

# 2010 SUSTAINABLE DEVELOPMENT PERFORMANCE

Hosted by Sir John Parker, Chairman, and Cynthia Carroll, Chief Executive

25 May 2011

# AGENDA

- Safety Briefing
- Chairman's Welcome
- Chief Executive's Review
- 2010 Sustainable Development Performance
- Biodiversity in Focus: Fauna & Flora International
- Q & A Session

# **CHAIRMAN'S WELCOME**

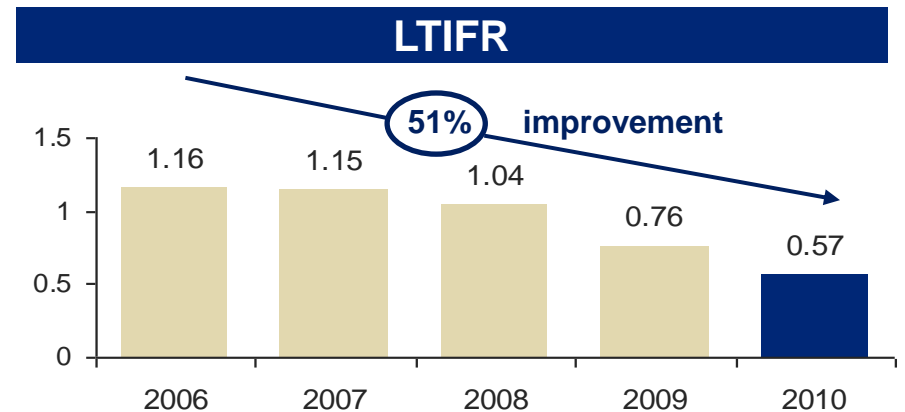
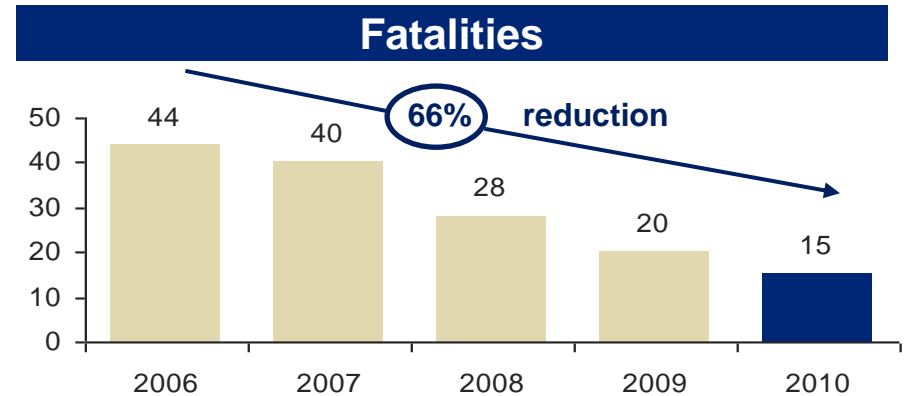
## **SIR JOHN PARKER**

# **CHIEF EXECUTIVE'S REVIEW**

## **CYNTHIA CARROLL**

# CONTINUING OUR DRIVE TO ZERO HARM

- Sustained focus on safety management delivering further improved results
- LTIs more than halved since 2007
- Operations targeting Total Recordable Injury improvements as broader indicator of overall performance
- 90% of our operations were without fatalities
- New Group standards addressing noise induced hearing loss and inhaled hazards
- Improvements in health incident reporting and reduction in number of new cases of occupational diseases



# HIV/AIDS

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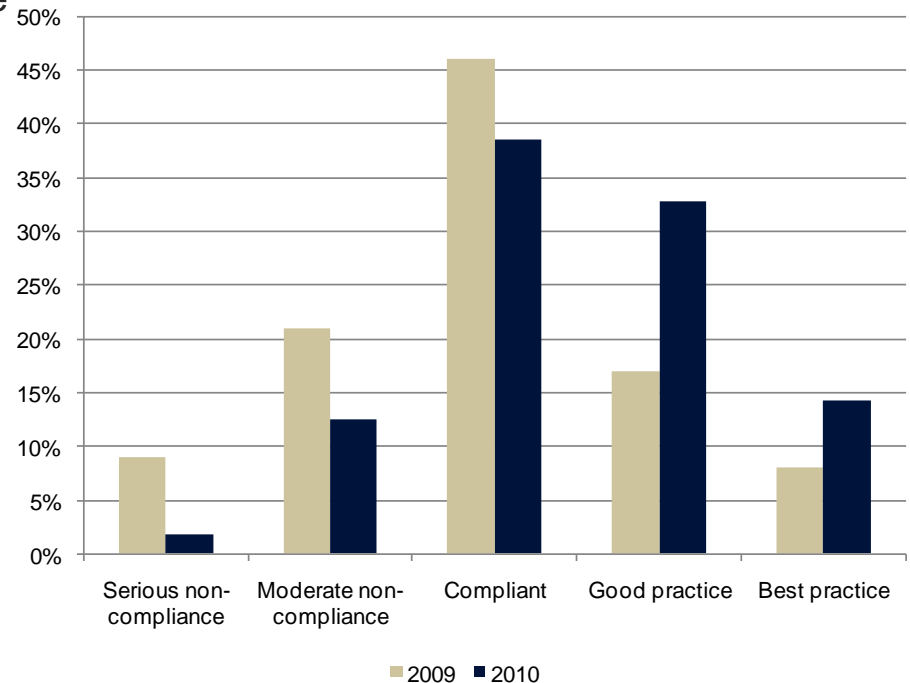
- 12,000 employees in southern Africa HIV positive
- 94% of employees in this region participated in voluntary HIV testing and counselling
- 59% participating in HIV Disease Management Programme
- Providing expertise and resources to strengthen community health systems
- \$3m pledged to the Global Fund to Fight HIV/AIDS, Tuberculosis and Malaria and a call for other businesses to match



