




# Deepening Transformation

South Africa 2008





Children's playground installed at Kriel Colliery to form part of the mine's social responsibility to the community

“ Mining companies are now extending their consideration and actions to benefit other stakeholders beyond the mine gate – the communities, breadwinners and families that will be affected by the mine. They're looking at their activities and products right down the value chain and at the environmental, social and governance issues that the concept of sustainable development has ushered into the boardroom. There is a deepening of the engagement between companies and their stakeholders – even stakeholders who, traditionally, have been vehemently opposed to mining. Sustainable development has brought about a whole new way of doing business in today's world. ”

**Sietse van der Woude, Safety & Sustainable Development Adviser, Chamber of Mines of South Africa**

**Cover:** The African Children's Feeding Scheme in Pimville is one of the many projects supported by the Anglo American Chairman's Fund

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We have set our sights on becoming the leading global mining company. For us, this means being viewed as the investment, partner and employer of choice.

# Who we are

Today, Anglo American plc headquartered in London, is one of the world's top five mining groups and 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. Our primary listing is in London and we are one of the top 20 companies listed on the London Stock Exchange's FTSE 100 INDEX.

Anglo American is a global leader in mining, focused on adding value for shareholders, customers, employees and the communities in which it operates.

The five core mining businesses are Platinum, Diamonds, Base Metals, Iron Ore (Ferrous Metals) and Coal. The Group is geographically diverse with an operating footprint spanning 45 countries. ■

## OUR PRESENCE IN SOUTH AFRICA

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# A significant presence today — and tomorrow

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.

South Africa currently accounts for around 40% of Anglo American plc's assets and underlying business earnings and will remain at the heart of our business for many years to come. ■

# Transforming the way we do business

by CYNTHIA CARROLL, Chief Executive, Anglo American plc

Economic transformation makes sound business sense and the Anglo American Group's initiatives and activities towards this goal are driven by an intense desire and commitment, across all levels of our employees, to achieve this.

Our plans are in place, deliverables have been identified and already steady progress is being realised – largely owing to extensive collaboration and partnership with key stakeholders, both internally and externally.

Anglo American conducts its work across many and diverse cultures. Thus, eliminating prejudice is at the heart of all of our initiatives. We are seeking to achieve a more equitable and demographically representative workforce, with a particular focus on bringing women into the mainstream of the mining sector. Good progress is being made in this sphere, but an ongoing, intense focus is still required to remove traditional barriers to opportunity and career advancement.

The Anglo American 2008 Transformation Report documents the strides we have made over the past year in transforming the way

we do business in South Africa. These achievements, in many areas, help to set our Group apart and provide competitive advantage.

In this year's report, we have attempted to place the myriad of transformation issues in the context of the greater South African mining industry, as well as in mainstream socio-economic issues of the country. In this way, we invite you to benchmark our initiatives, achievements and challenges against the industry and national transformation targets.

While acknowledging that we have some way still to go on the transformation journey, I am extremely proud of our progress and of the dedication and commitment of our people to making a genuine contribution to positive change, to the benefit of all South Africans. ■



Cynthia Carroll, Chief Executive,  
Anglo American plc



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# Driving our transformation efforts

by KUSENI DLAMINI, Head of Anglo American South Africa

As Anglo American South Africa progresses along the journey towards a fully transformed leading global mining company – and indeed, a transformed South African society – we recognise that there has never been a more critical moment in time to provide leadership in every aspect of our business.

If we are actually to make the positive and lasting legacy of change, that is one of our often-stated objectives, then the time is now to come up with creative ways to shift traditional boundaries and to elevate the positive impact we have on the people and communities living in the areas around our South African operations.

I am confident that we can and will create this legacy. After all, enlightened business practices are part of our culture, dating back to the days of our founder, Sir Ernest Oppenheimer, who began this organisation as a gold mining company in 1917. Sir Ernest was a man who, while being a mining entrepreneur extraordinaire, was also a renowned philanthropist.

In a frequently quoted saying, this great man showed dramatic insight into the future obligations of South African mining companies long before their time: "The aims of this Group have been – and will remain – to earn profits, but to earn them in such a way as to make a real and permanent contribution to the well-being of the people and to the development of southern Africa."

His fundamental acknowledgement that Anglo American's future was inextricably bound up with that of all the people of South Africa has ever since positioned us as a pace-setting contributor to change and growth in this country. We have



Kuseni Dlamini, Head of Anglo American South Africa

continued to develop and evolve our relationship with a host of stakeholders in the mining industry – and with government – to ensure that our business activities are coupled to transformative vehicles.

Well before statutory instruments of change became entrenched in our industry, Anglo American South Africa was achieving measurable results in such touchpoint areas as education, enterprise development, health and community development. And, since the introduction of the Broad-Based Socio-Economic Empowerment Charter, which was approved by Cabinet in 2002 and implemented in May 2004, our company has met and, in some areas, exceeded the Charter's targets. The desire to go beyond compliance – to forge further ahead with transformation activities than government currently requires – drives our transformation efforts at every level.

We recognise that our organisation exists because of its people and so we've also put tremendous effort into transforming ourselves as a company to reflect the demographics of the country at large. We want to achieve an Anglo American culture that is relevant to the times we live in, one that is inclusive of all our people and which responds proactively to issues which concern our workforce, corporately and individually. We want to unlock our people's intellectual capital, remove all barriers to their progress and nurture a vibrant and open ethos, where people feel seen, heard and valued.

We want to guarantee our employees a safe working environment wherever they work and we have our sights relentlessly fixed on achieving Zero Harm in the workplace. We at Anglo American aspire to be the leading global mining

company – the investment of choice, the partner of choice and the employer of choice. We'd like to reach a stage where the governments of the 45 countries in which we operate regard us as their preferred mining partner, because of the responsible and sustainable way we in which we do business.

In the South African context, we strive to be trusted and dependable partners from the point of view of government, communities, suppliers, customers and local businesses. We also believe in building positive relationships with the trade unions representing our employees, because through these relationships we can develop mining operations that are productive and profitable, unlocking a spectrum of benefits to a broad range of stakeholders.

This report records Anglo American's many and diverse vehicles of positive change in a manner that I believe is factual and contemporary, noting not only our successes, but also the issues and challenges that we still need to overcome through innovative thinking and intensified effort. Foremost among these challenges is the global economic crisis which began in 2008, the year under review. We have only just begun seeing some of the many ways this crisis is going to impact corporate business and society alike.

Transformation is all about responsible business practices – about companies becoming forces acting for the good of a broad cross-section of society. Anglo American's past is firmly grounded in South African soil and, as we move forward into the future with our fellow South Africans, we are certain that we will make a seminal difference to this country's growth and development. ■



Platinum's Mogalakwena mine employs members of the Motlhotlo community to build houses as part of the community resettlement process at the mine

# Considerable capacity to make a difference

South Africa's transition to democracy has been hailed as one of the rare success stories on the African continent.



**T**he 14 years of democracy up to 2008, the year under review in this report, have seen hitherto undreamed of transformation in some arenas and little or no change in many others.

The apartheid years left a legacy of division and fear and the biggest hurdles to negotiate on the transformation journey have been, and remain, economic and social reform and reconciliation between the many racial groups who call South Africa home.

Transformation aims to address the disparities and to ensure a flow of wealth to all levels of society. As the largest private sector investor in South Africa, Anglo American acknowledges that our business has a pivotal role to play in addressing – and redressing – the economic and social obstacles in the way of genuine transformation.

We want to be a part of the solution and we are determined to bring all our creativity to bear on improving the quality of life of our fellow South Africans, whether they are our employees or the people who live in communities near our areas of operation.

This aspiration flows directly from the principles that form an intrinsic part of our corporate make-up –

encapsulating our understanding of what defines and differentiates us.

Anglo American is resolved to offer shareholders the highest possible return from our assets, to working hand-in-hand with government and the communities in which we operate to create mutual value and to developing our people to their full potential, in safe and healthy environments. This holistic approach empowers us to fulfil our external and internal transformation targets.

Anglo American aims to produce sustainable benefits for communities over the lifetime of our operations and beyond mine closure. Realising our objectives in most social and economic arenas requires us to work in partnership with, and to help to build the capacities of, governmental organisations and civil society groups. To this end, we are committed to conducting ourselves in line with international best practice and with due respect for human rights.

The South African Constitution has been described as the most progressive in the history of the world, explicitly orientated to be socially transformative. Human rights are prominently featured, starting in the Preamble with a stated intention of establishing "a society based on democratic values, social justice and fundamental human rights". In the first chapter, human rights appear in the first of the Founding

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Provisions of the Republic of South Africa: "Human dignity, the achievement of equality and the advancement of human rights and freedoms." Spelt out in detail, they occupy 35 sections of Chapter 2. Among the rights stipulated are those of equality, freedom of expression and association, political and property rights, housing, healthcare, education, access to information and access to courts.

During 2008 the Anglo American Board commissioned an internal review of the capabilities and social performance of the Group's South African operations. Mindful of South Africa's Constitution and against a background of the regulatory requirements of the Mining Charter, this initiative arose from our determination to drive through Anglo American's transformation agenda and reflected our commitment to contributing to the sustainable development of the communities in which we operate.

This review confirmed that the Group holds a leading position in a number of areas of social performance relative to other companies in South Africa, such as in enterprise development, HIV/Aids, the social investment activities undertaken through the Anglo American Chairman's Fund and the application of the Socio-Economic Assessment Toolbox (SEAT) process (a unique vehicle used to promote and enhance meaningful relationships between the mine and its communities).

However, the review also noted some growing expectations of the mining sector's role as a transformation vehicle in South Africa. These relate to the sector becoming a more effective partner in addressing poverty, employee housing,

the need to build capacities, both internally and within local and provincial government, to manage and deliver social development projects, the need for more data about the impacts of Group operations on traditional labour-sending areas and the need to understand more about social provision as it relates to the Group's contractor workforce.

In response, we have initiated an ambitious programme to implement the review's major findings. Among the initiatives now underway are a workforce census across the managed business units, which will deliver improved information about labour-sending areas, housing conditions and the level of educational attainments, improved peer review arrangements for SEAT implementation and a revised role for the Anglo American Chairman's Fund to include a greater focus on projects of national importance, innovative initiatives and projects in labour-sending areas.

The Anglo American Board has signalled the importance it attaches to the agenda by giving the go-ahead to create a new Social Performance Unit, based in South Africa but with a global remit, to support the business units in the management of social issues. In addition, we have reached agreement with the University of Cambridge Programme for Sustainability Leadership (UK) and the University of Queensland (Australia) on the development of an advanced course for social practitioners, designed to build the Group's internal capacity to manage complex social and development issues. The advanced course is targeted at senior social practitioners and at other senior managers who would benefit from greater social expertise. The Board remains closely engaged in

the implementation of the review, including through a quarterly report to the Safety and Sustainable Development Committee.

While we have established a proud track record of achievements and successes on the transformation journey, we acknowledge that there is always room to improve our performance in relation to safety and diversity. This report illustrates the progress of our journey during 2008, showcasing how we have, in several areas, had the privilege of leading the industry in areas such as HIV/Aids, the creation of new businesses and social investment. As a result of an increased shift of focus to site level, we have also taken every opportunity to work in partnership with other stakeholders to deliver tangible benefits to our operations' local communities. We trust that the information in this publication will serve to stimulate debate and illustrate our position on the key challenges faced on the road to transformation.

These are extremely difficult days for the mining industry, but they are also a uniquely exciting and challenging time to be in business. We should not lose sight of our considerable capacity to step up to the plate and make a difference that will improve the lives of so many people. Indeed, our sustainable development and corporate citizenship activities become even more important in times such as these. History will show that Anglo American has not been a spectator to the challenges of change, but that we have chosen to be genuine agents of change in our country. ■

ANGLO  
AMERICAN  
AIMS TO  
PRODUCE  
SUSTAINABLE  
BENEFITS FOR  
COMMUNITIES  
OVER THE  
LIFETIME  
OF OUR  
OPERATIONS  
AND BEYOND  
MINE CLOSURE.



A car wash facility for pit vehicles at the Kleinkopje Colliery creates employment for the local community



Employees engaging in conversation at Thabazimbi mine at Kumba Iron Ore

# Our values – underpinning transformation


Anglo American introduced its Guiding Values during 2008: safety, care and respect, integrity, accountability, collaboration and innovation. These values are required to be assimilated by employees at all levels of our Company and integrated, in a demonstrable way, into all our activities, internal and external.

**W**e believe that the Guiding Values are key to achieving transformation and positioning Anglo American as the leading global mining company. The value of "safety" is paramount in all that we do by demonstrating a genuine concern for our employees' safety, and that of others, and actively pursuing our vision of Zero Harm. "Care and respect" have primary relevance, since our goal is to improve the quality of life of our fellow South Africans by taking into account the best interests of all shareholders. At Anglo American our actions are consistent with our words and the value of "integrity", which encompasses, among others, honesty, fairness, ethics and transparency. These will

continue to play a pivotal role in the way we do business.

