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- www.facebook.com/AngloAmericanCL
- in www.linkedin.com/company/Anglo-american
- Twitter: @AngloAmericanCL

# CHIEF EXECUTIVE'S STATEMENT



Hennie Faul

At Anglo American we are convinced that our work must generate value for society by means of sustainable and responsible management at all our operations. This is the only way we can generate a net-positive impact, forge long-term relations and make a contribution to the socioeconomic development of the communities around our operations and projects.

This 11th Sustainable Development Report aims to report on the permanent effort of all those who are part of Anglo American to achieve best practice and processes to generate sustainable benefits over time for our shareholders and stakeholders.

Safety is a core pillar of our daily work and a permanent management challenge with our employees. We are proud to have ended the year with zero fatalities and a drop in the total injury frequency rate and the lost-time injury frequency rate compared to 2013.

In 2014, we also perceived a strong commitment to identify and report high-potential incidents (HPIs). This positive sign and organisational maturity enables us to be more considerate and aware of how necessary it is to report these kinds of incidents.

Although this progress is good news, we want to raise the bar. We are working towards Zero Harm and our endeavours and concerns are focused on this. Our employees must return home safe and sound every day. This is an imperative and non-negotiable value for all those who are part of Anglo American.

In the productive area, and despite the fact that we had a challenging year in terms of costs and ore grade, the efforts and commitment of our work teams enabled us to stand out as one of the mining companies with the best production results and large progress with the management of our operations.

Mining poses us new challenges daily that we must address with innovative and sustainable solutions. It was in this area that

after two years under construction we had the satisfaction of inaugurating the Mantoverde desalination plant in the Atacama region.

This plant, the first one of Anglo American in Chile, materialises our efforts to find solutions that comply with high standards to respond to priority environmental issues. We are proud to have one of the most efficient plants in Chile on energy use with cutting-edge technology that does not generate any emissions and reduces the desalination impact on the seabed to a minimum

The work undertaken with the Chañaral communities during the construction of the desalination plant is also evidence of the relationship we want to maintain with the host communities around our operations and projects. Before starting work, we kept up ongoing and transparent dialogue with the local communities, particularly the representatives of six trade unions of the Independent Sea Workers Union in the district of Chañaral. Due to this process, we were able to carry out different enterprise and social development projects, which drove the growth of sea workers in the sector. These organisations are also part of the environmental monitoring plan of the desalination plant, providing permanent participation during its operation.

At Anglo American we aim to become partners for the common future we share with host countries and our efforts are therefore focused on operating efficiently without any accidents, respecting the environment and creating value for governments, communities and other interested parties. As a signatory of the principles of the United Nations Global Compact, at Anglo American we are committed to adhering and taking action to implement the 10 principles on human rights, labour relations, environment and anti-corruption. Concerning this, our new human rights policy came into force in the last quarter of 2014, which embodies Anglo American's total commitment to this issue.

We accept and support corporate responsibility regarding respect of human rights and we are working actively to assure such respect. As established in the UN Guiding Principles on Business and Human Rights (UNGPs), our goal is to identify, assess and minimise any possible adverse effect on human rights we might cause or that is related to our company by means of permanent oversight and evaluation and the right management. We also acknowledge that host governments have the obligation of protecting the human rights of all people in their jurisdiction and, if applicable, we will work with States to generate the capacities underpinning this objective.

Our protect, respect and remedy guidelines on human rights are embedded in several of our internal policies, including those on employment practices, exploration, environmental practices, social performance and safety.

As I said at the outset, 2014 was a year of great productive challenges. The operating changes launched two years ago are starting to reap the expected rewards and four of our five operations exceeded their production targets, which gives us



great satisfaction. We produced 748,000 tonnes of fine copper, a 3.48% decrease on 2013, mainly due to lower output at El Soldado because of lower ore grades expected due to the intersection of a geological fault detected in 2013.

Nevertheless, the market conditions are challenging and therefore cost control and the efficient management of our resources are and will continue to be the main challenges for all those who are part of Anglo American.

In the light of this complex external scenario for our company, we decided to make important decisions, like returning the Michiquillay project to the government of Peru and conducting a review of the company's assets worldwide, thereby starting a divestment process of some assets to give priority to and focus on developing all the potential of those assets considered as strategic, as is the case of Los Bronces, Collahuasi and Quellaveco.

2014 was also marked by the demands that the new environmental institutionalism has imposed on the mining industry and which has led us to be even more rigorous with complying with applicable legislation.

We conducted a complete review of the status of current permits to close the gaps and make sure there is total compliance in the shortest time possible. During this process, we were fined by the authority for breaches at our El Soldado operation of the reforestation and water treatment plan. In July 2014, the environmental superintendency also filed charges for some breaches at Los Bronces. I would like to highlight that in both cases the mitigation plans are underway, and we expect to have them fully resolved soon.

Once again I would like to reaffirm the company's commitment to fully comply with the current regulations and our own environmental policies and standards. Complying with this is the responsibility of everyone who is part of Anglo American, and we will step up efforts to reduce breaches to a minimum, detect them in time and resolve them as quickly as possible.

Our employees are the company's most valuable asset, and we therefore continually work to create a good work environment, develop and train our employees and pay their performance competitively. In 2014, we increased the training hours and benefits, with a direct impact on the quality of life of those who are part of Anglo American.

I would like to highlight two specific factors in 2014. The first was the framework agreement signed by companies that supply the mining industry and their unions, which was advised by the Confederation of Copper Contractors and in which our company acted as a facilitator. This establishes standard conditions for workers at such companies. The second was the creation of the first supervisors' union at Anglo American. Both cases endorse our permanent willingness to talk and seek better labour conditions for all those who are part of the company.

We are convinced we still have a great deal of work to do and have opportunities of improvement, but I am sure the progress we have made with our processes are reaping the rewards. This 11th Sustainable Development Report is also an invitation for you to find out about what we are doing and give us your comments to carry on improving daily and continue to make a real difference in mining.

A.

Hennie Faul Chief Executive

# **ANGLO AMERICAN**

Anglo American is one of the world's largest mining companies and has been present in Chile since 1980. We work together with our key partners and stakeholders to unlock the long-term value that our resources represent for our shareholders, but also for the communities and countries in which we operate, creating sustainable value and making a real difference.

Anglo American's Copper business has its corporate headquarters in Santiago, Chile and it produces copper concentrate, copper cathodes and related by-products, such as molybdenum and silver. It owns the Mantos Blancos and Mantoverde mines and has a 50.1% controlling interest in the Los Bronces and El Soldado mines and the Chagres smelter, which it manages and operates. It also has a 44% interest in in the mining company Doña Inés de Collahuasi.

In 2014, the company announced the start of a process to divest part of its assets in Chile, including Mantos Blancos, Mantoverde, El Soldado and Chagres.

It has an 81.9% stake of the Quellaveco project in Peru, located in the south of the country (district of Moquegua). Late in the year, Anglo American announced its decision to abandon the Michiquillay project in the north of Peru, winding up the commitments it had acquired with the communities.

# **ANGLO AMERICAN plc**



Anglo American is a global and diversified mining business that provides the raw materials essential for economic development and modern life. Our people are at the heart of our business. It is our people who use the latest technologies to find new resources, plan and build our mines and who mine, process and move and market our products – from bulk commodities and base metals to precious metals and diamonds (through De Beers) – to our customers around the world. Our diversified portfolio of products spans the economic

development cycle and, as a responsible miner, we are the custodians of precious resources. We work together with our key partners and stakeholders to unlock the long-term value that those resources represent for our shareholders, but also for the communities and countries in which we operate – creating sustainable value and making a real difference. Our mining operations, growth projects and exploration and marketing activities extend across southern Africa, South America, Australia, North America, Asia and Europe.

# **OUR BUSINESS AT A GLANCE**

- Anglo American has five open-cut deposits and a smelter in Chile.
- It produced 748,100 tonnes of copper in 2014.
- Anglo American's Copper business has 15,941 employees.
- The Copper business recorded an underlying EBIT of \$1,193 million in 2014.
- The main markets of Anglo American's Copper business are Asia, America and Europe.



# LOS BRONCES (1)



- Location: in the Andes mountains 3,500 metres above sea level, and 65 kilometres east of Santiago.
- Ownership percentage:

# **MANTOS BLANCOS**



- Location: 800 metres above sea level in the **Antofagasta Region and** 45 kilometres northeast of the regional capital.
- Ownership percentage: 100%

# EL SOLDADO



- Location: in the coastal mountain range, 600 metres above sea level, in the district of Nogales, Valparaíso region, 132 kilometres north of Santiago.
- Ownership percentage: 50.1%

# MANTOVERDE (1)



- Location: 900 metres above sea level in the Atacama region, 56 kilometres east of the port of Chañaral.
- Ownership percentage: 100%

# CHAGRES []



- Location: in the district of Catemu, Valparaíso region, 100 kilometres north of Santiago.
- Type of operation: smelter.
- Ownership percentage: 50.1%

# COLLAHUASI 6

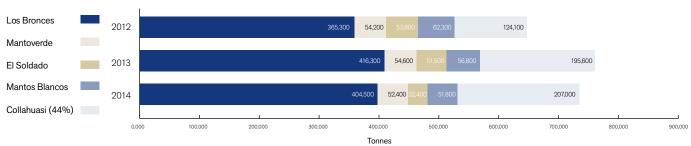


- Location: in the Tarapacá region, at 4,400 metres above sea level and 185 kilometres southeast of Iquique.
- Ownership percentage:

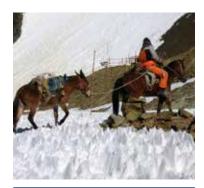
Los Bronces produced 404,500 tonnes of copper, 3% down on 2013. The company achieved a good quantity treated performance from higher mining rates, which improved the continuity of the ore supply and helped debottleneck the plants, Anglo American's share of Collahuasi's production of 207,000 tonnes was 6% up on the previous year. That was due to continuous high grades from improving the fleet and primary crusher throughput, which allowed for accelerated mining of the Rosario pit and the recovery of throughput after the 49-day stoppage of the SAG 3 mill in 2013.

Output at El Soldado dropped 37% as a result of lower expected grades that arose from the intersection of a geological fault detected in 2013. Production at Mantos Blancos and Mantoverde fell 4% and 9%. respectively, due to lower than expected grades.

# Copper production by operation



# OUR PRODUCTIVE PROCESS



# 1. FIND

Anglo American's geologists search for and find new sources of minerals that make modern life possible. To be a responsible company, it must find deposits where mining can be undertaken safely and sustainably. Technology extends the borders of mining so the search leads to much more remote and extreme places.



# 2. PLAN AND BUILD

Before touching the land, geologists and engineers work together and use virtual mine planning systems to design the operating and construction plan effectively, profitably and ecologically. This work can take several years, according to the complexity of the deposit, the physical environment, its location and the route to the market. The company also pays great attention to extend the vision even further to determine the rehabilitation of the site and the real benefits that local communities will continue to take advantage of. The Quellaveco project in Peru is in this stage.



# 3. MINE

In this stage the company leverages virtually 100 years of mining experience. Safety is the priority: Anglo American's way of working in all stages is focused on Zero Harm to its employees, contractors and anyone involved. It plans the mine lifecycle and uses own technology to reduce the amount of waste and protect the environment.



# 4. PROCESS

By processing, converting and refining raw materials, it produces what customers need. Besides creating new products, its processing technology reduces the amount of waste, saves water, raises efficiency, generates innovation and, by adding value to products, it can support economic growth in areas where it has operations. Processing starts with removing as much waste as possible. Then it focuses on ores using a variety of processes that depend on the type of ore.



# 5. MOVE AND MARKET

Anglo American moves products in large volume to wherever is necessary. It uses the latest logistics technology to co-ordinate and optimise the overall shipment needs and make punctual deliveries. It uses its detailed market knowledge to offer customers a stable supply according to their exact specifications, adding value in each stage of the route.

# **OUR APPROACH**

The mining industry is largely the heart of the world's economic development. For almost a 100 years, Anglo American has been mining the metals and minerals that today are present in articles of daily use and used as raw materials in a wide variety of sectors like the pharmaceutical or electronics industries.

Anglo American is convinced that being one of the industry leaders and permanently innovating at its operations will enable it to generate consistent returns to its shareholders; but this will only be possible if it delivers value to society, focusing on and honouring the commitments it undertakes with each of its stakeholders: investors, employees, government bodies, communities, business partners and non-governmental organisations.

The relations it forges with each of these stakeholders are accomplished through forming mutually beneficial partnerships with a long-term vision of being 'partners in the future.' Mining production would not be possible without the human capital working in the company. In accordance with its Organisation Model, Anglo American empowers its employees so they can achieve their maximum potential, guaranteeing they are the right people in the right roles.

# This is Anglo American's mission and it measures progress against seven pillars of value: Safety and health: to do no harm to our workforce. Environment: to minimise harm to the environment. Socio-political: to partner in the benefits of mining with local communities and governments. People: to resource the organisation with an engaged and productive workforce. Production: to extract our mineral resources in a sustainable way to create value. Cost: to be competitive by operating as efficiently as possible. Financial: to deliver sustainable returns to our shareholders.

# MANAGING SUSTAINABLE DEVELOPMENT

Anglo American aims to attain a balance between delivering attractive returns to its investors and developing projects that comply with the highest standards on sustainable development in the world.

The Good Citizenship Business Principles are the blueprint for embedding these standards in each of its processes, along with the defined standards, policies and codes of conduct to address various sustainability issues.

