SCAW METALS GROUP

Scaw Metals Group Sustainable Development Report 2005

Scaw Metals supplies high adhesion locomotive frames, cast steel railway wheels and freight car components to local and international railway markets.

contents

Cover picture: Billets are core to the Scaw Metals Group product range.

A member of the Ferrous Metals and Industries Division of Anglo American plc

SCAW METALS GROUP

The Scaw Metals Group remains committed to sound safety, health and environmental management

Behavioural safety personnel.

chairman's review



2005 was another successful year for the Scaw Metals Group. We have maintained our focus on sustainable development issues and have actively engaged with surrounding communities.

The group continues to modernise and invest in new equipment. Many projects have been successfully completed in which the safety, health and environmental aspects have been carefully considered and observed.

The Scaw Metals Group remains committed to sound safety, health and environmental management, and audits are demonstrating ongoing improvements. All material sites are ISO 14001 certified and comply with environmental legislation. In terms of safety and health, sites are moving away from the local standard to the international OHSAS 18001 standard.

The group is mindful of the impact of global warming and the pressing need to conserve finite resources. I am pleased to report that energy consumption per tonne of steel produced has reduced by 3.6% over the past two years and that water use per tonne of steel produced has reduced by 12%. A great deal of effort has gone into the accurate and repeatable measurement of natural resource consumption.

Industrial waste remains a challenge but advances have been made in the recycling of process waste.

Safety performance has shown a year on year improvement and the Lost Time Injury Frequency Rate has reduced from 0.36 in 2004 to 0.27 in 2005. The levels achieved are very low and the objective is to reduce this to zero by 2007.

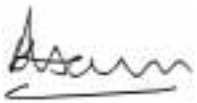
Regrettably a fatality occured at Chain Products in which an employee was overcome by acute heat stress. As a result, we have put in place a number of measures to prevent this type of incident from reoccurring.

Behavioural safety continues to make a significant contribution to these low figures, which prompted the introduction of the DuPont principles in 2005. One of the key elements of the related training programme is to enable line managers to take ownership of, and responsibility for, safety. In many areas this has already happened.

HIV infection and AIDS remain an important issue in Africa. The group has made great strides in combatting the disease with over 70% of employees in South Africa tested in 2005. The provision of anti-retroviral therapy to employees suffering from AIDS has been very successful and over 95% of those who are on treatment are working normally.

Scaw Metals continues to engage with neighbouring communities and is proud to sponsor worthwhile community projects. Much of this engagement goes into training via our own apprentice school and the community school for welding skills and computer literacy. The value of purchases from Black Economic Empowerment companies continues to grow year on year.

Finally, as a group we continually strive towards improvement and progress in all aspects of our business, and we therefore welcome any comments you may have on this report. It would be appreciated if you would complete the postcard at the end of this report and return it to me.



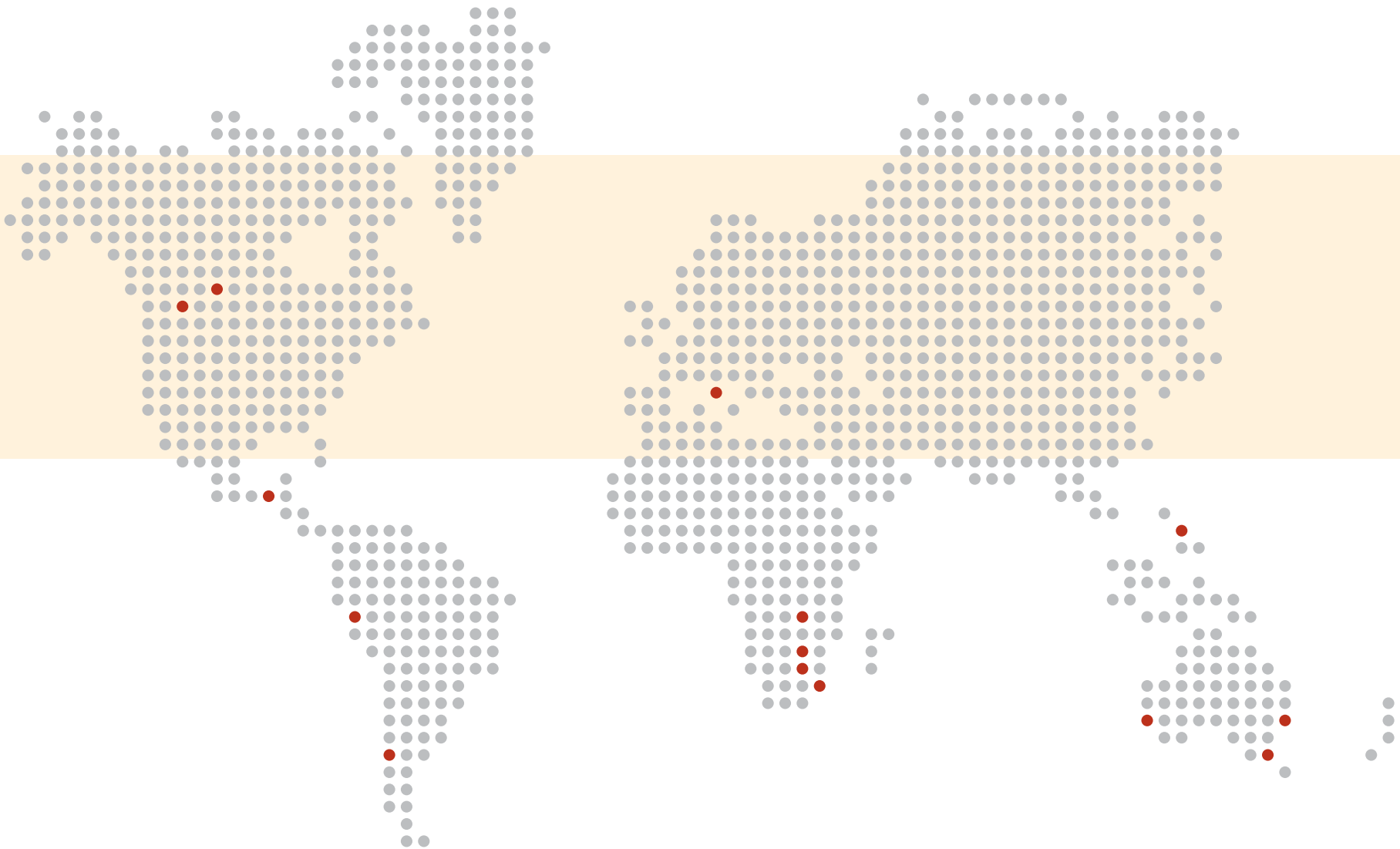
Tony Harris
Executive chairman
Scaw Metals Group

factory sites worldwide

South Africa	
Rolled and Cast Products	Germiston
Scrap Processing Division	Germiston
Cast Products	Benoni
Flather Bright Steel	Springs
Steel Wire Rope	Johannesburg
Wire and Strand	Germiston
Fibre Products	Durban
Chain Products	Vereeniging
Consolidated Wire Industries (50% interest)	Vanderbijlpark
Zambia	
Afrope Zambia	Kitwe
Zimbabwe	
Haggie Zimbabwe	Kwe Kwe
Chile	
Proacer (50% interest)	Santiago
Moly-Cop	Talcahuano, Mejillones
Peru	
Moly-Cop Adesur	Lima, Arequipa
Mexico	
Moly-Cop	Guadalajara
Canada	
Moly-Cop	Kamloops
AltaSteel	Edmonton
Philippines	
Moly-Cop	Taguig
Australia	
Haggie Reid	Sydney
PWB Anchor	Melbourne
Donhad (40% interest)	Perth, Newcastle, Townsville
Italy	
GSI Lucchini (30% interest)	Piombino

distribution network

South Africa	
Cape Town	Durban
East London	Johannesburg
Klerksdorp	Kuruman
Mossel Bay	Newcastle
Pietermaritzburg	Port Elizabeth
Richards Bay	Witbank
Namibia	
Windhoek	
Zimbabwe	
Bulawayo	Harare
Australia	
Sydney	Perth



The group seeks mutual benefit in its relationships with customers, partners, contractors and suppliers.

group profile

Scaw Metals is an international group, wholly owned by Anglo American plc, manufacturing a diverse range of steel products. Its principal operations are located in Southern Africa, South America, Canada and Australia. The main product lines produced by the group are rolled steel, wire rope, strand and wire products, chain products, cast alloy iron and forged steel grinding media, and steel and alloy iron castings.

The cast steel railway wheel yard.

The South African facilities produce rolled steel product, steel wire rope, pre-stressed concrete wire and strand, wire rod, cast and forged grinding media, steel castings, high chromium iron castings, and plain carbon and low-alloy steel chain and fittings, supplied to the construction, railway, power generation, mining, cement, marine and agricultural markets worldwide.

Major exports from South Africa include low- and high-carbon wire rod, pre-stressed concrete wire and strand to the international construction industry, coal grinding components to power stations in Europe, China and Mexico, cast steel railway components to North America and Africa, and steel wire rope and wire products to global mining and offshore oil markets.The group's forged steel grinding media division has its operations in South Africa, Chile, Peru, the Philippines, Mexico, Australia, Canada and Italy. Scaw Metals is an ISO 9000-series accredited organisation manufacturing products to meet the requirements of the appropriate international certification authorities.

Safety, Health and Environment

Scaw Metals' safety, health and environmental management systems are aligned with the international ISO 14001 and OHSAS 18001 standards. The group subscribes to employee wellness programmes and community development projects, including anti-retroviral-supported HIV/AIDS programmes and skills-based educational courses.

Divisions

Rolled Products

The rolling mill operation comprises two rolling mills; one producing low- and high-carbon wire rod and a range of merchant bar, the other producing light and medium sections. Steel is produced in an 85 tonne UHP-EBT arc furnace and ladle furnace combination, which feeds a three strand, high speed, continuous billet casting machine. The caster is equipped with convex water-cooled moulds that allow for high casting speeds and the manufacture of high quality steels. The main melt shop uses a high proportion, up to 60%, of directly reduced iron (DRI) in its furnace charge. The DRI is produced from three coal-based rotary kilns located at the Germiston site.

The combination rod-bar mill has a 100 tonne per hour, walking beam re-heat furnace, 21 stands in line and two outlets, a cooling bed for straight products of up to 76mm diameter and a 10 stand, high speed, wire rod mill with controlled cooling facilities for wire rod of up to 18mm diameter. The section mill has a three-high tilting table breakdown mill and one two-high sizing mill that feeds either a medium section train that produces channels and equal and unequal angles, or a ten stand continuous small section and bar train for smaller angles and flats.

Cast Products

The Germiston foundry is one of the largest foundries in the southern hemisphere and produces castings of up to 30 tonnes finished weight. It is a leading supplier of single-piece, thin-walled locomotive and passenger frames, freight car components and high integrity cast steel railway wheels. The foundry holds the American Association of Railroads' approval for the manufacture of freight car side frames, bolsters and cast steel wheels. Other products include large gear segments, high-carbon, high-chromium, abrasion resisting coal grinding elements for coal-fired power stations, high-chromium iron mill liners and impact crushing parts, stainless steel coiler drums, and a range of slag ladles for the metal processing industry.

A 25 tonne capacity ladle vacuum degassing unit serves the foundry where steels can be produced with lower sulphur, nitrogen, oxygen and hydrogen contents, particularly necessary for the manufacture of high strength, low-alloy steels.

Billet production at the main melt shop.

Many of Scaw's cast products are used in the global railway industry, including locomotive frames.

Above: Grinding media.

The Benoni works manufactures a wide range of earthmoving components under licence from the ESCO Corporation, USA, and general engineering products in plain and low-alloy steels of up to eight tonnes finished mass. Other products include manganese wear components for gyratory crushers.

Both foundries are serviced by a large in-house machine shop. Facilities include vertical and horizontal boring mills, CNC machining centres, lathes and planers. Castings of 25 tonnes and five metres in diameter can be machined to close tolerances. Smaller castings that require CNC batch production runs are also made.

Scrap Processing Division

This division procures the steel scrap requirements for the South African operations. It operates a fleet of heavy vehicles for the purpose of collecting scrap. External merchants also deliver scrap to the site based in Germiston. The processing facilities include a 180 tonne per hour mega shredder, shear and baler.

Grinding Media

The Germiston operation has a specialised foundry facility producing a full range of heat-treated, high-carbon, high-chromium iron grinding media for use in platinum, copper, coal, gold and regrind applications, as well as a forged steel grinding media plant.

