



POSITIVELY IMPACTING COMMUNITIES

WITH THE FUTURE IN MIND

WITH THE FUTURE IN MIND

At Kumba Iron Ore we strive towards the following: safety, quality, reliability and consistency.

We believe that using these as the benchmark in all areas of our business can ensure we deliver on our promises to communities, maintain open and beneficial relationships with our employees and produce iron ore that focusses on the needs of our customers. It is our commitment to quality, reliability and consistency; as well as living our values of safety, care and respect among others; that ensures we make decisions that consider both the short and long term, allowing the business to grow with the future in mind.

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Other sources of information



Our website provides more information on our company and its performance, including details of business policies and latest updates.

Detailed information on the business can be found in the Integrated Report 2012, while more detail on our financial performance is provided in our Annual Financial Statements 2012.

Both of these reports can be requested from the company, or downloaded online at www.angloamericankumba.com/investor-fin-reports.php.

Key to icons in this document



Go to a page in this or another publication



www.angloamericankumba.com

Images

01 The Boichoko Housing Project on the western side of Postmasburg, comprises some 400 houses, to accommodate employees of Kolomela mine.

02 Joseph Kaarman is the safety officer in the Deben Heuningpot co-operative, which is funded by the Sishen mine community development fund.

03 Keabaka Matijo, Kolomela mine community relations, regularly engages with

community members involved in vegetable farming funded by the mine: Martha Sebelego, Gracious Tlhaole, Nomsa Mpetsheni and Lena Sebelego.

04 Personal details of all visitors to the Batho Pele mobile clinics are recorded by staff.

05 Skeyfontein community members Biwbo Saulus, Ivy Momanyane, Kgalaletso Taaibos and Annie Phillips are beekeepers in the Deben Heuningpot co-operative.

Cover

Kumba's socio-economic development programmes include interventions such as the Bana Early Childhood Development Centre in Kathu.



OVERVIEW OF ACTIVITIES

Kumba Iron Ore Limited (Kumba or the group), a member of the Anglo American plc group (the Group), is a leading value-adding supplier of high-quality iron ore to the global steel industry.

KUMBA AT A GLANCE

Kumba's headquarters are located just north of Johannesburg, in Centurion, South Africa.

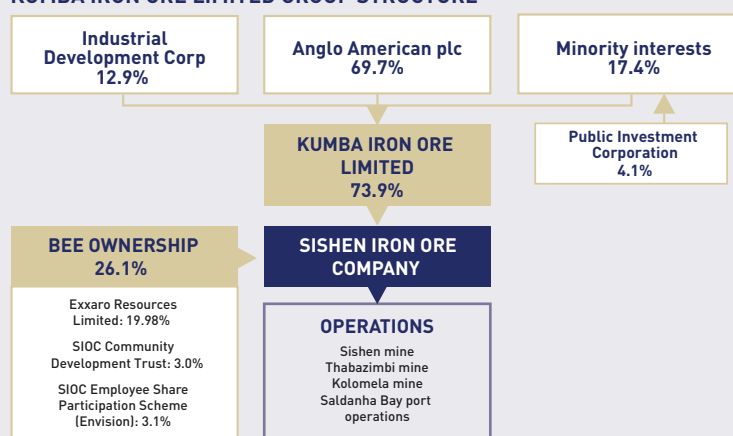
Kumba holds a 73.9% interest in and manages Sishen Iron Ore Company Proprietary Limited (SIOC), with the balance of 26.1% held by SIOC's black economic empowerment (BEE) shareholders.

These are:

- Exxaro Resources Limited (Exxaro) (19.98%), a leading BEE company listed on the JSE Limited (JSE);
- SIOC Community Development Trust (SIOC-cdt) (3.0%); and
- employees through the Envision share participation scheme (3.1%).

KUMBA IRON ORE LIMITED GROUP STRUCTURE

KUMBA IRON ORE LIMITED GROUP STRUCTURE



SIGNIFICANT EMPLOYER

Kumba is a significant employer in its regions of operation. At the end of December 2012, we employed 11,773 people (2011: 11,898 people), comprising 6,878 full-time employees, 4,193 full-time contractors and 702 talent development learnerships.

Approximately 80% of employees are local (that is, drawn from the province in which the operation is located). A further 8,806 fixed-term, project contractors were employed on capital projects during the year.



For more information on this story go to page 46 in this report

OPERATIONS IN SOUTH AFRICA

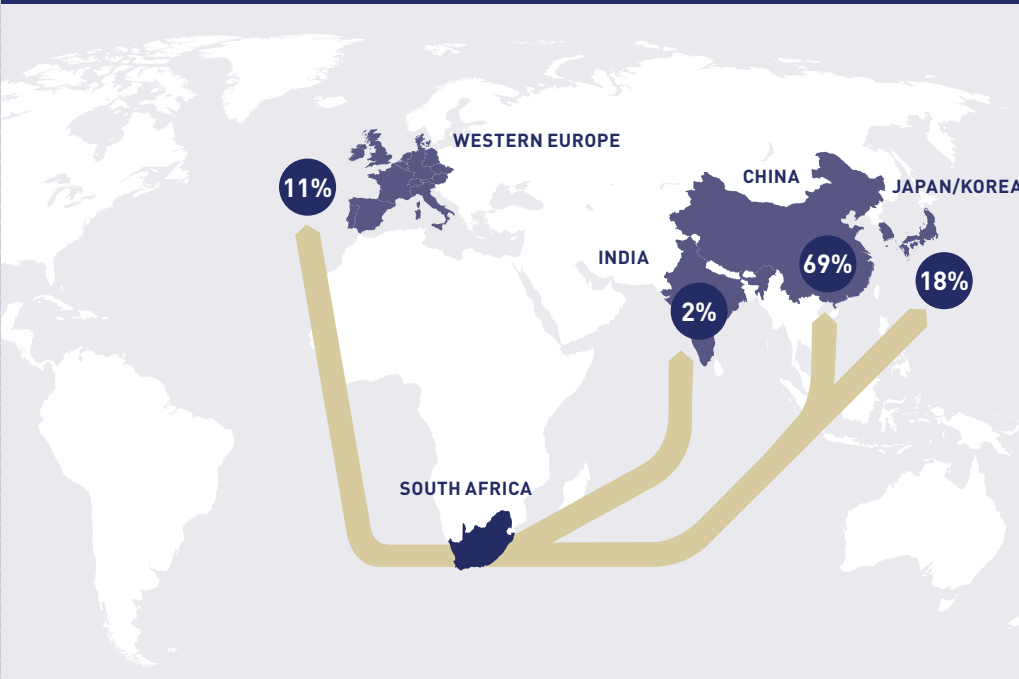




PRODUCTION FOR DOMESTIC AND EXPORT MARKETS

In 2012, Kumba produced a record 43.1 million tonnes (Mt) of iron ore (2011: 41.3Mt) for both the domestic and export markets. Our operations are serviced by a dedicated iron ore rail link operated by Transnet Freight Rail (TFR), the national rail transport utility, to the port of Saldanha Bay. In 2012, Kumba's exported sales totalled 39.7Mt (2011: 37.1Mt) of iron ore from Saldanha Bay, primarily to China (69%), Western Europe (11%), Japan and South Korea (18%), and India (2%).

EXPORT DESTINATIONS AND EXPORT VOLUMES (Mt)



MINING OPERATIONS

SIOC has three mining operations:

- Sishen mine, which is located near the town of Kathu in the Northern Cape Province. This mine has been in operation since 1953. Optimisation of activities at this operation, combined with expansion, will see a continued rise in production. Sishen mine's life-of-mine (LoM) is currently estimated at 18 years.
- Kolomela mine is located near Postmasburg in the Northern Cape Province. This mine was brought into commercial production in December 2011, ahead of schedule, and is on track to produce at design capacity of 9 million tonnes per annum (Mtpa) in 2013. Kolomela mine's LoM is currently estimated at 29 years. Further expansion of this mine is being considered.
- Thabazimbi mine, situated in the town of Thabazimbi in the Limpopo Province, is a mature mining operation, nearing the end of its life. Thabazimbi mine operates on a cost-plus basis and is contractually dedicated to supplying ArcelorMittal South Africa (AMSA). The future of the current operation is under discussion with AMSA. The Phoenix project, located adjacent to Thabazimbi mine, is currently undergoing a feasibility study. We are looking at options to bring project Phoenix into production and on the timing of doing so. The project is described in more detail on [page 48](#) of our Integrated Report.

EXPANSION AND EXPLORATION

Kumba's expansion and exploration pipeline seeks to grow production:

- to 70Mtpa in South Africa (2012: 43.1Mt); and
- by a further 10Mtpa to 20Mtpa from prospects in west and central Africa.

Progress was made in west and central Africa jointly with Anglo American plc. See [page 50](#) of our Integrated Report for further details.

INVESTMENT IN THE FUTURE

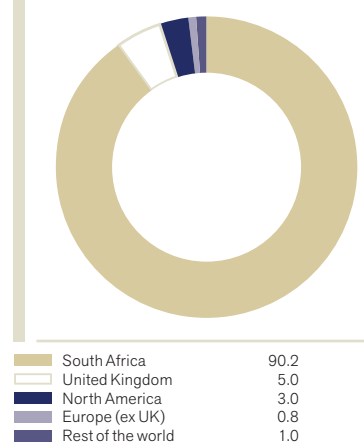
Kumba has continued to invest significantly in the development and expansion of our business. In 2012, we spent R5.4 billion (2011: R5.8 billion) on capital expenditure: R2.2 billion on growth projects and R3.2 billion on stay-in-business (SIB) capital.

At the end of 2012, SIOC, in which Kumba holds a 73.9% shareholding, reported total attributable Ore Reserves of 1.1 billion tonnes (2011: 1.2 billion tonnes) and attributable Mineral Resources of 1.2 billion tonnes (2011: 1.3 billion tonnes). This is reported in accordance with the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC).

Kumba is listed on the JSE in South Africa, with a market capitalisation of R183.2 billion (2011: R160.0 billion) at the end of December 2012.

GEOGRAPHICAL SPLIT OF SHAREHOLDERS

as at 31 December 2012 (%)



INVESTMENT IN COMMUNITIES

Kumba invests significantly in the communities in which we operate, directly and indirectly. In 2012, our community engagement and development (CED) expenditure was R275.6 million (2011: R190.9 million).

[For more information, go to page 58 to 65 of this report](#)

OUR PERFORMANCE WITH THE FUTURE IN MIND

SAFETY

- Regrettably two lives were lost
- Lost time injury frequency rate (LTIFR) of 0.10 per 200,000 hours worked

COMMUNITY ENGAGEMENT AND DEVELOPMENT

- SIOC-cdt received dividends of R571 million
- Social and labour plan (SLP) targets significantly met or exceeded
- R275.6 million spent on CED
- Batho Pele health project launched
- 77 emergency vehicles, including 60 ambulances, funded for the Northern Cape Department of Health

STAKEHOLDER ENGAGEMENT

- Implementation of new stakeholder engagement policy began
- Investigations into the viability of the Dingleton relocation continued

ECONOMIC PERFORMANCE

- Provided jobs to 11,773 people directly, including contractors
- Paid dividends of R18.0 billion to shareholders, including BEE shareholders (R4.4 billion) and employee shareholders (R 205.6 million)
- Paid taxes and mineral royalties to government of R6.4 billion
- Spent R224.2 million on training and development of our employees and community members
- 60.2 % of discretionary procurement spent with BEE suppliers

EMPLOYMENT AND HOUSING

- Voted 'best employer' in the mining category through both Deloitte's Best Company to Work For Survey and the CRF Institute's 2012 Best Employer Survey
- Hostel conversion completed in 2012, two years ahead of Mining Charter requirements.
- R845 million spent on new homes for our employees

DIRECTORS DECLARATION

The Social and Ethics Committee is ultimately responsible for overseeing the integrity of the Sustainable Development Report. This was achieved through the setting up of a project steering committee and a team to oversee the reporting process. The process undertaken to identify the company's material issues is outlined on page 18. The Social and Ethics Committee confirms that it has collectively reviewed the content of the Sustainable Development Report 2012 and believes it addresses the material issues, and is a fair presentation of the sustainability performance of the group.

APPROACH AND OVERVIEW

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- IBC Corporate information

ABOUT THIS REPORT AND OUR REPORTING PROGRESSION

BASIS OF REPORTING

This report covers the primary operations owned and managed by the group, namely Sishen, Kolomela and Thabazimbi mines, as well as the group's logistics and marketing operations.

This report discusses our economic, social and environmental objectives, strategy and performance of the group during 2012. The report also recognises the need to address the business case for sustainable development, and focusses on those issues that are most material to the business and its stakeholders. Kumba follows a structured and disciplined process in identifying its stakeholders and in arriving at its material issues, which has been informed by GRI's guidance on defining report content, quality and boundaries. Further discussion on material issues and stakeholder engagement may be found under material issues on page 18 and stakeholder engagement on page 14.

While this report reflects on the 2012 financial year, historical information is supplied for context where appropriate, along with an outlook, where this supports an understanding of the strategy of the business.

There have been no restatements during the year.

Kumba has internal systems in place for data collation, and these are aligned with the requirements of the Anglo American plc Group of companies. Internal and external audits of the group's systems and data integrity are carried out on a regular basis. Where relevant, data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of indicators, are indicated in the report, or in the glossary of terms and acronyms on page 98. Should further clarity be required, stakeholders are invited to contact the company.

FEEDBACK

Stakeholders are encouraged to provide feedback on Kumba's reports and its reporting. Feedback and suggestions will be taken into consideration as the group continues its integrated reporting journey. A feedback form is provided as an insert at the back of this report and on the website.

Any questions regarding this report or its contents should be addressed to:

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Kumba Iron Ore

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Centurion
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Tel: +27 (0) 12 683 7000
E-mail: yvonne.mfolo2@angloamerican.com

2012 SUITE OF REPORTS

Kumba's suite of reports for the 2012 financial year, from 1 January 2012 to 31 December 2012, comprises the following:



This Sustainable Development Report, which has been developed in line with the G3.0 Guidelines of the Global Reporting Initiative Global Reporting Initiative (GRI) and GRI's Mining and Metals Sector Supplement. Our previous sustainable development report was published for the 2011 financial year. Kumba has, for the second year, declared an A+ level of reporting, and this has been assured by PricewaterhouseCoopers. The assurance statement is included on pages 82 and 83. Anglo American plc, the group's majority shareholder, is a member of the International Council on Mining and Metals (ICMM), therefore the ICMM's principles are taken into consideration.



Our Integrated Report, which provides an account of the group's operational, financial, economic, social and environmental performance, as well as governance, during the period under review. Kumba has applied the recommendations of the King Code of Governance Principles for South Africa 2009 (King III), the Integrated Report Discussion Paper published by the Integrated Reporting Committee of South Africa, as well as the discussion paper, Towards Integrated Reporting: Communicating Value in the 21st Century, published by the International Integrated Reporting Committee. We have also considered and reported on those issues that we understand to be most important to a broad range of stakeholders.



Our Annual Financial Statements, which present the audited annual financial statements of the company, are prepared in accordance with the International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board and IFRIC interpretations, the South African Companies Act No 71 of 2008, the Listings Requirements of the JSE, and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee. The annual financial statements have been audited by Deloitte & Touche. An unmodified audit opinion was issued and is included on page 27 of the Annual Financial Statements.