"Accountability" demonstrates our commitment to go beyond the call of duty to the benefit of the company and to take ownership of all decisions, actions and mistakes. By "collaborating" with various stakeholders, we make decisions to the benefit of the company and to advance self-interest. The value of "innovation" assists us to challenge the status quo and find new ways to improve business dramatically and to use resources more efficiently and effectively. Through our Guiding Values and aspirations, Anglo American will strive to generate lasting benefits everywhere we operate. Today, our commitments to these values, operational excellence and sustainable development are stronger than ever. ■





The Johannesburg Youth Orchestra is one of the many projects funded by the Anglo American Chairman's Fund, Anglo American's social investment arm

“Transformation in the South African mining industry is nowhere near to where it should be at this stage of our democracy. With a black mining population as high as 83.7%, the spread is as follows: 84% white in Management, 72% white in Technical and 68% white in artisans. Ownership remains unaltered. Women in mining, skills development, black ownership and Social and Labour Plans are all unsatisfactory. On the plus side, there has been a definite willingness with the sector to implement changes which will bring about transformation. The mining industry has also set the pace for the establishment of Employee Share Ownership Plans (ESOPs), which have broadened ownership, boosted skills, enhanced community development. However, the NUM would like to see the ESOPs being reviewed to ensure that the empowerment of workers has no limited duration. At present, most ESOPs have a life-span ranging between five and 10 years. ”

**Frans Baleni, General Secretary, National Union of Mineworkers**



# Safety

Management conducts visible felt leadership walks in the factories at Scaw Metals Union Junction. Pictured from left is George Carter (engineering services manager), Ismael Mbubezi (acetylene torch cutter) and Lucky Jiyane (crane driver)

Anglo American provides a safe and supportive working environment for everyone who works with us. Our commitment to Zero Harm remains our primary focus and we will continue to show genuine concern and responsibility for the safety of everyone who works at Anglo American.

**S**ince 1996, the government has come up with a battery of legislative pieces and regulations to curb the fatalities and injuries that have been an unacceptable legacy of our mining industry for more than a hundred years.

Former Minister of Minerals and Energy, Buyelwa Sonjica, had said that although these efforts yielded some positive results, the situation in the mining industry still leaves much to be desired.

At a press conference in early 2009 to publicise the results of the 2008 Presidential Audit on safety in the mining industry, the Minister said that in the past three years, unsafe working conditions had led directly to the death of 200 mine workers annually. This was in addition to the almost 5,000 people injured annually. The audit report had found that the mining industry had achieved an overall score of 66% compliance with the relevant requirements of the Mine Health and Safety Act. She called on all sector stakeholders to take the findings and the recommendations of the report very seriously and improve their safety performance.

Reflecting this intensified focus, safety has been elevated to Anglo American's primary value and we have been nothing short of relentless in pursuing a status of Zero Harm across all our operations. We believe that everyone working for us has the right to a safe workplace where no one gets hurt. An overriding goal is to achieve Zero Harm through the effective management of safety in all operations. Zero Harm is underpinned by the three principles of "a zero mindset", "no repeats" and "simple, non-negotiable standards". Safe operations (safe business development, exploration, projects

and operations) are our number one priority, irrespective of economic pressures. Getting safety right is not a cost – it is part of running a good business and being a responsible employer. In fact, operations with good safety performance are typically good performers in all other respects. Our policy holds leaders accountable for safety, but also recognises shared responsibility among all those who work for us.

During 2008, it became clear that we needed a long-term strategy to put us firmly on a path to achieving Zero Harm and we also realised that we could not achieve it in isolation, but needed to work collaboratively with other stakeholders who desire the same outcome. During the year under review, a global "One Safe Anglo" safety strategy was created to map out the journey to Zero Harm. All our South African business units and divisions have since undertaken gap analyses against the new strategy, which is based on the Anglo American Journey Model. This model describes the requirements and

#### **Case study: Fundamentals of safety management training at Scaw Metals**

More than 1,500 managers and supervisors from Anglo Ferrous Metals' Scaw Metals business have undergone training in the fundamentals of safety management. The training forms a cornerstone of Anglo American's safety management system. As part of the implementation of the Anglo Fatal Risk Standards, the fundamentals of safety management have recently been incorporated into the training material and are being integrated into the employee induction programme. To ensure they are carried out in practice, progress on the standards is discussed weekly as part of Scaw Metals' safety, health and environment management committee meeting. In October 2008, Scaw Metals trained 50 safety inspectors from the South African Department of Labour on safety basics as part of its drive to foster partnerships with stakeholders and transfer knowledge to the department.



phases the businesses must go through to achieve world-class safety performance. It covers both system and people components and assists managers in defining operational action plans for moving to the next phase of the Safety Journey.

On this journey, we are taking statutory safety requirements as our starting point and we intend to go well beyond legal compliance to transform safety in our Group. Legal compliance alone is not enough to ensure world-class safety performance, though a strong regulatory environment is an important dimension.

We are committed to working with government, unions and industry to find common solutions to the challenge of achieving the highest levels of safety performance in mining. In April 2008, the first Anglo American Tripartite Safety Summit was held in Johannesburg with the South African Department of Minerals and Energy, the National Union of Mineworkers and



Employees at Anglo Coal's Greenside Colliery

### Case study: Fighting fatigue in women employees

During 2008, Anglo Coal South Africa initiated a study to determine the fatigue factors that affect female machine operators. The investigation was initiated following a rise in fatigue-related incidents among female employees and was conducted by a multi-disciplinary committee that set out to establish the root causes of fatigue in women employees, as well as how this is exacerbated during pregnancy.

Benchmarking against other industries and Anglo American divisions, research into existing literature and focus groups comprising female employees from each of the company's nine operating collieries formed the basis of the study.

A total of 110 women, who represent 12% of the total female workforce, participated in four interactive workshops, presenting a clear picture of their experiences of fatigue in the workplace. While 80% of the sample group included machine operators, mining assistants and artisans,

office workers also made their contributions. Participants shared a wide range of personal circumstances, as a large proportion was married with children. Single women with no children, single mothers, pregnant women and those who live with extended family were also included.

Women were specifically chosen as facilitators, as it was believed this would aid open and honest discussion on the various talk topics. Some of the factors that emerged during the focus groups include: the demands of juggling the roles of mother, wife and employee, the poor management of rest periods, pregnancy-related ailments and separation anxiety, depression and lack of sleep following a new mother's return to work.

The study will not only play an important role in improving safe operational practices, but will also shed light on the challenges that remain in incorporating women into the mining sector.



Anglo American, as well as other industry partners and stakeholders. The summit concluded with a declaration in which all parties agreed that a tripartite partnership was crucial to finding common solutions to achieve a breakthrough in safety at Anglo American and within the greater South African mining industry.

After the summit, a team of representatives from all three partners conducted a regional tour to Anglo Coal and Anglo Platinum operations and a 14-day international study tour to five countries, visiting sites in the mining, oil and gas, construction, utility, textile and chemical sectors. The tour was an opportunity not only to gather best practice, but also to challenge assumptions and mindsets around safety. A steering group is now working to turn the lessons from the study tour and their collective experience into a joint action plan to improve safety performance sustainably.

### PERSONAL ACTION AND ACHIEVEMENTS

One of the tools recently introduced to support a strong safety culture is 'Safety in Action' – a company-wide local team conversation that focuses on taking personal action for improving safety. This was piloted by Anglo Platinum in 2008. The working day at all our operations now begins with safety conversations to help illustrate that each employee can contribute to safety improvements and to foster a culture of trust and open communication.

In 2008, Anglo American achieved its first fatality-free month across all our operations – an important milestone on the journey to Zero Harm. Anglo Platinum's Union Mine achieved more than six million fatality-free shifts by the end of 2008, with the Mortimer Smelter having had no LTIs (lost-time injuries) for the entire year, bringing its LTI-free achievement to 44 months. Kumba Iron Ore has halved its LTI frequency rate year

- There has been encouraging progress as fatalities have declined from 43 in 2005, to 24 in 2008 (44% improvement).
- The total number of fatalities in the industry during 2008 was 168 (vs. 220 in 2007).
- SA industry improvement between 2007 and 2008: 24%.
- Anglo SA improvement over the same period: 25%.

on year. While we are greatly encouraged by these achievements, they are no cause for complacency and we continue to focus uncompromising effort at all levels, on achieving zero fatalities as the norm.

A key component of our safety improvement strategy is the implementation of a global Safety Risk Management Process (SRMP) to enable safe production by educating staff at all levels on how to identify hazards and to assess and manage risks using a standard set of tools and techniques. The programme aims to help employees and contractors alike to make the right decisions affecting safety. A first for the mining industry, SRMP sets an industry standard by establishing common terminology and providing multiple risk-control strategy tools. Delivery is taking place through an innovative partnership with a global network of universities, supporting a sustainable approach and global consistency in the delivery of standards.

Despite these heartening developments, achieving global transformation in the safety arena remains a formidable challenge. Mining, as with other hazardous global industries, has a history of low frequency, but serious events. At Anglo American we are not prepared to tolerate loss of life or injury in the pursuit of our business. We are taking a proactive stance on safety issues and we believe that through partnerships and collaborative effort, we will achieve Zero Harm within the next decade. ■

# Regulatory framework

Transformation in the South African mining industry is inextricably linked to the Broad-Based Socio-Economic Empowerment Charter, introduced by government to guide the industry towards meaningful and substantial participation of Historically Disadvantaged South Africans (HDSAs) in the mining sector. The stated goal of the Charter is to "create an industry that will proudly reflect the promise of a non-racial South Africa".

**T**he Mining Charter and its associated Scorecard were created to be vehicles of transformation for the mining industry, intended to make it more representative of the demographics of the country and to herald in a new era of socially responsible mining operations.

An over-arching theme of collaboration today characterises Anglo American's transformation journey. We have intensified our focus on forging long-term relationships with government that will further the Group's transformation strategies and influence the impact of regulatory issues on the industry as a whole.

Moving from the traditional *ad hoc* nature of relationships with government, Anglo American today strives proactively to build multi-stakeholder relationships with key government departments to ensure an accurate and timeous two-way information flow. These relationships are guided by specific outcomes and aim to achieve these outcomes via a collaborative approach. Anglo American teams comprise working groups from all appropriate business units so that the company effectively speaks with one voice to government.

This approach has made it possible for both parties to engage far more freely on regulatory challenges and obstacles and to work collaboratively towards solutions that will achieve the outcomes desired by both parties. Examples of successes in this area during 2008 include the signing of a Memorandum of Understanding with the Department of Land Affairs (DLA), with regard to land claims. This approach has been so successful that the parties envisage it being replicated for the benefit of the greater South African mining industry.

This inclusive, outcomes-driven attitude, poised to transform Anglo American's regulatory activities, is also being applied to representation in Parliament, where relationships are forged with relevant stakeholders to establish the company's credentials and place the relevant issues in context, in order to communicate key messages.

Throughout 2008 we worked with legislators in the formulation of the procurement requirements within both the Mining Charter and the Department of Trade and Industry's empowerment codes. There was particularly intensive engagement around the South African Mineral and Petroleum Resources Royalty Bill in South Africa.

The royalty rates for iron ore and the potential for double royalties being payable to traditional owners and to 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 end of the cycle. Partly as a result of our lobbying activities, the implementation of the Royalty Act will be deferred in light of the current global economic downturn. During 2008 we also worked with the Department of Water Affairs to try and find a solution to the water licensing backlogs affecting the mining industry.

In addition, Anglo American made representations on issues of electricity supply constraints, mineral rights conversions, the imminent review of progress against Mining Charter targets, mine health and safety and related legislation, leases, competition, tax, the Expropriation Bill, anti-poverty initiatives, education and a climate change scenario planning exercise. ■

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# Socio-Economic Assessment Toolbox (SEAT)

Anglo American's Socio-Economic Assessment Toolbox (SEAT) forms the centrepiece of our management of social and community issues at all our operations and has been mandatory since 2007.

**T**his tool enables our operations to identify and manage the socio-economic impact of their activities on local stakeholders, such as affected communities, and serves as a guideline for improving our socio-economic performance. Through the application of the SEAT process, Anglo American operations are able to develop effective and strategic ways to engage with stakeholders and to identify and design measures to manage and mitigate the social and economic impacts – both negative and positive – of their activities.

SEAT therefore allows our operations to take a step beyond compliance, in terms of stakeholder engagement and the management and mitigation of socio-economic impacts within their localised context. The effective implementation of the SEAT process also assists operations to position themselves strategically as a Partner of Choice for their stakeholders and in the communities in which they operate.

SEAT reports form the core component of an operation's Social Management Plan and these reports must be updated every three years to ensure their relevance. A SEAT report sets out the issues and impacts raised by stakeholders during the implementation process, as well as the management plans developed to address them. The process is finalised by providing these reports to key stakeholders, ensuring that our operations remain responsible and accountable.

## SEAT AND TRANSFORMATION

The relationship between SEAT and transformation is never clearly defined, but various aspects or tools within SEAT can be employed to ensure the effective delivery of the company's transformation agenda.

The effective implementation of a SEAT assessment at sites can assist operations with the development of their Social and Labour Plan (SLP) projects and highlight stakeholders issues or unexpected impacts that may be connected to or effect their



### Case study: Kumba Iron Ore's Sishen Mine SEAT report

During 2008 Kumba Iron Ore's Sishen Mine, one of the largest contributors to the economy of the Northern Cape, produced the first SEAT report. We anticipate the completion of more than 50 SEAT assessments by end of 2010.

