



Sustainability
Report
Anglo American
Brasil 2005



**ANGLO
AMERICAN**



This is yet another sustainability report from Anglo American Brasil. In it you will be able to follow the evolution of the activities that were presented in the previous report, as well as the efforts we have made to improve our economic, environmental and social performance.

The report presents information about the mineral extraction and processing activities carried out by Anglo American's units in the State of Goiás, in the municipalities of Ouvidor and Catalão (ferroniobium), Niquelândia and Barro Alto (ferronickel), and also at the company's Head Office in São Paulo, São Paulo State.

Anglo American in Brazil also conducts activities related to the production of fertilizers and industrial phosphates (Copebrás units in Catalão and Ouvidor/GO and Cubatão/SP) and the extraction of gold, via operations managed by AngloGold Ashanti, not included within the scope of this publication.



The company is available to reply to any doubts, receive any criticisms or suggestions from the public through the e-mail address:
faleconosco@angloamerican.com.br

Additional information can be obtained from our website:
www.angloamerican.com.br, or by sending a letter to our Head Office, located at Avenida Paulista, 2300, 10º andar, São Paulo/SP, Brasil, CEP: 01310-300 (c/o Management of Sustainable Development).

2005
Sustainability Report for Anglo American Brasil 2005

Index



Message from the Chief Executive Officer . **6 and 7**

ANGLO AND SUSTAINABILITY . 8 and 9

Anglo American in Brazil and the World . **10 and 11**

Good Citizenship: Our Business Principles . **12**

Management Systems . **13**

ECONOMIC PERFORMANCE . 14 and 15

Sales . **16**

Investments . **16**

Added Value . **16**

Payments to Governments . **17**

Salaries and Benefits . **17**

Customers . **18**

Suppliers . **19**

HUMAN CAPITAL . 20 and 21

Working Environment . **22**

Freedom of Association and Collective Bargaining . **23**

Organizational Climate . **24**

Education and Training . **24**

Diversity and Equal Opportunities . **25**

Preparing for Retirement . **26**

Health and Safety . **27**

28 and 29 . SOCIAL PERFORMANCE

30 . Relationship with Stakeholders

31 . Contributing to Communities

32 and 33 . ENVIRONMENTAL PERFORMANCE

34 . Natural Resources and the Environment

35 . Air Quality and Atmospheric Emissions

36 . Climate Change and Energy

37 . Managing water consumption

39 . Biodiversity

40 . Waste Management

41 . Land Use

42 and 43 . OBJECTIVES AND TARGETS FOR 2006

44 and 45 . Objectives and Sustainability

REPORTED CASE-STUDIES

26 . An Entire Life dedicated to Anglo American

26 . New Life in the Countryside

34 . The Lagoa Stream

37 . Water Treatment System

39 . Água Limpa [Clean Water] State Park



Letter from the CEO

It is with great satisfaction that I present to the public yet another edition of Anglo American Brasil's sustainability report. A lot of progress has been made by the company since our last report.

In 2005 we achieved our production and growth objectives - we have finalized the extension of our production processes in Niquelândia and the implementation of improvements in Catalão. These investments resulted in growth in our production capacity of nickel contained in ferronickel to 10,000 tons a year – an increase of 66%. The production capacity of niobium contained in ferroniobium grew by more than 15%, to 4,000 tons a year.

In 2005 we have enhanced the feasibility studies for the Barro Alto Project in more depth. and with more detailing of the process and the technology to be used we are more sure to be on the path to obtain an approval. The updated investment figures anticipated for the project implementation are above US\$ 1 billion.

To 2005's positive economic and financial results we can add others in the area of human resources and relations with the communities where we operate. We believe that one of the pillars of sustainability of any business that wants to grow is to invest in people. Thinking of this, in 2005 we worked to enhance our career development programmes, which have as one of their focuses improving talents by identifying and investing in high potential people.

The total amount for study grants to employees of Anglo American Brasil increased by 103%. The number of hours of training per employee also rose by 104% over 2004.

We made progress in improving our internal and external communications, one of the objectives we had outlined since 2004. A new communication structure was defined and implemented, we improved the integration of people between units and we started an integration process with Copebrás (a company in the Industrial Minerals Division).

The communities in Catalão, Ouvidor, Niquelândia and Barro Alto were heavily involved during this period with the development of SEAT (for more about SEAT see pages 13 and 30). In 2005 we heard what 928 people had to say through consultation with 296 entities.

As part of this process Anglo American Brasil also gave feedback to everybody, in more than 30 meetings and events held at the end of the consultation process.

The continuing dialogue helped us structure our involvement plans with the communities for the next few years and to rethink, with their help, the criteria for making better social investments.

The good economic performance we achieved in 2005 also returned as benefits to the local economies where Anglo American Brasil operates. We have increased the use of local suppliers – a growth of 89% in the volume of funds spent, relative to 2004.

As far as health and safety are concerned, in order to standardize criteria, monitor our incidents and accidents and operate in a preventive way, we improved our incidents register and included sub-contracted staff

when calculating the frequency rate of accidents involving time lost.

As a result we saw a significant improvement in our accident frequency rate when comparing figures for the two half-years in 2005: we had nine accidents with days lost in the first half-year and only one in the second half.

In the environmental area, 2005 was a very positive year for Anglo American Brasil. Our targets for reducing emissions of carbon dioxide (CO₂), water and energy consumption per ton of ore processed

were fully achieved, showing the company's commitment to respond to the challenges posed and assumed by Anglo American plc, relative to sustainable development.

Besides improving the results achieved in 2005, continuing to grow, integrating units locally and aligning with our operations worldwide we will also have many other challenges for 2006.

We will work to implement a formal structure that allows Anglo employees to manage the evolution of their own careers, we shall implement the communication plan, the community engagement plans, our corporate website, "the source" (a new integration and information exchange tool in all of the company's units around the world), and global tools for consolidating financial data. We shall also continue with the integration process with Copebrás. Finally, and perhaps most importantly for the growth of Anglo in Brazil, we shall concentrate our efforts on finalising and having approved the Barro Alto Project process.

We are open for any comments you may have about this report. Please send them via the contacts indicated on page 2.

I hope everybody enjoys reading this!

Walter De Simoni
CEO - Anglo American Brasil



Anglo and Sustainability





Anglo American in Brazil and the world



Anglo American is the world's leading company in the production of gold, platinum and diamonds. It has a significant share in the coal, base metals, industrial minerals, ferrous metals and paper and packaging markets, producing items that are part of the daily lives of people and essential for modern life. Anglo started its activities in 1917, mining gold in South Africa. Today the Group operates in the key activities of the mining sector, is present on five continents, speaks 20 languages and generates more than 120,000 direct jobs.

In Brazil, Anglo American's activities include the extraction of minerals and the production of iron alloys in its units located in the State of Goiás. In Catalão and Ouvidor it mines pyrochlore and produces ferroniobium. Nickel is mined in Barro Alto and ferronickel is produced in Niquelândia.

Anglo American Brasil's Head Office is in São Paulo.

NIÓBIUM

Ferroniobium, an alloy that contains nearly 67% niobium, is used for manufacturing special steels for the automobile, civil engineering, heavy industry and infrastructure sectors, as well as in the naval and aerospace industries.

