

Contributing to a better South Africa

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Hi-Quip Hydraulics – service,
supply and maintenance of
hydraulic hoses and fittings
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Foreword

Anglo American, through its operations and social investment activities, continues its longstanding tradition of being a leader in not only creating wealth for our shareholders, but of making a broader and lasting contribution to the societies in which we operate.

For nearly a decade, Anglo American has been the biggest private-sector investor in South Africa – and its biggest corporate taxpayer. During the period from the formation of Anglo American plc in mid-1999 to the end of 2006, Anglo invested R139 billion in South Africa (or R177 billion in 2006 money terms). For the 2006 year, we paid R10.7 billion in taxes to the South African fiscus.

Anglo is also the largest private-sector employer in South Africa, with approximately 70,000 permanent staff – almost half of this total being employed by Anglo Platinum – and another 41,000 contractors.

In respect of our workforce, 2006 represented another year of significant progress in delivering on the company's transformation agenda. During the year the proportion of Historically Disadvantaged South Africans (HDSAs) employed in managerial positions in our Group moved up from 34% to 39%, while the number of senior-management

positions (i.e. those in the E-band) occupied by HDSAs went up from 1,774 to 2,175. Importantly, the number of women in management continued to rise: by year end the number had gone up to 1,419, from 1,284 at the start of the year, reflecting a growth of more than 10%.

Employee Share Ownership Plans (ESOPs) are being implemented across our Group. Already, share schemes for employees have been put in place at Mondi and Kumba Iron Ore and at our associates De Beers and AngloGold Ashanti, while ESOPs formed part of the empowerment deals that took place at Scaw Metals and Tongaat-Hulett in early 2007.

In 2007, Anglo Platinum also announced its ESOP scheme as part of its major Black Economic Empowerment (BEE) transaction and Anglo American South Africa will also roll out its own ESOP this year.

Perhaps the highlight of 2006 from a transformation viewpoint was the empowerment

transaction, concluded in November, that saw the creation of Kumba Iron Ore as a 64%-owned pure-play iron ore company, and of Exxaro Resources, which now holds the non-iron ore assets of the former Kumba Resources together with Namakwa Sands and stakes in Kumba Iron Ore, Black Mountain and Gamsberg. This represented the most significant BEE transaction in South Africa to date through the creation of Exxaro as the country's largest black-owned, -controlled and -managed mining company. Exxaro has a 56% BEE ownership and a market capitalisation of R20 billion and is strategically and financially positioned to play a key role in further BEE consolidation. The Kumba/Exxaro deal was followed in early 2007, by the creation of Anglo Inyosi Coal. Inyosi, which incorporates Kriel Colliery as well as a number of Anglo Coal projects, is valued at more than R7 billion, with a broad-based BEE beneficiary base of more than 200,000 shareholders.

On a personal note, I have been closely involved in the shaping of Anglo's BEE policies, including the setting up of our small-business unit Anglo Zimele and the early attempts to assist emerging businesses to form links with the Anglo supply chain. Over the past 18 years the Anglo American Group has been responsible for around R50 billion's worth

of BEE transactions, of which the cumulative procurement from black-owned or -managed companies amounted to R38.4 billion. In 2006 our BEE procurement and business-development spend amounted to R12.3 billion, rising from R8.9 billion in 2005, and accounted for 26% of total available expenditure. Anglo Zimele's and the Anglo Khula Mining Fund's own investments generated a turnover of R917 million, 18% up on the previous year, and continue to directly support more than 3,000 jobs at any time.

Once again, I would like to pay tribute to the Anglo American Chairman's Fund. The Fund is the acknowledged leader in the field of corporate social investment (CSI) in South Africa and has consistently led the field and set the standard by which CSI funds are judged. For the 7th year running the Chairman's Fund was rated the best corporate grant maker by the *CSI Handbook*, the country's most in-depth survey in the CSI field. In addition, education has been given a R40 million boost through two independent trusts founded by Anglo American, which have chosen to focus on maths and science teaching.

The HIV/AIDS pandemic continues to exact a heavy toll in southern Africa. In response to this, Anglo American has the largest corporate treatment



programme in the world, and one that has gained international recognition for its excellence. Our voluntary counselling and testing (VCT) programme, combined with the provision of anti-retroviral drugs at the correct stage of infection, is beginning to make inroads in the fight against the disease. It is encouraging to note that at our South African operations, the level of participation in VCT doubled, from 31% to 63%, in 2006. At Anglo Coal, participation exceeds 80%. Indications are that the treatment programme are becoming self-financing through reduced loss of skills, less absenteeism and fewer new infections.

One of the major challenges for modern mining operations is to ensure that they command a continuing social licence to operate and play a part in creating sustainable benefits for local communities. Moreover, we regard our role in the upliftment of the communities associated with our operations as a key part of our transformation agenda. To this end, our internationally recognised Socio-Economic Assessment Toolbox (SEAT), initiated in 2004, has now been implemented at more than 50 sites in 16 countries, with over 250 managers trained in carrying out the process. This leading-edge community-engagement

process has been conducted at some 21 of the Group's sites in South Africa to date, with a further 6 due for completion during 2007. SEAT has enriched both our Social and Labour Plans and our Community Engagement Plans and increased our ability to contribute to the sustainable development of the communities associated with our operations.

Safety is an area in which we have to significantly improve our performance. This imperative affects all parts of the Group but especially here in South Africa. Our firm intention is to create a workplace, with the co-operation and support of other stakeholders such as our employees and their families, the trade unions and government, in which each individual is treated with care and respect and goes home safely at the end of their day's work. If each one of us can rise to the challenge of making the workplace a safer place, then we will truly transform our inter-personal relationships and, in doing so, transform our company, its operations, and our country.

Finally, although our new group chief executive, Cynthia Carroll, only took office in early 2007, it is fair to note both that the appointment of a woman to our top job is itself a manifestation of transformation and that Cynthia has already shown great commitment to this objective



Anglo American plc chief executive Cynthia Carroll and Tshikululu Social Investments chief executive Margie Keeton at the announcement of two trust funds to support the teaching of mathematics and science

within our South African operations. In our 90th year, she is leading the organisation through a palpable process of renewal and culture change.

This report endeavours to show some of the important ways Anglo American is delivering both on our internal transformation objectives and contributing to the sustainable development of South Africa. I hope you will find it instructive.

Philip Baum

Acting chief executive Anglo American South Africa and chief executive Ferrous Metals and Industries



ANGLO AMERICAN SOUTH AFRICA

Highlights



Signing of the heads of agreement for the Anglo Inyosi Coal BEE transaction

South Africa (SA) as a % of Anglo American plc global (2006)

Revenue	\$14.5 billion	38%
Operating profit	\$4.2 billion	43%
Net operating assets	\$12.1 billion	42%
Capex	\$1.9 billion	48%

- Anglo American produces 2%-2.5% of SA's GDP
- SA's largest corporate taxpayer – R10.7 billion
- Largest investor in SA: total investment 1999-2006 – R139 billion (R177 billion in 2006 rand).

Largest private sector employer in South Africa

- 82,000 permanent staff and 36,000 contractors, including:
 - Anglo Platinum has 40,000 permanent staff and 28,000 contractors
 - AngloGold employs 8,200 permanent staff and 2,700 contractors
 - Kumba employs 4,200 permanent staff and 4,543 contractors.

HIV/AIDS programme

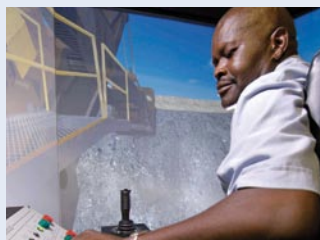
- Largest corporate treatment programme in the world
- Internationally recognised for its excellence
- Voluntary counselling and testing (VCT) rates at 63%
- 95% of those on anti-retroviral treatment (ART) are fit enough to do normal work
- Lessons from SA transferred to operations around the world.

Anglo Zimele enterprise development

- Investments' collective turnover was R702 million in 2006
- Currently invested in 30 businesses employing 2,322 people
- Anglo Khula Mining Fund's investments collectively had a turnover of R217 million in 2006
- Model has received international recognition.

Anglo's R49.6 billion BEE deals since 1994 are the catalyst in the formation of leading South African BEE mining houses

- Exxaro – R27 billion market capitalisation
- ARM – R26 billion market capitalisation
- Eyesizwe – R6 billion market value



- Mvelaphanda – R12 billion market capitalisation
- Anglo Inyosi Coal – valued at R7 billion
- Other non-mining BEE transactions – nearly R15 billion.

BEE procurement and business development spend

- R12.3 billion in 2006
- Equates to 26% of total available spend.

Training 2006

- 2,045 apprentices
- 560 graduate trainees
- 2,115 learnerships
- 1,192 bursary students.

Recognised corporate social investment (CSI) leader in SA

- Total Group spend 2006 – R263 million
- Anglo American Chairman's Fund made 300 grants totalling R54 million in 2006
- New Epoch and Optima Trusts will provide a further R40 million per annum for maths and science teaching.

Housing

- Since 2004, R1.2 billion (excluding maintenance) spent on improving accommodation options for employees

- 31,235 employees have benefited
- Group policy to ensure that all employees should have the choice to own their own accommodation
- Rigorous implementation of negotiated agreements between the National Union of Mineworkers (NUM) and employees on accommodation improvements, including end to multiple occupancy in single rooms; integration of mine villages into local authorities; extending accommodation options from single accommodation to family accommodation.

PPRust resettlement

In Limpopo province, Anglo Platinum experienced challenges from various sections of the neighbouring Ga-Puka and Ga-Sekhaolelo communities to the expansion of Potgietersrust Platinum Mine (PPRust). The 957 households involved will receive comparable or significantly better housing and a significant enhancement of the land available for grazing and collective use together with compensation. However, the resettlement has been complicated by the length of time which it has taken to implement the resettlement, especially in relation to ensuring



A safety peer review team receiving an on-site briefing. Peer reviews have become essential to sharing good practice across the Group



Loading iron ore into rail trucks at Kumba's Sishen mine in Northern Cape

that structures set up to represent the community have remained representative and in ensuring that local people have been regularly updated on developments. Anglo Platinum undertook extensive engagement prior to planning the relocation and has conducted itself in conformity with

international norms. Work is ongoing with other stakeholders on maximising the potential for economic development in the communities around the mine.

Employment equity

- Overall – 39%, including white women and 28% excluding white women.



