



GROWTH AND COLLABORATION

WITH THE FUTURE IN MIND

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ABOUT THIS REPORT

This is the 9th sustainable development report of Anglo American's Copper business unit. It provides a balanced review of its economic, environmental and social performance, in line with the requirements of the Global Reporting Initiative (GRI) G3.1 guidelines. The indicators of the Mining and Metals Sector Supplement were also included.

The report covers the copper operations and projects owned and managed by Anglo American in Chile and Peru for the calendar

year of 2012, unless expressly indicated otherwise. For better comprehension and whenever comparable data was available, figures and data are given for 2010 and 2011.

The sustainable development report 2012 covers the company's five operations in Chile, i.e., Los Bronces, Mantos Blancos, El Soldado, Mantoverde and Chagres, along with the Santiago office. It also includes the two projects operated by Anglo American in Peru, Quellaveco and Michiquillay, when deemed material and for which there is reliable information available. Collahuasi's results were considered in the financial and operating performance chapter, based on the company's 44% interest. Collahuasi draws up its own sustainable development report.

As in previous reports, this sustainable development report includes the 2012 financial statements of the companies operating in Chile, which were audited by Deloitte.

The content of this report was defined based on the GRI G3.1 guidelines on relevance or materiality, sustainability context and stakeholder inclusiveness.

To assure information relevance, the performance indicators were selected from a structured exercise which included:

1. Interviews of senior management: seven interviews were held, which identified the strategic priorities and the highlights in the year.
2. External stakeholder consultation: five semi-structured interviews were held with opinion leaders, who gave their vision of the material sustainability issues that Anglo American's Copper business unit should include in its 2012 report.
3. Benchmark of sustainability reports of mining companies in Chile to identify the material issues and aspects reported by the industry.
4. Press analysis: 1,884 press articles were reviewed in the calendar year of 2012 to identify the issues for the company from the public opinion standpoint.

Based on this exercise, the material issues were prioritised in order of importance, which was considered to define the location of each topic in the structure of the report and in each chapter, and in what degree of depth they were addressed.

RELEVANCE BY CHAPTER	MATERIAL ISSUES OF INTEREST
Being the investment of choice	Corporate governance (corporate governance model and compliance, integrity and risk management). Economic performance (financial overview, economic value generated and distributed and investments).
Being the employer of choice	Health & safety. Attracting and retaining talent. Human rights.
Being the partner of choice	Growing with our neighbours (social investment in communities). Environmental performance (water, energy and emissions, biodiversity and other significant impacts on the environment). Commitment to the value chain.
To draw up this report, we had the support of a specialist external consultant on the GRI guidelines. This support helped us make the necessary precisions and in other cases document the targets for the next report.	It rated the application level of this report as A+, which reflects the company's interest in consolidating reporting balance, clarity, reliability and transparency.
Each indicator of the company's economic, social and environmental performance was drawn from technical data and calculations based on procedures renowned by national regulations and international standards.	This 9th sustainable development report endorses Anglo American's commitment to timely inform its stakeholders of its sustainable development strategy and management. 1,000 copies were printed and the report will also be available online in Spanish and English on Anglo American's website.
All the data for this report was generated and validated by the respective areas that produced it.	
This year as in previous reports PricewaterhouseCoopers (PwC) was commissioned to provide independent assurance of the content and indicators of the report.	



Should you have any queries, comments or require further information, please contact: Marcelo Esquivel, communications manager.
E-mail: contacto.chile@angloamerican.com
Telephone: 56 2 2230 6000

CHIEF EXECUTIVE'S STATEMENT

In 2012, we worked hard on our core value of safety and improved our rates, although we will carry on striving to achieve our goal of zero harm.

We also focused on enhancing our community relations and endorsing our commitment to the environment, which underpin our sustainable business vision.



John MacKenzie

Concerning our community relations, we should highlight the successful conclusion of the roundtable discussion at Quellaveco in Peru. We reached agreements on environmental, water and social contribution issues.

At Anglo American we are convinced that the way we do things should make a difference and our priority obligation is therefore the sustainable management of our operations to achieve the goal of zero harm to our employees and contractors and generate a positive net impact on our environment.

Concerning our priority value of safety, in 2012 the operations managed by the Copper business unit had incident rates bearing out the progress made compared to previous years, as we had no fatalities and there was a drop in total incidents and their severity. Moreover, we improved our occupational health performance.

Nevertheless, and with a vision of achieving the goal of zero harm, we focused efforts on improving our ability to assess and learn from the main safety rates, reinforcing our learning from incidents programme and making progress with the fine-tuning of a risk management system and a safety improvement plan. To such end, we carried out Global Safety Day, during which for the first time all operations stopped work, without a prior incident having occurred, to talk about safety and seek ways of improving it.

The reward for this consistent work was that during the year we received important awards in Chile for the high safety standards at our operations. Despite this, we are well aware that we must continually focus on improving safety if we want to achieve the goal of zero harm.

Concerning our community relations, we should highlight the successful conclusion of the roundtable discussion we held at Quellaveco in Peru. Such discussion, lauded by the Peruvian authorities as an example of how companies should engage with their neighbours, set the objective of developing this project with the approval of all the stakeholders involved, i.e., national, regional and local government, and the communities. We reached agreement on three major environmental, water and social contribution issues, with which we have rigorously complied.

In Chile, we applied the Socio-Economic Assessment Toolbox (SEAT) for the third time, which will help us comprehend and manage the socio-economic impacts of our operations and thereby be able to best develop our social investment strategy, underpinned by supporting education, enterprise and the quality of life of the communities around our operations.

INCREASE IN
FINE COPPER PRODUCTION

10%

Due to the commissioning
of the Los Bronces Development
Project



We identified over 30,000 environmental commitments and obligations, which must now be thoroughly reviewed to assess our degree of compliance.

Regarding our relationship with the environment, we launched a plan to detect all the commitments made with the authorities to undertake our operations to fully comply with them. We conducted a survey for this, in which we identified over 30,000 environmental commitments and obligations, which must now be thoroughly reviewed to assess our degree of compliance and, if any breaches are found, work to eliminate them.

However, since our commitment to the environment must exceed our obligations, we have developed some emblematic projects in this area. For example, aware of the water shortage in the Copiapó aquifer, we have started to build a desalination plant in the Atacama region which will provide water to our Mantoverde operation and thereby free up water resources for the inhabitants of the area. Likewise, we inaugurated the Parque Explorador Quilapilún, the first private botanical park of native species north of Santiago in the Metropolitan region, to make a contribution to the education, tourism and quality of life of our surrounding communities.

In the financial area, 2012 was a challenging year in which the Copper business unit increased production by 10%, due to the commissioning of the Los Bronces Development Project, which ended four years of hard work at an investment of \$2.8 billion. Nevertheless, the earnings of the Copper business unit dropped 37% to \$1.177 billion, on account of the copper price falling in international markets and higher operating costs.

This 9th sustainable development report provides a thorough review of the Copper business unit's performance in the year. It is a source of information for all those who want to learn more about us, help us to improve and give us their comments.


John MacKenzie
Chief Executive

ANGLO AMERICAN

LEADER IN MINING



Anglo American aims to become the leading global mining company, maintaining the highest standards of operating excellence, safety and sustainability.



01



02

BEST-IN-CLASS

ACCORDING TO THE DOW JONES SUSTAINABILITY INDEX.



659,700 TONNES
ANGLO AMERICAN'S COPPER
PRODUCTION IN 2012



01 The company's operations in Chile are in the Tarapacá, Antofagasta, Atacama, Valparaíso and Metropolitan regions.

02 133,199 man-hours of training were imparted in 2012 as part of the ongoing training programmes.

03 The workforce in 2012 was 13,145 employees.



03

WORLD CLASS COPPER PRODUCER

Anglo American produces copper cathodes, anodes, blister, and concentrate; molybdenum and sulphuric acid. The Copper business unit headquarters are in the city of Santiago, Chile where it has six operations: Los Bronces, Mantos

Blancos, Mantoverde, El Soldado, Chagres and Collahuasi. It is also the owner of the Quellaveco and Michiquillay projects in Peru and has an interest in the The Pebble Partnership in Alaska, United States.

**UNDERLYING EARNINGS OF
ANGLO AMERICAN plc**
\$2.839
billion



ANGLO AMERICAN plc

Anglo American plc is a world class mining company with operations on the five continents. Its headquarters are in London in the United Kingdom and it is listed on the London stock exchange.

It had sales of \$32.785 billion and underlying earnings of \$2.839 billion in 2012.

The Company has operations and projects in South Africa, Brazil, Chile, Peru, the United States, Canada and Australia, among other countries.

Its portfolio of mining businesses spans bulk commodities – iron ore and manganese, metallurgical coal and thermal coal; base metals – copper and nickel; and precious metals and minerals – in which it is a global leading producer of both platinum and diamonds, and it has other mining and industrial assets.



01



02

01 Mantos Blancos has been owned by Anglo American since 1980.

02 The Chagres smelter is in Catemu, Valparaíso region.

OPERATIONS OF ANGLO AMERICAN'S COPPER BUSINESS UNIT

Los Bronces	<p>Location: in the Andes mountains, 3,500 metres above sea level and 65 kilometres east of Santiago.</p> <p>Mining method: open-cut mine.</p> <p>2012 production: 365,300 tonnes of fine copper.</p> <p>Percentage interest: 50.1%</p> <p>Production difference on 2011: 65% higher due to the contribution of the Los Bronces Development Project.</p>
Mantos Blancos	<p>Location: 800 metres above sea level in the Antofagasta region, 45 kilometres northeast of the regional capital of Antofagasta.</p> <p>Mining method: open-cut mine.</p> <p>2012 production: 54,200 tonnes of fine copper.</p> <p>Percentage interest: 99.99%</p> <p>Production difference on 2011: 25% lower due to an incident with a loader which made it necessary to change the mine plan and meant a lower mined ore grade than forecasted.</p>
El Soldado	<p>Location: in the coastal mountain range, 600 metres above sea level in the district of Nogales, Valparaíso region, 132 kilometres north of Santiago.</p> <p>Mining method: open-cut mine.</p> <p>2012 production: 53,800 tonnes of fine copper</p> <p>Percentage interest: 50.1%</p> <p>Production difference on 2011: 15% higher due to greater throughput of the plant, a better ore grade and higher recovery rate.</p>
Mantoverde	<p>Location: 900 metres above sea level in the Atacama region, 56 kilometres east of the port of Chañaral.</p> <p>Mining method: open-cut mine.</p> <p>2012 production: 62,300 tonnes of fine copper.</p> <p>Percentage interest: 99.99%</p> <p>Production difference on 2011: 6% higher due to better grinding performance.</p>
Chagres	<p>Location: in the district of Catemu, Valparaíso region, 100 kilometres north of Santiago.</p> <p>Type of operation: smelter.</p> <p>Percentage interest: 50.1%</p> <p>2012 production: 138,700 tonnes of copper anodes and 461,400 tonnes of sulphuric acid.</p> <p>Production difference on 2011: the copper anode/blister output was virtually the same, but the sulphuric acid production dropped about 5%.</p>
Collahuasi	<p>Location: in the Tarapacá region, 185 kilometres southeast of Iquique and at an altitude of 4,400 metres above sea level.</p> <p>Mining method: open-cut mine.</p> <p>2012 production: 284,000 tonnes of fine copper.</p> <p>Percentage interest: 44%</p> <p>Production difference on 2011: 38% decrease, due to a lower mined ore grade, a lower ore recovery rate, adverse weather conditions and the failure of one of the ball mills.</p>



01



02

01 The Pebble project in the United States is in the prefeasibility stage.

02 The Quellaveco project developed rewarding engagement work with the authorities and community in 2012.

COPPER PROJECTS

Anglo American continued to work on two projects in Peru, Quellaveco and Michiquillay, and The Pebble Partnership in Alaska, United States.

Quellaveco Project

It is a typical porphyry copper deposit, located in the Asana River valley in the district of Moquegua, 1,000 kilometres southeast of Lima in Peru. It is currently in the preliminary works construction stage.

PRODUCTION INCREASE

10%

A 16-month roundtable discussion ended in June 2012, in which agreement was reached with the authorities and the community on the use of water, environmental responsibility and Anglo American's social contribution over the life of the project. A committee will follow up on the commitments undertaken¹.

Another highlight in the last quarter of the year was that the project secured material environmental and water permits for its progress.

Michiquillay Project

It is located in the northern region of Cajamarca in Peru. After stoppage of a year and half, the company and the Michiquillay and La Encañada communities defined a mutual agreement in a dialogue process to resume exploration by Anglo American and a work schedule to meet the commitments².

The conceptual study of the project was completed and is under review.

Pebble Project

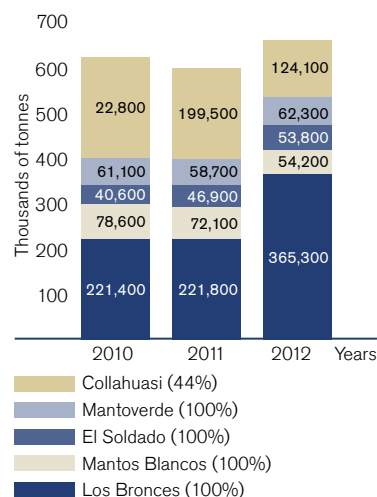
Anglo American has a 50% interest in the Pebble project. It is operated by The Pebble Partnership and is located in the Bristol Bay region in southwest Alaska, United States. It continued its prefeasibility stage in 2012

The Los Bronces Development Project boosted production of that operation by 65%.

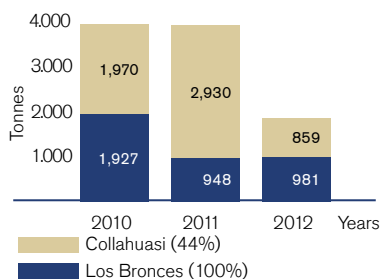
COPPER PRODUCTION

The total production of the Copper³ business unit in 2012 was 659,700 tonnes, a 10% year-on-year increase. That was mainly due to the higher contribution of Los Bronces, which had a 65% production increase on 2011 due to the commissioning of the Los Bronces Development Project. Nevertheless, total performance was partly offset by the expected lower ore grade at Collahuasi, Los Bronces and Mantos Blancos, and operating challenges of Los Bronces and Collahuasi. The annual production figure comprises 150,367 tonnes of copper cathodes, 506,831 tonnes of copper concentrate and 2,502 tonnes of copper sulphate.

Fine copper production by operation in tonnes 2010 - 2012



Molybdenum production in tonnes 2010 - 2012



¹ Further details about this issue can be found in the Growing with our neighbours and Environmental commitment sections.

² Further details about this issue can be found in the Growing with our neighbours section.

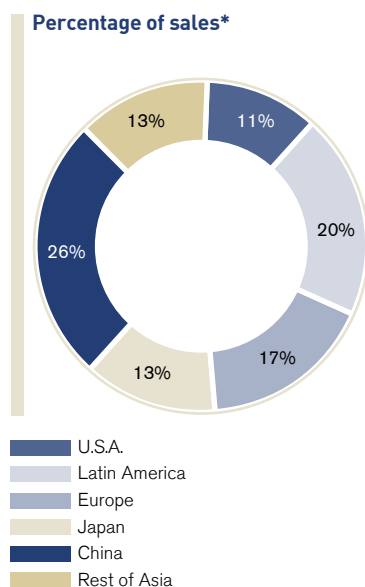
³ Includes the interest in Collahuasi.

46%

OF THE SALES WERE MADE TO
CHINA AND LATIN AMERICA

MARKETING

The main markets of Anglo American's Copper business unit lie in Asia, the Americas and Europe. China and India are expected to drive demand in the next few years, due to the large-scale industrialisation and urbanisation of those countries.



* Includes copper concentrate, anodes and cathodes.

INTERNATIONAL REGULATIONS ON COPPER CONCENTRATE OCEAN FREIGHT

In 2012, Anglo American carried out a thorough process of updating the hazardousness classification of its copper and molybdenum concentrate to comply with the new regulations of the International Maritime Organisation⁴ on the shipping of cargo and its potential effects on the marine environment.

As of 2013, some requirements of Annex V of the MARPOL⁵ Convention on the prevention of pollution by waste and garbage will be mandatory. The new requirements make it compulsory to classify the hazardousness of concentrates in accordance with the Globally Harmonised System of Classification of Chemicals of the United Nations⁶, and to treat the water used to clean holds at treatment facilities of destination ports for those cargoes classified as hazardous.

The chemical and mineralogical studies and tests on metal leaching into the water – all conducted at different specialised international laboratories – revealed that none of Anglo American's concentrates are hazardous for the marine environment. The process had the technical support of the International Copper Association⁷, which has developed a classification model with sound scientific grounds that is accepted globally. The concentrate safety sheets were updated with this information, thereby complying with the international regulation.



⁴ <http://www.imo.org/Pages/home.aspx>

⁵ <http://www.imo.org/Publications/Documents/Newsletters%20and%20Mailing%20Lists/IB656E.pdf>

⁶ <http://www.un.org/>

⁷ <http://copperalliance.org/>

In 2012, Anglo American received environmental, social and safety awards.

AWARDS AND ACCOLADES

- In 2012, the Quellaveco project received the Peru Award 2021 for social responsibility and sustainable development, which promotes corporate social responsibility and publicly recognises those companies that stand out for their commitment to Peru's development. Anglo American's award was in the governance and civil society category for the work done in the Moquegua region with its programme "Dialogue and consensus to generate trust: the social component, a key factor in the feasibility of the mining project."⁸

- Anglo American was distinguished in 2012 by the Dow Jones Sustainability Index as best-in-class⁹. This index, run by Sustainable Asset Management, recognises corporate management of economic, environmental and social sustainability.

- For the fifth time, Mantoverde was awarded the John T. Ryan Trophy, the most prized safety award in the mining industry. This is the ninth time that an Anglo American operation has received this award.



01

In 2012, Anglo American received environmental, social and safety awards.

- Anglo American received an award in 2012 from the National Geology and Mining Survey¹⁰ (SERNAGEOMIN) in the Annual Mining Safety Awards 2011, category "B"¹¹, for Mantoverde having excellent performance of care of its employees, products and resources.
- For the second year running, the Mantos Blancos joint management-worker committee was awarded the 2012 CORESEMIN¹² Award, which is given to the outstanding committee on complying with its legal tasks and the development of stable programmes and effective initiatives on prevention.
- The Los Bronces Development Project was distinguished by the Safety Association of the Chilean Chamber of Construction for having completed four years without any accidents with injury to its employees¹³.

- In the 2012 awards ceremony, the National Safety Council¹⁴ distinguished the safety achievements of the Mantos Blancos, El Soldado and Mantoverde operations.

01 For the fifth time, Mantoverde was awarded the John T. Ryan Trophy, the most prized safety award in the mining industry.

02 President Sebastián Piñera awarded Anglo American the *Más por Chile* (More for Chile) Seal for the success of three programmes of its social development strategy.



02

- El Soldado was distinguished for its contribution to conserving the biodiversity and to mining development by the NGO Flora & Fauna International (FFI)¹⁵ and by Anglo American's technical unit with headquarters in South Africa. The evaluation, made in 2011, analysed the compatibility of mining with the conservation of areas of interest for nature.
- Anglo American entered the Global 500 Leadership Index of the Carbon Disclosure Project¹⁶ for its climate change management commitment and performance.
- Anglo American participated in the third version of the ranking of leading companies on climate change, conducted by Fundación Chile and *Revista Capital*, and was distinguished for inviting some of its suppliers to become familiar with the concept of climate change management.

- The Ministry of Social Development awarded Anglo American the *Más por Chile* (More for Chile) Seal¹⁷ for the success of three programmes of its social development strategy: Emerge for small-sized entrepreneurs, Emerge empowering enterprise and Enseña Chile.

⁸ Further details about this can be found in the Growing with our neighbours section.

⁹ Mining and metals sector

¹⁰ www.sernageomin.cl

¹¹ This award is given to the company with the lowest accident frequency rate at all its operations, and to those companies that work 200,000 man-hours or more and less than a million in a year.

¹² Regional Mining Safety Committee of Atacama.

www.coreseminatacama.cl

¹³ Company employees.

¹⁴ <http://www.cnsdechile.cl/>

¹⁵ www.fauna-flora.org

¹⁶ www.cdproject.net

¹⁷ The *Más por Chile* programme aims to promote partnerships between the public and private sector and civil society which enhance the social integration of the most vulnerable people in Chile.

SUSTAINABILITY STRATEGY

Anglo American aims to make the profitability of the business compatible with the highest global standards of sustainable development by taking a proactive and integrated approach to its economic, social and environmental impacts, maintaining ongoing dialogue with its stakeholders and protecting the environment.

FOUR STRATEGIC ELEMENTS



Maintaining long-term relations of trust with all its stakeholders is a core aspect of Anglo American's strategy.

STRATEGIC VISION

INVESTMENT OF CHOICE

Showing that it is a sustainable and profitable business, with good financial results, with a good corporate reputation, ongoing dialogue with its stakeholders, and taking care of its environment.

PARTNER OF CHOICE

Facilitating transparent dialogue with the host communities around its operations, identifying their needs and jointly generating better development opportunities.

EMPLOYER OF CHOICE

Guaranteeing the health and safety of people, and offering a good work environment and attractive development opportunities not only to hire and retain the best but also attract the best talent.

In line with its sustainable development strategy, in 2012 the company applied the SEAT¹⁸ for the third time, which is its own tool to measure and manage its social impacts on the communities in which it operates. It covers the entire lifecycle of the operation and has been used at all operations since 2004.

To achieve the objective of embedding sustainability in all processes as a structural pillar, Anglo American's conduct is guided by its Good Citizenship Business Principles¹⁹, and the standards, policies and codes of conduct it has defined to address all issues of sustainability²⁰.

ANGLO AMERICAN'S STANDARDS, POLICIES AND CODES OF CONDUCT

- The Anglo American Safety Way.
- The Anglo American Occupational Health Way.
- The Anglo American Environment Way.
- The Anglo American Social Way.
- Sustainable Development in The Anglo American Supply Chain
- Anglo American Supplier Sustainable Development Code
- Anglo American Group Human Resources Principles and Policies
- Anglo American Human Rights Policy
- Anglo American Group HIV/AIDS Policy
- Anglo American Business Integrity Policy and Prevention of Corruption Performance Standards

¹⁸ Socio-Economic Assessment Toolbox.

¹⁹ http://www.anglochile.cl/es/la_empresa/index.php?id_contenido=8

²⁰ These guidelines are available at <http://www.angloamerican.com/development/approach-and-policies>.

