

Presentation on Anglo American's Sustainable Development Performance 2005/6

5 June 2006

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|-----|-------------------------------------|-----------------------|
| 1. | Strategic Overview | Sir Mark Moody-Stuart |
| 2. | Financial Performance and Strategy | Tony Trahar |
| 3. | Safety | Tony Trahar |
| 4. | Integrating Sustainable Development | Dorian Emmett |
| 5. | Energy and Climate Change | Dorian Emmett |
| 6. | Environment | Dorian Emmett |
| 7. | Human Resources | Russell King |
| 8. | HIV/AIDS | Russell King |
| 9. | Social and Community Issues | Edward Bickham |
| 10. | International Partnerships | Edward Bickham |

- Safety
- Climate change and energy efficiency
- HIV/AIDS
- Taxation/resource nationalism
- Community Expectations
- Business and Development



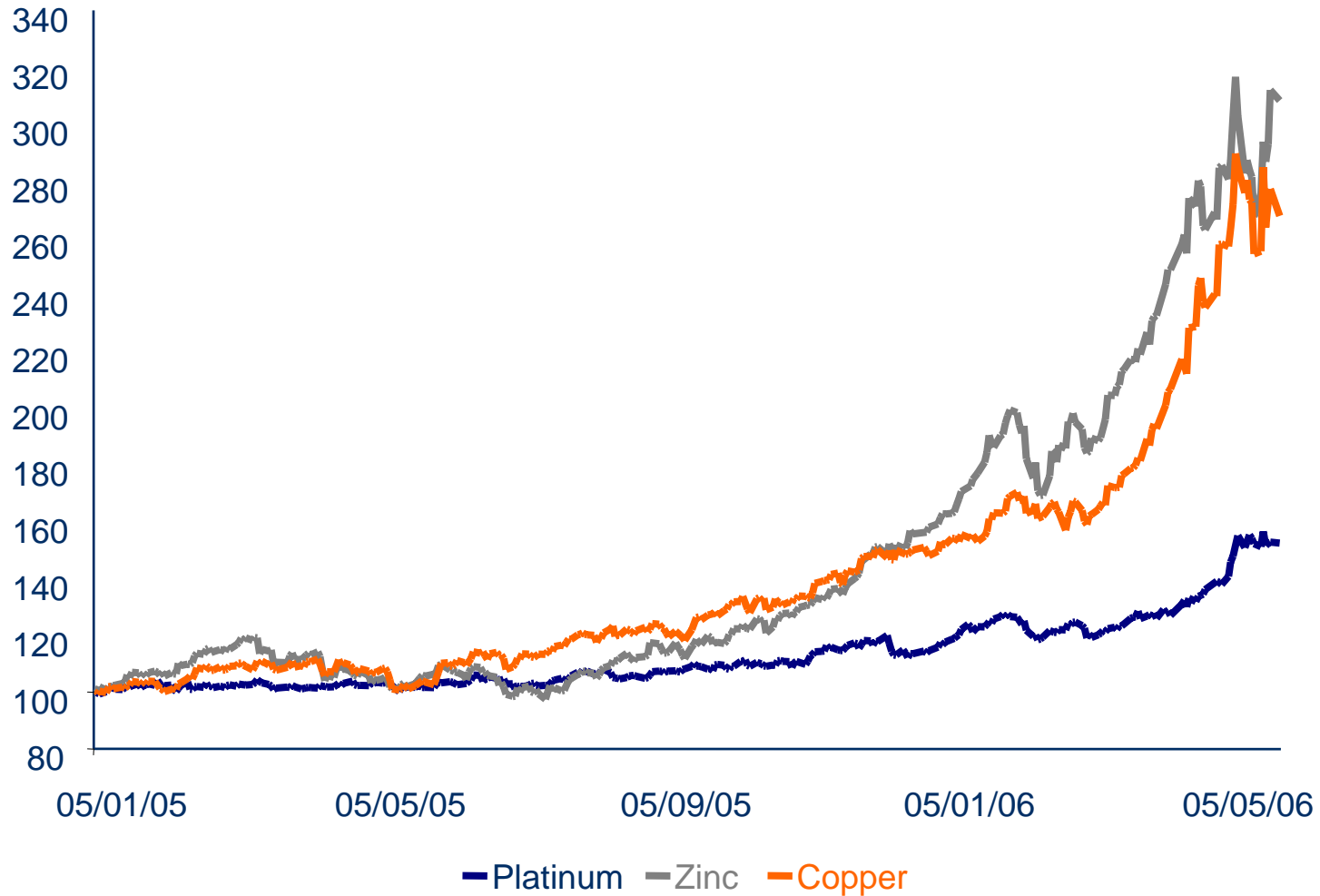
- Supported by:
 - Letters of Assurance
 - KPMG External Assurance
 - ‘Speak-up’ Whistleblowing
- External Frameworks

- 2005 Business in the Community International Award for contribution to MDGs in Africa
- Included in Dow Jones Sustainability Index and Johannesburg Stock Exchange Sustainability Index
- Winner 2005 ACCA award on sustainable reporting
- Exhibition staged for President Mbeki on work of Anglo Zimele

Tony Trahar
Chief Executive

- **Financial Headlines and Strategy**
- **Safety**
- **BRICs**

Metal prices since Jan 2005 (indexed)

