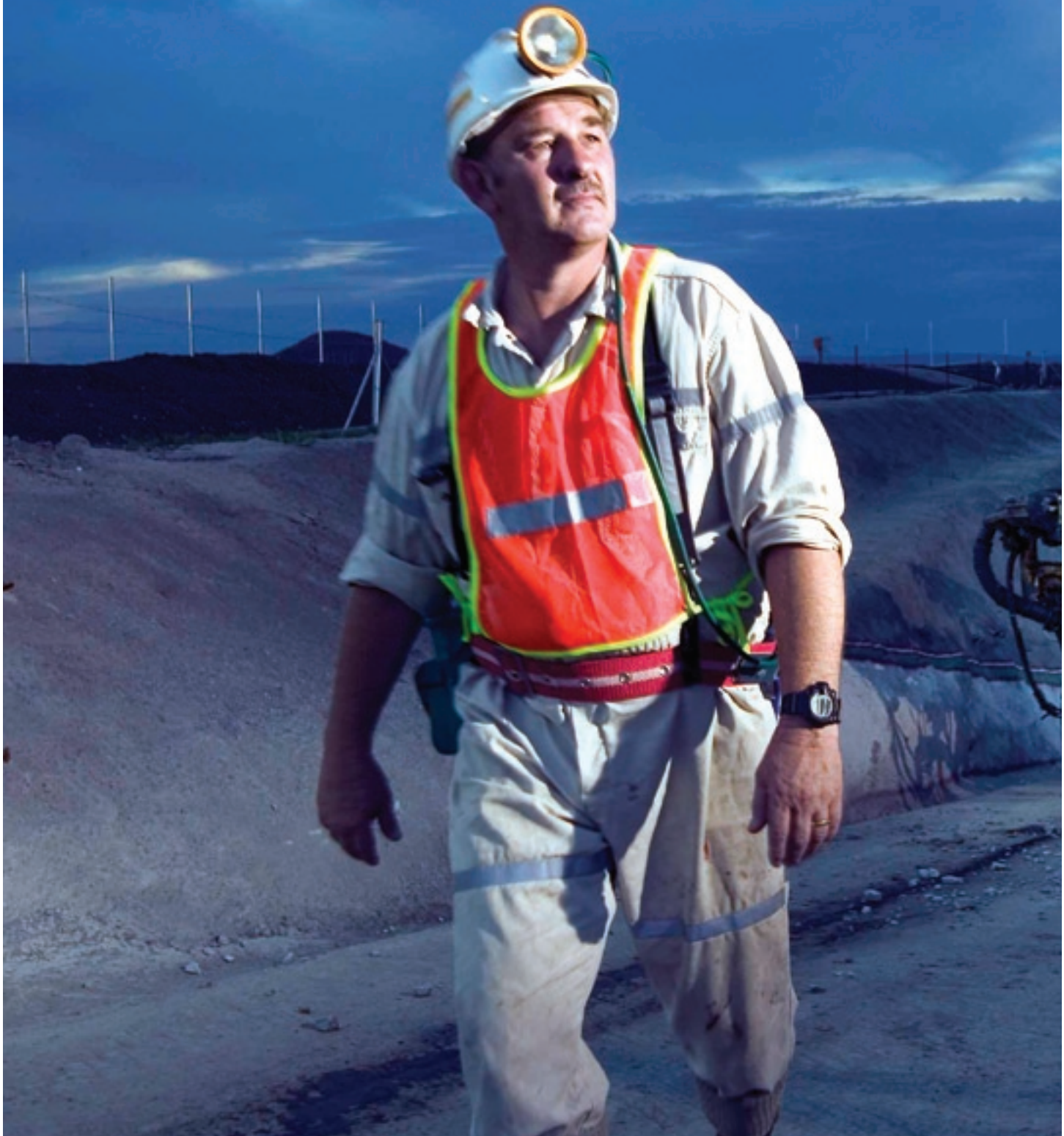




Anglo American aims to be the leading global mining company. We are committed to delivering operational excellence in a safe and responsible way, adding value for investors, employees, governments and the communities in which we operate



At a glance

- Group operating profit of \$10.1 billion, with operating profit from core operations up 10% to \$9.8 billion
- Strong performances from Coal and Ferrous Metals, with increased production of coal and iron ore
- 2009 capital expenditure reduced by more than 50% to \$4.5 billion
- \$2 billion target by 2011 from cost saving and efficiency initiatives

Underlying earnings

\$5.2 bn

Earnings per share

\$4.36

Permanent employees

(105,000)



	%
Platinum	54
Coal	13
Base Metals	8
Industrial Minerals	10
Ferrous Metals	14
Head, regional and exploration	1

Employees by region



	%
Africa	76
Europe	10
North America	1
South America	8
Australia	4
Rest of world	1

Wim Baker, then chief safety officer at Anglo Platinum's Rustenburg mine, at its Boschfontein shaft

Unless otherwise stated, '\$' and 'dollar' denote US dollars

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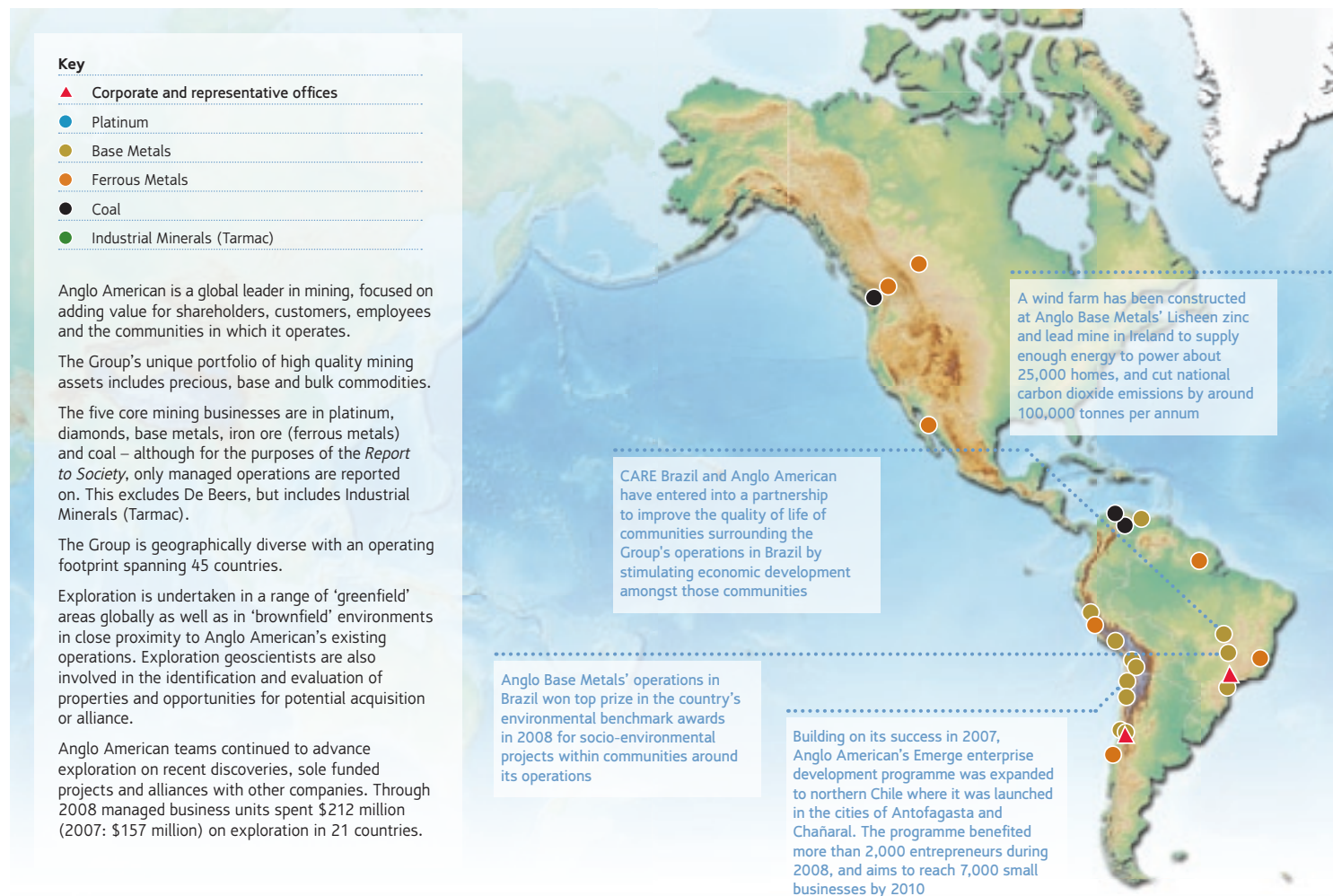
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Group overview

Our locations



Managed businesses 2008

Platinum

Anglo Platinum mines, processes and refines the entire range of platinum group metals (platinum, palladium, rhodium, ruthenium, iridium and osmium) and is the world's largest primary producer of platinum, accounting for around 36% of global newly mined output.

Anglo Platinum has the largest platinum reserves in the world, as well as extensive resource capabilities and the ability to grow production in line with projected demand for the foreseeable future. All of Anglo Platinum's current operations are located in South Africa.

Base Metals

Anglo Base Metals has interests in 13 operations in six countries, producing copper, nickel, zinc, niobium and phosphate fertilisers, together with associated by-products, including lead, molybdenum and silver.

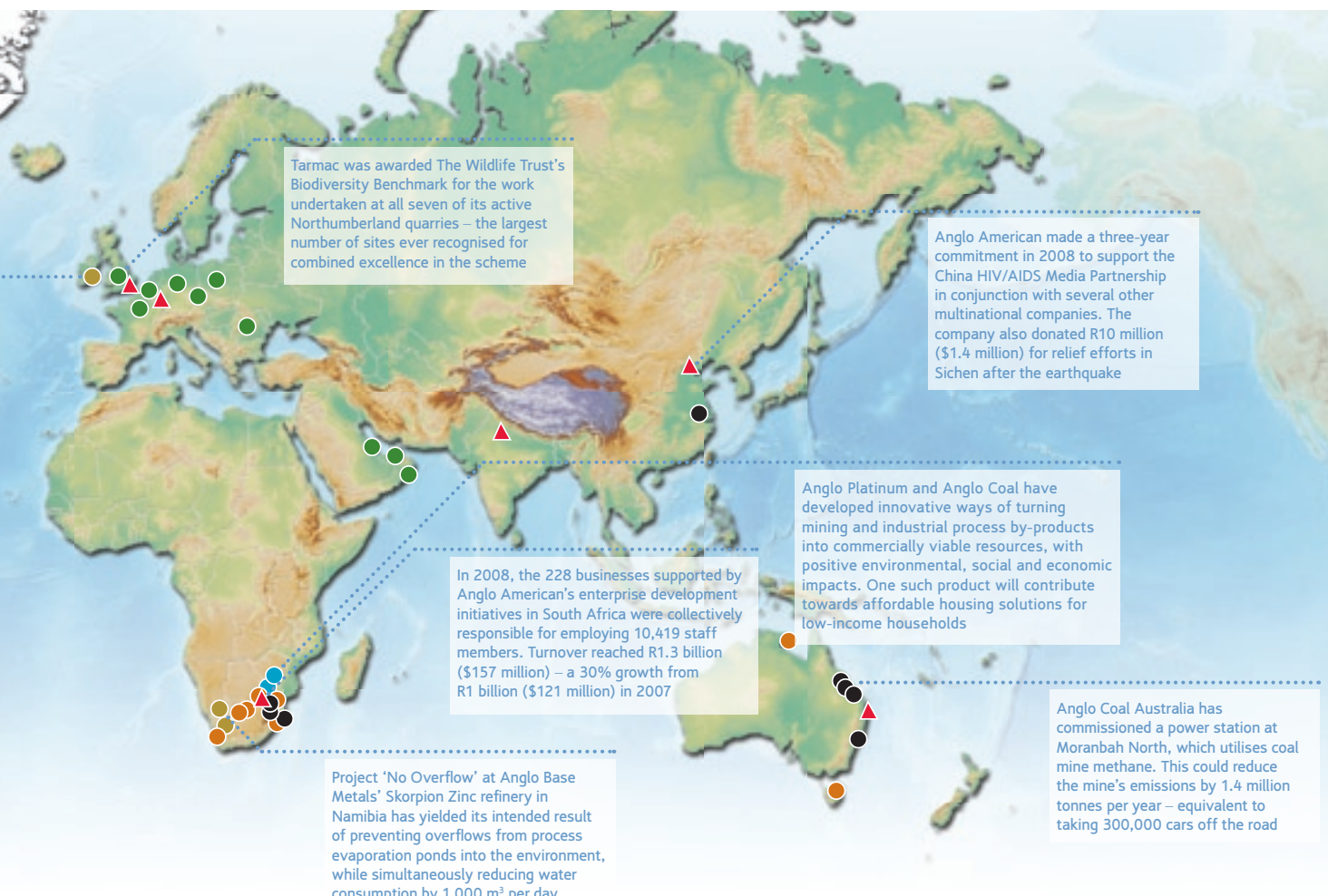
In Chile, its six copper operations comprise the wholly-owned Los Bronces, El Soldado, Mantos Blancos and Mantoverde mines, the Chagres smelter and a 44% interest in the Collahuasi mine. Other South American operations are the Loma de Níquel nickel mine in Venezuela and the Codemin nickel and Catalão niobium operations in Brazil. Anglo Base Metals also has a controlling interest in Copebrás, a leading Brazilian producer of phosphate fertilisers and phosphoric acid. In southern Africa, the Skorpion mine produces zinc and the Black Mountain mine produces zinc and associated by-products, such as lead. Anglo Base Metals' sole European operation is the Lisheen zinc and lead mine in Ireland.

Ferrous Metals

Anglo Ferrous Metals' primary business is iron ore. In South Africa, it holds a 63% shareholding in Kumba Iron Ore. In Brazil, it holds an effective 99.4% interest in the Minas-Rio iron ore project, an effective 69.2% interest in the Amapá iron ore system and a 49% interest in LLX Minas-Rio, the owner of the port of Açú. Other interests principally comprise Samancor Manganese (manganese ore mines and alloy plants) and Scaw Metals (steel products).

Through Kumba Iron Ore, Anglo American is the world's fourth largest iron ore producer in the global seaborne iron ore market.

Find out more

www.angloamerican.co.uk

Coal

The Group's coal interests are held through its wholly owned Anglo Coal business, one of the world's largest private sector coal producers and exporters.

Anglo Coal currently produces around 100 million tonnes of thermal and metallurgical coal from four geographic regions: South Africa, Australia and North America (Canada), as well as joint ventures in South America (Colombia and Venezuela). Anglo Coal's excellent growth prospects in thermal and metallurgical coal will ensure the Group is firmly placed to help meet increased global energy needs and will continue to play an important part in Anglo American's growth.

Industrial Minerals

Anglo Industrial Minerals' sole business is Tarmac. Tarmac has a leading position in the UK construction materials industry and is well positioned in certain key markets in continental Europe and the Middle East.

In 2007, Anglo American announced plans to sell Tarmac. The sale process has been delayed until current credit market conditions improve. However, the Tarmac group continues to be managed to maximise shareholder value while options for its sale are being explored.

02 Sustainable Development

Chairman's foreword



"In tough times, achieving sustainable development becomes more complex, but no less important"

Sir Mark Moody-Stuart, Chairman

During 2007 and the first half of 2008 the mining sector grappled with the challenges of soaring demand and the reality of severe supply constraints. Many of these constraints were directly related to the sustainable development agenda: access to water, skills shortages, energy supply, and permitting and consent processes. The last four months of the year presented a rather different set of issues as commodity prices fell at an unprecedented rate. Most significantly, the severity of the current downturn has been caused by serious failures of the overall financial system and a collapse in confidence and trust. Indeed, it seems probable that confidence in business itself will have taken a formidable knock, and the danger is that if the current recession persists it will be worsened by nationalism.

Global challenges

Meanwhile, pressing global challenges persist – addressing climate change and reaching the Millennium Development Goals are as urgent now as before, if not more so. In tough times, achieving sustainable development becomes more complex, but no less important.

Within the business, we will seek to maximise the value which we generate for

our stakeholders through our value-based management approach, asset optimisation and the creation of an integrated approach to our supply chain. These are key pillars of our One Anglo strategy. This aims to realise synergies, to stimulate greater collaboration and knowledge sharing and to ensure that the organisation is united by common values and approaches.

The Board is wholly supportive of the strong drive on safety that our chief executive has led and of her strong personal commitment in the area. We are encouraged by the progress which is addressed in her report.

Commitments to communities

We remain focused on making a difference to the lives of the communities where we work, both through times of plenty and recession. We have made commitments to community development programmes in many parts of the world associated with both our project development plans and our operations.

The Board will ensure that we honour them, even where we have had to take the decision to slow or suspend investment. Indeed, as a result of an internal review of the social performance of our operations in South Africa, we will be embarking in 2009



on some significant programmes designed to improve our ability to contribute to development.

During 2008, we saw the first fruits of the roll-out of the updated Socio-Economic Assessment Toolbox (SEAT2) and an important breakthrough was achieved in resolving a long-standing dispute about a poorly executed resettlement at Cerrejón Coal (one-third owned, independently managed) in Colombia. The resettlement had been undertaken under a previous management but had detracted from the current operation's otherwise impressive community development programmes. The breakthrough was made possible by an independent third-party review. Indeed, the use of such devices and other grievance mechanisms will assume greater prominence in the wake of a thoughtful and influential report on business and human rights by John Ruggie, the United Nations Secretary-General's Special Representative on human rights and transnational corporations and other business enterprises.

We also achieved a step-change in the scale of our enterprise development programmes. In South Africa, for example, Anglo Zimele opened 11 small business hubs in mining communities and companies supported through the Zimele unit were employing more than 10,000 people

by the end of 2008. In Chile, a similar programme called Emerge continued to grow and in Brazil we launched an ambitious new small business and livelihoods programme at our Barro Alto nickel project. The most important development contribution we can make is through direct and indirect job creation. Jobs are not only a source of income but, more importantly, a source of dignity and empowerment.

Climate change

Energy security became a preoccupation in 2008, especially in South Africa and Chile. At an international level, there was disappointing progress on agreeing a framework for tackling climate change. The post-Kyoto regime must be founded on market-based mechanisms and an enabling, rather than overly-prescriptive, regulatory framework. The lack of predictability about the future cost of carbon and the regulatory environment is a major constraint on the ability of the private sector to innovate and invest.

We were glad to lend our support to the Australian government's recent initiative to promote carbon capture and storage (CCS) but were disappointed when we had to take the difficult decision to place the Australian Monash Energy coal-to-liquid and CCS project under review. The unfortunate reality is that both the changed commercial environment and the failure of governments to agree a regulatory framework for carbon sequestration, and for carbon abatement more generally, make it difficult to contemplate such a high risk project at the present time.

Principles and commitments

In 2008, we consulted stakeholders internally and externally on making revisions to the Group Corporate Citizenship Business Principles – and an updated version will be launched this year. We continued to be actively engaged in a number of international multi-stakeholder initiatives, including the Extractive Industries Transparency Initiative, the Voluntary Principles on Security and Human Rights, the UN Global Compact, the Global Reporting Initiative, and the Investment Climate Facility for Africa, as well as a series of HIV/AIDS programmes at a local, national and international level. These partnerships provide frameworks through which we can address key developmental issues with governments and civil society. The challenge in most cases, however, is to broaden the base of participation so as to increase their traction and perceived legitimacy. Further important engagement took place with other stakeholders through the International Council on Mining & Metals, whose sustainable development principles provide a framework for performance, reporting and analysis.

Human rights

Two major challenges in 2008 were Anglo Platinum's relocation of two villages in South Africa's Limpopo province and the development of a new platinum mine in Zimbabwe.

The Anglo Platinum Motlhotlo resettlement involves moving 957 households, of which all

but 73 have chosen to move into more modern housing in a village with functional schools, proper medical facilities and improved access to land and water. However, aspects of community consultation and capacity building could have been better handled and work remains to be done on improving economic development opportunities. A review by the South African Human Rights Commission was critical of aspects of the resettlement but did not find the company guilty of abuses. We are hopeful, however, that the commission may facilitate a dialogue to resolve outstanding differences between groups in the community.

We have invested in Zimbabwe over many years and share the concerns about the economic and humanitarian conditions in the country. We hope that the recent decision to form a unity government will deliver greater stability and respect for human rights. Our major investment is in the development of the Unki platinum mine by Anglo Platinum. This has been under construction since 2003 and will not produce saleable concentrate before the third quarter of 2010 at the earliest. Since most of the in-country construction costs have been financed from funds trapped under the jurisdiction of the Reserve Bank of Zimbabwe and important capital equipment has been purchased offshore, together with the fact that Anglo Platinum will not be paying substantive amounts of tax before it goes into production, the investment has played no part in 'propping up' the Mugabe regime. Moreover, this investment provides economic opportunities for the employees, their families and local people in what are otherwise dreadful circumstances. We have also made a contribution to the humanitarian effort to address hunger and disease in the country. Whatever transition occurs in Zimbabwe, investment from responsible companies must play a critical role in reconstruction.

The future

Some analysts believe that because of the speed with which the industry has constrained production and new project development in the face of the current downturn, and the structural impact of continued urbanisation in east and south Asia, we shall be well placed to benefit from the uplift in metals prices when economic conditions begin to improve. So, even if some of the issues that drove the sustainable development agenda in the sector are less prominent in the immediate future, they may well recur before long. Thus, in the face of continuing stakeholder expectations, the need to maintain our long-term licence to operate and our own ability to expand post-recession, there is a clear business case for continuing to focus on sustainable development – albeit with clear prioritisation.

Mark Moody-Stuart

Sir Mark Moody-Stuart
16 March 2009

Chief executive's statement



"Our sustainable development programme touches on every aspect of our business"

Cynthia Carroll, chief executive

At Anglo American, for many years, we have seen our sustainable development and corporate citizenship endeavours as a source of competitive advantage, differentiating us from our peers, and improving our bottom line. It is our hard-earned reputation in these areas that provides a vital underpinning for our business to prosper through all phases of the cycle.

The speed of the decline in commodity prices during the later months of 2008, however, was without direct precedent even in an industry noted for volatility.

Many of the problems we have recently seen in the world economy spring from a loss of trust and confidence and the effect of unsustainable asset prices and levels of debt.

Against this backdrop, Anglo American delivered a strong performance for the year as a whole. We achieved operating profit of \$10.1 billion and underlying earnings of \$5.2 billion, with strong performances from our coal, iron ore and manganese businesses. We also paid taxes (borne and collected) totalling over \$4.1 billion.

The economic outlook, however, remains poor, with continuing downward pressure on commodity prices and weak demand. As a result, we have taken major steps to position the Group through the downturn. These include suspending dividends, cutting our project capital expenditure by around half to \$4.5 billion for 2009, and minimising costs and maximising efficiencies internally.

Inevitably, the global slowdown has had an effect on the size of our own workforce. Regrettably, as part of our strategy to see Anglo American through this deep downward phase in the cycle, we expect to make significant cuts in headcount across the Group during 2009. We are pursuing as many ways as we can to try to avoid retrenchment – so we are looking to achieve at least three-quarters of the reduction through natural attrition, redeployment and the scaling back of contractor numbers.

This turbulent environment created challenges for all of our stakeholders – investors (many of whom have to fund the pensions of millions of policy-holders), employees,

governments, customers, suppliers and local communities. Since ours is a business which relies upon long-term relationships, we must continue to be conscious of the hardship being felt by many of those who are touched by our business.

Sustainable development is not something that can be divorced from financial performance. In times such as these, there is a danger that business could lose sight of the sustainable development agenda. That would be short-sighted and wrong – and confirm the prejudices of those who felt that we had taken the sustainability agenda on board only as long as the good times lasted.

We must not do this. The global challenges of addressing climate change, of reducing carbon emissions and of reaching the Millennium Development Goals have not gone away, and we in the extractives industry must guard against attempting to secure short-term financial objectives and long-term energy-security needs at the expense of the environment and poverty reduction. When I spoke at the Global Reporting Initiative (GRI) conference in Amsterdam in May, I emphasised the need for us to “pursue sustainable development initiatives with all the collective power we can muster. We must keep the pressure on – especially in seeking the breakthrough solutions that will herald the next wave of cleaner energy technology.”

For Anglo American, there is simply no choice or trade-off. Sustainable development is not merely an adjunct to the business – a ‘nice to have’ add-on. It is part of our DNA, embedded in our culture and is fundamental to the way we do business. Our founder Sir Ernest Oppenheimer encapsulated this well when, nearly 60 years ago, and decades before ‘sustainability’ became a buzzword, he said: “The aim of this Group is, and will remain, to earn profits for our shareholders, but to do so in such a way as to make a real and lasting contribution to the communities in which we operate.”

Safety

In 2007, we placed safety at the centre of how we run our operations and declared that we would not accept as inevitable deaths and injuries at our operations. During 2008 we reached out to broaden the membership of our safety coalition by initiating a formal dialogue and fact-finding process with the South African government and the trades unions. Employers, government and labour representatives are now getting together to debate a range of issues affecting safety, to learn from international experience and to achieve a safer, more productive mining industry.

I am pleased to see progress in the South African mining industry as a whole. For 2008 there was a 24% decline in the number of deaths at the workplace in comparison with 2007. In our own Group, the total recordable case frequency rate decreased by 14%, with extended periods of incident-free, safe

production. Our lost-time injury (LTI) frequency rate – which for far too long had remained at a plateau – declined by 17% year on year. The number of our people who have lost their lives at work has fallen sharply to 27 in 2008 from 40 the previous year. Although any loss of life is greatly regretted, and remains unacceptable, we are encouraged by this progress.

Indeed, we have many operations, spread across the business units and geographies, which are world class in terms of safety performance. In Brazil, Anglo American Ferrous Metals has completed 3.5 million hours without an LTI and Anglo Base Metals' Codemin operation has operated for more than two years without a single LTI. In South Africa, Anglo Platinum's Union Mine had achieved more than six million fatality-free shifts by the end of 2008, with Mortimer Smelter having had no LTIs at all for the entire year, bringing its LTI-free achievement to 44 months. Kumba Iron Ore halved its lost-time injury frequency rate year on year. Such progress reflects the ongoing implementation and strengthening of The Anglo Safety Way at an operational level and the increased trust and dedication on the part of our employees. We recognise and celebrate operations achieving longer periods of LTI-free, safe performance as part of our journey to ‘zero harm’.

Key challenges

Mining operations can have a profound impact on local communities, economies, and the natural environment. At Anglo American, we intend to make a difference by minimising our environmental footprint and extending lasting benefit – until well after mining ceases – to the communities surrounding our operations.

Anglo American is faced with a range of environmental challenges, the foremost being climate change. Indeed, the potential impacts of climate change extend well beyond environmental risk. Mining is both a major energy user and a producer of coal. Given the rising demand for energy, particularly in the developing world, coal will inevitably continue to play a major role. The fundamental challenge is to harness its energy while reducing its impact on the climate through clean-coal initiatives. Business must be a key partner in delivering growth in a carbon-constrained world and we look to governments to provide clear rules as soon as possible to facilitate investment.

‘Water runs through everything we do’ is more than just our environmental team's new slogan; it reflects the important focus and progress in that area. We must ensure that we use water more efficiently and that the water we return to the environment meets, at the very least, the requisite quality criteria. Anglo American also needs to look beyond a technical ‘quality and quantity’ approach to water management, considering ourselves instead as part of a community of users which, through collaboration with each other, seeks to achieve

better overall water management. As an organisation, we also continue to monitor the potential impacts of climatic shifts on precipitation patterns, and how these are likely to affect our operations in high-risk areas.

In the energy field, we have set ourselves a target for improving our energy efficiency by 15% by 2014 and for reducing our carbon emissions per unit of production by 10% against a 2004 baseline. We have developed methane-capture projects at our coal operations in Australia – with a new power station at Moranbah North having the potential to reduce the mine's emissions by 1.4 million tonnes per year, which is equivalent to taking 300,000 cars off the road. In Ireland, our zinc/lead mine at Lisheen has been constructing a wind farm (since sold to a renewables company) that should supply enough energy to power 25,000 homes and cut national carbon dioxide emissions by around 100,000 tonnes per annum. Anglo American also forms part of the US government-led FutureGen Alliance, which is aiming for near-zero emissions power generation from coal. It is hoped that this project, mothballed under the Bush administration, will be revived under President Obama.

Last year, we took the difficult decision to place the Australian Monash Energy brown-coal-to-liquid and carbon capture and storage (CCS) project under review owing to unfavourable conditions and an uncertain regulatory environment for carbon sequestration. We were, however, pleased to announce our support as a founding member of the country's Global Carbon Capture and Storage Institute, which aims to accelerate the development and deployment of CCS projects.

As the largest producer of primary platinum, we are closely involved in research with speciality chemicals company Johnson Matthey and others into widening platinum group metals' automotive role from autocatalysts to fuel cells – possibly the ‘next wave’ in the search for a cleaner energy mix for vehicles.

