



SOUTH AFRICA TRANSFORMATION REPORT 2007



## **Embracing the challenge of change**



# A global leader in mining and natural resources

**Anglo American plc** is one of the world's largest mining and natural resource groups. With its subsidiaries, joint ventures and associates, it is a global leader in platinum group metals and diamonds, with significant interests in coal, base and ferrous metals, as well as an industrial minerals business. The Group is geographically diverse, with operations in Africa, Europe, South and North America, Australia and Asia.

# Contents



*Ferrous Metals - Scaw Metals BEE Transaction Signing with Izingwe Holdings, Southern Palace Holdings and Shanduka Resources - 1 March 2007*

2

## Foreword

4

## Anglo American at a glance

- Our businesses
- Our local footprint
- Contributing to the South African economy

9

## Black Economic Empowerment

- Broadening participation in the South African economy
- Anglo Zimele - Promoting independence through enterprise development

16

## Safety

- Rethinking our safety approach

18

## Our people

- Making people a priority
- Acquiring and developing relevant skills
- Building a diverse workplace

24

## Sustainable development

- Focusing on the triple bottom line

29

## Anglo American Chairman's Fund

- Transforming lives

33

## HIV/AIDS

- Overcoming the challenge of HIV/AIDS

36

## The road ahead





# Foreword

The long years of apartheid left a legacy of inequality, poverty and exclusion from opportunity for many South Africans. Anglo American is committed to contributing to South Africa's development and addressing these challenges by promoting social, economic and cultural transformation. *The Transformation Report* sets out some of the ways in which we are embracing the challenge of change and contributing to South Africa's long-term sustainable development.

These initiatives are in keeping with the vision of our founder, Sir Ernest Oppenheimer, of creating wealth for our shareholders and making a lasting contribution to the communities in which we operate.

In 2007, Anglo American plc achieved record operating profit of R71,2 billion and underlying earnings increased 5% to R40,9 billion. This strong performance is underpinned by one of the strongest and highest quality project pipelines in the sector, with projects already under way or approved amounting to R108 billion. Of this amount, just over R38 billion has been committed to projects in South Africa.

In the year under review, we continued to invest in and grow our South African operations, underscoring our continued commitment to the country and its economy. A highlight was the recent (29 April 2008) granting of the conversion of 'old order' rights into 'new order' mining rights for all our South African mining operations, with the exception of two platinum joint ventures with Royal Bafokeng Resources and African Rainbow Minerals which require separate processes of engagement. These applications are currently being processed based on joint submissions and representations by all stakeholders.

Anglo American produces some 2% to 2.25% of South Africa's GDP and is the largest private sector investor in the country. We are also the largest private sector employer in South Africa, with approximately 77,000 permanent staff and around 35,000 contractors. Since the establishment of Anglo American plc in 1999, the Group has invested R158 billion (R197 billion in 2007 terms) in South Africa. In 2007 alone, the company contributed R11 billion in taxes to South Africa.

In addressing transformation, major milestones were reached in 2007, when no fewer than seven significant Black Economic Empowerment (BEE) transactions were signed or announced. No other South African company has undertaken BEE transactions on such a wide front, in such a short period, with so many participants including employees and local communities. These transactions were:

- The creation of Anglo Coal Inyosi, an empowered coal company valued at R7 billion.
- A Scaw Metals transaction which has resulted in the formation of a new empowered company, Scaw South Africa (Scaw SA). Through this transaction a BEE consortium comprising Izingwe Holdings, Southern Palace Holdings and Shanduka



Philip Baum (Acting Chief Executive)

Resources will acquire a 21% stake in Scaw SA, while a broad-based employee trust will acquire a 5% equity stake in the R5,3 billion South African business.

- A landmark empowerment transaction with Anglo Platinum will result in Historically Disadvantaged South Africans (HDSAs) owning and managing Anooraq Resources and Mvela Resources, the third and fifth largest platinum group metal (PGM) companies, respectively, in the world. These transactions are valued at R35 billion.
- An empowerment deal in which Samancor Manganese (owned 60% by BHP Billiton and 40% by Anglo American) is involved in the creation of a new mining company, Hotazel Manganese Mines. This will result in increased participation in the economy by communities in the Northern Cape province. Eventually, 26% of Hotazel Mines will be transferred to the BEE partners.
- The unbundling of the Tongaat-Hulett Group into two separately listed companies:
  - The first involved Ayavuna Women's Investments and Sangena Investments becoming anchor BEE partners by acquiring a 25% stake in Tongaat-Hulett for R21 billion.
  - The second saw Imbewu Consortium and the Makana Consortium acquiring a 15% stake in Hulamin, valued at R990 million.

All these transactions will achieve sustainable and broad-based empowerment through the participation of communities, women and the introduction of employee share-ownership schemes (ESOPs), which benefit all Anglo's South African employees across our operations. In 2007 it was agreed that an employee share

ownership programme for those employees not currently receiving shares through the executive schemes would be finalised for Anglo Platinum, Anglo Coal South Africa and corporate functions in Johannesburg.

Anglo American views broad-based BEE as a strategic business imperative and, accordingly, I am pleased to report that our BEE procurement and enterprise development spend in 2007 amounted to R17,3 billion, an increase of 41% from 2006 (2006: R12,3 billion), representing 37% of total available procurement spend.

Equally pleasing was an increase in the number of HDSAs in management to 42% (2006: 39%), reflecting our commitment to promote broad participation at every level of the operation. Women, too, are being increasingly represented in senior management roles in South Africa, with the figure at the end of 2007 standing at 18%, up from 14% a year earlier. Our human capital development strategies were externally recognised, with Anglo Coal's fourth-placed ranking in the "large companies" category in Deloitte's 2007 'Best Company to Work For' survey.

From a personal point of view, I have found it highly rewarding to have been involved in the shaping of Anglo's BEE policies and the establishment of our small business unit, Anglo Zimele, in 1989. This unit facilitates entry for emerging black business into South Africa's economic mainstream. External recognition is affirmation that we are succeeding in our goals and, in November 2007, Anglo Zimele clinched a double win at the South African *Bignews* Enterprise Development Awards in Johannesburg. The unit was honoured as the *Best Internal Corporate Enterprise Development Programme* and the *Most Outstanding Overall Enterprise Development Programme*. Internationally, Anglo Zimele co-hosted a major international roundtable on enterprise development and was recognised as one of the leading models in the world by the International Finance Corporation – the private sector arm of the World Bank.

Our sustainable development and corporate social investment (CSI) initiatives continued to receive accolades in 2007. Notable among our sustainable development initiatives were Anglo Coal's eMalahleni Water Reclamation and Basa njengo Magogo projects which won the *Mail & Guardian's Greening the Future* award and the socio-economic category of the Nedbank Capital *Green Mining Sustainability* awards, respectively.

The Anglo American Chairman's Fund continued to play a leadership role in CSI in South Africa. For the seventh consecutive year, the Chairman's Fund was rated the best corporate grant maker in the *Dialogue CSI Handbook* survey. In addition, the Chairman's Fund Limpopo Rural Schools Programme won the *Investing in Education* category of the *Mail & Guardian's Investing in the Future* awards.

The HIV/AIDS pandemic is one of the greatest challenges facing South Africa. In 2002, we began providing free anti-retroviral therapy


(ART) to all HIV-positive employees in one of the biggest private sector HIV/AIDS programmes in southern Africa. Our successful voluntary counselling and testing (VCT) programme is fundamental to our HIV/AIDS strategy. In 2007, just over 70% of the 77,000 employees throughout southern Africa underwent VCT testing.

We regard our role in the upliftment of the communities associated with our operations as key to our transformation agenda. Our internationally recognised Socio-Economic Assessment Toolbox (SEAT) helps us to understand the perspectives and concerns of the communities closer to our operations. All Anglo Coal's collieries in South Africa have completed the SEAT process, and in 2007 we made the SEAT assessment mandatory for all our major operations.

The safety of our employees is vital. The appointment of Anglo American plc's new chief executive, Cynthia Carroll, has added further impetus to our safety drive. Anglo American's Safety Leadership Summits in June and October 2007 culminated in the creation of our Safety Improvement Plan, a framework for achieving a marked improvement in our safety performance over the next three years by targeting Zero Harm to our employees. Greater emphasis has been placed on the accountability of our leaders as we believe that we will attain our objectives through committed leadership. As leaders, we are continually sending out a strong message that our safety-based standards and procedures are truly non-negotiable.

Finally, our commitment to South Africa's development is underpinned by our continued substantial funding of organisations such as the National Business Initiative, Business Trust, Business Against Crime, Business Leadership South Africa, Business Unity South Africa, NEPAD Business Foundation and the South African Women in Mining Association.

Last year, we celebrated Anglo American's 90th anniversary. Looking back, we have much to celebrate and much to anticipate as we continue to contribute to South Africa's transformation. I hope this report will give you a deeper understanding of our activities, targets and commitments as we continue to focus on improvement in four key areas – engagement, integration, performance and growth.



**Philip Baum**

*Acting Chief Executive Anglo American South Africa and  
Chief Executive Anglo Ferrous Metals and Industries*

# Anglo American at a glance

## OUR BUSINESSES

Anglo American aims to become the leading global mining company, committed to delivering operational excellence in a safe and responsible way and adding value for shareholders, employees, governments, the communities associated with our operations, customers and suppliers. The Group has a range of high quality, core mining businesses, with balanced participation across precious, base and bulk commodities. It is geographically diverse, with an operating footprint spanning 45 countries. Our five core mining businesses are Platinum, Diamonds (independently managed), Base Metals, Ferrous Metals and Coal.



### PLATINUM

#### Business profile

- The world's largest primary producer of platinum, accounting for around 37% of the world's newly mined platinum output

#### Products and uses

- Primarily used in autocatalysts and jewellery
- Also used in chemical, electrical, electronic, glass and petroleum industries and medical applications



### BASE METALS

#### Business profile

- Comprises primarily copper, nickel, zinc, phosphates, niobium and mineral sands operations
- Operates in South America, southern Africa and Ireland

#### Products and uses

- Copper is used mainly in wire and cable, as well as in brass, tubing and pipes
- Zinc is chiefly used for galvanising
- Nickel is mostly used in the production of stainless steel



### COAL

#### Business profile

- Anglo Coal is one of the world's largest private sector coal producers and exporters
- Its operations are in South Africa, Australia, Colombia, Venezuela and Canada

#### Products and uses

- About 40% of all electricity generated globally is powered by coal
- Around 70% of the world's steel industry uses coal and it is also an important fuel for other industries



### FERROUS METALS

#### Business profile

- Operations are mainly in South Africa, South America, Canada and Australia
- Iron ore, manganese and steel products used in mining and infrastructure sectors

#### Products and uses

- Iron ore is the basic raw material used in steel production
- Manganese is a key component in steelmaking
- Steel products used in construction and most industries



### INDUSTRIAL MINERALS

#### Business profile

- Tarmac is the No. 1 UK producer of aggregates and asphalt and a leading producer of ready-mixed concrete
- Its operations are primarily in the UK, Continental Europe and the Middle East

#### Products and uses

- Tarmac is involved in the production of crushed rock, sand, gravel, concrete and mortar, lime, cement and concrete products



### DIAMONDS

#### Business profile

- De Beers' accounts for about 40% by value of global rough diamond production
- The world's largest supplier and marketer of gem diamonds

#### Products and uses

- About 30% of mined diamonds by weight are suitable for use in jewellery
- Some natural stones are used for industrial purposes such as cutting, drilling and other applications

<sup>1</sup>De Beers is an independently managed associate of the Group. Data from Diamond operations are not included in the data we report.