MAJOR BLACK ECONOMIC EMPOWERMENT TRANSACTIONS

Anglo American considers transformation a strategic imperative

From 1994 Anglo American has undertaken BEE transactions to the value of R50 billion in 2006 real money terms. With the transactions currently under negotiation, this will ensure that Anglo American's BEE ownership exceeds the 26% target set for 2014

Overview

- Anglo American has been a pioneer in black empowerment in South Africa for two decades. As the largest private-sector investor in the country, Anglo American has committed itself to sustainable economic empowerment and considers transformation a strategic imperative.

Kumba Iron Ore

In November 2006, Kumba Iron Ore Limited, a 64%-held subsidiary of the Group, made its debut on the JSE as a pure-play iron ore company. This listing, together with that of Exxaro Resources Limited, represents the most significant black economic empowerment (BEE) transaction in South Africa to date.

Through this empowerment transaction, Anglo American created the premier black-owned, -controlled and -managed mining company, Exxaro, with significant growth prospects.

Kumba Iron Ore was fully empowered on day one in terms of the Mining Charter's 2014 equity ownership requirements. Exxaro is currently South Africa's largest empowerment resources company, with a market

capitalisation of R20 billion and 56% BEE ownership. It is strategically and financially positioned to play a key role in further BEE consolidation.

Anglo Inyosi Coal

In February 2007, Anglo Inyosi Coal was created following the signing of a heads of agreement by Lithemba Consortium, Pamodzi Coal and WDB Investment Holdings. Valued at R7 billion, Anglo Inyosi Coal will incorporate selected key Anglo Coal projects and Kriel Colliery, a key existing operation. A new company, Inyosi, incorporated specifically to acquire an interest in Anglo Inyosi Coal will subscribe for a 27% shareholding. Inyosi is a broad-based BEE company with a beneficiary base of over 200,000 shareholders, most of whom live in Mpumalanga.

The shareholders in Inyosi are:

- Lithemba Consortium, led by Lithemba Amalahle Mining (Proprietary) Limited, and Initiative SA Resources (Proprietary) Limited, which includes a number of women's groupings in its consortium
- WDBIH, a broad-based women's empowerment group
- a Community Trust for the benefit of communities in the vicinity of Anglo Inyosi Coal's operations.

Anglo Coal has enthusiastically embraced the challenges of transformation so that it better

reflects the new South Africa. In this regard, Anglo Coal has already played a major role in black empowerment in the coal sector through the creation of significant historically disadvantaged South African (HDSA)-controlled and -managed coal companies.

As a further 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.



A rope shovel in operation in Kumba's huge open pit at Sishen



At a glance:

- **R38.4 billion procurement from black-owned/ -managed companies since 1993**
- **Creation of Exxaro is South Africa's most significant BEE transaction to date**

At Anglo Coal, 32% of management are HDSAs, with 12.5% comprising women in mining and 6.6% women in technical roles. The shareholders of Inyosi fully support the principles of BEE and embrace the participation of women in the mining industry.

More specifically, Inyosi brings:

- strong female participation and leadership
- technical expertise and strategic partnership
- experience and a solid transformation track record
- broad-based beneficiary and community management skills.

Scaw

In March 2007, Anglo American announced that its wholly-owned Scaw Metals (Proprietary) Limited had finalised the terms of an empowerment transaction for its South African assets.

This resulted in a BEE consortium and an employee trust acquiring a combined 26% equity stake in the R5.3 billion South African business. Anglo American holds the remaining 74% of Scaw SA.

The BEE consortium is composed of three partners – Izingwe Capital, Southern Palace Investments and Shanduka Resources. Izingwe led the consortium and acquired an effective 7% in Scaw. Southern Palace purchased 6% and Shanduka Resources bought 5%. A women's group will also acquire a 3% equity stake in the near future.



Washing plant at Anglo Coal's Greenside Colliery, with the coal stockpile in the foreground



ECONOMIC WELL-BEING

Building economic well-being

The transfer of a share of the ownership, management and benefits of the South African mining industry into the hands of people previously excluded from the economy is a government priority. This has been closely linked to the conversion of mining licences under new minerals legislation enacted in 2004.

A number of applications for the conversion of 'old order' mining licences filed by Group companies are still outstanding, but Anglo is optimistic that they will be resolved soon. Anglo American has achieved significant success in the conversion of its prospecting permits to 'new order' permits, especially within Anglo Coal.

The Mining Charter sets a number of criteria against which mining companies are measured. These include employment equity, human resource development, procurement, ownership, migrant labour, housing and communities, beneficiation, and mine community and rural development.

Non-mining South African-based companies with an annual turnover of R5 million or more are subject to measurement by the Broad-based Black Economic Empowerment Codes which came into effect in February 2007. These Codes encompass equity ownership, management control, employment, skills development, procurement, enterprise development and corporate social investment.

The Mining Charter promotes corporate action in improving housing and living conditions. Given the critical shortage of housing in many areas, Group companies have created a number of schemes to ensure employees are well housed. Employees in Group companies are encouraged to own their own homes and live within family structures. Mortgage-bond subsidy schemes are available to most employees. Anglo Platinum has set itself a 2009 target of reducing to zero the number of employees living in informal settlements. Its housing development schemes have created local benchmarks.

Kumba Iron Ore's Sishen housing project

Kumba Iron Ore's Sishen mine has invested R5 million, which was made available to the Gamagara local authority for the development of additional low-cost housing to meet community needs in the local town of Kathu. Approximately 250 houses have been completed to date, and Sishen is planning to extend the scheme to include an additional 600 houses.

Jewellery boosting local economies

Thousands of women from African countries take part in the Face of Africa contest every year and the winner is rewarded with a top modelling contract. Local jewellery designers showcase their products and fashion designers use selected pieces to inspire dress designs for the contestants.

Anglo Platinum co-sponsored the competition in 2006 as part of its broader programme to promote platinum jewellery and boost sales, create jobs and enable small businesses to grow in South Africa. The

At a glance:

- Focused on adding economic value
- Employees participating in transformation

company sponsors the annual PlatAfrica Jewellery Design competition to promote local jewellers. It also supports the Platinum Trust of South Africa, formed in 2003 to help address the socio-economic challenges facing the country.

The trust has plans to open a platinum training and production centre at Orbit college in North West province of South Africa. The centre will manufacture high-quality platinum jewellery for local and export markets. This will create jobs and increase expertise in the area.



Anglo Platinum is supporting the development of the platinum jewellery industry as an additional means of creating value for local entrepreneurs and artists



Independence through enterprise

Anglo Zimele continues to level South Africa's economic playing field by facilitating entry for emerging black businesses into the Anglo American supply chain and the mainstream market.

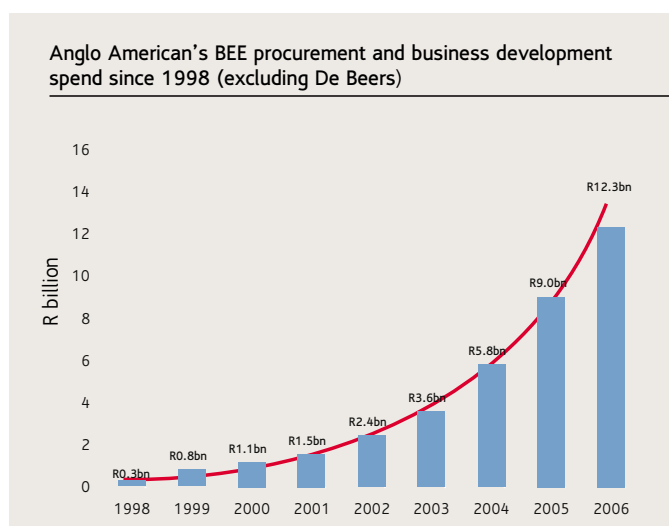
Since 1993, total Anglo American Group procurement from BEE companies has reached some R38 billion. Anglo American has experienced considerable success with the promotion of emerging black businesses through its supply chain, starting back in 1989 with the formation of Anglo Zimele.

Linking into the supply chain

Anglo Zimele interacts closely with Anglo American's business unit procurement departments and assists with identifying BEE suppliers who can participate within their supply chains.

During 2006, Anglo American South Africa, its business units and independently-managed subsidiaries reported a procurement spend of R11.4 billion (an increase of 28% on 2005's R8.9 billion) with black-owned and -managed companies.

From a business development perspective, Anglo Zimele's investment fund provides loan and equity finance to support start-up or expanding businesses. All opportunities must exhibit commercial viability and growth prospects, and must actively involve a BEE partner or entrepreneur in the daily operations.



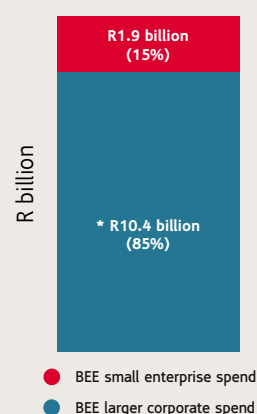
If an investment opportunity meets Anglo Zimele's investment criteria, plans are put in motion to engage with a suitable black empowerment partner, compile a business plan/investment proposal and conduct the necessary due-diligence exercises.

If the business plan is successfully approved by the Anglo Zimele board, Anglo Zimele acquires a minority equity stake in the business and represents Anglo Zimele on the new company's board of directors. In addition to its financial investment, Anglo

Zimele upholds hands-on support by promoting skills transfer and guidance in strategic areas. This, it believes, is fundamental to the initial growth and sustainable expansion of these businesses. Strategic inputs include advice on business principles, marketing, legal issues, corporate governance, health, safety and environment.

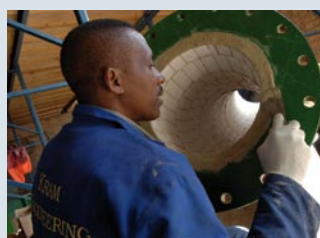
At first, involvement from the business development team would be significant but with time the dependency is reduced, thereby realising Anglo Zimele's underlying philosophy

Analysis of BEE spend



of independence through enterprise. For this reason, clear exit strategies are defined in the shareholders' agreements for all of Anglo Zimele's investments.

During 2006, Anglo Zimele invested in 14 new and existing empowerment ventures in an assortment of sectors, including education and training, mining supplies, pallet manufacturing, drilling consumables, tyre maintenance, corporate advisory services and various engineering disciplines. In addition, on the mining side, Anglo Khula Mining Fund approved five new mining ventures in 2006.



ANGLO ZIMELE

At a glance:

- **R11.4 billion procurement spend in 2006**
- **Turnover of Anglo Zimele-Anglo Khula Mining Fund SMEs is R917 million in 2006**

The collective turnover of the Anglo Zimele and Anglo Khula Mining Fund SMEs at end 2006 amounted to R917 million (2005: R777 million), which, added to the procurement spend of R11.4 billion, equates to R12.3 billion.

