



Sustainability Report

Summary 2014





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Message of the Chief Executive Officer

Nelson Pizarro Contador

On September 1, 2014 I had the great honor of assuming the Executive Chair of the Chilean National Copper Corporation, Codelco.



This honor is added to the challenge of committing with production, costs and surplus targets, in an international economic scenario in with copper prices trending downwards.

Indeed, the average annual price of the London Metal Exchange reached 311.3 cents of dollar per pound (c/lb) in 2014, a 6.3% decrease in its value compared to 2013, when the metal was quoted at 332.1 c/lb.

In this context, we responded through solid planning, and the commitment of every employee, reducing operating costs by 7.8%, increasing production of refined copper by 3.1% compared to 2013, and thus generating surplus before tax and Reserved Copper Law for US \$ 3,033 million for Chile.

I am convinced that we have a team that matches up to these challenges, committed to the growth of Codelco. This commitment was recognized by the owner with the billing of the Capitalization Law of Codelco, with the injection of US \$ 4billion, becoming the largest investment plan in the history of the company, allowing to drive key projects, ensuring operational continuity of our divisions, and the increase of current production levels.

A culture of prevention

Achievements concerning production advanced in line with our goal of zero fatalities. Unfortunately, this goal continues to be a pending task since we had to regret the death of two employees of contracting companies, Jaime Gutierrez Correa and José Luis Orellana Ballesteros, who worked in the El Teniente New Mine Level Project. We express our condolences and sincere feelings of sadness to their loved ones.

Fatal accidents are an alert that drive us to reflect on the operational and behavioral measures required to achieve the goal of zero fatalities through a preventive approach that challenges all of us.

We achieved the second lowest overall accident frequency rate in our history (considering own and contracting company employees), reaching 1.32 accidents per million worked hours. As for severity rate, which considers own and contractor's personnel, figures reached 230 lost days per million worked hours in 2014, a reduction of 8% over the previous period.

We highlight Chuquicamata Division, achieving three whole years without fatal accidents, leading the way amongst our workplaces.

I want to emphasize that in Codelco, respect for life and dignity of people is our core value, so we seek tirelessly to promote a culture of prevention.

Participation and constructive dialogue

Regarding work related matters, we are open to dialogue and recognition of the needs of our workers. Management and governance at Codelco consider participation and dialogue as an important aspect when facing changes and challenges.

During 2014, management and workers, represented by the Federation of Copper Workers (FTC), strengthened a relationship based on participation and constructive dialogue, in an effort oriented to maintain a leading position of Codelco within the industry and the country.

In this period, several initiatives key for the present and future viability of the company were materialized in this context. I would like to remark the following agreements:

- Agreement on strategic labor relations for a state owned, competitive and sustainable Codelco;
- Agreement for the strategic development and increase of the competitiveness of smelter and refinery business; and
- Agreement: Commitment to environmental license.



8.7% of female staffing

Codelco leads the incorporation of women in national mining, with 8.7% of female staffing. In 2014, 14% of hires were female employees. The Graduate Program had a significant impact on the recruitment of young professionals at Codelco, who undertake a training plan, lead by an instructor and a mentor throughout their whole cultural adaptation and professional development process. This year, the program had a 30% of female participation.

Today we face significant challenges in terms of preparing our smelters to comply with stringent legislation on emissions and continue, through innovation, reducing resource consumption and designing and developing projects as efficiently as possible. Thus, Codelco progressed in its environmental performance, achieving, for the second time in its history, no serious environmental incidents in the operations. Water recirculation reached 76.9% at corporate level in 2014.

Chuquicamata and Radomiro Tomic stand out on this regard, located in the Antofagasta Region, their recirculation rate is above 80%. Also, all the audits carried out during the year by the Superintendence of Environment ended without fines.

Fluent, transparent and direct dialogue

Codelco's concern for people extends to communities neighboring operations. In 2014 we responded to them by launching and implementing community standards and guidelines, regulating relationships, community development and indigenous peoples.

The value of these new tools was given by their validation by over 250 social leaders of the communities located near our divisions.

These guidelines provide the bases for the fulfillment of the commitments and participative work with communities.

A total of 41 working groups were established with high priority communities, formed by social, functional and territorial organizations of the respective locations, in order to establish a fluent, transparent and direct dialogue.

This progress, added to the fulfillment of the social and environmental standards we have set, will allow increase contribution to the neighboring communities.

This is why our production goals are accompanied by high sustainability standards, urging us to act responsibly and respect surrounding communities.



Environmental Management

Regarding environment, in 2014 Codelco began the implementation of the an Environmental Risk Management System, integrating the results of the Structural Project of Environment and Communities carried out in 2011-2013.

The Corporation is focused on ensuring compliance with regulation governing our operations and commitments arising from Environmental Authorization of projects. In this context, during the fiscal year Codelco invested US \$ 205 million in environmental projects, with a focus on closing gaps and updating our operations.

Innovation and Technology

Codelco invested US \$ 102 million during 2014 in innovation and technology. In the project portfolio, metallurgical-mining business challenges were prioritized, especially those which are not currently resolved by the market; meanwhile, in support areas, the strategy is to incorporate the best available technology and promote development through specialized external companies.

Initiatives that stand out in current operations and future projects, are focused in increasing occupational safety, process efficiency, productivity of people and protection of the environment.

The Radomiro Tomic Division implemented a bioleaching process at industrial level, technology developed by our subsidiary Biosigma, which after years of research, allows recovering 30% to 50% of fine copper compared to other bioleaching systems and up to three times faster. In this way we can recover mining resources that have not been previously exploitable, contributing to energy efficiency, production, profitability, and environmental impact of our operations.

In the field of energy efficiency and in a context of lower grade ores, in an increasingly demanding regulatory framework and higher energy costs, we must innovate to maintain our world class competitiveness. An example of this it is the modernization of the Salvador Division hydroelectric plant, replacing its equipment in operation since 1977, increasing renewable energy generation by 450 kW.

Finally, I would like to stress our commitment to contribute to the development of Chile, looking ahead with a long-term perspective, performing our work with excellence, the highest safety and sustainability standards, and increasing profitability to continue being the leading copper company in the world and the most important company in Chile.

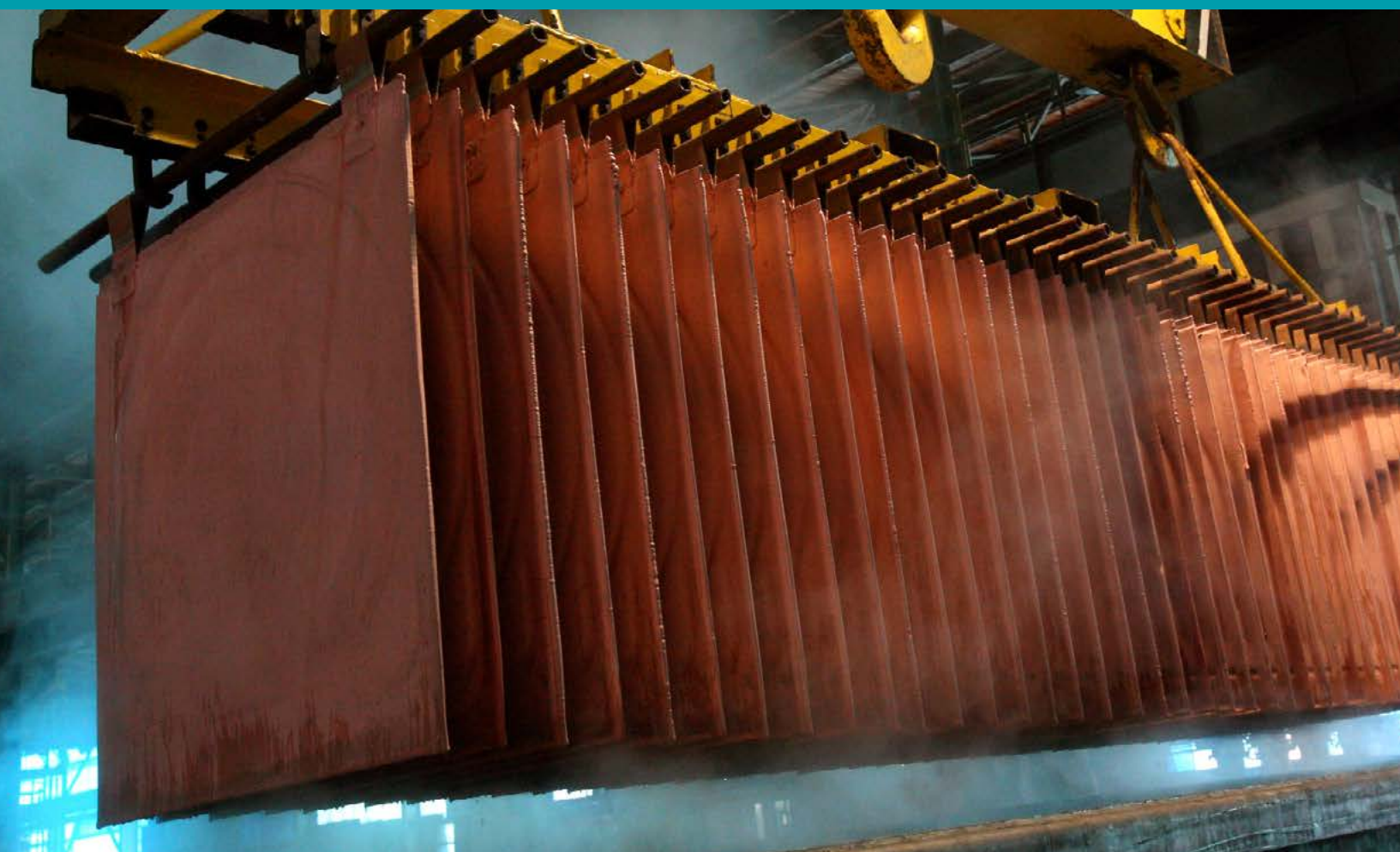
I invite you to read our sixteenth Sustainability Report and know in detail the management of Codelco, the company of all Chileans.