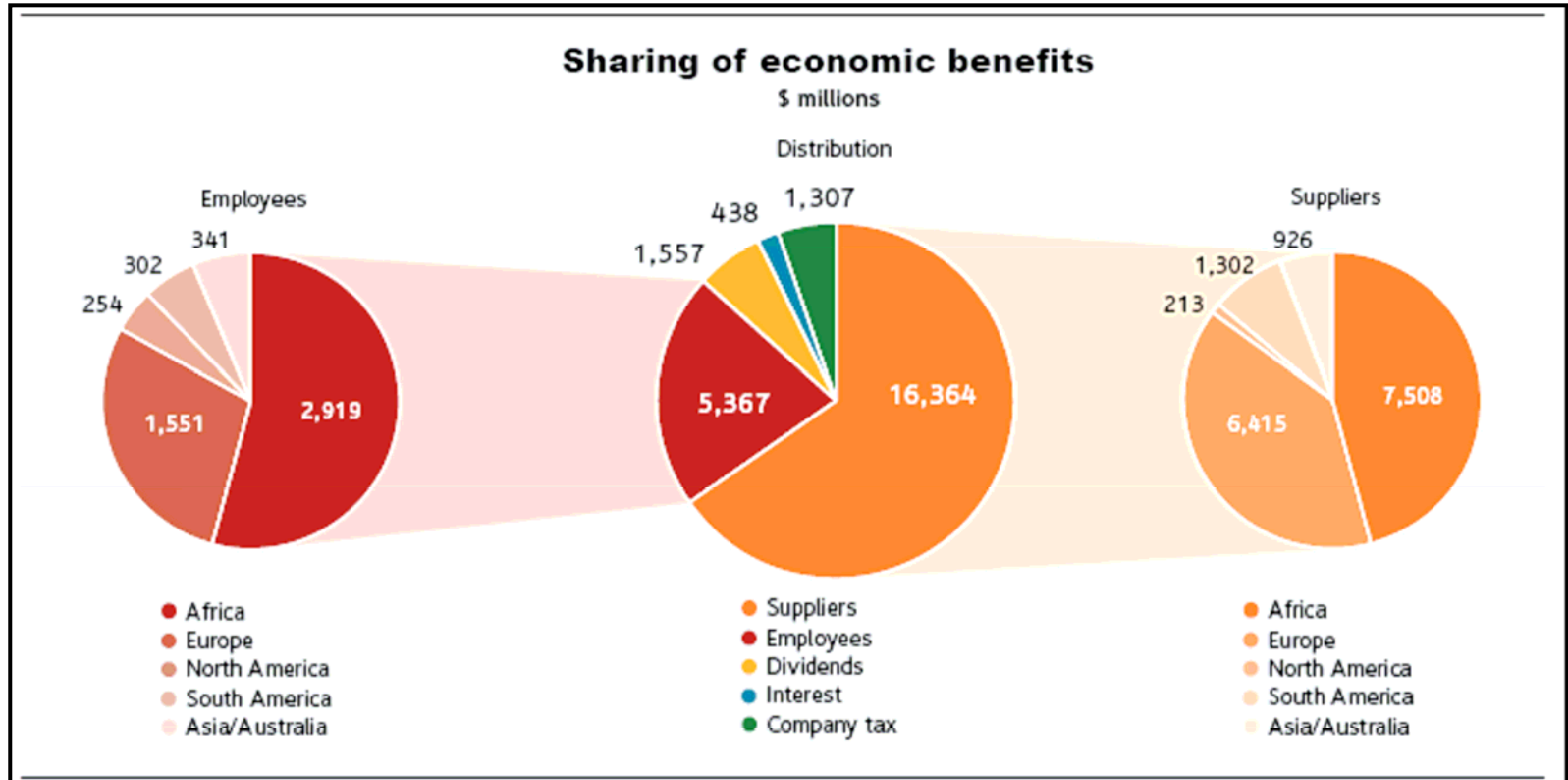


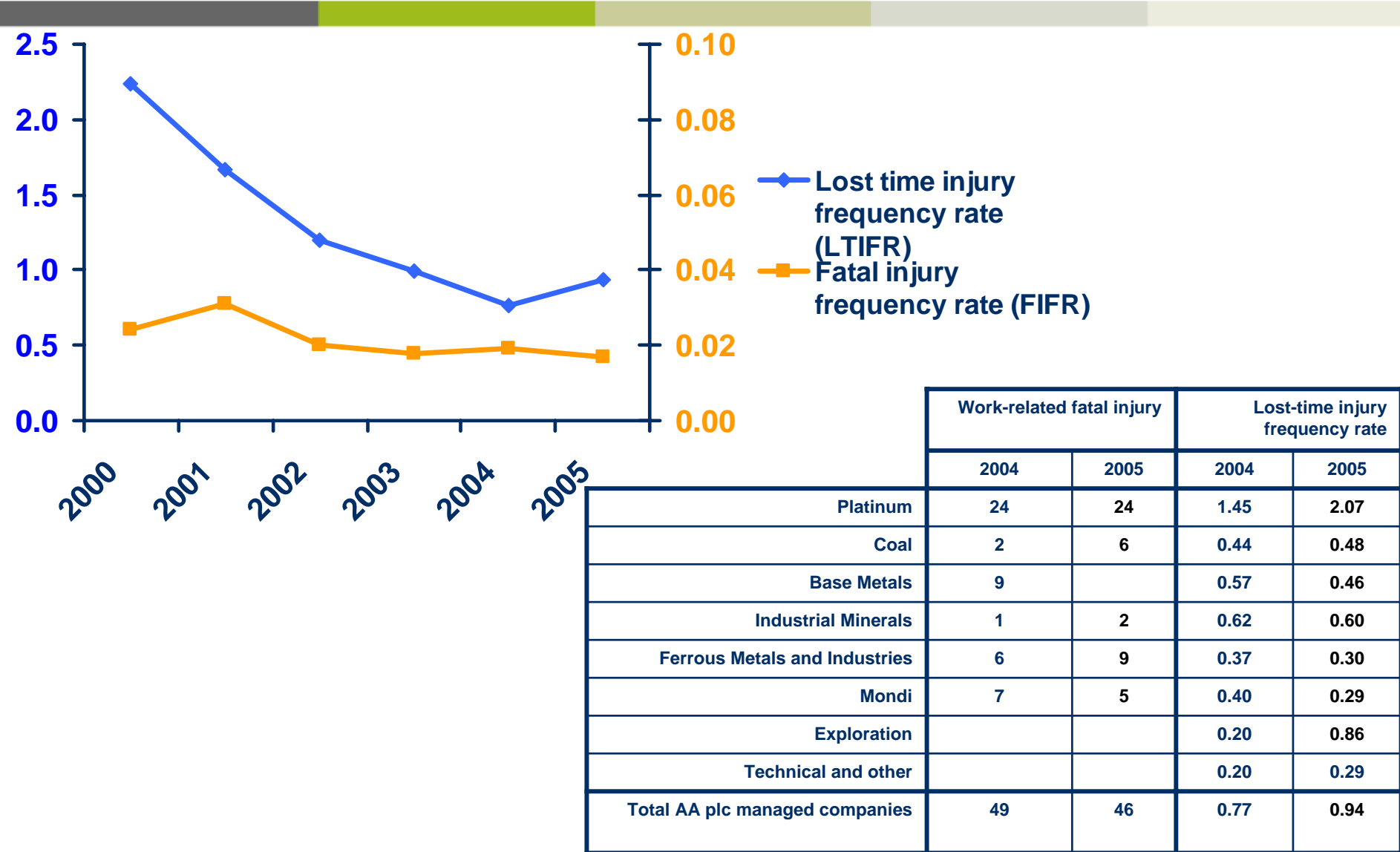
- Record underlying earnings \$3.7 billion (+39%)
- Significant cost pressures; partially offset by \$730 million in savings
- \$6.7 billion approved project pipeline; c. \$10 billion in additional potential projects
- Special dividend \$0.5 billion
- Share buy-back \$2 billion
- Net debt down 39% to \$5 billion