# COMMUNITIES AND SOCIO-ECONOMIC DEVELOPMENT

- Continued strong progress in implementation of the Social Way in 2010. Only 15% non-compliance
- Group-wide complaints and grievance procedure launched in line with Ruggie recommendations
- Standardised set of output KPIs for social investments launched
- Record social investment (\$111 mn) and jobs created through enterprise development (17,200)
- Launch of local procurement policy
- Zimele concluded 463 transactions; provided R129m for businesses that employed 3,286 people

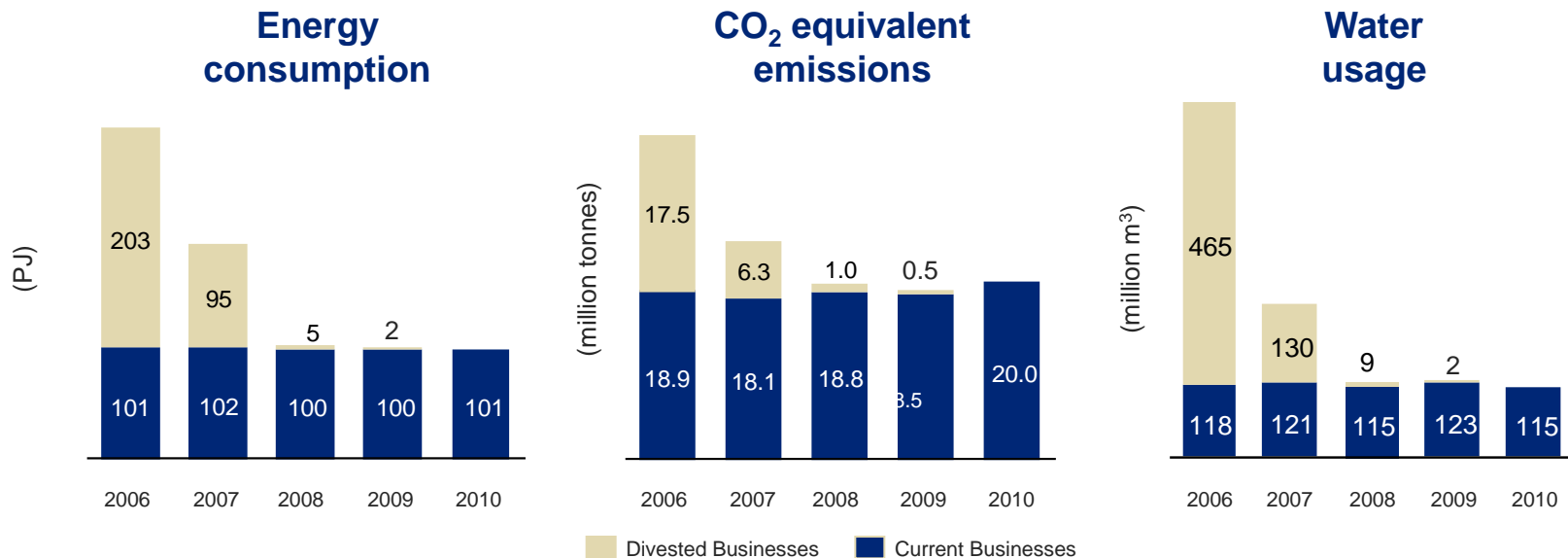
2010 Social Way Compliance





# ENVIRONMENT

- New climate change and water policies published
- Number of level two environmental incidents dropped from 65 to 61
- Water consumption lower
- Energy consumption and CO<sub>2</sub> emissions were slightly higher in 2010
- Biodiversity action plan peer reviews at seven sites
- Reduce, reuse and recycle approach continues to be applied to waste management