These steels have improved mechanical strength and corrosion resistance, even at extreme temperatures. The end consumers of niobium are leading edge technology industries, like the manufacturers of aerospace vehicles and superconductors.

World consumption of niobium has increased greatly, requiring suppliers to be ready to supply a demand that has been growing by nearly 10% a year over the last 10 years.



Operations		Start of activities
Ouvidor – Mineração Catalão		1976
Boa Vista Mine		1992
Niobium contained in ferroniobium		
2004	2005	
Production capacity	3,500 tons/year	4,000 tons/year
Exports	3,600 tons	4,000 tons

NÍCKEL

Anglo has approximately 10% of the international niobium market. Nearly 65% of all the nickel consumed in the world is used in the manufacture of stainless steel. Most of the components that are exposed to corrosion and high temperatures are made from stainless steel. This is why nickel is used in the aeronautical, medical and dental products, food, chemical and hygiene industries, as well as components for rechargeable batteries, computers and batteries for electric vehicles. The nickel market is currently very favourable. Research indicates a continuing growth of stainless steel consumption at the rate of 3 to 5% a year, due to the consumption growth in emerging markets, like China, India, Russia and Brazil.



Operations		Start of activities
Niquelândia – Codemin		1982
Barro Alto Mine		2004
Nickel contained in ferronickel		
2004	2005	
Production capacity	6,000 tons/year	10,000 tons/year
Exports	1,000 tons	1,200 tons

Good Citizenship: Our Business Principles

Anglo American believes it is more successful when neighbouring communities to its operations are stable and prosperous. Because of this all its business are conducted in accordance with what has been established in the document “Good Citizenship: Our Business Principles”.

The principles, which were published in April 2002, contain guidance for Anglo American’s actions in areas such as Integrity and Ethics, Employment and Workers’ Rights, Corporate Citizenship and Environmental, Health and Safety Management.

The Speakup program, which was introduced in 2004, receives questions and feedback from employees about any situation that may represent some misalignment with these principles; these are investigated by the

internal audit department. The requests sent to Speakup, which is accessed via a free phone 0800 number, e-mail or fax, are confidential and analysed by an independent operator. None of the questions or points raised is left without a response.

This tool has helped the company redirect its corporate policies, it makes the operations more transparent and improves the alignment of employees with the policies of Anglo American.

Requests received in 2005 included topics such as greater transparency when promoting and hiring people, which are being dealt with by means of new procedures put into practice in 2006. Questions on environmental concerns are being clarified, by improvements in communication to stakeholders and the involvement of specialists in the specific subjects.

Find out more about our Business Principles from our website at: <http://www.angloamerican.co.uk/cr/businessprinciples/>

Community Engagement is managed through a three year plan.

Management Systems

In Anglo American Brasil the management of quality, the environment, health and safety are integrated into a single system, which is certified against the ISO 9001:2000 standard for Quality (recertified in 2003), ISO 14001:1996 for Environmental Management (recertified in 2004) and OHSAS 18001:1999 for Health and Safety Management (recertified in 2003). All units in Anglo American were audited by external auditors in 2005 in order to maintain their certificates. Formal introduction of the SA 8000 standard, an international standard adopted by companies that want to guarantee that work management in their operations conforms to international declarations and agreements, is forecast for 2006. Nevertheless, various actions for improving the social performance of Anglo American are in progress, such as improvements in the management of suppliers of services, so that they come into line with our Business Principles and the continuous monitoring of Anglo’s compliance with international labour conventions.

In order to manage our involvement with communities in 2005 we concluded the first SEAT* campaign.

The process helped us confirm the importance of consulting the communities before making social investments and establishing partnerships, the recognition of the employees role as mirrors of the company in their communities, the desire the community has to participate and become involved, the importance of being proactive (anticipating actions) and the need for improving communication with stakeholders, especially the local population and suppliers.

The need for improving communication was an item raised in all the surveys, consultations and audits Anglo American Brasil was involved with during 2005. Because of this, we have hired specialists to prepare an assessment and outline an action plan. As a result we created a structure for corporate communication – a manager based in São Paulo and junior professionals allocated to the units. We initiated a communication plan that will be implemented in 2006.

This new structure is helping us make our internal and external publics aware of the importance of communication and strengthening our corporate image with our stakeholders.

In 2005, Continuous Improvement Management, an important strategy of Anglo’s Base Metals Division, made it possible for the company to intensify the initiatives of working groups, thereby achieving its goals of process improvement and a reduction in costs. The challenge now is to encourage all employees to take part in the initiatives that have a positive influence on the company’s performance and the financial results.

* A study carried out worldwide by the Anglo American Group, as the basis for implementing community engagement plans. Its main objectives are to assess social and economic impacts in order to make the company’s social actions more effective.



Economic Performance





Anglo American Brasil produces raw materials that are used in the manufacture of special steels.

Sales

Net sales of Anglo American Brasil were R\$ 456 million in 2005, which represented growth of 12.7% relative to the previous year. Production and supply of ferronickel in the year increased, due to consolidation of our culture of continuous improvement in Niquelândia and Catalão.

Results (in R\$ millions)	2005
Net sales	456
Operating profit	137
Profit before taxes and other dues	110
Net profit	96

Investments

In 2005, our total investments were R\$ 40 million. The majority of these investments were allocated for improvements in the road infrastructure, followed by investments in automation and the purchase of industrial equipment, reforestation and geological research.

Investments in Fixed Assets (in R\$ millions)	2005
Maintenance of Production Capacity	20
Health, Safety and the Environment	1
Projects	19
Total investments	40

Value Added

For companies that work in the mining sector, like Anglo American Brasil, it is not easy to measure the share its products have in the goods purchased by the end consumer, since it provides raw materials for various industries.

The company uses the concept of Value Added, which measures its contribution to the economy of the country in terms of growth in the Gross Domestic Product (GDP). Distribution of the added value represents the total payments made by Anglo American Brasil to its employees and other stakeholders, who contribute to generating this value, after deducting expenditure on inputs and other expenses, like depreciation, amortization and internal transfers.

In 2005 the total Value Added from our operations was of the order of R\$ 257 million. Although net profit was less than in 2004, due to exchange rate variations and the application of resources in research projects (R\$ 18 million in the Barro Alto Project), the contributions we made in paying salaries, taxes and dues were similar in amount to those in the same period the previous year.

Distribution of Value Added in 2005 (in R\$ millions)		
Distribution	Anglo American Brasil	% of total Value Added
Payments to personnel	55	21%
Taxes, dues and contributions	104	41%
Interest and rents	2	1%
Retained profit	96	37%
Total Value Added	257	100%

Payments to Government

Anglo American Brasil stimulates the economy of those localities where it operates, by paying salaries and creating employment and income, as well as through the taxes it pays, which contribute to the development of both the local and national economy.

In addition to the taxes paid directly, our suppliers also contribute to the local economy when they comply with their fiscal and tax obligations, which is one of our contractual demands of them and an integral part of our Business Principles.

Taxes and other payments to government (in R\$ millions)	2005
Federal	61
State	41
Municipal	2
Total taxes, dues and contributions	104

Anglo American Brasil paid R\$ 43 million in salaries and benefits in 2005 to its 965 employees and trainees.

