



ANGLO COAL SOUTH AFRICA

# A climate for clean coal partnerships

Sustainable development report 2005



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ANGLO AMERICAN PLC  
**A CLIMATE OF CHANGE**  
Report to Society 2005

ANGLO COAL  
**A CLIMATE FOR  
CLEAN COAL PARTNERSHIPS**  
Global Sustainable Development Report 2005

ANGLO COAL AUSTRALIA  
**A CLIMATE OF CHANGE**  
Transforming Coal – Report to Society 2005

ANGLO COAL SOUTH AFRICA  
**A CLIMATE FOR  
CLEAN COAL PARTNERSHIPS**  
Sustainable Development Report 2005





# About our report

## GRI INDICATOR KEY

VISION AND STRATEGY

PROFILE

CORPORATE GOVERNANCE

ECONOMIC PERFORMANCE

ENVIRONMENTAL PERFORMANCE

SOCIAL PERFORMANCE INDICATORS –  
LABOUR PRACTICES

HUMAN RIGHTS

SOCIETY

PRODUCT RESPONSIBILITY

2.1 | 2.11 | 2.12 | 2.13 | 2.15  
2.17 | 2.22

3.1\* | 3.2\* | 3.3\* | 3.4\*  
3.5\* | 3.6\* | 3.8

\* See Anglo American plc report: *A climate of change – Report to society 2005* available at [www.angloamerican.co.uk](http://www.angloamerican.co.uk)

This is Anglo Coal South Africa's fourth annual sustainable development report, which covers safety, health, the environment and community engagement.

**A**NGLO COAL SOUTH AFRICA and Anglo Coal Australia both form part of Anglo Coal, a wholly-owned division of Anglo American plc. The focus of this report is on South African operations managed by Anglo Coal. The report reflects the period from 1 January 2005 to 31 December 2005. It should be read in conjunction with our Anglo Coal global sustainable development report 2005 *A climate for clean coal partnerships*<sup>†</sup> and the Anglo Coal Australia regional report 2005 *A climate of change – transforming coal*<sup>†</sup>.

The Global Reporting Initiative (GRI) 2002 guidelines have been applied in the preparation of this report. As Anglo Coal South Africa is a division of Anglo Coal, a wholly-owned subsidiary of Anglo American plc, the financial statements are incorporated in the Anglo American plc 2005 annual financial report *Creating long-term shareholder value*<sup>‡</sup>. Human rights, as defined by the GRI, are omitted as South Africa has a broad and liberal constitution which protects the human rights of its citizens. Relevant GRI indicators are located in each section of the report.

KPMG was appointed to provide assurance on selected 2005 sustainable development performance indicators as detailed in the assurance report and Anglo Coal South Africa's compliance with the reporting requirements of the Mining Charter. Their independent assurance report is printed in full on page 7.

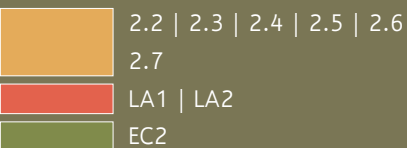
Feedback on this sustainable development report is welcomed, as are enquiries related to the sustainable development initiatives undertaken by Anglo Coal South Africa. Contact details are provided on the inside back cover.

<sup>†</sup> [www.angloamerican.co.uk](http://www.angloamerican.co.uk)



# Anglo Coal in South Africa

Coal is the primary fuel produced and consumed in South Africa. Some 90% is used for electricity generation and the synthetic fuel industry. Other coal consumers include the industrial sector and metallurgical (steel) industries

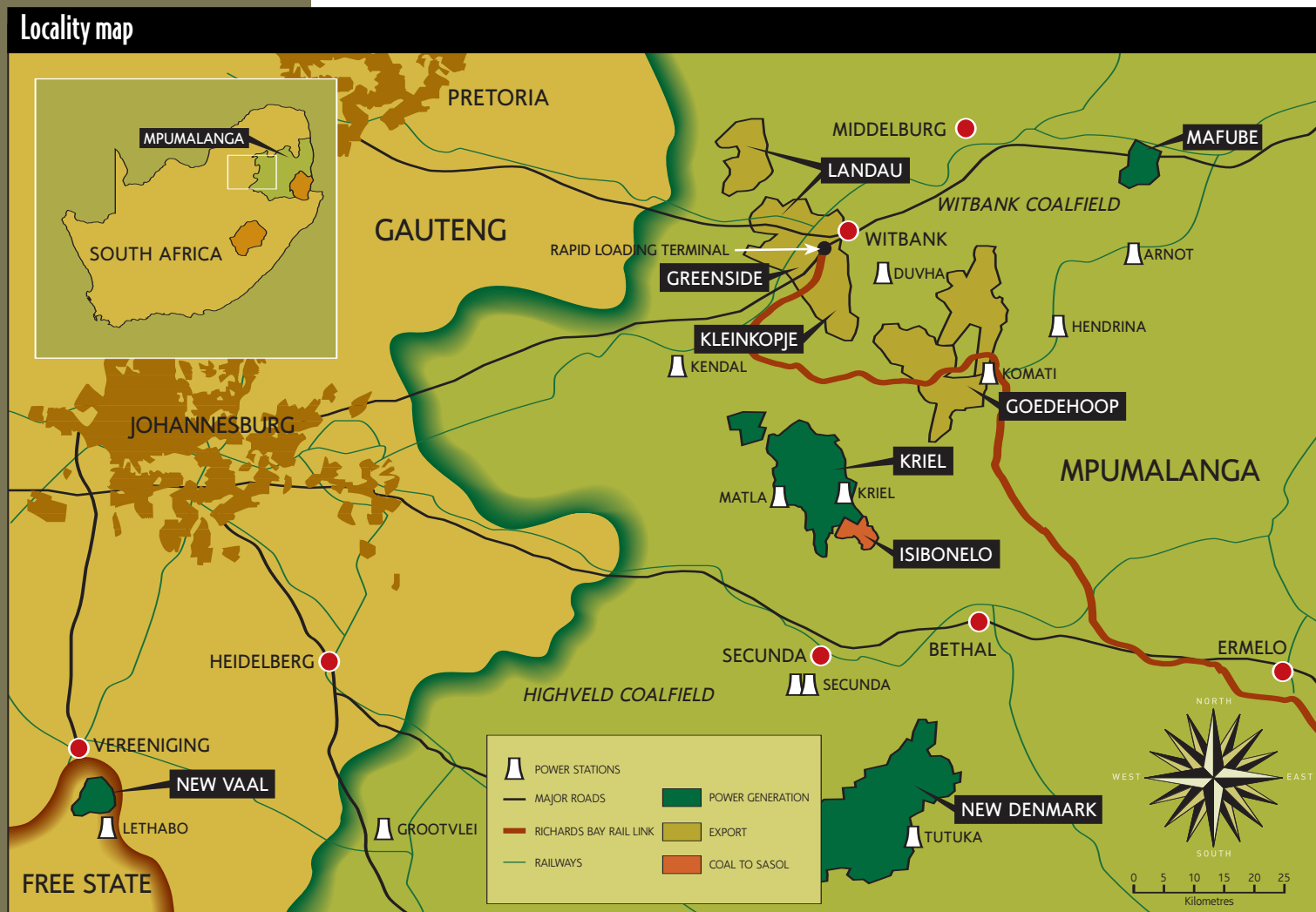


**S**OUTH AFRICA has the world's seventh-largest resource of recoverable coal reserves (48.7\* billion tonnes), which is approximately 5% of the world total. South Africa is also the world's sixth-largest coal producer, with a total production of about 208\* million tonnes of coal annually.

Most of the country's coal exports are shipped through the Richards Bay Coal Terminal, one of the world's largest coal export facilities.

Anglo Coal South Africa manages nine collieries, including a joint venture in the new Mafube colliery. We employ approximately 11,148 people. Of these, 7,978 are permanent employees and 3,170 are core contractors. Our coal production in 2005 was 56.9 million tonnes, of which 67% was supplied into the domestic market, mostly to Eskom for power generation, and 33% was exported. Our export sales are primarily to large power utility companies in Europe and the Middle East, with significantly smaller sales to Asia and the rest of Africa.

\* BP Statistical Review



# Chief executive officer's review

1.1 | 1.2

3.7 | 3.19

EC1 | EC3 | EC5 | EC6 | EC7

EC8 | EC10

HR14

**W**E ARE PROUD TO PRESENT the fourth annual sustainable development report for Anglo Coal South Africa.

We continue to make progress in meeting the challenges of delivering a complex mix of value to all our stakeholders including employees, shareholders and the communities within which we operate.

## Safety culture

Tragically, we report on five fatalities and 49 lost-time injuries during 2005. Our safety interventions are guided by our parent company, Anglo American plc, and we have an agreed set of safety standards encapsulated within the Anglo Safety Way, along with a peer review process to identify opportunities in the management of high risk areas. In addition to this, every operation will implement safety improvement plans to give effect to the standards. Targeted training is being undertaken by line management and front line supervisors in the Anglo Safety Way. In addition, all of our operations have committed to achieve full OHSAS 18001 (the internationally recognised health and safety management system standard) certification by the end of 2007.

*Yebo Siyaphambili* (our organisational culture transformation drive) is in its third year at Anglo Coal. The roll out of the initial phase of *Yebo Siyaphambili* is near completion. The next phase will

entail embedding our core values (see page 20) into the way we work. This will include looking at systems and processes to ensure they are supportive of the envisaged new organizational culture.

Management will continue to integrate the *Yebo Siyaphambili* values in support of the Safety Improvement Plan. An empowered, respected and happier workforce will assist in:

- ⦿ setting and communicating a clear safety vision and non-negotiable minimum safety standards and rules;
- ⦿ improving the ability to learn from past incidents; and
- ⦿ demonstrating and driving the need for a 'zero harm culture.'

We strive to be recognised as a leader in safety. All operations are encouraged to adopt behavioural and risk management strategies in line with the visible felt leadership programmes and the Anglo Safety Way.

## HIV and AIDS

It is almost three years since Anglo Coal South Africa began offering employees free anti-retroviral therapy (ART). The active participation of senior mine and union management at the collieries and aggressive communication programmes have contributed to 68% of our employees undertaking voluntary counselling and testing (VCT) during 2005. Of these, 14% were found to be HIV positive. Our ART programme is proving effective to the point that 96% of our employees using ART are able to lead normal and productive lives. We will continue this drive to improve the quality of life of our HIV positive employees and strive to ensure that those who are HIV negative remain that way.

Our employees are, to a large extent, integrated with the communities affected by our operations and our HIV/AIDS programme therefore addresses broader communities and not merely our employees. Anglo Coal South Africa works with NGOs such as loveLife and the Witbank Powerbelt HIV/AIDS initiative.



***"We believe that transparent and honest communication about good and poor performance across all aspects of sustainable development is the only way to bring about understanding of the limitations and opportunities that we face as a coal mining company"***

BEN MAGARA  
CEO, Anglo Coal South Africa



*In 2005, Anglo Coal South Africa recorded an excellent operating profit. This was achieved by improved export coal prices as well as an increase in production of 4% above the previous year.*

## Environment

Anglo Coal South Africa achieved its water use target of 45 litres per saleable tonne of coal in 2005. Water management nonetheless remains one of our greatest environmental challenges. In order to operate safely, our collieries, particularly the underground operations, have to eliminate excess water. Stringent water use permits continue to place pressure on operations to reduce the consumption of raw and potable water while finding innovative and environmentally sound methods of disposing of polluted water. One such project in which we are proud to be a major player is the polluted mining

water treatment plant in Emalahleni, Mpumalanga. Once completed, the plant will have the capacity to treat 20Ml of water per day for supply to the local municipality. This project is a partnership between Anglo Coal South Africa and the provincial government. We continue to engage government at all levels to ensure that our water management meets legislative requirements while allowing the sites to continue operating.