Our international commitments

In the mining industry in particular, sustainability issues are becoming increasingly vital to business success. Accordingly, mining companies are having to understand how best to leverage their core businesses to create better development outcomes. Indeed, the industry needs to go way beyond mere compliance in tackling the agenda encapsulated in the Millennium Development Goals for 2015, including reducing extreme poverty, bringing down child-mortality rates, fighting disease epidemics such as HIV/AIDS, and developing a global partnership for development. I was, therefore, pleased to add Anglo American's support to the Millennium Development Goals Call to Action, which stressed that progress towards the goals depends upon both the role of governments and on galvanising the energies of non-state players, such as business.

Chief executive's statement continued

Best in practice

At Anglo American, we start 2009 with new policy frameworks for safety, health and the environment. This *Report to Society* provides several examples that serve to illustrate how we at Anglo American are endeavouring to align our sustainable development policies and practices with best-in-practice international governance, and how we are demonstrating leadership in this area. They include our unique Socio-Economic Assessment Toolbox (SEAT); building infrastructure that will benefit local communities and host countries for years after mining ceases; involvement in ways to reduce our carbon footprint, such as research into carbon capture and storage, coal-to-liquids projects and fuel cells; water conservation; promoting grassroots enterprise development; and combating HIV/AIDS.

For instance, in Peru, an important part of our work has been our engagement with local communities surrounding our Quellaveco and Michiquillay copper projects, inviting them to join us in building a shared vision of what a new mine can mean for them in terms of new opportunities. We have also worked hard to devise a solution to our water needs that is acceptable to a wide range of stakeholders. In the Quellaveco area, where water is a scarce and precious resource, our team has been doing demonstration work along with the local authorities in the use of drip irrigation. One farmer now uses only 20% of the water he did previously, while the saving he has obtained through the upgrading of his crops will pay for his drip-irrigation system within a year. We have also been helping farmers to improve the quality of their alpaca herds and diversify their diet by assisting them to plant a new range of crops. Similarly, near Michiquillay, we have been improving pastoral land through replanting. At both projects, we are devoting significant funds to education and, specifically, initiatives such as veterinary training and veterinary outreach to the community.

There are other initiatives which signal our intention to exert sector leadership:

- We continue to pave the way in HIV/AIDS treatment by starting the process of extending anti-retroviral treatment to the dependants of employees and to our contractor workforce.
- At the inaugural Commonwealth Business Council-African Business Awards, held in London in July 2008, we were judged the leader in three categories: best international business in Africa; biggest contribution to the Millennium Development Goals; and gender sensitivity.
- In Chile, we have received a number of awards for SEAT and our community-engagement and enterprise development initiatives
- Our enterprise development and micro-financing programmes in South Africa, Brazil and Chile are now generating jobs for more than 13,000 people
- In 2008, the Anglo American Chairman's Fund was voted the best corporate grantmaker in the Trialogue CSI Handbook survey for the eighth consecutive year.

Operational excellence

We made considerable progress during the year towards bringing the organisation together to capture more value by capitalising on and sharing best practices. 'One Anglo' is key to achieving our ambition of becoming the leading global mining company. The One Anglo strategy roll-out is progressing well as we have prompted discussion and debate around our Guiding Values:

- Safety
- Care and Respect
- Integrity
- Accountability
- Collaboration
- Innovation.

Our performance is being enhanced by delivering greater operational efficiency and discipline across all of our businesses. We are continuing to focus on extracting value internally and influencing what we can directly control in these extremely difficult times for the industry. Group-wide, we are rolling out our asset optimisation programme (AO) – the most important of a range of value-creating initiatives that are under way. AO is improving operational efficiencies at site level and delivering more value from existing resources, equipment and people, with added benefits flowing from performance benchmarking. We are also making good progress with the implementation of our procurement and shared services cost-reduction plans. As outlined to the investment community early in 2008, these initiatives, complemented by our AO projects, are planned to deliver \$2 billion in cost savings and efficiencies by the end of 2011.

As part of the One Anglo supply chain approach, we have also recently brought out our Supply Chain Sustainable Development Policy and Supplier Sustainable Development Code. These have been designed to help our suppliers understand what we expect of them in a changing global environment where sustainable development plays an increasingly important role. Supply chain sustainable development requires an ongoing concerted effort throughout our own businesses and into our supply chain, balancing good corporate citizenship, contributions to economic, labour and human rights and the environmental and educational well-being of the countries and communities where we are doing business.

The value of partnerships

We are benefiting, too, from the continuing strong and dependable customer and supplier relationships that we have developed over many years, a positive reflection of Anglo American's commitment to long-term partnerships with key stakeholders. In South Africa, the granting of 'new order' mining rights to managed operations represents not only a key milestone in terms of security of tenure, but is also evidence of how we are steadily improving our relationship with the government. This significant achievement provides an ever-stronger platform for our long-

term development projects in South Africa, our employees, contractors and our many black-empowered businesses partners.

Outlook

Business has to be an integral part of addressing the big challenges facing society – whether they be countering the current financial turmoil, climate change or the unacceptable proportion of the world's population that exists on less than a dollar a day. If we wish business to be seen to be part of the solution, then we need to bring our creativity to bear on improving the lot of those around us.

That is what Anglo American is seeking to do. We must improve our performance in relation to safety and diversity. But we also have the rare privilege of being able to lead and to innovate in areas like water conservation, HIV/AIDS, the creation of new businesses and community development. We have the ability to open the way to working in partnership with others to deliver real, tangible benefits for the communities where we do business.

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 make a difference in improving the lives of so many people throughout the world. Indeed, our sustainable development and corporate citizenship activities become even more important in times such as these. These are times when trust, built up over many years, can be destroyed virtually overnight – and that really does affect the bottom line.

What we are endeavouring to ensure is that Anglo American's sustainability programmes are fit for purpose, bolstering the business' capacity to ride out the downturn and emerge in robust shape for the upturn when it comes. They are not immune from economic reality; in these times we have to take difficult choices in all areas of our business. But they are integrated into how we do business, because we do better business that way.

I hope you enjoy reading this our *Report to Society 2008* and I would welcome your feedback.



Cynthia Carroll
16 March 2009

Our guiding principles

Principles and Guiding Values, relevant to particular sections of this report, are indicated at the top of the first page of each of the sections to illustrate how they apply in practice

Anglo American reports according to the Global Reporting Initiative (GRI), and in alignment with its commitments 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 Guiding Values

ICMM Principles

www.icmm.com

- 01 Implement and maintain ethical business practices and sound systems of corporate governance
- 02 Integrate sustainable development considerations within the corporate decision-making process
- 03 Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities
- 04 Implement risk management strategies based on valid data and sound science
- 05 Seek continual improvement of the Company's health and safety performance
- 06 Seek continual improvement of the Company's environmental performance
- 07 Contribute to conservation of biodiversity and integrated approaches to land use planning
- 08 Facilitate and encourage responsible product design, use, re-use, recycling and disposal of the Company's products
- 09 Contribute to the social, economic and institutional development of the communities in which the Company operates
- 10 Implement effective and transparent engagement, communication and independently verified reporting arrangements with Group stakeholders

UN Global Compact Principles

www.unglobalcompact.org

- 01 Businesses should support and respect the protection of internationally proclaimed human rights
- 02 Ensure that they are not complicit in human rights abuses
- 03 Uphold the freedom of association and the effective recognition of the right to collective bargaining
- 04 Eliminate all forms of forced and compulsory labour
- 05 Ensure effective abolition of child labour
- 06 Eliminate discrimination in respect of employment and occupation
- 07 Support a precautionary approach to environmental challenges
- 08 Undertake initiatives to promote greater environmental responsibility
- 09 Encourage the development and diffusion of environmentally friendly technologies
- 10 Work against corruption in all its forms, including extortion and bribery

Public commitments

- Extractive Industries Transparency Initiative
- Voluntary Principles on Security and Human Rights
- Caring for Climate: the Business Leadership Platform
- Global Reporting Initiative
- Millennium Development Goals Call to Action

Good Citizenship Business Principles

www.angloamerican.co.uk

Anglo American's Good Citizenship Business principles guide the Company's decisions and actions. Group companies and operations are required to adhere to consistently high standards of integrity and to respect the dignity and human rights of individuals and communities. The Company strives to make a lasting contribution to the communities associated with its operations and recognises that its long-term success depends on taking into account the views of all stakeholders.

The principles set out the Group's guiding philosophy in its dealings with stakeholders, its approach to investment decisions, its strong stance against corruption and its commitment to whistle-blowers. The principles provide a strong commitment to the Universal Declaration on Human Rights and to addressing issues of historical disadvantage amongst groups like indigenous peoples and set out the Group's support for the core labour rights and commitment to investing in the development of its employees.

The principles also recognise the importance of safety and sustainable development including the need for careful environmental stewardship for future generations.

Guiding Values

In 2008, Anglo American launched a set of guiding values:



Safety



Care and Respect



Integrity



Accountability



Collaboration



Innovation

A global business fit for the future

Anglo American's strategy is to become the leading global mining company. To realise that ambition, the Group is striving to become the investment, partner and employer of choice

Investment of choice

Anglo American seeks to outperform its competitors in delivering value to the Company's shareholders. Everything that Anglo American hopes to achieve for all of its stakeholders – investors, employees, host governments and communities – must be built on a platform of sector-leading financial performance.

To achieve this, Anglo American is:

- Raising the performance of its long-life asset base through cost and productivity improvements
- Integrating a stronger performance culture across the Group and streamlining its management model
- Prioritising capital expenditure towards those businesses and development projects that are expected to perform most strongly in the near term.

Raising the performance of the asset base

In 2007, Anglo American initiated a major drive to improve efficiency and announced a substantial cost-reduction programme that is targeting \$1 billion of savings from procurement and shared services by 2011. Integrated into this programme is the Company's supply chain sustainable development initiative.

Anglo American's asset optimisation programme involves a thorough review of all its key mining operations and includes benchmarking assets and processes relative to best-in-class performance. This work is delivering substantial resource-efficiency benefits.

Integrating a stronger performance culture

To meet its strategic goals, Anglo American is accelerating the transformation of its organisational culture from 'old Anglo' to 'One Anglo'. The Group is capitalising on its global scale, with increased integration in areas like shared services and supply chain management, knowledge-sharing between sites and across business units and adherence to common standards and policies.

Furthermore, Anglo American is embedding a performance culture throughout the organisation and building a management team driven by value maximisation. As part of this process, the Company has announced significant changes to its executive teams, including new chief executives for its base metals, coal and platinum businesses since June 2007.

Prioritising capital expenditure

Anglo American's portfolio is strategically positioned for growth in the near, medium and long term, through both organic growth and targeted acquisitions across a number of geographies.

The Group's approved project pipeline is in the order of \$17 billion. The pipeline is focused on the most attractive commodity markets, such as copper, seaborne iron ore and export coal and capitalises on Anglo American's unique position in platinum.

The Group's projects offer the benefits of scale and are expected to be positioned in the lower half of the industry cost curves. Anglo American's pipeline has the potential to deliver strong production growth and market-share gains in all core market segments.

The rapid and steep decline in prices and demand for the majority of the commodities produced by the Group in the second half of 2008 has presented a significantly changed near-term outlook. As a result, the Company has recently completed a wide-ranging review of its capital expenditure programmes. The review focused particularly on prioritising projects that are expected to perform most strongly in the near term, with little detrimental effect on projects that are already at an advanced stage of development.

Thus, planned capital expenditure for 2009 has been more than halved to \$4.5 billion. This substantial reduction will be achieved principally by rescheduling capital spending on many major development projects.

The \$3.2 billion of capital expenditure allocated to the Group's projects in 2009 will enable their continuing development without incurring undue delays or penalties that may impact their investment case, and balances necessary short-term action in the context of the long-term nature of the mining industry. These projects are a key driver of Anglo American's future growth and several are well timed to enter production from 2011 onwards. Stay-in-business capital expenditure for 2009 has been reduced to \$1.3 billion, equal to 64% of depreciation.

In addition to organic growth plans, Anglo American continues to pursue targeted, value-enhancing acquisitions and is looking for assets that:

- Are in the most attractive market segments
- Have scale, long life and future growth options
- Are cost-competitive
- Offer significant value creation potential to Anglo American above the cost of investment.



ICMM Principles

02, 03, 04, 05, 09

UN Global Compact Principles

01, 02, 06, 07, 08

Anglo American Guiding Values



Safety



Care and Respect



Accountability



Integrity

Partner of choice

Anglo American recognises that building partnerships with governments at all levels is critical to earning and retaining its licence to operate, which is why the Company seeks to engage with its host governments to understand and complement their objectives.

Internationally, Anglo American works closely with governments, civil society and other companies to achieve shared goals in areas like revenue transparency, security and human rights, and improving the investment climate, especially for small businesses in Africa and South America.

At a national level, an example of Anglo American's commitment to seeking to work in partnership with governments has been its increasingly collaborative relationship with the South African government to improve safety performance in the mining sector, to find solutions to the challenges around electricity supply, to promote enterprise development and education, and to make progress towards the country's transformation goals.

Anglo American seeks to earn the consent and support of the communities who live around its operations and potential projects. Such communities rightly expect to share in the benefits of mining, and the Group aims to work with them to deliver meaningful and long-lasting benefits.

The Group cannot do this alone and welcomes the knowledge, skills and expertise to be gained by working in partnership with non-governmental organisations (NGOs) as well as aid and development agencies. To help Anglo American to understand the concerns, priorities and needs of local people better, it has also pioneered a unique process called the Socio-Economic Assessment Toolbox (SEAT), which is based on comprehensive local stakeholder engagement, assessment of direct and indirect Group impacts, and seeking ways in which its operations can help to support improved local development outcomes.

Employer of choice

Everyone who works for Anglo American is entitled to expect a safe and supportive working environment. A commitment to zero harm remains the Group's primary focus.

Anglo American offers a range of career paths for both technical and professional people. With its global footprint and growth aspirations, the Company can offer both exciting and fulfilling employment opportunities.

The Company aims to attract the best people in the industry, and facilitate and encourage professional and personal development for all its employees.

Anglo American is focused on developing talent and is committed to increasing diversity in its workforce, in which different experiences and points of view are supported and valued. The Company is particularly committed to encouraging more women into the organisation.



At Los Bronces copper mine in Chile, a load haul truck laden with ore prepares to take its load out on to the long climb out of the open pit

Making a difference

Anglo American's sustainable development strategy is embedded in Group policies and practices, resulting in an integrated approach to generating stakeholder value and environmental responsibility

Today, Anglo American operates in 45 countries in North and South America, Africa, Australia, Europe and Asia. Many of its operations are in the developing world, where there is a particular opportunity and responsibility to make a positive difference to the lives of individuals living in neighbouring communities. Anglo American does this through creating jobs and by being a catalyst for broader economic activity, by generating tax revenue and by ensuring that its activities are environmentally sound, socially beneficial and conducted in a manner which is sensitive to the interests and concerns of its diverse set of stakeholders.

Group operations are frequently catalysts for further and faster change, and aim to maximise the positive contributions they can make, alongside governments and society, to build a more sustainable future and to reduce any negative impacts Group activities might have.

Over many years, the Company has extended its sustainable development capabilities, positioning the Group with the leaders in this field. Engagement, partnership and industry collaboration are critical to this approach.

Anglo American's sustainable development principles are its benchmarks. They challenge the Company to:

- Be an efficient, ethical and value-creating business
- Create meaningful employment in safe and healthy environments
- Reduce its environmental footprint and contribute to biodiversity management
- Innovate and drive technology and process improvement
- Contribute to building more adaptable societies.

In 2008, the Group articulated a set of corporate values, which were founded on those developed within the business units. The values, which are highlighted throughout this report, are safety, care and respect, integrity, accountability, collaboration and innovation.



Building houses at Motlhotlo as part of the process of community resettlements at Anglo Platinum's Mogalakwena mine expansion. The bricks were produced locally by community members who had been trained to run the brick-making plant. Anglo Platinum facilitated this training and purchased the bricks from the community, thereby creating jobs and income for previously unemployed people from the community

ICMM Principles

01, 02, 05, 06, 07, 09

UN Global Compact Principles

01, 02, 08

Anglo American Guiding Values



Safety



Care and Respect



Innovation

Policy update

During 2008, several important Anglo American documents, policies and guidelines were updated. These include the Anglo Fatal Risk Standards, a comprehensive set of environmental performance standards, and a policy to integrate sustainable development in the supply chain along with a related guideline for suppliers.

Managing sustainable development

There are dedicated heads of external affairs, safety, occupational health, environment and HIV/AIDS, who are responsible for safety, social and environmental issues at a Group level. In addition, each environment business unit employs a head of safety and sustainable development who is responsible for the related performance of their business unit operations.

Business Sustainability Programme

Anglo American has played a key role in the development of an online sustainable development course for finance professionals and other business managers.

The Business Sustainability Programme, which was launched late in 2008 by the Institute of Chartered Accountants in England and Wales (ICAEW), is an e-learning programme aimed at raising awareness of the business case for sustainable development and the related issues that companies are faced with.

Anglo American's Group tax reporting manager provided vital input in developing the programme, which includes a case study on the Company's Socio-Economic Assessment Toolbox. The programme is available through the ICAEW website.

ICMM Principles

02, 04, 08

UN Global Compact Principles

07, 09

Anglo American Guiding Values



Care and Respect



Accountability



Innovation

Mine Closure Toolbox

In its efforts to ensure that it leaves a positive environmental, social and economic legacy, Anglo American has developed and launched its Mine Closure Toolbox

This long-term strategic planning tool is designed for use in conjunction with the Socio-Economic Assessment Toolbox (SEAT) and some of Anglo American's other new tools to support sustainable development planning, risk assessment and project evaluation. The toolbox will also help operations to comply with the requirements of The Anglo Mine Closure Performance Standard, which is part of The Anglo Environment Way.

The toolbox enables an iterative and more detailed approach to closure – thereby ensuring that the full spectrum of opportunities, risks and liabilities is effectively identified, that plans are fully costed and that provision is made for both extended life of mine or accelerated closure.

It consists of three separate tools, which deal with strategic planning, gap analysis, and the identification of required actions to address gaps. These three tools work together to demonstrate that the physical, biophysical and socio-economic components of mine closure should be addressed in an integrated manner to ensure confidence in the closure plan.

Toolbox training

The toolbox roll-out has included various training sessions and high-level presentations to management. To date, more than 350 copies of the toolbox have been distributed around the Anglo Group (including De Beers) and more than 140 people have been trained across the world. The toolbox and training material have been translated into Portuguese and Spanish for use by operations in South America.

Implementation

The toolbox is currently being implemented at more than 25 Anglo American and De Beers operations in South America, Europe and Africa and case studies from some of the first users have shown value from the process. Targets for implementation of the Mine Closure Toolbox across the Group are in the process of being set.

On this demonstration farm on one of the rehabilitated areas of Anglo Coal South Africa's Kriel colliery, a herd of cattle is being monitored as part of an investigation into the land's potential for grazing

Making a difference continued



Care and Respect



Accountability



Innovation

Beneficiation: from process by-product to broad-based benefits

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 South Africa's 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.

Richard Garner, environmental manager at Anglo Coal during 2008, showing delegates from World Business Council for Sustainable Development member companies a prototype of the gypsum house



Integrity



Accountability

Reporting on sustainable development

The *Report to Society* is a key vehicle in communicating Anglo American's sustainable development performance across the stakeholder spectrum

For the purposes of the *Report to Society*, Anglo American focuses on those companies within the Group over which it has management control. These include wholly-owned subsidiaries, those companies in which the Company has the majority shareholding, or joint ventures for which it holds the management contract. As a result, the reporting boundaries for the report differ from those of the Company's annual financial report. Anglo American established its boundary protocol using the GRI G3 guidelines. To aid the reader, a list of those business units is included in the report. Detailed data are included at the back of the report, which gives the breakdown of individual operations included under each business unit.

What's in

The report provides a detailed view of policy, strategy, management approaches and performance of the following wholly-owned or majority-owned business units: Anglo Base Metals; Anglo Coal; Anglo Ferrous Metals, which includes Anglo American Ferrous Brazil, Scaw Metals, Kumba Iron Ore (63.0% shareholding) and Vergelegen; Anglo Industrial Minerals (Tarmac); and Anglo Platinum (79.6% shareholding).

What's not

New acquisitions are given a grace period during which they must align their systems before reporting. Projects are included for safety data immediately but do not report comprehensively until they begin operating. The report, therefore, includes some anecdotal and case study material regarding operations purchased in 2007 and 2008, such as Anglo American Ferrous Brazil which includes Minas-Rio (still in the project phase), Amapá and the LLX-Minas Rio port, the Pebble project in Alaska, Michiquillay in Peru and Foxleigh in Australia.

The report does not include De Beers, in which Anglo American holds a 45% share, as the Company does not hold the management contract. De Beers is included in the financial figures on an equity basis. Similarly, other major associates such as Samancor Manganese, Tongaat-Hulett, Hulam, Collahuasi and Cerrejón are also not included. In March 2009, the Company announced that it had sold its remaining shareholding in AngloGold Ashanti. Both AngloGold Ashanti and De Beers produce sustainable development reports.

Exceptions

When material issues of sustainable development concern are raised about companies with which Anglo American is associated, either as a joint venture partner or as a shareholder, it is committed to reporting the issue and providing the reader with a brief summary of the issue. On this basis, for a number of years, progress with regard to Cerrejón, the Colombian coal operation in which the Company has a 33.3% shareholding, has been highlighted.

Engagement on reporting

The Company engages extensively with internal and external readers on the content and issues in the Report. Included in these engagements is an annual feedback session held with the 'socially responsible' investment community in London and ongoing engagements with NGOs with whom the Company has structured partnership agreements, such as CARE International and Fauna & Flora International. Responses are sought through feedback forms and from universities, which regularly use Anglo American's report as part of their curriculum material.

Further, the Company participates annually in a variety of indices such as the Dow Jones Sustainability Index, the UK Business in the Community Corporate Responsibility Index and the Johannesburg Securities Exchange's SRI index and engages the organisers on issues, opportunities and gaps in Group public information. Anglo American welcomes feedback from all readers and on an ongoing basis explores opportunities for improving engagement on the report.

Audience

Because of Anglo American's global spread and the size of the Group, it is not possible to provide detailed information about every issue at every operation for all stakeholder groups. Anglo American subsidiary companies therefore produce their own focused reports that address the concerns of local stakeholders in more detail. The primary audience for this report is those external stakeholders who seek an overview of the Anglo American Group sustainable development performance on key international issues. In addition, the Report is an important source of information for employees, who wish to build their understanding of the impacts of the Group as a whole.

Reporting accolades

In 2008, Anglo Chile, Anglo Platinum and Kumba Iron Ore all received awards for their 2007 sustainable development reports and the Anglo American *Report to Society 2007* was ranked among the top reports in South Africa and the UK. The Report to Society also won the Building Public Trust award for "Telling It How It Is" in the FTSE 100. Scaw Metals, Anglo American Brazil and Tarmac also published comprehensive reports in 2008. Anglo Coal published sustainable development reports about Australian, South African and global operations in 2008.

GRI compliance

Anglo American believes that it has achieved an A+ reporting level this year, signalling the Company's compliance with the Global Reporting Initiative (GRI) new generation (G3) guidelines and the Mining and Metals supplement (draft). This also meets its commitment to the International Council for Mining & Metals' Framework principles and the UN Global Compact. The GRI and Global Compact scorecard may be found online on the Group website: www.angloamerican.co.uk

External assurance

PricewaterhouseCoopers (PwC) was contracted again to provide independent assurance on selected information in this report. Its brief was to provide Anglo American with reasonable assurance on safety, health, environment and social indicators selected by the Company. PwC has had access to all the information it required to conduct assurance procedures as well as access to key senior and site staff. Its independent assurance report is published on page 66.

Directors' responsibility

Anglo American's directors are responsible for the preparation and presentation of the identified KPIs in accordance with internal corporate policies and procedures, and the GRI G3 guidelines.

Scorecard

This table illustrates Anglo American's sustainable development performance for 2008 in key focus areas and sets out targets for 2009 and beyond. Each focus area is aligned with the Group's strategy to become the employer and partner of choice.

Focus	Our goals for 2008	Status	2008 performance	2009 and future targets
Safe work environments ■ Pages 26-28	Zero harm	Not achieved	27 loss of life incidents in 2008 (2007: 40)	Zero harm
	All business units to implement new safety improvement plans (SIPs)	Ongoing	Good progress has been made on the co-ordination, development and implementation of SIPs across all business units	Ongoing SIP implementation
	Reduce lost-time injury frequency rate (LTIFR) by 35%	Not achieved	LTIFR decreased by 17%; total recordable case frequency rate also decreased 14%	Individual businesses have set LTIFR reduction targets. These aggregate to a Group reduction of 35%
Healthy work environments ■ Page 29	Implement The Anglo Occupational Health Way	Achieved	The Anglo Occupational Health Way was rolled out across the Group during 2008	Review all health risk assessments
	Reduce exposure at source and define, record and report all health exposure incidents	Not achieved	Progress on recording and reporting health exposure incidents has been slower than anticipated	Reduce exposure at source and define, record and report all health exposure incidents
	Ultimately eliminate occupational disease and health impairment	Ongoing	132 new cases of occupational disease were recorded in 2008 (177 in 2007)	Ultimately eliminate occupational disease and health impairment
HIV and AIDS ■ Pages 30-33	75% uptake of voluntary counselling and testing (VCT) in high disease burden countries	Achieved	77% VCT participation was achieved	80% VCT uptake in high disease-burden countries
	75% enrolment of estimated HIV cases in Anglo American HIV disease-management programmes	Not achieved	51% of estimated HIV cases were enrolled in Anglo American HIV disease-management programmes	75% enrolment of estimated HIV cases in Anglo American disease-management programmes
Corporate citizenship and community issues ■ Pages 38-49 □ Pages 38-49	Finalise human rights policy and guidelines	Ongoing	Human rights policy pending consideration by the Executive Committee. Roll-out anticipated in 2009 together with reinforcement of the Voluntary Principles on Security and Human Rights, and progress on establishing grievance mechanisms at site level which meet the key test of accessibility and due process. More than 2,000 employees and contractors at the Group's managed operations received training on the Voluntary Principles on Security and Human Rights	Finalise human rights policy and guidelines. Reinforce understanding and implementation. Provide further training on Voluntary Principles on Security and Human Rights At least 50% of significant operations to have a grievance mechanism in place that meets key tests of accessibility, procedural integrity and due process by the end of 2009
	Reinforce understanding and implementation			
	Provide further training	Achieved	20 sites commenced SEAT2 studies and 420 managers have been trained, to date, on the updated methodology	Ensure that SEAT reports are peer-reviewed prior to publication and that all significant Anglo American operations have carried out an assessment based on SEAT2 standards by the end of 2010
Local procurement and enterprise development □ Pages 23-25	Achieve or exceed various national procurement goals	Achieved	Managed South African companies spent R17.6 billion (\$2.1 billion) on procurement from companies owned by 'historically disadvantaged South Africans' (HDSAs), which amounts to 37% of total available procurement spend. This is a 35% year-on-year improvement	Achieve or exceed various national procurement goals
	Extend enterprise development activities to South America	Achieved	The Emerge programme in Chile is growing successfully and Anglo American is working with CARE International on enterprise development in Brazil Number of businesses supported by all Anglo American enterprise development initiatives: 3,012; jobs sustained: 13,431	Increase number of businesses supported by all enterprise development initiatives to 3,500 and number of jobs sustained to 18,000
Diversity □ Page 34 ■ Page 34	40% HDSAs at management level and 10% women at Anglo American in South Africa	Achieved	45% of Anglo American employees at management level in South Africa are HDSAs and 10% of South African employees are female	Future targets will be determined by the transition from the Mining Charter to the Black Economic Empowerment Code, which is yet to be ratified
Sustainable development integration into business model through guidelines and practices □ Page 64	Progress from segmentation model to Group-wide implementation for supply chain sustainable development	Achieved	Policy and code have been approved and are available in the public domain. Sustainable development requirements were included in global tender documentation and communicated during the One Anglo Supplier conference to over 80 suppliers	Engage with prioritised suppliers according to engagement methodology: inform, assess, verify, develop
	Refine investment appraisal guideline for use in acquisitions and roll-out	Achieved	Sustainable development criteria were more fully included in investment projects and project appraisal guidelines were developed by Anglo Technical	Prepare standards and guidelines for sustainable development in business development

- **Employer of choice**
 □ **Partner of choice**

Focus	Our goals for 2008	Status	2008 performance	2009 and future targets
CO₂ emissions □ Pages 59-61	10% reduction in carbon dioxide equivalent (CO ₂ e) emissions per unit of production by 2014 based on 2004 baseline	Ongoing	CO ₂ efficiency Footprint model developed and implemented across all business units	10% reduction in CO ₂ e emissions per unit of production by 2014 based on 2004 baseline Implement new methodology for improved CO ₂ efficiency monitoring and reporting
	2008 transport emissions, including air travel, to be reported. Determine materiality and risk	Ongoing	Not completed	To be completed in 2009
Energy □ Pages 57-58	15% reduction in energy consumption by 2014 based on 2004 baseline	Ongoing	Energy Footprint model developed and implemented across all business units	15% reduction in energy consumption by 2014 based on 2004 baseline Implement new methodology for improved energy efficiency monitoring and reporting
	Analyse and improve metrics, performance and methodology for monitoring and measurement	Achieved	Analysis ongoing	Based on the energy efficiency monitoring results, each operation to set an ambitious, realistic, time-bound energy reduction target
	Review targets	Ongoing	Review ongoing	
Water □ Pages 52-53	Ongoing development of water balances and performance management metrics	Achieved	Water Footprint model developed and implemented across all business units	Implement the Group water strategy Implement water efficiency monitoring and reporting model Each operation to set a water reduction target
	Set clear targets in 2008 and finalise water strategy	Ongoing	Good progress in 2008, with finalisation expected in early 2009	Each operation to develop a water reduction plan and a water action plan Sign up to the UN Global Compact CEO Water Mandate
Biodiversity □ Pages 54-56	10 sites to be peer-reviewed in 2008	Achieved	12 sites reviewed in total, of which five sites were independently reviewed by Fauna & Flora International	All new sites to have a Biodiversity Action Plan within two years Seven sites to be reviewed internally Three sites to be reviewed by an independently recognised conservation NGO
	Review Group exposure to protected areas	Ongoing	Research ongoing	No endangered species will be lost or adversely affected by operations
Waste management □ Page 65	Study waste streams at Group operations and set appropriate Group recycling and reduction targets	Ongoing	Study commenced but not completed	Continue with the investigation of waste streams at Group operations and set appropriate Group recycling and reduction targets
	All sites to segregate waste streams and set recycling targets	Not achieved	There has been progress at many sites, but not all have been completed	All sites to segregate waste streams and set recycling targets
	Finalise and publish as a performance standard in The Anglo Environment Way	Achieved	Mineral Waste Performance Standard and Non-mineral Waste Performance Standard were developed	
Mine closure □ Page 13	Extend use of Mine Closure Toolbox	Achieved	More than 350 copies of the toolbox have been distributed and more than 140 people have been trained throughout the world Implementation has commenced at 25 Anglo American and De Beers operations in South America, Europe and Africa	Continued implementation
Materials stewardship □ Page 63	REACH: finalise participation in commodity consortia and manage risks and opportunities for registration phase appropriately	Ongoing	Anglo American companies are appropriately represented in the REACH process and successfully met the deadline for pre-registration of all relevant substances	Manage risks and opportunities of the registration phase (to be completed in 2010) This will require active participation in commodity Substance Information Exchange Forums (SIEFs)
Management systems and reporting □	All operations have safety, health and environmental management systems that are certified to international standards	Achieved	Target achieved	All Anglo American operations have safety, health and environmental management systems that are certified to international standards
	New acquisitions and operations are required to be certified within two years	Achieved	Target achieved	New acquisitions and operations are required to be certified within two years
Air quality □ Page 50	Determine reporting protocol as emissions are not materially significant for the Group, but locally important for specific operations	Achieved	An Air Quality Performance Standard was produced as part of The Anglo Environment Way and includes an emissions reporting protocol	Apply the new standard and report where emissions are locally significant

03 Economic Value

Corporate governance

Anglo American is committed to the highest standards of corporate governance

Anglo American believes that strong, accountable and safety-conscious leadership is essential to achieving its goals.