The Moly-Cop operations produce a complete range of forged steel heat-treated grinding media in sizes from 20mm to 150mm in diameter and have a total installed capacity of over 700 000 tonnes per year. The various manufacturing facilities are strategically located in Chile, Peru, Mexico, Australia, the Philippines, Italy and Canada, and satisfy the regional demands of the world's mining companies.

Far Left: Chain from the Vereeniging factory.

Left: Benoni works manufactures ground engaging tools under licence to ESCO Corporation, USA.

Moly-Cop's global network of shared technical, manufacturing and marketing knowledge has enabled it to capture a leading market share in each of the primary markets in which it competes.

Chain Products

This operation produces a comprehensive range of carbon and alloy steel chains and fittings to national and international standards. Its range of products is used extensively in mining, forestry, agriculture, fishing, offshore oil exploration and other industrial applications.

Steel Wire Products

This business consists of manufacturing plants in South Africa, Zimbabwe and Zambia. The operation's main activity is the conversion of steel wire rod into a range of wire products, supplying markets as diverse as mining, construction, marine, engineering, elevator, offshore oil and electrical reticulation. A large proportion of its output is exported worldwide.

The Steel Wire Rope operation is a large integrated wire mill and ropery plant, manufacturing a wide range of specialised ropes. It is an acknowledged world leader in the manufacture of steel wire ropes for ultra-deep shafts. The Wire and Strand operation has three major product lines: pre-stressed concrete wire and strand, mining commodity rope and high-carbon wire. Pre-stressed concrete strand has been supplied to many prestigious projects worldwide.

Sales Branches

Scaw's operations are supported by a network of service centres that are staffed by trained specialists to provide on-site technical support. These centres offer a range of testing and termination services and stock a wide range of wire rope and chain fittings, lifting equipment and related hardware.

Consolidated Wire Industries (50% interest)

Consolidated Wire Industries produces a full range of mild steel wire in both black and galvanised finish. These products are further converted into Diamond Mesh and Veldspan fencing, nails, staples, barbed wire and copper-coated electrode welding wire.

A typical ball and ring assembly manufactured in the Germiston foundry. The assembly is used to crush coal into fine powder that is used to generate energy and electricity in coal-fired power stations around the world.

Scaw strand was supplied last year to Australia's largest motorway to motorway interchange, the Lighthorse Interchange.

Steel wire ropes at sea.

governance and business principles

Employee development makes good business sense.

Governance

The Scaw Metals Group is committed to complying with Anglo American's "Good Citizenship: Our Business Principles" and safety, health and environment policies. These are published widely and are incorporated in new contracts, letters of appointment and induction training of new employees. They are also promoted through the Scaw Metals' newsletter, ***Scaw Junction***, and in the interaction between management and employees.

Communication with stakeholders is promoted actively and regularly through a number of channels such as this publication and ***Scaw Junction***, both of which are sent to all employees, key suppliers, customers, community representatives and entities associated with the group.

Scaw Metals participates in Tip-Offs Anonymous™ and InTouch®, and continues to publicise these "whistleblowing" schemes to facilitate business integrity and ethics.

Every year significant donations are made to community engagement projects aimed at enhancing the well-being and capacities of communities associated with the business.

Sustainable development risks are managed through the Turnbull Risk Management System, ISO 14001 for the environment and OHSAS 18001 for health and safety. The processes allow for the prioritisation of risks and for the identification of risk management strategies to mitigate the effects of risk on the business. The group is also very conscious of sustainable development issues and seeks to make a positive impact on the social, economic and environmental context in which it operates.

The Human Resource department, in collaboration with management, is committed to combating unfair discrimination and to promoting opportunities for workers from disadvantaged backgrounds.

Business Principles

The core values that underpin the business:

As an employer Scaw Metals sets out to attract, develop and retain the best people. All employees and contractors must perform their duties to the highest standards of integrity and ethics. The group will not tolerate unfair discrimination and will promote workplace equality. There is no tolerance for injuries to employees and contractors.

As an investment the business regards providing superior returns to shareholders and honouring its social and environmental responsibilities as complementary and mutually reinforcing.

As a good corporate citizen Scaw Metals seeks to contribute to the well-being of the communities in which it operates and is committed to the principle of sustainable development. It will comply with all applicable laws and will not engage in any forms of corrupt or anti-competitive practices.

In the world of commerce the group seeks mutual benefit in its relationships with customers, partners, contractors and suppliers. It aims to be the supplier and partner of choice.

External Audit

All sites are subject to external audit and independent assurance at least annually in a number of areas including finance, quality, safety, health and environment.

Behavioural safety training taking place at the Germiston SHE Centre.

economic performance

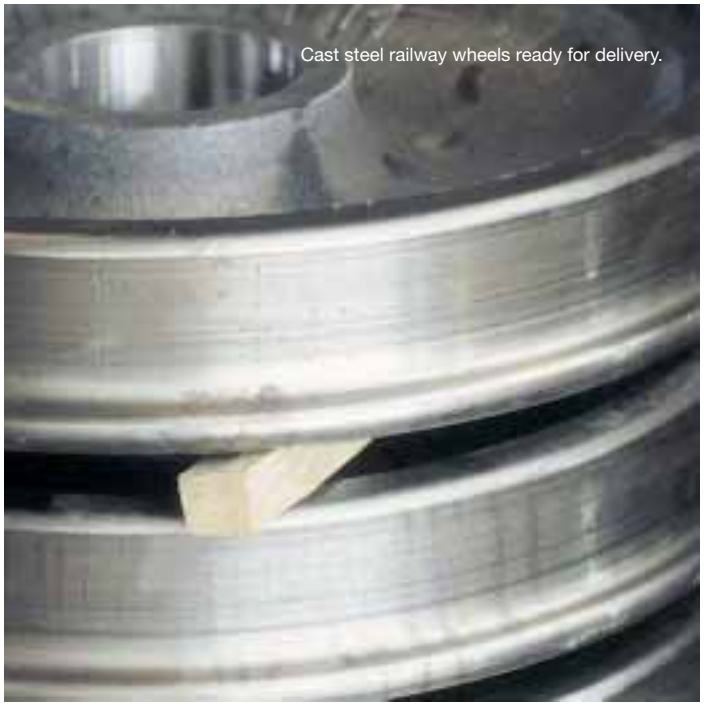
The new wheel moulding line at Germiston.

Group Value Added Statement

	Rm	$m
Turnover	6,428.1	1,008.4
Less: Paid to suppliers for materials and services	4,516.1	708.5
Total Value Added	**1,912.0**	**299.9**
Value Distribution		
To employees for wages and related costs	1,020.8	160.1
To providers of capital for interest	12.8	2.0
To governments for company taxation	211.1	33.1
To reinvestment to maintain and expand the group	459.4	72.1
To shareholders	207.9	32.6
Total Distributed and Retained	**1,912.0**	**299.9**

The Group Value Added Statement shows how value added by the Scaw Metals Group was allocated among the different stakeholders in the business.

Represented graphically and showing the year to December 2004 as a comparison, the distribution of value among the stakeholders was as follows:



Cast steel railway wheels ready for delivery.

Scaw Metals Group Value Added (Rm) 2004

- Employees 56%
- Shareholders 18%
- Retained 14%
- Government 12%

Scaw Metals Group Value Added (Rm) 2005

- Employees 54%
- Shareholders 11%
- Retained 24%
- Government 11%

As can be seen from the charts, once again the largest portion of value added (54%) was distributed to employees by way of wages and related costs.

An increased portion (24%) was retained in order to support and secure Scaw Metals' future growth and development.

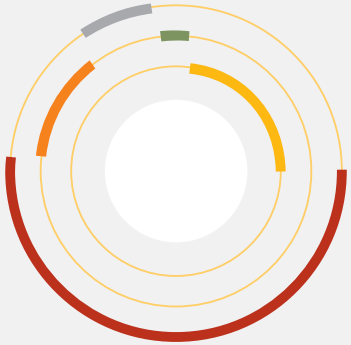
Geographical Analysis of Activity

Scaw Metals is active in many countries around the world, either through its global manufacturing and distribution operations or as a supplier to its export customers.

In 2005, 49% of Scaw Metals' product was sold within South Africa and 51% outside South Africa. The recent acquisition of AltaSteel in Canada represents further progress made in expanding Scaw Metals' global interests and steps are already underway to ensure that AltaSteel will support the achievement of the group's sustainable development objectives.

49% of Scaw Metals' product is sold within South Africa and 51% outside South Africa

South Africa	49%
Outside South Africa	51%



Sales outside South Africa are broken down as follows:

South America	51%
North America	22%
Asia and Australia	17%
Europe	7%
Rest of Africa	3%

Pouring a mould in the foundry.

Cost Savings

The Scaw Metals Group has an ongoing cost reduction programme in place.

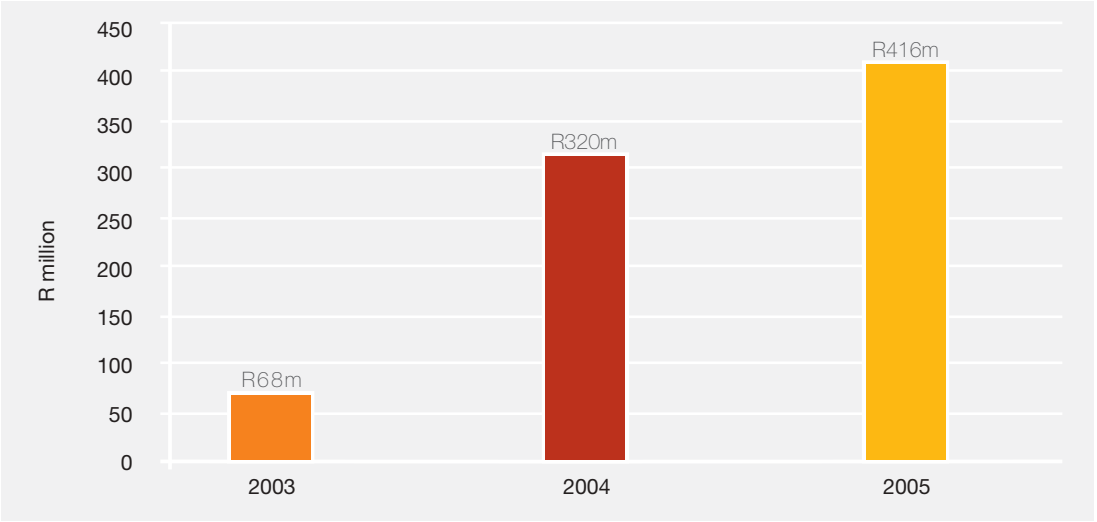
During the year to December 2005, Scaw Metals achieved cost savings of R222 million ($35million). These savings were generated in part by the group's increasingly efficient use of natural resources.

Economic Performance
Black Economic Empowerment (BEE) Spend in South Africa

The group has adopted the Anglo American BEE Procurement Guidelines and actively seeks to engage with suppliers that have empowerment credentials. The value of goods and services purchased from BEE suppliers has increased from R68 million in 2003 to R416 million in 2005.

The Morena Corporate Services team.