Nelson Pizarro Contador
Chief Executive Officer



Our Company



Our Company

The National Copper Corporation of Chile, Codelco, is the largest producer of copper in the world and one of the most profitable companies in the industry. It is the main company in Chile and a driver of development.

We are the National Copper Corporation of Chile (CODELCO), an independent company owned by the State of Chile, specializing in the exploration, development and exploitation of copper mining resources and by-products. We operate through eight divisions: Chuquibambilla Division, Radomiro Tomic Division, Ministro Hales Division, Gabriela Mistral Division, Salvador Division, Ventanas Division, Andina Division and El Teniente Division.

Our main products are copper cathodes and concentrates, roasted molybdenum concentrate, anode slimes and sulfuric acid. These products are marketed worldwide through a network of agencies and subsidiaries in major centers of consumption.

Our employees are professionals committed to an efficient and responsible performance in each of the jobs offered. Altogether, operators, professionals and executives proudly represent the values that have been defined by the Corporation.

Management Approaches



Corporate Governance

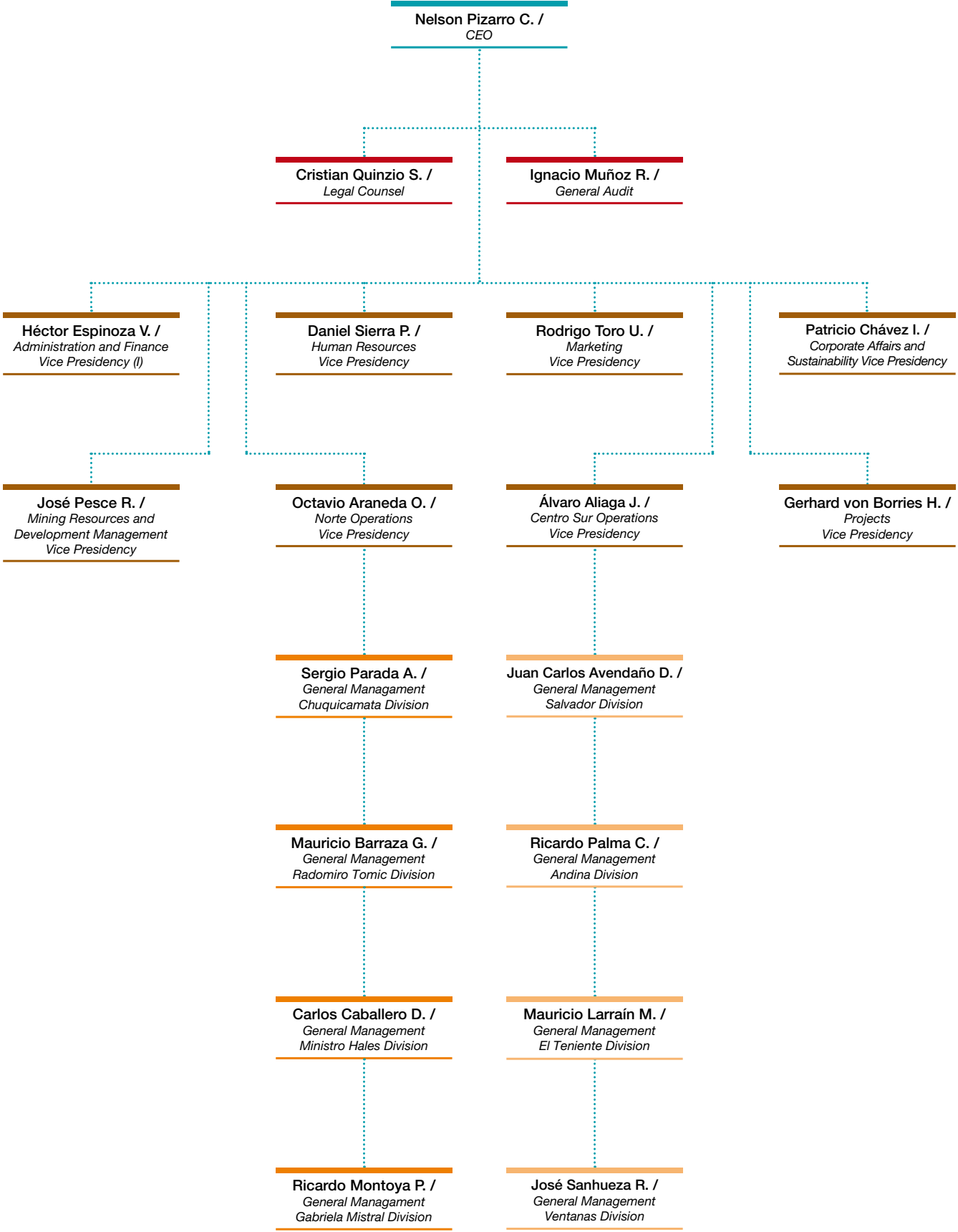
The National Copper Corporation (CODELCO) is lead by a board consisting of nine members, appointed according to the rules established by Law No. 20,392, enacted on November 4, 2009, contemplating a board of directors comprised of: three directors appointed directly by the President of the Republic; four directors appointed from a five-name shortlist selected by the Board of High Public Management; a director chosen from a five-name list prepared by the Federation of Copper Workers (FTC), and a director chosen from a final five-name list presented by the Federation of Copper Supervisors (FESUC), in conjunction with the National Association of Copper Supervisors (ANSCO).

The Corporation's Board of Directors consists of nine members; none of them currently hold executive positions in the company. Three of the directors are appointed directly by the President of the Republic, while the remaining four are nominated by the Government of Chile.

The term of office of directors is of four years and they have the opportunity to be appointed for another term, or removed in the event of incurring in incompatibility or breaches to the law.



Organization
By March 2015



Charter of Values

In 2010 Codelco took on the challenge of creating a unique and explicit values list and make this document the basis of management. Also it undertook the task of incorporating these values into our way of doing things in Codelco and transforming them into strategic axes. To assume this challenge, in 2010 the “Charter of Values” was built through a participatory and interactive process, where more than 2,000 workers and professionals were able to provide their views on what were the principles that should guide behaviors and decisions at Codelco. This process was completed on October 28, 2010 when the Charter of Values was ratified by the Board.





Respect for Life and Dignity of Persons



Responsibility and Commitment



Competence of Persons



Team Work



Excellence at Work



Innovation



Sustainable Development



Sustainability Policy

We are a world class company and as such we have learned to respond adequately and timely to global transformations in sustainability issues.

The Charter of Values state that “ social responsibility and sustainable development are an integral part of the decision making process to create value in our operations and development projects.” This view presents great challenges, in order to be consistent with the values and vision of Codelco. For that purpose, the company is committed to position sustainability as a strategic pillar and to improve social and environmental standards, and safety and occupational health. Also validate Codelco as a reference in sustainability aspect in the industry and a company respected for its socially responsible behavior, its transparency and information level, as well as for its business ethics.

In 2014, the key challenge in environmental and community management was moving from a structural project to a System of Environmental Risk Management and a new Model for Community Development.

The goal was to permanently and systematically deploy, new tools, standards and ways of operating.

In the same line, the management of safety and occupational health focused in 2014 on systematically installing in Codelco’s operations and projects, all tools, standards and guidelines of structural projects through a Safety and Occupational Health Management System and a special regulation for contractors and subcontractors.

Sustainability is declared as one of the three strategic pillars of Codelco, supported by the enactment of the Sustainable Development Policy of 2003 and the Commitment to the Indigenous Peoples of 2004.



Risk Management

At Codelco, we have a Corporate Risk Management Policy which seeks to ensure business continuity, based on management metrics, which considers that any identified risk must be evaluated from an economic point of view and also through complementary scope: Health and Safety; Environment, Reputational and Community, promoting anticipation of relevant risks that may affect us and assigning responsibilities to identify, assess and manage them.

The concrete application of Values in daily situations can be reflected in structural projects such as: Safety and Occupational Health, Environment and Communities, Productivity and Costs and respond to the action framework that defines our Values: *Respect for Life and Safety for People, Sustainable Development, Accountability and Commitment, Excellence at work*, among others.