A selection of investments**Amitech Thushanang**

Manufacturing, supply and maintenance of glass-reinforced products.

Calulo Drilling

Underground rotary diamond drilling.

Coalfields Panelbeaters and Spraypainters

Panel beating and spray painting of damaged vehicles.

DSI-Mandirk Strata Support

Manufacturing and sale of complementary ranges of strata-support products for the mining industry.

Go-Awaste Management Services

Treatment, transportation and disposal of waste.

Hi-Quip Hydraulics

Service, supply and maintenance company for the hydraulics industry.

Ingwekazi Holdings/Gillmich

Downstream paper-converting business that produces custom-printed business forms and computer continuous stationery.

Itireleng Ore Reclamation

Collection of iron ore by hand.

KHP Hydraulics and Pneumatics

Supply and maintenance of hydraulic fittings and pipes in the mining and industrial sectors.

Langa Lethu Risk**Management**

Security and risk management.

Nomakanjani Logistics

Road haulage, transport and logistics.

NRB Piping Systems

Sourcing, fabrication, installation and maintenance of various plastic piping systems.

ScanMin Africa

Supply and support of online analysers for the mining sector.

Sinoville Fencing

Manufacturing, construction and maintenance of fencing structures.

Springbok Trucking

Trucking and transport management.

Sunbali Flowers

Flower farm specialising in the cultivation, sale and marketing of chrysanthemums.



Anglo Zimele – Witbank – Coalfields Panelbeaters and Spraypainters



Overview

- **Successful facilitator and mentor of emerging black businesses and their entrepreneurs**
- **Creates or transforms small and medium enterprises (SMEs)**

Thabo Piping Systems

Pipeline construction and maintenance.

Tyre Corporation Holdings

Specialises in the supply, service, construction and maintenance of all tyre requirements for the mining sector and selected transport operators.

Urethane Moulded Products

Manufacturer of polyurethane moulded components for the mining, industrial, chemical and processing sectors.

Witbank Chemicals

Chemicals manufacturing and distribution.

New investments in 2006

A total of 14 new Anglo Zimele investments was approved and concluded during 2006. Anglo Khula Mining Fund concluded five new deals.

Anglo Zimele new investments

Barcandyle Engineering

Supplies new screening equipment, spares and refurbished screens to the mining industry. Services include the design, sale, marketing and manufacture of screening equipment, project management, site work, installation, on-site inspection and maintenance capabilities.

Barrit Mining Supplies

Provides mining and industrial products such as drill steel, pressure-reducing valves, safety equipment and wear, airpipes, electrical mixers and grinders.

Ceza Conveyor Belt Services

Services include belt splicing, pulley lagging, conveyor structure maintenance and belt repairs.

Damelin Emalahleni

Provides a consistent, high-quality and competitively priced education to school leavers, unemployed people who wish to re-enter the workplace and to corporate companies seeking to upgrade and acquire skills.

Emalahleni Oil Collections

Collects used oil from Anglo Coal's operating collieries and delivers it to a single site where it is recycled and processed for re-use.

Engineering Services Workshop

Core business is to manufacture, repair and service skips, cages, winches, and petrol and diesel vehicles, and to produce other mining-related equipment.

Galison Drilling

Manufacturer of drilling and consumables. Supplier of drill steel and drill bits.

Ikhwezi Fleet Services

Offers chauffeur-driven vehicles to Highveld Steel.

Ironside Composite Component Manufacturers

Houses a new technology to produce wood plank substitute. The material – "Cass Block" – is produced from waste, primarily pine timber sawdust, combined with plastic waste.

Kram Engineering

Deals in the sale, installation and maintenance sectors of the supply chain, lining pipes, chutes, silos, feeders, bins, launders, tanks and specialised high-wear applications such as hydro cyclones, disintegrators and screw conveyors.

Maccauvlei Training Academy

Offers a wide array of training and development courses and programmes, from entry to strategic management level.

Mapungubwe Engineering

Construction of commercial and residential buildings, the implementation of maintenance contracts in factories, sheeting and cladding for domestic, retail and industrial properties, the supply of selected engineering

commodities and infrastructure development projects.

Steinweld Engineering

Steel construction, erection, shotcreting and labour hire.

Transcend Corporate Advisory Services

Strategy consulting, transformation change, management transformation feasibility studies and models, BEE strategy development, BEE partner sourcing and BEE capacity building and training.

Anglo Khula Mining Fund

Launched in 2003 as a joint R40 million fund of Anglo American and Khula Enterprise Finance, the fund is invested in a number of mining companies.

Anglo Khula Mining Fund current investments

Leeuw Mining and Exploration

Anglo Khula Mining Fund new investments

Asambeni Mining

Mining the Gus seam for Leeuw Mining's anthracite colliery near Vryheid, specialising in ultra-low-seam mining in areas where the usual mechanised methods of mining are not viable. Scraper mining with double-drum winches is employed in the areas where the coal seam height is below 800 mm.

Black Wattle Dump

Beneficiation of discard material from the Black Wattle Colliery complex, providing up to 50,000 tonnes per month of feedstock to Eskom's Duvha power station on a five-year contract.



Ikhwezi Postal and Transport Services at Highveld Steel, one of its clients



ANGLO ZIMELE

At a glance:

- 14 new SME investments in 2006
- International recognition for Anglo Zimele's business model

**Eyethu Coal/
Springboklaagte**

A coal prospecting opportunity on two farms of 4,125 hectares. 207 boreholes will be drilled over nine months. Phase 1 (drilling of 43 boreholes) commenced in August 2006.

Ikosis project

Mining of feldspar and mica in Steinkopf in the Northern Cape. Lower Quartile Solutions (LQS) has been appointed to manage the project's feasibility study on behalf of Anglo Khula Mining Fund.

Nooitgedacht

Contract mining at Greenside Colliery for 70,000 tonnes of coal per month for at least five years.

Entrepreneurs showcased their companies, goods and services, and had an opportunity to connect with new contacts and potentially valuable customers.

International recognition

Anglo Zimele's efforts in the South African enterprise development arena were showcased at the Africa Investor Awards held in Nairobi, Kenya, in November 2006, where Anglo Zimele was nominated in the category of Best Initiative in Support of SME Development.

It was lauded for its sound business-development model, which has been recognised by the World Bank and United Nations Development Programme as an example of best practice.

More recently, Anglo Zimele's efforts were profiled in a United Nations publication – Deepening Development Through Business Linkages – as a successful example of 'a private sector initiative in the mining industry'.

Zimele – The Ikosis feldspar and mica mining project in the Northern Cape

**Electra Mining Africa 2006**

Electra Mining Africa 2006, held in Johannesburg in September 2006, was a successful and valuable event, offering marketing opportunities for Anglo Zimele's SMEs.

It was officially opened by South Africa's Minerals and Energy Director General, Advocate Sandile Nogxina, on behalf of Minerals and Energy Minister Buyelwa Sonjica.

This was the first time in the event's 34-year history that a portion of the show had been dedicated to BEE or SME companies.



Zimele – Electra Mining Exhibition in Johannesburg – September 2006



Progress on employee share ownership schemes

Employee share ownership schemes are being implemented across the Group.

Mondi

Mondi's Employee Share Ownership Plan (ESOP) allows employees to participate as shareholders in the business and was officially launched in January 2006. This ESOP resulted from the empowerment partnership between Shanduka and the Mondi newsprint and Mondi packaging businesses. 4% of the equity of the newsprint transaction and 5% of the packaging transaction were set aside to establish the ESOP.

The scheme has cost the company around R112 million. All staff members employed as at 1 January 2006 were eligible to receive the shares and were allocated 100 shares, plus 5 additional shares for each year of service within the company.

A total of 70,355 shares was allocated to employees and

95.7% of eligible employees elected to participate in the scheme. At the launch of the Mondi ESOP, the shares had a nominal value of a few cents. At the end of June 2006, the value had grown to R12.62 per share.

De Beers

The BEE transaction by which Ponahalo Holdings obtained a 26% equity interest in De Beers Consolidated Mines Limited, saw the creation of the De Beers equal Allocation Trust which owns 35% of Ponahalo. This Trust recognises all De Beers' permanent employees and eligible pensioners – around 17,000 people – for their contribution to De Beers' companies in South Africa. This group has received an interest in the Trust which is fully funded by way of preference shares. The Trust interests vested immediately the transaction was

Guided by the transformation leadership structures within the Group, subsidiary companies are establishing ESOPs which go beyond the South African government's 2014 transformation deadline and provide for share ownership by employees currently outside of the executive schemes.

- Mondi's ESOP enables employees to participate in 4% of Mondi Shanduka Newsprint and 5% of Mondi Packaging in South Africa
- De Beers' HDSA empowerment deal includes a 13% share ownership by employees and pensioners
- Kumba's HDSA empowerment deal includes a 3% ESOP in Exxaro and Kumba Iron Ore
- AngloGold Ashanti's HDSA empowerment deal includes a 1.4% ESOP
- The Scaw Participation Scheme includes an ESOP with a 5% equity stake in Scaw
- Tongaat-Hulett's HDSA empowerment deal includes a 7% ESOP
- Hulamini's HDSA empowerment deal includes a 5% ESOP
- Anglo Platinum recently announced a 1.5% ESOP
- Anglo American is currently considering an ESOP for South African employees, including those from Anglo Coal not included in other schemes.

implemented – in April 2006 – but beneficiaries are required to retain their interests until May 2014. As the empowerment transaction was fully financed, there is no current cash value for the Trust interests and beneficiaries will only receive dividends once the debt has been repaid by Ponahalo Holdings. Value should develop over time.

Scaw

The Scaw SA Share Participation Scheme was launched at the time of the BEE transaction with Izingwe, Southern Palace and Shanduka. Designed as a 10-year scheme that is entitled to capital appreciation and dividends over the scheme's

lifetime, the ESOP is structured as a trust which benefits all of Scaw's South African employees who are not members of an Anglo American share incentive scheme, and includes an interim cash payout in year five. The ESOP, and its acquisition of a 5% equity stake in Scaw, will be fully funded by Scaw. Employees will, therefore, not be required to contribute any capital to the establishment of the Trust but will participate, through elected trustees, in the administration of the Trust.