Scaw Metals Group BEE Spend



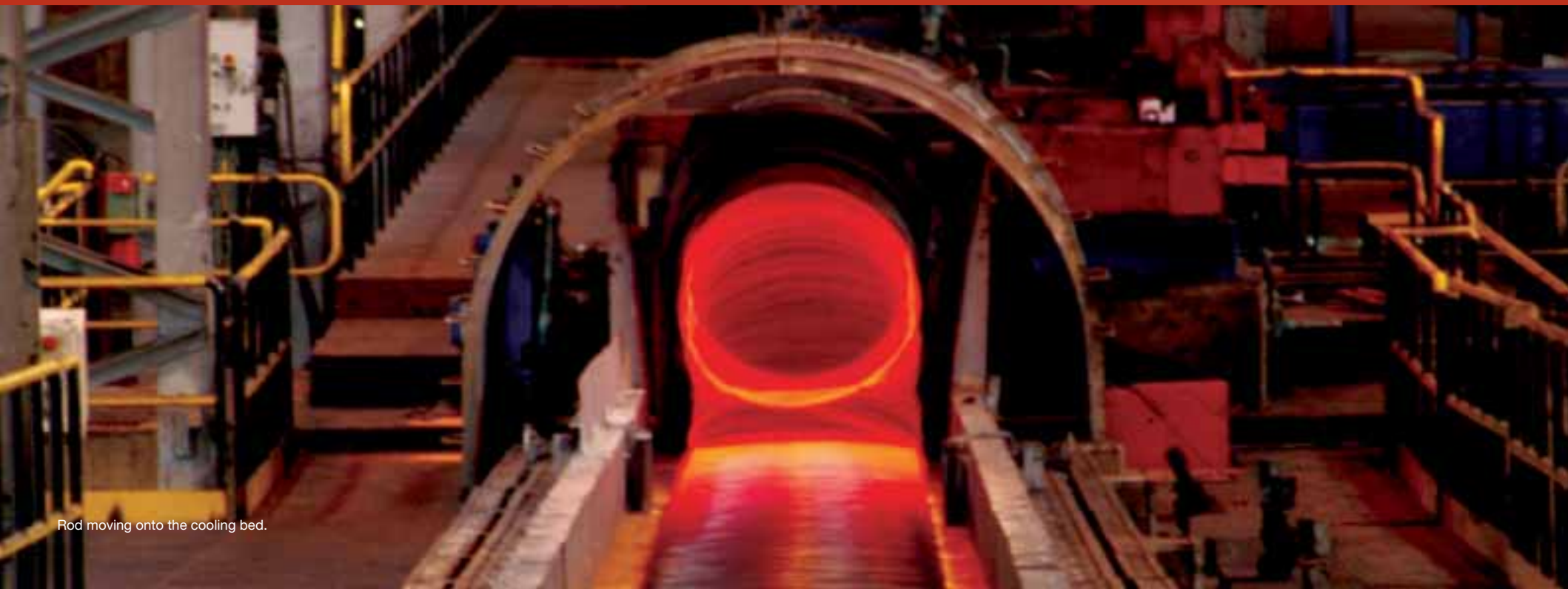
Scaw Metals has had a long and mutually beneficial relationship with a number of its BEE suppliers, including Morena Corporate Services, which has provided an effective cleaning service at Scaw Germiston, and JR Choeu, a company that transports Scaw employees to and from work at the South African operations.

Wadeville Printers was created by two former employees who now provide a service to a number of the group's South African operations.

The group in South Africa continues to look for supply companies comprising historically disadvantaged individuals.

life cycle of steel

The steel manufacturing industry is truly sustainable.
Steel is 100% recyclable and is indeed the most recycled material on the planet.



Rod moving onto the cooling bed.

Every new steel product contains recycled steel and in some countries the recycle rate is as high as 85%. (The measure of our sustainability, Report of World Steel Industry 2004. International Iron and Steel Institute.)

Scaw Metals Germiston produces half-a-million tonnes of liquid steel each year from steel scrap and directly reduced iron from its rotary kilns. The scrap steel in all forms is processed by a large shredder, shear and baler to ensure it is the optimum size to be used in the various furnaces.

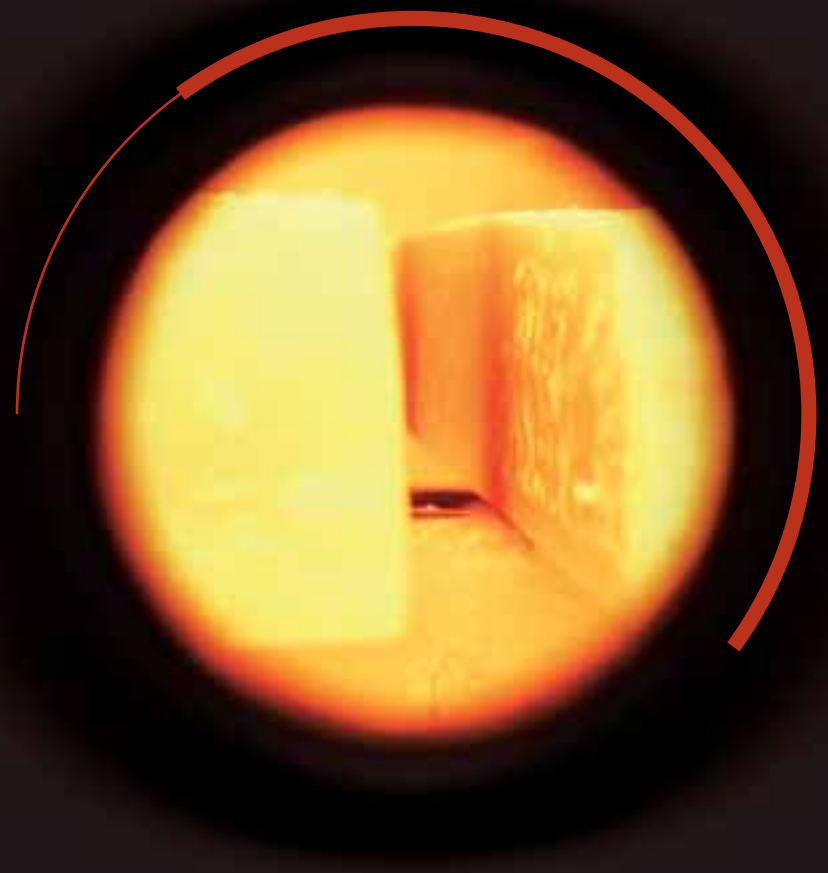
It is one of the few foundries in the world that can produce the type of locomotive frames that US giant General Electric (GE) Rail uses. The foundry supplies most of Africa's cast steel railway wheel requirements.

Steel processed from scrap metal

- **rolled steel**
- **reinforcing steel**
- **wire rod**
- **cast steel and alloy iron products**
- **cast steel railway wheels**
- **locomotive frames and railway components**
- **grinding media**
- **steel wire rope**
- **wire and strand**
- **chain**
- **earthmoving components**

Markets

- **railway industry**
- **deep level and surface mining**
- **offshore oil exploration**
- **power generation**
- **construction**
- **elevators**
- **electrical reticulation**
- **automotive industry**
- **marine and fishing**
- **agriculture**
- **forestry**



Billet in the reheat furnace.

safety

Fettling in the Germiston foundry.

Summary of Group Safety Targets and Performance

Targets 2005	Performance 2005	Targets 2006
Zero fatalities.	One fatality.	Zero fatalities.
LTIFR less than 0.30.	LTIFR of 0.27.	LTIFR less than 0.15.
TRCFR less than 1.3.	TRCFR of 1.3.	TRCFR less than 1.0.
Severity index less than 30.	Severity index of 35.	Severity index less than 30.

All figures include employees and contractors and the Lost Time Injury Frequency Rate (LTIFR) includes Restricted Work Cases (RWC).

Milestones and Achievements

Once again there have been a number of achievements in safety and the intensive drive to reduce all injuries has continued.

The following operations completed the year without a Lost Time Injury (LTI):

Germiston operations
- Scrap Processing division
- Hille mill
- Wheel plant

CWI, South Africa
Distribution, South Africa
Fibre Products, South Africa
Haggie Zimbabwe
Afrope, Zambia
PWB Anchor, Australia

Moly-cop
- Talcahuano
- Mejillones
- Mexico
- Philippines
- Canada

A total of 14 out of 28 operations were LTI–free for 2005.

The following operations achieved one million or more man hours worked without an LTI during the year.
Germiston operations (3 million man hours) as well as:
Benoni works
Chain Products
CWI (4 million man hours)
Haggie Zimbabwe
Moly-Cop, Talcahuano


Choeu drivers ready to take on BBS training.

Review of 2005

There continues to be an intensive focus on safety to achieve the objectives of zero fatalities and zero Lost Time Injuries. Much of the effort has been directed towards behavioural safety.

Safety Incidents Hierarchy

The group uses the Total Recordable Case Frequency Rate (TRCFR) as well as the Lost Time Injury Frequency Rate (LTIFR) as lagging indicators to assess safety performance. Initially there was a great deal of focus on Lost Time Injuries, but as these have reduced, the attention has changed to the more minor injuries such as medical treatment and first aid cases. Although there has been an improvement in the reporting of near hits, this is an area earmarked for greater attention for the future.

The group is currently focusing on "leading indicators" which are the "at risk behaviours". "At risk behaviours" give direct rise to over 90% of incidents shown in the hierarchy below.

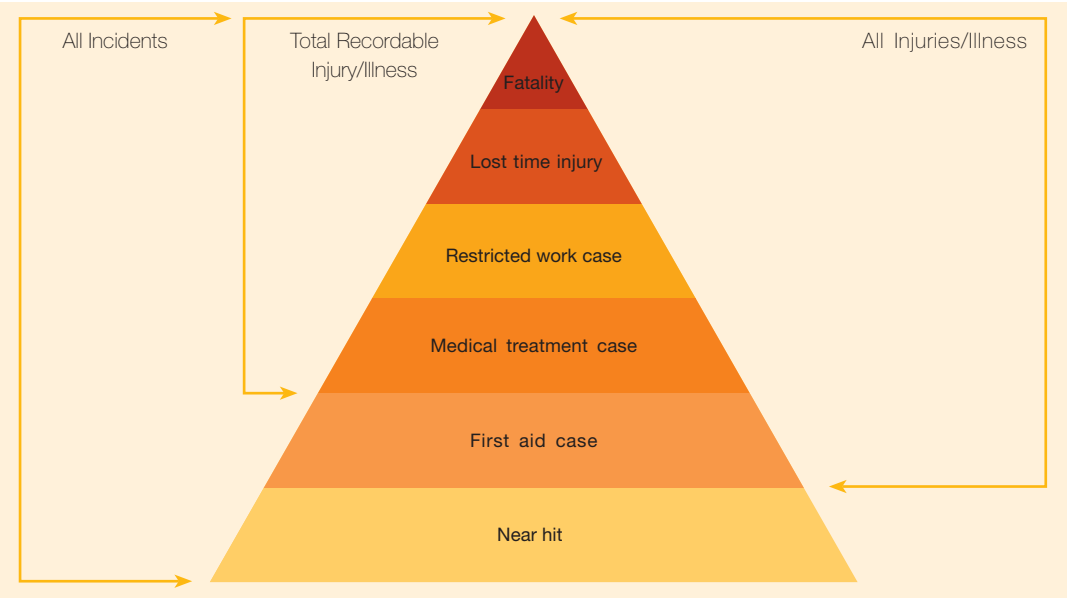
Unsafe conditions result in less than 10% of incidents, a fact borne out by international literature on this subject.

Move towards DuPont Principles

Several employees have received training in the DuPont principles and the group will continue to align itself to this approach to safety. DuPont focuses on behavioural safety at management to supervisory level. This programme will complement the Behavioural Based Safety (BBS) systems which are already entrenched at worker level and which have improved group safety significantly. The main aim of these initiatives is to establish safety as a core value amongst all employees and contractors, and to consolidate line management's responsibility for, and ownership of, safety.

Performance

Regrettably a fatality occured at Chain Products. An employee entered a vertical heat treatment furnace to check on faulty elements and was overcome by heat and died from acute heat stress before he could be extricated.



As a result, a number of measures have been put into place at this site and throughout the group including an increased focus on visible felt leadership and behavioural safety training. The furnace was taken out of production, redesigned and rebuilt with the necessary safety features to prevent the reoccurrence of this type of incident. Another similar furnace at this site will also undergo a total rebuild to include the same safety features.

Dave Barber, finance director, Anglo American South Africa, speaking to employees in the plant.

Tony Harris, executive chairman, Scaw Metals Group (right), joined employees on a DuPont senior management training course in September 2005. With him here in the Germiston factory are, from left: Jameson Mbange, industrial relations manager; Mike Baker, group SHE manager; Dave Barber, finance director, Anglo American South Africa; Walter Burns from DuPont and Jurie Geldenhuys from Kumba Resources.

There was a significant improvement in the LTIFR. At 0.27, the target (of 0.30) was met. There is no doubt that the importance of safety has been elevated throughout the group.

Ongoing analysis shows that material handling and moving machinery incidents still cause the majority of incidents. Training and behavioural coaching continue to focus on these particular areas. Over the past year, training in many aspects of safety has been intensified and is regarded as one of the key factors to improve safety performance as a whole.

In the wire drawing and rope making process, wire punctures remain a significant cause of incidents and especially with high tensile wire which tends to spring back when it breaks or when it is cut. Following an eye injury, a face shield that also protects the neck has been introduced as mandatory when cutting wire **(see Case Study 2)**.

Significant progress has also been made to upgrade all older wire drawing machines in line with the safety standard compiled by the group.

Objectives 2006

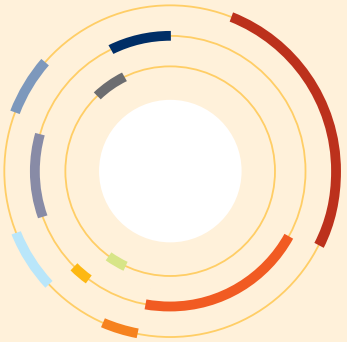
The two most important safety objectives for 2006 are to have no fatalities and to reduce the LTIFR by 50% to 0.15. There is no doubt that this is achievable, but will require a total ongoing commitment from all employees and contractors.