# ANGLO AMERICAN'S STANDARDS, POLICIES AND CODES OF CONDUCT

# **ENVIRONMENT**

- The Anglo American Environment Way, Vol. 1 and 2
- Group Climate Change Policy
- Group Water Policy

# SAFETY AND OCCUPATIONAL HEALTH

- Anglo American Group HIV/AIDS Policy
- The Anglo American Occupational Health Way
- The Anglo American Safety Way
- The Anglo American Safety Golden Rules
- The Anglo American Fatal Risks Standards

# SOCIAL

- The Anglo American Social Way
- Human Rights Policy
- Socio-Economic Assessment Toolbox (SEAT)

# SUSTAINABLE DEVELOPMENT

- Sustainable Development in the Supply Chain Policy
- Supplier Sustainable Development Code
- Supply Chain Local Procurement Policy
- Anglo American Human Resources Principles and Policies
- Anglo American Business Integrity Policy and Prevention of Corruption Performance Standard

#### **OPERATING MODEL**

In 2014, the company implemented vital changes to ensure the sustainability of the business. These changes are long-term and aim to achieve better performance, reduce the environmental impact to a minimum and create safer workplaces.

The new Operating Model: "right work, right time, right way," standardises how we set targets, plan, manage, execute and improve our daily work. It brings a consistency of approach, a common language and way of working across the business, irrespective of history or the culture where it is deployed.

The principles underpinning this model are:

- Produce stability: stable operations deliver predictable outcomes.
- Reduce variation: lower variation in operational performance increases capability and efficiency.
- Provide clarity: team members who have a clear understanding of their own work, and how their team works, produce consistent and repeatable outcomes.

# STAKEHOLDER RELATIONS

For Anglo American stakeholders are its business partners with whom it seeks to establish mutually beneficial relations. To such effect, it has made commitments with each one of them that are declared in the Good Citizenship Business Principles.

#### **INVESTORS**

- We will ensure full compliance with relevant laws and rules.
- We will observe high standards of corporate governance and are committed to transparency and fair dealing.

# **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.

# **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.

# **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 on it.
- We will provide local mechanisms for the consideration and resolution of complaints and grievances in a fair, timely and accessible manner.

# **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.

# **NON-GOVERNMENTAL ORGANISATIONS**

- Civil society can play a crucial role in promoting pluralistic and more adaptable societies.
- We aim for constructive relations with relevant nongovernmental organisations.
- Their input may improve our understanding of society and of host communities.

# **AWARDS AND ACCOLADES 2014**



01
Energy Efficiency Seal
awarded by the Ministry of



02 The Los Bronces Development Project gets the Sociedad Nacional de Minería 2014 award



03
The company gets the
Raúl Sáez award for the
use and development of
national engineering

- In December, the Ministry of Energy awarded Mantos Blancos and Mantoverde the Energy Efficiency Seal, with the Chilean Energy Efficiency Agency as the executor body. The aim of the Seal is to identify and recognise those companies that have established policies on these issues, implementing initiatives, targets and indicators.
- In August, the company received recognition for its contribution to the development of the mining industry with the successful consolidation of the Los Bronces Development Project, which has increased the production capacity of such operation considerably. In the presence of President Michelle Bachelet, Anglo American received the Sociedad Nacional de Minería 2014 award in the large producer category.
- In March, Anglo American obtained the Raúl Sáez award for the development of the first cathode cleaner robot designed by Chilean engineers and which is currently operating at its Mantos Blancos operation. The award gives recognition to those mining projects that promote the use and development of national engineering, as this drives the country's growth and export potential.
- For the third year running, the company managed to renew the *ProPyme* (Pro SME) Seal obtained in 2012. This recognises those companies that voluntarily commit to paying their smaller suppliers in less than 30 days. To renew the Seal, firms must show compliance with the requirements set out in the regulation on timely payments for goods and services provided by small- and medium-sized enterprises (SMEs).

# ETHICS AND GOVERNANCE

Anglo American's commitment to integrity and accountability, and zero tolerance of corruption, is given effect through its business integrity policy. The objective is to assure that business is undertaken in an environment of co-operation, transparency, and honouring the values and principles established, and with the focus on benefitting all shareholders.

Anglo American believes that the fight against corruption is key to contributing to the development of the countries in which it operates. It therefore actively engages in eradicating this by supporting international frameworks such as the UN Global Compact and the Extractive Industries Transparency Initiative.

# **BUSINESS INTEGRITY POLICY**

The company's business integrity policy states that it will neither give nor accept bribes, nor permit others to do so in its name, either in its dealings with public officials or with its suppliers and customers. The policy is supported by 11 performance standards that cover: the giving or receiving of gifts and/or entertainment; conflicts of interest; prohibition of political donations; the use of company assets; working with intermediaries; interactions with government officials; charitable donations; social investment; sponsorships; and mergers, acquisitions, and joint ventures, among others.

The standards prohibit the company from making donations to any political party or politician. They require that our employees perform their duties honestly and avoid conflicts of interest. Besides face-to-face training to discuss and apply the performance standards to business integrity dilemmas, it should be noted that the company has a whistleblowing system to report any breach of the internal regulations.

From 2013 to 2014, the company detected some cases of fraud that breached Anglo American's internal controls. It applied the investigation processes, the penalties and corresponding administrative and legal measures. The cases detected meant implementing action to improve the control systems.

As a result of the internal management of these issues, the company sacked six workers in the year for breaching the integrity policy or other values. Furthermore, it terminated commercial relations with two contractors. The whistleblowing facility, Speak Up¹, received 39 alerts in Chile and eight in Peru about possible breaches of the Good Citizenship Business Principles.

# **RISK MANAGEMENT AND OFFENCE PREVENTION**

Concerning risk management, the company works to identify them in advance at all levels of the organisation, establishing strategies to manage or reduce them, along with putting effective controls in place to continually reduce their impact.

In 2014, it sharpened this issue by working from a vision of comprehensive risk management and appraising and following up on those risks identified as a priority. The corporate focus in the year was on generating awareness of risk management to create a culture within the company, thereby assuring knowledge of the risks faced by the Copper business and the action it is taking to prevent and mitigate them.

Senior management worked permanently on reviewing the risks that were key in the planning cycles. The priority risks include the water supply shortage, the drop in the copper price, the availability of resources to make progress with expansion projects, delays with the permitting processes, light and heavy equipment transport incidents on and off mine sites, the instability of slopes, among others. In 2015, the company hopes to bolster the operating risk management systems, which it has already implemented at operations, with the focus on more detailed analysis for a more thorough assessment of the current controls and their effectiveness.

# **CORPORATE GOVERNANCE**

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 Inversiones Anglo American Norte S.A. with a 70% shareholding and Anglo American Norte S.A. with 30%.

The management of Anglo American Sur S.A. is vested in a board of directors, which was renewed in September 2014, and is as follows:

Incumbent Directors	Deputy Directors
Hendrik Johannes Faul	Lorenzo Menéndez Pagliotti
Felipe Purcell Douds	Alejandro Mena Frau
Duncan Wanblad (Chairman)	
Tetsu Kotari	Hideyuki Takemura
Gerhard Von Borries Harms	Iván Arriagada

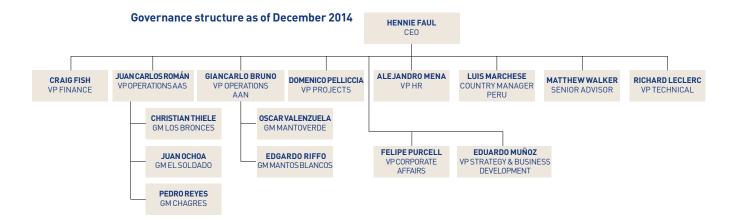
 $<sup>^{\</sup>star}$  Thomas Keller and Marcelo Glavic resigned as a director and deputy director, respectively, in 2014.

The board of Anglo American Norte S.A. was elected in a shareholders' meeting held in April 2014 and comprises the following directors:

Incumbent Directors	Deputy Directors
Alejandro Mena Frau (Chairman)	Lorenzo Menéndez Pagliotti
Craig Darren Fish	José Pedro Urrutia Beven
Felipe Purcell Douds	*

<sup>\*</sup> Marcelo Glavic resigned as a deputy director in October 2014.

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 interest of one or more directors. All the companies draw up full accounting, an annual report, balance sheet and financial statements, which are reviewed by the independent auditors each year.



# Legal form

The shareholders of Anglo American Sur S.A. for the year ended 31 December 2014 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 56 minority shareholders, who have a 0.017% shareholding. For the year ended 31 December 2014, the majority shareholder was Inversiones Anglo American Norte S.A. with a 99.97% shareholding.

The legal form of 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 81.89377127% shareholding, MCQ Copper Ltd. with 18.10622872%, and Anglo American Norte S.A. with 0.000000014%.

The company returned the Michiquillay project to the government of Peru in 2014.

# ECONOMIC PERFORMANCE

2014 was marked by the low copper price, which posed the company the challenge of focusing on operating enhancements and reducing costs to generate value, always with the commitment of making a real difference for all its stakeholders.

Anglo American's Copper business recorded an underlying EBIT of \$1,193 million in 2014, 31% lower than the previous year, largely due to an 8% decline in the average realised copper price and a 2% decrease in sales volumes.

Operating and financial overview (given in \$ million)			
	2012	2013	2014
Anglo American's revenue	4,120	4,066	3,500
Collahuasi's revenue (44%)	1,002	1,314	1,311
Total revenue (1)	5,122	5,380	4,811
Anglo American's income tax	298	267	159
Anglo American's income tax (capital gain)	1,015	289	0
Anglo American's mining royalty	56	51	30
Collahuasi's income tax (44%)	2	80	99
Collahuasi's mining royalty (44%)	6	19	20
Profit remittance tax paid	105	173	122
Other corporate tax	38	38	29
Other tax collected	101	130	94
Other tax collected in Peru	0	6	8
Total tax	1,621	1,053	561
Anglo American's profit	1,432	1,204	696
Collahuasi's profit (44%)	304	535	497
Underlying EBIT	1,736	1,739	1,193
Anglo American's fine copper production (tonnes)	535,578	579,200	541,135
Collahuasi's fine copper production (44%) (tonnes)	124,122	195,584	206,969
Total fine copper production (tonnes)	659,700	774,784	748,104

<sup>(1)</sup> Only includes operating revenue.

# **ECONOMIC VALUE GENERATED AND DISTRIBUTED**

The economic value generated in 2014 was \$4,808 billion and the economic value distributed amounted to \$5,180 billion. Despite the decrease on the prior year, the economic value distributed to employees and the community increased.

The company generated income tax of \$561 million, which was a large decrease on the \$1,053 billion of the previous year. Part of this was because in 2013 the company paid capital gains tax due to the entry of new minority partners to Anglo American Sur S.A.

Economic value generated and distributed (given in \$ million)			
	2012	2013	2014
A) Revenue (1)			
Gross sales	5,122	5,380	4,811
Net income from financial investments	3	2	1
Net income from sale of fixed assets and others	5	7	(4)
Economic value generated	5,130	5,389	4,808
B1) Operating costs	2,343	2,342	2,309
B2) Payment to contractors	588	778	775
C) Employee salaries and benefits (2)	440	470	497
D) Payment to providers of capital (3)	1,571	1,496	1,003
E) Payment to the government (4)	606	764	561
F) Investment in the community (5)	28	27	35
Economic value distributed	5,576	5,877	5,180
Economic value withheld	(446)	(488)	(372)

(1) Only includes operating revenue.(2) Excludes training as an employee benefit.

<sup>(</sup>d) Considers the interest paid interest paid interest payment of minority snareholders) and dividends paid (majority snareholders).

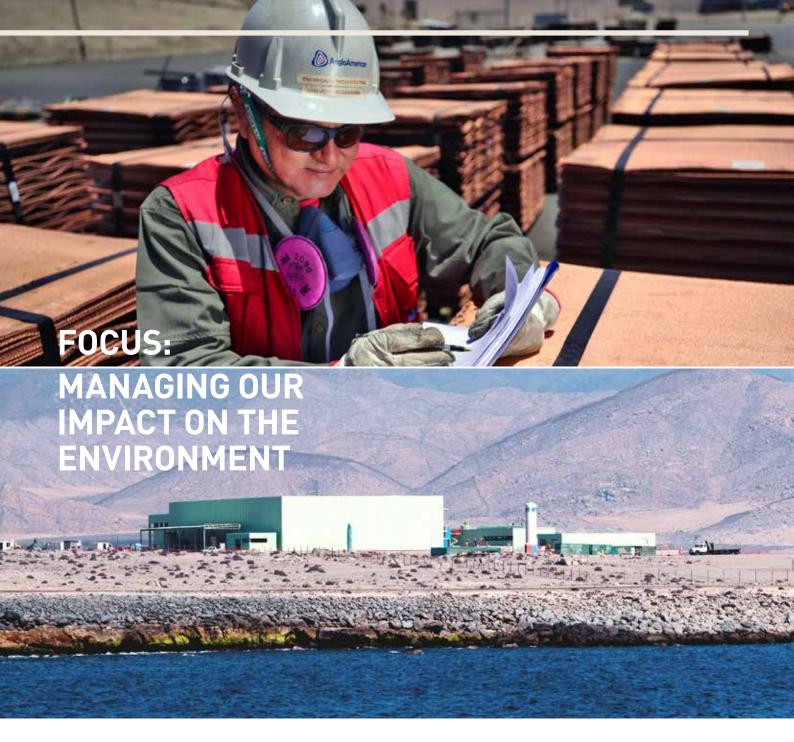
(d) See the tax table in the operating and financial overview.

(5) This is the total social investment and commercial initiatives in the communities around the operations of Anglo American in Chile + Collahuasi + Quellaveco + Exploration Peru + Michiquillay.

Financial assistance received from the government (given in \$ thousand)				
Tax credits and rebates	2012	2013	2014	
Sence (1)	1,846	1,877	2,471	
Credit and donations	3,051	3,840	1,974	
Mining licence, credit against PPM <sup>(2)</sup>	125	121	167	
6% fixed asset credit	126	134	107	
Total	5,148	5,972	4,719	

<sup>1</sup> National Training and Employment Department 2 Provisional monthly tax payments

<sup>(3)</sup> Considers the interest paid on loans received, minority interest (payment to minority shareholders) and dividends paid (majority shareholders).



