

ANGLO AMERICAN BRAZIL CONTRIBUTION TO SUSTAINABLE DEVELOPMENT

REPORT TO SOCIETY 2004

ANGLO AMERICAN BRAZIL – BASE METALS



ABOUT THIS REPORT



Anglo American Niobium, in Catalão



Anglo American Nickel, in Niquelândia

This is the first report to society issued by Anglo American Brazil Base Metals.

The report presents details of our contribution to Sustainable Development in 2004 and includes information regarding mineral extraction and processing activities performed at our facilities located in the state of Goiás, in the municipalities of Ovidor and Catalão (ferroniobium), Niquelândia and Barro Alto (ferronickel), as well as data from our head office in São Paulo, SP.

We are available to clarify doubts and receive criticisms or suggestions through the following e-mail address: faleconosco@angloamerican.com.br

Additional information can be obtained through our website: www.angloamerican.com.br or by sending a letter to our head office at the following address: Avenida Paulista, 2300 – 10º andar – São Paulo/SP – Brasil – CEP.: 01310-300 (Attn.: Sustainable Development Department).

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ANGLO AND SUSTAINABILITY



Walter De Simoni, Chief Executive Anglo American Brazil – Base Metals

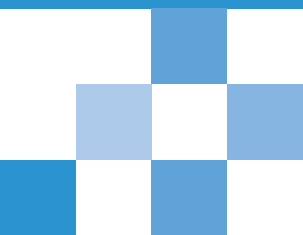
Message from the Chairman

At Anglo American Brazil, we believe in the values that direct our business activities throughout the world, defined in the business principles of Anglo American plc: “Good Citizenship: Our Business Principles”.

Our actions are guided by the global vision of Anglo American – Base Metals.

In 2004, focus was established on the growth of our activities and operational results. Beginning in 2005 and guided by our business principles and this vision, we will also strive to better integrate our different business units, to improve internal and external reporting processes and the development of our employees.

Our main challenge is to make Anglo American Brazil – Base Metals a company where everyone feels proud to work in. This will only happen through the continuous modernisation of our management processes and the participation of all concerned in these changes. To this end, there is a need to break down internal and external barriers and strengthen our commitment to increased productivity, in a process involving continuous improvement and innovation – showing concern for health, improving our safety performance and respecting the environment and communities in which we operate.



We have sought investment opportunities in nickel, niobium and other metals, including mineral surveys for potential exploration of new deposits.

The Barro Alto project is being developed as part of this strategy. After the completion of feasibility studies and a decision to go ahead with project implementation, this will involve investment of around US\$ 700 million.

It is important to emphasise that the project reinforces Anglo American's position in Brazil, increasing our importance within the Anglo American group and providing better conditions for the attraction of additional investment.

With this, additional opportunities will be created for our employees – programmes focusing on capacity building and participation, as well as integration of the Catalão/Ouvidor, Niquelândia, Loma de Níquel (in Venezuela) and Barro Alto facilities – thus providing incentives for their professional, technical, cultural and personal growth.

Other opportunities for growth and sustainable development may become viable through our relationships with service providers and suppliers. It is our wish that company employees continue to grow with us and in accordance with Anglo corporate standards.

We are also working with the objective of establishing closer relations with the communities in which we develop our activities. In 2004, we started to improve this process through the application of SEAT (Socio-Economic Assessment Toolbox), consulting all our stakeholders in order to obtain a better understanding of local expectations and social impacts arising from our operations.

The following has been established as a priority commitment: identify opportunities for optimising the economic benefits generated and the social investment initiatives implemented.

Because of this it is with great satisfaction that we present herein our first report to society, in which we attempt to show the progress that has been made in attaining our proposed objectives.

In the event that you have any comments regarding the content of this document, we will be very pleased to receive them. Please consult the contacts indicated inside the cover.

Good reading!

Walter De Simoni

Chief Executive Anglo American Brazil – Base Metals



Pedro Paulo Batista

"In recent years, Anglo American Brazil – Base Metals has attained notable results in operational terms and, even more importantly, in the fields of human relations, safety, environment and social responsibility.

As far as we are concerned, continuous improvement in these areas is not only seen as a challenge or opportunity, but also as a culture that is acquired and practised within the company.

I know that you are responsible for the excellence of the work performed, but I am very proud to have helped and contributed to the success of the company.

My friends, there is only one time for us to be happy, only one time when it is possible to dream and make plans, only one time for us to marvel at life and re-create it with our own image ...

This time is, and always will be: the PRESENT MOMENT. Once again, I would like to reiterate my wish for every success in the coming years for all Anglo American Brazil employees!"

Pedro Paulo Batista,

*Chief Executive Anglo American Brazil
– Base Metals, up to March 2005*



Ferronickel

"The objective is to ensure our commitment to conducting business with the highest standards of integrity, ethics and professionalism."



Ferroniobium

Anglo American in Brazil

Anglo American Brazil – Base Metals is part of the Anglo American plc group, a global leader in the mining and natural resources sector, based in London, United Kingdom.

In Brazil, we perform such activities as ore extraction and ferrous alloy production at facilities located in four municipalities of the state of Goiás, namely: Catalão, Ouidor, Niquelândia and Barro Alto.

Over the last three years, the companies Mineração Catalão de Goiás Ltda. (ferroniobium) and Codemin S.A. (ferronickel) were merged into Anglo American Brazil Ltda and operate under this name.

Our 944 employees are distributed throughout the operations performed at these facilities and company head office in São Paulo.

Niobium

Niobium is an element used in the manufacture of special steels for the automotive, civil engineering, heavy industry and infrastructure sectors, as well as the marine and aerospace industries. In global terms, most niobium is consumed in the form of ferroniobium alloy, which provides special steels with improved mechanical strength and corrosion resistance, even at extreme temperatures. For this reason, niobium has also been used in such new fields as those associated with superconductors and aerospace vehicles.

The ferroniobium production facility – known as Mineração Catalão – came into operation in 1976 and has an annual production capacity of up to 7 thousand tonnes of this metal, which is exported to all the largest special steel producers around the world (in Europe, North America, Asia, Australia and the Middle East). Two mines located in the state of Goiás – one in the municipality of Ouidor and the other in the municipality of Catalão – provide ore for the processing plant in Ouidor.



Nickel

Nickel – a metal that is highly resistant to corrosion and oxidation processes is mainly used in the production of stainless steel, which represents 70% of its world-wide consumption. Stainless steel is used in the food and aeronautical industries, civil engineering, chemical and hygiene sectors, the fabrication of tools and medical and odontological equipment, and in the majority of products exposed to corrosion processes and high temperatures.

The ferronickel production facility – known as Codemin – came into operation in 1978. It has an annual production capacity of around 10 thousand tonnes of nickel (contained in the alloy), which corresponds to approximately 24% of installed production capacity in Brazil.

The Niquelândia plant provides ferronickel for the largest consumers in the country and large-scale producers of stainless steels in Europe and the United States.

In order to meet the increased demands of a market that has undergone expansion over the last few years, Anglo American Brazil has been operating a new nickel mine in the municipality of Barro Alto since the end of 2004. The availability of Barro Alto ore and adaptations made at the Niquelândia plant in order to process it, have made it possible to increase total production by around 30%, attaining the current capacity of 10 thousand tonnes of nickel (contained in ferronickel). In order to maintain ferronickel production, we manage 12,200 hectares planted with eucalyptus trees, which are used in the form of wood chips as a carbon source in the production process.

Furthermore, in Brazil, Anglo American plc is involved in activities associated with the production of fertilisers and industrial phosphates (Copebrás facilities in Catalão/GO and Cubatão/SP) and gold extraction through Anglo Gold Ashanti, not included in the scope of this report.

Good Citizenship: Our Business Principles

Since 2002, corporate principles established by Anglo American plc serve as a guide for doing business in all parts of the world where we operate. The document entitled “Good Citizenship: Our Business Principles”, can be found on the following webpage: www.angloamerican.com.br/boacidadania

This document outlines our principles of conduct with a view to sustainable development and company responsibilities regarding stakeholders, including such items as Integrity and Ethics, Employment and Workers’ Rights, Corporate Citizenship and Environmental, Health and Safety Management.

We are making every effort to incorporate these principles in our day-to-day activities and, for this reason, they are frequently disclosed to investors, employees, clients and suppliers, as well as government agencies, non-governmental organisations and the communities in which we operate.

In 2004, we implemented “Speak-up”, a global corporate communication initiative, via telephone (0800 toll-free calls), internet or fax, administrated by an independent operator. This tool makes it possible for employees of any Anglo business unit to put forward questions or identify situations that might result in hazards to health, personal safety and the environment. Furthermore, it enables them to inform against conduct that is contrary to our business principles, or any other issue of an ethical nature.

Also in 2004, in Catalão, Niquelândia and Barro Alto, we have performed an assessment of the way in which the company operates, identifying those aspects where the requirements of our Business Principles have been met entirely, and those where further improvement is necessary. The findings obtained will be included in action plans prepared at each facility in 2005. The Anglo American group applies best corporate governance practices through specific committees (audit, remuneration, environment, health and safety), the objective of which is to ensure that our commitment is maintained to conducting business with the highest possible standards of integrity, ethics and professionalism. The Anglo American plc Board of Directors is made up of seven executive and eight independent members. Participating on the Board are non-executive directors from a variety of countries and regions, including South Africa, Oceania and Brazil.