We will continue to undertake research to improve the standard of land rehabilitation and maintain the positive trend in the reduction of the backlogs of rehabilitation on the opencast collieries.

Coal, a source of relatively low-cost energy, is key to economic and social development. However,



there is also the need for the generation of energy to be environmentally acceptable. Climate change and energy security are key concerns of the coal industry. We are currently engaged in promotion of and research into clean coal technologies. Further information on Anglo Coal's approach to climate change can be found in our global sustainable development report.

## Community relationships

The Anglo American Socio-Economic Assessment Toolbox (SEAT) is enabling collieries to review their key stakeholder base and assess community relationships. In this way, the collieries are refining their original community engagement plans by developing appropriate strategies to create and maintain dialogue with neighbouring communities. Going forward, the SEAT will ensure that our community development plans are economically sustainable well after mining activities.

## Economic contribution

In 2005, Anglo Coal South Africa recorded one of its best production years with Anglo Coal recording a 16% operating profit contribution to Anglo American plc. This was achieved by improved export coal prices as well as an increase in production of 4% above the previous year. Isibonelo colliery commenced production during the year.

Our value added (turnover less payments to suppliers) was R4,123 million. Of this, almost R16 million was spent on community-related work, R850 million was paid in taxes and R1,426 million to employees. Payments to suppliers increased substantially over the 2004 period to R10,490 million.

I am confident that Anglo Coal South Africa will not only achieve its production targets in 2006 but its sustainable development objectives as well. We believe that transparent and honest communication about good and poor performance across all aspects of sustainable development is the only way to bring about understanding of the limitations and opportunities that we face as a coal mining company. We look forward to receiving your feedback on our report.

**Ben Magara**

CEO, Anglo Coal South Africa

Economic review			
Parameters	Note	2005 ZAR 000	2004 ZAR 000
<b>Value added</b>			
Turnover	1	14,613,724	7,089,826
Less: payment to suppliers for materials and services	2	(10,490,540)	(4,742,963)
Total value added		4,123,184	2,346,863
<b>Value distributed</b>			
To employees for wages and related costs		1,425,570	1,211,534
To providers of capital			
Interest paid		97,169	–
Dividends	3	807,652	411,814
To government for company taxation	4	850,811	205,541
To reinvestment to maintain and expand group		926,064	500,834
To the community		15,918	17,140
Total value distributed		4,123,184	2,346,863
<i>For the year ending 31 December 2005</i>			
<b>Notes</b>			
1. Turnover excludes inter-company sales.			
2. Payment to suppliers includes profit and loss on exchange.			
3. Dividends were calculated for 2005 by applying Anglo American plc's dividend payout ratio as per 2005 results on Anglo Coal South Africa's net profit.			
4. Includes amounts paid to regional councils but excludes the deferred tax provision.			



## Independent assurance report to the Directors of Anglo Coal South Africa on aspects of the 2005 sustainable development report *A climate for clean coal partnerships*.

**Introduction>** We have performed our independent assurance engagement of the Anglo Coal South Africa 2005 sustainable development report (the Report) with respect to the following two aspects:

- ⑥ 'Selected 2005 sustainable development (SD) performance indicators', indicated below; and
- ⑥ Anglo Coal South Africa's compliance with the reporting requirements of the Broad Based Socio-economic Empowerment Charter for the Mining Sector (the Mining Charter). This report is made solely to Anglo Coal South Africa in accordance with the terms of our engagement. Our work has been undertaken so that we might state to Anglo Coal South Africa those matters we have been engaged to state in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Anglo Coal South Africa for our work, for this report or for the conclusions we have reached.

**Responsibilities of directors>** The directors of Anglo Coal South Africa are responsible for the preparation and presentation of the Report and the information and assessments contained within it; for determining Anglo Coal South Africa's objectives in respect of SD performance; and for designing, implementing and maintaining appropriate performance management and internal control systems to record, monitor and improve the accuracy, completeness and reliability of SD data from which the reported information is derived.

**Responsibility of the assurance provider>** Our responsibility is to express our conclusions to Anglo Coal South Africa, based on our independent assurance engagement, performed in accordance with the International Standard on Assurance Engagements (ISAE 3000): *Assurance engagements other than audits or reviews of historical financial information*. This standard requires us to comply with ethical requirements and to plan and perform our assurance engagement to obtain reasonable or limited assurance, expressed below, regarding the subject matter of the engagement.

**Basis of work and limitations>** The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the subject matter and the purpose of our engagement. In making these assessments we have considered internal controls relevant to the company's preparation and presentation of information in the Report, in order to design procedures appropriate for gathering sufficient evidence to determine that the two aspects indicated above are not materially misstated or misleading. Our assessment of relevant internal controls is not, however, for the purpose of expressing a conclusion on the effectiveness of the company's internal controls. It is important to understand the 'selected 2005 SD performance indicators' and related statements in the Report, in the context of these limitations.

Anglo Coal South Africa applies the Anglo American plc Safety, Health and Environmental (SHE) reporting guidance, Community Engagement guidelines and the Socio-Economic Assessment Toolbox (which jointly constitute Anglo American plc's sustainability guidance) as the criteria for determining the recognition and measurement of the 'selected 2005 SD performance indicators'. The reliability of SD performance indicators is subject to inherent limitations given their nature and methods for determining, calculating or estimating such data.

We planned and performed our work to obtain all the information and explanations that we considered necessary for sufficient appropriate evidence to provide a basis for our reasonable or limited assurance conclusions expressed below, for each aspect of the Report that was the subject of our assurance engagement. No assurance is expressed in relation to the remaining SD performance indicators in the Report, not covered by our work performed.

Where a limited assurance conclusion is expressed, our evidence gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. We believe that our work performed as set out below provides an appropriate basis for our conclusions.

### Selected 2005 SD performance indicators

**Subject matter and criteria>** The SD performance indicators selected by KPMG to be the subject of the assurance engagement were determined by considering Anglo Coal South Africa's key SD risks, identifying those SD indicators considered relevant to management

and stakeholder decision-making processes, and our experience of the risks associated with reporting SD performance and the systems and processes in place to mitigate those risks. These are collectively referred to as the 'selected 2005 SD performance indicators'.

- a) The 2005 SD performance indicators selected for purposes of expressing reasonable assurance were: Total number of work-related fatalities (Page 13); Carbon dioxide (CO<sub>2</sub>) emissions from processes and fossil fuels (Page 27); CO<sub>2</sub> emissions from electricity purchased (Page 27); and Total energy used (Page 25).
- b) The 2005 SD performance indicators selected for purposes of expressing limited assurance were: Lost-time injury frequency rate (LTIFR) including restricted work cases (Page 13); New cases of occupational diseases (Page 18); HIV prevalence rate (Page 17); Number of employees participating in the voluntary counselling and testing (VCT) programme (Page 17); Number of employees receiving anti-retroviral treatment (ART) (Page 17); Total coal mine methane CO<sub>2</sub> equivalent emissions (Page 29); Water used for primary activities (Page 25); Number of level 2 and 3 environmental incidents (Page 33); Number of significant operations with community engagement plans (CEPs) in place (Page 35); and Number of Socio-Economic Assessments Toolbox (SEAT) assessments conducted (Page 35).

The internally developed Anglo American plc sustainability guidance was used as the criteria for assessing the selected 2005 SD performance indicators.

**Work performed>** Our work consisted of:

- ⑥ Obtaining an understanding of the systems used to generate, aggregate and report the selected 2005 SD performance indicators based on Anglo American plc's sustainability guidance for the selected 2005 SD performance indicators at three sites: Kriel colliery, Kleinkopje colliery, and New Denmark colliery (collectively referred to as the 'selected sites'), and at head office level to assess the associated reliability of the selected 2005 SD performance indicators;
- ⑥ Conducting interviews with management, at the three sites visited in the current and previous year and at head office level, to obtain an understanding of the consistency of the reporting processes compared with prior years and to obtain explanations for SD performance trends;
- ⑥ Performing an analytical review of the selected 2005 SD performance indicators aggregated at head office level and obtaining explanations for unusual trends; and
- ⑥ Testing the accuracy of the aggregation process for the consolidated selected 2005 SD performance indicators at head office level.

**Conclusion>** Based on the work described above, in our opinion:

- ⑥ The selected 2005 SD performance indicators set out in (a) above for the year ended 31 December 2005, are properly presented in all material respects on the basis of the Anglo American plc SHE reporting guidance; and
- ⑥ Nothing has come to our attention that causes us to believe that the selected 2005 SD performance indicators set out in (b) above for the year ended 31 December 2005, are not properly presented in all material respects on the basis of the Anglo American plc sustainability guidance.

### The Mining Charter

**Subject matter and criteria>** Our limited assurance engagement was to determine whether Anglo Coal South Africa complies with the reporting requirements of the Mining Charter. The company's response to the nine elements specified in the Mining Charter of the Department of Minerals and Energy is set out on pages 36 and 37 of the Report.

Our work performed, with respect to compliance with the reporting requirements of the Mining Charter, consisted of conducting interviews with management at each of the three selected sites and head office and a review of policies, procedures, systems and controls to obtain an understanding of the consistency of the reporting processes in respect of the Mining Charter.

**Conclusion>** Based on the work described above, in our opinion, nothing has come to our attention that causes us to believe that Anglo Coal South Africa does not comply with the reporting requirements of the Mining Charter.



KPMG Services (Pty) Limited  
Johannesburg  
21 July 2006

# Key statistics

## Sustainable development targets: Performance 2005

✓ Achieved    ✗ Not achieved    ⇄ In progress

Parameter	2005 Objectives
<b>Safety</b>	Zero fatalities. Lost-time injury frequency rate (LTIFR) of 0.17. Total recordable case frequency rate (TRCFR) of 1.05.
<b>HIV/AIDS</b>	50% of employees to participate in voluntary counselling and testing (VCT).
<b>Health</b>	Over the short- to medium-term, eliminate personal exposure to: ⊘ dust levels in excess of 2mg/m <sup>3</sup> ; and ⊘ noise levels in excess of 95dB. Develop strategy for achieving OHSAS 18001 certification by 2007.
<b>Environmental management systems</b>	Retain ISO 14001 certification on all mines that are currently certified. Achieve ISO 14001 certification at: ⊘ Isibonelo colliery in 2005; and ⊘ Mafube colliery in 2006.
<b>Land stewardship</b>	Review and if necessary revise colliery closure cost estimates.
<b>Biodiversity</b>	Report annually on the progress of the implementation of the biodiversity action plans (BAPs) on each mine. Benchmark colliery biodiversity action plans within the wider Anglo American plc.
<b>Water</b>	Reduce consumption of new water for primary activities by 3%, on litre/saleable tonne basis, on actual 2004 consumption.
<b>Energy</b>	Identify and implement energy efficiency projects to reduce energy consumption on a unit production basis. Achieve a 1.5% reduction on actual 2004 consumption (MJ/saleable tonne basis).
<b>Waste</b>	Complete oil balances and initiate monthly monitoring and reporting. Recycle 30% of recoverable mineral oils purchased.
<b>Employee support</b>	Achieve 2005 employment equity targets. Roll out <i>Yebo Siyaphambili</i> to all collieries. Improve communication and information sharing through the roll out of the Anglo Coal electronic portal.
<b>Education and training</b>	Maintain ISO 9001:2000 certification across all our training and development centres. Convert and upgrade all training material to multimedia and electronic presentations by end 2007.
<b>Black economic empowerment</b>	Allocation of R750 million to BEE procurement in 2005. Meet company obligations in terms of the Mining Charter.
<b>Community development</b>	Progress stakeholder engagement at all collieries, aided by use of the Socio-Economic Assessment Toolbox (SEAT).