In order to achieve this, a group safety strategic plan has been drawn up followed by site safety improvement plans which are currently being put into place.

Group Safety Performance Against Targets - Historical

Year	FIFR		LTIFR		TRCFR		Severity Index	
	Actual	Target	Actual	Target	Actual	Target	Actual	Target
2002	0,00	0	0,76	0,60 *	4,43	2,50	37	45
2003	0,01	0	0,75	0,40	3,93	2,50	27	40
2004	0,00	0	0,36	0,40	1,28	2,50	44	30
2005	0,01	0	0,27	0,30	1,31	1,30	35	30

*Target excluded restricted work cases.



Causes of Lost Time Injuries 2005

Moving machinery	33%
Materials handling	20%
Falling objects	10%
Transportation	7%
Falling from height	7%
Other causes	7%
Fire/explosion/hot metal	5%
Slips and falls	5%
Injury from hand tools	3%
Electricity	3%

Safety in chain production.

Safety guards in the recently commissioned wheel plant.

safety case studies

Safety Case Study 1

Loading and Unloading of Containers

Traditionally in South Africa containers are packed with product using forklift trucks that are driven onto a trailer (that bears the container) and inside the container to deposit the product. However, in several overseas countries containers are loaded at ground level once they have been removed from the trailer with special lifting equipment.

At a group site, a forklift driver was in the process of loading grinding media into a container when the trailer supporting the container toppled onto its side while the forklift and driver were inside. Investigations revealed that one of the trailer's telescopic legs had failed and collapsed. Driver Mthembeni Mkhomazi saved himself from injury and possible death by wearing his seatbelt - he adhered to The Scaw Golden Rule on vehicles and the use of seatbelts.

There are several risks when loading a container, including:

- A trailer moving away from an elevated loading bay, especially if the trailer is on a slope.
- A container and a trailer falling over when a telescopic leg fails.
- A container and a trailer falling over when the container is packed with an incorrect weight distribution causing one of the legs to sink into soft ground.

Following last year's incident, several new safety measures were introduced throughout the group, including:

- "Chocking" the trailer wheels to eliminate movement.
- Securing the trailer with a chain in certain situations.
- Using additional protection in the form of a support trolley or another mechanical means to support the trailer legs during loading and unloading.
- Ensuring that loading/unloading takes place only on a concrete base strong enough to support the weight of the container, trailer, contents and the forklift truck.

The telescopic leg on a trailer collapsed causing the trailer, container and a forklift driver to fall over. Tony Harris, executive chairman of the Scaw Metals Group (far right), congratulates the forklift driver, Mthembeni Mkhomazi, for wearing his seatbelt, which saved him from injury in this incident.

"Chocking" a trailer's wheels to eliminate movement.

Using a mechanical means as additional support to a trailer.

Securing a trailer with a chain.

safety case studies

Safety Case Study 2

An employee was cutting high tensile wire on a rope closer when the wire sprung back, passed under the safety glasses he was wearing and punctured his eye. This kind of occurrence also has the added risk of the wire puncturing and tearing the major arteries in the neck, which could be fatal.

In the past, equipment has been designed to clamp both sides of the wire before cutting. However, this is not a practical solution as most of the cutting takes place on machinery at height and in different positions.

As a result, full face shields covering the face and the neck have now been introduced when this task is carried out.

Wire cutter Lusanda Mngenela from Steel Wire Rope (above) and Khonzephi Makhudu from Wire and Strand wearing the shield.

Below: Coils of wire ready for despatch at the Wire and Strand division.

safety case studies

Safety Case Study 3

There have been incidents in the past where motorised equipment has collided with people, resulting in injury and fatality.

Consequently, efforts are underway throughout the group to install pedestrian walkways separate from vehicle driveways, thereby minimising the risk of injury.

In addition, where possible, separate plant entrances and exits are being made for pedestrians and vehicles.

Where possible, pedestrian walkways and access points are kept separate from vehicle driveways.

occupational health

A SHE Centre was opened at the Germiston site in 2005.

Summary of Group Health Targets and Performance

Targets 2005	Performance 2005	Targets 2006
Set targets for medical surveillance to ensure all employees are examined at correct intervals.	90% of medical surveillance achieved.	Ensure medical surveillance targets continue to be met.
All remaining cases of occupational diseases to be identified and submitted for compensation.	Majority of occupational diseases now identified and submitted for compensation.	Perform risk assessments and where appropriate initiate medical surveillance for hand arm vibration (HAV).
Ensure all noise zones re-identified as per country standard, demarcated and suitable hearing protection devices issued.	All noise zones identified, demarcated and suitable hearing protection issued.	Monitored on an ongoing basis.
Health risk assessment carried out on all hazardous chemicals, Material Safety Data Sheets obtained and medical surveillance carried out where appropriate.	Initiated but still ongoing.	Ongoing.

Milestones and Achievements

A health profile of the workforce has been determined and the majority of occupational diseases from previous exposure have been processed and submitted for compensation. Future cases of occupational diseases will be as a result of a failure of current measures instituted to prevent them. Occupational health aspects are not as visible as accidents, which are immediate and often dramatic, while occupational diseases on average take many years to develop. Thus employees may not feel as inclined to wear personal protective equipment (PPE) for disease prevention as they might do for accident prevention. However, every effort is being made to substitute, eliminate and reduce hazards where possible.

A computerised primary health care system (Meddocs) has been implemented in the group's South African clinics, which will allow for the collection of better information on employee health status.

Review of 2005

There has been an extensive investigation into manganese exposure over the past year. Exposure to manganese fumes or dust occurs during melting where manganese is added to the furnace to produce manganese steel. Exposure also occurs during fettling, gouging or welding when a casting is being dressed, as well as during gas cutting of manganese steel into smaller pieces to enable it to be remelted in the furnaces.

Repeated occupational hygiene testing showed manganese in-air-levels was very low. However, some random blood manganese sampling did show levels to be at the upper level for non-exposed individuals, indicating some level of exposure and absorption. The correlation between blood/urine manganese levels and susceptibility to manganese poisoning or manganism is poor and there is no direct exposure relationship.

As a result, the decision was taken to start medical surveillance on manganese exposed individuals. This will take the form of an individual manganese questionnaire and neurological examination. Biological monitoring will be done on a group basis on selected individuals to test for evidence of exposure and to assess whether intervention programmes have been successful, for example better local extraction. Concurrently efforts are being made to remove fumes and dust where possible in order to reduce the airborne levels even further.

Another focus has been on hand arm vibration (HAV). This is a well-known occupational disease in developed countries but previously there were no reported cases from South Africa. A recent study on rock drillers in South African mines has shown that HAV does occur in South Africa and has probably never really been assessed in the past. Consequently, a protocol for medical surveillance has been developed and will be implemented during 2006 for those employees at risk of HAV.

Performance

Excessive noise continues to be the most significant hazard, as reflected by the number of cases of noise induced hearing loss diagnosed. There were a number of cases submitted to compensation agencies during the year, 70 cases of noise induced hearing loss and three cases of silicosis.

There were also five cases of occupational tuberculosis submitted to the compensation commissioner in South Africa. This is due to South African legislation in which employees exposed to silica dust and who developed tuberculosis are eligible for compensation if disability occurs. In the above cases, all were exposed to substantially lower levels of silica dust than the South African legislated occupational exposure level. To complicate this issue, there is also a high community level of tuberculosis in South Africa which is further aggravated by HIV infection. Nearly half of all tuberculosis cases are infected with the HIV.

Objectives 2006

Medical surveillance targets continue to be set and need to be managed to ensure that all exposed employees on the factory medical surveillance plan are examined at the appropriate intervals. Furthermore, now that the majority of the occupational disease burden has been identified and certified where necessary, better employee education and management intervention is being used to carefully manage individuals who are developing early occupational health problems.

At the larger sites computerised programmes are being developed to facilitate these aspects.

Hand arm vibration medical surveillance is to be introduced at sites where the risk has been identified.

Finally, ongoing effort is to be made with regard to updating Material Safety Data Sheets (MSDSs), ensuring that hazardous chemicals are substituted where necessary and medical surveillance carried out if indicated.

Occupational Diseases	New Suspected Cases Submitted		Number of Cases Certified	
Year	2004	2005	2004	2005
Noise induced hearing loss	81	70	7	25
Silicosis	4	3	4	0
Chronic obstructive airways disease	0	0	0	0
Occupational tuberculosis	3	5	0	0
Occupational asthma	0	0	0	0
Contact dermatitis	1	0	0	0

Occupational diseases may be processed by the compensation commissioner in South Africa months or years after submission.

occupational health case studies

Health Case Study 1

With the production of cast locomotive frames being increased, the decision was made to erect a separate automated paint booth facility. The extraction facilities installed will significantly reduce exposure to paint fumes.

Health Case Study 2

At Proacer in Santiago, Chile, large amounts of high manganese content scrap metal are cut into smaller, manageable pieces to facilitate scrap charging in the furnace. Some of the original pieces are large and require gas cutting.

The manganese steel scrap is placed onto a bogey which is then moved to the fixed extraction unit which removes the fumes. This has reduced fume exposure for scrap cutters considerably.

Right: Automated paint booth with extraction facilities for locomotive frames.

Below: At Proacer, Chile. Left: Cutting manganese scrap prior to the installation of an extraction unit. Centre and right: Fumes extracted away from the operator by the extraction unit.

environment

Progressive waste site rehabilitation.

Summary of Group Environmental Targets and Performance

Targets 2005	Performance 2005	Targets 2006
Water consumption not exceeding 1.65 m^3/tonne*.	Achieved 1.46 m^3/tonne*.	Targeting a specific consumption of 1.42 m^3/tonne*.
Total energy consumption not exceeding 10.35 GJ/tonne*.	Achieved 10.29 GJ/tonne*.	Targeting a specific consumption of 10.31 GJ/tonne*.
Greenhouse gas emissions not exceeding 1.22 tonnes/tonne*.	Achieved 1.18 tonnes/tonne*.	Target 1.16 tonnes/tonne*.
Reducing process waste to landfill by 30% .	30% reduction in process waste not achieved due to project delays.	30% reduction in process waste to landfill.
All material sites ISO 14001 certified.	All material sites certified.	AltaSteel to achieve certification by the end of 2006.

* per tonne of product

The group's commitment to effective environmental management is reflected in the way business is conducted. This commitment to environmental protection and management is captured in the group's environmental statement.

Scaw Metals Group Environmental Statement

Environmental Protection

"Endeavour to effectively manage all potential environmental impacts arising from our activities by supporting research and innovation, and by implementing effective abatement measures and cleaner technologies which will result in continued improvement."

Environmental Risk Management

"Preventing environmental degradation by incorporating environmental risk assessments as a decision making tool".

Sustainable Development

"Implementation of the fundamental principles of efficient resource management and conservation, waste reduction, re-use and recycling and effective energy management and applying the principle of sustainable development in the manufacture of steel."

Environmental Management System

"To incorporate proactive and progressive environmental management by monitoring and auditing activities in terms of the SHE policy, relevant legislation, objectives and targets, as well as management and operational procedures on a regular basis, both internally and externally."

Training and Communication

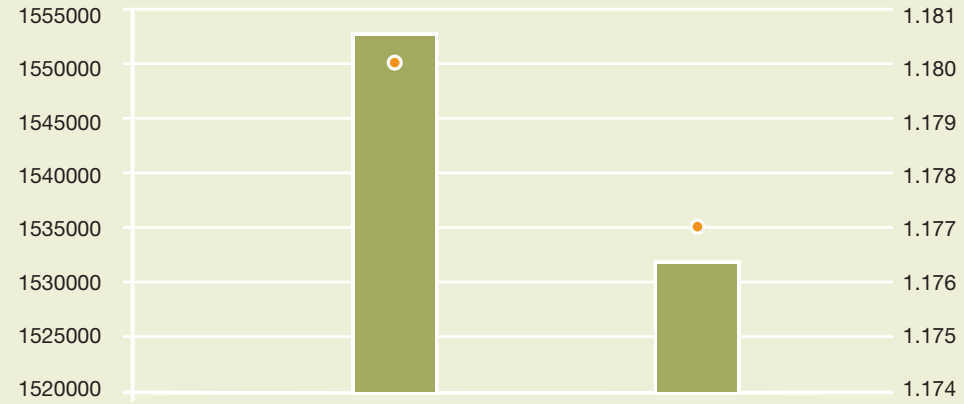
"Develop and promote an environmental understanding by means of training and information dissemination to directors, managers, employees, contractors, customers, government and the community."