Objective	Status
Reduce stake in AngloGold Ashanti	Stake reduced to 41.8% - \$1 billion raised; exit within 2-3 years
Separate listing of Mondi	Listing on LSE by late 2006/ early 07
Sale of Highveld Steel	Offers under consideration
Restructuring of Tongaat Hulett	Hulett Aluminium to be demerged
Improve returns from Tarmac	Phase 1 complete; phase 2 underway

**LEADING TO THE CREATION OF A MORE FOCUSSED
MINING GROUP**

Sharing of economic benefits - 2005





- Executive Training by DuPont
- Newly articulated vision of Zero Harm
- Principles
 - Zero mindset
 - Zero repeats
 - Follow simple, non-negotiable standards & rules
- Peer Review
- Management & Supervisor Training
- Communications: “One Injury is One Too Many”

We have major centres of excellence, and are learning from them too:

- Anglo Base Metals division: 12 000 people: Training focus on over 1000 managers & supervisors – 19% drop in LTIFR and now over 20 months without a fatal injury
- Goedehoop Colliery in SA: 1800 employees & contractors: 1 LTI in 2005
- Mondi Packaging's Steti Mill in Czech Republic: 900 people: 2 LTIs in four years
- Tarmac South of England: 1200 people on 87 sites: Zero LTIs in 2005
- Anglo Platinum's ACP (smelter) project: Phase 2: 2 years of zero LTIs
- Many smaller businesses or sections have run for many years without an LTI: Chagres Smelter's electrical team – over 23 years

We continue building a culture of safety excellence on these and other examples

- Brazil
- China
- Russia
- India



Dorian Emmett

Head of Sustainable Development

- **Integrating Sustainable Development**
- **Energy and Climate Change**
- **Environment**

Drivers

- Leadership and Good Citizenship: Our Business Principles
- ICMM SD Framework and Principles
- Integrated Risk Management Process
- Performance Management - Operations / Divisions / Corporate
- Assurance: “In accordance with” GRI, and our Reports To Society
- Stakeholder engagement