Reporting at Codelco



Reporting at Codelco

Sustainable development is an integral part of the decision making process to create value in our operations and projects.

Every year since 1999, we have portrayed the results of our environmental, economic and social aspects of management to our stakeholders. This website constitutes the 16th uninterrupted version of reports and the 14th time performed under the international standard laid by the Global Reporting Initiative (GRI), allowing us to provide indicators that are comparable at national and international level and measure our performance against the extractive industry.

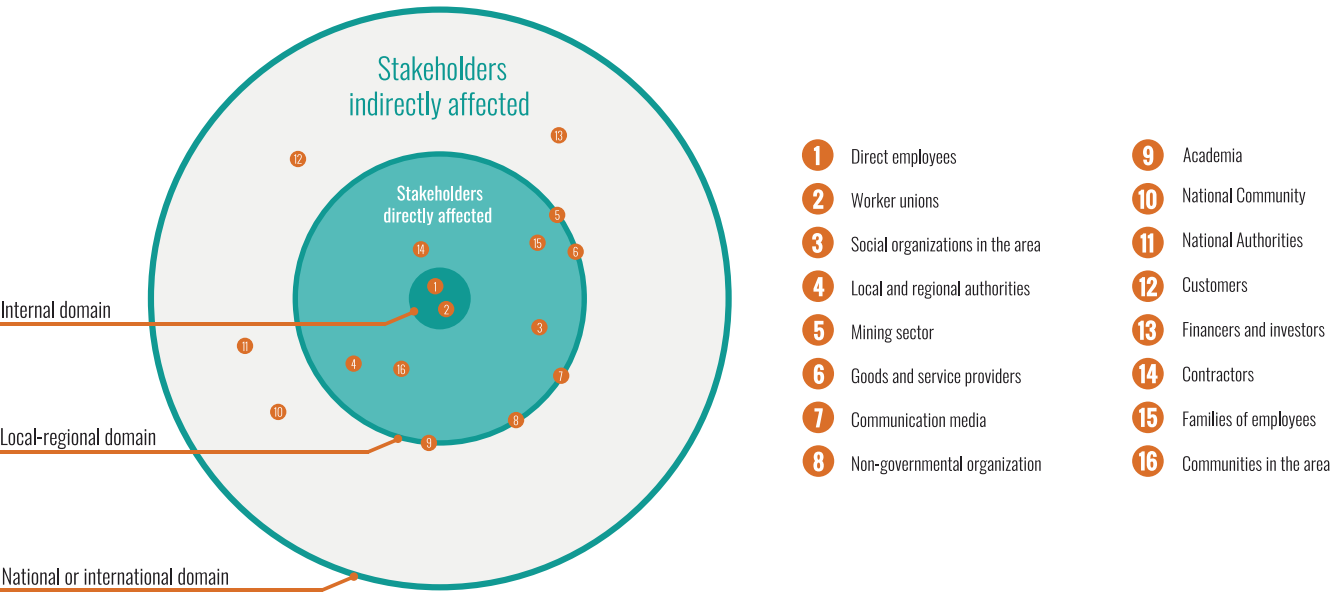
At Codelco we are committed to constantly improving our business performance, proposing to develop both technically and economically efficient processes, safeguarding health and safety of workers, while identifying and mitigating related social and environmental impacts.

The contents of the 2014 report were developed following the fourth version of the Global Reporting Initiative's (GRI) Guide for the Preparation of Sustainability Reports. In accordance with the principles of the GRI G4 Guide, Codelco decided to prepare a Comprehensive G4 report.

As members of the International Council on Mining and under the GRI G4 guidelines, information published describes the impacts of our productive activities to our stakeholders.

Being aware of the opinion of our stakeholders allows us to hold a steady, close and transparent dialogue. This is why it is important to identify the priority actors involved or impacted by our operations.

Stakeholders of Codelco G4 - 24

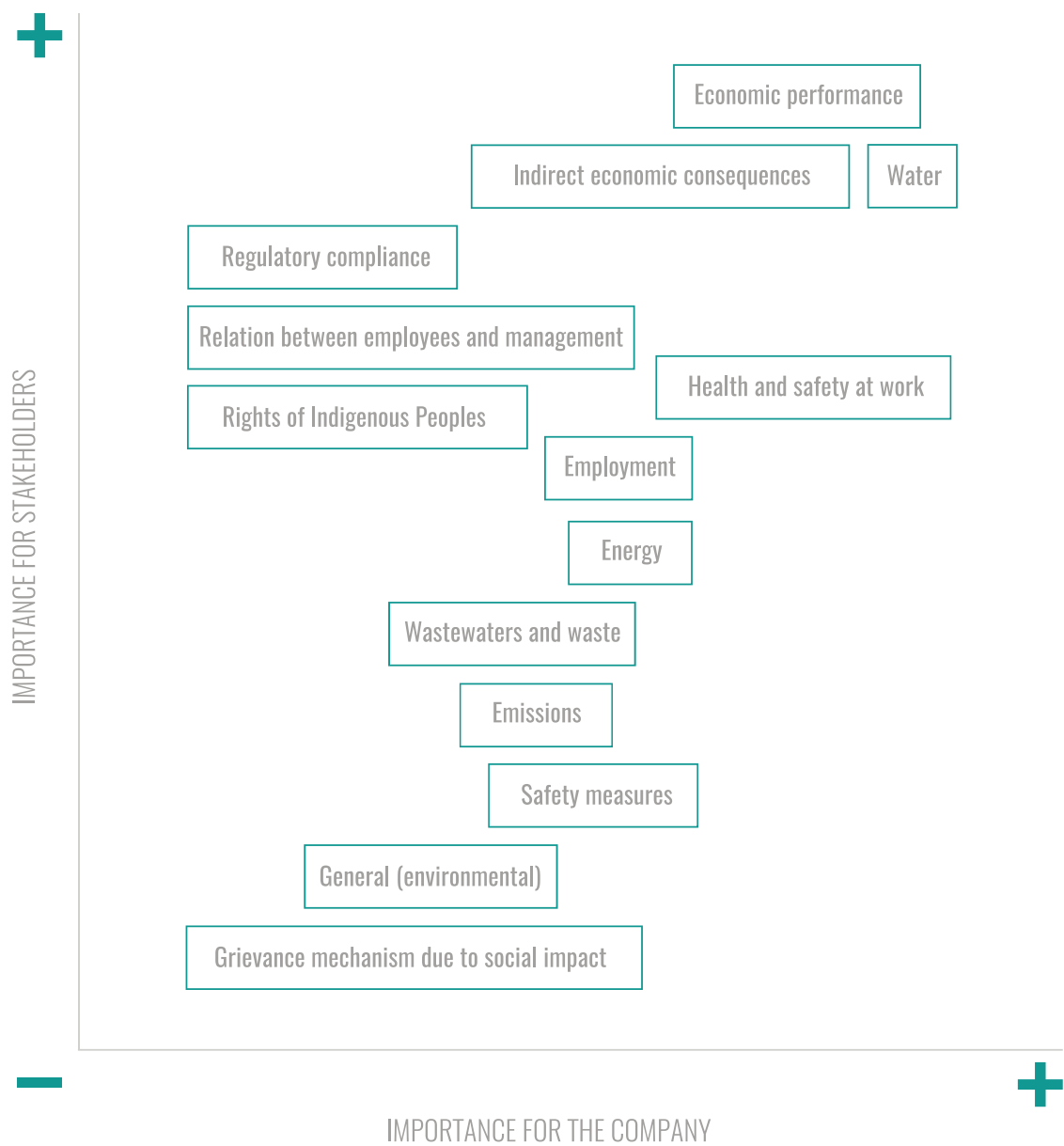


Materiality Process

Under the GRI G4 guidelines, different levels of communication with stakeholders were reviewed, checking for priority issues for us and for them. These were prioritized according to recurrence. This process is known as Materiality.