WATER AND ENERGY ARE BASIC RAW
MATERIALS FOR MINING PRODUCTION AND
ALSO FOR THE SUSTAINABLE DEVELOPMENT
OF THOSE COUNTRIES IN WHICH ANGLO
AMERICAN HAS ITS PROJECTS AND
OPERATIONS. THIS MAKES THE EFFICIENT
MANAGEMENT OF BOTH RESOURCES A
STRATEGIC PRIORITY.

# THE PRIORITY IS TO TAKE CARE OF WATER AND ENERGY

Since 2013 Anglo American has had a management model to manage and seek integrated solutions for the efficient use of water and energy.

The management model has a leader or champion at each operation who is in charge of carrying out the action plans. Nevertheless, the strategic guidelines are the responsibility of the water and energy management, which reports to the technical vice-presidency of Anglo American's Copper business.

#### **WATER MANAGEMENT**

70% of Anglo American's operations worldwide are in water-stressed areas, and currently there are no proven scale economy technologies to produce copper without water.

Finding new sources of supply and using water efficiently are therefore ways of making a real difference, reducing the negative impacts of water availability for the different players.

Anglo American has a water policy whose aim is maximum operating efficiency and to minimise the impact on the environment and communities. The company has defined certain commitments for this, which include:

- Securing water without compromising the water resources of other users.
- Promoting partnerships for efficient water management.
- Embed an internal culture of water conservation and re-usage.
- Identification and proactive management of water risks and opportunities.
- Integration of water into long-term business and mine closure planning.
- Water monitoring and performance measurement.
- Developing and investing in technology and innovation to further water performance.

# COMMISSIONING OF THE MANTOVERDE DESALINATION PLANT

One of the water management highlights in 2014 for Anglo American was the commissioning of its first desalination plant in Chile. The investment in this plant was over \$100 million and it supplies water to the Mantoverde operation in the district of Chañaral.

It will have a lifespan of 20 years and be able to produce 120 litres per second of water for industrial use. It will meet 92% of the operation's water needs.

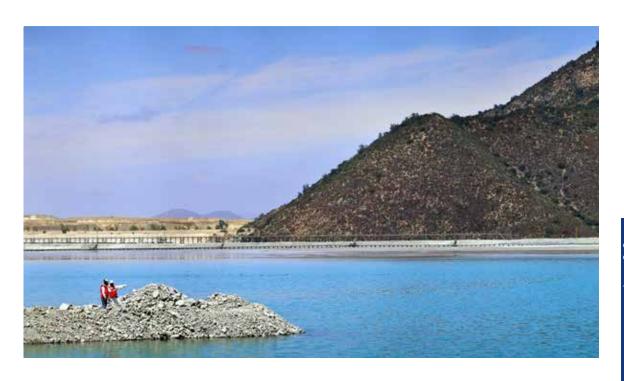
Seawater is abstracted respecting the environment, as the absorption speed is lower than that of the current, assuring that any living being is not affected by the suction. The water is then fed to the filtering stage. In the next phase, Anglo American has made the following important improvement: in the reverse osmosis process it has an energy recovery device that uses the pressure of the brine to reduce the energy demand of the system by about 30%.

The plant receives power from the Mantoverde mine to power the desalination process and pumping to the mine site (900 metres above sea level).

The Mantoverde desalination plant demonstrates Anglo American's commitment to implement technologies that optimise its process and resolve priority environmental issues, which also means making a contribution to the water-stressed situation faced by the Atacama region.

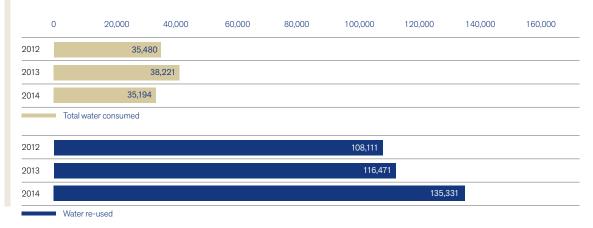
# **Water recirculation at Los Bronces**

It was possible to recirculate large volumes of water in the year following the implementation of the recirculated water system from the Las Tórtolas tailings dam to the crushing and grinding plants in the Andes mountains. The saving in 2014 was around 25 million m³ of water, which is equivalent to a 47% reduction in new water against business as usual (BAU) at Los Bronces.



# **PERFORMANCE**

# Water consumed and re-used (given in thousands of m³)



The drop in the total water consumption was mainly due to the water-stressed situation in the central zone of the country, where the company's main operations are located. In the case of Los Bronces, for example, it had to increase water recirculation to levels exceeding design, which was reflected by the amount of water re-used and the consumption of water stored in its reservoirs.

# **WATER QUALITY**

The water quality focus was on the management of the Los Bronces and El Soldado tailings dams. To such end, the company made progress with the hydrogeological models, which are the basis for enhancing the drainage and seepage management strategies.

# **ENERGY AND GREENHOUSE GAS MANAGEMENT**

Climate change is transforming life on the planet and the way of mining. As of 2010 the company has had a 10-year climate change strategy and policy that focuses on operating more efficiently, applying technology and partnering with its stakeholders.

Anglo American's focus in 2014 was on the energy and carbon management (ECO<sub>2</sub>MAN) programme, which has four work areas:

- Management commitment, competencies and awareness.
- Objectives and targets of reducing energy consumption and emissions.
- Portfolio of energy efficiency and emission reduction projects.
- Saving measurement, record and certification.

Concerning the management commitment, all the operations sharpened their support of the work of the energy and emissions champion and participated in the skill enhancement plan. Moreover, we enhanced the synergies within the company to improve energy and emission practices by designing projects among the different areas and exchanging learning. During the year, we continued to make progress with certifying the savings attained, using internationally accepted measurement and assurance criteria and protocols.

In 2014, the operations of the Copper business consumed a total of 17,035,803 gigajoules (GJ), which was a 6% increase in energy consumption. It should be noted that to improve the quality of the report, as of 2014 this percentage includes all the diesel oil used by contractors that load up with fuel at mine sites. In numerical terms, for Los Bronces this had an impact of a 6% increase and 2.4% in total for operations. The remaining 3.6% was due to the planned increase because of the greater processing to minimise the impact on productivity due to lower ore grades, harder ore, and greater ore haulage distances.



The initiatives that helped to reduce the demand against BAU were:

- Optimisation of the haulage distances and reduction of diesel consumption, which we have undertaken since 2011 at the Los Bronces mine.
- Enhancements of truck motors.
- Incorporation of a more efficient haulage fleet at Mantos Blancos.
- Commissioning of the Mantoverde biomass-fired power plant.

# NON-CONVENTIONAL RENEWABLE ENERGY (NCRE)

Concerning NCRE, in 2014 we implemented biomass-fired plants at Mantoverde, which we also hope to implement at the Mantos Blancos operation in 2015 to replace part of the use of diesel at its operations. This, along with the fact that the great north power grid (SING)¹ emission factor dropped in 2014, explain Anglo American's lower  $\mathrm{CO}_2$  emissions in 2014.

# **PERFORMANCE**

2014

CO<sub>2</sub> emissions



1,707,309

<sup>(1)</sup> The electrical factor of the great north power grid (SING) dropped 3% for the SING and 17% for the central power grid (SIC) on 2013.

# ENVIRONMENTAL IMPACT MANAGEMENT

Steadily improving environmental management performance is a major focus of Anglo American, which aims to be a future partner of choice of governments, communities and organisations of civil society in the countries in which it operates or has projects.

Anglo American has set the objective of ensuring responsible environmental management throughout the lifecycle stages of its operations, i.e., from exploration to mine site closure. Sound management of environmental issues is a key aspect of good global operating development and a competitive advantage.

The company therefore has a legal and social obligation of reducing the environmental footprint of its operations to a minimum, be this regarding water treatment, air quality, mineral and non-mineral waste management, precaution with the handling of hazardous substances and taking care of the biodiversity, along with follow-up on the closure of operations and land rehabilitation, in accordance with international standards.

Moreover, its performance is guided by the specific management principles and frameworks defined in the Anglo American Environment Way (AEW), and this two-volume document is applied at all operations and projects the company has worldwide.

Volume 1 outlines the corporate guidelines on risk and incident management with environmental consequences aligned with ISO 14001; and volume 2 explains the specific standards for the main areas of interest on sustainability: social and environmental impact assessments of projects, water, air, mineral and non-mineral waste, hazardous substances, biodiversity, rehabilitation and mine closure plans

The management focus in the year was on reforestation programmes, reviewing the mine closure processes, and attaining a systematic approach to permit management, defining processes and roles at operating and corporate level.

# **MANAGEMENT STRUCTURE**

The vice-president of safety and sustainable development is in charge of making sure the integrated policy on safety, occupational health and environmental management is in place at Anglo American's Copper business.

At corporate level, for operations and projects the sustainability management is in charge of applying the management framework and the corporate guidelines on sustainable development, including the environmental, water and climate change pillars. Besides the principles and policies for each of these pillars, Anglo American has mandatory performance standards, implementation guidelines and recommended practice.

As a way of aligning to the corporate structure, the company incorporated the sustainability unit to the technical vice-presidency to attain greater integration and synergies between the technical disciplines and those of safety, health and the environment. To such effect, the permitting area joined the sustainability unit.

# **SUSTAINABILITY PRINCIPLES**

# **PRINCIPLES**

- Zero net-loss: 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, nonnegotiable environmental performance standards and procedures shall be applied throughout the Anglo American Group as a minimum requirement.

# **BIODIVERSITY AND LAND REHABILITATION**

The biodiversity performance standard, which is part of the Anglo American Environment Way, establishes the commitment of identifying, understanding and managing impacts on sensitive sites or species¹. Besides applying a mitigation hierarchy to prevent, minimise and mitigate the impacts of its works and projects, the company commits to compensating residual impacts to achieve the goal of zero net-loss of biodiversity or net-positive contribution considering the risks and opportunities of each case.

The objective is to rehabilitate the lands affected during the operating life of a mine. This generally leads to a better result, reducing the costs in the long run and the closure liabilities.

The company has endorsed the environmental commitments undertaken with the sectorial environmental permits at El Soldado and Los Bronces, where it has made a considerable effort with the forestation plans.

Some of the reforestation and biodiversity conservation highlights in the year were:

# **Los Bronces**

The operation of the reforestation plan in 2014 had good results, as the company not only advanced the reforestation time by two months but also beat the reforestation targets of 45.7 hectares in phases I and II at Las Tórtolas. It achieved these milestones due to the right planning, teamwork, clear leadership and collaboration.

It also rolled out wildlife rehabilitation plans and implementation studies that will be executed in the next five years.

At the same time, due to an environmental authority that has sharpened its institutional and supervisory capacity, the company updated the biodiversity action plans from their last validation in 2012.

# El Soldado

El Soldado lies in a priority biodiversity conservation area, which is the habitat for species of protected autochthonous flora. The plan used there was focused on reforestation, investigation, monitoring and environmental education.

At the same time, since 2013 the company has undertaken action to improve the reforestation results, which include better irrigation, less disruptive mining methods and an improved approach to transplanting trees. Due to this, it has increased the survival rate of protected species like the Belloto del Norte (*Beilschmiedia miersii*). It reforested 132 hectares from 2013 to 2014.

Concerning biodiversity protection action, the company continues to conduct monitoring and research by means of an agreement with the Institute of Ecology and Biodiversity of the University of Chile. Research started in 2014 and will be conducted jointly up to 2018.

El Soldado undertook the commitment to transplant adult Belloto del Norte trees to complement a total of 55. In 2014, it transplanted 26 trees with a 62% survival rate.

Land managed by the Copper business in 2014					
	Land of which the company is in charge (ha)	Company-managed land (ha)	Land disturbed by mining (ha)		
Los Bronces	68,424	33,189	4,710		
Mantos Blancos	7,129	1,123	2,850		
El Soldado	18,042	8,030	1,245		
Mantoverde	34,948	3,834	1,357		
Chagres	683	330	0		
Michiquillay	0	2	0		
Quellaveco	87,896	43,736	0		
Total	217,122	90,245	10,162		

# MINE CLOSURE RESPONSIBILITY

Despite the fact that mines can operate for many decades, they are temporary and will eventually close. Anglo American's vision is to minimise harm by means of the design, operation and closure of all its operations in an environmentally responsible way.

The Projects Way defines that all projects must consider their closure plan as part of the investment project development and assessment process, and include long-term sustainable post-closure planning in consultation with various stakeholders to assure a positive legacy when mines close.

Our Mine Closure Toolbox, launched in 2008 and updated in 2013, provides a structured approach to closure planning and management and is the standard at all Anglo American's operations and at those managed by joint venture mining company partners. The Toolbox is designed to be used in conjunction with our Socio-Economic Assessment Toolbox (SEAT) in order to support an integrated approach to mine closure planning.

To comply with the highest world class standards, in 2014 we appointed a dedicated team to provide expert input into mine closure planning and management.

Due to law 20.551 coming into force in Chile, which regulates mine site and facility closure, we drew up a closure plan project for each of Anglo American's operations in Chile. This was submitted to the authority according to the definitions contained in the regulation of such law.

As part of that project, the technical proposals were aimed at attaining the physical and chemical stability of each of the mine sites and facilities at the end of their lifecycle. The company conducted various specific studies that included: hydrological, hydrogeological, geochemical and acidification potential studies, geotechnical slope stability studies when closing an operation, and an assessment of the vegetation restoration potential.

In 2015, all the mine closure projects will be reviewed by the authority and could be modified.

# **AIR QUALITY**

Part of the impact from mining is sulphur dioxide ( $\mathrm{SO}_2$ ) emissions at copper plants, as well as particulate emissions. Anglo American's aim is to keep these air emissions within the legal limits, so all operations have dust monitoring control programmes onsite, which are governed by the European Union standards and World Health Organisation guidelines.