*“The Group achieved record operating profit of R71,2 billion and underlying earnings increased 5% to R40,9 billion.”*

### 2007 Global performance highlights

In 2007, the Group achieved record operating profit of R71,2 billion and underlying earnings increased 5% to R40,9 billion. There were strong performances from Base Metals, Platinum, Ferrous Metals and Industrial Minerals. Anglo American has a substantial reserve and resource base, complemented by one of the strongest project pipelines in world mining, with projects already under way or approved amounting to R108 billion, and a further R225 billion under consideration.

## OUR LOCAL FOOTPRINT



*The new double-contact double-absorption acid plant at Waterval Smelter that will allow 99% fixation of sulphur and SO<sub>2</sub> emissions to drop below 20t/day*

### Platinum

Anglo Platinum Limited, based in South Africa, is the world's leading primary producer of platinum, accounting for about 37% of global newly mined output. It mines, processes and refines the entire platinum group metals (PGMs) range: platinum, palladium, rhodium, ruthenium, iridium and osmium. Although PGMs are the primary products of its operations, base metals such as nickel, copper and cobalt sulphate are important secondary products and are significant contributors to earnings.

Anglo Platinum currently owns five mining operations, a tailings retreatment facility, three smelters, a base metals refinery and a precious metals refinery, all in the Limpopo and North West provinces of South Africa.

The company's 100% owned mining operations comprise Rustenburg Platinum Mines' Rustenburg, Amandelbult and Twickenham sections, as well as Potgietersrust Platinum Limited (PPRust) and Lebowa Platinum Mines Limited, 51% of which is held for sale. Rustenburg Platinum Mines' Union Section is 85% held, with a BEE consortium, the Bakgatla-Ba-Kgafela traditional community, holding the remainder.

Anglo Platinum also has a 50:50 joint venture with a BEE consortium, led by African Rainbow Minerals over the Modikwa platinum mine; a joint venture with Royal Bafokeng Resources, a BEE partner, over the combined Bafokeng-Rasimone platinum mine and Styldrift properties; and a joint venture with Xstrata over the Mototolo mine. In addition, Anglo Platinum has joint ventures with Aquarius Platinum covering the shallow reserves of the Kroondal and Marikana mines and portions of the reserves at Anglo Platinum's Rustenburg Section.

### Coal

Anglo Coal is the world's sixth largest private-sector coal producer and exporter, with operations in South Africa, Australia, South America and Canada. In South Africa, Anglo Coal owns and operates eight mines and has a 50% interest in the Mafube mine. Four mines are in the Witbank coalfield, which supply some 20 million tonnes per annum (Mtpa) of thermal coal to the export and local markets and a small amount of metallurgical coal to the export market. Coal is exported through the Richards Bay Coal Terminal, in which Anglo Coal has a 27% interest. In addition, the New Vaal, New Denmark and Kriel mines supply some 35 Mtpa of coal to Eskom, while Isibonelo mine produces around 5 Mtpa for Sasol Synthetic Fuels under a 21-year supply contract.



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

# Anglo American at a glance *(continued)*

## Base Metals

Anglo Base Metals has interests in 14 operations in six countries producing copper, nickel, zinc, niobium, phosphate fertilisers, titanium dioxide and zircon, together with associated by-products, including lead, molybdenum and silver.

In southern Africa the Black Mountain and Skorpion mines produce zinc and associated by-products such as lead, copper and silver. In January 2007, the black empowerment company Exxaro Resources agreed to acquire Anglo Base Metals' Namakwa minerals sands operation in South Africa, which produces titanium dioxide, zircon and rutile, together with associated by-products, in addition to 26% of Black Mountain and Gamsberg, a large undeveloped moderate grade zinc deposit located in the Northern Cape province. Black Mountain and Gamsberg will remain subsidiaries of, and continue to be operated and managed by, Anglo Base Metals.



*Black Mountain Mine - a conveyer belt transports coal*

## Ferrous Metals

Anglo Ferrous Metals' primary business is iron ore. The company holds a 63% shareholding in Kumba Iron Ore in South Africa and a controlling interest in the Minas-Rio and Amapá iron ore projects in Brazil. Other interests principally comprise manganese ore and alloy operations and carbon steel products, represented by Samancor Manganese and Scaw Metals.



*Excavator working a stockpile at Saldanha Bay, Sishen's export port on South Africa's Atlantic Coast*

## Diamonds

Anglo American's diamond interests are represented by its 45% shareholding in De Beers, the world's leading diamond business, with expertise in the exploration, mining and marketing of diamonds. De Beers produces approximately 40% of the world's rough diamonds by value and is still the world leader in diamonds after 120 years. De Beers and Moët Hennessy Louis Vuitton have established a high-end retail jewellery joint venture, De Beers Diamond Jewellers, with stores in the most fashionable areas in some of the world's great cities.



*One of the BDVC diamond sorting floors at Orapa House where the diamonds are sorted into the various sizes and grades*



# CONTRIBUTING TO THE SOUTH AFRICAN ECONOMY

## Largest private sector investor in South Africa

Anglo American produces some 2% to 2.25% of South Africa's GDP and is the largest private sector investor in the country. Since the listing of Anglo American plc in 1999, we have invested R158 billion (or R197 billion in 2007 terms) in South Africa. The company contributed R11 billion in taxes to the South African economy in 2007.

## Largest private sector employer in South Africa

Anglo American is the largest private sector employer in South Africa, employing 77,000 people and approximately 35,000 contractors. This figure includes:

- Anglo Platinum - 53,000 permanent employees and 28,000 contractors
- Anglo Coal - 9,000 permanent employees and 2,700 contractors
- Ferrous Metals and Industries - 12,000 permanent employees and 4,200 contractors
- Base Metals - 2,000 permanent employees
- Corporate centre - 1,000 permanent employees.

## 2007 Anglo American South Africa's business performance

Anglo's South African businesses contributed 44% of the Group's turnover and 45% of operating profits in 2007. The Group has an approved project pipeline of R108 billion, of which just over R38 billion (35%) is in South Africa. Anglo American has a significant share of the South African market in platinum group metals, iron ore, zinc, diamonds, coal and manganese.

## Recognised Corporate Social Investment (CSI) leader in South Africa

- The total Anglo American South Africa spend on CSI in 2007 was R288,5 million. Of this amount, R69 million was channelled through the Anglo American Chairman's Fund, which is responsible for South Africa's largest corporate investment in education infrastructure
- In 2007, the Anglo American Chairman's Fund was voted by NGOs as South Africa's best grant maker for the seventh consecutive year by Trialogue in their *CSI Handbook survey*
- The Fund received the *Investing in Education Award* in the *Mail and Guardian's Investing in the Future* awards.



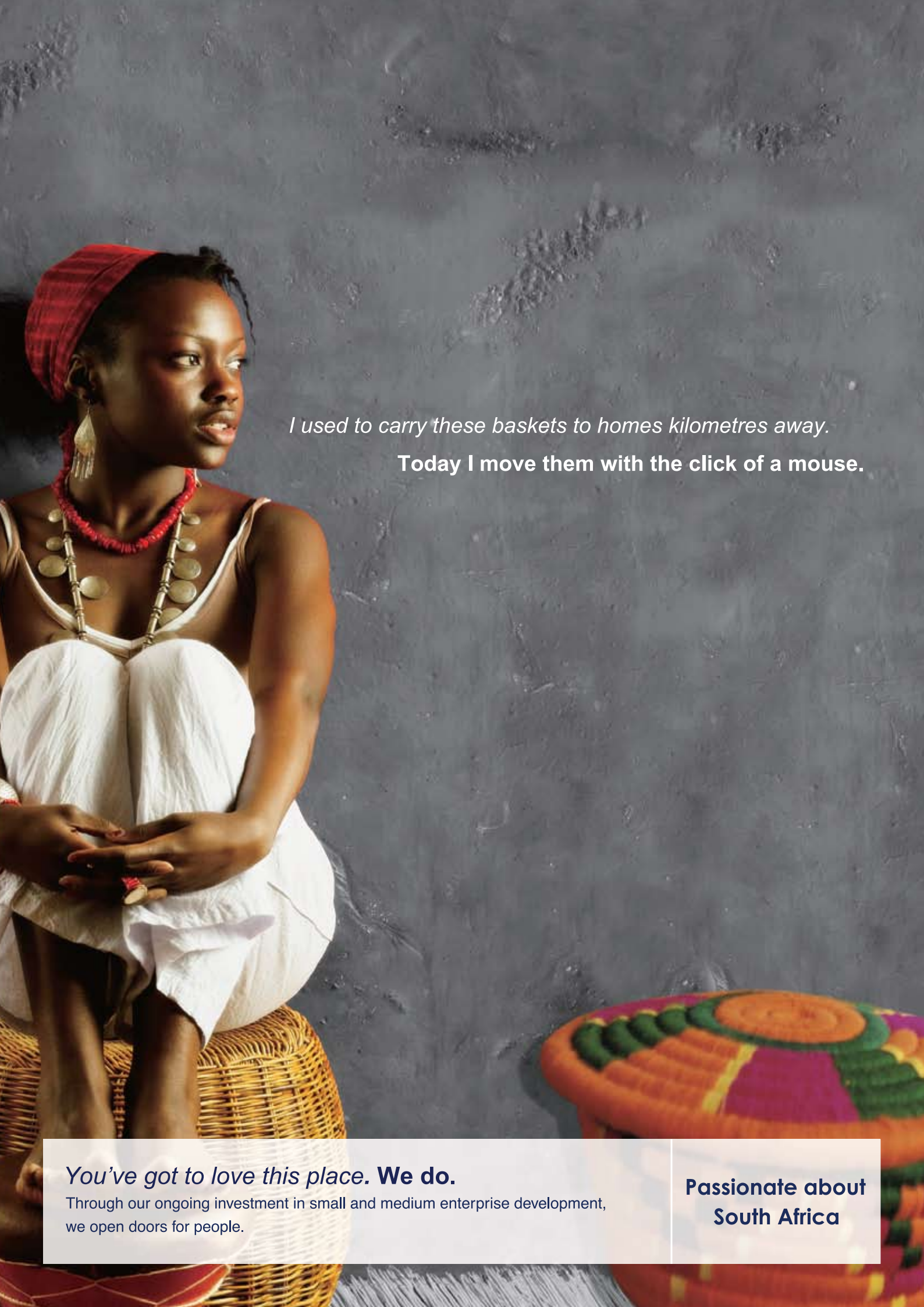
*The Nelson Mandela Bridge: About 1,000 tonnes of stay cable strand, manufactured by Anglo Ferrous Metals Industries' Scaw Metal Group's Wire and Strand factory, were used in the construction of this landmark linking the Johannesburg CBD and Braamfontein*

## Largest HIV/AIDS programme in the world

- Anglo American's HIV/AIDS programme is one of the biggest private sector HIV/AIDS programmes in southern Africa and is internationally recognised for its excellence
- 95% of those employees on anti-retroviral treatment (ART) are fit enough to do normal work
- Anglo American's Voluntary Counselling and Testing (VCT) participation rate in South Africa is just over 70%.