HOW DO I REQUEST COPIES?

Printed copies of the Integrated Report 2012, Annual Financial Statements 2012 and Sustainable Development Report 2012 are available on request from Kumba's investor relations department. These reports are also available in a downloadable PDF format on Kumba's website at http://www.kumba.co.za/investor_fin_reports.php

SALIENT FEATURES

KEY STATISTICS

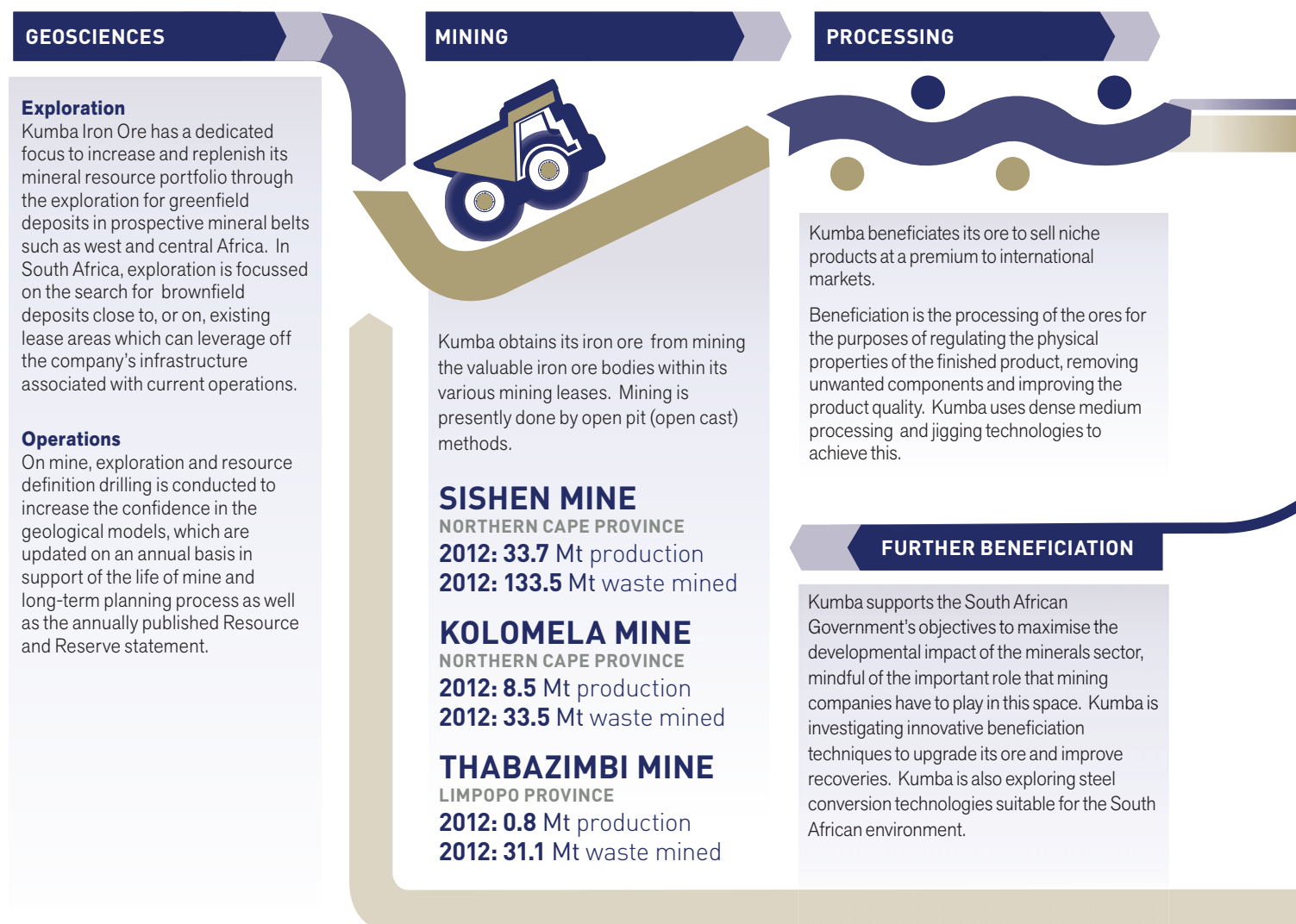
	2012	2011	2010	2009	2008***
EMPLOYEES (number of employees)					
Sishen mine					
Employees	5,303	4,412	4,173	3,868	3,775
Contractors	2,910	3,865	4,217	1,199	493
Total	8,213	8,277	8,390	5,067	4,268
Kolomela mine					
Employees	1,030	771	534	241	-
Contractors	811	711	28	7	-
Total	1,841	1,482	562	248	-
Thabazimbi mine					
Employees	852	815	806	821	818
Contractors	470	889	974	693	451
Total	1,322	1,704	1,780	1,514	1,269
LTIFR (per 200,000 hours worked)					
Sishen mine	0.10	0.08	0.15	0.10	0.14
Kolomela mine	0.04	-	-	-	-
Thabazimbi mine	0.10	0.10	0.25	-	-
Group	0.10	0.08	0.12	0.07	0.12
CED EXPENDITURE (Rand million)					
Sishen mine	72.3	2.6	1.9	1.8	1.4
Kolomela mine	77.9	7.1	-	-	-
Thabazimbi mine	14.9	25.8	14.6	5.4	2.8
HOUSING					
Housing spend (Rand million)					
Sishen mine (including LHC*)	398.1	181.0	44.0	38.0	5.8
Kolomela mine	511.0	403.0	-	-	-
Thabazimbi mine**	9.0	10.3	7.1	4.0	3.2
Number of houses constructed and/or converted (units)					
Sishen mine (including LHC*)	1,166	172	39	342	383
Kolomela mine	335	280	-	-	-
Thabazimbi mine**	-	-	-	-	-

* Lakutshona Housing Company

** Thabazimbi mine's housing spend is significantly lower than that of the Sishen and Kolomela mines because all the hostels at Thabazimbi mine have already been converted to family unit

*** Construction at Kolomela mine commenced in 2009

OUR STRATEGY AND BUSINESS MODEL



SIX UNDERPINNING FOCUS AREAS

Safety and health

In a business undertaking such as ours, people play the most significant role, and creating and maintaining a safe working environment is our number one priority.



For more information, turn to page 34

Human capital management

Attracting, retaining and developing the group's human resources are critical priorities for Kumba.



For more information, turn to page 45

Corporate governance

Corporate governance plays an integral role in delivering on our strategy, managing our business effectively and being a responsible corporate citizen in the interest of all stakeholders.



For more information, turn to page 21

Footprint management

Kumba's ideal is to reduce the adverse impact of our operations on the environment mainly through managed emission, energy, water, waste reduction targets and rehabilitation of our mines and exploration areas.



For more information, turn to page 69

Corporate social investment

Sustainable and effective investment in social and community development at all stages of the life of a project is an integral part of our business model.



For more information, turn to page 57

Innovation and research

Kumba's technical services division oversees the group's metallurgical research and development programmes which are aimed at ensuring the optimal exploitation of resources.



For more information, turn to page 51 of our Integrated Report 2012.

BLENDING AND OUTBOUND LOGISTICS

Blending

Blending is an important consideration to satisfy the demands of the market. It allows Kumba to utilise its products from its operations to provide niche specification products to our markets. Products are screened and sized to match customers' requirements.

Outbound logistics

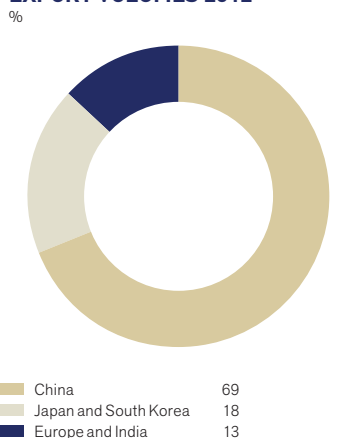
Kumba markets and sells most of its products directly to its customers. Through our outbound logistics chain we are able to integrate our mining, processing, and blending facilities with the market.

SHIPPING, MARKETING AND SELLING



Kumba sells iron ore domestically and internationally. Export customers are in a range of geographical locations around the globe including China, Japan, South Korea and countries in Europe and the Middle East. Kumba sells its ore domestically to AMSA.

EXPORT DESTINATIONS AND EXPORT VOLUMES 2012



REHABILITATION AND ENVIRONMENT

Rehabilitation is a key component of the integrated business model and reinforces Kumba's ideal of being a responsible corporate citizen.

The entire life cycle of the mine needs to be carefully managed, from an environmental perspective, to ensure the least interruption to our natural resources while operations are ongoing and restore the land as close as possible to its original state or the desired closure vision when we finally leave.

**PEOPLE ARE
CENTRAL
TO OUR
OPERATIONS**

LOOKING FORWARD

Major capital investment is focussed on three principal areas:

- 1 Reserve replacement to find new resources adjacent to existing operations, or to develop new areas, is crucial for long-term sustainability for Kumba.
- 2 The introduction of a new, larger mining fleet at Sishen mine to drive efficiencies, will contribute to driving down costs, which will keep Kumba cost competitive.
- 3 Identification and execution of growth projects to extract saleable material from waste streams or beneficiate ore from the pit which would have otherwise become waste.

 **STRATEGIC ELEMENT:** Striving to be a good corporate citizen

01



SHARING BENEFITS

WITH THE FUTURE IN MIND

Envision, Kumba's employee share participation scheme, has ensured that employees are active stakeholders with a direct interest in company profit. Envision paid out R2.7 billion to 6,209 members at its first maturity date in December 2011.

Each Envision scheme member who has been employed by the company since our market listing in 2006 received a pre-tax cash payout, with those employed subsequently receiving payouts in line with their tenure. Envision scheme members also receive dividends twice a year, in March and August.

An important component of the Envision programme in 2011 was to ensure that employees were financially fit – that is, equipped with the necessary knowledge of what to do with their financial affairs, and astute in the handling of funds. Kumba provided financial training – covering tax and investment – to the Envision recipient employees and their spouses for more than 12 months prior to the payouts. Training for Envision phase 2 is already under way.

The dividends paid to Envision participants since the inception of the scheme amount to ~R87,000 per participant, after taking into account taxation.

PHASE 2 OF ENVISION UNDERWAY



02

R2.7 billion

PAID OUT TO 6,209 EMPLOYEES AT CONCLUSION OF FIRST ENVISION PROGRAMME



"Envision has undoubtedly been one of our most significant successes in recent years and has transformed the lives of many of our employees."

Norman Mbazima
Chief executive
Kumba Iron Ore

Images

- 01** Owning her own home is what Envision means for Ntebo Mothibeli, time administrator, human resources, at Sishen mine.
- 02** Andries Mankge, process controller at the beneficiation plant at Sishen mine, paid off his debts and set aside funds for his children's education.
- 03** For Sishen operations controller Andy Rose, Envision meant "no more debts – no more worries!". He paid off the family's debts and invested in property.
- 04** Marylin Zenda, fitter, and Jacqueline Monare, maintenance operator, work on the stacker at the Kolomela mine plant.

ENVISION HAS CREATED THE OPPORTUNITY TO CHANGE LIVES.



For more information, see **page 51** of this report



04

COMMITTEE CHAIRMAN'S REPORT



Dolly Mokgatle
Chairman, Social and Ethics Committee

Education in our surrounding communities is one of our key focus areas.

Mining responsibly is not constrained by the boundaries of the resource; it extends to the people whose lives have been touched and whose spaces we share. I am very proud to be the chairman of the Kumba board's Social and Ethics Committee, and to present this report, accounting for our performance in 2012, to stakeholders.

The Kumba board has overall responsibility for the sustainability of the business. The Social and Ethics Committee, which is now a statutory committee, is responsible for dealing with all matters that are broadly referred to as sustainable development within the company. This committee, formerly known as the Safety, Sustainability and Social Development Committee, has changed its name to reflect the changing governance requirements in the country, and indeed the way in which we at Kumba take a holistic view of our business. This is the first full year of our reporting to these standards.

SAFETY

Safety is our primary concern at Kumba and we are continually looking for ways to improve our safety performance.

Tragically, we experienced two fatalities in 2012 when Galothuse (Sarah) Obudilwe, a grade C operator contracted to Sishen mine, passed away on 26 November 2012, due to injuries sustained in a haul truck accident on 2 September 2012. A second incident caused the loss of life of Wickus Coetsee. Mr Coetsee, an employee of a contracted security company, suffered third-degree burns when the armoured vehicle he was in caught fire. He passed away on 29 November 2012. Our sincere condolences go out to Ms Obudilwe and Mr Coetsee's families, friends and colleagues.

Both of these losses have dealt a severe blow to Kumba, and we are doing all we can to prevent similar incidents going forward. Our zero tolerance approach to unsafe working conditions that could lead to potential injury and loss of life will spur us on to continue to improve on our practices.

When situations arise that were not anticipated, we act immediately to rectify the situation, learn from them and put structures in place to prevent re-occurrence. Following the safety incidents relating to tyres reported in 2011, we spent in excess of R300 million implementing systems and nitrogen gas inflation equipment to eliminate tyre pyrolysis. We will continue to act with such vigour, and will address these recent incidents in the same way.

BUILDING OUR COMMUNITIES

Our goal as a mining company is to make a contribution in local communities that leads to a socially stable environment, where our children will have a good life and good health and the men and women who provide for their families will be able to continue doing that without any compromise to their health, safety or living environment. We try to achieve this through care and respect for our employees, strong community engagement and a variety of projects, some of which are discussed below.

That said, I would like to acknowledge from the outset that there is always room for improvement in community engagement. While we actively try to work with communities to fill gaps of need there are at times blind spots in the way we do things. We will keep working in 2013 to ensure our communities are happy and support the projects we implement to improve lives and sustain livelihoods.

Focus on education

Education in our surrounding communities is one of our key focus areas and our decision to invest in fewer, more significant projects, rather than investing smaller amounts in numerous projects has paid dividends. Through our interventions, schools that we partner in the Northern Cape Province have significantly improved their National Senior Certificate pass rate. The John Taolo Gaetsewe district pass rate increased from 51% in 2011 to 63.8% in 2012, while Siyanda district pass rate increased from 73% in 2011 to 80.14% in 2012. This is a particularly inspiring achievement given the adverse conditions many of these matriculants faced – many could not go to school and some had to write exams at an off site camp. We are really proud of their results in spite of these challenges.

Health care delivery

The Batho Pele health project – on page 65 of this report – has been a resounding success. It has progressed so well that the Minister of Health in South Africa has asked us to assist and guide health Members of the Executive Council (MECs) as they duplicate this model around the country. That Kumba pioneered this health care programme is a realisation of our vision to invest in projects that cover areas beyond the location of Kumba's operations and have a countrywide impact.

Economic development and capacity-building

With the identification and development of our flagship projects we strive to bring about economic development, starting at a rudimentary level, and empowering people way beyond the life of our mining operations. The board has approved the mapping out of these projects and we will be looking for like-minded partners to join Kumba in making this initiative a success. The Northern Cape provincial government, the SIOC-cdt, Industrial Development Corporation (IDC) and Zimele will be anchor partners. Some of our suppliers have also come forward to partner with us on these projects.