MISSION, VISION AND VALUES

Anglo American aims to become the leading global mining company, by being the investment, the partner and the employer of choice.

To achieve this goal, it embraces the highest standards of operational excellence, safety and sustainability, reinforcing its corporate values and policies.

VALUES



Safety

This is always first on our agenda – and with very good reason. We truly believe that ALL injuries are preventable and that by working together we can make safety a way of life, inside and outside the workplace.



Care and respect

We always treat people with respect, dignity and common courtesy – regardless of their background, lifestyle or position. And we're building trust through open, two-way communication every single day.



Integrity

This means taking an honest, fair, ethical and transparent approach in everything we do. It's not about being popular; it is about always doing the right thing.



Accountability

We take ownership of our decisions, our actions and our results. We deliver on our promises and acknowledge our mistakes. Above all, we never pass blame.



Collaboration

No one here is on their own. We are one company with a joint ambition - all working together to make decisions and get things done more effectively.



Innovation

Challenging the way things have always been done is a key priority for us. By actively developing new solutions, encouraging new ways of thinking and finding new ways of working, we're dramatically improving business.

01 Respect among employees is the basis of trust built up in the company.



01



COMMITMENT TO STAKEHOLDERS

Anglo American is aware that one of the largest challenges faced by the mining industry is to suitably manage the perceptions and expectations of its stakeholders. The company's stakeholder

engagement is therefore focused on establishing long-term relations of trust, maintaining proactive management of participation and providing a positive net and lasting benefit aimed at making it

the partner of choice. The Good Citizenship Business Principles set out Anglo American's commitments to its main stakeholders.

ANGLO AMERICAN'S COMMITMENTS TO ITS MAIN STAKEHOLDERS


STAKEHOLDER	STAKEHOLDER COMMITMENT	HIGHLIGHTS OF THE 2012 SURVEY
Investors	<p>We will ensure full compliance with relevant laws and rules.</p> <p>We will observe high standards of corporate governance and are committed to transparency and fair dealing.</p>	As of August 2012, the new shareholders of Anglo American Sur S.A. agreed that their relationship would be governed by a shareholders' agreement that prevails over the provisions of the company's articles of association. ²¹
Employees	We are committed to the safety of our employees and to treating them with care and respect. We will invest in their development and ensuring that their careers are not constrained by discrimination or other arbitrary barriers to advancement. We recognise the importance of family life and of allowing our employees to achieve a satisfactory work-life balance. We will deal honestly, and maintain regular two-way communication with our workforce.	<p>The workforce planning tool was put in place to attract new talent.</p> <p>The People Way project was launched, whose aim is to promote the individual management of employee career development.²²</p>
Governmental bodies	We will comply with the laws of our host countries whilst observing, across our activities, the best practice standards developed by the leading inter-governmental organisations. We aim to be an investor and partner of choice.	The company started an inventory and map of compliance with governmental bodies.

²¹ Further details about this issue can be found in the Governance section.


²² Further details about this issue can be found in the Attracting and retaining talent section.

ANGLO AMERICAN'S COMMITMENTS TO ITS MAIN STAKEHOLDERS

STAKEHOLDER	STAKEHOLDER COMMITMENT	HIGHLIGHTS OF THE 2012 SURVEY
Communities	We aim to create and maintain strong and respectful relationships with the communities of which we are a part. We will seek regular engagement about issues that may affect them. We aim to contribute to the creation of more prosperous, empowered and adaptable communities. We will regularly assess our operations' impact upon local social and economic development and report upon it. We will provide local mechanisms for the consideration and resolution of complaints and grievances in a fair, timely and accessible manner.	<p>The SEAT tool was applied, which helps the community engagement planning process to contribute more effectively and sustainably to its development objectives.</p> <p>The Quellaveco project successfully completed a roundtable discussion with the community²³.</p>
Business partners	We seek mutually beneficial relationships with our customers, contractors, suppliers and other business partners, based on fair and ethical practices, including prompt payment within the negotiated terms. We require our supply chain to strive to meet the standards set out in these principles.	<p>One of the highlights in 2012 was the inclusion of social management requirements in the Contractor Conduct Protocol, which must be signed with the contract vouching for commitment.</p> <p>Work was done to implement an action plan to secure <i>ProPyme</i>²⁴ (Pro SME) Seal certification to guarantee better conditions for smaller companies in the country.</p> <p>The local procurement strategy was created and a set of tools was launched that bolsters the implementation of the policy at all operations.</p>
Non-governmental organisations	<p>Civil society can play a crucial role in promoting pluralistic and more adaptable societies.</p> <p>We aim for constructive relations with relevant non-governmental organisations. Their input may improve our understanding of society and of host communities.</p>	In 2012, Anglo American adhered to the Global Compact in Chile. ²⁵

 ²³ Further details about this issue can be found in the Growing with our neighbours section.

 ²⁴ www.sellopropyme.gob.cl

 ²⁵ Further details about this issue can be found in the human rights and labour practices section.



BEING THE INVESTMENT OF CHOICE

MORE THAN A GOOD BUSINESS





One of the large changes for the company in 2012 was the entry of a joint venture between Codelco and Mitsui controlled by Codelco as a new shareholder of Anglo American Sur S.A.



\$1.177
billion



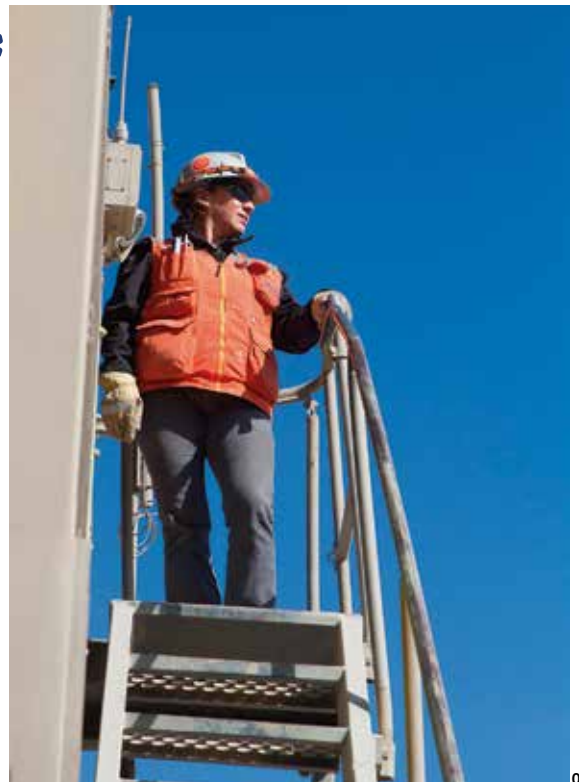
UNDERLYING EARNINGS OF ANGLO
AMERICAN'S COPPER BUSINESS UNIT IN
2012.



01

01 Operations in Chile are organised based on two closely-held and operative corporations.

02 The Business Integrity Policy was reinforced with training programmes in Chile and Peru.



02

Being the investment of choice

284



SUPERVISORS TRAINED IN
THE COMPANY'S BUSINESS
INTEGRITY POLICY.

GOVERNANCE

Integrity and risk management are core factors of Anglo American's corporate governance model.

For Anglo American, good corporate governance is a key factor in protecting the company's interests by making the right decisions. In addition to a statement of values and principles, Anglo American has a structure and procedures to incorporate the lessons learned and manage the efficient use of resources transparently.

The special emphasis in 2012 was on aligning all the areas of the organisation, underpinned by values and business ethics, its policies, approval manuals, delegation guidelines, procedures and quality standards. Work was focused on four main issues:

- Corporate governance
- Control environment
- Risk management
- Statutory and regulatory compliance

CORPORATE GOVERNANCE

One of the large changes for the company in 2012 was the entry of a joint venture between Codelco and Mitsui controlled by Codelco as a new shareholder of Anglo American Sur S.A. In August, Anglo American and Corporación Nacional del Cobre de Chile (Codelco) announced the agreement reached for Codelco to enter the company.

The arrival of new shareholders has meant their participation in the shareholders' meeting of Anglo American Sur S.A. and the appointment of an incumbent director and his respective deputy, with the board of directors comprising five members. On 24 August 2012, the shareholders signed an agreement providing a clear management framework. This agreement confirms that Anglo American maintains control of the company and provides representation on the board and participation in certain decisions to the Codelco/Mitsui joint venture and to Mitsubishi.

Anglo American maintains control of Anglo American Sur S.A., but its interest is reduced from 75.5% to 50.1%. The Codelco and Mitsui joint venture, controlled by Codelco, gained a 29.5% interest in Anglo American Sur S.A. by means of the following two transactions:

- A 24.5% interest in Anglo American Sur S.A. for a net total of \$1.7 billion, equivalent to \$1.8 billion, adjusted to consider the dividends paid to shareholders as of 1 January 2012.
- A 5% interest in Anglo American Sur S.A. (comprising a 0.9% interest of Anglo American and 4.1% of Mitsubishi) for a net total of \$1.1 billion. This transaction reduced Mitsubishi's interest in Anglo American Sur S.A. to 20.4%.



Legal form

Operations in Chile are organised into two closely-held and operating corporations: Anglo American Norte S.A., which owns the operations of Mantos Blancos and Mantoverde; and Anglo American Sur S.A., which is the owner of the Los Bronces, El Soldado and Chagres operations. There is also the limited partnership Anglo American Chile Ltda, which provides administration services to the operative companies. Its only partners are Anglo American Sur S.A. with a 70% shareholding and Anglo American Norte S.A. with 30%.

The shareholders of Anglo American Sur S.A. for the year ended 31 December 2012 were: Inversiones Anglo American Sur S.A. with a 50.06% shareholding, Clarent SARL with 0.000081%, MC Resource Development Ltd. with 20.44%, and Inversiones Mineras Becrux SpA with 29.50%.

Anglo American Norte S.A. has 57 minority shareholders, who have a 0.02% shareholding. For the year ended 31 December 2012, the majority shareholder was Inversiones Anglo American Norte S.A. with a 99.975% shareholding.

The legal form of the projects in Peru is as follows: the Quellaveco project is owned by Anglo American Quellaveco S.A., and its shareholders are Anglo American Quellaveco SARL with an 81.9% shareholding, MCQ Cooper Ltd. with 18.1026%, and Inversiones Anglo American Norte S.A. with 0.000000015%.

The Michiquillay project is owned by Anglo American Michiquillay S.A., whose majority shareholder is Anglo American Michiquillay Perú SARL with a 99.999% shareholding, and Anglo American Exploration Luxembourg with 0.000079%.

i ²⁶ Registered in a public deed dated 20.12.2012 of the Notary P. Raby and recorded in the Commerce Registry on sheet 2.008 N°1.259 of 2013.

²⁷ Deloitte was the auditor in 2012. The financial statements are sent to the Superintendency of Securities and Insurance (SVS) every quarter, in accordance with its regulation on the specific mining tax.

MANAGEMENT

The management of Anglo American Sur S.A. is vested in a board comprising five incumbent directors and five deputy directors. The following directors were elected in an Extraordinary General Shareholders' Meeting held on 24 August 2012 for a term ending in April 2015:

INCUMBENT DIRECTORS	DEPUTY DIRECTORS
John MacKenzie	Lorenzo Menéndez Pagliotti
Felipe Purcell Douds	Alejandro Mena Frau
Brian Beamish (Chairman)	Marcelo Glavic Ferrada
Norikazu Tanaka	Tatsuro Sako
Thomas Keller Lippold	Gerhard von Borries Harms

Juan Carlos Román Yáñez was appointed the general manager of Anglo American Sur S.A., who was designated in a board meeting held on 30 October 2012.²⁶

Anglo American Norte S.A.'s board was elected for a three-year term in an Ordinary General Shareholders' Meeting of the company held on 28 April 2011 and is made up of the following directors:

INCUMBENT DIRECTORS	DEPUTY DIRECTORS
Miguel Ángel Durán Vergara* (Chairman)	Marcelo Glavic Ferrada
Alejandro Mena Frau	Lorenzo Menéndez Pagliotti
Felipe Purcell Douds	Ignacio Quiñones Sotomayor

*On 4 January 2013, Miguel Ángel Durán presented his resignation as director and chairman of the company.

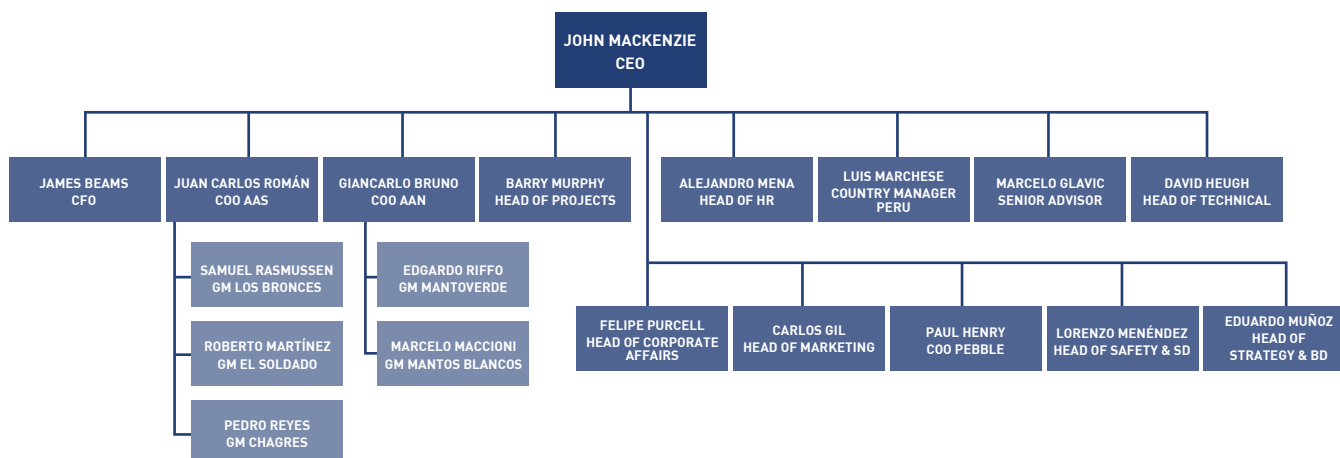
Giancarlo Bruno is the general manager of Anglo American Norte S.A.

Both boards operate in accordance with the current regulation and what is laid down in their respective articles of association. According to what was agreed on by both Shareholders' Meetings, the directors are unpaid and there are no directors' committees as they are closely-held corporations. Their decisions and all the current company principles and policies are based on the Good Citizenship Business Principles, which also includes strictly complying with current legislation in the case of a conflict of interests of one or more directors.

All the companies draw up full accounting, an annual report, balance sheet and financial statements, which are reviewed by external auditors each year²⁷.

Governance structure as of December 2012

The following is the governance structure of Anglo American's Copper business unit:

**CONTROL ENVIRONMENT**

The internal control and compliance management must manage activities to control, manage and guide conduct and action within the organisation. It must formalise guides and manuals which establish responsibilities and approval levels for the different positions and assure compliance with the quality standards.

To such end, in 2012 planning started on a series of activities aimed at exercising greater inspection of the contract management processes to avoid risks and improve the company's financial performance. The project includes defining roles and responsibilities, and a dissemination and training process that will be put in place in 2013.

RISK MANAGEMENT

In 2012, workshops were completed on the strategy risk, life of mine (LOM)²⁸ of mine sites, projects and key business processes. The company also executed an integrated risk management schedule, based on the new internal standard called GTS 2²⁹, whose aim is to undertake a risk inventory at process level and perform advanced management of them. The work process entailed the following stages:

1. Assess the potential risks at each of the operations of the Copper business unit and establish mitigating measures and recovery protocols.
2. Appoint the people in charge of managing the risks identified at operations in Chile and in projects in Peru
3. Train each of the people in charge.
4. Create a general work programme for next year.

The challenge in 2013 will be to comply with the risk plan approved by the Risk and Audit Committee, and disseminate the new standard at all operations, carrying out the action plans to eliminate the current gaps and continually minimise operating risks.

i ²⁸ Life of mine is the planning and number of years the operation intends to mine ore.

²⁹ Anglo American has developed business continuity management and the GTS 2 integrated risk management standard to integrate risk management to all its operations.

28

ALERTS WERE RECEIVED BY SPEAKUP

Anglo American implemented a complete training plan in 2012 to assure statutory compliance and conduct in line with its Business Integrity Policy.

STATUTORY AND REGULATORY COMPLIANCE

In 2012, training was given to 284 supervisors in Chile and in the Peruvian cities of Lima and Cajamarca on issues regarding the Business Integrity Policy. Furthermore, to reinforce the content and the lessons learned by those who attended in-person courses in previous years, an online course was designed which ends with a test 80% of which must be answered to pass. Over 300 people took this course.

During the year, six employees were dismissed in Chile for breaching the Integrity Policy and the Code of Conduct. Likewise, commercial relations were terminated with a contractor company for the same reason. Regarding the independently managed SpeakUp³⁰ facility, 25 alerts were received in Chile and 3 in Peru on possible breaches of the Good Citizenship Business Principles.

BUSINESS INTEGRITY POLICY

This policy sets out the standards of conduct required at every level of Anglo American, including our subsidiaries, joint ventures and associates, in combating corrupt behaviour of all types. It also sets out the requirements of those with whom we do business and those who work on our behalf.

The prevention model adopted covers the following areas:

- A. Gifts, entertainment and hospitality
- B. Conflicts of interest
- C. Facilitation payments
- D. Use of company assets
- E. Political donations
- F. Interaction with government officials and lobbying
- G. Charitable donations
- H. Social and community investment and enterprise development activities
- I. Sponsorships
- J. Retention and payment of intermediaries
- K. Mergers, acquisitions, joint ventures and associates.

Law on the criminal liability of bodies corporate

In 2012, the company started to implement the offence prevention model laid down in Law 20.393 in Chile. Throughout the year the company continually reviewed the tools and supporting documentation to attain its maturity and have a robust and transversal model for the operative companies of Anglo American Sur, Anglo American Norte and Anglo American Chile. The challenge for 2013 is to secure certification by an external company.

It is important to highlight that the Business Integrity Policy and the Law on the criminal liability of bodies corporate are issues included in the company's induction processes. In 2012, more than 700 employees were trained on this matter.

ANTI-TRUST COMPLIANCE

Anglo American Chile has an anti-trust compliance programme, which is based on the policy and manual drawn up by the company, and the aim is to prevent any anticompetitive conduct in the activities of all its operations. A total of 98 key people in the organisation participated in the anti-trust compliance programme in 2012 and signed the annual self-certification letter on this issue.

ECONOMIC PERFORMANCE

Anglo American aims to be the investment of choice, striving to maximise its production in accordance with high quality standards. It seeks to create value with responsible social and environmental management and make a contribution to the sustainable development of its surroundings.

In 2012, the company generated earnings³¹ of \$1.177 billion, a 37% year-on-year decrease. That was due to a lower average copper³² price in international markets and higher operating costs.

The economic value distributed was \$5.576 billion in 2012.

OPERATING AND FINANCIAL OVERVIEW* (given in \$ million)

	2010	2011	2012
Anglo American's revenue	3,148	3,456	4,120
Collahuasi's revenue (44%)	1,729	1,688	1,002
Total revenue (1)	4,877	5,144	5,122
Anglo American's income tax	269	284	298
Anglo American's income tax (capital gain)			1,015
Anglo American's mining royalty	67	60	56
Collahuasi's income tax (44%)	160	184	2
Collahuasi's mining royalty (44%)	65	61	6
Profit remittance tax paid	440	177	105
Other corporate tax	43	47	38
Other tax collected	62	130	101
Other tax collected in Peru	3	6	0
Total tax	1,109	950	1,621
Anglo American's earnings	1,433	1,223	1,124
Collahuasi's earnings (44%)	889	703	182
Project earnings (Peru and the United States)	-65	-43	-129
Total earnings	2,257	1,883	1,177
Anglo American's fine copper production (tonnes)	401,515	399,512	533,578
Collahuasi's fine copper production (44%) (tonnes)	221,779	199,445	124,122
Total fine copper production (tonnes)	623,294	598,957	659,700
C1 average unit cost (\$/lb) (2)	1.11	1.47	1.79

* This table includes the income tax paid for the capital gain from the sale of an interest in Anglo American Sur S.A., whose revenue was stated in reserves in net shareholders' equity.

(1) Only includes operating revenue.

(2) C1 Cost: mine costs, plant costs, overheads; smelting, refining and freight costs.

³¹ Earnings after income tax.

³² The average copper price was 361 (c/lb) in 2012, 9.8% lower than in 2011.

The copper price increased 343 cents per pound (c/lb) to 387 c/lb in the first few months of 2012. Nevertheless, in the second half of the year the global economic outlook due to the crisis in Europe slowed down China's economic growth, reducing the copper price. The price then recovered and closed the year at 359 c/lb. The average price in the year was therefore 361 c/lb, which was a 9.8% year-on-year decrease.

The economic value generated by Anglo American's Copper business unit in 2012 was \$5.130 billion, and the economic value distributed amounted to \$5.576 billion. That was 16% up on 2011, mainly because of an increase in the payment to the government and payment to providers of capital items.

It should be clarified that capital gains tax generated from selling shares in Anglo American Sur to Mitsubishi in 2011 was paid in 2012.

ECONOMIC VALUE GENERATED AND DISTRIBUTED* (Given in \$ million)

	2010	2011	2012
A) Revenue (1)			
Gross sales	4,877	5,144	5,122
Net income from financial investments	3	76	3
Net income from sale of fixed assets and others	18	68	5
Economic value generated	4,898	5,288	5,130
B1) Operating costs	1,383	2,297	2,343
B2) Payment to contractors	323	408	588
C) Employee salaries and benefits (2)	237	377	440
D) Payment to providers of capital (3)	2,116	761	1,571
E) Payment to the government (4)	1,109	950	606
F) Investment in the community (5)	23	24	28
Economic value distributed	5,191	4,817	5,576
Economic value withheld	(293)	471	(446)

Excludes the capital gain obtained from selling shares in Anglo American Sur and the tax paid for that operation.

(1) Only includes operating revenue.

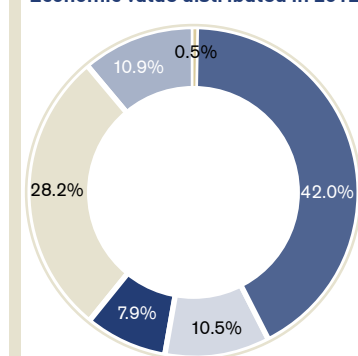
(2) Excludes training as an employee benefit.

