

25 May 2011

CYNTHIA CARROLL SPEAKING NOTES FOR SRI ANALYST PRESENTATION

Ladies and gentlemen, let me add my welcome to that of Sir John's. At Anglo American we see this as an important event in our annual calendar of engagement with investors, and it really is a pleasure to see so many of you here.

I'd also like to extend a personal welcome to Pippa Howard of Fauna and Flora International, who you will hear from later. I'm very much looking forward to hearing what Pippa has to say, and I hope you are too.

Partnerships between our industry and NGOs are playing an ever-more important role in addressing the challenges of providing natural resources in a responsible manner. For example, our partnership with CARE Brazil is an important component of our Barro Alto project where we are helping to build capacity and empower community and municipality structures with the aim of improving public education, community health and social development.

SAFETY *NEW SLIDE – ZERO HARM*

I want to start, as I always do, with a review of our safety performance in 2010.

As many of you will know, I have made improving Anglo American's safety performance a key priority since I became Chief Executive.

I have repeatedly said that I view good safety management as a bellwether of overall management competence.

I'm therefore pleased to be able to report that 2010 again saw a significant improvement in both the number of fatalities, from 20 in 2009 to 15 last year. The lost time injury frequency rate also improved significantly. Fatalities have now declined by 66% since 2006, and injury rates by 51%. We are now targeting Total Recordable Injury improvements as a broader indicator of our safety performance.

These are significant improvements of which Anglo American can be justifiably proud.

However, the loss of 15 colleagues in work-related incidents is still 15 tragedies too many. I and my management team fundamentally believe that zero harm is possible. If one mine can achieve this then, in my view, all can.

And in Anglo American we are increasingly seeing examples of world class safety performance. For example, 100% of our sites in Nickel, Iron Ore Brazil, Thermal Coal and exploration were fatality free in 2010.

Our platinum business continues to account for the majority of fatalities, although it also accounts for the majority of our employees and just over 40 percent of total employment, including contractors.

The very strong focus on safety in Platinum has led to a 68% decline in fatalities since 2007, and Neville Nicolau and his team continue to focus on delivering world-leading safety performance for underground mines.

The beginning of 2011 brought with it an unwelcome reminder that the focus on safety needs to be unrelenting in a hazardous industry such as mining.

To date we have lost 8 colleagues in fatal incidents. In response, we have redoubled our safety efforts. Every site in the group is being assessed for its compliance with Anglo American's safety standards by our new safety risk and assurance team. We are developing new forward looking leading safety indicators. And in April our most senior managers gathered in Johannesburg to identify impediments to achieving zero harm. And in particular, we are identifying what more we can do at a corporate level to enable and support our operational colleagues in delivering improved safety performance.

But zero harm is not just about safety. We recognise that if we don't manage health effectively we won't get safety right. We therefore continue to focus on making our workplace a healthier one.

Our biggest occupational health challenges are noise-induced hearing loss and inhaled hazards, such as dust and we introduced tighter standards to address these risks in 2010.

We continue to see improvements in health incident reporting and a reduction in the number of new cases of occupation disease in almost all categories when compared with 2009.

Platinum, for example, is tackling noise-induced hearing loss by removing or silencing equipment emitting over 110 decibels. By the end of 2010, the number of machines emitting over 110 decibels had already been reduced by over 90% over the past two years.

However, the biggest challenge to the overall health of our workforce is the continuing impact of the AIDS epidemic in southern Africa.

NEW SLIDE – HIV/AIDS

Our data indicate that about 12,000 of our employees there are HIV positive. I'm pleased to say that 94% of employees in the region took voluntary HIV tests in 2010, a record.

This is an incredible result, and one that I believe demonstrates we have eliminated employees' fears of being discriminated against because of their HIV status. We also managed to increase adherence to our award-winning free treatment programmes to 59%.

However, there remains much to do, in particular in preventing conversions from HIV positive status to AIDS, and in providing treatment to dependents. To accomplish these objectives we are implementing a much broader health strategy – one that reaches into the homes and families of our employees, including those of migrant colleagues.

In 2010 we made significant progress on this front. We completed an anonymous sample survey of all operational employees in South Africa to discover their home locations. And, because about half of our employees come from the Eastern Cape, we signed a Memorandum of Understanding with the provincial government to help build the capacity of the rural health system there.

Although Anglo American has no operations in the Eastern Cape, we see this as an essential element in developing a healthier workforce.

We are taking this broader health strategy beyond our local communities and out into the global business community. At the G20 Business Summit in Seoul last year, we pledged an additional \$3 million over the next three years to the Global Fund to fight AIDS, Tuberculosis and Malaria and called on other businesses to join us to strengthen healthcare systems in developing countries.

COMMUNITIES NEW SLIDE

Our health initiatives are just one example of how we increasingly have to engage with host communities in innovative ways. It is through the goodwill of the communities around our operations that we are able to gain and maintain our licence to operate. It is essential therefore that the needs and concerns of these communities are taken into account and inform our approach to doing business.