# INCREASING EXTERNAL RECOGNITION IN 2010

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FTSE4Good



CommunityMark  
developed by Business in the Community

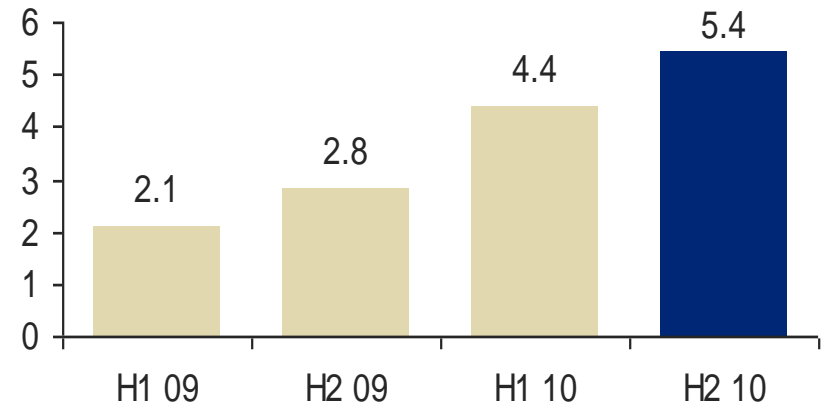


- Gold Class status in Dow Jones Sustainability Index
- Platinum status in Business in the Community Corporate Responsibility Index
- Prestigious national awards for safety including:
  - Barro Alto named as safest mine in Brazil
  - Isibonelo Colliery won Department of Mineral Resources Safety Flag award
  - Mantos Blancos recognised as safest mine in Chile
- Tarmac UK awarded Carbon Trust standard for reducing carbon footprint

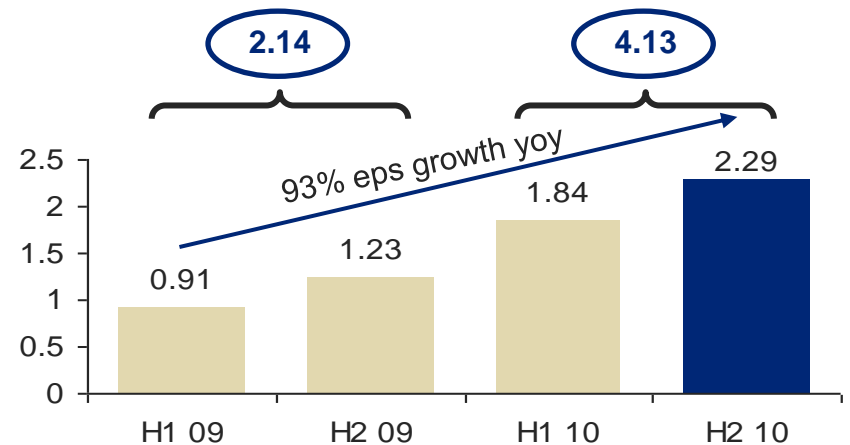
# 2010 FINANCIAL RESULTS

- Group operating profit of \$9.8bn, up 97%
- Underlying earnings of \$5bn and EPS \$4.13, 93% increase
- Asset optimisation and procurement programmes delivering \$3bn, far exceeding expectations
- \$3.3bn of proceeds received from divestments of non-core businesses
  - Further progress in 2011: Proposed Tarmac UK JV with Lafarge
- Near-term growth of 50% including four major projects by 2015
- \$70bn project pipeline with potential to double production over the next decade