2005 Performance	2006 Target
✗	0 fatalities.
✗	0 lost-time injuries.
✓	TRCFR = 0.84.
✓	70% of employees to participate in voluntary counselling and testing (VCT).
✗	No personal dust exposure in excess of 2mg/m <sup>3</sup> .
✗	No personal noise exposure in excess of 95dB.
✓	
✓	Retain ISO 14001 certification at all collieries currently certified.
✓	
✗	
✓	Review and revise closure costs on all mines every 3 years.
	Reduce rehabilitation backlog.
✓	Implement recommendations of peer review on mine biodiversity action plans (BAPs).
✓	
✓	Reduce new water used for primary activities by 3% on 2005 actual (litre/saleable tonne basis).
	Complete construction of Anglo Coal/Ingwe Emalahleni water treatment plant and commission by end of 2006.
✓	Reduce energy consumption by 1.5% on 2005 actual (MJ/saleable tonne basis).
✗	Produce energy awareness booklet as part of drive to identify and implement energy efficiency projects.
	Develop and implement a strategic plan to improve energy efficiency and to reduce energy consumption on a unit production basis (from 2004).
✗	Record volumes of non-mineral waste.
✗	
✓	Achieve 2006 employment equity targets.
✓	Roll out Anglo Coal electronic portal.
✗	
✓	Maintain ISO 9001:2000 certification across all our training and development centres.
✗	Convert and upgrade all training material to multimedia and electronic presentations by end 2007.
✓	Allocation of R1,360 million to BEE procurement.
✓	
✓	Establish targets to measure the impact of CSI activities objectively in communities.
	Assess benefits of CSI activities.
	Commence roll out of 'Basa Njengo Magogo' project in communities.

# Our business and its sustainability

3.16

PR1

**C**ORE TO ACHIEVING sustainable development is a reduction of our environmental footprint while maximising the social development benefits of coal as a basis for stable energy provision. We can only do this through engaging with stakeholders. Our stakeholder concerns range from issues such as safety and health, job security, our contributions to community needs and other social imperatives, to concerns of

CO<sub>2</sub>, other greenhouse gas emissions and security of energy supply.

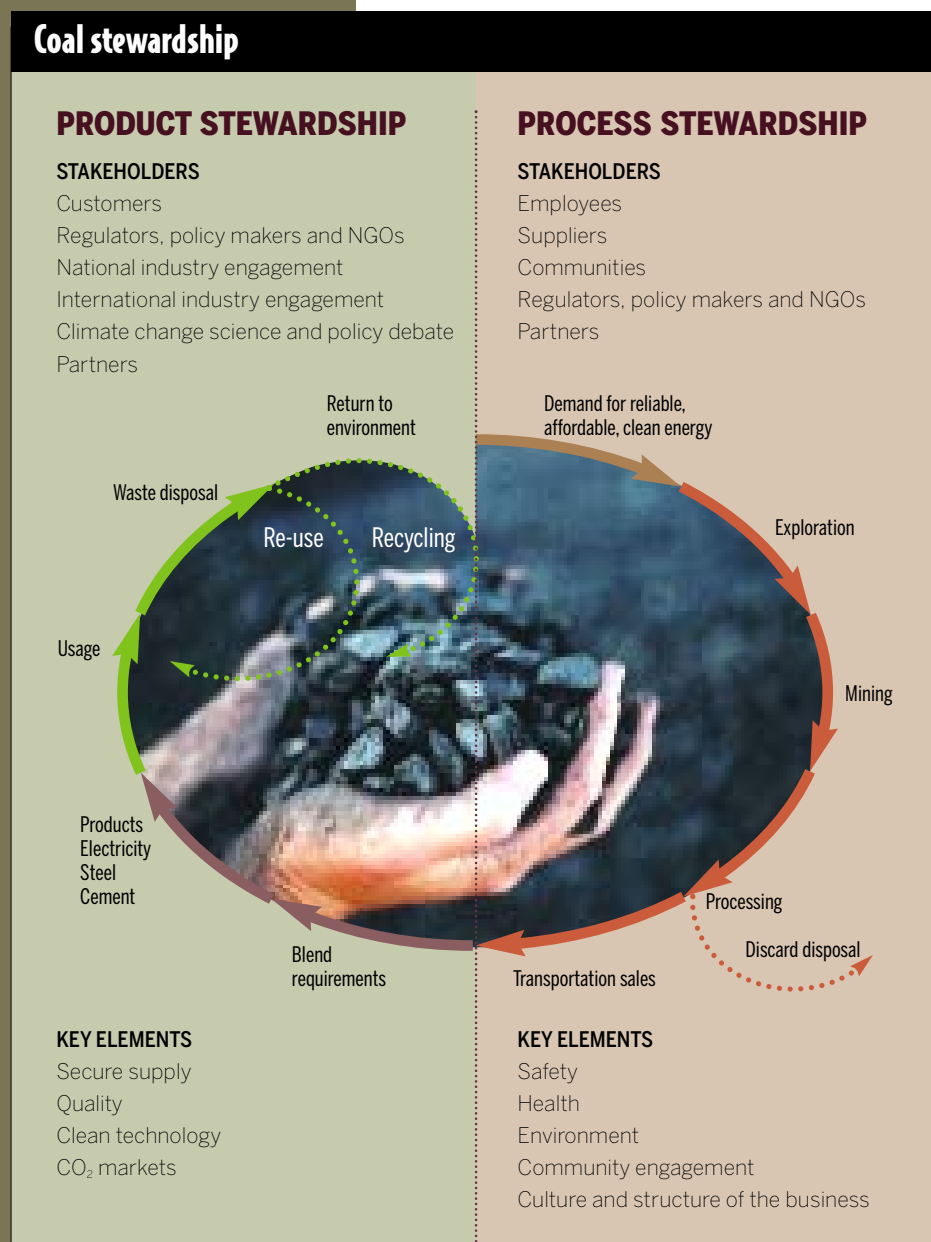
This requires that we take into account all sustainable development issues throughout the life cycle of our processes and our products, as well as throughout our supply chain.

Anglo Coal South Africa adopts the standards as set out in the Anglo American plc *Good Citizenship: Our Business Principles*, which encompass:

- ♻ integrity and ethics;
- ♻ corporate citizenship;
- ♻ employment and labour rights;
- ♻ safety, health and environmental stewardship; and
- ♻ compliance with all law - including all antitrust and competition law.

Anglo Coal South Africa recently held its second sustainable development workshop with contributions from external experts on sustainable development, energy, climate change and reporting. The focus of the workshop was Anglo Coal's strategy as it faces a world increasingly concerned with global warming. Attention was also given to Anglo Coal South Africa's current performance across safety, health, environmental and community parameters, and how work within these parameters may change.

At the workshop, it was agreed that sustainable development will be integrated into 'the way we do business' as depicted by the concept diagram (left), originally developed by the ICM. This approach is helping us to formulate strategies to achieve these ideals.



# Stakeholders

2.9

3.7 | 3.9 | 3.10 | 3.14 | 3.17

**A**T THE OPERATING UNITS, our stakeholders were identified during consultative processes and during the implementation of the SEAT programme. The outcomes and responses to stakeholder issues were confirmed in a series of sustainable development strategy workshops held at each of our collieries during the fourth quarter of 2005.

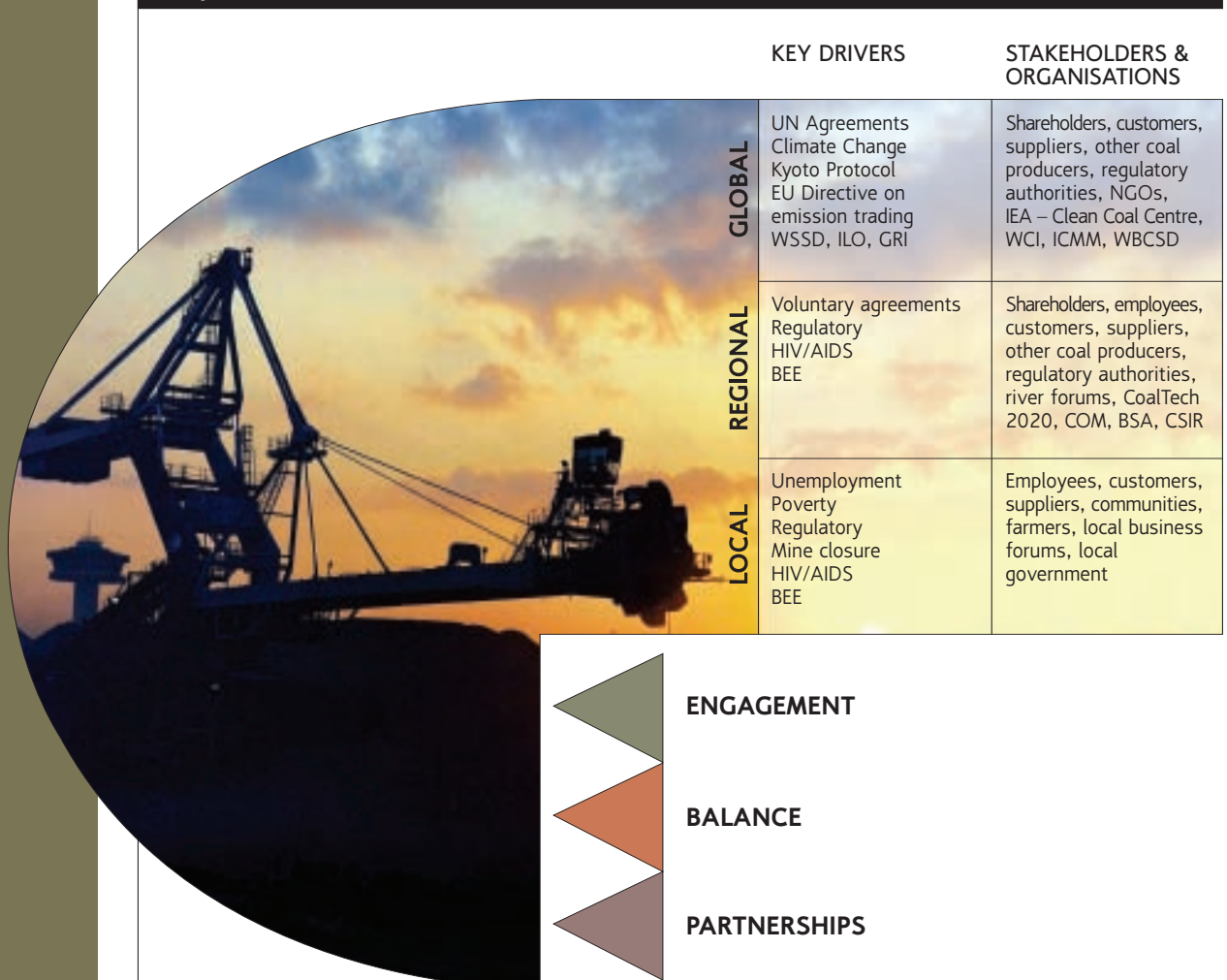
On a broader scale, Anglo Coal South Africa's stakeholders include:

- the national and regional government as well as the local municipalities with which the collieries interact on a routine basis;

- the local communities whose existence often evolved as a result of the collieries' presence;
- non-governmental organisations operating within the communities;
- employees and their trade unions;
- contractors and suppliers; and
- industry peers and neighbouring collieries.

Through the SEAT process and the subsequent review of community engagement plans, our collieries are better able to enter into dialogue and improve relationships with local stakeholders.