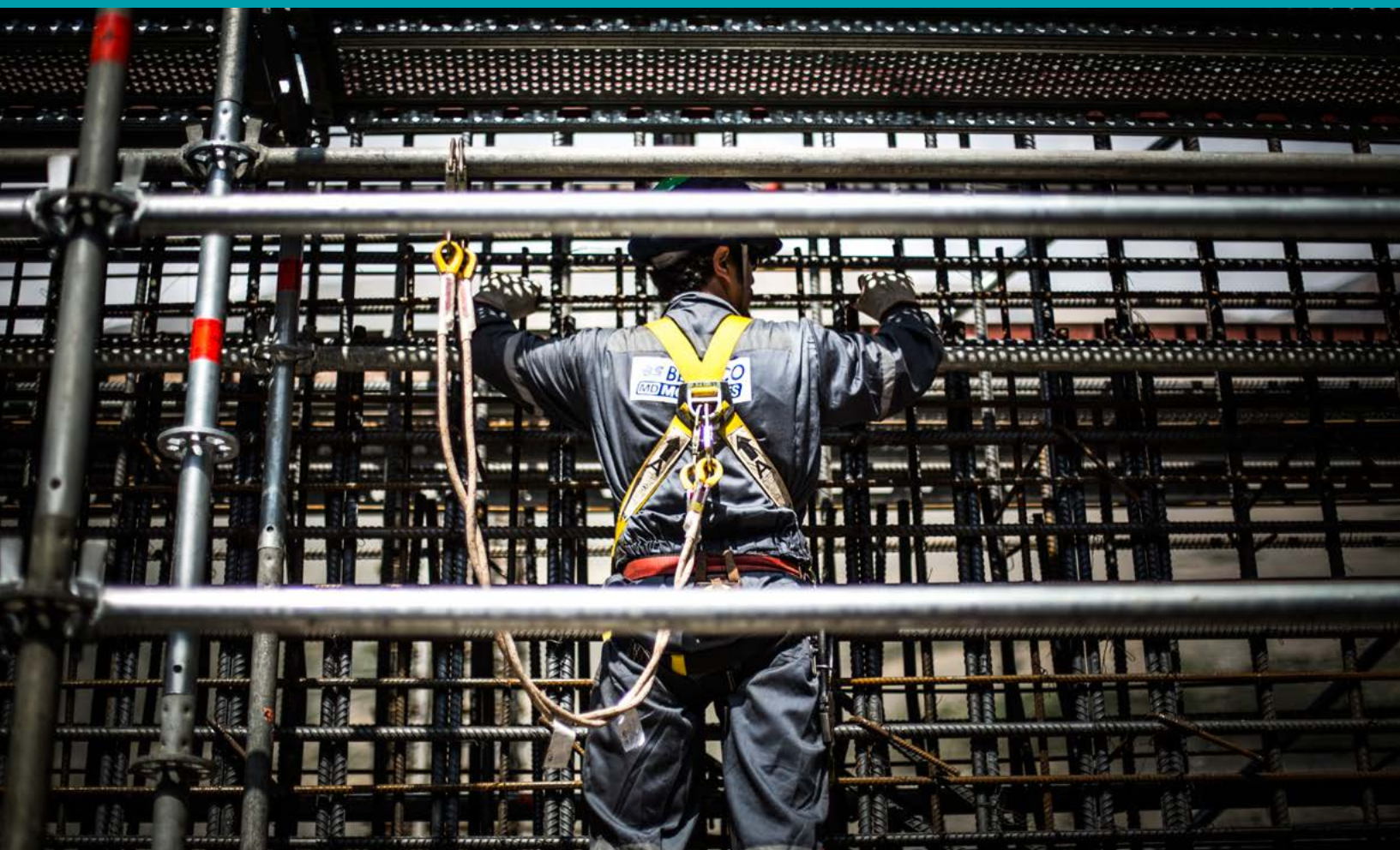
As a result of this exercise we identified 18 Material Topics, which are developed in the different sections of this Sustainability Report and shown below.

Matrix of Material Topics





The Importance of Health and Safety

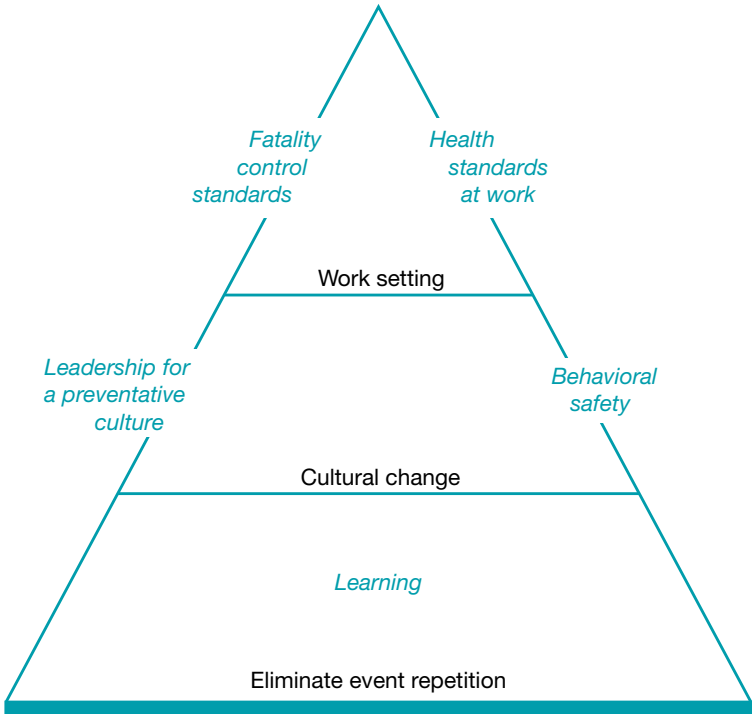


The Importance of Health and Safety

Respect for life and dignity of persons is the first value of our operations and our management focuses on five key focal points, as follows:

- Fatality Control Standards (ECF)
- Standards of Health at Work (EST)
- Leadership
- Behavioral Safety
- Learning

Focal points of OHS Management and its Dimensions



The risk identification process was totally participatory and cross-wise, receiving input from executives (General Managers and Operations Managers of each Division and Projects Vice-Presidency), and employees from areas of operation and maintenance. The implementation process of Critical Risks and Controls in 2014, associated to operators and supervisors achieved a 94% progress, remaining Performance Standards (managers and superintendents) to be implemented during 2015, thus expecting to control and eliminate serious and fatal accidents as well as diseases throughout the Corporation.

We have made progress, but we are still not satisfied, because although we reduced accident severity rate by 7.9% compared to 2013, we had to regret the death of two of our workers in the New Mine Level Project at El Teniente. Regarding Divisions, three years without fatal accidents were achieved by the Chuquicamata Division and two years in Salvador, Andina and Ventanas Divisions; however, we still have the challenge of achieving safe operations and we work every day to achieve that goal.



Four are the main occupational disease risks in Codelco: silica, noise, arsenic and acid mist. At our divisions, we are constantly working to mitigate them. Ministro Hales Division achieved in 2014 the elimination of the acid mist risk in its operations. However, in our own staffing, i.e., 19,078 workers, 43 cases of disability were registered; 8 corresponded to silicosis, 20 hearing impairment, 10 musculoskeletal pathologies and 5 were consequences of labor accidents.

Accident rate results at Codelco were: 220 labor accidents were registered, out of which 54 involved lost days in our own workers.

We are proud to lower our Global Severity Index (SI), considering own staffing and contractor companies, reaching 230 lost days per million hours worked, a figure that is 8% lower than the results of 2013 in the same period.

However, we still have challenges in labor matters as our Global Frequency Index (IFG) of accidents of 1.32 accidents per million hours worked was 4.5% higher than the same period of 2013.

Dialogue is Key

Andina Division lead the First Sustainability Council organized by the Federation of Copper Workers (FTC), an instance that kicked off a number of FTC Sustainability Councils to be carried out in all communities around Divisions of the Corporation, seeking to improve dialogue and include new perspectives on the social objectives of mining, achieving a better understanding of the social and environmental field.



As a corporation we face the challenge to improve. We know that our results are average compared to the national industry and we have a long way to go to become leaders in safety and occupational health, besides being leaders in copper production.

In 2015 we want to further reduce the number of accidents, but at the same time we aim at reducing severity and ultimately eradicate fatalities. Codelco is focused on finding synergies between copper production and the protection of people, both variables necessary for the social progress of Chile.



Contribution to Economic Development in Chile



Contribution to Economic Development in Chile

We are the first producer of copper in the world, controlling about 9% of world reserves of this mineral, we are also the second largest worldwide producer of molybdenum. Our assets are valued in MUS \$ 35.257 billion, with worth for 2014 of MUS \$ 1.526 billion, period where we produced 1 million 841 000 metric tons of refined copper.

Our operations are run through seven mining divisions plus the Ventanas Smelter and Refinery, owned by Codelco since May 2005. We also participate in the ownership of El Abra mining company (40%) and Anglo American Sur (with a participation of 20%).

To comply with the commitment to work safely, efficiently and responsibly, we have developed the Structural Project of Productivity and Costs (PEPC), a containment plan aiming at systematically addressing productivity increases and reverse the rise in production costs, in order to position Codelco in the second costs quartile in the industry. PEPC has succeeded in achieving the goal of reducing costs by US\$ 600 million in two years.



Historical Capitalization and New Challenges

A major milestone in 2014 was the enactment of the Capitalization Act of Codelco for up to US \$ 4 billion for the 2014-2018 period, facilitating the materialization of the investment plan totaling over US \$ 23 billion for the five-year period, driving key mining projects such as Chuquicamata Underground and the New Mine Level at El Teniente, and it will also enhance sustainability of operations allowing business continuity and an increase of current production levels.

Surplus and Production

In our 43-year history, we have produced around 52 million tons of copper, generating a contribution of 115 billion dollars to the State of Chile. We believe that without this systematic contribution of resources from Codelco, Chile would not be the same.