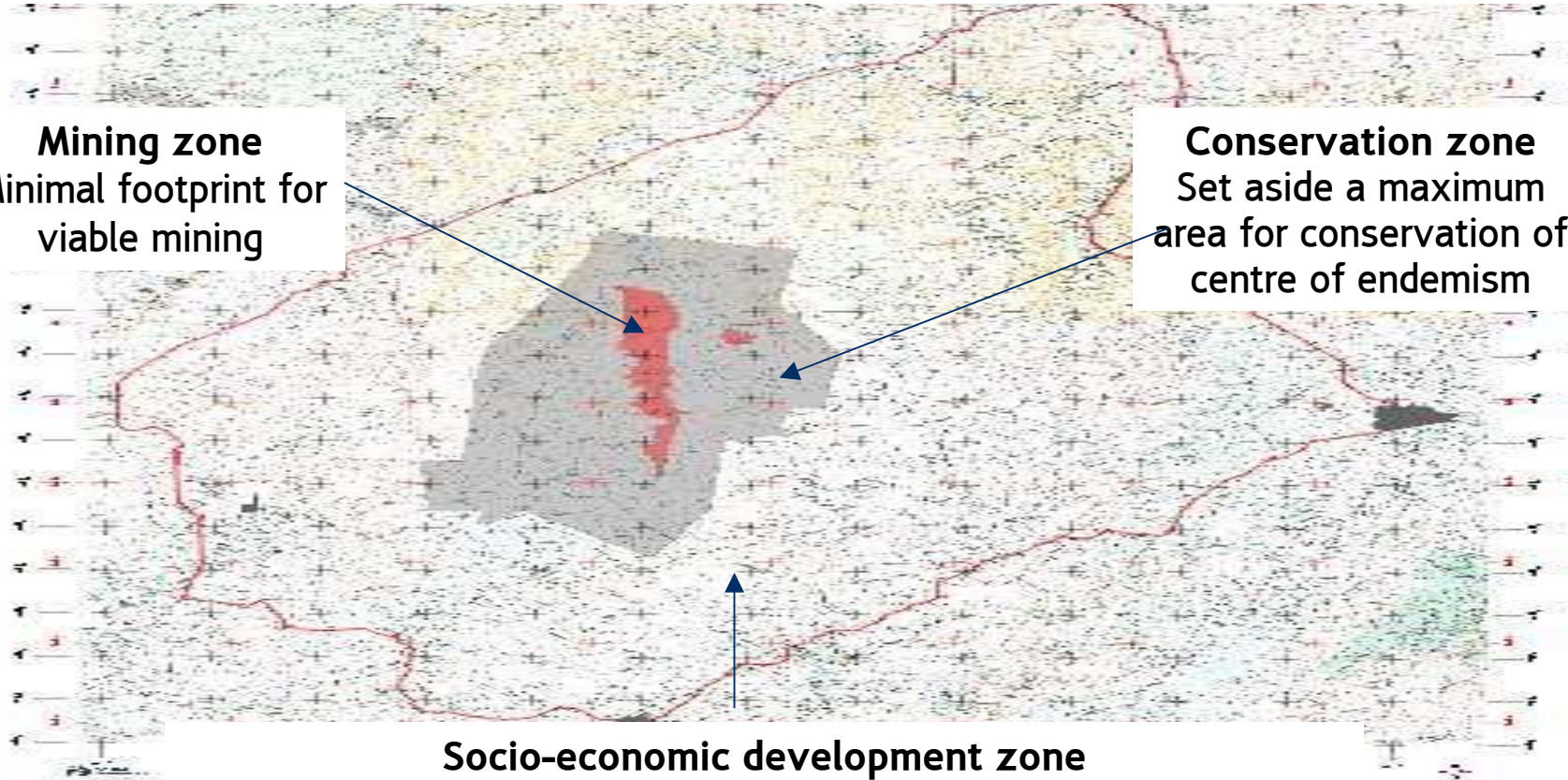
Tools

- Policies and guidelines
 - SHEC (Exploration)
 - SEAT
 - Community Engagement Plans
 - Biodiversity
 - Climate Change
 - Procurement
 - Product Stewardship
 - Closure
 - Resettlement
- Peer Reviews – Safety, Biodiversity
- Building SD and carbon costs into project assessment
- Portal

Integrated planning for a mine – SD Zones of Influence

Mining zone
Minimal footprint for viable mining

Conservation zone
Set aside a maximum area for conservation of centre of endemism



Socio-economic development zone
Mining designed as a catalyst for building a society that can adapt to changing economic circumstances and prosper post mining

SUPPLY CHAIN:

Engagement Guidelines

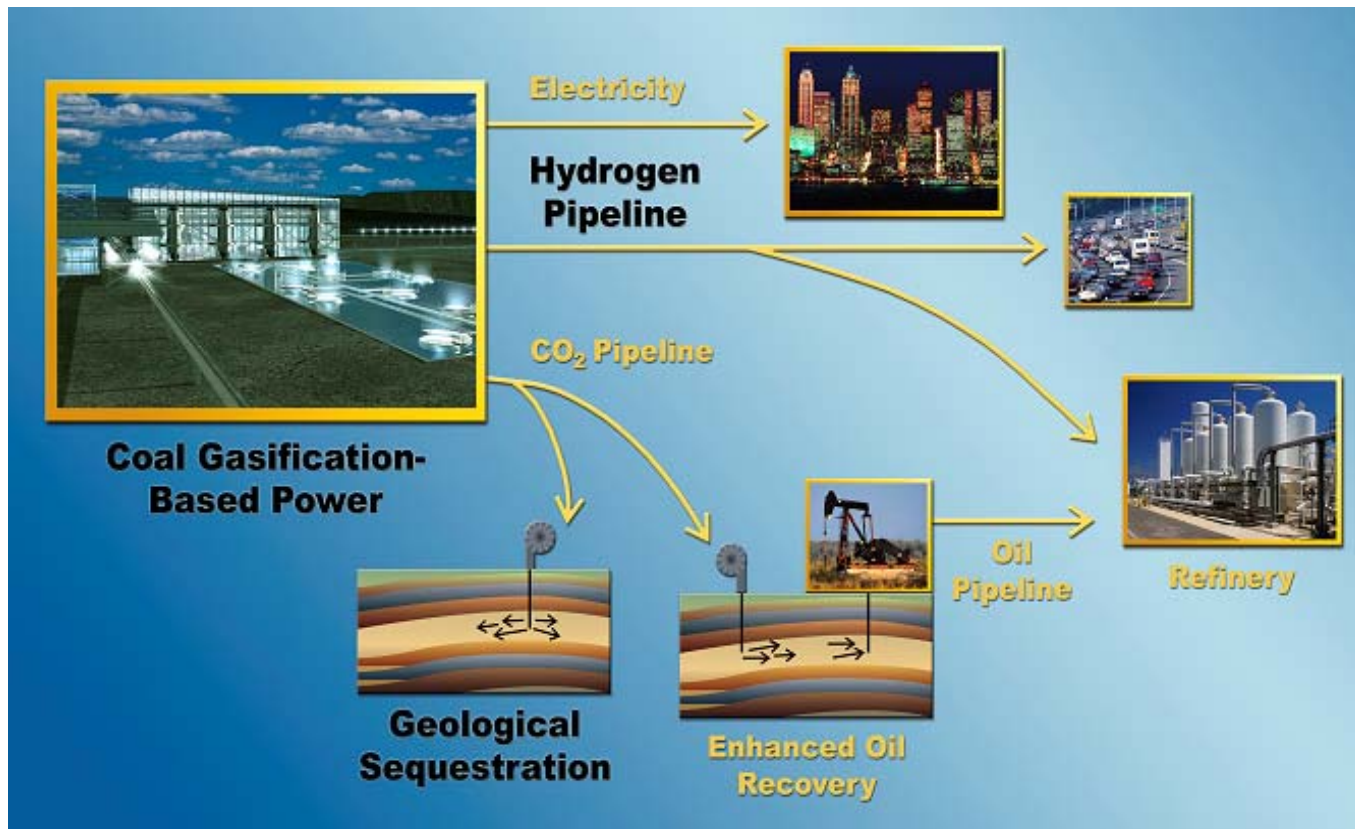
REACH:

**Registration, Evaluation,
Authorisation of Chemicals**

- Energy saving: targeting 15% by 2014
- GHG emissions reductions:
 - Biomass up from 18% to 22% of our energy supply
 - Reduced emissions associated with energy savings
 - Methane capture for energy generation
- Carbon Trading: use market-based instruments to turn savings to account
- Coal as a source of clean energy

Energy & Carbon Management

Investing in technology – FutureGen



Energy & Carbon Management

Investing in technology - MONASH



Other key environmental challenges include:

- Water
- Air Quality
- Integrated Land Use Planning
- Biodiversity

Some illustrations:

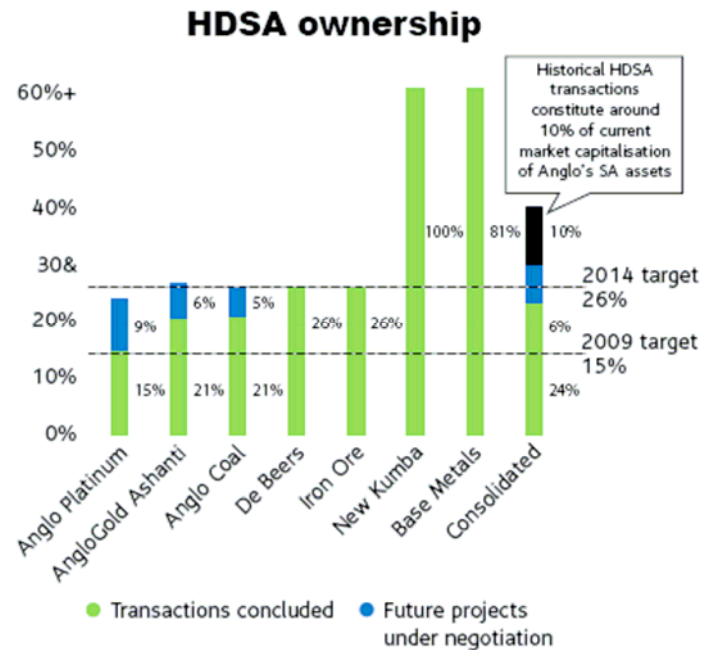
- Water: \$47m to process mine water to community drinking water at Emalahleni
- Tarmac's Aquifa reservoir pavement technology
- Mondi's 1.2m hectares of forests FSC certified in partnership with WWF & Silver Taiga. Another 1.2m hectares to follow
- Air quality: SO₂ emissions reduced by 16% largely through work at Anglo Platinum's Waterval Smelter, and improvements at Mondi's Merebank Mill
- Waste reduction & recycling: numerous examples in the Report

- Over 88% ISO / 14001 certification
 - recent acquisitions have up to two years to comply
- This is reflected in a levelling-off in the number of environmental incidents reported
- No major incidents
- 13 biodiversity action plan peer reviews. A further 10 targeted for 2006

Russell King
***Head of Human Resources and Business
Development***

Transformation

- **Economic Empowerment**
- **Human Resources**
- **HIV/AIDS**

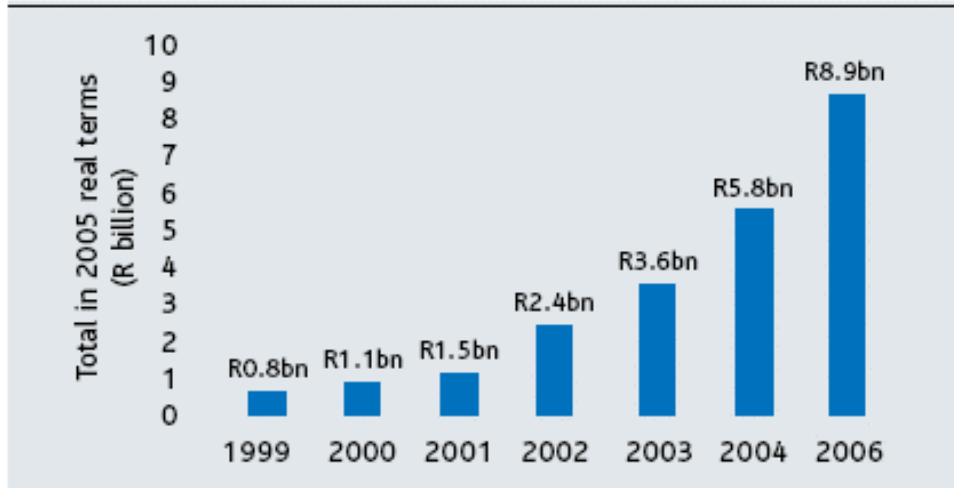


- Confident that we will meet, if not exceed, the requirements of the Mining Charter

- HDSA ownership
- Career Paths and Skills Development
- Mine Communities and Labour
- Migrant Labour



We have invested significantly in the transformation of South Africa



BEE Procurement spend and SME development

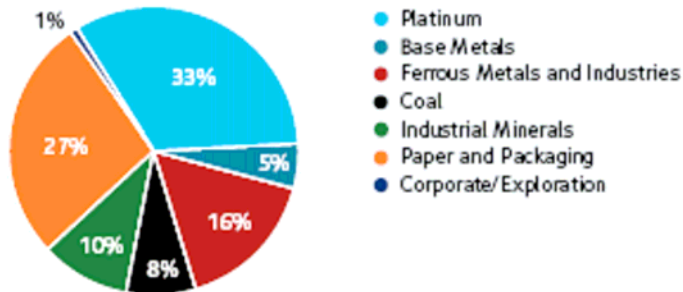


- Between 1999 -2005
 - Invested R145bn
 - R33bn BEE transactions
 - R28bn BEE procurement (up 51% in '05)
 - Created 2000 SME jobs
 - Instrumental in forming largest BEE mining houses with market cap. of R37bn