Business principles (front cover)

Assessment and Certification of Mining Activities

In 2004, Anglo American Nióbio (Mineração Catalão) was selected to take part in a pilot test of an international project (Mining Certification Evaluation Project – MCEP), developed with a view to assessing the feasibility of third-party mining activity certification. The objective of the project is to evaluate the possibility of establishing a scheme for independent certification of social and environmental performance of mining activities.

Led by the non-governmental organisation WWF-Australia, participating in the MCEP project are multinational companies in the mining sector, academic institutions and NGOs. Reports on the pilot test performed in Catalão – the only one outside the Australia/New Zealand region – and other information regarding the initiative can be found at the following web address: http://www.minerals.csiro.au/sd/SD_MCEP.htm

Management Systems

Quality, Environment, Health and Safety management has been integrated in a single system, which has been certified in Quality Management since 1994 (ISO 9002, subsequently updated to ISO 9001:2000, in 2003), Environmental Management since 2001 (ISO 14001) and Health & Safety Management since 2003 (OHSAS 18001). Incorporated in our strategy is the objective of increasing capital and operational efficiency: i.e., performing activities in an improved manner and more quickly, at lower cost and with a higher level of safety, through continuous improvement and the sharing of knowledge and information. Investments have been made in quality, safety and environment, as well as community relations. We are working together with our clients and business partners in order to develop products that best meet market needs.

The challenge now is to formalise social responsibility actions and, with this in mind, we are implementing two initiatives:



Ferroniobium processing

- Alignment with SA 8000, an international standard adopted by companies that wish to ensure that labour management in their operations meets the requirements of international declarations and conventions such as the Universal Declaration of Human Rights and the United Nations Declaration on the Rights of the Child, as well as International Labour Organisation (ILO) conventions.
 - Social and economic assessment through SEAT, a tool developed by Anglo, with the support of Environmental Resources Management (ERM), in order to jointly evaluate social and economic impacts with stakeholders in the communities where we operate. Based on the results of the impact assessment, it will be possible to develop and refine actions for reducing negative effects and maximising positive impacts. Our concern is that of continuously improving the results of social investments and benefits arising from income generated through the purchase of local goods and services.
- Performance is assessed on a regular basis, through both internal and external audits of management systems.



ISO 9001, ISO 14001 and OHSAS 18001 certificates

ECONOMIC CONTRIBUTION



Ferronickel Processing



SENAI Facility in Catalão

“We will be even more successful if communities where we operate grow through economic and social development.”

Adding Value to Society

One of our main responsibilities is that of maximising the value of Anglo American Brazil and returns for investors and shareholders.

This goal can be attained with quality and responsibility, if we consider the interests of all those people who collaborate with our organisation – employees, communities associated with our operations, clients and business partners – in an intelligent manner.

The way in which we operate can contribute to adding value to stakeholders, thus improving our reputation of integrity and responsible conduct. This good reputation will help to maintain our business performance, motivating employees and building up a relationship of mutual confidence and good will.

To this end, as part of our strategy, we have determined that it is necessary to review the composition of our assets, concentrating on a smaller number, of larger size and with lower costs.

Sales

Our net sales totalled R\$ 405 million (US\$133 million) in 2004, representing growth of 40% in relation to 2003, due to the increased price of nickel on the international market resulting from expansion of the global steel market.

2004 Results Anglo American Brazil – Base Metals (in million US\$)	
Net Sales	133
Operational Profit	63
Profit before Taxes and Duties	80
Net Profit	63

Value Added

Our products constitute the raw materials used in various industries and, in view of this, it is difficult to evaluate the extent to which goods acquired by end consumers are the result of products and services provided by Anglo American Brazil – Base Metals.

One way of demonstrating the value of our products to society is through the concept of added value, which measures a company's contribution to the economy of a country in terms of Gross Domestic Product (GDP) growth. Distribution of Added Value shows the total payments made by Anglo American Brazil to its employees and other stakeholders who contribute to generating this value, deducting expenditure associated with the acquisition of supplies and other expenses such as depreciation, amortisation and internal transfers.

In 2004, added value associated with our operations amounted to R\$ 427 million (US\$127 million), representing growth of 57% in relation to the previous year.

Distribution of Added Value by Anglo American Brazil in 2004 (in million US\$)		
Distribution	Anglo American Brazil Base Metals	% in relation to Total Added Value
Payments to Personnel	11	8%
Taxes, Tariffs and Contributions	46	30%
Interest and Rent Payments	3	2%
Interest on Own Capital and Dividends	4	3%
Profits Retained	63	57%
Total Added Value	127	100 %

Payments to Governments

Economic contributions to society include payments made to federal, state and municipal governments.

In order to better understand the way in which these contributions are fed back into the community, information concerning taxes, tariffs and duties paid to various levels of government has been systematically analysed since 2004, through the use of SEAT tools.

According to our Business Principles, it is a contractual requirement that our suppliers also fulfil their fiscal and tributary obligations.

Taxes and other Payments to Government in 2004 (in million US\$)				
Taxes, Tariffs and Contributions	Federal	State	Municipal	Total Taxes, Tariffs and Contributions
Total Taxes and Payments to Government	33	12	1	46

Salaries and Benefits

In 2004, the total value of salaries and benefits paid by Anglo American Brazil was that of R\$ 33 million (US\$11 million), or 59% of our total payroll. As far as other payments are concerned, R\$ 11 million (US\$4 million) (20%) were paid as payroll overheads and R\$ 12 million (US\$4 million) (21%) as elective benefits. Besides safety equipment, meals and transport vouchers and employee uniforms, which are benefits required by law, we also provide the following: infirmaries, medical assistance, dental assistance, social assistance, awards, vehicle expenses and a private social security scheme, as well as life and accident insurance.

Such benefits and other conditions of concern to employees are directly negotiated with trade unions and included in collective labour agreements. Examples include the following: job or salary guarantees for employees approaching retirement, leave for female employees adopting children, no restrictions regarding the hiring of people who are mentally or physically disabled when technical, material and administrative requirements are met, agreements with pharmacies, crèche assistance, financial support for the purchase of school materials and for employees who have children with psychomotor or other disabilities.



Niquelândia Canteen

Clients



In our Business Principles and other policies that focus on quality, we have established requirements that reinforce our responsibility in relationships with clients and business partners, such as: establishment of responsible and ethical practices; firm rejection of any form of corruption or dishonest competitive practices; detection and prevention of any possibility of fraud; alignment with these values on the part of employees; relationships with clients and business partners that also agree to adhere to these principles; commitment to maintaining high planning and control standards for risk identification, monitoring, and preservation of assets.

Our commitment to responsibility for our products includes minimisation of natural resource consumption in production processes, minimisation of impacts and of waste generation.

We strive to establish partnerships with suppliers in order to meet market needs. We take part in initiatives established with a view to stimulating the markets of clients producing stainless steel and special steels, such as the Núcleo de Desenvolvimento Técnico-Mercadológico do Aço Inoxidável (Núcleo Inox – www.nucleoinox.org.br), an association created in 1992 by materials suppliers,

producers, re-processors, distributors and manufacturers, as well as professional associations, interested in the development of stainless steel as a high-tech raw material.

The results of these studies are recognised by clients – in the form of awards and the signing of agreements that meet the specific needs of each party involved. The production, quality and sales areas have continually worked in conjunction with clients, with a view to improving products. These efforts have already resulted in alteration of alloy granulometry in order to meet the specific input needs of production process and, more recently, change in the format of ferroniobium alloy – from ingots to granulated – in an attempt to achieve improvements in logistics, cost and ergonomic conditions in our dispatch area. For the niobium market, we have developed formats, specifications and packaging that meet the needs of specific markets, thus avoiding unnecessary waste.

At international level, we support the Nickel Institute (www.nidi.org) which, among other actions focusing on sustainable development, sponsors research into the applications, benefits and impacts of nickel throughout its life cycle. We also participate in the Tantalum and Niobium International Study Centre (TIC – www.tanb.org), composed of members from more than 20 countries associated with the industry, the objective of which is to disclose information and raise overall awareness regarding the production and processing of these metals.

Suppliers

According to our Business Principles, we strive to establish mutually beneficial long-term relationships with our clients, business partners, service providers and suppliers, based on fair and ethical practises. With the objective of attaining these objectives, the following



Packaging Containing Ferroniobium



Laboratory in Niquelândia

requirements have been established in our contracts with suppliers:

- Compliance with legislation governing health, hygiene and occupational medicine, as well as internal Anglo standards established with a view to protecting personnel and facilities;
- Compliance with legislation governing ecological conservation and environmental impacts, as well as the prevention of environmental risk or damage associated with their activities or services;
- Awareness of and full compliance with "Our Business Principles".