## Anglo Coal South Africa



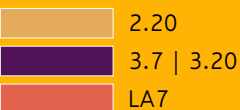




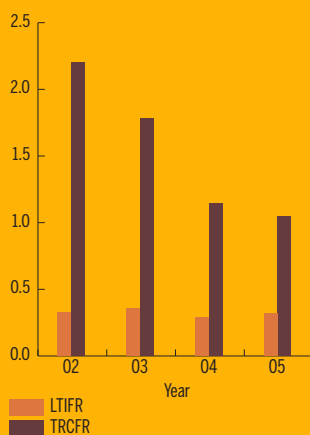
# Safety

Towards zero harm

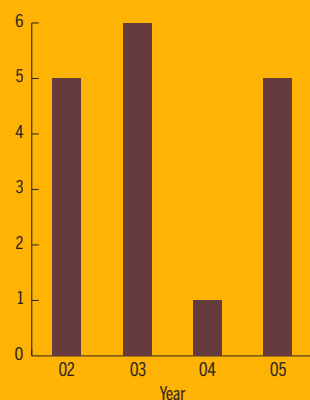




**Work-related accidents**  
(per 200,000 man hours)



**Work-related fatal injuries**  
(Number of fatal injuries)



*Left: Analysis reveals that the most injuries suffered were as a result of materials handling. Here Alf van Straaten and Rajeen Singh practice safe rigging procedures at Isibonelo colliery.*

*Above right: New Denmark's safety mascot, Smarty, draws attention to an incentivised 'stop card' system – a card is shown to a worker not working safely.*

**O**UR PERFORMANCE IN 2005 showed a disappointing reversal in the trend that we had planned to continue from 2004. During 2005, there were five fatalities and 49 lost-time injuries at the Anglo Coal South African collieries. It is with great sadness that we report the loss of these friends and colleagues.

The LTIFR trend was disappointing, with the rate on a plateau of 0.32 compared with 0.29 for 2004. Other indicators deteriorated noticeably, with the severity rate in 2005 increasing 52% from the previous year, and the number of lost-time injuries increasing 26%, from 39 in 2004 to 49 in 2005.

Along with Anglo American plc, we are implementing the Anglo Safety Way, a comprehensive and systematic review of our approach to safety that focuses on training, non-negotiable safety standards, a zero harm culture and, most importantly, leadership at all levels.

## Safety management

During 2005, Anglo Coal South Africa made the decision to implement the safety management system embodied in OHSAS 18001. Both Goedeheoop and Kriel collieries were awarded OHSAS 18001 certification in 2005. We believe that the sound foundation provided by this system must be enhanced by actions and a culture change that encourages people to live and act safely at all times.

Using principles of continuous improvement and OTTO (zero tolerance towards unsafe working practices and target zero for fatal injuries), we have formulated a safety improvement plan which will be rolled out in 2006. This plan incorporates three principles which will become entrenched in the manner in which Anglo Coal conducts its business, specifically:

- ⦿ a 'zero harm culture' – we believe that all injuries are preventable;
- ⦿ a learning organisation – a culture will be developed that is honest about mistakes and lessons to be learned from these mistakes to avoid repeat incidents; and
- ⦿ simple, non-negotiable safety standards and rules.



In the quest for zero harm, sound visible felt leadership principles and living the values of *Yebo Siyaphambili* are now a condition of employment in Anglo Coal South Africa.

## The Anglo Safety Way: the supporting framework

The 12 safety management standards developed by Anglo American plc, known as *The Anglo Safety Way*, will be implemented. The 12 standards that have been developed around the Plan-Do-Check-Act methodology are:

1. Policy and Demonstrated Management Commitment
2. Risk and Change Management
3. Legal and Other Requirements
4. Targets, Objectives and Performance Management
5. Training, Awareness and Competence



## Safety training

All senior managers are attending the DuPont safety leadership training programme. Similar DuPont safety training programmes are being presented throughout the division to middle and senior line managers.

A series of interventions was initiated in 2005 in an attempt to address the negative injury trend. This includes:

- ⌚ upgrading lock-out procedures;
- ⌚ specialist training in rigging and drill standards;
- ⌚ environmental and roof strata control; and
- ⌚ refresher courses on ventilation, roof support and gases.

Site-specific safety training for contractors and employees is also practised. Newly elected safety representatives were trained in their rights and duties and existing safety representatives received refresher training. Each colliery has a comprehensive induction training programme which all employees and contractors are required to attend. Although alcohol and drug abuse are not significant issues among employees, a training programme has been developed to address these problems.

*Above: Measuring ventilation air flow rates at the coalface.*

*Above right: On surface at Kriel colliery, a small training facility is used to simulate underground conditions. Shaun Levings (left) and Martin van Heerden inspect the guide rope that would help miners find their way out of the mine in low visibility situations.*

6. Communication, Consultation and Involvement
7. Document and Data Control
8. Operational Control
9. Emergency Preparedness and Response
10. Contractor and Partner Management
11. Incident Reporting and Investigation
12. Monitoring, Audits and Reviews.

These 12 standards integrate visible felt leadership, the safety golden rules, the concepts of behaviour-based safety and best practice into a single framework.

'The Safety Peer Review' process introduced by Anglo American plc will be implemented in 2006. Trained senior line managers and safety practitioners will participate in this review.



*Above: Anglo Coal senior management celebrate Goedehoop colliery's success at the annual Anglo American plc safety awards function. Holding the trophy is Goedehoop's regional general manager John Standish-White, alongside Anglo Coal chairman Tony Redman, with Anglo Coal global chief executive officer John Wallington centre back.*

*Below: Kriel's meerkat safety mascot. My Brother's Keeper was one of the successful safety initiatives which ran during 2005.*

## Some safety successes

A number of our operations met or achieved some significant safety milestones, again demonstrating that safe operations are a reality, not an ideal. Some of the more notable achievements were:

- ⌚ Goedehoop experienced only one lost-time injury and won the Anglo American plc award for best safety performance in the large business category for 2005.
- ⌚ Landau, Anglo Coal Central Laboratories and Greenside's Nooitgedacht mine were also nominated for the Anglo American plc safety awards as best in their respective classes.
- ⌚ Kriel celebrated 12,000 fatality-free shifts, and won a Laurie Award for its safety communication and awareness initiatives.
- ⌚ Greenside's Nooitgedacht mine and Mafube each had no lost-time injuries.
- ⌚ The visible felt leadership initiative has taken management out into the workplace to 'walk the talk'; leadership at all levels remains the lynchpin for achieving improved safety.
- ⌚ The individual collieries implemented their own safety awareness programmes such as the *Snakes Alive* and *Ubuntu – My Brother's Keeper* at Kriel colliery.





It is almost three years since Anglo Coal South Africa began offering its employees free anti-retroviral therapy (ART). The free voluntary counselling and testing (VCT) programme has been in place at Anglo Coal South Africa long enough for the original people tested to return for further check ups. Medical staff at Anglo Coal South Africa have thus been able to collect comparative data against which progress in containing the spread of the disease can be measured. Although it is too soon to tell if the spread of the virus is being contained, the early indications look positive.

# Health

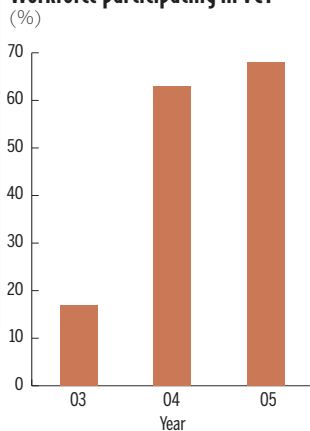
## Improving quality of life



HIV/AIDS peer educators Maria Khoza, Billy Phantsi, Maria Phakoe and Marionnette Leshoro receive training at the New Vaal colliery clinic.



Workforce participating in VCT



## HIV and AIDS

In 2005, 68% of our employees participated in voluntary counselling and testing and 14% of these were found to be HIV positive. This is below the national prevalence of around 20% for HIV infection. Forty new incidents of HIV positive employees were recorded. This equates to nearly 2% of previously known HIV negative employees who re-tested HIV positive.

We have taken a strategic view and are working with employees and the unions in an effort to reach zero incidents of new HIV cases within five years.

The counselling focus is on advising those who are negative to remain HIV free; the message delivered in counselling is 'be faithful to one faithful partner'. Those who are HIV positive are helped, through the HIV disease management programme, to live with their condition. The key message delivered to them is 'You can die of old age, rather than old AIDS'. To date, 362 employees have commenced with ART; of these, 96% are leading active lives. Lifestyle choices, nutrition, regular checkups and a holistic approach all contribute to an active life for those who are HIV positive – even before having to commence ART.

Most of our employees are integrated into our communities. Therefore, any HIV/AIDS programme must address the community and not just the employees.

The Witbank Powerbelt HIV/AIDS project is a long-term initiative formulated by the coal mining industry and managed by the South African Council for Scientific and Industrial Research (CSIR). Representatives from the local communities, local government and the trade unions all participate in this initiative. The primary objective of the initiative is to minimise the prevalence of HIV/AIDS and to help with the social regeneration of the high risk areas within the Powerbelt. The approach is to target high risk groups such as sex workers and their clientele and the residents of the informal settlements around the collieries. Central to the programme are:

- ⑥ the promotion of safe sex and the distribution of condoms;
- ⑥ the further training, in the syndrome, of staff in hospitals and clinics as well as traditional healers;
- ⑥ training and counselling on sexually transmitted diseases and HIV/AIDS; and
- ⑥ the implementation of home-based care for terminally ill patients.

## Successful VCT uptake at Goedehoop



Goedehoop colliery achieved the highest VCT uptake (96%) within Anglo Coal South Africa. This benchmark approach to HIV/AIDS is based on the following five principles:

### Status>

- ⌚ Communicating the benefits and importance of knowing one's status;
- ⌚ Promoting and encouraging voluntary counselling and testing;
- ⌚ Making the test easier, painless and quicker: Oraquick saliva test in place of blood test.

### Education>

- ⌚ Weekly AIDS messages in the colliery's daily SHE bulletin;
- ⌚ Shock awareness meetings and road shows.

### Care, support and treatment>

- ⌚ Employees on ART are required to visit the clinic regularly for checkups, and their viral loads and CD4 counts are monitored biannually;

- ⌚ ART patients are helped with transport to the Anglo Coal Highveld Hospital monthly to collect their medication and receive professional counselling.

### Partnerships, including>

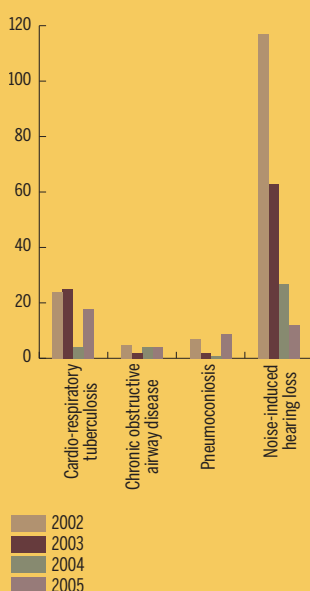
- ⌚ Anglo Coal Highveld Hospital
- ⌚ Anglo American corporate office
- ⌚ Project Support Africa
- ⌚ Powerbelt project
- ⌚ LoveLife
- ⌚ Traditional healers
- ⌚ Department of Health
- ⌚ Springbok Primary School
- ⌚ The communities in which we operate
- ⌚ Employee Assistance Programme.

### 100% PPE (personal protective equipment)>

- ⌚ Free condoms are distributed from 43 recognised points around the colliery.

## Certified occupational health diseases

Number of cases



## Occupational health

We know that healthy employees are key to the long-term success of our business. Risk assessments indicate that noise-induced hearing loss (NIHL) and lung-related conditions remain our highest risk areas and are therefore the focus of management attention.

Our main approach to management of health is to eliminate exposure to unsafe levels of noise and dust. Where early indications of occupational health impacts are detected through medical checkups, the affected employees are assigned tasks or jobs away from the risk environment.

**Noise>** In accordance with the industry agreement reached with government in 2005, Anglo Coal is committed to eliminating equipment noise above 110dB and to not exposing any person to an occupational exposure limit (OEL) of greater than 95dB.

Ongoing noise reduction projects at the underground operations have positively contributed to

achieving this target. In 2004, 13% of employees were exposed to these noise levels. By 2005, the number of employees exposed to these noise levels was reduced to 9.4%. A reduction in the number of opencast employees exposed to greater than 95dB (currently more than 6% of employees) remains a challenge. While the collieries re-engineer equipment to eliminate or reduce the noises at source, personal protective equipment continues to be issued to reduce exposure.