Kumba Iron Ore

Envision is the Kumba Iron Ore employee share participation scheme that was



Mondi Shanduka chairman Cyril Ramaphosa and Mondi Packaging South Africa chief executive Theo van Breda at the official launch of the Mondi-Shanduka Employee Share Ownership Plan (ESOP) held at the Springs mill in January 2006



ESOPs ownership at a glance:

• Mondi Shanduka newsprint	4%
• Mondi Packaging	5%
• De Beers	13%
• Kumba Iron Ore	3%
• Scaw	5%

implemented as part of the creation of Kumba Iron Ore. It is aimed at empowering those employees who were previously disadvantaged, by giving them the opportunity to share in the profits of Sishen Iron Ore. Eligibility is for South Africa-based permanent employees of Sishen Iron Ore Company (SIOC), who are not part of any other managerial share-based incentive scheme.

A trust was formed to buy and manage 3% of SIOC shares on behalf of qualifying employees who take up the offer to participate in Envision. Each employee beneficiary has received 3,375 share units at no cost to the individual.

When Kumba Iron Ore declares dividends, these will be distributed to those shares held by the Envision Trust. Employee beneficiaries will receive 50% of the declared dividends on the share units they were awarded. The trust will use the remaining 50% to settle its loan to SIOC for the 3% shareholding it bought. At the end of the five-year term, the trust will swap the distributable SIOC shares for Kumba Iron Ore shares and then sell these shares on behalf of the employee beneficiaries. Any debt owed to SIOC for the initial funding will be settled, other costs paid and tax deducted before payment is made to employee beneficiaries.



Furnace operators at Scaw Metals



Woman in mining: Tshepang Tshetlho is a drill operator at Kumba's Sishen mine



EMPLOYMENT EQUITY

Continuing progress

At a glance:

In 2006 Anglo American:

- trained 2,045 apprentices
- employed 560 graduate trainees
- offered 2,115 learnerships
- provided bursaries for 1,192 students

The consolidated Group Employment Equity (EE*) progress for historically disadvantaged South Africans (HDSAs), including white women, for the period ended December 2006 was 39%. Group EE progress for HDSAs excluding white women increased to 28% in December 2006.

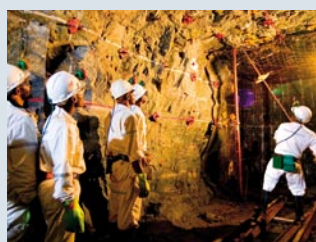
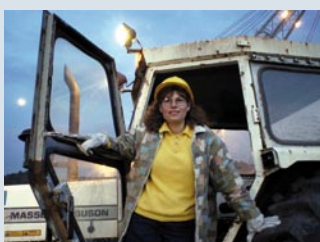
As South African society is transforming and becoming more equitable through the benefits of economic growth and addressing the legacies of apartheid, it is essential that Anglo American should reflect the new South Africa. This is not only a moral imperative but is also designed to ensure that we give fair opportunities to people of all racial backgrounds. We are making good progress in increasing the proportion of historically disadvantaged South Africans (HDSAs) in our management ranks and in increasing the proportion of women at all levels in the organisation. At a time of significant skills shortages, it makes good business sense to widen our talent pool by seeking to attract more women into an industry that has traditionally been seen as the preserve of men.

We are also investing strongly in the personal development of many of our existing staff as well as playing a major role in developing the skills of many young South Africans who are new to the jobs market. Hence, in 2006, we trained more than 2,000 apprentices, employed 560 graduate trainees, offered 2,115 learnerships and provided bursaries for 1,192 students. In addition we invested significantly in expanding our adult basic education and training (ABET) programmes.

Overall Group analysis as at 31 December 2006 (including white women)						
	F-band %	E-band %	D-band %	Overall Equity excluding C-band %	C-band %	Overall Equity including C-band %
Anglo Base Metals	0	18	46	40	64	51
Anglo Coal	33	18	35	32	36	33
Anglo Platinum	13	31	40	38	41	39
Mondi	0	26	50	46	67	56
Anglo Ferrous Metals and Industries	18	28	42	39	51	44
ATD/AARL/MinRED	0	13	44	34	93	40
Corporate Centre	20	47	59	53	100	54
Total				39		43

Overall Group analysis as at 31 December 2006 (excluding white women)						
	F-band %	E-band %	D-band %	Overall Equity excluding C-band %	C-band %	Overall Equity including C-band %
Anglo Base Metals	0	15	31	28	59	44
Anglo Coal	33	18	28	25	35	29
Anglo Platinum	13	23	27	26	35	29
Mondi	0	21	38	35	60	46
Anglo Ferrous Metals and Industries	18	24	31	29	45	36
ATD/AARL/MinRED	0	7	21	17	74	23
Corporate Centre	20	19	32	26	71	28
Total				28		34

* Employee grading according to Paterson job-grading system

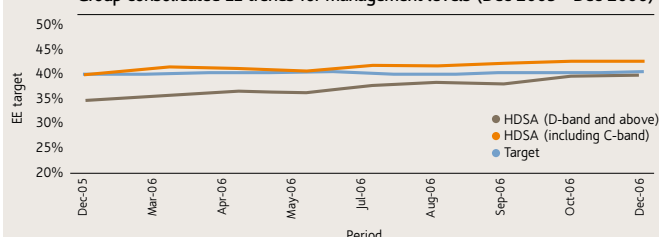


EMPLOYMENT EQUITY

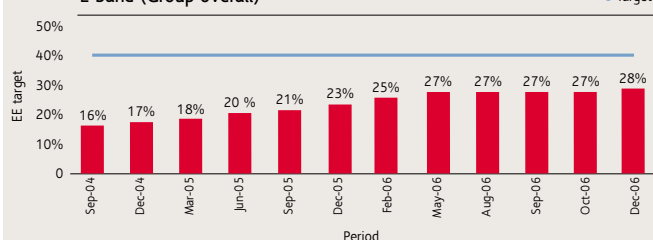
At a glance:

- **39% employment equity achieved (including white women)**
- **300 HDSA appointments/promotions in 2006/2007**
- **42% HDSA growth in representation in senior management (E band) in 2006/2007**

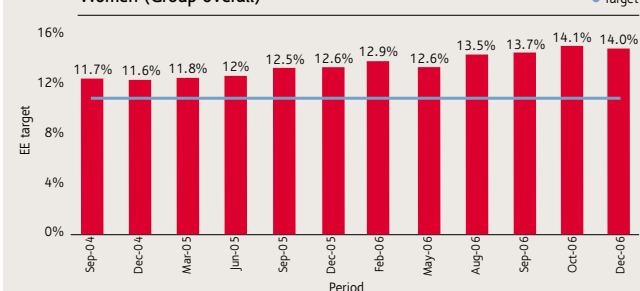
Group consolidated EE trends for management levels (Dec 2005 - Dec 2006)



E-band (Group overall)



Women (Group overall)



Human resource training and development

Anglo American continues to invest heavily in the areas of human resource training and development, with a specific emphasis on leadership development and technical skills development.

Training of artisans

Over the past five years, Anglo American's various business units have trained in the region of 3,000 artisans. This skills-development intervention has seen Anglo American spending in excess of R161 million.

Supporting the JIPSA initiative

In support of the South African government's JIPSA initiative, Anglo American has committed to providing opportunities for experiential learning to approximately 400 university of technology (former technikon) students by the end of 2008. These students will be able to graduate and obtain their diplomas once the one year of experiential learning has been completed.

Reviewing employment equity progress for 2006 EE progress (all management levels)

The representation of HDSAs at management levels continued to show a positive trend for the period under review.

Just over 300 HDSAs were either appointed or promoted into management roles, translating into the growth of overall HDSA representation from 40% in December 2005 to 43% in December 2006. This trend is continuing in 2007.

Exclusion of the C-band supervisory levels

Anglo American excludes the C-band supervisory component as part of EE reporting statistics. HDSA representation excluding the C-band increased from 34% in December 2005 to 39% in December 2006.

E-band growth

The E-band HDSA representation has continued to show good growth. HDSA representation in the E-band grew from 1,774 in December 2005 to 2,175 in December 2006. This meant that HDSA representation grew from 36% of the E-band in December 2005 to 42% in December 2006.

Representation of women

The representation of women at management levels also increased from 1,284 in December 2005 to 1,419 in December 2006. This reflects an overall growth of 10,5%. The focus is on increasing representation in E- and F-bands.



At a glance:

- 231 experiential learning intakes
- 1,419 women in management
- 471 HDSA women in management

**Women in management positions
(year on year figures)**

As at 31 December 2006

HDSAs						
Band	Number of women in management		Overall management		Women in management %	
	Dec 04	Dec 06	Dec 04	Dec 06	Dec 04	Dec 06
F	0	0	59	60	0	0
E	68	120	1,029	1,235	6.6	9.7
D	728	931	4,633	5,185	15.7	18.0
C	259	368	3,339	3,636	7.8	10.1
Total	1,055	1,419	9,060	10,116	11.6	14.0

HDSAs excluding white women						
Band	Number of women in management		Overall management		Women in management %	
	Dec 04	Dec 06	Dec 04	Dec 06	Dec 04	Dec 06
F	0	0	59	60	0	0
E	10	33	1,029	1,235	0.9	2.7
D	210	294	4,633	5,185	4.1	5.7
C	82	144	3,339	3,636	2.5	3.9
Total	302	471	9,060	10,116	3.3	4.6

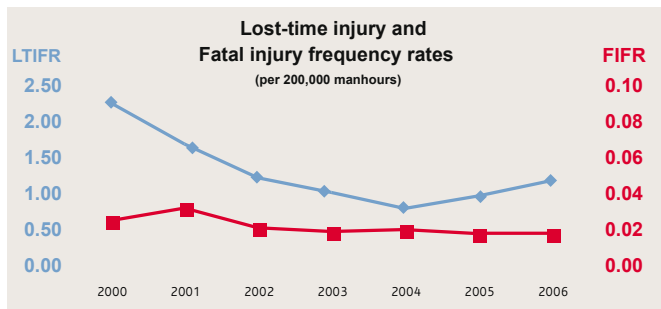
University of technology students for experiential learning (in support of the JIPSA initiative).
(These are 2007 experiential learning intakes)

	Scaw Metals	Highveld Steel	Anglo Coal	Kumba Iron Ore	Anglo Research	Anglo Platinum	Anglo Base Metals	Total
Committed	20	30	32	25	10	100	14	231
Already taken	0	35	0	15	10	34	14	108
	20	-5	32	10	0	66	0	123



Safety is our first priority

Safety is our biggest challenge. We began a radical rethink of our approach to safety management in 2005.