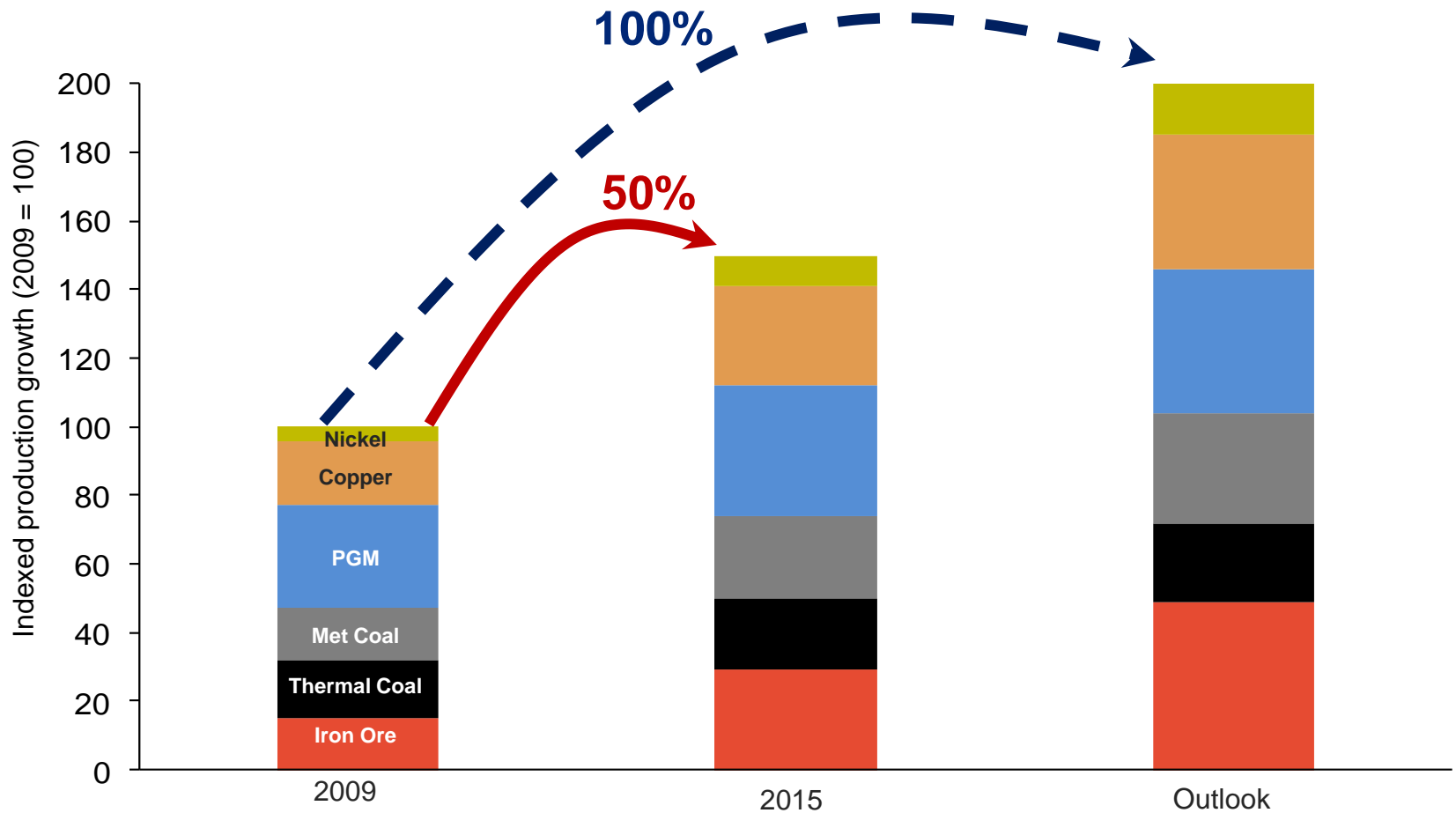
## Operating Profit



## EPS



# STRONG ORGANIC GROWTH IN MOST ATTRACTIVE COMMODITIES



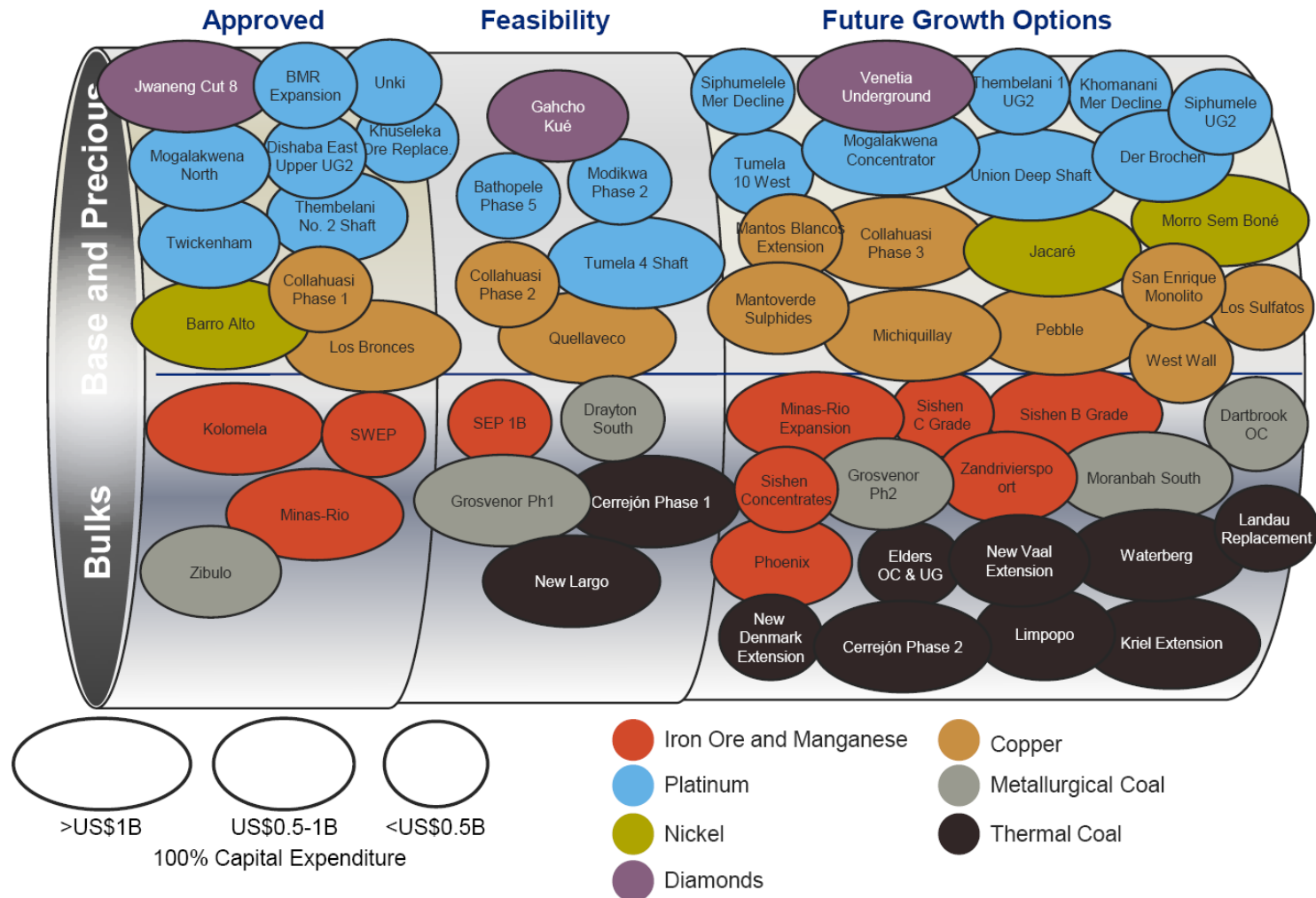
# DELIVERING NEAR TERM GROWTH

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Barro Alto, Brazil



# OPPORTUNITIES AHEAD



# **HEALTH AND SAFETY**

## **DORIAN EMMETT**

# OCCUPATIONAL HEALTH

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- **Management framework and system**
  - Two new Group Standards addressing noise and inhaled hazards
  - Quality of existing controls and scale of risk assessed through independent audits
- **Continued focus on health incident reporting and performance improvement**
  - Rise in number of low-level incidents being reported, investigated and followed up
  - Reductions in number of new cases of occupational disease
  - Significant drop in hand-arm vibration syndrome cases (18: 2010 vs 35: 2009) in Tarmac
- **Occupational hygiene – monitoring hazards to eliminate and or control exposure**
  - Platinum silenced 91% of its equipment emitting more than 110 decibels
  - Aim to silence all high-risk equipment by 2013



# HIV/AIDS

- **Policy and approach**

- More than 90% of employees in southern Africa check status annually
- HIVDMP on target at 59% HIV+ve employees

- **Investing knowledge and resources in community healthcare**

- Writing business plan to revitalise funding and delivery of primary healthcare in Eastern Cape Department of Health
- Pledged \$3 million funding to Global Fund to Fight AIDS, Tuberculosis and Malaria

- **Challenges**

- Disappointing number of new HIV infections (712)
- Contribution of migrant labour to spread of disease
- Increasing uptake of prevention programmes by dependants
- Responding to gender inequities and inequalities
- Controlling escalating TB epidemic

## HIV INDICATORS 2010

No. of employees	<b>90,473</b>
HIV prevalence	<b>16.5%</b>
Number HIV+ve employees (estimate)	<b>12,066</b>
Number VCTs employees and contractors Southern Africa	Circa <b>100,000</b>