Chagres was recognised as the smelter with the best environmental performance, and in 2014 it continued its commitment to maintain and improved on the  ${\rm SO}_2$  capture rates of 98% at the end of the year.

Annual emissions of Chagres (tonnes)				
	2012	2013	2014	
Arsenic	6.3	2.1	29.6	
Sulphur	5,974	3,478	3,692	

Annual concentrations of Chagres 2014				
Station	SO <sub>2</sub> (ug/m³)	PM10 (ug/m³)		
Santa Margarita	63	*		
Catemu	14	65		
Lo Campo	27	39		
Romeral	14	*		

<sup>\*</sup> PM10 is not measured at this station

# **ENVIRONMENTAL INVESTMENT**

The environmental investment and expenditure of the operations of Anglo American's Copper business amounted to \$52.372 million in 2014.

Environmental i	nvestment and expenditure highlights 2014		
	Description	5	
Los Bronces	Environmental contracts for reforestation and archaeology.	1,730,81	
Los Bronces	Truck dust control at LB and LT.	1,055,000	
El Soldado	Reforestation and irrigation system, reforestation 2014, installation of an Anglo American fence and reforestation areas.	2,779,000	
Chagres	Feasibility engineering for the raffinate gas treatment project of phase II.	1,227,000	
Chagres	Pre-conceptual study on increasing the processing capacity of the Chagres smelter.	1,027,000	
Chagres	Construction of the grade C acid treatment plant.	9,726,000	
Mantoverde	Installation of drainage piping and partial change of the cover at the dynamic heap Water saving (IMO).	90,814	
Los Bronces	Improvement of the temporary solution for the Donoso waste dump.		
Mantos Blancos	Monitoring provided results of PM10, radiation, wind direction, wind speed, and temperature.		
El Soldado	Waterproofing of the contour channel, repowering of the El Ancla pumping system, dust suppressor (engineering), dust suppressor (construction) and plant lubrication system.	2,824,000	
Environmental i	nvestment and expenditure 2014		
	Environmental Expenditure (given in \$ '000) Environm	nental Investmer (given in \$ '000	
Los Bronces	9,514	8,28	
El Soldado	1,132	6,09	
Chagres	1,281	20,66	
Mantos Blancos	1,121	66	
Mantoverde	2,041	98	
Santiago	591		
Total	15,680	36,692	

# **REGULATORY COMPLIANCE**

This section provides a breakdown of the controls and fines received in 2014:

#### El Soldado

El Soldado was fined \$3.4 million in September by the Environmental Superintendency for non-compliance of its forest management plan and for not achieving the sulphate reduction targets in monitoring wells at the base of the dam.

In July, the courts imposed a further fine of \$400,000 relating to forest damaged during the construction of a haul road in 2011.

#### Los Bronces

Los Bronces received a directive from the Environmental Superintendency following an inspection in 2013 due to a backlog in reforestation commitments that were established in the environmental qualifications resolutions. These were addressed.

# **ENVIRONMENTAL INCIDENTS**

Anglo American has an environmental incident classification system with five levels, 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 severity of an incident is to focus the urgency of the response and level of investigation undertaken to learn from the experience and prevent repeats.

In March 2014, there was a level 3 incident at Los Bronces involving the burning of used haul truck tyres staged by over 500 contractor company workers. In the light of that situation, the company adopted six measures, including the definition of alternatives for eliminating used tyres, a breakdown of waste and plan to eliminate it.

The company recorded 76 environmental incidents with no level 4 or 5 incidents.

Total environmental incidents (1)				
	2012	2013	2014	
Los Bronces	27	41	29	
Mantos Blancos	7	1	14	
El Soldado	3	10	12	
Mantoverde	5	1	3	
Chagres	48	32	17	
Michiquillay	32	0	1	
Total incidents	122	85	76	

(1)Include all the environmental incidents of levels 1 to 5



2014 was a challenging year for people working at Anglo American. The scenario of the Chilean and global copper industry required constant refitting of equipment to maintain productivity and deliver the results expected by the different stakeholders.

# **OUR PEOPLE**

Anglo American's relationship with its employees is guided by its core values: safety, care and respect, integrity, accountability, collaboration and innovation. In that context, the human team applies its skills and knowledge to deliver on the company's commitments.

In 2014, the vice-presidency of human resources (HR) maintained its focus on talent management and developing the tools to have the right people in the right jobs, along with its commitment of diversifying the workforce. Moreover, maintaining positive and productive labour relations based on respect and collaboration are key to the management of a highly competitive modern mining industry.

The Copper business had a workforce of 15,941 people in 2014. The annual employee turnover was 5.9%, dropping 6.6% on 2013. This is an important indicator for Anglo American, which seeks to retain its people.

Employment generated (for the year ended 31 December 2014)			
	2012	2013	2014
Operations in Chile and Santiago office	12,073	13,232	14,234
Projects and office in Peru	1,072	1,437	1,707
Total	13,145	14,670	15,941

# **LABOUR RELATIONS**

For Anglo American labour relations with its employees are broader and more constant than the collective bargaining processes, and are characterised by an open-door policy, two-way communication, and based on delivering on the commitments undertaken.

At the close of 2014, Anglo American's Copper business had 12 trade unions at its five operations throughout Chile and office in Santiago, representing most of its employees and a fraction of its supervisors. No unions have been formed in Peru yet as the Quellaveco project is still in the design and engineering stage.

The overall union membership of the Copper business is 77%. Union membership of employees is 95% and 17% for supervisors. In September 2014, the company started a collective bargaining process with the supervisor tier. After complying with the current requirements and regulations and maintaining open dialogue throughout the bargaining period, the process closed in November when the union exercised its faculty laid down in article 369 of the Labour Code, delaying the bargaining process by 18 months.

One of the issues of interest for Copper business employees in the year was the company announcing a divestment process of some of its assets in Chile. Anglo American has strived to maintain transparent communication of the progress with this, providing information in extended and team meetings. Furthermore, every month the Copper business CEO sends all employees a letter with information on the latest developments in the process.



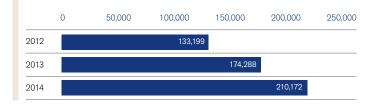
# CAREER DEVELOPMENT AND TRAINING

One of Anglo American's priorities is to continually develop its employees. In 2004, it consolidated training initiatives so employees acquire key competencies to address the organisation's challenges and the situation of the mining industry in Chile. The company increased the training hours to provide technical skills to workers. It also held programmes to sharpen teamwork, negotiation and communication skills.

It maintained the corporate "Being a Supervisor at Anglo American" programme, which 30% of supervisors had attended as of December 2014, giving priority to line heads in the operating areas. The objective of this initiative is to provide concrete tools to drive the exercise of their role and the leadership of the company's professionals. Furthermore, to enhance management skills and attain better results with their teams, the company continued partnerships with universities and one of the highlights was the Programme for Management Excellence.

The table below shows the increase in training hours from 2012 to 2014.

# Training hours (total annual hours/person)



Training at operations (hours/person)				
	2012	2013	2014	
By tier				
Supervisors	35,107	26,865	45,225	
Employees	98,092	147,423	164,947	
Total	133,199	174,288	210,172	
By gender				
Male	113,813	153,373	178,178	
Female	19,386	20,915	31,994	
Total	133,199	174,288	210,172	



# **DIVERSITY, EQUAL OPPORTUNITY AND INCLUSION**

Having the best people and being the best employer option for them entails respecting and valuing their diverse attributes of identity and offering them a work environment with equal opportunity that allows them to develop and grow. Diversity and inclusion are therefore key values for Anglo American, and this is addressed with programmes that aim to increase female representation and reduce the opportunity and equality gaps.

As part of its employer policy with high standards, Anglo American paid its male employees in Chile a minimum wage of 4.19 times higher than the legal minimum wage and for female employees this was 3.87 times higher than the minimum wage. This leads to a better quality of life for these employees. The ratio of the best paid employees versus the average pay in the company is 11 times.

For seven years, Anglo American has been working to sustainably increase the female representation in the company. It undertakes this with initiatives to attract, retain and support their work development throughout the organisation and its different levels. It has two basic premises: mixed work helps the work environment and work productivity, and there are no job positions in the company that are exclusive to men or women.

The company has stepped up efforts in three areas: to attract, develop and retain women. As a result of this, in the first quarter of 2014 women accounted for 10.8% of the workforce, which was higher than the 7% average of the mining industry. The percentage of female supervisors in the Copper business is 19%.

Female representation			
	2012	2013	2014

Female representation	Nº of women	% of the total	No of women	% of the total	Nº of women	% of the total
Company workforce	492	11.7	495	10.9	521	10.8
Vice-presidents and senior managers	8	7.0	11	8.1	8	6.2
Managers	15	12.2	17	12.5	13	9.5
Total workforce (including contractors)	1,315	10.0	1,513	10.3	1,573	9.9



# **Gender Equality Changes**

Anglo American has established that there are no job positions that are exclusive to men or women, which means rethinking and adjusting a large number of aspects of mining work, including infrastructure, machinery, heavyduty tools or recreation areas that integrate and do not segregate.

At the Chagres smelter, for example, in the sample taker's workplace the company put the drill on a rail so women can bring it down safely; and at the moulding wheel where 25-kilo sacks of lime are loaded the company managed to get the supplier to prepare and provide smaller sacks, as by law women cannot lift that weight. These measures have also been favourable for men, reducing the physical effort to undertake this kind of work.

Moreover, the apprentice programmes in the technical areas at all operations, mainly used by youngsters from the communities, are 44% filled by women.

Another of the areas of action to make progress towards a gender balance is to sharpen the alignment of the teams in charge of employment, who must promote the inclusion of women candidates in the staff selection processes with no discriminatory differences in favour of men. Senior

management receives monthly reports with information on the percentage of female representation, turnover and employment.

In 2014, the company continued work to align the internal processes to the NCH 3262 standard on gender equality management and conciliation of working, family and personal life.

Anglo American is also working on generating partnerships and agreements with other players that are interested in promoting female representation in the mining industry, either due to social, economic or cultural issues. One of the partnerships is with the mentor programme of the women's advocacy group *Comunidad Mujer*, which assigns a very prestigious and experienced male or female mentor to women in the company, who are selected according to their potential and performance to guide and accompany women for seven months. During that period, the aim is to apply better the skills of the women guided and identify their needs and the competencies they want to develop according to their goals and objectives. In the last three years, 18 women in the company have participated in this programme.

# LABOUR BENEFITS

In 2014, the company implemented a half-yearly supervisor salary readjustment system, which is based on the evolution of the consumer price index (CPI) in Chile to protect the salaries of supervisors from inflation. It also extended coverage of the mobilisation allowance for supervisors from Santiago. Moreover, it improved the policy of soft loans offered by the company, increasing the number of base salaries for years of service bands. Likewise, it raised the bonus amount for supervisors who work in shifts at operations, and lastly extended the scope of summer working hours at the office in Santiago, modifying the time worked (without reducing the hours) to allow employees to leave work earlier on Fridays. The remaining employee benefits are defined in the different collective agreements.

# SAFE AND HEALTHY EMPLOYEES

Providing a safe workplace for employees and assuring their well-being is a main priority for Anglo American. The safety and occupational health policy sets out that the goal is Zero Harm.

Risk is inherently associated with mining work, so safety leadership and investment in health and well-being get the company closer to its goal of Zero Harm as part of its vision. For this reason, Anglo American permanently innovates, learns from experience and makes improvements to its rules, standards and technology as a way of assuring management and control of real risks.

The objective of Zero Harm is underpinned by the corporate Anglo American Safety Way management system, which addresses various work areas ranging from leadership to contractor company management. The system is certified yearly with the OHSAS 18001 and ISO 14001 standards, and the company designs a specific plan for each year based on the operating results, the emergence of new risks or corporate requirements.

The safety and occupational health management is in charge of driving all the guidelines, principles, procedures and targets on the company's safety and occupational health.

# **HEALTH AND SAFETY PERFORMANCE**

Anglo American had no fatalities in 2014, however for the company only Zero Harm is ethically acceptable. It therefore has the ongoing challenge of continuing to work on its safety performance.

In 2014, the company's TRCFR (0.49) was lower than the prior year (0.61), and it reduced its LTIFR by 30%. There were also more health and safety training hours.

Safety and health indicators*			
	2012	2013	2014
Total recordable case frequency rate (TRCFR)	0.61	0.61	0.49
Lost-time injury frequency rate (LTIFR) (1)	0.20	0.20	0.14
Lost-time injury severity rate (LTISR) (2)	119	110	57
Days lost	2,134	2,153	1,185
Health and safety training hours per person	197,359	141,273	209,675

<sup>\*</sup>Include the operations and projects of the entire Copper business

As recognition of the good safety results, in 2014 Mantoverde received the Mining Safety Award from the National Geology and Mining Survey (SERNAGEOMIN), the most important award given to the mining sector in Chile for those mine sites with the lowest accident rate in Chile.

<sup>(1)</sup> LTIFR: lost-time accidents per 200,000 hours worked per person.

<sup>(2)</sup> LTISR: number of hours of work lost/MH x 8 x 200,000 hours worked per person.



# **MANAGEMENT PILLARS**

Considering the Anglo American Safety Way as the guideline, the plans for the health and safety areas of Anglo American's Copper business have been focused on six pillars since 2013. In 2014, the new company CEO explained the new occupational health pillar.

# 1) Leadership and culture

This is a global policy called visible felt leadership (VFL), whose aim is to boost the relations and dialogue needed to understand those more intangible aspects of safety performance. It is about transmitting objectives, knowledge and information based on a relationship of quality and sincerity between managers and employees, in which leadership is essential. In 2014, the programme had total compliance with 37,434 hours per person dedicated to this activity. The challenge is still to improve the quality of interaction between leaders and their teams, enhancing the quality of the feedback given.