(3) Considers the interest paid on loans received, minority interest (paid to minority shareholders) and dividends paid (majority shareholders).

(4) See the tax table in the operating and financial overview.

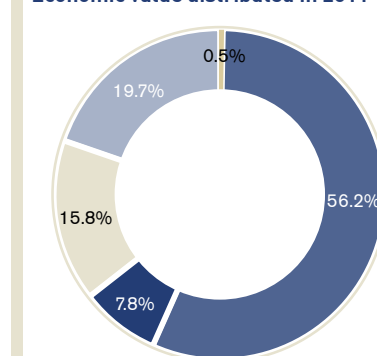
(5) This is the total social investment and commercial initiatives in the community by Anglo American in Chile + Collahuasi + Quellaveco Exploration in Peru + Michiquillay + Pebble.

Economic value distributed in 2012



Operating costs
Payments to contractors
Employee salaries and benefits
Payments to providers of capital
Payment to the government
Investment in the community

Economic value distributed in 2011



Operating costs
Employee salaries and benefits
Payments to providers of capital
Payment to the government
Investment in the community

01 Mobile leaching
heaps at Mantoverde

The environmental investment and expenses of the five operations managed by Anglo American's Copper business unit amounted to \$53 million, broken down as shown in the table below:

ENVIRONMENTAL INVESTMENT AND EXPENSES (\$ thousand)

Operation	Expenses	Investment
Los Bronces	20,762	14,737
El Soldado	4,193	867
Chagres	579	7,920
Mantos Blancos	2,172	893
Mantoverde	631	843
Total	28,337	25,260

PAYMENTS TO AND FROM GOVERNMENTS

Tax revenues generated from the company's activities form an important element of economic contribution to the communities and countries in which it operates. This is reflected in its approach to tax affairs and is framed by Anglo American's tax strategy, by the principles of transparency and the nature of its approach to engagement with its stakeholders.³³

The mining industry operates in an increasingly financially constrained world. Mining is a high-risk, long-term business and the capital investment and commitment Anglo American makes to host countries reflect that. Governments recognise that their countries exist in this globally competitive environment, competing for new long-term investment. There is a need to balance the risks and rewards of responsible investment and the development of non-renewable resources. For the industry, this means balancing high-risk, long-term capital investment with likely future returns. For government, it means balancing the need to raise tax revenues with a competitive, attractive tax regime and other objectives such as creating employment and poverty alleviation.

That balance relies on the capacity of governments to administer the tax regime and governance once those revenues have been collected. There are various initiatives aimed at strengthening tax governance and transparency, which is the case of the Extractive Industries Transparency Initiative (EITI)³⁴, of which Anglo American is a founder member, and considers that ideas like these are fundamental to ensuring that communities benefit from the significant value generated by companies like Anglo American.

Part of the socio-economic impact generated by the company leads to the payment of income tax, the specific mining tax and the tax it pays for employees and suppliers.³⁵

Payments to the company by the Chilean government are mainly: the training grant of the National Training and Employment Department (SENCE)³⁶ and some tax relief related to donations.

FINANCIAL ASSISTANCE RECEIVED FROM THE GOVERNMENT (given in \$ thousand)

Tax credits and rebates	2010	2011	2012
SENCE	1,090	1,377	1,846
Credit and donations	3,327	2,278	3,051
Mining licence, credit against PPM ³⁷	81	114	125
6% fixed asset credit	97	92	126
Total	4,595	3,861	5,148

³³ Further information about Anglo American's approach to tax can be found in the Anglo American Sustainable Development Report www.angloamerican.com

³⁴ www.eitransparency.org. EITI aims to strengthen the governance of companies by means of greater transparency and reporting in the extractive industry sector.

³⁵ Income tax, tax withheld from employees, fiscal debit (VAT).

³⁶ www.sence.cl

³⁷ Provisional monthly tax payments.

INVESTMENT EXPENDITURE

\$996
million

INCREASE IN ECONOMIC VALUE DISTRIBUTED ON 2011

16%

INVESTMENTS

Anglo American's Copper business unit invested \$996 million in 2012. This figure includes the financing needed to maintain current operations and that related to the different expansion projects, including that corresponding to its interest in Collahuasi.

The stay-in-business investment amounted to \$445 million, a 45% year-on-year increase.

One of the project highlights in 2012 was the start of construction of the Mantoverde desalination plant, which will supply the operation with desalinated seawater.

INVESTMENT IN STAY-IN-BUSINESS PROJECTS (given in \$ million)

	2010	2011	2012
Los Bronces	101	185	204
Mantos Blancos	19	48	86
Mantoverde	12	24	84
El Soldado	17	39	53
Chagres	7	8	12
Head office in Chile	3	5	6
Total	159	309	445



01 The Mantoverde desalination plant will be commissioned in 2013.

The main expansion projects are:

EXPANSION PROJECTS (given in \$ million)

Country	Project	Description	Investment amount
Chile	Mantoverde sulphides	The objective is to extend the life of Mantoverde beyond the current life of mine (LOM) with open-cut mining and treatment of the sulphides underlying the oxide mineralisation, currently treated by SX-EW ³⁸ , by means of a flotation/concentration process.	Under study.
Chile	Collahuasi Phase III	The objective is to expand fine copper production by adding new grinding lines, which will raise the plant treatment capacity. The mine extraction rate and all the operation-related infrastructure will also be increased.	Under study.

³⁸ Solvent extraction and electrowinning.



Anglo American aims to be the employer of choice, underpinned by the ability to attract and develop talent with appealing job offerings; to provide a safe and healthy workplace, where it complies with the regulations, business ethics and a culture in which recognition is given for objective performance.



01



02



03

197,359

MAN-HOURS OF HEALTH AND
SAFETY TRAINING IN 2012



01 Safety is the most prized value by Anglo American's employees. Safety Day was therefore established as of 2012.

02 Workers at the Quellaveco project in Peru.

03 Operator Javier Miranda examines the leaching fields at El Soldado.



Anglo American's main objective is to achieve the goal of zero harm to people.

Anglo American has a safety and occupational health management structure, whose pillars are the Anglo American safety principles and the standards of the Anglo American Safety Way³⁹ and the Anglo American Health Way, which establish 12 standards and 142 requirements that are rigorously put in place and permanently monitored at all the company's operations.

MANAGEMENT FOCUS IN 2012

The safety and occupational health management, which reports to the vice-presidency of safety and sustainable development and depends directly on the Copper business unit CEO, is in charge of driving all the guidelines, principles, procedures and meeting safety and occupational health targets.

The safety management focus in 2012, besides the ongoing work to achieve the strategic goal of attaining zero harm to people, was on:

- Putting the noise and dust standards in place.
 - Making progress with applying the risk and change management (RCM) system.
 - Finalising the Anglo American safety improvement plan (SIP).
 - Enhancing the learning from incidents (LFI) programme.
 - Reinforcing the visible felt leadership (VFL) programme.
- b.** Progress with the development of the Risk and Change Management (RCM) system: the RCM system launched in 2010 aims, among other objectives, to standardise the risk analysis and management methodology at all operations and levels. An application level of 79% was attained in 2012, exceeding the target set of 74% in the year.
- a.** Occupational health standards: large progress was made with putting the noise and dust standards in place, which included a broad training programme for company employees and contractors, monitoring sources, control of agents at sources, and lastly providing personal protective equipment.
- c.** Anglo American Safety Improvement Plan (SIP): this plan, based on seven pillars, aims to make progress with safety issues according to the organisation's maturity model⁴⁰. The focus in 2012 was on making progress towards the final phase with contributions from different functions.

³⁹ <http://www.investis.com/aa/docs/TheAngloSafetyWay.pdf>

⁴⁰ See the Sustainable Development Report 2010 for further details of the plan.

01 Safety Day was established in 2012 and celebrated at all the company's operations.

- d. Enhancement of the LFI programme: this programme provides the methodology to investigate, analyse and change behaviour from studying incidents. The methodology has three main pillars: notification, investigation and learning, and they are all focused on preventing repeat accidents and eliminating incidents with the highest loss potential. In 2012, we worked on improving the quality of the investigation of the causes of accidents and designing action plans to prevent repeat incidents.

The Copper business unit includes its contractor companies in the achievement of safety targets.

- e. Reinforcement of the VFL programme: the VFL methodology requires managers and superintendents to spend a certain number of hours each month physically on site with personal contact with employees and reinforcing their positive safety behaviour. In 2012, we worked on sharpening supervisor safety leadership skills and abilities. By the end of the year, there had been 37,497 personal interactions with 38,436 man-hours devoted to this.

- f. Integrated Management System: Los Bronces, El Soldado, Mantoverde, Mantos Blancos and Chagres completed their respective processes to maintain or recertify their integrated health, environmental and safety management systems (OHSAS 18001 and ISO 14001).

SAFETY DAY

To reaffirm its commitment to safety, in 2012 Anglo American decided to institutionalise Safety Day. This was celebrated at all operations and projects, with the participation of all executives, who had safety reflection meetings with employees onsite, listening to their ideas of continuing to improve to achieve zero harm. This event, attended by all the employees of each operation, of projects and the corporate office, ended with the symbolic signing of the commitment: "safety starts with me."



SAFETY PERFORMANCE

In 2012, Anglo American's Copper business unit had a lost-time injury frequency rate of 0.20 per 200,000 man-hours worked, against 0.19 in 2011. The total recordable injury frequency rate dropped from 0.65 in 2011 to 0.61 in 2012. It should be

highlighted that at the operations and projects managed by the company there were no fatal incidents in the year, and that safety efforts will continue until the goal of zero harm is achieved, which is the only acceptable outcome.

SAFETY PERFORMANCE INDICATORS*

	2010	2011	2012
Total recordable injury frequency rate (TRIFR)	0.71	0.65	0.61
Lost-time injury frequency rate (LTIFR) (1)	0.25	0.19	0.20
Lost-time injury severity rate (LTISR) (2)	148	116	119
Days lost	3,844	3,163	2,134
Man-hours of health and safety training	102,727	94,204	197,359

* Include the operations and projects of the entire Copper business unit.
(1) LTIFR: lost-time accidents per 200,000 man-hours worked.
(2) LTISR: number of hours of work lost per 200,000 man-hours worked.

Anglo American includes its contractor companies in the achievement of the safety, occupational health and risk management targets. The customary quarterly meetings were held in 2012 to share safety management issues, which support the systematic work of

contractor employee alignment and adherence to the company's standards. Likewise, the annual awards ceremony was held for contractor companies with outstanding safety performance in the year.

OCCUPATIONAL HEALTH PERFORMANCE

Anglo American has a management structure and a set of standards called the Anglo American Occupational Health Way⁴¹.

Achieving the objective is underpinned by three core principles:

- All occupational diseases are preventable.
- Learning from the monitoring of exposure and surveillance of disease incidence and using this information to prevent the occurrence of occupational disease.
- Consistent application of common, simple and non-negotiable occupational health standards throughout the Group.

In 2012, management in this area was focused on applying the noise and dust standards, attaining an implementation level of 85% and 83%, respectively, with the focus on the control of sources. Concerning the fatigue standard (GTS24), the “Fighting against fatigue” campaign was launched at all operations to reduce transportation-related incidents. Self-evaluations and implementation audits are planned to be rolled out at all operations in 2013.

We also worked on a comprehensive onsite health programme, which included medical screening, a healthy diet plan, exercise in the workplace and ergonomics, among other aspects.

Joint management-worker committees

The Copper business unit has 11 joint management-worker hygiene and safety committees, eight in Chile and three in Peru. Company and worker representatives participate in all of them with the aim of detecting and assessing accident and occupational disease risks in their area of influence pursuant to current legislation. They represent all the workers.

In 2012, these committees supported the campaigns to put noise, dust and fatigue standards in place, and participated in the III Joint Management-Worker Committee Forum, held at El Soldado in October, in which experiences and learning about outstanding safety practice were shared.



⁴¹ <http://www.angloamerican.com/development/approach-and-policies/policies-standards-commitments/safety-and-health>.

ATTRACTING AND RETAINING TALENT

In modern mining, having the best people and teams of excellence is a tough challenge due to the specialisation required by the business and the growth of the industry worldwide, which has led to high demand for employees. In this scenario, Anglo American aims to be the employer of choice with the ability to attract and develop talent with an appealing job offering; provide a safe and healthy workplace where it complies with the regulations, business ethics and a culture in which recognition is given for objective performance.

MANAGEMENT FOCUS IN 2012

The vice-presidency of human resources is accountable for putting Anglo American's policies in place and the development of people, their performance management and training, a good working environment, labour relations, development and adherence to the company's values, negotiating collective agreements and administration of benefits, and fostering a culture of effectiveness and performance.

During the year, management was focused on attracting and retaining talent, consolidating the performance management model, the collective bargaining process with workers and the certification of the trades of all its contractors; all with the aim of strengthening the organisation to achieve its targets.

The main challenge is still to retain talent due to the high turnover rate in the company and mining industry in general. Regarding this, it should be highlighted that as of 2010 the annual turnover rate in the mining industry in Chile has been over 10%, double the rate of a decade ago.

EMPLOYMENT

In 2012, there was still a tight market for professionals and technicians, caused by the favourable socio-economic conditions in the region in which Anglo American's Copper business unit operates. In particular, Chile has had the lowest unemployment rate in the last 15 years, which was 6% at the close of 2012, and puts it in a situation close to full employment. To design effective attraction and retention plans, the company put the Workforce Planning tool in place, which plans the workforce needs for the critical and scarce disciplines at all its operations worldwide. The aim of this is to reduce the risk of not having the professionals needed in key areas of the business and to coordinate the management areas related to the recruitment and development of people.

The main result of its implementation in 2012 was the design of action plans focused on the critical and scarce disciplines defined as having a shortage of people. It is forecasted that the tool will be periodically developed and integrated to the company's human resource processes to attain planning of needs for the next 10 years.

At the close of 2012, Anglo American's Copper business unit had a workforce of 13,145 people, comprising 4,216 company employees, 6,384 operations contractors and 2,545 project contractors

EMPLOYMENT GENERATED (for the year ended 31 December 2012)

	2010	2011	2012
Operations in Chile and Santiago office	6,425	7,582	12,073
Los Bronces development project (1)	9,846	1,927	0
Projects and office in Peru	635	680	1,072
Total	16,906	10,189	13,145

(1) Due to the start-up of the Los Bronces Development Project, the workforce of this project was added to the figure of operations in Chile and the Santiago office in 2012.

EMPLOYMENT BY DEPENDENCE

	2010	2011	2012
Company employees	3,206	3,656	4,216
Operations contractors	2,580	3,710	6,384
Project contractors	11,120	2,823	2,545
Total workforce	16,906	10,189	13,145

Operation	2010			2011			2012		
	Company employees	Operations contractors	Project contractors	Company employees	Operations contractors	Project contractors	Company employees	Operations contractors	Project contractors
Los Bronces	948	685	569	1,342	1,404	265	1,579	2,977	714
El Soldado	716	438	265	793	523	20	902	848	166
Mantos Blancos	431	808	37	450	1,093	52	539	1,513	151
Mantoverde	338	440	86	364	465	94	400	684	506
Chagres	304	130	9	315	127	8	347	272	132
Los Bronces Development Project	173	-	9,673	38	-	1,889	-	-	-
Santiago	134	79	8	164	98	5	242	90	11
Lima	38	-	10	38	-	10	35	-	10
Michiquillay	48	-	95	83	-	285	75	-	596
Quellaveco	76	-	368	69	-	195	97	-	259
TOTAL EMPLOYEES BY DEPENDENCE	3,206	2,580	11,120	3,656	3,710	2,823	4,216	6,384	2,545
TOTAL WORKFORCE	16,906			10,189			13,145		

EMPLOYMENT BY TIER AND TYPE OF CONTRACT

	2011		2012	
	Indefinite	Fixed-term	Indefinite	Fixed-term
Supervisors	782	41	948	13
Employees	2,580	253	2,926	164
Apprentices, thesis students and professional practice (1)	-	-	-	165

(1) As of 2012, apprentices, thesis students and professional practice were added to the company employee workforce calculation.

EMPLOYEE TURNOVER AS AN AVERAGE PERCENTAGE OF ANGLO AMERICAN'S COPPER BUSINESS UNIT IN 2012

	Turnover in 2011	Turnover in 2012
By tier:		
Supervisors	16%	14.2%
Employees	4%	6.1%
By age:		
30 years or younger	6%	9.5%
30 to 50 years	7%	8.4%
Older than 50 years	4%	5.3%
By gender:		
Male	5%	7.1%
Female	12%	15%
By country:		
Chile	5%	6%
Peru	26%	43.2%
Annual average	6%	7.9%

Employee turnover = percentage of employees who have left the company in a given year (employees who have left / employees at the end of the previous year * 100). This excludes employees who have retired or died.

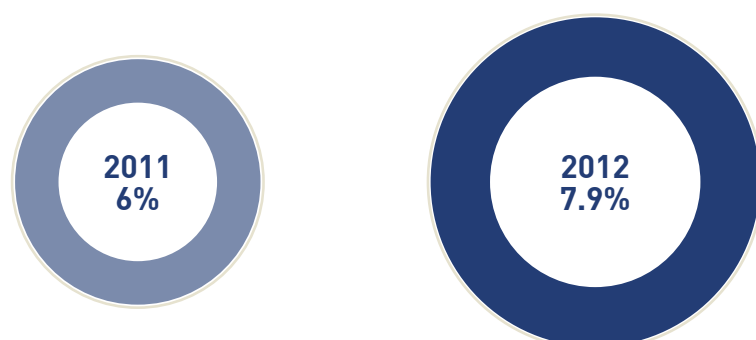
CREATION OF THE MINING COMPETENCIES COUNCIL

It is estimated that the mining industry in Chile will require over 45,000 new employees from 2012 to 2020⁴². To collectively and co-ordinately address the necessary adjustment between the demand of the mining labour market and the offer of training, Anglo American and nine other large mining companies⁴³ signed a protocol of agreement to create the Mining Competencies Council (CCM), which will be developed under the management of the Mining Council⁴⁴.

The objectives of the CCM include providing quality information on the human capital demand in the Chilean mining industry, defining the requirements of each profile and academic curriculum proposed for training, and establishing the bases and quality standards to secure certification.



ANNUAL AVERAGE EMPLOYEE TURNOVER 2011-2012



⁴² Based on a report by Fundación Chile made in 2012.

⁴³ The participant companies are: Anglo American, Antofagasta Minerals, Barrick, BHP Billiton, Codelco, Kinross, Lumina Copper, TECK, Xstrata and Yamana Gold.

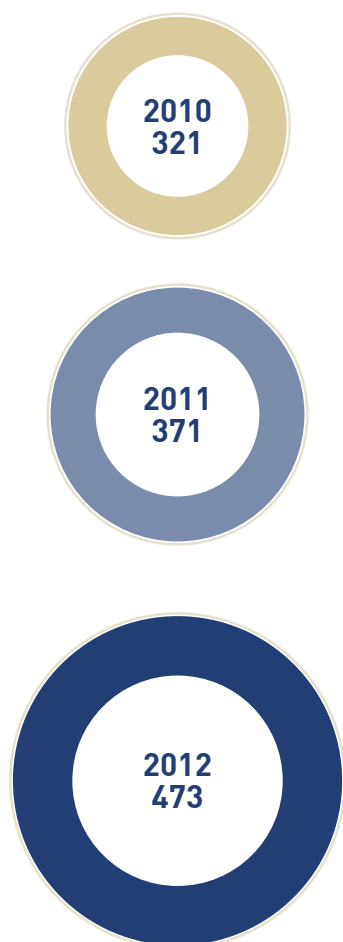
⁴⁴ www.consejominero.cl

PROGRAMMES FOR TALENTED YOUNGSTERS

In 2012, the Copper business unit redefined its strategy for attracting talented youngsters, and it therefore redesigned its professional practice, thesis student, undergraduate and graduate programmes to integrate them to one single strategy for attracting young professionals and technicians, aligned with the workforce planning tool.

The company also decided to step up efforts in this area, increasing the places available for students and youngsters in general. 473 youngsters completed these programmes in 2012, giving a total of 1,165 beneficiaries of this initiative in the last three years.

Nº OF YOUNGSTERS ON TALENT⁴⁵ ATTRACTION PROGRAMMES 2010-2012



PROGRAMMES FOR TALENTED YOUNGSTERS

Programme	2010			2011			2012		
	M	F	Total	M	F	Total	M	F	Total
Graduates (ex trainee)	12	2	14	9	3	12	22	8	30
Undergraduates (former thesis students)	37	7	44	32	14	46	33	14	47
Apprentices	68	59	127	72	58	130	121	104	225
Professional practice	113	23	136	136	47	183	120	51	171
Total	230	91	321	249	122	371	296	177	473

PROFESSIONAL DEVELOPMENT

To assure the continual development of the company's people and teams, in 2012 Anglo American's Copper business unit worked to consolidate the People Development Way competencies framework, focusing on defining individual and efficient objectives aligned with the business goals, the incorporation of values and the establishment of a challenging and realistic development plan.

Training workshops were held for supervisors on the different stages of the process: performance planning, half-yearly review, year-end review and calibration. This action helped to give the model greater transparency and alignment with Anglo American's values.

The People Ways project was also launched in the year, which entails fostering technical competency frameworks for each discipline of Anglo American, complementing the already existing People Development Way, which outlines a common behavioural framework for all supervisors.

This project is focused on promoting individual career management. Moreover, it is a tool for attracting, retaining and developing employees, as it helps to understand the diverse professional opportunities there are in the company.

In 2012, the Copper business unit created the technical competency framework for the finance, supply chain and human resources areas, among others⁴⁶. In 2013, the aim is to implement the programme for the mining, engineering, metallurgy, geology and exploration, and project management disciplines.

⁴⁵ This includes graduate, undergraduate, apprentice and professional practice programmes.

⁴⁶ The Finance People Way, The Supply Chain People Way, The HR People Way, The GSS People Way, The IM People Way, the SSD People Way.

TRAINING

The training processes established by the organisation are aligned with the commitment of investing in the growth of its employees to make sure their careers are not restrained by the demands of the business itself. In 2012, besides executing the permanent training programmes, a corporate induction process was held for all the new supervisors who have joined the company to accelerate their integration. It should be highlighted that induction was adapted to each country to meet local business and regulatory needs.

