

Sustainable Development Report 2007

Serving global industry by manufacturing products through safe and sustainable processes that protect the environment and enhance the quality of life of individuals and their communities.

“We may be black, white
and red...”



> Contents

1. Chairman's review	2
2. Life cycle of steel	4
3. Operating units internationally	6
4. Overview of the group	10
5. Governance and business principles	14
6. Economic performance	18
6.1 Creating value	21
6.2 Black Economic Empowerment (BEE)	24
7. SHE management framework	26
8. Safety	38
9. Health	58
10. Environment	68
11. Labour practices and community involvement	84
12. Feedback questionnaire	99
13. Glossary of terms	101

...but our heart is green."



> 1. Chairman's Review: sustainable development report 2007

We are sad to report that we lost two of our employees in October 2007. Our thoughts remain with the families of Hendrik Goosen and Patrick Compaan. The subsequent action plan is centred on a review of the Hazard Identification and Risk Assessment throughout the group. Despite the setback due to the two fatalities, the Scaw Metals Executive Committee Pact continues to reflect the mindset of the Executive Committee and management - and the team endeavours to make the Scaw Metals Group the safest steel production and processing operation in the world.

Focus on leading safety indicators

Being a visible felt leader is regarded as an integral part of the safety management system. A minimum of weekly visible felt leadership walks are conducted by senior management and line management. The target is to engage constructively with 80% of employees on a monthly basis.

The drive to prevent repeat incidents and proactively identify actions or situations which could result in safety incidents has prompted us to move from a focus on lagging safety indicators to a focus on leading indicators. We are actively tracking near hit incidents within the Scaw Metals Group and in other organisations to ensure that we facilitate learning and prevent repeat incidents.

Creating safety competence is a key focus area. Safety Fundamentals Training, which includes the Anglo American Safety Way (recently updated to include the Anglo Fatal Risk Standards), has been presented to over 1 500 employees. Running parallel with this training, we have further entrenched a risk-based approach. Selected line managers attended a risk management course in Australia. Based on that success, executives were subsequently trained. Training will be rolled out to all employees during the course of 2008.

As a result of both management and employee endeavours, the number of lost time injuries decreased from 25 in 2006 to 18 in 2007.

Management of health risk assessments

Health risk assessments are updated annually and linked with hygiene surveys to ensure that risks are identified proactively. The health management system is being developed with a focus on leading indicators. Improved management measures, which a focus on elimination of sources, have been implemented. The target of 75% of employees being voluntarily counselled and tested for HIV/AIDS was achieved. This increases to 85% when adding the number of known positives. We are intent on educating employees on the importance of knowing their status and remaining HIV negative.

Concentrating on efficient use of resources

The group is concentrating on the efficient use of resources - a requirement which has recently been highlighted by the electricity crisis in South Africa. Total energy consumption decreased from 11.01 GJ/tonne in 2006 to 10.99 GJ/tonne in 2007. Overall, the group achieved a reduction in natural gas consumption from 55.56 m³/tonne in 2006 to 53.76 m³/tonne in 2007. Water consumption per tonne of product produced has decreased from 1.42 m³/tonne in 2006 to 1.40 m³/tonne of product produced in 2007. Measurable targets for water quantity have been set at operational level. Daily monitoring of water quantity and regular monitoring of water quality is taking place. The focus has been on the increased re-use of run-off water, the recycling of used water, awareness creation and efficiency improvements.

As part of the quest for true sustainability, a recycling and general waste reduction drive continues, with numerous waste recycling initiatives

and trial projects having been implemented. In addition, Cleaner Development Mechanism (CDM) projects are underway.

BEE consortium has a stake in Scaw SA

Scaw South Africa (Pty) Ltd spend on Black Economic Empowerment (BEE) companies continues to grow. In 2007, Scaw South Africa concluded a Black Economic Empowerment (BEE) transaction, following which the Economic Empowerment Rating Agency (Empowerdex) has certified Scaw South Africa as a Level Seven Contributor for the period November 2007 to November 2008. This rating allows 50% of all procurement from Scaw to be classified as Black Economic Empowerment (BEE) spend.

Employee Share Ownership Plan introduced

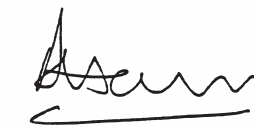
The group is actively involved in upliftment projects and continues to invest in our employees and the community. An employee share option scheme was introduced in 2007. Scaw's Employee Share Ownership Plan (ESOP) is an employee Trust that holds 5% of Scaw South Africa's shares. Scaw has given money to the Trust and the Trust has used this money to buy these shares in Scaw SA. Eligible employees of Scaw SA will be awarded participation interests ("units") in this Trust.

The value of the Trust's shares in Scaw SA should increase over time and when the Trust sells these shares at a profit, that profit (after paying any loans and interest) will be paid out to the beneficiaries in proportion to their units.

SHE certification

We have retained certification to international Safety, Health and Environmental Management System Standards (OHSAS 18001, ISO 14001) and successfully implemented a centralised, electronic action management system in South Africa to ensure a consistent approach to SHE management.

I trust that you will find the Sustainable Development Report covering the year 2007 informative. Please forward any comments or suggestions to us by completing and returning the questionnaire at the end of this report.



Tony Harris
Executive chairman
Scaw Metals Group



> Tony Harris, executive chairman, Scaw Metals Group.

> 2. Life cycle of steel

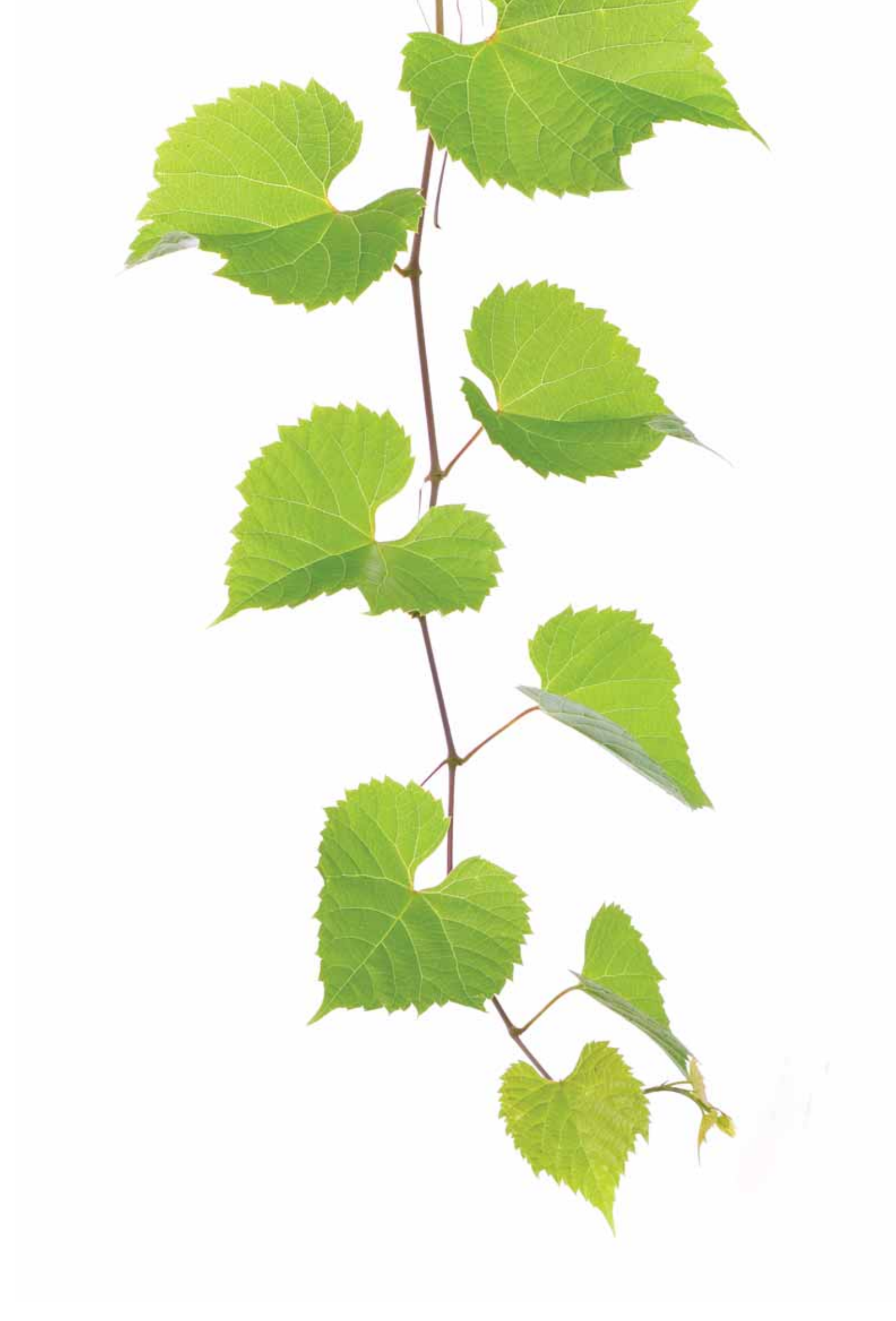
Steel is regarded as the most recycled material in the world. In 2007 the Scaw Metals Group recycled 1 025 285 tonnes of scrap steel in the production of its value added products that are distributed worldwide.

For the Scaw Metals Group, the health and safety of employees, the protection of the environment, delivering value to shareholders and having due regard for the communities in which it operates are top priorities. These principles are the seeds of perpetuity that ensure the continuance of the business and the world in which Scaw operates.



> 3. Operating units internationally

Scaw Metals' influence is far-reaching. Its principle operations are located in South Africa, South America, Canada and Australia. Smaller operations are in Namibia, Zimbabwe and Zambia. Agents are active in North America, Europe and South East Asia.



Operating units internationally

Factory and marketing sites



Distribution network

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

Factory sites worldwide

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

> 4. Overview of the group

Having been established in South Africa in 1924, Scaw Metals is today an international steel and engineering group.



Overview of the group

Scaw Metals was established in Johannesburg, South Africa in 1924 and moved to the Union Junction site in Germiston in 1939. In 1964 Scaw was acquired by Anglo American, and in 1983 Scaw acquired a joint controlling interest in the listed company Haggie Limited. In 1998 Scaw acquired 100% of Haggie Limited and then delisted the company. In 2002 Moly-Cop, the forged steel grinding media division of GSI (USA) was acquired, extending the group's presence to Canada, Chile, Italy, Mexico, Peru and the Philippines, and expanding its presence in Australia. In 2006 Scaw acquired AltaSteel, a wholly-owned subsidiary of Stelco situated in Edmonton, Canada.

In November 2007, AltaSteel purchased Maple Leaf Metal Industries, an Edmonton-based scrap dealer that has been a key scrap supplier to AltaSteel.

Today Scaw is a large, diversified steel and engineering group with operations around the world. The South African facilities produce the following products: Rolled steel products, steel wire rope, wire and strand, cast high chromium alloy iron and forged steel grinding media, steel and high chromium alloy iron castings, and carbon and low-alloy steel chain and fittings. The group's other operations in Australia, Canada, Chile, Mexico, Peru, the Philippines, Zambia and Zimbabwe produce a narrower range of related products.

Scaw Metals Group structure



Scaw Metals Group: An international manufacturer of steel and alloy iron products

SCAW METALS GROUP

> 5. Governance and business principles

The success of the group is grounded in good governance and sustainable practices.



Governance and business principles

Governance

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

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

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

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

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

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

Business principles

The core values that underpin the business

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

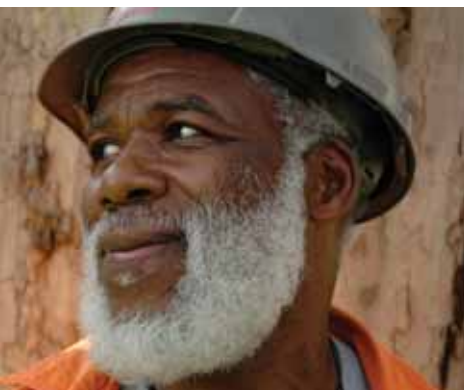
As an investment the business regards providing superior returns to shareholders and honouring its social and environmental responsibilities as complementary and mutually reinforcing.

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

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

Assurance

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



> Enuel Mbuyisa, production moulder.



> Employees at Union Junction.



> Hope Mpakanyane, receptionist, Benoni Works.

> Scaw's Benoni Works operation was established in 1913.



> 6. Economic performance

Scaw Metals has continued to grow its wealth by investing in its people. The largest portion of its earnings is distributed to employees as wages and related costs.





Economic performance

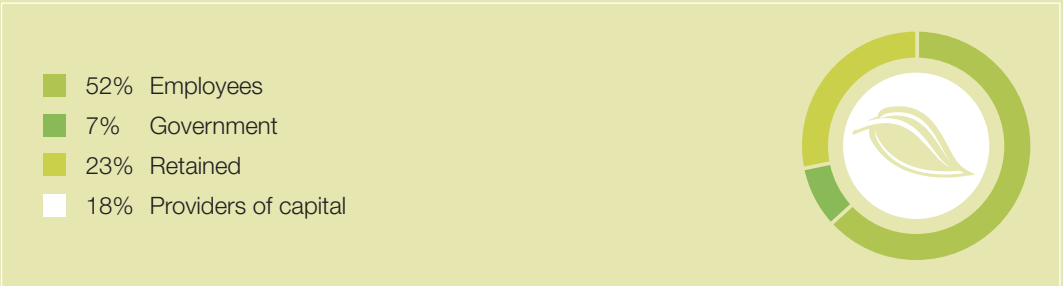
6.1 Creating value

Group value added statement	2007		2006	
	Rm	\$m	Rm	\$m
Turnover	10 087.40	1 430.70	8 166.00	1 206.50
Less: Paid to suppliers for materials and services	7 124.60	1 010.40	5 542.40	818.90
Total value added	2 962.80	420.30	2 623.60	387.60
Value distribution				
To employees for wages and related costs	1 548.40	219.60	1 360.20	201.00
To providers of capital	539.80	76.60	384.50	56.70
To government for company taxation	197.20	28.00	332.90	49.20
To reinvestment to maintain and expand the group	677.40	96.10	546.00	80.70
Total distributed and retained	2 962.80	420.30	2 623.60	387.60

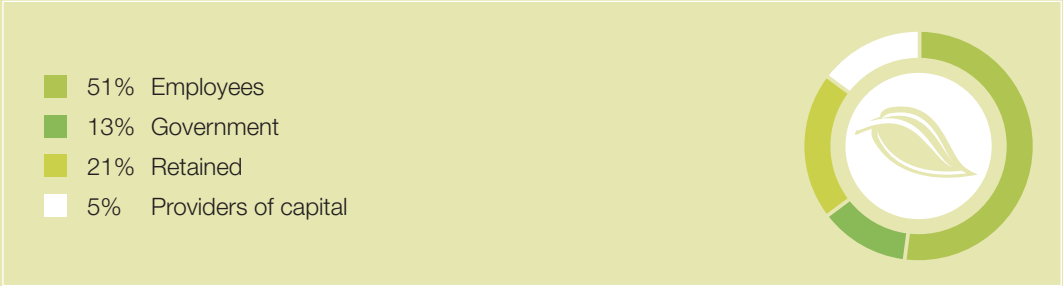
The group value added statement shows how value added by the Scaw Metals Group in the year to December 2007 was allocated among the different stakeholders in the business.