The SEAT report describes the impact of the mine on its surrounds, and included the creation of more than 200 job opportunities, facilitating the introduction of engineering subjects at Kathu High School, and making available 20,000 hectares of land to HDSAs on a rental basis. The report also details strategies for addressing issues as diverse as vibration from blasting, lack of electricity and water in some areas, and lack of entertainment facilities for employees.

Based on the feedback derived from the SEAT process, the mine is in a much better position to focus its engagement activities and address those issues raised. Engagement forms the basis of the mine meeting its obligations as contained in its Social and Labour Plan (SLP). Engagement is also one of the means whereby the mine will monitor the impact of its interventions.

Over the next 12 months, Sishen Mine will implement a new stakeholder database, as well as a tool to help it report on its interventions.

deliverance on the pillars of the Mining Charter. The SEAT report clearly lays out the links and overlaps which exist between SEAT and SLPs and we are trying to ensure that operations in South Africa treat them as part of an interlinked process of stakeholder engagement and issue management.

As SEAT was developed to improve Anglo American's social risk management, it therefore integrates into our transformation management, since for the most part it constitutes a form of social and regulatory risk. The implementation of SEAT at our



Sewing and craft project in Pimville, Soweto, supported by the Anglo American Chairman's Fund

various operations will therefore help to identify specific issues and impacts (positive or negative) that Anglo American might have on community or even wider societal transformation, so that the operation and the Company can address them through the development of effective management and monitoring programmes.

SEAT provides a tool for the effective management of transformation issues and impacts within the context of the South African regulatory environment. ■



Employees at the Greenside Colliery

“Solidarity is extremely concerned about a decline in productivity caused by transformation that focuses only on the output and not on the input – such as training, acquiring experience and access to capital. Transformation must not be a forced application. It should be a process where long term benefit is created for everyone and should happen naturally as a result of proper empowerment. Empowerment must offer individuals the capability to create opportunities for themselves. Solidarity would like to see a greater focus on training and retraining of semi-skilled workers, as well as financial empowerment through private sector initiatives like ESOPs. These ESOPs have set the pace, but the industry can do more to train unskilled and semi-skilled workers. South Africa should begin to move away from a transformational mindset to a focus on being a country of brilliance through performance of our workers, high productivity and our use of technology, etc.”

**Jaco Kleynhans, Manager Communication, Solidarity**

# Empowerment

In view of the mining industry's strategic importance to the South African economy, it was inevitable that this industry became one of the first sectors required to fast-track transformation, driven by the Minerals and Petroleum Resources Development Act (MPRDA) promulgated in 2004.



Kumba Iron Ore supports the Bomme Itsoeseng project, which forms part of its community engagement programme in the Kgalagadi district. Pictured from left is Sonja Schoombie; Priscilla Pholoto; Dipuo Peters, the then Northern Cape Premier; Dolly Mokgatle, Kumba Iron Ore board member; Sarah Mereetle, former Executive Mayor of the Kgalagadi District; (back) Vusani Malie and Reverend Ndebele

This watershed Act not only provided for private ownership of South Africa's mineral rights to be extinguished in favour of state custodianship of mineral resources – making government the grantor of prospecting, exploration, mining and production rights – but also opened the door for HDSAs to participate in the industry, specifically beyond the extraction phase.

The granting of new order mining rights in 2008 to managed operations represents a key milestone in terms of security of tenure and implementation of the Mining Charter and is also evidence of how Anglo American is steadily improving its relationship with government. As at 31 December 2008, Anglo American had exceeded the Mining Charter's 40% target for management positions held by HDSAs, with 45% HDSA participation in management. The representation of women in management levels had increased to 18.1% in December 2008.

All major Black Economic Empowerment (BEE) transactions concluded or announced have resulted in the creation of Employee Share Ownership Plans (ESOPs) for Anglo American employees who do not participate in executive share incentive schemes. There are several significant BEE transactions in place across our operations at present:

- Anglo Coal Inyosi is an empowered coal company owned by a BEE consortium. The company has a beneficiary base of more than 27,000 people, most of whom are female HDSAs.
- Anglo Platinum, Anoroaq Resources and Mvela Resources reached agreement on transactions that resulted in the creation of two substantial HDSA-managed and -controlled South African platinum group metal (PGM) producers, with critical mass and significant growth potential.



- Samancor Manganese, 60% owned by BHP Billiton and 40% owned by Anglo American, entered into an empowerment deal with Ntsimbintle Mining relating to the creation of a new mining company, Hotazel Manganese Mines. Eventually 26% of Hotazel Mines will be transferred to BEE partners.
- A Scaw Metals empowerment transaction with BEE partners Izingwe Holdings, Southern Palace Holdings and Shanduka Resources for its South African assets, resulted in the formation of a new empowered company, Scaw South Africa.
- Following the unbundling of the Tongaat-Hulett Group into two separately listed companies in 2007, Ayuvuna Women's Investments and Sangema Investments became anchor BEE partners by acquiring a 25% stake in Tongaat-Hulett valued at R2.1 billion and Imbewu Consortium and Makana Investment Consortium acquired a 15% stake in Hulamin, valued at R990 million.

In 2008, the Group's South African companies spent R24.6 billion on procurement from companies owned by HSDAs. This represented a 42% improvement compared with 2007 (R17.3 billion). For both managed and independently managed organisations and Anglo American companies, this amounted to 37% of the total available procurement spend, which excludes goods and services procured from parastatal companies and municipalities.

We believe that through our efforts to support entrepreneurs, Anglo American is making a wide, meaningful and lasting contribution to eradicating poverty and unemployment and contributing to sustainable and inclusive economic growth and development in South Africa. ■

### Case study: Bomme Itsoseng rural empowerment initiative

Kumba Iron Ore is helping women in its neighbouring districts to play a meaningful role in uplifting their communities. In June 2008, Sishen mine hosted a community meeting and included in the deliberations was a report on the findings of the mine's recent Socio-Economic Assessment Toolbox (SEAT) exercise. This engagement was later extended to embrace both the surrounding communities and those further afield from which the mine draws its workforce, through an initiative known as Bomme Itsoseng, a Tswana phrase for "women rise" or "women, do it yourselves".

Bomme Itsoseng was launched in October 2008 at Kuruman's Moffat Mission in partnership with the Kgalagadi District Mayoral Office and was attended by more than 500 women from 17 rural villages, as well as representatives from Kumba and other stakeholders. Discussions focused on the challenges faced by the communities, their needs and possible solutions to the most critical social issues. In addition, exhibitors covered a wide range of topics, including poverty alleviation through enterprise development and funding by the Anglo Zimele Business Hub, learnership programmes, HIV/Aids awareness and management, as well as financial management. Industrial theatre – sponsored by Sishen mine, Absa bank and the Public Prosecutor's office – promoted awareness of HIV/Aids, financial management, and domestic violence and abuse.

A professional rural development facilitator and community co-ordinators helped Kumba and community members select three priority projects for potential implementation by the mine and the Kgalagadi Mayoral Office in 2009: renewable energy, waste recycling and food security. Kumba will host Bomme Itsoseng annually and extend the event to the Thabazimbi and Tsantsabane municipal areas in 2009.

The initiative is intended to help Kumba build healthy relationships with the communities around its operations, improve understanding of community needs and inform where Kumba may be able to provide support.





# Enterprise development





Employment is created through the Kgalagadi Fire Wood project near Sishen Mine while at the same time helping to eradicate the invader black thorn tree

The industry faces an ongoing challenge to innovate its response to the expectations of the communities near which it conducts mining operations. Although common needs run through them, each mining community has different needs, so there can be no "one size fits all" solution. The extent and success of some community development initiatives may also only become known many years into the future.

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**T**he communities in the areas in which we operate are crucial to Anglo American's success. At the same time, we are often vital to their growing prosperity. This mutual dependence encourages us to make positive and enduring contributions to our hosts, since we recognise that being a good neighbour is good business.

Anglo American aims to produce sustainable economic and social benefits for communities over the lifetime of our operations, and beyond closure. This reflects the South African mining industry's obligation to continue to uplift levels of well-being in mining regions and to stimulate and support long-term local and regional development.

### ANGLO ZIMELE

In 1989, pre-dating legal Black Economic Empowerment obligations by some 15 years, Anglo American established its small and medium enterprise (SME) development and empowerment initiative, Anglo Zimele, to create sustainable, commercially viable enterprises and empowered entrepreneurs to operate in the mainstream economy of South Africa. This innovative intervention has literally transformed the lives of many HDSAs and improved not only their quality of life and future prospects, but that of their families and their communities.

Since its establishment, Anglo Zimele has built up a proud track record of successful investments into SMEs across a variety of industries, through the provision of loan and equity finance to support start-up or expanding businesses. During 2008, Anglo Zimele, through its three funds – the Supply

Chain Fund, the Anglo Khula Mining Fund and the Small Business Start-Up Fund – supported 228 businesses, which provided jobs to nearly 10,500 people and collectively turned over R1.3 billion during that year, representing a 30% growth from R1 billion in 2007. Anglo Zimele invested a total of R186 million in these businesses.

One of Anglo Zimele's primary mandates is to ensure that Anglo American's supply chain is transformed to reflect the demographics of the communities in which the Group operates. This transformation is critical to ensure the future sustainability of the local mining industry and the communities in which it operates.

The International Finance Corporation, a member of the World Bank Group, and the United Nations Development Programme have adopted the Anglo Zimele model, unique in the way it grants access to markets, financial support, skills transfer and capacity building for start-up businesses. This incubator approach to enterprise development has also been implemented by other South African organisations, including Sasol, Mondi South Africa and Barloworld.

### SMALL BUSINESS START-UP FUND

The fledgling Small Business Start-Up Fund, providing loan funding up to R1 million per project, has become Anglo Zimele's flagship initiative, with a current total of 11 Small Business Hubs and a variety of SME beneficiaries throughout South Africa, in and around the mining operations of Anglo Coal, Anglo Platinum and Kumba Iron Ore.

Since the Fund was activated in October 2007, it has approved 179 loan transactions with a value exceeding

R52 million. Since October 2008, the Fund has effectively been approving a transaction a day. With an average loan repayment rate of 91%, the Fund had collected R4.7 million, of which R1.7 million was interest, by the end of 2008.

With the establishment of the Small Business Start-Up Fund, Anglo American has positioned itself as the thought-leader in the arena of funding entrepreneurs who are not considered "bankable" by traditional resource providers. The Fund is the only one of its kind to reflect the global trend towards supporting entrepreneurship at the base of the pyramid – the poorest socio-economic group.

The success of the Fund can primarily be attributed to the low fixed-interest rate of its loans, although other critical contributors to success are the business support, training and mentorship provided by Anglo Zimele. Of the 266 entrepreneurs benefiting from the Small Business Start-Up Fund, 40% are women and 34% are youth (18 to 35 years old).

Breaking new ground in this arena is not without its serious challenges. The Fund's client base comprises a vulnerable group of people who are disadvantaged by a lack of skills and business acumen. Anglo Zimele has recognised that this requires formal support structures to ensure the long-term success of the SMEs. The Fund has responded by introducing business mentors at its Small Business Hubs. The first hubs became operational from April 2008, providing local entrepreneurs with services such as business planning, training, coaching, mentoring and accounting advice. Local entrepreneurs are also able to access administrative facilities such as fax, Internet, scanning, printing and meeting facilities.

### Case study: Key Spirit Trading

Key Spirit Trading (trading as Kalahari Verspreiders) is in the business of turning an alien invader into a highly marketable commodity. Swarthaak, otherwise known as blackthorn, is an invasive plant that encroaches upon farmland, soaking up precious water in the arid region bordering the Kalahari Desert. Its value, however, is that it makes excellent firewood and Kalahari Verspreiders collects, trims and treats swarthaak for distribution and use in fireplaces and braais throughout South Africa. The quality of this clean-burning product is such that the business has been appointed principal supplier to the Kruger National Park.

The company, which was originally a sustainable development project linked to Kumba Iron Ore, received a boost last year when it acquired a cutting machine through the financial aid provided by the Anglo Zimele Small Business Start-up Fund. The resultant increase in output was necessary to meet the demand created out of marketing assistance from the Kumba Iron Ore Small Business Hub. The marketing paid off and has attracted a growing volume of sales from as far afield as Johannesburg, Bloemfontein and Springbok.

Orders for wood have trebled, and Kalahari Verspreiders today dispatches more than 140 tonnes per month to its customers. The company now runs as a self-sustaining operation and is free to operate and make its own decisions. The Hub, however, continues to maintain contact and provide advice and expertise when required.

Kalahari Verspreiders employs 38 full-time staff in an area of high unemployment. Additional casual labour is also taken on when necessary. The effect the company has on local employment and income generation continues, as a number of local farmers have hired workers to cut and clear the swarthaak from their land, which they sell to Kalahari Verspreiders.

The company projects that sales will reach a level of 200 tonnes per month by 2010 which, at current market prices, would equate to an annual turnover of R2.6 million.





The Kgalagadi Fire Wood project is an example of how a new business can be developed to create jobs and a sustainable future for the community

"THE MAKING  
OF THIS  
COUNTRY WILL  
BE IN THE  
ENTERPRISE  
DEVELOPMENT  
SPHERE. THIS  
IS THE LEGACY  
WE WILL  
LEAVE  
BEHIND."