M-H OF TRAINING FOR OPERATIONS BY TIER			
Year	Supervisors	Employees	Total
2010	29,633	70,437	100,078
2011	31,979	143,982	175,961
2012	35,107	98,092	133,199

M-H OF TRAINING FOR OPERATIONS BY GENDER			
Year	Male	Female	Total
2010	90,599	9,479	100,078
2011	155,902	20,059	175,961
2012	113,813	19,386	133,199

In the area of permanent training programmes for operations in Chile, 133,199 man-hours of training were given in 2012. The drop in hours compared to 2011 was mainly due to a greater focus of training programmes and more efficient use of the time and economic resources available.

01 In 2012 there were modifications to the benefits provided by the company, helping to enhance the wellness and family-work balance areas.

LABOUR BENEFITS

Anglo American has taken measures that help to give its employees a better quality of life, focused on wellness and a family-work balance. In 2012, some modifications were made to the benefits package provided by the company, highlighting the following:

- Increase in the contribution to the pension fund system to improve the future conditions of supervisors of Anglo American in Chile.
- Flexibilisation of the additional contribution for employees younger than 35 years (who can now choose between a pension fund company (AFP) or remuneration).
- Increase in the allowance for the north of Chile.
- Retention plan for key positions in the organisation.
- Improvements to the complementary health insurance.
- Reduction in years of service needed to request loans from three years to one year.

CONTRACTOR RELATIONS

Anglo American's contractor relations adopt the work philosophy of maintaining mutually beneficial relations, based on fair and ethical professional practice and commensurate with the comprehensive management plan for contractor companies, whose aim is to align their management with the company's standards.

Supervision mechanisms of the conditions of accommodation, food, transportation, equipment and protection have been established for this, which are complemented with a system of financial incentives tied to achieving the individual and collective safety and competency improvement objectives.

Regarding this, during the year all contractors were evaluated on the certification of their trades, in which they must show they have the key knowledge and skills of the trade they exercise at the mine site, considering factors like safety, technical knowledge and behavioural aspects.

To control contractor labour and social security compliance with its workers, the company updated and improved the control and entry accreditation system to all operations, which enables Anglo American to assure the applicable regulation is complied with.

In 2012, the living standards of contractor companies working at the operations of Anglo American's Copper business unit were reviewed, including accommodation, food and general services. Based on the results, an improvement plan was developed to duly put the standards defined in place.



HUMAN RIGHTS AND LABOUR PRACTICES



01 The promotion of diversity among all employees is a constant initiative within the company.

In line with its commitment to sustainability, the company's Good Corporate Citizenship Principles set out that its policy is to promote diversity, it will not tolerate discrimination and unwaveringly upholds labour rights.

As a way of making its vision and commitment public, in November 2012 Anglo American's Copper business unit signed adherence to the Global Compact in Chile⁴⁷, an organisation which Anglo American plc has supported since 2004.

BUSINESS PRINCIPLES, EMPLOYMENT AND LABOUR RIGHTS

We will promote diversity and will not tolerate unfair discrimination or the inhumane treatment of employees including through any form of forced labour, physical punishment or other abuse. Our workforce has the right to work in an environment free from harassment or intimidation.

We aim to create a working environment which encourages innovation and collaboration across our businesses and geographies.

To encourage accountability, a performance culture and the monitoring of individual development needs, an increasing proportion of employees, either individually or as members of a team, will have performance targets which will be regularly reviewed.

LABOUR RIGHTS

We prohibit child labour in our operations. Should we encounter cases in our supply chain, we will develop a responsible approach to ending it that ensures the welfare of the children.

We recognise the right of our employees to freedom of association and to collective bargaining. Our remuneration practices will be determined according to local market conditions and we will strive to ensure that we pay wages that are, as a minimum, adequate to satisfy the basic needs of our employees and their families.

We expect our supply chain to strive to adhere to all of the above employment and labour rights principles.

MEASUREMENT OF THE HUMAN RIGHTS FOOTPRINT

In 2012, for the first time company employees were given a self-evaluation questionnaire on the footprint of the Copper business unit's operations on human rights. The tool was adapted from the Human Rights Compliance Assessment Quick Check of the Danish Institute for Human Rights⁴⁸. The questionnaire has 10 dimensions in three large areas: labour, suppliers and communities.

The objective of this first study was to establish a baseline of the perception of Anglo American's employees, identify weaknesses and monitor progress with the application of the SEAT tool.



⁴⁷ Social responsibility entity driven by the United Nations and which in Chile operates under the auspices of Universidad Andrés Bello. www.pactogloblchile.cl

⁴⁸ <http://www.humanrights.dk/>

EQUAL OPPORTUNITIES

In keeping with Anglo American's Good Citizenship Business Principles, the company's policies on employment and labour rights promote equal opportunities in the workplace, eliminating any form of discrimination.

To comply with this principle, the company has a salary system based on levels of responsibility, performance assessment and market conditions, which assures fairness, transparency and non-discrimination. The minimum wage Anglo American paid its employees in Chile was 4.2 times higher than the minimum legal wage in Chile. The wage paid in projects in Peru was 65% higher than the minimum legal wage for the mining industry.

DIVERSITY

As part of its gender diversity initiatives, Anglo American is committed to getting female representation above 12% in 2013. This initiative is underpinned by its corporate values and the strategy of becoming the employer of choice, with a focus on dignity, respect, non-discrimination and integration. It aims to generate the correct social and cultural integration of men and women. These efforts are aimed at attaining a balanced workforce, in which men and women achieve the objective of high-performance teams.

The company therefore developed specific programmes for women in the year for jobs traditionally dominated by men, like for example the high tonnage truck training programme.

In 2012, there was an increase in the number of women in the company workforce, which rose from 10.2% in 2011 to 11.7% in 2012. Such increase was due to the higher employment of women workers and professionals.

WOMEN'S REPRESENTATION OF ANGLO AMERICAN'S COPPER BUSINESS UNIT WORKFORCE

Area	2011		2012	
	Number of women	Percentage of the total	Number of women	Percentage of the total
Company workforce	372	10.2%	492	11.7%
Vice-presidents and senior managers	8	7.4%	8	7.0%
Managers	18	13.2%	15	12.2%
Total workforce (including contractors)	804	7.9%	1,315	10.0%

Moreover, the Gender Diversity Initiative was focused on integrating women and men by consolidating mixed work teams and holding workshops for supervisors of all operations in Chile. All this is to assure a mixed work environment and support both women and men in the potential challenges of employing women in the mining industry.

For the first time, in this report Anglo American includes an indicator of the level of retention of women employees after maternity leave, which will show the evolution in subsequent reports.

RETENTION LEVEL OF WOMEN EMPLOYEES AFTER MATERNITY LEAVE 2012*

	N° of leaves	N° of women employees reinstated	N° of women employees still on leave
Women	32	10	22

* These figures are only for Anglo American's operations in Chile.

EMPOWERING THE EMPLOYMENT OF WOMEN

As a promoter of women working in the mining industry, in 2012 Anglo American participated in the "women in mining" study, conducted by the University of Chile and whose aim was to identify the main barriers they face to work in this industry; and it participated as a case study of the Women Investment (WINvest)⁴⁹ programme of the International Finance Corporation (IFC) of the World Bank, which includes the experience of El Soldado on this issue.

An important aspect of this experience of Anglo American's El Soldado operation was that for the first time in 2007 it launched a truck operator training programme, managing to recruit three women employees at that time. In the last few years, it has made considerable progress with increasing the diversity of its workforce. In 2006, women accounted for 2% of the workforce of El Soldado (mainly in administration), and 6% in 2012. The mine has also been successful with raising the number of women supervisors from 4% to 15%.

El Soldado intends to carry on building on the success of its initiatives and will launch another programme in 2013 to attract women to work in processing, maintenance and operation of the fixed plant, where they currently only account for 2% of the workforce.



⁴⁹ To learn more about this initiative, visit www1.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/IFC+Sustainability/Sustainable+Business+Advisory+Services/Women+in+Business/



The company has a policy for suppliers on gifts and entertainment to instil good practice.

LABOUR RELATIONS

Anglo American recognises the right of its employees to freedom of association and to collective bargaining. In October 2012, the advance collective bargaining processes were closed, in which collective contracts were renewed with the trade unions of Los Bronces, El Soldado and Chagres for 48 months, the maximum allowed by law. The bargaining processes were developed in an environment of respect, teamwork and collaboration, which made it possible to transmit the dynamics of changes and the challenges each of the operations involved is facing and will face.

As of December 2012, the company had 11 trade unions at its five operations in Chile (two at each operation, except Mantoverde where there are three) with 98% union membership of the company workforce, excluding supervisors. Projects in Peru are still in the design and engineering stage and no unions have been formed yet.

ETHICS AND HUMAN RIGHTS IN THE SUPPLY CHAIN

One of Anglo American's permanent objectives is to build and maintain professional relations with its suppliers and contractors. It aims to adhere to and apply the highest standards of business performance integrity, rejecting any improper practice or which might be construed as such.

Based on this, in 2012 the company defined and informed all its suppliers of a new policy on gifts and entertainment to assure the company's business performance fully complies with the highest standards of integrity and responsibility.

GIFTS AND ENTERTAINMENT POLICY

- Occasionally gifts can be accepted or given with the corporate logo of a moderate value (not exceeding \$50 or the equivalent in another currency; for example, pens, key rings, pendants, notepads), only if such gifts are legitimately part of an event/conference organised by Anglo American or a supplier with a bona fide business reason.
- Occasional attendance of teambuilding events or celebrations (for example, sports, climbing, etc.). These occasions must include the whole team, and not just those making the decisions. These events must be of moderate value and their related costs must be shared by Anglo American and our suppliers/contractors.
- Notwithstanding the foregoing, gifts and entertainment must be a gesture of courtesy, and in no case can they be given in exchange for securing a contract or permit, generating the perception of an unfair advantage or involving unlawful acts.
- The following, among others, are considered to be unacceptable practice: gifts in cash, personal favours or preferential treatment, gifts or entertainment provided to relatives of Anglo American's employees, gifts of alcoholic beverages, participation in lavish events and weekend accommodation.



BEING THE PARTNER OF CHOICE

WITH DIALOGUE AND JOINT WORK

Anglo American facilitates transparent dialogue with communities and its supply chain to thereby build better development opportunities, minimising its environmental footprint and risks.



THE COMPANY FORMED A SOCIAL INVESTMENT COMMITTEE TO ASSESS THE INITIATIVES SUPPORTED.



02

42%

OF THE SUPPLIERS OF
ANGLO AMERICAN IN CHILE
ARE SMEs



01 4.0 was the average compliance with the Anglo American Social Way on a scale of 0 to 5.

02 Children of Moquegua in Peru, beneficiaries of the Quellaveco project.

GROWING WITH OUR NEIGHBOURS

Anglo American's social focus is to create and maintain close and respectful relationships of mutual benefit with the communities around its operations, taking care of those aspects that might affect them and helping to improve the quality of life of people by creating more prosperous and skilled communities.

The vice-presidency of corporate affairs coordinates the social and community affairs of the Copper business unit. The community and social development management oversees compliance with the social requirements established in Anglo American's guidelines and policies. Each operation has a sustainability manager and community relations consultants in charge of managing the social aspects of the business and implementing social investment initiatives at local level. In the case of projects, project managers are responsible for identifying and managing the social impacts of the business.

The guidelines on social and community affairs are set out in the Anglo American Social Way: management system standards⁵⁰. This establishes how social and community relations are addressed with stakeholders, striving to:

1. Establish relations of trust with key stakeholders, positioning Anglo American as the partner of choice.
2. Proactively manage the impacts of its activities on the environment and people.
3. Provide a lasting positive benefit by promoting enterprise, improving education and developing sustainable communities.

This document contains the guidelines governing the operations and projects of all Anglo American's business units worldwide. It includes the vision, principles and policies established by the company and the standards and requirements of the social management system.

COMPLIANCE WITH THE REQUIREMENTS OF THE ANGLO AMERICAN SOCIAL WAY (SELF-EVALUATION OF OPERATIONS)*

Operations	2010 Average	2011 Average	2012 Average
Los Bronces	2011	3.8	4.0
Mantos Blancos	2012	3.2	4.1
El Sodado	3.2	3.5	3.9
Mantoverde	3.2	3.5	3.9
Chagres	3.2	3.6	3.9
Total	3.2	3.5	4.0

(*) The self-evaluation has a mark of 0 to 5 for each of the requirements. A mark of 3 indicates compliance with the Anglo American Social Way requirements and 5 is world class practice.

VISION, PRINCIPLES AND POLICY

Vision

To make a lasting positive contribution to the communities associated with our operations, and to be a partner of choice for host governments and communities as well as an employer of choice.

Principles

- We will engage respectfully with host communities throughout the project cycle, and be accountable to our stakeholders.
- Host communities should experience a lasting benefit from the presence of Anglo American's operations and we will seek to maximise the benefits flowing from the operation of our core business in addition to traditional social investment.
- All necessary steps will be taken to spread the application of good practice, and to learn from negative social impacts, complaints, incidents, audit findings and other non-conformances to prevent their recurrence. Our businesses will put in place appropriate mechanisms for handling and resolving grievances.
- Common, non-negotiable performance standards and procedures shall be applied throughout the Group as a minimum requirement.

Policy

- We hold our leaders accountable for managing the social impacts of our activities, including activities undertaken on our behalf by contractors.
- We expect our line managers and supervisors to provide effective leadership in the management of social issues whilst recognising that avoiding adverse impacts is the responsibility of all who work for us.
- Managers are responsible for the full implementation of the Anglo American Social Way at all managed operations.

This requires:

- The allocation and efficient management of appropriate resources, including staff, training and assurance resources.
- The development, implementation and maintenance of social policies, programmes and procedures.
- Effective, proactive social impact identification, assessment and control consistent with the objective of minimising negative, and maximising positive impacts.

⁵⁰ <http://www.angloamerican.com/development/approach-and-policies/policies-standards-commitments/social>.

Every year the company's operations undertake a self-evaluation of their compliance with the Anglo American Social Way standards.

SAFETY ON THE LOS BRONCES ACCESS ROAD Tripartite Working Group

To establish a joint and long-term vision of permanent users of the G-21 road, in May 2012 a working group was formed, comprising the Honourable Municipality of Lo Barnechea, Anglo American – represented by the sustainability management of Los Bronces –, and various social organisations in the sector. The aim of this initiative is to work for the common good of all those involved in the area and create value for safety and tourism.

Accident on the Road to Farellones

A month after the tripartite working group was formed, there was an accident on the G-21 road to Farellones involving a truck of a transport company that was providing services to the lime supplier of Los Bronces and a private vehicle, which claimed the life of a member of the community. For Anglo American, whose goal is zero harm, this is regretted by the entire organisation and stresses the importance of continuing to work on safeguarding the safety of all the people involved in its operations, including the surrounding communities.

Enhancing the Safety on the Road

Los Bronces already had a series of measures in place to constantly monitor the risks of vehicle traffic to and from the operation. Nevertheless, after noting the community concerns and to raise the safety levels and prevent any further accidents, a plan was developed with three main action lines:

- **Sharpening of risk self-control:**

A new communication centre was put in place, which monitors compliance with the transport hours and conditions, bolstering the escort and speed control (in-person and by GPS) systems. An additional emergency response service was also implemented with a fast intervention unit on the road.

- **Support of the authority's control system:**

The objective is to have a technology platform and specialised human resources so the Honourable Municipality of Lo Barnechea can manage the global traffic on the G-21 road with constant monitoring of all its users (vehicles going to Los Bronces, neighbours, tourists, sportspeople and others). This system will provide objective and public information about the various traffic variables on the road.

- **Study of a comprehensive access solution:**

Initiative whose first stage entails identifying possible improvements to the current design of the G-21 road, including bends, house access, junctions to side roads, road signs and barriers, among others. The second stage aims to get the improvements identified agreed on by users of the road and preferably implemented by means of a concession to be undertaken by the Ministry of Public Works. Studies will also be conducted to identify possible long-term solutions, particularly for emergencies.

In addition to these measures, the G-21 road was built as access to Los Bronces by the mine itself in the 19th century and the company has constantly made investment to improve its conditions and safety.

For example, in 2008 it donated \$1 million to the Ministry of Public Work to maintain the road, and signed cooperation protocols with the Municipality of Lo Barnechea to support control of the road in the winter.



MANAGEMENT FOCUS IN 2012

Management in 2012 was focused on:

- Applying the third version of the Socio-Economic Assessment Toolbox (SEAT).
- Forming and enhancing roundtable discussions.
- Defining a standard process to respond to community requests and concerns timely.
- Establishing a social investment policy and implementing the Social Investment Committee.
- Including social requirements for contractors in the tender bases.
- Defining a training plan for employees and contractors to make them more aware and give them tools to include social affairs in their decision-making processes.

APPLICATION OF THE SEAT

The SEAT is a set of tools developed by Anglo American to help operations understand and manage their positive and negative socio-economic impacts. It is applied every three years to update the information obtained in the previous process and assess the social management plans of each operation.

Besides providing a best-practice guideline for the social performance which guides implementation of the social requirements established in the Anglo American Social Way, its results have three main focus areas:

- Define the objectives and scope of the social management of its operations.
- Assess the social impacts of the business on each of the territories in which it operates.
- Measure the effectiveness of the social management plans implemented so far.

The third version of the SEAT had the following innovation:

- Perception survey of each of the areas of influence of operations, which measured four aspects: reputation, image, the environment, safety and health.
- Questionnaire on the operation's impact on human rights.

DIRECT INFLUENCE AREA OF OPERATIONS AND PRIORITY ISSUES DETECTED

Operation	Areas of influence	Material issues detected
Los Bronces	Districts of Lo Barnechea, Til Til, Colina, and the town of Riecillos in Los Andes.	<ul style="list-style-type: none"> ▪ Low average education level in Til-Til and Colina. ▪ Concern about the poor average income of homes in Til-Til and Colina. ▪ High percentage of homes with a lack of utilities (sewage system, infrastructure, drinking water). ▪ Concern about the impact of operations on the environment. ▪ Residents feel unsafe due to truck traffic on the G-21 road.
Mantos Blancos	Town of Baquedano, district of Sierra Gorda, Antofagasta.	<ul style="list-style-type: none"> ▪ Concern about the impact of operations on the environment. ▪ Low average education level. ▪ Concern about issues arising from an increase in the floating population
El Soldado	Districts of Nogales, La Calera and Quillota.	<ul style="list-style-type: none"> ▪ Low average education level in Nogales and La Calera. ▪ Major lack of utilities (sewage system, drinking water). ▪ Concern about the impact of operations on the environment.
Mantoverde	Districts of Chañaral, Copiapó Caldera.	<ul style="list-style-type: none"> ▪ Low average income and high percentage of homes under the poverty line in Chañaral. ▪ Concern about the impact of operations on the environment. ▪ Low average education level.
Chagres	Districts of Catemu, Llay-Llay, Panquehue and San Felipe.	<ul style="list-style-type: none"> ▪ Poor income of homes and high unemployment rate. ▪ Low average education level and high illiteracy. ▪ Concern about the impact of operations on the environment. ▪ Lack of work opportunities.

01 Anglo American signed an agreement with neighbours and the authorities at Moquegua in Peru to undertake sustainable projects as part of the Quellaveco project.



01

FOSTERING DIALOGUE TO REACH AGREEMENTS

In the last few years, Anglo American has established roundtable discussions as a work methodology, which open up participation and build agreements and consensus.

Material agreements were reached in 2012 as a result of two roundtable discussions: one with the Moquegua community in Peru, and another with fishermen in the district of Chañaral in Chile.

Quellaveco Roundtable discussion

Anglo American participated in the first ever stakeholder dialogue session at Moquegua in Peru despite there being no prior social conflict as a precedent, which also ended up with the signing of an agreement, in which representatives of the region and the company defined the conditions for the execution of the Quellaveco project. The main commitment undertaken by the company was to create a \$385 million development fund to finance sustainable projects in Moquegua.

This dialogue, driven by the regional government, and supported by central government and with the participation of diverse representatives of civil society, lasted for 18 months and authorities and opinion leaders considered it to be an example of how communities can analyse the details of an investment project and reach agreements. The negotiations were attended by community representatives, local municipalities, various NGOs, the Energy and Mines⁵¹, Environmental⁵² and Agricultural⁵³ Ministries, and the Presidency of the Council of Ministers⁵⁴, the National Water Board⁵⁵, the Environmental Assessment and Control Agency⁵⁶, chambers of commerce, professional

associations, commissions of users of water for agricultural purposes, learned society, the farming community and civil associations.

The roundtable discussion analysed the details of the work plans of the Quellaveco project, the water use scheme, closure plans, and the social and environmental commitments. It also confirmed the availability of water to develop the project and parameters were established to execute it according to the conditions established by agreement to guarantee the wellbeing of the community.

Mantoverde Desalination plant roundtable discussion

Anglo American and representatives of five unions of the Independent Sea Workers' Association of the town of Flamenco in the district of Chañaral reached an agreement to promote the development of fishermen, divers, seaweeders and shell fishermen of the sector by means of enterprise and social development projects. The aim of these initiatives is to drive the local economy during the construction period of the desalination plant, located in Corral de los Chanchos bay, and thereby start a long-term relationship for its future operation.

149 sea workers will benefit and who were part of the roundtable discussion represented by their organisations.



⁵¹ <http://www.minem.gob.pe/>

⁵² <http://www.minam.gob.pe/>

⁵³ <http://www.minag.gob.pe/portal/>

⁵⁴ <http://www.pcm.gob.pe/>

⁵⁵ <http://www.ana.gob.pe/>

⁵⁶ <http://www.oefa.gob.pe/>

Operations in Chile received 41 community complaints.

SOCIAL ENQUIRY AND INCIDENT RESPONSE PROCEDURE

The social enquiry and incident response procedure extends the communication channels and simplifies the way of informing the company of concerns. It enhances the company's community relations and enables it to timely respond to community and other stakeholder concerns. The procedure was designed based on the guidelines of the SEAT and complies with each of the social requirements of the Anglo American Social Way.

The purpose is to receive, classify, analyse and timely respond to the enquiries, suggestions, grievances and complaints of the surrounding communities. The procedure includes a log of information, the establishment of timescales to organise and give a reply, and the definition of indicators. All this will provide key information for decision-making.