Represented graphically and showing the year to December 2006 as a comparison, the distribution of value among the stakeholders was as follows:

Scaw Metals Group value added (Rm) 2007



Scaw Metals Group value added (Rm) 2006



< Scaw's chain making factory in Vereeniging, South Africa.

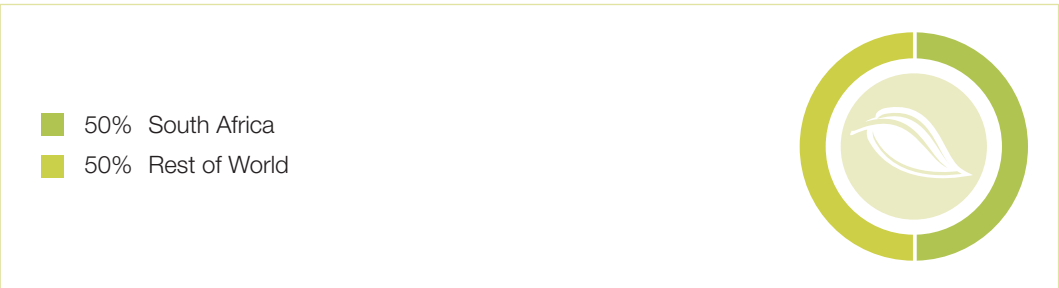
As can be seen from the charts on page 22, the largest portion of value added (52% in 2007) was distributed to employees by way of wages and related costs.

No dividends were paid to shareholders during the year.

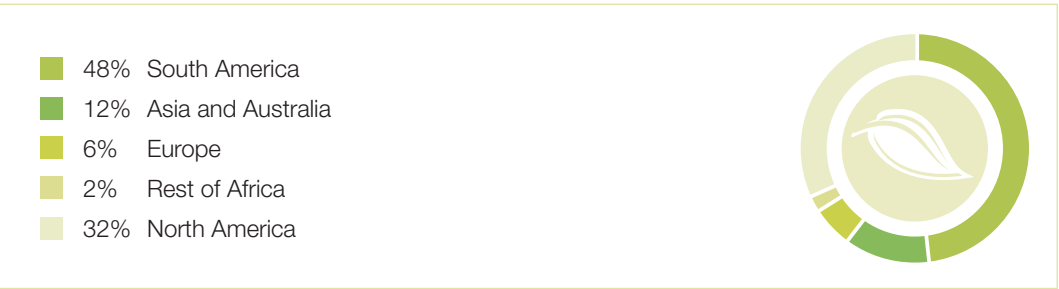
Geographical analysis of activity

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

In 2007 sales within South Africa and sales in the rest of the world made up equal portions of Scaw's total turnover.



Sales in the rest of the world are broken down as follow;



Cost savings

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

During the year to December 2007, Scaw Metals achieved cost savings of R155 million (\$22.0 million). These savings were generated in part by the group's increasingly efficient use of natural resources.

6.2 Black Economic Empowerment (BEE)

Scaw Metals SA (Pty) Ltd has adopted the Anglo American BEE Procurement Guidelines and continues to actively seek suppliers that have empowerment credentials. The value of goods and services purchased from BEE suppliers increased from R143.1 million in 2006 to R222.4 million in 2007.

The Economic Empowerment Rating Agency (Empowerdex) has certified Scaw South Africa (Pty) Limited as a Level Seven Contributor for the period November 2007 to November 2008. This rating allows 50% of all procurement from Scaw to be classified as Black Economic Empowerment (BEE) spend. Scaw SA is the first steel manufacturer in South Africa to achieve a BEE rating.

SMME BEE suppliers are contracted to provide cleaning, transport, printing, painting and building services. During the year a number of our major raw material suppliers concluded empowerment transactions which contributed to the increase in BEE spend.



> Living proof

Living proof #1: The first woman on the Scaw SA Board of Directors

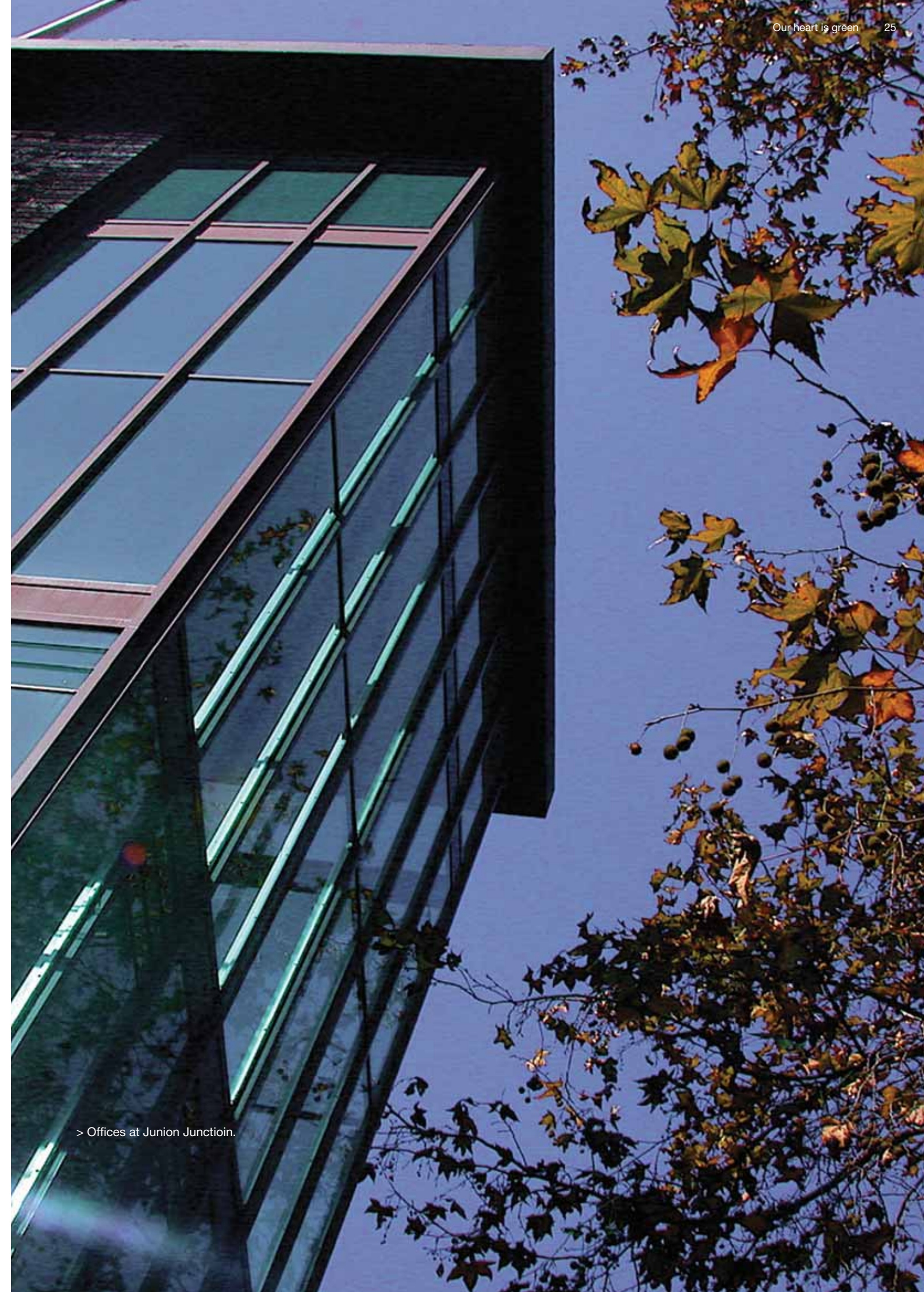
Karishma Sewpersad was recently appointed to the Scaw Board of Directors. She is the first woman to join the board and is a principal for Shanduka Resources, one of the BEE companies that acquired an equity stake in Scaw South Africa in January 2007.

Karishma qualified with a Bachelor of Science degree in Chemical Engineering from the University of Natal in 2002. She began her career as a process engineer in Xstrata Alloys' ferrochrome production facilities in Lydenburg. After gaining experience in the Smelting operation section she took up a managerial position as a production superintendent in the Agglomeration and Pre-Reduction section of the operation. Later she stepped into the role of technical superintendent, where she was responsible for research and development work across the whole process. Thereafter, she entered the corporate environment where she took up the position of marketing superintendent at Xstrata's head office in Rustenburg. During this time she commenced a Masters in Business Leadership (MBL) through

the University of South Africa and is currently in her final year of study. After a total of four and a half years in the ferrochrome industry, she joined BHP Billiton as a commercial analyst in its Coal division.



> Karishma Sewpersad is well-qualified and talented.



> Offices at Junion Junction.

> 7. Safety, Health and Environment (SHE) management framework

The group's safety, health and environmental management standards are aligned with the international ISO 14001 and OSHAS 18001 standards.



SHE management framework

Our vision

The Scaw Metals Group vision - to achieve zero harm through the effective management of safety, health and environment in all of our operations - is in line with that of Anglo American. Effective management is established by the implementation of a robust SHE management system, based on a foundation of three principles.

Our principles

1. **A zero mindest:** We strongly believe that all fatalities, injuries, occupational illnesses and impacts on the environment are preventable. We are the custodians and are responsible for correcting behaviour that could result in harm.
2. **No repeats:** All safety, health and environmental incidents are recorded and investigated to ensure that root causes are identified and the required corrective and preventative measures implemented to prevent a repeat. We focus not only on incidents within the Scaw Metals Group but we also learn from incidents that happen in other organisations.
3. **Simple, strict standards:** We have adopted the Anglo American Safety, Health and pending Environmental Ways, to ensure a common approach to SHE management.

Our policy

We subscribe to the Anglo American SHE policy in addition to the Scaw Metals Group and site specific policies overleaf.

Group SHE Policy

The Scaw Metals Group is an international group manufacturing a diverse range of steel products, as specified in each operation's Safety, Health and Environmental (SHE) Management System Manual. The main product lines are: rolled steel, wire rope and strand, wire products, chain, forged steel and cast alloy grinding media, and cast steel and alloy iron foundry products.

Aims and beliefs

- The group believes that safety incidents, occupational illnesses and diseases, and environmental pollution are preventable, and that employee behaviour is the most critical element of the SHE management system.
- The group contributes to sustainable development by operating with due regard for its employees, as well as economic, social, cultural and environmental concerns.
- The group conserves natural resources through the efficient use of water and energy and effective waste management practices. It recognises the importance of climate change.

Commitment

- Senior executives and line managers are accountable for, and committed to, operating effective management systems and employing measures to prevent, control, minimise or eliminate SHE risks and hazards.
- Ensure compliance to current applicable SHE legal requirements, and adhere to any other requirements to which the group subscribes.

- Applying the principle of continual improvement to SHE management and performance.

Competence

- Provide the necessary resources and training in order to encourage greater awareness, competence and responsibility.

Hazard identification and risk assessment

- Identify, evaluate and prioritise the SHE hazards and risks, set objectives and targets, and implement action plans to reduce and manage these.

Prevention and controls

- Establish control measures to reduce, control and prevent injuries, occupational diseases and all forms of potential pollution.
- Develop, implement and maintain emergency contingency and response plans.

Performance evaluation and review

- Evaluate, monitor and review performance of the SHE management system and achievement of targets and objectives through internal and external audits and assessments.


Communication

- Liaise with employees, regulatory authorities and all other interested and affected parties on a regular basis in order to promote constructive interaction regarding SHE matters of concern, and to ensure that individuals understand their SHE obligations.
- Encourage all stakeholders to adopt responsible SHE practices.

The policy will be reviewed periodically to ensure that it remains appropriate to the nature and scale of the group, SHE risks, activities, products and services.