Environmental Quality Assurance

"Recognise, implement and integrate environmental quality assurance as an integral component of conducting business, as reflected in the SHE policy."

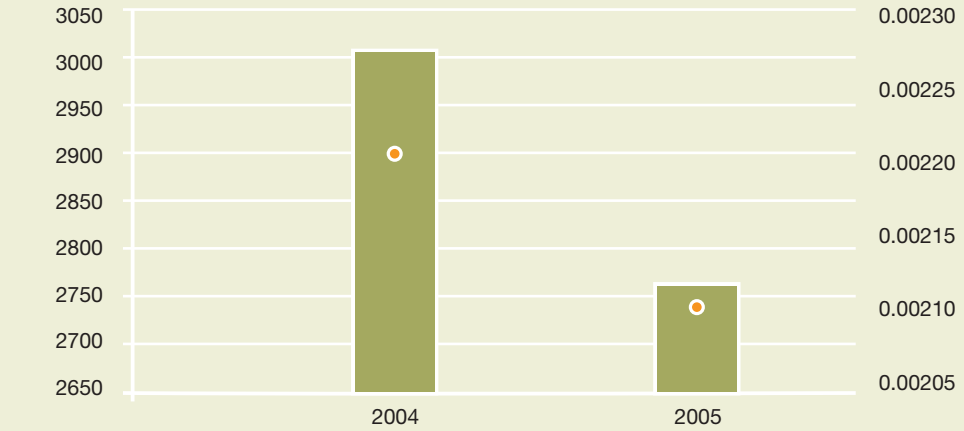
Emissions to Air

Carbon dioxide emissions



	2004	2005
Total CO_2 equivalent emissions (tonnes CO_2 eq)	1553133	1531384
CO_2 equivalent emissions per tonne of product (tonne/tonne of product)	1.180	1.177

Sulphur dioxide emissions



	2004	2005
Total SO_2 emissions (tonnes)	3007	2771
Total SO_2 emissions per tonne of product (tonne/tonne of product)	0.0022	0.0021

Particulate emissions are managed by means of fume extraction systems. Extracted air is passed through bag houses or wet scrubbers to ensure that the emissions are in compliance with the specified emission limits. Success has been achieved with the main melt shop fume extraction system upgrade. A phased approach has been adopted, allowing the focus to be shifted to other processes to ensure continuous improvement.

Particulate emissions are monitored continuously on the relevant stacks. The monitoring is complemented by emissions and dust fall out surveys.

Greenhouse gas emissions, specifically carbon dioxide emissions, are managed as part of the energy efficiency targeting. The emission target of 1.22 tonnes/tonne of product was achieved in 2005 with 1.18 tonnes/tonne of product. Cleaner Development Mechanism projects in terms of the Kyoto Protocol are being investigated.

Resource Management

Resources are finite and scarcity affects all. The group is therefore committed to managing resources effectively, in line with stringent consumption targets.

Refer to Case Study 1.

Energy Management

Total energy consumption

	2004	2005
Total energy consumption (1000 GJ)	14024	13399
Energy consumption per tonne of product (GJ / tonne of product)	10.66	10.29

As part of the commitment to sustainable development, the group's aim is to produce steel products as efficiently as possible whilst managing potential environmental impacts. In addition, energy efficiency is key with regard to industrial competitiveness. Energy consumption is focused on intensively with the use of continuous monitoring, enhanced by weekly and monthly comparisons of consumption against energy consumption targets. Due to various energy efficiency projects during the past three years, the group has become more energy efficient:

2002: Rod and bar mill reheat furnace converted from a one tonne billet furnace to a two tonne billet furnace and from producer gas to hydrogen-rich gas.

2003: The rest of the Germiston operation converted from producer gas to hydrogen-rich gas and then to natural gas. Additional power factor conversion equipment installed .

2004: Installation of the scrap steel shredder and processing plant and oxy-fuel burners at the main melt shop. These projects resulted in the Germiston operation being awarded the prestigious ***eta*** Award from Eskom, the South African electrical generation and distribution company.

2005: One-bucket charges at the main melt shop and improved process stability at the directly reduced iron plant have improved steel melting energy consumption.


Gas cutting of billets in the main melt shop.


Gas is piped into the rod-bar mill reheat furnace.

Water Quality Monitoring

Surface and groundwater quality monitoring takes place routinely and is compared with relevant water quality guidelines to ensure that potential water quality deterioration is identified proactively.

Water Management Indicators

Year	2004	2005
Surface water quality monitoring	Yes	Yes
Groundwater quality monitoring	Yes	Yes
Water use monitoring	Yes	Yes
Surface water and/or groundwater quality deterioration off-site	No	No

Refer to Case Study 2.

Water Quantity Management

The group has made significant progress with regard to water consumption management. This is with specific reference to the group's water consumption per tonne of product produced.

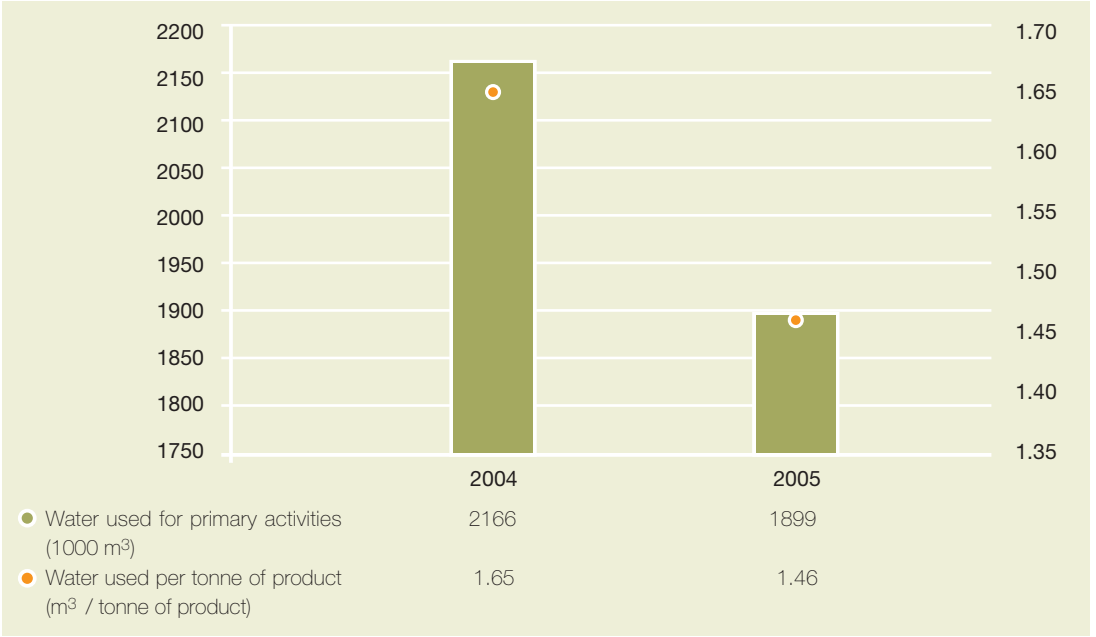
Water is a scarce resource and the group endeavours to conduct its operations as efficiently as possible. The group performed well during 2005 and achieved its water consumption target. Water consumption was well below the target of 1.65 m^3/tonne at 1.46 m^3/tonne of product.

The improvement in efficiency is attributable to:

- Water use awareness creation campaigns.
- Focus on the prevention of leaks and wasteful practices.
- Improved water re-use and recycling practices.
- Upgraded surface water management system at the Germiston operations.

The water consumption achievements compare favourably with international benchmarks.

Water Consumption



Land Stewardship and Biodiversity

Indicator	
Land under company charge (ha)	618
Land occupied for industrial/office activities (ha)	160
Land fully rehabilitated (ha)	16

Rehabilitation Activities: Waste Sites

Progressive rehabilitation is taking place at the waste sites at the Germiston operations to ensure adequate dust generation management, and a mitigated aesthetic impact. The waste sites are vegetated with indigenous grass mixes and in excess of 500 indigenous trees have been planted on and around the waste sites. The rehabilitation of the waste sites is closely monitored by external consulting specialists and the relevant government authorities.

The remediation of the Rietfontein Area B Landfill site in Springs, South Africa, has exceeded vegetation growth expectations. The success has been attributed to the remediation approaches that were used to transform the land filled clay quarry into woodland in the long term.

Refer to Case studies 3 and 4.


A dam at the Germiston site.

Recycling Initiatives

General waste recycling is a priority and the group recycled 227 361kg of paper and plastic during the course of 2005. Steel is regarded as the most recycled material in the world. The group has contributed to this statement of fact by having recycled 580 937 tonnes of scrap steel in 2005.

Owing to space limitation for waste disposal, the principle of sustainable development and strict legislative requirements, the recycling of process waste has become strategically important.

A phased approach to process waste has been adopted. The initial focus is on problematic waste streams, both in terms of viable recycling options and in terms of the quantities produced. The char recycling project will entail the recycling of fresh arising char from the directly reduced iron plant for use in the manufacture of bricks. Research and development stages of the project have been finalised, and plant establishment has commenced.

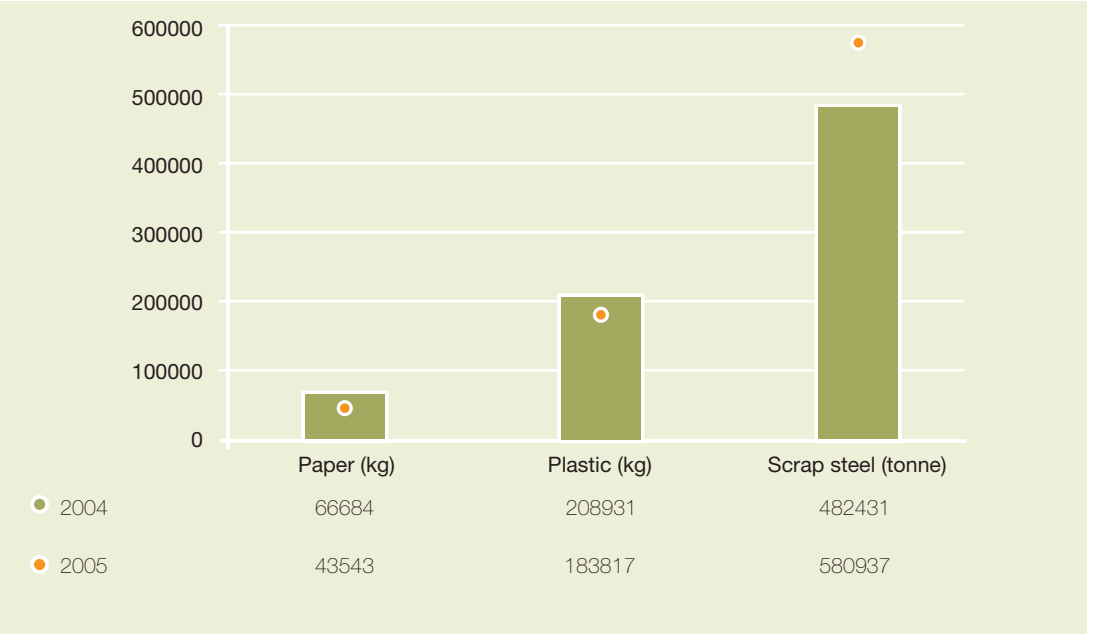
Stakeholder Involvement and Information Transfer

The group continued to ensure constructive dialogue with stakeholders by convening annual forums and engaging with community members individually on an *ad hoc* basis.

Community development forms an integral part of the Rietfontein remediation project. The plants for the landfill were produced by Modula Qhowa Community nursery as part of a technology transfer project. Seeds and cuttings of 72 species of local plants were provided and were 'designed' specifically for the site (that is, local tolerant ecotypes from Ekurhuleni, Gauteng), and have been specifically inoculated with a South African heterogeneous mixture of highly mycorrhizal polluted soil from around the landfill in Ekurhuleni.

Refer to the Community Engagement section of this report.

Waste Recycling



Continual Improvement

Audits

Internal and external audits based on the ISO 14001 standard are conducted on a regular basis to ensure that operating units within the group are on par with regard to environmental management.