THE COMMUNICATION CHANNELS IN CHILE ARE:

Telephone	600 360 00 13
In-person	Enquiry and suggestion form and / or enquiry box available at the gate or reception of each operation.
E-mail	contacto.chile@angloamerican.com or the enquiry and suggestion form available on Anglo American's website at www.angloamerican-chile.cl
Social networks	Official twitter account: @angloamericanch, and facebook account: www.facebook.com/AngloAmerican

THE COMMUNICATION CHANNELS IN PERU ARE:

Quellaveco	
Telephone	0800 00228
E-mail	aateescucha@angloamerican.com
Dropbox	Dropboxes at the information centres of the project and at relevant places ⁵⁷
Michiquillay	
Telephone	(076) 36-5313 Anexo 7040+
E-mail	consultasyreclamos@angloamerican.com
Dropbox	Dropboxes at relevant places

Moreover, stakeholders can leave their complaints and concerns at the enquiry and complaint office in the community through the Operative Monitoring Committee or the Labour Committee that projects in Peru have.

In 2012, the Los Bronces, Chagres and El Soldado operations received 41 complaints. 76% of these were from the community around Los Bronces, where stakeholders have expressed their concern at the truck traffic on G-21 road. The community near Nogales and El Melón expressed its aggravation at the dust and suspended particulate matter caused by vehicle traffic. There were no complaints at Mantos Blancos and Mantoverde.

The Quellaveco project in Peru received 132 complaints, mainly related to concern about the labour conditions of contractor companies in regard to shifts, uniforms and the perception that contractor companies prefer to hire foreign personnel.

The Michiquillay project received 132 complaints, mostly concerning work opportunities and the perception of the project having an impact on health and the environment.

SOCIAL INVESTMENT POLICY AND COMMITTEE

The Social Investment Committee was formed in the year to analyse all the initiatives supported by Anglo American in this area. This committee operates by country and meets periodically with a quorum of at least four members.

The committee reviews any initiative over \$20,000 before the operation or project undertakes any commitment. For initiatives of below \$20,000, or the limit established, all the documentation required must be filled in and sent to the committee for review.

Likewise, projects under review by the committee are subject to an external audit. As of 2013, all projects over \$500,000 and at random 20% of the rest of the programmes approved in 2012 will be audited.

SOCIAL REQUIREMENTS FOR CONTRACTORS

The objective is to help contractors manage the social impacts they generate on the communities around operations or projects while they provide services to the company. These requirements were defined in accordance with the Sustainable Development in the Supply Chain Policy, the Anglo American Social Way, the SEAT and the Anglo American Projects Way.

⁵⁷ They are places chosen by community members themselves.

EMPLOYEE AND CONTRACTOR TRAINING PLAN

The training plan is aimed at employees and contractors and its objective is to make them more aware and give them tools so they can integrate social affairs in their decision-making processes. It applies to all operations and projects of Anglo American's Copper business unit. The main content to be delivered in 2013 is: the social development strategy and social requirements of Anglo American, social enquiry and incident procedure, social requirements for contractors, and community dialogue and participation methodologies, among others.

SOCIAL INVESTMENT

For Anglo American, a sustainable business in the long term must make a contribution to the economic and social development of the communities around its operations and projects, and thereby contribute to the country's development.

In 2012, the company maintained its commitment of supporting initiatives that improve education, promoting enterprise and developing sustainable communities. The total social investment in operations in 2012 was \$6,938,000, a 37% year-on-year increase. The corporate social investment (CSI) was \$5,454,000.

SOCIAL INVESTMENT IN CHILE

	2010 \$ thousand	2011 \$ thousand	2012 \$ thousand
Los Bronces	3,118	2,899	3,376
Mantos Blancos	577	307	1,248
El Soldado	381	923	778
Mantoverde	210	604	676
Chagres	371	332	860
Total social investment in operations	4,657	5,065	6,938
Total corporate social investment	11,760	2,698	5,454
Total social investment in 2012	16,417	7,763	12,392

SOCIAL INVESTMENT IN PERU

	2010 \$ thousand	2011 \$ thousand	2012 \$ thousand
Quellaveco	3,003	2,859	1,873
Michiquillay	483	3,370	5,090
Explorations	18	-	10
Total Peru	3,504	6,229	6,973



MAIN SOCIAL INVESTMENT PROJECTS BY OPERATION



Los Bronces MAPUMALÉN REHABILITATION CENTRE

Los Bronces has spent over \$400,000 in the last few years to support the construction and implementation of the Mapumalén Rehabilitation Centre, created by Fundación Paréntesis⁵⁸, which helps teenage women of 13 to 17 years who are in a vulnerable social situation with alcohol and drug abuse.

The centre can take in 22 women, and each treatment cycle lasts 3, 9 or 12 months, depending on the women's degree of addiction. It is also able to receive young women who, during their rehabilitation, are pregnant and/or whose children are younger than three years, who can live with them as the centre has a toddler room and specialist care.



Mantos Blancos NEW GREEN AREAS AT BAQUEDANO

In August 2012, the master participative plan was completed for green and public areas in the town of Baquedano. The project was undertaken in partnership with Fundación Mi Parque⁵⁹, a renowned institution in Chile. The aim is to improve the quality of life of inhabitants by implementing and improving green areas.

To obtain information, participative workshops were held with the whole community, including adults by means of meetings and surveys, and children and youngsters in classrooms. This identified the intervention focus on a community public area.

The projects proposed consider the planting of trees on streets, generating green corridors, and the construction and recovery of squares to generate a green belt to the west of Baquedano.



El Soldado PARTNERSHIP IRRIGATION PROGRAMME

El Soldado and the partnership irrigation programme of the Agricultural Development Institute (INDAP)⁶⁰ of the Ministry of Agriculture inaugurated the El Peumal channel project in 2012, which will directly benefit small farmers in the El Garretón sector of the district of Nogales.

The project entails lining 585 metres of the irrigation channel and installing three distribution sluice gates, which is in addition to the around 4,000 metres already completed in other areas of the district, thereby guaranteeing the water supply for farming families in the area. This project will help improve the use of a scarce resource and raise farming productivity.

In addition to the opening of the El Peumal channel, there was also the inauguration of the Las Compuertas channel, undertaken in September, which is also an initiative of Anglo American and INDAP and benefitted 11 farming families.

⁵⁸ www.fundacionparentesis.cl

⁵⁹ <http://www.miparque.cl/>

⁶⁰ www.indap.gob.cl

MAIN SOCIAL INVESTMENT PROJECTS IN PERU



Mantoverde SUPPORTING THE MANAGEMENT OF THE MUNICIPALITY OF CALDERA

The Municipality of Caldera and Anglo American signed a collaboration agreement to support the social, economic and environmental management of the district.

In the last few months of 2012, a limited invitation to tender was held ending with nine winning projects that will receive financing to purchase products and services to achieve the challenges presented.

The projects envisage dissemination action for the tourist attraction of Caldera; funding for local environmental management; educational information on civil protection and emergencies, and support of specific economic development projects for small-sized entrepreneurs.



Chagres ENVIRONMENTAL FUNDING

In 2010 and 2011, Anglo American supported schools in the districts of Catemu, Llay-Llay and Panquehue to prepare its teachers and pupils for a more friendly and responsible coexistence with the environment, thereby raising awareness about environmental and sustainable development issues.

To such end, the Anglo American Environmental Fund 2012 was launched, whose aim is to materialise schoolchildren learning and be a complement to enhance environmental education projects, knowledge, environmental care and conservation of the communities around the operation. The fund is aimed at schools which are undergoing the environmental certification process (SNCAE⁶¹).

An assessment commission, comprising Anglo American professionals and environmental and sustainability consultants, will review and rate the projects, selecting the winners.



Michiquillay BUSINESS MANAGEMENT TRAINING

A business management training plan was undertaken in 2012 to help develop small and medium-sized entrepreneurs in the communities around the Michiquillay project.

The first stage entailed a survey and diagnosis of needs, to then classify enterprises in three groups according to their business experience and degree of development. With this information, a 39-week training plan was designed for the 72 enterprises that participated. 56 enterprises out of the total passed the certification.



Quellaveco LUDOTECAS TO DEVELOP EARLY CHILDHOOD SKILLS

Since 2011, Anglo American has contributed to the comprehensive development of children younger than three years by implementing the *Ludotecas* (learning by playing) programme in the Moquegua region. To launch the project, five community and two mobile *Ludotecas* were held.

The objectives of the programme are to enhance the comprehensive development of fine and gross motor, listening and language, and socio-emotional skills. At the same time, work is done with the parents of the infants to develop competencies that enhance the raising and education of their children.

450 children were attended from July 2011 to June 2012. The final evaluation of the programme showed that all the infants evaluated had made considerable progress with their development.

CORPORATE SOCIAL INVESTMENT

Anglo American's Copper business unit manages some specific social investment programmes. These are focused on making a contribution to a much wider sphere than just to the areas of influence of operations.

Investment in these programmes was \$5,454,000 in 2012, which was double that of 2011, and mostly due to launching the new *DesarrollaT* programme.

CORPORATE SOCIAL INVESTMENT

	2010 \$ thousand	2011 \$ thousand	2012 \$ thousand
Projects	3,107	2,116	4,438
Investment due to the earthquake	8,653	583	1,016
Total	11,760	2,698	5,454

DESARROLLAT PROJECT⁶²

In 2012, Anglo American and the education innovation centre of Fundación Chile launched the *DesarrollaT* (develop yourself), technical education of excellence, project.

Its aim is to help develop and position Professional and Technical Secondary Education (PTSE), enhancing management and teacher competencies, generating networks and dissemination, and getting PTSE to be an issue of national discussion, focused on the advanced experience in Anglo American's areas of influence.

The main initiatives undertaken in 2012 were:

- The first version of the Good Practice in Professional Technical Education competition, which aims to disseminate and reward good practice in the PTSE area. The competition is focused on schools with innovative experiences that can be replicated. In this first version, over 70 entries were received from schools throughout the country. The winning experiences were Liceo Agrícola del Sur of Vilcún, Liceo Bicentenario de Excelencia Polivalente of San Nicolás and Liceo Mauricio Hochschild of the Centro de Educación de Alta Tecnología⁶³ of San Pedro.
- The first *DesarrollaT*, technical education of excellence, international seminar was held: "A look at the US strategy of technical education in schools," with the presence of the education expert Dr. David Stern, a professor emeritus of the University of California, Berkeley. Over 800 people attended the seminar.
- 19 secondary schools were made aware to start a process to improve their institutional and teaching management practice.

01 Roberto Martínez, the general manager of El Soldado, with the actors of *Profes*.

ELIGE EDUCAR PROGRAMME⁶⁴

This is a project coordinated by the faculty of education of the Catholic University of Chile⁶⁵ and the Public Policy Centre⁶⁶, the aim of which is to improve the status and prestige of the teacher as the main actor in the education of children and youngsters, making teaching an attractive alternative profession and thereby raise the chances of people with vocation and talent deciding to study teaching.

Motivational talks were held in eight regions of the country in 2012, reaching more than 5,000 secondary education pupils. Around 70 scholarships were awarded to professionals or university graduates in diverse areas to embark on teacher training programmes to obtain qualifications as a secondary education teacher, and five education studies were conducted.

The communication focus had great importance in the work done in 2012, with the emphasis on the social networks and press management to position Elige Educar and the issues of vocation and the importance of teachers. To such end, the documentary *Profes* (Teachers) was launched, two campaigns were shown in the media and the Elige Educar radio programme was broadcasted each week.

Profes**Documentary on Chilean teachers**

In October 2012, *Profes*, a documentary produced by Ricardo Larraín and directed by Sebastián Moreno, was shown on the Elige Educar website. It has been seen by 20,000 people in cinemas and on YouTube.

The film portrays the importance of education and the relevance of the teacher in it. The documentary told the story of six teachers of different disciplines over various months, who are working in varied social environments and who opened up their classrooms to show what teaching is all about.



01



⁶² www.educarchile.cl/desarrollat

⁶³ www.ceat.cl

⁶⁴ www.eligeeducar.cl

⁶⁵ <http://educacion.uc.cl/>

⁶⁶ <http://politicaspublicas.uc.cl/>



01 In 2012, Enseña Chile had 127 professionals in the classrooms of 59 schools in four regions in Chile.

02 The houses on the Nuevo Cocholgué estate are in an area with no tsunami risks.

ENSEÑA CHILE PROGRAMME⁶⁷

Anglo American is a strategic partner of Enseña Chile. The aim of the programme is to build a movement of professionals of excellence of various disciplines, who make a two-year commitment to transform their pupils through their work in the classroom.

The highlights in 2012 were the publication of the book *Otra cosa es con pizarra* (it's better with a whiteboard), the holding of the "Teach for all" forum, the recruitment and selection of 127 professionals who give classes in 59 schools, benefitting 17,500 pupils, and the Enseña Chile teacher recruitment and selection campaign for 2013.

EMERGE PROGRAMME

The main aim of this initiative is to make a contribution to the economic development and well-being of the communities around Anglo American's operations. The Emerge programme provides support to small- and medium-sized entrepreneurs in two areas.

Emerge - small-sized entrepreneurs

Fondo Esperanza and Anglo American have had a partnership since 2006, which they decided to extend into a work plan to 2015. 26,000 entrepreneurs have already benefitted from the programme and the aim is to reach 40,000 small-sized entrepreneurs.

This work in partnership enables families to create their own enterprises with the provision of micro-loans, enterprise training and support networks. As part of the agreement, Anglo American has provided the funding needed to open Fondo Esperanza offices in cities in the north of the country, like Iquique, Antofagasta and Vallenar, among others; and in the centre of the country, like Quillota.

Emerge - empowering your enterprise

This initiative is focused on empowering entrepreneurs who are in a development stage and seeking an opportunity to grow.

The programme trains, provides on-going commercial advice for participants to draw up a business plan and gives those entrepreneurs with economically viable enterprises the possibility of applying for financing with a soft loan.

In 2012, 80 new entrepreneurs from the Antofagasta, Atacama, Valparaíso and Metropolitan regions were trained. To date, more than 200 entrepreneurs have received support.

Another highlight in the year was the assessment of the original design of the programme. This concluded that it was necessary to split participants into three groups according to their sales level and potential to give them a value offering in keeping with their needs, which will be undertaken as of next year.

RECONSTRUCTION: HOUSING PROJECT AT COCHOLGÜE



After the earthquake in February 2010, Anglo American committed to providing finance to build 449 definitive houses for families in the town of Cocholgué in the district of Tomé, Bio-Bío region. By late 2012, the company had delivered 234 houses and it will deliver the rest in the first quarter of 2013.

In addition to this, Anglo American made additional donations to make safety improvements at some of the schools that were built by the company in Constitución, Caleta Tumbes, Quirihue, Yungay and Cocholgué. These improvements, which were not considered in the original design, should be completed in the first half of 2013.

NO MORE SHANTY TOWNS IN SANTIAGO

In early 2010, Anglo American and the *Un Techo Para Chile* (A Roof For Chile) Foundation signed the "No more shanty towns in Santiago" agreement, the aim of which is to boost the development of social empowerment and make progress with the eradication of shanty towns in the Metropolitan region. Under this agreement, the company committed to providing financial support for the management of 48 housing projects, which will provide a definitive and dignified solution to 4,535 families living in shanty towns in the region. As of December 2012, 25 of the 48 projects had been delivered, benefitting more than 2,000 families. Anglo American has provided over \$2.5 million to this initiative.

⁶⁷ www.ensenachile.cl

COMMITMENT TO THE ENVIRONMENT

One of Anglo American's strategic objectives is to be the partner of choice of governments, communities and civil society organisations in those countries in which it has operations and intends to operate. In a context in which sustainability and environmental care have become a global concern and regulations are increasingly more stringent, in 2012 the company stepped up its commitment to enhancing its environmental performance every day.

"What we do today will make the difference tomorrow: we care about the environment," is the motto of the environmental awareness and training programme which was launched to assure that every person working at Anglo American upholds this commitment and helps to achieve it.

The vice-president of safety and sustainable development, through the operations sustainability manager and projects sustainability manager, is in charge of making sure the corporate guidelines on sustainability are put in place.

SUSTAINABILITY VISION, PRINCIPLES AND POLICY

Vision

Our objective is to operate safely, responsibly and sustainably, minimising our environmental footprint and risks, and leveraging opportunities that generate long-term benefits for our stakeholders.

We apply this vision to the entire lifecycle of projects: exploration, design, operation, closure and post-closure.

Principles

Zero mindset

We shall apply the mitigation hierarchy of avoiding, minimising and mitigating environmental impacts arising from our activities, products and services, and we shall compensate residual impacts.

No repeats




We shall take all necessary steps to learn from environmental impacts, incidents, audit findings and other non-conformances, to prevent their recurrence.

Non-negotiable standards

Common, non-negotiable environmental performance standards and procedures shall be applied throughout the Anglo American Group as a minimum requirement.

POLICY

Underpinning sustainability management are three pillars:

		
ENVIRONMENTAL POLICY	WATER POLICY	CLIMATE CHANGE POLICY
Commitment to minimise harm to the environment by designing, operating and closing all of our operations in an environmentally responsible manner.	Commitment to attaining maximum operating efficiency with the use of water, and to minimise the effects on the environment and communities around operations.	Commitment to take action towards addressing the causes of climate change and reduce emissions, and to help protect employees, assets, as well as the communities against its potential impacts.

Anglo American has performance standards with mandatory application, implementation guidelines and recommended practice for each of these pillars.

ANGLO AMERICAN ENVIRONMENT WAY

The management framework for sustainability across all the company's operations worldwide is the Anglo American Environment Way (AEW).

Volume 1 of the AEW is the environmental management system, consistent with ISO 14001, and it contains nine specific standards on the main areas of interest for sustainability: social and environmental impact assessment, water, air quality, mineral and non-mineral waste, hazardous substances, biodiversity, rehabilitation and closure plans.

The company's commitment is by 2014 to have attained total compliance with all the AEW requirements. To such end, in 2012 the company worked hard on drawing up assessment guidelines for each of the performance standards of the AEW, which have standardised the understanding of its requirements and different stages of compliance, assuring that the results are comparable among operations and that progress is maintained over time.

LIFECYCLE STAGES		EMS Standard – VOL. 1	VOLUME 2								
			Performance Standards								
			S&EIA Standard	Water	Air quality	Mineral waste	Non-mineral waste	Hazardous substances	Biodiversity	Rehabilitation	Mine closure
OPPORTUNITY IDENTIFICATION	EXPLORATION/ PROSPECTING	●	■	●	■	■	■	■	●	■	
EVALUATION	ACQUISITIONS - DUE DILIGENCE	■	■	■	■	■	■	■	■	■	■
	PROJECTS	CONCEPTUAL PHASE	●	■	■	●	■	■	■	■	■
		PRE-FEASIBILITY PHASE	●	●	●	●	●	■	●	●	●
		FEASIBILITY PHASE	●	●	●	●	●	■	●	●	■
PROJECT IMPLEMENTATION	DETAILED DESIGN AND PROCUREMENT	●		●	■	●	■	■	●	●	■
	CONSTRUCTION AND COMMISSIONING	●		●	■	●	■	■	■	●	
OPERATIONAL		●		●	●	●	●	●	●	●	●
CLOSURE	DECOMMISSIONING	●		●	■	■	■	■	■	■	●
	POST-CLOSURE	●		●	■	■	■	■	■	■	●

● Contains specific requirements

■ Indirectly covered by general requirements

This work was undertaken by eight work teams, comprising specialists from operations, projects and corporate areas. With these guidelines as support, a self-evaluation was conducted, which included a peer review of some of the more complex standards.

COMPLIANCE WITH THE REQUIREMENTS OF THE ANGLO AMERICAN ENVIRONMENT WAY - SELF-EVALUATION OF OPERATIONS

Operation	2012 compliance %
Los Bronces	82%
El Soldado	73%
Chagres	79%
Mantoverde	77%
Mantos Blancos	68%

PROJECT SUSTAINABILITY VALUATION

This is a methodology that Anglo American developed as of 2010 to add the sustainability value to the review and assessment of options of investment projects exceeding \$50 million. This tool supports the decision-making process and is a technical-financial product.

The methodology has four basic steps: identification of action, development of scenarios, cost and benefit estimate, and incorporation to decision-making. With the action identified, three scenarios are made (pessimistic, average and optimistic) and the costs and benefits of each of them are shown, which are then entered in the financial model of the project, enclosing the technical-financial presentations supporting the decision-making. It should be highlighted that throughout the process the relevant qualitative elements are also documented that cannot necessarily be expressed in economic terms

In 2012, this methodology was applied to the Michiquillay project in Peru, which is in the conceptual stage.



MANAGEMENT FOCUS IN 2012

The management focus in the year was aligned with the three pillars of the strategic plan 2012-2015⁶⁸, which is aimed at achieving the goal of becoming the partner of choice, of assuring the licence to operate, reducing the environmental footprint and actively managing stakeholder relations.

Assuring the licence to operate: the detailed review process of the environmental and permit commitments was completed in 2012 to enhance the regulatory compliance level due to the start-up of new environmental institutionalism in Chile; regularisation plans were started for those breaches detected and the commitments and verification system were systematised on a computer platform for internal use.

It should be highlighted that the company has 48 environmental qualification rulings (RCA), which entail a total of 30,000 commitments regarding the description of project works, compliance with regulations and mitigation measures, compensation or follow-up, among others. It also has more than 1,500 sectorial permits.

Reducing the environmental footprint: regarding the Anglo American Environment Way, the priorities were to update the hydrogeological and groundwater quality studies around the tailings dams at Los Bronces and El Soldado, and action was also stepped up to control dust and air emissions, the challenges of industrial waste management and the biodiversity action plans.

At the same time, progress was made with the efficient and sustainable management plans for water, energy and emissions, due to putting a series of measures in place, which included the following: implementation of action plans to address breaches of the standards, the forming of practice teams with specialists from operations and corporate areas; and the updating of the portfolio of saving projects.

Stakeholder relations⁶⁹: in this area work was done in conjunction with the social development and community teams to align priorities and the focus of action. Regarding the environmental component, in 2012 the company participated actively in the priority issues for the mining industry through the technical commissions of the Mining Council⁷⁰ and Sociedad Nacional de Minería (SONAMI)⁷¹. Partnerships were also enhanced with universities, research centres and NGOs by means of the development of research projects, technology innovation initiatives and peer reviews.

Moreover, to provide tools and raise employee commitment at all company levels, the environmental awareness and training programme was launched on the celebration of World Environment Day in June 2012. This initiative included internal communication, training workshops for supervisors and different dissemination material to transmit the vision and plans for the steady improvement of environmental performance.

⁶⁸ The plan was designed by the sustainability and social development teams.

⁶⁹ Further details about this issue can be found in the Sustainability Strategy section.

⁷⁰ www.consejominero.cl

⁷¹ www.sonami.cl

SUSTAINABILITY PERFORMANCE OF OPERATIONS WATER MANAGEMENT

Anglo American's commitment to efficient and sustainable water management is embedded in its water policy, which establishes that the company will strive to attain maximum efficiency of its use and minimise the impact of this on the environment and the communities in which it operates.