A Harris
Executive chairman
Scaw Metals Group

Safety, Occupational Health and Environmental Management in Anglo American			
SAFETY		OCCUPATIONAL HEALTH	ENVIRONMENTAL MANAGEMENT
OUR VISION			
 <p>Our vision is to achieve Zero Harm through effective management of safety in all our managed operations. We believe our people are our key asset and we do not accept that it is necessary for people to be injured whilst working for us. All employees should be able to return home fit and well at the end of each shift. We believe that one injury is one too many.</p>		<p>Our vision is to achieve Zero Harm and a healthy and productive workforce through the effective management of occupational health risks in all our managed operations. We believe our people are our key asset and we do not accept that it is necessary for people to be ill whilst working for us. All employees should be able to return home fit and well at the end of each shift. We believe that one injury is one too many.</p>	<p>Our vision is to minimise harm to the environment by designing, operating and closing all of our operations in an environmentally responsible manner.</p>
OUR PRINCIPLES			
 <p>All injuries and occupational illnesses are preventable</p>		All occupational illnesses are preventable	We shall apply the mitigation hierarchy of avoiding, minimising and mitigating environmental impacts arising from our activities, products and services
 <p>All necessary steps are taken to learn from incidents in order to prevent recurrence</p>		Learn from our monitoring of exposure and surveillance of disease incidence and use this information to prevent the occurrence of occupational disease	All necessary steps will be taken to learn from environmental impacts, incidents, audit findings and other non-conformances, to prevent their recurrence
 <p>Safety standards and rules are consistently applied throughout the Group</p>		Health standards and rules are consistently applied throughout the Group	Common, non-negotiable Environmental Management and Performance Standards and procedures shall be applied throughout the Group as a minimum requirement
OUR POLICY			
 <p>Cynthia Cornell CEO, Anglo American plc</p> <p>These policies will be reviewed at appropriate intervals and revised where necessary to keep them current.</p>	<p>We hold senior executives accountable for the safety of our people. We expect our managers and supervisors to provide effective leadership in safety whilst recognising that good safety behaviour is the responsibility of all those who work for us. Management of every business or operation is responsible for the full implementation of our safety management system (the Anglo Safety Plan), the local risk standards and the Control Rules. This requires the allocation of appropriate resources and the provision of training, education, consultation and auditing to ensure compliance. We commit to open communication with our employees, contractors, suppliers and other business partners and interested third parties to encourage a safety culture that reflects the intent of this policy. We will set appropriate objectives and monitor progress against these to ensure continual improvement towards our goals.</p>	<p>Line management is responsible and will be held accountable for the implementation of this policy and we expect all employees and contractors to contribute to maintaining a working environment that is without significant risk to health. We commit to the reduction of exposure to stress through good engineering practice and application of the HSE's principles. Compliance with the law will always be the minimum standard. We will provide appropriate resources, systems and training to protect, maintain and promote the health and working capacity of our people. We commit to open and transparent communication on occupational health with all stakeholders. We will set appropriate objectives and monitor progress against these to ensure continual improvement towards our goals.</p>	<p>We hold our leaders accountable for the environmental management of our activities. We expect our line managers and supervisors to provide effective leadership in environmental management whilst recognising that environmental management is the responsibility of all who work for us. Management of every business or operation is responsible for the full implementation of the Anglo Environmental Management framework and participation in the Anglo Peer Review Programme. This requires: • the allocation of appropriate resources and the provision of training, education, consultation and auditing to ensure compliance; • the development, implementation and maintenance of environmental policies, programmes and procedures; • effective environmental impact identification, assessment and control, designed to achieve proactive management of our activities, products and services. We shall conserve and protect environmental resources through, amongst others, the efficient use of energy and water, minimising waste and reducing pollution. We shall demonstrate active stewardship of land, freshwater systems and biodiversity with which we interact. We respect people's culture and heritage. We shall comply with environmental legislation and other requirements to which we subscribe, and develop a culture of improvement. We commit to open communication with our employees, local communities, contractors, suppliers, investors, business partners and other interested parties to encourage an environmentally responsible culture that reflects intent of this policy.</p>

> Posters of the Anglo American policies on SHE have been distributed throughout the Scaw Metals Group.



> The SHE vision, principles and policy encompass every employee in the group. Prudence Khumalo, internal sales clerk (left), and Amanda Jordaan, SHE administrator, at Wire and Strand.

The Scaw Metals Group SHE management system is designed around 12 standards, each with its own requirements.

1. Policy, leadership and commitment

The Scaw Metals Group top management team is committed to the vision of zero harm. This is illustrated by managers being visible felt leaders within the organisation and interacting positively with employees. Positive interaction with employees is regarded as a key component of our commitment to the safety and health of our employees and the protection of the environment. We endeavour to engage with at least 80% of our employees on a monthly basis with regard to safety related aspects. These interactions take place on the shop floor. In addition, we make use of the leading indicators relating to unsafe acts and conditions, and we have defined a trigger value at which management intervention is required.

2. Risk and change management

The Scaw Metals Group is focusing efforts on the proactive identification of hazards, assessment of risk and implementation of controls in accordance with the accepted hierarchy. This approach has resulted in training and a review of risk assessments across the group. The roll-out of the Fatal Risk Standards is currently underway. The group has embraced robust risk management as the foundation of effective SHE management. A risk review project has been launched at the Union Junction site. The project is being undertaken in conjunction with Anglo American and is facilitated by an external specialist. The project is pioneering a fresh approach to risk management, recently introduced in the Anglo American group.

3. Legal and other requirements

The achievement of legal compliance is regarded as a minimum requirement. We have established an integrated legal register to ensure legal compliance.

4. Objectives, targets and performance management

We have established leading indicators to complement lagging indicators. Near hits are recorded and classified as high-, medium- or low-potential, according to a risk matrix. The near hits are regarded as prompts for management intervention. The establishment of a trigger value for unsafe acts and conditions at 10% of the total observations provides an indication to

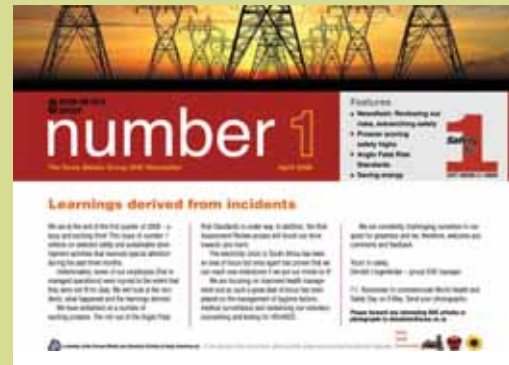
management of where additional focus should be given proactively. The Total Recordable Incident Frequency Rate was introduced at the beginning of 2007; this is a measurement which includes minor injuries such as first aid cases.

5. Training, awareness and competence

Ensuring that employees and contractors have the skills to realise our vision of zero harm is a safety fundamental. In addition to training related to the principle hazards, Safety Fundamentals Training was introduced in 2006. The training is aimed at providing the fundamental information to employees with regard to safety. Fourteen internal trainers have rolled out Safety Fundamentals Training in Canada, South America and Africa.

6. Communication, consultation and involvement

The centralisation of SHE communication with a focus on concise and targeted information has been effective. The Group SHE department has the responsibility of ensuring that the pertinent SHE messages are filtered throughout the group by means of newsletters, incident reports and discussion forums. Due to the geographic spread of the group, and the associated cultural diversity, innovative methods of communication are a prerequisite. Language differences, as well as different literacy levels, are taken into consideration. Communication is kept simple. Graphic and colourful images are used, and specific communication distribution lists have been developed. In 2007, a SHE screensaver was introduced to the South African operations. The screensaver has developed and is updated monthly via a central server to convey SHE messages. In addition to the various meeting structures, team discussions, referred to as SHE box talks, are used to deliver the messages to the shop floor.



> The group's electronic newsletter, *number 1*, provides regular up-to-date SHE news.



> Audits form an important part of quality and procedural control at Scaw.



> Drivers of SHE in the group are, from left, Lizanne Gildenhuys, Rob Gardiner and Milton Goliath.

7. Document and record control

The focus has been on keeping an increasing administrative burden to a minimum. The SHE management system is used as a repository for information and reports are generated automatically.

8. Operational control

The operational control of hazards and risks is receiving specific attention through the implementation of the Fatal Risk Standards (FRS). Engineering controls are reviewed to ensure that the FRS offer the required protection to employees.

9. Emergency preparedness and response

Medical centres are located at the larger operations and staffed with qualified medical professionals and doctors to ensure rapid response in the case of an emergency. A project to review existing procedures has been initiated.

10. Contractor and business partner management

Contractors have been embraced as part of our employee complement. The company SHE requirements, therefore, apply equally to contractors. Induction training is key, and is provided via external service providers as well as through on-site induction. Contractors are not permitted to operate on sites without having been through a valid induction. A zero tolerance approach has been adopted and the use of reputable contractors that embrace our vision of zero harm is advocated.

11. Incident report and investigation

The number of near hits recorded in the group has increased significantly due to improved reporting from employees. Reporting of incidents is encouraged and can be done through various channels: electronically on the SHE management system, in an incident book, anonymously via suggestion boxes or even verbally. High potential incidents are investigated by making use of a root cause analysis technique. Serious incidents are investigated externally by specialists.

12. Monitoring, audits and reviews

Providing assurance that the SHE management system is effective is critical in our journey to zero harm. The following methods are used:

- External audits provided by service providers (specifically ISO 14001, OHSAS 18001 and legal audits).
- Internal audits.
- Peer Reviews.
- Internal Peer Reviews.
- Inspections.

The group has adopted the Anglo Peer Review process and is rolling it out internally to complement the formal peer review process. All major operations have been reviewed by Anglo peer reviewers. The Safety, Health and Environmental management systems of all material sites are ISO 14001 and OHSAS 18001 certified. The system is maintained by an electronic action management system that has been implemented in the South African operations to ensure effective management and coordination of SHE activities on an international basis.

> Living proof

Living proof #1: Showing our support

To facilitate knowledge sharing, a Group SHE Liaison was convened in 2007. The event involved SHE professionals from Africa, South America, Canada and Australia. It was used to review the Group SHE strategic plan, to allow SHE professionals to network and to build SHE team spirit. As a result of its success, the event will be repeated in 2008.



> From left: Jason Oliver, Lee Schneeberger, Melody Segole, Larry Mowbray and (front) Yondela Mlokoti show their support for SHE drive.

- > At Union Junction:
1. Amos Madonselo: Keeping production flowing safely in Scaw's Wheel plant.
 2. Grinding media.
 3. Red hot, cast steel railway wheels.
 4. Locomotive frames.





Living proof #2: SHE Day

5 October 2007 was SHE Day for Scaw operations worldwide. Employees and their managers engaged as they reaffirmed their commitment to issues that have been highlighted throughout the year.

SHE issues in the limelight on this day:

- **The three SHE principles:** Zero harm, preventing repeats and an absolute adherence to strict rules and procedures. This is the foundation of developing a zero mindset. There are several employees in the group who have achieved this, for example, Amos Mngwango at the Union Junction site who has worked for 44 years without a single LTI. Zero mindset means working as a team and looking out for one another. Never look the other way.
- **Visible Felt Leadership:** Managers have to set an example and embrace the importance of correcting unsafe or inappropriate behaviour as it happens but we all need to be constantly aware of what is happening around us.
- **Reporting incidents** is extremely important as it facilitates learning and assists in preventing repeats.
- **Ripples of Loss DVDs.** These DVDs, produced by Anglo American plc, capture the true stories of people who have been injured or killed in the workplace and the effect of these events on their families. These are thought-provoking and make one assess the intent behind safety efforts.
- **Golden Rule 1, the Safety Fundamentals:** Think before you do. Always assess the potential dangers associated with a task.
- **HIV/AIDS Voluntary Counselling and Testing (VCT):** It is extremely important to know your status and if your status is negative to keep it negative.

- **Medical surveillance:** Being healthy and fit is important. Employees must attend medical surveillance and always wear the appropriate PPE for the job.

- **Environment:** We have a duty to protect the environment. All employees can contribute by ensuring proper housekeeping is conducted and conserving resources.



> Staff worldwide engaged in the 2007 SHE Day.

< At Steel Wire Rope:

1. Sizwe Mntungwa, a machine operator in the Cut Offs section. He is also a SHEQ representative.
2. Wire destined for a steel wire rope is cleaned in acid.
3. A steel wire rope being made on a sun and planet closer.
4. The Steel Wire Rope factory manufactures plasticated rope as well as its traditional unplasticated rope.

> 8. Safety

Scaw Metals is committed to becoming the safest steel production operation in the world.



Safety

Summary of safety performance

Targets 2007	Performance 2007	Targets 2008
Zero fatalities.	Two fatalities.	Zero fatalities.
LTIFR less than 0.15.	LTIFR of less than 0.20.	LTIFR of less than 0.15.
TRCFR less than 1.	TRCFR of 1.74.	TRCFR less than 0.85.
Severity index less than 30.	Severity index of 96.	Severity index less than 25.
Unsafe acts and conditions of less than 10%.	Unsafe acts and conditions of 9%.	Unsafe acts and conditions of less than 10%.

We are sad to report that we lost two of our employees in October 2007.

The incident took place at the ladle furnace sump in the Union Junction main melt shop. The drainage sump was installed to eliminate the risk associated with hot metal spillage into the trench. During a manual cleaning operation of the sump Patrick Compaan entered the sump and was overcome by argon gas. Hendrik Goosen was also overcome by the gas when he attempted to rescue Patrick. The process did not require entering the sump. The inert gas (argon) is used in steel making operations to purge liquid steel of impurities.

The subsequent action plan is aimed at preventing a repeat incident and is centred on a review of the Hazard Identification and Risk Assessment throughout the group. Specific activities include:

Enhanced gas safety (three pronged approach)

- Ensuring that all gas lines are adequately marked and identifiable and that the location of all gas lines is safe.
- Elimination and substitution of gases where possible.
- Training - at the shop floor (area specific training).

Confined space safety:

- Reviewing confined space inventory across group operations.
- Eliminating confined spaces where possible.
- Reviews to be undertaken across all sites.

Risk management approach:

- Risk assessments immediately reviewed.
- Review of risk management approach and methodology in conjunction with the Anglo American plc Safety Risk Management project.
- This will be extended across the group and learnings will be shared with Anglo American plc.
- Training in risk management - 28 executive and senior managers underwent two-day training in November. A further 25 attended a five-day training course in April 2008. Additional training is scheduled for June and August 2008.

Our thoughts remain with the families of Hendrik Goosen and Patrick Compaan.





> At Wire and Strand:
1. Moses Mnisi, a tester. 2. Processed wire in a galvanised finish.
3. Inspection of plasticated strand used in the post-tensioning industry.
4. Processed wire in a galvanised finish.

Achievements

The following sites achieved one year or more without a LTI:

	Years since last LTI
Union Junction operations	
Admin Services	4.8
- Cast Products	3.8
- Foundry production	1.4
- Foundry melting	6.6
- Patternshop, Inspection, Hard Face Plate	1.6
- Wheel Plant	1.8
Engineering Services	
Grinding Media	
- Forged Balls	1.6
MCD	3.6
Mills/Melting	
- DRI Plant	1.2
Refractories	3.4
Scrap Processing	8.2
Rand Scrap Iron	2.6
Distribution	2.8
Flather Bright Steel	2.3
PWB Anchor	1.5
Afrope Zambia	2.0
Moly-Cop operations	
- Arequipa	1.9
- Canada	2.9
- Lima	2.3
- Mexico	2.6
- Philippines	6.5

A total of 16 out of 27 operations were LTI-free for 2007, compared to 13 in 2006.



