

Presentation on Anglo American's Sustainable Development Performance 2006

18 June 2007



AGENDA

1. Welcome

- Sir Mark Moody-Stuart, Chairman, Anglo American plc

2. Strategic Overview

- Cynthia Carroll – Chief Executive, Anglo American plc

3. Safety, Health, Environment and Energy

- Dorian Emmett – Head of Sustainable Development

4. Social and Community Issues and International Initiatives

- Edward Bickham – Head of External Affairs



Welcome and Opening Remarks

Sir Mark Moody-Stuart, Chairman

Cynthia Carroll, Chief Executive

- Financial summary
- One Anglo
- Our ambition
- Key issues:
 - Safety
 - Climate change
 - Stakeholder engagement
 - Distribution of economic benefits

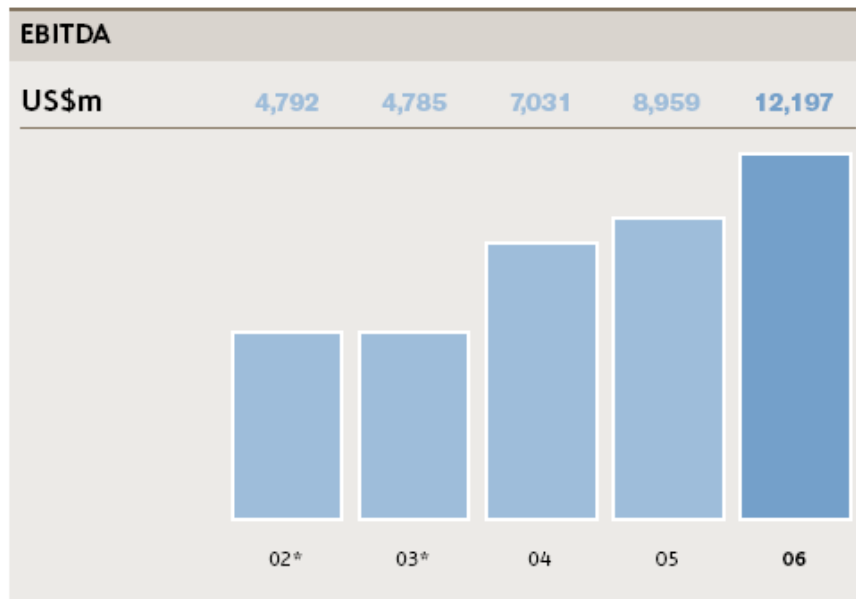
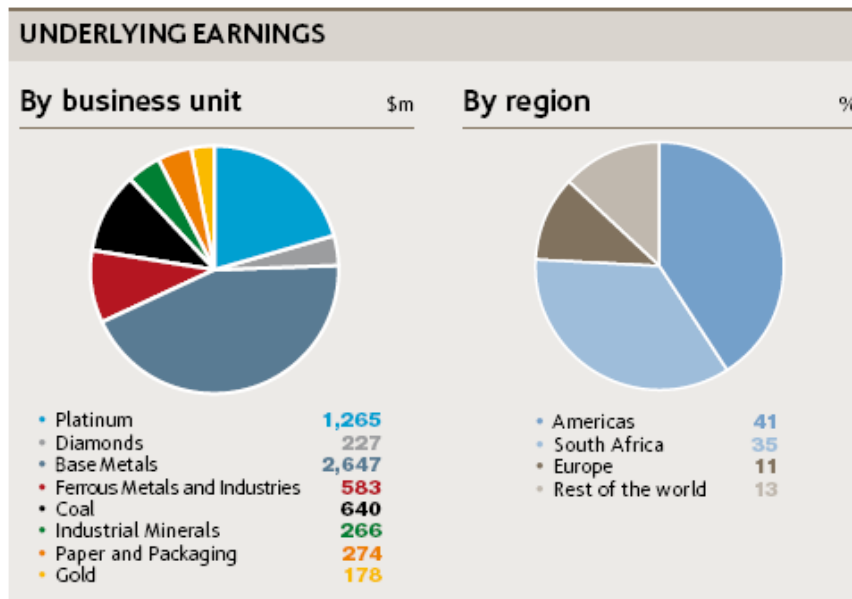
Financial Summary

- Underlying earnings:
- Operating profit:
- EBITDA:

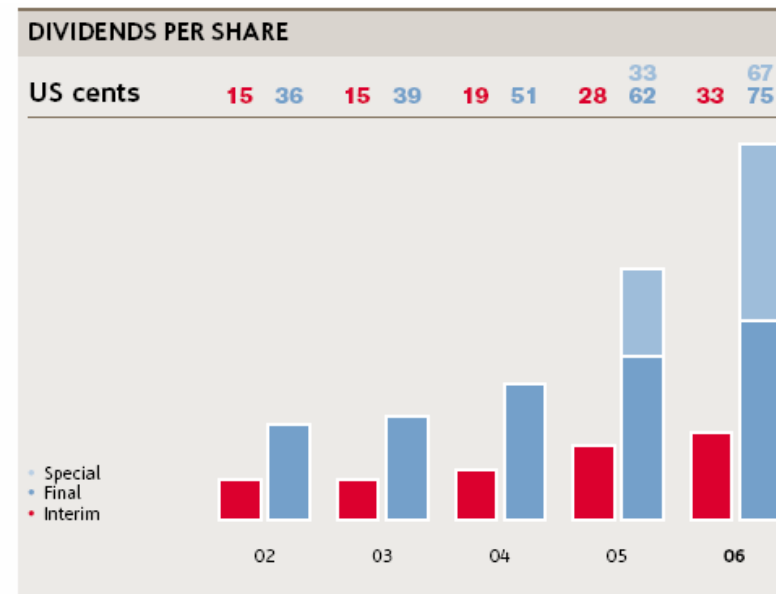
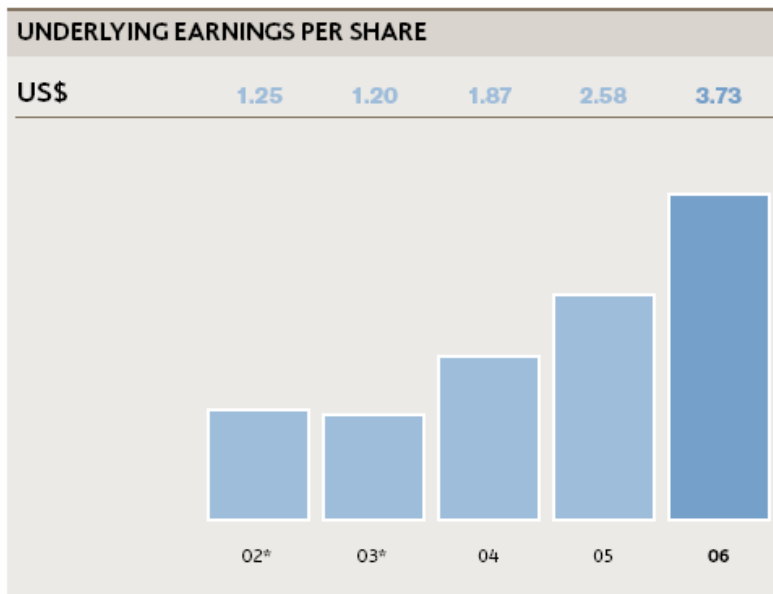
\$5.5 billion (↑ 46 percent)