Salaries and Benefits

The total figure for salaries and benefits paid by Anglo American Brasil in 2005 was R\$ 43 million, 63% of our total wage bill. Regarding other expenditures, R\$ 13 million (20%) was paid as social security charges and R\$ 12 million (17%) as non mandatory benefits.

Anglo Payments in 2005		
	In R\$ millions	% of wage bill
Salaries and benefits	43	63%
Social security charges	13	20%
Elective benefits	12	17%

Anglo provides its employees with other benefits, over and above those provided for in law. Most of the benefits are negotiated directly with the unions and included in collective working agreements.

Internal social indicators in 2005 (in R\$ millions)	
Private pension contributions	8
Investments in medical assistance	3
Expenditure on food	0,7
Participation in Profits and Results (PRP)	3
Other benefits (dental plans, group life insurance)	0,7



Customers

Every six months we carry out a customer satisfaction survey, which deals with topics such as brand, products, price, quality, our product portfolio and response time. These surveys provide us with a good indication of how Anglo American Brasil can increasingly meet the requirements of its customers by being proactive and adopting fair and ethical practices.

The result of this is that in 2005, the production, quality and sales areas managed to develop new packaging that facilitates handling on our customers’ production lines. Surveys for improvements in the production process feed system by means of changes in the granulometry of the alloy continued.

To improve relationships with its customers Anglo American Brasil also allocated marketing professionals to exclusively handle nickel and niobium, which allows us to provide a faster, more personalized service that focuses on the needs of each customer.

Anglo American Brasil takes part in the Technical and Marketing Development Nucleus for Stainless Steel (www.nucleinox.org.br), the purpose of which is to develop stainless steel consumer markets. Internationally the company is also a member of the Nickel Institute (www.nickelinstitute.org) and a contributor to the Tantalum and Niobium International Study Centre (www.tanb.org).



Production and supply of nickel increased by 66% in Anglo American Brasil in 2005.



World consumption of niobium has been growing at 10% a year over the last 10 years.

Suppliers

In 2005, Anglo American Brasil purchased R\$ 47 million in materials, products and services from companies that are established in places where it operates – an evolution of 89% in the amount spent with local suppliers, relative to the previous year, which was R\$ 25 million. This stimulates growth in the economy and adds value to those communities which are the Company’s neighbours.

Our supplier satisfaction survey confirmed that more than 80% of the local suppliers were satisfied with Anglo American Brasil. Next year we are including sustainable development indicators in the supplier evaluations, which are carried out by the purchasing areas.

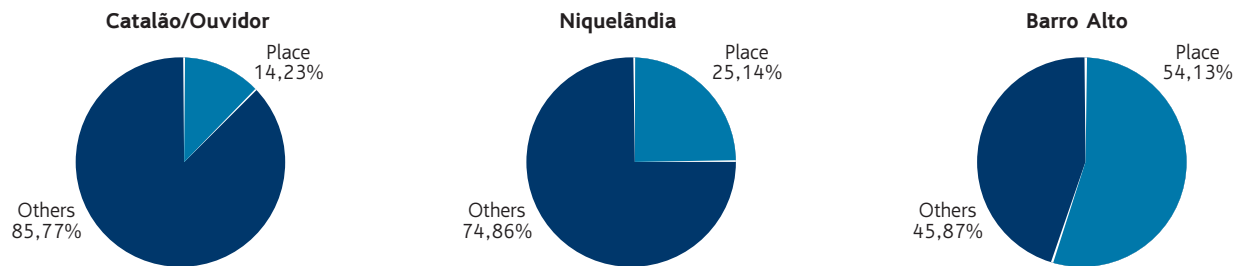
In 2005 use of local suppliers increased by 89% relative to the previous year.

In its contracts with suppliers, Anglo continues to demand compliance with health, hygiene and occupational medicine legislation, as well as compliance with Anglo’s internal norms and with fiscal and tax obligations. Service providers in Anglo’s units take part in specific training programmes in health and safety and we ask all our suppliers to adhere to “Our Business Principles”.

Our challenge for next year is to implement a supplier certification program, so that they are aligned with these principles.

Expenditure (in R\$ millions)	2004	2005
Expenditure with local suppliers (Catalão, Ovidor, Niquelândia, Barro Alto)	25	47
Expenditure with other suppliers	192	158

Expenditure with suppliers in 2005



Human Capital



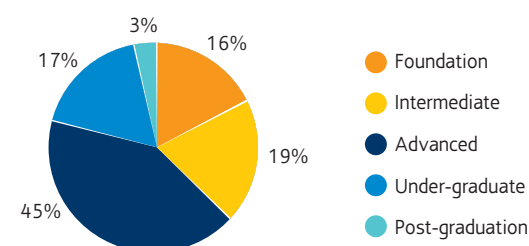


Anglo American carries out an organisational climate survey every 2 years.

Working Environment

Continuous improvement in working conditions, professional development and employee satisfaction are commitments expressly stated in our Business Principles. On 31st December, 2005 Anglo American Brasil employed a total of 877 people.

Distribution of employees by Educational Level -2005

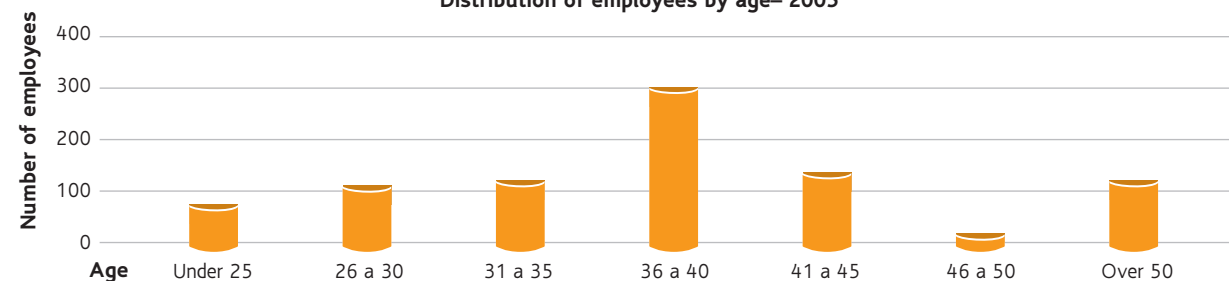


Profile of employees and sub-contracted staff	2004	2005			
	Total	Catalão/ Ouvidor	Niquelândia/ Barro Alto	São Paulo	Total
Employees	826	248	552	77	877
Number of employee dependants	-	593	1,291	142	2,026
People hired in the period	-	26	43	4	73
Sub-contracted staff (Outsourced Service Providers and Professionals for Specific Projects)	108	22	51	23	96
Trainees (Participants in Company Training Programmes and Internship Programmes)	10	23	61	4	88

Movement - 2005			
	SP	Niquelândia/ Barro Alto	Catalão/ Ouvidor
Transfers	1	61	5
Dismissals	2	11	3
Retirees	2	9	6

Distribution of employees by gender - 2005		
Local	Men	Women
Catalão / Ouvidor	236	12
Niquelândia / Barro Alto	529	23
São Paulo	56	21
Total	821	56

Distribution of employees by age- 2005



Freedom of Association and Collective Bargaining

Anglo American Brasil guarantees its employees have full freedom of association and collective bargaining rights, such as affiliation to trade unions and the right to have meetings, strike and manifest themselves in other ways.