Production of Copper and Molybdenum (fine metric tons)

	Cooper		Molybdenum	
	2013	2014	2013	2014
Chuquicamata	339,012	340,363	6,923	14,620
Radomiro Tomic	379,589	327,278	1,141	909
Gabriela Mistral	128,170	121,012	-	-
Ministro Hales	33,572	141,206	-	-
Salvador	54,242	54,015	898	729
Andina	236,715	232,444	7,213	6,873
El Teniente	450,391	455,444	6,864	7,496
Total	1,621,691	1,671,761	23,039	30,628

2014 was marked by a decrease in the international price of copper. However, the Corporation’s continued efforts to reduce costs, along with increased production of refined copper and molybdenum, enabled us to avoid the international economic scenario and generate a US \$ 3.033 billion surplus¹.

Due to lower copper prices, Codelco’s revenues dropped \$ 856 million in 2014 compared to the previous year, which was balanced out by \$ 209 million, due to lower costs and expenses, CPI effect and exchange rate. Codelco’s comparable profit, which is calculated using the tax regime for private companies, reached US \$ 2.440 billion, 19% lower than the previous year when it earned US \$ 3.009 billion.

Specifically, in the reporting period, refined copper production grew 3.1%, along with reduced costs by \$ 209 million. All by-products production increased , specifically 33% increase in molybdenum, 119% silver, 14% gold, and 8% of sulfuric acid.

¹ The concept of surplus corresponds to the income before income tax and the Law 13,196, which levies 10% to return on sales abroad of copper and own by-products.



Our Male and Female Employees

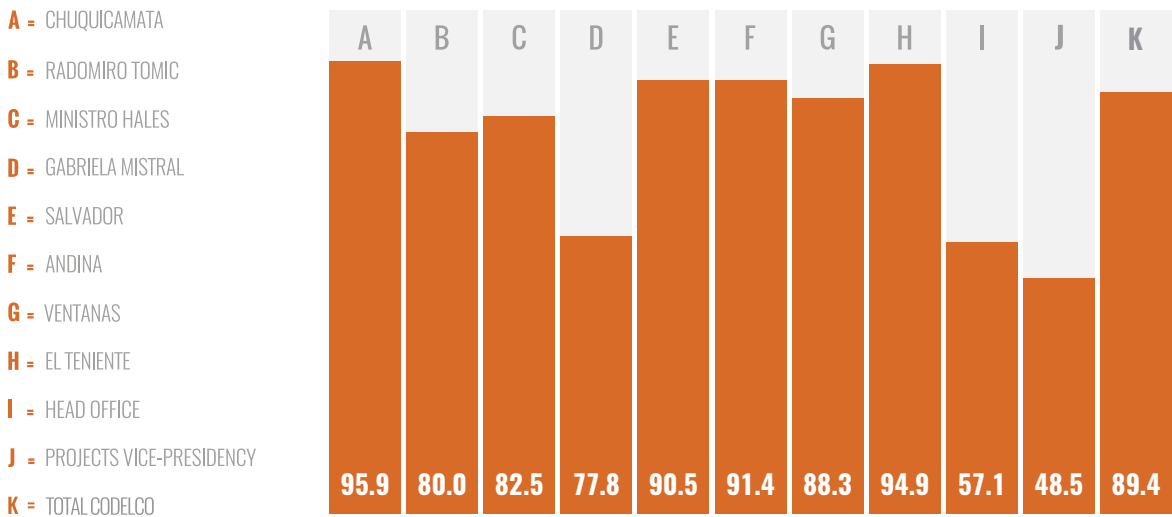


Our Male and Female Employees

Employees are a determining factor in the growth of Codelco; this is why they are represented on the Board by the participation of two of their leaders, Raimundo Espinoza Concha, president of the Federation of Copper Workers and Augusto González Aguirre, representative of the Federation of Copper Supervisors (FESUC).

Their active and ongoing participation allows Codelco to subscribe labor agreements based on dialogue and trust. In this context, the unions are the basis of our labor relations. In the Corporation, 89.4% of our own staffing is unionized.

Percentage of unionized workers



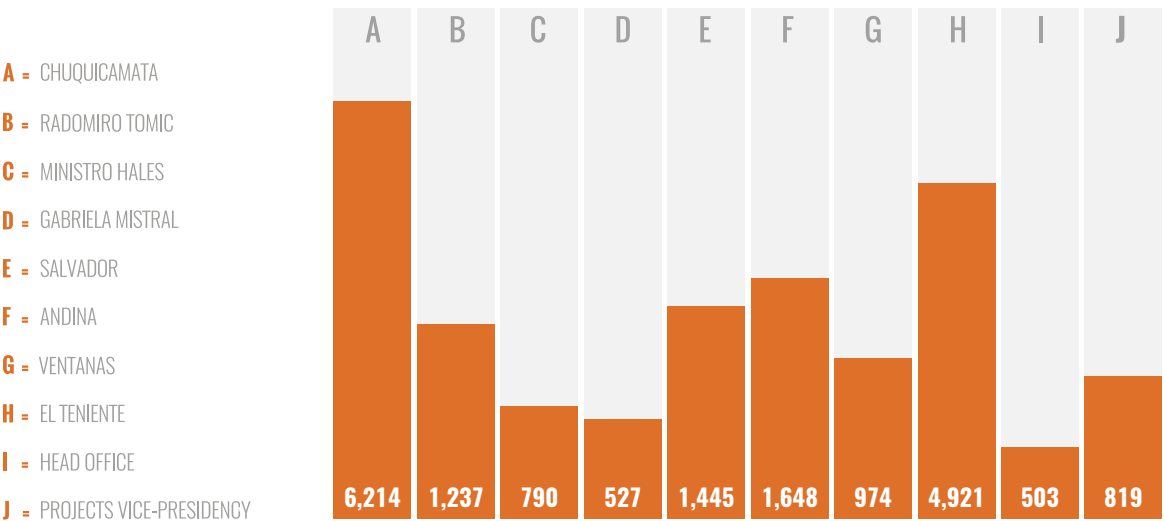
Number of Unions at Codelco



Profile of Our Employees

Our employees are professionals committed to the efficient and responsible performance of their duties in each of their workplaces. Overall, operators, professionals and executives proudly represent the values defined by the Corporation. In 2014, we have 19,078 own employees and 45,340 contractors' workers.

Distribution of Own Staffing 2014



2014 Contractor Staffing per Division



Job Training

In 2014, a total of 2,509 training courses and professional development activities were carried out, benefiting men and women throughout the Corporation. The number of trained people was 15,429, out of which 13,940 were men and 1,489 were women, corresponding to 90.3% and 9.7% respectively. Investment was close to US \$ 18,707 billion and 758,708 hours of training.

From a training standing point, Cross-wide Programs highlighting the topics of Safety and Occupational Health, Leadership and Management of Contracts were the note for 2014.

Global Training Indicators 2014

Training rate	1.90%
Average hours per employee	39
Average investment per person (USD)	1,236

Performance assessment

Training and evaluation of our employees are the basis for a work of excellence and development of high-level professionals. In 2014 we have 97% of executives scheduled and 95% of professionals scheduled.

Total Executives and Professionals Evaluated per Gender *

	Women	%	Men	%	Total	%
Total Executives assessed	31	97	229	97	260	97
Total Professionals assessed	622	91	2,919	95	3,541	95

*% Corresponds to the total of scheduled employees to be assessed.



Strategy for Gender Diversity



Strategy for Gender Diversity

Historically women's presence in Codelco was low, and limited to administrative tasks. Today, with pride and figures supporting us, we have become a large mining company with the most presence of women in the domestic industry, reaching in 2014 8.7% of female employees (approximately 1,600 persons).



While the mining industry has been characterized by having a predominantly male culture, in Codelco we have managed to break this trend by incorporating women in positions of various types and responsibilities. Thus, compared to what happened 15 years ago, today we have six times more female executives and professionals.

We provide opportunities for the labor development of women through policies to attract, select and retain female employees, professionals and executives, which have reported positive impacts on productivity and quality of work life. Codelco knows that mixed work teams complement and enrich daily work.

The 2020 Action Plan sets a series of activities to achieve this goal, which are organized into six work areas:

Institutional Operation / Incorporation of gender diversity in the Structural Project of Human Resources.

Attraction / Development of an attractive work environment for women at all levels of the company.

