

**REPORT TO SOCIETY 2006**

# **Sustainable coal – meeting global challenges**





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## Scope of this report

Our Anglo Coal Report to Society 2006 aims to provide information about how we, as a global coal business, are progressing with our vision of becoming an industry leader in sustainable development.

We recognise that we have a responsibility to influence and contribute to positive change that creates sustainable solutions for many of today's global issues. The report identifies a number of issues that are material to our business and our stakeholders, and the efforts and progress we are making in responding to them.

The focus of the report is on all the operations owned and managed by Anglo Coal for the year 2006. Also included is limited information on our two non-managed operations in South America and our exploration and development in China and North America. The ownership structure of our operations is reflected on page 8.

This report is supported by our two regional annual Reports to Society for the year 2006, namely Anglo Coal Australia's *Sustainable Coal: Development, Understanding, Practice* and Anglo Coal South Africa's *Sustainable Coal: Moving Forward Together*, as well as the Anglo American plc *2006 Report to Society*, the sustainable development report of our parent company.

While this report contains performance metrics confirming our sustainability efforts, the majority of performance data is included in the regional reports. Together, the suite of reports has been written in line with the Global Reporting Initiative (GRI) G2 guidelines. In addition, both regional reports have been reviewed in line with the updated GRI G3 guidelines and we are working towards reporting in accordance with these in future years.

KPMG has undertaken an external, independent review, at selected sites, of certain specific sustainability performance indicators reflected in this report and associated Anglo Coal regional reports. KPMG's Assurance Statement is on page 11.



## A CONVERSATION WITH

# John Wallington

## Anglo Coal's Chief Executive Officer

*John Wallington was interviewed by Matrix Plus for the purpose of this Report to Society.*

*Do you see a link between Anglo Coal's business performance and its achievements in the areas of sustainable development?*

We see a very tangible link between the achievement of sustainable development and our business objectives. We are embedding sustainable development principles into strategies, operations and processes because we see them as key drivers in our business performance.

Our most relevant and material sustainability challenges, and the ways in which we are managing them, are integral to our success as a global mining operator.

*What do you consider to be the most material sustainable development challenges for Anglo Coal?*

In terms of our operational activities, there are a few main challenges: providing a safe working environment; the continued management and prevention of HIV and AIDS in South Africa; attracting and retaining a quality workforce; minimising our ecological footprint; and working with community stakeholders.

In terms of product stewardship, climate change is, without a doubt, the industry's most significant challenge (see pages 6 and 31-35).

*How is Anglo Coal managing and planning for each of these key operational challenges?*

### **Safety**

Anglo Coal remained free of fatalities for a continuous 11-month period which ended in October 2006. Regrettably, five separate incidents, which occurred during October and November, resulted in seven fatalities. We are implementing a range of additional safety measures, for 2007 and beyond, which are aligned with the new Anglo Safety Framework and Anglo Safety Way. These will ensure that our focus on hazard identification, risk assessment and control, as well as our safety leadership programmes, are integrated at all levels of the organisation, particularly with our contractors.

### **HIV/AIDS**

We continued to make excellent progress in our HIV/AIDS prevention and management programmes, with 82% of the South African workforce taking part in voluntary counselling and testing (VCT). Individual operations are heavily involved in HIV/AIDS awareness programmes and the company is engaged in a number of collaborative education programmes with non-governmental organisations (NGOs).

### **People**

The attraction and retention of a quality workforce continue to be major challenges for companies in the resource and mining industries. While we are not alone in facing this issue, we are responding to it through the implementation of mutually-beneficial solutions that increase employee satisfaction, engagement and productivity. These include the implementation of incentives and the roll-out of our two cultural transformation programmes, *Yebo Siyaphambili!* (Yes, we are moving forward together) in South Africa, and *People, Performance, Growth* in Australia.

### **Environment**

We recognise that our lifestyles and economies are becoming increasingly energy-intensive and we need to transform our business to respond to a carbon-constrained world. We believe business opportunities will be found as part of the transformation process. In 2006, we formed a clean coal energy alliance with Shell Energy Investments to pursue large-scale coal conversion projects. The Monash Energy coal-to-liquids project in Victoria, Australia, is the first of such projects and involves the gasification of brown coal to create clean synthetic diesel with carbon dioxide (CO<sub>2</sub>) capture and sequestration.

We are committed also to reducing the greenhouse gas emissions at our sites through energy-efficiency reduction targets of 15% by 2014 against our 2004 baseline. If this goal is achieved, we will have reduced our related CO<sub>2</sub> emissions by at least 10%.



Our most significant on-site initiative has been the capture of fugitive methane gas, at three of our Australian operations, for sale to power generation plants and for pipeline distribution.

We are working to minimise our ecological footprint through the conservation of natural resources at our sites. This is important due to the scarcity of water and energy in some of the regions where we operate. We have embarked on a range of innovative projects to minimise our footprint. These include the development of water treatment technologies to transform waste water to clean, potable water for domestic and irrigation uses, and improvements in the way we rehabilitate land disturbed by our operations.

## Community relations

In terms of our social and community impacts, we continue to engage with affected communities to ensure we develop relationships built on trust and fairness. In 2006, we continued to roll out our community engagement process, the Socio-Economic Assessment Toolbox (SEAT), across all our operations.

We are working towards the achievement of transformation and broad-based black economic empowerment (BEE) in South Africa. In early 2007, Anglo Coal South Africa announced the creation of Anglo Inyosi Coal. Anglo Coal will have a 73% interest in Anglo Inyosi Coal, with the remaining 27% held by Inyosi, a new-generation consortium with more than 85% historically disadvantaged South African (HDSA) participation and more than 50% female participation. Approximately US\$280 million will be transferred to these BEE entities via Inyosi, which has over 200,000 HDSA beneficiaries in the Mpumalanga province.

*Looking ahead, how will Anglo Coal position itself to be both a successful coal producer and an acknowledged leader in sustainable development issues?*

We are entering a new era where both the business risks and opportunities arising from sustainable development issues will be more pronounced than ever. We need to make our business more responsive to changing demands. We will do that by achieving a balance between the needs of all our stakeholders, those who rely on us to provide a stable and affordable energy supply for their economic and social development, as well as our investors, our employees and our communities, and the impact we have on the natural environment.

**JOHN WALLINGTON**  
Chief Executive Officer, Anglo Coal



# Meeting sustainability challenges

We acknowledge that, as an energy supplier, we have an impact on, and some influence in, many sustainability issues facing the world today. By adopting a coal stewardship approach, Anglo Coal looks to mitigate both the direct and indirect impacts of our processes and our product. By process stewardship, we mean the responsible provision of coal for secure energy supply, while reducing the company's environmental footprint and creating maximum societal value from our activities. Our product stewardship activities are aimed at contributing to improving the performance and use of coal beyond the point of sale. Concerns over security of supply, quality, clean coal technology and carbon markets are shared through downstream value chain stakeholder partnerships.

Within this stewardship framework, we have adopted the Five Capitals model (originally developed

by the Forum for the Future) to categorise a number of key sustainability issues that we consider relevant to our business and our stakeholders. The five capitals comprise human, natural, social, manufactured and financial capital. We acknowledge our responsibility to deliver positive change that will lead to acceptable solutions to the challenges we have identified. Our investments, commitments, performance and initiatives in achieving this target are summarised below.

## Human capital

Human capital consists of investment in people's health, well-being and skills development. At Anglo Coal, our human capital initiatives extend not only to providing a workplace where our employee and contractor workforces are safe and supported, but also to working with the broader society to improve services for the communities in which we operate.

## Safety

We are a significant employer, with a workforce of over 15,000 at our managed operations globally. The nature of our industry means that our workforce can be exposed to a number of hazards that could compromise their physical safety. These include working in confined spaces with heavy equipment, moving machinery and stored energy. For this reason, the safety of our people is our first priority. Our organisational culture programmes, *Yebo Siyaphambili* in South Africa, and *People, Performance, Growth* in Australia, reinforce and reflect our commitment to the safe employment of our entire workforce. We acknowledge that, as an experienced mining operator, we can teach others about good safety management practices and share the lessons we have learnt. Please turn to page 14 for an overview of the ways in which we are working to create not only a safer coal mining business but also a safer coal mining industry.



Anglo Coal's process and product stewardship approach	
	<b>PROCESS STEWARDSHIP</b>
	<b>Human capital</b> Safety Health
	<b>Natural and manufactured capital</b> Water use Rehabilitation Waste management
	<b>Social capital</b> Licence to operate Community engagement Corporate social investment Black economic empowerment
	<b>Financial capital</b>
	<b>PRODUCT STEWARDSHIP</b>
	<b>Natural and manufactured capital</b> Climate change Clean coal technology

### **HIV/AIDS**

According to UNAIDS/WHO (2006), approximately 39.5 million adults and children globally are living with HIV. This is an increase of 7% since 2004, with South Africa and India recording the highest prevalence rates. The management of HIV and AIDS is an ongoing challenge for Anglo Coal operations in South Africa, where we estimate the HIV prevalence among our employees to be approximately 16%. We recognise that HIV and AIDS affect not only our employees and our business, but also the communities in which we operate. Please turn to page 16 for an overview of the ways in which we are working to respond to the HIV/AIDS crisis.

### **Occupational health**

The main occupational health challenges are exposure of employees to dust and noise in the workplace. Numerous initiatives are in place to address these issues and progress is being made. Other occupational health issues are related to musculo-skeletal diseases and lifestyle.

### **Talent attraction and retention**

The global mining industry has benefited over the past few years from strong demand for human resources. With employees in high demand and often short supply, average employee turnover rates for companies in the mining and resources industry have increased. Key challenges are the attraction and retention of a quality workforce. While we are not alone in facing these challenges, we are addressing them and are currently implementing a range of mutually beneficial solutions focused on cultural change programmes in South Africa and Australia.

### **Natural and manufactured capital**

The natural environment provides the foundation on which all other capitals are built. In order to generate livelihoods, we require natural capital such as clean air, potable water, affordable energy sources and functioning ecosystems. Our key activity involves the extraction of coal which impacts on the environment surrounding our mines. We recognise, too, that the use of coal has an extended impact through its effect on climate change.

Manufactured capital refers to the material goods and infrastructure that we use in our coal production processes. Through more efficient and innovative utilisation of our manufactured capital, we seek to reduce the effect of our processes on the environment at all stages of operation. New and innovative technology will be implemented where possible to minimise resource consumption, improve efficiency and reduce waste. To reduce the effects on the environment from the use of coal, we support research and development of new technologies in carbon capture and storage.

### **Environment**

As a coal mine operator with operations located in a number of countries around the world, we occupy and consume significant amounts of land, water and other natural resources. We acknowledge our role in the responsible use of resources and the disposal of waste, in order to preserve the ecosystems around our operations. Please turn to page 27 for further information on the ways in which we are seeking to minimise our ecological footprint.

## **Climate change**

For Anglo Coal and the coal industry, a major challenge lies in reducing the greenhouse gas emissions that come from the use of coal, while maintaining its role as a primary fuel for power generation.

As a leading supplier of coal to both developed and developing countries, Anglo Coal plays a pivotal role in providing a stable energy supply that underpins the economic and social development of many parts of the world. According to the International Energy Agency (World Energy Outlook 2006), power generation was responsible for approximately 41% of global primary energy-related greenhouse gas emissions in 2006. We understand the need to find a balance between meeting growing energy demands and mitigating greenhouse gas emissions.

In addressing this challenge, we are developing an integrated approach that encapsulates all aspects of our business impacts including:

- △ the reduction of greenhouse gas emissions at our mining operations through methane capture and energy-efficiency programmes, with a 10% CO<sub>2</sub> emission-reduction target per unit of production to be achieved by 2014 (against our 2004 baseline);
- △ the integration of carbon-pricing sensitivity analyses for all new projects over US\$20 million to ensure that we make business decisions that take into account the financial implications of a carbon-constrained future; and
- △ a contribution to policy development and education on climate change among our stakeholders through regional and international industry association memberships.

Please turn to page 31 for a detailed overview of the investments and commitments we are making to meet the climate change challenge.