The Board of directors, chaired by Sir Mark Moody-Stuart, is responsible to shareholders for the Company's performance. In addition to the chairman, the Board has two executive and nine non-executive directors, eight of whom are independent. A formal evaluation of the Board, its committees and its directors, is carried out annually. Board responsibilities include setting strategic objectives; major acquisitions, disposals and capital expenditure; oversight of internal control systems; governance; and risk management. The composition of the Board is described in detail in the Annual Report and on the Group website.

The Executive Committee develops corporate and business unit strategy, monitors strategic progress in terms of key milestones and reviews the operational, safety and sustainable development procedures of the Group's business units.

The Executive Committee consists of Cynthia Carroll, Group chief executive; René Médori, finance director; Russell King, chief strategy officer; Mervyn Walker, Group head of human resources; Tony Redman, Group technical director (retired December); Kuseni Dlamini, head of Anglo American South Africa, and the chief executives of each of the business units.

The Board has sub-committees responsible for audit and reporting integrity, remuneration and nominations, as well as safety and sustainable development (S&SD). During the year, the S&SD Committee, chaired by Dr Chris Fay, met four times. The members in 2008 were Cynthia Carroll, Bobby Godsell (retired April), Sir Mark Moody-Stuart, Dr Mamphela Ramphele, Tony Redman and Peter Woicke. Other than the absence of one committee member for the February meeting, there was a 100% attendance. Three of the meetings were held in London, with one in Brazil linked to site visits to the Minas-Rio port construction project and the Barro Alto nickel project.

An S&SD executive committee, comprised of discipline heads (safety, environment, health, social and HIV/AIDS) and business unit S&SD heads, meets monthly. This committee is responsible for developing framework policies and guidelines for managing sustainable development issues and ensuring their progressive implementation throughout the Company.

Governance

As a global organisation, Anglo American complies with the leading international corporate governance standards and controls the Company in a transparent and accountable way.

Anglo American also works with a number of organisations and stakeholders to increase the mining industry's overall transparency and accountability. Examples of this include its long-standing participation in the International Council on Mining & Metals (ICMM), the multi-stakeholder Extractive Industries Transparency Initiative (EITI) and the Voluntary Principles on Security and Human Rights.

Role of employees and contractors

Employees and contractors play a key role in helping the Company to maintain good governance. They are expected to comply with the Group's Good Citizenship Business Principles. Compliance with these principles is described through a system of letters of assurance provided through each of the business units and major corporate entities. During 2008, employees and external stakeholders were consulted with a view to updating the principles. The roll-out of the updated version will take place around the middle of 2009.

In 2008, 759 employees, of whom 69 were managers, were dismissed for breaches of the principles (compared with 567 employees and 37 managers respectively in 2007). A further 1,249 were subject to lesser disciplinary sanctions. Breaches of the principles are defined to include acts of dishonesty, intimidation or acts of violence, harassment, breaking safety or environmental rules, breaches of confidentiality, conflicts of interest and activities likely to bring the Company into disrepute. Contracts with 38 contracting companies or suppliers were terminated for breaches of the principles. This compares with 99 such terminations in 2007. This significant fall is almost entirely attributable to changes within Anglo Platinum, which that company sees as reflecting an increasingly systematic approach to ensuring supplier/contractor awareness of and compliance with the requirements of Anglo American's business principles and a more active approach in removing poor performers in the preceding years.

Speaking up

During 2008, 208 alerts (2007: 230) were received via Anglo American's independently

operated SpeakUp whistle-blowing facility, which is available in appropriate languages in every country in which the Group operates.

The facility is the channel for internal and external Anglo American stakeholders to report unethical or unsafe business practices anonymously. These might include bribery and corruption, breaches of safety and health standards, theft, discrimination, damage to the environment, and improper accounting practices. Each alert was evaluated and, where appropriate, investigated.

Information regarding the facility is provided to all new employees at induction. The individual business units reinforce the availability of the facility through their own information campaigns. Communication with suppliers and other external stakeholders also occurs via the business units, usually through inclusion of SpeakUp contact details in documentation such as contracts or invoices.

Proportionally, the highest number of complaints in 2008 concerned human resource issues, such as allegations of inappropriate appointments, discrimination and abusive behaviour. While such anonymous allegations can be hard to substantiate, they can be a useful indicator of underlying issues that would otherwise remain unheard. Relationships with suppliers were the source of the majority of the substantive issues. In one example, a SpeakUp alert led to a procurement review that highlighted inappropriate relationships between sub-contractors and an employee at an operation. The contracts of three sub-contractors were terminated and one employee was dismissed for gross misconduct.

In total, 149 alerts were closed following investigation. Of these, 107 were either not proven, or proved false, and 42 resulted in management action. Efforts are ongoing to ensure that all alerts are handled appropriately and consistently across the Group.

In addition to SpeakUp, business unit security and Group assurance services have a number of alternative sources and channels of information for identifying malpractice or dishonesty.

Political donations

No political donations were made in 2008. Anglo American has an established policy of not making donations to any political party.

ICMM Principles

01, 02, 03

UN Global Compact Principles

01, 02, 06, 10

Anglo American Guiding Values



Care and Respect



Integrity



Accountability



Collaboration

Corruption and transparency

Anglo American continued to be represented on the board of the Extractive Industries Transparency Initiative (EITI), which promotes revenue transparency in resource-dependent countries and helps deter corruption and embezzlement. As a participant in the UN Global Compact, the Group has also committed to working against corruption in all its forms, including extortion and bribery.

During the year, 2008, instances of pressure being applied to Anglo American employees to pay bribes to public officials were recorded in two African and two Latin American countries. They were resisted successfully.

In 2008, work was undertaken on the development of a single policy and set of performance standards to increase the Group's ability to prevent corruption, fraud and conflicts of interest. These standards will be rolled out in 2009.

Government relations

The Group's newly established Government Relations Council met three times in 2008 under the chairmanship of the Group head of

external relations. Council membership includes representation from each business unit, key corporate functions and countries of particular importance to the Group. A critical function of the council is to conduct reviews of political risks in key jurisdictions.

In July, the Executive Committee and other senior executives held an in-depth political risk strategy workshop. This endorsed the objective of achieving more pro-active engagement with governments and the development of the necessary corporate policy, guidance and training, and incorporating the ethical aspects of engagement in order to deliver on this agenda across the Group. Each major country in which Anglo American operates is now required to have a government relations strategy and programme. The Government Relations Council is overseeing this work programme, which will be completed in 2009.

Anglo American also interacted extensively with governments in a multilateral context, including through the Voluntary Principles on Security and Human Rights, the Investment Climate Facility of Africa, the EITI, the UN Global

Compact and the Global Fund for HIV, Malaria and TB. In addition, senior Anglo American executives presented to the Intergovernmental Forum on Mining, Metals and Sustainable Development and the first African Union/Economic Commission for Africa meeting of Mining Ministers in Addis Ababa in early 2008.

Anglo American understands that some stakeholders are concerned about whether companies exert unhealthy political influence and whether the Company's interactions on policy issues reflect its professed values. To address these concerns, the table below summarises major topics addressed by Anglo American's direct interactions with host governments and the most significant interactions that occurred indirectly through industry associations.

Representations made to, or interactions with, governments

Australia	Impact of Carbon Pollution Reduction Scheme Carbon capture and storage legislation Tax issues Mine expansion approvals Port constraints Health and safety levy Environmental legislation Social policy development	Norway	New mining law
Brazil	Mining royalty Infrastructure investment Licensing issues relating to Minas-Rio project Tax issues	Peru	Water usage legislation at Quellaveco Governance of Michiquillay social trust Extractive Industries Transparency Initiative
Canada	Permitting issues in British Columbia	South Africa	Electricity supply constraints Mineral rights conversions, Mining Charter review Mine health and safety and related legislation Land claims Leases around Mogalakwena mine Minerals and Petroleum Resources Amendment Bill Water licences and environmental legislation Competition issues Tax issues Expropriation Bill Anti-poverty initiatives Education Climate change scenario planning exercise
Chile	ENAMI option to purchase a minority stake in Anglo American Sur S.A. Water usage and availability at Mantoverde mine Tax issues	United Kingdom	Seeking exclusion of mineral extraction from the scope of the Community Infrastructure Levy Competition issues Tax issues Zimbabwe Business Council for Britain Business' role in achieving the Millennium Development Goals
China	Investment climate issues, especially the operation of the China Mining Investment Catalogue	United States of America	Tax issues The Pebble project
Colombia	Reform of mining code Community consultation arrangements in exploration zone	Venezuela	Representation made for restoration of 13 cancelled nickel mining concessions Environmental licensing Foreign-exchange issues
Democratic Republic of Congo	Mining regulatory regime	Zimbabwe	Discussions around empowerment credits in relation to Unki mining project
European Union	Competition issues EU Emissions Trading regime phase 3 Implementation of Registration, Evaluation and Authorisation of Chemicals (REACH) legislation		
Ireland	Energy prices		
Namibia	Implementation of mining royalty Proclamation of town of Rosh Pinah Labour market issues (shift systems; work permits)		

Payments to governments

The taxes that Anglo American pays as a company, those it collects from employees on behalf of government and those of suppliers dependent on the Company's presence, are important contributors to the creation of wealth and well-being in host countries

Social benefits arise where governments use these revenues to provide better social infrastructure (such as schools and roads) and public services. Governments may also use these funds for positive environmental impact, including better enforcement of legislation or fiscal incentives for emission reductions, for example.

In many regions of developing countries the absence of Group operations would mean fewer sources of employment, income and, therefore, tax revenues. In such cases, the socio-economic impact of the Group is significant. Furthermore, Anglo American's fundamental role in many local economies spreads significantly wider than Group operations and its employees, with direct and indirect benefits extending, for example, to businesses supporting the Group's operations.

More than \$2.9 billion was paid directly to governments in taxes in 2008 (2007: \$2.9 billion.) This included company taxes, employer taxes, royalties, transaction and other

taxes. In addition, Anglo American indirectly contributed some \$1.2 billion in value-added tax (VAT) and employee taxes, which it collected on behalf of governments and paid over to them. The regional breakdown is shown on page 21. The total tax borne, collected and remitted by the Group exceeds the corporate tax charge shown in the Income Statement. This is mainly because the tax numbers disclosed in this report reflect the total tax contribution, including some transactional taxes and taxes borne by employees.

Anglo American believes that this wider tax footprint is a valid reflection of the tax contribution that results from its activities. In addition, the Group's associates generated significant amounts in taxes on profits in the year, primarily in Africa, Colombia and Australia.¹

Because governments recognise the significant benefits that can accrue to an economy through the responsible extraction of natural

resources, many provide incentives to attract investment. These can be in the form of grants, special allowances, tax credits or tax/royalty holidays. Governments offer these to facilitate the import of foreign capital and technology and the transfer of technical and industrial skills. They recognise that the incentives, which are also offered to other industries, indirectly enhance diversification of the local economy, increase the contribution of the manufacturing sector towards job creation and increase the country's gross domestic product. The tax impact on the Group of these benefits is reflected in the tax numbers included in this report.

Many other indirect tax benefits arise as a result of Group operations, since Anglo American customers and suppliers also pay company, employee and other taxes.

Anglo American has a tax strategy that has been reviewed, endorsed by the Board, and is aligned with its long-term business strategy and the Group's Good Citizenship Business Principles. This strategy, actively managed through a global team of tax professionals, is central to Anglo American's tax governance, management of reputational risk and to ensuring that the appropriate amount of tax is paid in each jurisdiction.

¹ Associates (e.g. De Beers) are not reported on elsewhere in this report, except in financial earnings.



2008 statutory tax rates on a fully distributed basis*

	%
South Africa	35.45
Chile	37.5
United Kingdom	28.25
Brazil	34
Australia	30
Venezuela	34
France	34.4

* The statutory tax rate applicable in the jurisdiction on the basis of all profits being distributed out of the country by way of dividends.

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Anglo American Guiding Values



Care and Respect



Integrity



Accountability

Anglo American endorses the principle of transparency in its business dealings and is a signatory to the EITI, which promotes reporting on taxes by companies and the countries in which they are paid.

The Company endeavours to maintain constructive partnerships with tax authorities as this can result in the more timely resolution of any disputes and, in some cases, prevent disputes arising in the first place. In contrast, there are times when Anglo American must challenge tax authorities in the best interests of the Group. One example is the litigation under EU law relating to the taxation of foreign-controlled subsidiaries.

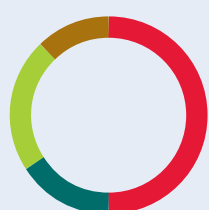
The corporate tax charge in the Income Statement for the year was \$3.2 billion (including an equity share of associates' tax). The effective rate of corporate taxation paid increased to 33.4% in 2008 (2007: 31.8%), largely because of tax losses not recognised for deferred tax purposes and changes to the geographic mix of profits around the Group, partially offset by changes in statutory tax rates and the impact of prior-year adjustments. In addition, the 2007 rate benefited from the availability of enhanced tax depreciation on certain assets.

In future, Anglo American expects that the effective tax rate, adjusted for associates' tax, will remain at or above the UK statutory rate. This reflects the profile of rates at which the Group's profit is taxed.

The cash tax paid by the Group was \$2.2 billion (2007: \$2.9 billion). This differs from the tax included in the Income Statement and results from deferred tax, which reflects future tax impacts and the timing of payments, which varies between authorities and can have a notable impact in periods where profits change dramatically, such as the recent, sudden and steep decline of commodity prices from the high price levels of the past few years.

Analysis of taxes borne and collected between developed and developing countries

%



Developing countries (borne)	50
Developing countries (collected)	16
Developed countries (borne)	22
Developed countries (collected)	12

Taxes paid directly to governments by managed operations, by country* (\$ million)

	Borne	Collected	Total
South Africa	1,055	558	1,613
Chile	755	30	785
Australia	552	101	653
United Kingdom	241	345	586
Brazil	198	42	240
France	40	39	79
Poland	11	21	32
Canada	16	14	30
Ireland	20	10	30
Namibia	23	4	27
Others	75	31	106
Total	2,986	1,195	4,181

* Unaudited amounts payable as a result of Anglo American operations (borne) and employee taxes and net value-added tax (collected).

Taxes generated over the life of a mine

Phase	Profitability	Taxes
Exploration	Losses	Employee taxes, indirect taxes, and taxes paid by suppliers
Development	Losses and capital expenditure	
Early production	Losses recouped	...plus royalties
Full production	Net profit	...plus taxes on profit
Closedown	Losses	As for exploration and development

Taxes paid directly to governments by category and region (\$ million)

	Africa	Europe	North and South America	Australia and Asia	Total
Profits	898	75	850	222	2,045
Transactions	6	3	37	19	65
Labour	151	99	36	48	334
Royalties and environment	14	133	23	243	413
Other	7	47	51	24	129
Total taxes borne	1,076	357	997	556	2,986
Taxes collected and remitted	562	438	92	103	1,195
Total taxes	1,638	795	1,089	659	4,181

Economic Value

Value added

The value Anglo American generates as a Group is widely distributed across the regions in which it operates

Anglo American strives to generate lasting benefits everywhere it operates – to create value for Group shareholders, but also for the communities affected by its business. Anglo American's contribution in this regard extends beyond direct employment and taxes to the Company's role as an economic stimulant. This is demonstrated by a broader contribution to a range of stakeholders and extensive indirect economic benefits.

Anglo American has typically measured the total direct value added by the Group as turnover and other income, minus payments

to suppliers and indirect taxes and royalties (\$13,073 million for 2008 and \$13,820 million for 2007). A more meaningful measure of Group value distributed, with regional breakdowns to back this up, is being used this year.

The value distributed directly by the Company in 2008 was \$519 million to providers of capital, \$2,947 million to employees for wages and related costs, \$2,334 million paid to Anglo American and outside shareholders, \$2,986 million paid to governments in taxes and royalties, and \$13,204 paid to suppliers. \$6,652 million represented reinvestment in the Group.

The indirect benefits of Anglo American's activities are more difficult to calculate, but two previous case studies attempted to do so. They were prepared internally using the ICMM resource endowment methodology and focused on Landau colliery and Lebowa platinum mine, both in South Africa. They are available on the Anglo American website: www.angloamerican.co.uk.

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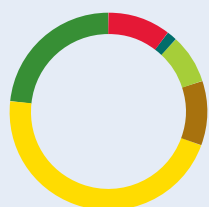
Integrity



Accountability

Group value distribution

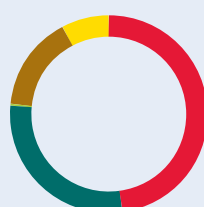
\$ million



Employees	2,947
Providers of capital (interest)	519
Dividends	2,334
Company taxes	2,986
Suppliers	13,204
Reinvested in the Group	6,652

Sharing of economic benefits (managed companies)

Suppliers \$ million



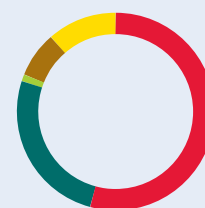
Africa	6,324
Europe	3,764
North America	62
South America	2,058
Australia/Asia	996
Total	13,204

Taxation \$ million



Africa	1,076
Europe	357
North America	16
South America	981
Australia/Asia	556
Total	2,986

Employees \$ million



Africa	1,601
Europe	758
North America	32
South America	225
Australia/Asia	331
Total	2,947

Economic empowerment

Cultivating economic activity at a local level, as well as a national level, is helping communities create a sustainable future for themselves

Progress on the South African Mining Charter

The South African Mining Charter requires companies to demonstrate progress in the development of human resources, to show improvement in employee housing and living conditions, and advance black economic empowerment (BEE). This requirement includes employment and gender-equity targets and requirements to procure goods, services and capital equipment from black-owned and -managed companies. The percentage of equity in the hands of women and 'historically

disadvantaged South Africans' (HDSAs) is also tracked. South African mining companies were required to re-apply for mining rights and have to comply with the requirements of the Mining Charter in order to receive 'new order' rights.

Anglo American companies such as Scaw Metals, which are not subject to the Mining Charter, are required to work within a framework developed by the South African Department of Trade and Industry, which has set more generally applicable targets for industrial companies.

Anglo American has made significant progress in meeting the requirements of these two sets of regulations, as well as being able to demonstrate that it is ahead of the targets in certain areas. The granting of new order mining rights to managed operations represents not only a key milestone in terms of security of tenure and implementation of the Mining Charter, but is also evidence of how Anglo American is steadily improving its relationship with government. Challenges do remain and, in the light of the global economic downturn, the Group will be under pressure to ensure that its plans can still be implemented. Many BEE companies, which acquired equity within Group assets during the commodity boom, are likely to experience considerable financing difficulties, which will be addressed.

Employee share option schemes were implemented throughout the Company in 2008 for employees who do not participate in executive share incentive schemes.

Progress on the beneficiation of platinum in South Africa was made through both industrial and jewellery projects. The 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.

Procurement

In 2008, the Group's managed and independently managed South African companies spent R24.6 billion (\$3 billion) on procurement from companies owned by HDSAs. This represented a 42% improvement since 2007 (R17.3 billion; \$2.1 billion).

For both managed and independently managed and Anglo American companies, this, in effect, amounted to 37% of the total available procurement spend, which excludes

goods and services procured from parastatal companies and municipalities. Electricity, one of the Company's most significant input costs, is therefore excluded from the figure spent on BEE.

Anglo American has been a pioneer in using its supply chain to give effect to much-needed transformation of the South African economy. The Company has 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. Anglo American's BEE spend (including managed and independently managed companies) grew from R1.1 billion (\$133 million) in 1999 to R24.6 billion (\$3 billion) at the end of 2008.

The graph clearly illustrates how the South African BEE spend has been growing consistently over the past 10 years.

By the end of 2008, all of the managed companies in Anglo American had concluded their BEE ownership deals and are being closely monitored in terms of any outstanding housekeeping issues.

Anglo Zimele

Anglo American established a small and medium enterprise (SME) development and empowerment initiative, known as Anglo Zimele, nearly 20 years ago to empower black entrepreneurs.

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

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

In 2008, the 228 businesses in Anglo American's various enterprise development initiatives in South Africa were collectively responsible for employing 10,419 staff members. Turnover for the year reached R1.3 billion (\$157 million) – a 30% growth from R1 billion (\$121 million) in 2007. Anglo Zimele, invested R186 million (\$22.5 million) in these businesses.

Anglo Zimele's supply chain work involves assisting procurement departments of the business units in identifying potential BEE suppliers and ensuring the channelling of business opportunities to black-empowered

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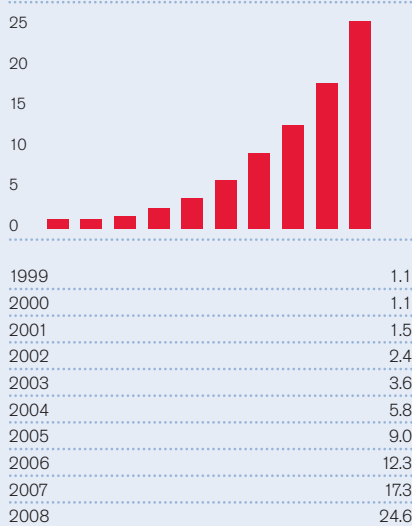
Collaboration



Innovation

Procurement: BEE Spend 1999-2008

Rand billion



Note: for both managed and independently managed operations.

Economic empowerment continued

SMEs. In parallel, the fund invests in equity and advances loans to these businesses.

During 2008, the Anglo Zimele Supply Chain Fund invested R54 million (\$6.5 million) in nine new companies, which brought its total portfolio to 39, employing altogether 7,227 people with a turnover of R687 million (\$83 million).

The junior mining element of Anglo Zimele is managed by the Anglo Khula Mining Fund. This is a joint initiative between Anglo American and Khula Enterprise Finance Limited, a government-owned entity that promotes SME development.

The fund assists emerging, black-owned mining companies with equity and loan finance, as well as technical support during the high-risk exploration and pre-feasibility phases of mining projects, bringing them to a commercially bankable position. The fund provides similar support services to those offered by the Supply Chain Fund and relies on Anglo Zimele to raise finance from commercial financiers for mine development.

The total turnover of the companies within the Anglo Khula Mining Fund for 2008 was R536 million (\$64.8 million). The 10 companies employed 1,545 employees over the period and required funding of R80 million (\$9.7 million) from Anglo Zimele. Two new investments were approved during the year.

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

Unlike the Supply Chain Fund, the Small Business Start-up Fund only provides loan funding (limited to R1 million (\$121,000) per project) and mentoring. The beneficiary SMEs must operate in Anglo American business unit areas and must comply with the BEE criteria as

set out in the Mining Charter. They need not, however, be part of the Anglo American supply chain.

The fund advanced loans to local entrepreneurs to the amount of R52 million (\$6.3 million) during 2008. A total of 179 transactions, 19% more than the budget figure, was approved. The combined turnover of these companies was R78 million (\$9.4 million). The total labour complement was 1,647 employees.

Eleven business hubs were established around Anglo Coal, Anglo Platinum and Kumba Iron Ore operations in South Africa, with the primary aim of creating opportunities for these communities to own and grow sustainable business ventures. Local entrepreneurs are able to visit these hubs for assistance on business plan development and access to administrative facilities. We intend to extend the small business hub approach on a pilot basis into areas away from the mines, but from which significant numbers of employees are sourced.

Emergence programme in Chile

In 2007, Anglo American Chile established the Emergence programme, which works to improve the welfare of neighbouring communities in Chile, by providing technical and financial support for the development of sustainable small- and medium-sized businesses. Emergence benefited more than 2,000 entrepreneurs throughout the country during 2008, and aims to reach 7,000 small businesses by 2010.

The programme consists of two components that operate separately and employ different methodologies appropriate to the specific needs of either small- or medium-sized businesses.

A small business owners' group is supported through a partnership with Fondo

Esperanza, an institution that offers entrepreneurial training and micro credit using the Nobel prize-winning Yunus method of community banking. Building on its success in 2007, the programme was expanded to northern Chile where it was launched in the cities of Antofagasta and Chañaral.

Anglo American Chile, Fondo Esperanza and various local municipalities formed a partnership to host seven entrepreneur fairs during November and December, which provided 140 participating small business owners with an opportunity to market their products.

The medium-sized business segment employs a three-stage methodology of training, technical and financial assistance.

In 2007, Anglo Chile formed a partnership with the business faculty at Universidad Adolfo Ibáñez to support the training aspect of the programme. In June 2008, 27 underprivileged entrepreneurs, with various commercial proposals, entered the programme and started a New Business Development diploma at the university. During the first cycle of graduations in early September, 13 entrepreneurs were awarded their diplomas.

Business plans, belonging to nine entrepreneurs in the initial graduate group, demonstrated financial viability and were approved by the Emergence Committee. Start-up funds were awarded to the entrepreneurs, who have ongoing access to assistance from business advisers at the Anglo American Group Foundation.

Emergence received recognition again in 2008 for its contribution to community development when it received the Chilean-North American Chamber of Commerce's Good Corporate Citizenship prize in October.

Enterprise development in Brazil

CARE Brazil and Anglo American Brazil have entered into a partnership to improve the quality of life of communities surrounding the latter's operations by stimulating economic development amongst those communities.

For the next three years, CARE will leverage Anglo American Brazil's knowledge, expertise, management skills and financial support to implement a three-pronged programme. The programme includes a socio-economic development initiative in the municipality of Barro Alto in Goiás, support for the growth of a community banking system around the company's operations, and an analysis of economic activity in Catalão and Cubatão upon which to build further economic development. The latter commenced in 2008 and has delivered useful baseline data.



Pamela Altarmirano is an entrepreneur supported by the Emergence programme. She is from Nogales, a town close to El Soldado mine, where she grows flowers in her greenhouse. Pamela sells the flowers wholesale to distributors and hopes to enter the export market eventually

With financial support from Anglo Zimele, Dr Lorna Maphuthuma has become the owner of a medical practice in Burgersfort in South Africa's Limpopo province

Enterprise development

In 2008, 11 business hubs were established around Group operations in South Africa to create opportunities for communities to establish business ventures

Businesses supported

3,012

Number of people employed

13,431

04 Human Capital

Safety

Anglo American's ultimate target is the achievement of 'zero harm'

Key indicators

Fatal injury frequency rate
(per 200,000 hours worked): 0.014

Lost-time injury frequency rate
(per 200,000 hours worked): 1.04

OHSAS 18001 certification:
93% of Group companies certified to OHSAS 18001 or similar management systems

Legal costs and fines incurred: \$1,416,218

The Company is moving closer to realising zero harm through increasingly effective management of safety in all of its managed operations. Zero harm means a work environment where no one gets hurt and is underpinned by the three principles of 'zero mindset', 'no repeats' and 'simple, non-negotiable standards'.