**Dust>** Anglo Coal South Africa has a company target of zero personal exposure to dust levels above 2.0 mg/m<sup>3</sup> within three years. Although this target was not reached in 2005, there is an encouraging rising trend in the percentage of employees being exposed to less than the legal personal exposure limit of 2.0mg/m<sup>3</sup>, in both underground and opencast operations. Continuous miner dust levels were seen to rise from 1.8 to 2.2mg/m<sup>3</sup> in the past year. However, this is still well below the legal threshold of 5.0mg/m<sup>3</sup> for mechanised mining.

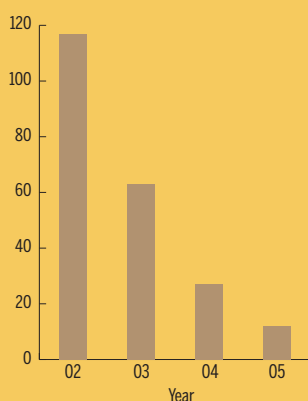




*Phazama Khohlelwayo, at Greenside colliery, drives an underground tractor to which noise abatement modifications have been made to bring the noise levels down to below 86dB.*

#### New cases of noise-induced hearing loss

Number of cases



#### Unions, government and industry working together>

The South African government, the mining industry and the unions prepared an agreement in which the mining industry would achieve stringent targets on occupational lung disease. By December 2008, 95% of all exposure measurement results will be below the OEL for respirable crystalline silica of 0.1mg/m<sup>3</sup>. Furthermore, after December 2013, using present diagnostic techniques, no new cases of pneumoconiosis will occur among previously unexposed individuals.

The collieries have implemented strategies to achieve these targets and Anglo Coal South Africa will facilitate this process. Understanding will be key to achieving these targets, so a communication strategy will be developed for the group to build a strong awareness and understanding of the necessary milestones. In addition, accurate information will be required to monitor progress towards achieving the

goals and targets, the gathering and analysis of which will be expedited by the full commissioning of the PIVOT database.

As part of this improved communication, numerous initiatives that have been implemented at the individual collieries will be synthesised at divisional level during 2006 to ensure that all the operations benefit from:

- ⌚ fully utilising industry initiatives;
- ⌚ sharing of best practice between collieries;
- ⌚ integrating milestones into the collieries' respective business plans; and
- ⌚ aligning research projects to prevent duplication and to maximise cost benefit.

#### Well-being programmes>

Anglo Coal South Africa has an Employee Assistance Programme (EAP), a confidential programme to help employees resolve personal problems. Information, consultation and brief solution-orientated therapy are provided by professionals who are available 24 hours a day and who are independent of Anglo Coal South Africa. Employees and their immediate families are able to contact the EAP via their local colliery EAP co-ordinator or the toll-free helpline (telephone 013 690 2291 [office hours] or 0800 004770 [after hours]). The EAP helps with:

- ⌚ emotional and personal difficulties;
- ⌚ family and relationship concerns;
- ⌚ HIV/AIDS counselling and advice;
- ⌚ managing stress and change;
- ⌚ personal finance and budgeting;
- ⌚ work related issues; and
- ⌚ trauma.

The annual medical fitness examination enables the medical staff at the collieries to identify various lifestyle related illnesses and chronic diseases such as diabetes, heart diseases and hypertension, as they develop. Patients are referred to the chronic disease clinics or are counselled and educated on nutritional and weight management, healthy eating habits and fitness. Employees are also offered the opportunity to have VCT for HIV/AIDS at their annual examinations.

3.7

LA3 | LA4 | LA9 | LA10 | LA11

HR9 | HR10

SO2 | SO3\*

\* See Anglo American plc report: A climate of change – Report to society 2005 available at [www.angloamerican.co.uk](http://www.angloamerican.co.uk)

*The diversity formula adopted by Goedehoop colliery. Above the line are the positive values which are encouraged, below the line are those negative values which are destructive and therefore discouraged.*

**O**UR ORGANISATIONAL CULTURE transformation drive *Yebo Siyaphambili*, meaning *Yes, we are moving forward together* in isiZulu, is premised on putting people first and moving Anglo Coal South Africa from a good to a great company. It has been adopted and implemented at each colliery within the division.

During 2004, a series of workshops and a process of consultation unearthed five core values used to spearhead *Yebo Siyaphambili*. These five values are:

- ⦿ performance excellence through people;
- ⦿ fun in action;
- ⦿ innovation (and continuous improvement);
- ⦿ communication in shared vision; and
- ⦿ putting people first.

An exciting and unique step at each colliery has been the development of 'diversity formulae', through extensive consultative processes with employees. The positive behaviours identified within the diversity formulae that contribute to a climate of cultural tolerance and diversity are reinforced at the operational level through supporting communication and activity programmes.

During 2005, the *Yebo Siyaphambili* transformation proceeded with the next crucial step – that of implementation. A focus of the transformation is to change behaviours in order to promote continual improvement through innovation. The behaviour changes are reinforced by a communication strategy, training and constant performance management.



# Our employees

**Moving forward together**





*Above: Hennie Kruger, Patricia Rabie, Betty Mothetho and Carl Stensby in the computer skills training centre at New Vaal colliery.*

*Above right: Vuyelwa Galawe (left) and Sibongile Duba are multi-operators at the Goedeheop colliery beneficiation plant.*



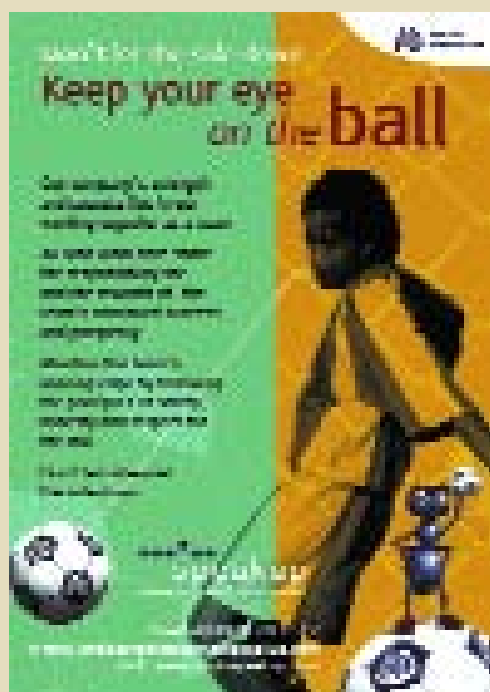
## Women in mining

Anglo Coal South Africa recognises the strength in diversity to be gained from employing women in mining and has successfully increased the number of women employed at our operations. In 2005, the company met its targets for increasing the proportion of female employees in its workforce to 11%, with 47% of the women occupying technical roles.

The Women in Mining (WIM) task team was established in 2003 to ensure that women are fully engaged in all aspects of our business. While the integration of women into previously male dominated roles/areas is a priority, the objective of Anglo Coal South Africa is to ensure that we attract, retain and advance women in all disciplines and at all levels of the organisation.

The WIM team aims to investigate, understand and address the issues and barriers that face women in the mining industry in order to improve the level of representation in Anglo Coal South Africa. The task team is representative of the people in various disciplines and operations within the company who have succeeded in personally overcoming some of the issues that women face daily in Anglo Coal.

## 'Speakup' campaign – Building a culture of transparency and accountability



Other numbers to reach us:  
0800 203 571 (South Africa)  
+27 31 508 6408 (International)

Anglo Coal participates in the Anglo American plc whistle-blowing programme called Speakup. Speakup is an independently managed facility which provides a global channel for reporting unethical or unsafe practices. The idea is to provide confidential means of communicating any practice contrary to the group's business principles, such as criminal offences, unreliable accounting, non-compliance with regulations, and safety, health and environmental transgressions. No employees will be prejudiced for raising, in good faith, violations of the group's business principles, or any legal or ethical concern.

programme has rolled out and more employees are exposed to the diversity training, the staff turnover has reduced. At Goedeheop colliery, the turnover dropped by some 39% in 2005 and the target is to reduce the loss by a further 15% during 2006.

## Union coverage

Anglo Coal South Africa has recognised three trade unions: the National Union of Mine Workers, United Association of South Africa and Solidarity. These unions represent 81% of the workforce.

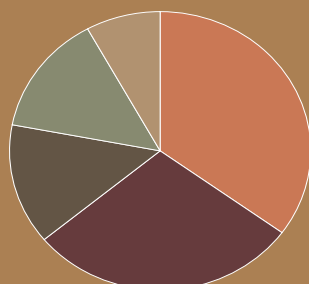
## Disciplinary and grievance procedures

Anglo Coal South Africa has a policy on disciplinary code and procedures that provides mechanisms for the company to correct behaviour as well as performance. Where attempts to achieve this fail, or where the seriousness of an offence warrants it, a formal disciplinary procedure can be invoked. The procedure details various categories of offences and the possible corrective actions available to address them. The number of internal hearings during 2005 declined to 1,534 from 1,843 during 2004.

All employees have the right to appeal against any decision which involves an entry on their disciplinary record and which may affect their employment relationship. Provision is also made, in terms of the Labour Relations Act, to resort to external recourse such as the labour court and the Commission for Conciliation, Mediation and Arbitration. During 2005, there were 12 appeals compared with 33 cases during 2004.

Anglo Coal South Africa employees, customers and suppliers are encouraged to report any dishonest, fraudulent or inappropriate activity in the workplace using a confidential whistle-blowing hotline service known as *Speakup*, administered by Deloitte. Complainants can e-mail, fax, use freepost or a toll free telephone number to make a report. The complainant's identity is always protected.

Main areas of study



Orange	Mining 35%
Dark Red	Engineering 29%
Dark Grey	Geology 14%
Light Green	Metallurgy 14%
Light Orange	Commerce 8%

## Training

The average time spent on training during 2005 increased by 25%. Training represented 9% of the wage bill. The number of historically disadvantaged South Africans granted university and technicon scholarships increased by 4% to 69%. Of the total number of scholarships granted for study at technicons, 91% were awarded to historically disadvantaged students. Nearly 18% more scholarships to universities were granted in 2005 compared with 2004. Of the 120 scholarships provided, the main areas of study are reflected in the pie chart on the left.

All the Anglo Coal South Africa training and development sites retained their ISO 9001:2000 certification during 2005.

## Staff retention

As a result of our higher production needs and despite the number of employees and core contractors having increased over the past three years, a skills shortage remains. The collieries are working to retain skills and to reduce staff turnover. As the *Yebo Siyaphambili*



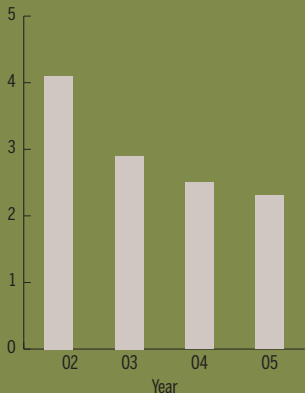
# Environment

Taking care of the future

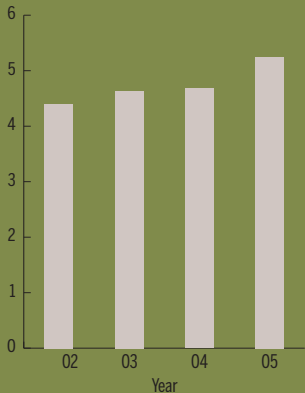


2.16
3.7   3.15   3.16   3.20
EN3   EN4   EN5   EN6   EN7 EN8   EN11   EN12   EN14 EN16   EN17   EN18   EN23 EN27   EN29   EN30

Water used for primary activities  
Million m³



Total energy use  
Million GJ



Left: Kenneth Mokoena examines indigenous plants removed from the wetland located in the Isibonelo mining area and preserved in a nursery until they are replanted during the future rehabilitation process.