In the niobium production units 52% of the employees currently belong to a union. In the nickel production units this percentage is 22%.

Anglo also supports its employees taking part in trade bodies and other associations that work for the sustainable development of the places where the Company operates.

In Catalão and Ouvidor six employees are directors of their trade union. Also in this unit there are employees who are active members of the Municipal Environmental Development Council (Comdema), the Council for the Protection of the Paranaíba Micro-basin Region, the Coordination of Family Pastoral Care organization and two employees are delegates of the Regional Agenda 21 Forum.

In Niquelândia and Barro Alto, 12 employees are directors of the union. Other employees are active members of the Community Safety Council, the Municipal Environmental Council, the Municipal Council for the Eradication of Child Labour and the Social Responsibility Council of the Industry Federation of the State of Goiás (FIEG).

Total number of employees that are union members		
	2004	2005
Nickel		
Niquelândia and Barro Alto	25%	22%
Niobium		
Catalão and Ouvidor	39%	52%

Directors of trade unions		
	2004	2005
Nickel		
Niquelândia and Barro Alto	12	12
Niobium		
Catalão and Ouvidor	7	6
Total number of employees participating	19	18

Anglo American Brasil's employees have total freedom of association and the right to collective bargaining.



Organisational Climate

Every two years Anglo American Brasil conducts an organisational climate survey. Based on the results of the last survey, carried out in 2004, actions were implemented in 2005, the main one being the setting up of a communication area with the aim of improving internal and external communication.

We also started a review of working processes, one of the actions taken to optimize the contribution of people in the company. The human resources area, in accordance with Anglo’s corporate strategy, is working to improve job descriptions and attributions, aligning them with the Company’s strategic objectives.



Anglo American Brasil’s strategy is to build competitive advantage through its employees.

Education and Training

Anglo American Brasil believes that people represent a competitive advantage for its business. Therefore, among the objectives of the Human Resources policy is the development of the competences necessary for improving the organisation.

The Company constantly trains and develops the skills of its professionals and encourages its employees to study. Anglo American Brasil has working agreements with teaching institutions, which include everything from the preparation and improvement of labour to academic research in various areas, like mining and environmental management. Many university students from countries where Anglo has operations, come to Brazil to study and specialise.

We invested R\$ 154,000 in study grants in 2005, which benefited 64 employees and which represents an increase of 103% in the total amount invested.

The average amount of training in 2005 was 51 hours per employee. We also invested R\$ 322,000, which represented an increase of 104% in relation to 2004.

The main highlights of the training area in 2005 were: the leadership course, which forms part of the Supervisor Development Programme, provided for 33 employees from Catalão; the financial planning course, delivered to 481 employees from Niquelândia and Barro Alto, and the project management course for 16 employees from the corporate area.

Study grants	2004	2005		
Level		SP	Nickel (Niquelândia and Barro Alto)	Niobium (Catalão and Ovidor)
Technical	9	-	29	3
Under-graduate	14	1	13	5
Post-graduate	15	1	10	2
Total number of employees	38	2	52	10
Total amount invested in R\$	75,000	16,000	101,000	37,000

Diversity and Equal Opportunities

Anglo American Brasil adopts a policy of equal opportunities for all, regardless of colour, race or gender. The company complies with Brazilian legislation as far as discrimination in the workplace is concerned. As part of Anglo American Brasil’s strategy for increasing its percentage of employees with special needs, an external consultancy company will be hired with the aim of making managers aware of the need to include such people and identifying access and working conditions. Training our employees to deal with the various special needs is part of the service provide by the consultancy company. Senai [National Industry Service] will map out our work positions.

Employment and Labour Rights•

- We are committed to adopting fair labour practices in our workplaces and our working conditions will be in accordance with the applicable laws and industry standards.
- We shall promote equality in the workplace and try and eliminate all forms of unfair discrimination.
- We will not tolerate the inhuman treatment of employees, including any form of forced labour, physical punishment or other abuse.
- We forbid the use of child labour.
- We recognise the right of our employees to have freedom of association.
- We will use fair and suitable means for determining terms and conditions of employment. We will provide appropriate procedures for preserving rights in the workplace and the interests of our employees.
- We will offer employees the opportunity to improve their skills and competences, thereby allowing them to develop rewarding careers that maximise their contribution to our business.

Anglo American Brasil has a policy of equal opportunities for all.



Preparing for Retirement

Anglo American Brasil knows that the average time the employees stay in the Company is 13 years. With this in mind, and with the aim of creating conditions for employees to establish a personal project for this new phase in their lives, in 2002 the Company created the Mature People Preparation for Retirement Programme (GEMA), which has already benefited 112 employees. They are prepared in how to cut themselves off from the company in a natural way and which makes it possible to transfer their knowledge and identify their possible successors.

Through meetings, talks and psychological accompaniment, the programme helps those employees who are close to retirement and members of their families, to develop projects for this new phase in their lives.

Participation in GEMA	2002 – 2005
Groups	6
Eligible employees	123
Employees participating	112
% participation	91%

GEMA prepares employees and their wives for a new phase in their lives.



Case-study: New life in the countryside

Valdivino Cardoso Guimarães is 60 years old, 32 of which were spent in Anglo American Brasil in Niquelândia. Before retiring he took part in GEMA and says: “The programme really changed my life. I learned how to face up to this new phase and be happy. This programme helps us a lot”.

Valdivino was a building works supervisor at Anglo. He recounts: “I already had a place in the country, close to the Niquelândia plant and I started buying up adjoining land until I had a farm where today I live and work. I raise cattle – I have 30 head – and I’m very happy because in addition to my pension I make money from my cows. In GEMA they teach us how to look after our money so we can live well on what we have.”

Case-study: A whole life dedicated to Anglo

When Francisco das Chagas do Nascimento joined Anglo in Catalão at the age of 20, he never imagined he would spend the greater part of his life working in the company. “I spent the most important years of my life at Anglo. I learned to love it.”, says Francisco.

When he retired he started having more time for his family and friends. The lessons he learned in GEMA were very useful for him to have a peaceful retirement. “During GEMA I learned the importance of taking good care of the money I was going to receive.”, he said. Currently Francisco is a service provider for Anglo, sharing the knowledge he acquired throughout his career, in training maintenance professionals.

Health and Safety

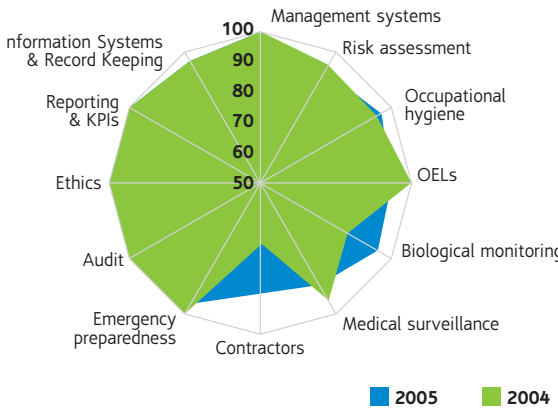
Anglo American Brasil holds OHSAS 18001:1999 certification and includes the requirements of this standard in its management systems. The Company’s goal is to achieve zero fatalities and accidents with lost time.