For Anglo American, engagement with communities starts with the Anglo American Social Way. Last year we reported on the introduction of these new social performance standards, and provided information on baseline compliance levels.

I'm pleased to report that in 2010, the business made significant progress implementing the requirements of the Social Way, with the number of operations exceeding the Group standards rising to 47% from 25%. There were also fewer examples of serious and moderate non-compliance, compared to the previous year.

The Social Way, with its requirements on community engagement, monitoring performance, respecting human rights and supporting host communities, is intended to provide a sound foundation for good community relations.

We are also placing an increased emphasis on monitoring and reporting on social performance, just as we would in any other part of our business. In 2010, we launched two initiatives that will provide valuable information on community relations issues:

The first is a Group-wide complaints and grievance procedure that allows stakeholder feedback to be dealt with rigorously and effectively. This ensures that we are already compliant with a key element of the business and human rights framework that Professor John Ruggie has proposed to the UN Human Rights Council.

The second initiative is the development of a standardised reporting process for all social investments. This records the value that comes from the 750 social investment projects that are under way across the Group. We hope to have our first complete output reports available by the end of this year.

With these foundations in place, we are looking at how we can expand our already considerable support for host communities, as we are doing, for example, in Moquegua, in southern Peru. Through our support of Pro Mujer, a well-known international microfinance organisation, we are helping about 8,000 women in to set up their own businesses and providing them with basic, low-cost healthcare.

In South Africa, our flagship Zimele enterprise development programme continues to go from strength to strength. In 2010, its four funds provided R129 million in funding for businesses that employed 3,286 people and were responsible for a turnover of R306 million.

There are now 28 active small business hubs providing financial assistance and a guiding hand to entrepreneurs in and around our operations in South Africa, and we've committed to raising this to 34 by the end of the year. We'll be showcasing the great work that Zimele is doing, and highlighting some of its clients, at a major exhibition in Johannesburg in June.

In addition to increasing social investment to \$111 million in 2010, up from \$82.5 million in 2009, Anglo American also published an industry-leading local procurement policy. This requires all sites to develop local procurement strategies.

Initiatives under consideration include:

- adjusting terms and conditions to make them more responsive to the needs of local suppliers;
- implementing supplier development programmes, to help promising small suppliers and other local businesses get a larger share of our procurement spend; and
- expanding our enterprise development programmes, already supporting 17,200 jobs globally in 2010, to all our emerging market operations.

I'm particularly excited by the opportunities this initiative will create for host communities. Just a one percent increase in the share of procurement going to them would have the same effect as more than doubling social investment although we are aiming for more than that.

We know this works because we've seen the success stories from our local procurement activities in South Africa. In 2010, our managed and independently managed businesses spent R20.9 billion with historically disadvantaged South African businesses.

Finally, I want to register my appreciation for the work of our teams in Chile and Australia following the earthquake in Chile and the devastating floods in Queensland.

Like many companies, we gave generously. As we did again more recently, with our \$5m donation to the Japan earthquake and tsunami appeal. But what I'm most proud of in Chile and Australia, is the way that Anglo American's employees went far beyond that to deliver immediate and valuable relief themselves.

In Chile, we provided heavy earthmoving and other equipment, to help with the clear-up in the immediate aftermath of the earthquake. But more impressively, after seeing that the authorities were stretched to breaking point, the Anglo American team in Chile decided to take on the responsibility of rebuilding schools in some of the hardest hit areas.

Within three and a half months, we had provided six fully-equipped schools, ensuring that 4500 children could continue their education. The schools even included kitchens, so that they could also function as temporary community centres.

Meanwhile, in Queensland, as floods engulfed the town of Theodore near our Dawson mine, colleagues there organised the evacuation of the community, and provided emergency accommodation at the mine camp for about 350 people. They provided meals, a safe place to stay and even nappies for infants, not something our supply chain is used to dealing with.

To me, the most gratifying thing about these efforts is that our employees didn't wait for permission from senior management to do these things. They just saw the need, decided on the right thing to do, and then got on with it.

I think that says a lot about the values of Anglo American, and of course about the men and women who work for us.

ENVIRONMENT - *NEW SLIDE*

Turning to the environment, our aim is to minimise harm to the environment by designing, operating and closing all of our operations in an environmentally responsible manner. Robust management of environmental issues is a core element of good overall operational management and we believe, a source of competitive advantage.

For example, access to sustainable supplies of water and energy are fundamental requirements of our operations and they underpin our ability to grow. With 72% of our operations in water-stressed environments we are therefore looking at how we source and use water and we have some great example of projects where our presence is transforming communities in a positive way.

The challenge of climate change is another issue of particular concern to many of our host country governments and communities. It also has the potential to harm our business by both increasing the cost of doing business, for example through increased energy costs and carbon taxes and we recognise our responsibility in addressing the causes of climate change and in protecting against potential impacts.