ANGLO COAL SOUTH AFRICA has identified the following areas as potentially high environmental risks for the division:

- environmental legal non-compliance;
- major pollution incidents;
- ground and surface water pollution;
- atmospheric emissions;
- tailings and waste rock dumps;
- hazardous waste management;
- loss of land capability in mining disturbed areas; and
- the negative consequences of loss of ISO 14001 certification.

The implementation of ISO 14001 has effectively reduced these risks in most areas to acceptable levels, as agreed in partnership with the regulatory authorities. The cost of water treatment and legal non-compliance caused by water discharges remain potentially high-risk and we continue to seek solutions to these with government. Similarly, spontaneous combustion is a specific issue that has received focused attention.

During 2005, Anglo Coal conducted its three-yearly closure costing review of all operational collieries, assisted by external quantity surveyors Venn & Milford. The exercise included a reassessment of planned closure costs, as well as an assessment of the current rehabilitation liability, to determine the gap between the current liabilities and the current balance in the environmental rehabilitation trust fund. The findings of this study will be available during 2006.

## Energy

Our greatest energy consumption is in the form of electricity and liquid fossil fuels used to power the heavy machinery on our mines. In 2005, our consumption was 90MJ per saleable tonne, which was 6% above the target set for the year. Anglo American plc has committed to reducing energy intensity by 15% within 10 years. One of the

reasons for not meeting the target is the fact that diesel consumption, in explosives and by contractors, was not previously captured and has now been included.

Since the company’s energy strategy was published in 2004, energy committees have been formed on all mines to implement this strategy. They are raising awareness of where energy is potentially wasted in every-day applications on the mines, and will be implementing best practice energy efficiency running of machinery at a technical level.

An energy awareness booklet will be published in mid-2006 to encourage employees across all mines to watch constantly for unnecessary energy use. Anglo Coal South Africa is working with demand-side management consultants to establish energy consumption baselines and to identify energy savings and efficiency projects. Some such projects include:

- optimising underground ventilation fan positioning;
- solar water heating of geysers in mine villages; and
- optimising plant and pit pumps by using them at their optimum efficiency, introducing power correction factors and employing variable speed drives.

## Water

The mining and beneficiation of coal are water intensive activities. The average annual consumption for Anglo Coal South Africa for 2005 was 40 litres per saleable tonne, well within the target of 45 litres per tonne. The target for 2006 is 39 litres per saleable tonne, 3% down on the actual usage in 2005.

All collieries have submitted Water Use License Applications to the Department of Water Affairs and Forestry (DWAF).

New Denmark colliery’s application to dispose of brine from the reverse osmosis plant at Eskom into the 321 underground compartment was approved



## Water treatment

### Transforming a liability into an asset

Anglo Coal South Africa approved R296 million capital for the Emalahleni water treatment plant. This was on the back of a public/private partnership agreement involving Anglo Coal and possibly Ingwe collieries, and Emalahleni local municipality. This plant will treat 20 ML/day of colliery water, which will be supplied to the municipality to supplement its domestic water supply. The plant is expected to meet 20% of the municipality's daily requirement.

The full-scale reclamation plant will occupy one hectare of surface area on an eight hectare site allocation at Greenside colliery. The treated water, of potable quality, will be stored in two water reservoirs before being conveyed via a pump station and pipeline to the Emalahleni municipal reservoirs for distribution to consumers. The collection and distribution pipelines to and from the plant will measure 40km.

The waste produced from the water treatment process will be disposed of in an environmentally responsible manner. The waste disposal facility will be located on mine owned land and may be incorporated into existing mine residue deposits.

The proposed project will generate between 100 and 150 temporary jobs during construction of the treatment plant and pipelines and about 25 permanent positions, to be sourced largely from local residents.





*Above: Joseph Thibbles, an operator at the Kromdraai liming plant, tests water from the old underground workings and pit.*

*Above left: Development of the Emalahleni water reclamation project's 125m<sup>3</sup>/day desalination demonstration plant and, below, an aerial view of the Emalahleni water treatment plant under construction.*

by the DWAF. During the year, the colliery also received permission from the DWAF to increase its water pumping capacity from other underground sources to 20ML/day.

Limited rainfall during the previous two wet seasons has resulted in low flows in the Olifants river. As a consequence, the river has had no assimilative capacity and no controlled releases from the collieries have been permitted by the DWAF during 2005.

## Biodiversity

Baseline biodiversity action plans (BAPs) have been developed and implemented at all operating collieries.

Anglo Coal South Africa nominated its Goedehoop and Kriel collieries for an Anglo American plc BAP peer review. The main findings of this review were:

- ⦿ biodiversity management requires the formal allocation of biodiversity conservation responsibilities to colliery staff;
- ⦿ there is a need for better stakeholder engagement;
- ⦿ internal audits and external verification of these need to be implemented; and
- ⦿ the need to develop a stronger business case for biodiversity conservation.

The lessons learned from this review process will be implemented at all operations during 2006.

## Land rehabilitation

Anglo Coal South Africa has about 106,000 hectares under its charge, including land leased and owned. Of this land, 14% has been altered by mining activities, and of this altered land 11% has been fully rehabilitated. Although the division began a colliery closure fund as early as 1972, ongoing rehabilitation is provided for in working costs.

## Greenhouse gas emissions

The National Environmental Management Air Quality Act (Act 39 of 2004) was partially implemented on 11 September 2005. Through this Act, the Vaal Triangle area (which includes New Vaal colliery) has been declared a priority air pollution area by the Minister of Environmental Affairs and Tourism. This is expected to place pressure on all industrial sectors to reduce pollution.

Carbon dioxide and methane are the two greenhouse gas elements with which the division is most concerned. Basic emissions statistics are provided in the table below.

CO <sub>2</sub> from source in tonnes		
	2004	2005
CO <sub>2</sub> e production from electricity purchased	725,000*	<b>773,000</b>
CO <sub>2</sub> e production from processes and fossil fuels	121,000*	<b>165,000</b>
CO <sub>2</sub> e production from methane	298,000	<b>232,000</b>
Total CO <sub>2</sub> e production	1,144,000	<b>1,171,000</b>

\* These figures have been restated

**Methane emissions**> South African coal generally has a lower methane content than coal from European and Australian coalfields. This was taken into account in 2001 when the methane levels were predicted using the IPCC guidelines. As no reliable tool has been available for the quantification of actual emissions, three investigations were undertaken during 2004/2005 to quantify methane emissions from normal operations at the collieries and from spontaneous combustion.

The three studies found that:

- ⦿ measured samples of methane emissions were far lower than those estimated using the IPCC guidelines;



## Wetland rehabilitation

As a portion of the mining reserves at Isibonelo colliery is located in a wetland, Anglo Coal South Africa has made a commitment to rehabilitate, off-site, an area of degraded wetland to compensate for that damaged on-site during the mining operations. Two areas have been selected for the first phase of off-site rehabilitation. Baseline biomonitoring was undertaken in the chosen areas prior to the commencement of the rehabilitation work, and follow-up monitoring will be done on an annual basis to assess the wetland recovery progress.

In order to utilise existing expertise in this field, Isibonelo entered a partnership with NGO Working for Wetlands. They are undertaking the rehabilitation work on Anglo Coal South Africa's behalf, but in line with their own strategy and framework. A part of this strategy is to identify potential people from the local community, provide training and enable them to undertake the work. This pool of trained individuals can subsequently be used for future off-site wetland rehabilitation work, as well as for the maintenance of the previously rehabilitated areas.

*People from the local community are trained and employed to conduct the offsite rehabilitation near Isibonelo colliery.*

## CO<sub>2</sub> from methane emissions

Year	(000) tonnes	Method
2001	1,071	IPCC guidelines (estimated)
2002	656	Underground (spot samples) and opencast (estimated)
2003	610	Underground (spot samples) and opencast (estimated)
2004	298	Underground continuous monitoring and opencast (estimated)
2005	232	Continuous spot samples for underground and analysis of coal samples for opencast

- half of the total methane content of the coal was released within the first 24 hours after mining;
- there was a strong correlation between methane emission rates, barometric pressure and ambient temperatures;
- there was no relationship between coal production rate and emission levels; and
- elevated levels of methane detected as a result of spontaneous combustion (sponcom) were difficult to quantify.

The figures reflected in the table (left) thus cannot be used for time-based trending of methane emissions, but are depicted for information purposes. These figures also exclude emissions from sponcom.

## Environmental research

During 2005, Anglo Coal South Africa continued to support the CoalTech 2020 research programme, which manages several environmental projects including the colliery water irrigation project, the indigenous species plug trial, the development of guidelines for wetland conservation in the upper Olifants catchment, and the revision of the Chamber of Mines guidelines for the rehabilitation of mining disturbed land. These projects are all due to be completed in 2006.

The colliery water irrigation project has clearly shown that colliery water containing sulphates can be used to increase crop yields on the Highveld, without any detrimental effect on soils in the long-term.

Two new CoalTech projects, which commenced late in 2005, and will run for three years, involve an indigenous species seeding trial and a soil compaction alleviation trial. The indigenous species seeding trial aims to establish sustainable communities of indigenous grass species on rehabilitated land to support low-input grazing systems. The compaction alleviation trial will investigate the causes of soil compaction on rehabilitated land to reduce compaction on deeper soils.



*Paul Meulenbeld, the environmental co-ordinator for Goedehoop colliery, inspects pioneer species of grass on the recently rehabilitated Hope discard dump.*

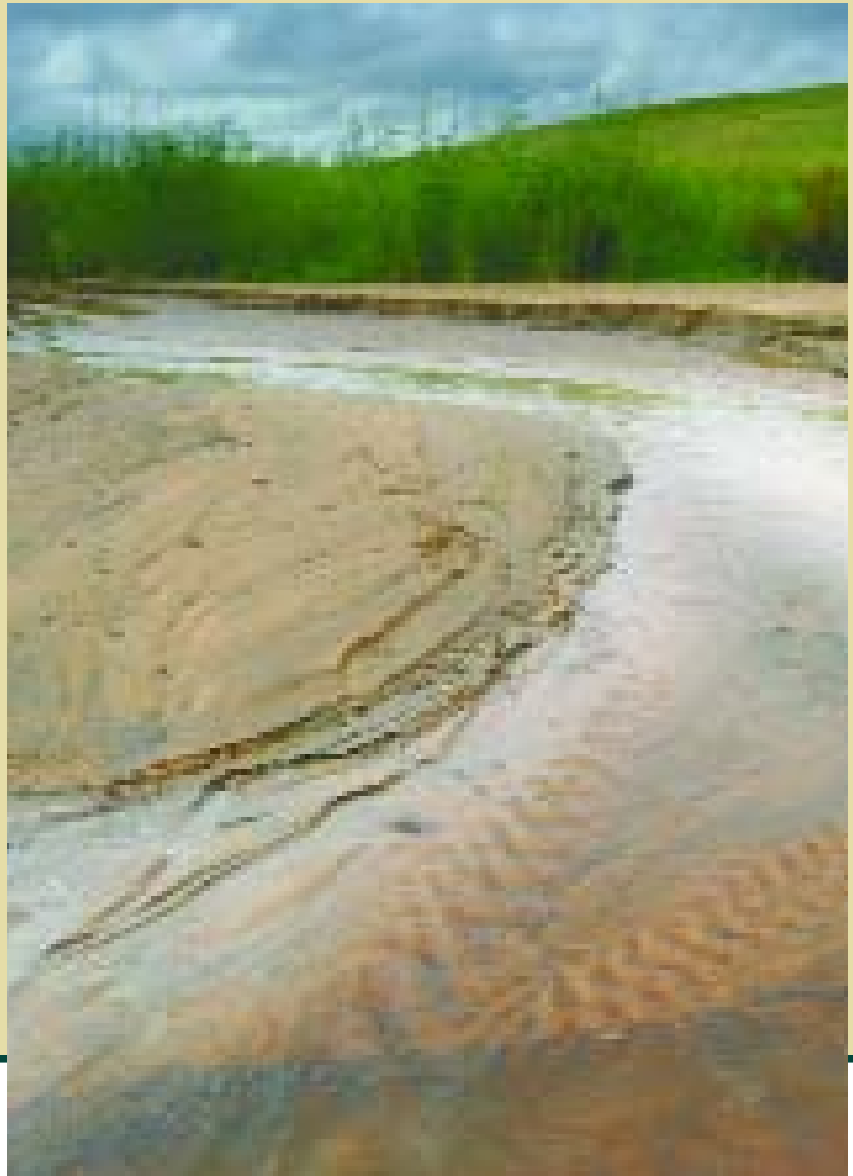
## Hope Dump rehabilitation: Goedehoop colliery

The No 5 seam coal discard dump (1965-1983) at the Hope section of Goedehoop colliery underwent rehabilitation as part of the ISO 14001 and EMPR commitments of the colliery. The impact of the dump on water and soil qualities was not acceptable and therefore the rehabilitation was initiated and completed at a cost of R22.3 million. The rehabilitation of the dump will promote the establishment of a natural wetland to aid biodiversity on the Highveld plateau.