In order to deliver added value for the communities in which we operate, we strive to contract local suppliers and develop them fully. Our payments to local suppliers have increased 40% in 2004, mainly driven by the new nickel mine and new processing equipment. Of total payments amounting to R\$ 25 million (US\$8 million), 29% went to suppliers in Catalão, 2% to suppliers in Ouvidor, 58% to suppliers in Niquelândia and 11% to suppliers in Barro Alto.

Providing Uniforms for Anglo American Nickel

Anglo American formerly owned a uniform production facility in Niquelândia, installed at a site known as Conjunto Habitacional Codemin - CHC. In 1991, the company decided to facilitate conditions of payment, thus enabling a former employee to acquire both the building and the production unit. Besides this, Anglo assisted in developing the business, undertaking to acquire uniforms for its employees and pupils at a local school maintained by the company, for a certain period of time. Over the years, Zambom Confecções developed and diversified its business, to the extent that it is now well

known throughout the Niquelândia region and other locations further afield. "It has not been an easy task, but the help we received from Anglo American was of vital importance in enabling us to stand on our own two feet", says Lucí Zambom.

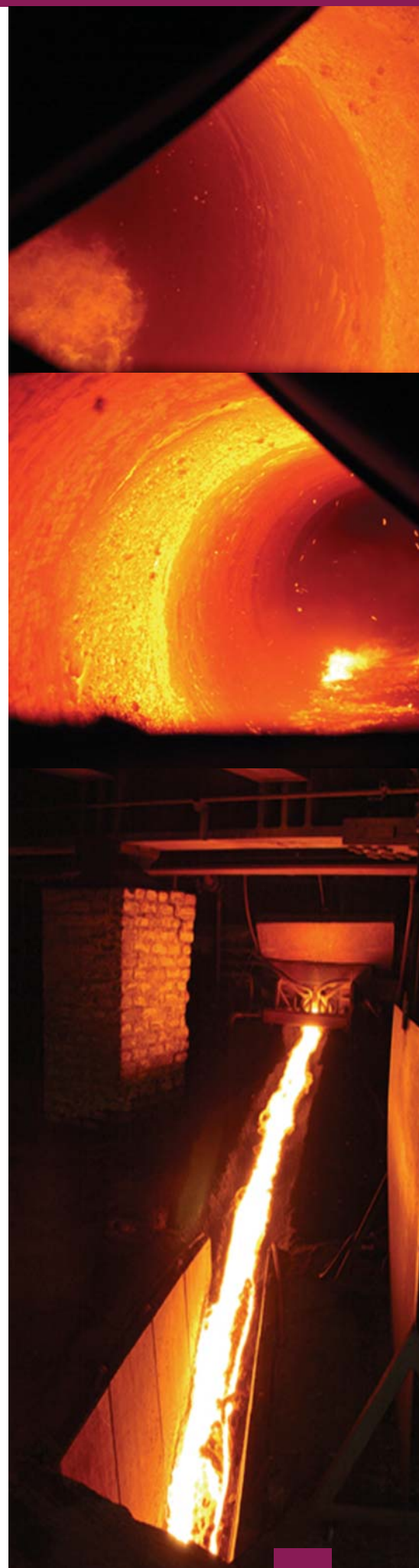
During this time, even when it was not possible for Anglo American to purchase uniforms, the business survived as it gained new clients and became self-sufficient. Currently, it employs around 10 people and deals with orders from individuals, schools and other organisations and companies in the Niquelândia community and region.

Investments

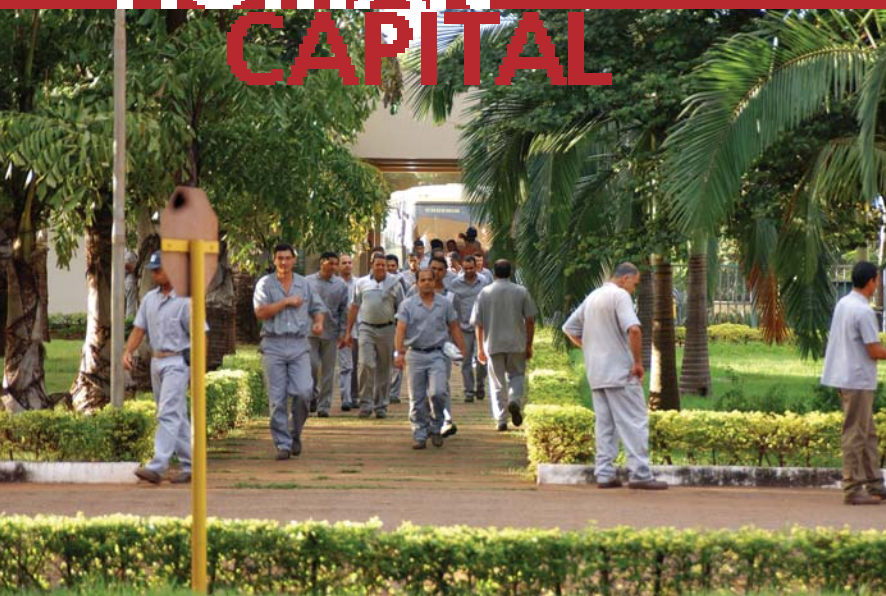
In 2004, our investments totalled R\$ 97 million (US\$33 million). Most of these investments were allocated to the start-up of mining activities in Barro Alto. Besides investment in projects, there were also increased levels of investment in guaranteeing production capacity (increases of 23% from 2003 to 2004, and 30% from 2002 to 2003). With regard to health, safety and environment, levels of investment were maintained from 2003 to 2004, following a significant increase during the period 2002 - 2003.

Investments in Fixed Assets (in million US\$)

Period	2004	2003	2002
Maintaining Production Capacity	6	4	3
Health, Safety and Environment	0	0	0
Projects	27	0	2
Total Investments	33	4	5



HUMAN CAPITAL



Anglo American Nickel



Anglo American Niobium

Working Environment and Employment

Anglo American's commitment to the working conditions, performance and professional development and job satisfaction of employees is expressed in our Business Principles, Values, specific policies and Management System.

Our objective is to attract and retain professionals who have the most suitable skills for performing their jobs.

Our commitment is to treat them with respect and consideration, invest in their development, and ensure that their careers are not limited because of discrimination or any other barrier to their progress. It is our intention to maintain a two-way channel of communication with employees – in order to maximise their contribution capacity and degree of identification with the business.

Our employees are those principally responsible for the generation of products and income, making all the difference in the success of the current and future business of Anglo American Brazil.

We provide opportunities for human and professional growth that enable use to count on people who are skilled, proud and enthusiastic about their jobs, and who are aware of the objectives of their work and its importance for the organisation and the development of society. To this end, the need to improve the allocation of financial and human resources is incorporated in our strategy.

In 2004, 38 jobs were created and 21 people requested leave of absence or were dismissed by the company, which represents a volume of leave requests or dismissals of 2.5% and a net job creation figure of 2.0%, in relation to total number of employees. The total value of the Anglo American Brazil – Base Metals payroll was that of R\$ 56 million (US\$19 million).

Employees in December 2004 - Anglo American Brazil – Base Metals

Company Employees	826
Subcontracted Personnel (Providers of Outsourced Service and Professionals Contracted for Specific Projects)	108
Trainees (Individuals Taking Part in Trainee and Company Training Programmes)	10
Total	944

Freedom of Association and Collective Bargaining

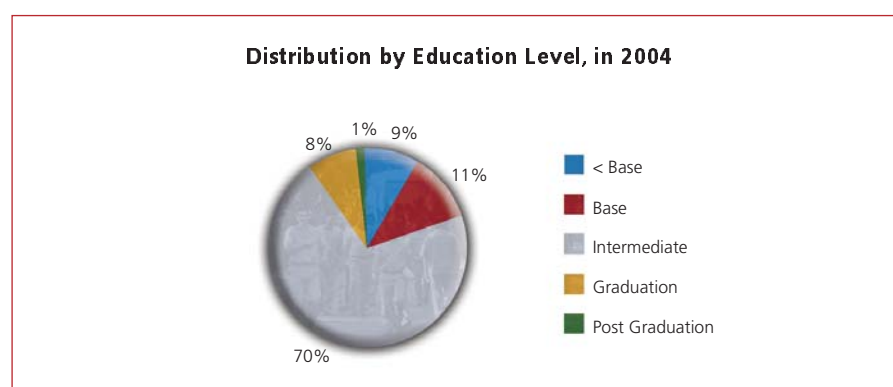
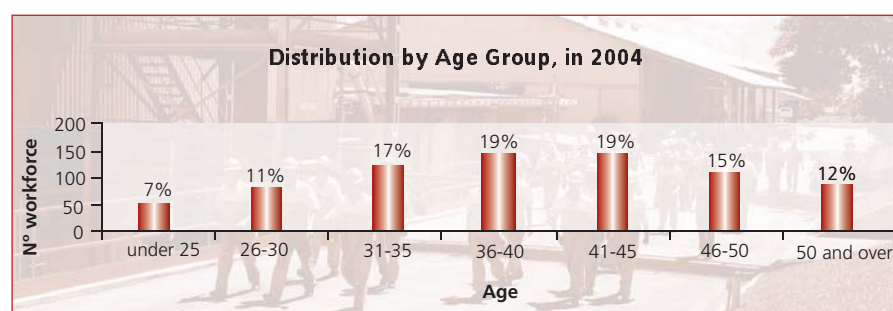
Our Principles and Values establish the way in which we relate to employees and issues involving labour rights. We are committed to the right of people to freedom of association and collective bargaining. Of our total number of employees, around 32% are union members. In Catalão and Ouidor, seven of our employees play a role on the board of directors of their union. Participating on Comissões Internas de Prevenção de Acidente – CIPAMINs (Internal Accident Prevention Commissions) are employee representatives of the main companies contracted during the years of 2004 and 2005.