\$9.8 billion (↑ 54 percent)

\$12.2 billion (↑ \$3.2 billion)



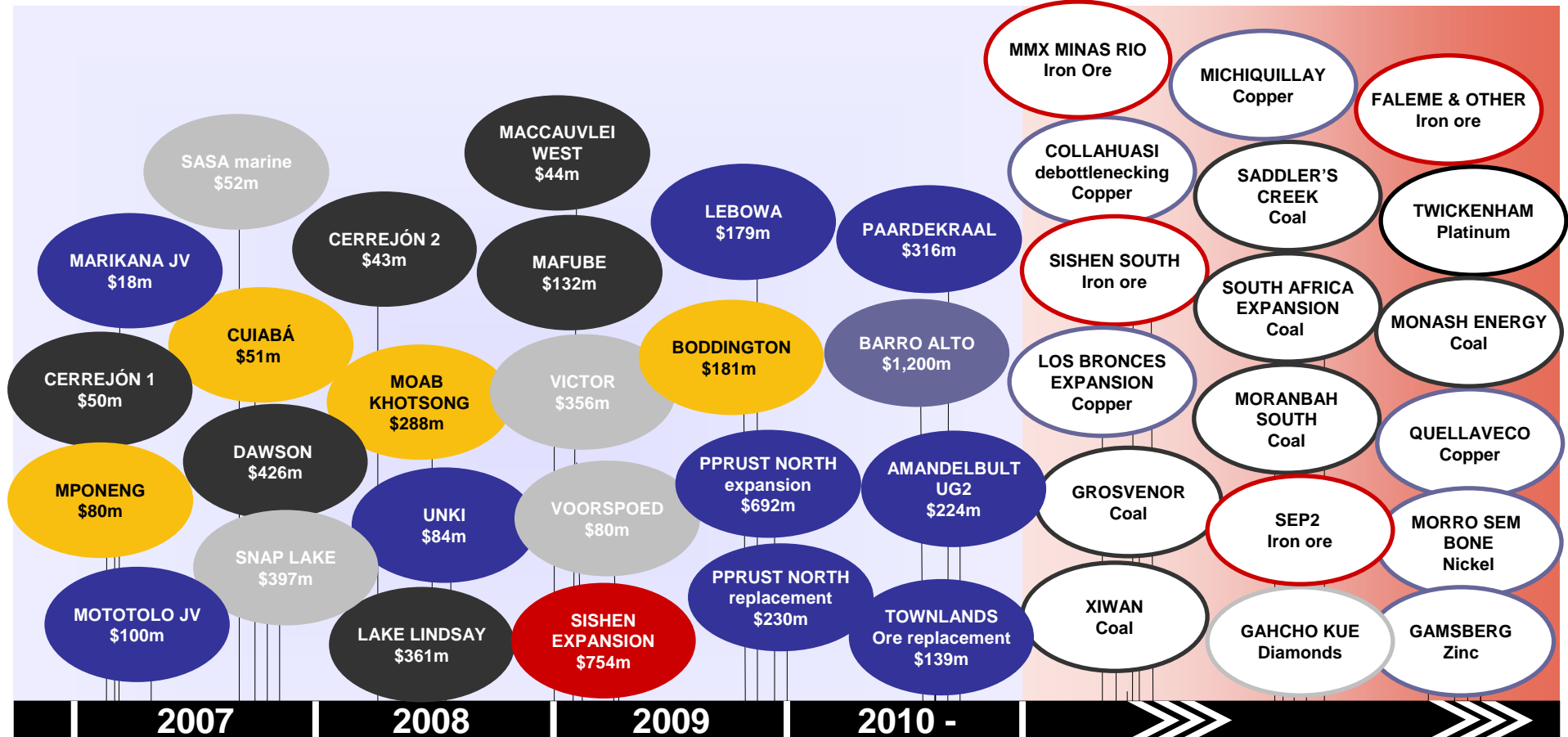
- Strong growth in earnings per share
- Consistent growth in dividends per share:
 - Total 2002: 41 cents per share
 - Total 2006: 175 cents per share
- Special dividends in 2005 and 2006



Financial Summary

\$6.9bn of approved projects

\$10-15bn of future projects



■ Anglo Platinum
 ■ Diamonds
 ■ AngloGold Ashanti
 ■ Coal
■ Ferrous Metals
 ■ Industrial Minerals
 ■ Base Metals

Selected major authorised projects. Selected future projects unshaded. 100% of subsidiaries and AA plc's share of JV's and associates. Full production dates (approx).