## Empowerment highlights

- Seven significant BEE transactions
- Increase of 41% in total BEE procurement spend, amounting to 37% of total available spend
- Anglo Zimele supported 66 businesses, which provided jobs to 4,403 individuals in 2007
- ESOPs for those employees not currently receiving shares through other existing share schemes were finalised for Anglo Platinum, Anglo Coal South Africa and the Johannesburg corporate office.



*I used to carry these baskets to homes kilometres away.*

**Today I move them with the click of a mouse.**

***You've got to love this place. We do.***

Through our ongoing investment in small and medium enterprise development, we open doors for people.

**Passionate about  
South Africa**

# Black Economic Empowerment (BEE)

## BROADENING PARTICIPATION IN THE SOUTH AFRICAN ECONOMY

### At a glance

- Seven significant BEE transactions during 2007
- Increase of 41% in total BEE procurement spend, amounting to 37% of total available spend.

### Overview

**By accelerating BEE, Anglo American is contributing to broadening the base of the South African economy and promoting participation in the economy by all citizens. Major milestones were reached in 2007 when seven significant BEE transactions across our operations in South Africa were announced.**

### Anglo Coal

In 2007, the creation of Anglo Coal Inyosi, an empowered coal company valued at R7 billion, was announced. A BEE consortium led by Lithemba Consortium and Pamodzi Coal will acquire 27% of Anglo Coal Inyosi. Anglo Coal Inyosi will have a beneficiary base, benefiting in excess of 27,000 individuals, the majority of whom are women HDSAs. Anglo Coal Inyosi will incorporate Kriel colliery as well as the Elders, Zondagsfontein, New Largo and Heidelberg projects.

### Anglo Platinum

The landmark empowerment transactions between Anglo Platinum, Anoroaq Resources and Mvela Resources will result in HDSAs owning and managing the third and fifth largest companies in the global platinum industry. In terms of the transactions, Anglo Platinum will sell 51% of Lebowa Platinum and an effective 1% of the Ga-Phasha project for a total consideration of R3,6 billion to Anoroaq. Mvela Resources will purchase Anglo Platinum's 50% stake in the Booysendal Project as well as a 22.4% direct interest in Northam for a total consideration of R4 billion.

### Samancor Manganese

Samancor Manganese, 60% owned by BHP Billiton and 40% owned by Anglo American, announced an empowerment deal with Ntsimbintle Mining in December 2007, relating to the creation of a new mining company, Hotazel Manganese Mines (Hotazel Mines). Ntsimbintle will vend in portions of its prospecting rights contiguous to Samancor's Mamatwan and Wessels mines near the town of Hotazel in exchange for a 9% interest in Hotazel Mines. Eventually, 26% of Hotazel Mines will be transferred to the BEE partners.

### Scaw Metals

A Scaw Metals empowerment transaction with BEE partners Izingwe Holdings, Southern Palace Holdings and Shanduka Resources for its South African assets has resulted in the formation of a new empowered company, Scaw South Africa (Scaw SA). The transaction involves the BEE consortium acquiring a 21% stake in Scaw and the broad-based employee trust acquiring a 5% equity stake in the R5,3 billion South African business.



*From left: Chairman of Mvela Resources Lazarus Zim, joint acting chief executive of Anglo Platinum Norman Mbazima, Cynthia Carroll and Anoroaq Resources chief executive Tumelo Motsisi at the signing of the Anglo Platinum BEE deal. Anoroaq Resources and Mvela Resources are now the third and fifth biggest platinum companies in South Africa*



# Black Economic Empowerment (BEE) *(continued)*

## Tongaat-Hulett Group

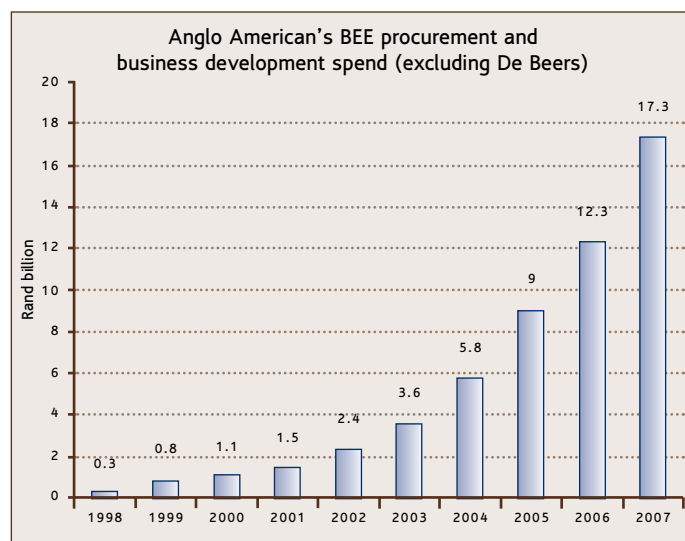
2007 saw the unbundling of the Tongaat-Hulett Group into two separately listed companies. In terms of this transaction, Ayavuna Women's Investments and Sangena Investments became anchor BEE partners by acquiring a 25% stake in Tongaat valued at R2,1 billion, and Imbewu Consortium and Makana Investment Consortium acquired a 15% stake in Hulamin, valued at R990 million.

## Employee Share Ownership Plans (ESOPs)

During 2007, ESOPs for those employees not currently receiving shares through other existing share schemes were finalised for Anglo Platinum, Anglo Coal South Africa and the Johannesburg corporate office. These share schemes are designed primarily to enhance employee share ownership in the company.

## Enterprise development

In 2007, Anglo American's South African businesses spent R17,3 billion on consumables, services and capital from black-owned small and medium enterprises. This was a 41% increase on the 2006 figure of R12,3 billion and amounts to 37% of total available spend (excluding goods and services from parastatals and municipalities).



Scaw Metals BEE Transaction Signing with Izingwe Holdings, Southern Palace Holdings and Shanduka Resources - 1 March 2007

# ANGLO ZIMELE – PROMOTING INDEPENDENCE THROUGH ENTERPRISE DEVELOPMENT

## At a glance

- Anglo Zimele supported a total of 66 businesses which provided jobs for 4,403 people through the Supply Chain Fund, Anglo Khula Mining Fund and Small Business Start-up Fund
- Anglo Zimele created the Small Business Start-up Fund which commenced the roll-out of the 12 hubs close to Anglo American's various mines.

## Overview

**Anglo American's small and medium enterprise (SMEs) development and empowerment initiative, known as Anglo Zimele, was established in 1989 to empower black entrepreneurs through the creation and transformation of SMEs.**

**A catalyst for emerging black business in South Africa, the Anglo Zimele initiative is divided into three separate funds – the Supply Chain Fund, the Anglo Khula Mining Fund and the recently established Small Business Start-up Fund. The funds operate on a commercial basis, albeit with the social purpose of creating sustainable and economically viable enterprises by providing equity/loans, mentoring and access to value-enhancing opportunities.**

**Anglo Zimele management services provides hands-on support to all three funds and delivers strategic input in areas such as corporate governance, management, legal, accounting, company secretarial, public relations, safety, health and the environment.**

## Supply chain development

Supply chain development, managed by Anglo Zimele, involves assisting the Group's divisional procurement departments in identifying potential BEE suppliers and ensuring the channelling of business opportunities to black-empowered SMEs.

During 2007, Anglo American SA and its business units procured R17,3 billion of transactions for consumables, services and capital with black-owned and managed small and medium businesses.

## Anglo Khula Mining Fund

The junior mining element of Anglo Zimele is managed by the Anglo Khula Mining Fund. This is a joint initiative between Anglo American



*Nick van Rensburg, managing director of Anglo Zimele, Godfrey Gomwe, chairman of Anglo Zimele, and Harry Calver, chairman of Anglo Khula Mining Fund, at the Enterprise Development Awards in November 2007*

and Khula Enterprise Finance Limited, launched in 2003 with an initial amount of R40 million. The latter is a government-owned entity that promotes SME development.

The Fund assists emerging, black-owned mining companies with equity and loan finance as well as technical support during the high-risk exploration and pre-feasibility phases of mining projects, bringing them to a commercially bankable position. Without the Fund, many black-owned junior mining companies would not be able to operate in the mining sector. The Fund provides similar support services to those offered by the Supply Chain Fund and relies on Anglo Zimele to raise finance from commercial financiers for mine development.

The Fund's equity stake in investee companies does not exceed 49% and it targets investments that can be co-funded with Anglo American or one of its subsidiaries.