## **Social capital**

Social capital applies to our external stakeholders, including the communities in which we operate. Building social capital is no longer an act of

philanthropy. It has become a value-adding process for keeping and building good external stakeholder relationships. It provides a level of sound long-term neighbourly relations and a social licence to operate. We engage with affected stakeholders at all stages of our mine operations, delivering socio-economic empowerment and providing capacity-building opportunities so that, when our operations come to their inevitable end, we leave a positive legacy to the communities in which we operate.

## **Community engagement**

The success of Anglo Coal as a global coal producer relies on gaining and maintaining secure access to land and infrastructure in our areas of operation. Our business impacts local communities, regions and economies. Throughout the life cycle of our mines, from exploration to closure, we work with all affected stakeholders to ensure that we are granted and retain a social licence to operate.

We have implemented a range of guidelines, tools and processes, including World Bank policies and the Anglo American Socio-Economic Assessment Toolbox (SEAT), and have developed closure policies. Please turn to page 20 for an overview of the activities we are undertaking to achieve our commitments.

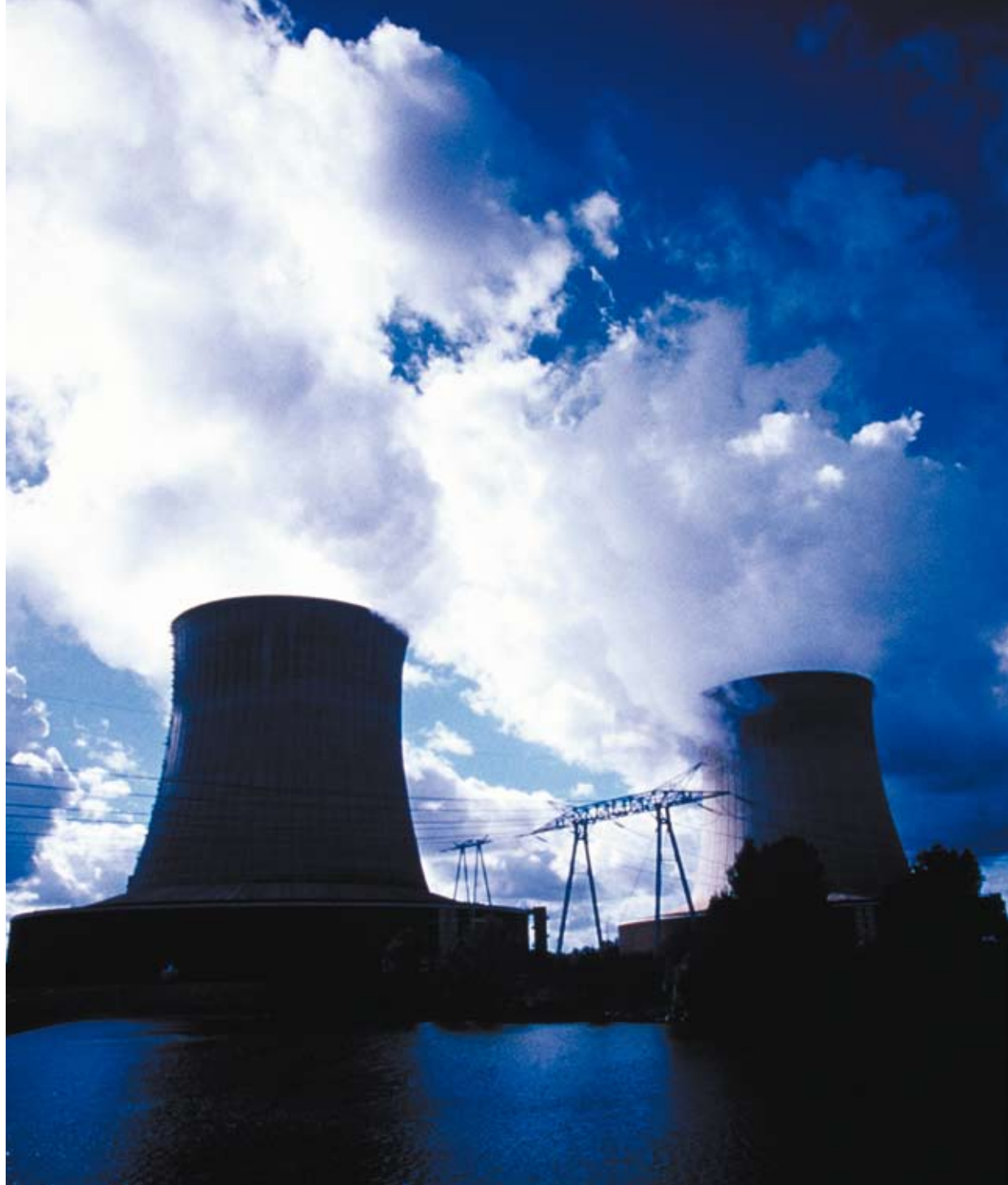
## **Corporate social investment**

Anglo Coal understands the importance of contributing to the socio-economic development of its stakeholders. The challenge in doing so is to ensure that our corporate social investment (CSI) programme remains focused, meaningful and equitable, and that contributions are in line with Anglo Coal's corporate values and principles.

We continue to develop procedures and targets to assist us in managing our CSI programme. We have targets in place not only to manage the distribution of contributions but also to measure their impacts within the community groups that we support. Please turn to page 23 for an overview of our progress in meeting our objectives in this area.



*Coal-fired power stations supply approximately 28% of the world's energy needs.*



### **Black economic empowerment in South Africa**

Through strategic and operational engagements with a range of stakeholders, our intent is to deepen empowerment and therefore extend outcomes of our sustainability strategies. In addition to grassroots empowerment initiatives in many of our CSI programmes, we have entered into a number of strategic and operational partnerships with black economic empowerment companies in South Africa. Furthermore, we are achieving success in satisfying the legal requirements for the conversion of old order mining rights to new order mining rights. Please turn to page 25 for an overview of the progress we are making in South Africa in relation to black economic empowerment.

### **Financial capital**

In a competitive business environment, financial capital is built by delivering superior shareholder returns, providing fair value, exhibiting competence and by contributions to wealth through decent wages, taxes, competitive supplier agreements and proactive procurement policies. Our Anglo Coal sustainable development goals are pursued in line with our ability to achieve our financial targets. While we recognise the linkage between financial capital and sustainable development, our financial results are not detailed in this report. Please refer to the Anglo American plc 2006 Annual Report and Review for information on our financial progress.

# Global operations

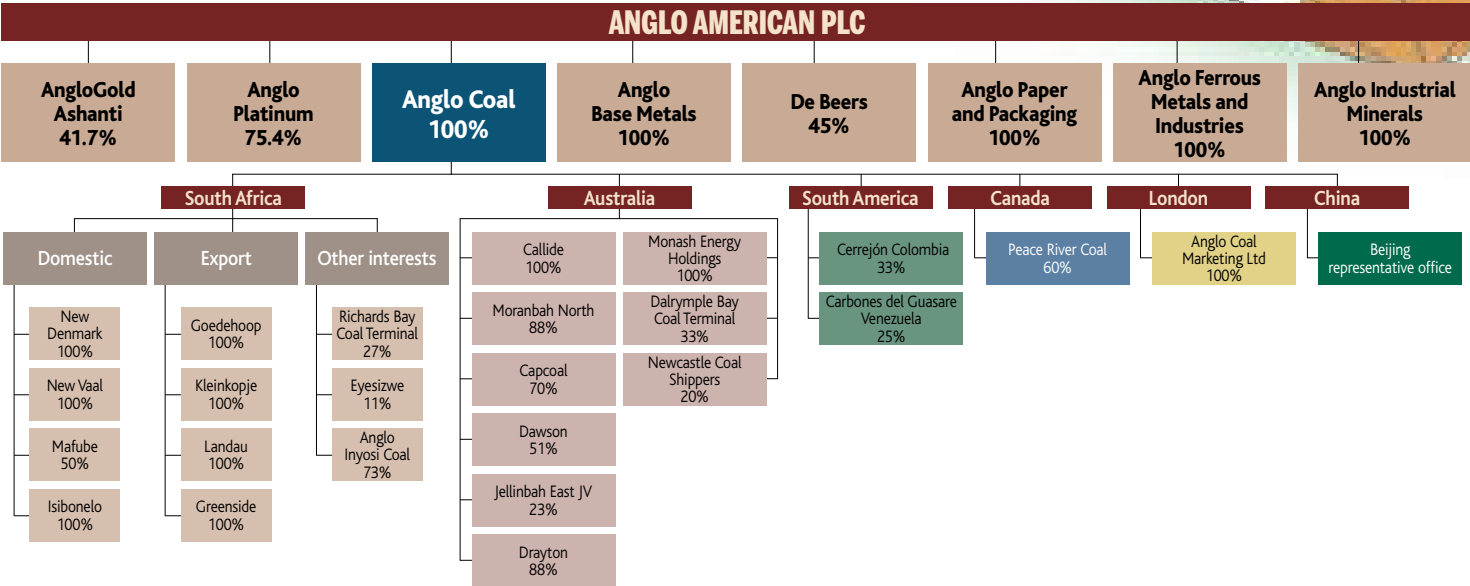
Anglo Coal is wholly-owned by Anglo American plc, which has a primary listing on the London stock exchange. Anglo Coal employs some 15,000 people in managed operations and contributed 9% (US\$864 million) to Anglo American plc’s operating profits in 2006.

We produce thermal and metallurgical coal for international export markets and for domestic customers in the countries in which we operate. Thermal coal is used in power stations to generate electricity and metallurgical coal is used in smelters for converting metal-bearing ore to metal, such as steel. We also produce a lesser amount of coal for the generation of synthetic fuels.

In 2006, we produced 94.8 million tonnes of coal, equivalent to approximately 1.7% of total global coal output (2005).



## Company profile



## Regional production and reserves

	South America	South Africa	Australia
Attributable production	11 million tonnes	59.3 million tonnes	24.5 million tonnes
Attributable earnings (EBITDA)	US\$271 million	US\$421 million	US\$390 million
Attributable coal reserves (saleable)	315 million tonnes	1,113 million tonnes	650 million tonnes
Attributable coal resources ( <i>in situ</i> )	427 million tonnes	2,473 million tonnes	1,861 million tonnes





## New business developments and alliances

### South Africa

#### Mafube

The colliery was established in 2004 as a 50/50 joint venture with Eyesizwe Coal, now part of Exxaro, supplying 1.2 Mtpa to Eskom's Arnot power station. The Phase 2 Mafube project consists of the construction of an opencast mine to produce 3 Mtpa of saleable coal for export and a middlings product for Eskom. The first train of export coal from Mafube is expected in October 2007.

#### Anglo Inyosi Coal

In early 2007, Anglo Coal announced the creation of Anglo Inyosi Coal, a R7 billion broad-based black economic empowerment company. Anglo Coal holds 73% of Anglo Inyosi Coal, with the remaining 27% held by Inyosi, a consortium with over 85% historically disadvantaged South African participation and over 50% women participation. Anglo Inyosi Coal will incorporate several Anglo Coal assets, namely Kriel colliery and four project assets, namely Elders, Zondagsfontein, New Largo and Heidelberg.

#### Exploration Activities

Exploration activities are under way for coal bed methane and thermal coal resources at Lephalele in the Limpopo province and in the Mpumalanga province.

### Australia

#### Dawson

The Dawson project, which involves the expansion of the existing Dawson operations to the north, neared completion in 2006. It is expected that the first coal will be loaded during 2007 and, when fully completed, the project will double the site's output to almost 13 Mtpa.

#### Lake Lindsay

In 2006, construction began on the Lake Lindsay project adjacent to the Capcoal opencast operations. The project is expected to add around 4 Mtpa of saleable coal to the operation, extending the mine life to 2027.

### Coal Seam Gas Operations

At Capcoal, a coal seam methane-fired 32 megawatt power generation plant commenced operation in 2006. The power station uses methane from the underground mine and, at full capacity, will reduce greenhouse gas emissions by at least 1 Mtpa of CO<sub>2</sub>e.