Objectives 2006

- Overall reduction in water consumption (0.5%) per tonne of product produced, linked with water re-use initiatives.
- Overall reduction in total energy consumption (0.4%) per tonne of product produced, linked with energy efficiency initiatives.
- Overall reduction in greenhouse gas emissions linked with the total energy consumption targets.
- The newly-acquired company, AltaSteel, to achieve ISO 14001:2004 certification.
- Continued waste recycling and minimisation, with the target being a 30% reduction in process waste to landfill.

environment case studies

Environment Case Study 1

CWI's Progress towards Elimination of Acid Pickling for Rod Cleaning

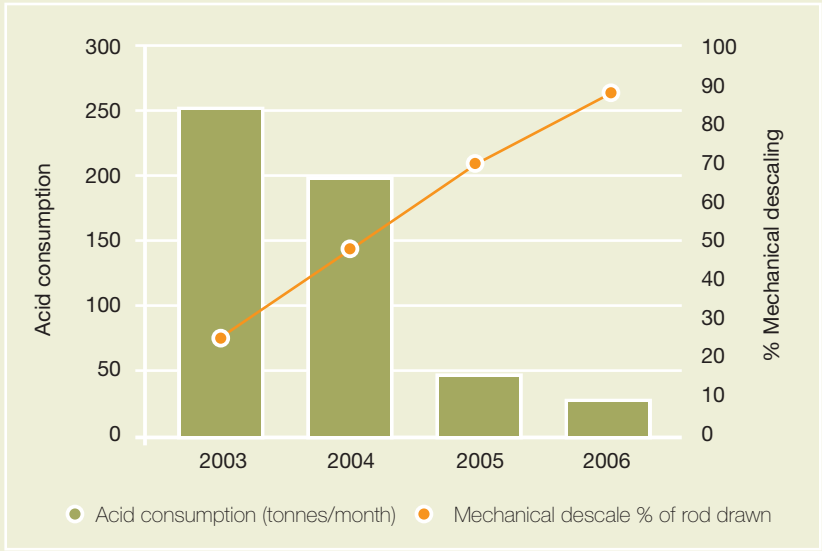
The conventional method of preparing mild steel wire rod for drawing is to remove the brittle, abrasive scale from the rod surface by immersing the rod in a diluted acid solution until the scale is removed. The rod is then water rinsed and coated in preparation for the drawing process. The acid is regenerated off-site for re-use. The waste rinse water must be treated to ensure compliance to prescribed water quality parameters prior to discharge into the sewer. The filtrate is disposed of at a permitted hazardous waste site. The conventional approach is resource-intensive and expensive, in addition to having an adverse effect on the environment.

CWI embarked on a project to eliminate the acid cleaning of the wire rod prior to drawing by making use of mechanical descaling in-line on the wire drawing machines. The project commenced in 2003 with the use of simple reverse bending rollers, which induced a small amount of elongation to the rod. This caused the scale to "pop" off the rod surface due to the brittle nature of the scale.

Continual developments with the descaling units and drawing lubricants have resulted in approximately 90% of the drawn wire being mechanically descaled with subsequent savings in acid, lime and borax (coating) consumption.

The mechanical descaler on the left of the wire drawing machine.

Improved acid consumption



environment case studies

Environment Case Study 2

Moly-Cop Canada achieves the Objective of Zero Effluent Discharged

In 2005, Moly-Cop Canada achieved an important environmental milestone: zero processed water discharged into the adjacent South Thompson River, which is an environmentally-sensitive, salmon-bearing river that is the source of drinking water for Kamloops, British Columbia, Canada.

Due to the status of the river, focus was placed on eliminating discharge and minimising water abstraction. Changes made to the control logic of the automated system were successful, and, in addition to eliminating the need to discharge effluent, a reduction of fresh water intake from the river by approximately 60% was achieved.

This environmental milestone was achieved together with record production figures.

Moly-Cop Canada's operating facility in Kamloops, British Columbia, alongside the South Thompson River. The manufacturing building and administration building overlook the large cooling pond and smaller discharge pond.

environment case studies

Environment Case Study 3

Rietfontein Remediation Project

Vegetation Progress

Phytoremediation is at the core of the project. The approach is founded on the use of locally-adapted plants tolerant to adverse conditions and which have the ability to contain or render pollutants harmless. High-water-use indigenous trees were planted in the trial.

Vegetation on the 1 hectare pilot vegetation trial area commenced in December 2004 and was finalised in February 2005. The trial straddles the landfill cap and adjacent boundary. A 65% survival through the first winter is considered a good result. On the Rietfontein site, a 75-80% vegetation establishment was confirmed. The growth on the 1 ha trial was phenomenal, and, therefore, these species of trees will be used to take up leachate to ensure that contamination does not leave the site.

The remainder of the landfill will be planted during 2006 using the techniques optimised in the pilot trial.

Right: Before and after photographs of the 1 ha trial.

Growth in one season.

environment case studies

Hyperspectral Images

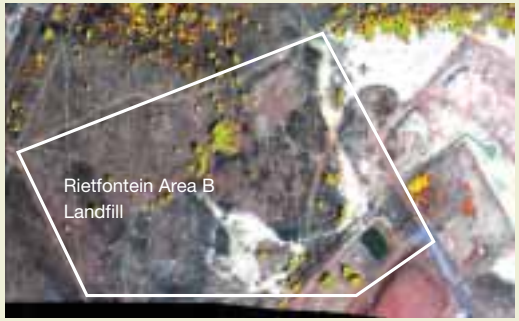
The remote sensing component of the Rietfontein remediation project, which is complementing the ground based monitoring of the project, has been completed. The project was a collaboration between the Witwatersrand University (Johannesburg, South Africa), Tel Aviv University (Tel Aviv, Israel) and Bar-Kal Systems Engineering Ltd (Israel).

The hyperspectral images provide an indication of healthy plant growth, the presence of certain types of pollutants and leachate generation. At a glance the hyperspectral images will be able to illustrate the effectiveness of the ecological engineering approach used to remediate the Rietfontein Area B Landfill.

Hyperspectral Remote Sensing Thematic Images were used as a method of monitoring the presence of vegetation and mineral contamination on site. The aerial survey was undertaken at:

47 620 m (resolution: 3 x 3 metre pixels)
43 048 m (resolution: 1.6 x 1.6 metre pixels)

The aerial survey was complemented with soils and mineral ground truthing. In addition, the NASA Terra Satellite (Aster) provides the platform for Aster Hyperspectral Remote Sensing Thematic Images for vegetation and mineral contamination. This served as the Aster baseline for the Rietfontein Landfill, in comparison with surrounding footprints from mining activities. In this context, the presence of minerals was not detected.



A hyperspectral image of the Rietfontein Landfill site - low altitude vegetation fraction.

Giant Bullfrog

Since the remediation started on site, two giant bullfrogs were observed. The giant bullfrog is the second largest frog in Africa. It buries itself underground only to emerge after approximately 50mm of rainfall. It stays above ground for a brief period to feed, after which it again buries itself. The giant bullfrog is therefore rarely observed. In fact, it spends most of its 35 to 40 year life span underground. The giant bullfrog can reach over 20cm in length.

The World Conservation Union has listed the giant bullfrog as near-threatened in Southern Africa. The information collected on site will be used to better understand the giant bullfrog behaviour. Professor Graham Alexander, a zoology professor at the University of the Witwatersrand, has done extensive work on the giant bullfrog and will be monitoring the amphibians in the area.

He may not be much of a size now, but this baby giant bullfrog grows to over 20cm in length to achieve the status of being the second largest frog in Africa. Since remediation started on Rietfontein Area B Landfill, the giant bullfrog has been found on the site.

HIV/AIDS

Various activities centred around World AIDS Day are hosted at Scaw operations annually.

Summary of Group HIV/AIDS Targets and Performance (South African Operations)

Targets 2005	Performance 2005	Targets 2006
Increased voluntary counselling and testing (VCT) so that 50% of employees tested during 2005.	71% of employees tested.	70% of all employees to be tested during 2006.
Ensure wellness programmes established for all HIV employees.	85% of known HIV cases on wellness programmes.	95% of known HIV cases on wellness programmes.
Extend partnerships with local government and NGO's to assist with HIV in communities associated with Scaw.	Continued success with ground breaker programme. Failure of love life programme to extend partnership with local government clients.	Through the group VCT programme, monitor and prevent new cases of HIV infection in employees whose status is known.

Milestones and Achievements

The significant uptake of voluntary counselling and testing (VCT) by employees at South African factories in 2005 was gratifying. The number increased from 32% in 2005 to 71% in 2006. Included in the latter figure is the number of known HIV-positive cases, which at the beginning of 2005 was at 6% and who have not been retested. The cause of this turnaround is due to a number of factors, but it is felt that two new initiatives made a major impact:

- Testing was taken to the employees at their worksites by a nursing sister who set up HIV and AIDS testing equipment in an office or meeting room in that area.
- HIV and AIDS was made a key performance indicator for management, thereby prompting greater managerial involvement in the programmes.

World AIDS Day on 1 December and the week in which it was held was again targeted for the dissemination of information, lecturing to groups, engaging with employee representatives, the erection of banners at each factory, the burning of candles in memory of those who have died of HIV and AIDS, as well as a variety of other HIV and AIDS focused measures. This approach will continue to be implemented each year.

A few employees have come forward and openly declared their HIV status. This has been a positive development in the group's attempts to destigmatise the disease. These employees have come forward to assist the clinic sisters, shop stewards and other employees with HIV and AIDS programmes. One of the employees, Geddys Nala, appeared on the cover of the September 2005 issue of ***NUMSA News***, the newspaper of the National Union of Metal Workers, one of the biggest unions in South Africa. Excerpts from an interview with Geddys, conducted with the Scaw Metals HIV/AIDS co-ordinator, Ruth Mani, were published inside **(see Case Study 1)**.

Review of 2005

The HIV/AIDS programme continues to be based on three pillars which include:

- Voluntary Counselling and Testing (VCT)

The success in getting employees to come forward to be tested to "know your status" has been mentioned above. This turnaround in employee attitude needs to be cemented to ensure that testing and annual re-testing become a routine matter. There is now a greater drive to perform these tests throughout the year and not only during special events, such as World AIDS Day. This means that nursing staff are able to have more contact time with employees, promoting better pre- and post-test counselling.

When an employee has been diagnosed as being HIV-positive, he or she is automatically placed on the "wellness programme". A blood sample is sent to an outside laboratory to confirm the HIV status and at the same time a CD4 count

is performed to establish the stage of the disease. Thereafter, the employee is scheduled to be seen at specified intervals during which time the employee is counselled, weighed and a CD4 count repeated to determine when the employee is ready to start anti-retroviral therapy.

- Anti-Retroviral Therapy (ART)

The provision of ART has been successful and nearly all HIV-infected employees are performing their normal duties. Due to the known side effects, all employees on ART are reviewed regularly through a medical examination and blood tests. A major problem with ART is compliance. Every effort is made to ensure that patients continue with their therapy, however, experience shows that some employees tend to default around the eighteenth month. The main reason seems to be that employees feel well at this stage and do not see the need to continue with the treatment. This remains an ongoing challenge.

HIV Prevalence Rates

The actual prevalence rate amongst employees tested in the group is 9.8%, whilst the estimated overall prevalence rate is between 12 - 13%. This figure is low compared to national figures and is probably due mainly to the high average age of the workforce and the low labour turnover.

At the end of 2005 there were 147 employees taking ART. When benchmarked, the results of ART therapy are similar to other divisions within Anglo American plc.

Objectives for 2006

Although the new objective is to test in excess of 70% of employees, it is likely a higher figure will be achieved during 2006. There will always be a small number who will refuse to be tested.

A major focus will be to prevent new infections in employees already tested and whose status is negative. Those that do convert to positive will need to be investigated to determine the reasons behind the conversion to positive, so that programmes to reduce the risk may be developed.

Performance

Voluntary Counselling and Testing

2002		2003		2004		2005	
Number Tested	% Workplace Tested	Number Tested	% Workplace Tested	Number Tested	% Workplace Tested	Number Tested	% Workplace Tested
253	4	313	5	2067	32	3920	71

* From 2005, those already known positive at the beginning of each year are added in to the figure of % workforce tested.

Ruth Mani, group HIV/AIDS co-ordinator (left), Sister Kate Khetsi and Dr Richard Counihan minister to employees in need of HIV/AIDS voluntary counselling, testing and treatment, and general medical care on a daily basis. (This is a posed photograph and the patient is HIV-negative).

HIV/AIDS case study

Case Study 1

Employee Geddys Nala's open declaration of his HIV-status has had a positive impact on the destigmatisation of the disease. Since his declaration, other HIV-positive employees have come forward. Acceleration of this trend would motivate the active fight against the disease by employees.