# Black Economic Empowerment (BEE) *(continued)*

## Small Business Start-up Fund

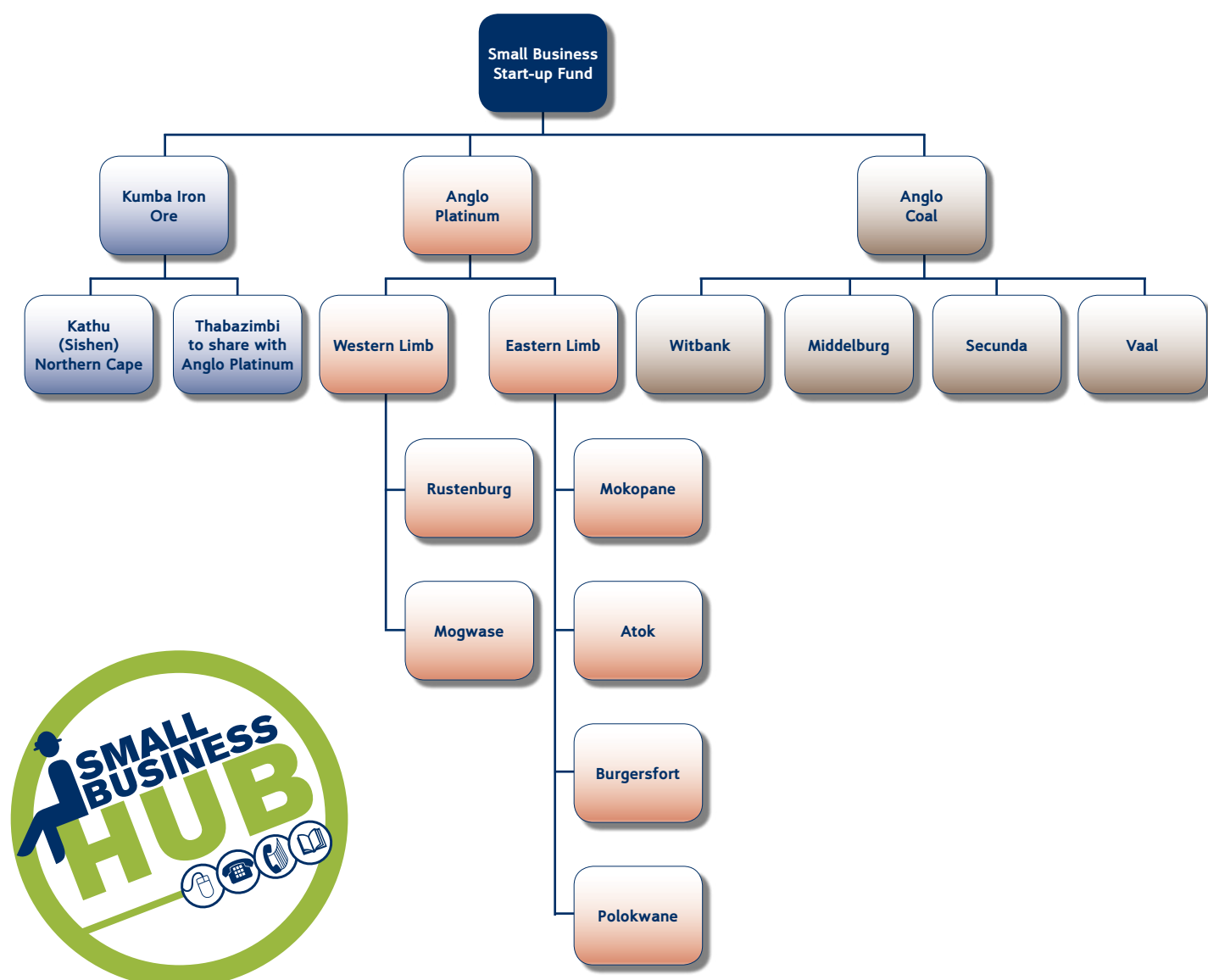
Launched in October 2007, the Small Business Start-up Fund is an enterprise development initiative which, by means of loan finance, supports entrepreneurs and small businesses in the communities in which Anglo American operates.

Unlike the Supply Chain Fund, the Small Business Start-up Fund only provides loan funding (limited to R1 million per project) and mentoring. The beneficiary SMEs must operate in Anglo American business unit areas and must comply with the BEE criteria as per the Mining Charter. However, they need not be part of the Anglo

American supply chain. The Small Business Start-up Fund is currently 100% funded by the Anglo Zimele Supply Chain Fund.

To support this initiative, 12 Small Business Hubs are being set up in close proximity to Anglo American mining operations. The hubs provide local entrepreneurs with tangible support, including assistance with business plans, training and coaching on the essentials of running a business, as well as tax advice and mentorship.

The Small Business Hub network at Anglo American's mining operations is reflected below.





## Anglo Zimele Summary by Fund



Moshawa Modise of Maccauvlei Learning Academy (left) and Thomas Mahlangu of eMalahleni Oil Collections at the Anglo Zimele SME showcase hosted in August 2007

## Recognition

Anglo Zimele achieved a double accolade at the 2007 Enterprise Development Awards, being honoured as the Best Internal Corporate Enterprise Development Programme and the Most Outstanding Overall Enterprise Development Programme.

In addition, Anglo Zimele was short-listed for the second consecutive year for the Best Initiative in Support of SME Development category in the Africa Investor Awards.

Further, Anglo Zimele's model has been recognised by the World Bank and United Nations Development Programme as a leading example of best practice.


## Black Economic Empowerment (BEE) *(continued)*

### Anglo Zimele's overall value offering includes:

- Development of business plans
- Assistance with the selection of a BEE partner
- Provision of finance for the acquisition of assets and working capital
- Assistance with company formation and ongoing company secretarial and administrative services
- Assistance with the integration of a BEE partner into the business and the development of a training and development plan for the transfer of skills and ongoing mentoring
- Assistance with marketing the business to Anglo American's business units, specifically for supply links, market development and expansion
- Leveraging from Anglo Zimele's branding to obtain additional funding where necessary
- Provision of ongoing strategic, operational, financial and business support through Board representation
- Guidance on corporate governance, ethics, safety, health and environment standards and HIV/AIDS. This may involve Anglo American personnel in technical or specialist disciplines
- Collation and consolidation of the quarterly BEE procurement figures for each division and operation of Anglo American South Africa.



*Isaac Mashiya and Buessy Gededger of Ikhwezi Fleet Services proudly show off their new fleet of vehicles*



*I know my place.*

**It's at the head of the table.**

*You've got to love this place. **We do.***

Anglo American has led South Africa's major mining empowerment deals and with our significant investment in black economic empowerment, we open doors for people.

**Passionate about  
South Africa**



## RETHINKING OUR SAFETY APPROACH

### At a glance

- Launch of new initiatives to drive consistent safety messages and practices
- Mine shafts shut down in order to retrain affected employees and to conduct a thorough investigation of operating conditions
- Significant progress in our safety statistics made between the first and second halves of the year.

### Overview

There were 40 fatalities in Anglo American's global operations during 2007 (2006: 44), 32 of these in South Africa. As the majority of the Group's employees and contractors are located in South Africa, two safety summits, attended by 120 of the Group's senior management, took place during the year.

A Group safety initiative was launched mid-year, focusing on the role of leadership and the need for a sound, comprehensive risk management strategy to achieve Zero Harm. The Anglo Safety Way, a framework of management standards and systems which incorporates the results of our own safety peer reviews, was subsequently established. The aim is to radically improve workplace safety by ensuring that all our people make the right decisions affecting their own safety, and that of others, all the time.

### Safety, Occupational Health and Environmental Management in Anglo American

#### SAFETY

#### OCCUPATIONAL HEALTH

#### ENVIRONMENTAL MANAGEMENT

#### OUR VISION



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.

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 made ill whilst working for us. All employees should be able to return home fit and well at the end of each shift.

Our vision is to minimise harm to the environment by designing, operating and closing all of our operations in an environmentally responsible manner.

#### OUR PRINCIPLES



All injuries and occupational illnesses are preventable

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



All necessary steps are taken to learn from incidents in order to prevent recurrence

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



Safety standards and rules are consistently applied throughout the Group

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



Cynthia Carroll  
CEO, Anglo American plc

We hold our leaders 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 Way), the Fatal Risk Standards and the Golden 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 goal.

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 at source through good engineering practice and application of the ALARP principle; 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 goal.

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. Managers of every business or operation are 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.

THESE POLICIES WILL BE REVIEWED AT APPROPRIATE INTERVALS AND REVISED WHERE NECESSARY TO KEEP THEM CURRENT.  
December 2007

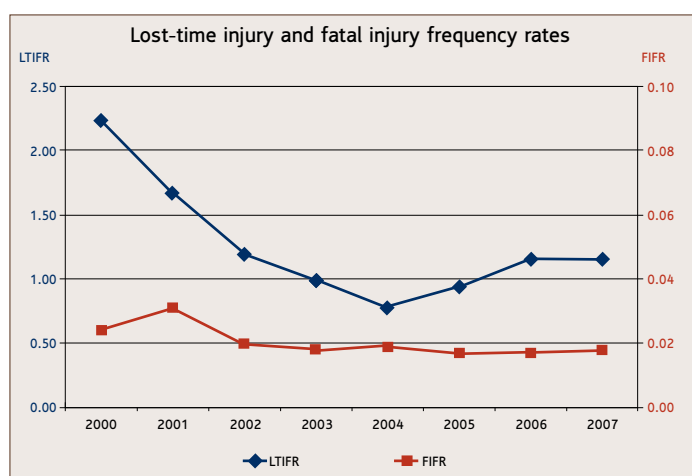
\* As Low As Reasonably Practicable

Anglo's safety policy signed by Cynthia Carroll in December 2007

## Improving safety at Anglo Platinum

Following a significant deterioration in safety performance at Anglo Platinum, with 12 fatal incidents in the first half of the year, production was suspended at all the Rustenburg mine's shafts on a staggered basis. After a series of management visits to each of the shafts, mass meetings with 28,000 employees from specific shafts were held at the Rustenburg Bleskop stadium. Industrial theatre was used to communicate the safety messages in four local languages to ensure everyone understood the importance of safety in our operations. Fatalities are not merely statistics; every death is the loss of a human life, causing suffering to their family and friends.

Team supervisors also discussed safety issues with executive management. Concerns raised included material, staff shortages, communication and issues of mutual respect. Once the Rustenburg campaign was completed, the executive team toured all the other Anglo Platinum operations with the same messages. Significantly improved safety performance was experienced in the second half of the year, with the lost-time injury frequency rate at managed operations reduced to 1.71 compared to 2.37 recorded in the first half of the year. This was the best ever safety performance for Anglo Platinum.



## Towards Zero Harm

Recognising that there is still a lot of safety-related work to be done, Anglo will partner with universities around the world to create a network of resources and education and training programmes that can be presented to Anglo employees, regulators and other companies. Four different levels of training will be offered, focusing on globally appropriate terminology and models.

### Fitness for work

Anglo Coal South Africa launched a new occupational health centre in 2007, as part of its drive for zero harm in the workplace. The centre conducts mandatory health checks on all employees and contractors to ensure they are fit enough to work safely and to monitor the effects of exposure to health hazards in the workplace.

The centre uses the best available technology, including state-of-the-art digital X-ray facilities that do not require the environmentally damaging chemicals traditionally used. Anglo Coal South Africa has installed similar facilities in clinics at its collieries to ensure fast and effective diagnosis of any health problems.

A similar facility is already in place at Anglo Platinum, where there is also a functional work-capacity assessment and rehabilitation unit.



A meeting with employees in Rustenburg to communicate the safety message.

# Our people

## MAKING PEOPLE A PRIORITY

### At a glance

- Anglo Coal ranked fourth in the “large companies” category in Deloitte’s 2007 ‘Best Company to Work For’ survey
- New e-recruitment system launched
- Committed to fair labour practices.

### Overview

**Anglo American aims to create an environment in which employees can give their best, be treated fairly, be empowered to develop rewarding careers and be provided with the opportunities to make a difference. This was highlighted by Anglo Coal being ranked fourth in the large companies’ category in Deloitte’s prestigious 2007 ‘Best Company to Work For’ survey.**



*An Exco meeting at Greenside Colliery includes a mix of both men and women in leadership roles*

### A commitment to fair labour practices

The core principles of our human-capital strategy include commitments to eliminating discrimination, promoting equality and employing the best person for the role. Employees can expect to be treated fairly, with dignity and respect and can also expect to work in an environment free of intimidation and harassment. The Group is committed to fair labour practices and freedom of association.

There is a sense of integrity and inclusion about our processes. We engage constructively with employees at every level regarding a wide variety of issues. To cite one example, labour union representatives spoke about their concerns at a regional forum in South Africa in 2007, which was held to discuss social and community issues and was attended by 200 senior managers.