> “Number1!” Employees at Scaw’s Fibre Products factory in Durban, South Africa are all for upholding good safety practices.

> Living proof

Living proof #1: Safety efforts in the spotlight

Chile: During Chile’s 45th Annual Safety Contest held on 29 May 2007 at the Manquehue Club, Moly-Cop Chile was awarded two important Safety Recognition certificates, pipping 246 other companies to the post. The awards were received by Víctor Carrión, president of Moly-Cop Grinding Systems, who headed a delegation from Moly-Cop Chile.

The Awards

Excellence in risks prevention
This prize is awarded to companies for achieving a Zero Injury Frequency Rate for two consecutive years or more.

National safety council
This prize is awarded to companies for achieving the Lowest Injury Frequency Rates in their own group or category, provided such value is of significance.

Moly-Cop Chile in South America manufactures forged steel grinding media for ore grinding applications. It has two industrial plants - in Talcahuano and Mejillones. Its commercial office is located in Santiago.

Chile: During the Chilean Safety Association’s illustrious Annual Safety Awards Banquet held at the Sheraton Hotel in Santiago, Scaw’s grinding media operation in Chile (Moly-Cop®) was presented with the Effective Action Award. 2007 was the association’s 50th anniversary year. During the last 29 years the association has motivated and awarded companies that have implemented successful programmes to improve labour safety standards.

> From left: Jaime Sepulveda from Scaw International’s forged steel grinding media operations in South America; Luis Mejias; president of the Mejillones Safety Committee and workers’ representative, Deirdré Lingenfelder, Scaw’s group SHE manager; Guido Dasso, HR manager and Claudio Pinilla, SHE manager and BBS champion (both from the Latin American operations).



Zimbabwe: The group’s Zimbabwe operation was awarded an Occupational Health & Safety Silver Award by the National Social Security Authority (NSSA) for the period January 2006 to December 2006. The results were made known on 5 October 2007 at a National Occupational Health and Safety Conference which was held in the capital city of Harare.

> Scaw’s Zimbabwe (Africa) team with branch manager, Belinda Daniels (seated front, centre).



Canada: To promote workplace safety and at the same time assist the organisation United Way in its charity work, AltaSteel (Canada) donates \$10 to United Way for every employee that works injury free throughout the year. In 2007 AltaSteel had 370 employees who worked without injury and as a result a \$3 700 donation was made to the United Way. AltaSteel also makes an annual \$25 000 corporate donation to United Way.

> Gerald Foley, AltaSteel’s director of Human Resources, Occupational Health, Safety, & Environment (right) presents a cheque to Gene Bourassa, director of Major Gifts for United Way.



The group continues to use the Fatal Incident Frequency Rate (FIFR), the Total Recordable Incident Frequency Rate (TRCFR) as well as the Lost Time Injury Frequency Rate (LTIFR) as lagging indicators to assess the safety performance.

Distribution network

Year	FIFR		LTIFR		TRCFR		Severity Index	
	Actual	Target	Actual	Target	Actual	Target	Actual	Target
2002	0.00	0	0.76	0.60	4.4	2.5	37	48
2003	0.01	0	0.75	0.40	3.9	2.5	27	40
2004	0.00	0	0.36	0.40	1.3	2.5	44	30
2005	0.01	0	0.27	0.30	1.3	1.3	35	30
2006	0.01	0	0.29	0.15	1.6	1	27	25
2007	0.02	0	0.20	0.15	1.7	1	96	25

There is an increased focus on leading indicators. Unsafe acts, unsafe conditions and near hits are being reported, and learnings disseminated across the group sites. The leading indicators point to the following as the main areas across the group requiring pro-active attention:

- operation of vehicles.
- lifting and material handling.



> Living proof

Living proof #2: Being proactive

Based on the use of leading indicators, the following proactive intervention measures have been put in place:

- A Transport Committee meeting is held on a regular basis ensuring a consistent approach across all sites and to keep track of the implementation of the Transport Improvement Plan and the Transport Management Plan.
- The Vienna test system is now a requirement for all new vehicle operators.
- All new vehicle operators (in South Africa) are now required to hold a Code 08 licence.
- Incidents are communicated mostly to ensure that awareness is raised.
- The Fatal Risk Standards relating to light surface vehicles and surface mobile equipment is being implemented.
- Induction training has been reviewed to ensure that, in addition to specific training, formalised induction training covers the principle hazards.
- A great deal of attention is given to equipment maintenance.
- Audits are conducted at all sites by lifting experts.
- There is an intense focus on inspections of lifting equipment.
- A code of practice has been compiled.
- No-go areas have been identified in places where cranes are operating.
- There is a concentrated specialist-training and licensing drive.
- The Fatal Risk Standards relating to lifting and working at heights is being implemented.
- Induction training has been reviewed to ensure that, in addition to specific training, formalised induction training covers the principle hazards.

< 1. Truckloads of scrap metal are delivered to Rand Scrap everyday. 2. Cars, fridges and other large components form part of the scrap that is separated, cleaned and processed by Union Junction's Scrap Processing department. 3. Sthembiso Johnson Nkosi is a truck driver for Scaw's Scrap Processing operation. 4. Union Junction's giant shredder delivers processed scrap, ready for the furnace charge.

Policy, leadership and commitment

Living proof #3: A safety leader

Being a visible felt leader is regarded as an integral part of the safety management system and, consequently, a minimum of weekly VFL walks are conducted by senior management and line management. The target is to engage constructively with 80% of employees on a monthly basis. In addition, the target is to maintain the unsafe acts and conditions at less than 10%.

The safety climate surveys for the South African and international operations have been completed. This will feed into the Anglo Culture and Safety Climate Survey.



> Management conducts visible felt leadership (VFL) walks in the factories. From left: George Carter (engineering services manager), Ismael Mbubezi (acetylene torch cutter), Lucky Jiyane (crane driver) and Freek Viljoen (steel fettling manager) at Union Junction.

Risk and change management

Living proof #4: Managing our risks

As part of the focus on risk management, risk management training has been incorporated via a Safety Risk Management Process (SRMP), which is an Anglo-wide project that provides the knowledge to develop higher levels of capability in managing safety risks. This is aimed at significantly improving our safety performance.

Head of the Safety Risk programme, John Landmark, commented, "The programme is tailored to be relevant to all levels of employees. Each employee will go through the most appropriate of four levels of the programme, with content based on courses already delivered at the University of Queensland in Australia."

The Scaw Metals Group was on board from the start of this project. Four line managers attended

the initial training in Queensland. Subsequently, many senior managers, including the executive chairman, received training. This level of training is referred to as "A4" training.

Additional managers will be trained in April 2008. This training is referred to as "A3" training. The supervisors (A2) and employees (A1) training will be rolled out in time.

In addition, Scaw is taking a fresh look at its operational baseline risk assessments and associated controls - an exciting and challenging project - as learnings will be shared across Anglo. This very important project will commence at the Union Junction main melt shop from where it will be extended across the group.

Representatives from Anglo Ferrous and Industries, Scaw, the Camborne School of Mines and Dekra are involved in this exciting project.



> Many employees at Union Junction have attended safety risk management training.



> Laurence Mneni machining a cast steel railway wheel.

Living proof #5: Risk management systemised

The following is an extract from the Integrated Risk Management (IRM) Guidelines recently issued by Anglo American plc:

“Anglo American recognises that all aspects of our business operate in an environment of significant uncertainty. Anglo is committed to managing the potential risks associated with this uncertainty in a continuous, proactive and systematic way through competent risk management. This requires the integrated application of high-quality risk management practices and processes to all facets of our business by all levels of management.”

Claude Longo, Scaw’s group risk manager, says, “Scaw has embraced this process. Although focus has been applied primarily to the risks related to safety, health and environment, there are 15 other key headline risk areas which have been identified as part of the IRM group-wide framework. Through recent IRM workshops, the principles have been rolled out to various operations within the Scaw Metals Group in Southern Africa, South America, Canada and Australia. This consisted principally of explaining the methodology set out in the guidelines and facilitating the setting up of risk registers for these operations. This was the first phase. Phase two will consist of re-visiting the operations and ensuring that the reporting process becomes part of the business process. Thereafter, the reports required by the management committees and boards at the various levels will be prepared based on the knowledge that the risks have been managed and documented in a consistent and systematic manner.”



Fatal Risk Standards

Our vision is to achieve zero harm - a vision that is centred on a risk-based approach to managing safety. In this quest we have adopted the Anglo Fatal Risk Standards, which give specific attention to those hazards that can cause death or serious injury. The Fatal Risks are focused on eight standards adopted across the group:

- Light vehicle standard.
- Surface mobile equipment standard.
- Hazardous material management standard.
- Molten metal management standard.
- Equipment safeguarding standard.
- Isolation standard.
- Working at heights standard.
- Lifting operations standard.

The group has completed self assessments and action planning to achieve compliance over a three year period ending October 2010. Parallel to the AFRS implementation, the group standards are being reviewed and aligned to coincide with a group document control system.

The Fatal Risk Standards are aligned with the Golden Rules, but where the Golden Rules adopted across the group focus on individual behaviour, the Fatal Risk Standards focus on engineering controls, procedures and people.

Golden Safety Rules

The Scaw Metals Group SHE management approach is founded on zero harm, no repeats, and strict rules and procedures. This is an approach to safety that insists on an absolute adherence to Scaw’s SHE policies, standards and procedures at all times; it is an approach that is intolerant of unsafe acts and/or conditions. The Golden Rules are the 10 most critical safety rules.



1. Safety fundamentals
Do not carry out a task unless you are trained and authorised to do it. Make sure that you assess the risks involved and guard against them. Always wear the correct personal protective equipment (PPE) and obtain a permit where required. Intoxication (abuse of alcohol and/or drugs) will not be tolerated.



2. Confined spaces
Never enter a confined space without understanding and following the procedure. This includes obtaining a permit and being escorted by a competent person.



3. Working at heights
Never work at heights without following the standards and procedures. Always ensure that fall prevention and protection equipment are in place. Barricade the area beneath you.



4. Energy and machinery isolation
Never work on plant or equipment that has not been electrically and mechanically isolated. Always follow the lock-out and isolation procedures.



5. Operation of vehicles
Drivers must be authorised and licensed to operate a vehicle in accordance with the current legislation and site specific traffic rules and procedures. The maximum speed limit of 20km/hr (or as specified) must be adhered to at all times when driving on site.



6. Molten metal and hazardous substances
Appropriate safety equipment and PPE must be used when working with or near molten metal and hazardous substances. Be aware of the risks associated with these substances and adhere to the safe working procedures at all times.



7. Lifting and mechanical handling
Make sure that the lifting device is capable of lifting the load. Never allow anyone to be in the drop zone of the load. Operators and slingers must be licensed and must adhere to the safe working procedures.



8. Safety devices
Tampering with, making safety devices inoperable and not using the recognised and correct safety device are offences and will lead to disciplinary action.



9. Dams and water storage
All dams and water storage areas must be enclosed and locked at all times where practicable. Do not work around water if you cannot swim. Always wear a personal flotation device and never work alone.



10. Stockpile management
Do not enter restricted stockpile areas without permission. Always stand clear of mobile equipment and maintain stockpiles at a safe angle.

> Living proof

Training, awareness and competence creation

Living proof #6: Safety empowerment through training

The Group Human Resources department manages the roll-out of training and skills. A training matrix and schedule have been developed and rigorous training programmes, ranging from operational to technical as well as safety specific training, are being presented. Noteworthy training:

- Rigorous gas safety (shop floor and classroom).
- Rigorous lifting training (basic level - shop floor and classroom).
- Transport Education Training Authority (TETA) accredited pendant and overhead crane training.
- Updated TETA accredited forklift training.
- Introduction of Vienna testing for all new drivers.
- Safety Fundamentals Training is being formalised in the updated employee induction programme.
- The employee induction programme is being revised entirely to include the Safety Fundamentals Training and a solid risk-based component (AFRS and A1 training - initial discussions via Pat Foster).
- Hazard Identification and Risk Assessment (HIRA) training for shop floor level.
- SHE representative training.
- First aid training.

All of the above-mentioned training is competency-based. All licences are re-issued every second year. Contractor training is provided by an external service provider.



Living proof #7: Fundamentals

Ensuring that employees are competent is a cornerstone of an effective SHE management system. The Safety Fundamentals Training is based on the 12 standards and includes the behavioural approach to SHE management. The training is both theoretical and practical. Recently the Anglo Fatal Risk Standards were incorporated into the training material as part of the section on Risk and Change Management. To date more

than 1 500 managers and supervisors have been trained on the safety fundamentals.

The AFRS have been incorporated into the Safety Fundamentals Training. In addition, they are being incorporated into the updated employee induction programme. They are discussed in every weekly SHE Management Committee meeting to ensure implementation of action plans and conformance to the requirements.



> Staff at AltaSteel recently attended Safety Fundamentals Training.

Living proof #8: SHE team volunteers to train Department of Labour inspectors

In October, Joseph Ratone (Safety Fundamentals trainer for the group, based at Chain Products) trained 50 inspectors from the South African Department of Labour.

The Group SHE team had volunteered its services to assist in the transfer of knowledge and skills to the Department of Labour. Acting Chief Inspector, Jake Malatse, thanked the Scaw SHE team at the recent SAISI Knowledge Management Programme, and stated that industry and government can work together in creating a safe workplace.



> Department of Labour inspectors.



> SHE posters have been put up in Scaw operations.

Implementation of focused communication

Living proof #9: Nature tells the story

Nature images have also been used on the new boards, posters and cards that have been produced to communicate the Golden Safety Rules. The concept underlying the new Golden Rules approach was developed by the Group SHE department. A great deal of brainstorming was invested in ensuring that the messages would be understood by employees and visitors.

A SHE Management Toolkit, consisting of a CD presentation and a manual that outline the SHE responsibilities of managers in the group, will also soon be available from the Group SHE department.