- BEE Transactions
 - Mondi/Shanduka – R1.1bn
 - Exarro – R18bn
 - Ponahalo – R3.8bn

- Strong project pipeline of R23bn in SA from 2006-09

Permanent employees*
by division



* Excluding JVs and independently managed subsidiaries

- 91% covered by a formal consultation process (80% in 2004)
- 3.6% of total employment cost spent on training (3.8% in 2004)
- 51% of employees have formal performance and development reviews (40% in 2004)
- 7,000 trainees – more than doubled since 2002

Employee numbers by continent*	Managed companies
	'000
South Africa	76
Rest of Africa	2
Europe	38
North America	1
South America	6
Australia and Asia	5
Total	128

* Excludes JVs and independently-managed subsidiaries

Improving diversity



- Great progress on racial diversity in South Africa has:
 - Increased percentage of HDSAs in management from 37% to 40%
 - Increased number of HDSAs in senior management ranks - now 20% up from 14% in 2004
- Slower progress being made on gender but with pockets of excellence:
 - Coal SA have 11% of workforce are female with 50% in technical roles
 - In SA, women in management now 13% (up from 12% in previous year)

Building a meritocracy is a key part of strategy



- Strong values underpin all we do
 - Ongoing reinforcement of our 'Good Citizenship' Business Principles
- Clear standards for employee development and selection
 - WiWTTSiA competency framework
 - Formal talent management process
 - Formal group programmes
- Performance Review
 - All managerial staff to have a face to face performance and development review
- Seeking employees' views
 - Regular surveying of employee views and other consultation processes – 3000 people surveyed in 2005

- **Strategy**
 - Strong line management leadership
 - Prevention through education, condoms
 - Voluntary Counselling and Testing (VCT)
 - Care, support and treatment for HIV positive employees
 - Results focus
 - **Community Partnerships**
 - Business training on HIV/AIDS in China
 - Community education and awareness in Brazil and Russia
 - \$4.7m over 3 years in South African Partnership programme

HIV/AIDS – Key Data 2005

Eastern and Southern Africa

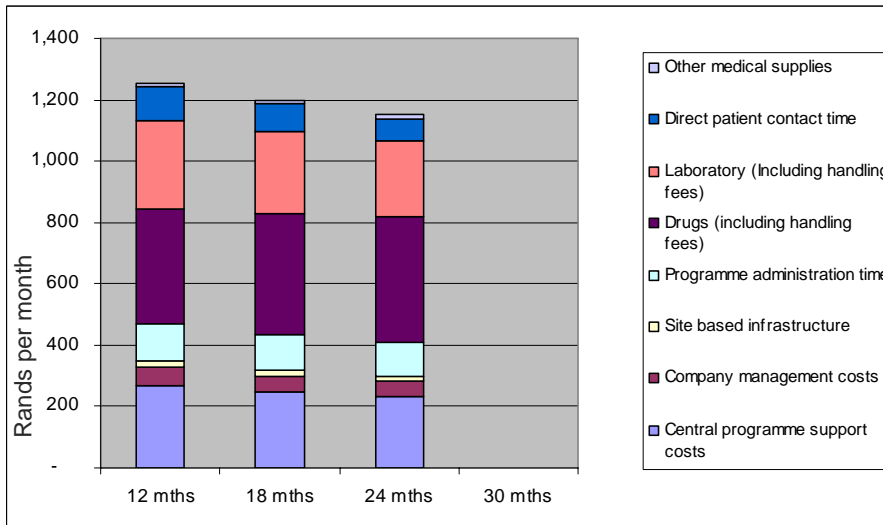
Number of Employees	121,113		
Number of Employees who received VCT in 2005	37,982	<u>VCT Uptake</u>	
		2003	<10%
		2004	21%
		2005	31%
		2006 (Target)	50%
Estimated number of HIV positive Employees	28,291		
Number of Employees on HIV Disease Management Programmes	8,315		
Number of Employees taking ART	3,034		

- Approximately 3200 employees on ART at end April 2006
- Although this is 11% of estimated HIV +ve population, we believe that about 25% are in need of treatment now
- A successful VCT drive will help us close the treatment gap
- Those who start treatment before they get sick have much better treatment outcomes
 - Treatment started late (Advanced AIDS) Mortality 20%
 - Treatment started before the onset of AIDS Mortality 5%
- Over 94% of employees on treatment carry out their normal work and live healthy productive lives
- Ensuring meticulous adherence to the treatment regimens is the most important long-term issue

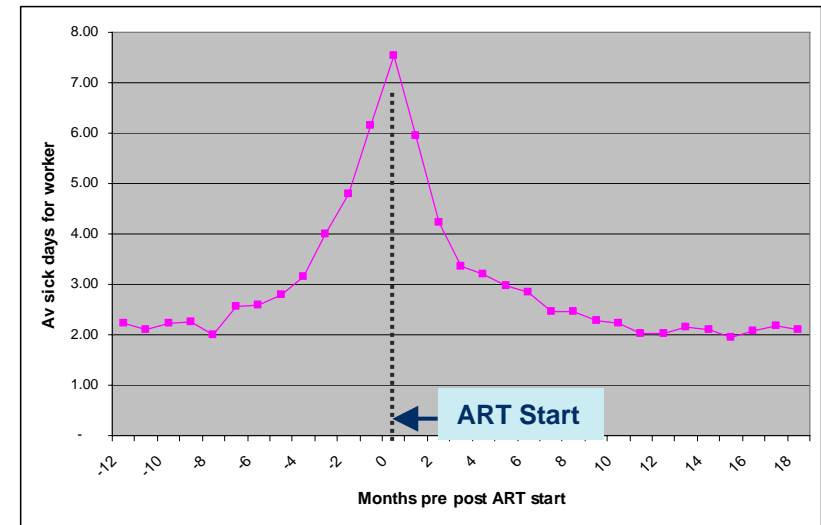
ART - Economic Impact

- Cost of providing ART in the first year is \$194 per patient per month
 - Costs reducing over time due to economies of scale and declining drug prices
- Cost of ART is more than covered by reduction in absenteeism and reduced health care costs
 - Savings from reduction in absenteeism cover 20 – 60% of ART costs
 - Savings from reduced hospitalisation cover 45 – 70% of ART costs