Business Model: One Anglo

- Functional standardisation:
 - Especially in safety
- Capitalising on our scale:
 - Procurement
 - Talent management
 - Central services
- Sharing expertise:
 - Collaborative tools (over 250 collaborative groups)
 - Better coordination across businesses and geographies
- Accelerate decision making and implementation
- All leading to better performance – including safety and sustainable development – and greater efficiency

- To be the leading mining company of choice:
 - Highest performing assets
 - Maximise our share of profitable industry growth
 - Set the standard for the industry in safety
 - Preferred partner for governments and communities
 - Supplier of choice for customers
 - Best developer of talent and employer of choice in the industry

- One incident is one too many
- Safety performance:
 - 44 fatalities in 2006 (46 in 2005)
 - LTIFR was 1.16 (0.94 in 2005)
 - Outcomes not acceptable
- Management actions:
 - Personal and collective responsibilities clarified
 - Consistent application and enforcement of standards
 - Safety is the core value and overriding priority
 - Safety Peer Review training
 - Safety Summit
 - Production suspension at Rustenburg

Key Issues – Climate Change

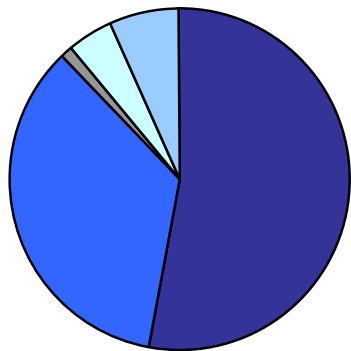
- Large energy consumer and coal producer
- 36 m. tonnes CO₂e from energy and process emissions
- *Risks*: growth increases energy demands, carbon costs / caps, power shortages, markets for coal
- *Opportunities*: energy efficiency, CDM projects, coal bed methane generation, clean coal technologies
- Key developments in 2006:
 - Greater focus on energy efficiency
 - *Clean Coal Energy Alliance* with Shell
 - Invested in FutureGen Alliance
 - Coal bed methane projects commissioned
 - Water management increasingly central to licence to operate
 - Increased emphasis on role of technology

- Stakeholder engagement increasingly important:
 - Potential for high impacts on our neighbours
 - Host and home governments are partners
 - Vital to protection of licence to operate
 - Active debate on mining's role in development
 - Accurate understanding of political / governance risks vital to expansion into new geographies
 - Major contributions from Anglo to ICMM and other multi-stakeholder processes → e.g. Resource Endowment

Key Issues – Distribution of Benefits

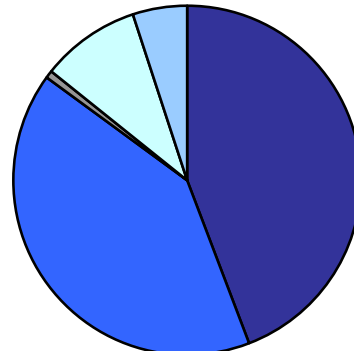
- All key stakeholders should benefit from mining
- Implemented a number of programmes to measure and enhance benefits, particularly in developing countries
- Most of our employment, tax and procurement benefits are incurred in Southern Africa and South America

Employment



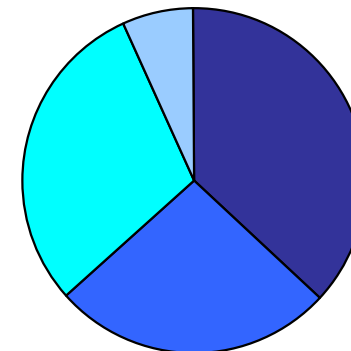
	\$ million
Africa	2,568
Europe	1,697
North America	52
South America	215
Asia / Australia	328
Total	4,860

Suppliers



	\$ million
Africa	7,595
Europe	7,058
North America	147
South America	1,579
Asia / Australia	847
Total	17,226

Taxes



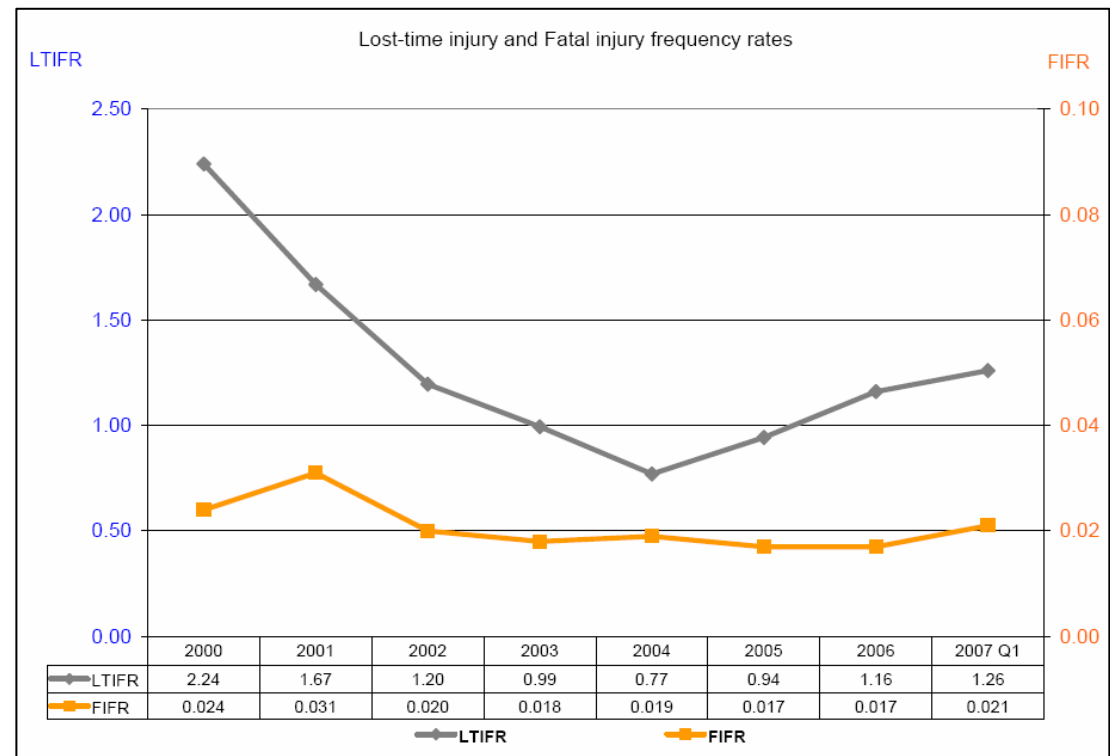
	\$ million
Africa	1,646
Europe	1,178
N&S America	1,340
Asia / Australia	291
Total	4,455

Dorian Emmett, Head of Sustainable Development

- Key challenges:
 - Safety
 - Climate change
 - Mine closure
- Strengths:
 - Biodiversity
 - Water
 - Occupational health

Safety – Where Have We Come From?