Service delivery by local authorities has been a highly contentious issue in South Africa. The failure to deliver services has been met with protests from communities. One of the challenges faced by municipalities is the capacity to implement the delivery of basic services.

Anglo American and Kumba have realised the importance of this function of the municipalities and the difference they can make in assisting to address some of these challenges. A total of R30 million has been contributed to a project jointly implemented by the Development Bank of South Africa (DBSA), Anglo American and Kumba to address municipalities' capacity challenges to ensure the strengthened performance of municipalities. Some of the projects identified as requiring municipality intervention are revenue collection systems and strengthening infrastructure planning. The implementation of these will start in the second quarter of 2013.

Housing programme – living in dignity

Kumba believes in investing in the future of our employees. One of the key ways we are doing this is through decent housing. We realise that employees' wellbeing at home has an impact on the work they do; and for everything our employees contribute to the company we want to contribute to their lives through good and dignified living conditions. We believe this leads to greater stability in employees' lives, and in turn in the company. The board had the opportunity to go to Postmasburg in the Northern Cape Province this year and meet with some of our people in their new homes. Seeing the pride on their faces as they introduced their families and showed us their houses assured us that it is as important a project as we hoped.

Kumba's housing programme has been a success, with the conversion of all hostels into apartments and family units, two years ahead of the Mining Charter target of 2014. The company has also made great strides with the Kolomela and Sishen mines' housing development projects, having built 335 and 1,166 houses respectively in 2012. All houses built and hostels converted are done so using local contractors, who we equip with portable skills. Houses are fitted with solar panels and geysers in recognition of the need for energy efficiency and the benefit renewable energy can deliver to households.

The approved budget for the group-wide Kumba housing strategy until 2014 is R2.4 billion, of which R845 million was spent in 2012 alone.  For further information on this, please see the employment and housing section in this report on page 52.

Stakeholder engagement

Our stakeholder engagement strategy seeks to give every stakeholder access to our business. While it is not the primary function of this report we have written it with our stakeholders in mind, so that it forms part of the engagement we have with them. Additional, focussed reports and reporting mechanisms will be used to communicate extensively with our stakeholders.

Despite our significant efforts in community engagement and development during the year, community unrest hampered the implementation of some of our projects, which was indeed a disappointment.

Another low point of this year was the unprotected strike at Sishen mine. Apart from the effect this had on the mine and its production it also had a profound effect on how we think about our business. This year the South African mining industry faced a number of unprotected strikes which made us realise that there were challenges below

the surface that needed to be examined. It is important when planning for our future that we think about these and consider how mining companies can work with the country. We have to focus on national aspirations and ensure that everyone in the industry has a meaningful piece of a successful country.

More than this we need to examine our systems. Something we try to do at Kumba is learn from the challenges we encounter, and the strike will be no different. Our approach towards trade unions is an employee centred one – foremost people are employees and secondly they are members of unions. By recognising that, as well as the legal framework relating to labour issues of South Africa, we hope to move forward with open discussion with the unions to continuously find solutions that unite and keep all our employees satisfied.

On a personal level 2013 will also be about further entrenching our Anglo values. If we can take values such as care and respect off paper and help people to align themselves with these then the company becomes more than about production and paychecks, it becomes about people. This helps create a healthy working environment for the benefit of all.

BEST EMPLOYER

Kumba was voted the best employer to work for in 2012 by both Deloitte's Best Company to Work For Survey in the mining category and the CRF's Institute's 2012 Best Employer Survey. This speaks volumes about the quality of the people who are part of Kumba, and can be attributed, in part, to the leadership who do what is right for our employees. Going forward I hope we will continue to build on this success.

Kumba goes well beyond what is merely necessary when it comes to employee relations, realising that employees are our greatest assets. We try to keep our ear on the ground in order to anticipate and manage challenges. While this may not always be successful, we are dedicated to improving this in 2013. Going forward we want to keep an open door between employees and management to foster greater dialogue and a better understanding of employee concerns.

IN CONCLUSION

I extend my gratitude to our capable employees for their contribution to our success, the executive and management teams for ably steering the Kumba ship, and to my fellow committee members for their insight and support in assisting me to take sustainability at Kumba to a new level.

I thank my fellow board members for their contribution and guidance, making Kumba's sustainability work a success and sharing in the concerns of the committee where various challenges are encountered. Thank you, Kumba, for entrusting us with this important responsibility.

Dolly Mokgatle

Chairman: Social and Ethics Committee

CHIEF EXECUTIVE'S REVIEW



Norman Mbazima
Chief executive



I am very pleased to present to stakeholders our Sustainable Development Report for 2012. So much has taken place during the year under review and much of it before my time.

I wish to pay tribute to the Social and Ethics Committee of the board, to our executive, management and employees and to our partners. Everything we do and achieve at Kumba is with and through people. I trust that this report reflects that.

CHALLENGES AND ACHIEVEMENTS

It was indeed a busy, exciting and challenging year.

SAFETY

The most important aspect of our work is guarding the safety and health of everyone in our organisation and ensuring they go home unharmed every day. Fatalities are a life-changing experience for the bereaved and have an extremely negative effect on any company. We do everything we can to avoid them.

The most significant disappointment for us was the two fatal incidents that occurred at Sishen mine during the year. These incidents were the first fatalities in the group since 2010. We extend our sincere condolences to the families, friends and colleagues of Galothuse (Sarah) Obudilwe and Wickus Coetsee.

Ms Obudilwe, a grade C operator with a mining contractor at Sishen mine, was seriously injured in an incident involving a haul truck on 2 September 2012.

She suffered an amputation of her injured leg and succumbed to her injuries on 26 November 2012. Transportation, and in particular, the interaction of surface mobile equipment is a huge area of focus for us and we have redoubled our efforts since. This must not be repeated.

Mr Coetsee, an employee of a contracted security company, sustained third-degree burns when the armoured vehicle he was working in caught fire. The incident occurred on 13 November 2012 while Mr Coetsee was on duty in Sesheng, a township where Kumba's employees reside. He passed away on 29 November 2012.

My personal challenge to our management, employees, contractors and partners in labour is to increase our efforts in pursuit of a zero harm environment. We owe this to our mothers and fathers, our partners and children, and colleagues.

BEST EMPLOYER

A highlight of the year must be the recognition of Kumba as the 'Best Employer' as determined through both Deloitte's Best Company to Work for Survey in the mining category and the CRF Institute's 2012 Best Employer Survey. This is a true accomplishment for the group, and such recognition within the business industry speaks volumes about the calibre of our management and the people who are part of our business.

The fortunes of the company and the returns to our employee shareholders through Envision have played a role in the company achieving this status. But, I believe it is more than that. I believe that Kumba is the best place to work because we live our values and, in particular, our value of care and respect. These values permeate everything we do and are considered in every decision we take relating to our employees.

ENVISION

Envision has been hailed as one of the most effective employee share ownership programmes (ESOPs) in South Africa. We deem it a great company achievement, even greater than was originally envisaged, not only in terms of material benefit, but in ensuring a common vision for the company. The financial training that was undertaken prior to the payouts was extensive, but, with hindsight, not enough. The magnitude of the impact of Envision on individuals is difficult to quantify. For the first time, many employees had to complete income tax returns; for the first time, many employees had significant disposable income at their fingertips. We, management and employees, will be better prepared for Envision phase 2, and we are already looking at training for both beneficiaries and their spouses.

I have personally engaged with many employees, and their Envision stories are heart-warming: the majority of employees chose to invest in their children's education, buying affordable homes and cars, assisting their families and paying off debt. Regrettably, a minority of employees mismanaged their funds and our training will address this going forward.

The unprotected strike at Sishen mine, though short-lived and resolved without serious injury, was a sobering event for us. The strike had a significant and lingering impact on our performance for 2012, and has resulted in some introspection. But it cannot be seen in isolation. It came at a time of extreme tension in the labour relations climate in South Africa and it brought to the fore dissatisfaction that is not only related to the employer-employee compact, but which employees felt could be expressed in no other way than the withholding of labour.

A lesson has been that in order to address the legacy issues we face in mining communities we have to work together: government, local municipalities, unions and employees have to work together with the industry if holistic and lasting solutions are to be found. We should learn from the success of industry, in collaboration with government and employees, in addressing safety in recent years.

EARNING GOOD CORPORATE CITIZENSHIP

We understand that true citizenship must be earned. At Kumba we endeavour to achieve this. Our projects and interventions in our communities are many and varied. They are not selected by Kumba, developed in isolation and foisted on our communities. We engage with the communities surrounding our operations to understand their needs and expectations, and to communicate and receive their input for the integrated planning of our community engagement and development projects.

The implementation of our new stakeholder engagement strategy begun during the year has already established sound relationships with our stakeholders, key amongst which were communities; local, provincial and national government – municipalities and government departments such as the Department of Trade and Industry (DTI) and the Department of Mineral Resources (DMR) – shareholders and suppliers.

We maintained our good relationship with local government, and sought greater interaction with national government. In the various discussions we have had with government we have indicated our support for their objectives on beneficiation and domestic availability of ore, and will continue to engage with the relevant parties about the details and implementation. We recognise the important role that mining companies have to play in this space.

One of the projects that I specifically want to mention is the Batho Pele health project – see page 65. This project comprises a fleet of mobile units providing quality primary and secondary health care, stationed at four sites for one week at a time, with a complimentary bus service to and from Sishen mine's surrounding villages. We invested a total of R6 million in this project in 2012 and up to 25,000 people have benefitted to date. Having grown up in a rural region with poor to non-existent access to health care, I appreciate the immediate and long-term benefits of this project. I am particularly impressed by the levels of engagement, communication, involvement with and backing from local, provincial and traditional leaders, government and communities.


HOUSING – A LOCAL SOLUTION

Concerns in the platinum industry had a sobering effect on the industry, bringing to the fore that government, municipalities, unions and mining companies must work together to deal with housing and living conditions. Our communities are our employees; our employees are our communities. The links are inescapable.

I am very pleased that we have made significant progress with our housing development projects at Kolomela and Sishen mines, and in the conversion of our hostels. We are intent on providing each permanent employee with accommodation; transport; and housing subsidies or allowances. To achieve this our housing strategy is based on three pillars:

- the promotion of home ownership,
- the provision of company housing to facilitate recruitment and retention of highly-skilled employees; and
- the provision of accommodation for all employees.

As part of this housing strategy, all of the company's hostels have been converted into self-contained bachelor flats or family units, a project which is now complete. These have been equipped with solar power and geysers. The approved budget for the group-wide Kumba housing strategy until 2014 is R2.4 billion. Kumba has used local contractors in these housing projects, training them in key skills such as plumbing and tiling, and ensuring greater economic benefits to the region.

It would be in full remiss not to mention the role played by SIOC-cdt in delivering benefits to our communities. SIOC-cdt is able to empower these communities and assist them to become economically active in a way that is sustainable even after mining ceases, and I commend the Trust for the excellent work that has been done.  For more information on our community engagement and development, please see the section on pages 57 to 65 of this report and the accompanying case studies, Water for Thabazimbi, SIOC-cdt serves society and Life-enhancing initiative.

We support the Global Reporting Initiative (GRI) and have developed this report in line with GRI's G3.0 Guidelines as well as the Mining and Metals Sector Supplement (MMSS). We have declared an A+ level of reporting, which has been checked by GRI. In addition, certain key performance indicators and our compliance with GRI have been assured by PricewaterhouseCoopers.

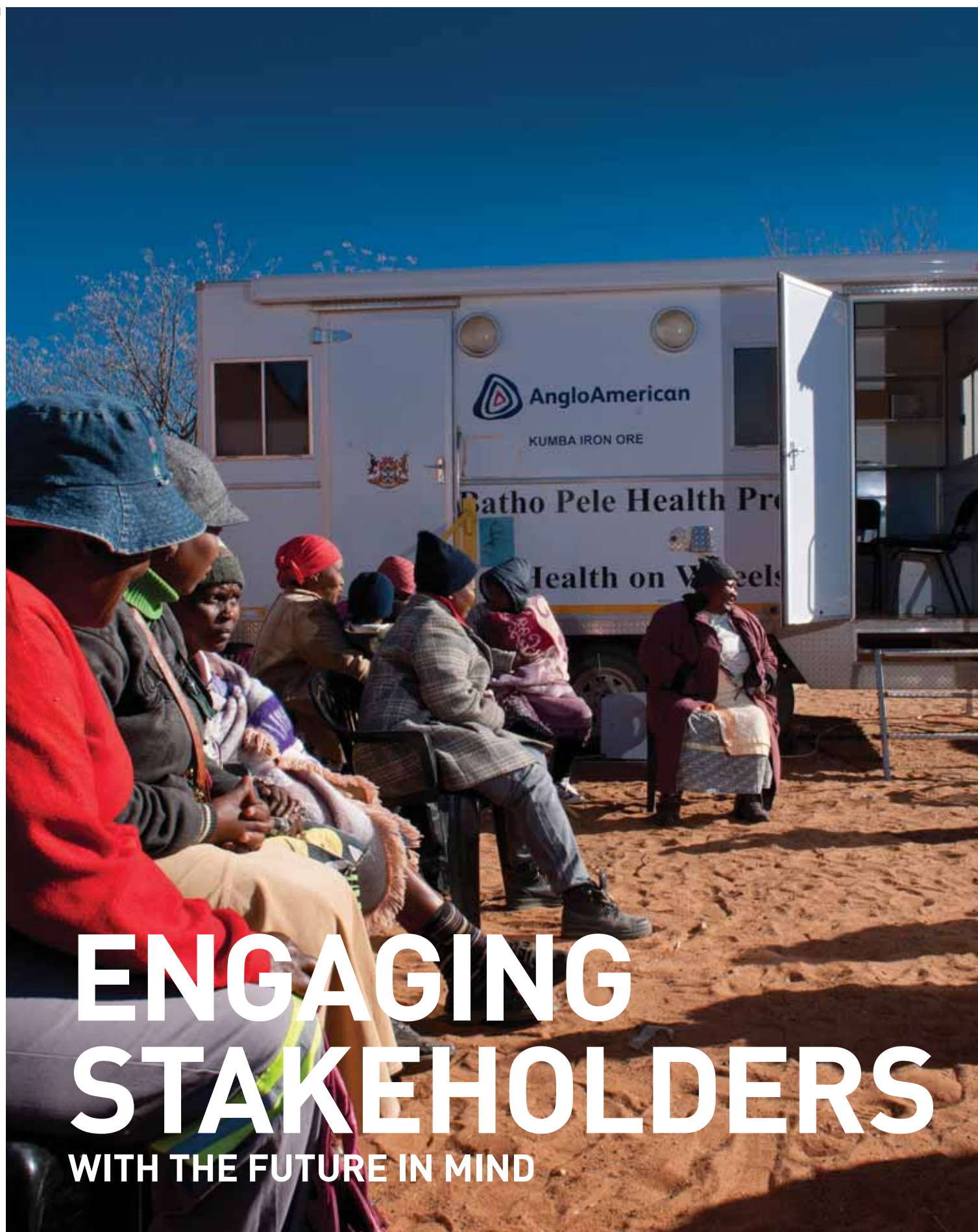
CONCLUSION

The 2012 financial year was, on balance, again a good one for Kumba. Leading with values of safety, care and respect, I can assure our stakeholders that our future is even brighter. Let us work together to achieve a great outcome for all.