In 2012, water management was focused on: roll-out of the water management standard, progress with studies and action to assure a long-term supply, and the implementation of water efficiency and saving initiatives included in the portfolio of projects

- **Roll-out of water management standard GTS 21:** the highlights were the appointment of a leader at operations, the first compliance self-evaluation, action plans to address breaches, and the update of the portfolio of saving projects. To share experiences and detect best operating practice, a practice team was formed with specialists from operations and corporate areas.
- **Sustainable and long-term water supply:** the highlights of this work were the achievements of Mantoverde, Mantos Blancos and Los Bronces. Mantoverde started to build its seawater desalination plant in the Flamenco bay area of the Atacama region, developing an ambitious environmental surveillance plan for the marine environment. The plant will have a maximum capacity of 120 l/s and will alleviate pressure on the Copiapó aquifer, which will help to improve the drinking water supply for the cities of Copiapó, Caldera and Chañaral. Mantos Blancos started studies to find a long-term supply solution and is looking at options of strategic partnerships with potential water providers for the process. Los Bronces is conducting studies to improve the water infrastructure of its water rights and the process water storage capacity.

- **Portfolio of water saving projects:** as part of the water efficiency target tool (WETT), Anglo American has set a target of reducing fresh water consumption by means of operating efficiency projects, reusing and recycling water, among other initiatives. The Copper business unit established a voluntary water saving target of 15% by 2020 against the business-as-usual (BAU) situation, which is the condition without any deliberate saving and operating efficiency of water.

In 2012, the project portfolio included three initiatives with water savings of over 23.4 million m³, which was a 40% saving on the BAU. The projects implemented were: the water recirculation system at Los Bronces, filtered tailings at Mantos Blancos and the use of dust suppressants on the access roads to Mantoverde.

QUELLAVECO COMMITTED TO TAKING CARE OF WATER

Anglo American accepted the main concerns expressed in the roundtable discussion with the Moquegua community, established in March 2011⁷². One of its objectives was to identify and agree on ways of guaranteeing the supply and optimal use of water for the community, agriculture and mining related to the Quellaveco project.

Regarding this, the company committed to building two dam systems that will greatly increase the water used by the community and agriculture in Moquegua. The first system will increase the size of the dam in the sub-basin of the Vizcachas river from 28 to 60 million m³ of water storage. The investment will raise abstraction of water surpluses that used to end up in the sea each year⁷³. The 60 million m³ capacity will assure the water supply to the community and agriculture, even during years of drought.

Quellaveco will only use an average of 4 million m³ a year from the water source of the sub-basin of the Vizcachas river. Most of the water needed for the operations of the mine (about 80%), equivalent to an average of 18 million m³, will be abstracted from the Titire river, naturally contaminated with a high salt, boron and arsenic content.

During the estimated four-year mine construction stage, Anglo American will use surplus water from the Asana river, which is produced in the rainy season from January to April, and which is also lost in the sea. As part of its early works, it has built storage wells for this water.

The second system to be built is a 2.5 million-m³ dam in the basin of the Asana river for the exclusive use of the Moquegua community.

⁷² Further details are available in the Growing with our neighbours section.

⁷³ The Tambo river discharges 600 million cubic metres of water into the sea each year and part of this comes from the sub-basin of the Vizcachas river.

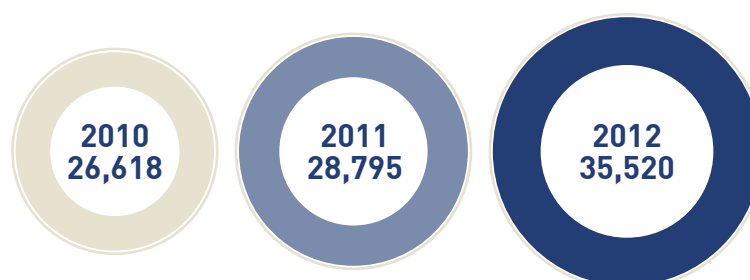
**MANTOVERDE
ENVIRONMENTAL SURVEILLANCE
PROGRAMME FOR THE MARINE ENVIRONMENT**

As part of the new desalination plant project, Mantoverde has committed to an ambitious surveillance plan to assure that there are no negative impacts on the coastal area that harm the marine environment or the productive activities undertaken by the community. Campaigns were launched during the works construction stage to log and characterise possible environmental impacts on the chemical (water quality and marine sediment) and biological (diversity of planktonic and benthic communities) matrix of the marine environment. Moreover, this sampling also included some parameters and variables requested by local sea worker associations, which were agreed on beforehand in the roundtable discussions.

The main results of the studies conducted revealed that there was no impact on the water quality and marine sediment and the biological community studies showed similar patterns and trends to those outlined in the marine baseline enclosed to the environmental assessment of the project, with no material changes to their structure and composition.


WATER CONSUMPTION

The operations of Anglo American's Copper business unit consumed 35.5 million m³ of fresh water in 2012. The year-on-year increase was mainly due to the commissioning of the Los Bronces Development Project.

Water consumption 2010-2012 (in thousands of m³)

FRESH WATER CONSUMPTION BY OPERATION (in thousands of m³)

	2010	2011	2012
Total	26,618	28,795	35,520
Los Bronces	14,707	15,079	21,659 ⁽¹⁾
Mantos Blancos	3,760	3,616	3,619
El Soldado	4,300	5,902	6,013
Mantoverde	2,661	2,915	2,897
Chagres	1,190	1,283	1,332

(1) Water consumption in 2012 at Los Bronces included the commissioning of the Los Bronces Development Project.

WATER RE-USED IN MINING PROCESSES (in thousands of m³)

	2010	2011	2012
TOTAL	67,873	65,097	108,112
Los Bronces	51,062	42,502	82,484
Mantos Blancos	2,792	6,164	6,840
El Soldado	14,012	16,425	17,865
Mantoverde	0	0	916 ⁽¹⁾
Chagres	6.53	6.57	6.59

(1) The difference at Mantoverde was due to a substantial improvement in the water consumption quantification methodology.

WATER ABSTRACTED BY SOURCE 2012 (in thousands of m³)

	Water from an external source	Surface water abstracted	Groundwater abstracted	Total
Los Bronces	848	19,525	1,286	21,659
Mantos Blancos	3,619	0	0	3,619
El Soldado	0	0	6,013	6,013
Mantoverde	0	0	2,897	2,897
Chagres	0	0	1,332	1,332
TOTAL	4,467	19,525	11,528	35,520

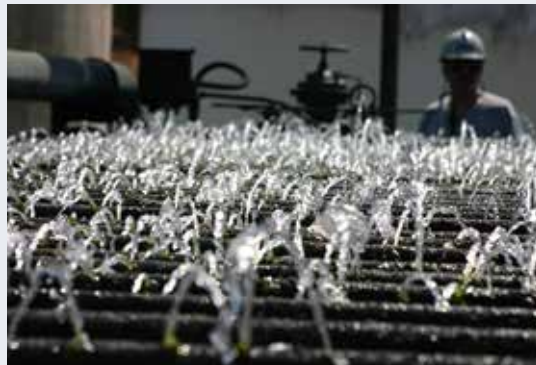
LOS BRONCES NEW WATER RECIRCULATION SYSTEM

As part of the Los Bronces Development Project, in 2012 a new water recirculation system was implemented, whose objective is to feed the process water demand from the new Confluencia plant (87 ktpd) and part of the demand from the Los Bronces plant (61 ktpd). Investment was about \$180 million.

The system comprises five pumping stations arranged in series throughout the 52.5-km long pipeline and it has an installed power of 40.9 MWh. The water recirculation system has a rated capacity of 610 litres per second (l/s) and the design capacity is 785 l/s.

The estimated rated volume for a normal year is 19.2 m³ and this is 45% of the total water used for the joint operation of the Los Bronces and Confluencia grinding plants.

This initiative enabled Anglo American to double its ore treatment capacity, minimising the new fresh water requirements, and it has significantly increased the re-use and and/or recirculation of process water and reduced the water footprint of the operation. In 2012, this initiative operated at maximum capacity with over 22 million m³ of process water being recirculated.



ENERGY AND GREENHOUSE GAS EMISSIONS MANAGEMENT

Anglo American has a climate change policy which establishes the commitment of taking action towards addressing its causes and to attain the maximum energy saving and reduction in greenhouse gas emissions that are economically viable.

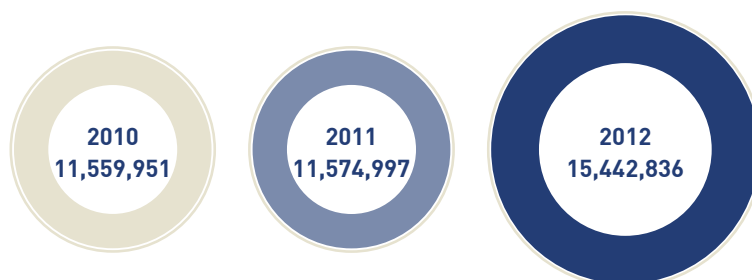
In 2012, management in this area was focused on rolling out the energy and emissions management standard, and boosting the portfolio of energy efficiency projects.

- **Roll-out of the energy and emissions management standard GTS 23:** action to put the standard in place included the appointment of a leader or champion at operations, the development of the first compliance self-evaluation, action plans to address breaches, the update of the portfolio of savings projects and the exchange of experience by means of the practice team that was active throughout the year, and external entities were invited to share experiences and present technology innovation initiatives. Moreover, to make progress with the adoption of international standards to certify the savings attained by projects, the skills of the operation teams were enhanced by means of participation in international performance measurement and verification protocol (IPMVP) courses given by the Chilean Energy Efficiency Agency.
- **Portfolio of energy saving and emission reduction projects:** the energy and carbon management (ECO₂MAN) programme establishes a framework for energy and emissions management, and accounting of the savings attained by energy efficiency and carbon footprint mitigation projects. To such end, the Copper business unit set a voluntary energy saving and emission reduction target of 9% and 10%, respectively, by 2020⁷⁴. In 2012, the

portfolio of projects included 26 initiatives that recorded energy savings of 677,600 gigajoules (GJ) (4.2% against BAU) and reductions of 49,000 tonnes of CO₂ (3.0% against BAU) and at least 10 new initiatives started to be analysed regarding change of equipment and efficient systems, optimisation of the use of diesel, use of renewable energies for thermal energy, among others. The following projects were the highlights of the initiatives implemented with over a 40% saving obtained in the year:

- **Los Bronces:** a series of actions to improve the efficiency of the use of fuel at the operations of the mine, such as adjustment of the truck power curves, modification of transport routes and optimisation of the waste dump filling sequence, attained savings of 187,430 GJ and an emission reduction of 13,890 tonnes of CO₂.
- **El Soldado:** the initiative of changing loaders for shovels, which are more energy-efficient and productive, generated diesel consumption savings for the same material moving performance of 60,500 GJ and an emission reduction of 4,500 tonnes of CO₂.

⁷⁴ Savings are measured against BAU.

TOTAL ENERGY CONSUMPTION (GJ) OF ANGLO AMERICAN'S COPPER BUSINESS UNIT (2010-2012)

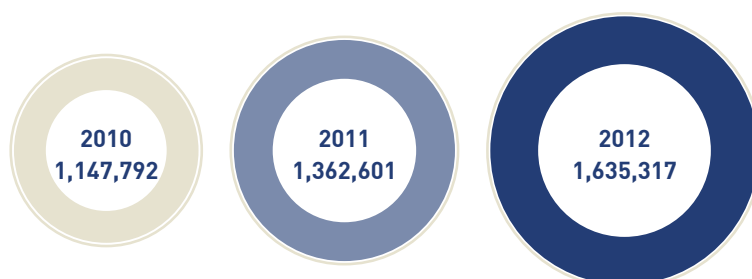
In 2012, the operations of Anglo American's Copper business unit consumed a total of 15,442,836 GJ. The increase on the previous year was mainly due to

the commissioning of the Los Bronces Development Project.

ENERGY CONSUMPTION OF THE OPERATIONS OF ANGLO AMERICAN'S COPPER BUSINESS UNIT (2010-2012)

	2010			2011			2012		
	Total energy consumption (GJ)	Fuel consumption (GJ)	Electricity consumption (GJ)	Total energy consumption (GJ)	Fuel consumption (GJ)	Electricity consumption (GJ)	Total energy consumption (GJ)	Fuel consumption (GJ)	Electricity consumption (GJ)
Total	11,559,951	5,633,148	5,941,849	11,574,997	6,460,948	6,461,775	15,442,836	6,488,107	8,934,729
Los Bronces	4,699,908	1,798,290	2,942,914	4,741,204	2,318,793	3,485,543	8,116,835 ⁽¹⁾	2,159,880	5,956,955
El Soldado	2,344,794	1,349,240	963,347	2,312,587	1,508,953	949,335	2,475,084	1,477,531	977,553
Mantos Blancos	2,100,647	1,248,410	845,090	2,093,500	1,291,827	830,953	2,258,769	1,492,229	766,540
Mantoverde	1,422,091	733,648	683,076	1,416,724	871,352	684,356	1,564,269	842,377	721,892
Chagres	992,511	503,560	507,422	1,010,982	470,023	511,589	1,027,879	516,090	511,789

Note: (1) The energy consumption at Los Bronces in 2012 included the commissioning of the Los Bronces Development Project

CO₂ EMISSIONS AND CARBON FOOTPRINT OF ANGLO AMERICAN'S COPPER BUSINESS UNIT (2010-2012)**TOTAL CO₂ EMISSIONS (tonnes of CO₂e)**

Operation	2010	2011	2012
Los Bronces	368,756	542,558	807,184
El Soldado	183,173	222,492	218,182
Mantos Blancos	347,982	307,465	337,689
Mantoverde	171,168	201,648	178,776
Chagres	76,713	88,438	93,486
TOTAL	1,147,792	1,362,601	1,635,317

BREAKDOWN BY SCOPE (2012)

Operation	SCOPE 1		SCOPE 2
	CO ₂ from processes (tonnes)	CO ₂ from fossil fuels (tonnes)	CO ₂ from electricity purchased (tonnes)
Los Bronces	0	160,193	646,991
El Soldado	2,415	109,594	106,173
Mantos Blancos	55,380	110,689	171,620
Mantoverde	37,904	62,467	78,405
Chagres	0	37,900	55,586
TOTAL	95,699	480,843	1,058,775

NON-CONVENTIONAL RENEWABLE ENERGY (NCRE)

Anglo American is driving the use of NCRE in its energy grid by directly or indirectly buying energy from small power generating companies, thereby helping to develop these kinds of projects in Chile. Since the enactment of Law 20.257 on NCRE in 2008, Anglo American's Copper business unit has worked with its strategic energy suppliers to comply with the requirements of the authorities and drive the development of these technologies. The company therefore managed to purchase 100% of the attributes required for 2012 and most of them for subsequent years. Out of the total required, 39 GWh were bought from a biomass-fired initiative, 23 GWh from a mini hydroelectric power plant, and the rest, equivalent to 48 GWh, was acquired from the own portfolio of one of the suppliers.

At the same time, in 2012 progress was made with the studies to measure the wind potential at Mantos Blancos and Los Bronces, undertaken by means of a partnership with Seawind. As a result of these measurements, the company now has an advanced study for the potential development of a wind farm near Mantos Blancos.

AIR QUALITY

All Anglo American's operations delivered on the air quality commitments, monitoring and reporting their emissions to the competent authority.

EMISSIONS MANAGEMENT AT CHAGRES

Tonnes	2010	2011	2012
Arsenic	2.7	4.4	6.3
Sulphur	6,972	6,959	5,975

ANNUAL CONCENTRATIONS IN 2012

Station	SO ₂ (ug/m ³)	PM10 (ug/m ³)
Sta. Margarita	62	-
Catemu	14	68
Lo Campo	33	40
Romeral	14	-

(-) This concentration is not measured at this station.

One of the initiatives carried out in 2012 by Chagres to continue to improve its environmental management was investment to eliminate visible smoke from the raffinate furnaces and the construction of a new silica and circulating material stockpiling and storage building.

CHAGRES

REDUCTION OF VISIBLE SMOKE

At a total investment of \$2.5 million in the first stage, the project adds cutting-edge European technology and control systems that assure the correct operation of the visible smoke elimination process from the raffinate furnaces. The trial run will be undertaken in the first half of 2013.

The second stage of the project, which is in the engineering phase, aims to develop a facility to cool and filter gases from the process so the flue only discharges the gases from the combustion of the hydrocarbon used.

This project makes Chagres a pioneer in the application of this technology in the country. Besides improving the smelter's environmental performance, it also delivers on one of the main concerns expressed by the community.

Reduction of particulate matter

The smelter's current silica and circulating material stockpiling and storage facility will be replaced with a totally closed building, which has an automatic gate and a negative pressure system (aspiration) by means of mechanical air extractors and a sleeve filter. This will keep the material confined and trap the particulate matter produced from loading and unloading operations and handling these products.

The total cost of the project, including engineering and construction, is \$6.6 million and it will have a positive impact on the environment and on occupational health.



BIODIVERSITY AND REHABILITATION

The biodiversity performance standard, which is part of the Anglo American Environment Way, establishes a commitment to identify, understand and manage impacts on sites or sensitive species⁷⁵. Besides applying a mitigation hierarchy to prevent, minimise and mitigate the impacts of its operations and projects, it commits to compensate residual impacts to achieve a zero net loss target for the biodiversity or positive net contribution, considering the risks and opportunities of each case.

Biodiversity work in the year was focused on the El Melón mountain range conservation plan, on El Soldado, and the biodiversity plan for the Los Bronces Development Project, including the official inauguration of the botanical Parque Explorador Quilapilún.

The Quellaveco and Michiquillay projects in Peru, also located in areas of biodiversity interest, made progress with studies to mitigate and compensate impacts in the different stages of each project.

It should be highlighted that in 2012 the company, in partnership with the NGO Fauna & Flora International⁷⁶, made a peer review of the Los Bronces biodiversity action plan to continuously improve the biodiversity management.

Concerning rehabilitation, the company participated in a technology innovation project with the CIMM⁷⁷ and phytostabilisation solutions for tailings dams undergoing closure were tested.

EL SOLDADO

CONSERVING AND RECOVERING THE EL MELÓN MOUNTAIN RANGE

El Soldado is in a Mediterranean ecoregion which is only present in five places in the world and it has been classified as a priority area for biodiversity conservation in the Valparaíso region. As a way of making a contribution to that challenge, the operation is working on an initiative to recover and protect historically degraded forest in the El Melón mountain range.

One of the main components of the project is a plan to recover 700 hectares of forest, the planting of native species and tree nursery initiatives with schools and entrepreneurs in the area. It also envisages developing scientific research with Chilean universities to contribute to the knowledge of the native forest, and a plan to promote tourism in the area and the rational use of its resources.

Large progress was made with reforestation in 2012, planting over 60,000 trees like Belloto del Norte (*Beilschmiedia miersii*), lingue, guaiacum (*Porlieria chilensis*), peumo and quillay (soapbark), among others. There was also an important soil preparation phase, testing of a new plantation technique and mass use of open rooted (speedling) quillay, which increases the survival of the other species. Another area with progress was the agreement with Universidad de Viña del Mar, which supports research for the sustainable use of resources in the area.

01 Anglo American aims to make a contribution to the sustainable development of the communities around the El Melón mountain range.



01

⁷⁵ Endangered species, habitat, ecosystems, protected areas

⁷⁶ www.fauna-flora.org

⁷⁷ Centro de Investigación Minero Metalúrgico

LOS BRONCES PARQUE EXPLORADOR QUILAPILÚN

Parque Explorador Quilapilún is a pioneer heritage rescue project, whose aim is the representation, value and appreciation of the native flora of the Metropolitan region in Chile. It is also part of the compensation plan of the Los Bronces Development Project, which includes the forestation of about 280 hectares in the Las Tórtolas area.

The park was officially inaugurated in November 2012, attended by national and local authorities, representatives of the surrounding communities and company executives. It aims to be a new area of entertainment and education for the Colina and Til-Til communities and the entire Metropolitan region.

It is a 4.5-hectare park, which represents the different types of landscape in the central region of the country (forest and sclerophyll thicket, and forest and thorny thicket), with 30,000 plants and trees of 500 native species. It also has theme-related gardens (cactuses, geophytes, endangered species and plants of domestic use), a picnic area, open-air amphitheatre and a children's playground.



01 Parque Explorador Quilapilún is open from Tuesday to Sunday with free admission.

01

COMPANY-MANAGED LAND 2012

	Land of which the company is in charge [hectares]	Company-managed land [hectares]	Disturbed land [hectares]
Los Bronces	68,424	33,189	4,710
Mantos Blancos	8,253	7,129	2,850
El Soldado	18,042	8,030	1,277
Mantoverde	34,948	3,834	1,357
Chagres	683	272	46
Quellaveco	87,896	43,736	0
TOTAL	218,246	96,191	10,240

OTHER MATERIAL ENVIRONMENTAL IMPACTS**Mineral and non-mineral waste**

The waste management of Anglo American's Copper business unit is governed by the mineral and non-mineral waste performance standard of the Anglo American Environment Way. This policy includes mandatory requirements and recommended practice for its responsible management.

In the mineral waste management area, the focus in the year was on water quality management around the tailings dams of Los Bronces and El Soldado. The first phase of the water quality studies was completed and the hydrogeological models were updated with the support of renowned international experts.

Regarding hazardous and non-hazardous industrial waste, steps were taken to minimise its generation and manage it, like for example updating the waste inventories at Mantoverde, the refurbishment of the hazardous waste warehouse at Mantos Blancos, and an awareness campaign was launched at El Soldado. The latter operation received an award from the Environmental Ministry for the work done with entrepreneurs, who make eco-furniture from waste pallets, and this programme is expected to be extended in 2013.