- 2002: Du Pont survey of 13 sites led to:
 - Safety Standards and Golden Rules
 - Visible felt leadership
 - Dependent/ Independent / Interdependent Behaviours
- 2005:
 - Training of top 30 executives
 - Anglo Safety Framework



- 44 Fatalities in 2006 (46 in 2005):
 - This is unacceptable
 - Required progress has not been made
- Progress in 2006 / 2007:
 - Framework implementation
 - Communication of the Vision and Three Principles
 - Training
 - Anglo Safety Way: World class management system standards
 - Peer Review programme
 - June 2007 Safety Summit

Safety – Work Programme

- One, consistent standard being rolled out in the form of the Anglo Safety Framework:
 - We believe the framework is world-class, and learns from “best-in-class” examples, especially Australian experience
 - Compulsory fatal risk management protocols
 - Institutionalising best practice safety risk management
 - Consistent and rigid application
 - Personal and collective role of the company’s leadership to eliminate fatalities
 - Reinforcing message to managers that they are empowered to intervene to put safety first, above all other considerations
 - Focus for 2007 is to institutionalise this consistent approach

Energy and Climate Change

- **CO₂e emitted:** 36 million tonnes
- **Target:** 10% carbon intensity decline 2004 – 2014
15% energy intensity decline 2004 – 2014
- **5 carbon projects:** Saving > 2.6mt CO₂e/year
- **Engagement:** Carbon Sequestration Leadership Forum
International Emissions Trading Association
International Energy Agency
- **Carbon Working Group:** Carbon efficiency
Carbon trading – 2 approved CDM projects, 5 in development
- **Security of Supply:** Rapid demand growth in some countries is straining capacity
Experimenting with solar energy at mine sites



*Anglo-Shell
Clean Coal
Energy
Alliance*

- Monash Energy, Australia:
 - Coal-to-liquids plus carbon capture and storage
 - Multi-\$billion investment, 60k barrels/day, 13 million tonnes CO₂/year stored
- Xiwan Project, China:
 - Jointly progressing with Shell
 - Impact mitigation and carbon management focus
- Actively considering other projects and regions

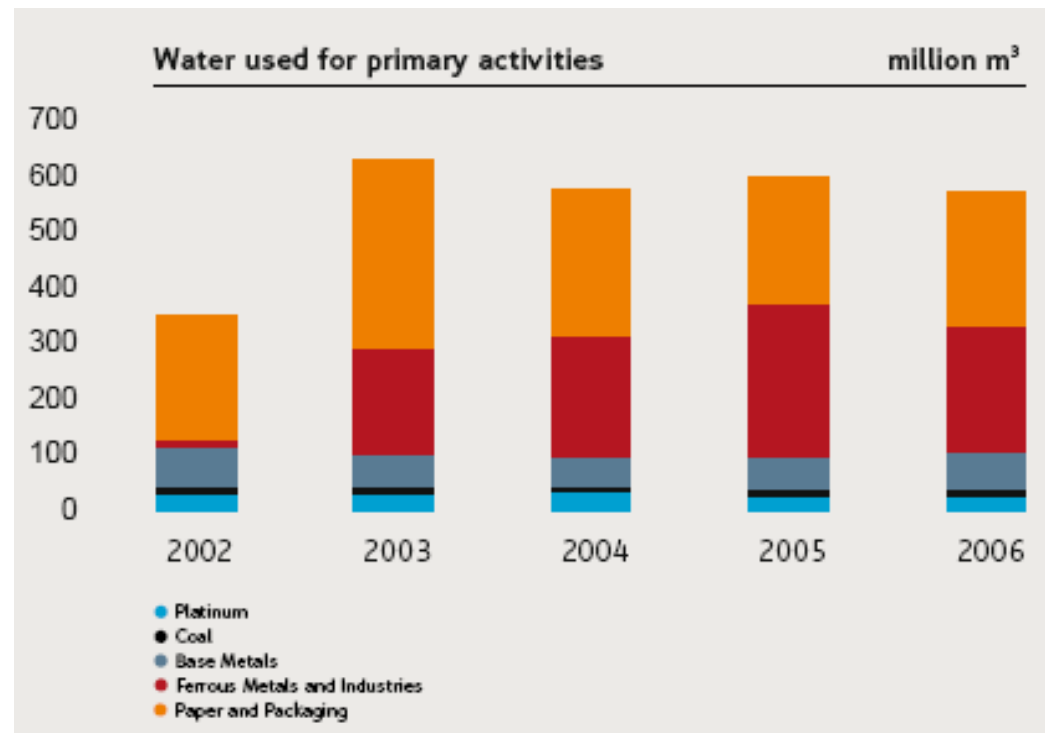
*FutureGen
Industrial
Alliance*

- US\$1bn, US DOE / industry alliance
- 275 MW / near zero emissions coal plant
- Aim: near zero emissions, “*nth*” plant at costs 10 percent higher than existing plants

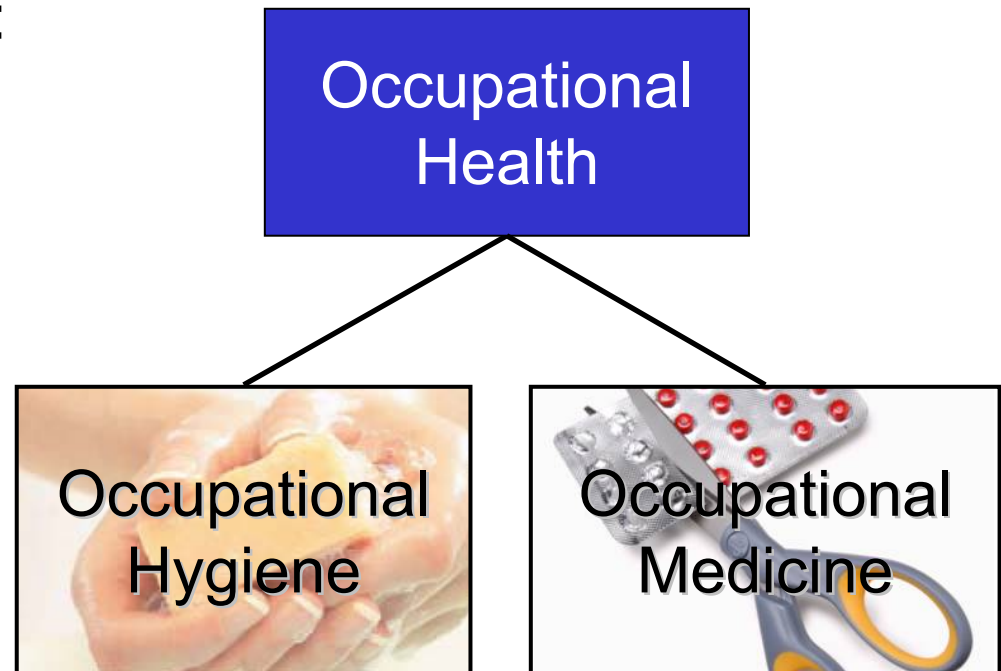
- Partnerships:
 - Fauna and Flora International Memorandum of Understanding (MOU)
- Draft MOU's:
 - Kew
 - Earthwatch
 - Botanical Society of South Africa
- Group Biodiversity Action Planning peer reviews 2007:
 - 12 sites scheduled
- ICMC Biodiversity Good Practice guidance document issued
- Offsets:
 - Member of Business and Biodiversity Offset Programme (BBOP)