Moranbah North started delivering methane to Arrow Energy in late 2006. The gas is delivered to the Townsville power station via pipeline.

In 2006, Anglo Coal also purchased from Origin Energy the methane drainage assets in the Moura area.

### Monash Energy

Anglo Coal continued its conceptual assessment of a fully integrated coal-to-liquid fuel facility in the Latrobe valley in southern Australia. The project is being progressed together with Shell Gas & Power (a 50:50 joint venture) under the Clean Coal Energy Alliance.

### Canada

#### Peace River Coal

In February 2006, Anglo Coal secured its first stake in the Canadian coal market by signing a joint venture agreement with Hillsborough Resources. The agreement enabled Anglo Coal to become involved in the exploration and potential development of some eleven properties, previously owned by Hillsborough, in British Columbia. During 2006, Anglo Coal transformed the agreement with Hillsborough into a wider arrangement to encompass adjacent coal properties as well as the operating mine of Trend, then owned by Northern Energy and Mining (NEMI).

After a period of negotiation, NEMI, Hillsborough and Anglo Coal formed a new partnership, known as Peace River Coal LP, on 29 November 2006. This partnership, 60% held and managed by Anglo Coal, represents the new face of the consolidated coking coal mining company operating in the region of Tumbler Ridge in north-east British Columbia.

### China

#### Xiwan

Anglo Coal progressed its evaluation of the Xiwan clean coal project, with the Chinese authorities granting approval and a full business licence to establish a co-operative joint venture (CJV) with the Shaanxi Coal Geological Bureau. In what is a major step forward, the licence allows Anglo Coal, through the CJV, to carry out pre-feasibility studies on the Xiwan coal lease, a 1.6 billion tonne resource of high-quality thermal coal in China's northern Shaanxi province.

## KEY STATISTICS

# 2006 performance

Indicator	2006 Objectives	2006 Performance		2007 Objectives
Safety				
Fatalities	0	✗	7	0
Lost-time injury frequency rate (LTIFR) <i>per 200,000 exposure hours</i>	0.12	✗	0.50	0.13
Total recordable case frequency rate (TRCFR) <i>per 200,000 exposure hours</i>	1.06	✗	1.97	1.13
Health				
Occupational disease <sup>1</sup> <i>new cases of occupational diseases</i>	Reduce exposure to potential industrial hygiene hazards	➔	28 (47 in 2005)	Reduce exposure to potential industrial hygiene hazards.
Employee voluntary counselling and testing for HIV/AIDS <sup>2</sup>	70%	✓	82% (6,773 employees)	80%
Environment				
CO <sub>2</sub> e emissions	10% improvement in CO <sub>2</sub> e emissions per saleable tonne by 2014 (2004 baseline)	➔	81 kg/saleable tonne	10% improvement in CO <sub>2</sub> e emissions per saleable tonne by 2014 (2004 baseline)
Total energy use	15% improvement in energy efficiency by 2014 (2004 baseline)	➔	146 MJ/saleable tonne	15% improvement in energy efficiency by 2014 (2004 baseline)
Water used for primary activities	Targets set regionally to improve efficiency of water use	✗	139 litres/saleable tonne	Site-specific management targets to be developed
Environmental incidents <i>Level 2 incidents<sup>3</sup></i> <i>Level 3 incidents<sup>4</sup></i>	0 0	➔	32 0	0 0
ISO 14001 certification	Achieve upgraded certification to ISO 14001:2004	✓	Upgraded certification achieved at all collieries with current certification	Maintain certification to ISO 14001:2004 and achieve certification at new mines
Community				
Socio-Economic Assessment Toolbox (SEAT)	All operations to have completed SEAT assessments	✓	SEAT assessments completed at all operations	Commence SEAT 2 training for operations

### Notes

1. New cases of occupational diseases include noise-induced hearing loss, pneumoconiosis, chronic obstructive airway disease and cardio-respiratory tuberculosis.
2. Applicable to employees in South Africa only.
3. Moderate impact or disturbance with medium-term effect.
4. Significant impact or disturbance with extensive or long-term effect.

- ✓ Achieved
- In progress
- ✗ Not achieved



# KPMG independent assurance report

Independent assurance report to the Directors of Anglo Coal on aspects of the Report to Society 2006: *Sustainable coal – meeting global challenges*.

## Introduction

We have performed our independent assurance engagement of the Anglo Coal Report to Society 2006 (the Report) with respect to the 'selected 2006 sustainable development (SD) performance indicators'.

Our work has been undertaken so that we might state to Anglo Coal those matters we have been engaged to state in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Anglo Coal for our work, for this report or for the conclusions we have reached.

## Responsibilities of directors

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

## Responsibility of the assurance provider

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

Our engagement was carried out by a multi-disciplinary team of safety, health, environmental, stakeholder engagement and assurance specialists who have experience in the mining sector. This team undertakes similar engagements with other international companies and is led by a director who has ten years of related experience in the mining industry and in sustainability reporting and assurance.

## Basis of work and limitations

The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the subject matter and the purpose of our engagement. In making these assessments we have considered internal controls relevant to the company's preparation and presentation of information in the Report, in order to design procedures appropriate for gathering sufficient evidence to determine that the 'selected 2006 SD performance indicators' are not materially misstated or misleading. Our assessment of relevant internal controls is not, however, for the purpose of expressing a conclusion on the effectiveness of the company's internal controls.

Anglo Coal applies the Anglo American plc Safety, Health and Environmental (SHE) reporting guidelines as the criteria for determining the recognition and measurement of the 'selected 2006 SD performance indicators'. The reliability of SD performance indicators is subject to inherent limitations given their nature and methods for determining, calculating or estimating such data. It is important to understand the 'selected 2006 SD performance indicators' and related statements in the Report in the context of these limitations.

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

## Subject matter and criteria

The SD performance indicators selected by KPMG to be the subject of the assurance engagement were determined by considering Anglo Coal's key SD risks, identifying those SD indicators considered relevant to management and stakeholder decision-making processes, and our experience of the risks associated with reporting SD performance and the systems and processes in place to mitigate those risks. These are collectively referred to as the 'selected 2006 SD performance indicators'.

The 2006 SD performance indicators selected for purposes of expressing limited assurance were: Total number of work-related fatalities (page 10); Total energy used (page 10); Lost-time injury frequency rate (LTIFR) (page 10); New cases of occupational diseases (page 10); HIV prevalence rate (page 16); Number of employees participating in the voluntary counselling and testing (VCT) programme (page 10); Number of employees receiving anti-retroviral treatment (ART) (page 16); Water used for primary activities (page 10); and Number of level 2 and 3 environmental incidents (page 10).

The internally-developed Anglo American plc SHE reporting guidelines were used as the criteria for assessing the selected 2006 SD performance indicators.

## Work performed

Our work consisted of:

- △ Obtaining an understanding of the systems used to generate, aggregate and report the selected 2006 SD performance indicators based on Anglo American plc's sustainability guidelines for the selected 2006 SD performance indicators at three sites in Australia (Dartbrook, Drayton and Capcoal operations) and South Africa (Goedeheop, Landau and New Vaal collieries), collectively referred to as the 'selected sites' and at head office level to assess the associated reliability of the selected 2006 SD performance indicators;
- △ Conducting interviews with management, at the six sites visited in the current and previous year and at head office level, to obtain an understanding of the consistency of the reporting processes compared with prior years and to obtain explanations for SD performance trends;
- △ Performing an analytical review of the selected 2006 SD performance indicators aggregated at head office level and obtaining explanations for unusual trends; and
- △ Testing the accuracy of the aggregation process for the consolidated selected 2006 SD performance indicators at head office level.

## Conclusion

Based on the work described above, we have no reason to believe that the 'selected 2006 SD performance indicators' for the year ended 31 December 2006 are not fairly stated in all material respects on the basis of the Anglo American plc SHE reporting guidelines.

KPMG

KPMG Services (Pty) Limited  
Johannesburg  
1 June 2007

# Governance and stakeholders

## Governance processes

As a wholly-owned division of Anglo American plc, Anglo Coal adopts the standards set out in Anglo American's Good Citizenship: Our Business Principles and adheres to the implementation guidelines for the Voluntary Principles on Security and Human Rights.

Our Business Principles encompass:

- △ integrity and ethics;
- △ corporate citizenship;
- △ employment and labour rights;
- △ safety, health and environmental stewardship; and
- △ compliance with all laws, including anti-trust and competition laws.

Our Business Principles are implemented at all our sites and apply to every operation we manage. The Business Principles can be found at [www.angloamerican.co.uk/corporateresponsibility/](http://www.angloamerican.co.uk/corporateresponsibility/).

Anglo Coal participates in the Anglo American plc whistle-blowing programme, *Speakup*. *Speakup* is an independently-managed facility which provides a global and confidential channel for reporting unethical and unsafe practices, or any other practice contrary to the group's Business Principles.

Our effectiveness in implementing standards and policies is reported on by the regional executives to Anglo Coal's chief executive officer, who then provides letters of assurance to the chief executive officer of Anglo American plc.

The annual letters of assurance provide information on the management of safety, health and the environment as well as our adherence to standards contained in Good Citizenship: Our Business Principles. They are based on progress tracked through quarterly operational and management reports.

All Anglo Coal operations are certified to the ISO 14001 environmental management system standard. All our Australian operations are certified to the AS 4801 standard and five of our South African operations are certified to the OHSAS 18001 occupational health and safety management system standard. The remaining South African operations have committed to achieve certification by the end of 2007.

## Integrated risk management

Anglo Coal is fully committed to building a business where its key operating processes are underpinned by robust management systems. Risk management is a critical element that supports enhanced decision-making and improved business performance. Through understanding, prioritising and managing risk, Anglo Coal aims to safeguard its people, assets, reputation and the environments in which it operates in order to best serve the long-term interests of all stakeholders. Every Anglo Coal employee and all contractors are responsible for the effective implementation, monitoring and continuous improvement of risk management practice.

Further information on our governance processes and procedures can be found in the two Anglo Coal regional Reports to Society 2006 for South Africa and Australia as well as in Anglo American plc's 2006