Excerpts from ***NUMSA News' (NN)*** published interview with Geddys (September 2005 issue) follow:

NN: **Did you know that Scaw Metals could help you deal with your HIV-positive status and your worsening state of health?**

Geddys: It wasn't Scaw that diagnosed my status. I was in Leratong and was hospitalised from time to time with pneumonia. I took treatment for TB. August 2002 was the last straw. I was this close to dying. There was a suggestion that I take treatment. Scaw issued briefs that Anglo American was prepared to roll out ARVs for its employees. I was persuaded to register for treatment.

NN: **What is your view of the idea that people should eat food like beetroot, garlic, olive oil and not take ARVs?**

Geddys: I wouldn't entertain that one. In fact what made me to come out is because I am talking about something I know, ***uyangithola***. Before I took treatment, my CD4 count was 50 and I was dead. Dead, finish and klaar. I weighed less than 40kg and now my weight is 73kg. Of course you must eat healthily, in fact you must change your lifestyle completely. If you don't know your status you'd think ***uyazigulela nje*** (you are sick for no reason). You continue to smoke, drink and have sex. And yet when you know your status you have got a lot of time to yourself. You rest and you exercise and the cherries ***obajolayo*** (girlfriends) use protective sex.

In fact the money I used to splash on booze, I spend it making myself look good, as you can see. I never used to look like this during the time I was drinking.

NN: **Because of the stigma, people don't make efforts to be tested and may not seek treatment until the disease has advanced. What is your advice?**

Geddys: Stigmatisation, ***yiyo into eyenza abanye abantu bangazi*** is what makes people not to come forward. "There is nothing wrong with HIV/AIDS, ***esinye isithethi sathi*** (a speaker once said) "there are over 127 viruses, like TB, etc, so all of these, ***lena ye*** (this) HIV is treated like taboo."

I think ***abantu*** should form ***i-club yalabantu*** (people with AIDS) and take the Achilles heel out of the HIV. Stigmatisation was the reason that makes me want to talk and be open about my status. If ***ngiyafihla*** (I hide it) I would be selfish because this treatment is working.

By sharing his HIV status, Geddys Nala has found support from the group, comfort amongst his colleagues and has encouraged others to seek counselling and treatment.

World AIDS Day activities hosted during 2005.

labour practices

Locomotive frames being machined on the new fettling line at Germiston.

Skilled and committed employees are at the core of Scaw Metals' success.

Employees

The group employs more than 7 000 people throughout the world. The distribution of employees in the operations is displayed in the table on page 49.

Employment Opportunities

Most of Scaw Metals' operations have operated on their current sites for many decades, and the businesses are well known to their communities as major employers providing long term careers. Positions with Scaw are sought after, especially those offering apprenticeships and learnerships leading to certification of qualifications in terms of the Skills Development Act. During 2005, the group experienced a 2% labour turnover due to resignations.

The business has a proud tradition of technical training, offering apprenticeships in a number of trades. Scaw Metals' apprenticeship qualifications are recognised throughout the industry. The majority of successful apprentices go on to enjoy long and fruitful careers in the group. Practical training for learner technicians in metallurgy, chemistry, electrical and mechanical engineering is also offered for young Technikon graduates who wish to build a career with Scaw Metals.

In consultation with stakeholder unions, the group also provides a limited number of employment opportunities to dependants of retired and deceased employees in order to assist poor families.

The group offers employees competitive remuneration packages, which include a subsidised membership of a medical aid scheme and membership of a retirement fund.

Labour Relations

The group endorses the rights of employees to freedom of association and to collective bargaining.

Scaw Metals is a registered employer in the steel and engineering sector of the South African economy. This sector has an established Bargaining Council in which employers and trade unions are represented for the purposes of central collective bargaining and establishing the basic conditions of service for the majority of employees in the industry. Presently 83% of Scaw's South African workforce belongs to trade unions.

At company level, the trade unions represent their members on important matters such as health and safety, work reorganisation, skills development, employment equity and grievance and disciplinary matters.

Each business site has its own union composition and shop steward structure representing employees. Management at the sites meets and consults regularly with these structures on shop floor issues. Scaw Metals' management enjoys mature and professional relationships with these unions at both industry and individual company level.

With regard to security of employment, there are established procedures embodied in the South African Labour Relations Act as well as Bargaining Council codes of practice for handling the introduction of major changes to operations which may result in job losses. These procedures are comprehensive. They include disclosure of information and full consultation with the employees and their trade unions on all aspects of the planned changes and the impact these will have on staff. Retraining and seeking alternative employment opportunities are prominent features of the discussions.

Training and Education

Training, education and development are underpinned by the principles of current skills development legislation in South Africa. Management interacts with trade unions at each operation to consult on skills development plans and training activities for the year. Skills development is aligned to the strategic business objectives that include productivity improvement, safety, health and environment, product quality, customer relations and human capital development.

Apprentice Training

The group has a long-standing commitment to training skilled artisans for its operations. Typically about 200 apprentrices are in training at any one time. To train an apprentice to qualify as an artisan takes up to four years of institutional training and practical on-the-job training. Scaw Metals has also embarked on implementing learnerships which provide employees with structured learning and experience that will culminate in a qualification recognised by the National Qualification Framework (NQF). At present, the group has registered learnerships in arc furnace steel melting practices as well as chain making. Trainees on both schemes are progressing well.

Apprentices in training.

Forklift training.

Bursaries: Children of Employees

Various benefits are offered to employees, including a school bursary scheme in which children of employees with more than five years service qualify for a bursary to assist one high school child per family – this covers part of the school fees, and the cost of the books and school uniforms. In 2005, 330 bursaries were granted.

The group offers a bursary scheme for a limited number of children of employees to further their tertiary education. These bursaries are restricted to disciplines that can be used in the steel and engineering industries such as metallurgy, engineering, human resources and finance.

Employment Equity

Scaw Metals is committed to the transformation of its workplace to more equitably represent the demographics of the country, particularly in the supervisory and managerial levels of the company.

In compliance with South African Employment Equity legislation, the business submits annual reports on progress to increase the numbers of historically disadvantaged employees in supervisory and managerial positions. Employment equity is one of the main subjects discussed with the various trade unions active in the operations. Scaw Metals is making strides in achieving progress in this very important aspect, and has identified employees within the company who are being targeted for accelerated development and training. Efforts are made to attract and retain young professionals from historically disadvantaged backgrounds.

There are programmes underway to achieve meaningful representation at all levels in the organisation. The group aims to have a 37% representation in staff categories ranging from foremen level upwards by the end of 2006.

A target of 40% representivity of historically disadvantaged South Africans in managerial levels has been set for attainment by 2007. Gender issues are also being taken into account with the aim of increasing the number of females in senior positions.

Non-discrimination

As stated in the Anglo American Business Principles, Scaw Metals is committed to creating a workplace in which individuals of ability and application can develop rewarding careers at all levels. This is regardless of background, race, gender, ethnic or social origin and religion. Unfair discrimination in the workplace is prohibited, and management, the employee representatives and trade unions work together to address and eradicate unfair discrimination.

At company level, trade unions play a significant role in upholding and protecting employee rights.

Locomotive frames being machined on one of two new fettling lines at the Germiston machine shop.

Yearly Group Distribution of Employees Since 2002

Operations	Employees as at 31/12/2002	Employees as at 31/12/2003	Employees as at 31/12/2004	Employees as at 31/12/2005
South Africa				
Germiston operations	2731	2600	2711	2884
Steel Wire Rope	1212	1192	1123	1054
Wire and Strand	413	394	379	376
Cast Products (Benoni works)	419	456	450	457
Rand Scrap Iron	207	208	174	131
Flather Bright Steel	83	80	83	78
Chain Products	369	435	455	466
CWI	739	628	608	598
Fibre Products	133	128	124	122
Sales branches	209	212	206	174
Total	6515	6333	6313	6340
Outside South Africa				
Afrope, Zambia	68	72	72	72
Haggie Zimbabwe	250	304	262	284
PWB Anchor, Australia	52	57	59	59
Haggie Reid, Australia	7	7	7	7
North America	4	4	4	4
Moly-Cop, Chile	108	110	118	119
Moly-Cop, Arequipa, Peru	44	44	44	44
Moly-Cop, Lima, Peru	31	50	63	59
Moly-Cop, Mexico	62	55	57	55
Moly-Cop, Philippines	33	33	31	31
Moly-Cop, Canada	51	53	53	53
Proacer, Chile	157	163	178	180
Total	867	952	948	967

Only trained professional employees may inspect Scaw ropes on dragline booms that rise many metres into the air. Here Haggie Reid Australia technician, Robert Whately, conducts a rope inspection at the boom point on a dragline operating on an open cast mine in Queensland.

community engagement

School children enjoying the planting sessions on Rietfontein Area B Landfill site on Arbor Day 2005.

Scaw Metals supports Read Education Trust's literacy programmes.

Summary of the 2005 projects

- Welding Training School

During 2004, a community welding training school was established to offer young, unemployed members of the community an opportunity to obtain a basic qualification in welding. The college admits disadvantaged, young and unemployed school leavers who come from very poor families and who would otherwise be unable to gain access to formal training.

The welding course is registered with the Metal Industry's training authority (MERSETA) as a skills training course, and ensures that trainees reach certain levels of competency in welding. The course content has standards of learning that are recognised nationally and against which the trainee must be assessed for competency before certificates are granted. Obtaining this level of skill could lead to self-employment in the manufacture of steel products, like furniture and security gates. Alternatively, it could increase the individual's chance of finding formal employment in industry. During 2005, 54 students enrolled at the school and received training in welding. A number of former students have found employment with Scaw Metals and with other employers in the area.

- Computer Skills Training School

During 2004, a computer skills school was established. The school admits young unemployed school leavers who come from disadvantaged families and who would otherwise be unable to gain access to formal training.

Training in the general suite of software packages used in commerce and industry is provided, and a certificate of competency is presented to successful trainees.

During 2005, the company managed to obtain course accreditation with the training authorities of the IT sector. During the year, 60 students enrolled at the school and were trained.

- Rietfontein Phytoremediation Project: Community Development and Information and Technology Transfer

Due to the demand for tolerant plants in Ekurhuleni and the interest in the Rietfontein Area B Landfill project by the Ekurhuleni Municipality, a second Community Nursery (in Kwa Thema) is to be developed and fostered in 2006. The nursery was identified by the Department of Water Affairs and Forestry in October 2005, and joined the Nursery Training course in December 2005.

Two small BEE businesses will be fostered: (a) Community Based Nursery (including a compost production depot), and (b) Community Silviculture Team. The Community Silviculture team will comprise 20 to 30 full-time jobs. Twenty unskilled and semi-skilled personnel are to receive on-the-job training in key areas: site preparation, planting, maintenance and basic silviculture of indigenous trees. It is anticipated that this team will then form the core of the second small BEE business to service landfill sites in the region.

Scaw Metals Group collaborated on a health awareness pamphlet with the South African National Civics Organisation (SANCO). 10 000 pamphlets on typhoid and general hygiene were distributed to schools in Ekurhuleni.

One student from the Nelson Mandela Metropolitan University (NMMU), Patrick Belebese, was fostered by this project in 2005. Patrick completed part of his 6-month practical training for his Forestry Diploma on the Rietfontein Landfill site.

A 2-day course on the role of biodiversity in rehabilitation was given in September 2005 by the University of the Witwatersrand from funds awarded to Scaw Metals and Wits by the Technology and Human Resources Industry Programme (THRIP).

- Plant a Tree, Grow our Future

Arbor Day was first celebrated in South Africa in 1983. The event captured the imagination of people who recognised the need for raising the awareness of the value of trees. As sources of building material, food, medicine and scenic beauty, trees play a vital role in the health and well-being of communities. In 1999, collective enthusiasm for the importance of this issue in South Africa inspired the national government to extend the celebration of Arbor Day to National Arbor Week. From 1 to 7 September every year, schools, businesses and organisations are encouraged to participate in community "greening" events to improve the health and beauty of the local environment and propose a green future for South Africa.

In light of this, Scaw Metals partnered with SANCO, the University of the Witwatersrand School of Animal, Plant and Environmental Sciences, as well as the Department of Water Affairs and Forestry (DWAF), to host Arbor Week last year.

This Gauteng initiative is aimed at the rehabilitation of waste using indigenous, useful and `safe' plants as part of an environmental clean-up and community job creation exercise, and interfaces with the existing partnership with DWAF Participatory Forestry for the fostering of community-based nurseries to supply industry and mines with tolerant indigenous plants.