In 2005, Anglo started including in its accident statistics those companies that provide services, like meals, cleaning and forest activities. In doing this we raised the frequency rate of accidents with lost time (LTIFR in English) to 1.07, which represents the eight accidents with time lost in Niquelândia and Barro Alto. In Catalão two accidents with time lost were recorded, which represented an improvement of 35% in its LTIFR relative to 2004.

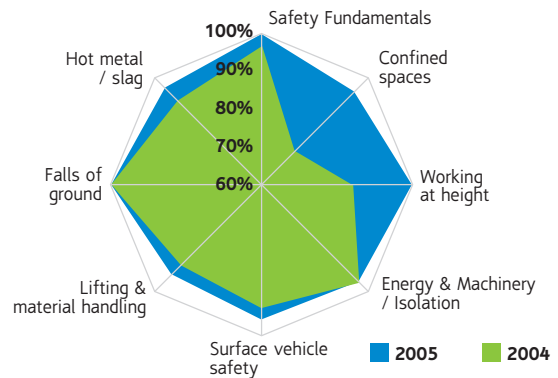
In April with the help of the Dupont consultancy company, a survey in all units heard employees and sub-contracted staff on the performance of the company regarding safety. Based on the survey results, supervisors and managers were trained, thus strengthening the Visible Felt Leadership Programme (VFL). VFL actions include more frequent visits to the operational areas in order to better observe the safety attitudes in the day to day life of the company. The unsafe acts index (number of unsafe acts/ number of man-hours spent observing people’s attitudes) is a proactive performance indicator in safety that is being introduced in all units in Anglo’s Base Metals Division.

Another assessment, carried out by external auditors, was conducted in 2005 to check compliance with the corporate guidelines for Occupational Health guidelines and with the Golden Safety Rules. The Occupational Health results were 93% compliant and 4% below our target. These results indicated a significant improvement in the management of sub-contracted staff and an advance in occupational hygiene practices and monitoring by means of examinations, but indicated a drop in performance, principally in reporting, showing yet again the need for an integrated control software. In turn, the performance assessment against the Golden Rules also indicated a good result – 96%. Various opportunities for improvement were identified, above all with regard to building people’s awareness about how to operate lifting equipment and use machines with cut-out devices, which have become the focus of our safety action plans.

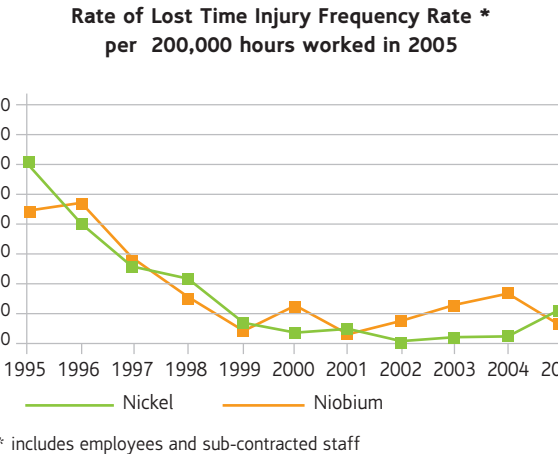
Compliance with Anglo’s occupational health directives



Compliance with the Golden Safety Rules



All incidents or near-accidents with a high risk potential are investigated and the lessons learned are shared between the division’s units, as a preventive measure.



Social Performance





Anglo's social investments are being redirected, based on the results of the SEAT process.

Relationship with Stakeholders – the SEAT Process

Since 2004 Anglo American Brasil, along with the consultancy company Environmental Resource Management (ERM), has been implementing the Social Economic Assessment Toolbox process in all its units. The work, which involves assessing economical and social impacts and identifying the needs of the community in order to develop action plans, was finalised in 2005 and resulted in important information that allowed Anglo to redefine its communication actions and its engagement with communities, as well as criteria for its social investments.

Consultations carried out in 2005		
	Catalão / Ouvidor	Niquelândia / Barro Alto
People interviewed	450	478
Entities consulted	125	171
Months carried out:		
June and July 2005	Catalão, Ouvidor and Niquelândia	
July and September 2005	Barro Alto	
December 2005	Feedback to communities	
Categories consulted:		
<ul style="list-style-type: none">• Employees• Federal, state and municipal authorities• Health establishments• Teaching, financial and religious/charitable institutions• Local media• Non-governmental and civil society organizations• Industry associations• Local townspeople• Mine neighbours• Local leaders• Suppliers• Companies		

In 2005, 928 people were interviewed and 296 entities were consulted in four municipalities: Catalão, Ouvidor, Niquelândia and Barro Alto. Subsequently a summary of the main results and the initial action plans developed to add to the positive aspects and reduce the negative ones was communicated to all the groups consulted.

The results of the SEAT process made it possible to formalize a “Community Engagement Plan”, which will be implemented between 2006 and 2008.

Advances in relationships with stakeholders in 2005
<p>The results of consultations with stakeholders were very positive for Anglo, because they revealed how they perceive our operations and also showed us some opportunities, like:</p> <ul style="list-style-type: none"> • Better knowledge of the charitable entities on the part of the company and amongst them • Satisfaction of those consulted because they were being heard • Proposals for Anglo to encourage and take part in specific forums between entities and in neighbouring communities • Greater integration between employees of the various operations of the Company in Brazil • Enthusiasm and engagement of the whole team • Opening up of the company and knowledge of the communities <p>In 2005 it was also possible to create a community relationship area in Niquelândia, which serves the various publics, and to institutionalise the communication channels with the company.</p>

Contribution to the Communities

In order to understand the dynamics and priorities of the communities and the local impact of its operations Anglo has improved its channels of dialogue with a great number of its stakeholders.

Getting to know the world beyond the limits of our own walls is essential when it comes to overcoming the challenges imposed on us by sustainable development. SEAT was the tool that helped us understand the extent

and the nature of these impacts on our neighbours, to improve mutual trust, to be more effective in building partnerships and to ensure our responsibility in this process.

Over the last two years Anglo American has made the areas of culture, education and the environment a priority in decisions relating to its social investments in Brazil.

Social Investments (in R\$000s)	2004	2005			
		Corporate	Catalão/ Ouvidor	Niquelândia/ Barro Alto	Total amount invested
Total amount invested	2.676	360,9	212,8	1.263	1.836,7
- Community	1.338	-	188,5	1.166	1.354,5
- Donations or investments in cash	1.253	-	12,5	69	81,5
- Donations in goods, services or in employee time	85	-	11,8	28	39,8
- SEAT	-	253,1	-	-	253,1
- Others	-	107,8	-	-	107,8

The professional development of young people is one of the investment targets.



Environmental Performance





Anglo American in Niquelândia is self-sufficient in wood.

Natural Resources and the Environment

Anglo recognises the crucial importance that natural resources have for maintaining life and society. Because of this it encourages actions that lead to a reduction in the consumption of these resources and optimization of their use.

In 2005 Anglo's targets for a reduction in the emission of carbon dioxide (CO₂) and water and energy consumption per ton of ore processed were met.

Since 2001 Anglo's operations in Brazil have been certified by ISO 14001 (Environmental Management). This means that the company makes every effort to seek continuous improvements in its environmental management system.