Much effort has been focused on executive, management and supervisory safety training, communications with all our people, and on the implementation of a custom-designed peer review system to share learning and spread good practice. It is still too early to see the expected outcomes and, tragically, the Group recorded 36 deaths (22 employees and 14 contractors) in 31 incidents during 2006 in South Africa.

During 2006, the safety principles were incorporated into a new framework for the management of safety in the Group, and we believe that we now have in place the key foundations for us to make a fundamental difference in the months and years ahead.

The safety framework includes a best-practice set of Safety Management Standards – the Anglo Safety Way, a revised set of Safety Golden Rules and a much enhanced safety peer review programme, which engages both professionals and line managers in safety audits of other business units across the Group.

A major communication campaign has been launched globally. In South Africa, industrial theatre with popular television personalities was used in order to convey clear messages to the front-line workforce. This has been very well received and will continue as part of our drive for safer operations.

The Chief Executive's Safety Awards recognise excellent and

improved performance by large and small operations. Winner of the 2006 award for the best large operation was Anglo Coal's Goedehoop colliery in South Africa.

Continuous improvement

The Safety Golden Rules were reviewed, incorporating lessons learned from an analysis of previous fatal incidents. The latest version focuses on the life-saving decisions within the control of all employees and seeks to define these in simple, understandable terms. In 2007, we will be supplementing our Golden Rules with much more explicit and mandatory equipment, systems and performance requirements to address very specifically the circumstances in which most of our serious incidents occur.

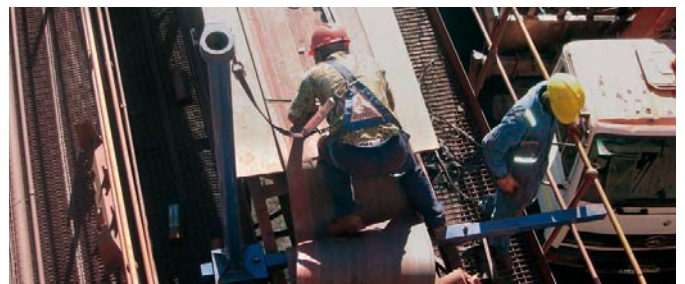
Technical innovations

Anglo Platinum has committed to minimising the risks

associated with the interface between man and machine through better technology, enhanced monitoring and enforcement, as well as through training and raising awareness.

The programme includes installing proximity devices to warn locomotive drivers of approaching vehicles. Guards in locomotives will be seated in well-constructed cars at each end of the train at all times, and will be able to use a sound signal to get the driver to stop. This programme will be completed in 2007 at a cost of R51 million.

Lack of or inadequate visibility is a key cause of man-and-machine collisions and a new system is being piloted. Winch safety will be improved by the completion of a R150 million project enabling any individual to signal the operator to stop the winch.



A foreman and two operators at Sishen, who investigated the risk to personnel repairing conveyor belts, have developed an overhead hook-up system that can be attached to any conveyor structure



Attracting and developing talent

The Group's human resources strategy focuses on building and developing a talented, skilled workforce operating in supportive environments in which excellence is rewarded and innovation can flourish.

Development

2006 was another significant year in terms of investment in people at all levels within the organisation. Direct investment in training amounted to R213 million, 3% of total payroll costs.

Training statistics generally underestimate the total investment in developing our people, as they exclude learning on the job, coaching and mentoring activities by managers and colleagues and career-development moves. The average number of formal training days per employee for 2006 was 2.44 days.

Leadership development was a focus area in 2006. Two new, multiple divisional and regional initiatives, designed to embed our key management competencies, were launched and subsequently rolled out to existing and emerging leadership groups.

The Anglo Achievers programme, which covers all the business units that have a base in South Africa, is gaining momentum with employees in the early stages of their careers.

Our investment in bursars, apprentices, graduates and

other trainees is designed to find and develop the skilled resources and leaders required for the future.

We are increasing the potential pool of technical skills within the mining industry.

In South Africa, we have also recently embarked on an ambitious programme offering practical one-year work placements to more than 400 university of technology students in their penultimate year of study.

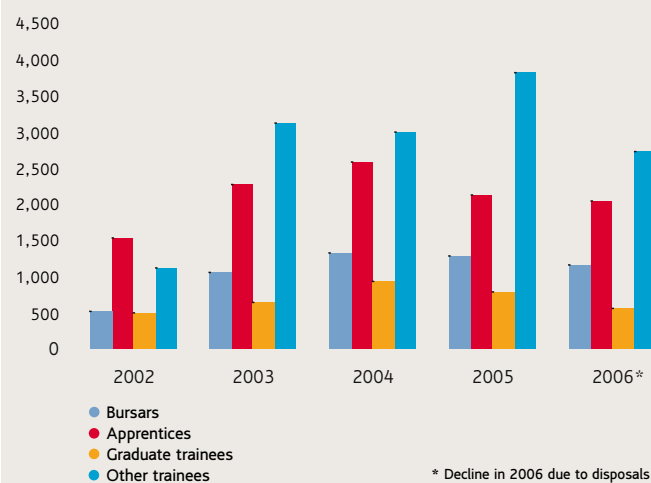
Relationships with our employees

Despite the pressures experienced in the mining industry as a whole with regard to skills shortages, our overall voluntary labour turnover rates remain fairly steady and we are seeing the positive results of some of the transformation and change management initiatives such as Anglo Coal's *Yebo Siyaphambili*.

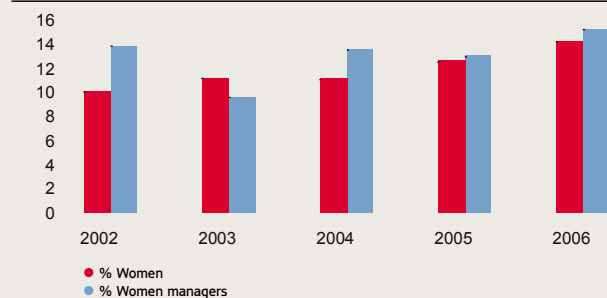
Anglo Base Metals' work

In areas identified for improvement, employees focused on regular feedback on their own performance, reducing bureaucracy and the basis on which promotions and transfers are made. The priorities include

Education and training 2006



Gender diversity



equipping employees with performance-management skills, enhancing leadership skills and behaviour and improving two-way communication.

Diversity

We are proud that a female chief executive heads Anglo American plc. This signal of commitment, at the highest

level, to female advancement is starting to be reflected in steady changes in our gender diversity. We are seeing an increase in women employees and managers.

The South African Mining Charter has set a target of 10% of women in mining by 2009.



Both Anglo Coal and Anglo Platinum are making good progress with introducing women into mining and related disciplines.

At Anglo Platinum, the proportion of women employees increased to 9.1% in 2006, from 5.8% in 2005. Following research, a dedicated champion was appointed to address the obstacles to more effective employment of women. These include policies and facilities as well as safety, health and environment aspects.

Anglo Coal has already achieved the compliance target, and aims to reach 14% by the end of 2007. Of the 12.5% of women in the Anglo Coal workforce, 6.6% are in technical fields. Women comprise 8% of the management team. Women-in-mining committees have been established at all collieries. A Code of Good Practice for pregnancy in the workplace – a particular challenge for women in mining teams – has been compiled and will be rolled out in 2007.

Literacy the foundation

One of the most important building blocks for skills development is ensuring that unskilled workers are functionally literate and numerate. At Anglo Platinum, adult basic education and training (ABET) is achieved through own-time and company-time programmes.

A full-time ABET programme aims to provide 10% of illiterate employees in Anglo Platinum with the opportunity to become literate to a level enabling admission to artisan programmes by 2010.

At Rustenburg Platinum Mines' Rustenburg section, 582 employees who form part of the programme are due to complete ABET level 4 by the end of 2009. Selected employees are released from work on full salary and are paid an *ex gratia* bonus to encourage them to concentrate on their studies. R179 million has been allocated to the ABET programme over the next three years.

Simulating tough conditions

Anglo Coal has acquired a simulator designed to instruct and evaluate operators on a range of different vehicles including bulldozers, shovels, haul trucks and draglines.

The simulator helps identify common faults and bad driving habits and can be used for both retraining of existing operators or introductory training for new employees. Trainees are taught how to react to a range of challenging conditions, including rain, heavy mist, night driving and slippery driving surfaces, with the topography of the specific mine fed into the simulator. A dragline simulator is being acquired.



Bongiwe Kwetshube (background) and Nofika Mzomba are employed as conveyor belt attendants at Anglo Platinum's Union mine



Anglo American... bringing new hope and opportunity

CSI at a glance:

- R54 million on 300 grants in 2006
- Rated SA's best corporate grant maker once again

The Anglo American Chairman's Fund is the dedicated instrument through which Anglo American South Africa undertakes its nationally-determined corporate social investment (CSI) activities in South Africa. Its mandate is to support development initiatives aimed at bringing new hope and opportunity to South Africa's disadvantaged communities.

Overview

- The Chairman's Fund is committed to making effective and sustainable use of limited resources to create an environment in which ordinary people assume greater control of their lives.

Contributions by sector: 2006

In 2006, 67% of Anglo American plc's social investment was spent in South Africa.

The two biggest areas of the Chairman's Fund involvement are Education (36% of spend) and HIV/AIDS/Health (31%). This reflects two of the biggest obstacles to successful development in areas targeted by the Chairman's Fund and also mirrors government's highlighting of challenges in these fields.

16% of the Chairman's Fund spend was directed at supporting social development and welfare in 2006.

Anglo American supports government's efforts at transforming the life chances of young South Africans, especially through the skills enhancement

that comes with effective education. The Chairman's Fund collaborates in formal relationships with provincial departments of education in the joint construction and equipping of schools, particularly in rural areas.

Attention is paid by both the Chairman's Fund and its partners in government to underscoring the State's JIPSA and ASGISA skills development initiatives through the funding and rewarding of schools of potential and of achievement in disadvantaged communities.

Anglo American first in national CSI ratings

The annual *CSI Handbook* (2006, 9th Edition), published by Cape Town analytical group, Trialogue, is a survey based on research of the perceptions of hundreds of South African companies and non-profit organisations (NPOs) and is the country's most in-depth in the CSI field.