- Planning a survey of effects of climate change on water management
- Draft Guidelines:
 - Reporting water information
 - Developing integrated water management plans
- International Network for Acid Prevention (INAP):
 - Guidelines for acid rock drainage
- WBCSD Inventory Tool:
 - Tied to GRI protocol
- Group Waterways Summit end November 2007



- New Group-wide occupational health function established:
 - Centre of excellence and expertise
 - Policy development
 - Investigation
 - Training
- Three key principles:
 - Prevention of occupational ill-health
 - No repeats
 - Group-wide, simple, non-negotiable rules
- Closely aligned with Group safety initiatives



- Mine closure is both a risk and an opportunity:
 - Vital for the good name of Anglo and the industry
 - Early planning can leave behind infrastructure with viable post-mining uses → lasting benefits for host communities and better value decommissioning
- Mine Closure Planning Toolkit developed internally:
 - Staged approach, starting from mine planning phase
- Final testing:
 - De Beers, Anglo Base, Kumba Iron Ore
- Final draft Q2 2008



- For new mines. The objective is the integrated planning of:
 - Environmental
 - Social
 - Economic
 - Local / regional / national considerations
- Moving away from narrow impact assessments
- Aims to minimise impacts, maximise benefits:
 - eg infrastructure planning for community *and* mine benefit
- Currently in development stage. Piloting at:
 - Der Brochen (Platinum)
 - Mafube (Coal)
 - Potgietersrust (Platinum)



*Edward Bickham, Head of External
Affairs*

- Key challenges:
 - Growing stakeholder expectations
 - Resource nationalism / distribution of benefits
 - Resettlement
- Strengths:
 - Sector leading tools and initiatives
 - Engagement in key international fora
 - Human resource development
 - HIV/AIDS programmes
 - Black Economic Empowerment programmes

Social Agenda – Context

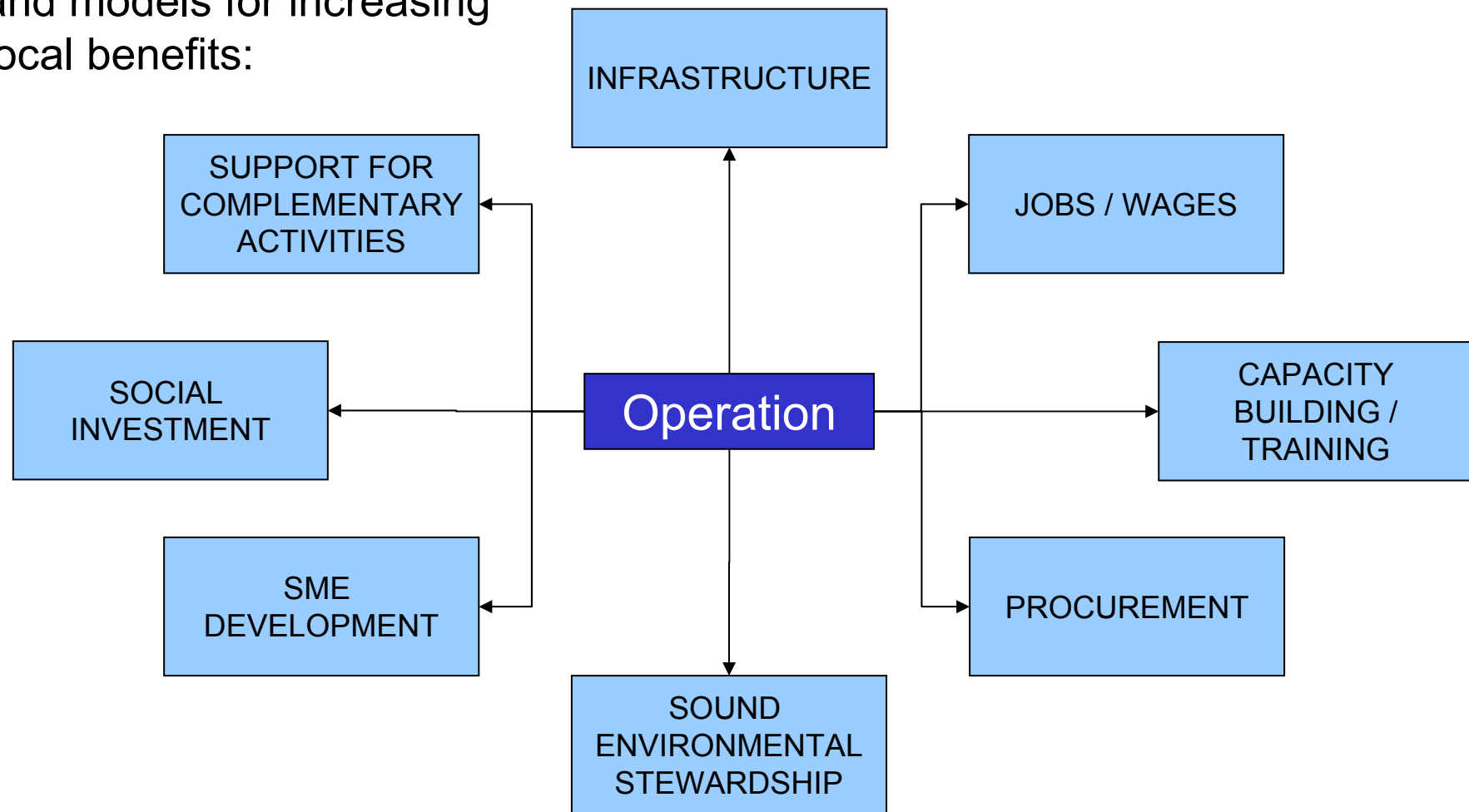
- Higher commodity prices feeding resource nationalism
- Increasingly assertive and better networked communities
- Companies' ability to operate constrained by lack of host government capacities
- Skills shortages in key countries
- Need to examine benefit models for communities
- Companies attacked as surrogates for governments
- Some progress but... poor industry communication
- Ascendancy of 'resource curse' versus mining's role in development
- Emergence of new competitors (e.g. China, India)