Living proof #10: Honours for grinding and rope operations

Scaw's grinding media operation in Adesur, Peru and its Steel Wire Rope factory in Germiston, South Africa were finalists in the Anglo American plc Chief Executive Safety Award (CESA) made earlier this year. This is an annual event in which the CEO of Anglo American acknowledges the businesses that have the best safety performances in the Anglo stable of companies worldwide during 2007.

Although neither operation won the top award, Anglo's nomination in itself is a prize. The criteria

for nomination are stringent and only those operations with outstanding safety records get noticed. Of the many of businesses owned by Anglo, Moly-Cop® Adesur and Scaw Steel Wire Rope were two of only 14 operations to be selected.

Deirdre Lingenfelder, Scaw Metals' group SHE manager, says, "Anglo businesses across the globe strive to win this competition. Being nominated means that you are already a winner in your division. Anglo sends out a CESA review team to each of the nominated operations. The review reports are evaluated by a judging panel, which then decides on the ultimate winner."

< Tony Harris (right) with Javier Castro, general manager at Scaw's grinding media operation in Peru, and Deirdre Lingenfelder, who heads up SHE for the Scaw Metals Group worldwide, at the Anglo American plc Safety Awards ceremony held in London earlier this year.

Group SHE Team Pact

Vision

To assist in creating an interdependent SHE culture where pride and team spirit reign, and all employees believe that zero harm is attainable, resulting in the Scaw Metals Group becoming the safest and most sustainable steel production and processing operation in the world.

Mission

To promote and maintain a work environment that supports optimal, safe and healthy operations with due regard for the environment.

We as the Scaw Metals Group SHE Team commit ourselves and stand unified in an effort to protect the environment and ensure no employees or contractors are injured or suffer ill-health during their period of service by enthusiastically and passionately adhering to the critical behaviours listed below:

- Working together as a team in our drive to create an interdependent SHE culture.
- Supporting line managers with regard to their SHE responsibilities.

- Creating a culture of understanding, support and mutual respect between all employees.
- Improving our communication at all levels, to share learning and prevent repeat incidents.
- Measuring our own performance and the process performance on a regular basis to ensure continual improvement.
- Respecting one another by being humble, honest and encouraging.
- Practicing leadership by example - “walking and talking” to employees at their workplaces as much as possible - and by not condoning unsafe actions.
- Maintaining focus with a clear and unbiased mind.
- Embracing and encouraging change to promote safety and sustainable development throughout the group.

Specific focus areas are the communication of incidents (classified as high-, medium- or low-potential) that take place both within and without the group to facilitate learning and prevent repeat incidents. A Fatal Risk Standard communication campaign has commenced to inform employees of the standards.

Report, investigate and analyse incidents effectively to prevent repeat incidents

The number of near hits being reported has increased substantially compared to the 2007 baseline. This is encouraging, especially since the reporting is not taking place via SHE departments but via line management (Isometrix used in South Africa). Currently being incorporated into the Isometrix system is a Group SHE Action Management System: A scheduling tool and safety dashboard. This is an executive information system that will provide managers with the necessary leading indicators to ensure proactive safety management.

Safety: Leading indicators

Assurance

The safety assurance plan comprises

- OHSAS 18001 certification with associated surveillance and certification audits. All sites have retained certification.
- Internal audits (based on OHSAS 18001 and ASW).
- Visits from regulatory authorities (no notices served).
- Anglo Peer Reviews.
- Internal Peer Reviews.
- Anglo Internal audit process.

All non-conformances and required actions are managed as part of an electronic action management system in South Africa or similar systems at the offshore operations.

Objectives 2008

KPI (key performance indicator)	Description	Quantification
VFL (visible felt leadership)	Senior management presence and interaction with employees with regards to safety culture.	Weekly
Unsafe acts/conditions	Percentage of the number of observations.	< 10%
Monthly observations	Percentage of employees actively engaged with during VFL's (focus at plant level). Line management driven.	> 80%
SIPs	Ensure that Safety Improvement Plans are put in place for each business unit by March 2007 (OHSAS 18001 requirement).	100%
Safety: Lagging indicators		
Fatalities	A fatality is a death resulting from a work-related injury.	0
LTIFR	When a person is injured in the execution of his/her duties and as a result is unable to perform regular duties for one full shift or more on the day following the day of injury, whether a scheduled work day or not.	0
TRCFR	This is a more inclusive injury outcome measure which includes Fatalities + Lost time Injuries + Medical Treatment Cases.	0.85
Severity index	Number of shifts lost per Lost Time Injury.	25



> 9. Health

The group drives and measures employee medical surveillance and wellness programmes, including antiretroviral-supported HIV/AIDS programmes.





Summary of key health performance

Targets 2007	Performance 2007	Targets 2008
Ensure a 100% uptake of employees scheduled for medical surveillance.	Targets for medical surveillance were not achieved. 82% of employees attended medical surveillance.	Ensure a 100% uptake of employees scheduled for medical surveillance.
All remaining cases of occupational diseases to be identified and submitted for compensation.	Majority of occupational diseases now identified and submitted for compensation.	Update risk assessments and implement/continue appropriate medical surveillance.
Health risk assessment carried out on all hazardous chemicals, material safety data sheets obtained and medical surveillance carried out where appropriate.	Initiated but still ongoing.	Ensure that Health Improvement Plans are maintained.
Increased VCT so that 80% of employees tested by the end of 2007.	75% of employees tested (not including those who tested positive previously). When including those previously tested, the uptake is 85%.	80% of all employees to be tested during 2008.
Ensure wellness programmes established for all HIV employees.	90% of known HIV cases on wellness programmes.	95% of known HIV cases on wellness programmes.

The principal health risks in the group remain noise induced hearing loss (NIHL) and dust exposure. The focus is on the elimination of the health risks at source through engineering methods as part of the hierarchy of controls. Where the source cannot be eliminated, the appropriate personal protective equipment is made available to employees.

Hygiene surveys and medical surveillance

Occupational hygiene surveys are conducted as a measure of the workplace exposure. The medical surveillance plan is based on these surveys. In 2007, 82% of employees scheduled for medical surveillance attended the consultations.

The development of an electronic hygiene survey management system commenced in 2007

and is currently used in the South African operations. The health management system has been greatly improved, and the management of non-conformances, which has been a practice in the safety and environmental management systems, is now an integral part of the health management system.

There were nine new cases of noise induced hearing loss, compared to 20 in 2006. One new case of noise induced hearing loss was certified in 2007, compared to 169 in 2007. In addition, one new case of chronic obstructive airway disease and one new case of occupational tuberculosis were submitted in 2007. No new cases of silicosis were submitted. Improved wearing of personal protective equipment and improved workplace design have been implemented as preventative measures.

> Anthony Jacobs, superintendent at Rope Despatch, Steel Wire Rope.



Occupational disease	New suspected cases submitted		Number of cases certified	
Year	2006	2007	2006	2007
Noise induced hearing loss	20	9	169	1
Silicosis	0	0	0	0
Chronic obstructive airways disease	0	1	1	0
Occupational tuberculosis	1	1	0	1
Occupational asthma	0	0	0	0
Contact dermatitis	0	0	0	0

HIV/AIDS

Scaw South Africa (Pty) Ltd continues to contribute to the fight against HIV/AIDS by providing voluntary counselling and testing (VCT) and antiretroviral treatment (ART) to employees who are HIV positive.

In 2007, the group supported an HIV awareness campaign at all of its South African operations. Subscribing to the Business Bannerthon programme, banners were purchased for display at the factories and supporting promotional material was distributed to all employees.

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

Scaw contributed to the establishment of an HIV/AIDS clinic in Germiston (part of the PEP-FAR project) which is used by many dependants of Scaw employees.

VCT performance

Year	Number tested	% tested
2002	253	4
2003	313	5
2004	2 067	32
2005	3 920	71
2006	4 278	76
2007	4 273	75

At the end of 2007 there were 185 employees taking ART and the results when benchmarked are similar to those in other divisions within the Anglo American plc group.



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

- Voluntary counselling and testing (VCT). Monthly targets for testing have been set to ensure that the target of 80% testing is achieved at the end of 2008.
- When an employee has been diagnosed as being HIV positive, he or she is enrolled into a wellness programme. The stage of the disease is determined by the blood CD4 count. Testing of the CD4 count is repeated at set intervals. In addition, the employee is counselled and general health is monitored. ART is commenced when the CD4 count reaches a certain level.

- Antiretroviral therapy (ART). The provision of ART has proven to be hugely successful with the result that nearly all treated employees are performing their normal duties. The focus is on ensuring that employees adhere to the therapy requirements and continue with the therapy.

During 2007, 75% of employees in South Africa took part in VCT. When including the number of known positives, the percentage increases to 85%. The actual prevalence rate for employees tested in the group.

> Living proof

Living proof #1: Sharing the experience

HIV positive peer educators are an integral part of the HIV/AIDS management programme. These individuals have volunteered to assist in the HIV/AIDS management programme and share their experience with the workforce. The peer educators and other committed employees participate in the annual World AIDS Day activities, thereby increasing the general knowledge and understanding of the disease. During the first week of every December the entire group takes the time to remember those lost due to HIV. We concentrate on creating awareness - with particular focus on remaining negative and knowing your status.

Geddes Nala was one of our first employees to become a peer educator, after openly declaring his HIV status. Geddes went from a mere 39 kg to a healthy weight by taking the ART provided by the group to employees.

At the Union Junction site the medical facilities were upgraded to make provision for additional VCT rooms. The rooms are private and are equipped with facilities for qualified staff to provide the counselling and testing of employees. In addition, VCT is made available in the plants. Managers provide areas within the production environment to allow for convenient testing.



> HIV/AIDS peer educator, Geddes Nala, and sister Ruth Mani, HIV/AIDS programme co-ordinator.



Living proof #2: “Get with the programme! Become an HIV Hero”

Becoming an HIV Hero is part of the HIV/AIDS communication campaign. The campaign elevates to heroes those who are prepared to battle the pandemic. In order to win the battle against HIV/AIDS we all need to become heroes. An HIV hero will:

- Be tested at least annually and motivate three colleagues to be tested in the same week. Remember: The results are confidential and your status will not be revealed.
- Speak to those three people and ask them to be heroes by getting three more people to be tested.

An annual schedule for voluntary counselling and testing has been circulated to the larger South African operations. This is to provide managers with the opportunity to plan properly.

Employees are urged to be re-tested on an annual basis and encouraged to remain negative.

Avian Flu

Since avian flu (H5N1 bird flu virus) originated in East Asia, the virus has spread across the globe. The influenza pandemic it could trigger will impact most on developing countries. As part of the risk-based, pro-active approach to health management, this is also a focus area. The Health Improvement Plan will be expanded to include an objective, associated targets and key deliverables linked to pandemic management.

Living healthily

Living a well-balanced and healthy life is a key component of health management. Unfortunately we are faced with many health threats. Scaw Metals is committed to doing its share.

Living proof #3: PWB men shave close for leukaemia

Every hour of every day someone in Australia is diagnosed with leukaemia, lymphoma or myeloma. Currently, more than 30 000 Australians are living with one of these cancers and only four out of 10 adults survive. Annually the Leukaemia

Foundation hosts the “World’s Greatest Shave” to raise money to support patients and their families when they need it most. Participants are invited to shave or colour their hair and in turn seek sponsorship to raise money for this cause. This year PWB Anchor’s Queensland team raised in excess of \$1 000 by doing just that.



> Kerry Jeal (far right) shaved his hair and beard, and Dennis Hess (far left) sprayed his hair the PWB Anchor blue to raise money for leukaemia. With them are employees of Stenhouse Lifting, one of PWB’s major distributors.

Living proof #4: Giving from the heart

Scaw's AltaSteel has received a letter of commendation from the Canadian Blood Services for its annual blood donation. The agency also applauded the efforts of Pleman Downer who spearheaded the blood donation initiative at AltaSteel: "Pleman's enthusiasm makes a lasting difference in our community," said Susan Matsumoto, regional director, Canadian Blood Services.

> Pleman Downer and Armin Stroehhaecker from Scaw's AltaSteel business.



Objectives 2008

HIV/AIDS		
VCT	Voluntary counselling and testing.	80%
Conversion	By means of adequate communication and mentoring ensure that employees who tested negative do not convert to positive.	< 1%
Wellness programmes	Ensure that 95% of positive employees are enrolled in a wellness programme.	95%
Health		
Medical surveillance	Ensure a 100% uptake of employees scheduled for medical surveillance.	100%
HIPs	Ensure that Health Improvement Plans are maintained	100%

> At Benoni Works:
1. George Adams, a moulder, is intent on his task.
2,3 & 4. Examples of ground engaging tools manufactured by the operation.



> 10. Environment

Energy efficiency, emission control, water consumption, land stewardship and waste management are all high on Scaw Metals' environmental agenda.



Environment

Summary of key environmental performance indicators

Targets 2007	Performance 2007	Targets 2008
Water consumption not exceeding 1.42 m³/tonne.	Achieved 1.40 m³/tonne.	Targeting a specific consumption of 1.40 m³/tonne.
Total energy consumption not exceeding 11.01 GJ/tonne	Achieved 10.99 GJ/tonne.	Targeting a specific consumption of 10.86 GJ/tonne
Greenhouse gas emissions not exceeding 1.16 tonnes/tonne.	Achieved 1.12 tonnes/tonne.	Target 1.14 tonnes/tonne.
Reducing process waste to landfill by 50%.	40% reduction in process waste to landfill achieved.	50% reduction in process waste to landfill.
New acquisition to achieve certification by the end of 2007.	All material sites certified.	Maintain certification at all material sites.

Energy

The group has been focused on improved energy management and has been tracking improvements since the year 2000. Since then the group has illustrated continuous improvement in energy consumption.