Our employees also take part in Comissões Internas de Meio Ambiente – CIMAs (Internal Environment Commissions).

The good relationship established between Anglo, its employees and trade unions has resulted in benefits for employees, for example, Collective Agreements (2004/2006) and Programas de Participação nos Lucros e Resultados – PLRs (Profits and Results Sharing Programmes) implemented in 2004.

Organisational Climate Survey

In 2004, Anglo American – Base Metals performed its first world-wide Organisational Climate survey. Anglo American Brazil had one of the best rates of response in the Division. Based on the results of the survey, business units in Brazil held debates on nine topics in groups made up of employees. The most significant topics raised were as follows: improving communication; considering errors as learning opportunities; and improving inter-team collaboration. Three steering committees were charged with the responsibility of developing and putting forward action plans, which included: establishment of a communication strategy; consideration of supervisors in performance management; creation of a suggestions programme and awards for contributions made to continuous improvement; and review of internal processes in order to improve inter-team collaboration.



Education and Training

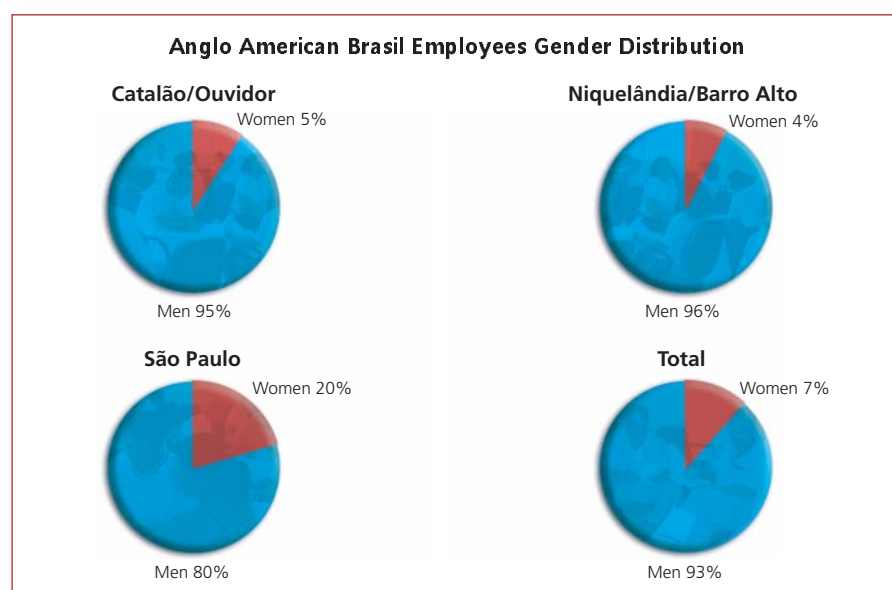
In our Quality Policy and strategy for the next few years, it is our intention to provide conditions for the professional and social growth of our employees and service providers and, in this way, enable the company to gain a competitive advantage through people. Our Human Resources Policy, aligned with this philosophy and our Business Principles, has been established to promote the development of skills necessary for the Organisation. We offer opportunities that enable our employees to develop at their business units of origin and, in addition, interact with people at other group companies. For example, various Codemin employees participated in the construction of the Loma de Níquel facility in Venezuela. In 2004, average training time was that of 25 hours per employee, involving total expenditure of R\$ 500 thousand, including training and grants for technical, management and language studies.

The company encourages study on the part of its employees by offering assistance – payment of transport and binders for those who are on fundamental or intermediate school courses – and through the Study Grant Programme – subsidising those on fundamental or intermediate school courses (regular or supplementary), as well as undergraduate and graduate courses. Because one of the main goals of Anglo American Brazil is building up a competitive edge through people, our challenge for the next few years is to strive for improvements in employee training and development.

Study Grants in 2004	
Level	Beneficiaries
Technical	05
Sequential	04
Graduate	14
Post-graduate	15
Total	38
Total Value	R\$ 75 thousand

Diversity and Discrimination

We provide for equality of growth and development opportunities within the company, irrespective of such aspects as race, gender, disability, sexual options or any other kind of difference. We comply with requirements in Brazilian legislation against discrimination in the workplace and are making every necessary effort to come into line with specific legislation governing the hiring of people with physical disabilities. Currently, around 3% of our employees are included into this category.



“História da Codemin” (The Story of Codemin)

“The Story of Codemin” is the name of a book written by Divair Ribeiro de Souza, an Anglo American Niquel employee, published in November 2003. During the years that he dedicated to researching and writing on the subject, Divair had the support of Anglo in Niquelândia and the company head office in São Paulo. Also important was the engagement of employees at all levels within the organisation in the project, as well as members of the community and public and private organisations. The book arose from the desire of Anglo American to document the story of its presence in Niquelândia and also its interest in making a contribution to municipal culture. The book covers the history of Niquelândia, together with physical, cultural, educational, socio-economic and religious



Book release for Codemin employees

aspects, among others (with mention of data sources and individual testimonies), which give the reader a clear idea of the development of the company and the community in which it is inserted. A total of 2,029 copies were printed, at

the expense of Anglo, and distributed to employees, members of the Niquelândia community, employees at company head office in São Paulo, and people at other Group companies in Brazil, South Africa and even London. Besides being the main historical reference of Anglo's presence in Niquelândia, “The Story of Codemin” is cited in the bibliographical references of various studies on the subject. It was also used as a basis for material on the history of Brazilian mines, published by the magazine “Minérios e Minerales”. The company received various special thanks, comments and testimonies, registering the importance of this book for the self-esteem of company employees and members of the community, as well as the history of mining activities in the region.

Preparation for Retirement

Among programmes supporting the quality of life of our employees, special mention should be made of that focusing on those people who are approaching retirement.

In 2002, Anglo American Brazil initiated the Retirement Preparation Programme known as Gente Madura – GEMA (Mature People), which has already been of benefit to 112 employees. The GEMA programme has been developed with a view to creating conditions that enable individuals to establish a personal project for this new phase in their lives. Based on self-development, employees are prepared for their severance from the company in the smoothest possible way. This makes it possible for the transfer of knowledge and responsibility in a gradual and natural manner, including the identification of possible successors. The programme is developed in the form of presentations and meetings, with the objective of sensitising employees and their families, dealing with such topics as: psychological state; preventive conditions and well being in maturity; the importance of physical activity, healthy eating habits and nutritional assessment; current labour market and future trends; and the importance of undergoing regular medical examinations. Throughout the whole programme, participants and their families are provided with psychological and social support, and have access to specialised consultants in order to develop their individual projects.

Participation in GEMA since 2002

Groups	4
Eligible employees	123
Participating employees	112
% participation	91



Financial planning course in Niquelândia

*"I really must thank and congratulate you on the work developed by the GEMA team!
Particular details make all the difference! On witnessing the involvement of the whole team,
I could sense the degree of dedication with which you have developed this programme.
It is my wish that the GEMA programme has a long life, so that everyone may receive this
present of inestimable value from the company!!!!
My sincere congratulations!"*

Message sent by Marisa Aleixo Mareuse –
Anglo Head Office in São Paulo/SP.



Workshop in Catalão

Health and Safety



Anglo American Employees

The structure that guarantees the existence of safe and healthy conditions for people who work at Anglo American in Brazil is defined by our Business Principles, Health, Safety and Environment Policy, and our Golden Rules for Safety. These principles and policies are fully disclosed to employees, suppliers and third parties. With a view to attaining the objectives outlined in our policy, i.e., preventing and minimising accidents and incidents that affect health and safety, and contributing to the health of communities in which we operate, OHSAS 18001 requirements have been integrated into our Management System. The safety of employees and partners who work at our facilities is seen as an aspect to be valued. Prior to initiating our activities, we perform detailed evaluations of the risk of accidents, when the team involved discusses possible control measures, which may range from small-scale local corrections to establishing a completely new way of operating or building, and even the acquisition of new equipment. We continually update the mapping of environmental agents to which people may be exposed, such as noise, dust and biological and ergonomic factors, in order to ensure that they do not exceed acceptable limits established by legislation and the scientific community. We accompany the health of our employees and make a point of requiring the same level of concern on the part of contracted service providers. Besides this, through presentations and campaigns, we strive to promote awareness raising measures focusing on the health of the community in general.