- Resource nationalism:
 - Explaining distribution of benefits
 - Greater engagement with host governments
 - Greater focus on generating benefits for host communities
 - Ensure focus on sustainability of tax / royalty burdens across cycle
 - ICMM Resource Endowment project

- A key risk:
 - To Anglo and affected communities
- Successful relocation of squatter camp for safety reasons at Skorpion Zinc, Namibia
- PPL Platinum Project – addressing community concerns
- Initial learnings from recent experiences:
 - Ensuring stakeholder representatives *remain* representative and that the company communicates regularly
 - Addressing inter-generational equity
 - Excellence in physical provision must be complemented by livelihoods initiatives
 - Ensuring a viable aftercare strategy for social infrastructure
- New guidance in SEAT 2 and resettlement “Community of Practice” being established

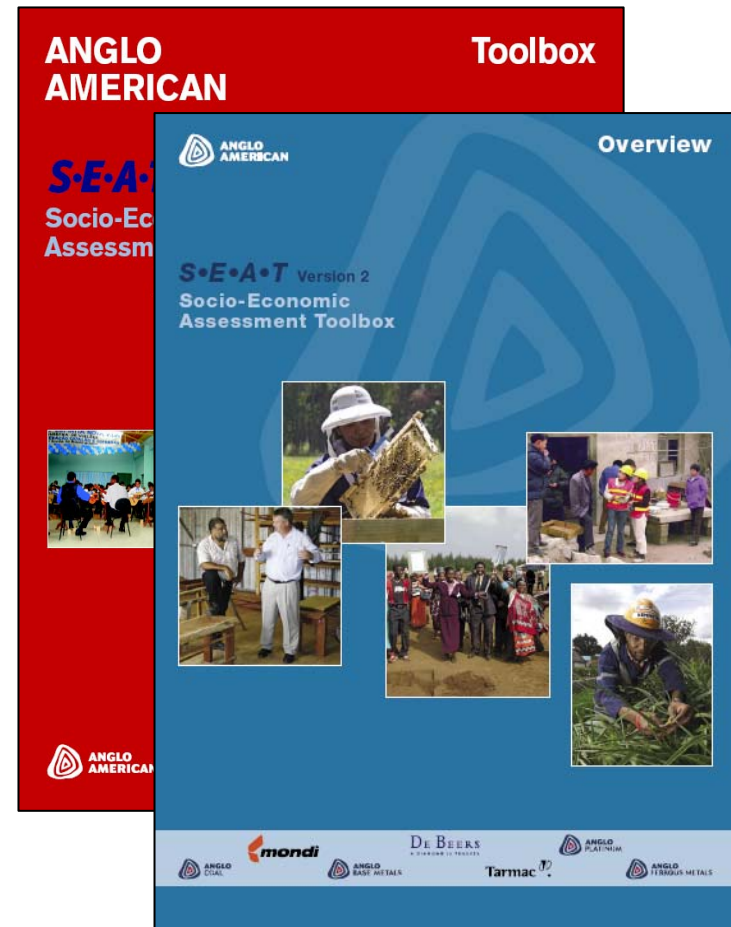
Sector Leading Responses

We are developing guidance and models for increasing local benefits:

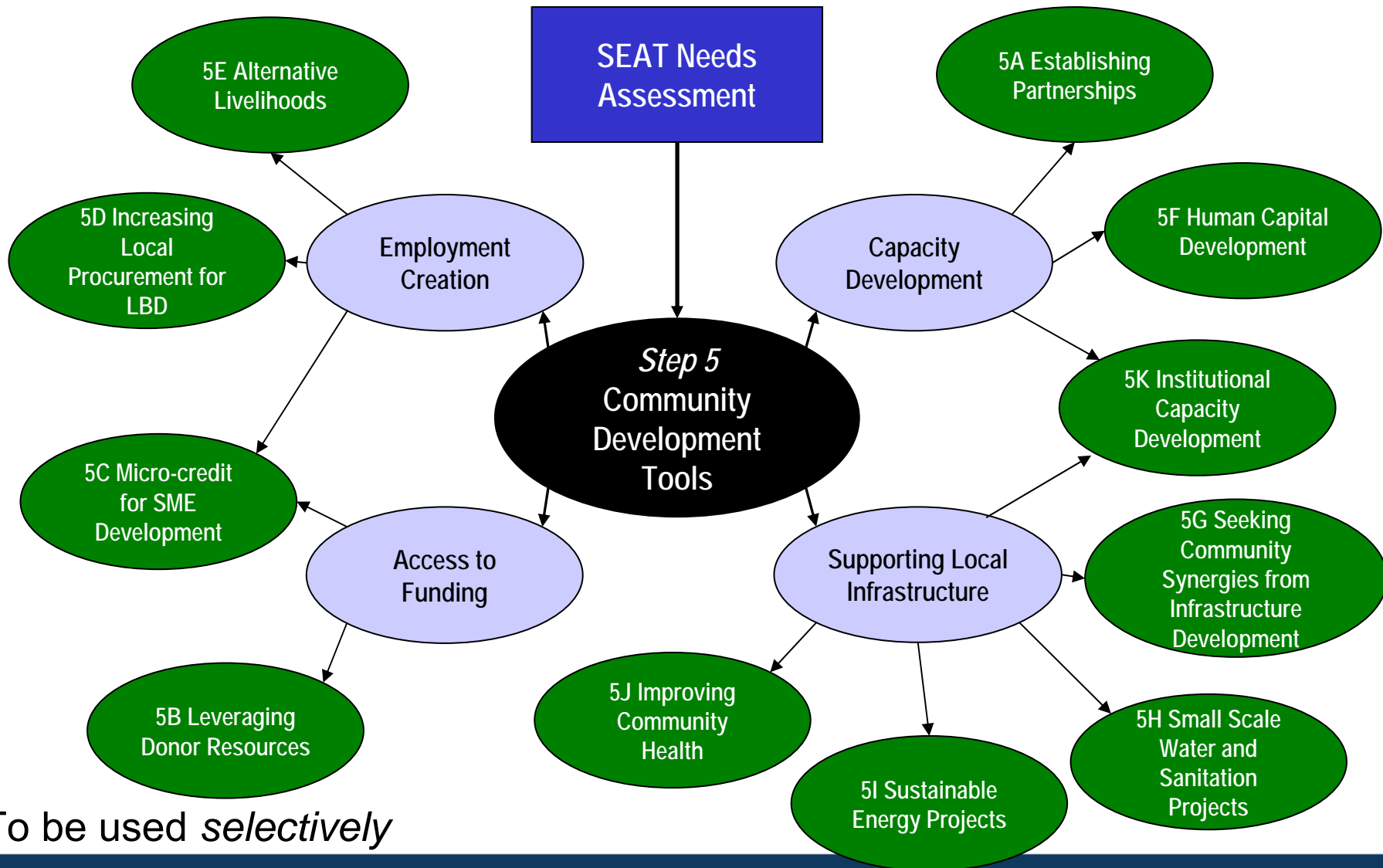


Social Agenda – Key Tools

- SEAT 2 – key improvements:
 - Simplification and consolidation of existing tools
 - Links to new Anglo guidance, eg Mine Closure Toolbox
 - More guidance on how to plan a SEAT study and SEAT reporting
 - Greater coverage of health and human rights issues
 - Provision of new “relationship management” tools
 - Provision of new “capacity / community development” tools



SEAT 2 Community Development Tools

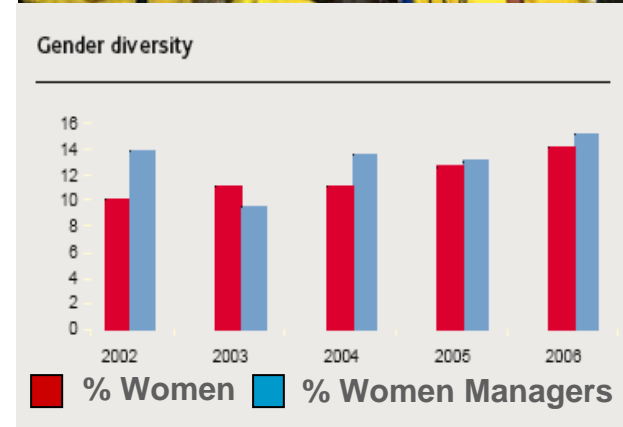


To be used *selectively*

Human Resource Development

- More than 125,000 permanent employees in over 45 countries
- Direct investment in training reached \$171 million
 - 4.5% of payroll costs
 - Safety health and environment training accounted for 20 percent of these costs
- Two new world class leadership development programmes implemented with Duke Business School:
 - *Leaders in Anglo* for future leaders
 - *Business Leaders Programme* for emerging executive talent
- Significant increase in Anglo Bursars / Trainees
- Continued support for mining education

- South African Mining Charter target of 10 percent women in mining workforce by 2009:
 - Anglo Platinum at 9.1% in 2006 (up from 5.8% in 2005)
 - Anglo Coal already at 12.5% and aiming for 14% by end-2007
- Anglo is ahead of target for historically disadvantaged South Africans in management:
 - Target: 40% by 2009
 - End 2006: 43% achieved (including junior management)
 - Efforts ongoing to increase this percentage
- Major investment in literacy programmes in South Africa
- Steady growth in female participation across the Group:
 - Focus on increasing representation at senior levels



Community Health

- New Community Health Guidelines in SEAT 2

HIV/AIDS

- 66,000 employees received VCT
- 21% (23,500) HIV positive
- Bushbuckridge community pilot project with Virgin and US PEPFAR
 - Strengthen community health system, targets AIDS, TB, Malaria
 - Integrated with economic development initiatives
 - Local population is 70,000, if successful expanded to 650,000 in entire district




Group Update on HIV Testing

Employees

2003	<10%
2004	21%
2005	31%
2006	63%
2007	Target = 70%

- Employees on ART: 4600 (11,600 on disease management programmes)
- International approach under review