# 2) Risk management

It is a priority for Anglo American to identify the potential hazards in the complete productive chain, assessing the impacts and managing them correctly. The new focus in 2014 was on integrating the safety, occupational health and environmental disciplines so the strategy has an integral result and striving not to duplicate efforts. For example, for incident management the company considers those with health consequences, injuries and having an environmental impact. The same is the case for risks.

In the year, it increased the use of assessment tools, updated management training and worked on developing the content of a new course to be given in 2015. Another of the changes to be highlighted in the year was a greater focus on critical controls. Operations now monitor the critical risks that have already been identified to prevent incidents or major events.

# 3) Best practice

It is essential to detect and communicate best practice simply and clearly to standardise safe work. Improving transportation at operations is still a priority, as 60% of the HPIs in Anglo American's Copper business are vehicle accidents of light vehicles and heavy machinery in the pit.

In 2014, Anglo American formed a corporate transportation task team to study and propose solutions for offsite transportation, and the company is, for example, assessing tendering personnel transportation contracts, analysing some applications that log journeys, among other initiatives.

The Copper business is specifically appraising some alert technologies to prevent collisions and fatigue problems, like tools to maintain attention and prevent drowsiness when driving.

# 4) Incident management and learning

Anglo American has procedures to report and investigate incidents that have caused injuries or which have consequences for employee health and include protocols to learn from them and prevent repeats. In 2014, Anglo American's Copper business reported more HPIs, which the company interprets as part of the employee maturity process on safety reporting and that they can now identify situations as HPIs that before they would have considered less important.

# 5) Competencies and training

Employees and contractors receive instructions and training on health and safety in their induction processes. This is in addition to the training plans each operation draws up every year. In 2014, there were 209,695 hours of health and safety training.

# 6) Managing people and contractors

Safety, occupational health and risk management are variables included in the requirements made of contractors. This makes it mandatory to comply with the internal standards on all safety issues. The work of contractors is also included in the audit plans to maintain OHSAS 18001 and ISO 14001 certification. In 2014, El Soldado, Mantos Blancos, Chagres and Mantoverde updated their certification. Los Bronces will do this in the first half of 2015.

The highlight in the year was the twentieth Safety Summit, in which Anglo American analyses its annual safety results in a meeting attended by the company's management, employees, representatives of all contractors, and government authorities. The company also takes advantage of the event to recognise the good safety performance of contractors and employees.

# 7) Occupational health

The goal of Zero Harm is the basis of action taken by Anglo American on occupational health and its objective is to assure that nobody working at any of its operations or offices is injured or contracts an occupational disease whilst working, and this policy also fully applies to contractor workers.

The occupational health programme in 2014 was targeted at reducing employee exposure to dust and noise by conducting effective controls of sources and providing general well-being.

# Joint management-worker committees

The Copper business has 11 joint management-worker hygiene and safety committees, eight in Chile and three in Peru, and they represent all the workers. The joint management-worker committees continually support the safety and health management with the annual work programmes. As every year, in 2014 we held the joint management-worker committee annual meeting, attended by all the Copper operations.



Anglo American aims to be long-term partners of the host communities around its operations. It is therefore necessary to prevent or minimise any negative impact operations might cause, and at the same time help to improve their socio-economic benefits.

# **COMMUNITY RELATIONS**

Anglo American has improved the ability to manage social impacts and enhance positive benefits for communities, shaped by growing legal and regulatory requirements as well as rapidly developing societal and stakeholder expectations.

The company's approach to social performance is underpinned by its values and Business Principles', and is implemented through a comprehensive set of social performance requirements that are detailed in the Anglo American Social Way<sup>2</sup>.

# **SOCIAL MANAGEMENT**

In 2014, the Anglo American Social Way was revised at corporate level following extensive consultation with stakeholders, and the updated Social Way also considered alignment of the company's social policy to international standards. The updated version was launched in December, together with our new human rights policy³ which will be implemented in 2015.

All operations are expected to fully comply with the requirements set out in the Anglo American Social Way. This requires:

- Resourcing: appropriate staffing and training to ensure the development, implementation and governance of social performance requirements.
- Engagement: effective and inclusive engagement with local stakeholders.
- Impact management: proactive identification, assessment and management of social impacts.
- Socio-economic development: an integrated approach, focused on leveraging our core business activities in order to maximise the positive developmental contribution of our business.

This change in the Anglo American Social Way has prompted a new way of assessing performance, which improves the description of what the company expects for each of the marks, which are more demanding, objective and with a greater emphasis on risk and impact management.

The marks obtained in 2014, whose average at operations was  $2.5^4$ , are considered to be a baseline and are not comparable with those of prior years. Anglo American uses its own Socio-Economic Assessment Toolbox (SEAT) to address the practical elements of social aspect management. We use SEAT to improve operations' understanding of their positive and negative impacts, enhance community relations, manage the material social issues, build our ability to support local development, and foster greater transparency and accountability.

The community relations and social development management of the Copper business, which reports to the vice-president of corporate affairs, is in charge of assuring compliance with the social standards. At local level, each operation has a sustainability manager and community relations and social development teams; the Quellaveco project is managed in the same way.

<sup>(1)</sup> http://www.angloamerican.com/sustainability/approach-and-policies#policies-and-quidelines

<sup>(2)</sup> http://www.angloamerican.com/~/media/Files/A/Anglo-American-PLC-V2/documents/approach-and-policies/social/aa-social-way-singles-v2.pdf

<sup>(3)</sup> http://www.angloamerican.com/~/media/Files/A/Anglo-American-PLC-V2/documents/approach-and-policies/social/hr-policy-document-spanish.pdf

<sup>(4)</sup> The self-evaluation has a mark of 0 to 5 for each of the requirements. A mark of 3 indicates that the requirements were met and 5 is world class practice.



# **RESPECTING HUMAN RIGHTS**

One of the highlights in the year was the presentation of the Anglo American human rights policy. Respect for human rights is the essence of our values, as explicitly stated in our Business Principles. Our commitment to human rights is further expressed through our being a signatory to the United Nations Global Compact and the Voluntary Principles on Security and Human Rights (VPSHR), and through being a supporter of the UN Guiding Principles on Business and Human Rights.

Anglo American's aim is to identify, assess and minimise the possible adverse effects on human rights it might cause.

We recognise that the nature of mining operations, from the earliest stages in the life of our mines, creates the potential for a wide range of human rights risks and we seek to mitigate the risk of any breaches. To comply with the policy, we will undertake the following action:

- Actively communicate this policy to internal and external stakeholders, including awareness raising and training on human rights-related issues.
- Incorporate ongoing human rights due diligence into relevant business processes as appropriate, such as impact assessments.
- Engage with relevant, potentially affected stakeholders in assessing and addressing impacts.
- Include human rights-related requirements within contractual arrangements with business partners and host governments as appropriate; and
- Collaborate with or provide access to remedy through effective complaints and grievances procedures.

Anglo American's Copper business will make a diagnosis of the new requirements on human rights. The results will be used as the basis to put improvement plans in place in 2016, which include training and internal awareness raising, along with seeking a partner in Chile with experience with implementing this issue.

# QUERY, GRIEVANCE AND INCIDENT RESPONSE PROCEDURE

After an internal audit, the company made improvements to its query, grievance and incident response procedure. It launched a new version in November 2014, mainly concerning the incident investigation process, adding, for example, an investigation format. It also improved the reporting form, allowing for more thorough follow-up, above all for the process of replying to the community and the right closure.

In 2014, the company processed 90 grievances and 7 incidents, which was a 24% increase on the 71 grievances and 7 incidents in 2013.

# Grievances and incidents in 2014

	Mantos Blancos	Mantoverde	El Soldado	Chagres	Los Bronces
Grievances <sup>(1)</sup>	8	4	28	2	48
Incidents(2)	0	0	2	0	5
Total	8	4	30	2	53

<sup>(1)</sup> Ask for or demand something with a right.

<sup>(2)</sup> This is any event or situation that has the potential of leading to a negative impact on stakeholders and harming Anglo American's reputation.

# **Query, Grievance and Incident Response Procedure**

1

## Scope

This applies to any query or grievance made by Anglo American's stakeholders, or any incident with social and reputational consequences in the influence area throughout the lifecycle from exploration to mine closure.

2

# **Objective**

Timely reply to queries, grievances and incidents with social and reputational consequences, and make sure the appropriate action is taken to resolve them.

3

### How does it work?

It shows the interests and concerns of the surrounding community about the operation or project. Any community stakeholder can submit their needs using any of the five communication channels established.

The estimated response time is one month, depending on the complexity of the grievance or incident. The community relations advisor of the operation or project is in charge of handling the response.

### **Communication channels**



# **Response Process**





# FOSTERING STAKEHOLDER DIALOGUE

As part of its involvement and dialogue processes, Anglo American has working groups; one of these is at the Mantoverde desalination plant which the company has with six fishermen's organisations in the district of Chañaral. After the inauguration of the plant, one of the first activities carried out was participative environmental monitoring with fishermen of the environmental factors of the marine environment. Moreover, in 2014 Anglo American started to work with each one of the unions on collective-focused enterprise projects.

It started to approach stevedores at Puerto Barquito in the influence area of Mantoverde too; the first activity was to diagnose their socio-economic conditions, and it assessed their main quality of life needs. 70% of the basic needs identified were habitability and housing improvements, and employability accounted for 30%. The company addressed these more urgent needs with them to establish the bases to work on improving the quality of life of stevedores and their families in the long term.

The working group implemented to improve the traffic and safety conditions on the G-21 road has been operating since 2012. One of the activities in 2014 also included the Lo Barnechea municipality and community visiting the Los Bronces mining facilities.

Anglo American also consolidated the work team in charge of managing all the company-related vehicle traffic issues on the G-21 road. This allows for constant monitoring of the traffic flow and internal co-ordination with Anglo American's contractors to make possible technological improvements to trucks, for example to reduce the noise from vibration.



# **SOCIAL INVESTMENT APPROACH**

The social investment and donation policy of Anglo American's Copper business was under review in 2014, which led to a new version in 2015, which aims to help get the best results for social investment projects. The need for these changes arose after an audit of the social projects undertaken in 2013 and which had the main recommendations of improving the design of projects (objectives, targets and results) and their monitoring and follow-up. To meet these new requirements, the company conducted training on project design, monitoring and follow-up for the social team and strategic partners like social organisations, universities and NGOs.

Due to the new corporate guidelines on Anglo American's global socio-economic development, there is the challenge of enhancing corporate volunteering and implementing programmes that help strengthen local governance capacities.

In 2014, the company started work with the Public Policy Centre of the Catholic University of Chile to make a pilot diagnosis at three municipalities in the areas of influence, with the aim of defining a project to strengthen the skills of municipal teams to help resolve the main local issues and needs. These projects will start to be implemented with each municipality as of 2015.

The company diagnosed the local employment area to assess the main employment and labour offerings in the area of influence to determine where training is needed and thereby focus the programmes the company already has on developing the workforce. This will provide a more structured programme to support employability next year.

# **CORPORATE SOCIAL INVESTMENT (CSI) PROJECTS**

The programmes that Anglo American undertakes in partnership with other social players reflect its associative vision of community work to get better results in the long term. In 2014, for example, an updated version of the Emerge empowering your enterprise programme reached over 300 entrepreneurs.

The CSI programmes of Anglo American's Copper business and their main results in the year are shown below.

PROJECT NAME	DESCRIPTION	BENEFICIARIES IN 2014	RESULTS IN 2014
DesarrollaT (Develop Yourself) project <sup>5</sup>	This is a joint initiative with the Education Innovation Centre of Fundación Chile. Its aim is to help develop and position professional-technical secondary education.	Directors, teachers and students of professional-technical institutions were the beneficiaries of various activities	Number of website visits: 25,028  Number of participants in postgraduate studies for technical school leaders: 40 leaders at 20 schools.  Number of schools that participate in the technical advisory programme: 15.  Number of students on technical advisory programmes: 12,500.
Elige Educar programme <sup>6</sup>	This is a project of the Public Policy Centre of the Catholic University of Chile, whose aim is to improve the social rating of the teacher in Chile, driving teaching vocation growth.	The company awarded 64 scholarships to university students and performed activities to motivate interest in this career by students with a high academic performance.	A mass television campaign was launched reaching 625,000 viewers.  The social rating of teaching increased to 74%, according to an Adimark poll.  61.7% of teaching undergraduates in 2015 were from 30% of the top university selection exam (PSU) marks.
Enseña Chile programme <sup>7</sup>	Anglo American is a strategic partner of Enseña Chile, which is an organisation that is part of the international Teach For All network, whose aim is to commit professionals of excellence of various disciplines to become teachers for two years and give classes to children in vulnerable sectors.	112 professionals signed the commitment to work as teachers. Enseña Chile worked in 68 schools in four regions.	Number of professionals with a contract in 2014: 135.  Number of beneficiary students: 22,572.  Number of professionals retained for the second year: 52.
Emerge programme	Its aim is to help micro and small-sized entrepreneurs by providing tools to empower their enterprises, improving their quality of life and creating jobs. The programme has two areas: Emerge for micro entrepreneurs in partnership with Fondo Esperanza, and Emerge – empowering your enterprise.	Emerge – empowering your enterprise benefitted 340 entrepreneurs. Emerge for micro entrepreneurs had 20,123 beneficiaries by December 2014.	Emerge – empowering your enterprise benefitted 340 entrepreneurs in 2014. The accrued number of entrepreneurs supported as of December 2014 is 832.  Emerge for micro entrepreneurs supported 20,123 people at the close of the year. The accrued number of beneficiaries supported from 2006 to the end of 2014 is over 56,000 people.