Anglo American holds leaders accountable for safety, but also recognises shared responsibility amongst all those who work for the Group. Management across the businesses and operations is responsible for the implementation of the Company's safety management system, which requires the allocation of appropriate resources and the provision of training, education, consultation and auditing to ensure compliance.

Improving performance

Anglo American's performance is improving, but there remains much to do. During 2008, the number of people who regrettably lost their lives while on Company business was 27. An additional loss of life related to a security breach was still under investigation at the time of going to print. While any loss of life is unacceptable, this represents a 33% improvement and marks important progress for Anglo American in its safety journey. Of the 27 fatalities, 17 occurred underground and 10 on the surface.

Vehicle transport was responsible for 26% of deaths, followed by falls of ground at

22% and moving machinery and falling at 15% each. In 2008, for the first time, falls of ground were not the primary agency for loss of life at a Group level. At Anglo Platinum, good progress has been made in redesigning mining processes and technology to reduce such falls and the resulting loss of life over the past few years.

The Group's lost-time injuries for 2008, which are measured according to the industry standard of lost-time injury frequency rate (LTIFR) per 200,000 hours worked, was 1.04. This represents a 17% improvement on the 2007 performance of 1.26². The total recordable case frequency rate also decreased by 14%.

One Safe Anglo

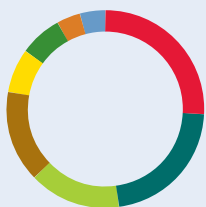
Anglo American has developed a 'One Safe Anglo' (OSA) safety strategy, which outlines the risk-based approach the Company takes to improve safety performance, close performance gaps and achieve zero harm over multiple years. It emphasises getting the balance right between the people and process elements of safety management.

This strategy is being implemented through a combination of globally developed programmes and common processes, as well as the business unit safety improvement plans (SIPs), which set out ways to address global and operational priorities and challenges.

² The headline number reported for 2007 was 1.15. Excluding divestments made during the year (Mondi, Highveld Steel) gives an LTIFR of 1.26 for 2007.

Types of fatal incidents in 2008

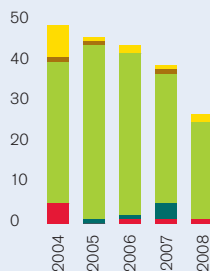
Number



Transportation	7
Falls of ground	6
Falling	4
Moving machinery	4
Electricity	2
Fire and explosions	2
Mud rush	1
Other causes	1

Geographical location of fatal incidents (2004-2008)

Fatal incidents



Europe
Middle East
Africa
Australia
Americas

LTIFR and FIFR (2004-2008)

Frequency rates per 200,000 manhours worked



■ LTIFR: lost-time injury frequency rate
■ FIFR: fatal injury frequency rate

The basis for reporting LTIs became more inclusive in 2004 and included restricted work cases.

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Safety



Care and Respect



Integrity



Accountability



Collaboration



Innovation

Tripartite safety initiative

Anglo American initiated a Tripartite Safety Summit held in April 2008 in Johannesburg between South Africa's Department of Minerals and Energy, the National Union of Mineworkers (NUM) and Anglo American, as well as other industry players and stakeholders

A key theme arising was the need for all parties to work together to find common solutions to South Africa's safety challenges, particularly in the mining industry and with a special focus on Anglo American.

The summit concluded with a declaration in which all parties agreed that a tripartite partnership was crucial in accomplishing a breakthrough in safety at Anglo American, and in the South African mining industry in general, and that there was no fundamental barrier to future collaboration.

Eric Gcilitshana, national secretary for health and safety for the NUM, said, "It is becoming increasingly apparent that we simply cannot reach a goal of zero harm without partnership, collaboration and alignment. Unless we work together, the safety, well-being and lives of employees and their families will continue to be at risk."

A tripartite steering group has been pursuing the direction set at the summit. As part of this, and as a means of giving the delegation fresh insights into how to move towards the goal of zero harm, a steering group of 12 representatives from all three sectors conducted two study tours. A regional tour took place in August, which included Anglo Coal and Anglo Platinum operations.

In October, the delegation embarked on 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 to gather best practice and to challenge assumptions and mindsets around safety in mining in South Africa.

The steering group is now working to turn the lessons from the study tour and its collective experience into joint action to improve safety performance substantially.

Safety bumpers now being fitted to truck fleets are designed to 'shunt' other vehicles out of the way in the case of an accident, thus avoiding their being crushed

Safety continued

One Safe Anglo continued

Divisional SIPs have included a number of common actions in 2008, including safety culture surveys, standards implementation, risk-based reviews and risk management training. It has been identified that a more consistent approach to safety 'visible felt leadership' needs to be applied across the Group. This includes helping managers and leaders make safety more evident in the workplace, every day.

In addition, there were some business unit-specific priorities and initiatives. For example, Anglo Platinum embarked on a new, values-based safety drive. The objective of its 'values and culture' project is to transform the business into a safer, more caring and performance-driven organisation, and to develop the effective leadership and communication required to meet this objective. The project started with a diagnostic phase, during which employees at all levels of the organisation commented on the corporate culture. This feedback culminated in the adoption of a set of safety-related values, which have been rolled out at operational level, and forms part of an organisational change-management programme. The success of the integration of these values will be assessed in 2010.

As part of Anglo Coal's drive to minimise the number of incidents involving personnel and mobile equipment, all of its operating collieries in South Africa participated in a transportation safety review in September. Subject experts from Australian and South African mines, along with experts from across Anglo American, teamed up with industry safety consultants to examine all aspects of vehicle and equipment operations.

Implementing simple and global standards

At the end of 2007, Anglo American launched its fatal risk standards to prevent loss of life arising from incidents that, historically, have had a high frequency. In the first year of a three-year implementation programme, Group operations achieved an average of 67% adherence rate against a 70% target. With full adherence required by 2010, this has helped focus attention on those operations that need more support.

The 10 simple, global standards guide managers in how to implement consistent and sustainable risk-control measures. Each is based on three key sets of requirements covering systems, equipment and people.

The standards build on the experiences of peer companies and internal good practice. This sharing of good practice demonstrates how companies within the industry are collaborating and creating synergies to support safety improvements in the industry.

Aiming for critical step-change

More than 1,300 people were trained throughout 2008 on Anglo American's new programme to establish and embed an operational Safety Risk Management Programme (SRMP). This programme is intended to contribute to a critical step-change in the Group's safety performance, and aims to better equip everyone working at Anglo American to make the right safety decisions.

The objectives of this process are to set an industry standard, improve safety at Group sites, establish common terminology, and to introduce the use of multiple risk-control strategies.

Education programmes for around 8,000 supervisors, managers and executives right across the Group will be delivered from 2008 to 2010 by a network of university partners around the world. Up to 20% of the places on

all courses will also be opened up to external delegates, primarily from unions and regulators.

The SRMP has been supported by the Anglo Chair in Risk Management at the University of Queensland in Australia, led by Professor Jim Joy.

Safety in action

During the final quarter of 2008, Anglo American piloted the roll-out of a Group-wide dialogue on the importance of safety, called 'safety in action'. Starting with Anglo Platinum, teams came together to discuss why safety is so important and what staff members have done to improve their personal safety as well as that of their teams. Some of the inspirational actions and stories that emerged from safety in action will be shared across the Group in 2009 as part of Anglo American's ongoing safety communication and engagement programme.

Looking ahead

Although a good measure of Anglo American's past performance, trends in safety-incident rates are not on their own fully indicative or predictive of the level of safety risk control within the organisation. As a result, a series of leading indicators and practical measures to test the integrity of these controls is under development. Anglo American is moving away from rewarding and targeting incident rate improvements for teams and individuals.

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, 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.

Scholarship award boosts safety drive

The Anglo American SRMP implementation team has been bolstered by the award of a scholarship to one of its educators, Dr Pat Foster, of the University of Exeter's Camborne School of Mines in the United Kingdom. Pat won a Royal Academy of Engineering industrial secondment scholarship, which enabled him to spend time in South Africa during 2008, where he began to assist with the implementation of a risk review project in line with the SRMP at Anglo Ferrous Metals, initially at Scaw Metals' Germiston site near Johannesburg.

Occupational health

The health of employees is paramount and an essential aspect of the Company's ultimate target of zero harm

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Key indicators

Occupational disease incidence rate:

0.13/200,000 hours
(which may also be expressed as
0.13 per 100 man years)

New cases of occupational disease: 132

OHSAS 18001 certification:

93% of Group companies certified to OHSAS 18001, or similar management systems

Fines: No penalties were paid in 2008

Anglo American carries out risk-based medical examinations and provides access to a range of workplace health programmes, which are designed to both protect and improve the health of all employees.

Policy and standards

The Anglo Occupational Health Way is a set of management system standards, based on OHSAS 18001, which was rolled out across the Group during 2008. These standards highlight specific issues relating to the management of health risk 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 and occupational health was included in the peer review process in 2008.

Health incidents

The Company continues to concentrate on prevention of exposure at source and sites have been asked to start reporting on health incidents related to exposure levels and failures of controls, in addition to the traditional disease statistics. Progress on this has been slower than anticipated, but will be a point of focus in 2009.

Employees' exposure to workplace hazards can lead to occupational disease up to 10 to 15 years after exposure. Thus, while reporting occupational disease incidence rates provides an indicator of current morbidity, it does not reflect current control measures.

To address this, a classification for health-related incidents that puts the emphasis on identifying failures of controls has been developed. This will include input from the occupational hygiene and medical surveillance programmes and is intended to correct failures

before any harm is incurred. Anglo American will continue to record and report on occupational diseases according to the standard definitions that have been adopted by the International Council on Mining & Metals (ICMM) and the Company's past practice of incidence rates per 100 man years (200,000 hours worked).

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.

Exposure

The key health risks across the Group are noise, dust, chemicals, vibration and mechanical stresses. Within these areas, there are site-specific exposures such as acid mists, sulphur dioxide, nickel and platinum salts and coal dust.

Increased emphasis was placed on occupational hygiene during the year, with all business units now reporting on the number of people potentially exposed above the occupational exposure limit (OEL), as well as 50% to 100% of the OEL, and below 50% of the OEL. All those potentially exposed above 50% of the OEL are issued with personal protective equipment, which is why the exposure is regarded as potential. All operations have

plans in place to reduce such potential exposures to below the OEL wherever possible. Details of exposure levels can be found in the appendix.

Fatigue was highlighted as a specific risk during the year and the Company's fatigue-management guideline was extensively revised and republished.

Pandemic influenza

The threat of pandemic influenza remains and the Company has plans in place to deal with an emergency.

Environmental health

Mining can have an impact on the health of surrounding communities, both directly and indirectly. Anglo American is working with other ICMM member companies to develop a guideline and standard for health impact assessment, which will be applied to both greenfield projects and new acquisitions in the future. Preliminary discussions have taken place on the possible application of this technique at the Pebble project in Alaska.

Increasing attention is being paid to geochemistry in the areas in which Anglo American operates. Numerous studies have been undertaken to increase understanding of the potential risk to the environment and communities from the naturally occurring components of the ores the Group mines.

The Anglo American mining conference held in Johannesburg in September included occupational health as a topic for the first time. A number of papers highlighting health risks and their solutions were presented.



A continuous miner machine at Anglo Coal's Greenside Colliery in South Africa is equipped with water jets. Water sprayed on to the cutting head minimises coal dust in the working environment

HIV and AIDS

Anglo American continues to lead the way in the management of HIV/AIDS and is now seeking to extend access to treatment from the workplace to the dependants of employees

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

VCT uptake: 77%

Employees enrolled in HIV disease management programmes: 7,376

Estimated HIV-positive employees enrolled in HIV disease management programmes: 51%

Number of employees on ART: 3,080

ART uptake of all estimated HIV-positive employees: 21%

These indicators apply to employees living in countries with a high burden of HIV disease (HIV prevalence > 5% in the general population)

Anglo American's aim is to effectively manage the impact of HIV/AIDS on operations and to make a positive contribution towards minimising the social, economic and developmental consequences of this epidemic. The Company's HIV/AIDS policy supports the key responses to the epidemic, namely: elimination of stigma and discrimination related to the disease, prevention of new infections, the provision of care and support for employees and their dependants infected with and affected by HIV/AIDS, and management and mitigation of the impact of HIV/AIDS. Anglo American's HIV/AIDS programmes are based upon a human rights foundation, which is regarded as essential for achieving an effective response to the disease.

In 2008, a number of important changes were made to this policy, the most significant of which was the intention to extend access to treatment from the workplace to employees' dependants. This substantial commitment builds on what is already the world's largest HIV/AIDS workplace prevention, counselling, voluntary HIV testing and treatment programme, established when Anglo American became the first major employer in southern Africa to provide free anti-retroviral treatment (ART) to employees in 2002.

This decision was based largely on the understanding that HIV/AIDS cannot be effectively managed when only one family member receives care for a disease that affects the entire family. Reaching the dependants of all employees, however, will be a considerable challenge, particularly where families live in remote areas, far from Company treatment centres.

HIV/AIDS counselling and voluntary testing has also been extended to the contractor workforce, with the aim that every HIV-positive contractor can access a programme of care, support and treatment. Every effort is being made to ensure that HIV-positive employees who leave the Company, for whatever reason, are supported in finding an alternative source of care, support and treatment.

The scale of the epidemic is such that no single company can tackle it alone. Anglo American, therefore, aligns its efforts with those of governments and civil society organisations. Anglo American has also integrated an HIV/AIDS policy requirement for suppliers into the Company's new supply chain code (discussed in the Manmade Capital chapter) and offers suppliers advice in this regard.

Workplace programmes

Workplace programmes are in place at most Group operations, with particularly active programmes in Brazil and China, but the greatest focus of activity is in southern Africa. The entry point for the workplace response at operations with a high burden of HIV disease is through annual HIV/AIDS counselling, which is compulsory at most operations, and voluntary HIV testing. Anglo American's 75% target for voluntary HIV testing for 2008 was exceeded, with a final uptake of 77%. This is a good result, particularly because this effort is being sustained and the uptake is improving each year.

Anglo American estimates that HIV prevalence at its southern African 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. Much attention now needs to be focused 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 tuberculosis (TB), which is the

ART losses per cohort at 12 months



This graph shows the attrition rate for groups of patients who started ART during each of the years. The results are encouraging – with each successive year of implementation, fewer employees are dying and fewer are leaving employment. The number of employees who default remains an area for improvement.

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most common presenting disease associated with immune deficiency. The management of TB is an increasingly important component of the workplace AIDS response. Although TB control programmes have been in place for some time, the Company, to date, has yet to make significant inroads in reducing the incidence of new TB infections. As a result, a new set of TB management performance indicators has been developed for implementation in 2009.

About 3,100 employees, 21% of all those who are HIV-positive, are receiving ART. This number has reduced considerably (2007: 3,600) owing to a downward revision of the Anglo Platinum numbers. At least 30% of all those who are HIV-positive are likely to require treatment, which means that there are potentially 1,400 employees who are in need of treatment and are not receiving it.

Of ongoing concern is the number of employees who discontinue ART. The Group

has a 62% retention rate after 5.5 years. Although this rate is consistent with other experience in sub-Saharan Africa, there is considerable potential for improvement. Most of the losses are in the first year of treatment. However, successive cohorts of patients show declining rates of attrition (see graph on page 30).

Community programmes

The Anglo American HIV/AIDS response reaches out from the workplace through to the families of employees and into the communities within which the Group operates.

A major project to document information about the dependants of Anglo American employees across all business units in South Africa was initiated in November 2008. This information will be used to plan the delivery of improved HIV/AIDS prevention, care and treatment for the families of employees.

The Chairman's Fund committed R10 million (\$1.2 million) to health and HIV/AIDS-related services in disadvantaged South African communities in 2008, with 28 projects being funded. A grant of R3 million (\$363,000) has been made for the upgrading of the Jalamba public health service clinic, which serves the remote Tafalehashe community of the Eastern Cape in South Africa. A significant number of Anglo Platinum employees originate from this area.

Anglo Coal continued to sponsor the management of the Bhubezi community health centre in the rural labour-sending area of Bushbuckridge in the Mpumalanga province of South Africa. This partnership with Virgin Unite, USAID and the provincial government aims to improve access to HIV/AIDS care, support and treatment in this disadvantaged community. Anglo Coal's five-year commitment to management support amounts to approximately R1 million (\$121,000) per annum.



Scaw Metals HIV/AIDS peer educators (from left to right) Shadrack Mphalane, Geddes Nala, Keith Legodi, Charles Ngilimane and Mandla Ntsibande

Human Capital

HIV and AIDS continued

More than 1,300 patients were receiving ART at this facility by the end of 2008.

During 2008, Anglo American made a commitment to donate \$50,000 annually (for up to three years) to support the China HIV/AIDS Media Partnership (CHAMP) in conjunction with the Global Business Coalition on HIV/AIDS and several other multinational companies. CHAMP will mobilise the communication power of mass media and commercial marketing to raise HIV awareness and reduce the stigma and discrimination against people living with HIV/AIDS in China.

Women and HIV/AIDS

Women and girls are far more vulnerable to HIV infection than men. Gender equality and women's rights, therefore, have become central themes globally in the battle against HIV infection and they form an important component in the Group's own response. All work on socio-economic development around Group operations, equality in the workplace, social investment, education and skills development gives special consideration to the empowerment of women.

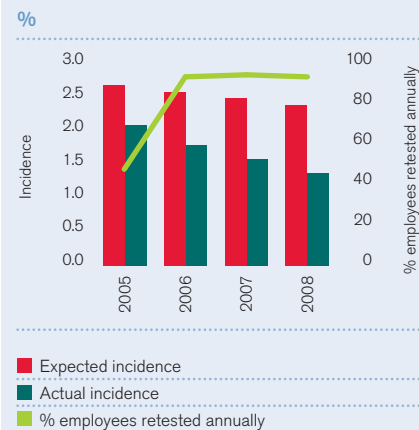
In 2008, Dr Brian Brink, Anglo American group medical consultant, was appointed chair of the International Women's Health Coalition (IWHC), a New York-based NGO, which promotes and protects the sexual and reproductive health and rights of girls and women.

Together with the IWHC, Anglo American is examining a number of different community initiatives in South America, the focus being 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 health services that deal with sexual and reproductive problems. The Company is ensuring that sexual health issues are taken fully into account in the planning for the Minas-Rio project in Brazil since during the construction phase there will be a significant influx of contractors to the relevant communities.

Gogi Modise clinic

Kumba's Sishen mine's Gogi Modise Wellness clinic, at Kathu township in the Northern Cape province of South Africa, opened in December 2007 and is providing much-needed health care services to the community, employees and many local contractors. The clinic operates in partnership with the Northern Cape Department of Health and primarily provides counselling, voluntary testing and treatment of AIDS as well as treatment of tuberculosis and chronic diseases such as high blood pressure and diabetes. Through the clinic, the mine actively engages with communities to address a number of wellness issues, including those related to sexual violence, alcohol abuse, sexually transmitted diseases and child abuse. So far, education and awareness campaigns by the mine's peer educators and an industrial theatre group have reached nearly 6,000 community members, including all the schools in the area.

New cases of HIV in Anglo Coal South Africa



Incidence of new HIV infections at Anglo Coal

Through a sustained programme of HIV counselling and voluntary testing for several years, Anglo Coal South Africa is now in a position to measure the incidence of new HIV infections each year. For 2008, the figure was 1.3%. More importantly, the company has been able to demonstrate a progressive reduction of incidence over the past four years, as shown in the graph.



HIV/AIDS awareness session in the Gogi Modise clinic at Kumba Iron Ore's Sishen mine

Measuring economic impact

It has been a number of years since the inception of the Company's HIV/AIDS anti-retroviral treatment (ART) programme and, while the challenge remains immense, many useful lessons have been learnt

After five years of health economics research at Group operations, conducted by the Aurum Institute for Health Research in conjunction with the London School of Hygiene and Tropical Medicine, Anglo American is now in a much better position to provide a definitive cost-benefit analysis of AIDS treatment in the workforce.

Using five years of data, Aurum has tracked the effects of ART at an individual level and found that absenteeism declines 1.9 days per employee, per month, resulting in a monthly saving per employee of \$96. Aurum also found that there was no loss of productivity for HIV-positive employees with a CD4 count of more than 250, a 10% loss of productivity for employees with a CD4 count of between 100 and 250, and a 25% loss of productivity for employees with a CD4 count of less than 100. Effective ART has resulted in a reduction in healthcare utilisation, saving \$87 per employee per month. Reductions of staff turnover and benefit payments saved \$36 per patient per month. The total monthly savings at an individual level were, therefore, calculated to be \$219. However, the cost of providing treatment was \$126, giving a net saving of \$93 per month at an individual level.

When considering the economic impact of HIV/AIDS at the Company level, the study revealed that the overall ART programme is not cost-saving. This is attributable to the increasing burden of the HIV disease as HIV-positive employees survive longer and remain in gainful employment. The net savings at the Company level are one-third of the cost of the overall ART programme. The overall impact of HIV/AIDS on the Group, including the cost of the ART programme, was calculated at 3.4% of payroll.

This work will be fully reported at the 7th World Congress on Health Economics in Beijing in July 2009.

In South Africa, patients bead HIV/AIDS awareness ribbons at the Leratong Hospice, which is supported by the Anglo American Chairman's Fund

Our people

Becoming the employer of choice is a key part of Anglo American's ambition to be the leading global mining company

Key indicators

Permanent employees: 105,000

Contract employees: 39,000

Total employed: 144,000

% Women managers: 17%

Historically disadvantaged South Africans (HDSAs) in top and senior management positions: 29%

% women employees in the workforce: 11%

Total number of bursars, apprentices and trainees: 3,700

Graduate trainee employment costs: \$14 million

Apprentice employment costs: \$24 million

Other training employment costs: \$13 million

Percentage of employees represented by work council, trades unions or other bodies: 80%

Anglo American's human resources (HR) strategy is aligned with the ambition to become the employer of choice, and to enable employees to deliver upon the goals of being the investment and partner of choice.

Group HR policy and principles endeavour to create an environment that encourages employees to give of their best, assisting all individuals who have the will and the competence to develop rewarding careers with Anglo American.

The principles, *inter alia*, assure staff members and contractors of a workplace free from discrimination and harassment. In addition to basic legal compliance, they guide the Company's high expectations of ethical conduct and fair labour practice, and provide for freedom of association and the right to a safe and healthy work environment. Anglo American's commitment to the human and labour rights principles of the UN Global Compact is integrated into the overall policy.

Substantial progress is being made in consolidating the Group as a more joined-up entity – a unified 'One Anglo' – through capturing more value by capitalising on and sharing information, services and best practices. One Anglo is key to achieving the ambition of becoming the leading global mining company and is underpinned by the guiding values of safety, care and respect, integrity, accountability, collaboration, and innovation.

During the year, the planning stage for shared services was completed and standardisation of employee lifecycle processes, payrolls and system capabilities across business units and regions is under way.

An ongoing focus is on attracting a globally mobile, culturally diverse workforce into senior positions while developing widely applicable skills and technical capabilities of employees at all levels. The Company also aims to ensure that wherever possible jobs at its operations are made accessible to local people, including through interventions such as pre-employment training.

Diversity in Anglo American

There are many ways in which Anglo American is enhancing the diversity of its global workforce and leveraging the opportunities that come from such diversity.

By end-2008, the proportion of historically disadvantaged South Africans (HDSAs) employed in junior to senior managerial positions had risen from 46% a year earlier to 50%, with the number of senior management positions occupied by HDSAs at 4,234. The South African Mining Charter's requirement is 40% of HDSAs in management positions.

Anglo American's commitment to enhancing the diversity of its global workforce encompasses the issue of women in mining and in management. Backed by chief executive Cynthia Carroll, a wide range of measures have been implemented to

Gender diversity in Anglo Coal Australia

To promote gender diversity and alleviate some of the pressure of a tight labour market, Anglo Coal Australia (ACA) conducted an assessment during 2008 to understand the opportunities and barriers for women working at its operations. A key recommendation based on this assessment was for the company to explore options regarding flexible working arrangements for women.

Employees are now able to choose variable working options in the form of alternative start and finish times, or permanent part-time work. This is one of the initiatives that has enabled ACA to access a larger portion of the labour market, with the number of female employees in the total workforce continuing to rise.

Sishen promotes women in mining

Integrating more women into its operations is an important element of the mine's diversity programme.

Since the first intake of 10 women at Kumba's Sishen mine in South Africa's Northern Cape in 2000, the operation has actively worked to recruit more female candidates for training in all positions, from artisans to pit and plant workers. Like their male counterparts, women at Sishen mine start their careers as general workers. Once they graduate from the general workers' programme, suitable candidates start to operate secondary equipment. Sishen employs 30 female drill assistants, 39 women as secondary operators, 26 as primary operators and one shift supervisor.

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Integrity



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Collaboration

cater for the needs of women in mining, including physical and health issues, working culture, and workplace environment and facilities. Measures implemented include the provision of washroom facilities for female miners and of personal protective equipment suited to the female physique. Steps taken to overcome such barriers and amend policy have been aimed at ensuring that women are well represented in all areas of the Group's business and that an enabling environment is created in which women are treated with respect and consideration.

The number of women in management roles has continued to grow. By the end of 2008, the figure had climbed to 1,900. During the same period, the number of women in management rose from 15% to 17%. In South Africa, the proportion of women in supervisory and management positions continues to climb: at the end of 2008, the figure stood at 17%.

At the 2008 Commonwealth Business Council-African Business Awards, Anglo American received the prestigious Gender Sensitivity award for the Company's Women in its Mining initiative and the focus on women's rights in its HIV/AIDS programmes.

Talent management

Through pro-active talent management, the Company identifies its future leaders, works with them to achieve their potential, and sources and selects new talent to increase the 'bench strength' and diversity of the talent pool. During 2008, key internal and external appointments were made for senior leadership positions, with the support of a newly created and dedicated head of resourcing position.

A recent focus has been on a more frequent review of senior succession and individual career development plans. In addition, around 350 managers attended Group development programmes in 2008 and other functional career development programmes have been launched.

There is now a portfolio of standardised Group-wide development programmes, which complement local business unit-specific ones.



Fabiola Muñoz, Anglo Peru's community relations and communications manager (centre), with Rita Gutiérrez (left), lieutenant-governor of the Huachunta community near the Quellaveco project, and Nora Gutiérrez, a resident of Huachunta, after having received a shawl from the community for Anglo American chief executive Cynthia Carroll

Brazil graduate programme

Anglo Brazil offers recently qualified graduates the opportunity to spend 18 months with the company as part of its trainee programme, which has been operational since 2003. In 2008, the business opened 31 positions in various relevant disciplines to graduate applicants. During their time with the company, the trainees work in several areas to gain valuable workplace experience and skills, as well as to develop a global overview of the business. With the guidance of mentors and regular assessments, selected trainees may qualify to move into strategic positions within Anglo American Brazil.

Young professionals at Anglo Chile

At Anglo Chile, 30 talented young professionals were given the opportunity in 2008 to enrol on a one- to two-year programme designed to train them to assume roles of higher responsibility at the company. The programme is aimed at recent graduates, engaged in a variety of technical disciplines, who closely match the company's competency model.

Managing talent at Anglo Coal

Anglo Coal implemented several regional initiatives throughout 2008 in support of acquiring, developing and retaining talent.

In South Africa, an important part of the company's talent-acquisition programme has been its bursary scheme, which was amended to enhance Anglo Coal's community development agenda. As a result, 57% of the bursars now come from surrounding communities and 53% are employee-dependants (who often also come from surrounding areas). To expand the pool of local students eligible for bursaries, the company also facilitated supplementary lessons for senior high school students in close proximity to its operations in order to improve their results.

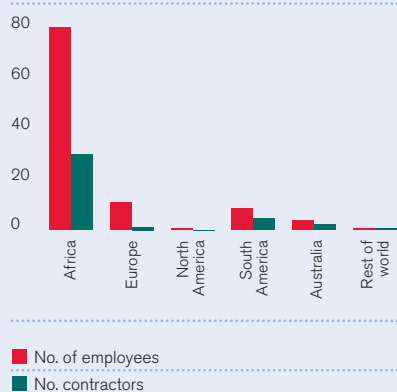
Through a partnership with government in the Joint Initiative on Priority Skills Acquisition programme in 2007, Anglo Coal South Africa has realised significant success. Of 40 learners enrolled on the programme, 24 have been selected to join the organisation's bursary or graduate schemes.

During the year, the talent management process was enhanced through a scheme to formalise graduate secondments across the regions where Anglo Coal has operations and by holding targeted development-assessment centres for the company's emerging talent. To date, 20 high-potential individuals have benefited from such assessments, with each being given a tailor-made personal growth plan.