% VCT participation southern Africa	<b>94%</b>
New HIV infections	Approx <b>1.2%</b>
HIVDMP enrolment	<b>7,092</b>
% HIVDMP enrolment	<b>59%</b>
Employees on ART	<b>3,965</b>
% HIV+ve on ART	<b>33%</b>
New TB cases in 2010	<b>72</b>

# SAFETY

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- **Strategy for driving continuous improvement**

- Ensuring that the fundamentals of safety management are consistently embedded,
- Learning from fatalities and high potential incidents remains an urgent priority
- Implementing project to identify and develop S&SD skills, knowledge and capability

- **Risk management systems and processes**

- Mandatory risk management process introduced ensuring consistent Group-wide approach
- Suite of major risk standards and guidelines developed to drive focus on managing low probably/high consequence risks

- **Risk based assurance programme reviewing control effectiveness**

- Improvement plans to address outcomes of transportation themed audit have contributed to 40% reduction in transportation related fatalities in comparison to 2009
- Audits undertaken to assess nature and scale of risks and quality of existing controls for the major risk areas of FOG, contractor safety management and energy isolation



# HR

- **Organisational Development and Headcount**

- Implementation of the major reorganisation has been completed
- Decrease of 9,426 in overall headcount figures (including contractors)

- **Transformation and Diversity**

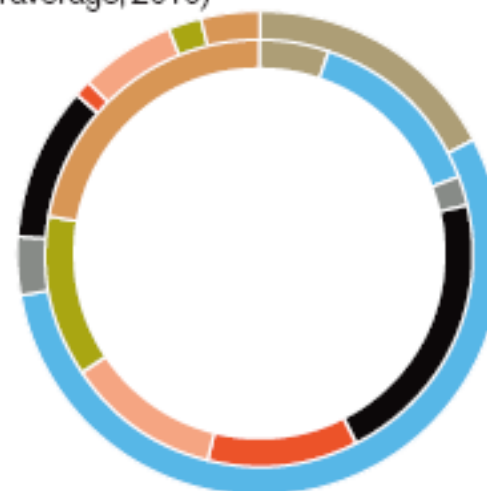
- Good progress has been made in relation to transformation in South Africa
- The representation of women in the workforce continues to increase

- **Talent and Performance Management**

- Introduction of a global capability framework (People Development Way)
- Design and implementation of a new performance management system which will be applied consistently across the Group
- Continued investment in employee and community training/development