Norman Mbazima

Chief executive, Kumba

STRATEGIC ELEMENT: Becoming the partner of choice for all our stakeholders



ENGAGING STAKEHOLDERS

WITH THE FUTURE IN MIND

In our approach to engaging with identified stakeholders, Kumba has adopted the principles of transparency, integrity and accountability, and strives to report timeous, relevant and meaningful information to all stakeholders.

Our socio-economic assessment toolbox guides the identification of, and Kumba's interaction with, its community stakeholders, supported by our social and labour plans.



02



04

Images


- 01** Villagers from Gasese, 80km outside Kathu, attend the Batho Pele mobile health clinic stationed near Sishen mine.
- 02** Rina Botha, local economic development manager, is passionate about her work with communities served by the Batho Pele mobile clinics.
- 03** The community of Postmasburg enjoys safe and comfortable housing in the Boichoko Housing Project near Kolomela mine.
- 04** Hetta du Plessis and Tebogo Ntudi are production co-ordinators in the central control room, which monitors the collision avoidance system fitted to vehicles working on Kumba's mines.



"Stakeholder engagement is critical for Kumba. It enables us to achieve our strategic goals."

Yvonne Mfolo
Executive head: public affairs
Kumba Iron Ore

The Batho Pele health initiative followed research conducted in 2009 which indicated that critical health services were needed by 15,000 people living in deeply rural communities within the John Taolo Gaetsewe municipal district.

 See the case study on **page 65**

31

STAKEHOLDER ISSUES IDENTIFIED AND ANALYSED IN 2012

STAKEHOLDER ENGAGEMENT

Kumba recognises that the achievement of our business strategy depends on engagement and communication with stakeholders in the company's internal, industry and broader socio-political environments.

A new stakeholder engagement policy was developed and approved in late 2011 and implementation began in 2012.

PRIMARY OBJECTIVES

- Ensuring that engagement is effective and drives business value in support of the company's strategic goals and objectives.
- Optimising the company's intangible assets – our reputation, stakeholder relations and brand – in the interest of long-term sustainability and growth with the aim of:
 - Positioning Kumba as a valued partner in social development and transformation for the South African government.
 - Becoming a partner of choice for governments in new territories.
 - Gaining goodwill from key strategic stakeholders.
 - Earning stakeholder confidence in the company's integrity - ability and intent to 'do the right thing'.
 - Establishing an emotional connection with the local stakeholders surrounding our operations.
- Ensuring that Kumba fully complies to standards set for good corporate governance:
 - Compliance with social and ethics requirements in the Companies Act.
 - Compliance with Chapter 8 in King III.

In our approach to engaging with identified stakeholders, Kumba has adopted the principles of transparency, integrity and accountability.

Our socio-economic assessment toolbox (SEAT) guides the identification of, and Kumba's interaction with, its community stakeholders. Community

development is further prescribed by the commitments made in the company's social and labour plans (SLP). In line with the requirements of the Mining Charter, Kumba ensures that our policies and practices are aligned with the national and provincial growth strategies and plans.

A new stakeholder engagement policy was developed and approved in late 2011, and implementation of the policy began in 2012, leading to the development of a stakeholder engagement strategy. Kumba's business strategy and risk register provided the context for the company's stakeholder and issue landscape. This analysis revealed:

- Growing anti-mining sentiment, evidenced by increased stakeholder activism, civil society demanding responsible mining and benefit sharing.
- Changing and volatile industrial/employee relations dynamics.
- Lack of capacity within municipalities to address social imbalances in the country.
- Policy uncertainties (carbon taxes, resource nationalism).
- Infrastructure/rail capacity challenges.
- Product quality challenges.
- World economic crisis (volatile markets).
- Legal disputes.

The reporting business strategy and risk register served as key inputs into the stakeholder engagement strategy. The company's business risks were linked to the various stakeholder issues by identifying stakeholders' views, interests and needs relevant to the key business risks. Through this process,



31 stakeholder issues were identified and analysed. The stakeholders were then linked to these issues. Other stakeholders that can potentially positively or negatively affect Kumba's achievement of our business goals were also identified.

Based on the above, seven strategic objectives were identified for Kumba's stakeholder engagement strategy. These address the identified stakeholder issues and business risks as well as stakeholder concerns or interests that are not necessarily directly linked to the current business risk register (emerging issues).

01 Families have been consulted about the relocation of the Dingleton community to Kathu.

02 Children have a chance at a better future with homes in the Boichoko housing project funded by Kolomela mine.

03 The Batho Pele health project is among Kumba's interventions as a valued partner with government in social development and transformation.



02



03



accessible means of communication are used. For this reason, a specific employee report is produced and disseminated shortly after the results are released, with a number of management presentations (by the chief executive, amongst others) undertaken at the same time. For the first time in 2012, a separate community report was published, in various languages. This will be supported by road shows to various communities in 2013.

SUPPORT FOR EXTERNAL INITIATIVES

As part of our engagement strategy, Kumba is committed to membership of, or support for, several external initiatives on public policy issues. These organisations deal with key issues of concern to the company and our stakeholders, and are as follows:

- Chamber of Mines of South Africa.
- International Council on Mining and Metals (ICMM).
- National Business Initiative.
- JSE Limited Socially Responsible Investment Index (JSE SRI).
- Carbon Disclosure Project (CDP).
- World Business Council for Sustainable Development.
- Business Leadership South Africa.
- Die AHI (Afrikaanse Handelsinstituut).
- Executive Global Networks South Africa.
- South African Business Coalition on HIV/AIDS (SABCOHA).

We have identified, prioritised and mapped our stakeholders.

MAPPING OUR STAKEHOLDERS

We have identified, prioritised and mapped our stakeholders, linking them to the various needs raised before analysing and mapping these issues. Kumba's stakeholders were categorised into the following major groups:

- Government (regulatory and political).
- Civil society, including communities and neighbours and whom we have an impact, as well as unions.
- Business and industry, including customers, suppliers and contractors and local business.
- Investment community.
- Internal stakeholders (including employees and their families).
- Media.

Stakeholders were prioritised based on the degree to which Kumba depends on their support in the achievement of our strategic goals. The basis of this prioritisation included:

- The degree to which a stakeholder can hinder or enable organisational performance and/or negatively affect business results.

- The risk to which the company would be exposed, should we not have an effective engagement plan for that stakeholder.
- The relative importance of the stakeholder for the company, rather than one or two operations.
- The number of issues linking the stakeholder with Kumba.
- The stakeholders' ability to affect Kumba's reputation.

ADDRESSING STAKEHOLDER NEEDS

The table overleaf describes these stakeholders, the primary means of communication, and needs identified for each stakeholder. The board, at a strategic level, as well as various disciplines, undertake extensive and ongoing engagement, both formal and informal. It should be noted that the primary stakeholders for this report have been identified as being: government, business and industry, and the media. While the issues contained within this report are relevant to internal stakeholders and civil society, language and other barriers require that more direct and

STAKEHOLDER ENGAGEMENT

CONTINUED

STAKEHOLDERS AND THEIR NEEDS



Stakeholder	Type of engagement	Topics and needs
Government (regulatory and political)	On-going scheduled and ad hoc interaction at national, regional and local level.	<p>Kumba's contribution to socio-economic development; the company's environmental impact; safety and health, and the Sishen mine strike.</p> <p>Kumba's compliance with social and labour plans; the beneficiation strategy; prospecting rights; developmental iron ore price and interim pricing agreements with AMSA; SIMS/resource nationalism.</p>
Civil society, including communities and neighbours on whom we have an impact, as well as unions	<p>Kumba participates in various industry associations, either directly or through its association with Anglo American.</p> <p>Engagement takes many forms, including company announcements, site visits, one-on-one discussions, group dialogues and briefings, local, provincial and national focus group forums, community consultations and the use of media, company publications and internal publications.</p>	<p>Water security, housing and availability of jobs in areas where Kumba operates.</p> <p>Relocation of Dingleton.</p> <p>Various community needs including local development initiatives.</p> <p>Kumba's environmental impact such as dewatering and dust monitoring.</p> <p>The Sishen mines's strike and SEAT engagements specifically for Thabazimbi mine.</p>
Business and industry, including customers, suppliers and contractors and local business	<p>The company engages with current and potential customers in a number of ways that involve active, well-established two-way communication. These include formal presentations, road shows, company announcements, feedback reports, site visits and customer satisfaction surveys.</p> <p>One-on-one meetings, open days and stakeholder forums are held to communicate company policy and procedures.</p>	<p>Customer concerns about product consistency and reliability of supply, as well as pricing mechanisms.</p> <p>Operational performance and growth.</p> <p>BEE policy including local preferential procurement, supplier development.</p> <p>Health and safety, training, social fund contributions, the Sishen mine strike.</p> <p>Expansion of the IOEC.</p>
Investment community, including shareholders, analysts and potential shareholders	Shareholders are encouraged to attend the company's results presentations and to participate in the annual general meetings (AGMs), at which they have access to the Kumba board, and to raise issues of concern or interest directly with the company through various means of communication: investor and analyst meetings, site visits and company presentations. Kumba's management team engages directly with investors and key analysts during road shows. Kumba's major shareholders, Anglo American and the IDC, are also engaged at a board level and their inputs are sought on key issues.	<p>Sishen mine's costs and waste stripping plans.</p> <p>Cost guidance for Kolomela mine and its future expansion plans.</p> <p>Status of Kumba's growth project pipeline in South Africa, timing and capital requirements.</p> <p>Logistics and expansion of the IOEC.</p> <p>Kumba's plans to expand in west and central Africa.</p> <p>Resolution of legal issues.</p> <p>Relationship with government.</p> <p>Labour issues in South Africa.</p> <p>Kumba's ability to generate cash, fund growth and continue to pay significant dividends.</p>

STAKEHOLDERS AND THEIR NEEDS

Stakeholder	Type of engagement	Topics and needs
Internal stakeholders (including employees and their families)	Employees are encouraged to raise issues of concern and interest via the formal and informal structures in place, including through the human resources discipline, line management and union structures. Two-way communication channels are used to consult with the unions. Senior executives have access to the board and are expected to represent employees at this level. Extensive in-house communications programmes are in place at group and mine levels.	Safety and health. Rising expectations regarding remuneration. Access to jobs, education, housing and healthcare. Union relations. Company performance
Media	The media is kept informed on developments in the company through media releases, press conferences, media briefing sessions and visits to the mines.	Legal issues. Labour relations issues. Operational and financial performance. Community development initiatives. The launch of Kolomela mine.

Kumba has identified the following seven strategic objectives for our stakeholder engagement strategy, which addresses general stakeholder needs:

- Positioned as mining partner of choice in sustainable development and long-term growth.
- Experienced as a valued partner to the South African government.
- Strategic business relationships are well-managed, maintained and enhanced.
- Viewed as environmentally compliant, responsive to stakeholders' environmental concerns, and prepared to go beyond mere compliance to mitigate its environmental impacts.
- High confidence levels in Kumba's ability to successfully execute its vision and strategy.
- Aware of imminent changes in the policy environment, effective in its participation in public policy formulation and excellent in its reporting on compliance.
- Employer of choice, with an attractive employee value proposition.
- In 2013 the chairman and the chairmen of the various board committees will engage directly with the investment communities.

A primary area of focus remains employee engagement. Major initiatives were undertaken during the year in relation to Envision (page 51) and the resolution of the strike at Sishen mine (page 48).  See pages 57 to 65 for comprehensive discussions on community engagement and at  http://www.kumba.co.za/reports/kumba_ar2011/sustainability/pdf/sustainability.pdf

Some of the notable successes during the year have been:

- Partnering with the DMR in hosting the Women in Mining Conference in August.
- Lifting of the suspension of the Zandrivierspoort project prospecting rights.
- Agreement reached on the AMSA interim pricing agreement with mediation by Department of Trade and Industry.
- Received approval for Sishen mine's second five-year SLP by the Gamagara municipality, Joe Morolong Municipality and the DMR.

The challenges during the year were:

- No agreement reached yet with the Dingleton community on a resettlement package.
- Legal disputes that have not yet been resolved.
- The unprotected strike at Sishen mine.

A primary area of focus remains employee engagement.

ACCOLADES FOR 2012

Kumba received external recognition for outstanding performance in various areas during 2012. These included:

- International Association of Business Communicators: South African Quill Award to the Kolomela mine project's safety improvement communication plan.
- Sunday Times' Royal Companies: in top 20 list of companies that generate the most value for shareholders for three consecutive years.
- Deloitte's Best Company to Work For 2012 annual survey: overall mining industry winner.
- CRF Institute Best Employer 2012 survey: commended for offering employees outstanding working conditions.
- National Business Awards: third runner-up in the Top Performing Company of the Year for the fourth consecutive year.
- JSE: ranked ninth with a market capitalisation of R183.2 billion at 31 December 2012.

MATERIAL ISSUES AND OUR SUSTAINABILITY STRATEGY

The outcome of our materiality assessment has been the identification of five material issues.

IDENTIFYING MATERIAL ISSUES

In 2012 we once again undertook a methodological approach to identifying and reporting on material issues, including through an internal materiality assessment workshop (which included the chief executive, chief financial officer and various members of the executive team, various discipline and operational heads, and our external auditor, PwC) where we interrogated, discussed and agreed on key material issues for the year under review.

Based on the GRI materiality test, various external and internal factors were considered in defining Kumba's significant issues. These included the following:

- Complaints, interests, concerns and indicators raised by stakeholders.
- Key topics and future challenges for the sector, as reported by peers and competitors. The events in the platinum sector, most particularly at the Marikana mine, have been noted and reviewed. Also, strike action and community unrest at and around Kumba mines and in the industry as a whole have been taken into account.
- Relevant legislation, regulation, international agreements or

voluntary agreements of strategic significance to Kumba and our stakeholders.

- Media coverage and market reports on the company, the sector and the industry.
- Reasonably estimable sustainability impacts, risks or opportunities (such as global warming, HIV/AIDS and TB and poverty) identified through sound investigation.
- Organisational values, policies, strategies, operational management systems, goals and targets.
- Interests and expectations of stakeholders specifically invested in the success of Kumba such as employees, shareholders and suppliers.
- Significant risks to Kumba, and factors considered critical to our overall success.
- Our core competencies and how these can contribute to sustainable development.

Kumba continually engages with stakeholders to ensure that we address their most substantial needs and review these material issues to keep them relevant.

See the discussion on stakeholder engagement on page 14. We have been guided by GRI's definition of material issues as 'topics and indicators that reflect the organisation's significant economic, environmental and social impacts, or that would substantively influence the assessments and decisions of stakeholders'.

The outcome has been the identification of five material issues currently most relevant to Kumba, both in the year that has past and the year ahead. The material issues were confirmed and accepted by the Audit Committee and the Social and Ethics Committee. These are cross-cutting issues that are reflected throughout the report. Specific focus areas are identified by the icons attached to each material issue and, in line with our integrated reporting approach; these issues are considered in both our Integrated and Sustainable Development Reports.