MASS MINERAL WASTE (2010 - 2012)

	2010	2011	2012
Waste and gravel (millions of accumulated tonnes)	1,995	2,163	1,504
Tailings (millions of accumulated tonnes)	532	559	548

MASS MINERAL WASTE BY OPERATION (2012)

Operation	Waste and gravel (thousands of accumulated tonnes)	Tailings (thousands of accumulated tonnes)	Slag (thousands of tonnes)
Los Bronces	690,118	356,125	0
Mantos Blancos	447,557	64,193	0
El Soldado	122,840	127,950	0
Mantoverde	243,175	0	0
Chagres	0	0	327
TOTAL	1,503,690	548,268	327

INDUSTRIAL WASTE GENERATED (2010 - 2012)

	2010	2011	2012
Hazardous waste (t)	23,075	24,500	26,631
Non-hazardous waste (t)	5,207	7,947	15,058
Recycling (t)	22,663	22,894	29,022

INDUSTRIAL WASTE BY OPERATION (2012)

Operation	HAZARDOUS WASTE (t)	NON-HAZARDOUS WASTE (t)
Los Bronces	1,354	5,793
Mantos Blancos	1,646	7,429
El Soldado	515	859
Mantoverde	1,044	292
Chagres	22,072	685
TOTAL	26,631	15,058

Closure Plans

Closure plans were updated in the year for:

- Los Bronces, with the Los Bronces Development Project works.
- Mantoverde, with the desalination plant project works.
- Mantos Blancos, with the Mercedes project works and the new fuel station.

There was also follow-up of the requirements of the new Chilean regulation on mine site closure⁷⁸ and planning of the schedule of action and studies that must be undertaken in the 2013-2014 period.

CLOSURE 2012

OPERATION	Estimated closure date
Los Bronces	2049
Mantos Blancos	2021
El Soldado	2035
Mantoverde	2018
Chagres	2049

⁷⁸ Law 20.551 of November 2011, enacted by the Chilean Mining Ministry, which regulates the closure of mine sites and mine facilities, came into force on 11 November 2012.

Environmental investment

The environmental investment and expenditure of the five operations of Anglo American's Copper business unit amounted to \$53.6 million in 2012. The following were the main investments made:

MAIN ENVIRONMENTAL INVESTMENT BY OPERATION (2012)

Operation/Project	Investment amount (in \$ thousand)
Mantos Blancos: water pre-treatment plant	670
Mantos Blancos: refurbishment of the RESPEL warehouse	150
Mantos Blancos: road improvement and mine and tailings dust control	1,135
Mantoverde: new wastewater treatment plant	825
Mantoverde: dust control at the mine	524
Chagres: enhancement of the SVACH environmental surveillance network	380
Chagres: filtering and improvement of the raffinate furnace gas capture	1,900
El Soldado: purchase of land for forestation programmes	840
El Soldado: biodiversity studies and sustainable use of the El Melón mountain range with universities and academic centres	205
Los Bronces: new monitoring wells, extension of the groundwater quality control network at Las Tórtolas	735
Los Bronces: extension of the dust control system on the Las Tórtolas dam wall.	800
Los Bronces: replacement of hoods and installation of acid mist extraction systems at the cathode plant	2,871
Los Bronces: comprehensive airborne dust control measures (improvement of roads, concentrate sheds and warehouses, belt capsuling)	5,115

Strategic raw materials

The main raw material of Anglo American's Copper business unit is the ore extracted from its mines. The total ore dispatched for processing in 2012 was 74.2 million tonnes.

ORE DISPATCHED FOR PROCESSING (In thousands of tonnes)

	2010	2011	2012
Total	45,146	52,261	74,222
Los Bronces	18,909	23,896	45,855
Mantos Blancos	8,306	9,279	9,033
El Soldado	8,708	9,074	8,874
Mantoverde	9,223	10,012	10,460

CONCENTRATE SMELTED (In thousands of tonnes)

	2010	2011	2012
Chagres	529	552	522

RAW MATERIALS

	2010	2011	2012
Lubricating & hydraulic oil (m³)	2,739	4,810	2,687
Explosives (tonnes)	47,971	53,717	56,424
Lime (tonnes)	117,924	106,124	140,878
Sulphuric acid (m³)	528,228	651,915	719,842

BREAKDOWN BY OPERATION 2012

	Lubricating & hydraulic oil (m³)	Explosives (tonnes)	Lime (tonnes)	Sulphuric acid (m³)
Total	2,687	56,424	140,878	719,842
Los Bronces	700	25,569	133,752	26,302
Mantos Blancos	605	6,963	2,028	385,954
El Soldado	1,065	16,604	5,098	16,384
Mantoverde	294	7,288	-	291,202
Chagres	23	0	-	-

Regulatory compliance

Regarding regulatory compliance, action continued in 2012 with two investigation processes started by the environmental authorities at Los Bronces, and there was follow-up on the penalty process started against El Soldado in 2011 for affecting an area of native forest.

In the case of sulphate seepage due to irrigation of the forest at Las Tórtolas, the company proposed a conceptual solution to the authorities of mitigating the sulphate boom and the detailed design of this was submitted in April 2012. After this, the company started to pump and convey the main portion of water impacted to the water management facilities of the Las Tórtolas plant.

With regard to acid drainage from the Donoso gravel⁷⁹ deposit, in July 2012 the environmental assessment department started a second penalty process due to the delay in implementing the transitory solution for managing acid drainage. The process is still ongoing.

The transitory solution of conveying acid drainage to the Los Bronces facilities was completed and commissioned in December 2012 after a complex construction process which extended into winter with limited access to the area over 4,000 metres above sea level. Furthermore, a minor quantity is neutralised with an automatic dosage process. At the same time, there was work on designing a definitive long-term solution, which includes management aspects for the mine site closure and assuring its post-closure operation.

Regarding the El Soldado operation affecting native forest, the environmental assessment commission of Valparaíso fined El Soldado UTM⁸⁰ 300 for infringing RCA⁸¹ 506/2008 "El Soldado Open Pit North Continuation." The company paid this fine, concluding the penalty process.

A proceeding was filed by the National Forestry Corporation (CONAF) for infringing the Law on the Recovery of Native Forest and Forestry Development at the local police court in Quillota. Likewise, the State Defence Council filed suit for redress of environmental damage and compensation for damages against Anglo American Sur, demanding payment of Ch\$600 million and a repair plan for Quebrada El Gallo. The company has drawn up a repair and compensation plan and has started to review it with the competent public bodies.

Environmental incidents

Anglo American has a five-tiered environmental incident classification system, for which criteria like the duration of the effect, surface area affected, value of the ecosystems impacted, severity of the impact on the health of people, are used, among others. The purpose of determining the seriousness of an incident is to focus the urgency of the response and level of investigation undertaken to learn from the experience and prevent repeats.

Incident Level	Classification
1	Minor impact
2	Low impact
3	Medium impact
4	High impact
5	Permanent impact

There were no significant level 3 or higher environmental incidents in 2012

**TOTAL ENVIRONMENTAL INCIDENTS
(2010 – 2012)**

Operation	2010	2011	2012
Los Bronces	20	13	27
Mantos Blancos	1	1	7
El Soldado	1	2	3
Mantoverde	3	1	5
Chagres	27	71	48
TOTAL	52	88	90

⁷⁹ Waste.

⁸⁰ Monthly tax units. UTM 300 is about \$24,590.

⁸¹ Environmental qualification ruling.

COMMITMENT TO THE SUPPLY CHAIN

For Anglo American sustainable development is a key part of the business strategy. The company's relationship with its product and service suppliers⁸² is therefore governed by the Sustainable Development in the Supply Chain Policy⁸³ and by the Supplier Sustainable Development Code, which are key elements for cooperation and joint work to be considered a good corporate citizen by the communities in which the company operates. The procurement and contracts management, which reports to the strategy and business development vice-presidency, is in charge of Anglo American's supplier relations and achieving the objectives in this area.

Besides striving to assure strict compliance with current legislation, the company encourages suppliers to adopt comprehensive, safe and socially responsible conduct, and to identify opportunities of mutual benefit.

One of the highlights in 2012 was the inclusion of social management requirements⁸⁴ in the Supplier Conduct Protocol, which is signed with the contract vouching for commitment. For certain kinds of services a social management plan is also required, which is accountable for the social impacts generated on the surrounding communities. This plan is assessed and monitored during the effectiveness of the contract to assure compliance. The first audit will be undertaken in 2013 to check this protocol is working

SUSTAINABLE DEVELOPMENT IN THE SUPPLY CHAIN POLICY

Anglo American's commitment

It is the responsibility of all those who engage with suppliers on Anglo American's behalf to actively promote and implement this policy across the entire supply chain. This requires:

- Complying with legislation and subscribing to generally accepted norms that positively promote and enhance good practices across the supply chain.
- The development, implementation and maintenance of globally acceptable standards and procedures that are embedded in the supply chain process.
- The allocation of appropriate resources and the provision of internal training.
- A risk-based approach to segmenting and engaging with our supply base. This includes communication, assessments, audits, corrective action plans and, where appropriate, assisting suppliers to build their capability.
- Open and transparent two-way communication.
- Working with suppliers to identify opportunities for mutual sustainable development benefit.
- Reporting on a regular and consistent basis, both internally and externally, on our sustainable development supply chain journey.

Expectations of our suppliers

- The effective management of safety with a vision of zero harm.
- The effective management of occupational health risks with a vision of a healthy and productive workforce.
- Upholding fundamental human rights and fair labour practices, in line with internationally recognised standards.
- Ensuring that their operations, products and services supplied to Anglo American comply with all national and other applicable laws and regulations. When supplying these on-site, complying with any additional site-specific standards and procedures.
- Maintaining and promoting ethical standards, sound business practices and good governance.
- Contributing to the economic and social well-being of the communities in which the supplier operates.
- Responsible environmental management with a vision to minimise damage to the environment.
- Implementing effective management systems and risk-management strategies.
- Providing clear, accurate and appropriate reporting on agreed indicators.
- Cascading the principles and codes into their supply chain.

⁸² In this report, suppliers include both product and service suppliers, also called contractors.

⁸³ www.angloamerican.com/~media/Files/A/Anglo-American-Plc/siteware/docs/sd_supplychain_spanish2011

⁸⁴ Appendix E of the administrative bases.

**PERCENTAGE OF ANGLO
AMERICAN'S SUPPLIERS IN
CHILE THAT ARE SMEs**

42%

**Anglo
American
included social
management
requirements
in the
Contractor
Conduct
Protocol.**

MANAGEMENT FOCUS IN 2012

In 2012, Anglo American's Copper business unit focused management on putting the local procurement strategy in place, securing the *ProPyme* (Pro-SME) Seal, signing and implementing the world class supplier development programme at Mantos Blancos, and modifying the logistics of transporting hazardous substances and various cargoes along the G-21 road.

The targets for 2013 will be focused on continuing to put the local procurement strategy in place at operations in Chile and Peru, and complying with the commitments undertaken with the Moquegua community for the Quellaveco project.

In 2012, the operations of Anglo American in Chile worked on putting an action plan in place to secure the *ProPyme* Seal⁸⁵, created by the Chilean Ministry of Economy, Development and Tourism to assure better conditions for small companies in Chile. The seal is given to large companies that pay their SME suppliers (small companies) within 30 days.

It should be highlighted that 42% of all the suppliers of Anglo American in Chile are SMEs, which will benefit directly from this commitment.

LOCAL PROCUREMENT

Local procurement⁸⁶ is of strategic importance for Anglo American, as it aims to create development opportunities for the companies and communities around its operations and projects, for which it has a local procurement policy⁸⁷.

In 2012, the focus of the Copper business unit was on putting the local procurement strategy in place and launching the local procurement toolkit that enhances the implementation of the policy at all its operations. This toolkit provides ten basic steps that must be followed to attain a continuous improvement and learning cycle about including local procurement in the daily management of the company's operations.

To such end, in 2012 the local procurement strategy in Chile was developed, along with a strategy for each of Anglo American's operations in the country, which are undergoing approval. The strategies have three main objectives:

- Increase procurement from companies in the local communities.
- Raise employment of the local workforce.
- Drive the development of SMEs in the local districts.



⁸⁵ www.sellopropyme.gob.cl

⁸⁶ National supplier: suppliers registered or located in the same country as the operation.

Regional supplier: suppliers located in the same province/region/state or territory as the operation.

Local supplier: suppliers registered or located in the immediate area of the operation.

⁸⁷ http://www.angloamerican.com/~media/Files/A/Anglo-American-Plc/siteware/docs/supplier_procurementspanish.

In 2012, the company developed the local procurement strategy in Chile, which aims to enhance its work and commercial ties with its areas of direct influence.

The strategy aims to make the procedures more flexible and speed up payments to local companies; inform Anglo American's employees and make them aware of the advantages of supporting the development of local companies; develop and

strengthen local SMEs; and follow up on development by means of measurement and permanent oversight.

In 2012, local procurement accounted for 5.3% of Anglo American's budget

for spending in Chile⁸⁸. Regarding the national to international spend ratio in the year, Chile accounted for 92.8% of the spend on suppliers and the remaining 7.2% was spent on foreign suppliers

LOCAL PROCUREMENT PERCENTAGE BY TYPE OF SUPPLIER ⁽¹⁾ 2010-2012

2010 spend (%)			2011 spend (%)			2012 spend (%)		
Local	Regional	National	Local	Regional	National	Local	Regional	National
5.1%	3.5%	89.9%	5.3%	4.0%	95.7%	5.3%	4.6%	92.8%

⁽¹⁾ The figures are only for Anglo American's operations in Chile. The national percentage includes the regional one and the latter the local one. The total regional index is lower than the local one as the former does not consider the Metropolitan region as it has a high concentration of companies with which transactions are made, and the latter does include specific districts and towns in the Metropolitan region that are material for the operations located in the central area.



PERU LOCAL PROCUREMENT SYSTEM

The Michiquillay and Quellaveco projects have a local procurement system, which enables them to meet the expectations of the surrounding community of having work and business opportunities.

The system includes the creation of specific dialogue channels to discuss and periodically define labour and business issues that facilitate the prioritisation of local employment. It also includes procedures validated directly with the communities, which set out a set of requirements for gaining access to business, highlighting the legalisation of companies, meeting technical, social and environmental criteria, adhering to safety and occupational health standards, and the commitment of providing work opportunities for 100% of the unskilled workforce after assessing the minimum competencies each employees must have.

The Michiquillay and Quellaveco projects have also launched training programmes in their areas of influence, aimed at community members and entrepreneurs, which facilitate work and business opportunities. Local companies participate in tenders for this, which assess compliance with the requirements established. The action undertaken so far has benefitted over 31 enterprises in Cajamarca and 72 in Moquegua.

i ⁸⁸ Anglo American's Copper business unit only keeps a record of operations that are in the production stage. Operations in Peru are still in the project stage.

SUPPLIER DEVELOPMENT PROGRAMME

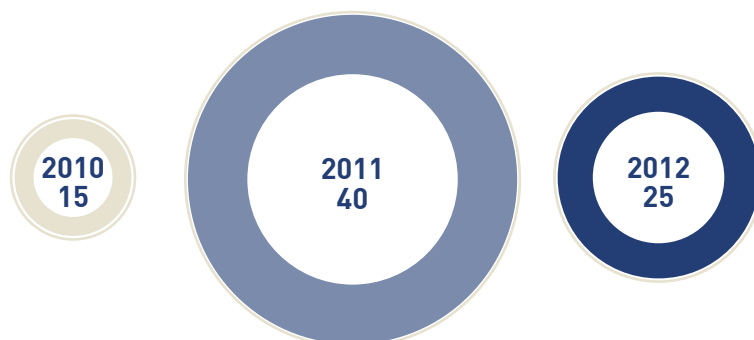
Anglo American's Copper business unit has had a supplier development programme (SDP) at its operations since 2007, whose financing is shared by the respective operation, Chile's Economic Development Agency⁸⁹ (CORFO) and participating companies.

These initiatives of cooperation and continuous improvement have the following general objectives:

- To train suppliers in business management areas by means of on-site training workshops.
- To generate incentives so participating companies bolster their adherence to and act on the Supplier Sustainable Development Code.
- To get companies to apply a continuous improvement system for quality, safety, labour rights and environmental protection.

In 2012, Mantoverde completed the second stage of its local enterprise programme (LEP), which aims to boost 25 SMEs in the enterprise area. At Chagres six of the companies that completed the SDP in 2011 were preparing in 2012 to attain ISO 9001 certification. In 2013, the aim is to develop a SDP with contractors and CORFO as part of a Clean Production and Energy Efficiency Agreement.

From 2008 to date, 129 suppliers of Anglo American have joined the SDP programme.

SUPPLIERS IN THE SDP**MANTOS BLANCOS LAUNCHES A WORLD CLASS SUPPLIER PROGRAMME**

Commensurate with its objective of driving the economic and social development of communities around its operations, in June 2012 Mantos Blancos signed a cooperation agreement with the Mining Ministry, Chile's Economic Development Agency (CORFO), the Asociación de Industriales de Antofagasta and eight other mining companies in the Antofagasta region to carry out a programme to boost and develop companies in the area, which is divided into two areas: the world class mining supplier development programme and the enterprise competencies and innovative business development enhancement programme.










The world class mining supplier development programme, which was launched with the consultancy of Fundación Chile, aims to develop supplier companies with better management and enterprise skills, which can provide innovative solutions with high standards of excellence, making them competitive worldwide.

The enterprise competencies and innovative business development enhancement programme is undertaken by means of a partnership of mining companies, InnovaChile of the CORFO and the Asociación de Industriales de Antofagasta. Its aim is for suppliers to enhance competitive business skills, such as business management, strategic planning, business model development, financial administration and innovation management, among others.



APPENDICES








MEASUREMENTS AND TARGETS*

	2012 TARGETS	COMPLIANCE	2012 PERFORMANCE	2013 TARGETS
BEING THE EMPLOYER OF CHOICE	SAFETY			
	<ul style="list-style-type: none"> Zero harm 		<ul style="list-style-type: none"> No fatalities were recorded but there were accidents. 	<ul style="list-style-type: none"> Zero harm.
	<ul style="list-style-type: none"> 100% compliance with the visible felt leadership (VFL) programme targets 		<ul style="list-style-type: none"> N° of leadership interactions: 37,497. N° of hours scheduled and devoted to this activity: 38,436 man-hours. 	<ul style="list-style-type: none"> 100% compliance with the VFL programme targets.
	<ul style="list-style-type: none"> For 100% of operations to conduct a self-evaluation process of the risk change management (RCM) system. 		<ul style="list-style-type: none"> All operations conducted their RCM self-evaluations and audits, attaining 79% compliance. 	<ul style="list-style-type: none"> Attain 86% RCM implementation and compliance.
	<ul style="list-style-type: none"> Carry out audit certification maintenance of ISO 14001 and OHSAS 18001. 		<ul style="list-style-type: none"> All operations conducted their RCM self-evaluations and audits, attaining 79% compliance. 	<ul style="list-style-type: none"> Maintain ISO 14001 and OHSAS 18001 certification.
	OCCUPATIONAL HEALTH			
	<ul style="list-style-type: none"> Attain 95% compliance with the noise and dust standards. 		<ul style="list-style-type: none"> There was 83% compliance with the dust standard and 85% with that of noise. There is still the challenge of training phases, risk assessment and incorporation at all project design stages. 	<ul style="list-style-type: none"> Attain 95% compliance with the noise and dust standards.
	<ul style="list-style-type: none"> Audit the fatigue standard and attain 75% compliance 		<ul style="list-style-type: none"> Progress was made in the year with putting the fatigue standard in place, but there are still challenges in the areas of risk assessment and training of the most exposed personnel. 	<ul style="list-style-type: none"> Attain 75% compliance with the implementation of the new fatigue standard.
	<ul style="list-style-type: none"> Zero occupational diseases. 		<ul style="list-style-type: none"> There were no occupational diseases in 2012. 	<ul style="list-style-type: none"> Zero occupational diseases.
				<ul style="list-style-type: none"> Determine cardiovascular risk with the Framingham Risk Score for 50% of employees and identify and monitor employees with a score of over 20%.
BEING THE PARTNER OF CHOICE	THE ENVIRONMENT			
	WATER			
	<ul style="list-style-type: none"> Update the project portfolio of each operation, driving water recirculation at different process points. Implement the saving measurement and verification protocols pursuant to international standards. Embrace the international standard on water metering to standardise the internal and external balances and reports 		<ul style="list-style-type: none"> The project portfolio was updated, recording 11 initiatives to improve efficiency of water usage and attain fresh water savings. The criteria of the International Performance Measurement and Verification Protocol¹ were applied for energy and water efficiency initiatives. Teams at all operations were trained on the Water Accounting Framework² of the Minerals Council of Australia. 	<ul style="list-style-type: none"> Conduct a peer review to detect new water saving opportunities. Implement the Water Accounting Framework at all operations.
	<ul style="list-style-type: none"> Complete groundwater quality analyses around the company's tailings dams. 		<ul style="list-style-type: none"> The first phase was completed of the groundwater quality analyses, hydrogeological modelling of the seepage performance and conceptual design of seepage management strategies. 	<ul style="list-style-type: none"> Implement a second phase of analyses and modelling to design engineering projects to enhance the proactive control of seepage in the medium term.



¹ The IPMVP protocol, which efficiently measures the real saving attained by an organisation after implementing an energy efficiency improvement system, was developed by the Efficiency Valuation Organization (EVO) (www.evo-world.org).

