	Reporting period for information provided		6 and 7
3.2	Date of most recent previous report		6 and 7
3.3	Reporting cycle		6 and 7
3.4	Contact point for questions related to the report or its content		Flap
REPORT SCOPE AND BOUNDARY			
3.5	Process for defining report content		6, 7 and 23
3.6	Boundary of the report		6 and 7
3.7	State specific limitations on the scope or boundary of the report		6, 7 and 23
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities		6, 7 and 23
3.9	Data measurement techniques and the bases for calculations		In the report
3.10	Explanation of the effect of any re-statements of information provided in earlier reports		In the report
3.11	Significant changes from previous reporting periods in the scope		6 and 7
3.12	Table identifying the location of the standard disclosures in the report		132
3.13	Policy and current practice with regard to seeking external assurance for the report		6, 7 and 23



### 3. REPORT PARAMETRES (CONTINUED)

INDICATOR	DESCRIPTION	GLOBAL COMPACT PRINCIPLE	PAGE
<b>GOVERNANCE, COMMITMENTS, AND STAKEHOLDER ENGAGEMENT</b>			
4.1	Governance structure of the organisation		29 and 30 / 104 and 105
4.2	Indication of whether the Chair of the highest governance body is also an executive officer.		29 and 30
4.3	Number of members of the highest governance body that are independent or non-executive members		29 and 30
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body		N/A
4.5	Linkage between payment for members of the highest governance body, senior managers, executives, and the organisation's performance		N/A
4.6	Processes in place for the highest governance body to ensure conflicts of interests are avoided		32 and 33
4.7	Processes for determining the qualifications and expertise of the members of the highest governance body		N/A
4.8	Statement of Mission, Vision and Values		32 and 33
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, social and environmental performance.		35
4.10	Processes for evaluating the highest governance body's own performance		N/A
<b>COMMITMENTS TO EXTERNAL INITIATIVES</b>			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	P7	N/R
4.12	Externally developed economic, environmental, and social charters to which the organisation subscribes		59 – 95
4.13	Memberships in associations		10 and 23
<b>STAKEHOLDER ENGAGEMENT</b>			
4.14	List of stakeholder groups engaged by the organisation		21 and 23 - 25 and 29
3.15	Basis for identification and selection of stakeholders with whom to engage		21 and 23 - 25 and 29
3.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group		21 and 23 - 25 and 29
3.17	Key topics and concerns that have been raised through stakeholder engagement		24 and 25

### ECONOMIC FIELD

INDICATOR	DESCRIPTION	GLOBAL COMPACT PRINCIPLE	PAGE
DMA	Management Approach		34

### ECONOMIC PERFORMANCE

INDICATOR	DESCRIPTION	GLOBAL COMPACT PRINCIPLE	PAGE
EC1	Direct economic value generated and distributed		36 and 37
EC2	Financial implications of climate change		N/R
EC3	Coverage of the organisation's defined benefit plan obligations (retirement)		36
EC4	Financial assistance received from government		38

MARKET PRESENCE			
INDICATOR	DESCRIPTION	GLOBAL COMPACT PRINCIPLE	PAGE
EC5*	Range of ratios of standard entry level wage compared to local minimum wage		N/R
EC6	Policy, practices and proportion of spending on locally-based suppliers		38
EC7	Procedures for local hiring and proportion of senior management hired from the local community	P6	All Chilean senior directors

INDIRECT ECONOMIC IMPACTS			
INDICATOR	DESCRIPTION	GLOBAL COMPACT PRINCIPLE	PAGE
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit		72 and 73
EC9*	Understanding and describing of significant indirect economic impact, including the extent of such impacts		26
MM1	Identification of those sites where the local economic contribution and development impacts are of particular significance and interest to stakeholders		59, 72 and 73
MM2	Value added (total earnings minus total acquisition cost)		36 and 37

ENVIRONMENTAL AREA			
INDICATOR	DESCRIPTION	GLOBAL COMPACT PRINCIPLE	PAGE
DMA	Management Approach		

ENVIRONMENTAL PERFORMANCE			
EN1	Materials used by weight or volume	P8	75 and 76
EN2	Percentage of materials used that are input materials		75 and 76
EN3	Direct energy consumption by primary energy source	P8	77
EN4	Indirect energy consumption by primary source		77 and 79
EN5*	Energy saved due to conservation and efficiency improvement	P8, P9	77 and 79
EN7*	Initiatives to reduce indirect energy consumption and reductions achieved with such initiatives		77 and 79
EN8	Total water withdrawal by source		80
EN9*	Water sources significantly affected by withdrawal of water		80 - 84
EN10*	Percentage and total volume of water recycled and reused		80 - 84
EN11	Description of lands adjacent to, or located in natural protected areas or areas of high biodiversity outside protected areas		90
EN12	Description of the most significant impacts on biodiversity in natural protected areas		90
EN13*	Habitat protected or restored		90
EN14*	Strategy and actions in place and future plans for managing impacts on biodiversity		90
EN15*	Number of IUCN Red List species, by level of extinction risk		90
EN16	Total, direct and indirect greenhouse gas emissions	P8	77 - 79 / 85 - 87
EN17	Other relevant indirect greenhouse gas emissions		77 - 79 / 85 - 87
EN18*	Initiatives to reduce greenhouse gas emissions and reductions achieved		77 - 79
EN19	Emissions of ozone-depleting substances	P8	77 - 79 / 85 - 87
EN20	NOx, SOx, and other significant emissions		77 - 79 / 85 - 87
EN21	Total water discharge by quality and destination		84, 93 and 94
EN22	Total weight of waste by type and disposal method	P8	88, 89 and 103
EN23	Total number and volume of significant accidental spills		84, 93 and 94
EN24*	Weight of transported, imported, exported or treated waste deemed hazardous		N/R
EN26	Initiatives to mitigate environmental impacts of products and services and extent of impact mitigation		74 - 95