Determining material issues

External factors

Media coverage

Analyst research reports and market feedback

Peer reviews/benchmarking

External gap analysis

Topical sustainability issues

Internal factors

Group values

Group integrated risk assessment

Safety and sustainable development risk assessment

Human resources risk assessment

SEAT* processes

* Socio-economic assessment toolbox

MATERIAL ISSUES

THROUGH THE PROCESS OF SYNTHESIS, WE HAVE DESCRIBED THESE AS FOLLOWS:



SHARING THE BENEFITS

Meeting rising expectations and demands from stakeholders – including government, employees, communities and shareholders – in a financial and resource constrained economic and social environment.



SECURING OUR LICENCE TO OPERATE

Obtaining and/or maintaining our licence to operate – including social and environmental compliance – amidst increasing regulatory, cost and governance requirements.



DELIVERING ON OPERATIONAL AND COMMERCIAL EXCELLENCE

Achieving, sustaining and delivering operational and commercial excellence – from our assets, our skills base, our technology, our processes and our products – safely, productively and profitably for a broad range of stakeholders.



DELIVERING A SUSTAINABLE FUTURE

Developing our assets and opportunities in such a way that will deliver sustainable benefits to our shareholders, employees and communities during the life of our operations and beyond.



RESOLVING OUR LEGAL ISSUES

Seeking and achieving resolution of our legal disputes.

OUR SUSTAINABILITY STRATEGY

Kumba continuously aims to conduct our business with consideration of the wellness of the people working for, with and at our operations; preserve the environment; and care for the welfare of the communities in which we operate. We seek to create and leave a positive legacy in these communities and, through our commitment to safety and health, environmental management and corporate social investment, become the employer of choice and partner of choice for the broadest range of stakeholders.

Our sustainability approach is all-encompassing and is an integral part of our business. For the purposes of reporting, we have presented our response in respect of governance, economic, social and environmental performance.

KEY PERFORMANCE INDICATORS (KPI'S) ALIGNED TO OUR STRATEGY AND TO SECURING OUR LICENCE TO OPERATE

Sharing the benefits

- Number of jobs provided and created (permanent and contractors)
- Percentage of employees from local communities
- Amount spent on community development (R million)
- Payments to government (taxes and royalties) (R million)
- Distributions to shareholders (dividends R/share and TSR)
- Distributions to BEE shareholders, including employees (R million)
- Payments to employees (R million)
- Number of houses constructed

Securing our licence to operate

- Zero harm environment
- Historically disadvantaged South Africans (HDSAs) in management (%)
- Women in mining (%)
- BEE procurement (R million and % of total discretionary expenditure)
- Safety stoppages (number of Section 54 impositions)
- Rehabilitation funding and liability (R million)
- Mining rights and prospecting rights in place
- IWULs in place
- BEE ownership (%)
- Compliance with the Mining Charter and MPRDA

Delivering operational and commercial excellence

- LTIFR (per 200,000 hours worked)
- Iron ore produced (million tonnes) and iron ore sold (million tonnes)
- Stripping ratio achieved (excluding Thabazimbi mine)
- Unit costs (R/tonne)
- Margin achieved (%)
- ISO 14001 compliance
- ISO 9001 compliance
- OSHAS 18001 compliance
- Energy intensity (GJ/tonne)
- Water intensity (million m³/tonne)
- Carbon intensity (CO₂e/tonne)

Delivering a sustainable future

- Capital expenditure – expansion and stay-in-business (R million)
- Ore Reserves and Mineral Resources (million tonnes)
- Second footprint in west and central Africa
- Exploration expenditure (R million)
- Research and development (R&D) expenditure (R million)
- Amount spent on training and development (R million) and number of people trained
- Turnover of employees (%)

Resolving our legal issues

- Progress made in resolving legal issues

STRATEGIC ELEMENT: Leaving a positive legacy

01



BUILDING TRUST

WITH THE FUTURE IN MIND

We strive to be an efficient miner of iron ore, as well as a good corporate citizen conducting our business in a caring, responsible and sustainable manner.

We certainly uphold our commitment to quality, reliability and consistency in our approach to business. However, our vision to be a leading, value-adding supplier of iron ore to the global steel industry can only be realised by engendering trust within our organisation and then radiating that confidence in all our interactions.

Our foundation is built on the strength of our value system which upholds safety, care and respect, integrity, accountability, collaboration and innovation. By focussing keenly on this value system, prioritising quality over quantity, we have become recognised as one of the best employers in South Africa. We remain focussed on "people making a difference in a company that is making a difference".

Ultimately, the trust we have in each other translates into value for our customers and the communities in which we operate, and a broad range of stakeholders who rely on Kumba to deliver value to them.



02

Images

01 Kumba encourages a Zero Harm mindset on all its operations. Keitumetse Hynes, haul truck operator, and Neil Akermann, planning and development manager, therefore, appreciate the collision avoidance system fitted on all trucks.

02 Kumba employees Mooketsi Mocumi, communications and branding, Yvette Kulik, financial accountant and Theto Rangwato, corporate finance analyst, were among the 2012 finalists in the Anglo American Applaud Awards.

03 Johan Smit, foreman, was involved in training operators in the application of Kumba's collision avoidance system.

04 Keitumetse Hynes, haul truck operator, and Neil Akermann, planning and development manager, have worked on the implementation of Kumba's collision avoidance system.



03



"Our employees are at the heart of our success because we rely on them implicitly to deliver on our promises."

Virginia Tyobeka

Executive head: human resources
Kumba Iron Ore

04

GOVERNANCE OF SUSTAINABILITY

All our activities are based on integrity, responsibility, impartiality and transparency.

CORPORATE GOVERNANCE

It is the responsibility of the Kumba board to ensure that the principles of good governance are initiated and maintained at all levels in the company. The board ensures that all discussions, decisions and activities carried out by the group are based on integrity, responsibility, impartiality and transparency in an effort to be a good corporate citizen and deliver maximum value to stakeholders.

Corporate governance at Kumba is guided by the company's Memorandum of Incorporation (Mol), the Kumba Delegated Authority Framework, JSE listing requirements, the Companies Act, King III and other applicable principles and legislation.

Kumba continues to engage with our stakeholders, and the more formal mechanisms in place for stakeholders to communicate with the company include one-on-one meetings with management, presentations, annual and special general meetings, media releases, interim and year-end results announcements, the company's website, the company's suite of integrated reports and the proxy form which shareholders use to exercise their voting rights. Furthermore in 2013 the chairman and the chairmen of the various board committees will engage directly with the investment communities.

We have assessed the materiality of our economic, environmental and social impacts, as well as other issues that could have a bearing on the business, both in the present and in the future, in order to give our stakeholders comprehensive feedback and to keep them abreast of developments within the company. For further information on how we engage with our stakeholders, [see](#) pages 14 to 17 of this report. We will continue to seek innovative ways to communicate with our communities and other stakeholders.

RISK MANAGEMENT

Kumba's board of directors and management team take full accountability and responsibility for risk management. The function is delegated to and carried out by the Risk Committee which regularly reviews significant risks and strategies. The Risk Committee subsequently reports back to the board on material changes to the group's risk profile. Key risks are

identified and analysed in terms of their likelihood, consequence and impact through the integrated risk management programme. Appropriate controls and responses to mitigate any identified risks, as well as monitoring of the effectiveness of the controls, form part of the programme.

Our approach to risk and risk factors identified is discussed in detail on [pages 24 to 28](#) of our Integrated Report.

PRECAUTIONARY APPROACH

The integration of good corporate citizenship, sound business principles, a risk-based approach and a Zero Harm mind-set collectively contribute towards the fulfilment of the precautionary principle as captured in Article 15 of the Rio Declaration.

As required by the principle, Kumba ensures that all our operations and projects undertake effective environmental impact identification and assessment, in line with the group's safety, health and environmental policy.

In addition, Anglo American's Social and Environmental Impact Assessment Standard and the various Environmental Performance Standards are designed to ensure that there is proactive management of the environment and that there is a risk-based approach in whatever activity is undertaken. Similarly, this is implemented through compliance with the ISO 14001 and OHSAS 18001 international standards. In cases where there is uncertainty in terms of the requirements, Kumba has always opted for the most stringent requirements, thereby ensuring that proper measures are in place for the protection of the environment.

BOARD COMPOSITION

Kumba's unitary board is led by an independent non-executive chairman, Fani Titi. The board comprises two executive directors and nine non-executive directors, six of whom are independent. Four of the non-executive directors are black women.



01

SIOC, the company's operating entity and in which Kumba has a 73.9% shareholding, has a fully operational board of directors, consisting of three executive and two non-executive directors. The non-executive directors are drawn from SIOC's minority shareholders. The SIOC board is currently renewing its composition to further enhance its representation.

BOARD CHARTER

The Kumba board charter sets the parameters within the power of the board and delegates matters to the committees and management. The charter directs the board to comply with the Mol and good corporate governance.

BOARD COMMITTEES

The board has established four standing committees through which it executes its duties, namely:

- the Audit Committee;
- the Risk Committee;
- the Human Resources, Remuneration and Nomination Committee (Remco); and
- the Social and Ethics Committee.

- 01** Apprentice Sebastian Jansen and Clayton Mora, electrical maintenance, are employed in one of the maintenance workshops at Kolomela mine.
- 02** Meshack Sebapalwang inspecting electrical workings at Kolomela mine load out station.
- 03** All Kumba operations and projects undertake effective environmental impact identification and assessment in line with the group's environmental policy.



companies in these areas, and how they would consider these concerns in their potential board role.

The board recognises that improved performance and effectiveness may be achieved through regular and timely appraisals both of the board as a collective and of its individual members. In line with Anglo American's requirements in this regard, the board, its subcommittees and its individual members undergo externally facilitated performance appraisals every two years, which include self-appraisals and peer reviews of individual, committee and board performance against targets. For further information on the external appraisal process, see pages 79 to 80 of our Integrated Report. The performance of the board in terms of sustainable development is addressed as part of this process, particularly as part of the appraisal of the Social and Ethics Committee.

BOARD COMPOSITION – ROLE



LEADERSHIP

The Social and Ethics Committee takes responsibility for sustainable development but overall accountability rests with the board. The Social and Ethics Committee's terms of reference and annual work plan were updated to include requirements of the Companies Act.

The company's economic, social and environmental performance are critical to our business.

REMUNERATION AND SUSTAINABILITY

Remuneration of executive directors and management reflects the performance of the company, based on an assessment of financial and non-financial indicators, and is in the form of fixed compensation and bonuses if key performance indicator targets are met.

Kumba's remuneration philosophy and practices govern the relationship between compensation for members of the highest governance body, senior managers, and executives (including departure terms), and the organisation's performance. This is covered in detail in the company's remuneration report http://www.kumba.co.za/reports/kumba_ar2012/integrated/pdf/integrated_report.pdf and pages 20 to 26 of the Annual Financial Statements 2012.

APPOINTMENT AND APPRAISAL OF DIRECTORS

Remco assumes responsibility for ensuring the board comprises suitably qualified members. Directors of the Kumba board are appointed for their expertise and skills, with their individual competencies combining to help Kumba achieve its objective of becoming a leader in the iron ore industry. The board seeks to maintain a balance of business, governance, project management, technical and financial skills and expertise. Since Kumba regards the company's economic, social and environmental performance as integral to all aspects of our business and to our overall success, candidates in any of these fields are required to demonstrate an intimate understanding of the specific challenges faced by mining

BOARD COMPOSITION – GENDER



ETHICS AND CONFLICTS OF INTEREST

We are steadfast in our commitment to conduct business to the highest ethical standards and have policies in place which govern the relationship between the company and our stakeholders.

GOVERNANCE OF SUSTAINABILITY CONTINUED

The policies, which can be accessed from our website, are implemented and monitored by the Social and Ethics Committee.

Kumba has adopted the Anglo American Business Integrity Policy and performance standards (BIP) as our code for ethical conduct. The BIP also applies to all Kumba employees, contractors, suppliers and counter parties. This is compliant with the Companies Act and JSE listing requirements, which allows management to identify potential conflict situations and outlines procedures to be followed once a situation has been identified.

In accordance with the BIP, all employees complete conflict of interest declarations annually. Kumba maintains a comprehensive register of interests and expects management and directors to disclose external shareholdings and directorships, which could cause a conflict of interest, while they are in the employ of Kumba. During the year no conflicts of interest were reported.

Donations and gifts

Kumba is proud of our Corporate Social Investment (CSI) contributions to promote sustainable community development and continues to make charitable donations. The company prohibits political donations and declares that none were made during 2012.

We conduct business to the highest ethical standards.

Facilitation payment is also prohibited and employees are forbidden to accept gifts which could result in a conflict of interest. All gifts are declared.

Insider trading

During a closed period and if employees, their associates, directors and their relatives have access to price-sensitive material, they are barred from dealing in company shares. All employees are notified of closed periods and are required to obtain company approval before dealing in Kumba shares during open periods.

Whistle-blowing

Tip-offs Anonymous is a 24-hour whistle blowing facility which can be accessed via telephone, email and the Kumba website. Employees and other parties are encouraged to report corruption, fraud and any concerns they may have. If disclosures are made in accordance with the provisions of the Protected Disclosures Act, the whistle-blowers are protected against victimisation. Below is a breakdown of alerts reported to Tip-offs Anonymous.

External initiatives and memberships in associations

The Chamber of Mines is the principal advocate of major policy positions endorsed by mining employers. Norman Mbazima, Kumba's chief executive, is a

member of the Chamber and Khanyisile Kweyama, a non-executive director of Kumba, was recently appointed as its first female vice-president, giving Kumba comprehensive representation in the organisation, and underlining the importance Kumba places in it.

Kumba is also a signatory of the United Nations Development Programme, which focusses on assisting countries in building and sharing solutions and resources to alleviate poverty, protect human rights, and to empower women and develop their capacity.

Significant legal issues or fines

The group did not incur any fines in respect of non-compliance with laws or regulations in 2012, nor was the company involved in any legal action relating to anti-competitive behaviour, anti-trust or monopoly practices during the year.

Kumba's involvement in legal disputes and actions in 2012 is discussed on [pages 55 to 57](#) of our Integrated Report.

ALERT CATEGORY VIA TIP-OFFS ANONYMOUS

SHE	Criminal	Financial reporting	Human resources	Suppliers/procurement	Total number of alerts received in 2012
-	8	-	8	12	28

MANAGEMENT ACTION ON TIP-OFFS ANONYMOUS

Malicious	Other	Number of reports closed	Number of reports proven*	Number of reports that resulted in management action
-	-	9	4	9

* Please also note that not all thefts were reported via Tip-offs Anonymous as some were reported directly to security/management. A total of 12 cases of solar panel thefts and 24 cases of copper cable thefts were reported

RESPONSE TO MATERIAL ISSUES

In the sections that follow we address our material issues as they relate to sustainable development. This report should be read in conjunction with our Integrated Report. In our case studies we illustrate how we conduct our business.



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01 The health and wellness of villagers in remote areas of the Northern Cape is addressed by the Batho Pele mobile health clinic initiative.



