

Presentation for the 6th. Session of Round Table, Commerce and Environment

“Social Corporate Responsibility : the Collahuasi Case”

Compañía Minera Doña Inés de Collahuasi SCM, started its commercial operations in early 1999, and carries out its productive activities at 4.400 meters above sea level, in Chile's high plain zone of the 1st. Region of Tarapacá, Pica Community, in the extreme North of Chile, in an area close to the border with Bolivia.

Collahuasi is owned by Noranda/Falconbridge (Canada) 44%, Anglo American plc (United Kingdom) 44%, and a consortium of Japanese companies led by Mitsui & Co. Ltd., 12%.

The Company carries out its business on the basis of policies and operating practices that contribute to the wellbeing of Chile , its economy and the environment, taking due consideration of its shareholder's expectations and requirements , those of its employees, customers, governmental entities and of the communities in which it operates. This commits the Company to conduct its business in a profitable, secure and efficient manner and simultaneously attend to the objectives of environmental quality and social development.

The Company's vision is to be among the worlds leading copper producers ,

- Viewed by its shareholders as a consistently profitable, investment-grade company with long-term growth potential;
- Perceived by our customers as a preferred, reliable supplier with accredited quality products and processes, and actively participating in the promotion of copper;
- Appreciated by our employees and their families as a stable and rewarding place to work with opportunities for career development;
- Well known by an efficient safety operation responsible with the environment on base of an integrated work of the different teams, workers, contractors and suppliers.
- Contributing to the development and growth of Chile's 1st. Region.

Collahuasi operates three copper deposits (Ujina, Rosario and Huinquintipa), which produce approximately 12% of the total Chilean copper production and 3% of the world's mine copper production.

The Company plays an important role in the local and regional economies . Collahuasi recognises this role and seeks to be a key vehicle in the generation of opportunities for its inhabitants.

An example of this commitment is the Company's involvement in various initiatives that address infrastructure requirements of the communities that are close to our mining operations .

Collahuasi has invested approximately US\$ 100 million on infrastructure that directly benefits the regional economy and the communities in which it operates. This includes the Pozo Almonte-Coposa road, a 185 kilometres of paved road which was built at a cost US\$38 million . This road has been opened for public use , thereby facilitating the access to local communities and contributing to a possible future international road to Bolivia; Included are also 560 houses built in Iquique at a cost of US\$ 43 million, which are now owned by Collahuasi's workforce ; the construction of a Mining Technological Centre in a joint effort with a local university, the first to be established in Chile for the technical education of mining operators ; the restoration of two landmark buildings in Iquique that are now being used as corporate offices and the construction of the best art gallery in Iquique, where different local and national artists present their work .

To be recognised as a source of opportunity by our employees and its families is an integral part of Collahuasi's vision and a key aspect in the implementation of corporate social responsibility. We believe that we are making a significant contribution to the formation of human capital.

Collahuasi is the principal private employer in Chile's First Region . The Company directly employs 2,300 individuals, of which 1,000 correspond to own staff and 1,300 to contractor personnel. In addition, Collahuasi generates approximately 8,000 indirect positions. Collahuasi promotes the employment of young individuals from the First Region and , when individuals are recruited from other parts of the country, their settlement in the First Region.

To ensure that our employees work in a safe and healthy environment is a key objective. In 2002, the accident frequency rate (number of accidents per 200.000 of working man-hour) was less than 1 (including contractors) . While this compares favourably with a national average of 1,72 for the mining industry and with international standards, we believe that there is a need to further improve our performance in this area . Collahuasi commands a leading position world-wide in the studies into the effects of working at high altitude and has implemented a number of initiatives to ensure that our employees do not suffer from the effects of altitude.

Like other mining operations in Chile, Collahuasi provides a very competitive remuneration package to its employees. Compensation is significantly higher than the national average for similar positions and also higher than the mining industry average. Collahuasi employees are also provided with significant benefits in the areas of health, housing, and education. The Company invests approximately US\$ 4 million per year on these benefits.

Training also plays an important role in the management of Collahuasi human resources. On average , the equivalent of some 2.5% of the working time is devoted to training and professional development activities.

The Company strictly adheres to the principle of free affiliation and does not allow any anti-union activities . Most of our workers are affiliated to Collahuasi's labour union with which the Company maintains and open , frank and constructive relationship.

