

COMMUNITY RELATIONS AT AMSA

The guiding principle for management of social matters in the AMSA mining companies is the creation of shared value. The presence of mining companies has had a direct impact on the social development of the areas in which they operate. The social management of AMSA is centred on issues such as: the early study of the social context of the areas in which activity develops; the establishment and maintenance of processes of dialogue with the various stakeholders, both internal and external; the maintenance of transparent and timely communication of performance; and promotion of development.

In 2007, AMSA designed a corporate policy for community relations which established its commitment to relationships with local communities. All Group mining projects – as previously in Los Pelambres and El Tesoro, and currently in the case of Esperanza – take into consideration from

inception the identification and early evaluation of potential impacts, risks, and opportunities that the projects and operations present to people. This includes the definition of means of mitigation and compensation, relationships with neighbouring communities and local and national stakeholders, alongside the consideration of pre-activity communication methods which are in addition to those required by law.

Relationships with Stakeholders

AMSA's mining operations have identified their stakeholders through a process based on general diagnostics of the business and its surroundings with the help of consultants and key personnel from each operation, and subsequent revision through monitoring. Within the business model, relevant goals have been

established in respect of each stakeholder in relation to economic, environmental and social aspects of the business.

Stakeholders, whether at the level of its operations or directly at the AMSA level, include, employees, unions, contractors, neighbouring communities, clients, providers, national and local authorities, non-governmental organisations, civil society organisations and industrial associations.

The three mining operations have carried out perception studies involving various stakeholders. The concerns that arose from those studies were then incorporated into the management of the business, taking into account the expectations and concerns detected and integrating some of these elements into each company's strategic objectives.

Complaints management procedures

The Group's mining companies have procedures for receiving and handling complaints and queries in order to identify early problems and conflicts.

In order to achieve this, the companies have communication systems through their internet sites, public relations offices (in the case of Los Pelambres, with headquarters in

Salamanca and Caimanes) and ongoing participation with the community in public activities, such as El Tesoro's the "Good Neighbours Teams" of Sierra Gorda.

Los Pelambres, given the extent of its area of influence and the presence of various populations within it, has staff specially trained for contact with the community on the ground.

AMSA's mining operations

have control systems in order to ensure attention is paid to queries or complaints and that an appropriate reply is provided.

Promoting the growth of copper mining

The Andrónico Luksic Abaroa Centre

Located in Punta Chungo, Los Vilos, The Andrónico Luksic Abaroa Centre is the first permanent exhibition on copper mining and sustainable development in Chile. The centre seeks to communicate the importance of copper mining for the socio-economic growth of the country and to contribute to the environmental education associated with it.

During 2007, students and other members of the community continued to visit The Andrónico Luksic Abaroa Centre which has had more than 56,000 visitors since opening in October 2006.

In addition, as part of an effort to increase the knowledge of mining, AMSA was one of the main sponsors of the first "mining course for journalists"



Stakeholders

How relationships are maintained

EMPLOYEES

- Dialogue and interaction with union organisations
- Formal and informal dialogue (open-door policy) with workforce
- Internal programmes for quality of life and development (training, work environment, among others)

CONTRACTORS

- Periodic meetings to review safety, quality, and environmental matters
- Performance agreement for workers in collaborating businesses

COMMUNITIES

- Participation in industrial associations
- Community visit programmes
- Participation in local labour workshops together with other organisations

AUTHORITIES

- Periodic meetings
- Collaboration agreements

SHAREHOLDERS

- Periodic meetings



organised by SONAMI. This was a two-month course aimed at developing a closer relationship between mining companies, SONAMI and the press attended by more than 50 journalists.

Development without dependence

As part of its operations, AMSA has promoted the goal of contributing to local development while avoiding the creation of relationships of dependence. It is for this reason that many of the programmes and projects executed by its mining operations have focused on supporting and creating opportunities that enable the local communities to continue growing in a sustainable

way, even after these mining operations have closed. The development of technical capabilities together with academic scholarships and improvement in infrastructure have helped harmonise mining activities with other productive activities in local areas.

Support for small mines

AMSA's mining operations have chosen to offer support to small mines in both the Antofagasta and Coquimbo Regions.

Los Pelambres, in coordination with the Asociación Gremial Minera de Salamanca, has supported geological studies for small mines in the Salamanca sector. A total of 21 mines were assisted with prospecting and technical reports over two months, to analyse the feasibility of economic exploitation. Throughout this activity, the same standards for technical equipment and teams that the company uses in its operations were applied. Most of the people who benefited lacked formal education in mining and, as a result of this project,

were able to improve their working conditions, positively impacting their quality of life as well as enhancing job security.