<sup>(5)</sup> www.educarchile.cl/desarrollat (6) www.eligeeducar.cl (7) www.ensenachile.cl



# SOCIAL INVESTMENT PROJECTS BY OPERATIONS AND PROJECTS

Some of the main projects carried out by the different operations and projects of Anglo American in 2014 were as follows:

EDUCATION			
PROJECT NAME	OPERATION	OBJECTIVE	BENEFICIARIES IN 2014
La Tierra está Viva (The Earth is Alive) cultural and educational project in Antofagasta	Mantos Blancos	Generate educational and cultural activities in the Corporación GEN targeted at the Antofagasta community in interactive work with regional and national artists and scientists.	700 neighbours.
Enhancement of technical special fields of study at the Felipe Cortés secondary school in Nogales	El Soldado	Implement equipment and conduct training of teachers to facilitate practical laboratory activities so pupils can apply knowledge of design, assembly and industrial control on pneumatic, hydraulic systems and electrical machinery.	160 pupils.
Investigation-based science education programme - ECBI of Catemu and Panquehue	Chagres	Improve the quality of science education for primary education schoolchildren by implementing the ECBI programme to attain greater equality in state education.	2,300 pupils and teachers.

ENTERPRISE			
PROJECT NAME	OPERATION	OBJECTIVE	BENEFICIARIES IN 2014
Yo Aprendo y Emprendo (I Learn and am Enterprising) programme in Antofagasta	Mantos Blancos	Boost the enterprise development of young students, providing the tools to include enterprise as an attitude of life and education. This initiative is developed in partnership with Corporación de Desarrollo Productivo.	90 students.
Development and optimisation of the productive chain of the organic cultivation of the olive tree in Moquegua	Quellaveco. Executor: El Algarrobal district municipality (llo province, department of Moquegua)	The aim of the project is to improve the performance, quality, and price of the olive tree in the llo valley, which have been really hit by the presence of a series of plagues, mainly the <i>Orthezia olivicola</i> .  Improve the socio-economic level of olive tree producers in the llo valley by means of efficient biological control, the right cultural work and enhancement of organized producers' skills.	124 olive tree producers have benefitted from 2012 to 2014. Producers' income has increased by 65% on average. Infestation rates have dropped from 74.5% to 38%. Change of producers' attitude which leads to reinvestment in olive farming in the llo valley.
Development of mixed cultivation of aquaponics in Chañaral	Mantoverde	Develop a sustainable mixed cultivation system of fish and vegetables using water from fog catching nets and clean energy in the Falda Verde sector. This initiative was developed in partnership with the University of Atacama.	250 fishermen.
SUSTAINABLE CO	) MMUNITIES		
PROJECT NAME	OPERATION	OBJECTIVE	BENEFICIARIES IN 2014
Home vegetable gardens and composting in Lo Barnechea, Colina and Til Til	Los Bronces	Strengthen neighbours' leadership and achievements in the waste minimisation programmes by promoting the use of compost in building vegetable gardens with products for self-consumption by neighbours of Corral Quemado, La Ermita, Quilapilún, Huertos Familiares, Santa Matilde, Los Lingues and Villa San José.	400 families.
Public square for the clean point in Antofagasta	Mantos Blancos	Transform space by means of neighbour empowerment and participation into clean and connected public spaces, thereby seeking to help improve the quality of life of inhabitants. This initiative was developed in partnership with Fundación Mi Parque.	7,500 neighbours.
BUILDING CAPAC	ITY		
PROJECT NAME	OPERATION	OBJECTIVE	BENEFICIARIES IN 2014
Pilot technology transfer project for farmers at El Melón	El Soldado	Get farmers to be self-sufficient with their production and improve their processes and production. This initiative was developed in partnership with the Agronomy Faculty of the Catholic University of Valparaíso.	30 small farmers.
Social enterprise fund for social organisations in Catemu, Panquehue and Llay Llay	Chagres	Implement a social enterprise fund to foster the social development of neighbours by means of association.	34 social organisations

# SOCIAL INVESTMENT OF ANGLO AMERICAN'S COPPER BUSINESS

The table below shows the social investment breakdown by operations in 2014, and includes the contribution to corporate projects which have a major impact on the territorial area of influence of operations.

Social investment in operations (\$ '000)							
	2012	2013	2014				
Los Bronces	3,376	4,386	3,253				
Mantos Blancos	1,248	904	699				
El Soldado	778	741	703				
Mantoverde	676	317	391				
Chagres	860	749	651				
Total social investment in operations	6,938	7,097	5,697				
CSI (\$ '000)							
	2012	2013	2014				
Partnership projects	4,460	3,979	3,708				
Earthquake relief	994	20	0				
Total CSI	5,454	3,999	3,708				
TOTAL SOCIAL INVESTMENT (CHILE)	12,392	11,077	9,405				

The lower social investment in 2014 is explained by Anglo American's greater requirements for social investment approval and thereby improve project results and sustainability.

The amount of social investment in projects is presented separately, as they have a different path from the social investment of operations. In fact, in late 2014 the company decided not to continue with the Michiquillay project, so the company will complete the social investment commitments already undertaken with the community.

Social investment in Peru (\$ '000)							
	2012	2013	2014				
Quellaveco	1,873	3,953	13,858(1)				
Michiquillay	5,090	4,242	4,392				
Exploraciones	10	-					
TOTAL SOCIAL INVESTMENT (PERU)	6,973	8,196	18,250				

<sup>(1) \$10,955,000</sup> correspond to the contribution to the Moquegua development fund, committed in the roundtable discussion, for the Chilota-Chincune dam project.

# **ARTISANAL MINING**

At Mantoverde, Anglo American and the Asociación Minera de Pequeños Mineros Regional of El Salado signed a framework agreement in which the company leased its "Salado II" mining claim.

The agreement enables members of the association to operate and sell ore to ENAMI, thereby completing a productive chain that promotes the economic development of the Chañaral province. The framework agreement signed will last one year and will be renewed automatically for equal and successive one-year periods.

# SUSTAINABLE DEVELOPMENT IN THE SUPPLY CHAIN

Through our responsible sourcing programme, we aim to ensure the effectiveness and efficiency of the supply of goods and services, not causing harm to individuals or the environment, helping us to manage business risks, and improving the competitiveness of our supply chain.

Working with suppliers and contractors helps achieve our socio-economic development objectives, and ensures that we promote safe and healthy workplaces beyond our own operations.

We expect suppliers to demonstrate compliance with local laws and regulations, as well as good practices in areas including labour and human rights, occupational safety and hygiene, environmental management, business integrity, supporting economic development and others. The approach we take in this regard is integrated throughout our procurement process and is guided by our Sustainable Development Code and Supply Chain Policy. We work with suppliers and contractors to deliver partnerships which drive a positive economic impact for host countries and communities.

The procurement and contracts management is in charge of the supplier and contractor relations of Anglo American's Copper business and of monitoring compliance with the standards by means of questionnaires and audits.

Management in 2014 was focused on Anglo American's participation as a facilitator of a framework agreement between the Confederation of Copper Workers and contractors at mine sites operated by Anglo American in Chile; optimisation of contracted services and the incorporation of the social management plan for suppliers and contractors. The company also maintained the work system to drive local procurement.

### **LOCAL PROCUREMENT**

# **Operations in Chile**

In 2014, Anglo American started work with Achilles, a specialist company in identifying, qualifying, assessing and monitoring suppliers to develop a base to facilitate the identification of current and potential local suppliers at each of the mines sites operated by Anglo American in Chile. Moreover, in 2015 there will be a link on the Anglo American website so the same local companies can register.

In 2014, local procurement accounted for 5% of Anglo American's spending in Chile. Moreover, Chile-based suppliers accounted for 94.5% of the expenditure and the remaining 5.5% was spent on foreign suppliers, which shows a large increase in the procurement in Chile compared to the previous year.

# Local procurement percentage by type of supplier (1) 2012 2013 2014 Local 5.3 4.9 5.0 Regional 4.6 3.6 4.1 National 92.8 91.9 94.5

(1) The national percentage includes the regional one and the latter the local one.

## Quellaveco project

By means of the first supplier development programme, 58 small-sized companies from the five communities around the Quellaveco project were trained in business modules in 2014. 95% of them managed to implement their strategic plans, 76% applied the KAIZEN continuous improvement tool and 86% enhanced their process management systems. At the same time, all this consolidated an online database of local suppliers.

The structure of the Progresa Moquegua (Moquegua is Progressing) programme was designed in the year, entailing 8-month business advice for the 60 best companies, with the option of applying this to tender courses, safety at the operation and managing payrolls. The Progresa Moquegua programme will be officially launched in the first half of 2015. Another highlight in the year was the design and implementation of the Moquegua entrepreneur's website, which will serve as a contact site between local entrepreneurs and project contractors

Local procurement of the Quellaveco project					
	2013	2014			
Procurement percentage	5	8			
Number of beneficiary suppliers monthly	116	124			

### FRAMEWORK AGREEMENT WITH CONTRACTORS

In April 2014, a framework agreement was signed by the Confederation of Copper Workers and contractors at mine sites operated by Anglo American in Chile, which envisages various incentives, like promoting and enhancing the Zero Harm culture, driving the higher productivity of companies, and a training fund to improve worker competencies. It also includes new accidental death and total disability insurance, a complementary health and dental insurance benefit and education scholarships to help with the financing of primary, secondary and higher education, along with special support for students with special abilities.

The agreement is based on the following principles:

- 1) Commitment to current legislation and to comply with the subcontracting law.
- Respect of the legality established in the international agreements of the International Labour Organisation (ILO) and endorsed by Chile.
- 3) Recognition of the importance of collective bargaining within each company and the role of trade union organisations as representatives of their members.
- 4) Commitment to make sure work contracts are commensurate with the type of service provided.
- Commitment to have the required authorisation for exceptional working hours for the provision of services, with this requirement being stated in the tender bases.
- 6) Promotion of standardisation of the quality of personal protective equipment (PPE) for safety.
- Commitment to develop a continuous improvement process for the habitability conditions at operations and personnel transportation.
- 8) Acknowledgement of safety as a core value.
- 9) Commitment to build and develop mutual trust.

Moreover, and as a way of assuring compliance with current regulations, Anglo American in Chile continues to monitor contractors on compliance with payments laid down in labour laws, labour commitments and severance, among others



# **SOCIAL MANAGEMENT PLAN FOR SUPPLIERS**

As part of the contractor conduct protocol, in 2012 Anglo American in Chile included the requirement of having a social management plan (SMP). In 2014, this specific requirement was included in some key tenders, like for example transportation contracts, contracts with workers living or working in the area of influence of operations, among others. As part of this process, the relations and social development area participated in the SMP assessment of various tenders. It also helped to improve the SMP of contractors involved in capital projects, following up on their compliance. The company also conducted the first random audits, and the results will be available in 2015.

On the same lines, the Quellaveco project in Peru has implemented a SMP for contractors as of 2013, which aims to help increase the positive impact and identify, eliminate or mitigate the negative impacts by means of working with contractors.

The SMP also includes some of the commitments undertaken by the project in the roundtable discussion with the Moquegua region where the project is being developed, such as employing local labour, procurement of local products and services, social training of contractor workers on sharpening the community engagement policies and Good Citizenship Principles, among others.

After signing the contract, the SMP is an integral part of the contract which Anglo American monitors and assesses monthly, and the results are an important performance record for future contracts.

# **ABOUT THIS REPORT**

To draw up Anglo American's 11th Sustainable Development Report, we used the G4 guidelines on issuing sustainability reports of the Global Reporting Initiative (GRI) released in May 2013; and included the indicators of the Mining and Metals Sector Supplement.

Based on these new principles, this report shows the material aspects of the operations and projects of Anglo American's Copper business in Chile and Peru from 1 January 2014 to 31 December 2014, and which affect its value chain regarding sustainability, and those factors or issues that are of great interest to its main stakeholders for their assessment and decision-making. It specifically provides information about the company's five operations in Chile, i.e., Los Bronces, Mantos Blancos, El Soldado, Mantoverde and Chagres, along with the head office in Santiago. It also includes the project operated by Anglo American in Peru, Quellaveco, when deemed material and for which there is reliable information available. The results of Minera Doña Inés de Collahuasi were considered in the financial and operating performance aspects, based on the company's 44% interest in such company. Collahuasi draws up and reports its own sustainable development information about the operation.

To show trends and make comparisons, we included the performance indicators with data from 2012 to 2013, for those cases where such information was available.

Concerning the information reported the previous year, there were no major changes in the size, structure or ownership of the operation. Nevertheless, on 5 December 2014 Anglo American announced its decision to return the Michiquillay project in Peru to its government. Should there be any change in the calculation, scope or presentation of data with regard to that reported the previous year, this is expressly indicated in the text.

As a signatory to the principles of the United Nations Global Compact, Anglo American has committed to adhering to and implementing the ten principles on human rights, labour relations, the environment and anti-corruption. Such commitment includes reporting each year on the progress made with these issues by means of communication on progress (COP), and this report is therefore a COP for 2014.



# DEFINING REPORTING CONTENT (MATERIALITY PROCESS)

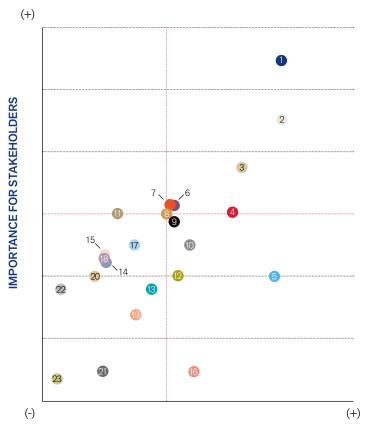
We defined and organised the content of this report based on the GRI G4 guidelines and the "core" option, which entails reporting 34 indicators (elements) of the general basic content and 52 performance indicators on 29 material aspects.