To raise awareness amongst employees of their roles in achieving the company's strategic objectives, Anglo Coal runs engagement sessions in South Africa to align individuals' personal goals and aspirations with company objectives.

Total workforce

Employees and contractors (000)



Our people continued

Technical and functional training

Skills and experience are critically important for safety and success in the mining world. Finding sufficient numbers of technically trained employees can be a challenge at times, reflected by the high number of technical and functional training programmes run by Group companies. In addition, South African-based companies are required by the Mining Charter to develop skills and provide opportunities for all employees to reach approved standards of literacy and numeracy.

At Anglo Ferrous Metals' Kumba Iron Ore business, the average spend on training for 2008 was 6.7% of payroll budget, or R85.5 million (\$10.3 million). Of this amount, 27.4% was spent on 40 individuals in the young talent pipeline who participated through either attending Professionals in Training programmes or being awarded one of 54 formal bursaries.

In 2008, Kumba had 245 individuals registered for learnerships in various technical disciplines; 15% of these learners were women. A further 75 external engineering learners undertook their practical training on Kumba's various sites. Kumba was responsible for training 34% of the total number of learners

registered with the Mining Qualifications Authority in 2008.

Given that mining operations have finite lifecycles, Group companies concentrate on developing skills for their employees that are applicable beyond the mining industry. During 2008, 386 employees from Anglo Platinum and 56 from Kumba underwent training in skills such as plumbing, carpentry, welding, painting, tiling and bricklaying.

The Company also continued to offer employees, contractors and communities surrounding Group operations the opportunity to acquire literacy and numeracy skills through one of its Adult Basic Education and Training (ABET) programmes. In addition to providing essential life-skills, these programmes are seen as an essential component of the Group's safety initiative through enhancing employee communication and understanding across language barriers. During the year, 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 6,589 people engaged on its own

ABET programme, of whom 829 were contractors and 248 members of the local community.

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 its 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.

At Anglo Platinum, R285 million (\$34.5 million) has been made available to



A new group of trainees at Anglo Base Metals' Mantos Blancos copper mine in Chile. (From left to right) Sergio Cornejo, Viviana Torres, Vanessa Rivas, Daniel Cavada, Leonardo Meza and René Álv

establish a Mining Training Centre on the Eastern Limb of South Africa's Bushveld Complex. Construction is well under way 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 whom 77 successfully qualified as stope servicemen. A further 767 were registered for level 3 and 4 engineering qualifications, of whom 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.

Anglo Base Metals had 15 people, 12 of whom are classified as HDSAs, on scholarships to promote mining-related educational advancement. A further 12 learners were enrolled in technical programmes in 2008.

A great place to work

Kumba Iron Ore took home the top prize in its industry category in Deloitte South Africa's Best Company to Work For survey in 2008, having previously won the mining industry category as Kumba Resources on two occasions. Kumba Iron Ore and Anglo Coal South Africa both ranked among the top 10 in the large-company category.

Housing

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

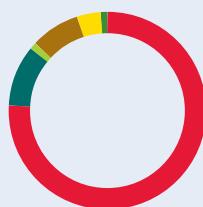
Anglo Platinum owns or has access to sites that may be suitable for housing, primarily for its workforce, and is well positioned to contribute to assist in reducing the housing backlog.

Anglo Platinum owns or has access to sites that may be suitable for housing, primarily for its workforce. The company is determined thereby to work with the public authorities and other stakeholders to reduce and eventually eliminate the informal settlements which have sprung up around some of its shafts and where the 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 (\$169 million), the government subsidy over 10 years being more than R900 million (\$108.8 million). The total investment, including social and economic amenities, is over R2.5 billion (\$302 million) and is expected to benefit more than 120,000 people.

Employees by region

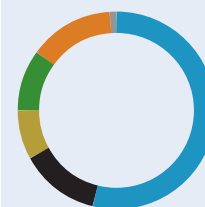
By managed business units %



Africa	76
Europe	10
North America	1
South America	8
Australia	4
Rest of world	1

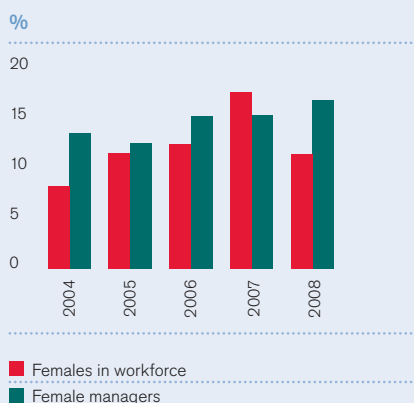
Permanent employees

By managed business units %

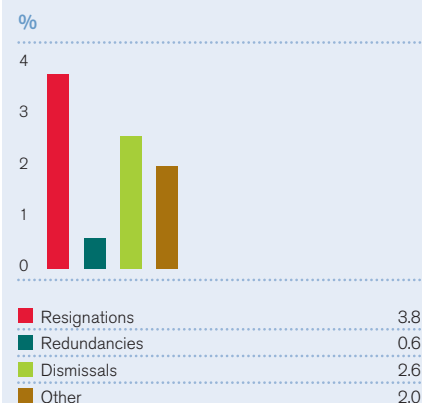


Platinum	54
Coal	13
Base Metals	8
Industrial Minerals	10
Ferrous Metals	14
Head, regional and exploration offices	1

Women in management

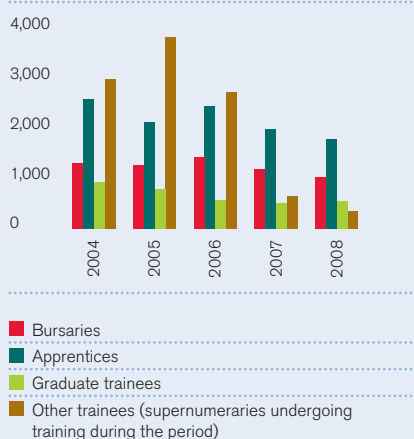


Labour turnover



Education and training

Number of employees



Transformation in South Africa % as at 31 December 2008

	Women	HDSA
Top and senior management	12	29
Professional and middle management	19	48
Junior management	15	56
Skilled workers	18	70
Total	12	89

05 Social Capital

Community engagement

From philanthropy to partnership, the nature of Anglo American's relationships with host communities is changing

Key indicators

SEAT progress and training:

20 sites commenced SEAT2 studies in 2008, with 420 managers trained, to date, on the updated methodology

Social investment spend:

\$76.2 million; 1.1% of pre-tax profit

Enterprise development:

Number of businesses supported: 3,012
Jobs sustained: 13,431

The communities associated with Anglo American operations (i.e. close to operations or from where a significant proportion of the workforce is drawn) are crucial stakeholders for the business. At the same time, Anglo American's presence is often vital to their development and prosperity. Mutual dependence makes it only natural that the Company makes positive and enduring contributions to its host communities. Being a good neighbour is good business.

This involves mobilising the organisation's skills and resources at local, national and international levels to support the sustainable development of communities surrounding Group operations. At the local level, that can involve initiatives like helping nearby businesses to develop through training, social investment and capacity building, or working with others to build the capacities of local government or community groups.

SEAT

The Socio-Economic Assessment Toolbox (SEAT) programme is the primary means by which the Company seeks to enhance the development outcomes and capacities of host communities. SEAT is used in conjunction with community engagement plans that are required to be in place at all significant operations within an agreed-upon timeframe. It plays a central role in Anglo American's programmes to meet the requirements of the International Council on Mining & Metals (ICMM) sustainability principle 9 (i.e. to contribute to the social, economic and institutional development of the communities in which the Company operates). Following the launch of SEAT2 in the closing months of 2007, more than 20 sites commenced SEAT studies in 2008.

The first SEAT2 report was published and launched in June 2008 by Kumba Iron Ore's Sishen mine in South Africa's Northern Cape province.

The Sishen SEAT report identified priority issues for stakeholders, including local community infrastructure and services, employment opportunities, crime levels, in-migration and environmental issues. The report sets out a wide-ranging suite of management responses, including health, housing, enterprise development and environmental management initiatives.

Committed to partnership at Pebble in Alaska

Anglo American holds a 50% interest in the Pebble Partnership in Alaska with Canadian miner Northern Dynasty. Pebble is a large, undeveloped, copper, gold and molybdenum deposit where pre-feasibility work is ongoing. It is located on state lands designated for mineral resource development.

Pebble remains the subject of considerable public scrutiny, with concerns about the potential impacts on the valuable wildlife in the region, in particular the salmon fishery. Visiting Anchorage in October 2007, Anglo American chief executive Cynthia Carroll made clear public commitments on which the Partnership has been delivering in 2008: proper protection of the salmon fishery; building an Alaskan project team, based in Anchorage, under long-term Alaska resident John Shively, who was appointed CEO of the Partnership in April 2008; investing in local communities, through the establishment of the independently-managed Pebble Fund; and taking stakeholder views properly into account through an independent dialogue process as the project moves forward.

In addition to the Partnership's hundreds of outreach meetings with local stakeholders, the Keystone Centre – an independent, non-profit, US-based organisation specialising in facilitating public discourse around contentious environmental and scientific matters – agreed in 2008 to work with the Pebble Partnership to assess options for establishing a collaborative dialogue between stakeholders. Following extensive consultation, Keystone concluded that this was complex, but feasible. The process will be taken forward from 2009, including delivering on the Partnership's commitment to independent expert scrutiny of its work.

In August 2008, an anti-mining Alaska-wide public ballot initiative was defeated by a substantial majority of Alaskan voters.

Other SEAT assessments are ongoing in Australia, Brazil, Chile, Venezuela, Namibia, South Africa and the US, where the first full SEAT assessment of an exploration project is being undertaken by the Pebble Partnership in Alaska, in which Anglo American has a 50% interest.

Social licence to operate

It is through the goodwill of the communities around the Group's operations that the Company is able to gain and maintain its social licence to operate. Building trust and forming mutually beneficial social agreements are not always a simple task, but Anglo American remains committed to this outcome.

Community votes to support Michiquillay project

Anglo American's proposed copper operation in Michiquillay, northern Peru, has received a clear vote of support from its two local communities, Michiquillay and La Encañada, paving the way for further exploration. Anglo American won the government tender for the project in April 2007 with a bid of \$403 million – half of which will be used to support the development of local communities through a social (trust) fund. Agreement on governance structures for the fund was reached in January 2009.

A secret ballot witnessed by independent observers was held and more than 60% of the Michiquillay community voting quorum voted in favour of a social agreement to advance the project – despite a vigorous campaign by opponents of mining and the legacy of a state-owned pilot plant, which had not been properly remediated in the area.

As part of the Company's Good Citizenship Business Principles, Anglo American seeks to promote strong relationships and regular engagement with its neighbouring communities. In Peru, this approach is particularly relevant given the poor historical legacies created by mining in some parts of the country.

Over the next four to five years, Anglo American will move on to the exploration phase, the first stage in assessing the economic, technical and environmental feasibility of the Michiquillay project.

ICMM Principles

01, 02, 03, 07, 09

UN Global Compact Principles

01, 02, 08, 09

Anglo American Guiding Values



Care and Respect



Integrity

Anglo American Guiding Values



Collaboration



Innovation

Trust and communication at Quellaveco

Anglo Base Metals has worked closely with local communities and authorities around its Quellaveco project in southern Peru to design sustainable development plans for each community using key Socio Economic Assessment Toolbox (SEAT) tools and is planning a full assessment in 2009

Trust and communication form the cornerstone of the Quellaveco community relations plan. Throughout 2007 and 2008, more than 30 workshops were held with several different communities surrounding the project to consult on sustainable development plans, provide information on a modification to the operation's original environmental impact study, and share the outcomes of recent environmental and social baseline studies.

The Quellaveco team drafted each of the sustainable development plans with the active participation of the communities and offered translation services to improve participation from the native Aymara population. The knowledge of the communities, particularly related to nuances of local context, proved invaluable.

To kick off community development plans and build trust between the Quellaveco team and communities, the parties agreed upon a pilot project for each community. With a partnership approach in mind, both parties contributed appropriate resources to launch a number of projects focused on eco-tourism linked to conservation, agriculture and livestock, and handmade crafts. In parallel, community members benefited from training offered by the project team in association with local authorities.

Against a background of unrest related to the distribution of revenues from existing mining operations in the provinces of Moquegua and Tacna, the Quellaveco project's community development work has been met with a positive response from local people, as well as from local authorities through a 'Medal of the City' that was awarded to the Quellaveco project's general manager.

Engagement with the local San Cristobal community near the Anglo Base Metals Quellaveco copper project in Peru

Community engagement continued

Stakeholder engagement	
Stakeholders	Key channels for engagement during 2008
Investors and investment analysts	Results presentations and road shows, investor conferences, Anglo American's annual sustainable development presentation to the investment community, responding to socially responsible investment questionnaires and individual briefing meetings
Governments	Interactions directly and through industry associations on a range of issues, including changes to mining regimes, health, safety and environmental legislation; business and human rights; energy; climate change; taxation and economic and social development challenges. International interactions also took place through multi-stakeholder partnerships (see below) and involvement in the first African Union/Economic Commission for Africa meeting of mining ministers and the Intergovernmental Forum on Mining and Sustainable Development
Communities	Engagement at existing operations is primarily structured through the annual Community Engagement Plan and the three-yearly SEAT processes, with engagement activities being undertaken through a range of standing community liaison panels, pro-active stakeholder engagement exercises and complaints and grievance procedures (including whistle-blowing) For new projects, extensive consultations are undertaken during impact-assessment processes, and exploration teams also have protocols for early engagement with host communities
Employees	Engagement is primarily through union representatives, appraisal and development processes, climate surveys, employee briefings, the Group information portal ('theSource') and newsletters. In addition, Anglo American's six core Guiding Values were rolled out across the Group – a process that included 70 workshops around the world
Customers	Commercial relationships, complaints procedures, customer satisfaction surveys and customer liaison
Contractors and suppliers	A Group suppliers' forum was held in November 2008 to detail Anglo American's new Group procurement structures and processes, including significantly enhanced requirements for sustainable development performance. Ongoing interactions have included tenders for contracts, commercial negotiations, safety inductions, local enterprise development initiatives and dispute-resolution processes
Industry associations and peer companies	Anglo American has continued to play a leading role in industry associations, especially the International Council on Mining & Metals, the World Business Council on Sustainable Development, Business Action for Africa, the Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria (chaired by Anglo American chairman, Sir Mark Moody-Stuart) and the World Economic Forum (WEF). Chief executive Cynthia Carroll chaired the WEF Mining and Metals Governors' Community during 2008 Anglo American also interacted with peer companies on a range of safety and sustainability issues, including assisting other companies with implementation of the Group SEAT process
International organisations	Anglo American continues to participate actively in the Extractive Industries Transparency Initiative, the Voluntary Principles on Security and Human Rights, the International Labour Organisation and the Investment Climate Facility for Africa
Educational institutions	Sponsored research and development projects, customised training courses, the provision of bursaries and internships and supporting a number of student and academic case studies on aspects of Anglo American's business form the basis of engagement with universities
NGOs	Anglo American has two global NGO partnerships: with CARE International (on development issues), Fauna & Flora International (on conservation issues). There are also international, national and local interactions on a wide range of development, health and environmental issues

Stakeholder engagement

Anglo American continued to strengthen its engagement with external stakeholders through 2008, with a new impetus being given by the 'partner of choice' agenda. Improving relations with governments has been a key priority, and to support this effort, a Government Relations Council was formed with representatives from across the Group. New guidance is being produced to support pro-active interactions with host governments in support of this goal. The Company also launched new guidance for interactions with indigenous peoples and its suppliers in 2008, with the latter having a strong focus on sustainable development performance of businesses within the Company's supply chain. The above table summarises some of the interactions between Anglo American and various stakeholders.

Human rights

Human rights are a cross-cutting theme in all Anglo American activities. The Company's various corporate policies and standards related to human resources, health and safety, corporate governance, the environment, and community engagement actively reflect human rights considerations, often over and above basic legal compliance. The Company has been encouraged by the report by Professor John Ruggie, the United Nations Secretary-General's Special Representative on human rights and transnational corporations and other business enterprises. The report stressed three guiding principles: the responsibility of national governments to protect human rights, the duty of companies to respect human rights, and the importance of citizens to have access to appropriate and accessible grievance mechanisms through which to obtain redress.

This framework will be reflected in the Group's human rights policy, which will be rolled out in 2009. Guidance has already been issued to operations on key criteria for the operation of a grievance mechanism in the SEAT2 manual. These include the requirement that grievance mechanisms should be accessible, transparent as to the process followed, predictable in terms of timescales, should not involve a manager ruling on his/her own conduct, or on matters under his/her direct supervision, and should include provision for a review mechanism involving independent input.

In line with the Company's commitments to its Good Citizenship Business Principles, the UN Global Compact and ICM principle 3 on human rights, Anglo American endeavours to ensure that it not only refrains from abusing human rights within its sphere of influence, but also seeks to promote them.

While Anglo American believes that governments are the primary custodians of positive human rights, it is proud of the role it is playing in contributing to the realisation of economic and social rights. This includes the work associated with SEAT, Anglo Zimele (see page 23), community development and capacity building initiatives, and the contribution that it seeks to make to improving governance through bodies such as the Extractive Industries Transparency Initiative (EITI) and the Investment Climate Facility for Africa, investment in employee housing, as well as the Company's economic contribution to governments in the form of taxes. Ethical conduct and sound corporate governance underpin all Company dealings.

Anglo American acceded to the Voluntary Principles on Security and Human Rights (the Voluntary Principles) in January 2005 and continues to base its approach to security on this framework. These 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 involving direct conflict in countries like Colombia and embrace the management of volatile industrial relations situations, community protests or the control of potentially violent criminals.

Anglo American in Zimbabwe

Anglo American and its subsidiary companies have invested in Zimbabwe for 60 years.

The Anglo Platinum Unki project, in development since 2003, is a long-term investment that will not produce saleable concentrate until the third quarter of 2010 at the earliest. The company is gravely concerned by the human-rights abuses and the political situation in Zimbabwe and is monitoring developments closely and reviewing options surrounding the development of Unki. The Zimbabwean government has made it clear that if Anglo Platinum ceases to develop the mine, then it risks expropriation and the re-allocation of its assets to others.

Anglo American has debated at great length whether the continuance of the project has had any material impact on the continuance of the present political and humanitarian situation – and has concluded that it has not. The in-country construction costs have been largely funded from funds already trapped within the country and large capital equipment is purchased offshore – thereby avoiding importing significant sums

of foreign exchange into the country.

Moreover, in advance of producing concentrate, Anglo Platinum is not paying material amounts of tax or royalties and so has not helped to sustain the regime.

Conversely, Anglo American believes it has a responsibility to protect the well-being of up to 900 employees and contractors, their families and those who depend indirectly on the project, all of whose livelihoods will be jeopardised should Anglo Platinum withdraw from Zimbabwe.

The development of the mine will create a viable business in the long term, an important factor in the eventual reconstruction of the Zimbabwean economy. Anglo Platinum supports the communities around the project through the provision of basic foodstuffs and supplies, water and financial assistance to schools and health facilities. In addition, Anglo American has donated \$100,000 to cholera-relief efforts through the Red Cross and is providing new sets of plumbing rods for local towns. Scaw Metals also has a wire rope factory in Zimbabwe, which employs almost 200 people.



Students at Huachunta school near Anglo Base Metals' Quellaveco copper project in southern Peru

Community engagement continued

In last year's Report it was noted that Anglo Platinum donated R1 million (\$121,000) 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; this was implemented in 2008. Similarly, all Anglo Platinum security personnel completed a comprehensive security and human rights course. Progress was made in rolling out the 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, 149 contractors and employees in Chile, and 1,888 at Anglo Platinum, underwent training on the Voluntary Principles.

At the Barro Alto project in Brazil, an altercation between contractor employees led to a fire that destroyed 22 out of 33 contractor lodging blocks and required the intervention of the police. For local management this underlined the importance of working with third parties, such as contractors and local security providers, and to ensure that the Voluntary Principles have been shared with local police even in relatively low-risk environments.

As noted elsewhere, in 2008 Anglo Platinum experienced volatile relations with some communities in the vicinity of its Mogalakwena North operation. In May, a group of activists demonstrated against the reburial of 149 graves

at Blinkwater Farm, despite the fact that the reburials were done in full compliance with the law and with respect to the wishes of their next of kin. After the police had sought unsuccessfully to prevent them from stoning the undertaker's vehicle, 47 protestors were arrested. In June, a group of 18 female activists gathered at the mine's blasting danger zone when a blast was pending, thereby defying safety instructions. The police appealed to them to move away and asked the protestors to get into police vehicles when they failed to do so. The activists climbed on to the vehicles and the police were able to transport them to a safe area. The mine was able to carry out the blast without incident.

In October, at the Anglo Platinum Paardekraal shaft, an incident occurred in the early hours of the morning when security personnel disturbed and apprehended three suspects who had broken into company property – seemingly with the intention of stealing copper cable. The following morning, prior to being handed over to the custody of the police, one of the apprehended men was found to be unconscious. He was taken to hospital but was pronounced dead the following week. The incident is the subject of an ongoing police investigation.

Resettlement

Anglo American's policy is to regard resettlement as a last resort and, where a resettlement has to be conducted, to proceed on the basis of international best practice. Best practice requires that the Company continuously engage with legitimate stakeholders, has conflict-resolution mechanisms, and fully understands the needs, aspirations and local political dynamics of the affected communities.

A positive milestone was reached in 2008 towards the resolution of the issues surrounding the resettlement of the Tabaco community in Colombia at the Cerrejón operation, in which Anglo American holds a one-third interest.

While the engagement process has been under way for some time, the agreement followed an independent third-party review of social issues at Cerrejón under the leadership of Professor John Harker, president of Cape Breton University in Canada. The resettlement occurred before the current owners of the mine assumed management control, but has been a significant impediment to better community relations. Following the recommendations of the review, a no-blame approach was taken by Cerrejón and stakeholders to resolving issues and an agreement, facilitated by Professor Harker, was signed in December.

Working with host communities – Anglo Platinum is sponsoring this agricultural project neighbouring its Lebowa Platinum mine



Anglo Platinum: relocation and human rights

Anglo Platinum has been undertaking consultation on a resettlement of the Motlhotlo communities in the Limpopo province of South Africa so as to accommodate the expansion of the Mogalakwena mine. This involves resettling almost 10,000 people from 957 households.

Despite the fact that resettlement has been conducted based on lengthy consultation and underpinned by individual agreements with each household, as well as the provision of better houses, services and land, significant controversy has been fuelled, in particular by a report published by the NGO, ActionAid. This alleged various abuses, including the pollution of groundwater, lack of consultation and shortcomings in the planning of the resettlement.

Subsequently, an independent report by the Institute of Groundwater Studies in South Africa using isotope testing refuted the suggestion that the mine was responsible for the pollution identified in the report, including at local schools.

The South African Human Rights Commission then carried out an investigation. This did not sustain ActionAid's allegations of Anglo Platinum having committed human rights abuses, but its report, entitled *Mining-related observations and recommendations: Anglo Platinum, affected communities and other stakeholders, in and around the PPL Mine, Limpopo* (which is available on Anglo American's website), did highlight the vulnerabilities of communities living around large-scale mining operations in rural areas.

Anglo Platinum will work with other stakeholders to resolve outstanding issues identified by the Commission and has also identified a number of areas where it believes implementation could have been improved, including in relation to improving direct communication with affected households providing a credible grievance mechanism, enhancing capacity building amongst local people and the municipality and in strengthening planning for post-resettlement economic development.

In line with the Commission's recommended approach, Anglo Platinum is committed to ensuring that resettlements should enhance the quality of people's lives. The company has commissioned an independent review of the planned post-resettlement conditions of the Motlhotlo community, whose resettlement will commence in 2009.

Mafube helps establish rural village

Anglo Coal South Africa's Mafube colliery has donated over 200 hectares of land to the Steve Tshwete Local Municipality in Mpumalanga province for the establishment of a village to resettle 450 families who currently reside on commercial farms and on land earmarked for future mining activity. Many of them will become landowners and homeowners for the first time. All aspects of the project have been conducted in accordance with accepted international standards on resettlement and community engagement and great care has been taken to ensure that the community is able to continue its traditional lifestyle in a suitable environment.

Engagement with community members has been an integral part of the relocation process, and the mine is ensuring that family living space is apportioned to maintain the traditional location of family members.

Aligned with the municipality's development plan, Mafube has committed to collaborating with other businesses and local government to build a clinic, a multi-purpose centre and eventually a school. The mine has already given priority to the rural community when sourcing labour.

Indigenous Peoples

Anglo American's interaction with indigenous Peoples forms part of the Company's community engagement and SEAT processes. In addition, the SEAT process now includes specific guidance on engagement with indigenous groups. While formal consultation platforms do exist at all relevant operations, the scope of these agreements varies in accordance to local need.

The focus is typically on general, ongoing consultations and specific matters relating to cultural heritage issues. In particular, Anglo Coal has entered into formal agreements with a number of Aboriginal groups in Australia at its Callide, Dawson, Capcoal, Foxleigh and Moranbah North operations, as well as its Grosvenor and Moranbah South projects.

Anglo Coal also has Native Title agreements with the appropriate Aboriginal people for its Moranbah North and Callide operations, as well as the Grosvenor project. Other significant engagement with Indigenous Peoples took place at Anglo Coal's Peace River operation in Canada, at the Carbones del Cerrejón mine in Colombia (one-third owned), as well as in relation to Anglo Base Metals' exploration activities, including at the Pebble project in Alaska, Quellevco in Peru, and in Sweden, Finland and Canada.

Social performance review in South Africa

In light of the regulatory requirements of the Mining Charter in South Africa, the importance of fully addressing the transformation agenda, and of the Company's commitment to contribute to the sustainable development of the communities where it works, the Board commissioned an internal review of the capabilities and social performance of the Group's South African operations. Similar reviews in other geographies will be conducted during 2009.

The review confirmed that the Group holds a leading position in a number of areas of social performance relative to other companies in South Africa, including to enterprise development, HIV/AIDS, the social investment activities undertaken through the Anglo American Chairman's Fund and the application of the SEAT process.

However, the review also noted some growing expectations of the mining sector's role as a development actor in South Africa. These relate to the sector becoming a more effective partner in addressing poverty; the major challenge posed by employee housing and the growth of informal settlements; the need to build capacities, both internally and among 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.

Following consideration of the review by both the Executive Committee and the Board, an ambitious programme has been developed to implement the review's major findings. Among the initiatives under way 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.

Despite the current difficulties facing the industry, the Anglo Board has signalled the importance it attaches to the agenda. Hence, a new Social Performance Unit, based in South Africa but with a global remit, is to be established to support the business units in the management of social issues. In addition, agreement has been reached 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 for 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 & Sustainable Development Committee.

Community engagement continued

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. As the event was initially limited to the surrounding communities, which excludes the communities where most of the mine's workforce comes from, Kumba saw the need to extend engagement 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. Discussion 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.

Sarah Mereotlhe, Executive Mayor of the Kgalagadi District, at the Bomme Itsoseng community meeting



Community development projects

Socio-economic development

The primary objective of Anglo American's socio-economic development programmes in the communities associated with its operations is to help empower local people with an appropriate mix of skills, education, economic opportunities and enhanced infrastructure in order for them to enjoy improved and sustainable livelihoods – now and beyond mine closure. The following are just a few examples of such work:

ICMM Principles

01, 02, 03, 09

UN Global Compact Principles

01, 02

Anglo American Guiding Values



Care and Respect



Integrity



Collaboration



Innovation

Amapá in Brazil empowers local communities

Anglo American Ferrous Brazil's Amapá mine supports a number of local economic development initiatives, with tangible benefits for communities around the mine. One of these – a fish farming project – will help improve the quality of life of 54 local families through skills development, and strengthen the industry by stimulating economic activity at several stages throughout the supply chain.

Another has empowered 65 women from the village of Serra do Navio in the Água Fria colony, by teaching them sewing and silk-screening skills, as well as basic business management and marketing abilities. The women intend marketing their products at a monthly fair to be organised in partnership with the local municipality and others.

Anglo partnership with PLAN UK in China

The Anglo American Group Foundation has been supporting a project with PLAN UK in rural China near Anglo Coal's Xiwan project. This project has contributed to the improved health and quality of life of community members in three villages, where water is scarce and often unsafe, by promoting a sustainable model for water and sanitation.

During 2008, 900 community members were trained in environmental and sanitation issues and 435 latrines were built to the benefit of more than 2,500 people. The project has provided reliable water supplies to 624 families, and two villages now have irrigation systems.

Good relationships have been formed with the local government in the area, which will help to ensure the sustainability of these improvements.

Anglo Peru collaborates with Chipispaya farmers

As part of a local economic development programme for farmers around its operations, the Anglo American Exploration team in Peru, in collaboration with the Chipispaya community, has designed and hosted training workshops on organic oregano cultivation.

Oregano farming is a key contributor to the livelihoods of many communities in the region. Four oregano species were tested and, during three workshops, community members were taught to make organic fertiliser and compost, prepare the soil and sow the crops.

Once the crops have been harvested, a further workshop will consider the relative benefits of organic fertilisers, the respective advantages of the four oregano species and plan future farming activity.