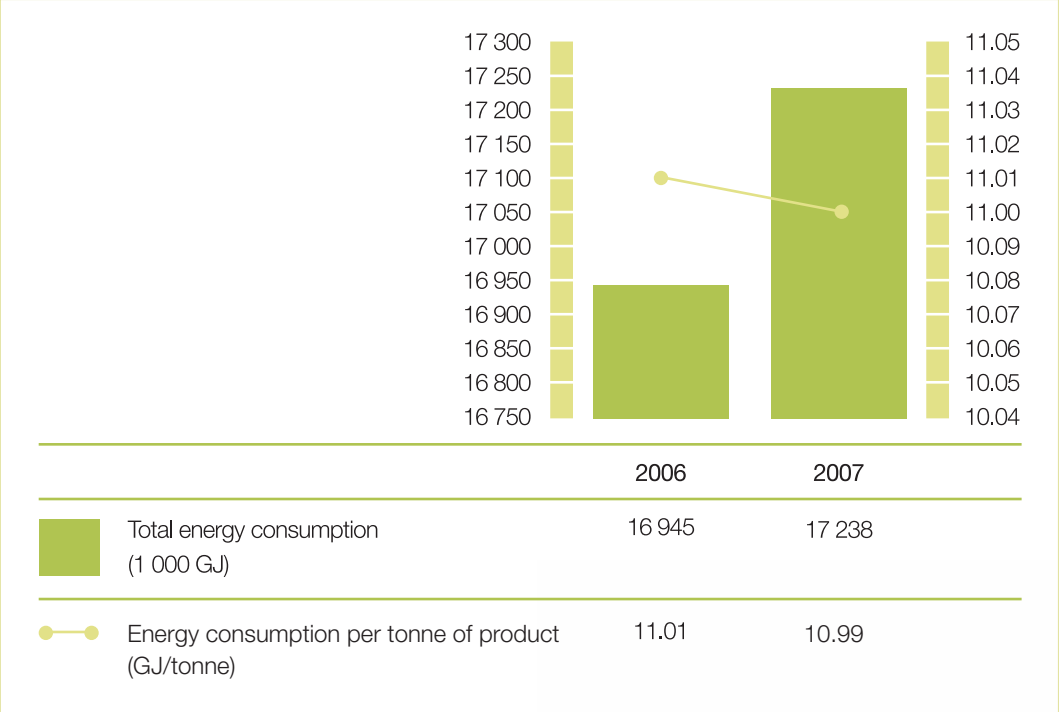
Energy is regarded as a key environmental performance indicator and measurable targets have been set at group and operational level. Data is recorded on a database which is subjected to a data verification process. Benchmarking against similar operations is taking place. The footprint model is a newly-adopted method of reporting energy consumption and performance against a baseline year of 2004.

A decrease in total energy consumption from 11.01 GJ/tonne in 2006 to 11.00 GJ/tonne in 2007 was achieved. The main reasons for the decrease in total energy consumption are:

- Improvement projects.
- Robust energy monitoring and management.
- Awareness creation.

Total energy consumption primarily comprises the use of electricity, coal and gas, discussed in more detail overleaf.

Total energy consumption



> Living proof

Living proof #1: Reflecting on energy saving

The annual Anglo Energy Days were held on 17 and 18 September 2007. The aim was shared learning across the Anglo operations. Scaw gave a presentation about the various energy saving projects that have been undertaken in the group which have contributed to significant energy savings from the benchmark year; 2000. The group aims to reduce energy consumption by 15% from the new 2004 baseline. This is a challenging target which can only be achieved if all employees are actively engaged and concentrated on energy efficiency.

During the initial energy saving period (2000 to 2004) 1 716 975 GJ was saved. This equates to 11.2% overall group saving. In 2007 additional energy saving projects were initiated.

These included:

- Grinding media: Efficient roll-forming plant on-line.
- Closure of the energy inefficient 3" ball forge.
- Rolled products: Large diameter mill.

In 2008 and beyond the following projects will be investigated and implemented:

- AltaSteel: Reheat furnace upgrade.
- Specific reheating energy consumption reduced from 2.5 GJ/t to 1.2 GJ/t.
- Annual production will increase by 42 000 tonnes which implies an actual saving of 465 000 GJ/year.
- Grinding media: A second efficient roll-forming plant to be installed.
- Automatic process and decision support system being developed.
- Scrap pre-heating system.

Training and awareness creation are important parts of the group energy management plan. An energy scoping study was undertaken in 2004 and 2005 (understanding of status quo), which provided the basis for awareness training for energy champions. An energy awareness communication campaign was also launched in the form of screensavers, posters and newsletters.





> Charging of the electric arc furnace at Union Junction.

Electricity

The electricity challenges facing the group, specifically in South Africa, have been embraced as an opportunity for improvement, and the South African operations are geared to achieve the required 10% reduction in electricity consumption in 2008 and beyond. The group achieved a consumption of 0.80 MWh/tonne versus the previous year's performance of 0.79 MWh/tonne. The installation of a re-heat furnace at the AltaSteel operation situated in Edmonton, Alberta, Canada, will result in significant electricity consumption savings. The furnace will be on-line towards the end of 2008.

Coal

The group uses coal primarily as a reductant in the production of directly reduced iron in rotary kilns at the Union Junction site (Gauteng, South Africa). The directly reduced iron is used in the manufacturing of steel in the electrical arc furnace. The process involves the use of coal to reduce the iron oxide to an iron rich product. The carbon in the coal fulfils two objectives: It serves as a heat source and, primarily, acts as a reductant by reacting with the oxygen in the iron ore to produce carbon dioxide.

Gas consumption

Overall the group achieved a reduction in natural gas consumption from 44.5 m³/tonne reported in 2006 to 42.11 m³/tonne in 2007.



Emissions

Particulate emissions: Particulate emissions (PM10) are monitored continuously on the relevant stacks and by means of dust fallout sampling (dust buckets placed in strategic locations). The monitoring is complemented by annual emission surveys. The group regards the legal requirements as a minimum requirement and improvement plans are aimed at achieving continuous improvement. During 2007 the group was in compliance with the legislative limits set for particulates.

Greenhouse gas emissions: Greenhouse gas emissions, specifically carbon dioxide emissions, are managed as part of the energy efficiency targeting. The emission target of 1.16 tonnes/tonne was achieved with 1.12 tonnes/tonne. Cleaner Development Mechanism projects in terms of the Kyoto Protocol are underway.

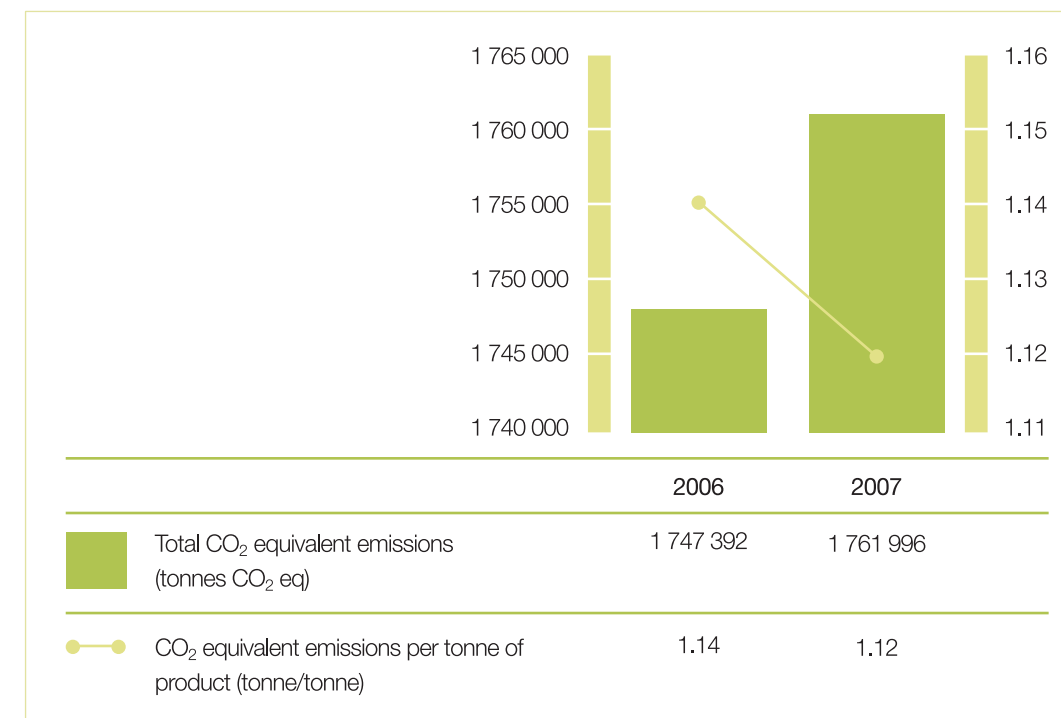
The group supports the Kyoto Protocol and the associated Clean Development Mechanism (CDM). In South Africa a fuel switch entailing the conversion from producer gas (produced from coal) to natural gas has been submitted as a CDM project. The Project Design Document has recently been accepted by the Chicago Climate Exchange.



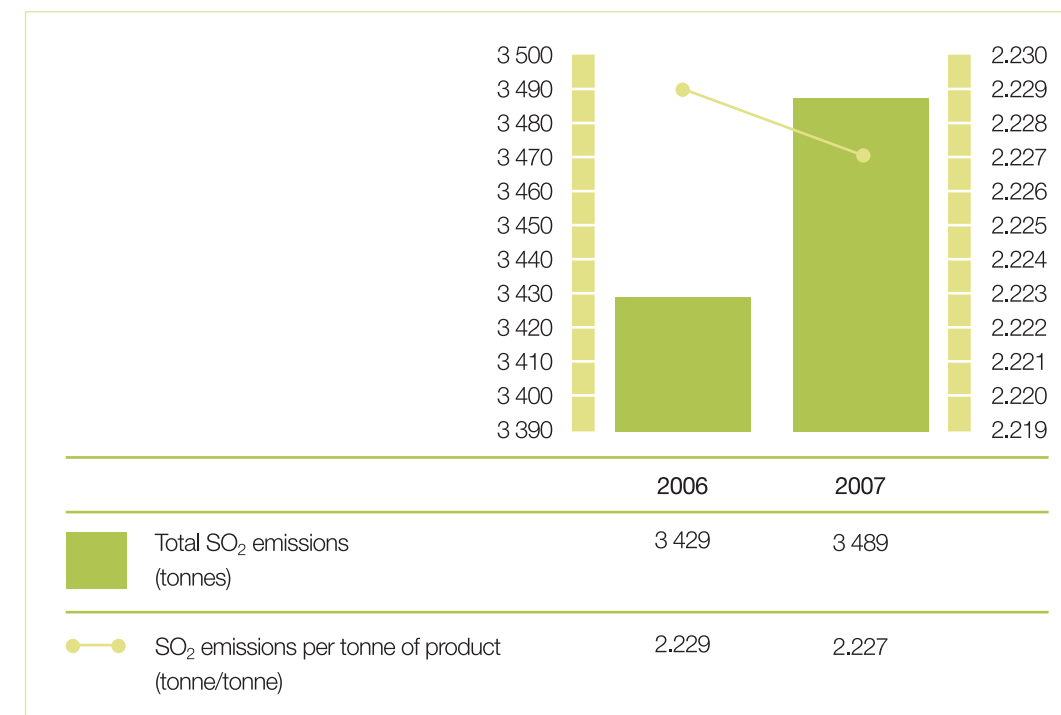
> Scaw's electronic SHE newsletter, *number 1*, is published frequently.



Carbon dioxide emissions



Sulphur dioxide emissions



< At Flather Bright Steel:

1. Beki Phakathi is a shift supervisor.

2, 3 & 4. Bright bar is produced from steel rod.

> Living proof

Living proof #2: Australian rope operation eliminates emissions

In order to provide greater flexibility of supply with rapidly changing customer needs, Scaw's Haggie Reid business in Australia increased the volume of cutting and terminating of dump ropes at its premises west of Sydney.

This level of activity led to environmental issues due to a build-up of fumes from molten lubricant and welding within the premises, which created potential pollution to the local atmosphere.

To obviate this, a purpose-designed fume extractor system was recently installed and commissioned. The design of the system required an extending suction arm that could be moved into position adjacent to where cutting or welding takes place. A fold away retractable arm was needed because the overhead gantry crane operates through this area and the arm must be positioned out of the way against the wall when not in use. The fumes generated during cutting are drawn up into the extractor very effectively. The housing provides added safety protection in the event of a cutting wheel failure.



> Fume extraction system in operation during welding.

REACH

By the third quarter of 2008 the group will have pre-registered products exported to Europe under the REACH directive. REACH is an acronym that stands for the Registration, Evaluation, Authorisation and Restriction of Chemicals and is the application of the new European Union (EU) Chemical White Paper decided in 2001 and enforced on 11 June 2007. The REACH initiative applies to the manufacturers or importers of chemicals in quantities above 1 tonne per year in the EU.

REACH is based on the understanding that industries should manufacture, import or use substances, or place them on the market in a way that, under reasonably foreseeable conditions, does not adversely impact on human health and the environment.

In order to ensure compliancy manufacturers and importers need to collect or generate data on the substances used in the manufacture of

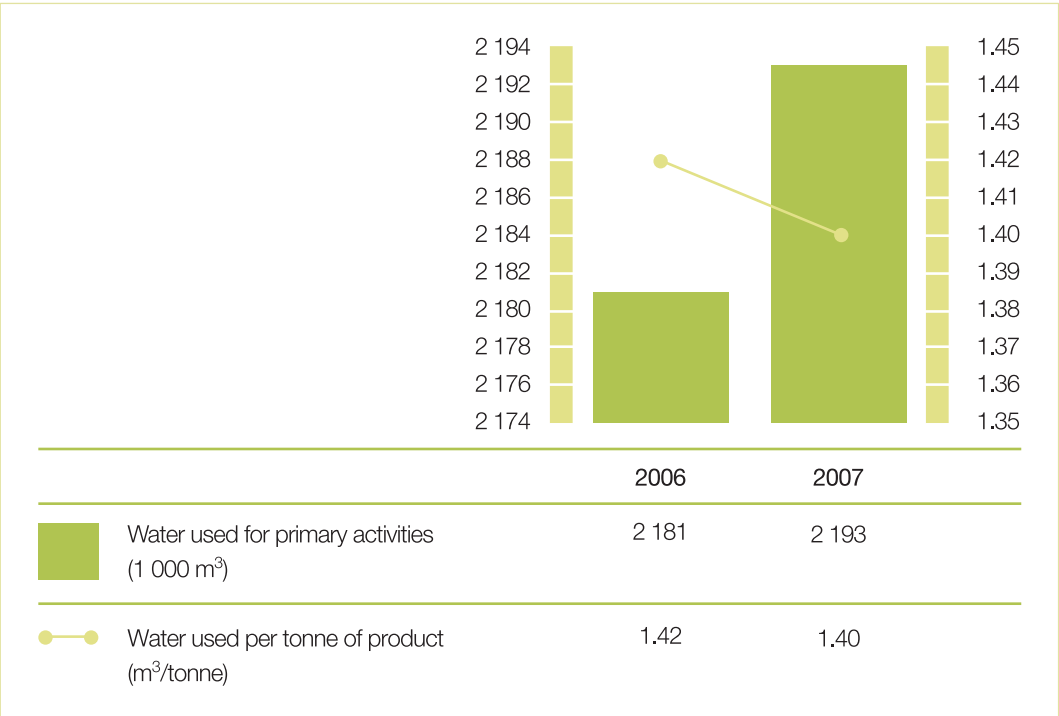
their products, and assess how risks to human health and the environment can be controlled by applying suitable risk management measures.