For more information visit, www.angloamericankumba.com

01 By employing local contractors in housing projects, such as Boichoko which accommodates Kolomela mine employees in Postmasburg, Kumba has been able to provide essential skills training to the community.

02 Organimark consultants Greg Sturmer and Heinrich Schultz work with community members, Esther Moseki, supervisor and Thomas Teteme, project director, in the Manyeding cultivation project which has received funding for a dam and pumping system.



01



02

ECONOMIC PERFORMANCE

For a detailed account of our operating and financial performance see our Integrated Report and Annual Financial Statements.

RECORD TOTAL PRODUCTION

UP 4%

43.1 Mt

RECORD EXPORT SALES VOLUMES

UP 7%

39.7 Mt

REALISED AVERAGE EXPORT PRICES

DOWN 23%

US\$122/tonne

REVENUE

DOWN 6%

R45.4 billion

OPERATING PROFIT

DOWN 28%

R23.2 billion

FINAL CASH DIVIDEND

R12.50 PER SHARE,

Total dividend of R31.70 per share

R18.0 billion

dividends paid in 2012

HEADLINE EARNINGS

DOWN 28%

R12.2 billion

or R37.97 per share

We have a significant impact on our stakeholders.

At Kumba we realise that our economic performance has a significant impact on our stakeholders. Ours is a long-term business, and in what we do today, we need to plan for our operations and profitability for decades to come. Given that our resources have a finite life, we continue to invest in exploration and research and development to extend our operations' life and to explore ways of benefiting low grade material. Importantly, we also consider the process and consequences of closure from the inception of each project, with a view to contributing to the sustainability of our communities post the closure of our mines.

CREATING VALUE

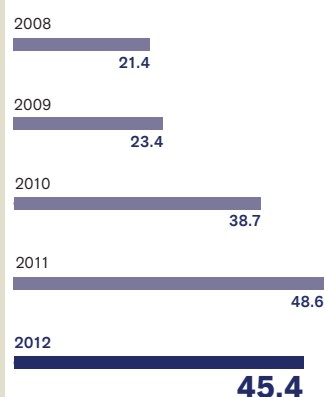
In 2012, Kumba exported a record 39.7Mt of iron ore to customers around the globe, generating sales of R42.6 billion.

We create value for a broad range of stakeholders. In 2012, we:

- Provided jobs to 11,773 people directly, including contractors, and thousands more downstream of our business.
- Paid dividends to shareholders of R18.0 billion, including our BEE shareholders (R4.4 billion) and employee shareholders (R205.7 million).
- Paid taxes and minerals royalties to government of R6.4 billion.
- Spent R224.2 million on training and development of our employees and community members.
- Contributed R275.6 million to infrastructure development in our communities.

REVENUE

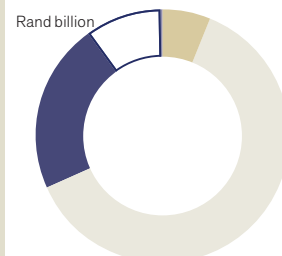
Rand billion



REVENUE - GEOGRAPHICAL ANALYSIS 2012

as at 31 December

Rand billion

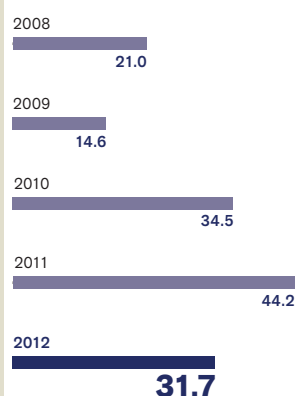


South Africa	2.8
China	28.3
Rest of Asia	9.9
Europe	4.3
Middle East	0.1
Americas*	-

* R nil revenue in 2012

DIVIDENDS DECLARED

Rand per share



VALUE ADDED STATEMENT

Rand million	2012	%	2011	%
Turnover	45,446		48,553	
Cost of material	(11,557)		(8,671)	
Depreciation	(1,524)		(947)	
Labour	(3,466)		(2,777)	
Value added	28,899		36,108	
Income from investments	102		241	
Wealth created	29,001		36,349	
Employees (including employees' tax)	3,466	12.0	2,77	7.6
Shareholders of Kumba	13,428	46.3	13,742	37.8
Minority shareholders	3,888	13.4	5,256	14.5
Governments – direct taxes	5,145	17.7	7,146	19.7
Reinvested in the group	2,745	9.5	7,092	19.5
Providers of loan capital	329	1.1	336	0.9
Wealth distributed	29,001	100.0	36,348	100.0

PROCUREMENT AND SUPPLY CHAIN

Kumba's expenditure on BEE procurement significantly increased to R9.0 billion. This was approximately 60% of the overall procurement spend, taking Kumba well beyond the company's 2012 targets and closer to our 2013 targets.

Our BEE procurement is of strategic importance to the company as it plays a key role in securing and maintaining the company's licence to operate, in developing thriving communities, in creating efficiencies in our supply chain and in ensuring reliable access to critical supplies. Effective BEE procurement

results in competitiveness, transformation, economic value, broader participation, enterprise development and job creation.

Kumba aims to procure mostly from BEE-accredited entities to achieve these benefits as well as to meet the Mining Charter requirements. A BEE entity is one in which a minimum of 25% +1 vote of share capital is directly black-owned in line with the flow-through principle. Kumba defines a local company as one within a radius from Kumba's mines that has been agreed with the DMR.

Effective BEE procurement leads to competitiveness, transformation, economic value and job creation.

01 Kumba strives to create a positive legacy for host communities.

SIOC DIVIDENDS DECLARED TO BEE SHAREHOLDERS

Rand billion



01



ECONOMIC PERFORMANCE

CONTINUED

PAYMENTS TO SOUTH AFRICAN GOVERNMENT

Kumba makes payments to government in numerous forms, including corporate income tax, mineral royalties, withholding taxes on dividend distributions, payroll taxes, value-added tax (VAT) and import and export duties. Kumba is pleased to report these amounts and supports the Extractive Industries Transparency Initiative (EITI).

A major employer in South Africa, the company pays a skills development levy, which is calculated as 1% of employees' pay. The funds, payable to the South African Revenue Service (SARS), are allocated to the sector education and training authorities as well as the Skills Development Fund to pay for government training initiatives.

PAYMENTS TO GOVERNMENT

Rand billion



Payments to the South African government (R million)

	2012	2011
Corporate income	5,012	5,233
STC	959	1,802
Mineral royalties	1,160	1,700
Payroll tax (PAYE and UIF)	634	1,544*
Skills levy	25	50
Dividends withholding tax	15	-

* This figure excludes the tax on the Envision payouts paid in 2012

TAXATION

Tax revenues generated from our activities form an important element of our economic contribution to the communities and countries in which we operate and this understanding is reflected in our approach to our tax affairs. That approach is framed by the Anglo American Tax Strategy, our support for the principles of transparency and the nature and of our approach to engagement with stakeholders. More information about the Anglo American Group Tax Strategy can be found in the Anglo American Sustainable Development Report at www.angloamerican.com

The mining industry operates in an increasingly financially constrained world. Mining is a high-risk, long-term business, and the capital investment and commitment we make to host countries reflects that. Governments also recognise that their countries exist in this globally competitive environment, competing for new and continuing long term investment. There is a need to balance the risks and rewards of responsible investment and the development of non-renewable resources. For industry this means balancing high-risk long-term capital investment with likely future returns. For government it means balancing the need to raise tax revenues with a competitive, attractive tax regime and other objectives such as employment and poverty alleviation.

That balance relies on the capacity of governments to administer the tax regime in a fair and consistent manner and governance once those revenues have been collected. We believe that the various initiatives aimed at building capacity and governance are fundamental to ensuring that communities benefit from the significant value generated by companies like Kumba.

Taxes borne and collected in 2012

Taxes borne	Corporate income taxes, mineral royalties, import and export duties, and other taxes which are a cost to the Group	R6,286 million
Taxes collected	Payroll taxes, VAT, withholding taxes and other taxes which are collected and remitted to government, but are not a cost to the Group	R952 million
Total		R7,238 million

In the Northern Cape, it is a 100km radius for both the Kolomela and Sishen mines, while in Limpopo province, the radius is 50km for Thabazimbi mine.

BEE procurement targets

Kumba has committed to the following minimum targets by 2014 in order to meet Mining Charter requirements:

- 40% of capital goods (all capital-related purchases);
- 50% of consumer goods (all types of commodities); and
- 70% of services (all consultants and professional services).

Driving procurement transformation

Kumba's supply chain policy is reviewed on an annual basis and amended accordingly. At the beginning of 2012, Kumba's supply chain department was concerned about reaching the target for the year and thus embarked on an initiative to identify and individually engage with top non-BEE service-suppliers, communicating the importance of transformation and in certain instances negotiating contract clauses to ensure transformation within a set period.

This initiative met with great success in 2012; a number of suppliers have now transformed while others are in the process of doing so.

In addition, the BEE procurement campaign was launched in June 2012 to drive preferential procurement in all aspects of the business by creating awareness and support of Kumba's BEE procurement targets among all stakeholders. This ongoing campaign has a three-pronged approach, focussing on Mining Charter targets; what the supply chain department is doing in this regard; and how stakeholders can assist and be a part of achieving these targets.

Our supply chain policy is reviewed on an annual basis.

As a start to the BEE procurement campaign, a letter from the Kumba chief executive was sent to all senior employees requesting each one's support in ensuring the use of BEE suppliers in the awarding of contracts. It is the responsibility of the head of the supply chain department to ensure this is done by challenging colleagues wanting to award contracts to non-BEE suppliers when there is an opportunity to use a supplier that is compliant.

Kumba's top 100 suppliers received similar letters from the chief executive to highlight that, going forward, BEE compliance would be used as a more important criterion in the awarding of procurement contracts. It further stated that should suppliers not meet the transformational requirement at the onset, it would be in both their and Kumba's best interests to embark on a process to do so.

New supply chain model

Kumba has a new supply chain model referred to as the local forum engagement guidelines, which specifies the two approaches new suppliers can use, and whereby community development and preferential procurement work hand-in-hand. A new supplier can either register on the Kumba sourcing database SAP system and/or register at one of Kumba's enterprise development sustainable development hubs.

Identifying local business opportunities in sustainability

In a local economic development initiative, a collaboration between the supply chain and sustainable development departments, business opportunities were offered to local entrepreneurs in the communities surrounding Kumba operations. As a result, a total of 15 new suppliers have been created. These suppliers are

being developed and contracted to Kumba for various goods and services.

SAP implementation

In June 2012, Kumba's executive committee approved a SAP information technology (IT) system re-implementation as part of the company's core enterprise resource planning (ERP) system. This risk mitigation project is in the design phase with operation starting in September 2012; a formal change management launch in November 2012; and the estimated time of completion being early in 2014.

Kumba has contracted external consultants to provide the change management stream to drive all the training, awareness and communication around this project.

During the year under review, the supply chain department amended its internal process for new services/supplier creation on the SAP system in the year ahead. No new non-compliant services/suppliers can be created or loaded on to SAP without the approval of the head of the supply chain department.

Key procurement data

Rand billion	2012	2011
Total spend	19.7	17.3
Discretionary spend ¹	15.0	13.2
BEE spend ²	9.0	6.0
BEE as % of discretionary spend	60.2	45.6

¹ Discretionary spend is only relevant to South Africa (as per the Mining Charter) and is the value against which the local HDSA spend is measured. It excludes payments to government (such as taxes, royalties, etc.) and parastatals, such as Eskom and Transnet

² BEE spend: this refers to payments to vendors with 25% +1 share black ownership

BEE PROCUREMENT

%	Consumables	Capital goods	Services
Corporate	30	32	80
Sishen mine	55	65	53
Kolomela mine	71	62	74
Thabazimbi mine	60	41	89
Group	57	62	61

ECONOMIC PERFORMANCE

CONTINUED

GROUP BEE PROCUREMENT

%	2013 target	2012	2011	2010
Consumables	50.0	57.0	47.1	35.0
Services	70.0	61.0	45.7	59.5
Capital	40.0	62.0	44.2	34.3

COMMUNITY AND INFRASTRUCTURE DEVELOPMENT

Kumba's approach to CED aims to create and leave a positive legacy in the communities in which we operate. For further information on Kumba's CED please see the section on pages 57 to 65 of this report.


Kumba's total CED expenditure in 2012 amounted to R275.6 million (2011: R190.9 million) and covered SLP commitments.

TECHNOLOGY AND DEVELOPMENT AND BENEFICIATION

Kumba's stakeholder engagement in support of the company's beneficiation projects continued in 2012 with the aim of establishing a beneficiation facility in South Africa. Kumba is actively involved in the search for alternative iron-making processes that could be used for the conversion of some of our commercial products into iron or steel.

During 2012, a innovative iron-making process was specifically identified as a possible option. This technology is an iron-making one that utilises iron ore fines and coal to produce iron hot metal. Pilot plant tests were carried out in Germany and Australia to evaluate the viability of this process, using the Sishen mine concentrate product.

Initial results look positive and further tests are planned for 2013 to enable the process supplier to provide capital and operating estimates for a 1Mtpa plant.

For further information on our technology and development and beneficiation initiatives, see  page 51 of the Integrated Report.



01 Martha Sebelego, Gracious Tlhaole, Nomsa Mpetsheni and Lena Sebelego earn a living and serve their community from the hydroponic vegetable farm near Kolomela mine.

01



"The concept of Mission Directed Work teams is a foundation for

problem solving, continuous improvement and innovation."

Cornelia Holtzhausen
General manager
Thabazimbi mine

CASE STUDY: ON A MISSION AT THABAZIMBI MINE

As Thabazimbi mine nears the end of its life and as mining has become increasingly challenging, this has the potential to have a negative impact on employee morale and safety. Managing productivity and costs has, therefore, become increasingly important.

Enter the Mission Directed Work (MDW) team concept in 2011 with a view to saving costs and supporting the drive to improve company culture, safety, innovation and communication. As the programme has progressed, some sustainable cost-saving ideas have emerged whereas suggestions for safety and culture improvements have come to the fore due to the involvement of employees, unions and safety representatives at all levels of the mine. Rather than a mere management initiative, it harnesses the knowledge of people at the work face.

The success of the MDW concept is embodied in Jan Rossouw, foreman and leader of the haul truck MDW team at Thabazimbi mine. He was identified as one of the company's top performers in 2012 and sent to Chile, South America, for the Anglo American Asset Optimisation Conference in April. The biennial conference brings Anglo American employees together to share knowledge and global best practice – Jan was one of five representatives of Kumba's mines.

Jan and his 24-strong team stand out among their colleagues as they have completely embraced the MDW concept since its inception, implementing it with enthusiasm. Dries Burger, manager: finance at Thabazimbi mine, says: "In a short space of time, they experienced positive results; not only in terms of the availability of the haul trucks but also in human behaviour and a positive outlook towards safety. Measured according to a number of MDW criteria, they have performed exceptionally well overall. Based on this, and the fact that Jan guided and managed his team professionally in taking ownership of their responsibility in the workplace, he was identified as a top performer."