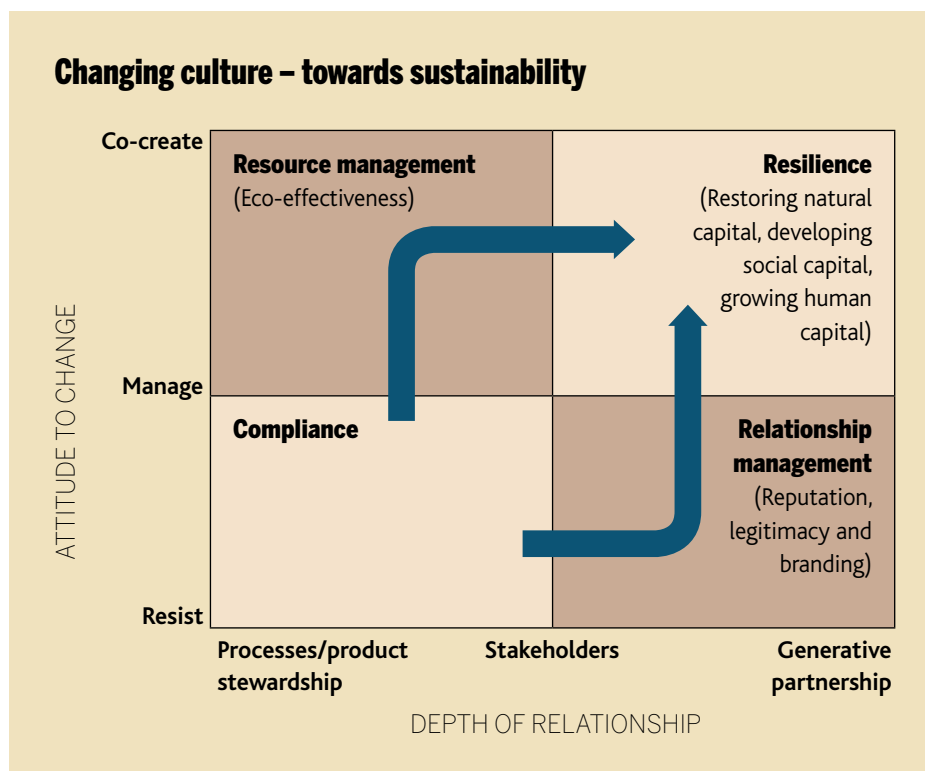
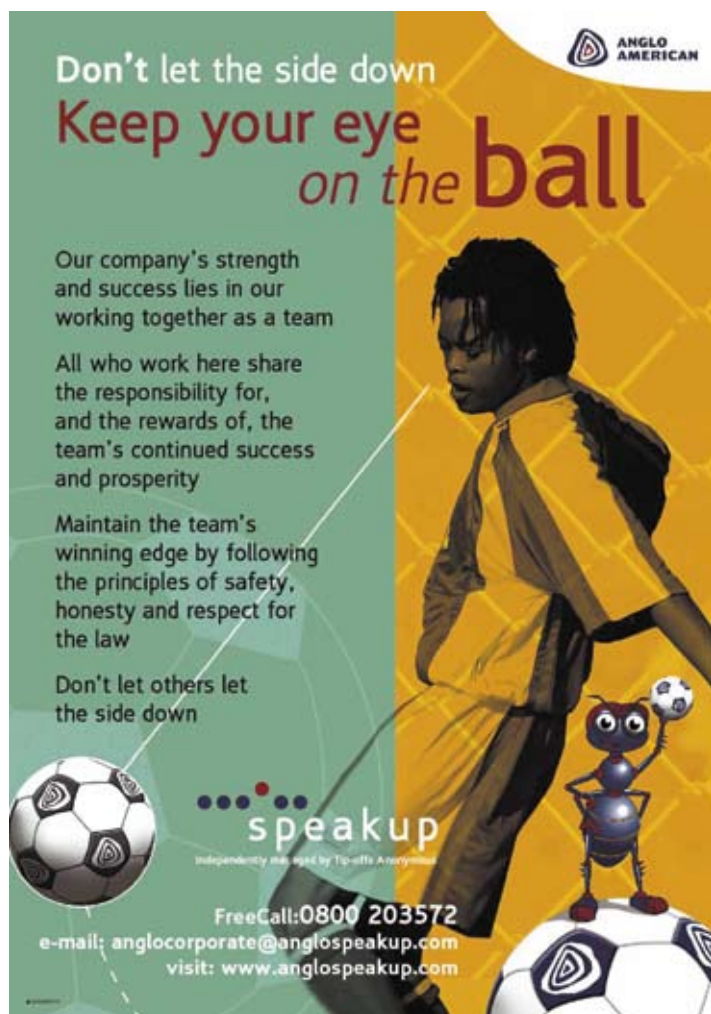


Diagram developed by Anglo Coal and Incite Sustainability





Annual Report and Review and the 2006 Report to Society.

## Our stakeholders

Our business is far-reaching. We impact on and are impacted by a diverse cross-section of stakeholders. Engagement is seen as important to ensuring the best outcome for the company and its stakeholders in the long term. The diagram below contains a cross-section of stakeholders with whom we seek to engage.

Further information on the local stakeholder engagement activities in progress at our mining operations is located on page 20 of this report and in our regional Australian and South African Reports to Society 2006.



Stakeholders		
CATEGORY	STAKEHOLDER	ISSUES
Governmental and related bodies	National and regional governments	Compliance Corporate governance Clean coal technology
Investors	Shareholders and investor community	Capital Corporate governance Profitability
Employees and trade unions	Permanent employees Contract employees Trade unions	Employment conditions Safety Health
Customers	Energy, metallurgical and synthetic fuel markets	Sustainable coal supply to contract requirements
Contractors and suppliers	Contract companies Machinery suppliers Consumables suppliers Services suppliers	Supply chain relationships
Research, industry, other associations and policy makers	FutureGen Alliance International Energy Association Clean Coal Centre World Coal Institute Coal Industry Advisory Board Carbon Sequestration Leadership Forum International Council on Mining and Metals Global Leadership for Better Environment	Climate change Energy security Clean coal technology

# HUMAN CAPITAL

## Safety



Ensuring the safety of our employees is our first priority at Anglo Coal and our vision is to achieve zero harm through the effective management of safety.

We have implemented the Anglo Safety Way at all our operations, underpinned by three safety management principles:

- △ a 'zero harm mindset' culture;
- △ a 'learning organisation' (no repeat incidents); and
- △ 'non-negotiable standards'.

We recognise our role in the industry as an experienced mining operator and that we have a responsibility within the industry to lead the way in terms of safe work practices.

## Performance

Despite a combination of efforts to improve our safety performance, we were unable to report a clear record in 2006. For eleven months, Anglo Coal sustained a steady safety improvement performance, which came to an end on 5 October 2006. Regrettably, we recorded seven fatalities in seven weeks, which resulted from five separate incidents at two of our South African collieries. It is with deep sadness that we report the loss of our colleagues and contractor partners.

We also recorded an increase in the number of lost-time injuries during 2006, which rose from 94 in 2005 to 106.

A number of our operations met or achieved significant safety milestones, demonstrating that safe operations can be, and are, a reality. Some of the more notable achievements were:

- △ Anglo Coal Australia was fatality-free in 2006;
- △ Capcoal's Coal Handling and Preparation Plant (CHPP) achieved six years without a lost-time injury;
- △ Dawson's CHPP achieved zero lost-time injuries for the fifth successive year while the seam gas operation achieved zero lost-time injuries for over three years;
- △ Dartbrook's CHPP achieved zero lost-time injuries for over one year;
- △ Kriel's underground and opencast sections achieved over 13,000 and 7,000 fatality-free production shifts respectively; and
- △ Mafube achieved zero lost-time injuries for over two years.

### ***Landau colliery improves safety record***

Fatigue is a major risk factor for heavy equipment operators in opencast mines. To address this challenge, Landau colliery – in a counter-intuitive move – changed the length of shifts from eight to 12 hours.

The change in the roster came about as a result of a Canadian research project which established that, for every night shift worked, an hour's sleep would be lost. With the deficit being cumulative, the research predicted that night shift incidents would occur when individuals were most deprived of sleep,



usually between their fourth and seventh shift. After confirming with the colliery's night shift supervisors that the risks were, in fact, most pronounced during these shifts, changes were implemented.

As a result, safety has improved dramatically and the mine has achieved 3,600 fatality-free production shifts and 282 days without a medical treatment case since the changes were implemented. Additional indirect health benefits from the change have also occurred, including a reduced risk of traffic accidents, with employees gaining an extra 102 days per year of not needing to travel to work. Results from the annual biokinetic survey have also revealed a marked improvement in the physical health of the employees who are on this shift schedule.

### **Anglo Coal Australia safety leadership programme**

A safety leadership programme was developed at Anglo Coal Australia in 2006 to enhance and reinforce the safety management skills of all mine managers. This programme ensures that all managers and supervisors perform their roles in accordance with company safety management requirements.

The programme incorporates a safety interaction component where supervisors and recommended employees observe practices in the workplace and talk to employees about the safety aspects of their job, with a view to ensuring ongoing safety improvement and focus. The programme commenced late in 2006 at Dawson and will be completed in 2007.

### **Contractors engaged in safety management**

Contractors make up a significant portion of the workforce at Capcoal's open-cut operations. The management team identified the need to engage contractor teams in safety management initiatives and issues in order to improve overall site safety. As a result, monthly contractor safety meetings, which allow consistent communication and interaction with the contractor workforce on safety issues, were implemented. These have resulted in an improvement in contractor safety management.



In addition, Anglo Coal Australia conducted audits on the management of contractors at all sites in 2006. The outcomes from a major review of findings, and the development of improvement activities, will be reported in 2007.

### **Australia-China Joint Working Group on Coal Mine Safety**

Anglo Coal Australia is participating in the *Australia-China Joint Working Group on Coal Mine Safety*. The objective of the joint working group, established in April 2006, is to review the broad needs of the Chinese coal industry and align these with potential areas of assistance from Australia and its coal industry members. Agreement in principle was reached in late 2006 for the development of a demonstration mine in China, which will be used for the evaluation of Australian technology, safety training, risk management systems, education and monitoring. It is expected that a location for the demonstration mine will be chosen in early 2007 and that the site will become operational in September. As a member of the joint working group, Anglo Coal Australia is supplying some of the resources for the project.

*Piet Skhosana and Mapule Mokoena examine a booklet which explains the new shift system and assists employees with life-change management at Landau colliery in South Africa.*



# HUMAN CAPITAL

## HIV/AIDS

The early diagnosis and treatment of HIV and AIDS remain matters of great concern to our business in South Africa, where the prevalence of the disease is amongst the highest in the world. We estimate the HIV prevalence rate among our employees to be approximately 16%. We are committed to the responsible prevention, diagnosis, management and ongoing treatment of HIV/AIDS for our employees in this region.

We encourage employees to be aware of their HIV status through voluntary counselling and testing (VCT) on an annual basis. This educates and encourages HIV-negative employees to remain that way, and ensures that those who are HIV-positive obtain access to proper care, support and anti-retroviral therapy (ART) when necessary. This is not just an investment in our people, but an investment in our business. We are convinced that this investment is paying dividends not only through the improvement in our employees' health and well-being, but also in their ability to perform as members of the workforce. We have seen significant reductions in absenteeism, increased retention and improved productivity during the implementation of our HIV/AIDS management programmes.

*Anti-retroviral therapy is made available to employees who are HIV-positive.*

We focus our efforts not only on our employees, but also on their families and in the communities in which they live. In 2006, we started introducing a new target of ensuring that no babies in the families of our employees are born HIV-positive.

### Performance

It has been four years since Anglo Coal South Africa began offering free ART and VCT to its employees. At the end of 2006, 338 employees were on ART treatment. During 2006, 82% of our employees participated in VCT. Compared with the 68% of employees who tested in 2005, the figures represent an encouraging increase.

The company's health care system provides collated statistics on HIV-positive cases in two categories, the first being new cases where previous tests were negative, and the second being first tests where previous status was unknown. In 2006, 80 new cases were reported and 199 first test cases were recorded. Currently, new cases show that 1.8% of people who were previously HIV-negative tested HIV-positive in 2006. Our goal remains to prevent HIV-negative employees from becoming HIV-positive.

### Initiatives

Our Anglo Coal South Africa operations are heavily involved in HIV/AIDS awareness drives and peer groups have been established, peer educators appointed, industrial theatre has taken place and a number of celebrities have addressed employees. Improvements in VCT participation have resulted, particularly at New Denmark, Kriel, Isibonelo and New Vaal. As far as the company's involvement in the community is concerned, HIV/AIDS initiatives are seen as most important and the company is engaged in a number of collaborative education programmes with non-governmental organisations (NGOs). Most notable of these are the Witbank Powerbelt and the Bhubezi projects in which HIV/AIDS education and treatment are provided.





## Confronting HIV and AIDS

Simon Ndlangamandla, an assistant nurse employed at Anglo Coal South Africa's Highveld hospital, has inspired countless people with his positive approach to HIV. He is living proof that, with the right attitude and lifestyle, the disease can indeed be beaten.

Simon took a giant leap when he declared his HIV-positive status to a large group of colleagues at the Witbank-based health care facility last year. Although it took him a long time to prepare for the consequences, he felt it was something he needed to do for himself, his patients and the community. When Simon discovered the results of his HIV test, he chose to confront the virus head-on, having always believed that AIDS does not kill, but that denial does.

As a nurse, he has worked with patients who, despite being on their deathbeds, stubbornly refuse voluntary counselling and testing. In stark contrast, Simon opted to face the facts and decided that he would remain alive and well, despite his HIV status, so that he can watch his children grow up and pursue further studies. He believes it is important for people to control the disease instead of allowing it to control them.

The 40-year-old is as healthy as ever, and has not yet needed to start ART. He lives positively, avoids stress, eats lots of fruit and vegetables, exercises regularly and keeps motivated with the help of his patients, family, friends and colleagues. Simon cannot emphasise the importance of VCT strongly enough and implores people to be tested. He encourages those who are HIV-negative to remain that way, and teaches everyone that being HIV-positive is not the end of the world.