### Reward and retention

Reward and retention initiatives continue to be a major focus across the Group, as in the linking of the top levels of reward with the highest standards of performance. During the year, supplementary measures were introduced within targeted areas, which helped to contain voluntary labour turnover despite the resource constrained market and reduce staff turnover.

### ‘One Anglo’

Increased sharing of ideas and resources in keeping with the strategy of creating a more integrated ‘One Anglo’ organisation has resulted in an increase in efficiencies and effectiveness in the Group’s talent initiatives globally. In 2007, the Group launched a new online recruitment system that enables current and prospective employees around the world to view the full range of job opportunities available at Anglo American. The system will not only aid retention, as it is now easier to apply for new opportunities within the Group, but will also facilitate regional and external graduate recruitment.

In keeping with our unified strategy, from 2008 our previously diverse foundation Management Development Programmes will have a common curriculum and standard of delivery across the globe.



# ACQUIRING AND DEVELOPING RELEVANT SKILLS

## At a glance

- 200 students undergo practical training
- Anglo Platinum launched a multi-million mine training centre
- Anglo Coal Cadet Scheme an ongoing success
- Employees received adult basic education and training (ABET)
- Anglo Platinum launched Shift Leader Development Programme.

## Overview

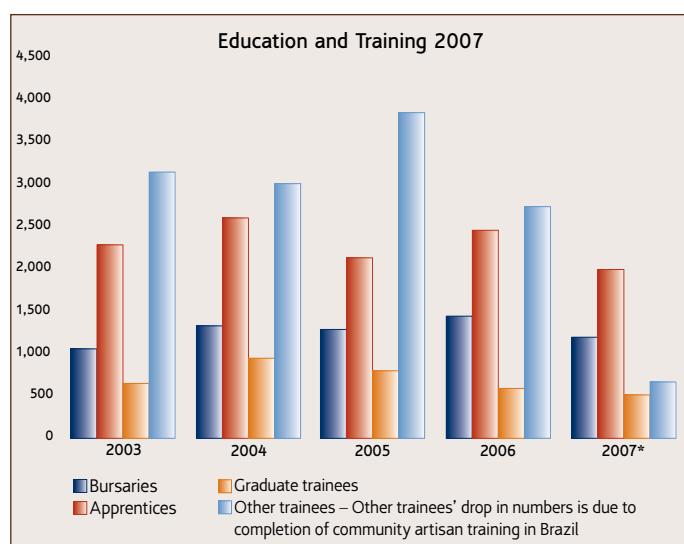
**The skills of our people are a cornerstone of our success. Our focus is on developing the competence needed to succeed in a rapidly changing world within the context of a supportive environment. This is particularly necessary given the fierce competition, both globally and locally, for technical and managerial skills.**

## Training spend

Globally, direct investment in training amounted to R2,3 billion, 2.79% of total payroll costs. The average number of formal training days per employee for 2007 was 0.38 days.

## Work experience

Anglo's South African businesses are working closely with the government to provide students from technical universities with skills to help them find work. In 2007, 200 students were invited to Anglo American South Africa for practical training, with another 200 set to attend in 2008.



Anglo Platinum employees at a skills training centre at Amandelbult

## Our people *(continued)*

### Bursaries

In 2007, the Kumba Iron Ore business gave bursaries totalling R7 million to 48 students, and accepted 20 graduates for its training programme. Kumba also donated R2 million to enable 10 disadvantaged young learners to attend a year of pre-university schooling. In 2008, Kumba plans to provide 81 students with bursaries totalling about R18 million, and will expand its training programme to support 52 graduates.

### Anglo Coal Cadet Scheme

Anglo Coal South Africa is training its most talented employees to ensure that there are sufficient leaders to support the company's expansion over the next five years. The Anglo Coal Cadet Scheme begins with a ten-week programme that provides participants (or cadets) with leadership skills. Thereafter, cadets receive four months' workplace training, followed by a six-month trial period in which they are given supervisory responsibilities. Anglo Coal monitors the cadets' progress and rewards the best performers with a permanent supervisory role in the company. During 2007, 63 employees completed the first stage, 39 (62%) of whom were from historically disadvantaged communities.

Through this scheme, Anglo Coal is well placed to meet its future management needs, both by training existing staff and attracting new employees and is currently considering the introduction of a similar programme to attract and train university graduates.

### Literacy training

Anglo Platinum has committed R179 million to help its illiterate employees learn to read and write. During 2007, 3,434 Anglo

Platinum employees received adult basic education and training (ABET) at 18 venues, across the country.

Anglo Coal has offered ABET to employees since 1990 and believes that by 2017 all staff members will be functionally literate.

Similar programmes are offered in all business units.

At the Johannesburg Corporate Office, 19 employees who have had training and classes have now moved beyond numeracy and literacy to include natural sciences and economic and management science. In 2008, the focus will be on technology.

### Developing shift leaders

In February 2007, Anglo Platinum began a Shift Leader Development Programme for its Process Division. Shift leaders will improve their technical skills through knowledge-based training, and receive work-based learning to increase their practical abilities.

### Upgrading skills

In mid- 2007, work began on Anglo Platinum's new R285 million mine training centre in Limpopo Province. This will provide theoretical and practical training for surface and underground operations. Around 1,200 new employees will be trained annually and the centre will create 200 jobs – 100 permanent positions and 100 temporary construction positions. Anglo Platinum is also extending and upgrading its existing engineering skills training centre, at a cost of R27 million.



*A group of students at Damelin eMalahleni*

# BUILDING A DIVERSE WORKPLACE

## At a glance

- 42% HDSAs in management – up from 39% in 2006
- An increase in women in management roles – from 14% in 2006 to 18% in 2007
- 354 HDSAs fast-tracked for mining careers in Anglo Platinum.

Since the divestment of our Mondi Paper and Packaging interests, the percentage of women managers has increased to 18% (2006: 14%). The overall percentage of women in the Group has remained at 11% (2006: 11%). Initiatives like 'Women in Mining' are seeking to change this.

Within South Africa, Anglo American has seen a consolidation in the representation of HDSAs in its management ranks in this reporting period, with streamlined and more focused mining business reflecting an increased percentage (42%) of historically disadvantaged South Africans (HDSAs) in management (2006: 39%).

There has also been growth in the representation of women in senior management roles in South Africa. The figure at the end of 2007 was 18%, up from 14% the previous year. These upward trends are expected to continue in 2008, with further growth in the overall HDSA complement and women representation in management roles.

In 2007, Anglo Platinum fast-tracked HDSAs for careers in mining, with 354 employees benefiting in 2007 (212 in 2006). In addition, a programme designed to train people for senior management posts attracted 48 people, while 4,408 were trained in supervisory skills.

## Women in Mining

There are three inter-related strategic thrusts for increasing the representation of women in Anglo American South Africa's business units. The first involves appointing change agents and role models in senior leadership positions. The second involves accelerating the appointment of women at all levels in the workplace. Underpinning these strategies is the establishment of an enabling environment in which women are treated with respect and consideration. This is achieved through policies including maternity leave, crèche and breastfeeding facilities within a framework of zero tolerance for sexual harassment. All Anglo American's businesses are geared towards this enabling environment.

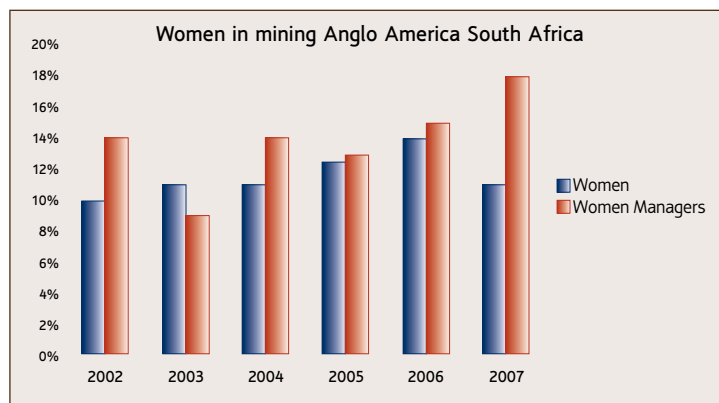


*Pinky Segolela, a technician at Anglo Research, working on the ArNi Process test plant*



# Our people (continued)

<b>Designated Group (DG) in Management Levels</b>		7,697
<b>Female</b>	<b>Number</b>	<b>% of Total</b>
African	367	4.8%
Asian	58	0.8%
Coloured	25	0.3%
White	828	11%
Disabled	2	0.0%
	<b>1,280</b>	<b>17%</b>
<b>Male</b>		
African	1,866	24.2%
Asian	136	1.8%
Coloured	223	2.9%
Disabled	23	0.3%
	<b>2,248</b>	<b>29%</b>
<b>Total DG in Mgt Levels</b>	<b>3,528</b>	<b>45.8%</b>
<b>White males</b>	4,194	54.5%
<b>Total no in Mgt Levels</b>	7,697	
<b>Total DG in Mgt Levels without white women</b>	<b>2,700</b>	<b>35.08%</b>



Women in Mining



*I know there is promise for the future,  
because I hold it in my arms.*

*You've got to love this place. **We do.***

Anglo American's continued investment in many community development projects, contributes to a better future for South Africa. We open doors for people.

**Passionate about  
South Africa**

# Sustainable development

## FOCUSING ON THE TRIPLE BOTTOM LINE

*“Anglo American does not regard sustainable development as an ‘add-on’ or a ‘nice to have’ element of doing business. In fact, well before the term became fashionable, sustainable development became part-and-parcel of our business approach and today is ingrained in everything we do...”*

**Cynthia Carroll, Chief Executive Anglo American plc**

**Speech to the Global Reporting Initiative**

**Amsterdam, May 2008**

### Overview

**It is generally accepted in business today that successful businesses are those which balance economic, social and environmental factors – the triple bottom line of sustainable development. A growing body of research finds that embedding sustainability thinking and practice in an organisation can deliver significant long-term business value. Recognising that driving sustainable development is crucial for commercial success and underpins responsible corporate citizenship, in 2000 Anglo American made a firm commitment to sustainable development. The Group has since worked to ensure that policies and strategies address these factors through daily good business practices.**

### Environment – mitigating our impact

The impact of humankind on the environment has been profound. Daily, infrastructure, technology and the products produced around the globe significantly affect our environment. Examples of our efforts to mitigate our impact are set out below.

#### *Recovering valuable materials*

Anglo Platinum is introducing new fine grinding technology to improve recovery efficiency and simultaneously achieve significant direct and indirect energy-efficiency benefits.

#### *Reducing and recycling waste*

There are initiatives around the Group to reduce waste being sent to landfill sites and to find commercial uses for recycled material, including:

- Anglo Coal's waste paper recycling campaign which resulted in 36 tonnes of paper being recycled in 2007



*The eMalahleni Water Supply Agreement was signed between the eMalahleni Municipality, BHP Billiton and Anglo Coal - May 2007*

- Kumba Iron Ore has established a waste-volume baseline and will begin monitoring waste volumes against set targets in 2008
- Scaw Metals has developed a process to recycle the 17,000 tonnes of unburned coal from its Directly Reduced Iron (DRI) plant each month. The coal is used as a reductant in the chemical process to produce directly reduced iron. Magnets are used to remove iron particles and the remaining waste coal is used to manufacture bricks and cement, reducing the amount of waste sent to landfill sites.