In 2010, we published our new climate change and water policies. These recognise the need to work in partnership with our stakeholders on these issues to bring resilience to our business while having a strong internal focus on performance improvement through saving energy and water and reducing our carbon footprint. You will hear more about what we are doing later in the presentation.

In terms of our performance in 2010, the number of level 2 environment incidents, those which have an impact but cause no long term harm, fell from 65 to 61. The majority of these related to water, primarily due to unusually high levels of rainfall in Australia and South Africa. By the end of 2010, every level 2 incident had been investigated with remedial and preventative actions implemented.

Our water consumption fell by 8 million cubic metres. This is due to an impressive 11% saving in our platinum business and an increase in water recycling at our Los Bronces expansion project in Chile.

Excluding Thermal and Metallurgical Coal, most business units experienced small increases in energy consumption. Carbon dioxide equivalent emissions were higher due to higher methane emissions in Metallurgical Coal and higher process emissions in our copper, nickel and thermal coal businesses.

We continue to focus on minimising the negative impacts of our activities and drive positive outcomes in terms of land management and biodiversity. Core to this is our leading biodiversity action plan peer review programme which I am sure Pippa will talk about later.

RECOGNITION - *NEW SLIDE*

You would of course expect me to sing the praises of the organisation.

However, I'm delighted that highly credible third parties are increasingly recognising Anglo American's leading approaches to tackling today's sustainable development challenges.

In 2010 we won numerous awards, and some highlights are shown on the slide. Particular milestones include entry into the FTSE4Good index, Gold class status in the Dow Jones Indices and achieving Platinum status in Business in the Community's Corporate Responsibility Index, as well as receiving their prestigious CommunityMark award for excellence in community development.

I'm also particularly proud that in a number of the countries in which we operate, Anglo American mines won prestigious national safety awards, and that the United Nations Development Programme's Business Call to Action has recognised our enterprise development programmes as a significant commitment to meeting the Millennium Development Goals.

Meanwhile, closer to home, Tarmac was recognised for its continuing success in reducing its carbon footprint.

Competition is always fierce for these awards, and I congratulate the teams involved in these significant achievements.

BUSINESS PERFORMANCE *NEW SLIDE*

I'd like to conclude with a brief recap of our broader business performance in 2010 and the opportunities ahead.

As I'm sure you know, 2010 was a very good year for Anglo American. Group operating profits almost doubled to \$9.8 billion, supported by very successful asset optimisation and procurement efficiency programmes that are delivering above target and beyond expectations. Based on this strong set of results we were able to resume the payment of dividends, which of course is a priority for shareholders.

We also made very good progress in our restructuring, with proceeds of \$3.3 billion achieved over the year.

We are also reaping the benefits of our decision to maintain capital investment in our strategic growth projects during the downturn, with volume growth of 50% expected in the near term. Indeed, the Barro Alto nickel project in Brazil produced first metal in March.

The efficiency and restructuring programmes have meant that Anglo American is now clearly a world-class mining company...

- delivering superior operating performance;
- from a well diversified portfolio of highly attractive commodities; with
- a strong balance sheet;
- the potential to double production from our existing project pipeline; and
- with the great majority of our production in the lower half of their commodity sector cost curves.

OPPORTUNITIES AHEAD – *NEW SLIDE*

Anglo American is now in a very strong position to take advantage of the forecast growth in our sector. As you can see, we have a very strong project pipeline, a sound financial position and the skills to develop and operate world-class mining operations.

However, taking advantage of these opportunities will not be easy. Competition for resources, and for talent, remains intense. Meanwhile, stakeholders have ever-rising expectations of large corporations.

For the mining sector, the key issues will continue to be managing environmental impacts – especially water, energy usage and impacts on biodiversity – and the delivery of increasing levels of benefit to host communities, particularly in emerging markets.

Some companies have sought to fight a rearguard action against these secular trends, with lawsuits and lobbying as their main tools.

Our view is rather different. We believe that we have the values, technologies and skills to address these challenges, and that we should engage with sceptics whoever they are, to discuss concerns and try to build mutual understanding.

For example, at Pebble, our copper exploration project in Alaska, we asked the Keystone Center, a highly regarded and impartial facilitator of dialogues on scientific and public policy issues, to establish a broad-based stakeholder dialogue process on the development plans for the Pebble deposit. This began late last year and will continue throughout 2011 and beyond.

Similarly, at the Quellaveco project in southern Peru, we are participating in a dialogue process established by the regional President which is addressing residual community concerns, including those relating to water usage and community development.

More informal examples of this consultative approach, well before any permitting might begin, can be seen at other Anglo American projects in Australia, Brazil, Chile and South Africa.

My firm view is that this approach has to be the right one. By early engagement we can understand concerns, address them through our actions or communicate the reality of the situation where misconceptions exist.

With our leading technical abilities, and a strong tradition of proactive community involvement, I believe that Anglo American is well placed to manage this new reality.

Ladies and gentlemen, I think that I should leave it there, and let my colleagues take over and discuss a little more of the detail of our programmes.

Thank you once again for your attention, and I look forward to receiving your questions at the end of the presentation.