## Bhubezi community health centre

Together with the United States government and Sir Richard Branson's Virgin Unite, Anglo Coal has joined hands in a public/private partnership to establish a community health centre that will help fight HIV/AIDS, tuberculosis and malaria.

Named Bhubezi, the isiZulu word for lion, the centre will be situated adjacent to the Sabi Sands game reserve in South Africa's Mpumalanga province and will serve approximately 70,000 people from 21 villages in the Agincourt sub-district of Bushbuckridge.

Members of this dynamic partnership are collectively investing R50 million in the one-stop community health centre that will offer free services to people suffering from HIV/AIDS, tuberculosis and malaria. To ensure the clinic's self-sustainability, all other primary health services will be financed through cost-sharing schemes with patients.

Anglo Coal is donating R5 million towards infrastructure development and will also spend R1 million annually for a period of five years for overall management support.

Bhubezi will also drive economic development by facilitating the creation of local business which will reduce unemployment, build entrepreneurship, tackle the stigma related to HIV/AIDS and create a model for rural AIDS treatment in South Africa.





# Occupational health

The health and well-being of our employees is important to the success of our business. We keep informed of best practice in the industry and are constantly seeking ways to minimise work-related health risks. In South Africa, our key areas of risk remain noise-induced hearing loss (NIHL) and lung-related conditions. A number of initiatives are in place to improve the identification of hazards and the monitoring and reduction of exposure, with the aim of continuously improving working conditions.

*Luke Warden, an apprentice fitter at Anglo Coal Australia's Dawson mine.*



## Noise

Anglo Coal South Africa strives to eliminate equipment noise above 110 dB in the workplace and to avoid exposing employees to levels of noise greater than 95 dB. A steering committee of engineering and mining specialists has been formed to look at methods to reduce noise levels. A number of trial projects, including the 'silent section' at Kriel colliery, were initiated and, while early results appear positive, the challenge remains to reduce the noise levels of existing equipment in the short term and to purchase new, low-noise equipment in the long term. All employees who work in a noisy environment are issued with personal protective equipment (PPE).

Despite great efforts during 2006, the percentage of employees exposed to noise levels above 95 dB at Anglo Coal South Africa's opencast and underground operations were 6% and 12% respectively, and ten new cases of NIHL were reported. Anglo Coal Australia reported five new cases of NIHL during the year.

## Dust

In an effort to reduce exposure to high dust levels, Anglo Coal South Africa has set a target of zero for personal exposure to dust levels above 2 mg/m<sup>3</sup>. Progress has been made, with no employees exposed to dust levels above the target level in the opencast operations. However, more work is required at the underground operations, where levels of dust exposure are still too high at 14%. Risk mitigation includes the use of PPE and the withdrawal of personnel from high risk areas.

## Other occupational diseases

In Australia, the key health concerns are related to musculo-skeletal diseases and lifestyle. There were 47 new cases of such occupational illness reported in 2006. In an effort to address the health issues that its employees face, Anglo Coal Australia is developing an Occupational Health Framework that identifies and details all aspects of the management of occupational health. Within this framework, mine sites continue to roll out a range of key health and well-being initiatives.



As it is understood that the physical, mental and emotional well-being of the workforce needs to be considered holistically, the company has invested in a range of activities developed to support employees and their families in making healthy lifestyle choices and to provide them with access to services that will assist them to achieve their desired goals.

### **Fatigue management**

In conjunction with the University of South Australia, Anglo Coal Australia's Callide mine has developed a new fatigue management system. The system, designed to reduce risks associated with fatigue, is based on two principles:

**Management is responsible for providing adequate sleep opportunities to all workers**

This is achieved primarily through appropriate roster design. The fatigue profile associated with a proposed roster is indicated using a software tool, which provides an input to subsequent risk assessment.

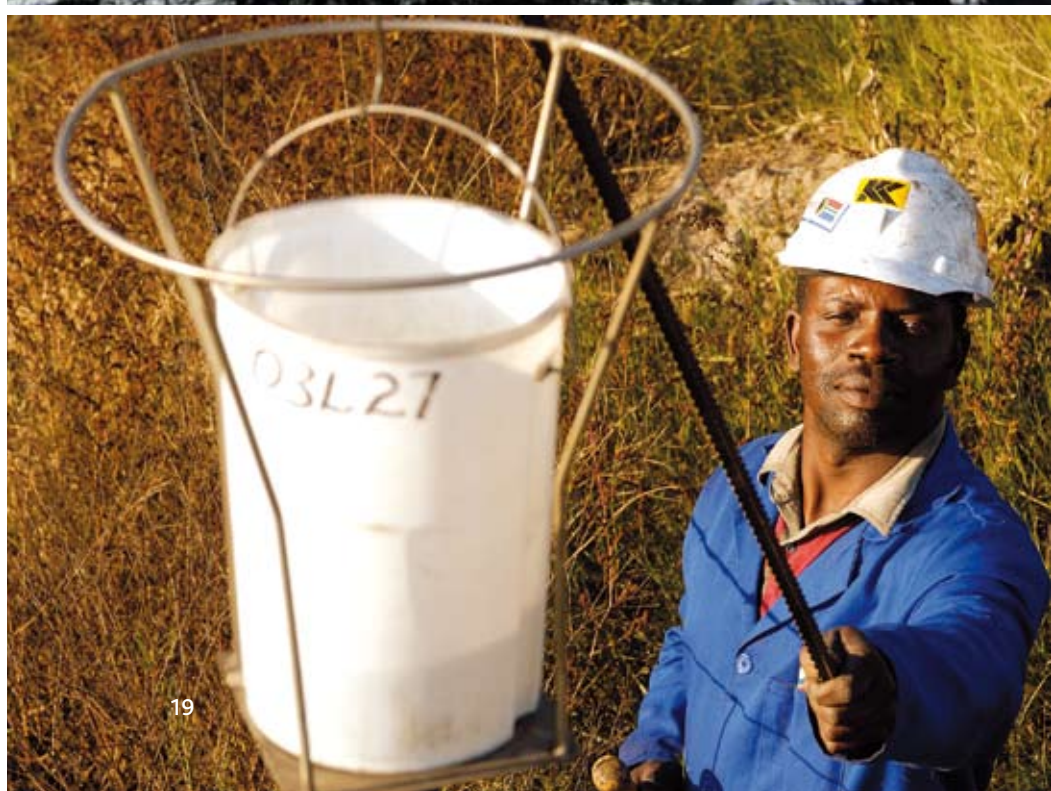
**Workers are responsible for ensuring they get adequate sleep**

Employees are able to use a simple tool, based on personal sleep standards, to assess their likelihood of being subject to a fatigue event. The assessment result can then be used as the basis for discussion with supervisors on the application of fatigue control guidelines.

The system highlights the joint responsibility of both the organisation and the individual for managing fatigue. Callide has also included restrictions on maximum work hours and consideration of travel times in the site fatigue policy, based on the software tools.

*Above: Martin van Heerden and Chris Storm inspect ventilation fans in the 'silent section' at Kriel colliery.*

*Right: Monitoring of ambient dust levels at Kleinkopje colliery in South Africa.*



# Community engagement

Each of our operations has an impact on local landholders, communities, towns, regions and economies. We have robust processes in place to engage with our stakeholders, jointly developing effective ways to control negative impacts and provide opportunities for positive impacts. All operations have community engagement plans in place and these are being improved continually.

## Development and exploration

### **World Bank guidelines**

Land rights and resettlements are ongoing issues in South America and South Africa as our operations expand in these regions. It is an Anglo Coal policy that the resettlement of affected communities will always be actioned only after thorough processes of engagement with all affected stakeholders and that all instances will occur in accordance with local legislation, World Bank guidelines and humanitarian considerations.

### **Guidelines and legislation in practice**

In Colombia, South America, we have a 33% holding in the Cerrejón coal company, which operates over a 69,000 hectare mining lease. In order to develop the mine plan, Cerrejón has had to extend its operations to lands owned by local indigenous communities.

A strategic resettlement plan, incorporating the World Bank guidelines for relocation, has been implemented recently for the resettlement activities of the Roche, Patilla and Chancleta communities. The general objective of the plan is to achieve resettlement within a framework of respect, participation and co-ordination with the traditional inhabitants, and to use it as an opportunity to improve the quality of life of the current population and future generations.

The company has also developed and implemented a training programme focused on the awareness, education and promotion of human rights to increase understanding of the issues related to human rights within its stakeholder groups. The training programme was rolled out to a number of stakeholders including private security companies, indigenous communities,

community leaders and the workforce. Cerrejón and the Colombian Red Cross also signed a co-operation agreement in 2006 to implement further training courses across a broader group of stakeholders including the national army, government members, security and environmental personnel at the mine and private surveillance companies.

## Operations

### **The SEAT process**

To identify and manage our impacts on local communities, we apply the Anglo American Socio-Economic Assessment Toolbox (SEAT) process. Since 2003, the SEAT process has been helping our operations to understand and manage their socio-economic impacts through the implementation of four stages: engagement, assessment, planning and feedback.

The toolbox and process were recently highly commended at the World Business Awards, in support of the United Nation's Millennium Development Goals.

SEAT provides operations with an easy-to-use tool for talking to local stakeholders, discussing issues and managing our commitment to resolving them. Its primary purpose is to help operations understand the impact they have on local communities and to work in partnership with the community to address concerns.

SEAT 2, an enhanced version of SEAT, will be rolled out in 2007 to provide greater guidance on the internal management of the SEAT process and on the integration of outcomes into operational management systems.

Using our SEAT and community engagement processes, we have been able to identify and respond to community issues and concerns.

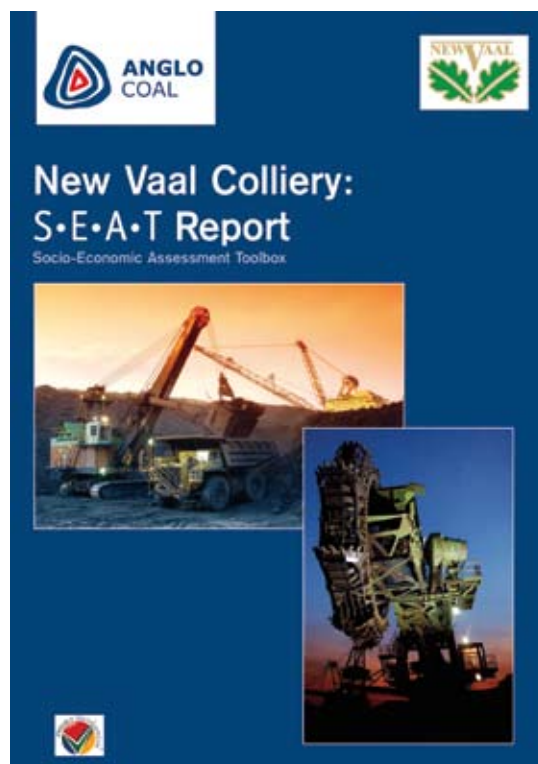
### **Australia**

Some of the issues identified in 2006 during the SEAT process in Australia were:

- △ A lack of affordable housing was identified as a concern by community stakeholders at the Capcoal mine. Anglo Coal Australia is investing US\$15 million to build new temporary mine accommodation and upgrade existing homes in Middelmount, the town



*SEAT reports were completed at all collieries during 2006. Shown here is the cover of the New Vaal report.*



- △ the company's continued assistance to organisations with entrepreneurial and start-up business skills training; and
- △ the company's ongoing role in providing a clean and healthy living environment.

## Closure

### **The Mine Closure Toolbox**

Anglo Coal recognises the social and environmental challenges posed by the closure of its operations when they reach the end of their lives. Funds to cover the physical costs at closure, based on a closure cost assessment undertaken by an external quantity surveying company, are accumulated into an environmental rehabilitation fund during the life of mine for each operation.

Especially difficult is the rehabilitation of the older mines, many of which started operating over 60 years ago. Some of the planning decisions made at that time affect the complexity, sustainability and cost of closure today. Consequently, Anglo Coal has come to understand that the decisions made in the planning stages of opening a new mine are critical to minimising negative environmental and social impacts during the operational phase, as well as to the successful future rehabilitation and socio-economic sustainability of the area after mining operations cease.