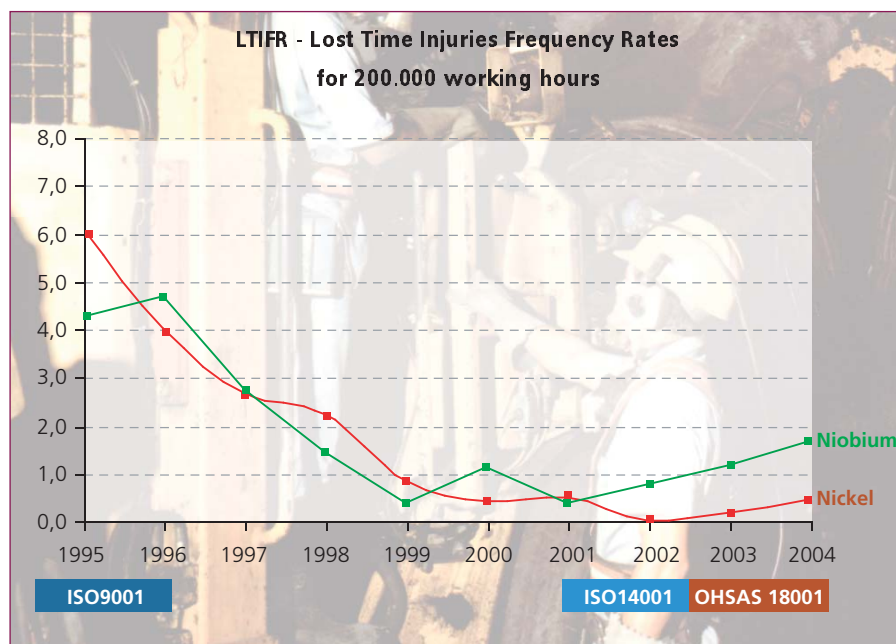
We have duly trained and qualified personnel with specific responsibilities for managing health and safety issues. Employees and third parties take part in Health and Safety Committees and training programmes in Catalão and Niquelândia. Five-minute meetings on safety and activities developed by the Comissões Internas de Prevenção de Acidentes da Mineração – CIPAMINs (Internal Mining Accident Prevention Commissions) are of vital importance to the Health and Safety Management System. An important aspect of the CIPAMINs is the participation of management representatives, thus facilitating the



prioritisation of spending when necessary for the improvement of safety management. Long-term efforts for improving quality, health, safety and environment, initiated in the 1990s, have included a phase of significant investment in upgrading equipment and processes, as well as the implementation of management systems. Such efforts have resulted in a drastic decrease in the frequency rate of lost-time accidents.

This accident frequency rate has remained at the same level in Niquelândia, even with an increase of around 1,300 people, including employees and subcontracted personnel, working on the project for installation of equipment to process ore from the Barro Alto mine, initiated in 2004.

Nevertheless, the decreasing trend in accident frequency came to an end, and last year there were two fatalities – one involving an employee in Catalão and the other a subcontracted employee in Niquelândia. The detailed investigations performed into these accidents indicated a need to implement additional measures in areas such as change management, risk management, awareness raising and training of personnel. Our greatest challenge now is to place the focus on people, re-energising the culture of safety. With this in mind, we are working on the way in which this culture is perceived at all levels within the organisation: listening to people (operational employees and subcontracted personnel), bringing concerns to the attention of management and capacitating them to lead the way in safety improvement in their respective areas. We are conducting a new phase in our training of leaders, with a view to the renewal of “visible leadership” (through the Visible Felt Leadership programme) in organisational culture. VFL is a programme for intensification of visits to operational areas, focusing on observation of day-to-day attitudes regarding safety. It is also known as “OTTO” (from the corporate slogan “Zero Tolerance – Target Zero”). We are also committed to striving for “zero deviation”, as a large number of small incidents occur prior to a serious accident, and these small incidents are preceded by innumerable deviations from established safety procedures and instructions.



SOCIAL CAPITAL



Crèche in Catalão

“We are recognised in the communities where we operate as a company that maintains good relationships with all stakeholders.”



Cerrado Guitar Symphony Orchestra in Niquelândia

Stakeholders

The term “stakeholder” is given to those people who are able to affect our activities or be affected by them, in either a positive or negative manner. They may also be people or groups who have interests in our activities, influence or authority over them.

Our Business Principles define specific responsibilities with respect to all stakeholders – investors, shareholders, employees, communities, clients and suppliers, government and non-governmental organisations. As an example of the application of these principles, building up a competitive edge through people has been included in our company strategy. This means encouraging a greater degree of internal and external discussion with our stakeholders and the implementation of measures to improve our contribution to the localities where we operate.

We are recognised in the communities where we operate as a company that maintains good relationships with all its stakeholders. We take part in community activities, for example, in Conselhos Municipais de Meio Ambiente (Municipal Environment Committees) and events organised by the Consórcio da Bacia Hidrográfica do Alto Tocantins (Upper Tocantins Watershed Consortium). In Catalão, the programme known as “Portas Abertas” (Open Doors) makes it possible for employees to clarify their doubts, send in criticisms or suggestions, and include issues that have been raised by members of the community. These are directed to management and dealt with at periodic meetings focusing on critical analysis of the management system.

In 2002, at the Catalão and Ouidor facilities (as part of a pilot project conducted world-wide at three company facilities) and in 2004, at the Niquelândia and Barro Alto sites, a formal process



Stakeholder consultation in Niquelândia

was implemented for improving our relationship with local stakeholders, listening to what communities have to say about Anglo's role and contribution, and opportunities for improvement at each location. Through the use of SEAT tools, 110 stakeholders were initially identified in Catalão and Ouvidor, 120 in Niquelândia and 70 in Barro Alto. These stakeholders are currently being invited to participate in consultation activities. When concluded, the process will have included more than 200 interviews, forums, working meetings and surveys. The information obtained – used to validate our assessment of the social and economic impacts of our activities, define risk reduction measures and improve our contribution to local communities – is currently being consolidated and will be shared with the people consulted and the community in general.

This initiative helps us to strengthen relationships, build up mutual confidence and identify potential partners for local improvement measures.

The people interviewed told us of the importance of Anglo's economic contribution to local communities, how employees well represent the company, and also about their anxieties, concerns and expectations regarding the future of these communities and our plans for the future.

Preserving Historical and Cultural Heritage

Eighteen prehistoric sites and three sites of historical importance were identified as relevant during the Programa de Prospecção e Resgate de Sítios Arqueológicos (Archaeological Site Prospecting and Rescue Programme) implemented in the Barro Alto area of influence. Sites considered to be at risk, i.e., those situated near access roads or activities of greater impact, were "rescued" and, together with artefacts that have been analysed and dated, are temporarily in a museum in the state of Minas Gerais. Our project, which has the backing of the State of Goiás Environmental Agency, should lead to the creation of a Natural History Museum in Barro Alto, for educational purposes and with the objective of preserving regional potential.

During the survey work, the Chapel of Our Lady of Lourdes and the Hill of the Stations of the Cross, components of a religious complex, were found in the areas of reserves destined to be mined. This issue was discussed at a public hearing associated with the licensing process. Relocation of the religious complex was included in additional requirements prior to construction of the project and, as a result, the interests of around 150 people who take part in pilgrimages to the site, parish priests and the residents' association were duly respected by Anglo. The monument was placed in a chapel constructed at a location chosen and approved by the local population. The new site can also be used for community activities.



Chapel of Our Lady of Lourdes, in Barro Alto



Contributions to Communities

Our objectives of promoting well-founded relationships with local communities and increasing their level of capacitation are based on the belief that the company will be more successful if the communities in which we operate grow through economic and social development. We seek to involve the local population in issues that may affect it, and our support of community projects should reflect the priorities of residents, sustainable development and the question of cost effectiveness. We also strive to assess the contribution of our operations to local social and economic development, and publish reports on the results obtained.

SEAT is one of the main tools used to align our actions in this direction.

In Catalão, the pilot assessment, performed in 2002, helped us to identify community demands and improve social investment measures that had already been implemented. We are currently refining this process with extensive public consultations, which will help us to determine subsequent lines of action.

In Niquelândia, the process of community consultation and assessing social impacts was initiated in 2004. In Barro Alto, a new company development, initial discussions with stakeholders have already led to the identification of opportunities to increase the potential positive impact of our activities, for example, promotion of good practices in dealing with suppliers and other stakeholders, and suggestions for contributing to stimulation of the local economy.

In 2004, we invested R\$ 1,338 thousand (US\$457 thousand) in projects within the communities where we operate, R\$ 1,253 thousand (US\$428 thousand) in cash donations or investments, and R\$ 85 thousand (US\$29 thousand) in donations in the form of goods, services or employee time. Of this total, 67% went to projects in the cultural area, 18% in education and young people, 1% in health, 1% in environment and housing, and the remaining 13% in other areas.