2006 marks the seventh year running that Anglo American has been rated South Africa's best corporate grant maker. There are 12 general categories

Sector	Grants	Percentage
Education	R19,460,823	36
HIV/AIDS	R12,049,687	22
Social development and welfare	R8,617,341	16
Health	R4,748,600	9
Entrepreneur development	R3,274,240	6
Policy and advocacy	R2,540,592	5
Arts and culture	R2,076,847	4
Environment	R1,124,200	2
Total	R53,892,330	100

Province	Grant	Percentage
Gauteng	R12,515,636	22
Mpumalanga	R10,748,675	20
Western Cape	R7,896,021	15
National	R6,986,182	13
North West	R5,130,578	10
KwaZulu-Natal	R4,634,314	9
Eastern Cape	R3,520,345	7
Limpopo	R1,758,549	3
Free State	R521,000	1
Northern Cape	R120,440	0
Outside South Africa	R60,590	0
Total	R53,892,330	100

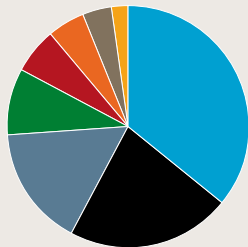
as well as an industrial sector ranking, making for 26 rankings overall. Anglo American was voted top in 13, and was given a further two second places and

one third. The first places were:

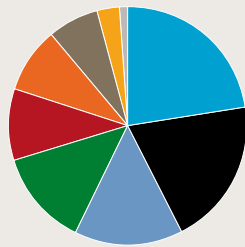
- Good grant maker, most widely recognised corporate grant maker, and biggest CSI budget



ANGLO AMERICAN CHAIRMAN'S FUND

Contributions by sector: 2006
sectorial giving by value

- Education
- HIV/AIDS
- Welfare and development
- Health
- Entrepreneur development
- Policy and advocacy
- Arts and culture
- Environment

Provincial contributions: 2006
provincial giving by value

- Gauteng
- Mpumalanga
- Western Cape
- National
- North West
- KwaZulu-Natal
- Eastern Cape
- Limpopo
- Free State

- Best mining house
- Strongest contribution to education
- Strongest contribution to the fight against HIV/AIDS
- Strongest contribution to social development and welfare.

Project examples of the work of the Fund in 2006

During 2006, the Fund fully partnered 300 separate projects, in addition to its ongoing capital project partnerships with government.

HIV/AIDS**The South Coast Hospice**

was established in 1983 to help patients suffering from cancer. The focus of the organisation has had to change to caring for those suffering from HIV/AIDS. Today, 95% of the patients are HIV-positive. The hospice has established an outstanding reputation for providing relief to the terminally ill and an effective

integrated community-based home care service on the South Coast of KwaZulu-Natal.

Themba HIV/AIDS project

began in Sophiatown as part of the Trevor Huddleston CR Memorial Centre. It enables dialogue among youth around the issues of sex and HIV/AIDS. Young people are selected to undergo training to become actors/educators. They currently perform five plays at various schools.

Themba delivered 114 performances between January and November, reaching 9,310 children.

The Tshepang Trust is an HIV-intervention strategy that focuses on treatment, monitoring and evaluation and information, education and communication. It is an initiative of the SA Medical Association

CASE STUDY: MAKING THE "RAND WORK TWICE" IN LIMPOPO**Government-Anglo American partnerships****Ongoing collaboration between the Anglo American Chairman's Fund and the Limpopo Department of Education**

Anglo Platinum has been involved in education in Limpopo since 1996, although the Chairman's Fund's activities in this area stretch back decades. In 2003, the Anglo American Chairman's Fund and the Limpopo Department of Education initiated a Public-Private Partnership to increase the effectiveness of this work. This carefully constructed, three-year partnership injected R30 million (R15 million each) into 16 rural schools in Magakala and Apel areas of the Sekhukhune District.

The programme initially focused on building the basic infrastructure of classrooms along with the provision of water and sanitation to primary and secondary schools. In 2006 the partnership culminated in the provision of comprehensive facilities to the best-performing mathematics and science schools in the programme. These facilities included structures for administration, computer centres, libraries and science laboratories.

Spurred on by the success of the rural schools programme,

the partnership expanded its range of influence in 2005, this time to the former Venda 'homeland' areas of Limpopo. With Anglo Platinum's commercial presence in the area, the extraordinary Mbilwi Secondary School was identified.

Mbilwi presented an example of what could be achieved with limited resources and courageous leadership. The school has maintained a 100% matriculant pass rate since 1995 and has produced some of the province's best performers in mathematics and science. This achievement prompted the Anglo American-Limpopo Education Department partnership to allocate R5 million towards the provision of new science and biology laboratories, an administration block and a library/resource centre for the school. This work was completed at the end of 2006.

Government and the Chairman's Fund are in discussion to renew this remarkably successful approach to development partnerships in education.





Two new laboratories (here in the final stages of construction) at Tlounare School in the Apel area of the Sekhukhune District in Limpopo Province

and aims, with the co-operation of the government, to identify patients in need of anti-retroviral medications and to work in co-operation with public-sector health institutions to care for them.

Education

Khanya Project – WCED Computer Programme

The Khanya Technology in Education Project helps to roll out computer technologies and solutions to education institutions in the Western Cape. Through a partnership between this project, the provincial education department and the Anglo American Chairman's Fund:

- 567 schools have been helped to use technology effectively

- 278 schools are in various stages of preparation for the next wave of implementation
- 22,314 computers are used in Khanya schools
- 14,765 educators are being empowered to use technology optimally for curriculum delivery
- 488,356 pupils are already reaping the benefits of the project.

Springbok Primary School

near Witbank was started in 1960 on a farm by Mrs Mathane Makhubelo, an unqualified teacher. In 1980, the Goedehoop Hospital donated its premises to the school. The school enrolls 343 learners, from Grade R to Grade 8, from local farms and informal

settlements around the Anglo Coal Goedehoop colliery. The school achieves a steady pass rate of around 90%. Anglo Coal, through the Chairman's Fund, supports this school's attempts to attain financial and infrastructural sustainability.

The Student Sponsorship programme

was developed in response to challenges in the education system in South Africa, specifically for low-income/previously disadvantaged children. It works to integrate South Africa's schools and workplaces by developing high-potential youth through education and career preparation. The mission, with the support of the Chairman's Fund, is to provide academically distinguished and economically disadvantaged students with an opportunity to be educated at some of Johannesburg's best high schools.

Social development and welfare

Avril Elizabeth Home based in Germiston cares for mentally and physically handicapped children and adults. It has 83 pupils, of whom 76 are permanent residents and seven are day learners. The home is situated in a strong community of parents, teachers, care-givers, medical personnel, fundraisers and volunteers. The Stimulation Centre is the 'heart' of the organisation, where the residents acquire the skills they need to carry out simple but

necessary activities of daily living, as well as social skills.

The aim is for residents to become as independent as possible. The Stimulation Centre consists of a speech therapy department, a computer therapy department, a therapy room and a mini workshop.

Cape Town City Mission

is a respected community organisation established in District Six in 1902. It is based in Hanover Park which has a population of around 40,000 residents, with illegal informal settlements and backyard tenants being a prominent feature of this community. It is a multi-faceted organisation offering diverse projects such as family services, community development, care for the aged, income generation, and education and educare.

LifeLine North West – Rustenburg Centre

LifeLine provides a 24-hour crisis-intervention service available at no cost to all sectors of the community. LifeLine North West in Rustenburg is a reputable organisation with a strong track record in the local community.

It has an established relationship with Anglo Platinum and was contracted to roll out voluntary counselling and testing to all employees. In addition, it is the preferred service provider for the Department of Health and has secured a contract to



ANGLO AMERICAN CHAIRMAN'S FUND

provide counsellors and training in state health facilities in the Rustenburg area.

The National Association of Child Care Workers is the foremost NGO operating in the area of accredited training, support and development for child and youth care workers in South Africa. Demand for its training has increased dramatically as the importance of child and youth care workers is recognised in the country. It is currently the primary service provider to government to train community child care workers and has also been requested by a number of donor agencies to implement the model in areas of prime interest and operations.

Policy and advocacy Centre for Development and Enterprise (CDE) is a business-funded policy research and advocacy agency, established in 1995, based in Johannesburg. The organisation's reputation has grown over the years and it has achieved national impact in tackling critical issues with professionalism, frankness and constructive practical proposals.

CDE has two main objectives: to address crucial issues through examining relevant international experience, quantifying and understanding South African realities and formulating appropriate policies; and to provide an important bridge between the business world (and its market-based

philosophy and pragmatic approach to delivery) and the country's politicians and officials grappling with the large-scale challenges of development. Anglo American is a longstanding supporter of this important work.

Entrepreneur development Bergzicht Training Centre was established in 1992 to undertake the training of unskilled and unemployed women in Stellenbosch and its surrounds. All courses offered are accredited and over the past 14 years more than 80% of the 8,000 beneficiaries of this work have been placed into employment.

Environment Endangered Wildlife Trust has operated in conservation since 1973 and works across the sub-continent. It conserves threatened species and ecosystems in southern Africa by initiating research and conservation action programmes, implementing projects which mitigate threats facing species diversity, and supporting sustainable natural-resource management. It communicates the principles of sustainable living through awareness programmes.

Arts and culture Johannesburg Art Gallery has extensive collections of traditional and contemporary South African and international art dating from the 16th century.

It has been at the forefront of the re-assessment of the history of South African art through the presentation of groundbreaking exhibitions and the publication of accompanying catalogues. The Chairman's Fund's support assists the Gallery to reflect the artistic heritage of all South Africans.

Building a good foundation

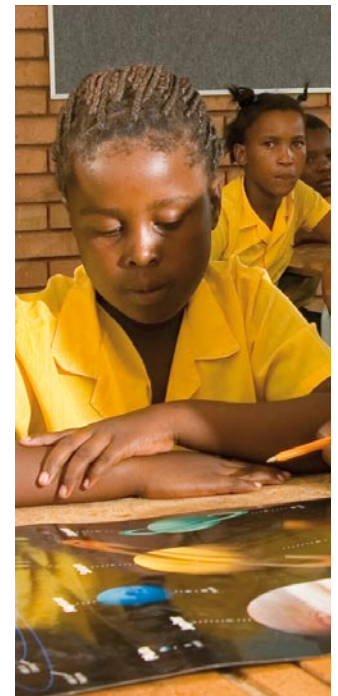
Mathematics and science in South African schools are receiving an annual boost of some R40 million a year, thanks to two new independent trusts established by Anglo American. The Epoch and Optima Trusts, which will operate under independent boards of trustees, were established to disburse funding to further education in mathematics, and science in South Africa over the next five years.

Competence in these subjects is essential to South Africa's continued economic well-being. Young black pupils, in particular, have little opportunity to excel at mathematics and science, given the constraints of schools in poor or rural areas. In 2006, fewer than 5% of matriculants obtained a higher-grade pass in mathematics, and only a quarter of these were black pupils.