In order to assist operations in planning for closure, the Anglo American Technical Division is in the process of finalising a Mine Closure Toolbox. This toolbox has been designed for use in the planning stages of new operations to ensure that the socio-economic and environmental requirements during the operational phase, as well as at closure, are incorporated into the mine design and operational plan. The tools can also be applied to existing operations in order to refine their closure plans.

Once the Mine Closure Toolbox has been finalised, Anglo Coal will incorporate these tools into the planning phase of new operations and will investigate their use in existing operations.

closest to the mine. This will alleviate the housing shortage in the town and provide permanent mine employees and contractors with improved housing options.

- △ In rural areas of Australia, youth suicide has been highlighted as a growing social issue. Through a workshop attended by a number of community organisations and facilitated by Callide mines, external consultants and psychologists have been engaged to draft a report on youth suicide in the region.
- △ Dartbrook mine is in the process of closing and the stakeholders have expressed concern about the potential loss of certain local community services that Dartbrook supported during the mine's operation. These include the 'Youth off the Streets' programme for disadvantaged youth, which Dartbrook has supported for six years. Dartbrook realises the importance of this service to the community and, through Anglo Coal Australia, will continue to support the programme indefinitely.

### **South Africa**

In South Africa, the following key topics were raised:

- △ the company's commitment to transform and ensure the meaningful participation of historically disadvantaged South Africans in the coal mining industry;
- △ the company's response to socio-economic and HIV/AIDS challenges by supporting the communities in which we operate and the areas from which our labour is sourced;
- △ the effective communication of the *Yebo Siyaphambili!* principles and the Anglo Coal values to its stakeholders;







## SOCIAL CAPITAL

# Corporate social investment

We continue to support a range of organisations, community groups and events that are in line with our strategic values and principles. For Anglo Coal, this means focusing our efforts not only on corporate giving opportunities but also on capacity-building enterprises, so that when our operations come to an inevitable end there will be opportunities outside of the mining industry that will contribute to the successful future of the local communities.

*Left: Children at the Middelburg Care Village, which receives financial support from Anglo Coal South Africa.*

*Below: A community member at an electrical repair workshop, which forms part of the small business development skills training programme.*

### Performance

In 2006, our corporate social investment programme in South Africa resulted in approximately US\$3.1 million being distributed to a number of organisations. This included distributions to a number of successful projects in South Africa, including:

- △ the establishment of a small business development skills training programme in partnership with the South African Department of Labour;

- △ assistance with the development of small business ventures including beading, baking, art projects, vegetable farming and chicken farming;
- △ development of a multi-purpose community centre in Middelburg, which will provide essential health care services, a skills centre and entertainment facilities;
- △ the building of Emalahleni and Kromdraai primary schools in Schoongezicht, in partnership with the South African Department of Education; and
- △ a number of life-skills and home ownership programmes to reduce the dependency of employees on the mines in the short and long term.

### Initiatives

#### **The Anglo American Chairman's Fund**

The Anglo American Chairman's Fund is a dedicated instrument through which Anglo American plc channels its corporate social investment in South Africa. In 2006, it was responsible for the disbursement of approximately US\$7.5 million to more than 300 organisations.

Of this contribution, 12% (US\$924,000) was allocated to groups nominated by Anglo Coal with a focus on education, HIV/AIDS, welfare and development. These included organisations located in Witbank such as the Springbok primary school, the loveLife Trust, the KwaGuga clinic and the Impendulo health and welfare centre. Anglo American plc, through the Chairman's Fund, has been recognised in South Africa as the best corporate grant-maker and for making the strongest contributions to education, HIV/AIDS and social development. Non-governmental organisations have ranked the Chairman's Fund as being most hands-on in its approach to corporate social investment.

#### **Cerrejón Foundation – South America**

The Cerrejón Foundation distributed approximately US\$4 million in 2006 to a number of projects, programmes and community groups in the targeted areas of health, education, indigenous communities, sports and recreation, income and employment generation and infrastructure.





## Woorabinda – from little things big things grow

We recognise that, in some instances, we need to adapt our giving programmes to less financially-focused outcomes in order to achieve tangible, secure and sustainable futures for our stakeholders. In 2005 and 2006, Anglo Coal Australia took steps to engage more proactively with an Aboriginal community located close to its Queensland operations and help the community to realise its goal of creating sustainable employment for its residents.

Historically, the Aboriginal community of Woorabinda, with a population of approximately 1,200 people, has lacked employment opportunities and has had to rely on government funding for survival. The Council of Woorabinda was keen to pursue ideas for new businesses that would create jobs and boost the

town's prosperity. It developed an initial business idea to establish a self-sufficient furniture manufacturing business using timber from nearby woodland.

The Woorabinda Council met with Anglo Coal to discuss the idea and made it clear that their intention was not the receipt of a financial commitment, but rather assistance with business development and project management advice. It was agreed that key employees from the surrounding Anglo Coal Australia mines would be involved in supporting the project by assisting with planning the layout of the Woorie Wood furniture construction area, the development of appropriate occupational health and safety processes and the development of a business plan and strategy. The Australian government was also involved at a number of levels and has provided the funding to set up the enterprise.

In 2005, a shared responsibility agreement (SRA) between Anglo Coal Australia, the Aboriginal community of Woorabinda and the federal government of Australia was signed. The agreement formalised the commitments of the three parties in the development of the venture with milestones set for each participant in achieving the project's outcomes. Since the signing of the SRA, many of Anglo Coal Australia's milestones have been realised and the production of timber goods has commenced. The timber products are being sold to the local community and a commercial contract for the production of outdoor furniture for mine accommodation centres in Central Queensland has also been awarded. The community is working closely with the Queensland Department of Natural Resources and Water to ensure adherence to the government's sustainable forestry practices, which include the re-planting of native vegetation.

The SRA was formally acknowledged as the recipient of the Jobs Careers Future Award 2006 for Outstanding Community Benefit by the Australian Federal Minister for Employment and Workplace Relations. This award recognises initiatives that generate sustainable benefits for communities and excellence shown by individuals and organisations in assisting indigenous Australians to find and retain sustainable employment.

*Paul Wood, safety and sustainable development manager at Dawson mine, accepts the first table constructed by Woorie Wood from the manager, Jason Smith. Looking on are Archie Sullivan, Maurice Cameron, Steven Williams, Joel Cameron and Colin Watson.*





## BLACK ECONOMIC EMPOWERMENT

# The South African Mining Charter

Our objective is to ensure that our commitment to black economic empowerment (BEE) extends beyond legal compliance to a broader level of empowerment. We seek to achieve this through our empowerment

initiatives, the development of a number of strategic and operational partnerships with black economic empowerment companies and in our employment and procurement processes.

The company's current strategy of working with Zimele (an Anglo American plc enterprise development company) to create and support new BEE companies is successful and will continue.

### **Employment equity**

Anglo Coal South Africa is on track to achieve the target of 40% historically disadvantaged South Africans (HDSA) in management by 2009. With our figures currently at 32%, our targets are also ahead of those set by the South African Mining Charter. At the end of 2006, women accounted for 12% of the workforce, with over 50% of these women in technical fields. As a result of this success, targets for 2007 have been revised upwards to 14%.

### **Procurement**

With BEE companies being given preferred supplier status, an aggressive target of US\$200 million for BEE spend was set and achieved during 2006. This represents an increase of 26% compared with 2005. The purchase of consumables and services accounted for US\$162 million, with the purchase of capital items accounting for the balance. As a result of the planned capital expansion projects, our focus on engaging with BEE companies will be greater and US\$325 million is set to be spent on procurement from these companies in 2007. We have set aggressive procurement targets for the next three years and the forecast is for 60% of Anglo Coal South Africa's discretionary spend to be with BEE companies by 2010.

*Kriel colliery in South Africa has several women employed in professional positions. From left to right: Neo Ntseke, Margaret Phatlane, Claire Logan-Delagey and Zandile Mdanda.*



### **Ownership and joint ventures**

Anglo Coal has embraced the principle of transformation as a strategic imperative to reinforce its position as a leading coal producer in South Africa. In this regard, Anglo Coal has already played a major role in empowerment in the coal sector through the creation of significant BEE companies and opportunities for participation by HDSA:

- △ As demonstration of its ongoing commitment to transformation, in 2001 Anglo Coal waived its participation rights in the Richards Bay Coal Terminal Phase V expansion in order to facilitate HDSA participation.
- △ Mafube colliery was established in 2004 as a 50/50 joint venture with Eyesizwe Coal, now part of Exxaro, supplying 1.8 million tonnes of coal to Eskom's Arnot power station. Mafube has a tonnage profile of between 1.2 and 3.4 Mtpa. Construction of the plant, rail load-out station and all related infrastructure is progressing well with the intent of loading the first train of export coal from Mafube colliery in October 2007.
- △ On 8 February 2007, Anglo Coal announced the creation of Anglo Inyosi Coal, an empowered coal company housing key future domestic and export focused coal operations. Anglo Coal has signed a Heads of Agreement with Inyosi, a newly-formed

broad-based BEE company. Inyosi will acquire 27% of Anglo Inyosi Coal, creating a company valued at over US\$1 billion and incorporating several key Anglo Coal assets, namely Kriel, Elders, Zondagsfontein, New Largo and Heidelberg.

Anglo Inyosi Coal will have an estimated 4,1 billion tonnes as a total resource base.

Inyosi is led by the Lithemba Consortium and Pamodzi Coal and has a beneficiary base that will benefit in excess of 27,000 individuals, the majority of whom are female HDSAs. Women's Development Bank Investment Holdings (WDBIH) will also be a shareholder and Inyosi will create an independent broad-based Community Trust that will benefit HDSA communities around Anglo Inyosi Coal's operations and marginalised and impoverished communities in the Mpumalanga province.

There is strong emphasis on broad-based black economic empowerment in Inyosi as evidenced by the creation of a Community Trust, the involvement of WDBIH, which is wholly-owned by the WDB Trust whose beneficiaries include impoverished women, and the inclusion of various broad-based groupings within the Lithemba Consortium and Pamodzi Coal. These broad-based groups will receive an annual allocation to enable the immediate initiation of socio-economic community-based projects.



# Environment

We require all our operations to reduce their ecological footprint by seeking ways to reduce consumption of the planet's natural resources. Water requires our particular focus due to its increasing scarcity in a number of our operating locations. In addition, our ecological footprint is affected by the way in which we develop and explore for new operations and rehabilitate the land impacted by our exploration and mining activities. Our approach to each of these processes is outlined below.

### Water

There is widespread recognition that water is becoming a scarce commodity in certain regions of the world. For example, Australia is facing ongoing drought conditions. We recognise that we have a responsibility to manage water carefully and efficiently. The challenge that we and our stakeholders face is to implement water management practices that make better use of

regional water supplies and re-use or recycle more water at our mine sites.

### Performance

Water consumption targets were not met in 2006. The water consumption target for Anglo Coal South Africa was exceeded due to increased water usage associated with:

- △ construction of the Phase 2 Mafube project;
- △ increased potable water usage at Landau when problems were experienced with the recycled water reticulation system; and
- △ increased potable water usage at Greenside when underground water qualities deteriorated and could not be used for dust suppression.

The water consumption target for Anglo Coal Australia was exceeded due to increased water usage associated with:

- △ ongoing drought conditions in Australia, requiring increased water use for dust suppression activities; and
- △ significant infrastructure project activities at Dawson and Capcoal.

### Initiatives

#### Emalahleni water treatment plant – South Africa

Excellent progress was made on the Emalahleni water treatment plant in which waste water from Anglo Coal's Greenside, Kleinkopje and Landau collieries will be purified to drinking water standards for use in the local water supply.

The US\$44 million project is 85% complete and is on track to meet its completion date at the end of June 2007. The plant is expected to treat 5 million litres of colliery water per day from the end of March and 20 million litres per day by the end of June.

