

Analysts' Presentation on Sustainable Development and Corporate Responsibility Issues

Introduction by Sir Mark Moody-Stuart

Thank you very much for joining us today for what is the second of Anglo American's annual presentations for the investment community on sustainable development and corporate responsibility issues. May I start by conveying apologies from the Chief Executive, Tony Trahar, who had hoped to be here today but has, instead, had to be in South Africa today.

I took over the Chairmanship of Anglo American last December, having joined the Board in July. Although Tony as Chief Executive is responsible for the execution of our Sustainable Development policies, the Board takes ultimate accountability for the observance and implementation of the 'Good Citizenship' Business Principles. I serve on the Board sub-Committee dealing with Safety, Health and Environment issues. As you know I was also involved in the World Summit on Sustainable Development as Chairman of 'Business Action for Sustainable Development' which was the main voice of business at the World Summit.

2002 saw significant developments for extractive industries in relation to sustainable development. First, there was the formation of the International Council on Mining and Metals; secondly, the publication of the Mining, Metals and Sustainable Development Report - the outcome of two years of stakeholder engagement by the industry; and, thirdly, the Global Mining Initiative Conference in Toronto. John Groom will say more about these in his presentation.

There were also the continuing proceedings of the World Bank's Extractive Industries Review - and the launch of the UK Government's Extractive Industries Transparency Initiative. Both these processes are, essentially, about examining the natural resources industry's contribution to development and how it might be improved. This is a topic on which we have been doing a good deal of work internally - in relation to the evolution of a new South Africa and more widely. Edward

Bickham will touch on some of these issues during his part of the presentation.

But, in the context of these developments, it was pleasing to note that the declaration which emerged from the Johannesburg Summit singled out the contribution which mining can make to development. The Plan of Implementation agreed by all governments stated that "Mining, minerals and metals are important to the economic and social development of many countries. Minerals are essential for modern living". This support was rightly conditional on addressing the environmental impact of our industry and ensuring that the benefits flow to society as a whole. I believe that the leading companies in the industry have made considerable progress in aligning our businesses with the objectives of sustainable development.

The same is substantially true in forest products - where Anglo's paper and packaging business is the second largest manager of Forest Stewardship Council certified forests in the world.

One of the issues which generated rather more heat than light in Johannesburg was 'Corporate Accountability'. It is, of course, a myth that we multinational companies prowl the globe unconstrained and unaccountable. The restraints are, rightly, considerable and include:

- Host country and home country laws;
- The growing body of 'soft' law instruments like the Universal Declaration on Human Rights and the OECD Guidelines;
- Industry voluntary agreements which help to develop and maintain sector 'best practice' and which become the standard by which international business is judged;
- The growth of foreign direct liability; and
- The need to manage risk and protect shareholder value including the need to preserve the value inherent in the network of relationships which underpin our businesses, including transparent relationships with all stakeholders.

It is an uncomfortable fact of life that even where it is governance failures which cause the misuse of the proceeds of mineral revenues, these failures are laid at our door. Thus we have to do our part, always working with others, to look at improving governance, and seeking to avoid fuelling conflicts in unstable regions. The boundaries of corporate responsibility cannot be infinite, but neither are they as tidy as they were once presumed to be.

Before introducing the team who will present to you, let me say a word about the Anglo American 'Good Citizenship' business principles. These were launched at the end of April last year. They apply to all managed operations - and we have asked non-managed Anglo Gold and Tongaat-Hulett to adopt comparable standards. The Principles are also intended to apply to our contractors and to regular and significant suppliers. The roll-out - in 22 languages - is now more or less complete, except for some of these operations acquired during 2002 - most notably Disputada in Chile and Syktyvkar in Russia. We believe that the 'Good Citizenship' Principles are growing to be seen by employees as a positive dimension of belonging to the Anglo American Group. A survey of Anglo managers last August showed a good or very good level of familiarity amongst over 80% of respondents. The Principles are, however, also an important adjunct to our Turnbull risk management structures and we gauge compliance through a process of annual Letters of Assurance - as we have done in relation to our SHE policy for the last three years. We have now had the first return of Letters of Assurance and the level of information given and candour displayed by most of our business units was encouraging.

Last Friday, to coincide with our AGM, we published the Anglo American 'Report to Society'. This builds upon the Safety, Health and Environment Report which we have produced in each of the last two years. This is a significant step forward - I believe it provides an excellent framework for continuous improvement. You will see in the report a comprehensive index which relates the report to the Global Reporting Initiative, making plain where we have or have not addressed indicators. The GRI 2002 Reporting Guidelines are complex. I believe that as sectoral guidelines are developed they will modify the so

called core guidelines and make them more relevant for each industry sector. I can say that the Anglo American approach to testing the guidelines is very much what the GRI was hoping for when the 2002 guidelines were published.

Our "Report to Society" fleshes out the material which we have included in the past on community issues and embraces a number of additional issues from our "Good Citizenship" principles including human resources, human and labour rights, business conduct and economic development. The presentations today will mirror that Report.

The presentations will be given by John Groom, Senior Vice President, Safety, Health & Environment; Russell King, Executive Vice President, Human Resources and Business Development; Edward Bickham, Executive Vice President, External Affairs and Nick Von Schirnding, Executive Vice President, Investor and Corporate Affairs. A number of other colleagues are also present to answer questions should they arise. At the end of the presentation there will, of course, be time for questions.