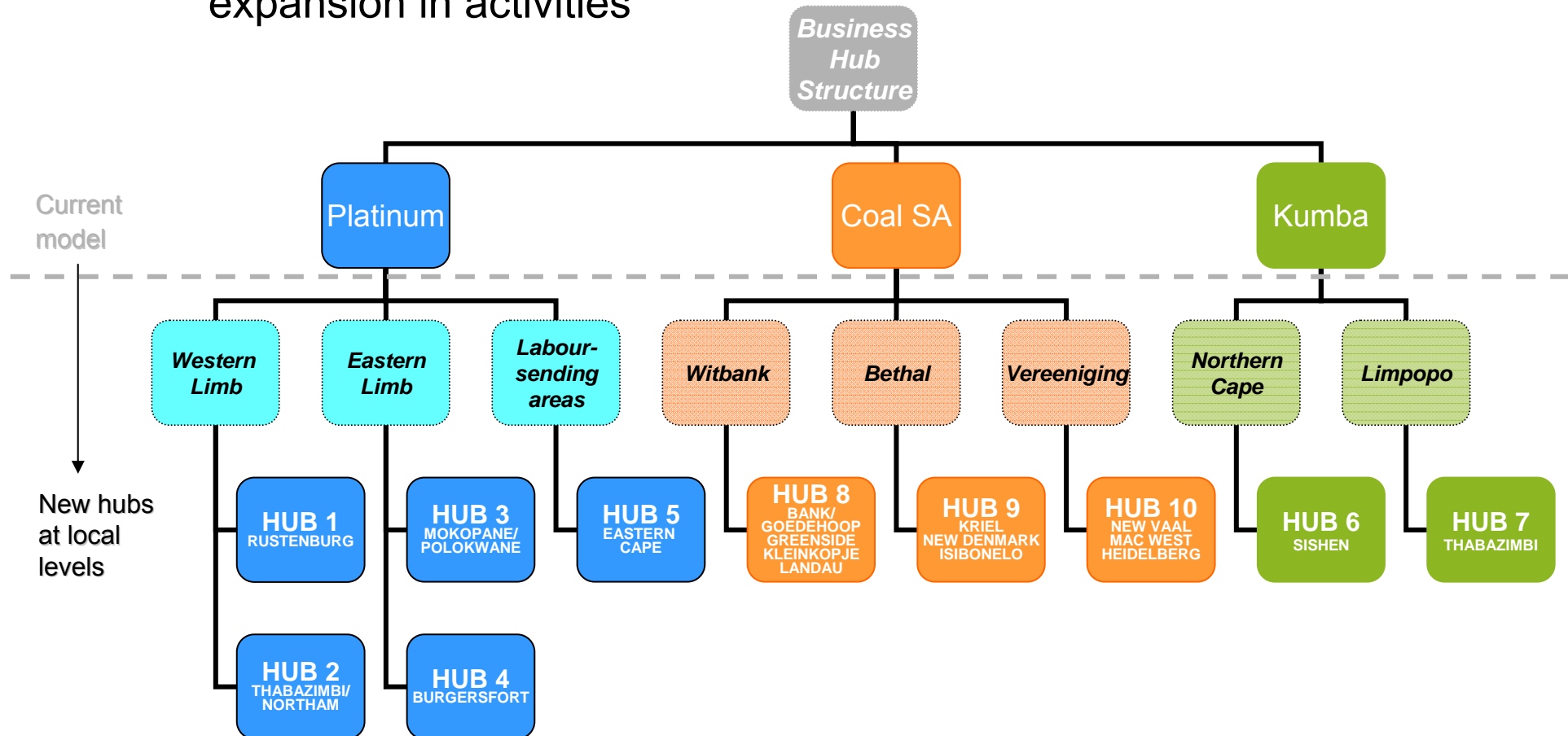
- Strategy remains unchanged:
 - Leadership, prevention, counselling and testing, care and support
- The business case is becoming clearer
- Focus on developing capacities of partner organisations

	Cost per patient per month on treatment	Health care savings	Absenteeism savings	Net cost / savings per patient per month on treatment
Per month over 12 months	R 1670 \$226	R 610 \$82	R 875 \$115	Cost R 185 \$25
Per month over 18 months	R 1403 \$190	R 670 \$91	R 947 \$128	Saving R 214 \$29
Per month over 24 months	R 1256 \$170	R 740 \$100	R 979 \$132	Saving R 463 \$63

Source: Economic impact assessment carried out by Ms D Muirhead, Aurum Institute for Health Research

Enterprise Development

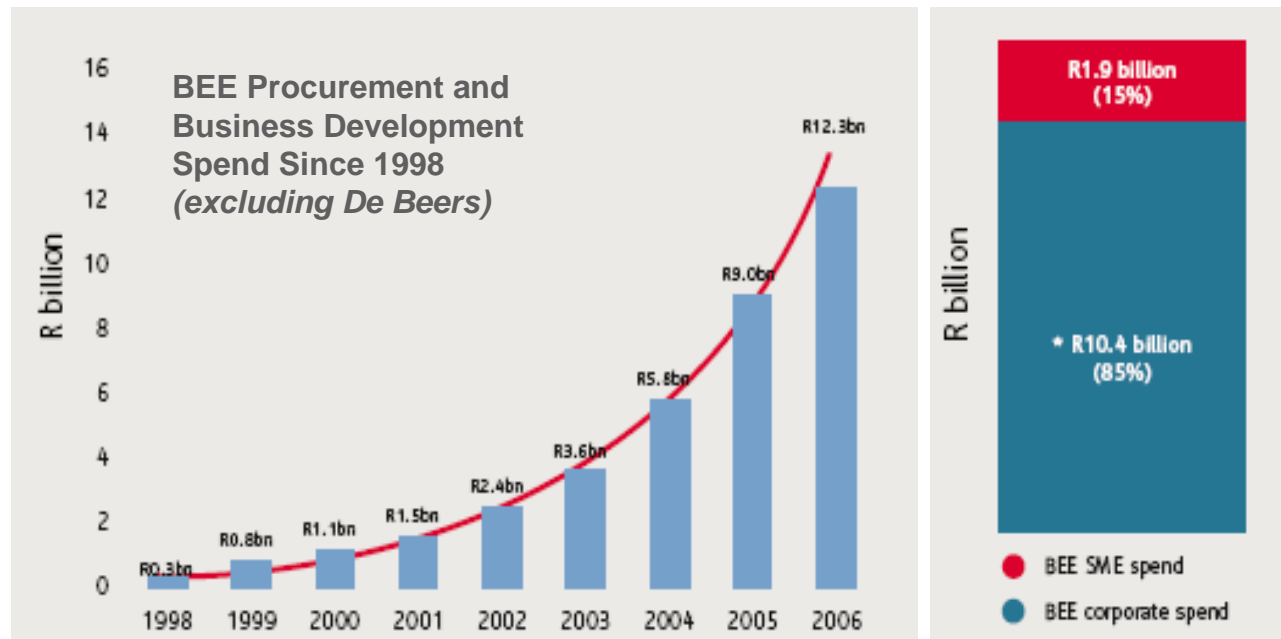
- New Anglo Zimele strategy:
 - Developing enterprise decentralised hubs at mine sites for threefold expansion in activities



- New Anglo Foundation in Chile
 - Need identified through SEAT assessments
 - Aims to address income inequality around Anglo operations
- Implemented in partnership with NGO *Fondo Esperanza* (“*Hope Fund*”)
- Uses Micro-credit model
- Builds on the experience and expertise of Anglo Zimele
 - Focus on commercially viable mining supply chain opportunities with strong growth potential
- Aims to support loans to 6,000 entrepreneurs by 2010

Black Economic Empowerment

- On course to meet 26 percent BEE ownership target for 2014
- Rapid progress in growing procurement from Black Economically Empowered Suppliers
 - 26 percent of South African procurement from BEE enterprises in 2006



- Extractive Industries Transparency Initiative
- Investment Climate Facility
- Global Business Coalition on HIV / AIDS
- Voluntary Principles on Security and Human Rights



Questions