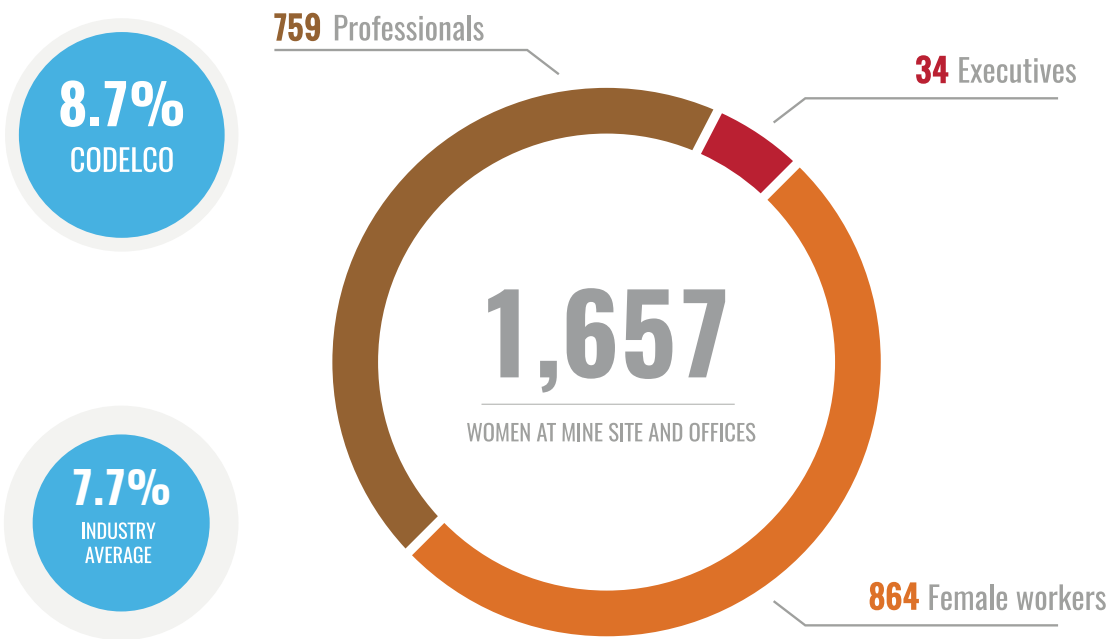
Development / Training to develop a breeding ground for talent.

Selection / Incorporation of more women to the company.

Infrastructure / Acquisition of appropriate PPE (Personal Protection Equipment), toilets and change houses suitable for the incorporation of women

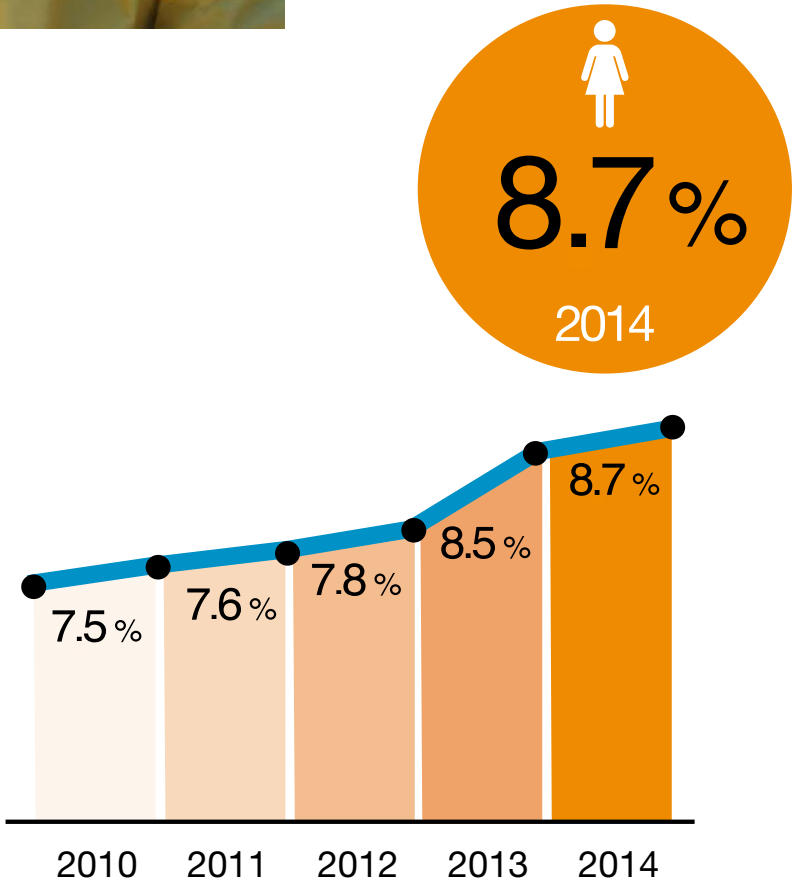
Culture / Development and enhancement of a mining organizational culture where women are part of all company activities.

Women Staffing





In 20 years we have become a company with the highest presence of women in the mining industry



8.7% corresponds to **1,657** Women



Environmental Performance



Environmental Performance

We focus on strengthening the Risk Environmental Management System seeking to address the prevention of our impacts and standardization of our performance from the outset of projects.

Our commitment

In 2014 we implemented the new System of Environmental Risk Management (SGRA). This system is based on the results of Structural Project of Environment and Communities (2011-2013), based on the identification of social and environmental vulnerabilities, gaps of standards, repeated environmental incidents and social and

environmental claims; in addition to complying with environmental commitments, arising from Environmental Permits and ensuring regulatory compliance in general, having the necessary resources and monitoring from senior management the goals planned at short and middle term.

Environmental Management System Risk of Codelco



Emissions, Wastewater and Waste

Codelco has four copper concentrate smelters that produce primarily emissions of sulfur dioxide (SO2), arsenic (As) and particulate matter. These facilities are regulated by emission standards and some by decontamination plans for cities within the area of influence of their operations. In 2014 all smelters met the set limits and/or rules.

Wastewater and Waste Management

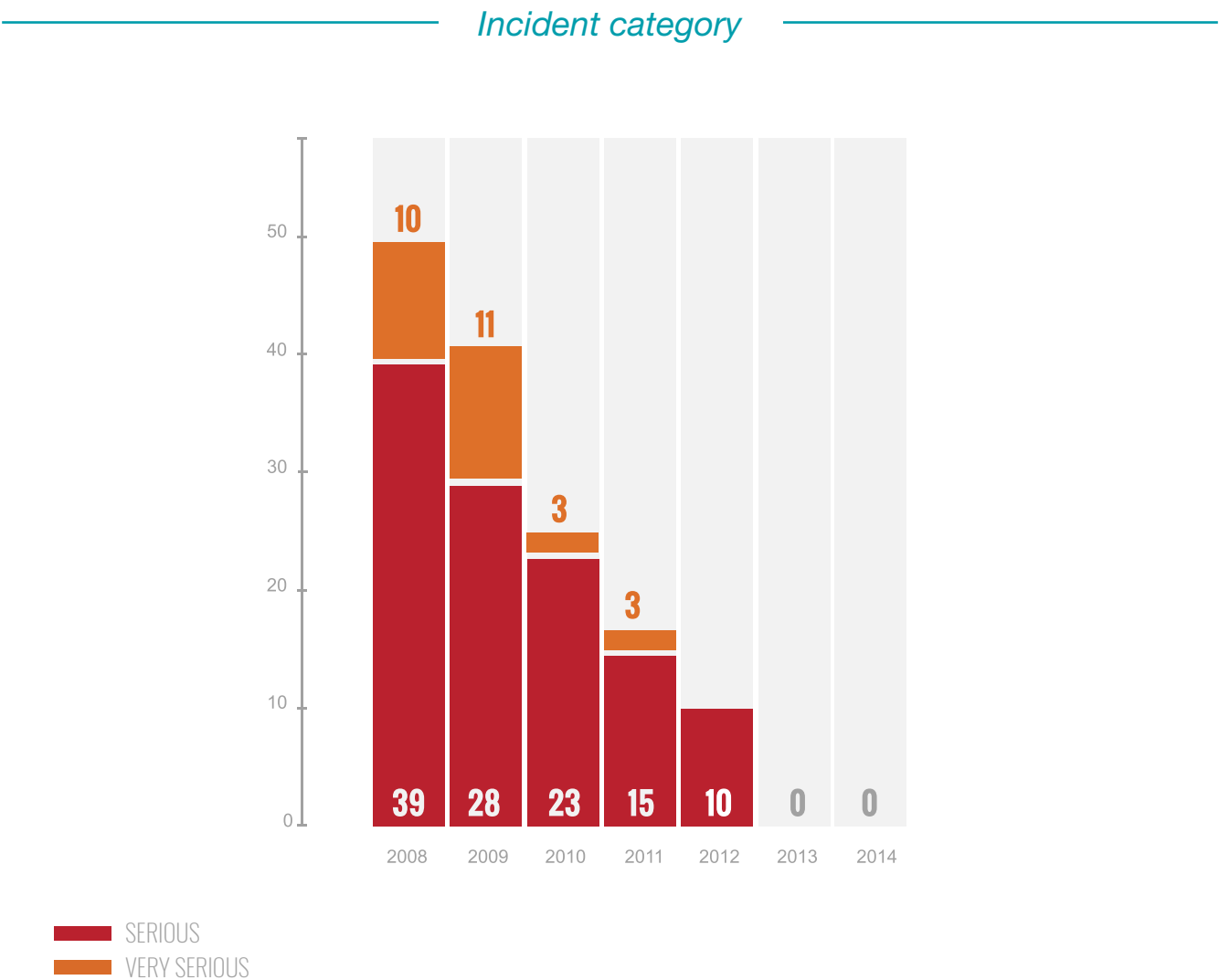
To December 2014, Codelco has monitoring programs of wastewater discharges, fully complying with quality standards required by law. It is worth mentioning that Radomiro Tomic, Chuquicamata, Ministro Hales and Gabriela Mistral Divisions do not have wastewater discharges.