CARE

Anglo American has been working with CARE UK since 2003 and, in 2007, Anglo American chief executive Cynthia Carroll signed a Memorandum of Understanding with the organisation to increase the scope and ambition of the relationship. In 2008, CARE participated in Anglo American SEAT training; as well as in a study visit of HIV/AIDS workplace and community programmes, enterprise development hubs, and community development initiatives. Anglo Base Metals in Brazil is working closely with CARE Brazil on a major development initiative in communities around the Barro Alto project. In 2008, the Anglo American Group Foundation supported CARE programmes in Lesotho, Zimbabwe and Brazil. The relationship is underpinned by regular consultation and dialogue, and it is hoped that activities will be established in more countries in 2009.



Livelihood projects are one of the areas where Anglo American and CARE work together. Here, women are participating in a ceramics livelihood programme in São Paulo, Brazil, a project supported by the Anglo American Group Foundation

Community development projects continued

Skills development and education

Equitable access to quality education and well-equipped childhood development facilities for children from a range of socio-economic backgrounds, at an affordable fee, is important for communities surrounding all areas in which the Company operates. Skills development in those communities offers a vehicle for poverty alleviation and sustainable livelihoods after mine closure

Technical and practical skills development around Barro Alto in Brazil

During 2008, Anglo Base Metals' Barro Alto nickel project team in Brazil engaged in several partnerships to support skills development. This included sponsoring 32 local residents to undertake an electrical technician qualification through a partnership with the government training agency, SENAI. This customised course offers theoretical learning, as well as vital practical experience in an industrial environment.

A further group of 294 students enrolled in a civil construction works course, also offered through this partnership, and will qualify as bricklayers, carpenters, plumbers, framers and painters. A significant portion of the coursework focuses on occupational safety. A second phase of the Barro Alto professional qualifications programme will train 120 people in basic computing and administration.

Anglo Platinum builds education infrastructure in Rustenburg

Anglo Platinum has several socio-economic development initiatives across its operational areas. It offers its financial support for various projects in line with the mines' social and labour plans or through its financial participation in the Anglo American Chairman's Fund. Examples include work to improve education infrastructure near its Rustenburg operations in South Africa. Initiatives completed include the construction of new administration blocks for Tsope Middle School, Motladi Kgoadigoadi Primary School and Lekwakwa Primary School.

The company also funded the construction of 10 new classrooms, paving and fencing at Motladi Kgoadigoadi Primary School, a modern computer centre at Boitekong Secondary School and sports facilities at Lefaragatla Primary school.

Kumba Iron Ore leads skills development in South Africa

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.

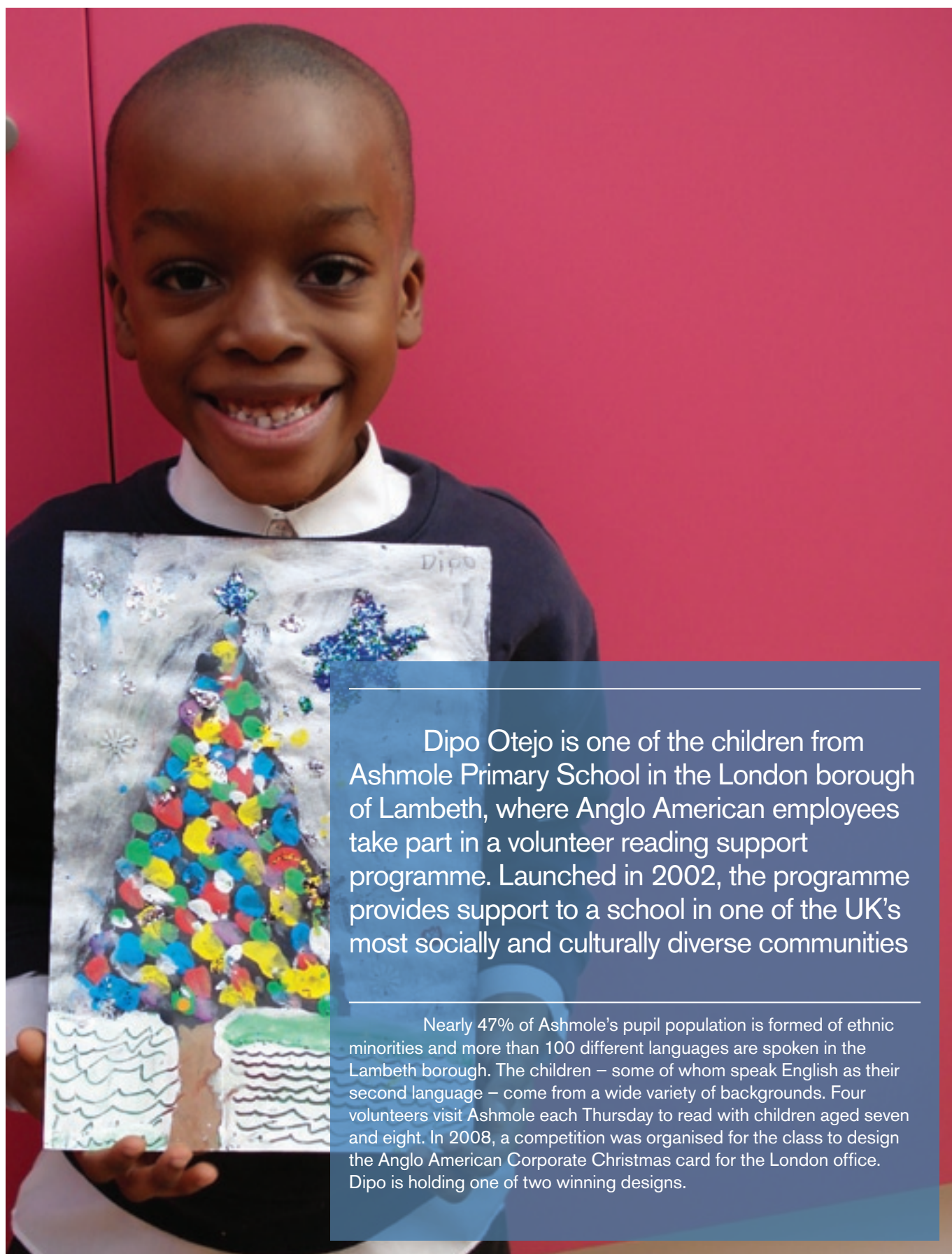
Tshipi provides accredited civil engineering apprenticeships in five building trades and more than 40 learners have recently passed their national trade tests. The centre also assesses prior learning, and has assessed 176 learners to date as part of a joint project with the Construction Sector Education and Training Authority. This means that 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.

Kumba Iron Ore's Sishen mine funds technical division at Kathu High School

In response to South Africa's shortage of artisans, Sishen mine has funded the establishment of a technical division at the local Kathu High School. The new facility has allowed pupils to start training for a technical career from their first year of high school. The programme also equips them to continue technical training after high school through tertiary education institutions. The investment will assist in meeting the mine's need for skilled labour, while the school will become an important recruitment source for engineering learnerships.

Learners are offered electrical, civil and mechanical engineering study streams, for which classes are equipped with the latest mechanical equipment for practical assessments, coupled with theoretical learning. Part of the initiative has been the donation of 100 new computers, software packages, internet access and printers to improve mathematics and science education at the school. So far, approximately 280 learners have enrolled for these subjects.

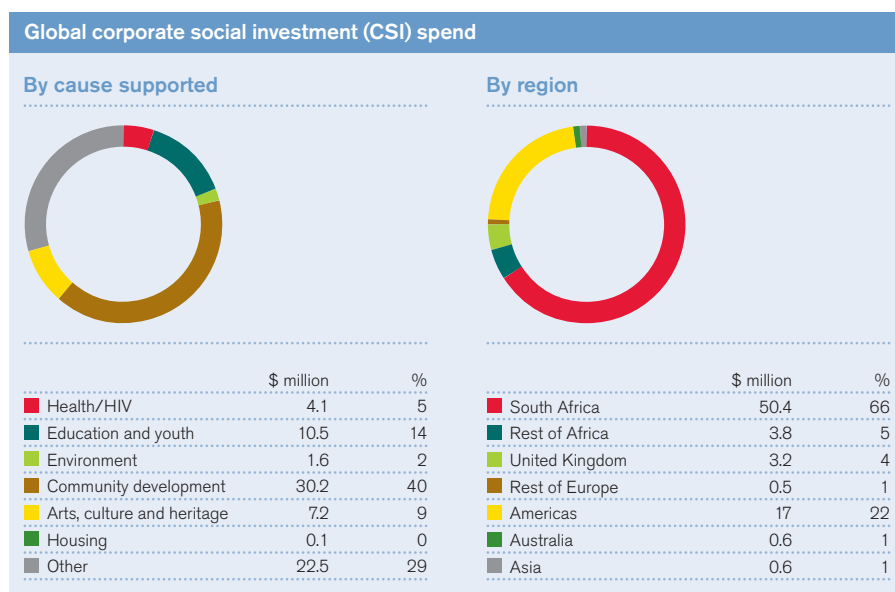
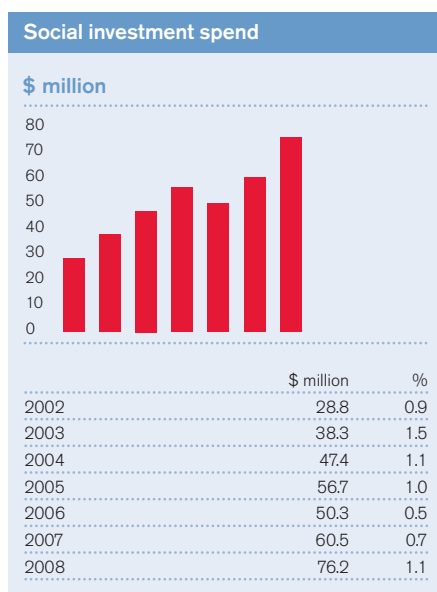


Dipo Otejo is one of the children from Ashmole Primary School in the London borough of Lambeth, where Anglo American employees take part in a volunteer reading support programme. Launched in 2002, the programme provides support to a school in one of the UK's most socially and culturally diverse communities

Nearly 47% of Ashmole's pupil population is formed of ethnic minorities and more than 100 different languages are spoken in the Lambeth borough. The children – some of whom speak English as their second language – come from a wide variety of backgrounds. Four volunteers visit Ashmole each Thursday to read with children aged seven and eight. In 2008, a competition was organised for the class to design the Anglo American Corporate Christmas card for the London office. Dipo is holding one of two winning designs.

Corporate social investment

Through investing in projects in the countries where it operates, including around its operations, Anglo American seeks to maximise the beneficial development impacts of its presence



In 2008, the Company's social investment expenditure, donations in kind and staff time spent on volunteering or other socially beneficial activities during working hours amounted to about \$76.2 million (2007: \$60.5 million) – 1.11% of pre-tax profit (2007: 0.70%).

Every Group operation supports social investment in host communities. Anglo American uses its Socio-Economic Assessment Toolbox (SEAT) to determine local needs and priorities. In addition, at a Group level, there are dedicated foundations which support social projects: the Anglo American Group Foundation, the Anglo American Chairman's Fund in South Africa and the Anglo Chile Foundation. During 2008, the Company also took steps to establish new charitable foundations in Namibia and Brazil. Anglo South Africa has endowed two additional trusts – Optima and Epoch – to channel monies into investment in mathematics and science teaching. These contributed an additional R83 million (\$10 million) in 2008.

Anglo American Chairman's Fund

The Anglo American Chairman's Fund is the dedicated instrument through which the Group and its subsidiaries direct a proportion of their philanthropic spend in South Africa. From the early 1970s, the fund has made a positive and sustainable difference to social upliftment.

Areas of particular focus include HIV/AIDS, healthcare and welfare as well as education, arts and culture, entrepreneurial development, and the environment.

Projects range from small grassroots initiatives to major capital building projects and large-scale service delivery programmes in partnership with provincial and national authorities.

For the eighth year running, the Fund was awarded first place by fellow NGOs in the 'Excellence in corporate social investment (CSI)' category in a national survey conducted by Trialogue CSI Ratings – a South African analytical company. In addition, when it came to industry perceptions about CSI work undertaken by mining companies, Anglo American and De Beers were awarded first and second positions, respectively, by companies as well as NGOs for the seventh consecutive year.

The Fund has long-standing partnerships with organisations that pioneer innovative models of support for people living with HIV/AIDS. These models build existing capacity within communities and include home-based care organisations, training community care workers, palliative care training for nurses, counselling and voluntary testing and anti-retroviral treatment initiatives.

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Care and Respect



Collaboration

Leratong Hospice

The Chairman's Fund contributed R3 million (\$363,000) to the building of a crèche and daycare centre at Leratong Hospice near Atteridgeville and Saulsville, west of Pretoria, South Africa. The hospice has been supported by the fund since it was founded in 2004. This was the first facility of its kind to offer local communities accessible, appropriate and free health services, as well as raising HIV/AIDS awareness. The new facilities were welcomed by the community at the opening celebration in 2008 and augment the work of the hospice, a centre of excellence in palliative care services delivered by volunteer staff, who receive ongoing training. The hospice also trains medical students and attracts doctors from abroad.

Aurum Institute for Health Research

The Chairman's Fund supports the South African-based Aurum Institute for Health Research's role in implementing HIV/AIDS community programmes and research initiatives, and has made a R1.5 million (\$181,000) contribution towards its operating costs.

Established by former subsidiary and, later, associate, AngloGold Ashanti, in 1998, the institute, now an NGO, has enjoyed significant success in informing, developing and working with communities and companies within which its research into HIV and tuberculosis (TB) takes place. Programmes and services include HIV prevention and care. Aurum has received international recognition for its management of anti-retroviral treatment programmes and for the Thibela programme – part of a global research initiative aimed at reducing the incidence of TB amongst mine workers.

Education and the African Institute of Mathematical Sciences

The Chairman's Fund is also committed to improving the quality of, and access to, a good standard of education for all South Africans. It supports initiatives that provide infrastructure and equipment to education institutions, mathematics and science education as well as organisations catering for learners with special needs and programmes assisting disadvantaged students to gain access to funding and quality tertiary education. The fund is mindful of national education priorities and actively seeks partnerships to support the delivery of teaching and training, as well as the provision of schools and other infrastructure.

A contribution of R1.5 million (\$181,000) was made towards the expansion of the African Institute of Mathematical Sciences (AIMS) in Cape Town. The development will enable AIMS to extend its educational expertise in mathematics and science and facilities to more students from Africa. By recruiting and training talented postgraduates, and gaining support from international universities and lecturers, AIMS has successfully found a unique model through which African students can access the knowledge – and often funding – to pursue a career in education, government or research in the quantitative sciences.

Speaking at the opening, renowned theoretical physicist, Professor Stephen Hawking of Cambridge University, noted: "This institute will bring Africa to the cutting-edge of science."



Professor Stephen Hawking with Saleh Mayet, Group head of finance and Chairman's Fund trustee, at the AIMS research centre

Anglo American Group Foundation

In 2008, the Anglo American Group Foundation made grants to a growing number of partnership organisations, with a particular focus on development, education and health issues. Grants were made to Sightsavers International for an eye clinic in Guinea; to Starfish for its work with HIV-impacted families in South Africa; to PLAN International for a water and sanitation project in China; to Children of the Andes for its work in Colombia; to Caring for Congolese Children; to Pro-Mujer in Peru; and to the MicroLoans Foundation in Namibia for micro-enterprise projects. The foundation has also emerged as one of the biggest and most consistent funders of the UK university-based group Engineers without Borders, which focuses on removing barriers to development in developing countries through engineering.

Within the area around Anglo American's head office, a particular focus has been on projects for young homeless people in central London – such as with Centrepoinet or the Connection at St Martin-in-the-Fields – and on relieving poverty and building skills in the nearby borough of Lambeth through an organisation called Fairbridge. These organisations offer a variety of much-needed services, including support and capacity-building for homeless individuals and disadvantaged young people, and community development.

Volunteering

Employees at the London corporate office continued with their weekly assisted residence programme for students at Ashmole Primary School. Some of the London staff members also volunteer on a weekly basis at the Connection at St Martin's – a charity that works with homeless people and feeds more than 5,500 such individuals every year. The Company is also involved in skills-based volunteering through its Workspace team, which helps to train individuals to re-enter the job market. Staff members in Anglo American's human resources department have facilitated interview-skills training workshops and résumé-writing courses.

Staff members at the Johannesburg corporate office have continued with their work in the Nomzamo 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.

06 Natural Capital

Environmental overview

Anglo American continues to make progress on minimising its environmental footprint and creating more positive long-term outcomes

Key indicators

ISO 14001 certification: 92% of Group companies certificated to ISO 14001

Fines paid: \$431,600

Internal biodiversity peer reviews: 47 since 2005 (2008: 12)

Biodiversity peer reviews with FFI in 2008: 5

Internal environmental audits in 2008: 11

Environmental incidents: 143 level 2; 1 level 3

Hectares under Company charge: 515,400

Hectares altered vs hectares fully rehabilitated: 84,225 altered; 9,750 fully rehabilitated

Anglo American aims to reduce the ecological footprint of its business, and unlock the sustainable development value that is inherent in the minerals it produces, for the greater benefit of society. An important aspect of this vision is to create synergies between poverty alleviation and a healthy environment. This entails linking innovative solutions to problems concerning degradation of the environment, biodiversity loss, poverty, and being a catalyst for integrated forms of economic, social and environmental development.

Environmental management

To encourage a uniform approach to environmental management across the Group, corporate environmental policy, an environmental management framework, and specified mandatory environmental performance standards have been set. These are all included in The Anglo Environment Way, which is reviewed annually and is applicable to all owned and managed operations.

The environmental performance standards address the major risk areas, namely social and environmental impact assessment (S&EIA), water, air quality, mineral waste, non-mineral waste, hazardous substances, biodiversity, land stewardship and mine closure.

Anglo American's target remains for all managed operations to have a certified ISO 14001 environmental management system (EMS) in

place. In line with the ISO 14001 requirements, all operations undergo internal EMS audits, which are conducted by the respective business units. During 2008, an environmental assurance programme was established through the Anglo Business Audit Services (ABAS), which completed environmental process audits of 11 sites during the year.

Environmental incidents

In 2008, 143 level 2 incidents and one level 3 incident were recorded Groupwide. A level 2 incident is defined as having a moderate, medium-term impact, while a level 3 incident has significant, extensive or long-term impact.

The level 3 incident took place during the construction of a large clean-water dam at Anglo Coal Australia's Dawson mine where work occurred outside of the cleared cultural heritage zone. This resulted in a breach of cultural heritage and permit to disturb. The relevant traditional owner groups were informed immediately and corrective actions have been implemented and approved by the traditional owners.

Towards the end of 2008, the Company undertook a wide analysis of level 2 environmental incidents, identifying four broad categories: water pollution (surface and ground water), air pollution, soil pollution and biodiversity disturbance. Approximately 27% of incidents were incorrectly classified as level 2, when they should have been classified as level 1 incidents, which have minor or short-term effect.

The primary and secondary causes of the incidents within each category have been identified and are detailed in the table on page 51.

Air quality

Anglo American acknowledges that, owing to the nature of its business, there is the potential to generate gaseous and particulate pollution, which, if not properly managed, could negatively impact upon local, regional and global air quality. Air quality management is therefore an essential aspect of the Company's business.

In mining and processing, the potential for impacts on ambient air results predominantly from particulate emissions (fine and coarse dust), sulphur dioxide (SO₂), nitrogen oxides (NO_x) and volatile organic compounds (VOCs). The origins of these include ore handling, transport and processing, mineral waste disposal facilities, waste rock and overburden stockpiles, beneficiation of concentrates and refining to final products.

SO₂ is primarily a local pollutant with most significant impact potentially occurring in the close vicinity of the source. The largest single contributor to Anglo American's SO₂ emissions is Anglo Platinum, which reported 15,500 tonnes of SO₂ emissions in 2008 – 16% less than the previous year. The SO₂ emissions for all business units are measured, although not in all instances with the level of certainty associated with Anglo Platinum's figures.

Although each business unit faces different challenges, the Company has set common, minimum performance standards for air quality management based on European Union (EU) Standards, which are health-based as they originate largely from the World Health Organisation guidelines. The Anglo American standards will be applied throughout all Group operations – irrespective of whether the countries in which they are based have less stringent standards.

The air quality performance standard will apply throughout the lifecycle of Anglo American projects and operations. Implementation, however, will be a challenge, since the EU standards regularly become more stringent, while each Group operation is unique in its design, operation, geographical setting and proximity to local communities.

Anglo American has developed innovative techniques, through a research and development programme, which allow the Company to assess risks based on people's exposure to pollution in non-residential areas. This has been done by integrating air-dispersion modelling with people-movement surveys in order to establish a more detailed understanding of the risk of exposure of people in non-residential areas.

Mineral waste

Mineral waste is heavily regulated across the countries in which the Group operates and can be a major mine-closure liability. It is therefore a key consideration for operations and is well managed at that level. The management requirements for mineral waste are incorporated into operational ISO 14001 EMS and undergo annual operational and second party reviews. To ensure alignment in mineral waste management across the Group, a mineral waste performance standard forms part of The Anglo Environment Way. Given the large volume of mineral waste produced by the Company's operations, and the wide range of waste products, related figures are not aggregated at a Group level.

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Care and Respect



Integrity



Accountability

Environmental incidents

Incident category	Primary cause	Secondary cause
Water pollution	Overflow / overtopping	<ul style="list-style-type: none"> • Insufficient containment capacity – polluted water control dams, bund areas, sumps • Inadequate clean and dirty water separation • Power failures resulting in water pumps stopping • Pump failure
	Flooding	<ul style="list-style-type: none"> • Inadequate storm-water management • Inadequate clean and dirty water separation
	Lack of maintenance	<ul style="list-style-type: none"> • Pipe bursts owing to abrasion (past design life), corrosion, rusting • Insufficient maintenance of containment facilities, e.g. sludge disposal
	Design weakness	<ul style="list-style-type: none"> • Lack of bunding (impervious base and side walls to contain spillage of harmful liquids) • No separation of clean and dirty water
	Design integrity breached	<ul style="list-style-type: none"> • Not constructing containment facilities as per design, e.g. smaller containment facilities and larger pumps than specified in the design
Soil pollution	Poor housekeeping	<ul style="list-style-type: none"> • Oil spills owing to poor housekeeping • Oil spills owing to poor handling • Equipment failure, e.g. hydraulic pipe burst
Air pollution		<ul style="list-style-type: none"> • Vehicle dust • Lack of control, such as inadequate wetting of dusty areas and surfaces
Biodiversity disturbance		<ul style="list-style-type: none"> • Operating outside designated areas • Slimes spills into wetlands

Based on an understanding of the causes of these incidents, which are fully investigated, generic environmental design specifications have been identified for consideration by design and management teams with the aim of preventing further incidents.



Rehabilitated land at Anglo Industrial Minerals' Ballidon quarry in Derbyshire, England

Water

Several Anglo American Group operations are located in some of the most water-stressed regions of the world. The efficient use of water is essential for these operations, both in terms of their dependency on the resource, as well as for their social licence to operate

During 2008, the Group's water consumption totalled 125 million cubic metres (m³), in comparison with 131 million m³ in 2007 (251 million m³ including Mondi and Highveld Steel).

Towards one water way

Since the first WaterWays Summit held in late 2007, Group operations have developed detailed water strategies and action plans relating to their business and the environments in which they operate. In essence, these are focused on better water management through the employment of a common water footprint monitoring and reporting model and improved water measurement at the operations. The ultimate objective is an effective uniform approach to water management and to be a leading water custodian within the communities and catchments where the Group operates.

The objective consists of four key elements: raising awareness of the importance of water; identifying challenges related to maximising water-use efficiency and minimising pollution; establishing a common set of metrics for water efficiency measurement; and developing an overall water management framework for the Group.

During 2008, the Anglo Water Footprint model* was implemented across all business units, with the exception of Anglo Industrial Minerals, owing to its pending sale. The business units established initial water-efficiency measures for their operations and commenced developing operational water strategies and action plans to improve performance.

During early 2009, the Group will complete the WaterWays initiative with a second WaterWays Summit in Johannesburg, which will finalise the way forward for each of the business units.

Business unit performance

A common water-efficiency metric was still being developed in 2008. Each business unit, therefore, by virtue of its unique product and processing chain, reported performance in water use differently, as set out in the table on page 53.

It is expected that in 2009, by using the 'Footprint' model, business units will develop a better understanding of their water consumption, a greater confidence in their data and will be able to refine the accuracy of their efficiency measure. The use of the Footprint model will also equip the business units and the Group as a whole to report water information in a uniform manner. During 2009, a set of water-efficiency targets for the Group will be considered, based on this reported information.

* An analogous energy Footprint model has also been developed and is described in more detail on page 57.

Emalahleni water reclamation plant

Emalahleni water reclamation plant, a joint development between Anglo Coal and BHP Billiton near Witbank in South Africa's Mpumalanga province, 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 for years 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 ultimate goal of the plant, which operates at a 99% water recovery rate, is to become a zero-waste disposal facility. To do this, it needs to use its daily output of 100 tonnes of gypsum by-product constructively. Gypsum is costly to dispose of and is an environmental and post-closure liability.

The facility has launched two research and development projects that are likely to

generate further socio-economic advantages. The first study is exploring the conversion of waste gypsum into sulphur, limestone and magnesite, while the second is investigating the by-product's use in the fabrication of mining and building products.

South Africa's backlog in low-income housing delivery, combined with the construction boom in recent years, makes alternative building materials derived from waste attractive products. As part of the study, Anglo Coal has built a three-bedroom house constructed almost entirely out of gypsum-based building products, which is explained in detail on page 14.

In addition, Anglo Zimele has created a black-empowered enterprise that uses a small portion of the plant's water for the retail bottled water industry. The business has created seven jobs.

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.

Mogalakwena Section water quality

Water quality was a key and contentious issue raised by ActionAid and others concerning Anglo Platinum's activities in relation to the resettlement of communities in Limpopo province (see case study on page 43). These claims were discounted after isotope testing was conducted.

The Institute for Groundwater Studies (IGS) at the University of the Free State was approached by Anglo Platinum to undertake an independent groundwater review at Mogalakwena Section to determine if mining activities are the cause of elevated nitrates in the Ga-Molekana community's groundwater. IGS's preliminary investigation concluded that the very high nitrates are a general feature of the groundwater in the wider region and not a direct result of the nitrates at the mine.

The report has been peer reviewed by two international experts in the field of contaminant hydrogeology. The findings and recommendations will be released by the IGS in the first quarter of 2009.

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Accountability



Innovation

Business unit	Performance
Base Metals	Two Anglo Base Metals operations achieved notable reductions in water use in 2008: Skorpion zinc mine in Namibia reduced consumption by 1,000 m ³ daily and Catalão in Brazil also reduced its consumption significantly
Coal	Water consumption for primary activities in 2008, of 218 litres per saleable tonne, remained relatively unchanged from the previous reporting period (2007: 216 litres per saleable tonne). Progress has been made on development of an integrated water-balance model and will continue in 2009
Ferrous Metals	Water consumption per tonne of product decreased from 0.31 m ³ /tonne in 2007 to 0.27 m ³ /tonne in 2008
Industrial Minerals	Potable water usage (litres/m ³ of concrete) was reduced by 7.1% from 2002 to 2008, exceeding the business' target of 4.3% by 2010
Platinum	Water use for primary activities decreased 6% in absolute terms, but consumption in potable water used for primary and non-primary activities increased by just under 1%

Project 'No Overflow'

Project 'No Overflow' at Anglo Base Metals' Skorpion Zinc refinery in Namibia has resulted in preventing overflows from process evaporation ponds into the environment, while simultaneously reducing water consumption by 1,000 m³ per day

Lined evaporation dams or ponds, designed to contain effluent from the plant, were installed at the refinery during construction. During the operation of the facility the volume of process water entering the dams exceeded the anticipated amount, resulting in the periodic overflow of the dams.

To address this, water-flow meters were installed on all major pipelines to improve understanding of the site's water balance. This detailed knowledge soon revealed opportunities for improved recycling of process water. Subsequently, Skorpion spent more than \$1.5 million refining the water balance and installing reverse-osmosis plants to treat process water for re-use.

Project 'No Overflow' has successfully eliminated liquid and solid effluent discharges into the evaporation ponds, thereby preventing future overflows into the environment. A further \$1 million has been allocated for emptying, cleaning and repairing the ponds.

Anglo Base Metals' Skorpion Zinc mine
and processing plant in southern Namibia

Biodiversity

Anglo American is committed to active stewardship of biodiversity in all phases of its activities

As the owner of large areas of land, Anglo American understands that its impact on biodiversity is linked to the Company's legal and social licence to operate as well as to its long-term sustainability. Anglo American's stewardship of biodiversity includes the prudent use of environmental resources and the prevention or mitigation of adverse environmental impacts arising from its operations. The Company has operations in regions of South Africa and Brazil that are particularly rich in biological diversity. This presents operations with a special responsibility, but also an opportunity to demonstrate leadership in management of the biodiversity in these areas.