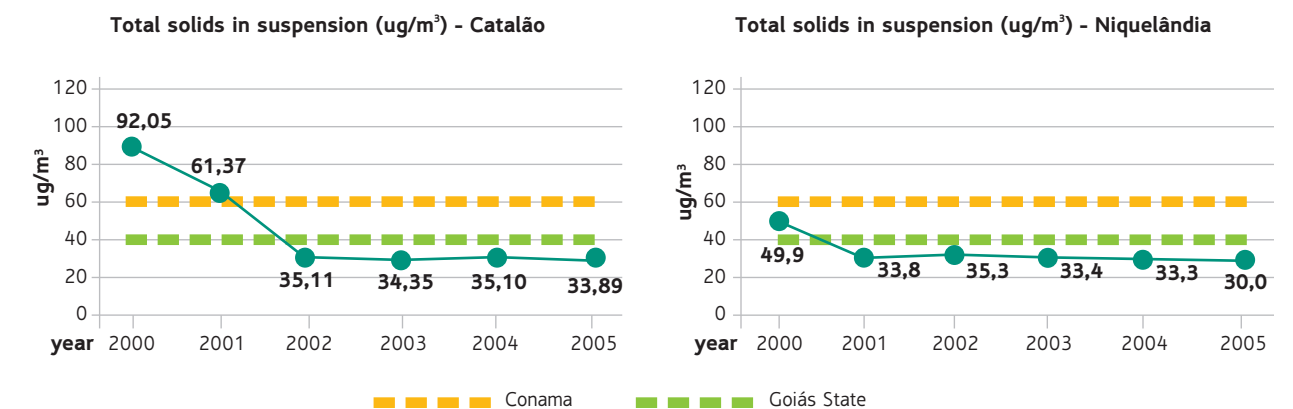
Case-study: The Lagoa stream

The spring that feeds the Lagoa stream in Ouvidor supplies the town with water. The Lagoa stream is part of the Paranaíba River basin. Technicians from Anglo American identified that the spring was being degraded and with a serious risk of silting up because of the removal of the vegetation surrounding it to form pastureland for cattle. The company took the initiative to seek out the owners of the land where the spring is located and the areas on the banks of the stream that are covered with vegetation so that, together, they could develop a recovery project for the area. After analysing the alternatives the owners supported the work of replanting the forest on a part of their land in those places that had been identified. Anglo employees voluntarily took part in planting saplings of trees that are typical of the region. In all 2,000 saplings were planted. In addition to planting these areas were also fenced off to avoid animals getting onto them.

Air Quality and Atmospheric Emissions

In 2005 all Anglo American Brasil's operating units were fully compliant with environmental legislation regarding the emission of gases and particulate matter into the atmosphere. All potential sources of the emission of

particulate matter and gases have control systems. In order to measure the efficiency of these systems the company monitors the emissions at fixed sources and also the air quality close to its installations.



Particulate matter emission control equipment.



Climate Change and Energy

Aligned with Anglo American’s Policy for Climate Change, the targets for a reduction in the emission of CO2 were complied with.

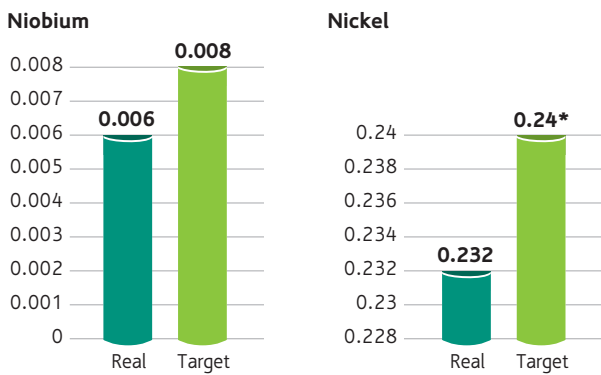
Since last year various initiatives for reducing the consumption of fossil fuels have been systematically adopted by the company. The emission of CO2 is calculated by the company as a function of its consumption of fossil fuels, based on the directives of the Inter-governmental Panel on Climate Change (IPCC).

We have identified opportunities for generating credits in the carbon market. As a result we prepared a project known as the Clean Development Mechanism (CDM), which is associated with our reforestation activities in Niquelândia. The plantations cover 12,000 ha (hectares), are managed in accordance with the best practices in forest management and are part of Anglo’s integrated management system. Every year these trees remove more than 140,000 tons of CO2 from the atmosphere.

Following the rules of the Kyoto treaty, Anglo sought external validation from the Executive Committee of the United Nations for approving the project methodologies, including auditing and consulting stakeholders. Furthermore, in September 2005, Anglo American Brasil hosted in São Paulo a CDM workshop for Anglo’s professionals in Latin America, with the aim of sharing its experiences and stimulating the preparation of projects in other companies in the Group.

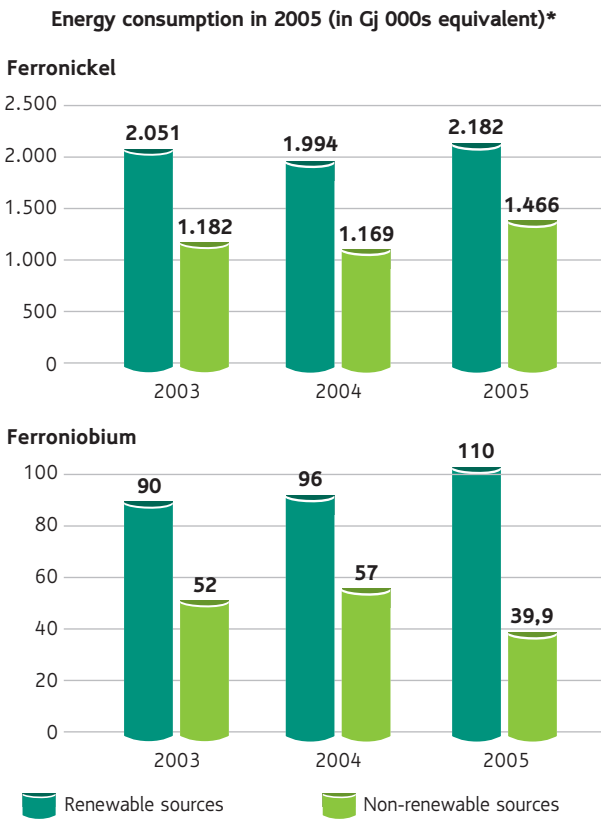
We continuously invest in improvements in energy efficiency and the challenge now is to transform these opportunities into Clean Development Mechanism projects.

Emissions of CO2 in 2005 (tons CO2 eq/tons of ore processed)*



* Increase occurred because of the greater consumption of diesel oil in the transport of ore from Barro Alto and of oil in the ore drying furnace.

In Anglo American Brasil, 66% of the total energy consumed comes from renewable sources.



*The increase in energy consumption in the production of ferronickel and ferroniobium in 2005 is associated with the increase in company activities.



Eucalyptus trees are transformed into wood-chips.



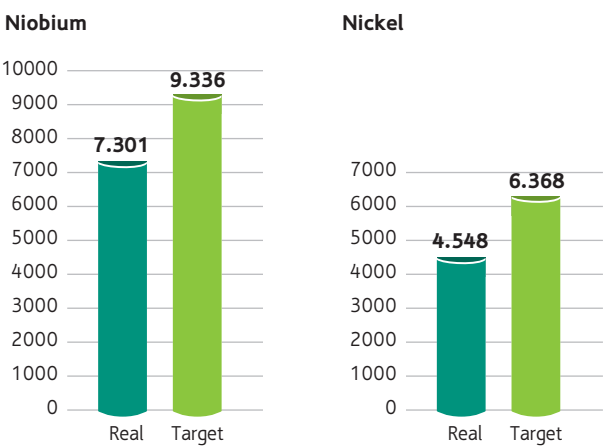
Water-treatment system in Niquelândia.