This has consequences for Scaw because various products are exported to the EU. Scaw will assist the relevant clients in gathering information with regard to the chemical properties of all products exported to the EU. Scaw's pre-registration commenced in June 2008 and will be followed by a phased approach to registration.

Water

Water scarcity is a reality and a focus area for the group. Daily monitoring of water quantity and regular monitoring of water quality is taking place. The group achieved a reduction in water use from 1.42 m³/tonne in 2006 to 1.40 m³/tonne in 2007. The decrease in water consumption has been achieved by means of a continued drive for the re-use of run-off water and the recycling of used water, as well as awareness creation and a demand for efficiency.

Water consumption



Water management indicators

Year	2006	2007
Surface water quality monitoring	Yes	Yes
Groundwater quality monitoring	Yes	Yes
Water use monitoring	Yes	Yes
Surface water and/or groundwater quality deterioration off-site	No	No

> Living proof

Living proof #3: Water focused

Water Days were held on 29 and 30 November 2007 to elevate the focus on water resource management to the same level as that of the energy drive, to ensure that the group operates as efficiently as possible.

Staff at the Directly Reduced Iron plant at Union Junction are pleased to report that their newly-introduced neighbours - ducks, geese and fish (carp and koi) - are doing swimmingly well at the environmentally-friendly water management dam situated next to the plant, just one of the benefits of the site's water quality management programme. The water quality of the dams, which are primarily used for the containment of run-off which is recirculated and re-used, is strictly controlled. The flourishing wildlife is indicative of the success of this initiative.

> Right: The dam at DRI is a place in the sun for ducks.



Land stewardship and biodiversity

Indicator	
Land under company charge (ha)	564
Land occupied for industrial/office activities (ha)	193.81
Land fully rehabilitated (ha)	32

The group has embraced economically and environmentally sustainable disposal options as a priority. As part of this approach, a prototype waste remediation project has been undertaken at a disused disposal site in Springs, South Africa. The remediation method is termed “phytoremediation” and involves the use of designer plants and micro-organisms to render pollutants harmless.

The project involved an initial trial to ensure that the approach, which is primarily used in the mining sector, is successful. Since then the entire site has been successfully planted.

The approach, although simple in design, is technical, and involves, amongst other scientific approaches, the use of hyperspectral images to provide an indication of vegetation establishment as well as leachate management.

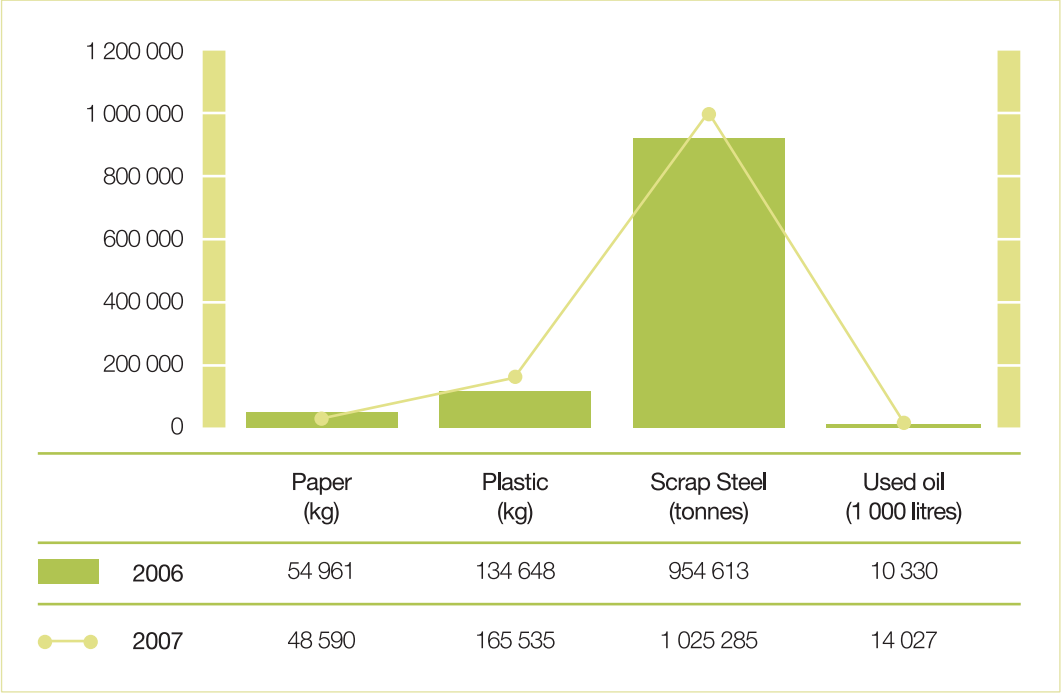
Another exciting development since the commencement of rehabilitation has been the sighting of giant bullfrogs on site. Many of these frogs have established themselves on the site and are being monitored.

Recycling initiatives

General waste recycling is a priority. The group recycled 214 125 kg of paper and plastic in 2007. Steel is documented as the most recycled material in the world. The group contributed to this statement by recycling 1 025 285 tonnes of scrap steel in 2007.

Process waste recycling initiatives commenced with a focus on the recycling of char and dust produced at the Union Junction site. During 2007 1 025 499 tonnes of waste were recycled. The project has not been without its challenges and involved intensive research. Another subject of research has been the recycling of slag. The slag could potentially be used in the manufacturing of concrete. Tests in collaboration with Enviroserve have been undertaken.

Waste recycling



Living proof #4: Tipping the recycling scale

The Scaw facilities have been focused on the recycling of mill scale, and this initiative has been particularly successful in the South African operations. The mill scale is produced in the wire drawing and grinding media manufacturing process. It is largely an iron oxide produced by surface oxidation. The waste is now regarded as a by-product due to the successful recycling initiatives.

This success has been emulated in South America. INACESA, a cement manufacturing company there, will be using the Moly-Cop scale produced by the grinding media manufacturing processes. The scale represents loss of approximately 1% of the total material processed. This recycling initiative provides a sustainable alternative to disposal.

Stakeholder involvement and information transfer

The group continued to ensure constructive dialogue with interested and affected parties by convening annual forums, and engaging with community members individually on an ad hoc basis. The number of environmental complaints recorded in the group increased marginally from nine in 2006 to 11 in 2007.

> Living proof

Living proof #5: Steel is truly the most recycled material on earth

On 31 March 2007 the Gauteng (South Africa) MEC for Transport, Ignatius Jacobs, opened the Taxi Scrapping Authority's (TSA) Gauteng taxi scrapping facility at Scaw's Rand Scrap Iron site in Germiston.

Scaw South Africa has concluded a contract with the TSA to purchase the taxis that will be scrapped during the government's Taxi Recapitalisation programme over the next five years. The TSA has established a taxi scrapping yard in each of the nine provinces and Scaw has the exclusive right to purchase all of the taxis that are scrapped by these yards, except those in the Western Cape.

The TSA yards where the taxis are being scrapped have established environmentally-compliant facilities to decontaminate the taxis of all fuels and oils.

> Right: Gauteng Transport MEC, Ignatius Jacobs (centre), opens the TSA's Gauteng taxi scrapping yard at Scaw's Rand Scrap Iron site in Germiston, South Africa. It takes approximately 15 seconds for each taxi to be reduced to small pieces of scrap in the shredder in Scaw's Scrap Processing yard.

All glass and batteries are removed from the taxis prior to being baled on site. The baled taxis are then collected by an approved TSA transporter who delivers them to Scaw's scrap processing department where the baled taxis are shredded in Scaw's 7000hp/180 tonne per hour scrap shredder. It takes approximately 15 seconds for each taxi to be processed through the shredder. It is estimated that there are some 200 000 taxis country-wide that will be scrapped during the five year Taxi Recapitalisation Programme.



Living proof #6: Deputy Minister takes note of Scaw South Africa's environmental management

South Africa's Honorable Deputy Minister of Environmental Affairs and Tourism, Rejoice Mabudafhasi, and the Executive Mayor of Ekurhuleni, Councillor Duma M Nkosi, as well as representatives from the National Department of Environmental Affairs and Tourism and the Ekurhuleni Local Municipality, paid a courtesy visit to the Union Junction site in August 2007. The aim of the visit was to gain an understanding of the environmental management system at Union Junction and how the relevant environmental aspects are managed there. The meeting was positive and potential future projects of mutual cooperation were identified. It was concluded with a luncheon at Union Junction hosted by Tony Harris.



> Back row - from left: Deirdré Lingenfelder, group SHE manager, hosted the delegation; Rufus Sebati, from Ekurhuleni Municipality; Jameson Mabange, industrial relations manager at Union Junction; Musa Mahlatji from Ekurhuleni Municipality; Councillor Duma M Nkosi, Executive Mayor of Ekurhuleni; and Rejoice Mabudafhasi, Honorable Deputy Minister of Environmental Affairs and Tourism. Front: Moses Ramditsheni and Cizakele Ndzhukula from the Department of Environmental Affairs and Tourism.

Living proof #7: Reclamation of effluent sludge and mill scale at CWI

During 2007, approximately 500 tonnes of effluent sludge were removed from CWI to a waste disposal site. The effluent sludge is produced during the neutralisation of the galvanising and pickling rinse water. The composition thereof is predominantly ferrous oxide.

CWI, in collaboration with a company named SCE Ashman, developed a saleable product made from the effluent sludge and mill scale, which is generated during the mechanical de-scaling process. In this process the effluent sludge and mill scale are mixed in equal proportions, and then high-grade iron oxide, lime and carbon are added. The final product is made into briquettes using organic binders at high pressure. The result is a largely dust-free product that ensures a consistent feed to the customers' furnaces.

This project will not only realise a saving of approximately R600 000 per annum but, more importantly, it will reduce the impact that CWI has on the environment as a whole



> An environmentally-friendly briquette produced through a reclamation process at CWI.

Objectives 2008

Environment	Description	Targets
Total energy	Consumption of fossil fuels (electricity, coal, gas, diesel and petrol).	1.5% reduction in consumption per tonne of product produced (GJ/tonne).
Water	Consumption of water.	0.03% reduction in consumption per tonne of product produced (m³/tonne).
CO ₂ (carbon dioxide emissions)	Tonnes of CO ₂ emitted to the atmosphere.	1.5% reduction in tonnes per tonne of product produced.
EIPs	Ensure that Environmental Improvement Plans are maintained (ISO 14001 requirement).	Maintained in 100% of all certified sites.
General waste recycling	Expressed in percentage recycled.	50% of process waste produced to be recycled.

> 11. Labour practices and community involvement

Through development and support, employees and community members are rooted, stabilised and encouraged to grow.





Labour practices and community involvement

Employees

The group employs more than 7 000 people throughout the world. The distribution of employees in our operations is displayed in the table on page 93.

Employment opportunities

Most of Scaw Metals' operations have operated on their current sites for many decades and the businesses are well known to their communities as major employers providing long term careers. Positions with Scaw are sought-after, especially those offering apprenticeships and learnerships leading to certification of qualifications in terms of the Skills Development Act. Labour turnover due to resignations was 5.6% in 2007.

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

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

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

Labour relations

The group endorses the rights of employees to freedom of association and to collective bargaining. In some countries collective bargaining takes place at enterprise level, whereas in South Africa this takes place at an industry bargaining council.

Presently, 6 312 employees, 80.2% of Scaw's South African workforce, belong to various trade unions.

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

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

With regard to security of employment, there are established procedures embodied in the South African Labour Relations Act, as well as Bargaining Council codes of practice, for handling the introduction of major changes to operations which may result in job losses. In other countries such matters are dealt with through a combination of both collective agreements at enterprise level as well as that country's legal framework. Generally these provisions include disclosure of information and consultation with employees and trade unions on the planned changes. Retraining and seeking alternative employment opportunities are prominent features of the discussions.

Training and education

Training, education and development of employees are crucial to the success of the operations. Management interacts with trade unions at each operation to consult on skills development plans and training activities for the year. Skills development is aligned to the strategic business objectives that include productivity improvement, safety, health and environment, product quality, customer relations and human capital development.

> Living proof

Living proof #1: Training the community

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

The welding course is registered with the metal industry's training authority (MERSETA) as a skills training course, and ensures that trainees reach certain levels of competency in welding. The course content has standards of learning that are recognised nationally and against which the trainee must be assessed for competency before a certificate is granted. Obtaining this level of skill could lead to self-employment in the manufacture of steel products like furniture and security gates. Alternatively, it could increase the individual's chance of finding formal employment in industry. During 2007, 45 students enrolled at the school and received training in welding. A number of former students have found employment with Scaw Metals or with other employers in the area. At the same time as the welding school started, a

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

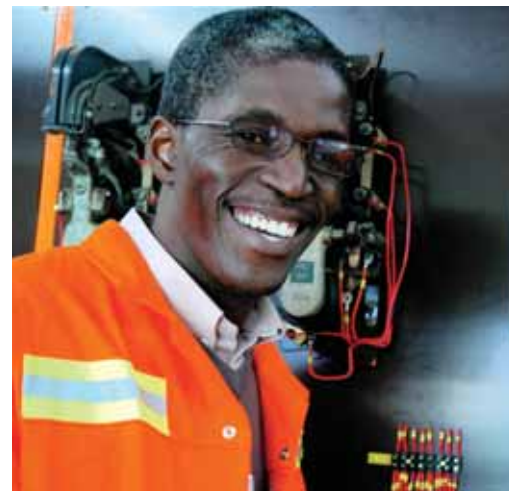
Training in the general suite of software packages used in commerce and industry is provided, and a certificate of competency is awarded to successful trainees.