#### *Turning waste into profit*

Anglo Technical Division, working with Anglo Coal and Anglo Platinum, has developed innovative products to transform waste into commercial commodities, thereby reducing both the environmental impact and the financial cost of managing the waste.

The eMalahleni Water Treatment Plant at Anglo Coal South Africa reclaims 25 million litres of waste water from nearby mines daily. The water is treated to potable standard and then sold to the local municipality. About 100 tonnes of gypsum is produced daily during this treatment process. Gypsum is a good building material because it is lightweight, sets rapidly and has acoustic and fire-retardant properties. Anglo Coal has funded a R7,1 million research project to develop uses for gypsum in the building and mining industry.

Similarly, research is being conducted into commercial uses for the 60,000 tonnes of waste slag produced every month at the Anglo Platinum Polokwane smelter. Slag can be used as a silica replacement in some construction and mining materials.

#### *Improving water management*

South Africa is a water-stressed country, so it makes business sense to focus our efforts on ensuring wiser use of water. A number of initiatives are currently under way to improve water management. At Kumba Iron Ore's Sishen mine, the average annual evaporation is five times greater than the annual precipitation. Against this backdrop, the plant is being redesigned to reduce water use and cut losses from seepage and evaporation in processing. These will be even more important as Sishen expands. Sishen is also enlarging the capacity of feed pipes from the sewage treatment plant to increase the use of recycled water and is harvesting storm water off roofs and from surface run-offs. Water-quality monitoring is also being improved.

#### *Remediating sites*

Scaw Metals is restoring the Rietfontein landfill site, an old clay quarry. Work includes extensive use of plants selected for their tolerance to adverse conditions and ability to remove pollutants from land, waste and water. Vegetation has grown well and wildlife is starting to return. For example, there were numerous bullfrogs at the site in 2007 compared to only two in 2006. A further advantage of the project has been the creation of jobs for local people supplying plants for the remediation work.

#### *Tackling the challenge of climate change*

Our challenges include improving the standard of living of the majority of the world's population by expanding access to energy,



*Senior executives at the Anglo Coal/BHP Billiton eMalahleni water supply project - 31 May 2007*

reducing global emissions of greenhouse gases to combat climate change, preparing for a world where conventional crude oil reserves become more restricted, and ensuring secure access to energy. Our aim is to make coal more sustainable by using clean coal technologies and capturing carbon emissions from coal combustion safely – to produce low or near-zero carbon energy in quantities that meet market demands.

The Anglo American Group has come a long way since 2003, when a new focus on efficiency, energy security, the cost of energy and the reduction of carbon emissions was established with the launch of a Group-wide energy efficiency programme, which includes:

- The measurement of energy intensity at site level. These measurements are then used to hold site managers responsible for meeting reduction targets
- The development of projects that directly reduce our carbon footprint. Accordingly, we have used the Clean Development Mechanism (CDM) to help provide the commercial incentive for these projects and, to date, have developed successfully three CDM projects at Highveld and Mondi, companies that we now no longer own. Nonetheless, we have retained the management experience gained through the development of these projects and are using this to identify and develop new CDM projects

# Sustainable development *(continued)*

- Building carbon efficiency into the design of new projects
- Supporting the development of exciting new technologies which have the potential to produce power from coal with zero emissions. We are, for example, engaged in research with various partners on integrated Carbon Capture and Storage (CCS) projects.

The Group is committed to reducing energy use by 15% by 2014, working from the 2004 baseline. The target is further to reduce carbon emissions by 10% per unit of production over the same period.

## Road improvements reduce fuel use

Transport contributes to greenhouse gas emissions. Anglo Coal has reduced the fuel consumption of its haulage operations by improving road conditions at its opencast colliery in Landau, South Africa. The roads were resurfaced using an aggregate made predominantly of sandstone, a mining by-product that produces stable, high-quality road surfaces. The aggregates were compacted to provide sufficient strength to accommodate the toughest traffic loads. Haulage vehicles can now travel 22% faster to and from the mine, leading to a reduction in diesel of more than R1,4 million or 2,888,000 litres per year.

## Stakeholder engagement

Our long-term business success depends not only on creating value for our shareholders, but also on maintaining our social licence to operate. We have established structured programmes for engaging with key stakeholders.

### SEAT

Our internationally recognised Socio-Economic Assessment Toolbox (SEAT) continues to help us understand the perspectives and concerns of the communities closer to our operations. An enhanced version of SEAT was published in 2007. SEAT assessments examine how the community hosting an operation is affected by our work and what social and economic benefits we can offer them in return. In 2007, we made a three-yearly SEAT assessment mandatory for all our major operations.

In 2007, the Rustenburg Platinum mine and Isibonelo colliery published SEAT reports. At the Rustenburg Platinum mine, the SEAT process was used to re-assess the mine's wide-ranging



*An employee being fitted with personal noise monitoring equipment*

socio-economic plan. The mine now provides assistance via a small business development programme, community development initiatives which include providing infrastructure in informal settlements and sponsoring of mobile clinics, as well as educational initiatives. The latter includes school refurbishments, teacher training, scholarships and schemes to support 2,000 students in maths, science, technology and literacy.

### Engaging with suppliers

During 2007, Anglo Platinum piloted an approach to engage with its suppliers on issues of sustainability. The deliverables included a Platinum Supplier Sustainability Requirements Policy; hand-outs for suppliers; an open day with major platinum suppliers and on-site meetings with a few selected suppliers to discuss the importance of sustainable development.

### Engaging with government

There has been intensive engagement around the South African Mineral and Petroleum Resources Royalties Bill in South Africa. The royalty rates for iron ore and the potential for double royalties being payable – that is, to traditional owners and the government – still require resolution. However, there is now a more workable proposal which will result in higher payments when prices are high and reduced payments at the bottom of the cycle.



*A family taking occupation of their new home during the Motlhotlo Relocations*

#### *Resettlement with sensitivity*

- During 2007, professional archaeologists successfully moved 1,648 graves from an area adjacent to Anglo Coal's New Vaal colliery. Meticulous attention was paid to cultural customs and family preferences and the process was well received by the families
- Consultations have been established with the Dingleton community, near the Kumba Iron Ore Sishen mine in the Northern Cape, with a view to their relocation owing to their concerns about noise and dust levels. Dingleton was built to serve the mine in the 1950s and, while environmental standards are met, by modern standards the town is too close to the active mine areas
- By year-end a total of 539 families had relocated from Ga-Sekhaolelo and Ga-Puka villages to the new Motlhotlo village, some 10 kilometres from the PPRust North mine expansion in Limpopo province. A further 418 families will move in 2008. Consultation began in 2001 and the resettlement is intended to improve both the physical environment in which local people live by providing houses and shared infrastructure and also to augment and improve their economic opportunities.

#### *Promoting human rights*

During 2007, Anglo operations continued to promote the Voluntary Principles on Security and Human Rights internally and in external

forums. More than two-thirds of Anglo Platinum's security providers have now been trained on the Principles and the company donated R1 million to the South African Police Services to fund the development of a policing and human rights course.

### **Community development projects**

#### *Volunteering*

Employees at the corporate office in Johannesburg continued working with the residents of the Nomzamo informal settlement in Soweto, supporting a regular soup kitchen, providing information about HIV and AIDS and helping a community-based crèche. Ongoing support is provided to Mother Theresa's Mission in Johannesburg and the Harriet Shezi paediatric AIDS clinic at the Chris Hani Baragwanath Hospital. Professional staff also volunteered their time for a successful two-day career-guidance event.

#### *Putting skills on the international map*

Goedehoop's sustainable development initiative, *Skills Galore*, was put on the international map when it shipped 200 kilograms of beautifully hand-crafted items to London. These were sold at Anglo American's London head office, which held an annual art auction in aid of charity. A year after its inception in 2003, *Skills Galore* became a completely sustainable organisation and no longer requires funding from the mine for its day-to-day running. It has created more than 30 jobs and has opened up a world of opportunity.

### **Employee housing developments**

Many of our operations are finding that housing supply has not kept up with demand in the areas of our mines. In South Africa, Anglo Platinum is working with stakeholders and the Rustenburg municipality to develop sufficient housing. The business has launched a home-ownership scheme to assist employees at the lower end of the income scale who have traditionally struggled to access housing finance from financial institutions. The scheme encourages employees who are renting accommodation to switch to home ownership. This will assist many employees in upgrading from informal housing to properly constructed homes.

In Thabazimbi, Kumba Iron Ore is improving workers' living conditions by converting a hostel originally bought in the 1940s into one, two and three-bedroomed units which employees can purchase at subsidised prices.



## Sustainable development *(continued)*

### *From crèche to skills development*

Kumba Iron Ore sponsors two projects that improve the prospects of children living near its Sishen mine. An Early Childhood Development Centre will prepare 150 children from disadvantaged homes for formal education, and help them develop language skills. Children will have access to educational therapists, as well as a psychiatrist and an occupational therapist who volunteer at the centre when necessary.

High school children in the Northern Cape will have the chance to set up their own small business through Kumba's New Horizons Entrepreneurial Programme. Students from 128 high schools have been invited to develop business proposals. The 120 best proposals will get start-up funding of R5,000 and receive training, mentoring and guidance from local business people.

Kumba Iron Ore's Thabazimbi mine donated equipment worth R800,000 to a skills development centre that provides free training in business, carpentry, computer literacy, plumbing and welding. Seventy-eight percent of those trained have found work. In mid-2007, the centre began offering training to Thabazimbi mine employees.

Scaw Metals has a similar project for helping young, unemployed members of their community to obtain basic qualifications and improve their career prospects. Scaw's training centre in Germiston teaches computer skills, the use of software packages and welding. Scaw Metals has since hired several of the former students.

### *Promoting literacy*

Scaw Metals is funding a literacy project at two high schools that are predominantly attended by the children of Scaw employees. The project trains school staff in management and teaching methods, and provides new materials to help the children learn English language skills, as this is often their second language.

### *Helping local vendors*

Scaw Metals built a market area for local vendors to sell to the 3,000 employees at its Union Junction works. Facilities include hot and cold running water so that food vendors can prepare meals hygienically. Scaw's investment in the new market helps local traders, many of whom are women, to earn a living.

### *Helping abused children*

A Scaw-sponsored initiative, known as BEE Courtwise, helps bring child-abuse offenders to justice by providing preparatory and in-court support to children who testify in court cases against their abusers. BEE Courtwise has set up child-friendly witness preparation rooms in court which allow them to testify in a more supportive environment. The initiative also provides trauma counselling to adults and children.