## WORKFORCE DATA BY BUSINESS UNIT

(Annual average, 2010)



### Employees (outer)

Other Mining and Industrial	15,260
Platinum	48,807
Metallurgical Coal	3,420
Thermal Coal	8,995
Iron Ore Brazil	1,051
Kumba Iron Ore	5,550
Nickel	1,963
Copper	3,357

### Contractors (inner)

Other Mining and Industrial	2,617
Platinum	6,908
Metallurgical Coal	1,100
Thermal Coal	10,413
Iron Ore Brazil	5,628
Kumba Iron Ore	5,715
Nickel	6,134
Copper	10,876

# **COMMUNITIES ANJI HUNTER**

# COMMUNITY RELATIONS

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Social issues increasingly integrated into core business process:

- **Projects.** Social risks and opportunities integrated into project reviews in 2010
- **Business development.** Government relations and community risks and opportunities now a standing part of acquisition and disposals activities
- **Assurance.** ABAS undertook first assessment of social issues in 2010
  - reviewed implementation of Social Way
- **Anglo American Social Way.** Improvements, KPIs
- **Staff development.** Over 100 senior managers from a wide range of disciplines have now participated in our unique Advanced Social Management Programme



# LOCAL PROCUREMENT

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- Anglo American's first local procurement policy launched in 2010. Built on four principles:
  1. Opportunities exist across the whole supply chain
  2. Local procurement should be inclusive and target less privileged groups
  3. No compromise on quality, safety, environmental or delivery
  4. Need to work in partnership with actual and potential suppliers, and development agencies
- Planning supplier development programmes, local supplier parks, amending contracting and payment terms as ways to boost local spend
- Builds on successful enterprise development programmes and BEE procurement in SA
- Opportunity is huge: procurement spend is more than 100 times social investment budget



# BUSINESS AND HUMAN RIGHTS

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- Endorsement of Prof John Ruggie’s “Protect, Respect, Redress” framework expected in 2011
- Anglo American is well-placed to address these recommendations:
  - Long-term signatory to the Voluntary Principles. During 2010 1,267 Anglo American security staff received human rights training. All staff trained on Business Principles during induction
  - Human rights due diligence included in new project reviews, M&A activity and in Socio-Economic Assessment Toolbox (SEAT studies undertaken every three years at existing operations)
  - Site-based, group-wide complaints and grievance procedure implemented in 2010 addresses the “Redress” pillar
  - Anglo American “Speakup” provides additional means of receiving grievances at Group-level if site-based process not satisfactory
- In February 2011 we signed an innovative MoU with International Alert to develop joint of human rights and conflict issues in the mining sector

# **ENVIRONMENT**

# **DORIAN EMMETT**

# CLIMATE CHANGE & ENERGY

“We aim to achieve the maximum economically sustainable energy and carbon savings in our business and the use of our products”

- **Saving energy and driving operational excellence:** New management tool supporting identification of projects to save energy and reduce carbon
- **Reducing emissions and alternative energy:** Carbon offsetting projects, trading carbon credits and investigating options for low carbon-emission energy
- **Understanding potential climate impacts:** All operations to complete vulnerability assessments
- **Investing in technology:** Researching environmentally friendly uses of Platinum e.g. fuel cells and helping our customers capture emissions from coal.
- **Working with government and communities:** Contributing to the development and implementation of efficient, effective and equitable climate change policies

## Energy efficient lighting

Replacing over 180,000 lamps with energy efficient ones, saving ~10MW



## Heat pumps

Installing heat pumps in all change rooms to replace conventional heaters (savings ~50-70%)



## Algae based carbon capture

Invested in MBD, Australian company that develops algae based CO<sub>2</sub> sequestration projects



# WATER

“As a water steward, our aim is to maximise the value of water resources while seeking to achieve no long term net harm where we operate”

## Water strategy and policy enable leadership:

- **Saving water:** Driving operational excellence through water action plans – Water Efficiency Target Tool (WETT) will inform and lead to Group target
- **Protecting water quality:** Performance standards defined in the Environment Way
- **Investing in technology:** Flagship Emalahleni water reclamation plant is doubling its capacity enabling it to become independent of water-stressed Olifants River
- **Protecting our project pipeline:** Water-related risks integrated into project reviews
- **Helping our communities:** Addressing common water challenges
- **Working with government:** Actively engaging at a local, national and global level on water related issues



# BIODIVERSITY

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**“We endeavour to minimise the negative impacts of our activities and drive positive outcomes in terms of land management and biodiversity”**

- **Managing biodiversity:** The Environment Way requires operations to have biodiversity action plans in place where it poses a significant risk or opportunity
- **Promoting learning and sharing of best practices:** Peer review programme supports performance improvement; 67 audits including seven in 2010
- **Fauna & Flora International partnership:** Programmes based on leading practice, provides constructive challenge and informs strategy
- **Protecting sensitive areas:** Signed up to ICMM commitment not to mine or explore in UNESCO World Heritage sites
- **Thought leadership:** Engaging with World Economic Forum and Cambridge Programme for Sustainability Leadership on policy development