The funds will be allocated to support a South African government education initiative which supports and sustains the success in schools that have been delivering the best pass

rates. The trust funds will also provide scholarships to private schools for scholars from disadvantaged backgrounds, who have an aptitude for mathematics, science and English. In addition, research into the efficacy of other initiatives will be conducted.

The South African government has hailed the creation of the trusts and the efforts Anglo American has made to date in supporting mathematics and science in disadvantaged schools.



Grade 5 children at the Mafise Primary School in Lebowa



Community engagement

The upliftment of our local communities is an essential part of the transformation agenda.

We have long had a commitment to achieving an improvement in the life changes of the communities where we work. The nature of our contribution has, however, changed over the years as our operations have become less labour intensive and as thinking about social responsibility has moved from a focus on philanthropic social investment – important though that may be – to consider the overall impacts of our core business on our full range of stakeholders. The upliftment of our local communities is an essential part of the transformation agenda. Our approach to local-enterprise development through Anglo Zimele is an example of this approach. In addition, we were the first mining company in the world to develop a methodology for ensuring that our mature operations understand their full range of impacts, understand the concerns and priorities of their local stakeholders and make themselves accountable to local communities. This methodology, the Socio-Economic Assessment Toolbox (SEAT) process, has now been implemented at some 21 Anglo American operations in South Africa since 2005. During 2006 it was implemented, *inter alia*, at Kriel and New Vaal collieries, Black Mountain, Scaw Metals and Mondi



Female workers at the model farm of Anglo Coal's Kriel Colliery Community Engagement Project

Shanduka. During 2007, Anglo Platinum expects to publish its outstanding reports and Kumba Iron Ore, Isibonelo and Mafube collieries, Vergelegen and the Johannesburg Corporate Campus will be implementing SEAT.

Lack of effective communication and perceived problems of power imbalances are often at the root of a lack of trust on the part of local communities. Capacity building is often a prerequisite for establishing durable partnerships. However, we believe that making such partnerships work is fundamental to reducing dependency and supporting sustainable development. SEAT

has also reminded us that a community's perceptions are their realities and we must ensure that we address them. We are also learning that the relationships and rivalries between stakeholders are rarely static and can have as big an impact on the operation as its own relationship with any one group.

During 2007 an updated version of the SEAT manual will be rolled out – with supporting training programmes – which will draw upon the lessons learned from the earlier implementations. This will involve the streamlining of some of the stakeholder-

engagement tools and the addition of tools on improving the management of conflict, complaints procedures, resettlement, community health and capacity building. Where it has been implemented, SEAT has significantly increased our understanding of the concerns, needs and priorities of our local stakeholders, led to management producing commitments for improving their socio-economic performance and enriched our Social and Labour Plans. As of this year it will be mandatory for all of our significant operations to repeat the SEAT process at least every three years.



COMMUNITY ENGAGEMENT

Community engagement

Our community-engagement plans have a three-year time horizon and identify stakeholders, the channels to be used for engagement, key issues and the impacts to be managed. These plans ensure that operations are more accountable to neighbouring communities for their impacts on the community and the environment and that mutual understanding of concerns improves.

Resettlement

In undertaking resettlements, we work on the basis of informed consent and only where there is no realistic alternative.

We observe the World Bank Guidelines and the IFC Safeguard Policies and aim to ensure that, where resettlement occurs, the community facilities are enhanced.

Tension over resources

Anglo Platinum experienced several incidents in 2006 which highlighted tensions around access to land and resources and the relative status of property rights which resulted in police presence and, in one instance, armed intervention. In June 2006, 100 members of the Banareng tribe from a village adjacent to the Modikwa platinum mine (a 50%, independently managed joint venture) in the Limpopo province in South Africa, were involved in a confrontation with police after they illegally assembled at a drilling site and allegedly intimidated contractors.

In another ongoing dispute related to Anglo Platinum's R4.6 billion expansion of the Potgietersrust Platinum Mine (PPRust), a R613 million resettlement of the Ga-Puka and Ga-Sekhaolelo communities has been challenged. The 957 households involved will receive comparable or significantly better housing and a significant enhancement of the land available for grazing and collective use together with compensation. However, the resettlement has been complicated by the length of time which it has taken to

implement the resettlement, especially in relation to ensuring that structures set up to represent the community have remained representative and in ensuring that local people have been regularly updated on developments. Anglo Platinum undertook extensive engagement prior to planning the relocation and has conducted itself in conformity with international norms. Work is ongoing with other stakeholders on maximising the potential for economic development in the communities around the mine.

Anglo Platinum is also spending R412 million on more than doubling Polokwane's water storage capacity to ensure that the city will be able to supply waste water for use by PPRust. Water shortage is the greatest physical constraint on mining platinum in the Mokopane district. Only waste water will be used for the mining operation. The relocation and the water project are two key aspects of Anglo Platinum's programme to enlarge PPRust from its present production capacity of 200,000 ounces



Emalahleni Oil Collections collects used oil from Anglo Coal South Africa collieries and delivers it to a single site where it is processed for re-use





Social responsibility – Basa njengo Magogo (*to make fire like granny*) – Fieldworkers were engaged to assist in rolling out to community members the BnM method of making a fire in the home for cooking purposes

of platinum a year to 435,000 ounces.

Basa njengo Magogo

Basa njengo Magogo (BnM) – *to make fire like granny* – is a low-cost intervention that allows community members to use what they already have to make a fire, but in a safer, healthier and more environmentally friendly way. Given that state-funded health programmes currently spend some R455 million a year on respiratory tract diseases, there is clearly a real need for the roll-out of the BnM programme. Anglo Coal South Africa has thrown its weight behind this initiative, endorsed by the Department of Minerals and Energy, which targets low-income groups that use coal as their main source of energy.

Anglo Coal South Africa launched its programme

in May 2006. The roll-out was undertaken by Palmer development consultants during the winter of 2006 and reached some 12,000 households in the Vosman township adjoining Witbank. Around 26 fieldworkers, consisting of unemployed people from the community were employed for a period of 3-4 months to perform street demonstrations of the BnM method. These fieldworkers were given training in public speaking and were also trained how to conduct interviews and perform surveys to monitor uptake of the method.

They conducted several demonstrations at local schools to teach children, often assigned the chore of fire-making in the home, the simple five-step BnM method.

Traditionally, kindling is placed beneath the coal. The fire burns upwards releasing the particulates and volatiles in the coal, which are then emitted into the atmosphere. Conversely, by placing the kindling on top of the coal, the particulates and volatiles released from the coal underneath are burnt off as they pass through the 'hot zone' where the fire is burning. Studies conducted by the Council for Scientific Research show that this method can reduce particulate emissions by up to 80% compared with the conventional method. Results from the earlier BnM roll-outs indicate an almost 40% reduction in smoke, compared with the conventional method of bottom-up ignition.

Added benefits of the BnM method include the fact that

1 kg less coal per fire is used, the time required to reach cooking temperatures is greatly reduced, the fire lasts longer and it is much safer. Qualitative results from the project show that one month after training:

- 65% of households reported less smoke when lighting the fire;
- 72% of households reported less smoke in the streets;
- 96% of households exposed to training continued to use the method;
- households reported savings of between R20 and R50 per month (or 5 kg-28 kg of coal) as a result of using the BnM method.

Through interaction with the Vosman community during this project, other community needs have been identified. They include proper waste-disposal systems, training in bookkeeping for coal merchants and small business projects for fieldworkers. These related initiatives, which create continuity from the BnM project, may be pursued in 2007, alongside a follow-up BnM project to reinforce the method. The project will roll out during 2007 to other areas in which Anglo Coal South Africa has a presence.



COMMUNITY ENGAGEMENT



Sishen's Tshono leather craft and tannery project has progressed within a few years from a subsidised, struggling, start-up operation to a self-sustaining private business

Kumba Iron Ore teaches skills to boost local development

Sishen's Tshono leather craft and tannery project has progressed within a few years from a subsidised, struggling, start-up operation to a self-sustaining private business.

Local women were given training in leather making to create new job opportunities in the area. Their big break came

when their crafts were exhibited at South Africa's largest interior décor show, Decorex. Demand soared and there are now plans to extend the business. Sishen has handed over the Tshono project to the crafters.

Skills development is the key philosophy behind Kumba's community projects. The Itireleng skills centre has been set up near the Thabazimbi mine to help train local people

in skills ranging from computer literacy to construction and pottery. This is helping local people gain the necessary know-how to start up new businesses that can stimulate economic development in the area.

Raising environmental awareness in the community

In partnership with the community and local

authorities, Anglo Platinum's Union Platinum mine works with local schoolchildren to teach them to care for and value the environment around them.

Every year, pupils from more than 20 schools are taken to the nearby Pilanesberg National Park. They are taught about basic environmental principles and nature conservation in workshops and discussions. The pupils are required to conduct environmental projects at their respective schools and communities, and these are later judged in a competition.

This scheme has successfully encouraged young people to get involved in solving environmental problems in their communities. There is now an anti-litter campaign in the area to which the mine contributes waste bins, signs and gloves used by volunteers who collect litter.

Human rights

Anglo American's *Good Citizenship* business principles commit the Group to upholding the values enshrined in the Universal Declaration on Human Rights.

We have developed and widely distributed an implementation manual on the Voluntary Principles on Security and Human Rights within the Group.



An ongoing challenge

Anglo American's response to the AIDS epidemic is centred in southern Africa, where approximately 60% of Anglo American employees were located in 2006.

The central aim of our workplace HIV and AIDS response is to achieve the correct balance between prevention, care, support and treatment. In order to achieve continual improvement, clear and measurable indicators are essential. Many HIV/AIDS programmes focus on processes, such as education, awareness, counselling and condom distribution, but we find it is more productive to focus on outcomes. Deciding on key performance indicators and then setting targets are crucial to effective action.

Targets

The company has three ambitious overall targets for its HIV/AIDS programme:

- Zero new HIV infections
- Zero employees and family members becoming sick or dying from AIDS
- Zero babies born HIV-positive in employees' families.

We believe that today we have the tools to achieve these targets and, if they can be reached, we will actually stop AIDS. We emphasise constantly that these targets must be achieved within a framework that allows zero tolerance of discrimination, stigmatisation or any breach of human rights.

HIV testing

HIV testing is the cornerstone of Anglo American's AIDS response and is the entry point for both prevention and care. It is critically important for all people to know their HIV status and, more importantly, to check their status on a regular basis. Early diagnosis of HIV infection gives the best prospects for proper care, support and correctly timed access to treatment. We encourage all employees to have an HIV test on an annual basis. The actual testing is always voluntary, supported by compulsory counselling.