To assure the materiality (relevance) of the data and the performance indicators on each issue reported, we used a methodology that included the following:

- **I. Identification.** To identify the material aspects to include in the report, we carried out three main activities:
- **a. Press analysis:** we reviewed 1,167 press articles in 2014 to identify the major issues of the mining industry that appeared in the Chilean press.
- **b. Interviews:** we conducted five interviews of executives and managers on sustainability issues, identified the main economic, social and environmental impacts of the company's value chain (see description of the value chain and its impacts on page 6).
- **c. Stakeholder consultation:** in this stage we interviewed Anglo American's supplier and contractor representatives (14) to find out their opinion about the issues that a company like Anglo American should include in its sustainable development report. This involved three parts: one focused on finding out the opinion of suppliers about Anglo American's sustainable performance in the social, environmental and economic areas; a second part focused on finding out the impacts of suppliers on providing services to Anglo American; and a third part with the objective of identifying a list of material issues defined by the company, i.e., those it deemed to be the most important. It should be noted that suppliers could also add their own issues of interest.
- **d. Benchmark:** we reviewed the sustainable development reports of three leading companies in the Chilean mining industry to identify the material issues the industry is reporting.
- **e. Review of studies:** to identify the material issues for the host communities around Anglo American's operations, we reviewed the results of the 2014 community studies of Mantoverde, El Soldado, Mantos Blancos, Los Bronces and Chagres.

II. Prioritisation. To prioritise the issues identified in the prior stage, we gave a mark for the economic, social and environmental impacts of the value chain identified by the company, which in turn were qualified by the executives interviewed. This gave a materiality result from the company's vision. We then presented these issues to stakeholders, who could also give them a mark based on the degree of importance such issues were for them. Moreover, we gave the aspects identified in the benchmark, press analysis and community studies a weighting according to the definition of materiality from the stakeholder perspective.

Based on this cross-reference, we obtained the following priority of material issues (aspects).



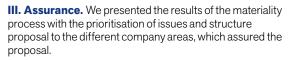
# STRATEGIC IMPORTANCE FOR ANGLO AMERICAN

Community impact 13 Diversity and equal opportunity Employment 14 Biodiversity Water 15 Public-private relationship Regulatory compliance 16 Child and forced labour Supply chain 17 Training and development Emissions 18 Market presence 19 Grievance mechanisms Economic performance Indirect economic impacts 20 Environmental investment Labour relations 21 Remuneration for men and women 10 Occupational health and safety 22 Supplies and raw materials 23 Product responsibility 11 Waste, discharges and spills 12 Energy

	Material issues/aspects	Related indicators	Impact within the	Impact outside
	wateriai issues/aspects	organisation		the organisation
EC	ONOMIC CATEGORY			
1.	Economic performance	G4 EC1 & EC4	•	
2.	Market presence	G4 EC5	•	•
3.	Indirect economic impacts	G4EC7-EC8		•
4.	Procurement practices	G4 EC9	•	•
EN	VIRONMENTAL CATEGORY			
5.	Materials	G4 EN1	•	
6.	Energy	G4 EN3, EN4, EN6	•	
7.	Water	G4 EN8, EN10	•	•
8.	Biodiversity	G4 EN11 – EN13, MM1, MM2	•	•
9.	Emissions	G4 EN15, EN16,EN19, EN21	•	•
10.	Effluents and waste	G4 EN23, EN24, MM3	•	•
11.	General-environmental investment	G4 EN31	•	•
12.	Regulatory compliance	G4 EN29	•	•
SO	CIAL PERFORMANCE/LABO	UR PRACTICE CATEG	ORY	
13.	Employment	G4 LA1-LA3	•	
14.	Employee and management relations	G4 LA4-MM4	•	
15.	Occupational health and safety	G4LA5-LA7	•	•
16.	Training and education	G4LA9	•	
17.	Diversity and equal opportunity	G4LA12	•	
18.	Basic salary ratio of men to women	GA LA13	•	
19.	Supplier assessment for labour practices	G4 LA14		•
20.	Labour practices grievance mechanisms	G4LA16	•	•



Material issues/aspects	Related indicators	Impact within the organisation	Impact outside the organisation				
SOCIAL PERFORMANCE/SOCI	ETY CATEGORY						
21. Local communities	G4 SO1-SO2, MM6, MM7, MM8, MM9 & MM10		•				
22. Public policy	G4 S06		•				
SOCIAL PERFORMANCE/HUM	AN RIGHTS CATEGOR	Y					
23. Investment	G4 HR1		•				
24. Freedom of association & collective bargaining	G4 HR4		•				
25. Child labour	G4 HR5		•				
26. Forced labour	G4 HR6		•				
27. Supplier human rights assessment	G4 HR 10		•				
28. Human rights grievance mechanisms	G4 HR12		•				
SOCIAL PERFORMANCE/PRODUCT RESPONSIBILITY CATEGORY							
29. Customer health and safety	G4 PR1- MM11		•				



Both the structure and the depth of issues addressed in this report therefore reflect the result of the entire process outlined above.



# COMPLIANCE WITH THE INFORMATION QUALITY PRINCIPLES

The communications management was in charge of drawing up this report which was validated by the vice-presidency of corporate affairs. To assure the quality, accuracy, comparability and reliability of the information included in this report, we had the support of a specialist external consultant on the GRI guidelines.

The information given in this report was provided by the different areas of the organisation, taking special care with the traceability of the information. Each one of the indicators on the company's economic, social and environmental performance was prepared from technical data and calculations based on procedures renowned by Chilean regulations and international standards.

This time we did not consider external assurance, but all the data was assured by each of the areas responsible and validated by the company's senior management.

# KEY PERFORMANCE INDICATORS (KPIs)

# **ENVIRONMENTAL KPIs**

# Water management

Freshwater consumed by operation (in thousands of m³)	2012	2013	2014
Operation			
Los Bronces	21,659	25,044	22,420
Mantos Blancos	3,641	4,353	4,432
El Soldado	6,012	4,498	4,303
Mantoverde	2,897	3,026	2,835
Chagres	1,271	1,300	1,204
Total	35,480	38,221	35,194

# Water abstracted by sources 2013-2014 (in thousands of m³)

Rainwater and melted snow water		Seaw	Seawater Groundwater			Surface water		Water from an external supplier		Total		
Operation	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
Los Bronces	2,275	2,900	-	-	708	5,094	21,146	14,056	916	370	25,044	22,420
Mantos Blancos	-	-	-	-	-	-	-	-	4,353	4,432	4,353	4,432
El Soldado	457	248	-	-	4,042	4,055	-	-	-	-	4,498	4,303
Mantoverde	-	-	-	1,085	2,295	1,215	-	-	731	535	3,026	2,835
Chagres	-	-	-	-	1,300	1,204	-	-	-	-	1,300	1,204
Total	2,731	3,148	-	1,085	8,344	11,568	21,146	14,056	6,000	5,337	38,221	35,194

# **Energy management**

Breakdown of energy consumed by operations										
2012 (*)					2013 (*)			2014 (**)		
Operation	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 energy consumption (GJ)	
Los Bronces	2,159,880	5,956,955	8,116,835	2,650,499	6,083,918	8,734,418	10,053,626	6,171,391	10,053,626	
Mantos Blancos	1,477,531	977,553	2,455,084	1,525,137	937,496	2,462,633	2,157,613	917,867	2,157,613	
El Soldado	1,492,229	766,540	2,258,769	1,450,139	790,795	2,240,934	2,158,877	784,091	2,158,877	
Mantoverde	842,377	721,892	1,564,269	963,910	692,931	1,656,841	1,656,248	654,315	1,656,248	
Chagres	516,090	511,789	1,027,879	534,346	536,146	1,070,493	1,009,439	506,946	1,009,439	
Total	6,488,107	8,934,729	15,422,836	7,124,031	9,041,287	16,165,318	8,001,193	9,034,610	17,035,803	

<sup>(\*)</sup> Source: Energy book

<sup>(\*\*)</sup> Source: Enablon

# **Emissions management**

Breakdown by scope 2014						
	Sco	pe 1	Scope 2			
Operation	CO <sub>2</sub> from the process [t]	CO <sub>2</sub> from fossil fuels (metric tonnes of CO <sub>2</sub> e)	CO <sub>2</sub> from electricity purchased (metric tonnes of CO <sub>2</sub> e)			
Los Bronces	-	288,008	617,139			
Mantos Blancos	1,239	91,967	91,787			
El Soldado	78,083	102,001	172,064			
Mantoverde	38,078	74,301	65,431			
Chagres	-	36,515	50,695			
Total	117,400	592,793	997,116			

Mantoverde Chagres	178,776 93,486	190,251	177,811 87,210
El Soldado	337,689	348,377	352,149
Mantos Blancos	218,182	226,708	184,993
Los Bronces	807,184	926,650	905,147
Operation			
Total CO <sub>2</sub> emissions(tonnes of CO <sub>2</sub> e)	2012	2013	2014

# Waste management

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

Mass mineral waste accumulated by operation in 2014 (in thousands of tonnes)							
Operation	Waste and gravel	Tailings*	Slag				
Los Bronces	785,298	431,424	-				
Mantos Blancos	506,063	70,914	-				
El Soldado	215,209	142,256	-				
Mantoverde	273,823	-	-				
Chagres	-	-	4,000				
Total	1,780,393	644,594	4,000				

Industrial waste generated	2012	2013	2014
Hazardous waste (t)	26,631	11,649	23,368
Non-hazardous waste (t)	15,058	14,155	15,958
Recycling (t)	29,022	14,160	23,490

Industrial waste by operation in 2014(tonnes)						
Operation	Hazardous (t)	Non-hazardous (t)				
Los Bronces	1,301	10,008				
Mantos Blancos	2,551	1,075				
El Soldado	447	3,542				
Mantoverde	611	196				
Chagres	**18,458	1,137				
Total	23,368	15,958				

Closure plans	
Operation	Estimated closure date
Los Bronces	2049
Mantos Blancos	2021
El Soldado	2035
Mantoverde	2018
Chagres	2049

# Strategic raw materials

The main raw material of Anglo American's Copper business is the ore extracted from its mines. The total ore dispatched for processing in 2014 was 81.5 million tonnes.

Ore dispatched for processing (thousands of tonnes)						
Operation	2012	2013	2014			
Los Bronces	45,855	51,961	54,148			
Mantos Blancos	9,033	8,613	8,501			
El Soldado	8,874	8,396	8,515			
Mantoverde	10,460	10,426	10,313			
Total	74,222	79,396	81,477			

Concentrate smelted (thousands of tonnes)						
	2012	2013	2014			
Chagres	522	575	508			
Raw materials						
	2012	2013	2014			
Lubricating & hydraulic oil (m³)	2,687	4,142	3,255			
Explosives (tonnes)	56,424	68,594	129,753			
Lime (tonnes)	140,878	145,897	131,460			
Sulphuric acid (m³)	789,842	778,650	863,631			

Breakdown of raw materials by operation 2014							
Operation	Lubricating and hydraulic oil (m³)	Explosives (tonnes)	Lime (tonnes)	Sulphuric acid (m³)			
Los Bronces	1,455	71,613	122,709	11,688			
Mantos Blancos	633	13,280	1,106	543,210			
El Soldado	617	25,078	7,646	7,176			
Mantoverde	505	19,782	-	301,557			
Chagres	45	-	-	-			
Total	3,255	129,753	131,461	863,631			

# **LABOUR KPIs**

# Workforce

Employment by dependence	2012	2013	2014
Company employees (include thesis and professional practice students and apprentices)	4,216	4,527	4,846
Contractors at operations (include sporadic contractors)	6,384	7,038	7,164
Project contractors	2,545	3,106	3,931
Total	13,145	14,670	15,941

# **Employment by dependence**

Operation		2012			2013			2014	
	Company employees	Contractor workers at operations	Contractor workers of projects	Company employees	Contractor workers at operations	Contractor workers of projects	Company employees	Contractor workers at operations	Contractor workers of projects
Los Bronces	1,579	2,977	714	1,837	3,504	829	2,070	4,088	1,365
El Soldado	902	848	166	866	1,060	88	860	803	143
Mantos Blancos	539	1,513	151	604	1,328	124	712	1,076	314
Mantoverde	400	684	506	416	850	68	391	916	76
Chagres	347	272	132	348	237	79	360	235	214
Santiago	242	90	11	282	58	654	288	48	277
Lima	35	-	10	29	0	9	25	0	9
Michiquillay	75	-	596	37	0	63	24	0	28
Quellaveco	97	-	259	108	0	1,191	116	0	1,505
TOTAL WORKERS BY DEPENDENCE	4,216	6,384	2,545	4,527	7,038	3,106	4,846	7,164	3,931
TOTAL WORKFORCE		13,145			14,670			15,941	

# Employment by tier and type of contract

	20	2012		2013		2014	
	Indefinite	Fixed-term	Indefinite	Fixed-term	Indefinite	Fixed-term	
Supervisors	948	13	984	38	1,033	33	
Employees	2,926	164	3,180	146	3,399	210	
Others	-	165	-	179	-	171	
Total	3,874	342	4,164	363	4,432	414	

 ${\sf Excludes \ the \ global \ function \ and \ exploration \ work force}$ 

# **Employee turnover**

By tier	2012	2013	2014
Supervisors	14.2%	13.2%	12.6%
Employees	6.1%	4.6%	4.0%

By age	2012	2013	2014
30 years or younger	9.5%	8.0%	6.4%
30 to 50 years	8.4%	6.5%	5.8%
Older than 50 years	5.3%	5.7%	5.9%

By gender	2012	2013	2014
Female	15.0%	9.9%	9.1%
Male	7.1%	6.3%	5.6%

By country	2012	2013	2014
Chile	6.0%	5.5%	5.6%
Peru	43.2%	28.8%	14.9%

Annual average	2012	2013	2014
Annual average	7.9%	6.6%	5.9%

# **Programmes for young talent**

By tier		2012			2013			2014	
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Graduates	22	8	30	22	7	29	26	6	32
Thesis students	33	14	47	52	18	70	46	20	66
Apprentices	121	104	225	151	110	261	145	107	252
Professional practice	120	51	171	182	71	253	169	66	235
Total	296	177	473	407	206	613	386	199	585

# Retention rate of employees after parental leave

		2012			2013			2014	
	N° of leaves	employees	employees		N° of women employees who returned to work	employees	N° of leaves	N° of women employees who returned to work	employees
Women	32	10	22	38	18	20	49	36	13