² www.wateraccounting.net.au

2012 TARGETS		COMPLIANCE	2012 PERFORMANCE	2013 TARGETS
BEING THE PARTNER OF CHOICE	THE ENVIRONMENT			
	ENERGY & GEI EMISSIONS <ul style="list-style-type: none"> Update the project portfolio of each operation and include the emission reduction targets of the Global Energy Initiative (GEI). Undertake external verification of the carbon footprint. Implement the measurement and verification protocols pursuant to international standards. 		<ul style="list-style-type: none"> The ECO₂MAN project portfolio was updated with over 10 new projects to save energy and reduce emissions. A project was launched to generate new opportunities with the support of three external energy efficiency specialist companies. PwC³ conducted external assurance of the carbon footprint for scope 1 and 2. Eight professionals were trained on the International Performance Measurement and Verification Protocol in a course given by the Chilean Energy Efficiency Agency, and the protocols started to be applied to the project portfolio. 	<ul style="list-style-type: none"> Develop new energy efficiency and emission reduction projects which provide a 1% saving to contribute to the target by 2020.
	AIR <ul style="list-style-type: none"> Draw up a set of internal particulate matter control practices to generate best practice on road and dam dust control and primary emission sources and develop pilot projects. 		<ul style="list-style-type: none"> A team for particulate matter control practices was formed with the participation of teams from operations and corporate areas (environment and supply chain) to share experiences and develop pilot projects on the use of new technology and products for dust control. 	<ul style="list-style-type: none"> Update emission inventories at operations.
	BIODIVERSITY <ul style="list-style-type: none"> Develop a new peer review on biodiversity in partnership with Fauna & Flora International. 		<ul style="list-style-type: none"> A peer review of the Los Bronces biodiversity action plan, in partnership with Fauna & Flora International, was carried out, with valuable feedback to improve the plan. 	<ul style="list-style-type: none"> Make progress with the biodiversity compensation plans at Los Bronces and El Soldado, and enter into partnerships to address ecosystem conservation programmes in the medium term.
	COMMUNITY			
	<ul style="list-style-type: none"> Have a level of compliance of or higher than 3 for all the Anglo American Social Way requirements applicable to each operation. 		<ul style="list-style-type: none"> A training plan was developed on social issues for employees and contractors; a social management procedure was also drawn up for contractors to be applied to all contracts of over \$20,000. 	<ul style="list-style-type: none"> Implement the social enquiry and incident response procedure in the communities around operations in Chile and projects in Peru.
	<ul style="list-style-type: none"> Draw up a grievance management procedure that is aligned with the requirements of the new version of the SEAT tool released in 2012. 		<ul style="list-style-type: none"> A social enquiry and incident response procedure was developed. It was designed based on the guidelines of the SEAT 2012 and extends the community communication channels. 	<ul style="list-style-type: none"> Implement the social enquiry and incident response procedure in the communities around operations in Chile and projects in Peru.
	<ul style="list-style-type: none"> Implement the social investment and donation policy in all countries in which the company operates and identify opportunities for improvement to include them next year. 		<ul style="list-style-type: none"> The social investment guidelines were established in the social investment and sponsorship policy. 	<ul style="list-style-type: none"> Audit all social investment projects over \$500,000 and at random 20% of the remaining initiatives approved in 2012. Satisfactorily implement all the recommendations of the 2012 audit
	<ul style="list-style-type: none"> Apply the SEAT in Chile in 2012 and the social requirements of projects in Peru. 		<ul style="list-style-type: none"> SEAT was applied at all the operations of Anglo American's Copper business unit. Quellaveco and Michiquillay met the social requirements, passing the internal review stages with no major remarks. 	<ul style="list-style-type: none"> Incorporate the SEAT results in the strategic planning and budget processes 2014. Continue to implement the social requirements at projects in Peru.

*The measurements and targets table was modified in relation to the previous year, just listing the material targets and those related to the management focus.

DEEPER ANALYSIS OF THE GRI INDICATORS

REPORT SCOPE AND BOUNDARY

Data measurement techniques and the bases for calculations (3.9)

The amounts of money are given in US dollars unless indicated otherwise. The data and calculations presented to answer the quantitative indicators were made according to the requirements of the G3.1 version and mining sector supplement, unless indicated otherwise.

Explanation of the effect of any re-statements (3.10)

To safeguard information comparability, it is clearly indicated in the text whether re-statements of information should be provided with regard to earlier sustainable development reports.

GOVERNANCE, COMMITMENT AND STAKEHOLDER ENGAGEMENT

Shareholders and employee involvement (4.4)

Minority shareholders of Anglo American Sur and Norte attend shareholders' meetings and have direct communication with the Company.

Board compensation (4.5)

Board members receive no compensation for their office. The senior management of Anglo American's Copper business unit has a compensation structure defined by the company for its executives.

Training and experience of board members (4.7)

Each shareholder votes and nominates the incumbent and deputy directors according to its shareholding, the shareholders' agreement and current legislation.

Processes for evaluating the highest governance body's own performance (4.10)

To date Anglo American Sur has no formal written procedure to evaluate the performance of the company directors. Each shareholder can remove the directors it has elected.

Main associations of which the company is a member (4.13)

Anglo American's Copper business unit is a member of and/or collaborates with various entities which undertake sustainable development initiatives. These include the following:

- Business Action for Africa¹
- CARE International²
- Extractive Industries Transparency Initiative³
- Fauna and Flora International⁴
- Global Business Coalition (GBC) on HIV/AIDS, Tuberculosis and Malaria⁵
- International Council on Mining and Metals⁶
- Investment Climate Facility for Africa (ICF)⁷
- Natural History Museum⁸
- United Nations Global Compact⁹
- Voluntary Principles on Security and Human Rights¹⁰
- World Business Council for Sustainable Development (WBCSD)¹¹
- The University of Queensland's Sustainable Minerals Institute¹²
- The University of Cambridge Programme for Sustainability Leadership¹³
- Virgin Unite¹⁴
- International Alert¹⁵
- Endeavour
- Business in the Community¹⁶

Memberships in Chile:

- Sociedad Nacional de Minería (Sonami)¹⁷
- Consejo Minero de Chile A.G.¹⁸
- Instituto de Ingenieros de Chile A.G.¹⁹
- Consejo Nacional de Seguridad de Chile²⁰
- AcciónRSE²¹
- Cámara Chileno-Norteamericana de Comercio (AMCHAM)²²
- Cámara Chilena-Sudafricana de Industria y Comercio²³
- Cámara Chileno-Británica de Comercio A.G. (BRITCHAM)²⁴
- Corporación de Desarrollo Productivo de la Región de Antofagasta²⁵
- Asociación de Industriales de Antofagasta²⁶
- Corporación para el Desarrollo de la Región de Atacama (Corproa)²⁷
- Corporación pro Til-Til²⁸
- Corporación para el Desarrollo de Colina²⁹
- Instituto Libertad y Desarrollo³⁰
- Instituto Libertad³¹
- Instituto Chileno de Administración Racional de Empresas (Icare)³²
- Centro de Estudios Públicos (CEP)³³
- Corporación de Desarrollo Ciudadano de Chañaral
- Cámara Chileno-China de Comercio³⁴



- ¹ www.businessactionforafrica.org
- ² www.careinternational.org.uk
- ³ www.eitransparency.org
- ⁴ www.fauna-flora.org
- ⁵ www.gbcompact.org
- ⁶ www.icmm.com
- ⁷ www.icfafrica.org
- ⁸ www.nhm.com
- ⁹ www.unglobalcompact.org
- ¹⁰ www.voluntaryprinciples.org
- ¹¹ www.wbcsd.org
- ¹² www.smi.uq.edu.au
- ¹³ www.cpsl.cam.ac.uk
- ¹⁴ www.virginunite.com
- ¹⁵ <http://www.international-alert.org/>
- ¹⁶ www.bitc.org.uk
- ¹⁷ www.sonami.cl
- ¹⁸ www.consejominero.cl
- ¹⁹ www.iing.cl
- ²⁰ www.cnsdechile.cl
- ²¹ www.accionrse.cl
- ²² www.amchamchile.cl
- ²³ www.centrodecamaras.cl
- ²⁴ www.britcham.cl
- ²⁵ www.cdp.cl
- ²⁶ www.aia.cl
- ²⁷ www.corproa.cl
- ²⁸ www.protiltil.cl
- ²⁹ www.procolina.cl
- ³⁰ www.lyd.com
- ³¹ www.institutolibertad.cl
- ³² www.icare.cl
- ³³ www.cepchile.cl
- ³⁴ www.camarachilenochina.cl

Memberships in Peru:

- Procobre Perú³⁵
- Sociedad Nacional de Minería, Petróleo y Energía (SNMPE)³⁶
- Cámara Peruano-Británica (BPCC)³⁷
- Cámara de Comercio Americana del Perú³⁸
- Instituto de Ingenieros de Minas del Perú³⁹

LABOUR PRACTICES AND DECENT WORK

Minimum notice period regarding operational changes (LA5)

Anglo American's Copper business unit does not have these kinds of procedures.

Number of strikes and lock-outs exceeding one week's duration, by country (MM4)

There were no strikes in 2012.

HUMAN RIGHTS

Total number of incidents of discrimination and actions taken (HR4)

There were no incidents of this kind at Anglo American's Copper business unit in 2012.

Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights (HR5)

There were no incidents of this kind at Anglo American's Copper business unit in 2012.

Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour (HR6)

There were no incidents of this kind at Anglo American's Copper business unit in 2012.

Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations (HR8)

Security guards at operations are trained on the Voluntary Principles on Security and Human Rights.

Total number of incidents of violations involving rights of indigenous peoples and actions taken (HR9)

There were no incidents in the reporting period.

Total number of operations taking place in or adjacent to indigenous peoples' territories, and number and percentage of operations or sites where there are formal agreements with indigenous peoples' communities (MM5)

Anglo American's Copper business unit has no operations related to indigenous peoples' territories.

Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms (HR11)

There were no incidents of this kind in 2012.

SOCIETY

Number and description of significant disputes relating to land use, customary rights of local communities and indigenous peoples (MM6)

Anglo American's Copper business unit has no operations related to indigenous peoples' territories.

The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and indigenous peoples, and the outcomes (MM7)

Anglo American's Copper business unit has no operations related to indigenous peoples' territories.

Number and percentage of company operating sites where artisanal and small-scale mining takes place on, or adjacent to, the site; the associated risks and actions taken to manage and mitigate these risks (MM8)

Anglo American Copper business unit supports small-scale mining through the Mining Council.

Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process (MM9)

No resettlements took place in 2012.

Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations related to society engagement (government, community, academic institutions, NGOs, etc.) (SO8)

There were no incidents of this kind during the reporting period.

³⁵ www.procobre.org
³⁶ www.snmpe.org.pe
³⁷ www.bpcc.org.pe
³⁸ www.amcham.org.pe
³⁹ www.iimp.org.pe



(A free translation from the original prepared in Spanish.)

Santiago, May 13, 2013

Messrs. Shareholders and Directors
Anglo American Copper Business Unit

Independent Professionals Report

We have reviewed the 2012 Sustainable Development Report of Anglo American Copper Business Unit, for the year finalized on December 31, 2012. Anglo American Copper Business Unit management is responsible for the 2012 Sustainable Development Report.

Our review was performed in accordance with the attestation work standards established by the Chilean Accountants School A.G. The scope of a review is materially less than that of a reasonable assurance engagement, whose objective it is to express an opinion about the 2012 Sustainable Development Report. Consequently, we do not express such an opinion.

Within the scope of our review work previously described, we performed the following procedures, among others, on a sample testing basis:

- work planning according to relevance and volume of the information presented in the 2012 Sustainable Development Report,
- obtaining an understanding of internal controls,
- interviews with different officers responsible for the information in the 2012 Sustainable Development Report,
- verification, based on testing, that the data included in the 2012 Sustainable Development Report is consistent with the documentary evidence reviewed and/or comes from verifiable supporting information sources,
- verification that the financial information included in the 2012 Sustainable Development Report is derived from accounting records or from financial statements as of December 31, 2012 by another firm of independent auditors.

Based on our review, we have no knowledge that the 2012 Sustainable Development Report of Anglo American Copper Business Unit, for the year finalized as at December 31, 2012, is not presented in all its material aspects, in accordance with the sustainability reporting guidelines G3.1 of the Global Reporting Initiative (GRI G3.1), the mining and metal sector supplement and the application level A+ requirements of the mentioned guidelines.

A handwritten signature in blue ink, appearing to read 'Mathieu Vallart', with a horizontal line underneath.

Mathieu Vallart
Partner

A handwritten signature in blue ink that reads 'Pricewaterhouse Coopers', with a long horizontal line underneath.

GRI INDEX

REPORTING LEVEL

● Fully
◐ Partially

INDICATOR	DESCRIPTION	PAGE	GLOBAL COMPACT PRINCIPLE	REPORTING LEVEL
1.1	Statement from the general manager.	4 & 5		●
1.2	Description of key impacts, risks and opportunities.	4, 11, 13, 15, 16, 22-24, 30, 33		●
ORGANISATIONAL PROFILE				
2.1	Name of the organisation.	8		●
2.2	Primary brands, products and/or services.	9		●
2.3	Operational structure, including main divisions, operating companies, subsidiaries and joint ventures.	8 & 9		●
2.4	Location of the organisation's headquarters.	8		●
2.5	Number of countries in which the organisation operates.	8		●
2.6	Nature of ownership and legal form.	8, 21		●
2.7	Markets served.	10		●
2.8	Scale of the reporting organisation.	11		●
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	3		●
2.10	Awards received in the reporting period.	14		●
REPORT PARAMETERS				
REPORT PROFILE				
3.1	Reporting period for information provided.	2		●
3.2	Date of the most recent previous report.	2011 period		●
3.3	Reporting cycle.	Annually		●
3.4	Contact point for questions related to the report or its content.	3		●
REPORT SCOPE AND BOUNDARY				
3.5	Process for defining report content.	3		●
3.6	Boundary of the report.	2 & 3		●
3.7	State specific limitations on the scope or boundary of the report.	2 & 3		●
3.8	Basis for reporting on joint ventures, subsidiaries, affiliates, leased facilities, outsourced operations and other entities.	2		●
3.9	Data measurement techniques and the bases for calculations, including assumptions underlying	72		●
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	72		●
3.11	Significant changes from previous reporting periods in the scope.	2 & 3		●
3.12	GRI content index.	75-79		●
3.13	Verification.	74		●
GOVERNANCE, COMMITMENTS, AND STAKEHOLDER ENGAGEMENT				
4.1	Governance structure of the organisation.	21		●
4.2	Indication of whether the Chair of the highest governance body is also an executive officer.	21		●
4.3	Unitary board structure.	21		●
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	72		●
4.5	Linkage between payment for members of the highest governance body, senior managers, executives, and the organisation's performance.	20 & 21		◐
4.6	Procedure in place to avoid conflicts of interests.	20 & 21		●
4.7	Processes for determining the qualifications and expertise of the members of the highest governance body.	72		●
4.8	Statement of mission, vision and values.	13 & 14		●
4.9	Evaluation of the environmental, social and economic performance of the members of the highest governance body.	13, 22, 23, 30, 42, 52 & 53		●
4.10	Processes for evaluating the highest governance body's own performance..	72		●

REPORTING LEVEL



INDICATOR	DESCRIPTION	PAGE	GLOBAL COMPACT PRINCIPLE	REPORTING LEVEL
COMMITMENTS TO EXTERNAL INITIATIVES				
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	30 & 52		●
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	34, 50, 51, 61, 68		●
4.13	Memberships in associations and/or national/international organisations supported.	72, 73		●
STAKEHOLDER ENGAGEMENT				
4.14	List of stakeholder groups engaged by the organisation.	3		●
4.15	Basis for identification and selection of stakeholders with whom to engage.	15, 16, 44, 54		●
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	15, 16, 44, 54		●
4.17	Key topics and concerns that have been raised through stakeholder engagement.	3		●
ECONOMIC AREA				
ECONOMIC PERFORMANCE				
EC1	Direct economic value generated and distributed.	24 & 25		●
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	57	P. 7	◐
EC3	Coverage of the organisation's defined benefit plan obligations.	25		◐
EC4	Financial assistance received from government.	26	P. 1	●
EC5*	Range of ratios of standard entry level wage compared to local minimum wage.	38		●
MARKET PRESENCE				
EC6	Policy, practices and proportion of spending on locally-based suppliers at significant locations of operation.	66		●
EC7	Procedures for local hiring and proportion of senior management hired from the local community.	27, 34	P. 6	◐
INDIRECT ECONOMIC IMPACT				
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit, through commercial, in kind, or pro bono engagement.	48-51, 60 & 61		●
EC9*	Understanding and describing significant indirect economic impacts, including the extent of impacts.	48-51 & 66-68		●
ENVIRONMENTAL AREA				
DMA	Management Approach.	42-44		●
MATERIALS				
EN1	Materials used by weight or volume.	60 & 63	P. 8	●
EN2	Percentage of materials used that are input materials.	60 & 63	P. 8 & P. 9	◐
ENERGY				
EN3	Direct energy consumption by primary energy source.	58	P. 8	●
EN4	Indirect energy consumption by primary source.	58	P. 8	●
EN5*	Energy saved due to conservation and efficiency improvements.	57	P. 8 & P. 9	●
EN6*	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy consumption and in energy requirements as a result of these initiatives.	57, 59	P. 8 & P. 9	●
EN7*	Initiatives to provide reductions in indirect energy requirements and reductions achieved.	57, 59	P. 8 & P. 9	◐
WATER				
EN8	Total water withdrawal by source.	56	P. 8	●
EN9*	Water sources and habitats significantly affected by withdrawal of water.	56	P. 8	◐
EN10*	Total percentage and volume of water recycled and reused.	56	P. 8 & P. 9	●

* Additional indicator

REPORTING LEVEL

 Fully
 Partially

INDICATOR	DESCRIPTION	PAGE	GLOBAL COMPACT PRINCIPLE	REPORTING LEVEL
ENVIRONMENTAL AREA				
BIODIVERSITY				
EN11	Description of lands adjacent to, or located in, natural protected areas or areas of high biodiversity outside protected areas.	60	P. 8	●
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	60	P. 8	●
EN13*	Habitat protected or restored.	61	P. 8	◐
EN14*	Strategy and actions in place and future plans for managing impacts on biodiversity.	60	P. 8	●
MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated.	61		●
MM2	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place.	60		●
EMISSIONS, EFFLUENTS AND WASTE				
EN16	Total direct and indirect greenhouse gas emissions.	58-59	P. 8	●
EN17	Other indirect greenhouse gas emissions.	58-59	P. 8	◐
EN18*	Initiatives to reduce greenhouse gas emissions and reductions achieved.	57 & 59	P. 8	◐
EN19	Emissions of ozone-depleting substances.	59	P. 8	◐
EN20	NOx, SOx, and other significant air emissions, by weight.	59 & 62	P. 8	●
EN21	Total water discharge by quality and destination.	62	P. 8	◐
EN22	Total weight of waste by type and disposal method.	62 & 63	P. 8	●
EN23	Total number and volume of significant accidental spills.	64	P. 8	●
MM3	Total amounts of overburden, rock, tailings, and sludge and their associated risks.	62		●
REGULATORY COMPLIANCE				
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	64	P. 8	●
GENERAL				
EN30*	Total environmental protection expenditures and investments by type.	63	P. 7, P. 8 & P. 9	●
SOCIAL				
Labour practices and decent work				
DMA	Management Approach	30-33		●
EMPLOYMENT				
LA1	Total workforce by employment type, employment contract, gender, and region.	33 & 34		●
LA2	Total number and rate of employee turnover by age group, gender, and region.	34	P. 6	●
LA3*	Social benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	36		●
LA15	Return to work and retention rates after parental leave, by gender.	38		●
COMPANY-EMPLOYEE RELATIONSHIP				
LA4	Percentage of employees covered by collective bargaining agreements.	39	P. 1 & P. 3	●
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	73	P. 3	●
MM4	Number of strikes and lock-outs exceeding one week's duration, by country.	73		●
HEALTH AND SAFETY AT WORK				
LA6*	Percentage of total workforce represented in formal joint management-worker health and safety committees.	32	P. 1	●
LA7	Rates of absenteeism, occupational diseases, lost days, and number of work-related fatalities by region and gender.	31 & 32	P. 1	●
LA8	Education programmes in place related to HIV and other serious contagious diseases.	13	P. 1	◐

* Additional indicator

REPORTING LEVEL

















INDICATOR	DESCRIPTION	PAGE	GLOBAL COMPACT PRINCIPLE	REPORTING LEVEL
SOCIAL				
Labour practices and decent work				
TRAINING AND EDUCATION				
LA10	Average hours of training per year per employee by gender and employee category.	36		●
LA11*	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	35, 36 & 38		◐
LA12*	Percentage of employees receiving regular performance and career development reviews by gender.	35		●
DIVERSITY AND EQUAL OPPORTUNITY				
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	22, 38	P. 1 & P. 6	●
LA14	Ratio of basic salary of men to women by professional category.	38	P. 1 & P. 6	●
SOCIAL				
Human Rights				
INVESTMENT AND PROCUREMENT PRACTICES				
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	39 & 47	P. 1, P. 2, P. 3, P. 4, P. 5 & P. 6	◐
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	23, 39 & 47	P. 1, P. 2, P. 3, P. 4, P. 5, & P. 6	◐
NON-DISCRIMINATION				
HR4	Total number of incidents of discrimination and actions taken.	38 & 73	P. 1, P. 2 & P. 6	●
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING				
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	73	P. 1, P. 2 & P. 3	●
CHILD LABOUR				
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	13 & 73	P. 1, P. 2 & P. 5	●
FORCED LABOUR				
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour and measures to contribute to the elimination of forced or compulsory labour.	13 & 37	P. 1, P. 2 & P. 4	●
SECURITY PRACTICES				
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	73	P. 1 & P. 2	●
INDIGENOUS RIGHTS				
HR9	Total number of incidents of violations involving rights of indigenous peoples and actions taken.	73	P. 1 & P. 2	●
MM5	Total number of operations taking place in or adjacent to indigenous peoples' territories, and number and percentage of operations or sites where there are formal agreements with indigenous peoples' communities.	73		●
ASSESSMENT				
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	13-39	P. 1 & P. 2	◐
CORRECTIVE MEASURES				
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	73	P. 1 & P. 2	●
SOCIAL				
Product responsibility				
CUSTOMER HEALTH & SAFETY				
PR1	Lifecycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	11	P. 1	◐
MM11	Programmes and progress relating to materials stewardship.	11		●

* Additional indicator

REPORTING LEVEL

 Fully
 Partially

INDICATOR	DESCRIPTION	PAGE	GLOBAL COMPACT PRINCIPLE	REPORTING LEVEL
SOCIAL				
Society				
DMA	Management Approach.	42, 44		
COMMUNITY				
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	44-46		
MM6	Number and description of significant disputes relating to land use, customary rights of local communities and indigenous peoples.	73		
MM7	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and indigenous peoples, and the outcomes.	73		
SO9	Operations with significant potential or actual negative impacts on local communities.	73		
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	44-45		
MM8	Number and percentage of company operating sites where artisanal and small-scale mining takes place on, or adjacent to, the site; the associated risks and actions taken to manage and mitigate these risks.	73		
MM9	Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process.	73		
MM10	Number and percentage of operations with closure plans.	62		
SOCIAL				
Society				
CORRUPTION				
SO2	Percentage and total number of business units analysed for risks related to corruption.	23	P. 10	
SO3	Percentage of employees trained in the organisation's anti-corruption policies and procedures.	23	P. 10	
SO4	Actions taken in response to incidents of corruption.	23	P. 10	
PUBLIC POLICY				
SO5	Public policy positions and participation in public policy development and lobbying.	29	P. 1 - P. 10	
COMPLIANCE WITH LAWS AND REGULATIONS				
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations related to society engagement (government, community, academic institutions, NGOs, etc.).	73		

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DESIGNED AND PRODUCED BY
TIRONI ASOCIADOS

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Anglo American

Pedro de Valdivia 291
Cp 750-0524
Providencia
Santiago
Chile

www.angloamerican.com