Environmental Incident Management

As in 2013, during 2014 no serious or very serious incidents were reported. The Corporation expects to maintain this performance in the coming years with the consolidation of the environmental risk management system.

The sustained reduction of environmental incidents in very serious and serious categories responds to the

constant effort to improve standards and procedures, which has been made possible by a solid investment in this area. During 2014, US \$ 205 million were invested in environmental initiatives; within which are those related to decontamination, emissions, waste and tailings investments as well as in the management of environmental aspects associated with major structural projects of the company.



Planning for Mine Closure

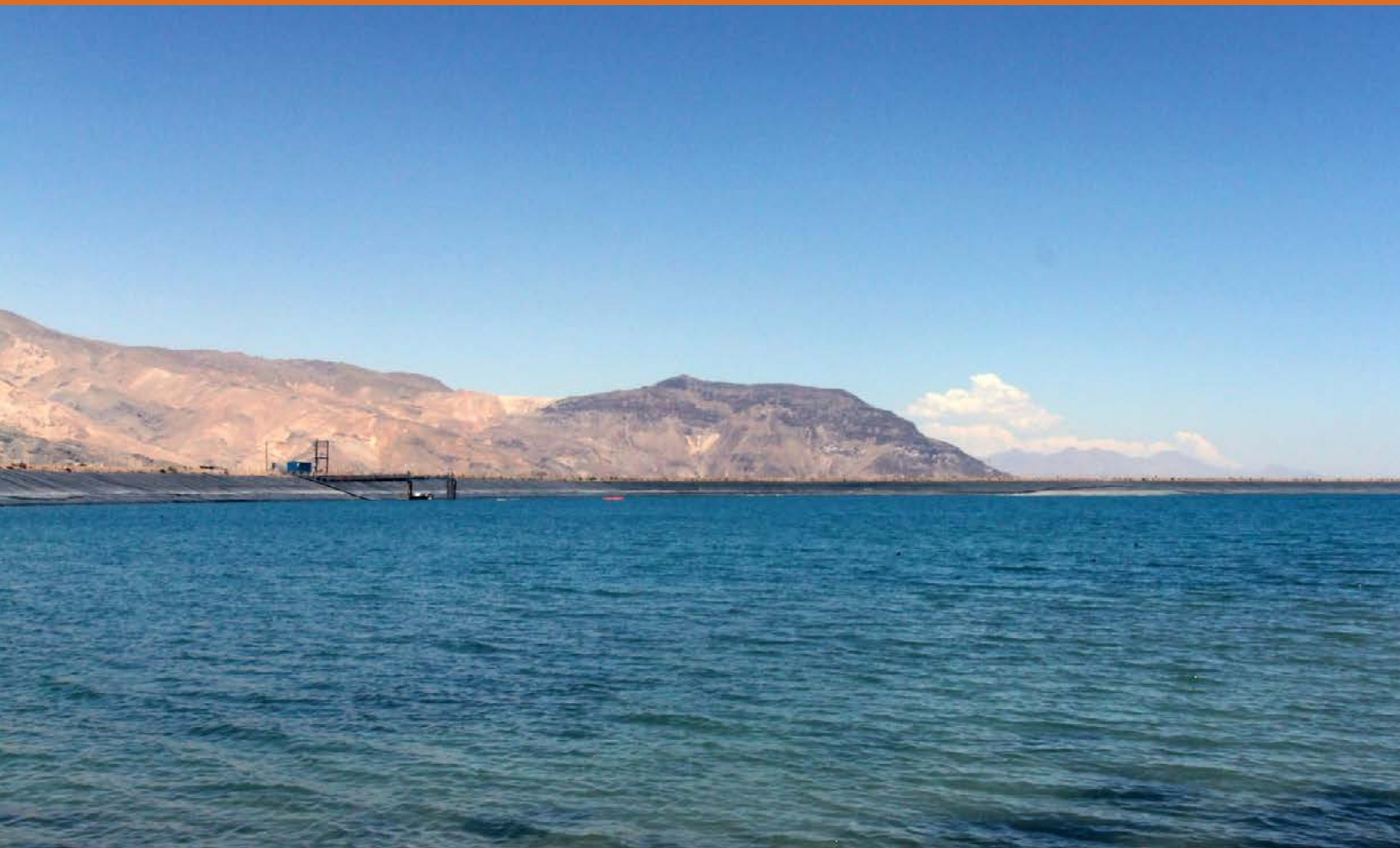
In October 2014 Codelco presented to the National Geology and Mining Service (SERNAGEOMIN) updates of all mine closure plans for our divisions. Plans that were developed according to the provisions of Law No. 20,551 Law, in force since November 11, 2012, and Supreme Decree (DS) No. 41 as of 2012 of the Ministry of Mines, approving the Regulation of the Law of Mining and Facilities Closure .

Each of our divisions have their Closure Plan which has been formulated based upon approved corporate criteria determining closure measures for each of the facilities, defining an associated measure, which in turn has an execution work and an associated cost. These plans have been formulated with external advice from an international consultant expert in mine closure.





Water & Energy Management



Water & Energy Management

Water resources and energy are crucial for sustainable development, so we seek to maximize their efficient use.

Management of Energy and Water Resources has as primary responsibility to comply with the Sustainable Development policy, promoting the efficient use of water and energy resources, thus contributing to the reduction of greenhouse gases and their impact on climate change.

We have developed corporate strategies and established two environmental management standards to improve performance levels in each matter: the Energy Efficiency and Climate Change; and Water Resources and Wastewater, which are the basis to prepare management standards for the 2014 period.

Towards an Efficient and Responsible Water Management

Current water supply for all operations is based on the exploitation of own sources, mostly related to water rights dating from many years ago. Furthermore, as responsible users of water we follow this strategic guideline at different operations through water management focused on ensuring availability of water and preventing

and controlling environmental impacts related to water resources. In terms of availability, we care about extraction control of water from sources and mainly about the reduction in water demand through water efficiency, seeking to maximize recycling and reducing consumption of each dry ton of ore processed.

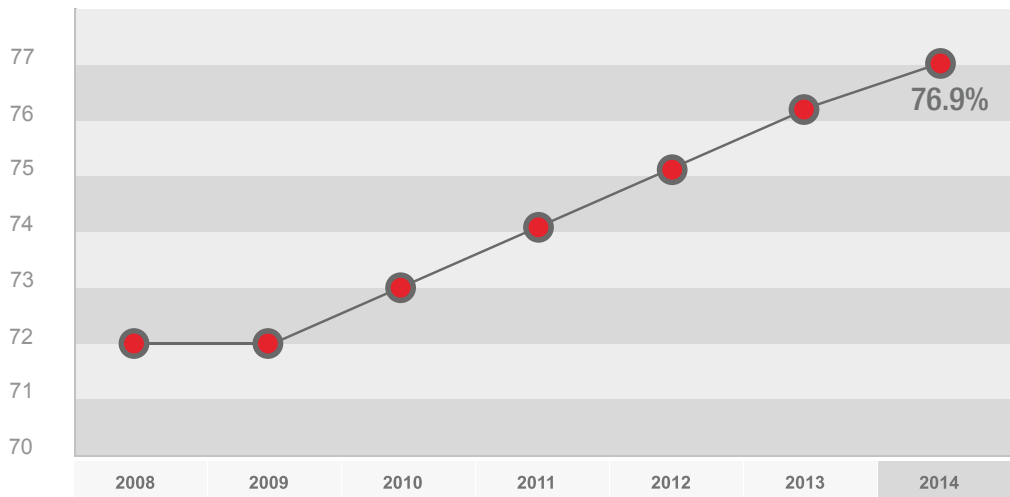


As for the prevention and control of environmental impacts, attention is directed to monitoring and control of environmental variables for proper implementation of prevention and mitigation measures; and planning of water extraction and management. The focus is directed to the prevention and mitigation along with efficiently planning water extraction and management processes.

Total Water Intake by Source and Recirculation

In terms of management of water resources, water uptake at Codelco was 170,425 thousand m3, lower than the previous period (175,434 thousand m3). As for recirculation, it was the same with respect to 2013, reaching 76.9%.

Percentage of Corporate Recycling
(2008 - 2013)



Most of our divisions have water recirculation levels above 40%, even in the case of Radomiro Tomic and Chuquicamata Divisions, most of the water used is recirculated (rate above 80%).

Most of the used water comes from surface or underground sources in all Divisions. Of most relevance are waters used in the Atacama Desert, where five of our Divisions operate. This is why it is key to focus efforts on keeping high recirculation levels , exceeding 80% in Chuquicamata Division and 90% in Radomiro Tomic Division.

Energy Management

In the current Chilean context, electrical power is a scarce resource with costly generation, and availability directly affects the viability of both current and future mining projects. In this sense, the generation of large amounts of power is a priority for Codelco in order to boost production. always under the commitment that sources are efficient, clean and safe for the environment and communities.

For this reason, since 2008 Codelco has structured a power management system aiming at contributing to business results with management of both current operational reality, through improving specific indicators of energy use in the production processes, and a look to the future, taking responsibility for energy efficiency in projects and strengthening the development of new energy sources.