Local women are trained in basic sewing skills at the Goedehoop community centre

# Anglo American Chairman's Fund

## TRANSFORMING LIVES

### At a glance

- The Fund was voted by NGOs as South Africa's best grant maker for the seventh consecutive year in the annual *Dialogue CSI Handbook* survey
- The Chairman's Fund Limpopo Rural Schools Programme won the *Investing in Education* category of the *Mail & Guardian's Investing in the Future* awards
- The Chairman's Fund supported 290 projects in 2007, with a total spend of R70 million
- Majority of CSI spend – 46% – focused on education.

### Overview

**The Anglo American Chairman's Fund is a dedicated instrument through which the Anglo American Group companies channels its social investment spend in South Africa. The broad mandate of the Fund is to support development initiatives aimed at transforming the lives of South Africa's disadvantaged communities. The Fund is committed to creating an environment in which ordinary people are given a 'hand-up' rather than a 'hand-out', thereby helping them to take control of their lives.**

Formally established in 1974, the Chairman's Fund was the first professionally managed corporate social investment fund in South Africa. The Fund's projects range from small-scale, grassroots initiatives to major capital building projects and large-scale service-delivery programmes. While the Fund's underlying philosophy is to be an all-inclusive fund, a pragmatic decision has been taken to focus a portion of the funds available on strategic and geographic areas of significance to Anglo and its major businesses, Anglo Platinum and Anglo Coal.

The Fund's most distinguishing feature is added value derived from experience and expertise accumulated over many years through countless engagements with community-based initiatives – from guiding, advising and providing networking opportunities for organisations, to the formation of major public-private partnership initiatives.

In 2007, our corporate social responsibility programmes continued to receive accolades. The Anglo American Chairman's Fund was voted by NGOs as South Africa's best grant maker for the seventh consecutive year in the *Dialogue CSI Handbook* survey. In addition, the Chairman's Fund Limpopo Rural Schools Programme won the *Investing in Education* category of the *Mail & Guardian's Investing in the Future* awards.

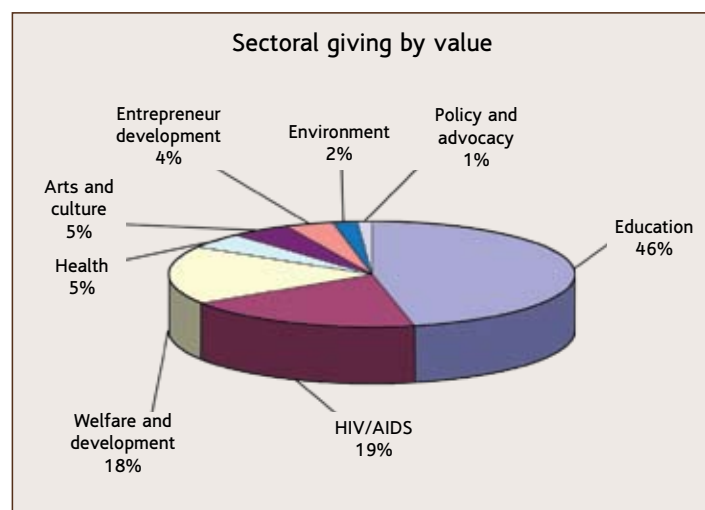
Education remains the largest area of involvement for the Chairman's Fund, with 46% of spend allocated to this sector in 2007. This is followed by HIV/AIDS at 19%, Welfare and development (18%), Health (5%), Arts and culture (5%), Entrepreneur development (4%), Environment policy (2%) and Policy and advocacy (1%).



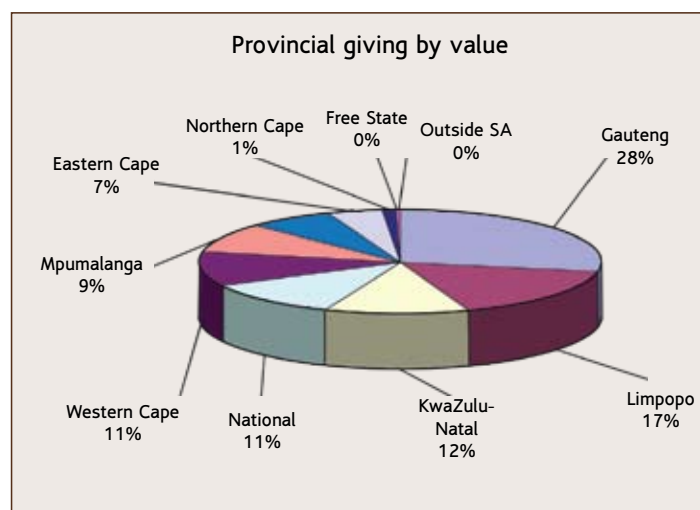
A care giver plays with children at the Johannesburg Child Welfare Society which is supported by the Anglo American Chairman's Fund

# Anglo American Chairman's Fund (continued)

Sectoral giving by value



Provincial giving by value



During 2007, the Fund partnered with 290 separate projects over and above its ongoing commitment to capital projects.

## Education

The Fund is committed to improving the quality of and access to education for all South Africans. Initiatives in the education sector include:

- Provision of infrastructure and equipment for educational institutions
- Mathematics and science projects to improve the quality of teaching at schools
- Organisations catering for learners with special education needs
- Tertiary academic interventions that target students from previously disadvantaged backgrounds and focus on the promotion of international education
- Capacity-building programmes which focus on promoting improved teaching and learning, school management and governance.

The Fund supports programmes in both formal and informal education settings, but is mindful of national and provincial education departments' priorities. Against this backdrop, the Fund has longstanding agreements and partnerships with education departments regarding the delivery of teaching and learning, as well as the provision of buildings and other infrastructure.

## CASE STUDY

### Rural Schools Programme

The Limpopo Rural Schools Programme was initiated by the government and Anglo American in 2003, to build classrooms and ablution facilities for deserving schools in Sekhukhune (Anglo Platinum area) showing signs of institutional strength and commitment to success. The programme is unique in that it has been run as a public-private partnership between Anglo and the Limpopo Department of Education, thereby maximising the value in the application of funds and joint resources to enhance the capacity of recipient schools.

To date, the partnership has invested R30 million in the provision of comprehensive facilities to 16 schools. These facilities included administrative structures, computer centres, libraries and science laboratories.

### HIV/AIDS

The Anglo American Chairman's Fund has established partnerships with organisations that pioneer innovative models of support for people living with AIDS and care for orphans. These models, which focus on building on existing capacity within communities, include:

- Home-based care programmes
- Training of community care workers
- Palliative care training for nurses (healthcare professionals)
- Counselling (VCT) and treatment (ART) initiatives
- Income-generating projects for people living with HIV/AIDS
- Projects supporting and caring for AIDS orphans.



## Welfare

Initiatives in the welfare sector include:

- Organisations and projects providing care for the elderly, the disabled, and children
- Initiatives aimed at improving the quality of life of the poverty stricken and destitute
- Institutions providing care, skills training and re-integration into society of vulnerable children and youth at risk.

## Health

Initiatives in the health sector include:

- Primary healthcare programmes
- Training of community care workers
- Healthcare awareness, training, support and projects
- Organisations catering for the social and economic integration, training, support and care for disabled people.

## Entrepreneurial development

Initiatives in the entrepreneurial development sector include:

- Programmes in the formal, informal and rural sectors
- Training initiatives
- Skills training.

## Arts and culture

Initiatives in the arts and culture sector include:

- Opening up the arts and performing arts to communities
- Nurturing home-grown talent and providing tuition at an international level
- Highlighting, recording and preserving the cultural diversity of South Africa, national treasures and heritage of the country
- Use of the arts as media for training and awareness programmes in other needy sectors, mainly community health.

## Environment

National and international environmental initiatives include:

- Education and training
- Projects with strong developmental components
- Conservation and eco-tourism.

## Policy and advocacy

Initiatives in this sector include:


- Think-tanks involved in research into a broad set of issues, from education to human rights
- Organisations that lobby for social reform
- Initiatives that impact on the formation of government policy.

### The Epoch and Optima Trusts: promoting maths and science in schools

Mathematics (maths) and science results in South Africa's schools are notoriously poor. As a result, in 2007, Anglo American separate to the Chairman's Fund announced the launch of the Epoch and Optima Trusts, aimed at improving the quality and results of maths and science. Operating under independent boards of trustees and administered by Tshikululu Social Investments, the Epoch, Epoch Two and Optima Trusts have three key areas of focus: state schools, independent schools and research. Since August 2007, more than R33 million has been spent by the Trusts, the bulk of it directly granted to state schools (more than R19 million).

The aim of the Public Schools Maths Challenge is to increase participation in maths, improve the quality of maths passes and increase access for disadvantaged learners. The programme intends to complement and not replace government's efforts in this area. Nationally, 46 state schools, which have a strong track record of producing matriculants with high-level maths passes, were selected to participate in the Public Schools Maths Challenge. Grants were awarded to the schools based on detailed budgeted spending plans submitted for spending on teachers' salaries and materials resources, such as textbooks, calculators and computers.

A similar intervention is under way with independent schools, although the grants often require a matched funding commitment from the independent schools and the schools are measured on their own targets.



*I have always cared for people.*

**Now I listen to their hearts.**

*You've got to love this place. **We do.***

Anglo American improves the lives of many South Africans. With huge investment in healthcare, we open doors for people.

**Passionate about  
South Africa**



# HIV/AIDS

## OVERCOMING THE CHALLENGE OF HIV/AIDS

### At a glance

- Just over 70% of the 77,000 employees throughout southern Africa underwent voluntary counselling and testing (VCT) for HIV in 2007
- Approximately 19% of our workforce in South Africa is HIV-positive
- 3,600 employees were receiving anti-retroviral treatment (ART) at the end of 2007
- 69% of HIV-positive employees are enrolled in HIV disease management programmes
- Work began on extending access to treatment to the dependants of employees who live close to Anglo Platinum's medical facilities
- Anglo Coal established a community health centre in Bushbuckridge together with Virgin Unite and USAID/PEPFAR
- Private-public partnerships and women's rights continued to be key focus areas.

### Overview

**As the majority of Anglo American's employees are located in southern Africa, the Group's response to the pandemic is focused in this region. Anglo American runs one of the largest private sector HIV and AIDS workplace programmes in southern Africa and, since 2002, has provided free ART to employees.**

**The aim of our workplace response to HIV and AIDS is to achieve the correct balance between prevention, care, support and treatment within a framework of zero tolerance for discrimination, stigmatisation or any breach of human rights.**



*Delivering the HIV/AIDS message*

### Prevention and care

#### Testing

HIV testing is the entry point for both prevention and care. It is critically important for all people to know their HIV status and, more importantly, to check it on a regular basis. Early diagnosis of HIV infection gives the best prospects for proper care, support and correctly timed access to treatment. It is also crucial to help break the cycle of new infections. Accordingly, we encourage all employees to have an HIV test annually. The actual testing is always voluntary and is supported by compulsory counselling. We strive to make testing easily accessible in a confidential, trusting and supportive atmosphere.