NICK VAN RENSBURG,  
MANAGING DIRECTOR  
OF ANGLO ZIMELE

The Small Business Start-Up Fund has also been confronted by the economic challenges of the global credit crisis, which began in the last quarter of 2008. A decision was taken to peg the loan interest rate at 10% and, to date, not one of the SMEs has folded as a result of financial pressure. The Fund's managers have now set their sights on increasing the number of transactions to more than 400 by the end of 2009.

#### ANGLO KHULA MINING FUND

The Anglo Khula Mining Fund handles exploration and mining-related investments and is a R200 million, 50/50 joint venture between Anglo American and Khula Enterprise Finance Ltd, the latter being a government-owned entity that promotes SME development. Focused on the high-risk phases of exploration and drilling to bring these mining ventures to commercially bankable positions, the Fund exists to increase the presence of black-owned mining companies and to provide the country with junior mining companies to find new mineral deposits.

The total turnover of the companies within the Anglo Khula Mining Fund for 2008 was R536 million. The 10 companies employed 1,545 employees over the period and required funding of R80 million from the Anglo Khula Mining Fund. Two new investments were approved during the year.

As a result of a strategic review during 2008, it was decided to cease funding contract miners and focus on bigger, truly explorative projects with a longer life cycle.

#### SUPPLY CHAIN FUND

Anglo Zimele's supply-chain work involves assisting procurement departments of the business units to identify potential BEE suppliers and ensuring the matching of business

opportunities with black-empowered SMEs. In parallel, the Supply Chain Fund invests in equity and advances loans to these businesses. During 2008, the Anglo Zimele Supply Chain Fund invested R54 million in nine new companies, which brought its total portfolio to 39, employing 7,227 people with a turnover of R687 million.

### A MODEL FOR SUSTAINABLE ENTERPRISE DEVELOPMENT

While there is no "one size fits all" approach to developing businesses and entrepreneurs, Anglo Zimele has clearly developed a highly effective formula for enterprise development that is a strategic combination of financial support through equity or loans, and hands-on, incubator-style mentorship.

In the formative years of Anglo American's enterprise start-up model, research revealed that world-class companies like Sony, Canon and Toyota were supported and underpinned by a network of small businesses that produce components for the final product. This winning formula is a combination of the strength of a world-class business, with its size, technology and innovation, supported

by entrepreneurial ventures producing and providing required products and services needed by the main company.

Anglo American attributes much of its success to the transformation of its supply chain to this concept, outsourcing non-core services to the small and medium enterprise sector. ■

#### Case study: Reditsego Transport

Reditsego Transport provides a collection and delivery service for Anglo Coal Central Laboratory (ACCL) in Witbank and was founded through the Anglo Coal Small Business Hub initiative in February 2008. Owner, Sybo Ditsego, who worked as an analyst at the laboratory and had been an employee for 40 years, was due to retire when he received the entrepreneurial opportunity of a lifetime.

The laboratory had previously employed contractors to collect geological and coal samples from the division's collieries. However, this service proved to be unreliable and it was suggested that Sybo start his own company and take over the role himself.

Through the Hub, he was able to obtain a loan of R555,000, which enabled him to purchase two vehicles, office and personal protective equipment. It also assisted in covering initial salaries and operating costs. Apart from assistance with the initial establishment of the business, Sybo continues to receive business advice and mentorship from the Hub daily. In addition to transporting laboratory samples, he also has a contract to deliver overalls in the surrounding area. Sybo is already seeking additional clients and is in negotiations with SAB Miller to provide a similar service to its Middelburg Laboratory.

Sybo currently employs a driver and two general workers and is eager to grow his business so that he can give something back to his community by employing more people.

In 2008, the Group's South African companies spent R24.6 billion on procurement from companies owned by HSDAs. This represented a 42% improvement compared with 2007 (R17.3 billion). For both managed and independently managed organisations and Anglo American companies, this amounted to 37% of the total available procurement spend, which excludes goods and services procured from parastatal companies and municipalities.



Agricultural project supported  
by Lebowa Platinum Mine



# Sustainable development

"We've come to understand that as part of corporate South Africa, sustainable development is good business, because companies cannot operate successfully in environments which are unsustainable."

DORIAN EMMETT, Former Head of Sustainable Development, Anglo American plc

**T**he Chamber of Mines' Safety and Sustainable Development adviser, Sietse van der Woude believes the concepts of transformation and sustainable development complement each other.

He says sustainable development thinking opens the door to considering environmental and social aspects and, in this way, helps to explain the need for transformation to international investors. Van der Woude believes sustainable development is not possible in this country without transformation, pointing to the Mining Charter – the only charter of its kind that makes strong reference to local economic development – as our roadmap for sustainable development. In addition, if the

industry does not take responsibility for improving the circumstances of the historically disadvantaged, then our industry simply won't be sustainable and this will have a domino effect on other industries.

At Anglo American, the focus of our efforts in the arena of sustainable development is to mitigate the impact of our activities on people and these efforts are driven by our guiding value of *'care and respect'*. Our approach to sustainable development is to look for ways to incorporate our principles and thinking into the core of our business. We firmly believe that the natural capital we extract can be transformed into other forms of capital – conserving and contributing to biodiversity management, developing our

employees and the communities around us and exercising stewardship over our products. Mining has a long history of contributing to infrastructure development in the locations in which we operate.

We believe that sustainable development is a shared responsibility. It is not an outcome we can deliver in isolation. Society, industry and government must all contribute and work together to achieve meaningful results. To this end, we have launched a systematic programme of engaging local communities and assessing, with them, the socio-economic impact we have on those communities. Armed with this information, we can drive more effective programmes and hopefully, deliver sustainable benefits into the future.

Most sustainable development issues are intertwined with matters of transformation and have been covered elsewhere in this report: corporate governance, safety, health, community engagement and relations, developing skills and economic empowerment. Anglo American has appointed dedicated heads of external affairs, safety, occupational health, environment and HIV/Aids, who are responsible for these and related issues at a Group level. In addition, each business unit employs a head of safety and sustainable development who is responsible for the performance of their business unit operations with regard to sustainable development issues.

## ENVIRONMENT

Anglo American aims to reduce the ecological footprint of our business and unlock the sustainable development value inherent in the minerals we produce, for the greater benefit of society. An important aspect of this vision is to create

### Case study: eMalahleni water reclamation plant

The award-winning eMalahleni water reclamation plant, a public-private initiative jointly initiated by Anglo Coal South Africa, BHP Billiton Energy Coal South Africa (BECSA) and the eMalahleni Local Municipality, was originally intended to provide a solution to the operational, safety and environmental challenges associated with rising underground mine water. Today it represents a world-class sustainable development project with far-reaching benefits for its surrounding communities.

Of the 25 megalitres of water it purifies to potable quality every day, 18 megalitres are supplied to the eMalahleni local municipality, which has struggled to meet the water demands of the fast-growing Witbank area. All the water needs of Anglo Coal's Greenside, Landau and Kleinkopje collieries, as well as its shared services departments, are met by the plant.

The eMalahleni plant has embarked on its second phase, which will increase its capacity to 33 megalitres of potable water daily. Investigations to implement similar projects in the Witbank-Middelburg coalfields in collaboration with the other major mining houses and the national power utility, Eskom, are in progress.

synergies between poverty alleviation and a healthy environment. This entails linking innovative solutions to problems relating to degradation of the environment, biodiversity loss, poverty and being a catalyst for integrated forms of economic, social and environmental development.

## ENERGY

The electricity crisis has had a serious impact on the South African mining industry, causing a drop in mining GDP, on an annualised basis of a staggering 22% in the first quarter of 2008 and a year-on-year total mining production decline of



11.5%. This crisis has severely compromised key growth sectors, such as platinum group metals, and some experts believe that it has prematurely accelerated the decline of the South African gold mining sector.

January 2008 saw unprecedented levels of load-shedding across the country, which brought into sharp focus the fragile balance between electricity demand and supply. On 25 January 2008, compelled to avert the almost certain advent of a countrywide blackout, Eskom declared a *force majeure* and cut the supply of power to the mining industry by 50%.

Power rationing continues at South African mines, despite a drop in the country's energy demand, following a reduction in output by smelters and some miners, in response to a downturn in demand for metals. Demand for power in December 2008 was down by 3,000 MW – equivalent to the output of a large coal-fired power station – compared with December 2007. This can be equally attributed to the economic slowdown and to an ongoing drive to save electricity and reduce demand. The country's gold and platinum mines and some smelters have since then been receiving only about 90-95% of their power requirements.

Significantly, in September 2008, Anglo American South Africa and Eskom signed a Memorandum of Understanding (MOU), committing to a strategic partnership to identify and implement solutions to better the integrity of South Africa's electricity supply. The MOU aims to facilitate optimisation of scarce resources, conceptualisation and implementation of energy efficiency programmes, skills development, sustainable development and research and development initiatives – such as clean coal technologies and carbon sequestration potential.



The eMalahleni water reclamation plant in the Mpumalanga province

### Case study: Anglo Coal SA's energy-efficient projects

Anglo Coal has invested more than R15 million in energy-saving projects at its South African operations, delivering energy savings of 18 kilowatt/hour (kWh) and 12,600 tons of carbon dioxide. The company has engaged in carbon capture and storage (CCS) related research in South Africa and is working together with Petro SA, Eskom, Sasol and others to develop a Geological Storage Atlas for South Africa. This work will take approximately 18 months to complete and is a first step to identifying potential South African sites for more detailed evaluation on storage potential. Pivotal to the success of this project is the need for public confidence in the technology.

## Case study: By-products put to good use

Anglo Platinum and Anglo Coal have developed innovative ways of turning mining and industrial process by-products materials into commercially viable resources, with positive environmental, social and economic impacts. One such product will contribute towards affordable housing solutions for low-income households.

Anglo Platinum has committed itself to a "zero waste" target for its Polokwane smelter in Limpopo province. Essentially, this means the elimination of mining process by-products, which would otherwise be an environmental liability and require costly disposal. There were two options to achieve this target: improved process efficiency and the re-use of unavoidable by-products. The Polokwane smelter generates some 50,000 tonnes per month of smelter slag. The original design of the smelter envisaged that slag would be milled and sent through a float plant to recover residual valuable metals. Smelter operating efficiency and recovery were of such high quality, however, that further processing of the slag proved uneconomical.

Anglo Platinum's Polokwane metallurgical centre and Anglo's Technical Division have jointly been evaluating the slag and exploring whether there is scope for product innovation in respect of this material. Wet process methodologies have proved the most promising and the slag is suitable for use in certain mining and building products. At Anglo Coal South Africa's Emalahleni operation in Witbank, where the water treatment plant's primary by-product, gypsum, was subjected to the same process, excellent results were obtained. Gypsum is lightweight, sets rapidly, with good acoustic as well as fire-retardant properties and, combined with other materials, can result in good building board.

These two projects have subsequently been integrated and the various possible products are being developed and evaluated for viability. A number of high-potential products are in various stages of development; this includes a housing system. All products have undergone exhaustive health and safety testing with third parties.

The housing system is an innovative, integrated, sustainable development project, which Anglo American expects to deliver broad-based benefits to the Company, the environment and local economies. The modular, pre-fabricated house takes only a few days to erect and should help to alleviate the housing backlog in South Africa. Anglo American will use this opportunity to introduce unique construction skills to unskilled and semi-skilled individuals through an accredited training process.

With the assistance of the Anglo Zimele enterprise development unit, business opportunities arising from this product and others will be investigated to create sustainable small and medium enterprises. The intent with any such beneficiation activity is job creation adjacent to operations – a key requirement of South Africa's Mining Charter.

The housing project team has submitted a bankable business plan, engaged with potential financial partners and is conducting social assessments to understand community perceptions of the housing system.

Managing Anglo American's energy resources is of particular importance in South Africa to meet the country's growing national energy needs. We believe the measures we are implementing not only make sound business sense, but are also prerequisites for any company positioning itself as a responsible corporate citizen.

## THE SUSTAINABLE DEVELOPMENT OF INTELLECTUAL PROPERTY – BENEFICIATION

Former Minister of Minerals and Energy, Buyelwa Sonjica, has described beneficiation as a deliberate policy intervention to move South Africa from a resource-based to a knowledge-based economy, as the imminent depletion of mineral resources places



Anglo Platinum has committed itself to a “zero waste” target for its Polokwane smelter in the Limpopo province

an obligation on the country to find alternative ways of creating economic sustainability beyond the mining phase.

Within Anglo American, progress has been made on the beneficiation of platinum in South Africa through both industrial and jewellery projects. Our industrial strategy includes promoting new applications for the metal through partnerships with local researchers and UK-based speciality chemicals and platinum refiner, Johnson Matthey. Anglo Platinum's ongoing initiatives to promote local design and manufacture of platinum jewellery continued through design competitions, as well as financing schemes to make the metal available to local jewellers. These initiatives are opening new doors for emerging entrepreneurs. ■


#### Case study: World of Platinum Marketing

World of Platinum Marketing, a marketing company developed by Anglo Platinum in collaboration with the North West provincial government, markets a branded range of jewellery called Djadji Platinum. It is currently retailing in 15 stores nationally. This company has experienced varied success in marketing the range and the future challenge will be to find the right commercial partners to promote the company's sustainability.

#### Case study: Plataurex Manufacturing

Based in Polokwane, Limpopo, Plataurex Manufacturing focuses on the low-cost production of dental alloys and wedding bands for the local and export markets. It is currently engaging with a number of possible clients in the USA and UK, since securing international orders is crucial to the success of this business. At optimised volume throughput, Plataurex will be able to compete internationally within the quality, low-end-cost manufacturers' environment.