 $These \ figures \ only \ consider \ sick \ leave \ for \ Anglo \ American's \ operations \ in \ Chile$ 

### **OTHER KPIs**

## **PARTNERSHIPS AND MEMBERSHIPS**

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

- · Business Action for Africa1
- CARE International<sup>2</sup>
- Extractive Industries Transparency Initiative<sup>3</sup>
- · Fauna and Flora International4
- Global Business Coalition (GBC) on HIV/ AIDS, Tuberculosis and Malaria<sup>5</sup>
- International Council on Mining and Metals<sup>6</sup>
- · Investment Climate Facility for Africa (ICF)7
- Natural History Museum<sup>8</sup>
- United Nations Global Compact<sup>9</sup>
- · Voluntary Principles on Security and Human Rights10
- World Business Council for Sustainable Development (WBCSD)<sup>11</sup>
- The University of Queensland's Sustainable Minerals Institute<sup>12</sup>
- The University of Cambridge Programme for Sustainability Leadership<sup>13</sup>
- · Virgin Unite14
- International Alert<sup>15</sup>
- · Endeavour
- Business in the Community<sup>16</sup>

# **Memberships in Chile:**

- Sociedad Nacional de Minería (SONAMI)<sup>17</sup>
- Consejo Minero de Chile A.G.<sup>18</sup>
- · Instituto de Ingenieros de Chile A.G.19
- · Instituto de Ingenieros de Minas de Chile
- Consejo Nacional de Seguridad de Chile<sup>20</sup>
- AcciónRSE<sup>21</sup>
- · Cámara Chileno-Norteamericana de Comercio (AMCHAM)<sup>22</sup>
- · Cámara Chilena-Sudafricana de Industria y Comercio<sup>23</sup>

- · Cámara Chileno-Británica de Comercio A.G. (BRITCHAM)<sup>24</sup>
- Corporación de Desarrollo Productivo de la Región de Antofagasta<sup>25</sup>
- Asociación de Industriales de Antofagasta<sup>26</sup>
- Corporación para el Desarrollo de la Región de Atacama (CORPROA)<sup>27</sup>
- · Corporación Pro Til-Til<sup>28</sup>
- Corporación para el Desarrollo de Colina<sup>29</sup>
- · Instituto Libertad y Desarrollo30
- Instituto Libertad<sup>31</sup>
- Instituto Chileno de Administración Racional de Empresas (ICARE)<sup>32</sup>
- Centro de Estudios Públicos (CEP)<sup>33</sup>
- · Corporación de Desarrollo Ciudadano de Chañaral
- · Cámara Chileno-China de Comercio34

# Memberships in Peru:

- · Procobre Perú<sup>35</sup>
- · Sociedad Nacional de Minería Petróleo y Energía (SNMPE)36
- · Cámara Peruano-Británica (BPCC)37

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

(33) www.cepchile.cl (34) www.camarachilenochina.cl (35) www.procobre.org (36) www.snmpe.org.pe (37) www.bpcc.org.pe

# **GRI G4 AND GLOBAL COMPACT INDEX**

INDICATOR	DESCRIPTION	PAGE COMMENT	GLOBAL COMPACT PRINCIPLE
GENERAL CONT	TENT		
STRATEGY & AN			
G4-1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability.	2&3	
G4-2	Description of key impacts, risks and opportunities	2 & 3, 11	
ORGANISATION	PROFILE		
G4-3	Report the name of the organisation.	4	
G4-4	Report the primary brands, products and/or services.	4	
G4-5	Report the location of the organisation's headquarters.	4	
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	4	
G4-7	Report the nature of ownership and legal form	12	
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	5	
G4-9	Report the scale of the organisation, including: total number of employees, total number of operations, net sales, total capitalisation broken down in terms of debt and equity, quantity of products or services provided.	5	
G4-10	Report the total number of employees by employment contract and gender, the total number of permanent employees by employment type and gender, whether a substantial portion of the organisation's work is performed by workers who are legally recognised as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors, any significant variations in employment numbers (such as seasonal variations in employment).	26, 51 & 52	P. 6
G4-11	Percentage of total employees covered by collective bargaining agreements.	26	P. 3
G4-12	Describe the organisation's supply chain.	6	
G4-13	Significant changes during the reporting period regarding size, structure, ownership or supply chain.	45	
G4-14	Report whether and how the precautionary approach or principle, if applicable, is addressed by the organisation.	20 & 30	
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses.	54	
G4-16	List memberships of associations and national or international advocacy organizations to which the organisation belongs.	54	
IDENTIFIED MAT	TERIAL ASPECTS & BOUNDARIES		
G4-17	List all entities included in the organisation's consolidated financial statements. Report whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the report.	45	
G4-18	Explain the process for defining the report content and the aspect boundaries. Explain how the organisation has implemented the reporting principles for defining report content	46	
G4-19	List the material aspects identified in the process for defining report content.	47 & 48	
G4-20	For each material aspect, report the aspect boundary within the organisation	47 & 48	
G4-21	For each material aspect, report the aspect boundary outside the organisation.	47 & 48	
G4-22	Report the effect of any restatements of information provided in earlier reports, and the reasons for such restatement.	45	
G4-23	Report significant changes from previous reporting periods in the scope and aspect boundaries.	45	
STAKEHOLDER	ENGAGEMENT		
G4-24	List stakeholder groups engaged by the organisation.	9	
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	9	
G4-26	Report the organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	9	
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	9 & 37	

INDICATOR	DESCRIPTION	PAGE COMMENT	GLOBAL COMPACT PRINCIPLE
REPORT PROFIL	E		
G4-28	Reporting period	45	
G4-29	Date of the most recent previous report.	2013	
G4-30	Reporting cycle	Annual	
G4-31	Provide the contact point for questions regarding the report or its contents.	1	
G4-32	Report the 'in accordance' option the organisation has chosen. Report the GRI Index for the chosen option. Report the reference to the external assurance report.	46, 55 to 59	
G4-33	Report the 'in accordance' option the organisation has chosen. Report the GRI Index for the chosen option. Report the reference to the external assurance report.	48	
GOVERNANCE			
G4-34	Report the governance structure of the organisation, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	12	
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	12	
G4-36	Report whether the organisation has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	12	
G4-38	Report the composition of the highest governance body and its committees by: executive or non-executive, independence, tenure on the governance body, number of each individual's other significant positions and commitments and the nature of the commitments, gender, membership of under-represented social groups, competences relating to economic, environmental and social impacts, stakeholder representation.	12	
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders (cross-board membership, cross-shareholding with suppliers, existence of controlling shareholder).	11 & 12	
ETHICS AND INT	EGRITY		
G4-56	Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	7 & 8, 11	P. 10
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organisational integrity, such as helplines or advice lines.	11	P. 10
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	11	P. 10
SPECIFIC STAND	ARD DISCLOSURES		
ECONOMIC ARE	A		
ECONOMIC PER	FORMANCE		
G4-DMA	Disclosures on management approach.	13	
G4-EC1	Direct economic value generated and distributed.	14	
G4-EC4	Financial assistance received from government.	14	
MARKET PRESE	NCE		
G4-DMA	Disclosures on management approach.	28	
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	28	P. 6
INDIRECT ECON	OMIC IMPACTS		
G4-EC7	Development and impact of infrastructure investments and services supported.	34-42	
G4-EC8	Significant indirect economic impacts, including the extent of impacts.	34-42, 43 & 44	
PROCUREMENT	PRACTICES		
G4-DMA	Disclosures on management approach.	43	
G4-EC9	Proportion of spending on local suppliers at significant locations of operation.	43 & 44	

INDICATOR	DESCRIPTION	PAGE COMMENT	GLOBAL COMPACT PRINCIPLE
MATERIALS			
G4-DMA	Disclosures on management approach.	51	
G4-EN1	Materials used by weight or volume.	51	P. 8
ENERGY	'		
G4-DMA	Energy consumption within the organisation.	18	
G4-EN3	Energy consumption within the organisation.	19 & 49	P.7&8
G4-EN4	Energy consumption outside the organisation.	19 & 49	P. 8
G4-EN6	Reduction of energy consumption.	19	P.8&9
WATER			<u>'</u>
G4-DMA	Disclosures on management approach.	16	
G4-EN8	Total water withdrawal by source.	49	P. 8
G4-EN10	Percentage and total volume of water recycled and re-used.	17	P. 8
BIODIVERSITY	'		
G4-DMA	Disclosures on management approach.	21	
G4-EN11	Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas.	22	P.8
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas, and areas of high biodiversity value outside protected areas.	21 & 22	P.8
MM1	Amount of land (owned, leased, or managed for production activities or extractive use) disturbed or rehabilitated (in hectares).	22	
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.	22	
G4-EN13	Habitats protected or restored.	22	P. 8
EMISSIONS			
G4-DMA	Disclosures on management approach.	18	
G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1).	50	P.7&8
G4-EN16	Energy indirect GHG emissions (scope 2).	50	P.7&8
G4-EN19	Reduction of GHG emissions.	19	P.8&9
G4-EN21	NOx, SOx and other significant air emissions.	22	P.7&8
EFFLUENTS AND	WASTE		
G4-DMA	Disclosures on management approach.	50	
G4-EN23	Total weight of waste by type and disposal method.	50	P. 8
MM3	Total amounts of overburden, rock, tailings, and sludge (in tonnes) and their associated risks.	50	
G4-EN24	Total number and volume of significant spills.	24	P. 8
REGULATORY C	OMPLIANCE		
G4-DMA	Disclosures on management approach.	24	
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	24	P. 8
OVERALL			
G4-DMA	Disclosures on management approach.	23	
G4-EN31	Total environmental protection expenditures and investments.	23	P.7,8&9

INDICATOR	DESCRIPTION	PAGE COMMENT	GLOBAL COMPACT PRINCIPLE
SOCIAL PERFOR	MANCE		•
LABOUR PRACT	CES & DECENT WORK		
EMPLOYMENT			
G4-DMA	Disclosures on management approach.	26	
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region.	53	P. 6
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	29	
G4-LA3	Return to work and retention rates after parental leave, by gender.	53	P. 6
LABOUR-MANA	GEMENT RELATIONS		
G4-DMA	Disclosures on management approach.	26	
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.	26	P.3
MM4	Number of strikes and lock-outs exceeding one week's duration, by country.	26	
OCCUPATIONAL	HEALTH & SAFETY		
G4-DMA	Disclosures on management approach.	30	
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes.	32	
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	30	
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation.	32	
TRAINING & EDU	CATION		
G4-DMA	Disclosures on management approach.	27	
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	27	P. 6
G4-LA10	Programmes for skills development and lifelong learning that support the continued employability of employees and assist them in managing career endings.	27	
DIVERSITY & EQ	UAL OPPORTUNITY		
G4-DMA	Disclosures on management approach.	28 & 29	
G4-LA12	Composition of governance bodies and breakdown of employees by employee category, according to gender, age group, minority group membership, and other indicators of diversity.	28	P. 6
<b>EQUAL REMUNE</b>	RATION FOR WOMEN AND MEN		
G4-DMA	Disclosures on management approach.	28	
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	28	P. 6
SUPPLIER ASSE	SSMENT FOR LABOUR PRACTICES		
G4-DMA	Disclosures on management approach.	43	
G4-LA14	Percentage of new suppliers that were screened using labour practices criteria.	44	
LABOUR PRACTI	CES GRIEVANCE MECHANISMS		
G4-DMA	Disclosures on management approach.	26	
G4-LA16	Number of grievances about labour practices filed, addressed and resolved through formal grievance mechanisms.	26	
<b>HUMAN RIGHTS</b>			
INVESTMENT			
G4-DMA	Disclosures on management approach.	43	
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	43	P. 2

INDICATOR	DESCRIPTION	PAGE COMMENT	GLOBAL COMPACT PRINCIPLE
FREEDOM OF AS	SSOCIATION & COLLECTIVE BARGAINING		
G4-DMA	Disclosures on management approach.	35 & 43	
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.	43 & 44	P. 3
CHILD LABOUR			
G4-DMA	Disclosures on management approach	35 & 43	
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour.	43 & 44	P. 5
FORCED LABOU	R		
G4-DMA	Disclosures on management approach	35 & 43	
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour.	43 & 44	P. 4
SUPPLIER HUMA	AN RIGHTS ASSESSMENT		
G4-DMA	Disclosures on management approach	35 & 43	
G4-HR10	Percentage of new suppliers that were screened using human rights criteria.	43 & 44	P. 2
HUMAN RIGHTS	GRIEVANCE MECHANISMS		
G4-DMA	Disclosures on management approach	35 & 43	
G4-HR12	Number of grievances about human rights impacts filed, addressed and resolved through formal grievance mechanisms.	35 & 36	P. 1
SOCIETY			
LOCAL COMMUN	NITIES		
G4-DMA	Disclosures on management approach.	34 & 38	
G4-S01	Percentage of operations with implemented local community engagement, impact assessments, and development programmes.	34-41	P. 1
G4-S02	Operations with significant actual or potential negative impacts on local communities.	39-41	P. 1
MM6	Number and description of significant disputes relating to land use, customary rights of local communities and indigenous peoples, and the outcomes.	Anglo American's Copper	
ММ7	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.	business unit does not have operations related to indigenous territories.	
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.	42	
MM9	Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process.	There were no resettlements in the reporting period	
MM10	Number and percentage of operations with closure plans.	50	
PUBLIC POLICY			
G4-DMA	Disclosures on management approach.	11	
G4-S06	Total value of political contributions by country and recipient/beneficiary.	11	P. 10
PRODUCT RESP	ONSIBILITY		
CUSTOMER HEA	LTH & SAFETY		
G4-DMA	Disclosures on management approach.	_	
MM11	Programmes and progress relating to product responsibility.	See 2012 Report page 11	
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.		

GRI GUIDELINES AND COMPOSITION CONSULTANT UNECONSULTORES

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