During 2014 Codelco established cooperation agreement on energy efficiency (EE) with the Ministry of Energy and made a systematic review of opportunities for energy efficiency throughout all operations, sorting them by unit cost and dimensioning their impact on reducing energy consumption. As a short-term measure arising from this research, Codelco is implementing this year those projects of faster implementation.

As part of our energy management programs, we make efforts to incorporate renewable energy. Examples of the above are: Pampa Elvira Solar plant that annually generates 51.800MWh of heat for the electrowinning

process at the Gabriela Mistral Division; Calama Solar 3 plant, which supplied 3,045 MWh of photovoltaic electric power to the Chuquicamata Division, being the first industrial-size solar plant built in Chile and the first one in the world able to generate and sell power at market price without the need for public or state subsidy.

Pampa Elvira Solar was awarded in 2014 with the first place of Fuego category of the National Sustainability Award, an initiative organized by Fundación Recyclápolis and El Mercurio newspaper.

Direct and Indirect Energy consumption

Our direct consumption corresponds to oil and its by-products, natural gas and coal, and the indirect consumption is related to the electrical energy used, coming from the Central Interconnected System (SIC) and the Norte Grande Interconnected System (SING). Moreover, at the Chuquicamata, Salvador, Andina and Ventanas Divisions self-generated electricity exists on a smaller scale for own consumption.

During 2014, total direct and indirect consumption of energy was 49.50 petajoules (PJ), equivalent to 13,750 gigawatt-hours (GWh), which was similar to previous energy consumption considering the increase in copper production. Out of this consumption in 2014, 52% was of indirect type (electricity).

Energy use intensity was 29.6 PJ / million tmf, which represents a decrease compared to 2013, as shown in the table.

Indicator	Measure unit	2013	2014
Total energy consumption	PJ	49.55	49.50
Copper production	Million tmf	1.622	1.672
Intensity	PJ / million tmf	30.55	29.60





Community Development



Community Development

We take care of social and environmental impacts generated, contributing to the development of the surrounding communities, favoring relationships of trust and mutual benefit.

Community Development Model

In 2014, management on community development in the Corporation was marked by the consolidation of the Community Development Model (MDC), which establishes the way we relate and work together with communities neighboring our operations and/or investment projects.



The MDC consists in engaging with communities neighboring Divisions through working groups in prioritized locations. Working groups are made up of representatives of all social organizations of the location. The process is ruled by four Community tools linking all Codelco operations.

The model is based on the governance aspects of Codelco, in its regulatory framework, community standards (relations, community development and indigenous peoples) and their implementation guidelines, and management of social and environmental impacts.

This structure has allowed systematizing and strengthening feedback processes from communities for the continued improvement of management.

Community management is supported by two online computer platforms:

- Allowing follow-up community projects and investment, working groups and commitments to communities.
- Supporting stakeholder management, early warning and monitoring of possible social and environmental conflicts and their action plans.



Commitment to the Indigenous People

In the reporting period we have implemented various programs and initiatives to support indigenous communities. One of them is the Apprenticeships Alto El Loa program: a pioneer program oriented exclusively to employability of indigenous peoples, allowing the inclusion of 20 young people from indigenous communities to the mining industry, achieved through theoretical training and practice during one year at the Ministro Hales Division.

Our contribution to the social progress of communities is not only limited to the improvement of conditions of indigenous peoples, but to the population in general. In this sense Codelco signed, during 2014, a total of 154 cooperation agreements totaling an investment of \$ 2,570 million. Similarly, Codelco has developed projects aimed at strengthening and valuing indigenous communities, capacity development, and improving infrastructure by \$ 1,027,244,437.

As it has become traditional, we expect to continue in the same line, training the most impacted communities.

Communication Channels

Codelco in its commitment to achieve the harmony of its operations with the social and natural environment integrates Social License to Operate as a key mechanism in our operations. Our goal is to meet the expectations of local communities, society as a whole and its various groups, regarding our operations and to that purpose we integrate perceptions, beliefs and opinions of neighboring communities to the assessment of our present and future operations.

Codelco kept operating in 2014 its Social and Environmental Complaints and Suggestions System, aiming at responding in a timely manner to the concerns, discomfort and suggestions from neighbors. Its purpose is to have a system of continuous listening and open

to the surrounding communities. The system operates through a toll free number (800 222 600), which is available 24 hours a day and also through email contactosocioambiental@codelco.cl.

During 2014, 147 social and environmental contacts were received. Out of these, 82 correspond to social issues, 44 to environmental issues and finally 21 were only for inquiries and information. It is worth mentioning that none of the social and environmental contacts were related to complaints regarding violations of the rights of indigenous peoples.



Along with this, the Corporation has implemented an Indigenous Peoples standard, whose principle is directed to contribute to the development of indigenous peoples, recognizing and respecting their particularities, mainly their interests, forms of organization, customs, and lifestyles.

With respect to dispute-resolution mechanisms, today territorial claims of indigenous peoples surrounding the Corporation's operations and/or investment projects are received and resolved by the National Indigenous Bureau and the Ministry of National Heritage, and thus Codelco is not involved in resolving such disputes, and therefore at present the Corporation has no direct conflicts and disputes with indigenous peoples regarding their ancestral or sacred territories.

Economic Contribution in the Areas of Influence

Total community investment amounted \$2.570 billion, materialized through the implementation of 154 cooperation agreements, all performed in partnership with social organizations and public and private institutions operating in the surroundings of operations and investment projects. In addition, 118 cooperation agreements were approved.

Number of Cooperation Agreements in Force

District	Number of agreements in force	Community investment 2014 (in Chilean pesos)
Northern district*	58	\$ 1,259,815,211
Southern district**	96	\$ 1,309,908,665
Total	154	\$ 2,569,723,876

* Corresponds to Chuquicamata, Radomiro Tomic, Minister Hales, and Gabriela Mistral Divisions.

** Corresponds to Salvador, Andina, El Teniente and Ventanas Divisions.

Additionally, and through SENCE surplus, Codelco transferred resources for a total amount of \$ 2,507 million to carry out 212 training courses, divided into its eight divisions, benefiting a total of 4,700 people approximately. These training courses were focused on three areas of training: crafts for mining, community development tools, and new uses for copper, distributed in three internal programs: Veta Minera program, which consists of seven training courses in skills for mining,

carried out in partnership with mining industry associations and Fundación Chile; JUNTOS program, consisting of 135 training courses addressed to vulnerable groups of the nearest communities to our sites; and the Agreement with Contractor Companies, consisting of 47 training courses for contractor companies signed in 2013, and aiming training in mining skills.



Social Investment Funds

The Social Investment Fund (FIS) was created in 2005 for Divisions to implement community projects of a higher scale and scope in hteir neighboring communities. In 2014, five initiatives were financed by FIS, amounting \$ 126 million.

Division	Project name	Total amount of Project	Amount to co-finance by FIS
Ministro Hales	Use of non-conventional renewable energy sources to heat water through the use of thermal solar systems in Tucnar Huasi.	\$ 48,013,496	\$ 28,455,000
Gabriela Mistral	Cultivation of Pata Hoire between Cabur and Capin.	\$15,351,587	\$ 11,649,000
Salvador	Sustainable resident associations in Chañaral.	\$ 58,085,792	\$ 29,896,000
Ventanas	Children Orchestra in Puchuncaví.	\$ 111,000,000	\$ 40,000,000
El Teniente	Community monitoring program in Coya and Alhué.	\$ 29,300,000	\$ 12,636,000

We are challenged to continue producing the resources and surplus that Chile requires for social progress, and regardless the international economic situation, continue to increase the resources for the development of communities in our areas of influence.



Highlighted Cases

Community Investment 2014

\$ 2,570 million

41 working groups established with priority communities.

147 contacts through Social and Environmental Complaint and Suggestions System, **82** correspond to social issues, **44** environmental and **21** consultations

CALAMA PLUS PROJECTS

Codelco will invest **61 million dollars** in Calama Plus projects between 2012 and 2025.

Peri-urban park

First stage completed, with green areas, bike paths and playgrounds.

Investment of 6 million dollars.



Training for Employability

212 training courses, 4,700 beneficiaries, \$2,507 million investment; SENCE surplus along with apprenticeships, graduates and dual education programs in the different divisions.



Children’s Symphony Orchestras

Since 2007, Codelco has generated social and educational projects through children’s symphony orchestras in the districts of Los Andes, Til Til, Mejillones, Diego de Almagro and Calama. 2014 “San Pedro de Atacama, an oasis with Music” and the Children’s Symphony Orchestra of Ventanas were added.



Grant Funds

In 2014 grant fund bidding were held in the communities of Calama, Alto El Loa, Sierra Gorda, San Pedro de Atacama, Los Andes, San Felipe, Til Til, Quintero, and Puchuncaví.



Indigenous Peoples

Since 2007, Codelco has generated social and educational projects through children's symphony orchestras in the districts of Los Andes, Til Til, Mejillones, Diego de Almagro and Calama. 2014 "San Pedro de Atacama, an oasis with Music" and the Children's Symphony Orchestra of Ventanas were added.



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