The mines selected for the study were those that could have the greatest future potential. From there, a report was drafted for each one providing information to the owners regarding the main minerals that could be extracted from each region.

In the second stage of the project, eight deposits were selected for having the best projections, and new geological studies were conducted in order to determine the productive possibilities of those mines in the short and medium term.

In addition, Michilla, Los Pelambres and El Tesoro, through the Consejo Minero (Mining Council) and the support of the NGO Casa de la Paz (House of Peace), are participating in a programme to assist 150 small-scale miners from Tocopilla in the Antofagasta Region whose work sites were seriously damaged by the earthquakes in November 2007. This initiative involved the contribution of economic income over three months

to compensate for the loss of their work sites, and the delivery of tools and materials necessary to reconstruct their work sites, as well as training and safety equipment.

Relationships with neighbouring communities

A common challenge for businesses is to succeed

in translating their projects or technical activities into simple language that the general public can understand. Companies must respect the public's right to know and must contribute to their understanding.

In this context, AMSA's companies are working to build relationships of confidence and mutual collaboration with the neighbouring communities in which they operate, which

can only happen when there is an adequate level of knowledge and familiarity between the parties. This is been achieved by maintaining a direct "face-to-face" communication policy with communities, as well as by using various communication media. The process of communication with the communities is based on listening to their needs and concerns and incorporating them into the business plans of each mining operation.



The companies have also conducted internal labour training, motivating and involving the workforce in support and development activities in the community. Not only have corporate volunteer activities been developed, but the workforce has also been involved in promoting a culture of respect for diversity, cultural traditions and the rights of local communities.

Support for victims of the earthquake in the North

In November 2007, the north of Chile was affected by an earthquake which measured 7.7 on the Richter scale, with very serious consequences for various communities in the area. The impact was strongest in Tocopilla and María Elena, affecting more than 15,000 people. Through support channelled through the Mining Council and via the government and municipal authorities, Michilla, El Tesoro and Esperanza helped the people and communities that were affected, sending human resources and equipment,

Community support programmes

Michilla

Various actions have been undertaken with the communities of Mejillones and Caleta Michilla, a small locality that depends largely on traditional fishing.

- In 2007, the company lent support through

and coordinating actions with other organisations in the area. El Tesoro worked together with the Sierra Gorda Municipality, donating more than 3,000 litres of water in Tocopilla. Workers at El Tesoro voluntarily donated more than 400 food rations. Additionally, the company conducted an evaluation of the status of homes in Baquedano and Sierra Gorda. Esperanza contributed 4,000 kilogrammes of food for the Municipality of María Elena and Michilla lent support with heavy equipment (trucks and front loaders) in Tocopilla.

the provision of potable water and electricity.

- The company gave guided tours of its operations in which young people and adults from the city of Mejillones participated with the aim of introducing its operations to them.
- A workshop discussion took place related to the prevention of the use of alcohol and drugs, aimed mainly at mothers and young people older than 18 in Caleta Michilla.
- Courses in bakery and carpentry were provided for the residents of Caleta Michilla, and bakery courses for the women of the city of Mejillones.
- Environmental care has been promoted by installing rest stations and rubbish bins on the road and entrances to the city of Mejillones.
- Construction has taken place of the first phase of the roof to cover the Escuela Lucila Godoy Alcayaga school yard in Caleta Michilla.
- Backpacks and school supplies have been delivered to students of the Caleta Michilla School.
- Support has been

provided for the Mejillones municipal football team which participates in the Third Division of the Chilean Football League.

El Tesoro

In regard to support for the community, El Tesoro focuses its efforts on three areas of influence: Antofagasta, Calama, and Sierra Gorda, the latter being the most directly influenced. The main activities taken in 2007 were:

- Education programmes in corporate social responsibility (training courses and employability for local workers) through the Antofagasta Association of Industrialists.
- El Tesoro, together with the Spence, Cerro Dominador and Cuadra mines and the Municipality of Sierra Gorda, participate in a project called “Equipo Buenos Vecinos” (Good Neighbours Team), a programme through which projects are developed for this area. In 2007, events during August (which is the “mining month”) included visits to mining facilities

by community members, sporting events, and environmental campaigns.

- Social scholarships for vulnerable groups (including courses in electricity, heavy equipment maintenance, computers, etc).
- Grant fund projects: projects financed by El Tesoro and executed by their own personnel and business partners and contributing to various social organisations, supporting for children and the poor amongst others.
- Agreement with the Ministerial Regional Agricultural Secretary for the delivery of support to

the farmers of Calama.