In 2003, Anglo American committed to the implementation of a biodiversity strategy at operational level by mandating the development and implementation of appropriate Biodiversity Action Plans (BAPs). A Group guideline, aligned with the International Council on Mining & Metals (ICMM) biodiversity good-practice guideline, was also developed on how to prepare BAPs.

A peer review process was initiated in 2005, with the objective of reviewing at least 10 operations' BAPs every year. Since the inception of this programme, 47 BAP reviews have been conducted across operations in Australia, Brazil, Chile, the United Kingdom, Namibia and South Africa. Of these, 12 were conducted in 2008.

During 2008, the Company's biodiversity strategy was strengthened by entering into a global strategic partnership with the NGO, Fauna & Flora International (FFI). A valuable aspect of this collaboration is FFI's involvement in the peer review process, which has contributed an alternative and independent viewpoint, increased accountability and offered third-party assessment of the Group's approach to biodiversity stewardship.

Biodiversity benchmark awards

Operations from two Anglo American business units received biodiversity awards for their outstanding work in the field: Tarmac and Anglo Base Metals' Brazilian operations.

Tarmac was awarded The Wildlife Trust's Biodiversity Benchmark for the work undertaken at all seven of its active Northumberland quarries – the largest number of sites ever recognised for combined excellence in the scheme. The prestigious Biodiversity Benchmark is a rigorously audited certification, which enables organisations across the UK to assess the quality of their land management and improve their contribution to the environment. Importantly, the award demonstrates a genuine commitment to enhancing biodiversity.

Anglo Base Metals Brazil won top prize in the country's environmental benchmark awards in 2008 for its socio-environmental projects within various communities surrounding its operations. Each of the projects uniquely integrated the Anglo American Socio-Economic Assessment Toolbox (SEAT) and operational BAPs.

One of the award-winning projects is the Copébras operation in Cubatão, where a multi-disciplinary team of scientists surveyed fauna and flora at sites affected by the operation's activities, as well as rehabilitated habitats nearby. Analysis of this information enabled them to map clear conservation and biodiversity goals for areas affected by the operation.

In support of these goals, the operation engaged the local community to grow indigenous seedlings that would be required for the restoration of degraded areas. This year, seeds to start a nursery were collected, and community members were offered training in cultivating the plants. As part of the project, Anglo Brazil is also monitoring wildlife in the forest area owned by the business, with emphasis on environmental quality bio-indicator species – unique species of plants and animals that are used to signal the biological condition of their habitats. This will lay the foundation for a breeding nursery and a species-release area in 2009.

Establishing nature corridors

In late 2007, the BAP for Anglo Coal's Dawson mine in Australia identified opportunities to develop nature corridors. Linking isolated ecosystems to its rehabilitation sites allows the movement of flora and fauna between them, thereby creating collectively larger habitats with more robust, stable and diverse ecosystems.

Dawson's identification and mapping of pristine ecosystems, and regenerating endangered regional ecosystems, has already yielded positive results and enabled Dawson to improve rehabilitation outcomes: during a night survey within a large area of regenerating Brigalow habitat, immediately adjacent to the Dawson mine, eight vulnerable ornamental snakes and nine species of frogs were identified.

Anglo Base Metals' Codemin unit is also establishing ecological corridors through its eucalyptus plantations as part of an effort to reduce species isolation resulting from habitat fragmentation in Brazil's Cerrado biome – the Cerrado is extremely rich in biodiversity, and severe fragmentation through human activity has led to a loss of fauna and flora.

The operation grows eucalyptus trees in order to produce woodchips, which act as a reductant in the nickel-smelting operation. The corridors are being created by planting indigenous vegetation in 44% of the operation's eucalyptus plantation, which encourages the return of animals and birds to the area as it offers them food and shelter. The local community uses the indigenous flora for a variety of purposes, including medicines. Seedlings are grown at a nursery, which is also used to produce the eucalyptus seedlings to meet Codemin's wood requirements.

A survey of the fauna and flora present in the corridors is also being carried out, in partnership with the University of Goiás, to establish a baseline and track rehabilitation progress. Positive impacts so far include improved genetic variability among species and the return of insects, which have a natural pest-control effect.



A biodiversity partnership in action – an FFI perspective

Fauna & Flora International (FFI) has been involved in five of Anglo American's Biodiversity Action Plans (BAPs) peer reviews at operations in South Africa, Brazil, Namibia and the UK during 2008

Each review takes three days and engages operational management, the environmental management team and the review team, comprising representatives from across Anglo American and FFI. Following introductory presentations, a comprehensive site visit is conducted at operational and other relevant areas, such as adjacent areas of high biodiversity value.

The site's overall biodiversity-management approach, including the systems and processes that are used to support this, is assessed against the Anglo American BAP guideline and the Anglo American biodiversity performance standard. The review team looks for a clearly articulated business case for biodiversity management that is in keeping with the biodiversity risks and opportunities identified for that specific operation, as well as the involvement of a cross-business unit team in the development and implementation of the BAP. It also aims to highlight potential links between the operation's plan and local long-term conservation plans or priorities.

The peer review findings provide feedback to all sites on the quality of their existing management programme, and makes recommendations for improvement. The feedback report may also become the basis for an action plan for sites without pre-existing BAPs.

The results of the partnership with FFI have exceeded its original objectives. FFI believes that Anglo American has deepened its understanding of biodiversity and has benefited through the sharing of related knowledge across the Group. Working in collaboration with Anglo American operations has provided FFI with an opportunity to engage at site level with production and environmental teams, and enabled FFI to influence the way Anglo American does business. This ultimately helps FFI implement a key institutional strategic objective: to secure land for conservation.

FFI has identified areas of good practice across all operations that have undergone peer reviews, which has assisted FFI with benchmarking, contributing to its knowledge base of the sector, and understanding the opportunities within the sector.

Green-striped frog at Anglo Coal
Australia's Dawson mine's regenerating
Brigalow habitat

Biodiversity continued

Rehabilitation at Union Mine

Union Mine in South Africa was established in 1954 with no environmental management plan and, as a result, has more historical environmental liabilities than newer Anglo Platinum operations. These include the need to recycle scrap steel, rubber, PVC material and plastic that have littered the surface for many years; rehabilitation of 38 hectares of land; demolition of obsolete structures within the rehabilitation area; and recovery and levelling of waste dumps.

A key aspect of this project was to reduce the footprint of the unlined waste dump, thereby increasing available grazing land, improving aesthetics and limiting potential negative impacts on water resources.

Anglo Platinum conducted a baseline biodiversity assessment at the mine as part of the process supporting the establishment of a nature area and the allocation of green areas. In conjunction with the University of South Africa, the mine also organised a training course for local communities on the control and eradication of alien and invasive vegetation. The course sought to create capacity and skills in the community, promote small business development, and raise awareness of important local environmental issues.

The mine will now implement a web-based bio-database and begin training employees about biodiversity.

Industry first for Tarmac

Tarmac has become the first UK quarrying company to have site-specific Biodiversity Action Plans (BAPs) in place at all of its active quarries. The company has created individual plans for 120 of its sites as part of its commitment to ensure that biodiversity is embedded into the operation of each quarry.

Tarmac employed independent ecologists to survey the land and establish BAP frameworks for individual quarries. The BAPs detail a range of measures to monitor, manage and, where possible, enhance biodiversity over the lifetime of each quarry and beyond. They also support existing community engagement activities and help build greater trust and confidence in Tarmac's operations with a range of stakeholders.

Tarmac has had significant success with a number of its BAPs, most notably the regional plan it introduced for seven sites in Northumberland, which surveyed more than 350 hectares of land. This has helped put in place robust measures to protect a number of species, as well as enhance important habitats. Tarmac's BAPs often link in with national and regional BAP targets.



Bernie Higgins, Tarmac's first-ever biodiversity officer, recording all the wildlife, flora and fauna at the company's quarries in Shropshire, England, as part of Tarmac's Biodiversity Action Plan for the county

Energy

The Group is committed to reducing energy consumption by 15% by 2014, based on the 2004 baseline

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Care and Respect



Accountability



Innovation

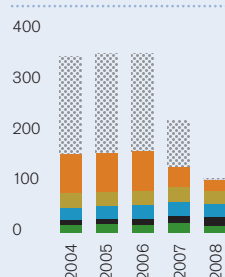
Key indicators

Target: 15% energy intensity reduction per unit of saleable product by 2014

Energy consumption:
105 million gigajoules (GJ)

Energy used by business units

Million GJ



Industrial Minerals
Coal
Platinum
Base Metals
Ferrous Metals
Divested businesses

During 2008, the Anglo American Group consumed 105 million gigajoules (GJ) of energy in comparison with 107 million GJ in 2007 (196.4 million GJ including Mondi and Highveld Steel).

The Company is endeavouring to reduce its energy consumption, and reduce its carbon footprint, against a background of power supply constraints in various key geographies and continuing high input costs. The first step on this journey was taken in 2004 when a target was set to reduce energy consumption by 15% by 2014 based on the 2004 baseline. In accordance with this target, each business unit has set its own goals and implemented appropriate programmes to reduce energy consumption and improve energy efficiency.

In 2006, despite the introduction of many energy and emission-savings measures, the Group's absolute consumption and emissions were still increasing. Although the Group itself was expanding, other factors also influenced the overall figures, such as depth of orebody and lower ore grade and indirect factors, such as emissions from third-party electricity suppliers.

In order to separate the manageable from the predominantly unmanageable components, a modelling programme called the 'Footprint' model was introduced across all business units in the second half of 2007 to monitor and report efficiencies in these two components.

The model effectively allows operations to adjust their energy and emission-performance targets relative to production outputs (the primary variable), and to key operational parameters related to an orebody's particular

geology (the secondary variable). All these factors still rely on absolute consumption/emission factors, but they enable a better understanding of the effects of energy reduction initiatives – in particular, why absolute reductions may not be taking place and, in some instances, why absolute reductions are not sustainable, despite efficiency improvements. The model has now been implemented in most business units, enabling them to monitor and report performance against an adjusted baseline for operations as well as for certain commodities. This is allowing the businesses to focus their energy efficiency initiatives on areas that should yield the greatest benefits. The model is also being used to track emissions of carbon dioxide.

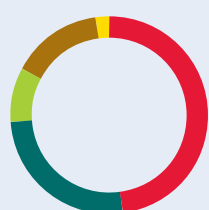
Energy security

During 2008, energy shortages had a considerable effect in South Africa and Chile, with Anglo American chief executive Cynthia Carroll observing that power-supply constraints were a major inhibitor of the mining industry's ability to expand to meet then-rising levels of demand.

In January 2008, Eskom, the state-owned South African power utility, commenced national load-shedding operations, which caused significant disruption to Group operations. Owing to the load-shedding, production at most operations ceased (for five days at Anglo Platinum). Once power was restored, Anglo American and its managed operations in South Africa made a voluntary commitment to reduce their power consumption by 10%. As a supportive action, Anglo Coal also co-ordinated industry efforts to provide Eskom with increased

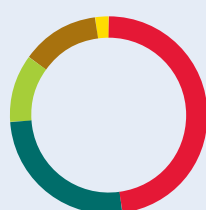
Energy mix (2006-2008)

2006 %



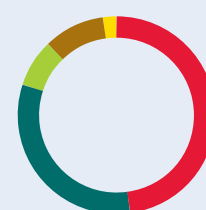
Electricity	48
Liquid fuel	26
Gases	9
Coal and coke	15
Biomass	2

2007 %



Electricity	48
Liquid fuel	26
Gases	11
Coal and coke	13
Biomass	2

2008 %



Electricity	48
Liquid fuel	32
Gases	8
Coal and coke	10
Biomass	2

Energy continued

supplies of coal, as its stocks had been significantly depleted. An internal Energy Task Force comprising energy representatives from all of the business units to monitor and co-ordinate the Company's ongoing response to the issue was formed and contingency plans were developed to prepare operations for future unplanned power outages.

Anglo American continued to engage with Eskom and the South African government throughout the year and a Memorandum of Understanding was signed with the utility to identify and implement solutions to improve the security of the country's electricity supply.

In Chile, the Company also took pro-active steps to tackle power shortages and price increases affecting operations. Government initiatives to counter electricity shortages and energy rationing included increasing electrical voltage by 10%, extending daylight-saving time, distributing energy-efficient light bulbs and flexibility in the use of reservoirs. Anglo American Chile convened a taskforce to develop a strategy to mitigate the risk of lost production and is sharing its experiences with the Group's other operations in Latin America.

Efficiency measures

Kumba's Sishen mine is testing a kinetic energy screen that could save the operation a significant amount of energy. Used to separate different sizes of ore, the screen uses a maximum of 7.5 kilowatts (kW) compared with the current units, which use up to 30 kW. Initial tests have shown

promise and another three screens with different configurations are being ordered for further testing. If, after a year, the tests prove to be successful, there is a possibility of installing 106 of these units at Sishen and ongoing replacement after the lifespan of the remaining screens.

Sishen mine has also been working on a project with BP to identify ways of improving haul truck fuel efficiency. This new approach aims to improve fuel efficiency on the mine by 5% to 15% and has a potential carbon dioxide (CO₂) reduction of 17,600 tonnes.

Tarmac's activities to improve energy efficiency have focused on adopting eco-efficient manufacturing approaches and optimisation of processes. Since 2005, Tarmac has also implemented a 'SavE' energy awareness programme across the company. Two energy managers and 12 energy champions have been deployed and a further 55 people have been recruited to SavE as well as a wider business improvement programme as change agents. Detailed programmes were also under way at Tarmac's seven largest sites in 2008. In 2009, at Buxton, two lime kilns are being replaced by a more efficient kiln, with an expected resultant reduction of 49% in specific energy consumption and a 30% reduction in CO₂ emitted per unit of production.

Anglo Platinum has identified specific opportunities for savings in electricity, liquid fuel, coal and gas consumption at each stage of its processes. Further short-term opportunities for reducing energy have been identified and,

in some instances, implemented, in compressed air systems, the optimisation of ventilation and the use of non-pneumatic mining equipment.

Anglo Coal operations in South Africa have created an energy-savings register listing potential savings of 38,355 megawatt hours (MWh) through the use of day/night switches, geyser blankets, high-efficiency motors, low-energy lighting, switching off appliances when not needed and improving maintenance. Since embarking on the programme, the company has installed 27,000 compact fluorescent bulbs, 2,050 geyser blankets and 55,000 energy-efficient fluorescent tubes. In addition, the equipment responsible for 45% of the energy consumption has been identified and efficiency opportunities are being explored, such as the installation of soft starters and variable speed drives.

At Anglo Coal in Australia, ongoing focus was given to optimisation and business-improvement activities, which had multiple benefits, including increased production and energy efficiency. Mining-focused opportunities were identified in improving the efficiency of excavator and electric shovels, improving dragline utilisation, reducing coal losses, increasing use of combined heat and power programmes, enhancing drill and blast efficiency and improving conveyor utilisation on opencast mines.

Energy performance	
Base Metals	While total energy consumption decreased considerably towards the end of 2008, because of the sale of Namakwa Sands, as well as a notable decrease in production in the phosphate business, there was a sharp increase in energy consumption owing to the ramp-up of Loma de Niquel after a 35-day strike, as well as lower production volumes at both Loma and Namakwa Sands (prior to sale), which resulted in significantly less efficient use of energy for extended periods
Coal	Anglo Coal's energy consumption for 2008 was 186 megajoules (MJ)/saleable tonne (2007: 156 MJ/saleable tonne). The increased depths of coal seams, challenging geological conditions and a number of expansion projects throughout many operations, as well as longer haul distances in Australia have adversely impacted energy performance
Ferrous Metals	Anglo Ferrous Metals' overall energy intensity for 2008 was 0.56 gigajoules (GJ)/saleable tonne (2007: 0.63 GJ/saleable tonne) Kumba Iron Ore's actual consumption of 0.114 GJ/tonne of product produced was 8% less than the 0.120 GJ/tonne recorded in 2007. This was due largely to improved beneficiation efficiency associated with the Sishen expansion project, and the successful implementation of a number of efficiency initiatives Scaw Metals' actual consumption of 10.37 GJ/tonne of product represents a 6% reduction on the 11 GJ/tonne reported in 2007. This was achieved through various improvement projects and contributed to Scaw Metals' response to the energy security challenges in South Africa, which required a 10% reduction in total electricity demand
Industrial Minerals	Tarmac's operations have delivered improved energy efficiency across its main product streams since 2004. The most notable improvements have been in concrete (21%), concrete products (18%), and crushed rock (13%). This has been achieved chiefly through adopting operational improvements and energy-efficient manufacturing processes Total energy consumption by production processes increased in 2008 by 8.4% from the 2004 baseline – an increase attributable to higher production volumes for several products. When compared with 2007, total energy consumption at Tarmac decreased by 2.2%, due in part to the decrease in output in some product streams in the second half of 2008 and the sale of the Spanish business
Platinum	Anglo Platinum's total energy consumption, in absolute terms, decreased by 2% to 25 million GJ in 2008. The business' concentrators, smelters and refineries reported a drop in energy use of 4% compared with the previous year, while mining energy use increased by nearly 1%. This reduction largely came about as a result of reduced production for the year. Anglo Platinum's energy intensity per refined ounce of precious metal decreased by 5% to 5.9 GJ in 2008 (2007: 6.2 GJ)

Climate change and GHG emissions

Over the decade to 2014, the Group aims for a 10% reduction in emissions per unit of production

Key indicators

Target: 10% reduction in emissions per unit of production against a 2004 baseline

Emissions: 19.7 million tonnes CO₂e

Anglo American's managed businesses emitted 19.7 million tonnes of carbon dioxide equivalent (CO₂e) in 2008 (2007: 24.5 million tonnes CO₂ before divestments; 19.4 million tonnes CO₂ after divestments). In 2008, the Group's emissions-savings performance was negatively affected by higher emissions associated with third-party electricity suppliers, particularly in Chile where lower reservoir levels constrained hydro-electric production and lower imports of gas from Argentina caused a switch to diesel to generate electricity.

Anglo American recognises that climate change is a critical international and community concern, as well as a risk to the business, and is committed to helping to find and implement solutions to the challenges it poses. One of the immediate responses has been the Company's work on energy efficiency and energy management, outlined on page 57. The overall Group target is a 10% reduction in emissions per unit of production against a 2004 baseline.

Other commitments include collaboration in research and development programmes to address the challenges of climate change; incorporating climate change considerations into business planning, such as factoring climate resilience into operations; and exploring opportunities in market-based emissions reduction mechanisms. The following sections detail progress on these commitments.

Enhancing climate resilience

Existing greenhouse gas (GHG) concentrations have atmospheric lifetimes of at least a few decades, which means that some change in the climate is inevitable – even if all GHG-emitting activity halted immediately.

Anglo American's climate-change impact-assessment project with Imperial College in London aims to identify the hazards posed by climate change to operations. Physical models of the climate system will be used to identify the likelihood of changes in temperature, extreme rainfall and drought in particular. This will enable the Company, as a first step, to establish a risk inventory of its current and future operations around the world.

Future work will examine high-risk sites in more detail with the purpose of developing adaptation strategies to enhance the climate resilience of such operations and their surrounding regions.

Moranbah North methane power station

Anglo Coal in Australia commissioned, in late 2008, a power station at Moranbah North, which utilises coal mine methane. This could reduce the mine's emissions by 1.4 million tonnes per year – equivalent to taking 300,000 cars off the road. Powered by waste gas from the mine, the station will help to reduce GHG emissions, improve energy efficiency and strengthen the power network in the area. Methane gas is 21 times more damaging as a GHG than CO₂. It was commonly vented in Australia until 2004 when the government outlawed the practice if the methane could otherwise be safely flared or utilised (a small portion is still vented for safety reasons).

At maximum capacity, Moranbah will generate 45 MW of power, 13 MW more than the German Creek (now Capcoal) methane power station, which opened in March 2007. The power will be exported to the national electricity grid.

Clean coal technology partnership

Anglo American signed an agreement in mid-2008 with speciality chemicals company Johnson Matthey for the joint development of technology that will mitigate the effects of methane from mine ventilation air. Methane represents a large proportion of GHG emissions from coal mining. The agreement is the first fruit of this collaboration to identify potential joint research opportunities in low carbon technologies related to coal and then develop and commercialise them. A particular focus is also on technologies that could utilise platinum group metals.

Carbon capture and storage

In 2008, the difficult decision was taken to place the Australian Monash Energy coal-to-liquid and carbon capture and storage (CCS) project under review. The unfortunate reality is that the current business environment has become unsuitable for this type of large high-risk project, particularly given that the regulatory environment for carbon sequestration has not yet been resolved.

Anglo American, however, was pleased to announce that it is a founding member of the Global Carbon Capture and Storage Institute (GCCSI), launched in November 2008. Administered and funded by the Australian government, the institute is an important global initiative, which aims to facilitate the development and deployment of CCS projects. The GCCSI will bring government and industry together and support achievement of the G8 goal of developing at least 20 industrial-scale CCS projects by 2020.

ICMM Principles

06

UN Global Compact Principles

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Anglo American Guiding Values



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Accountability

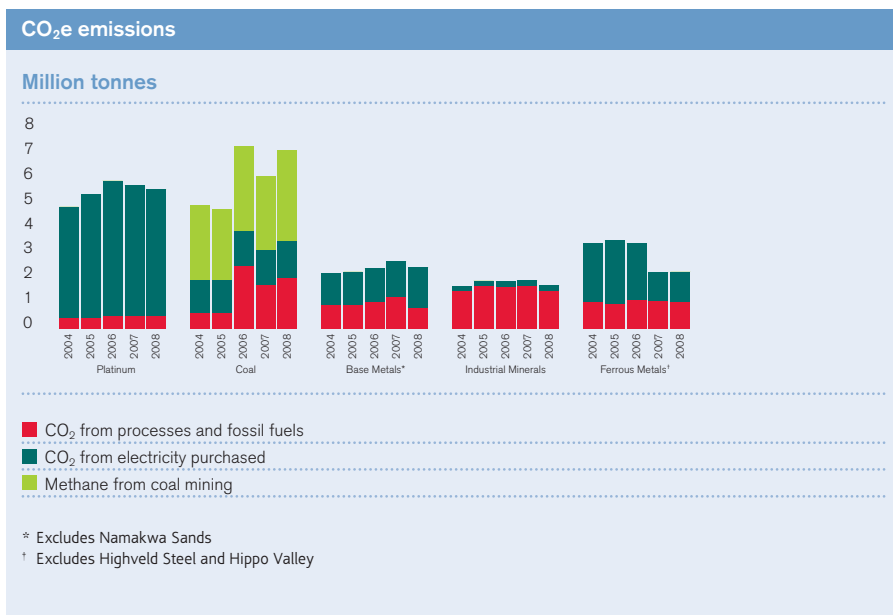


Collaboration



Innovation

Climate change and GHG emissions continued



The Company is also involved in, among several other initiatives, direct funding of clean coal project development, including FutureGen (in the US) and the Otway Basin trial (in Australia), and an assessment of geological CO₂ storage capacity in South Africa. Anglo American in Brazil has produced a full GHG inventory and is a founding member of the Brazilian GHG Programme, together with the national Environment Ministry, USAID, the World Business Council for Sustainable Development, Getulio Vargas University and 12 other large corporations.

Anglo Coal Australia responds to impending emissions trading scheme

During 2008, the Australian government progressed a number of policies related to

climate change – the key developments include the Carbon Pollution Reduction Scheme (CPRS) and the independent Garnaut Climate Change Review. The Green and subsequent White Paper on the CPRS provide details on the extent of business exposure to carbon pricing and it is apparent that the scheme has significant financial implications for the Australian coal industry.

In response, Anglo Coal Australia actively engaged with government and industry on the financial impacts as well as technical issues around CO₂ accounting. In addition, an internal preparedness team is conducting a detailed analysis of the proposed CPRS and its impacts, as well as identifying further opportunities to implement carbon reduction measures.

Alternative energy at Base Metals

Anglo Base Metals has identified several alternative energy opportunities linked to new project development, as well as projects at existing mines. These include energy recovery, wind, solar alternatives and co-generation. A potential solar project at Skorpion Zinc mine in Namibia, for example, could result in 45,000 MWh of savings per annum, or 6% of current electricity usage.



Anglo Coal Australia's Capcoal
32-megawatt coal seam
methane-fired power plant

Lisheen wind farm

The establishment of a wind farm at Anglo Base Metals' Lisheen zinc and lead mine in County Tipperary, Ireland, will benefit the operation, its employees and the community. It will also leave a positive legacy after mine closure

The Lisheen mine site has been identified as the ideal location to build a wind farm that will produce clean and, ultimately, cheaper electricity. This site is ready-made for the establishment of a wind farm as it has an existing sub-station, an overhead connection to the national power grid, attendant infrastructure and plenty of wind.

Turbine delivery started in February 2009, with project completion scheduled for later in the year. The establishment of the wind farm follows four years of research and data capturing on site by Lisheen, as well as extensive consultation with the local community, regulatory bodies and NGOs. The project complies with environmental regulations and ties in with Anglo American's sustainable development objectives, improved energy efficiency and reduced carbon emissions.

Lisheen sold its interest in the wind farm – including the planning permission and the permit for connection to the national electricity grid – in early 2008 to renewable energy company SWS Natural Resources. The mine, however, is leasing the land on which the wind farm is located to the developer and retains an interest in the project through the payment of an annual royalty.

Lisheen is the largest employer in the area. The construction phase of the wind farm project resulted in 70 more local workers being employed. In addition, and as part of the planning conditions, the developer will make a significant annual financial contribution towards community development during the life of the wind farm.

The project entails building 18 turbines, each with a 2 MW output and a combined output of 36 MW – enough to power more than 25,000 homes. The power generated will be supplied directly to the national grid and is expected to reduce national carbon dioxide emissions by 100,000 tonnes per annum.

Anglo Base Metals' Lisheen zinc and lead mine in County Tipperary, Ireland

07 Manmade Capital

Continuous improvement and innovation

Optimal use of manmade capital, such as buildings, transport systems and intellectual property, reduces costs and promotes resource efficiency

ICMM Principles

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Care and Respect



Accountability



Collaboration



Innovation

From catalytic converter to ethylene 'scavenger'

Palladium, a platinum group metal, is commonly associated with catalytic converters, jewellery and electronic components. A new technology, jointly developed by Anglo Platinum and speciality chemicals company, Johnson Matthey, which focuses on the application of chemicals in advanced materials technology, has revealed a way to leverage palladium's properties to prolong the life of fresh produce.

The presence of ethylene affects most fruit and vegetables by reducing their post-harvest lifespan through premature ripening, disease and softening. Existing ethylene 'scavengers' which absorb excess ethylene from the atmosphere, are commercially available but have limitations – which is where palladium comes in as the key active ingredient in a new kind of ethylene scavenger. The technology under development is called E+ and is expected to be used to extend the shelf life of everything from fruit to flowers.



Bayanda Mnwango, production superintendent, and (right) Bart Pieterse, resident engineer, inspecting corroded coolers at Anglo Platinum's Polokwane smelter

Manmade capital concerns material goods, intellectual property and infrastructure that contribute to production of a company's final product. Manmade capital can include, among other things, buildings, waste-disposal systems, technology, the supply chain, as well as water, electricity and transport infrastructure.

Most of these elements are fully integrated into Anglo American's approach to project development and form part of the Company's close engagement with other stakeholders through the full life cycle of a project. There are, however, some specific elements of Anglo American's approach to the development of manmade capital which can deliver significantly enhanced benefits. These are described in the following sections.

Asset optimisation is a key initiative within Anglo American and revolves around optimised value delivery from existing assets – resources, equipment and people. It is an integral component of the Company's value-based management approach.

Continuous improvement is an important part of delivering asset optimisation and is a well-entrenched process in all the business units. It is about the generation of value-adding ideas – finding new ways to do things more quickly and more efficiently – and applies to everything from processes to projects. There have already been a number of success stories. For example, an initiative to improve haul truck tyre life at Anglo Platinum's Mogalakwena operation in South Africa led to tyre savings of up to 50% during a three-month pilot test period.

Anglo American's in-house technology resource

Anglo Technical is the custodian of specialised engineering skills employed throughout the Group, while Anglo Research identifies emerging technologies, develops them to pilot-plant scale and assists in the rapid transfer of technologies.

For example, Anglo Research has designed and is in the process of developing innovative nickel production technology to reduce costs, improve viability and keep process water and re-agents locked in a closed loop in order to minimise the potential impact of discharges and effluents on the natural environment. Good progress is also being made in developing a cost-effective process to produce titanium – a high-strength, long-life, highly corrosion-resistant and light metal used in many vital engineering, industrial and aerospace applications.

Transferring best practice

The impact of water scarcity and climate change have become major focus areas at Anglo Research. Reducing the Group's water and energy consumption, as well as its use of raw materials and chemicals, are targets of Anglo Research's activities.

Anglo Research has established a centre of excellence for the transfer of best practice to operations for ore grinding and flotation and dewatering of the resulting slurries. The employment of bench-scale techniques and modelling, together with site surveys, has yielded significant improvements in energy consumption and water recovery at several Group sites.

Materials stewardship

The International Council on Mining & Metals (ICMM) has defined materials stewardship as 'the responsible provision of materials and supervision of material flows towards the creation of maximum societal value and minimum impact on man and the environment'. Material flows begin at the origin of the material (ore), progress through the extraction and beneficiation stages and end with recycling or disposal – the cradle-to-grave principle. Anglo American intends to gradually apply this life cycle approach in order to identify opportunities related to materials stewardship more effectively.