Delivery of donations



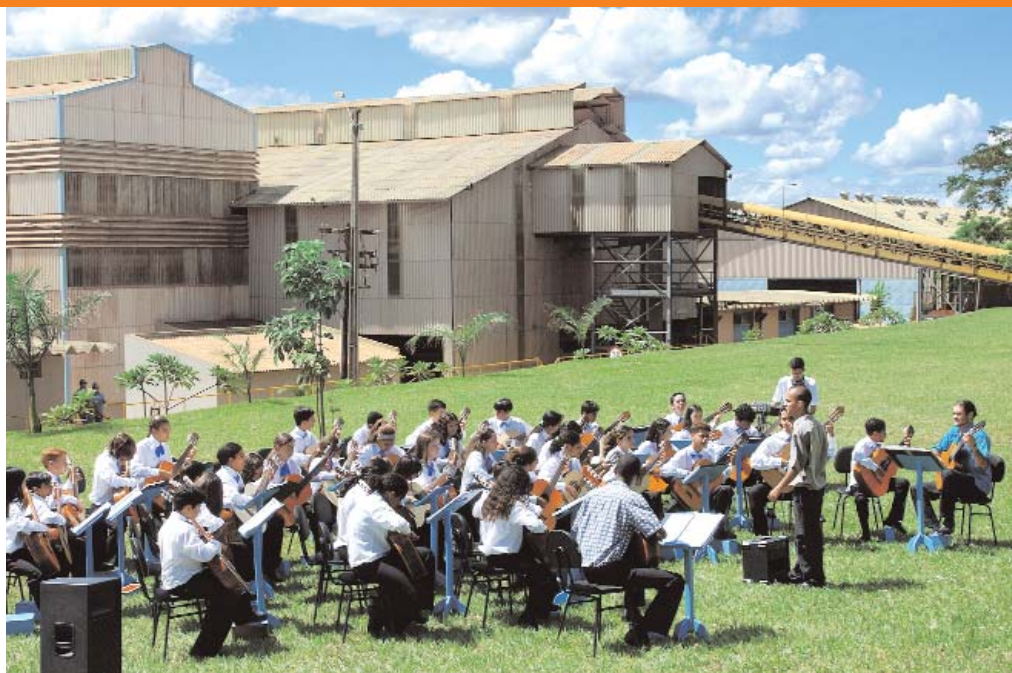
Refurbishment of gardens at São José School in Niquelândia

“Nova Vida” (New Life)

Since 1988, Anglo American Nióbio has supported a social inclusion project developed by the Fundação Nova Vida (New Life Foundation), which provides assistance for 160 children and adolescents (7 to 17 years of age) from low-income families, under the auspices of the Conselho Tutelar da Criança e do Adolescente de Catalão (Catalão Council for the Protection of Children and Adolescents). Company support began with donations, but subsequently evolved to assistance in setting up a small-scale wooden pallet industry, which is currently responsible for more than 90% of the Foundation's income. The next step was support for the Orquestra de Violões da Fundação Nova Vida (New Life Foundation Guitar Orchestra), founded in 2002, which signified an important turning point in the results of efforts made up to that time. According to Cleuzadir Aires, founder and president of the Foundation, participation in the guitar orchestra contributes to restoring the self-esteem and discipline of children and adolescents.

Following the example of this successful experiment, the Orquestra de Violões Sinfonia do Cerrado (Cerrado Guitar Symphony Orchestra) was implemented in Niquelândia. With the backing of Anglo American Brazil, the project in question involves 150 children. More recently, also with the support of the company, the Orquestra de Violões de Barro Alto (Barro Alto Guitar Orchestra) was established, which meets the needs of another 150 children. The musical activities developed by these 500 children and adolescents in the state of Goiás is something unique. The love of the guitar and dedication to this instrument that I see in their day-to-day lives is irrefutable proof that the world, and the people in it, can always be transformed, with the creation of better and more dignified realities.

And, in this way, they can write their and our story with creativity. The only desire and need of young people is that of having the opportunity and means of attaining real and great achievements”, sums up conductor Claudio Weizmann, creator and co-ordinator of the project.



Nova Vida Foundation Guitar Orchestra, in Catalão

Opportunities are close at hand for those who can see far ahead

The main objective of the project named “Se Liga no Futuro” (Connect to the Future), created by the Goiás state government, is that of helping young people to discover and marvel at their rich cultural heritage. Furthermore, this initiative makes it possible for intermediate school students to exercise their entrepreneurial spirit, by putting forward suggestions that benefit and develop the regions in which they live. Those with the best ideas receive awards and incentives. The programme, launched in Barro Alto and Ouidor, was sponsored by Anglo American Brazil – Base Metals. Taking part in the programme are local teachers, who suggested to students in the 14 to 20 age range that they take a ten-day course focusing on areas of greatest economic potential in these municipalities, for example, agribusiness and tourism. Discussions were held on the skills and abilities necessary for success in these activities, and methods and opportunities were put forward for the development of an entrepreneurial spirit.

Since its launch in March 2004, the first stage of the “Se Liga no Futuro” programme has been implemented in 30 municipalities, involving 5,500 students and reaching a total public of 47 thousand people in its events. To date, a total of 1,770 projects have been received. The second stage, also already launched, will return the winning projects to their respective municipalities, thus providing conditions for their development.

The United Nations Organisation for Education, Science and Culture (Unesco) has recognised the importance of the “Se Liga no Futuro” project for the social and economic development of the municipalities in which it has been implemented.



Leaflets about the “Connect to the Future” project

Negotiating Access to Land

One of the main concerns of stakeholders in the mining industry is that of possible need for resettlement and the occurrence of impacts that affect their activities. For this reason, we establish a relationship with landowners and land users from the very beginning of the initial mineral survey phase, in order to avoid aggrieving them or creating false expectations regarding impacts that might result from the exploitation of mineral reserves considered to be important and viable from a techno-economic viewpoint.

This procedure includes the following: identification of landowners and occupants in the area concerned, in accordance with current mining legislation; amicable negotiations for authorisation to access and remain on the property during survey work; assessment of possible damage; and indemnification of surface owners (owners of the surface soil horizon). When we leave, efforts are made to re-establish the previously existing situation, through the adoption of recovery measures including filling in trenches and covering wells, as well as the recomposition of any areas impacted by vehicle traffic. In the event that there is effective interest in the area, we negotiate its acquisition in a manner that is both adequate and fair for both parties concerned. To date, there has never been a need for the resettlement of populations in areas where we operate, and very few difficulties have been encountered in our negotiations with landowners. This reflects the conduct of the company, which is always based on our established Business Principles.



New intersection at access to the Barro Alto mine

Human Rights

We recognise our role in striving for better living conditions for our employees and society in general. We encourage and participate in campaigns and policies defending Human Rights, and do not use forced or child labour at our facilities. We have adopted the clauses set out in the Universal Declaration of Human Rights and other mechanisms established for the defence of such rights, for example, the International Convention on the Elimination of All Forms of Discrimination Against Women, the International Convention on the Elimination of All Forms of Racial Discrimination and the International Convention on the Rights of the Child.

We are making efforts in striving for the eradication of AIDS and treat the subject with the seriousness and respect that it deserves. Our HIV/AIDS policy is aligned with that of the Anglo American Group and is based on our principles of eliminating stigma and discrimination. We do not subject any applicant for any position at the company to an HIV test. Employees with HIV are treated with total confidentiality, without any kind of discrimination, and with open dialogue. Besides this, we provide tests, support, care and voluntary counselling. As a guiding principle and commitment, we engage in campaigns for the prevention of HIV/AIDS and management of its impacts.



AIDS presentation in Niquelândia

In Niquelândia, at the end of 2004 (AIDS Week), various presentations on prevention were held for our employees and third parties, with the participation of around 350 people.

Throughout the year, condoms and material providing information about HIV/AIDS were distributed to all employees (including third parties) on such occasions as Carnival and AIDS Day.

An AIDS Prevention Campaign was held In Catalão on AIDS Day, with the distribution of informative material to all employees and third parties. Awareness-raising campaigns involving all our employees also took place during previous years. In 2002, the topic "Sexual Health" was chosen for the Semana Interna de Prevenção de Acidentes de Trabalho – SIPAT (Internal Work Accident Prevention Week) and the Semana da Qualidade, Meio Ambiente e Segurança – SQMA (Quality, Safety and Environment Week), with events that involved 200 employees, 132 spouses, and around 300 children and guests.

AIDs - Prevention and Awareness Raising

"In 2004, after working at Anglo American Brazil for 21 years, I received an invitation from Codemin to give presentations on the subject of AIDS, in commemoration of World AIDS Day (December 1st). It was with great pleasure that I accepted the invitation, as being HIV-positive for eleven years and member of the mutual help group known as Grupo de Incentivo à Vida – GIV (Life Incentive Group) for eight years, I know how rare it is for a partnership to be formed between a company and an employee in order to develop such an activity as this. The impact of attending a presentation on the subject of AIDS, given by a person with the vírus, who tells of her own personal experience, made it possible for those present to have a clearer idea of the proximity of risks of infection, prevention needs and the false existence of risk groups. At the end of each presentation, several people approached me in order to give me a hug or shake hands, and I felt that we had attained our objective, replacing prejudice with information, prevention and friendship. Currently, women represent half of the total number of AIDS cases throughout the world. In Brazil, the situation already exists where there is one

woman with AIDS for every two men with the disease and, for this reason, there is a great need to ensure that information about prevention reaches both men and women, thus diminishing difficulties associated with negotiating the use of condoms during stable or casual sexual relations. Another factor that leads us to intensify activities involving women is that of making them multipliers of information for their partners, children and other women. My satisfaction in entering into this partnership with Anglo American is that it is possible to get information wherever I want and to whoever I want, which is something that I could not do on my own, for financial reasons among others. The fact that I am contaminated by the HIV virus leads me to have this kind of attitude. I can't believe so many people still need to cry and suffer because they do not know that anyone can have HIV/AIDS, and that it is possible to prevent and avoid the disease. After all, it is not fear that we must have, but information."