ENVIRONMENTAL AREA			
INDICATOR	DESCRIPTION	GLOBAL COMPACT PRINCIPLE	PAGE
ENVIRONMENTAL PERFORMANCE			
EN27	Percentage of products sold and their packaging materials that are reclaimed at the end of their useful life		N/M
EN28	Monetary value of significant fines and number of penalties for non-compliance with laws and regulations		93
EN30	Total environmental protection expenditures and investments by type		92
MM3	The number of sites identified as requiring biodiversity management plans, and the number of sites with plans in place		90
MM4	Percentage of products derived from secondary materials (excluding internal recycling)		N/A
MM5	Description of the policies to evaluate product eco-efficiency and sustainability		The new policy will be published in 2008
MM6	Description of the approach to management of overburden, rock, tailings/waste, and sludge		89

SOCIAL PERFORMANCE			
INDICATOR	DESCRIPTION	GLOBAL COMPACT PRINCIPLE	PAGE
DMA	Management Approach		34, 43 and 49
LABOUR PRACTICES & WORK ETHICS			
LA1	Total workforce by employment type, employment contract and region		50
LA2	Total number and rate of employee turnover by age, gender and region	P6	49 and 50
LA4	Percentage of employees covered by collective bargaining agreements	P1, P3	54
LA5	Minimum notice period related to operational changes	P3	54 and 57
LA6*	Percentage of total workers represented in joint management-worker health and safety committees		46
LA7	Rates of absenteeism, professional diseases, days lost and number of work-related fatalities		43 and 45
LA8	Education, training, counselling, prevention, and risk control programmes in place to assist workforce members, their families or community members in relation to serious diseases		47 and 48
LA10	Average hours of training per year per employee by employee category		50
LA11*	Programmes for skills management and lifelong learning that support the continued employability of employees		54 and 55
LA12*	Percentage of employees receiving regular performance and career development reviews		N/M
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity	P1, P6	51 and 52
LA14	Ratio of basic salary of men to women by employee category	P6	N/M
HUMAN RIGHTS			
HR1	Percentage and total number of significant investment agreements that include human rights clauses	P2	N/M
HR2	Percentage of major suppliers and contractors that have undergone screening on human rights and actions taken	P2, P6	32, 56, 97 and 98
HR4	Total number of incidents of discrimination and actions taken	P1, P6	29
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk	P1, P3	N/M
HR6	Operations identified as having significant risk for incidents of child labour and measures taken	P1, P5	N/M
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour and measures taken	P1, P4	N/M
HR8*	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights		32
SOCIETY			
SO1	Nature, scope and effectiveness of any programme and practices that assess and manage the impacts of operations on communities	P1	23 and 59
SO2	Percentage and total number of business units analysed for risks related to corruption	P10	10, 29, 32 and 33
SO3	Percentage of employees trained in the organisation's anti-corruption policies and procedures	P10	10, 29, 32 and 33
SO4	Actions taken in response to incidents of corruption	P10	29
SO6*	Total value of financial and non-monetary contributions to political parties or related institutions	P10	No contributions are made

SOCIAL PERFORMANCE			
INDICATOR	DESCRIPTION	GLOBAL COMPACT PRINCIPLE	PAGE
SOCIETY			
SO8	Monetary value of significant fines and total number of non-monetary penalties for non-compliance with laws and regulations		There were no fines
PRODUCT RESPONSIBILITY			
PR1	Life cycle stages in which health and safety impacts of products and services on customers are assessed		26
PR3	Type of product and service information required		N/M
PR6	Programmes for compliance with laws, standard and voluntary codes related to communication and marketing		N/M
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the organisation provision and use of products and services		There were no fines
MM7	Description of significant incidents affecting communities during the reporting period and complaint mechanisms used to resolve the incidents and their outcome		93
MM8	Description of the programmes that address craftwork and small-scale mining		21
MM9	Description of resettlement policies and activities, transfer of camps, transfer indemnity		N/A
MM10	Number or percentage of operations with closure plans, covering social, environmental and economic aspects		92
MM11	Description of the process for identifying local communities' lands and customary rights and grievance mechanisms used to resolve any disputes		N/M
MM12	Description of the approach to identifying, preventing and responding to emergency situations affecting employees, local communities or the environment		48
MM13	Number of cases of occupational diseases by type. Description of programmes to prevent occupational diseases		47 and 48

N/M = Not considered as material

N/A = Not applicable

N/R = Not reported





Anglo American Chile

SUSTAINABLE DEVELOPMENT &  
FINANCIAL STATEMENTS REPORT

2007

FEEDBACK FORM

To improve next year's report, we would like to know your opinion about the Sustainable Development Report 2007. We would therefore ask you to complete this questionnaire and send it by fax to (56-2) 230 6551, by e-mail to [maesquivel@anglochile.cl](mailto:maesquivel@anglochile.cl) or by standard post to Pedro de Valdivia 291, Providencia, Santiago.

**1. What stakeholder do you belong to?**

- |                 |                              |
|-----------------|------------------------------|
| a) Shareholders | b) Customers                 |
| c) Employees    | d) Suppliers and contractors |
| e) Authorities  | f) Community in general      |
| g) Other _____  |                              |

**2. What is your opinion about the 2007 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.**

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**4. Do you appreciate the effort made to merge the Annual Report with the Sustainable Report?**

Yes \_\_\_\_\_ No \_\_\_\_\_

**5. Comments or suggestions.**

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Thank you very much for your time.



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