This public/private partnership will see 20% of the local municipality's daily requirements being met. In addition, 5 million litres of water will be supplied per day to the adjacent Anglo Coal mines for the purpose of domestic consumption, resulting in the mines becoming self-sufficient in terms of their domestic water requirements.

*The new Emalahleni water treatment plant in South Africa is still under construction and should be completed during mid-2007. The plant will treat underground water from three mines and supply the water to the Witbank town council.*





**Above:** *Anglo Coal Australia's acting chief executive officer, Neville Sneddon, with Energy Development Limited managing director Chris Laurie at the official commissioning of the Capcoal coal seam methane-fired power station.*

**Right:** *Surveying rehabilitated opencast spoil heaps at Landau colliery in South Africa.*

Waste products from the treatment process will be disposed of alongside mining waste from Greenside colliery. Ways of recycling and possibly selling waste minerals such as limestone, magnesite and sulphur are also being explored.

#### **Crop irrigation with mine water**

Anglo Coal's Kleinkopje colliery in South Africa has been involved in a trial project to assess the use of mine wastewater for crop irrigation. Using a rehabilitated area on the mining lease, crops were planted and irrigated with mine wastewater. Conclusions of the ten-year trial, which ended in 2006, proved that crops can be commercially produced at above-average production levels, using mine wastewater for irrigation. Additional funding for the project has been secured to allow the pivot sites to be monitored for another year. When the trial is complete, it is expected that Anglo Coal will assess water licence opportunities with the South African Department of Water Affairs to begin a full-scale irrigation programme using mine wastewater.

By finding a secondary use for mine wastewater beyond our core mining activities, this innovative development could provide a significant solution to water scarcity issues in the region and a cost-effective way of managing wastewater releases into the environment.

### **Exploration, development and rehabilitation activities**

#### **North America**

In Canada, Anglo Coal is exploring for coking coal resources in steep, tree-covered terrain near Tumbler Ridge in the Rocky Mountains of north-east British Columbia. In order to gain access for drill rigs, exploration trails through forest areas are constructed using heavy equipment, primarily dozers and excavators.

Rehabilitation of the disturbed sites is paramount so careful planning is required, with the proposed

routes being forwarded to the British Columbian environmental authorities and all stakeholders for prior approval. Exploration trails are of minimal width and are routed to avoid the largest trees. During the construction process, trees are cut into short lengths by a chainsaw operator, which reduces the risk of forest fires and improves rehabilitation. Topsoil is removed by the excavator and stockpiled for rehabilitation of the trails. Switch-backs are utilised on steep slopes and culverts are installed when crossing drainages to minimise this impact. Once drilling is complete, trails are rehabilitated, seeded and decommissioned.

Careful consideration is given to sites above the tree line, at elevations greater than 1,600 metres above sea level. These alpine ecosystems contain unique and sensitive flora and are important habitats for caribou. Consequently, the building of roads in these areas takes place only in the winter months when the snow cover protects the ground surface. In August 2006, during Anglo Coal Canada's first drill season, the quality of road construction was highly commended by an inspector who visited the exploration properties.

#### **China**

In China, Anglo Coal is exploring for coal in sensitive dune fields on the Xiwan project. The Chinese desert comprises largely scrubby vegetation, an environment with which Anglo Coal is familiar due to similar landscapes at our South African operations. Our partner, Shaanxi Geological Bureau, has adopted our policies and the exploration activities are being conducted using best practice environmental management procedures. The two key overriding aspects in the environmental management programme are reducing the immediate impact of drilling and ensuring that, on completion, the site is properly rehabilitated.

Obtaining access to the individual drill sites has the potential for a significant impact considering that there are few permanent roads in the region.





**Above: Coal loading under way at the Cerrejón operation in Colombia.**

**Right: The coal beneficiation plant at Trend mine, located at the foothills of the Rocky Mountains in Canada.**

The project team has developed an innovative way of dealing with this challenge by engaging the local villagers to provide a stable access route using a natural base of grass and brush for driving across the sand, providing some income in an area with high unemployment. This approach does not require the importation of additional gravel, nor the use of wooden or steel boards that would be needed to construct a more permanent road. This ensures that the temporary roads will be far easier to restore after drilling is complete, therefore minimising the impacts of our exploration activities on the natural environment.

### **Australia**

As part of its commitment to best practice SHEC standards, Anglo Coal Australia has entered into a number of agreements with the native title claimants over areas of our operations and projects. The agreements, which apply to all Anglo Coal Australia's tenures, recognise the traditional owners' roles in the management of Aboriginal cultural heritage. These agreements, known as cultural heritage investigation and management agreements, provide for a cultural heritage survey to be undertaken by the traditional owners before any exploration activities are commenced. Generally, early-stage exploration programmes can be designed to avoid any areas of cultural significance, while more detailed exploration activities may necessitate the relocation of any artefacts. Anglo Coal Australia's policy is to leave the artefacts in place if at all practically possible in order to preserve the cultural heritage.

### **South Africa**

In the South African province of Limpopo, Anglo Coal is exploring for coal bed methane over an area of some 80,000 hectares in the Lephalale region.

Here, Anglo Coal mainly makes use of farm roads to access the well sites and then endeavours to minimise the resultant impact on the natural thorn

bush. Where required, the disturbed areas around the drill sites are re-seeded at the beginning of each rainy season. As a significant part of the region is used to farm game or is used for hunting, the exploration teams in the Limpopo province have had to face dangers to which they are not always accustomed. As the area is renowned for its wildlife, a watchful eye has to be maintained at all times.

Anglo Coal South Africa has introduced several innovative environmental initiatives for the coal bed methane pilot plant in the Waterberg coal field. One of these initiatives is to reduce the environmental and visual impact of gas wells in the Bushveld ecosystem at the Bulklip pilot plant.

Following gas well construction, the immediate surrounding area is rehabilitated by removing contaminated soils and re-contouring the surface in preparation for the planting of local indigenous trees and grasses. Early-phase rehabilitation is closely monitored and maintained to establish the plant life around the gas wells. Although it is still necessary to maintain a cleared area of a 20 metre radius as a firebreak around the gas wells, the environmental impact has been significantly reduced.

### **South America**

In Colombia, Cerrejón Coal is a joint venture company in which Anglo Coal has a 33% interest. Environmental management within the exploration programme is an important consideration, with exploration for coal taking place in a number of natural habitats in the northern Guajira region which includes dry forest and, closer to the Rancheria river, becomes a jungle that contains large Saman trees, some of which are over 30 metres tall. Where drilling takes place in the heavily wooded areas, care is taken to ensure that the forest is respected. Access roads are constructed around the large trees, even if that means moving the planned drill sites.







# Climate change

We are incorporating climate change impacts into all elements of our business and its processes, from decisions to develop new businesses to the way we manage our current operations. Our integrated strategy and approach to the climate change challenge are outlined below.

## Process stewardship – focused emission reductions

We understand that part of the climate change challenge for Anglo Coal can be addressed in our own process stewardship activities through more efficient on-site management and usage of energy. We are committed to reducing our collective energy usage by 15% and our CO<sub>2</sub> emissions per unit of production by 10% by 2014, against our 2004 baseline. To meet this target, Anglo Coal has a number of projects under way, most notably our methane capture and energy efficiency programmes in Australia and South Africa.

### Methane capture

Fugitive methane is by far the biggest component of greenhouse gas emissions from Anglo Coal operations, contributing approximately 46% to the company's total emissions in 2006. In the past, methane has been flared at the surface or vented to the atmosphere because it reduces safety risks in underground mines. Flaring reduces its potency as a greenhouse gas but adds to the CO<sub>2</sub> burden from coal mining.

At three of Anglo Coal Australia's five operating mines, namely Dawson, Capcoal and Moranbah North, gas drained from coal seams is increasingly being captured and either piped for commercial use as gas or used on site to generate electricity. Turning it to productive use reaps triple benefits for our operations in the significant reduction of greenhouse gas emitted, in reducing our demand for traditional CO<sub>2</sub>-intensive electricity supplied from the national grid and in our ability to sell this by-product to customers as an energy source.

### Energy use reduction programmes

Anglo Coal Australia is participating in the Australian government's energy efficiency opportunities (EEO) programme, which came into effect in mid-2006. This programme encourages large energy-using businesses to improve their energy efficiency by requiring businesses, using more than 0.5 Petajoules of energy a year, to identify, evaluate and report publicly on cost-effective energy savings opportunities. An initial public report will be required by the end of 2008. Australian operations have embarked on a preliminary energy audit programme scheduled to be completed by mid-2007. The aim of these audits is to evaluate site energy use and detail and prioritise a number of actions that could reduce energy use. The audits will also inform the sites about the EEO process and the information to be reported.



Our approach to climate change	
	<b>PROCESS STEWARDSHIP</b>
	<b>Focused emission reductions</b>
	Methane capture Energy use reduction programmes Integrating carbon pricing into business development decisions
	<b>PRODUCT STEWARDSHIP</b>
	<b>Low carbon opportunities</b>
	Coal seam gas Clean transport fuels (Monash Energy)
	<b>Clean coal partnerships</b>
	Industry partnerships Policy developments

### ***Integrating carbon pricing into business development decisions***

As a subsidiary of Anglo American plc, we are applying their carbon pricing sensitivity analysis policy to all new capital projects over US\$20 million. By beginning to measure effectively our current and planned exposure to carbon costs, we hope not only to raise awareness of expected restrictions in a future carbon-constrained economy, but also to mitigate and potentially reduce our exposure over time.

Anglo Coal is a member of the Anglo American Carbon Working Group. Through this group, we exchange information with other business divisions to foster best practice in carbon management and develop carbon abatement projects and other mitigation options.

### **Product stewardship – low carbon opportunities**

The burning of coal for electricity generation is seen as a major contributor to climate change. As a major supplier of coal to the electricity industry, we recognise our downstream responsibility to work with our customers and other industry partners to mitigate their impacts. We are taking proactive steps into a range of innovative lower-emission opportunities, such as coal seam gas projects and the Monash Energy project. This is to ensure that we become part of the solution to the climate change challenge while also continuing our role as a reliable supplier of energy.

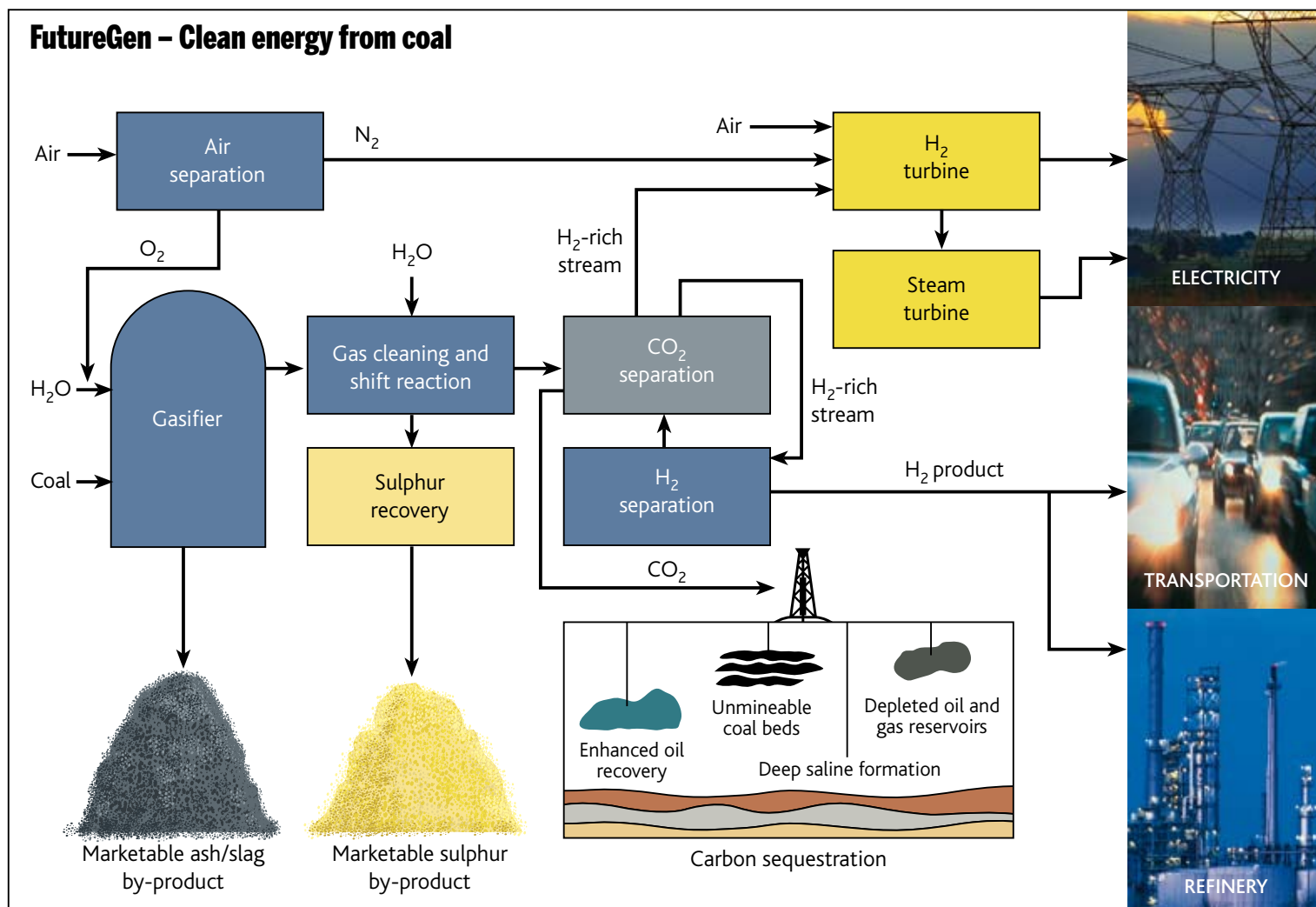
In addition, Anglo Coal participates in a number of international and regional associations that seek to work with industry, governments and other stakeholders in addressing climate change issues.