- Academic scholarship programme at the Technological Mining Centre in Calama for young people from Sierra Gorda, also providing transportation and work internships at the El Tesoro work site.
- Agreement with the Municipality of Sierra Gorda for moving middle and high school students from Sierra Gorda to Calama.
- Improvement in school safety zones in the Caracoles school of Sierra Gorda.
- Publication of the magazine “Unidos por un Tesoro” (United by a Treasure) providing news



about the Sierra Gorda area.

- Support with personnel and equipment for local emergency services for assistance with catastrophes and maintenance of a permanent point of contact.

Los Pelambres

Los Pelambres has actively developed community support programmes. These include:

- “De Cordillera a Mar” (From the mountain range to the sea) programme. The programme sought to support students in the Choapa Valley, introducing scientific and environmental content into the academic curriculum in an educational and practical manner. 15 educational establishments from the province of Choapa participated in this initiative.
- Volunteering at Los Pelambres. In 2007 the Escuela de Informática y Ciudadanía (School of Technology and Citizenship) was developed together with Comité para la

Democratización de la Informática (Committee for the Democratisation of Technology) of Chile. The programme, implemented in the Cuncumén area, involved training citizens in new technologies with the aim of promoting development and social participation opportunities. The project includes a voluntary corporate programme.

- The programme “Together We Grow More” supports projects improving the quality of life in more than 20 rural localities of Choapa. The communities must put forward and demonstrate annually their selection of projects with the participation of neighbours and involve them in efforts to complete the projects.
- Los Pelambres donated US\$4 million to the Engineering Faculty at Pontificia Universidad Católica de Chile for the construction of a new mining research and postgraduate studies centre, an engineering museum and laboratory facilities.
- In Salamanca, Los

Pelambres contributed necessary resources to the local municipality to buy the land where the new polytechnic school for the city will be built.

Opportunities Fair

In 2007, Los Pelambres organised an Opportunities Fair in the city of Salamanca; the objective was to provide the inhabitants of Choapa with information about public and private support



for productive development projects and projects for improvement in the quality of life of the community.

The two day fair was inaugurated by the Minister of Mining together with Antofagasta's Chairman, Jean-Paul Luksic. Thirty-six organisations participated in the display and there were around 2,000 visitors.

Meanwhile, a leadership training workshop was organised by INACAP at la Casa de la Cultura de Salamanca (the Salamanca House of Culture) which was attended by 137 people.

Minera Los Pelambres Foundation

The Minera Los Pelambres Foundation (Fundación Minera Los Pelambres) was created in July 2003 for the purpose of channelling, in a constructive and formal way, Los Pelambres' interaction with, and its long-term contributions to, the sustainable development of the Choapa valley. The Foundation's main areas of focus are productivity development, education, training and optimisation of water use. For the period between 2003–2007, the Foundation's Development Plan included a total investment of US\$5 million.

In 2007, the Foundation continued to finance various projects in those areas, for local farmers, fishing communities, business development and bee-keeping. Projects were carried out with local municipalities through the Communal Productive Development Fund (Fondeproc) of the communities of Salamanca, Illapel and Los Vilos, which last year benefited more than a hundred small business initiatives.

In addition, programmes were financed in the area of education designed for rural schools. Training courses included accounting, information technology, management and apiculture.



Work carried out to optimise water resources, to conform with the requirements of Choapa River Supervisory Board, the Committee on Water Resources 2002, has helped reduce the loss of water in the canal from 50% to 20%. This has been achieved through joint technical work to develop projects and subsequently obtaining the necessary financing from the National Irrigation Commission. In 2007 a capabilities transfer programme was created, helping farmers to prepare to manage the water in the Corrales reservoir. The programme involved management and administration courses for 2,663 irrigators in the area grouped in the 92 communities of the Supervisory Board. The objective is to strengthen the skills of the irrigators association for the integrated management of canals and basins in the valley.

The Choapa Plan is another programme that the Foundation supported along with the Regional Government and INDAP, through which more than 240 farmers improved their productivity.

The Foundation is also the main force behind the Manque Agricultural Project, where over 100 hectares of table grapes have been planted for export, in order to give continuity to its own work and to create jobs and provide an example for agriculture in the area.

Contributions to cultural enabled the Municipal Theatre Ballet of Santiago to visit the regions of Antofagasta and Coquimbo and give performances in Antofagasta, Mejillones and at the former Salitrera Chacabuco, and also in La Serena, Los Vilos, Illapel and Salamanca. More than

12,000 people were able to enjoy, for the first time, a performance by the nation's main classical ballet troupe.

In addition, Los Pelambres and its Foundation were the main sponsors of the Museum of Contemporary Art in Santiago during the period 2006–2007 with donations of around US\$120,000. The company also implemented a programme of visits to the museum, which involved more than 400 students and teachers from public and private schools in the communities of Los Vilos, Salamanca, Illapel and Canela.