Managing water consumption

In all its operating units Anglo American tries to use water responsibly by recycling it and avoiding it becoming contaminated. The company continues to recycle the water it uses and currently only 20% of the water consumed in the production of ferronickel is new water. In the production of ferroniobium this figures 40%. The specific consumption of water is regularly monitored and reduction targets are established annually.

The increase in activities in Niquelândia and Catalão in 2005 resulted in an overall increase in water consumption. Even so specific consumption (per ton of ore processed) was reduced and met the targets set. On average we consumed 4.5m³ of water per ton of ore processed in Niquelândia, while in producing niobium in Catalão we consumed 7.3m³ of water per ton of ore.

Water consumption in 2005 (m³ of water/ton of ore processed)



Case-study: Water treatment system

The quality of the drinking water produced by a treatment system depends on the characteristics of the source from which it is taken and the efficiency of the system. In 2005 the Niquelândia unit started using the Serra da Mesa Hydroelectric Power Plant reservoir as source for its drinking water treatment system. This shows that the plant, located alongside the lake, causes no impact on the quality of its water, which can be used for consumption by humans.

Drinking water used to be produced by softening and chlorinating water taken from deep wells. The drinking water so obtained was of good quality, but had an unpleasant taste due to the salinity of the underground water sources.

The new system takes water from the lake for subsequent stages of aeration, flotation, filtering and chlorination. The quality of the water produced meets all the requirements of sanitary and environmental legislation, in addition to the main fact of having no characteristic taste. This has been possible because of the good quality of the surface water source.



Biodiversity

The policy and specific guidelines of Anglo American plc for biological diversity go beyond merely complying with environmental law; they promote the sustainable use of land. The legal reserve areas of all properties are preserved and duly registered, and these preserved areas live in harmony with the Company's mining activities and the production of planted forests.

In 2005 the Company increased the productivity of its forest areas in Niquelândia, thus reducing the size of the area planted with eucalyptus trees needed to produce the same quantity of wood. The remaining areas are being converted into reserve areas. Furthermore, in accordance with Goiás State legislation 2% of the annual planting programme is used for planting native species that are typical of Brazil's scrubland areas, like cedar, aroeira, angico, ipe, baru, jatobá and jequitibá.

Part of these areas is being transformed into corridors for fauna in such a way as to link the environmental conservation areas. Corridors provide fauna with a greater diversity of food, shelter and areas for procreation, as well as maintaining the diversity of predatory insects and consequently the natural control of pests.

In Niquelândia an agreement was entered into with the Federal University of Goiás, under the guidance of the non-governmental organization, Conservation International, to monitor the flora and fauna of those areas that are directly influenced by Anglo American Brasil's activities. The aim is to form a database that will make it possible to implement action plans for biodiversity and the introduction of future monitoring programmes.

In Barro Alto fauna is being monitored as part of the actions provided for in the Environmental Control Plan; the information will also be used for preparing the Action Plan for Biodiversity.

During these surveys a new species of toad (*Scinax* spn) was discovered, which is an important fact for science. An insect (*Euporthicus* sp1), the species of which will be confirmed after further studies have been carried out, was also identified for the first time in Brazil.

Anglo American Brasil also promotes activities that favour biodiversity, like recovering degraded areas, annual fire hazard campaigns, the prohibition of hunting and fishing and environmental education initiatives.

Case-study: Água Limpa State Park

A few remaining areas of vegetation that still contain vestiges of the State's Atlantic rain forest can be found in the south of Goiás. The State Environmental Council approved the creation of a conservation unit in this location and the Água Limpa Park is in the process of being set up.

As part of the environmental compensation measures associated with opening the Barro Alto mine in 2005, Anglo American invested R\$ 208,000 in appropriating land for creating the Água Limpa Park.

Another aspect of these compensation measures includes making resources available for creating new conservation units in the State.

The company is allocating R\$ 52,000 for environment education projects and the recovery of water sources used for supplying Barro Alto (GO) with drinking water.



Biodiversity is dealt with in specific policies and directives.

Waste Management

Initiatives taken by Anglo American Brasil in 2004 made feasible the improved reuse of the waste generated in its industrial processes in 2005.

The expansion of the nickel plant allowed most of the dust generated in 2005 to be reused in the process itself, thereby minimizing the amount sent to the tailings dam. Because of this it was also possible to increase the reuse of dust that had already been deposited, thus reducing the volume accumulated in the dam.

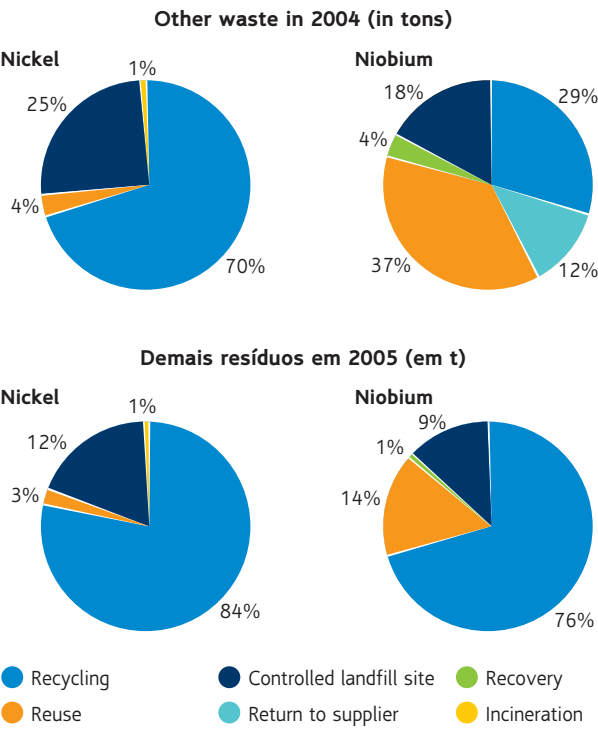
This year we carried out studies for installing a new slurry deposit to avoid extending the old one, which

would have an impact in the Serra da Mesa Lake. This new deposit is in the environmental licensing phase. The Catalão unit is also planning and applying for a license to expand its tailings dam.

We also performed well in the management of our other waste; although the total volume has increased as a result of the expansion of production activities in all units, the amount of material recycled, reused and recovered has also increased, which has reduced the percentage sent to the controlled landfill site.

Waste destination				
Process waste sent for final disposal (in 000s tons)	2004		2005	
	Nickel	Niobium	Nickel	Niobium
Tailings dam	-	452	6.4	482.4
Controlled slurry deposit	418	5.28	416	9.9
Total accumulated process waste (in 000s tons)	2004		2005	
	Nickel	Niobium	Nickel	Niobium
Tailings dam	622	14,511	620*	14,993
Controlled slurry deposit	9,468	154	9,884	163.9

* The amount held in the tailings dam in the nickel operation in 2005 is less than in 2004, because the dust from the dam is being recovered and recycled in the process.