Group uptake of HIV testing	Employees
2003	< 10%
2004	21%
2005	31%
2006	63%

At a glance:

- **111,000 employees based in southern Africa participated in Anglo's HIV and AIDS programmes**
- **Approximately 21%, or 23,500 of these employees, are HIV-positive**
- **4,600 employees are on ART**

22 November to 13 December
Confidential voluntary counselling and testing (VCT)
15th Floor, 55 Marshall Street
Call 2890 to make an appointment
Expect a call to encourage you to make an appointment

STOP AIDS. KEEP THE PROMISE.

ANGLO AMERICAN

We strive to make testing easily accessible in a confidential, trusting and professionally supportive atmosphere.

Results in 2006 were particularly pleasing, with a dramatic improvement in uptake of HIV testing, as reflected in the accompanying table. Through this concerted HIV testing campaign we have

managed to enrol 11,600 employees on our HIV disease-management programmes. We estimate that we have reached 49% of HIV-positive employees in order to provide care, support and treatment where necessary.

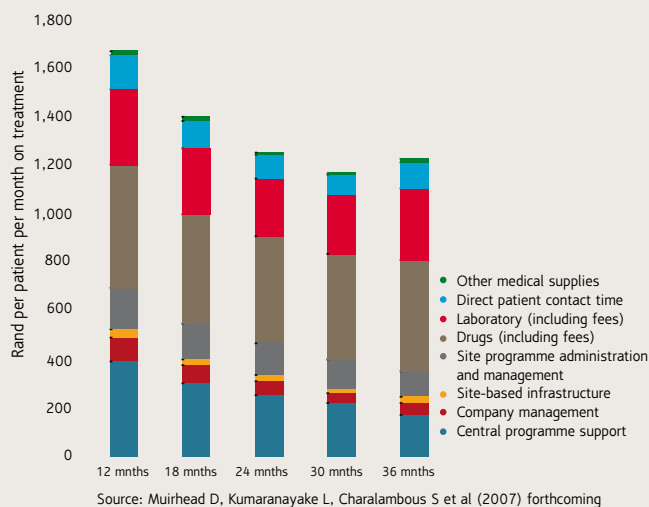
Some business units have achieved exceptional results. Anglo Coal, with 8,200 employees, achieved 82%

HIV/AIDS

At a glance:

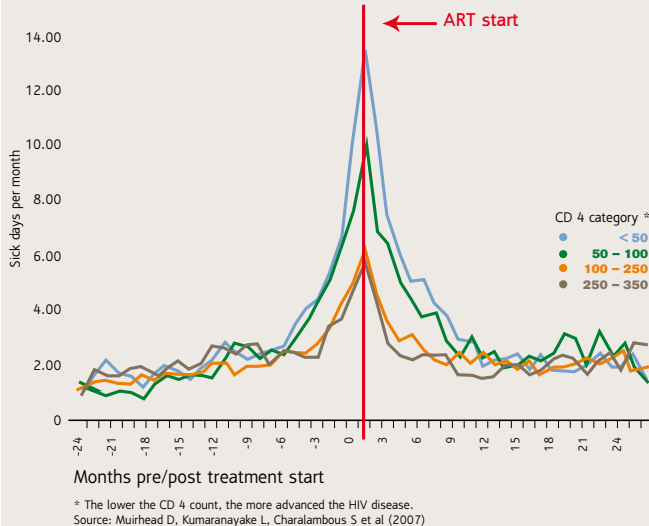
- Our greatest challenge is to ensure strict adherence to treatment and to support employees in their lifelong treatment programme
- The benefits of providing ART outweigh the costs

Anglo American Group trends in average cost per employee per month on ART



Laboratory technician Victoria Moloi from Aurum Health Research is currently involved in a project investigating the effect of TB on the HI viral load of the HI virus

Trends in sick days pre/post ART by starting CD4 category



voluntary counselling and testing (VCT) uptake in 2006. Because they repeat this good performance on an annual basis, they are now in a position to measure the incidence of new HIV infections each year. During 2006, there were 80 new HIV infections in employees who had previously tested negative. This is far off the zero mark but there is now much stronger focus on prevention, with a general understanding among the workforce that much more has to be done to reach the zero target. Furthermore, compared with national averages, Anglo Coal believes that an equal number of HIV infections were averted during the course of the year.

Anti-retroviral therapy (ART)

Most people know that ART is a lifesaving intervention, but it is not widely appreciated that early access to ART is particularly important for preventing illness, especially tuberculosis, in HIV-positive individuals. If treatment is started too late, it is more complicated, less successful and more expensive. Our strong VCT programme helps our medical staff to diagnose HIV infection sooner. Through regular monitoring, we can ensure that employees are started on ART before they get sick at the appropriate stage of infection. We have clear evidence that early access to treatment leads to a striking reduction in



absenteeism, with economic benefits that cover a large portion of the cost of ART. At the end of 2006, we had 4,600 employees on ART: 95% of these people are well, carrying out their normal work and leading normal lives. We estimate that we have reached 65% of the HIV-positive employees who are in need of treatment.

One-third of those who have started ART have dropped out for various reasons. About 7.6% have died, 10.5% were non-adherent to treatment and 8.4% left employment. Deaths are mostly due to treatment being started too late or due to non-adherence. We strive to ensure that individuals leaving our employment continue their treatment in other treatment programmes.

Dependants

Ensuring that dependants have the same access to HIV and AIDS care as employees is an ongoing challenge. Access to comprehensive AIDS care, including ART, for the entire family is available as a prescribed minimum benefit for those employees who choose to participate in health insurance arrangements (co-funded by the company and the employee). However, the majority of employees choose to rely on the national health system for the health care of their families.

Although ART is available in this setting, waiting times are long and service provision is patchy. We are investigating ways to encourage many more employees and their families to participate in health insurance arrangements.

Economics

Since Anglo American started providing ART in late 2002, we have been evaluating intensively the economic costs and benefits of the intervention. It takes several years to accumulate reliable economic data, but we are now reaching a stage where we can confidently state that the medium-term costs of providing ART to employees are significantly outweighed by the savings in terms of reduced absenteeism and reduced healthcare costs (where directly provided by the employer). Increased productivity, retention of skilled employees and improved morale are further positive consequences of the programme. It is likely that these benefits will increase in the short- to medium term as costs come down, and more people accessing a more effective programme means health outcomes improve. The Anglo American experience has shown that private-sector action on HIV/AIDS can have positive impacts on health and profits. In high-prevalence settings, it is inaction that poses the greatest threat to business.

Community projects

The Anglo American Community HIV/AIDS Partnership Programme (CHAPP) was launched in 2003. Its aim was to rapidly scale up Anglo American's involvement in community HIV/AIDS initiatives in South Africa and to build platforms for new projects. The first priority is youth. Preventing teenage pregnancy and sexually transmitted infections is an important part of the effort to stop HIV infection in the communities in which we work. Therefore, we provide support to individuals

and organisations working to prevent HIV in young people. Anglo American's CHAPP works in communities around eight of the company's operations in six provinces.

Leadership

Strong leadership is probably the single most important indicator of an effective response to the AIDS epidemic. This has certainly been the case at Anglo American and we believe that it shows in the success of our AIDS response.



(Centre) Anglo Coal South Africa's chief executive Ben Magara, Virgin Atlantic's Sir Richard Branson and US Ambassador to South Africa Eric Bost clasp hands to celebrate the construction of the Bhubesi community health centre at Bushbuckridge, Mpumalanga, which has been made possible through a public-private partnership



Supporting community health in rural South Africa

Anglo Coal is part of a public/private partnership to build a community health centre in the rural Bushbuckridge area of Mpumalanga. The partnership includes the US government, Virgin Atlantic and the Ndlovu medical centre.

The Bhubezi community health centre tackles the effect of HIV/AIDS and the devastating impacts of tuberculosis and malaria. Services are free of charge for people suffering from these diseases and treatment for other illnesses will be subsidised through cost-sharing schemes with patients.

The R50 million project – launched in October 2006 – provides X-ray equipment, pharmacy and laboratory services, and brings doctors to the community. It serves approximately 70,000 people living in 21 villages in Bushbuckridge.

Anglo Coal has donated R5 million for infrastructure development and a similar amount will be donated over the next five years towards management support.

With many employees in the Bushbuckridge area, the company will share experience

from its own HIV/AIDS programme, which was commended in the 2006 Awards for Business Excellence from the Global Business Coalition for HIV/AIDS, Tuberculosis and Malaria.

Anglo Platinum supports initiative to cut domestic violence rates

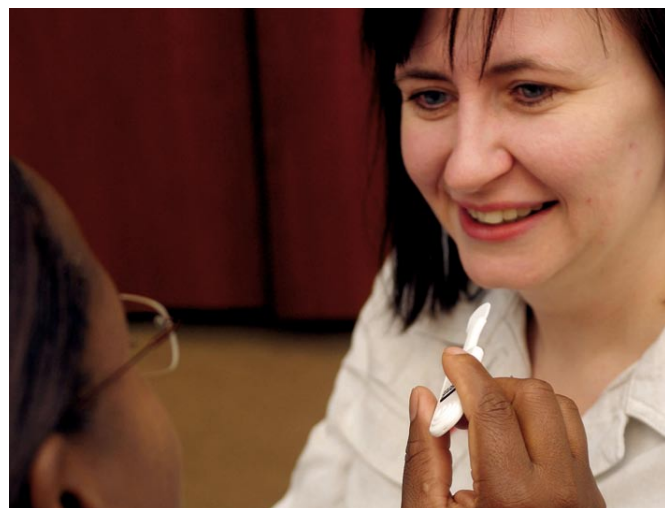
Anglo Platinum is sponsoring a ground-breaking initiative that has contributed to a 55% drop in domestic rape – a key factor in HIV transmission – among a group of poor women in South Africa's Limpopo province.

The initiative provides a group of 850 rural women with business loans to become economically self-sufficient, and offers gender and HIV education to help them negotiate sexual relationships better and challenge negative attitudes within the community.

Two years into the three-year initiative, results show the women's economic well-being and self-confidence have improved. They also have more influence over household decisions and feel more able to challenge traditional gender norms. Their experience of physical or sexual violence in the past year was halved compared with women from nearby villages who did not take part.



Voluntary counselling and testing is a fundamental element of our HIV and AIDS programme



Employees at the corporate centre and at operations are encouraged to have an HIV test annually



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