A group of diverse people, including a man with a prosthetic arm, are working together outdoors in a garden setting. They are all focused on a task, possibly planting or tending to the soil. The background shows trees and a warm, golden light, suggesting a sunset or sunrise. The overall mood is one of collaboration and community.

The Eco-Access project, supported by the Anglo American Chairman's Fund, uses the natural environment as a medium to bring people with disabilities and non-disabled people together

# Corporate social investment

Many NGOs in South Africa are in crisis arising from a combination of social, political and economic factors. They are struggling to access resources to sustain and expand their organisations and many lack business skills. As a result, thousands of NGOs who are meeting critical needs in our communities are failing.

**T**he global financial crisis, which began to impact South African business towards the end of 2008, is expected to place an unprecedented burden on corporate social investment (CSI) and the Anglo American Chairman's Fund is bracing itself for a sharp increase in the number of requests for financial assistance by South African NGOs.

The Anglo American Chairman's Fund, a dedicated instrument through which Anglo American Group companies channel their social investment giving in South Africa, was the first formally structured corporate social investment (CSI) initiative in South Africa, with its origins in the 1950s. It was ramped up in 1974 to become a dedicated unit comprising the Anglo American and De Beers Chairman's Fund and in 1998, it was renamed the Anglo American Chairman's Fund (with De Beers and Anglo Gold having separate funds).

Having CSI involvement dating back this far is unique in South Africa and is evidence of the company's deep commitment to supporting and transforming communities over many decades of South Africa's turbulent history, to the present day, as the Fund sets the pace as a recognised CSI leader in corporate South Africa. Even though the Fund only represents 25% of Anglo's CSI in South Africa it is widely recognised as a pace-setter in social investment in this country.

Improving the quality of life and well-being of fellow South Africans is the driving force behind the Fund's activities. Areas of particular focus include education, HIV/AIDS, health, welfare and development, environment, entrepreneurial development, policy and advocacy and arts, culture and heritage.

The Fund has built a reputation for being an inclusive donor, supporting small grassroots initiatives, as well as large-scale NGOs, providing meaningful support within their respective communities. The Fund is prepared to back community development champions of all sizes and variety, nuanced and carefully informed through in-depth project appraisals and engagements.

During the year under review, the Fund supported more than 250 projects, spending R76.8 million on CSI – 9.5% more than the R68.7 million donated in 2007. For health and HIV/Aids-related services to disadvantaged South African communities, the Fund committed R21.7 million during 2008, with 55 projects being funded in this arena.

### Case study: Johannesburg Youth Orchestra

The Johannesburg Youth Orchestra (affectionately known as the Orchestra Company) was established in 1998 as a city-based music training organisation in the Greater Johannesburg Metropolitan area to keep orchestral music alive among South African youth. It has grown from one orchestra to eight ensembles and its outreach programme provides music tuition to more than 1,800 learners, representing 120 schools, educational institutions and community groups. The 'business' of the Orchestra Company is to develop young musicians from all over the Greater Johannesburg area to the point where they are able to participate in a full performing orchestra. To build the children up to this level, the Orchestra Company provides individual and ensemble tuition to young musicians and ensures that they have access to musical instruments, books, music stands, percussion instruments and other musical equipment. With growth in ensemble training extending to a total of 10 standing ensembles and the addition of beginner strings and beginner wind ensembles based in Soweto in 2008, the Chairman's Fund approved a grant of R180,000 towards the Orchestra Company's ensemble training initiatives.

In 2008, for the eighth consecutive year, Anglo American was placed first, for the excellence of its CSI grantmaking activities out of 65 corporates by development NGOs in an annual national survey conducted by Cape Town analytical group, Trialogue.

A strategy review conducted during the year resulted in a revised role for the Fund, to include a greater focus on projects of national importance, innovative initiatives and projects in labour-sending areas in the future.

● **Organisations with determination, passion and commitment**

Over the years, the Fund has developed a philosophy of supporting organisations that show determination, passion and commitment. It prides itself on the diversity of funding granted, working resolutely to help create a broader environment in which non-governmental organisations of all kinds can flourish and provide vital developmental services. By doing this, the Fund has become an important catalyst for social development and transformation in South Africa.

Since South Africa became a democracy in 1994, the Fund has taken a pioneering approach to undertaking joint projects with public sector bodies. The new dispensation has made it

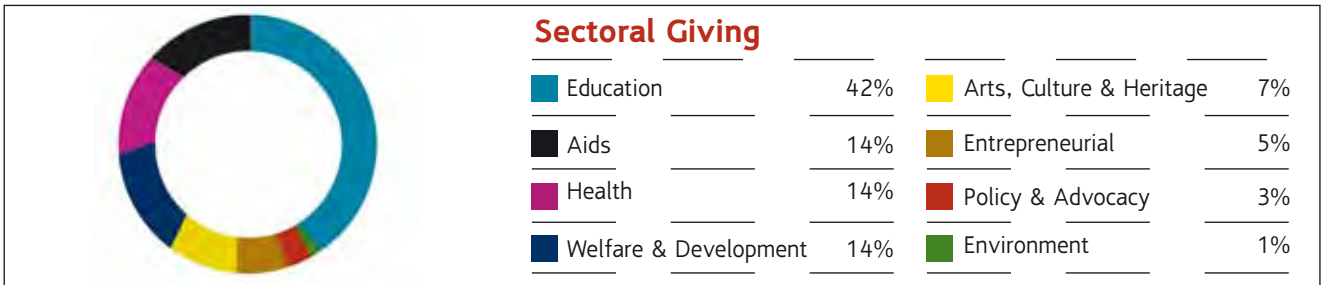
possible for the Fund to engage directly with government at different levels in ways that promote project success and long-term sustainability. This has resulted in joint ‘rand-for-rand’ programmes, particularly in infrastructural development, primarily with the Departments of Health and Education. Projects supported in this manner benefit in more than one way. They benefit through monetary support and government’s ongoing and secured commitments to equipment and personnel deployments, as well as through the Fund’s project management of the entire lifecycle of a particular project.

● **Beneficiary engagement**

Because it is not operations-linked, the Fund has been structured to engage most meaningfully in partnerships with NGOs. This allows the Fund to deploy personnel to study specific NGO strategies, management capacity, governance, fundraising planning and to intervene with NGOs in ways that increase their effectiveness and sustainability.

● **Capital projects**

The Fund stands apart from traditional CSI bodies by virtue of its support for capital or infrastructural requests. While many corporate donors exclude capital funding from their grantmaking, the Fund has always supported infrastructural



Anglo American Chairman's Fund sectoral giving

### Case study: University of Fort Hare: National Heritage and Cultural Studies

The University of Fort Hare came into existence in 1916 and is the oldest historically black university in southern Africa. Fort Hare graduates have come from as far north as Kenya, Uganda and Nigeria to receive a world-class tertiary education. Today the university serves a total of 8,548 students from its three campuses in Alice, Bisho and East London. Its five faculties and 10 schools cover a range of undergraduate diplomas, from bachelors and honours degrees to masters and doctoral level studies. During 2008 the Anglo American Chairman's Fund approved a grant of R3.9 million to upgrade the National Archive Heritage and Cultural Studies Building at the Alice Campus of the University of Fort Hare – facilities devoted to heritage and the housing of the national liberation archives.

development, regarding it as critical to the growth of development organisations. The Fund has a dedicated project management capital/infrastructural projects team comprising managers with architectural, engineering, quantity surveyors and building backgrounds. Not only does this team manage large-scale capital projects from start to completion, it also consults with CSI practitioners on requests for grant funding towards beneficiary capital projects.

### SUPPORTING OTHER AFRICAN COUNTRIES

Anglo American is also making a difference in other African countries, many of which are areas from which migrant workers travel to work on various Company operations. Based in the UK, the Anglo American Group Foundation oversees international donations using the model of the Anglo American Chairman's Fund here in South Africa. In Lesotho, the Foundation is match-funding CARE's SOAR project, which aims to improve the economic and social status of women and children in order to reduce HIV/Aids incidence and to mitigate against its impacts

within Lesotho. In Zimbabwe, Anglo American funded CARE's market access, savings and loans and relief work.


In the latter half of 2008, the Anglo American Chairman's Fund acted swiftly to bring immediate relief to people in Zimbabwe and part of South Africa affected by a major cholera outbreak. The R1 million donation, managed by the South African Red Cross Society (SARCS), was used as part of the SARCS's relief operation to facilitate medical treatment and to provide clothing, shelter, food, and education to reduce and minimise infection.

In response to urgent appeals from rescue workers, NGOs and volunteers during the so-called xenophobic attacks in South Africa in 2008, Anglo American made a R2 million donation to assist the foreign victims of these attacks and encouraged employees to donate generously in kind. These donations were distributed by local organisations in and around Johannesburg to sustain displaced families from countries such as Mozambique, Zimbabwe, Lesotho, the Democratic Republic of Congo and Somalia. ■

### Case study: ACFS Community Education and Feeding Scheme

The ACFS Community Education and Feeding Scheme exists to address malnutrition by feeding 1,000 families monthly with food parcels (8,000 people). Every day, some 21,000 needy children and orphans who have been left out of the state's feeding schemes are fed through the ACFS's 17 feeding committees, 12 mothers' clubs, 13 feeding centres, five mobile vans and six tri-cars in Soweto, the East Rand and Alexandra areas. The organisation also runs HIV/Aids programmes and women's clubs to develop skills among unemployed women in the areas in which its centres are located. In 2008, the Anglo American Chairman's Fund approved an additional grant of R300,000 towards the cost of renovating the scheme's feeding centres in Gauteng province.



A low-angle, upward-looking photograph of a woman, a Black woman, operating a haulage truck. She is wearing a white hard hat, safety glasses, and a high-visibility yellow vest over a light blue long-sleeved shirt. She is smiling and looking upwards. The background shows the metal structure of the truck and a bright light source, possibly the sun, creating a lens flare effect. The overall tone is positive and professional.

A female haulage truck operator at Mafube Colliery

# Diversity and equity in the workplace

An excellent high-performing organisation makes all people feel valued and ensure that their talents are fully utilised.



**W**e aim to attract the best people in the industry and facilitate and encourage professional and personal development for all employees, by focusing on developing talent and taking an active interest in developing a diverse workforce where different experiences and viewpoints are supported and valued. At Anglo American, we are particularly interested in encouraging more women into the organisation and into the industry, as well as facilitating entry for individuals at all levels, from graduate to senior hire and from local recruitment to global appointments. With our global footprint and growth aspirations, Anglo American offers both exciting and fulfilling employment propositions.

### EMPLOYMENT EQUITY

The Chamber of Mines reports that both diamond and coal members have met and, in some instances, even exceeded the Charter's target of 10% women in mining by 2009. However, gold and platinum members have so far failed to meet the target. The reason for this is, *inter alia*, that working conditions are much harsher in gold and platinum than in the diamond and coal industries. In addition, coal particularly is much more mechanised and women are finding it easier to operate the coal mining machinery (some by remote control, such as continuous miners) than to undertake physical work. Clearly, gold and coal will need to rethink the issue of attracting women to work underground. Perhaps the focus should shift away from jobs that entail hard physical work, to those that require less physical effort, such as artisans, geologists and mining engineers. To this end, employers might think of making

bursaries available for women interested in pursuing such careers.

The Chamber also says that its members have made some progress in meeting the target of 40% HDSAs in management by 2009. In some instances, figures of up to 38% have been reached. However, if white women are removed from the equation, the figure drops significantly – in some instances by as much as 10% to 28%. The industry has experienced a number of difficulties in its endeavours to reach this target. The chronic skills shortage in South Africa has made it very difficult to find HDSAs to be appointed at senior management level. In addition, when suitable candidates are found, they are very expensive. While skilled HDSAs are in high demand, it is very difficult to retain them. Mining houses are also focusing on bringing people to these levels through the ranks, but this process takes time. An exacerbating factor is that mining houses are fairly thinly staffed in the present climate, making mentoring problematic.

In terms of enhancing diversity, by the end of the year under review, the proportion of HDSAs employed in junior to senior managerial positions in Anglo American had risen from 46% in 2007 to 50%, with the number of senior management positions occupied by HDSAs standing at 42.34%. This meets and exceeds the Mining Charter's requirement of 40% of HDSAs in management positions. Initiatives have been put in place to increase the number of women in mining and also to address their particular needs, including physical, health, work culture and workplace environment needs. By the end of 2008, the number of women in management in Anglo American South Africa rose from 15% to 17%. ■



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# HIV/Aids

The most recent United Nations update on progress towards the Millennium Development goals shows that the targets for halting and reversing the spread of HIV/Aids, malaria and tuberculosis are not close to being met anywhere in the world.

**H**IV/AIDS is a 21st century health threat of plague proportions, confronting not only the South African mining industry with one of the biggest challenges of its history, but also the mining and minerals sectors of other major countries. In Russia's largest gold mining area, for instance, the number of people living with HIV is more than three times the national average.