During 2007, we reinforced our efforts to encourage all employees to be voluntarily tested for HIV – our fifth testing programme since 2003. Just over 70% of the 77,000 employees throughout southern Africa underwent counselling and voluntary HIV testing. Anglo Coal achieved exceptional results, with 84% coverage. The Exploration Division, which has a mobile workforce, provided voluntary counselling and testing to 90% of their African-based staff. The Corporate Office in Johannesburg achieved an 89% VCT uptake for the first time.

#### Treatment

Our strong VCT programme helps our medical staff to diagnose HIV infection sooner. Through regular monitoring, we can ensure that employees begin ART at the appropriate stage of infection. We have clear evidence that early access to treatment leads to a striking reduction in absenteeism, with attendant economic benefits that cover a large portion of the cost of ART. At the end of 2007, 3,600 employees were receiving ART and 69% of the estimated 14,000 employees who are HIV-positive were enrolled in HIV disease-management programmes.

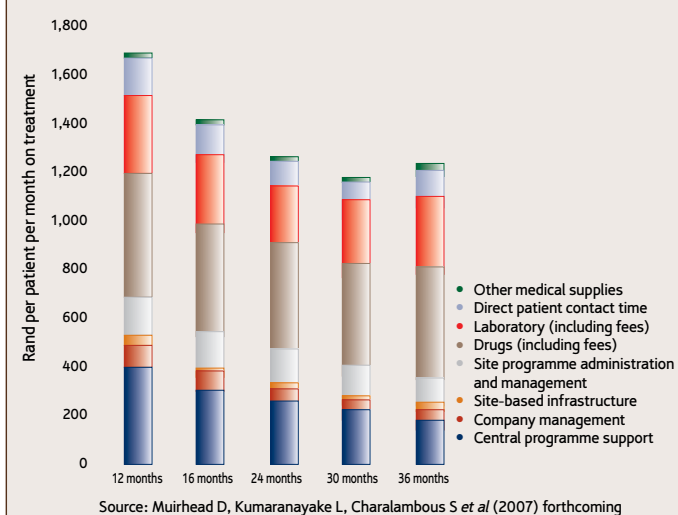


# HIV/AIDS (continued)

HIV/AIDS key performance indicators 2007

As at 31 December 2007	Anglo Platinum	Anglo F & I	Anglo Coal	Base Metals	Corporate Centre	TOTAL
Employees	51,800	10,628	8,801	2,485	1,008	74,722
HIV Prevalence	22%	9%	16%	2%	3%	19%
Est no. HIV+ employees	11,396	971	1,435	53	31	13,886
VCT cases	36,195	8,749	7,415	827	895	54,081
% VCT	70%	82%	84%	33%	89%	72%
Employees on HIVDMP	7,281	964	1,229	27	28	9,529
% HIVDMP enrolment	64%	99%	86%	51%	90%	69%
Employees on ART	2,940	276	364	11	26	3,617
% HIV+ on ART	26%	28%	25%	21%	83%	26%

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



## Increasing treatment capability

It is critical to increase the skills level of physicians, nursing staff and counsellors to ensure the long-term success of the Anglo American HIV and AIDS programmes. During 2007, training programmes included:

- Three doctors and 17 nurses were trained in treatment using ART
- A further 22 doctors underwent refresher training
- Five counselling courses were held, including a five-day programme on VCT training and further programmes on adherence to ART, prevention of mother-to-child transmission, the disclosure of HIV status and counselling for couples and children.

## Improving data capture

Scaw Metals and the Aurum Institute, an independent medical service provider, have been testing a digital tool that helps ensure that data about HIV treatment for employees is stored quickly and accurately. A digital pen and paper is used to enter data about each patient and their treatment. It is immediately captured in electronic format and sent remotely to a database for capturing, verification and analysis. This reduces the amount of administrative time needed for each patient and helps significantly with administration. This tool has proved to be cost-effective and reliable, with over 95% of data submitted being recorded correctly.

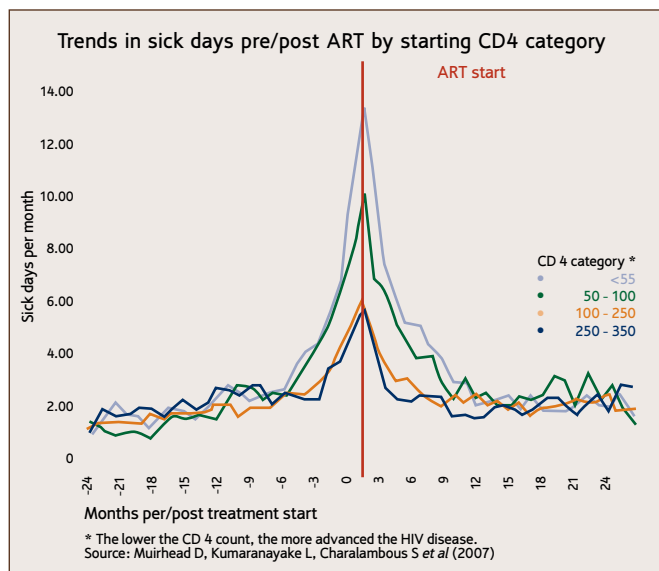
## CASE STUDY

### Anglo Platinum's IMAGE project

The three-year IMAGE (Intervention with Microfinance for AIDS and Gender Equity) initiative sponsored by Anglo Platinum is an example of promoting women's rights in the fight against HIV/AIDS. The project, which to date has benefited about 5,000 women in 85 villages in the vicinity of Anglo Platinum's mining operations, is a joint venture between the Wits Medical School and the Small Enterprise Foundation.

The ground-breaking initiative has contributed to a 55% drop in domestic rape – a key factor in HIV transmission. This study provides encouraging evidence that a combined microfinance and training intervention can have health and social benefits, including reducing the levels of violence experienced by participants. Additional recent research has also shown promising effects on HIV prevention. Younger programme participants, those in the highest risk group for HIV, were better communicators about sensitive matters such as sexuality, and were more likely to have gone for an HIV test, and used condoms more often.

By linking entrepreneurial training with gender and HIV and AIDS education, this project serves to not only empower these rural women financially, but domestically too, in a society where issues of poverty and gender inequality frequently shape the nature of sexual relationships. The initiative was selected by the World Health Organisation's Commission for the Social Determinants of Health as one of its 12 global case studies in 2007, showcasing interventions that have been proven to work and can be rapidly duplicated elsewhere.



## Extending care

### *Dependant care*

We are currently investigating funding and provision of ART at our business unit medical facilities for the dependants of all employees in southern Africa who are not covered by health insurance. As many employees have families living in remote parts of the country, delivering on this commitment has not been without major logistical challenges, but we expect to make an announcement in this regard during 2008.

### *Contractor care*

By accessing funding from the US President's Emergency Programme for AIDS Relief (PEPFAR), treatment is also extended through a network of general practitioners to contractors working on our sites who do not have access to programmes through their own employers.

### *Community care*

Public-private partnerships (PPPs) are extremely important in overcoming the challenge of HIV and AIDS. An extremely successful PPP is the Bhubezi community health centre at Bushbuckridge in Mpumalanga. The centre, established and funded by Anglo Coal South Africa, Virgin Unite and USAID/PEPFAR, has enabled us to provide free treatment to more than 600 people with advanced HIV in a disadvantaged rural community which historically has been an important source of labour for the mining industry.

The Anglo American Community HIV/AIDS Partnership Programme (CHAPP), launched in 2003, is aimed at accelerating Anglo's involvement in community HIV/AIDS initiatives in South Africa and building platforms for new projects. The prevention of teenage pregnancies and sexually transmitted infections is an important part



Women miners at waiting area for cage to go underground

of the effort to stop HIV infection in the communities in which we work. Against this backdrop, we provide support to individuals and organisations working to prevent HIV in young people. Anglo's CHAPP works in communities around eight company operations in six provinces. Of the R70 million disbursed by the Anglo American Chairman's Fund in 2007, R8,7 million was allocated to CHAPP.

## Promoting women's rights

The HIV/AIDS infection rate for young women in developing countries is four to five times higher than for men of the same age because of women's physical and physiological vulnerability, inadequate reproductive health services and because, typically, these women have little control over their sexual and reproductive lives. As a result, an emphasis on women's health issues is an increasingly important part of Anglo's HIV/AIDS strategy. Anglo American is playing a leading role in ensuring gender equity and improving women's access to sexual and reproductive rights and health.

# The road ahead

*“If you want to understand somebody, go with them on a journey.”*

*Kenyan proverb*

For many years, we have been travellers on the long road towards a transformed South Africa. But we have not been alone on this journey. Our shareholders, employees, customers, suppliers, as well as the communities in which we operate and the South African government have partnered us along the way. We acknowledge their commitment and their contribution. Without them, we would not have come as far down the road as we already have and we would not have been able to touch the lives of as many people and make such a lasting impact on communities and the broader South African society.

Our ultimate destination is a transformed South Africa. A country in which each South African is given an equal opportunity to make a difference to society and the economy within the context of concern for the natural environment. While we have worked hard to embrace the challenges of change and to accelerate transformation, we recognise that we still have a long way to go.

There is no ‘quick fix’ for promoting a culture of entrepreneurship and participation by all in the economy or for accelerating education, skills development and training; no easy way to deal with the HIV/AIDS pandemic or to implement our policy of Zero Harm. Similarly, dealing with social issues such as community upliftment and environmental challenges like climate change requires innovative solutions focused on actions, not words. We have put time, energy, commitment and funds into establishing targets and initiating action plans to deal with these issues – our SEAT Toolbox and greenhouse gas strategy are just two examples of focused action plans based on the principles of transparency and accountability. There are other examples on nearly every page of this report that bear testimony to this.

While the issues we are dealing with are all very different, a common theme is partnership and engagement. Our revised safety strategy incorporates the results of peer safety reviews as well as intense debate and discussion. The accolades we have received for our sustainable development initiatives and the Chairman’s Fund projects are due in no small part to teams of dedicated men and women who take us a few steps further towards our destination every day.

There is a Kenyan proverb that says, “If you want to understand somebody, go with them on a journey.” We hope that this report has increased your understanding of our journey, of our commitment to responsible corporate citizenship and increased your appreciation of those who have helped us on our way.



*Kriel Colliery has done much to improve the residential areas on its property, including the installation of this children's playground as part of its social responsibility programme*



**For further information,  
please contact**

Anglo American South Africa  
45 Main Street  
Johannesburg  
2001  
Tel: +27 11 638 3301  
[www.angloamerican.co.uk](http://www.angloamerican.co.uk)

Questions, queries and comments to:

**Premilla Hamid**

General Manager - Public Affairs  
[phamid@angloamerican.co.za](mailto:phamid@angloamerican.co.za)

**Pranill Ramchander**

Media and External  
Communications Manager  
[pramchander@angloamerican.co.za](mailto:pramchander@angloamerican.co.za)

Publications can be ordered through our  
website [www.angloamerican.co.uk](http://www.angloamerican.co.uk)  
or from the Public Affairs Department,  
South Africa

Published by Anglo American plc  
Designed and produced by Creativity  
Printed by Ultra Digital