The company invests in managing solid waste.



The plan for areas mined by Anglo provides for recovery of 16ha (hectares) a year

Land Use

Anglo American Brasil’s plans for recovering degraded areas were approved by the Environmental Agency of the State of Goiás and are reviewed every two years, which is the period environmental licences are valid for. In 2005 we improved our corporate criteria for recovering degraded areas. Now areas are considered to be “fully recovered” only when all the measures have been implemented that make it feasible to re-establish their use or conservation conditions at the end of mining activities. All other areas are considered to be in the process of recovery, or yet to be recovered.

In Niquelândia, in the period reported, 19 ha (hectares) were recovered, or the recovery process started; this exceeds the 16 ha we had programmed as our target.

In flat areas we have good results with the recovery process in terms of the re-establishment of vegetation

cover, but we still need to improve the technology for recovering mined areas in the hills.

In Catalão, the plans we had for closing the 151 ha already stabilized and replanted with vegetation in previously mined areas in order to improve the conditions of their future use are being reviewed.

Evolution of the recovery of mined areas		
Catalão	2004	2005
Area fully recovered (ha)	151*	0
Area in process of recovery (ha)		151
Area yet to be recovered (ha)	52	66
Niquelândia	2004	2005
Area fully recovered (ha)	171.57*	88.78
Area in process of recovery (ha)		101.79
Area yet to be recovered (ha)	86.55	77.32

* In accordance with the criterion applicable in 2004.

Objectives and Targets for 2006



Sustainability Objectives for 2006

Focus	Status	Our objectives for 2005	Our performance in 2005	2006 and future Objectives
Economic and Financial				
Investments in Project Feasibility Studies	➔	Invest US\$ 16 million.	Invested US\$ 8.05 million in detailing the Barro Alto Project (other investments transferred to 2006).	Obtain approval for Barro Alto Project.
Investments in locations where Anglo American Brasil – Base Metals operates.	➔	Invest R\$ 2.35 million (including SEAT, Sustainability Report and projects supported by Funcad and culture incentive laws).	Invested R\$ 1.83 million, which was less than the target due to instalments being extended to 2006.	Improve the policies and criteria for social investment in communities.
Safety				
Certification	✓	Retain OHSAS 18001 certificate.	Target reached.	Recertification.
Fatalities	✓	No fatalities.	Target reached.	No fatalities.
Accidents with time lost	✱	Reduce to ZERO.	Recorded accidents: 8 in nickel operations and 2 in niobium operations.	Reduce to ZERO.
Golden Rules	➔	Look for 100% compliance.	Achieved 96% compliance.	Simplify and reinforce the Golden Rules in all units (corporate target). Achieve 100% compliance.
Safety Culture – Visible Felt Leadership	➔	Survey climate. Introduce recommendations. Train 100% of employees and sub-contracted staff. Improve indicators.	Training concluded and indicators reviewed. “Unsafe acts per inspection hour” indicator and other proactive indicators improved.	Extend the number of inspection hours to identify unsafe acts.
Health				
Certification	✓	Retain OHSAS 18001 certificate.	Target reached.	Recertification.
Anglo guidelines for Occupational Health	➔	Achieve 97% compliance.	Achieved 93%.	Encourage peer auditing. Look for 100% compliance.
Promote health	✓	Extend campaigns to include health outside the work environment: smoking, alcohol, food education and talks on AIDS/HIV for the community.	Target reached – talks on AIDS/HIV for internal and external communities extended.	Consolidate partnerships with municipal health areas to extend programmes.
Organizational Climate				
Organizational climate	✱	Enable employees to manage their own Career and Development Plan.	Partially achieved. The functions have been reviewed.	Enable employees to manage their own Career and Development Plan.
Communication	➔	Introduce Communication Plan.	Communication Plan Manager and local assistants hired. Communication Plan initiated.	Finalize and implement the Communication Plan.
Good Citizenship and Business Principles				
Stakeholders / Community	✓	Evaluate and manage social economic aspects using SEAT tools.	Target reached – SEAT process concluded in the nickel and niobium operations.	Conclude and implement the Community Engagement Plan (CEP).
	✓	Extend effective communication with stakeholders.	Target reached – consultation and feedback to all identified and selected parties.	Create participative forums.
	➔	Formalize involvement plan with the community.	Started Community Engagement Plan.	
	✓	Issue sustainability report to society.	Target reached.	Improve the sustainability report to society.

Focus	Status	Our objectives for 2005	Our performance in 2005	2006 and future Objectives
Environment				
Certification	✓	Retain ISO 14001 certificate.	Target reached.	ISO 14001:2004 recertification.
Use of Natural Resources	➔	Reduce energy consumption by 10% over the next 5 years	Target for reducing specific energy consumption in 2005 reached.	Maintain reduction in specific energy consumption by 10% from 2004 to 2008.
	➔	Introduce a detailed water resources management plan by 2006.	Improvement in water balance.	Become a member of river basin committees.
	✓	Reduce consumption of new water.	Target for reducing specific consumption of new water reached.	Seek alignment with the water resources management plan for the State of Goiás.
Climate Changes	➔	Reduce emission of greenhouse gases and evaluate project opportunities related to Clean Development Mechanisms (CDM)..	CDM opportunities in 2005 identified. Methodology for producing reforestation-type CDM developed.	Adapt the methodology for recording CDM – carbon removal project. Put into effect energy efficiency projects.
Waste Management	✓	Maintain good performance in waste management.	No non-compliance with ISO 14000 standards. External assessment of dams and slurry deposits carried out.	Maintain good performance. Improve waste management by recovering niobium from Copebrás waste.
Biodiversity	✓	Increase partnerships with non-governmental organizations and universities.	Partnership with CI* and the Federal University of Goiás. 65% compliant with the requirements of the action plan for biodiversity in Niquelândia and Barro Alto which defines value of local biodiversity	Develop a formal Biodiversity Action Plan. Improve partnerships by extending work to include Catalão.
	➔	Formalize Action Plan for impacts on biodiversity.	On-going.	Review and extend environmental reserve areas.
	✓	Introduce a programme for monitoring flora and fauna.	Target reached. New species discovered.	Improve monitoring programme and define biological indicators.
Uso do Solo	✓	Use of soilEffectively manage the recovery of degraded areas by planting native vegetation.	Target reached where applicable.	Manage, in an effective way, the recovery of degraded areas by planting native vegetation.
	✗	Review and extend the environmental reserve areas.	Increase in productivity of the eucalyptus forest and the remaining area was dedicated to native species.	Extend the environmental reserve areas and create conservation corridors.
Other International Standards				
Other Management Standards	✗	Introduce the SA8000 Social responsibility Standard.	Gap analysis studies carried out.	Start formal introduction again.
	✓	Pilot audit in Catalão of the MCEP (environmental and social certification by NGOs).	Target reached.	
	✓	Initiate introduction of ISO17025 – laboratory standards.	Introduction started.	Obtain certification for Niquelândia laboratory and prepare for process in Catalão.
Key ✓ Target reached ✗ Target not reached ➔ Target in progress ✱ Needs more work				
* CI - Conservation International				



We would like to thank all employees and partners of Anglo American Brasil, and all those who take part in the projects mentioned, for their contributions.

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