One family had settled informally on the old Hope dump and was relocated. Management and unions co-operated in moving these people, after educating them on the dangers of living on the dump and the need for the area to be rehabilitated. Once the family understood the reason for the destruction of their dwelling, they accepted a new house nearby to which the whole family relocated.



*Before and after the restoration of the Hope discard dump at Goedehoop. This wetland now has clean water and lush vegetation. Many species of wildlife are returning to their original habitat.*







*Leonard Mkhwebane separates waste at Isibonelo colliery before it is taken away for recycling or disposal.*

## Waste management

Anglo Coal South Africa distinguishes between two types of waste in the environmental management programmes, namely non-mineral and mining waste.

**Non-mineral waste**> There are four general waste streams at collieries:

- ♻ paper, which is recycled and sold to local vendors;
- ♻ hazardous (including medical) waste, which is disposed of by contractors to licensed hazardous waste sites;
- ♻ scrap metal, which most of the collieries sort and sell to recyclers; and
- ♻ domestic waste, which is disposed of by contractors to the municipal landfill sites.

There is no uniform procedure for reporting on non-mineral waste volumes within the division. This is a shortfall that has been identified and will be addressed during 2006 (see targets on page 9).

**Mining waste**> The philosophy behind the management of mining waste is the commitment to the responsible and efficient abstraction of resources. This commitment drives the division's endeavours to increasingly reduce, reuse and recycle the available materials on site. To do this, Anglo Coal South Africa is employing innovative technologies and practical solutions.

One such technology is the beneficiation of ultra fine coal. A fine coal flotation plant was commissioned at Greenside colliery, adding approximately 3% to the washed coal yield and a corresponding reduction in fine coal waste. It has been decided to proceed with a similar plant at Goedeheop colliery. This plant is expected to have a yield similar benefit and produce an additional 300,000 tonnes per annum. Construction is underway and the plant is scheduled for commissioning at the end of 2006.

With the greater demand for power in South Africa and Eskom's ability to use lower grades of coal, increasing volumes of lower grade coal are being supplied to Eskom for power generation. This has resulted in better resource utilisation and an increase in the life of mine at certain collieries.

Discard coal, often disposed of in coal slurry and spoil piles, could be reused in a number of ways. In research tests, the coal has been 'dissolved' using fungal microbes. This process creates several by-products, which could be used for:

- ♻ clean liquid fuel;
- ♻ methane from the microbial digestion of coal;
- ♻ high value chemicals and organic compounds;
- ♻ self-establishing dump coverage, topsoil rehabilitation and soil conditioning;
- ♻ low-cost carbon source for biological mine water treatment and groundwater remediation; and
- ♻ ethanol production.

Further research into this particular biotechnology is under way.



*Spontaneous combustion of coal at Kleinkopje colliery can be controlled by the use of water jets to cool the area being mined.*

## Spontaneous combustion

Coal and carbonaceous material will under certain circumstances, spontaneously combust (sponcom) in the presence of oxygen. It is a loss of a valuable resource and poses a potential threat to health and the environment. Sponcom generally occurs in old underground workings that become exposed during opencast mining activities, on spoil piles and on discard dumps. Through proper compaction of discard, which minimises the voids available for oxygen, sponcom on discard dumps has been mostly eliminated.

Sponcom at Kleinkopje colliery, in old underground workings and on the spoil piles, has been an ongoing problem and a task team was established to look at ways of controlling the problem. The team made significant progress during 2005 by focusing attention on preventing the ingress of oxygen to areas of heating, by cladding and capping cracks and openings with layers of soil.

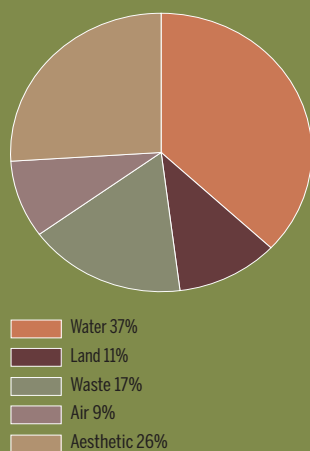
## Old and abandoned mines

With the purchase of Goldfields Coal in 1998, Anglo Coal acquired the closed Middelburg Steam and Station colliery. The colliery has been closed for about 60 years, with underground workings flooded in places, while other areas have collapsed pillars and instances of spontaneous combustion. The area is surrounded by informal settlements and industrial sites.

Anglo Coal's Greenside colliery has taken the initiative to rehabilitate the area and is in the process of a feasibility study to assess the most economical method of stabilising the old workings and rehabilitating the area. The feasibility study will scope and cost the rehabilitation programme for submission to the Department of Minerals and Energy and the Department of Water Affairs, in terms of section 43 of the Minerals and Petroleum Resources Development Act. In terms of the Act, it is necessary to submit a rehabilitation programme for approval in order to obtain a closure certificate for a mine.

It is likely that opencast mining methods and the induced collapse of pillars will be used to stabilise the surface. Saleable coal will be produced from the opencast mining operation, with the profits being used to offset the costs of rehabilitation.

2005 environmental incidents



## Management systems

Our collieries all have dedicated staff and budgets to manage environmental issues. In 2005, all collieries retained their ISO 14001 certification. The implementation of this system at Mafube was delayed during 2005 and certification will be achieved by 2007. We are proud that New Denmark also received the national and international awards for the best Integrated 5 Star NOSA system as well as a NOSCAR award, the first in Anglo Coal.

During the year, Anglo American plc's mining and labour law department conducted legal compliance audits at seven of our collieries. The remaining two scheduled their legal audits for the first quarter of 2006.

During 2005, Anglo Coal purchased the PIVOT environmental management system software, developed by IBIS Technologies to manage all the ISO 14001 systems within the division. The software has been installed at all collieries and is scheduled to be fully operational across all operations in 2006.

**Supplier policy on ISO 14001** > Companies that supply products to Anglo Coal South Africa are obliged to take responsibility for their environment by providing the necessary information regarding potential hazards to humans, animals or the environment as a result of their products and/or services. The review and pre-qualification process for suppliers makes use of a questionnaire which includes an environmental component. Anglo Coal is developing environmental and safety criteria for selection of preferred suppliers, and will encourage suppliers to meet the new requirements.

All products used by Anglo Coal must have Material Safety Data Sheets which are managed through a live database for access and use by employees. In conjunction with Anglo Coal central purchasing and mine-based environmental staff, Anglo Coal's environmental services are involved in investigating any unusual or significantly hazardous materials before they are accepted onto any site. The individual collieries are required to

ensure that contractors and mine employees adhere to strict hazardous materials handling and management procedures.

## Environmental incidents

There was a general reduction in noteworthy environmental incidents in 2005. There were 1,820 level 1<sup>1</sup> incidents and level 2<sup>2</sup> incidents reduced from 73\* to 44. This is attributed to the environmental management systems on all collieries improving the operations' environmental performance. No level 3<sup>3</sup> incidents were reported, continuing the trend since we began reporting. Incidents, by category, are reflected in the pie chart on the left.

Anglo Coal South Africa received no fines, nor were there any prosecutions relating to environmental performance during 2005.

<sup>1</sup> Minor impact or disturbance with no long-term effect

<sup>2</sup> Moderate impact or disturbance with medium-term effect

<sup>3</sup> Significant impact or disturbance with extensive or long-term effect.

\* This number has been restated



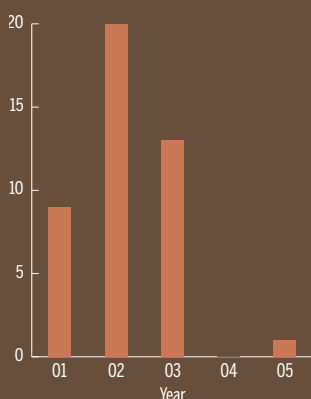
Identifying  
aspirations and needs

# Community

*Landau colliery has established  
a creche for children from the  
adjacent Mgewane village.*



**Stakeholder complaints**  
(Total numbers)



**S**TAKEHOLDER ENGAGEMENT for 2005 focused on the use of the Socio-Economic Assessment Toolbox (SEAT). Each colliery was required to identify its stakeholders and engage them in appropriate ways. Communities were engaged in a series of public meetings during which the aspirations and needs of these communities were identified. In instances where there were queries raised by the stakeholders, the collieries committed to deliver feedback on the resolution of these. The queries raised and the responses to date are being published in the SEAT documents in 2006.

All operating sites have community engagement plans in place and the quality of these is being improved through the application of SEAT. Two collieries, Goedehoop and New Denmark, have completed their SEAT assessments, with the balance of the collieries to complete theirs in 2006.

## Complaints

Each of the collieries has a complaints procedure which enables members of the community and other interested and affected parties to lodge their grievances with the operations. The trend between 2001 and 2003 indicated an increase in the number of complaints. This was attributed to an improvement in collieries' communications with the communities. During 2004, no complaints were recorded. This sudden change has been attributed to the implementation of SEAT. Communities were actively engaged in dialogue in a systematic and formal manner and complaints were recorded in the SEAT as 'key issues raised by stakeholders'. During 2005, one complaint was recorded. Examples of the issues raised during the collieries' dialogue with communities are shown below.

### Examples of issues raised during SEAT dialogue

Issues raised	Management responses	Actions
Operations should create jobs and provide opportunities for small businesses.	Our procurement policies are in line with creating these opportunities. Anglo Zimele plays a significant role in developing SMMEs.	Where we are not complying or helping small businesses to enter our market, we encourage communities to challenge our policies.
The operation has left mine dumps that are still burning in some areas, as well as sinkholes.	We are required by law and by our commitment to ISO 14001 to rehabilitate any land that we have mined out or otherwise polluted. As part of our environmental management plan, rehabilitation programmes have been put in place for all the dumps and sinkholes.	We will adhere to the rehabilitation plan.
The operations have created a dependency syndrome. As a result, people like to blame and criticise and expect to always receive.	Life-skills programmes are being implemented to help people obtain independence through the community development projects.	Management will help in developing life skills.
Mining operations could be polluting the underground water and contaminating the river water.	Ground water and contamination levels are monitored on a monthly basis to prevent pollution.	Mines will continue to monitor underground water and contamination levels.



# Report on the scorecard for the broad based socio-economic empowerment charter

HR4 | HR14

LA1 | LA10 | LA11 | LA16 |

LA17

*Opposite page far right: Richards Bay Coal Terminal. A new generation of coal exporters will be created, earmarking up to 4Mtpa for emerging BEE operators.*

*Opposite page left: A panelbeating shop has been set up on the site of the closed Schoongezicht colliery. Seen at the shop are (left to right) Sam Mdlwli, Phineas Ngwenya, Eric Skosana and Twoboy Zulu.*

*Below: Itumeleng Mpuru and Maria Phakoe in the sewing class at New Vaal. The group designs and produces mainly clothing, including school uniforms and work wear.*



## Human resource development

Anglo Coal South Africa offers every employee the opportunity to become functionally literate. During 2005, 109 employees participated as learners in the adult basic education and training programme. There is a workplace skills plan and all employees have training profiles. Middle and senior management employees have individual development paths and these will be extended to all employees in 2006. A formal mentorship programme is in place for all trainees. This includes a formal training programme, co-ordinated by the Anglo Coal training and development services, for mentors and trainees.