**MINING AND BIODIVERSITY  
PIPPA HOWARD, FAUNA  
AND FLORA INTERNATIONAL**



# **FFI – ANGLO AMERICAN STRATEGIC BIODIVERSITY PARTNERSHIP**

**Pippa Howard**  
**SRI Investors Meeting**  
**25 May 2011**

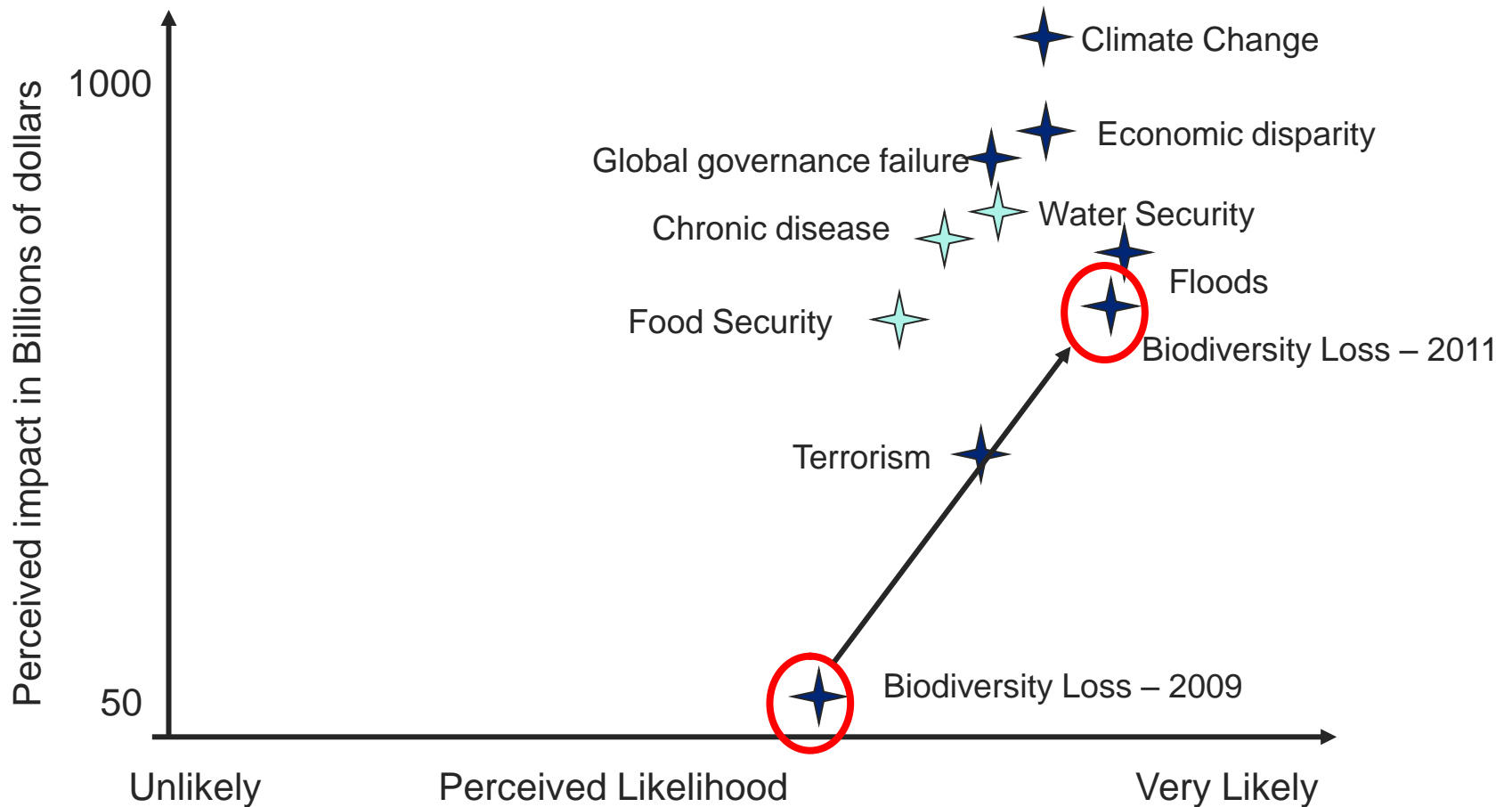
# ARE BIODIVERSITY & ECOSYSTEM SERVICES A MATERIAL ISSUE FOR INVESTORS?