The latest statistics on the world epidemic of HIV/AIDS were published by UNAIDS/WHO in July 2008. They reveal that more than 25 million people have died of Aids since 1981. Africa has 11.6 million Aids orphans. At the end of 2007, women accounted for 50% of all adults living with HIV worldwide and for 59% in sub-Saharan Africa. Young people (under 25 years old) account for half of all new HIV infections worldwide. In developing and transitional countries, 9.7 million people are in immediate need of life-saving Aids drugs. Of these, only 3.0 million (31%) are receiving these drugs.

HIV/AIDS in South Africa has increased rapidly over the past decade, from almost zero in 1990 to over 5 million people living with HIV/AIDS in 2009. The social and economic consequences of these HIV/AIDS figures are far-reaching and affect every facet of our lives in South Africa.

The reasons the epidemic has spread so rapidly in our country are many and complex and include poverty, unemployment,

social and economic conditions, the status of women in society, migration and the challenges of development.

Anglo American believes that it is in a strong position to influence the course of HIV/AIDS in South Africa and our approach has been trailblazing. Yet, we acknowledge that our efforts alone cannot control HIV/AIDS and its devastating henchman, tuberculosis (TB). Collaboration with a variety of other stakeholders is critical to the success of our efforts. The ICMM Good Practice Guidance on HIV/AIDS strongly recommends an integrated, community-based approach to healthcare and disease management, with an emphasis on achieving sustainable results through working with external partners such as funders, contractors, service providers and suppliers.

Benchmarked against the South African government's HIV and Aids and Sexually Transmitted Infections (STI) Strategic Plan for South Africa 2007-2011, Anglo American is on track to meet all targets within the timeline, placing our Group among the leaders in the South African mining industry – and indeed the rest of corporate South Africa – in this arena. For example, against the plan's indicator that "by 2011, 70% of people in South Africa should have tested voluntarily for HIV", Anglo American has already achieved a 77% Voluntary Counselling and Testing (VCT) rate among our employees on an annual basis. Notably, Anglo Coal has achieved a VCT uptake of 86% annually, putting this group company in a position to measure and target a reduction in new infections.



A community health care centre was established by Anglo Coal, the United States government and Sir Richard Branson's Virgin Unite, to help fight HIV/Aids, tuberculosis and malaria near the Sabi Sands Game Reserve

We believe the key to the success of any corporate response to HIV/Aids is to be firmly anchored in a commitment to uphold human rights and this commitment has set the tone for our Group HIV/Aids policy.

A major highlight of 2008 was the release of the Group's revised HIV/Aids policy. Although our existing policy has proved so innovative and far-reaching that it has stood the test of time, it was appropriate for us to make a commitment to extend the reach of our programmes to offer prevention assistance, care, support and treatment to our employees' dependants. This decision represents a real milestone in corporate HIV/Aids policy country-wide and was based largely on the understanding that HIV/Aids cannot be managed effectively when only one family member receives care for a disease that affects the entire family.



The Bushbuckridge community youth celebrate the launch of the Bhubezi community health care centre, with Virgin group's Sir Richard Branson

### Case study: Public Private Partnership builds creates community healthcare centre

Anglo Coal, the US government, Virgin Unite and the Ndlovu Medical Trust have joined forces in a Public-Private Partnership to build and run a community health centre adjacent to the Sabi Sands Game Reserve. The vision is to mitigate the effect of HIV/Aids and prevent the devastating impact of TB and malaria on the local community. Today the Bhubezi one-stop healthcare centre provides doctors, X-rays, a pharmacy and laboratory services directly into the community, acting together with, and in support of, neighbouring government clinics.

This significant development was driven by our over-arching commitment to preventing new infections and to improving and sustaining the health of those already infected with HIV within our workforce and the communities in which we operate. We hope that this leading response will encourage other employers throughout South Africa to introduce the same measures.

In addition, 2008 saw the Group's HIV/Aids policy being extended to include the long-term contractor workforce, with the objective of ensuring every HIV-positive contractor has access to HIV/Aids care, support and treatment.

Extending our programmes to employees' dependants is going to be a very costly exercise, but we see this as an essential investment in our employees' welfare. To us, the initiative is a fundamental transformation of the way employees have traditionally been treated by their employers — a change in attitudes and values. It is an investment that demonstrates how much we value our employees and the extent to which we are prepared to commit to their good health.

The practical roll-out of our HIV/Aids programmes to employees' dependants is going to take time, but it will be applied incrementally and scaled up as quickly as possible. Many of these family members are scattered throughout South Africa and we intend to identify and locate them proactively and then to enrol them onto an appropriate programme.

This will entail evaluating government health provision in certain parts of the country to determine how Anglo American can make a contribution that will strengthen and improve these activities. Improvement is already being achieved through partnerships with government and with NGOs, as well

as with international donors such as Virgin Unite and USAID. During 2008, the Anglo American Chairman's Fund committed R10 million to health and HIV/Aids-related services in disadvantaged South African communities, with 28 community-based projects being funded.

### WORKPLACE PROGRAMMES

Workplace programmes are in place throughout our operations in southern Africa. We estimate that HIV prevalence at these operations is about 18%, which means that some 14,500 employees are HIV-positive. Of these, around 7,400, or 51% of those in need of care, are participating in HIV disease management programmes – well below the target of 75% for 2008. Therefore we will be focusing even more intensely on enrolling more HIV-positive employees into care-and-support programmes.

Early diagnosis of HIV infection and early access to treatment are cornerstones of the strategy of ensuring that HIV-positive employees do not get sick and do not die prematurely. This strategy should also help to reduce the incidence of TB, which is the most common presenting disease associated with immune deficiency.

### WOMEN AND HIV/AIDS

Since women and girls are far more vulnerable to HIV infection than men, gender equality and women's rights form an important component in the Group's HIV/Aids response.

In 2008, Dr Brian Brink, Anglo American Group Medical Consultant, was appointed chair of the International Women's Health Coalition (IWHC), a New York-based NGO, which promotes and protects the sexual and reproductive health and rights of girls and women. Together with the IWHC, Anglo



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American is examining a number of different community initiatives in South America, with a focus on tackling the 'feminisation' of the Aids epidemic. Initiatives to protect women and girls from HIV infection are likely to include sex education for adolescents, tackling gender discrimination and improving access to services that deal with sexual and reproductive rights and health.

### COMMUNITY INTERVENTIONS

In light of the extent to which HIV/Aids threatens the communities with which we are associated, Anglo American seeks to share the knowledge we have gained through workplace and other community outreach HIV/Aids programmes and to spread the application of good practice in a way which helps to strengthen community health systems.

Anglo American companies carry out comprehensive socio-economic assessments in communities associated with their operations, including community health assessments, and develop social management plans in consultation with

all stakeholders. Community programmes are designed to build capacity for comprehensive HIV and Aids services, in partnership with donors, local and national government, civil society, trade unions, other businesses and public and private health service providers.

Focus areas include access to HIV testing and treatment; HIV prevention activities, with particular emphasis on adolescent sexuality education, proving sexual and reproductive rights and health for women and girls and socio-economic development of women living in disadvantaged communities.

### LONG-TERM CHALLENGES

Ongoing challenges remain preventing HIV-positive people from discontinuing their anti-retroviral therapy (ART), against a backdrop of a current 30% ART drop-off rate, and ensuring that people who leave the employ of Anglo American to work for other companies are enrolled on programmes that will enable seamless maintenance of their healthcare.

Foremost among the tough ongoing challenges confronting Anglo American in the South African HIV/Aids arena is to design definitive models that bring real change in areas previously under-served by government programmes. It is clear, however, that the only way to sustain an effective HIV/Aids response is to stop new infections, in line with government's Strategic Plan objective of reducing the number of new HIV infections by 50% by 2011.

If we are to achieve this, both employer and employee must continue to transform their attitudes to HIV/Aids until there is a departure from tolerating the existence of this disease, to absolute zero tolerance for this preventable modern day plague. ■

#### KEY INDICATORS

- Employees participating in HIV/Aids programmes: 81,450
- Estimated HIV prevalence rate at southern African operations: 18%
- Estimated HIV-positive employees: 14,468
- VCT uptake in 2008: 63,817 (77%)
- VCT uptake: 77%
- Employees enrolled in HIV disease management programmes: 7,376 (51% of HIV + employees)
- Number of employees on ART: 3,080
- ART uptake of all estimated HIV-positive employees: 21%

### Case study: Engaging with Traditional Health Practitioners

Demonstrating both our commitment to "out of the box" thinking and active engagement with all stakeholders, during the year under review Anglo Platinum and Anglo American consulted with Traditional Health Practitioners (THPs) and their organisations with a view to providing aligned services for employees who attend the Anglo American clinic in the Johannesburg precinct.

The background to this innovation lay in concerns raised by clinic staff about the number of patients who compromised their healthcare by not informing the clinic staff that they had consulted with a THP – or by not informing the THP that they were on chronic medication from the clinic.

In response, Anglo American launched a pilot project in co-operation with THPs and Anglo American clinic staff in the Johannesburg Inner City, to demonstrate the role played by THPs in our society and the linkages between them and the community, while trying to contextualise the Traditional Health Practitioners' Act of 2005.

The project recruited potential THP trainees against an agreed set of criteria, conducted a knowledge assessment among the group of trainees to identify their knowledge of HIV-related treatment and interventions.

Key knowledge deficits included lack of recognition by government and the private sector of the work already being done by THPs in prevention, care and support and the inability of government and the private sector to discuss THP understanding and experiences of HIV, Aids and TB in relation to culture. There was also no platform to share therapies related to traditional medicine and to talk about best practice that includes the patient's belief and culture and a lack of social research addressing the impact of HIV/Aids on families. Other gaps in knowledge included the types of traditional health practices applied to HIV/Aids prevention and treatment and the role of THPs in prevention and treatment.

A training programme was designed to help members of the group improve their knowledge of HIV-related interventions, treatment of opportunistic infections and the WHO Guidelines on Male Circumcision.

In parallel, a knowledge assessment was conducted amongst the staff at the company clinic to identify their knowledge of traditional healing and traditional medicine. Key knowledge deficits included the role of THPs in primary healthcare, the inability to explain traditional medicine and traditional healing and a lack of recognition of the role of culture and community in prevention, care and support. A training intervention was subsequently introduced to help staff improve their knowledge of traditional healing and traditional medicine.

In both training groups, the emphasis was placed on the need for shared learning. In future, services will be aligned to provide a continuum of care from on-site health services to off-site community clinics and services, providing for cross-referrals. The success of the project has indicated that it could be replicated successfully in other municipalities.

"THE ONLY  
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ALL NEW  
INFECTIONS."

DR BRIAN BRINK,  
GROUP MEDICAL  
CONSULTANT  
ANGLO AMERICAN PLC



Medical technologist,  
Mandla Mnisi in the HIV  
laboratory at the Bhubezi  
community health centre  
in Bushbuckridge

# Occupational health

"Prevention of occupational disease is about control of exposure at source. This is an engineering problem, not a medical one." DR FRANK FOX, Head of Occupational Health, Anglo American plc





Dr Gilbert Khosa, medical worker at the Bhubezi community health centre



Anglo Platinum's Polokwane Robotic laboratory (Robolab) is used to offer training to employees

"PREVENTION OF OCCUPATIONAL DISEASE IS ABOUT CONTROL OF EXPOSURE AT SOURCE. THIS IS AN ENGINEERING PROBLEM, NOT A MEDICAL ONE."

DR FRANK FOX,  
HEAD OF  
OCCUPATIONAL HEALTH  
ANGLO AMERICAN PLC

In mid-2008, the Treatment Action Campaign published a report issued by the Aids and Rights Alliance for Southern Africa (ARASA) on tuberculosis (TB), the mining industry and migrant workers in the region, which raised urgent concerns about what it described as the failure of the South African government and mining companies to adequately address the health crisis among migrant workers in the South African mining sector.

The report was based on recommendations from a meeting sponsored by ARASA in May 2008 with representatives of mining companies, unions, governments, local and international experts and civil society. It called for sweeping action to address the high rates of HIV, TB and other lung diseases among migrant workers who work or have worked in South African mines.

Anglo American believes that good health is a basic human right. Achieving good occupational hygiene practice is, however, a major challenge as we work in an industry that can expose employees to noise, dust, vibration and musculoskeletal strains. Our target and vision in occupational health at Anglo American is Zero Harm. If an occupational illness does occur, it is our responsibility to do whatever is necessary to learn from the experience and ensure that it does not happen again. We undertake risk-based medical examinations and provide access to a range of workplace health

programmes designed to both protect and improve the health of all our employees.

During 2008 *The Anglo Occupational Health Way* – a set of management system standards based on OHSAS 18000 – was rolled out across the Group. These standards highlight specific issues relating to the management of health risks and operate in parallel to, and in conjunction with, *The Anglo Safety Way*. All business units conducted a self-assessment against the requirements of *The Anglo Occupational Health Way* during the year under review and occupational health was included in the peer review process in 2008.

All Anglo American employees, including contractors, are expected to contribute to maintaining a working environment that poses no significant health risks. One way we safeguard health is through good engineering practice. This involves application of the principle "as low as reasonably possible" (ALARP) when it comes to risks that could jeopardise the health and working capacity of people at Anglo American. For example, Anglo Platinum has replaced pneumatic rock drills with quieter electric drills to protect workers' hearing.

Overall fitness for work is a top priority, typified by occupational health centres at Anglo Coal and Anglo Platinum in South Africa. The centres conduct health checks on all employees and contractors to ensure their fitness to work safely, using state-of-the-art equipment, including digital X-ray facilities to monitor the effects of any exposure to health hazards in the workplace.

