

Honoured guests, ladies and gentleman, thank you for allowing me to make a few comments on the topic of sustainable development.

In our most recent sustainability report we present our key sustainability challenges. These include the control of fatal risks, greenhouse gas emissions, access to resources, community development, and occupational and community health. We also recognize we must work with our customers to meet their changing needs and to assist with the more efficient and environmentally responsible utilization of our products.

But today I would like to discuss a broader topic: that is our role in the sustainability discussion.

You see, our products are the building blocks of many of the essential elements of modern society.

As the world's large diversified resources company, we are often at the forefront of debates around what sustainable development should look like and how businesses like ours should be conducted. In fact people often feel that because our operations are based on non-renewable resources and generally have defined operating lives, mining and petroleum businesses will never be compatible with the pursuit of sustainable development.

While it is true that a single oil field or mine will not be sustainable in the long term, our project activities often include infrastructure development, education, health care, employment, skills development and community support. Development generally take place in rural locations where such opportunities and services have often been nothing more than a distant dream for people living in these areas. These opportunities provide a fertile ground for the one truly essential element in the pursuit of sustainable development – human ingenuity. Human ingenuity creates a bridge to other forms of economic and social development and creates a lasting and continually regenerating positive legacy.

In countries with a relatively high standard of living, the sustainable development agenda is often heavily weighted towards conservation and environmental protection. In developing countries, sustainable development is perceived to be more about poverty alleviation, improved health services, greater educational opportunities and other social and economic benefits.

We recognise the importance of being flexible and responsive to differing community needs and expectations but, at the same time, not compromising our standards in terms of our environmental and social performance. We recognise that we could take advantage of differing rules and regulations in the areas of safety and the environment, however, for organisations like ours, operating to consistently high standards is not simply a matter of living our commitment to future generations; but its about creating competitive advantage.

To retain access to capital, new resource opportunities and the best and brightest employees, we must earn a reputation for outstanding performance in non-financial areas of health, safety, environment and the community. We also know that we are judged by what we do in each and every place where we operate around the world and, in this internet-connected world, details about what we do are communicated quickly and globally.

There is no doubt that operating to global standards introduces some challenges. We recently had a discussion internally about the potential for companies with lower operating standards to undercut our cost structure by exploiting weak regulations and, in worst-case scenarios, using corrupt practices to gain competitive advantage. This is a challenge we feel we can meet by clearly demonstrating the value proposition of doing business with us. We have a significant number of outstanding examples of projects that are economic, environmental and social successes. The Mozal Aluminium Smelter in Mozambique is an outstanding example of a project that illustrates what can be accomplished when high standards and sustainable development come together. Our Escondida copper project in the Second Region here in Chile is another excellent example.

Since the mine was commissioned in 1990, Minera Escondida has paid over US\$2.1 billion in taxes and spends around US\$600 million each year on supply, services and employee payments, the majority of which is spent in Antofagasta and the Second Region. Escondida also aims to spend 1% of its pre-tax profit (three year rolling average) on social development programs. These contributions, and others like them, are making a real difference. In the past decade Chile has reduced poverty by 38 per cent and the best performing region has been the Second Region where the GDP is dominated by mining. Through our commitment to sustainable development we will leave these communities with a lasting positive legacy from the Escondida operation and the region's outstanding resource endowment.

In summary, while there are major challenges for the corporate sector in contributing to sustainable development, companies must successfully address these challenges and become part of the global solution to the sustainable development challenge. But we can't do it alone. Working with our host governments, communities and our customers we can create a truly bright and sustainable future for our generation and for generations to come.

Thank you.