*Silvia Almeida – telephone operator at
Anglo American Brazil – Base Metals head
office in São Paulo*

NATURAL CAPITAL



“We have sought to use renewable energy and reduce greenhouse gas emissions.”



Horto Aranha

Natural Resources and the Environment

Society is dependent upon natural resources and ecological systems, which form the basis of life. The raw materials necessary for maintaining production activities are the foundations – the Natural Capital – on which our operations are built. Our Business Principles recognise the need for eliminating or minimising the impacts of our operations on the environment.

They also reinforce our commitment to sustainable development and innovation, as well as the adoption of best practices wherever we operate. Our policies, put into practice through management systems, contribute to identifying any aspect of company activities that might affect the environment, evaluating impacts and defining control measures.

We follow up applicable legislation and adopt measures in order to ensure that all activities are in compliance with the legislation in force. Besides being one of the requirements established for maintaining ISO 14001 certification, full compliance with applicable legislation is a formal company commitment. We strive to maintain an excellent relationship with regulatory agencies and the community. Such good practices, the fruit of transparent and pro-active attitudes, have been recognised in the form of environmental management awards received by the nickel and niobium operations over the last few years.

We strive to meet the challenges of sustainable development by encouraging our employees, subcontractors and business partners to consume less energy and new or make-up water, and generate less waste or recycle it to the maximum possible extent. We have also sought to use renewable energy and reduce greenhouse gas emissions, seeking opportunities at international level, especially in projects related to global climate change and conservation of biodiversity.

Air Quality and Air Emissions

We are making various efforts to ensure that our operations do not bring about changes in air quality. Local communities have informed us that good air quality is one of the main advantages of living in areas where we operate.

Control systems are in place for dealing with potential sources of gas and particulate material emissions. Fixed sources and those associated with ore handling operations are fitted with exhaust systems and filters. Roadways at our plants are controlled and fugitive dust control

measures are implemented at mines. In addition, our diesel powered vehicles and motors are monitored and regulated on a periodic basis. In 2004, new systems were installed in order to guarantee the control of air emissions generated by ferronickel production, including amplification of the paving of roadways, which helps reduce the dust raised by truck traffic, one of the main sources of particulate emissions. Air quality in the vicinity of plants is monitored in order to detect any impacts on neighbouring areas caused by our activities.

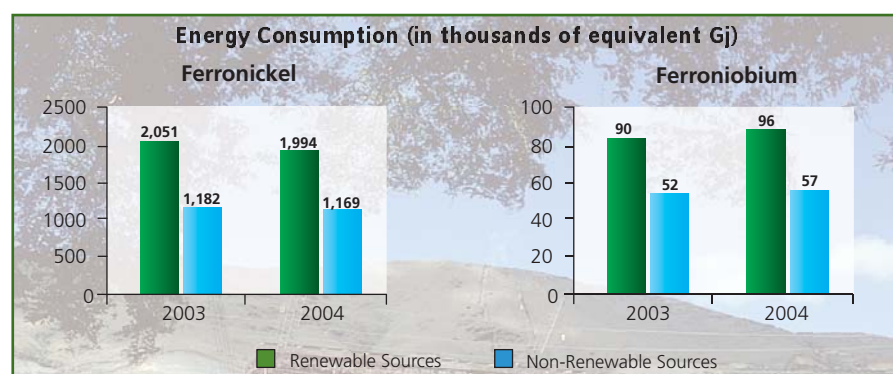
Greenhouse Gases and Climate Change

We recognise that climate change is not only an international concern, but also a concern of local communities. Our Climate Change Policy establishes that we should monitor and participate in international processes in order to: consider ways of meeting challenges associated with the issue of climate change; strive to understand stakeholder concerns; collaborate on research and development programmes; make efforts to ensure the effective use of energy and reduce the intensity of greenhouse gas emissions at our plants; and explore opportunities for using the emissions reduction market mechanisms proposed by the Kyoto Protocol.

Greenhouse gas emissions from fossil energy sources are calculated based on guidelines established by the Intergovernmental Panel on Climate Change (IPCC), also adopted by the United Nations Organisation (UNO), which help us to define emissions reduction targets. In 2004, operations associated with nickel and ferronickel production were responsible for emissions of 0.176 tonnes of CO₂ equivalent per ton of processed ore. On the other hand, operations associated with ferroniobium production were responsible for emissions of 0.006 tonnes of CO₂ equivalent per ton of processed ore.

Codemin has always worked with energy from renewable sources – provided by company owned reforested areas located in Niquelândia. The forests in question are managed in a sustainable manner and have ISO 14001 certification.

Planted forests contain large quantities of carbon and absorb this element from the atmosphere, fixing it in the form of biomass. We adopt modern techniques in managing these areas, for example, the use of clones and minimum cultivation methods, which lead to increased productivity, a decrease in planted areas and the preservation of natural areas. Such actions are important for removal of greenhouse gases from the atmosphere and are able to generate credits on the carbon market and possible additional benefits for communities neighbouring our operations, such as the use of resources for social investments, reduction of environmental impacts in the region, conservation of water resources, and the maintenance and amplification of preservation areas.



Water use Management

We make every effort to minimise new or make-up water use and any impacts associated with effluents, as we are well aware that water is a resource of ever-greater importance to human life.

Specific water consumption is monitored on a regular basis and targets are established for its reduction. In 2004, the nickel operation consumed 4.176 m³ of water per tonne of processed ore, whereas the niobium operation consumed 6.131 m³ of water per tonne of processed ore. As far as ferronickel production is concerned, water (abstracted from the Serra da Mesa Hydroelectric Power Plant reservoir) is principally used for cooling purposes, in slag granulation operations and wetting access roadways to the mine. Following use, water is discharged into the process water dam, from which it returns to the industrial process, thus establishing a closed circuit. Around 80% of water consumed is re-circulated in this manner and the remainder evaporates into the atmosphere. The main industrial effluent generated by ferronickel production is water overflowing via the dam spillway, which only occurs during periods of heavy rainfall. In order to avoid any possible contamination of process water in the dam and guarantee compliance with established discharge standards, there is monitoring and control of various emissions sources within the plant. Throughout 2004, water quality monitoring activities showed nickel, pH, suspended solids and oil and grease values in process water reserves similar to those found in the intake water supply, abstracted from the Serra da Mesa reservoir. In ferroniobium production, approximately 60% of water used in the industrial process is recycled. New or make-up water is abstracted from wells supplied through the surface seepage of rainwater, which drains via geological faults at mining areas. There is monitoring and control of

concentrations of the main elements that might represent risk of groundwater contamination, on watercourses neighbouring our operations and those located down-gradient from them.

At all our facilities, water destined for human consumption is supplied by artesian wells and treated to ensure compliance with potability standards.

Biodiversity

Biodiversity is a subject of great importance to Anglo and expressed in our Policy and Specific Guidelines, in which we undertake a commitment to the sustainable use of natural resources and compliance with the Convention on Biological Diversity.

We respect and fully comply with the requirements of Brazilian legislation, especially the Código Florestal (Forestry Code). The properties concerned have their legal reserves duly demarcated and registered, and Áreas de Preservação Permanente – APPs (Permanent Preservation Areas) are respected. As required by state of Goiás legislation, 2% of new planted areas are reforested with native species, and we strive to choose areas that can be linked to legal reserves or Permanent Preservation Areas, with a view to increasing contiguous areas with native vegetation and increment vegetation corridors. Besides this, in Niquelândia, we also maintain an Ecological Park that is open to visitors from schools and the community. We care for wild animals that are encountered and plan to plant ten trees for every tree likely to be felled as a result of expansion of our network of asphalted roadways. We actively seek partnerships with non-governmental organisations and universities, with a view to studying the flora and fauna of areas under the dominion of the company. Detailed knowledge of biodiversity, as well as the impacts caused by our activities, allows Action Plans to be established for its conservation.



Regional typical fruits and flowers



Story of “Lameiros” in Niquelândia

During implementation of the Environmental Management System, Anglo confronted problems associated with the final disposal of rubber waste from changes of vehicle and machine tyres, conveyor belts and the replacement of certain rubber parts. Tyres began to undergo a triage process and those still considered to be usable were sent for reconditioning and re-utilised in situations of minimal risk. Some conveyor belts came to be used as weights on tarpaulins covering ore stocks. The problem was associated with the remaining material, which still amounted to a considerable volume and required storage under controlled conditions.