We continue to concentrate on prevention of exposure at source, and sites have begun reporting on health incidents related to exposure levels and failures of controls, in addition to traditional disease statistics. Progress on this has been slower than anticipated, but will be a point of focus in 2009. The occupational disease incidence rate for 2008 has been calculated on an expected number of hours worked, based on the number of employees, compared with the 2007 practice of using the safety measurement of hours, which includes overtime. The rationale for this is that the occupational exposure limit is based on a 40-hour week, 50 weeks a year – therefore, the inclusion of overtime would understate the risk. Thus, while the occupational disease incidence rate for 2007 was 0.14, and 2008 was recorded as 0.13. The 2008 figure, in fact, represents a 30% year-on-year reduction.

## COMMUNITY HEALTH

The Anglo American Chairman's Fund supports organisations with a record of successful accomplishments in community care and organisations implementing new and appropriate models of primary healthcare. Initiatives in the health sector include primary healthcare programmes, training of community care workers, healthcare awareness, training, support and projects and organisations catering for the social and economic integration, training, support and care for disabled people.

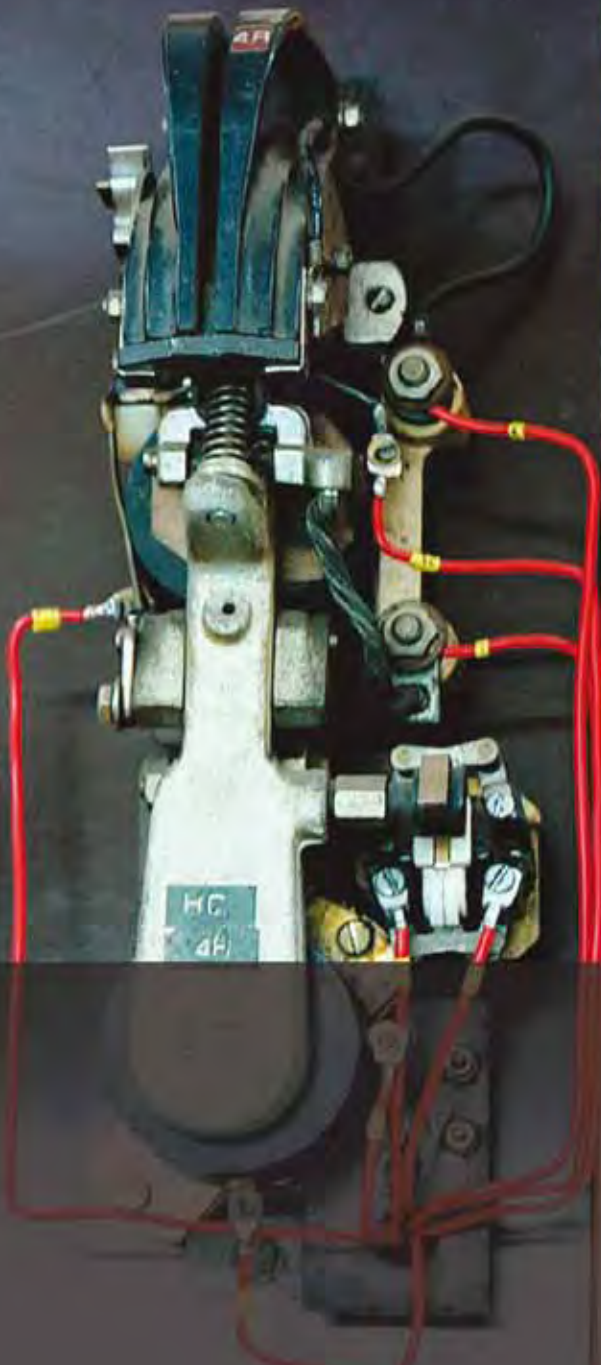
Although the Fund's contributions in the health sector have been overshadowed by needs in the HIV/Aids arena, it is still involved in significant community health programmes. These include support for patients of cancer, the fight against malaria, the management of chronic diseases and assistance to people with disabilities. ■



# Developing our people

Anglo American is committed to developing skills and providing opportunities for all our employees – at all levels – to develop their skills and provide them with access to opportunities to advance in their chosen careers.





Colin Motau, technical training manager at Scaw Metals' apprentice school

In this arena, our transformation activities are focused on developing talent and increasing diversity in the workforce, in which different experiences and points of view are supported and valued. The company is particularly committed to encouraging increasing numbers of women into the organisation at all levels.

We are thrilled and proud to begin seeing people of all races and of both genders emerging from our programmes as well-rounded, business-confident professionals at all levels of our Company.

We recognise the importance of providing opportunities for lifelong learning to our employees, specifically those in the younger age groups. We value the talent already in place in our workforce and are committed to growing and grooming these important individuals to fulfil senior roles. At Anglo American, we need world-class managers and leaders to take our business into the future. Leading a company such as ours in an



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increasingly complex global marketplace requires a broad range of skills and competencies. In response, we have introduced formal interventions to build our management and leadership capacity, under three main categories: management development programmes, assessment of executive potential programmes and executive development programmes.

During 2008 key appointments were made in senior leadership positions. A recent focus has been a more frequent review of senior succession and individual career development plans through a rigorous talent management process. During the year under review, some 350 South African managers attended Group development programmes that are delivered in conjunction with world-renowned business schools.

Anglo American launched its flagship management development programme during 2008 in South Africa – the Programme for Management Excellence (PME). With the primary objective of raising and standardising knowledge and skills levels Group-wide at middle management level, the PME has already enrolled 200 managers, of which 40 are international delegates. Operating a key global programme from South Africa is providing delegates with a real sense of the international nature of the organisation. The first group graduated in December 2008 and post-programme evaluations have revealed measurable financial gains and positive business impacts attributable to the delegates' activities in their various business units.

Based on our commitment to providing lifelong learning opportunities we have numerous bursary schemes. An outstanding example is the High Potential scheme for graduates, which builds on the activities of Anglo American bursary

schemes to attract and fast-track the development of the brightest and best graduates entering the job market. This programme provides, over a five year-period, three active posts across two continents. During this time, delegates are provided with cross-functional and cross-divisional training and site experience, supported by training courses and mentors wherever necessary. To date, this programme has yielded 25 transformation success stories.

Bursaries are awarded to deserving HDSA candidates in areas such as mining, engineering and finance to study at the top universities in South Africa. This financial assistance provides for all aspects of student life, including tuition fees, accommodation, books, computers and allowances.

#### ADULT BASIC EDUCATION AND TRAINING (ABET)

According to the Mining Qualifications Authority (MQA), a Sector Education and Training Authority (SETA) for the Mining and Minerals Sector (MMS) in terms of the Skills Development Act of 1998, statistics show that most mining workers (67%) left school at Grade 9 or lower, or never attended school. A substantial proportion of workers (25%) have no formal schooling, although about 40% have some formal schooling in the General Education and Training (GET) band. These numbers indicate the extent to which the majority of workers can benefit from Adult Basic Education and Training (ABET) programmes to increase the levels of literacy and numeracy in the sector.

Anglo American continues to offer employees, contractors and communities surrounding Group operations, the opportunity to acquire literacy and numeracy skills through our ABET programmes. In addition to providing essential life

skills, these programmes are seen as an essential component of the Group's safety initiative, since they enhance employee communication and understanding across language barriers. During 2008 enrolment numbers across the Group continued to strengthen, with the most significant increase being experienced by Anglo Platinum, where enrolments increased by 91%. By year-end, Anglo Platinum had enrolled 6,589 people on ABET programmes.

## HOUSING

In preparation for a review of certain aspects of the Mining Charter due to take place in 2009, the Chamber commissioned a report by an independent contractor in 2008 into Chamber members' progress in meeting the targets set in the Mining Charter. This report indicated that mining companies have, since 2003, spent millions of rand in upgrading hostels to single occupancy units, or units with lesser density and also converting hostels into family accommodation units.

Employees are given choices. They can choose to remain in hostels, which have been converted into single occupancy units or units with lower density and privacy, or to reside with their families in family accommodation provided by the mining companies. Employees can also opt to move out of mining accommodation completely and rent or buy their own accommodation off the mining premises. In the latter instance, they receive a living-out allowance (LOA).

### Case study: Kumba shines in skills development

In April 2008, Kumba Iron Ore was recognised for developing the skills of its employees in the Financial Mail Top Empowerment Companies award. Kumba took first place in the skills development category, its programme being lauded as the best in the country, with a 7% investment in training, spending 6% more than the 1% target set by the Skills Development Act of South Africa. Development at Kumba begins with bursary schemes and continues through full-time employment. Kumba also has an apprentice artisan programme, which boasts 700 learners out of a staff complement of 4,500.

### Case study: Kumba Iron Ore's Tshipi Skills Training Centre

Through the Tshipi Skills Training Centre, Kumba Iron Ore has helped equip almost 3,000 members of the community surrounding its Sishen mine in South Africa's Northern Cape with a range of practical skills. Since 1993, some notable partnerships have been established with the Department of Correctional Services to train inmates for re-integration into society and with the National Defence Force to train ex-soldiers. True to Kumba's empowerment commitment, women have been trained in a number of construction disciplines. As part of the company's Social and Labour Plan, the centre also equips Kumba staff members with widely applicable skills in addition to their job-related training.

This forms an integral part of planning for eventual mine closure. Tshipi provides accredited civil engineering apprenticeships in five building trades and more than 40 learners have recently passed their national trade tests. The centre also assesses prior learning and has assessed 176 learners to date as part of a joint project with the Construction Sector Education and Training Authority (SETA).

This means people who have building trades experience are evaluated against approved standards set by the South African Qualifications Authority and awarded national certificates.

Kumba Engineering Training Centre trains an average of 200 artisans annually in a number of technical disciplines. The centre also has a formal partnership with the South African Department of Education to train an additional 380 artisans over a three-year period. About 70% of the graduates are eventually employed by Kumba. The centre has a rigorous selection procedure and, to date, all students have graduated.

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“SKILLS DEVELOPMENT  
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ARE FUNDAMENTAL TO  
CORPORATE SUCCESS.  
TRAINING MUST BE  
A CONTINUOUS PROCESS,  
FROM THE GRADUATE  
STAGE, THROUGH MIDDLE  
AND PROFESSIONAL  
LEVELS. I BELIEVE THE  
GREATEST SUCCESS,  
IN TERMS OF  
TRANSFORMATION, WILL  
BE TO ESTABLISH AND  
SUSTAIN OUR OWN  
PIPELINE OF TALENTED  
INDIVIDUALS.”

COLLEEN ELLIOTT,  
HEAD OF HUMAN RESOURCES,  
ANGLO AMERICAN SOUTH AFRICA

In the gold mining industry, the LOA currently amounts to R1,200 per month and varies in the coal industry between R2,000 and R4,000 per month. However, the LOA has had unintended consequences. A significant number of employees who have moved out of mine accommodation and are thus receiving the LOA, are using the allowance to augment their cash flow, rather than using it to access appropriate accommodation. This often obliges them to live in shacks within informal settlements.

South Africa has a shortage of formal housing and, to play our part in helping to solve this conundrum, Anglo Platinum and the South African National Department of Housing signed a memorandum of understanding (MOU) in 2008 to establish a partnership to provide 20,000 houses for Anglo Platinum employees in the Limpopo and North West provinces over the next five to 10 years.

Anglo Platinum owns, or has access to, sites that may be suitable for housing, primarily for its workforce, and is well-positioned to contribute to assist in reducing the housing backlog. The company is determined to work with public authorities and other stakeholders to reduce and eventually eliminate the informal settlements, which have sprung up around some of its shafts and where conditions for those living in them are wholly unacceptable.

The investment by Anglo Platinum in land and in servicing 20,000 plots, amounts to more than R1.4 billion and the government subsidy over 10 years is more than R900 million. The total investment, including social and economic amenities, is over R2.5 billion and is expected to benefit more than 120,000 people.

## Case study: Anglo Platinum Mine Training Centre

At Anglo Platinum, R285 million has been made available to establish a Mining Training Centre on the Eastern Limb of South Africa's Bushveld Complex. Construction is well underway and once completed, the centre will provide all mining-related training for the company's operations on the Eastern Limb. Anglo Platinum is also taking steps to ensure a sufficient supply of artisans to meet projected demand for these skills. Currently, 704 engineering learners are in training, with the number expected to increase to 1,500 trainees over the next five years.

During 2008 Anglo Platinum had 96 employees registered on the South African National Qualifications Framework (NQF) Level 2 Engineering Learnership programme, of which 77 successfully qualified as stope servicemen. A further 767 were registered for Level 3 and 4 engineering qualifications; of which 151 successfully qualified as artisans. In addition, Anglo Platinum had 177 candidates registered for NQF Level 2 mining learnerships and 137 individuals in training for the mining Level 3 programme by year-end.



Kriel Colliery computer training centre teaches computer literacy to both the mine employees as well as to the surrounding community

## Case study: From miner to mover and shaker – DITIRO MOKGOFA

"There is no substitute for experience in the mining industry and there are very few mining engineering practitioners in the field today who have the kind of background I now have." Ditiro Mokgofa, Business Development Specialist, Anglo Base Metals, Brazil.