## Employment equity

There is a published employment equity plan which is reported on annually. Anglo Coal South Africa is on track to achieve the target of 40% HDSA in management by 2009. There is a system in place to identify candidates to undergo accelerated career development.

Anglo Coal South Africa has been able to exceed the target for the total number of women in the industry. About 11% of the division's workforce now constitutes women, close to half of whom work in technical disciplines. For more details on our women in mining please refer to page 22.

## Migrant labour

About 8% of the workforce is comprised of migrant workers. The sending areas are predominantly Lesotho, northern KwaZulu-Natal, eastern Cape, eastern Mpumalanga and Limpopo province. These employees are not discriminated against in any way and enjoy the same work benefits and conditions as local employees.

## Mine community and rural development

Anglo Coal South Africa participates alongside the local and provincial governments in the formulation and revision of the integrated development plans. During 2006, all the collieries in the division will complete the SEAT documents. These documents require regular updating and reporting. After completion of the documents, the operations will be in a position to improve their community engagement plans. These will also be published during 2006. During 2005, Anglo Coal South Africa spent about R18 million on community and social development.

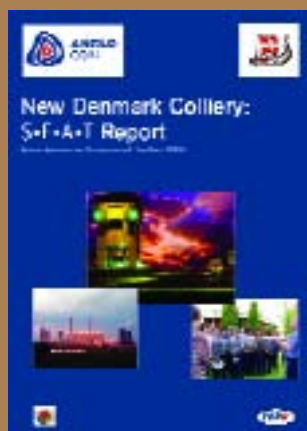
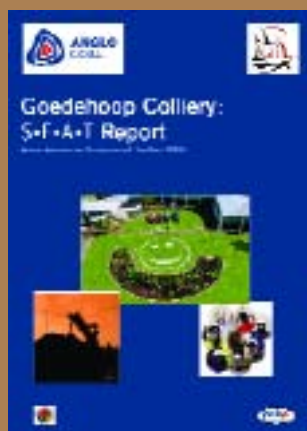
## Housing and living conditions

Home ownership is encouraged, but 12% of the workers still live in hostels. Anglo Coal South Africa has a target to reduce the number of residents in single-sex hostels by 30% a year. Since the mine hostels are in the process of being converted into married quarters, the hostels no longer provide meals to employees. However, the disease management programme for HIV positive employees includes nutritional supplements with the mine-supplied ART, as part of the programme.

## Procurement

HDSA companies enjoy preferred supplier status. A total of R1,080 million was spent with BEE businesses during 2005 against a target of R750 million. The bulk of this, R508 million, was spent on purchasing consumables and R423 million on purchasing services. We have set aggressive targets for HDSA procurement over the next three years and the forecast is for Anglo Coal South Africa to spend 40% (or R1,360 million) of our discretionary spend with BEE businesses in 2006.





Each colliery produces its own comprehensive SEAT manual. Above, covers of the Goedehoop and New Denmark reports.

## Ownership and joint ventures

The goal of having 15% HDSA participation in ownership by the year 2009 has been achieved. Anglo Coal South Africa has HDSA ownership of 21%, and has a strategy in place to achieve the 2014 HDSA ownership target of 26%.

One of our more recent JV partnerships is Mafube colliery, a 50:50 joint venture between Anglo Coal South Africa and Eyesizwe Coal, a BEE company. Coal production started at the colliery in July 2004 and will initially supply 1.2Mtpa of coal for local power generation, but may expand to export 2.5 to 3Mtpa of coal through the Richards Bay Coal Terminal.

There are several possible joint ventures and projects in the planning stages.

## Beneficiation

No further beneficiation of our coal product is undertaken by customers before consumption and utilisation. Accordingly, no beneficiation targets have been set.

## Reporting

Anglo Coal South Africa considers this report, *A climate for clean coal partnerships*, to comply with the Mining Charter reporting requirement.



## Richards Bay Coal Terminal effects transformation through expansion

By the end of 2008, Richards Bay Coal Terminal (RBCT) is expected to have completed its R1 billion expansion project, increasing the terminal's export capacity from the current 72Mtpa to 92Mtpa. South Dunes Coal Terminal, which will be at least two-thirds HDSA controlled, will take up 6Mtpa of the expansion capacity. A further 10Mtpa will be available for subscription by all coal producers with specific preference being given to black empowered mining companies. The remaining capacity is earmarked to encourage a new generation of BEE coal exporters by making available up to 4Mtpa for emerging BEE export coal producers.

# Safety and sustainable development policy

## Vision

It is Anglo Coal South Africa's vision to be the admired leader in the South African coal and energy industry.

We will realise our vision through:

- ⑥ contributing significantly to the Anglo American plc objective of providing superior returns to our shareholders;
- ⑥ transforming our employees' culture through the *Yebo Siyaphambili* initiative;
- ⑥ securing win-win customer partnerships; and
- ⑥ responding to the 'green challenge'.

## Safety and sustainable development aims

In order to give practical expression to our vision and to measure our progress, we have the following safety and sustainable development aims:

- ⑥ eliminate all work-related fatalities, lost-time injuries and health impairment of employees and contractors;
- ⑥ contribute to addressing priority community health issues;
- ⑥ conserve environmental resources;
- ⑥ prevent or minimise adverse impacts arising from our operations;
- ⑥ demonstrate active stewardship of land and biodiversity;
- ⑥ promote good relationships with, and enhance capacity building of, the local communities of which we are a part; and
- ⑥ respect people's culture and heritage.

This policy will be reviewed regularly to reflect our commitment to, and growing understanding of, the principles of sustainable development.

## Management principles

All business units are committed to implementing the following management principles in a systematic and comprehensive fashion across the disciplines of safety and sustainable development:

**Commitment>** Hold senior executives, line management and individual employees within the division and on the mines accountable for exercising their respective roles in managing safety and sustainable development issues. Allocate adequate financial

and human resources to ensure that these issues are dealt with in a manner that reflects their high priority.

**Competence>** Ensure workforce competence and responsibility at all levels through selection, retention, education, training and awareness in all aspects of safety and sustainable development.

**Risk assessment>** Identify, assess and prioritise the hazards and risks associated with all our activities.

**Prevention and control>** Prevent, minimise or control priority risks through planning, design, investment, management and workplace procedures. Prepare and periodically test emergency response plans. Where accidents or incidents do occur, take prompt corrective action, investigate root causes and take remedial action. Actively seek to prevent recurrences and disseminate experiences learned.

**Performance>** Set appropriate goals, objectives, targets and performance indicators for all our operations. Meet all applicable laws and regulations as a minimum and, where appropriate, apply international best practice.

**Evaluation>** Monitor, review and confirm the effectiveness of management and workplace performance against divisional and mine standards, objectives, targets and applicable legal requirements. Key to this process is a system of appropriate audits and progress reports to divisional management coupled with regular reporting to the board of directors.

**Stakeholder engagement>** Promote and maintain open and constructive dialogue and good working relationships with employees, local communities, regulatory agencies, business organisations and other affected and interested parties, to increase knowledge and enhance mutual understanding in matters of common concern. Report on progress towards the achievement of our aims.

**Continual improvement>** Foster creativity and innovation in the management and performance of our business, and our approach to solving the challenges facing our enterprises. Support research and development into safety and sustainable development issues, and promote the implementation of international best practice and technologies, where appropriate. More specifically, work with industry partners to promote the development and uptake of cleaner coal technologies in the coal life cycle.



# Glossary and abbreviations

**ART>** Anti-retroviral therapy, used in the treatment of AIDS

**BAP>** Biodiversity action plan

**BEE>** Black economic empowerment

**BSA>** Business South Africa

**CCT>** Clean coal technology

**CH<sub>4</sub>>** Methane

**CO<sub>2</sub>>** Carbon dioxide

**CO<sub>2</sub>e>** Carbon dioxide equivalent

**COAD>** Chronic obstructive airways disease

**CoalTech 2020>** South African coal industry research organisation

**COM>** Chamber of Mines of South Africa

**CSI>** Corporate social investment

**CSIR>** Council for Scientific and Industrial Research (South Africa)

**dB>** Decibel, the unit of measurement for noise

**DWAF>** South African Department of Water Affairs and Forestry

**EAP>** Employees' assistance programme

**EMPR>** Environmental management programme report

**GJ>** Gigajoules – a unit of measure for energy consumption

**Greenhouse gas>** Emissions such as CO<sub>2</sub> and CH<sub>4</sub> that contribute to the greenhouse effect or global warming

**GRI>** Global Reporting Initiative

**HDSA>** Historically disadvantaged South African

**ICMM>** International Council on Mining and Metals

**IEA>** International Energy Agency

**ILO>** International Labour Organisation

**IPCC>** Inter-governmental panel on climate change

**ISO>** International Standards Organisation

**Kyoto Protocol>** An international protocol, adopted in Japan in 1997, to control global emissions of greenhouse gases

**LTI>** Lost-time Injury (where an injury results in the injured person being booked off work for one or more shifts or where the injured person cannot perform his or her normal duties)

**LTIFR>** Lost-time injury frequency rate (the number of lost-time injuries per 200,000 hours worked)

**mg/m<sup>3</sup>>** Milligrams per cubic metre

**MJ>** Megajoule

**ML>** Megalitre

**Mtpa>** Million tonnes per annum

**NGO>** Non-governmental organisation

**NIHL>** Noise-induced hearing loss

**OEL>** Occupational exposure limit

**OHSAS>** Occupational Health and Safety Assessment Series

**OTTO>** Zero tolerance towards unsafe working practices and target zero for fatal injuries

**RBCT>** Richards Bay Coal Terminal

**SEAT>** Socio-Economic Assessment Toolbox

**SMME>** Small, medium and micro enterprises

**The Anglo Safety Way>** Anglo American plc set of 12 safety management standards

**Total energy use>** Calculated from electricity purchased and fossil fuels consumed

**TRC>** Total recordable cases – record of all injuries due to all causes

**TRCFR>** Total recordable cases frequency rate (cases per 200,000 hours worked)

**VCT>** Voluntary counselling and testing

**Water used for primary activities>** Total new and make-up water entering the operation and used for the operation's primary activities

**WBCSD>** World Business Council for Sustainable Development

**WCI>** World Coal Institute

**WSSD>** World summit on sustainable development

**Yebo Siyaphambili>** Anglo Coal SA's organisational culture transformation programme

# GRI reference

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EN3	25
EN4	25
EN5	25
EN6	25
EN7	25
EN8	25
EN9	non applicable
EN10	non applicable
EN11	25
EN12	25
EN13	non applicable
EN14	25
EN15	non applicable
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SO2	20
SO3	Anglo American plc report
<b>Product responsibility&gt;</b>	
PR1	10
PR2	non applicable
PR3	non applicable

## Information

### Anglo American plc website

[www.angloamerican.co.uk](http://www.angloamerican.co.uk)

### Useful websites>

South African Chamber of Mines

[www.bullion.org.za](http://www.bullion.org.za)

CoalTech 2020

[www.coaltech.csir.co.za](http://www.coaltech.csir.co.za)

Global Reporting Initiative

[www.globalreporting.org](http://www.globalreporting.org)

International Energy Agency

[www.iea-coal.org.uk](http://www.iea-coal.org.uk)

World Coal Institute

[www.wci-coal.com](http://www.wci-coal.com)

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COVER

*Claire Logan (currently human resources manager at Kriel colliery) and Linah Mavimbela (currently employee relations officer at Isibonelo colliery), celebrate the safety and production records set at Greenside colliery.*