A materials stewardship workshop was held in June 2008 at Anglo American to develop a deeper understanding of the issue and its relevance to the business. A materials stewardship working group, which is developing an overarching framework and Group strategy in this area, has since been re-established. This will integrate diverse activities and functions across the Group, including the environmental department, occupational and community health, safety, environmental geochemistry, marketing, procurement and supply chain managers, as well as external life cycle analysis expertise.

The environmental geochemistry team contributes to materials stewardship through its work on exploration and mine environment geochemical surveys, geochemistry best practice and through research projects in conjunction with a number of academic partners. This has enhanced understanding of the human

health and environmental risks that may arise from both naturally occurring substances and process chemicals present in the Group's operations. This is necessary for full engagement with the European Chemicals Directive and REACH (see below), and also so that Anglo American can better manage and mitigate any unwanted impacts.

REACH

The European Union's (EU) Chemicals Directive is now fully in force and the European Chemicals Agency (ECHA) has been established to implement the Registration, Evaluation and Authorisation of Chemicals (REACH) coming into the EU.

Anglo American has set up a company in the UK to represent all Group companies in this process. Anglo Base Metals, Anglo Platinum and Anglo Ferrous Metals have successfully completed pre-registration of relevant substances as an important first step.

Work continues on the full characterisation of all ores, concentrates and other materials emanating from Group operations to ensure that the Group is as prepared as possible for when the ECHA begins the evaluation and authorisation phases over the next two years. The business units are represented at their appropriate substance information exchange forums and will work with other manufacturers/importers on the demanding task of completing the necessary testing and final registration dossiers as required by ECHA over the coming years.

Super-strength road surface saves resources

Tarmac, working in close partnership with Westminster Council and Westminster TranServ, has designed binder and surface materials that enable heavily-used roads to last significantly longer than conventional road surface designs, and also reduce the amount of wheel rutting caused by high traffic flow.

This process was developed for the resurfacing of London's Oxford Street, Regent Street, Piccadilly Circus and Oxford Circus. For many years these roads have experienced a high volume of heavy, slow-moving traffic, which has caused considerable deformation to the existing road surface, particularly in the lanes that are used by buses, delivery vehicles and taxis. Traditional road surface materials and designs used in this area have had a short lifespan.

Uniquely, Tarmac's new design incorporated variations in the depth of the construction of the surface across the lanes to accommodate the different flows and weights of traffic.

These features have enhanced the durability and deformation resistance of the road and delayed the need for future maintenance. While saving considerably on long-term cost, and minimising the use of raw materials in the future, the improved durability is also helping reduce the carbon footprint of roads.



In the heart of the UK capital, Tarmac crews work through the night to lay a new, long-lasting road surface on London's Regent Street

Supply chain sustainable development

Sustainable Development in Supply Chain Policy

In 2008, Anglo American launched its Sustainable Development in Supply Chain Policy, which outlines the Company's commitments in this area as well as the expectations it has of suppliers

The policy and supplier sustainable development code has been communicated to suppliers in various languages, as well as to staff members.

In July, a three-day workshop, which brought together people from across the global supply chain and sustainable development disciplines as well as other internal and external experts, was hosted to discuss supply chain sustainable development topics.

This was followed by a highly successful event at the end of 2008 when around 150 suppliers and senior Anglo American executives from around the world, including chairman Sir Mark Moody-Stuart and chief executive Cynthia Carroll, came together for the Group's first-ever global supplier conference. The conference focused on safety, Anglo American's values, the One Anglo supply chain project, and the Company's approach to supply chain sustainable development and enterprise development.

A global supply chain sustainable development leader has been appointed and regional supply chain sustainable development managers are in various stages of recruitment. Internal training on the policy and associated implementation has started and performance indicators have been incorporated into supply chain employees' performance contracts. In line with Anglo American's engagement approach and with the intention of continuous improvement, the supply chain team will continue to inform, assess and support prioritised suppliers on social and environmental performance.

Anglo American is pursuing innovative ways of extending tyre life and is also forging longer-term arrangements with suppliers to secure tyres for its operations

Waste

ICMM Principles

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Care and Respect



Accountability



Collaboration



Innovation

The Group has made good progress towards the development of a waste performance standard, with operations finding innovative ways of recycling waste

For 2008, Anglo American's objectives were to publish a Group waste performance standard in The Anglo Environment Way, and for each business unit to study its waste streams at operations and set appropriate recycling and reduction targets. The performance standard was published in draft form and business units are at various stages of implementation against the aforementioned targets. At Anglo Base Metals, for example, waste streams are segregated on site as appropriate and on a risk basis. All its operations are working towards site-specific targets for waste reduction.

Tarmac's target has been to reduce waste sent for licensed disposal by 25% by 2010 based on 2004 volumes (excluding Tarmac Recycling). This has been comfortably exceeded already, with a total of 127,000 tonnes of waste sent to licensed disposal in 2008 (54% down from 275,600 tonnes in 2004). This reduction has been achieved at the same time as Tarmac's production of cement, lime, sand, gravel and crushed rock has increased.

Large-volume tailings facilities remain Anglo American's most important waste management challenge by way of size, significance and potential risk. Such facilities are characterised in terms of potential risk or hazard ranking and as operational, dormant or closed. Risk is assessed on facilities' current potential impact and their potential impact once risk-control measures have been put in place. Group-wide, there are 22 high-potential-risk facilities and 68 medium-potential-risk facilities.

To manage this risk, mine or contract operators routinely inspect operational facilities. Third-party audits are carried out regularly, with the frequency determined by the risk and activity classification of the individual facility. Some are undertaken annually, some biennially and the remainder at the recommended maximum of every three years.

Anglo American is increasingly focusing on developing methods of saving water and minimising the impact and closure liabilities of operating facilities, as well as incorporating such matters into the design of new facilities. For example, hydrogeological modelling and monitoring work in Chile has led to an improved understanding of the groundwater regime and the effectiveness of waste-mitigation measures. The start-up of the new tailings compartment at Catalão in Brazil has facilitated the decommissioning of the old facility, while, at the Lisheen tailings management facility in Ireland, large-scale trials are under way to

develop the best combination of materials with which to cover and close the tailings area.

Several business units are pursuing recycling initiatives. Anglo Coal South Africa salvaged about 2.5 tonnes of paper in June 2007 from its collieries that had commenced with paper recycling. Since then, a more comprehensive programme has been initiated at all operations and service departments and

nearly 64 tonnes of paper was collected during 2008. The scheme now also includes glass and aluminium cans, while additional programmes are in place to manage scrap metal, garden refuse, and hazardous waste.

Anglo Ferrous Metals' Scaw business used over 2.2 million tonnes of recycled scrap metal in 2008 – more than double the amount used during the previous year.

Large-volume waste facilities

	2008	2007
Process waste disposal facilities	126	127
Facilities in active use	70	73
Total area occupied by facilities (hectares)	6,573	5,934
Total number of audits	93	92



Anglo Ferrous Metals used more than 2.2 million tonnes of recycled scrap in 2008 – more than double the amount for 2007

08 Data and Assurance

Report of the independent auditors

Independent Assurance Report to the Directors of Anglo American plc

Introduction

We have been engaged by the directors of Anglo American plc ("Anglo American") to perform an independent assurance engagement in respect of certain information included in Anglo American's Report to Society 2008 for the year ended 31 December 2008 ("the Report to Society"). This assurance report is produced in accordance with the terms of our engagement letter dated 30 July 2008.

This report, including the conclusions, has been prepared for the directors of Anglo American as a body, to assist the directors in reporting Anglo American's corporate sustainability performance and activities. We permit the inclusion of this assurance report in the Report to Society for the year ended 31 December 2008, to enable the directors to demonstrate that they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the "Identified Sustainability Information". To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the directors as a body and the Company for our work on this report save where terms are expressly agreed and with our prior consent in writing.

Scope and subject matter

The Identified Sustainability Information for the year ended 31 December 2008 on which we provide reasonable assurance consists of:

- Fatality Injury Frequency Rate (FIFR) (Page 26)
- Lost Time Injury Frequency Rate (LTIFR) (Page 26)
- Total new cases of Noise Induced Hearing Loss (NIHL) reported (Page 71)
- Total new cases of occupational diseases (Page 29)
- Group total number of employees participating in anti-retroviral treatment (ART) (Page 30 and 71)
- Group total number of employees participating in Voluntary Counselling and Testing (VCT) (Page 30 and 71)
- Group HIV prevalence rate (Page 30 and 71)
- Total CO₂ emissions from processes and fossil fuels in 1,000 tonnes (Page 68)
- Total CO₂ emissions from electricity purchased in 1,000 tonnes (Page 68)
- Total energy used in PJ (Page 68)
- Total amount of water used for primary activities in 1,000 m³ (Page 68)
- Total number of Level 2 and 3 environmental incidents reported (Page 50)
- Total amount spent on corporate social investment spend (CSI) projects in US\$ (Page 48)
- Progress on the South African Mining Charter (Page 23)
- Number of sites that commenced socio-economic studies using the Socio-Economic Assessment Toolbox (SEAT2) in conjunction with community engagement plans (Page 38)
- Anglo American's assertion that it has achieved an A+ Global Reporting Initiative (GRI) application level (Page 15)

We read the other information included in the Report to Society and consider whether it is consistent with the Identified Sustainability Information. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Identified Sustainability Information. Our responsibilities do not extend to any other information.

Responsibilities of the directors

The directors of Anglo American are responsible for the content of the Report to Society, including the development of the corporate reporting policies and procedures as available on its website www.angloamerican.co.uk and for the preparation and presentation of the Identified Sustainability Information in accordance with its corporate reporting policies and procedures, and the Global Reporting Initiative's (GRI) new generation (G3) guidelines.

Responsibility of the independent assurance provider

Our responsibility is to conduct a reasonable assurance engagement and, based on our assurance procedures, report our conclusions to the directors.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance engagements other than audits or reviews of historical financial information*, issued by the International Auditing and Assurance Standards Board. This Standard requires inter alia that we comply with ethical requirements.



Integrity



Accountability

Summary of work performed

Our procedures included examination, on a test basis, of evidence relevant to the Identified Sustainability Information. It also included an assessment of the significant estimates and judgements made by the directors in the preparation of the Identified Sustainability Information.

Our procedures included a selection of 19 managed operations representing a sample from all five Anglo American's business units for performing our on site assurance procedures, and Anglo American's head office in Johannesburg.

Our work consisted of:

- reviewing processes that Anglo American has in place for determining the Identified Sustainability Information included in the Report to Society;
- obtaining an understanding of the systems used to generate, aggregate and report the Identified Sustainability Information at the sampled operations;
- conducting interviews with management at the sampled operations and at corporate head offices;
- evaluating the data generation and reporting processes against the reporting criteria;
- performing key controls testing;
- testing the accuracy of data reported on a sample basis; and
- reviewing the Identified Sustainability Information reported by operations not visited for consistency with previous years and appropriate inclusion to the Group data.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our reasonable assurance conclusion.

Anglo American's internal corporate reporting policies and procedures www.angloamerican.co.uk and the Global Reporting Initiative's (GRI) new generation (G3) guidelines were applied as criteria for evaluating the Identified Sustainability Information.

Inherent limitations

Non-financial data is subject to more inherent limitations than financial data, given both the nature and the methods used for determining, calculating, sampling or estimating such data. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. It is important to read the Identified Sustainability Information in the context of the reporting protocol set out on page 15.

Conversion factors used to derive CO₂ emissions and energy used from fuel and electricity consumed are based upon information and factors derived by independent third parties. Our assurance work has not included examination of the derivation of those factors and other third party information.

Conclusion

Based on our work performed, in our opinion, the Identified Sustainability Information for the year ended 31 December 2008 is fairly stated, in all material respects, in accordance with Anglo American's corporate reporting policies and procedures and the Global Reporting Initiative's (GRI) new generation (G3) guidelines.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: Carmen Le Grange

Registered Auditor

Johannesburg

24 March 2009

Data for managed companies for year ended 31 December 2008

Anglo American plc

	CO ₂ from processes and fossil fuels ^a	CO ₂ from electricity purchased ^b	Coal mine methane, CO ₂ equivalent	Total energy used ^c	Land utilised by operations	Water used for primary activities
	1,000 tonnes	1,000 tonnes	1,000 tonnes	PJ	ha	1,000 m ³
Total 2008	6,000^o	10,177	3,620.2	105	84,225	124,754
Total 2007	6,368	10,096	2,948.0	107	67,423	130,867

Platinum

	CO ₂ from processes and fossil fuels ^a	CO ₂ from electricity purchased ^b	Total energy used ^c	Land utilised by operations	Water used for primary activities	Tonnes mined/ tonnes milled ^e
	1,000 tonnes	1,000 tonnes	PJ	ha	1,000 m ³	1,000 tonnes
Bafokeng-Rasimone Platinum Mine	2	270	1.0	950	2,191	2,248
Lebowa Platinum Mine	6	258	1.1	407	279	1,098
Mogalakwena Mine	145	263	3.1	3,407	4,051	7,180
Precious Metals Refiners	1	49	0.2	34	301	4,303 ^h
RPM Amandelbult Section	13	789	3.2	1,656	4,120	5,769
RPM Rustenburg Section	21	1,461	5.8	3,476	10,620	15,275
RPM Union Section	27 ⁱ	655	2.8 ^l	2,911	3,161	5,570
RPM Waterval Smelter	101	730	3.9	57	1,392	508 ^k
Polokwane Smelter	37	357	1.8	728	312	113 ^j
Rustenburg Base Metals Refiners	138	161	2.1	145	830	23 ⁱ
Mototolo Concentrator	0	95	0.4	554	830	1,822 ^z
Twickenham	2	0	0.0	1,309	292	164
Total 2008	494^l	5,088	25.4^l	15,634	28,381	44,072
Total 2007	502	5,227	25.9	14,778	30,148	38,433

Coal

	CO ₂ from processes and fossil fuels ^a	CO ₂ from electricity purchased ^b	Total energy used ^c	Land utilised by operations	Water used for primary activities	Tonnes mined	Coal mine methane, CO ₂ equivalent
	1,000 tonnes	1,000 tonnes	PJ	ha	1,000 m ³	1,000 tonnes	1,000 tonnes
Australia							
Callide	86	75	1.4	2,609	1,176	10,024	170
Dartbrook ^d	39	8	0.0	968	234	0	101
Drayton	111	34	1.4	968	1,039	4,357	198
Capcoal	98	205	2.0	5,797	5,135	9,737	1,238
Moranbah North	42	124	0.6	1,853	1,072	4,190	1,216
Dawson	293	225	4.7	7,360	1,989	8,360	142
Foxleigh	63	1	0.9	1,589	1,508	2,093	45
South Africa							
Goedehoop	18	212	1.0	1,911	862	11,429	214
Greenside	7	67	0.3	904	297	5,552	89
Kleinkopje	650	112	0.9	2,881	2,248	6,301	1
Landau	59	78	0.6	1,645	1,584	6,649	2
Kriel	24	86	0.6	2,480	511	10,193	87
New Denmark	5	83	0.3	3,151	809	5,276	110
New Vaal	403	121	1.2	2,535	1,052	16,805	4
Mafube	30	29	0.5	1,564	886	3,572	0.3
Isibonelo	13	55	0.4	764	151	5,075	0
China							
Yang Quarry ^{**}	6	0 [*]	0.1	0	24	0	0
Canada							
Trend ^{**}	45	0	0.7	0	72	0	0
Total 2008	1,997	1,513	17.8	38,980	20,844	109,612	3,620
Total 2007	1,722	1,409	14.0	35,157	19,403	110,146	2,948

* Electricity purchased is generated from hydro-electric power

** Values for Yang Quarry and Trend mine are not fully included. The data capture and verification process commenced in late 2008

Base Metals

	CO ₂ from processes and fossil fuels ^a	CO ₂ from electricity purchased ^b	Total energy used ^c	Land utilised by operations	Water used for primary activities	Tonnes mined/ tonnes milled ^e
	1,000 tonnes	1,000 tonnes	PJ	ha	1,000 m ³	1,000 tonnes
Mantos Blancos	108	173	1.9	1,888	4,021	15,830
Mantoverde	102	75	1.5	1,557	2,234	9,557
El Soldado	72	97	2.0	1,091	3,995	8,002
Los Bronces	122	292	4.5	4,710	18,154	20,013
Chagres	36	53	1.0	40	1,264	538
Codemin	98	9	3.4	1,259	2,295	473
Loma de Níquel	194	87	4.4	297	3,736 ^g	677
Catalão	7	1	0.2	217	5,252	818
Namakwa Sands	109	453	2.3	3,563 ^p	1,498	642
Skorpion	15	638	2.6	521	2,810	1,575
Black Mountain	7	135	0.6	910	2,577	1,205
Lisheen	5	100	0.6	470	3,780	1,507
Copebrás	34	5	1.9	673	5,223	5,690
Totals 2008	907	2,119	26.9	17,196	56,839	66,526
Totals 2007	1,376	1,970	31.2	17,394	61,880	124,917

Industrial Minerals

	CO ₂ from processes and fossil fuels ^a	CO ₂ from electricity purchased ^b	Total energy used ^c	Land utilised by operations	Water used for primary activities
	1,000 tonnes	1,000 tonnes	PJ	ha	m ³
Tarmac Iberia [†]	7	3	0.1	0	533
Tarmac Central Europe	27	44	0.7	3,248	842 ^g
Tarmac France	8	2	0.2	787	162 ^g
Tarmac Middle East	62	15	0.9	379	516 ^g
UK Aggregate Products	306	84	5.2	7,443 ^f	2,070 ^g
UK Building Products	1,099	82	5.8	514	182 ^g
Group Services and small operations	7	1	0.1	45	27 ^g
Total 2008	1,516	231	13.2	12,415	4,332
Total 2007	1,676	246	14.7	13,818	4,193

Ferrous Metals

	CO ₂ from processes and fossil fuels ^a	CO ₂ from electricity purchased ^b	Total energy used ^c	Land under company charge	Water used for primary activities
	1,000 tonnes	1,000 tonnes	PJ	ha	1,000 m ³
Scaw Metals group	870	857	17.0	532	2,226
Kumba Iron Ore	200	347	4.2	73,691	8,020
Total 2008	1,071	1,204^q	21.2	74,223ⁿ	10,246
Total 2007	1,895	2,251	38.8	41,428 ⁿ	13,475

[†] Tarmac Iberia was sold in August 2008

Data for managed companies for year ended 31 December 2008 continued

Corporate and regional offices

	CO ₂ from processes and fossil fuels ^a	CO ₂ from electricity purchased ^b	Total energy used ^c	Land under company charge	Water used for primary activities
	1,000 tonnes	1,000 tonnes	PJ	ha	1,000 m ³
Total 2008	12	20^d	0.3	na	4,112
Total 2007	9	33	0.3	na	4,717

^a CO₂ emissions from processes and fossil fuels consumed are calculated using the World Business Council for Sustainable Development (WBCSD) Greenhouse Gas Protocol calculation tools, and do not include emissions from purchased electricity.

^b CO₂ emissions from purchased electricity are calculated using country-specific factors for national grid electricity.

^c Total energy used is calculated from electricity purchased, energy generated from biomass and fossil fuels consumed. 1 petajoule (PJ) = 1 million gigajoules (GJ).

^d Dartbrook is on 'care and maintenance'.

^e For Anglo Base Metals: Namakwa Sands, Skorpion, Catalão, Mantos Blancos and El Soldado, figures are tonnes mined. For Chagres, it is tonnes smelted.

^f Value for land utilised is land occupied for industrial activities.

^g Value used for primary activities is total water consumed by process.

^h Value used is ounces PGMs + gold.

ⁱ Value used is total tonnes matte produced.

^j Value used is tonnes Ni + Cu + Co.

^k Value used is Waterval smelter production total tonne.

^l Union Section during 2007 and until March 2008, provided a monthly figure of all the diesel stock available. Since April 2008, the real consumption was reported.

^m Zero emissions owing to natural coal out-gassing prior to mining.

ⁿ Number is corrected since the *Report to Society 2007* – Sishen South came on board during 2008.

^o Number excludes CO₂ from fossil fuels for exploration activities (4,425 tonnes CO₂e).

^p Value for land utilised by operations is land under company charge as at September 2008 prior to sale.

^q Highveld Steel disposed of in mid-2007, resulting in the significant reduction in 2008 figures.

na Not applicable.

* Not available.

Safety data

Safety data

Business unit	Work-related loss of life			Lost-time injury frequency rate		
	2006	2007	2008	2006	2007	2008
Platinum	18	25	17	2.52	2.03	1.74
Coal	7	4	4	0.50	0.36	0.38
Base Metals	3	2	1	0.36	0.30	0.23
Industrial Minerals	1	5	1	0.84	0.66	0.46
Ferrous Metals	14	3	3	0.25	0.21	0.21*
Exploration	0	1	1	0.90	0.56	0.68
Anglo Technical and other	0	0	0	0.09	0.66	0.00
Total managed companies	44	40	27	1.58	1.26	1.04

Causes of fatal injuries

17			10		
Underground			On surface		
5	29.4%	Falls of ground	5	50.0%	Transportation
2	11.8%	Transportation	2	20.0%	Moving machinery
2	11.8%	Moving machinery	2	20.0%	Falling
2	11.8%	Fire/explosions	1	10.0%	Falls of ground
2	11.8%	Falling			
2	11.8%	Electricity			
1	5.9%	Other causes			
1	5.9%	Mud rush			

* Including Anglo American Ferrous Brazil as of 5 August 2008

Health data

Health statistics

Number of permanent employees (Anglo American does not have occupational disease data for its contract workforce) 105,000

Total occupational illness incidence rate: 0.13/200,000 hours or 100 man years

	NIHL	Pneumoco- niosis	COAD	Occ. TB	Occ. asthma	HAWS	MD	Other	Total
No. of employees potentially exposed to risk	53,277	9,912		9,425	8,561	1,829	1,431		84,435
No. of new cases	62	5	4	9	7	0	40	5	132
No. of occupational changes	1	2	1	0	0	1	0	1	6
No. of fatalities owing to occupational disease	0	0	0	0	0	0	0	0	0

NIHL: Noise-induced hearing loss

MD: Musculoskeletal disorder

COAD: Chronic obstructive airway disease

TB: Tuberculosis

HAWS: Hand-arm vibration syndrome

Nature of exposures per proportion of total employees

Noise-induced hearing loss	51%
Occupational tuberculosis	19%
Hand-arm vibration syndrome	2%
Pneumoconiosis	19%
Musculoskeletal disorder	1%
Asthma	8%

Occupational disease incidence rates by business unit (per 200,000 hours)

	Platinum	Coal	Ferrous Metals	Base Metals	Industrial Minerals	Anglo Group
NIHL	0.079	0.086	0.363	0	0	0.116
Silicosis	0	0	0	0.065	0	0.010
Coal – pneumoconiosis	0	0.056	0	0	0	0.040
Asbestosis	0	0	0	0	0	0
COAD	0	0.014	0	0.195	0	0.040
Tuberculosis	0.446	0.057	0.194	0	0	0.095
Occupational asthma	1.111	0	0	0	0	0.082
HAWS	0	0	0	0	0	0
MD	0	0.332	0	0.089	0	2.796
Occupational dermatitis	0	0	0	0.036	0	0.003
Occupational cancers	0	0	0	0	0	0
Other occupational diseases	0	0.009	0	0	0	0.002
All occupational diseases	0.077	0.460	0.249	0.095	0.000	0.126

HIV statistics

Indicator	Platinum	Coal	Base Metals	Ferrous Metals	Corporate centre	Group total
Employees in risk areas*	58,100	9,200	1,528	11,451	1,171	81,450†
HIV prevalence rate**	20%	15%	2%	12%	5%	18%
Estimated no. of HIV-positive employees	11,620	1,389	26	1,374	59	14,468
VCT participation	45,008	7,938	868	8,997	1,006	63,817
% VCT participation	77.50%	86%	57%	79%	86%	77%
Employees on HIV wellness programmes (HIVDMP)	5,043	1,228	15	1,050	40	7,376
% HIV-positive enrolment (HIVDMP)	43%	88%	58%	76%	68%	51%
Employees on ART	2,314	416	9	309	32	3,080
% HIV-positive on ART	20%	30%	35%	22%	55%	21%

* High risk areas: countries with an HIV prevalence of >5% of the population

** The HIV prevalence rates are estimated based on the VCT data, the number of people on wellness and ART programmes and from other relevant information on similar population groups

† This number reflects individuals employed in high-risk areas that participate in Anglo American HIV disease-management programmes, and may therefore differ from other permanent employee numbers

Glossary

Term	Description
AIDS	Acquired Immune Deficiency Syndrome
ART	Anti-retroviral therapy
CO₂ emissions conversion factor	Eskom, the South African electricity provider, changed its factor for conversion of electricity used to CO ₂ equivalent emissions in 2005. "This is owing to the use of electricity sold rather than electricity purchased figures to calculate the factor." (Eskom Annual Report, 2005)
CO₂ emissions from fossil fuels	Carbon dioxide emissions calculated by applying conversion factors to fuel usage volumes
CO₂ emissions from electricity	Calculated quantity of carbon dioxide emitted in the generation of electricity, which is subsequently purchased by a business unit. Country-specific conversion factors are used in the calculation, unless region or site-specific conversion factors are available
CO₂ emissions from processes	Carbon dioxide emissions from point or fugitive sources, excluding: <ul style="list-style-type: none"> • carbon dioxide from coal seam gas venting and spontaneous combustion from Anglo Coal South Africa • carbon dioxide from the consumption of sulphuric acid in the leaching process relevant to Anglo Base Metals refining processes
CO₂e	Carbon dioxide equivalents, which enable the comparison of the impact of various greenhouse gases using CO ₂ as a benchmark, thereby facilitating impact assessment and trading
Contractor	A contractor is any non-Anglo American person who is on Anglo American premises under contract for business purposes or anyone providing materials, personnel or services that directly benefit Anglo American and relate to a contract or sub-contract
Corporate social investment	Corporate social investment expenditure is calculated by applying average annual exchange rates in order to obtain a figure expressed in US dollars
Currencies	Figures are quoted in both local currency and US dollars, where possible, or in US dollars. Conversions are done at the time of announcing a project or at an average annual rate and are, therefore, indicative rather than exact
Fatal injury	The death of an employee or contractor resulting from a work-related injury
FIFR	Fatality injury frequency rate (number of fatalities per 200,000 man-hours worked)
HDSA	Historically disadvantaged South Africans – African, 'coloured' and Asian men and women
Hours worked	Total number of hours worked by employees, including overtime and training, excluding leave, sickness and other absences. Includes the total number of contractor hours worked on site during the year
ISO 9001	A quality management system standard published by the International Standards Organisation
ISO 14001	An environmental management system standard published by the International Standards Organisation
LTI	Lost-time injury (any occupational injury which renders the person unable to perform his/her regular duties for one full shift or more following the day on which the injury was incurred, whether a scheduled work day or not)
LTIFR	Lost-time injury frequency rate (the number of lost-time injuries, including restricted work cases, per 200,000 man hours worked)
Managed companies	Companies in which Anglo American has management control. These companies are individually responsible and accountable for managing sustainable development matters associated with their operations
Noise-induced hearing loss	New cases of noise-induced hearing loss diagnosed and compensated amongst employees during the reporting period
Petajoule	1 petajoule = 1 million gigajoules
OHSAS 18001	An occupational health and safety management system standard created by a number of the world's leading standards bodies
RWC	Restricted work case (an occupational injury which renders the person able to return to work (light duty or light work) but unable to carry out his/her regular duties)
Total energy used	Calculated from electricity purchased, biomass, charcoal and fossil fuels consumed
Water used for primary activities	Total new or make-up water entering the operation and used for the operation's primary activities. Primary activities are those in which the operation engages to produce its product(s) and include dust suppression within the operational area
Work-related incident	Work-related incidents from controlled activities are reported. An incident is considered work-related if an event or exposure in the work environment caused or contributed to the incident in any way. The work environment includes the employer's premises and any other locations where employees go to perform work-related activities in the interest of the employer

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Other sustainable development reports published by Anglo American Group companies:

Anglo Platinum: Sustainable Development Report 2008 – Responsible Platinum (February 2009)

Tarmac: Report to Society 2008 (April 2009)

Anglo Coal Global: Report to Society 2008 (May 2009)

Anglo American Chile: Sustainable Development Report and Financial Report 2008 (May 2009)

Scaw Metals: Sustainable development Report 2008 (May 2009)

Kumba Iron Ore: Integrated Sustainable Development Report 2008 (May 2009)

Lisheen Mine: Our Impact 2008 (June 2009)

Exploration Division: Safety, Health, Environment and Community Relations Report 2008 (May 2009)

Reports will be published on the Anglo American website when available and can be located on the websites of the individual companies. Publications can be ordered online at:

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Front cover: Anglo Peru has initiated a series of community-engagement workshops with the people living close to the site of the Michiquillay copper project in northern Peru. Here, members of the Comunidad Campesina de la Encañada, a small village near the Michiquillay site, take part in a discussion on plans for the project