Trends in cost of ART provision



Short-term trends in absenteeism



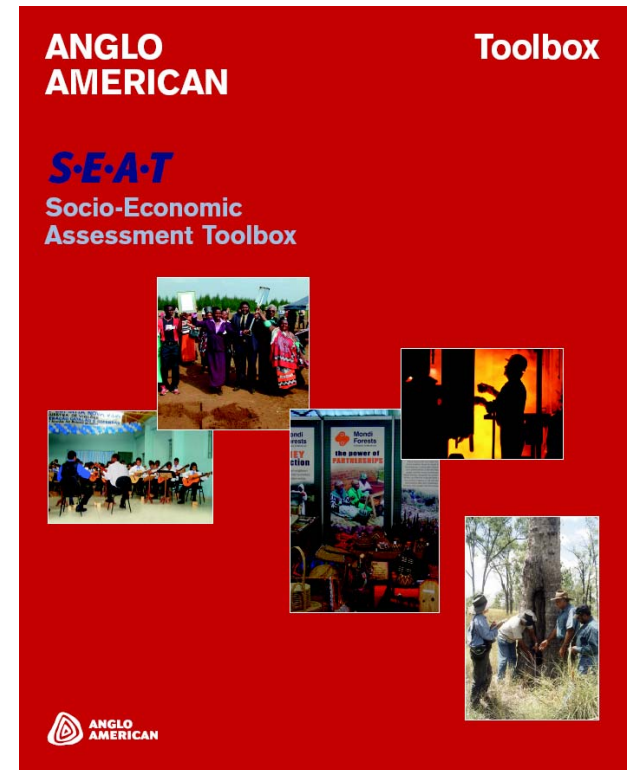
Edward Bickham

Head of External Affairs

- **Social and Community Programmes**
- **Local Business Development**
- **International Partnerships**

- Socio-Economic Assessment Toolbox (SEAT)
- Community Engagement Plans
- Local Business Development
- Community Social Investment
- Partnerships
- Sustainable Livelihoods Initiatives

- 33 assessments completed; 19 in the field
- Implemented in 15 countries
- Aimed at raising social performance and capacity building at mature operations
- Seeking to track implementation of management commitments
- Plan to publish review document in Q4 and to make methodology widely available

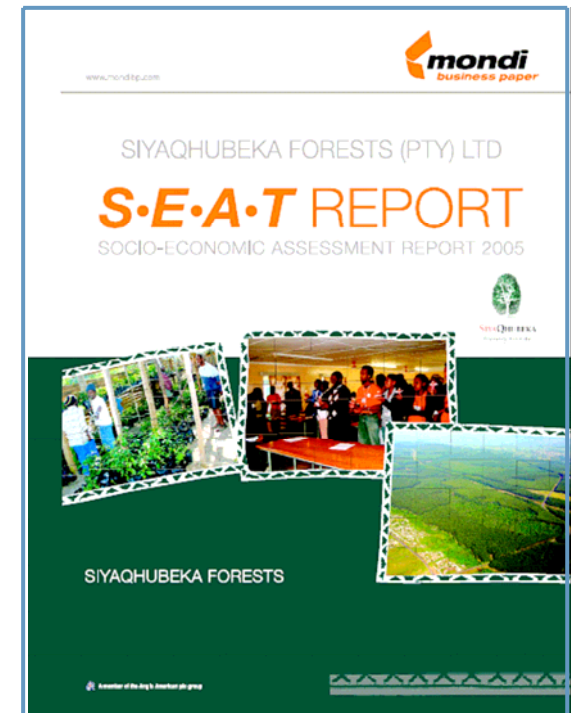


Issues

- Access to contract work for local people
- Need to finalise local land claims
- Addressing impacts of HIV/AIDS in labour force
- Criminal activities/safety in plantations
- Unemployment

Management Responses

- Inclusion of local labour requirements in contracts; preference for local BEE contracting companies
- Social impact study on impacts of planned mechanisation
- Delays in resolving land claims to be addressed with government
- To address need for sustainable livelihoods increased grazing permits to be issued in context of training on grazing levels and implementation of honey projects
- Security company to improve safety in plantations
- **HIV:** ART for staff; facilitation of treatment for community
- Development of KPIs and monitoring



Issues

- Perceived lack of contribution to local economy
- Lack of local employment
- Concerns about environmental impact on agriculture
- Concerns around environmental performance
- Lack of communication
- Change crop rotation policies on company owned land