Dignitaries from the Ekurhuleni Local Municipality, Councillors Ronnie Kuta and Thandi Baartman, took time out to participate in the planting of trees. The opening ceremony entertainment was provided by the children from Lebone Primary School who delighted guests with traditional dancing.

An educational environmental poster display, including state-of-the-art data and pictures of the Rietfontein Area B phytoremediation project, was presented to the various primary schools that attended. The children planted indigenous trees on the site and each child was given a fruit tree to plant in his/her own garden. Approximately 2 500 indigenous trees were given to the children.

The schools have included Arbor week in their curricula wherein the children will compile essays and assignments on “their” plants. These same children will return to the Scaw Metals' site on an annual basis to monitor the trees.

This will include measuring tree growth and washing the dust off the leaves to quantify how much dust the trees have trapped.

The initiative was supported by local government departments. Hopefully the Scaw Metals' Rietfontein Area B phytoremediation project will prove to be the forerunner for other successful landfill projects in this country. The Arbor Day activities have proven that rehabilitation projects can have a positive community impact, as evidenced in the support received from the surrounding communities.

J. Sterling Morton, who in 1872 became the international father of Arbor Day, said the following: “Other holidays repose upon the past, but Arbor Day proposes for the future”.

- Read Education Trust

Last year Scaw Metals again provided funds to the Read Education Trust to facilitate a literacy project, in conjunction with education authorities at another school in Katlehong. The prime focus of the programme is to provide training to teaching staff in the principles of school management and teaching methods, and to upgrade and enrich materials used in teaching English language skills. The project is conducted in a high school that serves an area inhabited by many Scaw employees.

- Igaqasi Primary School, Katlehong

In 2004 and 2005, Scaw management continued to work with the education authorities and various stakeholders involved in approving plans to build a computer centre and library. Building is due to commence in 2006.

- Community Neighbourhood News Bulletin and Wadeville Business Against Crime (WBAC)

Engagement continues with organisations in the community that are concerned with crime and crime prevention. As a standing member of the WBAC committee, Scaw Metals provides input where possible to reduce crime in the

A BEE Courtwise counsellor working with children who will testify against their abusers in court.

The court setting for a child abuse case.

surrounding communities, and makes a significant contribution towards running WBAC. The group also sponsors a local community organisation that produces a crime prevention newsletter.

- Sports

A variety of sporting activities is sponsored by the group, including running, junior cricket and soccer. The teams comprise children from disadvantaged backgrounds who would otherwise not have access to grounds and coaching at the level provided by Scaw Metals.

- BEE Courtwise Sponsorship

The name "BEE" is derived from the bumble bee which defies scientific odds in being able to fly, just as BEE Courtwise wishes to succeed in its challenge to bring child offenders to justice. It is a non-profit company established in response to the poor conviction rate in criminal cases related to child abuse.

BEE Courtwise provides court support and preparation for children testifying in cases where they have been abused and offers trauma counselling for adults and children. BEE was given computer software and hardware for its rooms at the Johannesburg Central Police Station where many of these types of cases are sent for trial. Special child-friendly witness preparation rooms have been set up here to allow children to testify in a more supportive environment than that of the formal courtroom for adults.

- HIV/AIDS

In 2005, the group supported a HIV awareness campaign at all of its South African operations. Subscribing to the Business Bannerthon programme, banners were purchased for display at the factories and supporting promotional material was distributed to employees.

Being situated on major roads and near railway stations, Scaw Germiston is able to maximise campaign exposure and placed banners in positions of optimum impact for both employees and members of the community. Funds collected from the Bannerthon programme are used to assist destitute children who have been orphaned by HIV/AIDS.

Employees, contractors and passing members of the community were exposed to the HIV awareness call.

- Overseas Operations

Chile

Operations in Chile have provided support for local police and fire-fighting agencies, and a number of city projects, including anti-drug abuse campaigns. They have also supported sports activities and other charities, including housing initiatives for the poor and a home for abandoned children.

Peru

Operations have contributed to charities and to educational initiatives, including the construction of a classroom at a nearby school.

Philippines

The company contributed to various charities through the Philippines Business for Social Progress, an NGO involved in numerous social programmes.

Canada

The Canadian operations contribute to various charities through the organisation United Way.

School children and government dignitaries joined in the planting sessions on Rietfontein Area B Landfill site hosted by Scaw on Arbor Day.

glossary of terms

AAplc	Anglo American plc
Aquifer	Strata or a group of interconnected strata comprising of saturated earth material capable of conducting groundwater and yielding usable quantities of groundwater to boreholes
BEE	Black Economic Empowerment
CO_2	Carbon dioxide - a gas formed during combustion and certain natural processes. Increasing amount of carbon dioxide in the atmosphere is widely believed to contribute to climate change i.e. global warming
Environment	The circumstances or conditions that surround us as well as the complex of social or cultural conditions that affect an individual or community
FAC	First Aid Case - a minor injury which can be treated by the employee and does not require professional attention.
Fatality	The death of an employee or contractor resulting from a work-related injury
FIFR	Fatal injury frequency rate - the number of fatalities per 200 000 hours worked
Golden Rules	A set of non-negotiable corporate safety rules
Greenhouse gas	Gases that enhance global warming, predominantly CO_2
Hours worked	Total number of hours worked by employees, including overtime and training, excluding leave, sickness and other absences. It includes the total number of contractor hours worked on site during the year
HIV/AIDS	Human Immuno Deficiency Virus/Acquired Immune Deficiency Syndrome
IRCA	An international organisation based in South Africa providing an integrated auditing and certification service in occupational safety, health and environment risk management. Star ratings, awarded according to an operation's level of compliance with standards, range from 1 (fair) to 5 (excellent)
IRCA	
ISO	International Standards Organisation
ISO 9001	A quality management system standard published by the International Standard Organisation
ISO 14001	An environmental management systems standard published by the International Standards Organisation
Lost Time Injury (LTI)	Any occupational Lost-Time Injury which renders the person unable to carry out regular duties on the day following their injury, and which results in one or more days away from work: It includes restricted work cases
LTIFR	Lost-time Injury Frequency Rate - the number of lost-time injuries per 200 000 hours worked and includes restricted work cases and contractors
Medical surveillance	Employees who have been identified as being exposed to any significant risk or hazard undergo a regular planned medical examination to ensure their health is not affected by exposure to the risk
MTC	Medical Treatment Case - an injury requiring more than basic first aid
NGO	Non-government organisation
NIHL	Noise Induced Hearing Loss
Occupational Disease	A disease or illness arising out of and in the course of employment
Occupational Health	The promotion and maintenance of the highest degree of physical, mental and social well-being at work
Occupational Hygiene	The assessment, measurement and evaluation of hazards and risks in the workplace and the preventive measures that need to be applied to safeguard the health of employees
OHSAS 18001	A management system published by the Occupational Health and Safety Assessment Series
Recycling	Processing of old discarded materials into new, useful products
RWC	Restricted Work Case in which work activity is restricted and in which an employee cannot perform his or her regular duties.
Severity Index	A ratio of the number of shifts lost per Lost Time Injury
SHE	Safety, Health and Environment
SO_2	Sulphur dioxide - a colourless, corrosive gas formed during combustion and natural processes
Stakeholders	Employees, contractors and other parties who have a material interest in the Scaw Metals Group
Sustainable development	An improvement in human well-being that allows the needs of the present to be met without compromising the ability of future generations to meet their own needs, focusing on social, economic and environmental aspects
Total energy consumption	Calculated from electricity purchased and fossil fuels consumed
TRCFR	Total Recordable Case Frequency Rate - The sum of fatalities, lost time injuries and medical treatment cases per 200 000 hours worked, including employees and contractors
Waste stream	Steady flow of varied wastes, from industrial, commercial and construction refuse

Abbreviations and conversions for units of measurement

m^3	1cubic metre=1 000 litres=264,1 US gallons=220 UK gallons
Tonne	1 metric tonne=1 000 kg=2 205 pounds
MWh electricity	1 Megawatt-hour=3,6 Gigajoules (GJ)

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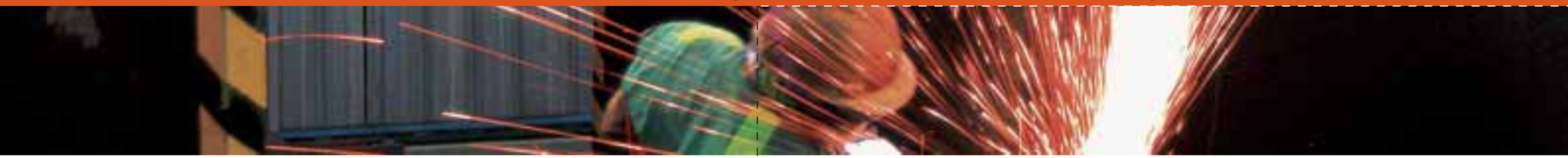

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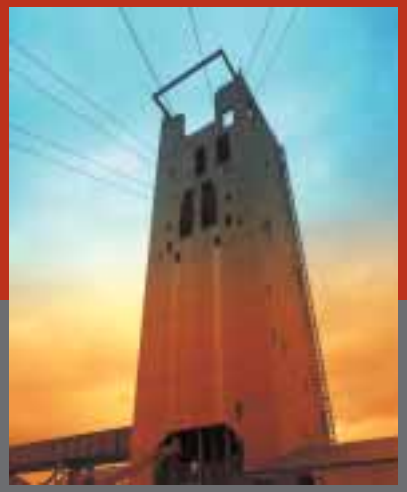
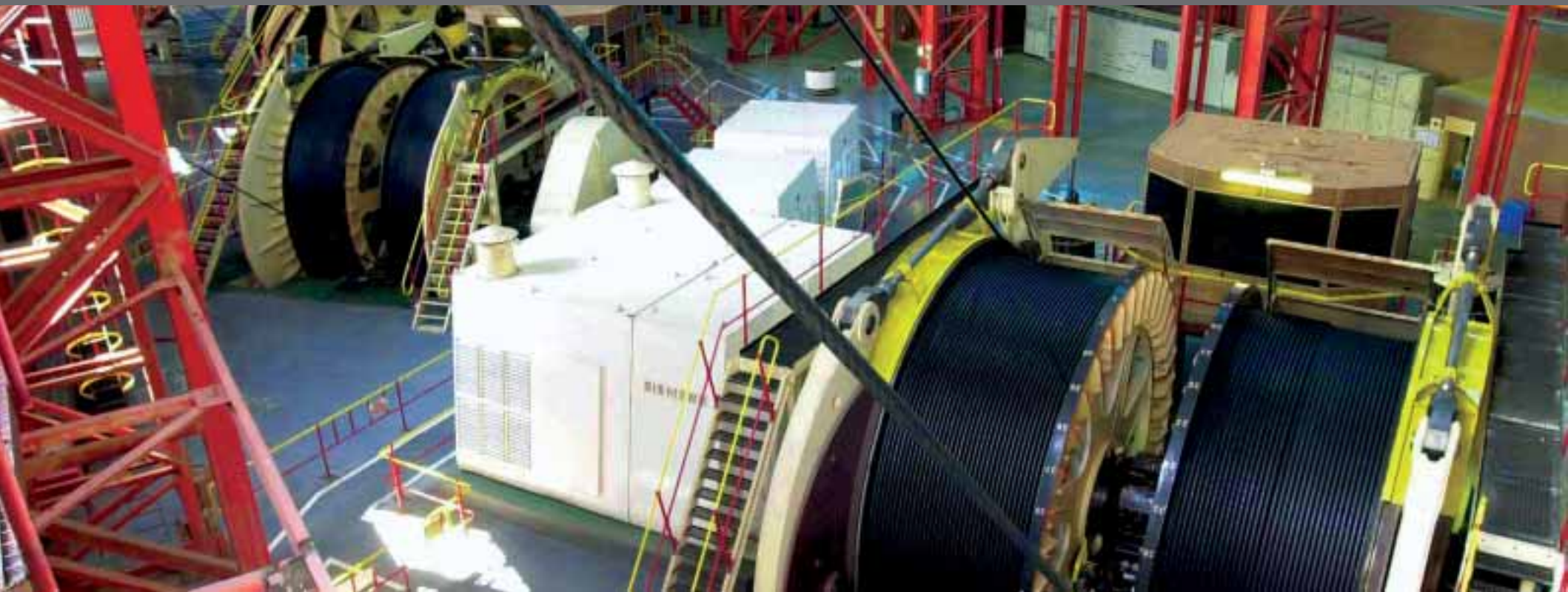


Scaw's steel ropes are found in many deep level and open cast mines in South Africa and across the globe.



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