Ditiro Mokgofa grew up in what was then known as Bophuthatswana, matriculating in 1994 with a vision to enter the mining industry. His father had other dreams for him and Ditiro registered for a BComm at Wits University in 1995. Halfway through his first year, Ditiro's father suffered a heart attack and could not continue to finance his studies, so Ditiro turned to his first love, the mining industry, and joined Anglo Coal via a Technikon scholarship.

From this first rung on the ladder of his dream career, there was no stopping Ditiro as he completed first his National Higher Diploma in coal mining, with distinction, and then began work at Anglo Coal as a miner, soon being recognised as a top achiever and being put in charge of a major underground support system project.

Ditiro returned to full-time study in 2002, this time graduating with a BSc in Mining Engineering from Wits University, with distinction and in record time. He applied and was accepted by Anglo American's High Potential scheme for graduates in 2005 and was seconded to Anglo Platinum to provide him with experience in hard rock mining. After an intense 20 months in this environment, Ditiro entered a training programme through which he obtained his blasting and mine manager's certificates, while working at underground and open pit operations.

For the next leg of the programme, Ditiro entered the corporate environment, where he spent 18 months at Anglo Zimele, Anglo American's enterprise development and investment fund.

While Ditiro admits that the corporate stint has been the toughest transition he's experienced so far, his 18-month term there has given him invaluable exposure to a broad view of business, equipping him with hard-won business skills as he gained experience with legal agreements, negotiated and structured deals, ran financial models and managed relationships between stakeholders.





A pottery school at a local community near Kleinkopje Colliery

## SECURITY

Anglo American has acceded to the Voluntary Principles on Security and Human Rights and we continue to base our approach to security on this framework. The Voluntary Principles provide best-practice guidance on security risk assessment, interactions with public security providers and the management and control of private security personnel. The Voluntary Principles have application beyond situations

### TRAINING AND SKILLS DEVELOPMENT

- Total number of bursars, apprentices and trainees: 3,700
- Graduate trainee employment costs: R116 million
- Apprentice employment costs: R198 million
- Other training employment costs: R108 million



As part of Anglo Platinum social responsibility, Business Training Workshops are offered to SMMEs (Small Business) in the Machapora Area

involving direct conflict and embrace the management of volatile industrial relations situations, community protests or the control of potentially violent criminals.

A R1 million donation by Anglo Platinum to the South African Police Service to fund the development of a human rights and policing training module, as a core part of the SAPS curriculum, was implemented in 2008. Similarly, all Anglo Platinum security personnel completed a comprehensive security and human rights course during that year.

Progress was made in rolling out the Voluntary Principles to Scaw Metals' operations in South Africa, where there have been increasing concerns about the impact of intruders and theft of materials and company property. During 2008, 1,888 contractors

and employees at Anglo Platinum underwent training on the Voluntary Principles.

### VOLUNTEERISM

Employee volunteering is an important growth node that is receiving every encouragement because of its power to mobilise us on the transformation journey at grassroots level. Anglo American encourages employees at all levels to volunteer both their professional and personal skills, individually or in groups, for the benefit of their chosen NGO. We believe this is a fantastic way to develop our human capital and put an enormously positive spin on our employees' perceptions of corporate social responsibility. Volunteerism as a tool is very easily mobilised to make a measurable difference in our society. Employees who are involved in volunteer activities become aware of their communities and create long-term partnerships with external vehicles of transformation. ■

#### Case study: Scaw Metals doubles intake of apprentices

Anglo Ferrous Metals' Scaw Metals business has responded to the persistent South African skills shortage in many areas, by scaling up its investment in training and development. Over the past two years, it has doubled its intake of apprentices from 40 to 80. As part of its retention and skills development strategy, Scaw Metals has also embarked on an initiative to help its artisan assistants to obtain recognised trade qualifications. Having started with six such individuals in 2006, Scaw Metals has undertaken to raise this annual intake to 10. Top-performing candidates have the opportunity to enrol in a development programme designed to prepare them for senior engineering positions. Thirty-seven artisans have been enrolled. Through a community-training centre adjacent to Scaw Metals, the company extends its skills development work beyond its workforce. The centre provides about 120 underprivileged community members with training in end-user computing, gas cutting and arc welding.



The Nomzamo Park informal settlement in Soweto is one of the projects supported by the Anglo American Johannesburg Employee Volunteerism initiative

#### Case study: Volunteers support local soup kitchen

Actively pursuing the adage that change begins with each individual, during 2008 employees from Anglo American's Johannesburg corporate offices continued with their work in the Nomzamo Park informal settlement in Soweto. In addition to supporting a local soup kitchen and crèche and providing HIV/ Aids education, staff members arranged for 50 trees to be planted in the area through Food and Trees for Africa.

# The road ahead

While Anglo American South Africa feels that we can confidently claim progress towards creating the desired legacy of change, our sense of achievement is tempered with the acknowledgement that there is still so much work to be done.

**T**he way forward requires us to intervene at many different levels to enhance transformation within Anglo American. This includes a vigorous focus on senior black representation, women and people with disability – visible role models are more critical than ever. The issue of skills development is key to our transformation gains. It also helps SA to be more competitive in these difficult economic times. It is equally important to emphasise the creation of a culture that is safety paramount, and one that is also inclusive and treats people from different backgrounds with care and respect.

A recharged sense of energy in terms of stakeholder relationships is required, especially with government, local communities and labour. We need to find new and innovative ways to reframe the debates with stakeholders so that they too identify strongly and feel a real part of Anglo American South Africa.

Resettlement issues remain, to a large extent, unresolved and we plan to intensify our efforts to keep communication channels open with the affected communities and to work creatively to lay the foundations for post-resettlement economic development.

The same energy will continue to be directed to reducing the number of informal settlements around mines and to this end, we will be seeking a way forward in collaboration with government authorities.

As we tackle these and other difficult challenges, we are greatly encouraged by the fundamental strengths at our disposal within our Group. In terms of:

- Our people
- Our leadership, and
- Our deepening commitment to our partnerships and our stakeholder communities.



Kromdraai Primary School Field Band, in Witbank, funded by the Anglo American Chairman's Fund



A female worker at Anglo Coal's New Denmark Colliery

Our employee body is making the most of personal and career development opportunities. They are investing their personal skills and time into building relationships with local NGOs by participating in multi-stakeholder forums and this is also effectively developing an emerging cadre of social managers.

In this climate of recession, we are determined to rally our resources and continue to make a difference in the lives of our fellow South Africans.

2009 heralds the five year review of the Mining Charter's impact and progress on the South African mining industry. This date was set at the time of the Charter's 2004 implementation, when stakeholders agreed to meet five years on, to review Charter-related progress and to determine what further steps, if any, need to be made to achieve the targets. The forthcoming exercise will not lead to a revision of the Mining Charter, since it is the product of a statute – the MPRDA, but Anglo American looks forward to participating in an industry-wide review of progress against the targets set by the Mining Charter, to compare notes and debate the successes and challenges experienced during its implementation to date.

We are fully aware of the long road that lies ahead of us. ■



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# Striding forward in hope

by PRE RUNGASAMY, Head of Transformation, Anglo American South Africa

Reading through our report on the transformation Anglo American South Africa set in motion and achieved during 2008, I am struck by the fundamental truth that transformation has to happen at many different levels and many different facets, but that ultimately, it has to happen in a holistic and integrated way.



Pre Rungasamy, Head of Transformation, Anglo American South Africa

It is not simply a narrow focus on numbers against Employment Equity targets. Notwithstanding this, the results (including those of Employment Equity) remain an important aspect of the equation.

Transformation is about mobilising people for positive change.

There is a special role for leadership in this journey and each of us must embrace the challenge of leadership. Transformation is about South Africans from all walks of life taking the decision to stop being spectators in their social landscape and taking the leap of faith into making their own unique and direct contributions to this, our beloved country.

I evoke this term from Alan Paton's defining novel deliberately because one of the primary themes of his *Cry, the Beloved Country*, written in 1948, remains painfully applicable to our realities 60 years later – the theme of moving from fear to hope, towards a society consistently capable of love, compassion and care.

If we are to achieve a fundamentally different society, then as South Africans we need to recognise that it's time to work together and take ownership of this goal in the most inclusive way possible. How will we know when we've transformed? When we stop talking about it and find ourselves focused on achieving it. If we can create that value in all that we do in a truly transformed South Africa, no human being should count for less. No human being should be cast aside or die alone in poverty or in a mining accident.

Today we talk about safety in terms of Zero Harm. With real urgency we need to embrace the concept of well-being amongst all our people, so that we not only strive for the absence of harm, but also the promotion of a healthy, active and natural way for human beings to live.

Yes, Anglo American must continue to be competitive and profitable both locally and globally. I don't believe it has to be an "either-or" situation, but instead, that there are ways to sustain performance and also achieve much-needed change across the broadest cross section of our society.

This report shows that Anglo American has made steady progress on the transformation journey. In some areas, we have been the thought-leaders and pace-setters and in other areas we have lagged behind. Our people are proving that they are passionate about change and I've been thrilled to see how this passion has translated into action in creating essential partnerships beyond our company, particularly with government, and other key stakeholders. In saying this, we are mindful that we still have a long way to go in terms of the intensity and consistency of our efforts.

We're taking responsibility for the change we can bring about and the results speak for themselves in areas such as health, safety, empowerment and social investment. We're much more people-centred, driven by Anglo American's Guiding Values, which are about safety, care and respect, integrity, accountability, collaboration and innovation.

Anglo American reports according to the Global Reporting Initiative (GRI) and in alignment with our commitment to the International Council on Mining & Metals (ICMM) and the UN Global Compact Principles, as well as the company's Good Citizenship Business Principles and the Guiding Values mentioned above. This means that the Company's decisions and actions are guided by the requirement to adhere to consistently high standards of integrity and respect for the dignity and human rights of individuals and communities. We are striving to make a lasting contribution to the communities associated with our operations and we recognise that our long-term success is dependent upon collaborating with all stakeholders.

While remaining mindful of past history and present challenges, I believe that the South African mining industry, as well as the greater national corporate sector, is experiencing a new spirit of change. A sense of positive change is also blowing across the world from the United States, following the election of Barack Obama as its new president. His philosophy of addressing the fundamental fears of the American people by reframing the primary questions into a solution/action emphasis, is infectious. We also want to experience "the audacity of hope" described in the book of that name that Obama wrote while he was still a senator.

In his speech addressing the Democratic National Convention in 2004, Obama said: "Do we participate in a politics of cynicism or a politics of hope? I'm not talking about blind optimism here – the almost wilful ignorance that thinks unemployment will go away if we just don't talk about it, or the healthcare crisis will solve itself if we just ignore it. No, I'm talking about something more substantial. It's the hope of slaves sitting around a fire singing freedom songs; the hope of immigrants setting out for distant shores; the hope of a young naval lieutenant bravely patrolling the Mekong Delta; the hope of a millworker's son who dares to defy the odds; the hope of a skinny kid with a funny name who believes that America has a place for him, too. Hope in the face of difficulty. Hope in the face of uncertainty. The audacity of hope!"

Could this not have been written about our own country and our own history – our own future? Indeed, did former President Nelson Mandela not write a similar script 10 years earlier and began with the words, "Now is the time . . ."? It's time for us as South Africans to throw off the handicap of Afro-pessimism that has dogged our progress for so long and to move away from the shackles of victimhood. In this time of new beginnings, it is also important to create a new spirit of goodwill by being resolute about not playing the "blame game" and pointing fingers elsewhere. We have to start with ourselves for transformation to really work.

Let's stop sitting on the sidelines and sneering at the people already out there working towards real transformation. There is so much opportunity to reach across traditional barriers and come up with constructive answers to improve our society.

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As tangible deliverables are produced, surely hope and trust will follow this process. We might even live to see, in our lifetime, life-saving health measures to deal with HIV/Aids and other serious illnesses, proper housing and dignified living for our people, quality education and learning facilities, young people with genuine career opportunities, authentic empowerment regardless of race, gender and age, entrepreneurs who build dynamic and successful businesses and children being able to play in a safe and healthy environment.

What a horizon to strive for. What an incentive to shrug off the fear and stride forward with hope. ■



The continuous miner machines, equipped with water jets, minimise coal dust in the working environment at Greenside Colliery

“ The South African mining industry has been transformed beyond anything that could have been envisaged 15 years ago at the dawn of democracy in the country. Not only has this led to change in the profile of ownership from exclusive white ownership to a broader base, but it has also been reflected in the quality of jobs, training, and greater attention to safety on the mines. The successes of the transformation process are a tribute to the importance of clarity of goal setting and policy directives by a state that is committed to transformation. Successful transformation also reflects the growing acceptance by the mining industry of the business imperative of broadening the base of economic participation within a society that remains one of the most unequal in the world. Disproportionately unequal societies have been demonstrated to be less globally competitive on many measures, including quality of human capital, crime rates and social stability.

There are areas requiring urgent attention to strengthen the gains of transformation. Greater attention needs to be focused by the whole industry to investment in skills development, research and development as well as promoting innovation and technological advancement. More immediate attention should be paid to the need to include poor communities as beneficiaries of the wealth generation from mining operations in their own areas. BEE deals have tended to enhance rather than reduce inequalities by benefiting politically well-connected people rather than poor communities in the rural areas that are the source of mineral wealth. ”

**Dr Mamphela Ramphele, Board member, Anglo American plc**



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