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*“Companies and their investors have long taken ecosystems services for granted, as if they came for free. Yet recent pressures on natural resources suggest that in future such services will start to command a premium or worse, become unavailable. This could have a profound impact on the strategies and valuations of companies in high-risk sectors.”*

**Karina Litvack**, Head of Governance and Sustainable Investment, F&C Investments

# BIODIVERSITY IS AN ISSUE ON THE MOVE



# THE ROLE OF BUSINESS IN MANAGING BIODIVERSITY

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- Advice on biodiversity policy and strategy
- Biodiversity risk & opportunity assessment
- Biodiversity action plans
- Capacity building & Communications
- Environmental Markets – REDD+, PES



# BENEFITS TO BUSINESS FOR MANAGING BIODIVERSITY

- Shorter and less contentious permit cycles
- License to operate and continued access to land
- Manage reputational risk – legacy issues
- Access to finance
- Increased investor confidence – IFC et al
- Involvement in and influence on public policy and planning debates
- Improved community relations
- Better relations with regulators
- Engagement with employees
- Early identification of opportunities
  - Eg. Carbon Potential
- Cost reduction
  - Closure perspective – liability
  - Operating costs
- Strong and supportive partnerships with NGOs
- Reduce residual risk

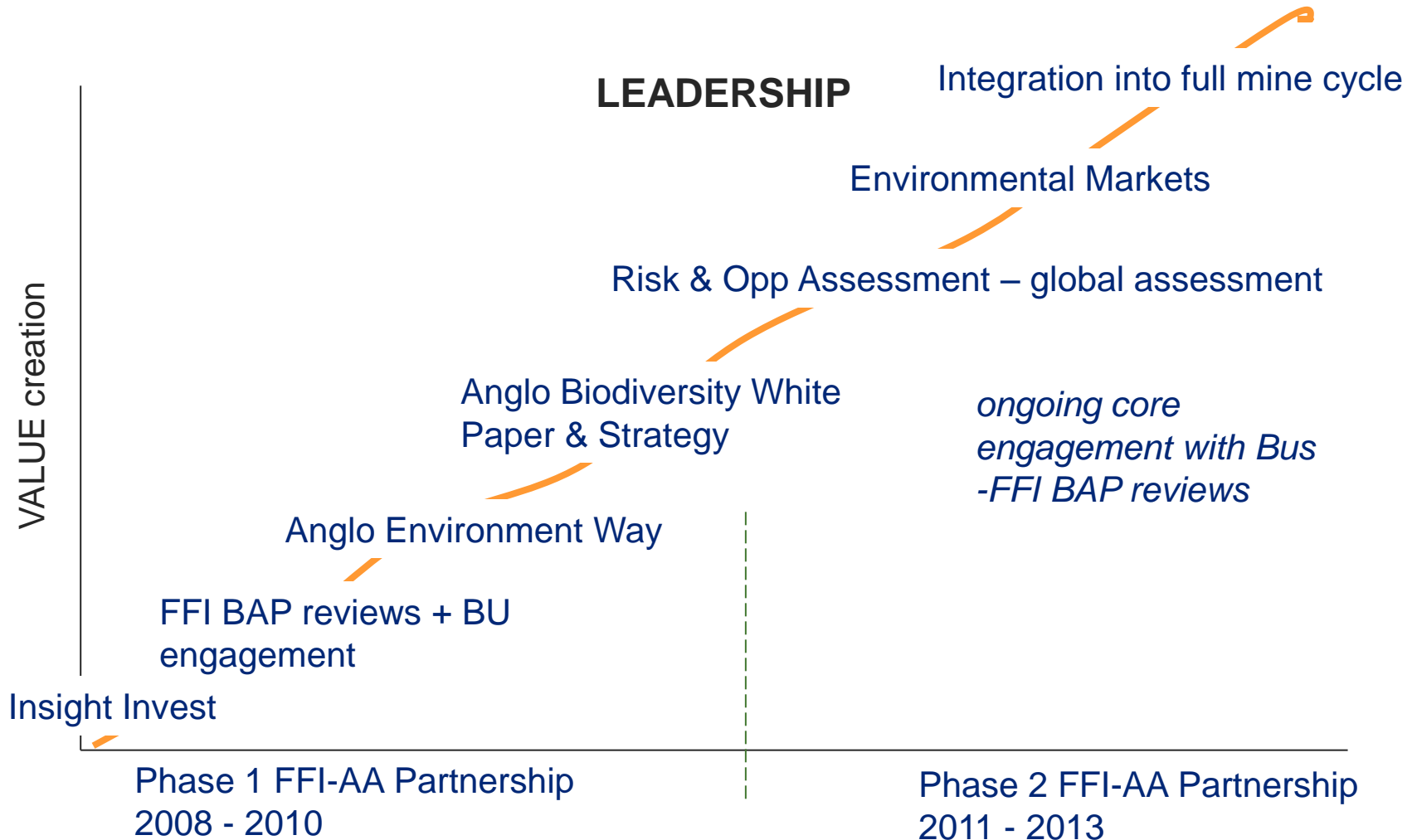


# BENEFITS TO BUSINESS FOR MANAGING ECOSYSTEM SERVICES

- Water provisioning from a healthy ecosystem
- Energy security and healthy ecosystem and function (hydropower)
- Storm flow attenuation and erosion control
- Maintaining the assimilative capacity of the receiving water bodies
- Legal compliance
- Reputation risk at site
- Carbon storage and sequestration
- Market differentiator in competitive sector
- Reduction of operating costs



# PARTNERSHIP PROGRAMME DEVELOPMENT



**THANK YOU**