During attempts to identify environmentally satisfactory alternatives, a craftsman was found in the region who used pieces of conveyor belts in the fabrication of protection against mud accumulation for truck tyres. Nevertheless, this craftsman had no knowledge of the environmental precautions necessary in dealing with rubber waste; he discharged liquid effluents from washing the material, without any kind of control; was not in possession of any government agency licenses; and generated a large quantity of waste, due to the fact that he did not make the best possible use of the rubber. Partnership became a viable proposition in view of the notable motivation and creativity of this craftsman, allied with Anglo's need to find an environmentally and socially responsible solution regarding the issue of rubber disposal. Anglo American provided this craftsman with support and guidance for developing new products, making better use of materials, controlling effluents and the small amount of solid wastes still generated, registering the company and obtaining municipal and environmental licenses. These initiatives helped the company to grow and incorporate other rubber waste suppliers in the region, including other mining companies in the state of Goiás.

Now, after a period of five years, the company known as “Lameiros de Jesus” is recognised in the region as a supplier of various products derived from used tyres and rubber, namely: plant pots, bowls, mud protectors, waste bins, boat linings and accessories, small replacement parts and others. Anglo American is one of the various suppliers of this company, which operates in a completely independent manner, “standing on its own two feet”. It gives us great satisfaction and peace of mind to know that we are able to send rubber waste for adequate processing and re-use at a local company in the Niquelândia region.

Waste Management

Mining and ore processing activities generate waste materials – mine tailings, metallurgical slag and process wastes – which are deposited under controlled conditions and monitored. The characteristics of ore waste mean that it does not require treatment prior to final disposal. Necessary measures are implemented for stormwater drainage, sediment emission and re-vegetation of spoil heaps. In Niquelândia, the wastes themselves are used in the re-composition of degraded areas.

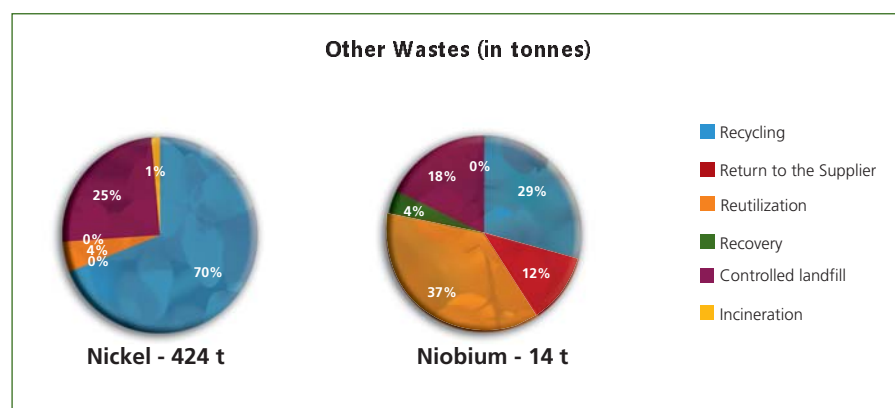
We invest in reducing the generation of wastes or their re-use in the industrial process. At the nickel production facility, slag from the refining process is re-processed for metal recovery purposes. Improvements are being implemented for the recovery of dust generated by the industrial process and elimination of the need for a settling dam for containment of this dust. Both facilities have programmes for the selective collection of refuse and maintenance and assembly wastes, which require that the disposal of these wastes be effected in a suitable manner, irrespective of whether they are destined for re-use or recycling.

Final Destination of Wastes in 2004		
Process Wastes Sent for Final Disposal (in thousand tonnes)		
	Nickel (1)	Niobium (2)
Tailing Dams	- - -	452
Controlled Slag Disposal Areas	418	5

(1) Dust Dam
(2) Sludge Dam

Total Accumulated Process Wastes (in thousand tonnes)		
Acumulado	Nickel	Niobium
Tailing Dams	622	14,511
Controlled Slag Disposal Areas	9,468	154

(1) Dust Dam
(2) Sludge Dam



Rehabilitation of Disturbed Areas

One of the greatest impacts of our activities on the environment is the alteration of areas as a result of ore extraction.

In order to mitigate impacts, Disturbed Areas Rehabilitation Plans have been prepared, with a view to ensuring re-establishment of the functional status and conservation of these areas following the closure of mining activities.

At the ferroniobium facility, 151 hectares have been recovered of a total of 203 hectares occupied by mining related activities. Re-vegetation has been completed of the embankments of areas already mined, with control of stormwater drainage in order to maintain slope stability. Active excavations, or those where future activities are planned, will be recovered following mine deactivation. In addition, the re-vegetation has been completed of sterile deposits and formerly areas adjacent to the industrial facility and mines. At the ferronickel production facility, rehabilitation is effected using material removed from the mining areas themselves. The upper layer of soil (with a high organic content) and mine tailings are re-used in filling excavations and subsequent preparation of the land, not only in flat areas, but also in hilly areas. Some species are seeded, especially grasses and creeping leguminous plants, whereas others are the result of natural regeneration from the replaced organically rich topsoil. Of a total of 258.12 hectares mined, 171.57 have already been rehabilitated or are in the process of recovery, in a programme that establishes the annual rehabilitation of 16 hectares.

RECOGNITION AND 2005 TARGETS

Recognition and Awards

During the period 2002 - 2004 we received, among others, the following recognitions and awards:

Related to management system improvements:

Organisation/Institution	Scope and Period	Recognition/Award
Anglo American plc	International – Anglo Group, 2002	Chosen as one of the business units for pilot application of Socio-Economic Assessment Tools (SEAT)

Related to economic performance and quality:

Organisation/Institution	Scope and Period	Recognition/Award
Acesita	National, 2004	Best Supplier in terms of Quality Assurance
Exame Magazine – “Melhores e Maiores”	Regional, 2004	Best Company in Central-West Region
Exame Magazine – “Melhores e Maiores”	National, 2003	Best Company in Mining Sector

Related to performance in health, safety and environment:

Organisation/Institution	Scope and Period	Recognition/Award
Anglo American plc	International - Anglo Group, 2003	Zero Accident Award
Anglo American plc	International - Anglo Group, 2003/2004	1st Place to Anglo Base Metals – Global Gold Category
Goiás Environmental Agency	State, 2002	2002 Environmental Management Award

Related to community and cultural contributions in the regions where we operate:

Organisation/Institution	Scope and Period	Recognition/Award
Ministry of Culture	National, 2002 - 2004	New Life Foundation Guitar Orchestra (Catalão) – Federal Government – approved by the Cultural Incentive Law promulgated by the Ministry of Culture
Ministry of Culture	National, 2002 - 2004	Cerrado Guitar Symphony Orchestra (Niquelândia) – Federal Government – approved by the Cultural Incentive Law promulgated by the Ministry of Culture
Ministry of Culture	National, 2004	Barro Alto Guitar Orchestra (Barra Alta) – Federal Government – approved by the Cultural Incentive Law promulgated by the Ministry of Culture
Goiás State Government	State, 2004	New Life Foundation Guitar Orchestra State Cultural Council – recognised as one of the Highlights of the Year
Tiradentes High School - Niquelândia	Local/Regional, 2004	Recognition for stimulating the technological growth of the region

Objectives and Targets for 2005

Economic-Financial

Investment in Project Feasibility Studies	US\$ 16 million
Community Engagement Programmes in locations where Anglo American Brazil – Base Metals operates	R\$ 2,350 thousand (US\$ 803 thousand) including SEAT, Sustainability Report and projects supported by FUNCAD and cultural incentive laws)

Safety

Certification	Maintain OHSAS 18001 certification
Fatalities	Zero fatalities
Lost-time injuries	Reduce to ZERO
Golden Rules	Strive for 100% compliance
Safety Culture - Visible Felt Leadership	Survey climate Implement recommendations Train all employees and contractors Improve indicators

Health

Certification	Maintain OHSAS 18001 certification
Anglo Occupational Safety Guidelines	97% compliance
Health promotion	Amplify awareness raising programmes for health outside the working environment: anti-smoking, anti-alcohol and healthy eating habits AIDS/HIV campaigns and presentations for the community

Organisational Climate

Organisational Climate	Capacitate employees for managing the Career and Development Plan Implement a reporting structure and prepare reporting plan
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Good Citizenship & Business Principles

Stakeholders / Community	Assess and manage socio-economic aspects and impacts using SEAT tools Amplify effective communication with stakeholders Formalise the community engagement plan Issue a sustainability report to society
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Environment

Certification	Maintain ISO 14001 certification
Use of Natural Resources	Reduce energy consumption by 10% in the next 5 years Implement a detailed water resources management plan by 2006
Climate Change	Reduce Greenhouse Gas Emissions and assess opportunities for Clean Development Mechanism projects
Solid Waste Management	Maintain current good performance regarding waste management.
Biodiversity	Increment partnerships with Non-Governmental Organisations and universities Formalise an Action Plan for impacts on biodiversity Implement a flora and fauna monitoring plan
Land Use	Effectively manage the rehabilitation of disturbed areas, with the planting of native vegetation Review and amplify environmental conservation areas

Other International Standards

Other Management Standards	Implement the SA 8000 standard (Social Responsibility) MCEP pilot programme in Catalão (mine certification by NGOs) Start ISO17025 implementation – laboratory standard.
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