In Chile, Jan shared his experiences in working as a "mini business" which continuously sets goals and strives to achieve these objectives as a team; solving problems and making decisions as a unit primarily responsible for the maintenance of Thabazimbi mine's haul trucks. The team uses the MDW concept to set relevant key performance indicators and thus continuously measure their performance and implement

corrective measures where necessary. The team is, therefore, a critical production support system in ensuring the availability of mining equipment.

The secret to their success is the 100-day Rapid Results programme, which focusses on process improvement by multi-disciplinary, cross-functional teams. It has helped Jan's team identify areas in need of improvement and then conduct root-cause analyses, present solutions, implement ideas and measure the outcomes. After 100 days, where performance was found to be below standard, action was taken.

The Rapid Results programme first came to Thabazimbi mine when the head of the Mining department, Pieter Lategan, invited Alrien van der Walt from the Anglo American head office to train employees in its implementation. Conducted between September and December 2012, training was initially intended solely for the Mining department but the Engineering, Supply Chain Management and Human Resources training departments also joined in.

Production targets were set over three shifts on a daily basis and specific focus areas were identified to help teams reach their targets. For example, measurement of time and attendance was indicated on a chart "owned" by a team member. The duties of the chart "owner" included updating information and ensuring that changes were made where expectations were not being met. As a consequence, time and attendance performance improved from about 90% to 97%.

"We measured the tonnages, availability, utilisation, spares usage and drilled holes on the MDW charts," explains Dries. "The problems identified were channelled to the responsible people and action plans were implemented to address the issues at hand."

MDW is now "standard practice" at Thabazimbi mine – the Engineering, Maintenance, Training and Geology teams are also enjoying the satisfaction of realising their goals as a supportive unit.

Above

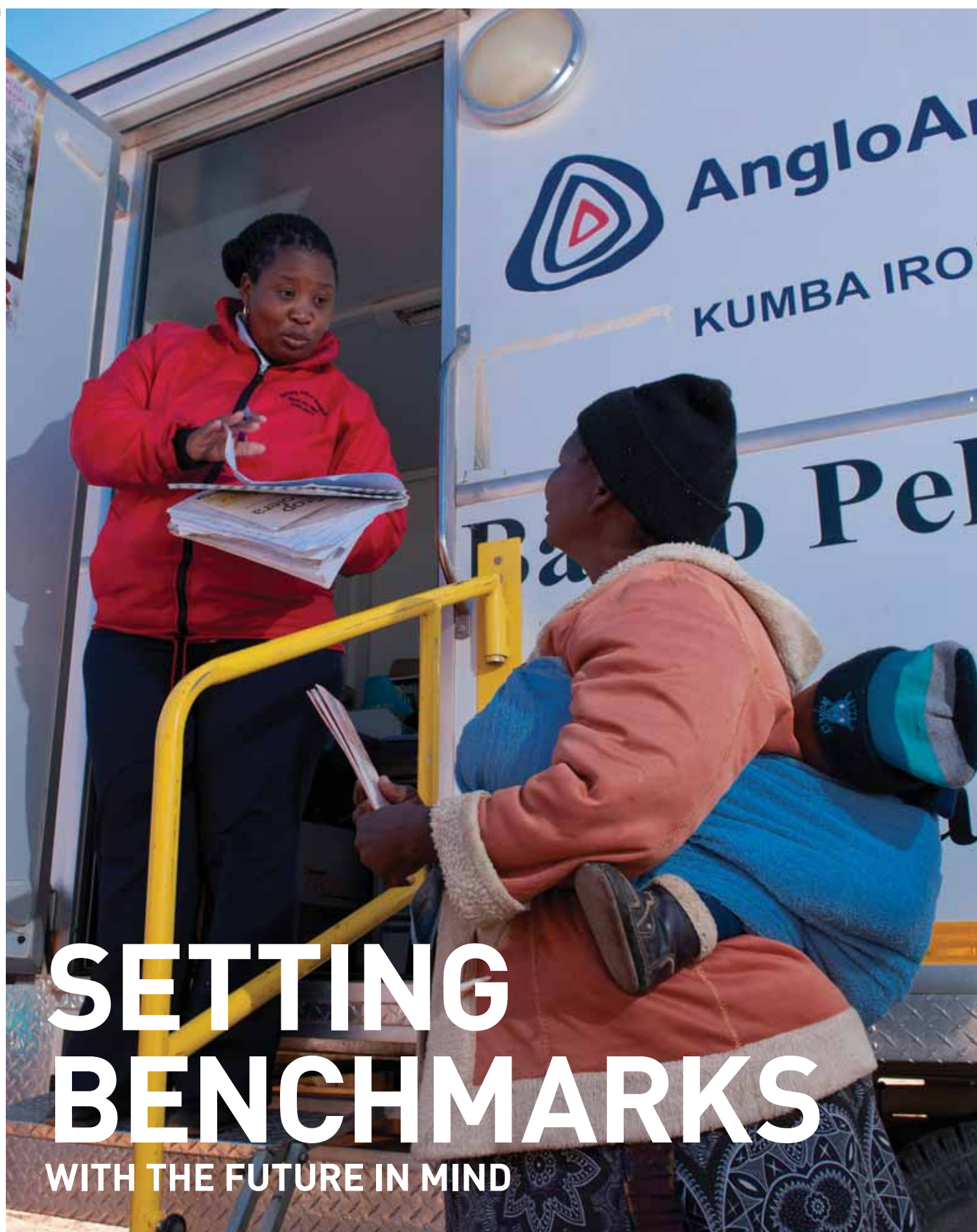
01 The introduction of Mission Directed Work teams at Thabazimbi mine had a significant impact on the availability of haul trucks.



For more information visit, www.angloamericankumba.com

STRATEGIC ELEMENT: Living our values

01



SETTING BENCHMARKS

WITH THE FUTURE IN MIND



Ensuring that people have access to health care beyond the life of Sishen mine in the Northern Cape Province, the Batho Pele partnership between Kumba, the Department of Health, the tribal council and the local municipality is a life-enhancing initiative.

We continue to make a difference in the lives of the rural John Taolo Gaetsewe district community through the provision of exceptional health care. This is the objective of the Batho Pele project which Rina Botha, local economic development manager, Sishen mine, has embraced with tangible passion since it sprung to life in September 2011. More than a year down the line, the innovative concept of taking nine mobile health care units closer to the people, who are so sorely in need of the service, is well on the way to becoming self-sufficient and sustainable.

The sustainability of the project lies in the partners supporting each other in every possible way, not just financially, until the Department of Health is able to take over the reins completely and run the mobile clinics even after the mine is no longer active. The key to success is the establishment of a firm foundation with motivated staff who understand that the service they provide is the answer to a call for the basic need for health care.

25,000

COMMUNITY MEMBERS TREATED



02

Images

01 The success of the Batho Pele health project rests on motivated staff who understand that the service responds to the basic human need for health care.

02 Darryll Daniel works on lockout procedures in a medium-voltage substation at Kolomela mine.

03, 04 Kumba's theme, 'real safety begins with me', aims to ensure that every employee returns home safely at the end of every shift or day – and this extends into communities such as the Boichoko Housing Project in Postmasburg.



04



03

R6.0 million

SPENT ON BATHO PELE IN 2012




"We are really changing the lives of people in a remote area who have never before had this kind of service rendered to them."

Andrew Loots
General manager
Sishen mine

SAFETY

The theme for 2012 was 'real safety begins with me'.

The theme for 2012 was 'real safety begins with me', placing the emphasis on the importance of the contribution of every employee to ensure that they return home safely at the end of each day/shift. Safety remains a core value at Kumba with the company committed to our vision of Zero Harm. There was a strong emphasis on Visible Felt Leadership (VFL) and personal accountability for safety.

Our strategy is underpinned by on-going, effective risk identification and mitigation and through the consistent application of simple and non-negotiable standards. At Kumba we believe that all injuries are preventable and that the necessary steps are taken to learn from incidents by sharing the findings of investigations into these incidents and implementing the necessary changes across all operations so as to prevent their reoccurrence. See the case study on safety communication on  page 37.

The safety improvement plan (SIP) was implemented as part of the Kumba safety strategy and focusses on six key aspects:

- operational risk management;
- contractor engagement;
- leadership and engagement;
- learning from incidents;
- transportation and surface mobile equipment; and
- standardisation and simplification.

RISK MANAGEMENT

In line with Kumba's safety improvement plan, all Kumba's sites started implementing the operational risk management process and are at different stages. Each mine has completed its baseline risk assessment and is in the process of carrying out issue-based risk assessments on its priority unwanted events. Thabazimbi mine completed the implementation of this process during the year and will review the risk assessments on an ongoing basis. The controls identified in the various levels of risk assessment are

integrated into the site safety management system through a review of procedures, training material, inspection checklists, maintenance schedules and appointment letters, among others.

The key risk identified through this risk management process was transportation, in particular the use of large mining surface mobile equipment and vehicles. Control measures implemented to counter this risk included:

- Stringent standards for all vehicles and mobile equipment which form part of the purchase requirements.
- Ensuring all mobile equipment is in good, working condition by performing pre-shift inspections and regular planned maintenance.
- Fatigue management programmes to combat low energy levels among shift employees, thus preventing incidents and injuries.
- Effective reporting and investigation of all incidents that occur, sharing of learnings from these across the group, and putting the lessons learnt into practice to prevent repeat incidents.
- Standard vehicle safety systems for all mobile equipment and vehicles to prevent collisions, improve operator visibility and reduce the impact of collisions.
- Site traffic management plans to manage traffic flow effectively and minimise interaction between different classes of vehicles/equipment and pedestrians.
- Competent operators, drivers, well trained maintenance personnel and regular refresher training and medical surveillance.

Kumba continues to support the implementation of and certification against OHSAS 18001, which is an international safety management system standard. Both the Sishen and Thabazimbi mines remain OHSAS 18001-certified, while Kolomela mine will be certified in 2014 when the current ramp up is completed.



Certification audits are undertaken on a triennial basis, supported by annual external surveillance audits in the intervening years.

INCLUSIVE APPROACH

Kumba embraces a tripartite approach to safety management, and actively participates in tripartite structures with the DMR and organised labour at national, regional and local level in the interest of improved safety and health. New tripartite initiatives have been implemented at the Sishen and Kolomela mines in the Northern Cape and at Thabazimbi mine in the North West where Kumba participates in the local tripartite forum with other mining companies. Although Thabazimbi mine is in Limpopo, it falls under the safety inspectorate of the Rustenburg DMR office in the North West. The mine's other sustainable development aspects are managed from other DMR offices in Limpopo (Polokwane) and North West (Klerksdorp). The forums are focussed on behavioural interventions, fatigue management, contractor engagement and wellness. Kumba also participates in the Anglo American tripartite structures.

01 Dedre van Wyk, plant operator, Collins Griqua, senior process controller, and Charles Shepherd, process controller, work in the Sishen mine jig plant.

02 Barries Barnard, assistant foreman, and Ronwan Jacobs, reclaim operator, are employed at the Kolomela mine load-out station which has been designed to rapidly transfer iron ore to waiting rail wagons.

03 Mattieus Dikwidi, maintenance operator, is aware of PPE requirements on site.



Kumba also participates in the Chamber of Mines' forums such as the occupational health and safety policy committee, the mining industry occupational health and safety (MOSH) task force and the MOSH task teams, where applicable to the company's activities.

SAFETY PERFORMANCE

It is with sadness and regret that we advise of the deaths of two people while working at Sishen mine in 2012:

- Ms Sarah Obudilwe (47), a grade C operator at Sishen mine, sustained serious injuries to her leg in a haul truck accident on 2 September 2012. She was admitted to hospital where that leg was amputated. She was undergoing treatment and rehabilitation in hospital when her condition suddenly deteriorated and she passed away on 23 November 2012 due to complications related to her injuries.
- Mr Wickus Coetsee (44), an employee of a contracted security company, sustained third-degree burns in a fire inside an armoured

vehicle that had broken down outside the mine on 13 November 2012 and passed away on 29 November 2012 due to his injuries. The incident occurred when he was investigating why the armoured vehicle would not start and there was an electrical short circuit involving the wiring to the fuel pump, resulting in a fire which trapped him in the vehicle.

We have been very concerned with the deterioration in safety performance since June 2012, with 16 lost time injuries (LTIs) since then, bringing the 2012 total to 20 (2011: 17). We have also noted with concern the increased severity of injuries in spite of the various safety management campaigns and initiatives.

Sishen mine was in the third year of a fatal risk management roll-out which was going well until November 2012, with no Section 54 stoppages from the DMR. Approximately two years ago, Sishen mine implemented its own internal version of Section 54 stoppages, whereby the mine's operations were halted by the

company in the event of an unsafe situation. This has had a positive effect on safety as the mine deals with safety issues before they get to the DMR level. The process is similar to that of the DMR with the only difference being that it is done internally. The benefit has been that the mine deals with safety non-conformances more effectively before they need to be escalated to the DMR.

Kolomela mine had been LTI-free for more than 9.8 million hours since its inception until the mine's first LTI on 6 November 2012. Nonetheless, this mine and project achieved a world-class safety performance of 26.4 million LTI-free hours, with the previous LTI having been recorded at the project in January 2010.

There has been an increase in the high-potential incidents (HPIs) to 80 in 2012 (2011: 70). Of these, 56% were related to transportation, 25% related to falling objects, 10% to stored energy and 6% to fires or explosions. As our key risk identified through our risk management process is transportation, and in particular the use of haul trucks and interactions with other surface mobile equipment and light vehicles, control measures such as reversing and side view cameras, collision avoidance warning systems and extended bumpers to reduce the impact of collisions with light vehicles and/or other haul trucks have been implemented in response. These supplement the various hard and soft engineering controls like roadside berms, traffic management plans, fatigue management programmes and fatigue detection technology that form part of our safety interventions.

These measures implemented should ensure that accidents are prevented in the future.

SAFETY CONTINUED

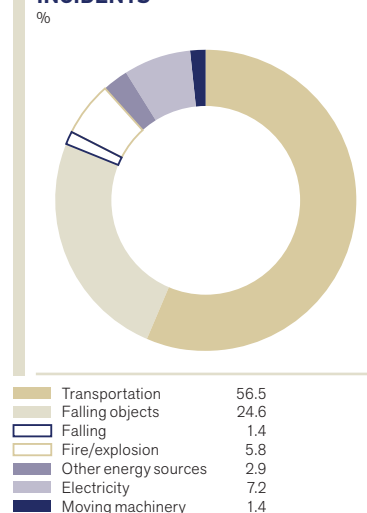
SAFETY PERFORMANCE 2012

The group recorded 20 lost-time injuries (LTIs) for 2012, which resulted in a LTIFR of 0.101 per 200 000 hours worked compared to the 0.08 achieved in 2011.