Collahuasi's reputation as a responsible and fair Company is seen as a key long term asset and one that is directly influenced by our employees' behaviour. We have a Code of Ethics , which represents the set of values and principles that we wish to see reflected in the day to day behaviour of our employees. These include the concepts of honesty , transparency, respect for human dignity, care and respect for the environment and safe working conditions, total adherence to laws, norms and regulations applicable to our operations and the encouragement of open communications and continuous improvement.

Responsible environmental management policies and practices are also regarded as an integral part of Collahuasi's corporate social responsibilities . The Company has therefore made environmental policies , practices and programs an essential element in the management of the business. Collahuasi has a commitment to design, build and operate its facilities in strict adherence to applicable laws and regulations and , in the absence of such laws and regulations, to implement efficient and effective practices that promote the protection of the environment.

Collahuasi has submitted all significant projects to the Chilean Environmental Evaluation System. All these initiatives were duly approved. The first such initiative , Collahuasi's "original project", was submitted voluntarily in 1995 as the corresponding law was then not yet in full force and effect.

Collahuasi has been audited twice by external entities designated by the National Environmental Corporation. Internal audits are also conducted periodically. In all cases, the Company has been found to be in compliance with all of its environmental undertakings and obligations.

All of our Company's processes and facilities were certified in 2001 under ISO 14001, the first mining company to do so after only two years from start-up of operations.

Collahuasi has implemented a number of environmental protection and conservation initiatives . Some of these are part of our environmental undertakings sanctioned in Environmental Impact Studies and others have been implemented voluntarily. These include the following initiatives:

- Investigations and research into the effects of working at altitude
- Reforestation of 148 hectares with Queñoas (*Polylepis Tarapacana*), at 4000 meters over sea level. This is a unique species in the world that grows at this altitude.
- Recovery and relocation of wet-lands at altitude.
- Forestation of 25 hectares in arid area with process water used in the transportation of copper concentrate.
- Participation in Salar del Huasco basin biodiversity study. This is an United Nations sponsored initiative.

- Recovery of archeological areas and sites.
- Development and implementation of the “ Clean Production Agreement” with Chilean Authorities.
- Energy and water use optimisation programs.
- * Development of Collahuasi’s Mine Closure Plan

As noted, to be appreciated as a good neighbour and to make an effective long term contribution to the well-being of the inhabitants of the communities in which we operate is a key corporate objective.

In Collahuasi we believe that this is best achieved by providing individuals and institutions with opportunities to prosper and develop their potential. This results not only from the employment and business opportunities created by Collahuasi. The support and promotion of educational and cultural activities are also important in improving the quality of life.

We support a number of initiatives on the educational front, namely:

- Scholarship Program for youngsters from Pica and Pozo Almonte communities to attend the CTM in Iquique..
- Training in (mainly) agricultural activities for members of the Pozo Almonte and Pica communities.
- University scholarships to students from local and ethnic communities.
- * Donation of educational material to local communities
- * Sponsorship of various educational activities in Chile’s First Region

The Company has also been very active in sponsoring cultural activities. These include the following:

- Purchase of the installations of the Humberstone and Santa Laura (former) nitrate operation and subsequent donation to the Nitrate Museum Corporation.
- Sponsorship of the “Cultural heritage of the Iquique province” study, the first of its kind in Chile.
- Sponsorship of concerts in Iquique (3 presentations/year).
- Construction of art gallery and auditorium in Iquique, open to the community.
- Sponsorship of various scientific and cultural publications.

Collahuasi has also worked with the communities in identifying initiatives the implementation of which create development opportunities for such communities. An example of this is the development with Pica farmers (an Oasis located in the middle of the desert) of a number of activities that seek to improve productivity, such as plague control, irrigation methods and the preparation of the soil for organic agriculture. Another example is the implementation of citric crops and the installation of an irrigation system in the Guatacondo community, which represents a new business alternative for its residents. The installation of solar panels to provide electricity to Aymara families is a further example of the Company's efforts to improve the quality of life.

In working with the community, our Company respects the different existing cultures, specially those of ethnic origin. We maintain close contact and collaboration with the organisations that represent the various communities and stakeholders and encourage them to influence and drive our community related efforts.

The community has recognized Collahuasi as a good neighbour and we are proud to have accomplished this.