During 2007, 48 students were trained in computer literacy.

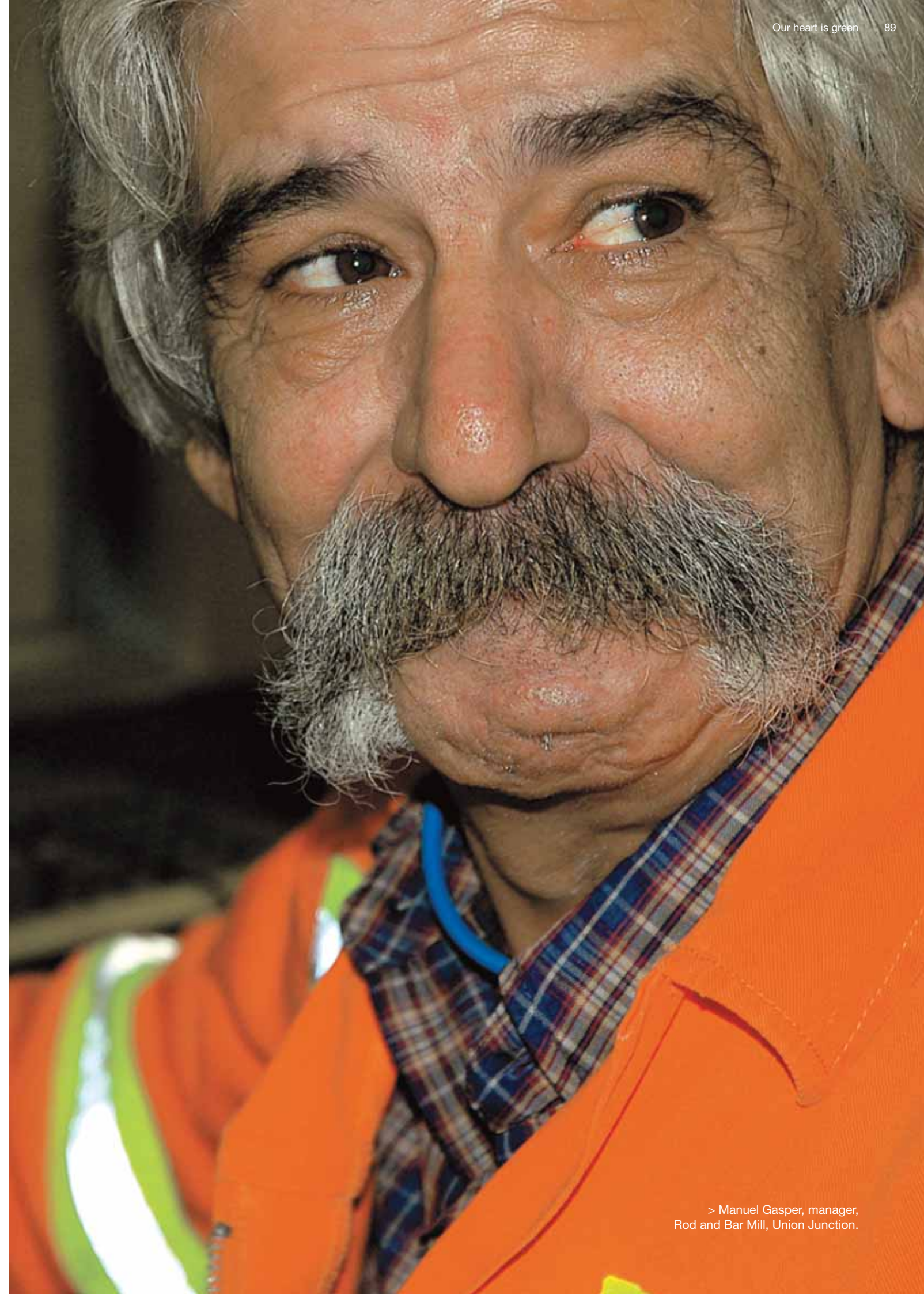


Living proof #2: Apprentice training

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



> Colin Motau, technical training manager at Scaw's apprentice school.



> Manuel Gasper, manager, Rod and Bar Mill, Union Junction.



> Maintaining safety standards while welding.

Living proof #3: Chain making learnership

Chain making is a specialised operation and requires an extensive training programme for initiates over a period of six to 12 months. Nineteen learner chain makers were selected for this programme by the Chain operation early last year. There were in excess of 150 applicants, of which 60 were selected and subjected to a testing programme developed together with SHL, an independent professional testing company.



> Learner chain makers.

Living proof #4: Investing in the young

Read Education Trust: In conjunction with education authorities, Scaw Metals facilitated a literacy project at two schools in Katlehong, a large residential area adjoining Scaw's Union Junction works, by providing funds to the Read Education Trust. The prime focus of the programme is to provide training in the principles of school management, teaching methods to teaching

staff, and to upgrade and enrich materials used in teaching English language skills. Many Scaw employees live in Katlehong and many of their children attend these high schools.

Igaqasi Primary School, Katlehong: Scaw management has been working with the education authorities since 2004 to build a computer centre and library at this school. The building project was completed in 2007.



> Young people are recruited to Scaw's welding course throughout the year.

Living proof #5: Young leaders sponsored

Scaw South Africa sponsored a trip for seven learners from Dinwiddie High School, Gauteng to the World Youth Leadership Summit in Washington DC, USA earlier in the year. The children were accompanied by the school principal, André Bouwer, and Jameson Mabange, industrial relations manager from Union Junction. The trip is organised annually by the People to People Ambassador Programme under the auspices of the Eisenhower Foundation.

The learners from Dinwiddie High School were selected to attend the international youth summit on the basis of academic performance and leadership. Many of the children said that the trip changed their lives: meeting with learners from across the globe was a great experience for them.

Bursaries: Children of employees

Various benefits are offered to employees, including a school bursary scheme in which employees with more than five years service qualify for a bursary to assist one high school child per family - this covers part of the school fees and the cost of books and school uniforms. In 2007, 539 bursaries were granted.

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

Employment equity (South African operations)

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

In compliance with the South African Employment Equity legislation, the business submits annual reports on progress to increase the numbers

of historically disadvantaged employees in supervisory and managerial positions. Scaw Metals is making progress in this very important aspect through recruitment, internal training and development initiatives. Efforts are being made to attract and retain young professionals from historically disadvantaged backgrounds to fill technical and managerial roles

A target of 40% representivity of historically disadvantaged South Africans at managerial levels was set for attainment in 2007. At the end of 2007, a level of 44% had been achieved. Gender issues are also being taken into account with the aim of increasing the number of females in senior positions.

Non-discrimination

Scaw Metals is committed to creating a workplace in which individuals of ability and application can develop rewarding careers at all levels. This is regardless of background, race, gender, ethnic or social origin and religion. Unfair discrimination in the workplace is prohibited. Management, employee representative and trade unions work together to ensure that there is no unfair discrimination in our operations.

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



> Learners from Dinwiddie High School attended a youth summit in the US following sponsorship from Scaw.

Factory sites worldwide

Operations	Employees as at 31/12/07
South Africa	
Scaw Germiston	3 000
Steel Wire Rope	1 033
Wire and Strand	395
Cast Products (Benoni Works)	437
Rand Scrap Iron	145
Flather Bright Steel	73
Chain Products	408
CWI	516
Fibre Products	129
Sales branches	176
Total	6 312
Outside South Africa	
AltaSteel	375
Moly-Cop Arequipa, Peru	44
Moly-Cop Canada	54
Moly-Cop Chile, Mejillones	55
Moly-Cop Chile, Talcahuano	132
Moly-Cop Lima, Peru	52
Moly-Cop Mexico	58
Moly-Cop Philippines	7
Proacer, Chile	143
PWB Anchor (Australia)	67
Reids (Australia)	45
Zambia	199
Zimbabwe	1 239
Total	

Living proof #6: Fighting crime

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

Engagement continues with organisations in the community that are concerned about crime and are involved with crime prevention. As a standing member of the WBAC committee, Scaw Metals provides input, where possible, to reduce crime in the surrounding communities and makes a significant contribution towards running WBAC. The group also sponsors a local community organisation that produces a crime prevention newsletter.

> Living proof

Living proof #7: BEE Courtwise sponsorship

In 2007, the Scaw Metals Group (as main sponsor) and several other companies sponsored the BEE Courtwise organisation so that it could establish a special court preparation facility for victims of crime, especially in sexual offences cases, at the Benoni Magistrates Court.

The facility was opened on 23 April 2008 by Advocate M.J.Mpshe, Acting National Director of the NPA.

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

Scaw has sponsored BEE Courtwise for about five years, and has assisted the organisation with office facilities, computers and training.

This latest project builds on their relationship, and advances the work that the BEE Courtwise organisation has been pioneering. The project entailed altering an existing building at the Benoni Magistrates Court to create a child-friendly court preparation facility, since many of the victims in sexual offences cases are young children.

Private interview facilities, a safe waiting area away from the main criminal courts and a central administrative office have been developed. A kitchen has also been installed to serve the plaintiffs, since many of those who testify often find themselves waiting all day for the court to call them. In addition, a mock court room, which prepares the children in advance for what can be a very formal and formidable experience, has been installed. Experience has shown that careful preparation of sexual offences' victims, in particular children, has a major impact in improving the conviction rate of the perpetrators. In view of this the National Prosecution Authorities have recently given approval for similar facilities to be developed in over 150 courts around the country. The Benoni Magistrates Court is currently one of only two courts in the country that has these special facilities.

Sports

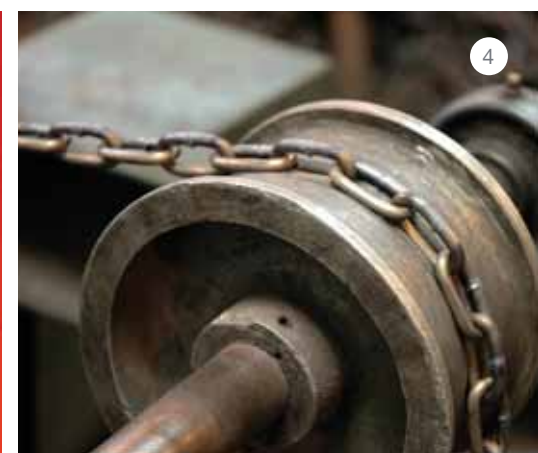
A variety of sporting activities is sponsored by the group, including running, junior cricket and soccer. The majority of children participating in these activities come from disadvantaged backgrounds and would otherwise not have access to facilities and coaching at the level provided by Scaw Metals.



> Previously disadvantaged children of all ages are coached at Scawlands. Gordon Grant, chairman of the Scaw Football Club, coaches the Under 10s (above), whom he describes as Scaw's "Little Stars". The Under 15 squad won the Divisional Cup in 2007.



> John Kemble, head of human resources for the Scaw Metals Group (left), was a guest speaker at the court preparation facility that was opened recently by Advocate M.J.Mpshe, Acting National Director of the NPA (right).



> At Chain Products:

1. Fusi Motaphanyane, forklift driver.

2, 3 & 4. Chain Products manufactures chain in various grades and sizes.

Living proof #8: Scaw Harriers win

A team from the Scaw Harriers Club recently won the Game Challenge Manufacturing Cup, a relay race, against 300 teams. Three Scaw teams (18 runners) competed in the race. The Scaw running club has been in existence for many years and through athletes like Simon Malindi, captain, and Jason Oliver, chairman of the club, the team continues to coach and groom new runners to compete at top levels. Both employees work at Union Junction; Simon for Rolling Mills Sales and Jason is production manager, Steel Foundry.



> Jason Olivier (left) and Simon Malindi.

Overseas operations

Chile

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



Living proof #9: Proacer

Proacer institutes a first for women: Proacer recently hosted the first graduation ceremony for its first social grant programme to develop the skills of women in the neighboring community of Huertos Familiares, in conjunction with ATC Training company. At the event, 42 women, all home-makers, were awarded a graduation certificate in one of the following categories: Unisex hairdressing, clothing design, design and paint on fabric.

In addition, the community of Til Til in Chile has benefitted from a number of upliftment projects since the formation of the Corporation Pro Til Til in July 2006, of which Proacer Chile is a board director.

Recent projects include:

Intercommunity Micro-business Fair: About 130 micro-businesses exhibited their products in a festive and communal setting, exchanged experiences and ideas, and participated in learning courses. This event took place at the municipal square and is set to become the annual event that attracts the most community members.

National Ageing and Integration Encounter: Pro Til Til participated in a meeting in the Valparaíso Region for caretakers of the aged in Chile and Latin America. The discussion centred on self-care, wellness and civic participation.

Peru

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

Philippines

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

Canada

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



> Children dancing the national Cueca in Peru during an Intercommunity Micro-business fair supported by Proacer.

Living proof #10: Food banks

In December 2007, AltaSteel and the United Steelworkers Local 5220 union jointly launched the First Annual AltaSteel Food Drive. Food was collected via boxes positioned in the operation. The food drive was a huge success with over 2 000 pounds of food being collected. As a result of this initiative the town of Edmonton is able to distribute food hampers to over 13 000 homeless individuals, transient workers and working poor people every month.

Australia

The PWB company continues to contribute to the maintenance of a local radio station.



> Chris Jager, AltaSteel president (left) and Paul Perrault, USW Local 5220 president, with some of the food collected from AltaSteel employees.

> 12. Contact and feedback details

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> send to

The Chief Executive
Scaw Metals Group

PO Box 61721 Marshalltown
2107 South Africa

"We may be black, white and red..."





**SCAW METALS
GROUP**

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Content _____

Insufficient detail _____

Too much detail _____

Other comments _____

Name _____

Organisation _____

Address _____

...but our heart is green!