### ***Coal seam gas***

Through our methane capture projects in Australia, where traditionally vented or flared methane is now captured and sold to customers, we are transforming a by-product of our coal mining operations into a saleable low-carbon energy source. At our Capcoal operations, a 32 megawatt coal seam methane-fired power plant commenced operation in mid-2006, supplying electricity to the national grid. Following the success of this venture, a feasibility study will be conducted in 2007 to develop a similar plant at our Moranbah North operation. At this site, we currently deliver methane directly to an energy retailer via a pipeline to the Townsville power station, where it is used to generate electricity. We have purchased the methane drainage assets in the Moura area from an existing energy retailer, Origin Energy, increasing the size of our methane assets and allowing us to develop our gas drainage skills in support of our underground mines.

We have also started a pilot project at Lephalale, in South Africa, to test the feasibility of producing methane from what is believed to be the largest gas resource in South Africa, with approximately one trillion cubic feet of recoverable methane gas available. The pilot project consists of five production wells and it is envisaged that a further five wells will be installed to continue proving the resource. Two possible economic uses for the gas are currently being considered: the first is to supply a possible new local power plant with methane for energy generation and the second is to pipe the gas for distribution to end users.





Source: U.S. Department of Energy

### Clean coal partnerships

Anglo Coal, through its parent company Anglo American plc and its two major regional companies, Anglo Coal Australia and Anglo Coal South Africa, is a member of a number of climate change forums and partnerships. In conjunction with other leading organisations in the industry, stakeholders, advocacy groups and institutions, we are committed to working together to solve climate change issues through research and technology, investment, discussion and thought-leadership. In particular, the organisations with which we worked in 2006 included:

△ **FutureGen:** During 2006, Anglo American plc entered the FutureGen alliance. The alliance aims to produce coal-fired power with near-zero emissions of conventional pollutants such as sulphur, nitrogen oxides and particulates, as well as the capture and storage of CO<sub>2</sub> emissions. The alliance includes a total of 12 coal mining and power generation companies.

△ **World Coal Institute (WCI):** The WCI is an association of coal enterprises, working worldwide on behalf of the coal industry. It aims to take the coal industry forward as a progressive industry, committed to technological innovation and improved environmental outcomes, within the context of a balanced and responsible energy mix.

△ **International Energy Agency Clean Coal Centre (IEA CCC):** The IEA CCC facilitates co-ordination of clean coal technology research by industry players, with particular emphasis on coal usage. Subsequent to the Gleneagles Summit in July 2005 and the release of the G8 action plan covering climate change, the International Energy Agency has requested the IEA CCC to undertake specific research tasks around cleaner energy.

△ **Carbon Sequestration Leadership Forum (CSLF):** The CSLF is a 10-year project to facilitate international collaboration on the separation, capture, transportation and storage of CO<sub>2</sub>. Internationally, the CSLF also provides a platform to broaden stakeholder support for carbon capture and storage.

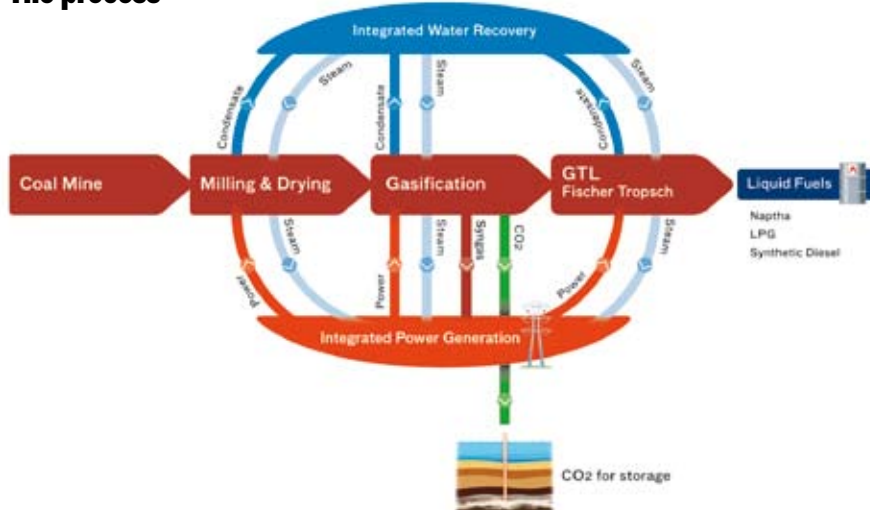


## Clean transport fuels

In 2006, Anglo American and Shell Energy Investments formed a clean coal energy alliance to pursue coal conversion projects. The Monash Energy coal-to-liquids project, based in the state of Victoria, Australia, is the first of such opportunities to be assessed under this alliance, with Shell and Anglo American signing a joint development agreement to take the project forward. The Monash Energy project involves the gasification of brown coal from Victoria's Latrobe valley for further conversion into clean synthetic diesel. This gas-to-liquid fuel process has a large number of benefits. It can be used in conventional diesel engines and it provides significantly lower emissions of local pollutants such as particulates, carbon monoxide, hydrocarbons and nitrogen oxides.

Anglo Coal Australia will manage the brown coal resource, finding a new use for Latrobe valley brown coal which would have been used typically for electricity production. The project will roll out technologies which could then be applied to a new generation of power stations in the region. The CO<sub>2</sub> emissions will be captured and permanently stored in underground geological formations. A number of depleted oil and gas fields in the Gippsland Basin have been identified as potential sites for the safe and secure storage of CO<sub>2</sub>. The project has a decade-long development horizon and covers a number of phases. Should the Monash Energy project become operational, it is forecast to process around 72,000 tonnes of coal into approximately 60,000 barrels of ultra-clean, low-sulphur diesel every day, over a project life of 50 years. In full operation, the project will reap carbon savings of 13 million tonnes of CO<sub>2</sub> per year.

### The process



Source: Monash Energy



Monash Energy's Matthew Pietsch and Greg Eagle (in orange safety vests) inspect drill core samples collected at the proposed Latrobe valley brown coal mine site.



△ **The Business and Climate Working Group:** Anglo Coal Australia has joined with twelve other leading Australian organisations to form the Business and Climate Working Group, to take a proactive leadership position in the Australian business community to promote debate and concrete action in addressing climate change.

△ **CO<sub>2</sub> Coal Research Centre (CO<sub>2</sub> CRC):** This is one of the world's leading collaborative research organisations focused on carbon dioxide capture and geological storage (geosequestration). Anglo Coal has formally joined the CO<sub>2</sub> CRC and provided financial support towards the Otway demonstration project, a trial to geosequester 100,000 tonnes of CO<sub>2</sub> in the Otway Basin in Victoria, Australia.



**Rachel Mitchell, a graduate environmental adviser at Anglo Coal Australia's Moranbah North mine.**

## An inconvenient truth – screening and education

As part of our awareness raising and educational activities in climate change, Anglo Coal Australia hosted a pre-screening of the documentary film, *An Inconvenient Truth*, in Brisbane in September 2006. The film received intense global media interest as US presidential candidate Al Gore brought the subject of global warming to life on screen. The screening was attended by over 200 guests from various stakeholder groups including government, industry, shareholders, suppliers and employees. While Anglo Coal does not necessarily endorse all the views expressed in the film, it provides a good focus for discussion.

An output from the film has been the implementation of a Climate project, involving the international roll-out of 'climate messengers' to deliver Al Gore's climate change presentation, as featured in the movie. An initial 100 'climate messengers' were trained in Tennessee, USA, in September. Australia was the first location outside the USA to roll out the project. Over 1,700 applicants registered and the final 85 were selected in November 2006 as 'climate messenger' trainees.

Rachel Mitchell, a graduate environmental adviser from Anglo Coal Australia's Moranbah North mine, was selected as one of the participants and joined others in Sydney to be trained personally by Al Gore. Rachel was equipped with the knowledge, skills and materials to deliver the presentation which has been adapted to include Australian content relating to climate science, impacts and solutions. Rachel will take the presentation out to the local communities surrounding the mine and across the business in early 2007 to educate stakeholders about climate change issues.



# Awards



*Above: Members of Anglo Coal Australia, the Aboriginal community of Woorabinda and the federal government of Australia with the Jobs Careers Future Award 2006 in recognition of their work at Woorabinda.*

*Right: Isibonelo's Joanna Kuntonen-van't Riet, Dipuo Molamu and general manager Clive Ritchie with the Nedbank Green Mining Award in recognition of the colliery's wetland rehabilitation project.*



## **Woorabinda receives award for Outstanding Community Benefit**

The Anglo Coal Australia Woorabinda Shared Responsibility Agreement was the recipient of the Jobs Careers Future Award 2006 for Outstanding Community Benefit presented by the Australian Federal Minister for Employment and Workplace Relations. This award recognises efforts and initiatives that generate sustainable benefits for communities and excellence shown by individuals and organisations in assisting indigenous Australians to find and retain sustainable employment.

## **Isibonelo wins Nedbank Capital Green Mining Award**

Anglo Coal South Africa received the Nedbank Capital Green Mining Award in the Environmental division for its Isibonelo wetland rehabilitation project, which was described by the judges as 'innovative' and 'beyond compliance'. The Nedbank Capital Green Mining Awards acknowledge and celebrate the contribution that responsible mining makes to the economic development of southern Africa. They seek to raise

the level of involvement in sustainability issues, while at the same time highlighting the good work that is already being done by some mining companies to minimise the environmental impact of their operations. Isibonelo colliery received the award for its efforts in preserving neighbouring wetland areas by modifying the boundaries of the initial mining area and rehabilitating both on-site and off-site wetland areas in the degraded Olifants River catchment area.

## **SEAT process is highly commended at World Business Awards**

The Socio-Economic Assessment Toolbox (SEAT), which Anglo American operations use to engage with their local communities, was highly commended by judges at the World Business Awards in 2006. The World Business Awards, which are run jointly by the International Chamber of Commerce, the United Nations Development Programme and the International Business Leaders Forum, recognise the significant contribution that businesses make towards achieving the United Nations Millennium Development Goals.





### **Related reports**

Anglo American plc  
Report to Society 2006  
A climate of change

Anglo Coal South Africa  
Report to Society 2006  
Sustainable Coal: Moving forward together

Anglo Coal Australia  
Report to Society 2006  
Sustainable Coal: Development, Understanding, Practice

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