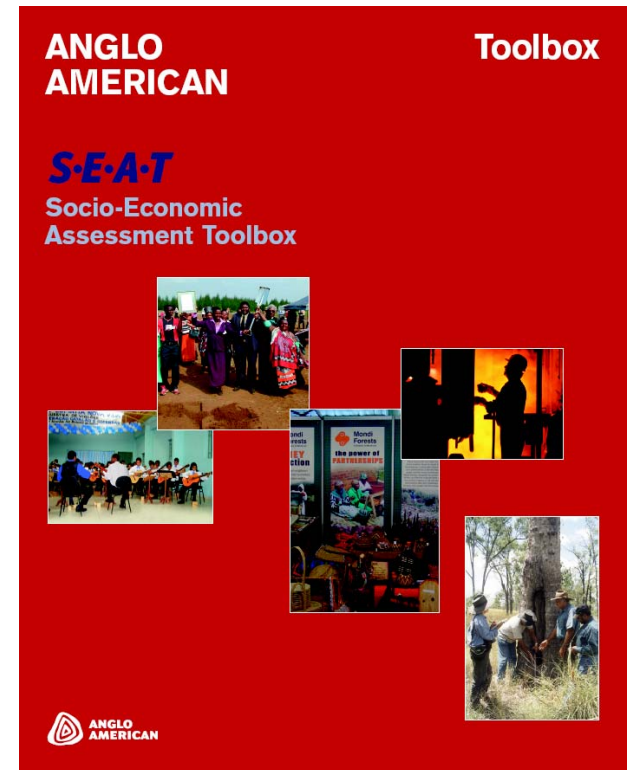
Management Responses

- Identify potential of local suppliers
- Training courses/capacity building for local suppliers and improved access to information re supply opportunities
- Initiation of apprentice programme
- Measures to stimulate good practice in local agriculture (e.g. experimental farm)
- Promote use of local labour by contractors
- Creation of a communal environmental committee
- Improve information on environmental performance including site visits
- Participative monitoring programmes
- Creation of regular engagement forums
- Explore support for organic agriculture

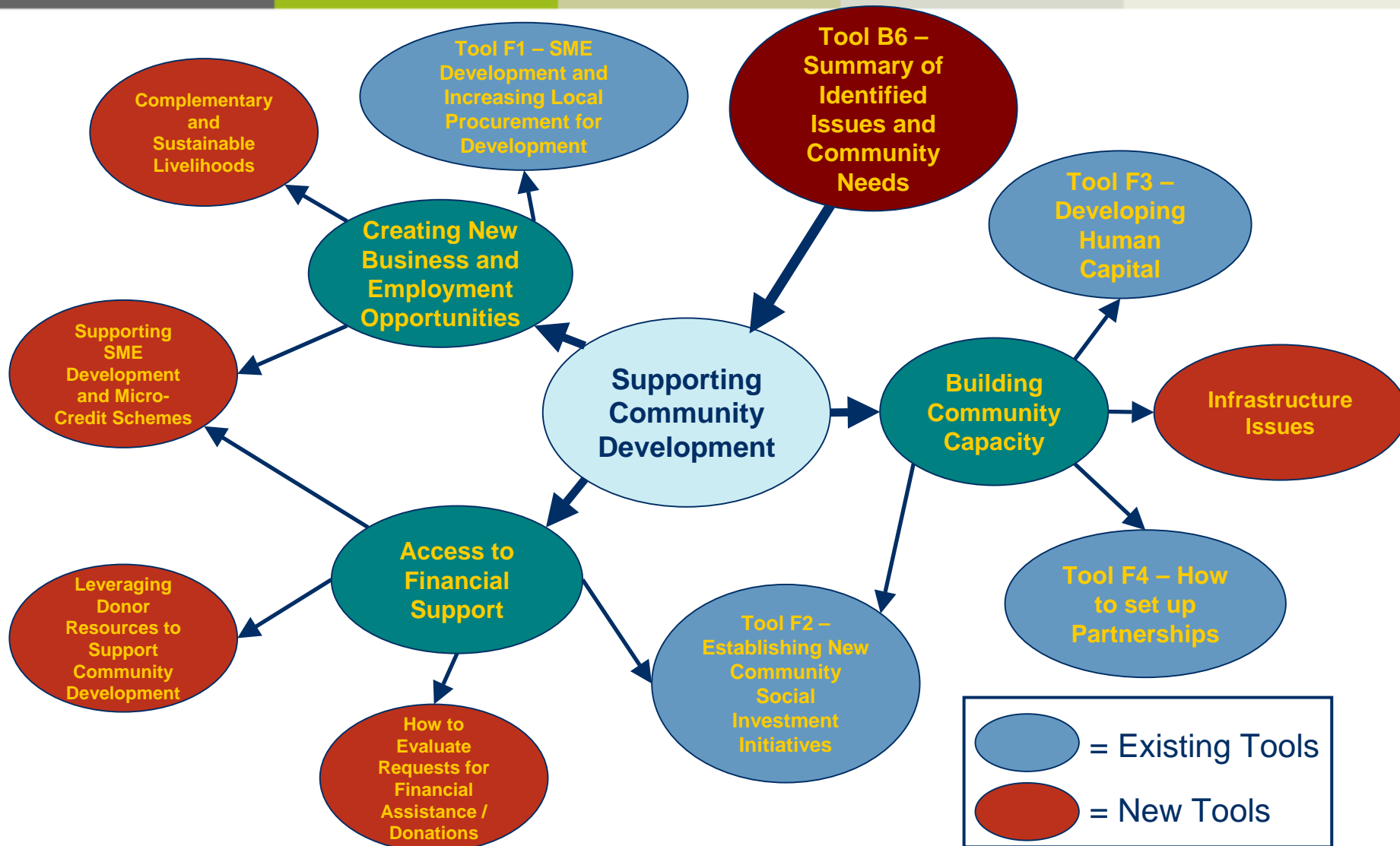


Common emerging themes

- Lack of trust on environmental and health issues
- Dust and other environmental impacts
- Transport issues
- Access to jobs/transparency around recruitment practices
- Supply chain opportunities
- Balance/distribution of social investment
- Rivalry between stakeholder groups
- Perceptions as realities



Learning from Experience – SEAT 2



Southern Africa

- Anglo Zimele: invested in c.25-30 companies; supporting c. 2,000 jobs
- Sustainable livelihoods initiatives in Anglo Coal, Anglo Platinum and Mondi Forests

South America

- Chile \$3 million local business development facility
- Venezuela: uniform making; tree nurseries
- Brazil: major push on local procurement

- Declaration of key lobbying activities
- No political donations in 2005
- Extractive Industries Transparency Initiative

- Global Business Coalition on HIV/AIDS
- Voluntary Principles on Security and Human Rights
- NEPAD Investment Climate Facility
- Business Action for Africa

QUESTIONS