	Fatalities	LTIs	LTIFR	Lost-time injury severity rate (LTISR)	Total recordable case frequency rate (TRCFR)	Shifts lost due to injury (days)	High-potential incidents (HPIs)
Sishen mine	2	9	0.10	38.04	0.9	449	33
Kolomela mine	-	1	0.04	4.09	0.73	14	16
Thabazimbi mine	-	3	0.10	4.45	0.52	16	15
Group*	2	20	0.10	27.78	0.70	689	80

* Includes Kumba project services, corporate office, value in use, exploration and Saldanha port operations

ANALYSIS OF HIGH-POTENTIAL INCIDENTS

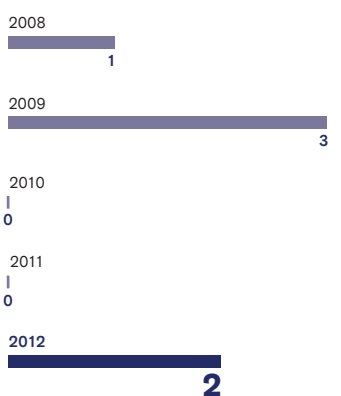


FOCUS ON CONTRACTOR ENGAGEMENT

Similar safety standards and expectations apply to contractors at Kumba as to employees. This is of particular importance as Kumba's contractors, including capital project contractors, make up a large percentage (59%) of our workforce. The contractor engagement process was completed during the year and the project team is in the process of completing the supporting documentation to enable the various sites to implement the process. This is scheduled for the first quarter of 2013, followed by implementation across the group. Consultation with each site and department will follow to ensure alignment and consistent implementation across Kumba.

Two main campaigns were initiated during the year with the aim of improving Kumba's safety performance. The campaigns were:

FATALITIES



1. 'Put your hand up', a corporate safety campaign, focusses on innovative tools to prevent hand and finger injuries while handling various materials. Kumba presented first, second and third prizes to employees with the most innovative ideas.

2. The 100-day safety challenge was launched on 29 October 2012 with the objective of improving Kumba's deteriorated safety performance and increased lost time injuries through the attainment of a target of 100 injury-free days. In addition, the Kumba global safety day, 26 November, reminded all employees at Kumba to be safety-aware at all times. The safety theme adopted for the year's Kumba global safety day was: 'Real safety begins with me', which emphasises and highlights the importance of personal responsibility. This campaign is supported by focussed Visible Felt Leadership interactions where Kumba's leaders prioritised the top five risk areas in each work area.

LTIFR

per 200,000 hours worked



A selection of various communication materials such as books and posters on these campaigns were circulated at the mines and other sites in English, Setswana and Afrikaans for wider reach. Some of the posters featured actual employee case studies.

HOLISTIC APPROACH TO SAFETY

Kumba's strategic approach is to develop a centre of excellence on safety communication to direct, monitor and enhance ongoing safety communication at all operations in all aspects of employees' lives. Work with the relevant Kumba role-players to redefine zero tolerance to include unsafe road behaviour of employees and contractors will continue. A structured feedback on trade union satisfaction with safety communication is scheduled for March 2013, while a 90% target for employee awareness of own safety responsibility will be measured in February 2013. As transportation has been identified as a key risk, a report on the performance of the 'name and shame' campaign on road offences will be completed in June 2013 to measure the achievement of the initiative objectives.

01



02



03



"We consistently upgrade technology to reduce, and preferably eliminate, safety risks."

Aart van den Brink
General manager
Kolomela mine

04



CASE STUDY: SAFETY COMMUNICATION ENTERS MULTIMEDIA AGE

With an innovative multimedia approach that transcends language and literacy barriers, Kolomela mine advanced the group's Zero Harm vision in 2012.

An underlying philosophy underpinning Kumba's safety strategy is not to have repeat incidents and to learn from mistakes. To successfully reach all employees, every safety incident is re-enacted and recorded on a DVD which is broadcast across sites on a large, solar-powered mobile screen housed in a trailer that can be transported across the group.

Kumba has invested in a multimedia communication methodology that will be used on an ongoing basis to support the safety coaches. Project-specific safety training videos as well as 'learning from incidents' videos are produced to accompany traditional media and mobile media trailers have been purchased. Construction teams can view the safety videos in remote project locations.

"Whenever there is a LTI, it is mandatory for the project manager or the site safety manager to record it and examine the causes," says Willem Espach, senior safety specialist. "The broadcast lessons are reinforced with practical examples to help workers understand what happened and to avoid repeats. Incidents are monitored continuously and mitigated within two weeks through communication and mentoring."

The safety risk manager on each project holds a meeting every two weeks to develop a special communication plan that facilitates risk mitigation.

Communication is conducted at project level where the workers are not necessarily accustomed to conditions on site – they may be from a construction environment or drawn from the local community and, therefore, do not have the necessary language and mining skills.

Contractors are also required to record problem areas on site and identify ways to help meet Kumba's requirements. Transparent monthly reports highlight issues, non-conformance and solutions.

Fatalities are analysed, risk factors are built into safety systems and contractors are drawn into the learning experience.

The idea was sparked in 2010 by Sir John Parker, chairman of the Anglo American board, when he challenged the Kolomela mine project team to "beat Barro Alto's record of 13.7 million LTI-free man hours".

The team embraced the challenge with such passion and energy that, by the end of the first quarter of 2012, Kolomela mine had achieved 7 million LTI-free man hours – having expanded from less than 100 employees and contractors in 2009 to more than 2,000 in 2012. The Kolomela mine housing project – the remaining phase of the Sishen South Project – continued to benefit from this initiative, recording 21,6 million LTI-free man hours by December 2012.

"The greatest difference is that safety officers are no longer 'policemen' but mentors," says Espach. "The appointment of safety coaches – specialists equipped with safety knowledge, as well as advisory and management skills – demonstrates the new supportive approach to safety. These coaches must ensure that safety messages reach the relevant people and are interpreted correctly."

The approach has changed from a punitive "What is wrong with you?" to a sustainable "What is wrong with your actions?". Kumba's inclusive approach, with contractors included as part of the team, further facilitates ownership and self-regulation.

The safety team has also been granted authority and resources to effect changes so that the initiative does not lose momentum. Weekly risk meetings have led to immediate mitigation measures. The success rate of the initiative can also be tested in this way.

This initiative has been highly successful with employees and contractors receiving up-to-date safety information quicker and on sites where it was very difficult in the past. A survey to determine the effectiveness, in detail, is planned for April 2013.

Above
01 to 04 Kumba's multimedia communication methodology supports safety coaches.



For more information visit, www.angloamericankumba.com

HEALTH AND WELLNESS

In line with our vision of Zero Harm, Kumba remains committed to maintaining a healthy and productive workforce. This is done through the effective management of occupational health and broader wellness of employees, contractors and many of their dependants.

Our focus is on the wellness of the 'whole person'.

HOLISTIC APPROACH

Our programme emphasises proactive programmes to prevent ill health. Our 2012 health improvement plan focusses on four key aspects:

- Managing fatigue – see the discussion on page 39.
- Reducing exposure to occupational health risks, particularly dust and noise.
- Managing HIV as a chronic condition.
- Wellness and other chronic disease management.

PRIMARY OCCUPATIONAL HEALTH RISKS

Kumba's primary occupational health risk areas are noise and dust. Additional health risks include exposure to temperature extremes, vibration, non-ionising radiation which causes sunburn, heat stroke and in the long-term, could result in eye damage and skin cancer, ergonomics hazards (resulting in musculoskeletal injuries), and hazardous chemical substances. Exposure to diesel particulate matter is being investigated to determine whether this poses a significant risk following its declaration as a carcinogen by a working group of the World Health Organisation in June 2012.

The company's strategic wellness-related risks include HIV, TB, and lifestyle diseases such as hypertension, diabetes, obesity, fatigue and stress (both work and non-work related). There is a far greater focus on the whole person with the expansion of scope from occupational health to wellness. Drug and alcohol consumption remain a concern and rigorous screening is now carried out at most sites.

Shift occupational health practitioners have been introduced at the Sishen and Kolomela mines and are successfully improving the detection of fatigued workers, monitoring chronic disease and providing health and wellness information to shift employees.

Kumba's noise and dust exposure reduction strategy focusses on:

- The reduction of emissions at source.
- Pre-work inspection of all machinery and workplaces with clearly defined "no-go" defects.
- Scheduled preventative maintenance of moving and fixed equipment.
- Procurement criteria to ensure that we purchase equipment that is 'quiet' and generates less dust.
- Contractor engagement.
- Workplace environmental incident reporting (particularly related to noise and dust).

NOISE-INDUCED HEARING LOSS (NIHL)

All of the company's operations have reduced their noise levels in all their workplaces to below 110dB(A), achieving the Mine Health and Safety Council's 2013 target more than a year early.

Contractor engagement at Kumba's operations is achieving this. In addition, on-boarding programmes for contractors are being expanded to include inspection of equipment and measurement of noise levels emitted to prevent unacceptably noisy equipment being brought onto any Kumba site. Equipment that has been brought onto site is monitored and noisy equipment is removed.



Extensive training programmes to educate all employees of the risks associated with excessive noise are delivered at all mines.

NIHL PERFORMANCE

Mine	New cases of NIHL identified	Cases of NIHL compensated
Sishen mine	2	-
Kolomela mine	-	-
Thabazimbi mine	1	1
Group	3	1

01, 02, 03 Kumba's commitment to health and wellness extends beyond employees to their families, as well as other members of the community that receive free counselling and treatment.



02



A multi-faceted approach to fatigue management has been adopted.

03



Setting benchmarks

OCCUPATIONAL HEALTH PERFORMANCE

Group	2012	2011
New cases of NIHL identified	3	17
New cases of other occupational diseases	3	2
New cases of non-occupational pulmonary TB identified	19	16

DUST

Kumba continued to proactively manage the potential risk of silicosis at

our operations through regular medical surveillance for employees exposed to dust. Silicosis is not a significant risk at Kumba's operations and there were no reported cases during 2012.

Two cases of occupational TB in employees working in high-risk dust exposure areas were reported at Sishen mine. Sishen mine is redefining its homogeneous exposure groups (groups with similar levels of exposure) for respirable crystalline silica to improve identification of those at risk and to improve dust controls in the areas in which they work.

Dust exposure reduction measures in 2012 included:

- suppression programmes, including the use of water and binding agents on haul roads;

- waste dump rehabilitation; and
- extraction fans and sprayers located in dusty areas e.g. at transfer points.

Extensive training programmes on the risks of dust exposure are continuously carried out to educate employees.

FATIGUE MANAGEMENT

A multi-faceted approach to fatigue management includes sufficient quality sleep, good health and nutrition and ensuring employees are trained on how to achieve these. Kumba has completed pilot studies for the implementation of ASTiD fatigue detection and vigilance technology, which detects the uncontrolled movement of haul trucks typical of operators who are falling asleep.

HEALTH AND WELLNESS CONTINUED

All haul trucks at Kolomela mine are now fitted with ASTiD while some units are now on order for Sishen mine.

Further, a predictive risk intelligent safety module (PRISM), a ground-breaking software application that provides 24/7 organisations with a cost-effective methodology for fatigue management, has also been tested and is being rolled out at Kolomela mine. This application determines the potential risk of fatigue and manages employee performance, liability, health and safety costs related to fatigue.

See the case study on page 43.

Information on fatigue management is included in on-going employee training. At Thabazimbi mine, a dietician has been working with a supplier who provides nutritious milkshakes to employees to develop a low glycaemic index (GI) version which tastes better. Sishen mine has used business improvement tools to improve their understanding of fatigue related risks and issues at all levels of the organisation and will use the results to improve fatigue management. Improved shift rosters, awareness training and lifestyle planners continue to support the fatigue management campaign at Kumba. The company's incident investigation process includes specific questions to determine whether fatigue was a contributing factor and medical surveillance of workers where fatigue poses a high risk includes examination for sleep disorders.

HIV/AIDS MANAGEMENT

Kumba's HIV programme in 2012 included HIV counselling and testing (HCT) for employees and contractors, persuading HIV-positive individuals to participate in the disease management programme, providing anti-retrovirals (ARV) to those who require them, referring those on disease management programmes who move to other areas to healthcare service providers in the new area and following up on ARV defaulters.

HCT is now being integrated into the medical surveillance process (Sishen and Thabazimbi mines) and induction process (Kolomela mine) to reach all workers earlier in the year, which enables more efficient uptake on disease management programmes. HCT has also been combined with wellness testing campaigns which has improved the general health of employees and is contributing to the elimination of the stigma associated with an individual being detained for a longer period of time when receiving post-test counselling on testing HIV-positive. This integration is complete at all Kumba sites.

There were no known AIDS-related deaths in 2012. Owing to the efforts of the Ulysses Gogi Modise (UGM) wellness clinic team, the disease management programme uptake improved to 84% of employees known to be HIV-positive (2011: 49%).

Their activities included following up with HIV-positive individuals by telephone or face-to-face, liaising with other doctors treating HIV-positive patients and social worker visits to ART defaulters.

With the increased HCT uptake amongst contractors, additional efforts are now in place to ensure that HIV-positive workers are referred to the appropriate facilities when they move out of the area where they were initially treated.

ULYSSES GOGI MODISE (UGM) WELLNESS CLINIC

The UGM wellness clinic in Kathu is a public private partnership between the following three partners:

- Kumba – running costs, staffing and maintenance
- Department of Health – medical consumables and ARV medication
- Local municipality – land, water, electricity and services

This partnership has been effective since 2008, mainly due to strong relationships.

01 Kumba encourages proactive prevention of ill health.



01

HIV/AIDS PROGRAMME PERFORMANCE IN 2012

	Estimated HIV prevalence among workforce (%)	Number of HCT on mine	HCT as % of workforce	Number of employees on disease management programme	% of estimated HIV+ employees on disease management	Number of employees on ARVs	% of disease management participants on ARVs
Sishen mine	7.0	4,788	91.1	352	95.6	142	35.1
Kolomela mine	3.7	777	72.6	37	86.4	7	18.9
Thabazimbi mine	12.2	665	80.9	37	32.2	26	70.3
Group	6.8	6,546*	86.4	432	80.8	177	41.0

* Includes Kumba project services, corporate office, value in use, exploration and Saldanha port operations

DRUG AND ALCOHOL TESTING

All people entering Kumba sites, including contractors and other visitors, are screened for alcohol on entering the workplace. In addition, each employee involved in a serious incident undergoes drug and alcohol testing. Should anyone test positive for alcohol, entry into the mine is refused with further action taken in the case of employees and contractors. Contractor companies have alcohol and substance abuse policies which they use for further action. Counselling is available to employees through Kumba's independent counselling advisory services.

There has been an improvement in drug and alcohol abuse with a total of 38 warnings (2011: 61) issued to employees in 2012 for testing positive for drugs or alcohol while on duty, while there were no dismissals (2011: 7).

EMERGENCY PREPAREDNESS

Kumba has emergency preparedness plans in place at each of our sites and these are regularly reviewed to ensure they are up-to-date. Sishen mine improved its emergency response plans to incorporate lessons learnt from the industrial strike action in 2012. The lack of available blood in

Kathu at the time of a serious incident at Sishen mine highlighted another challenge to be addressed. Trigger action response plans are being developed to ensure timely action in the case of electric storms.

Emergency preparedness plans are in place at all our sites.

HEALTH AND WELLNESS CONTINUED



"A major focus area is preventive maintenance of our machines so as to reduce our exposure to noise."

Alex Mgadzah
Executive head:
safety and sustainable
development
Kumba Iron Ore

CASE STUDY: TOWARDS QUIETER WORKING ENVIRONMENTS

Prevention of NIHL has been a particular focus area in Kumba's exposure-reduction strategy for 2012 as, by December 2013, noise emitted by all equipment installed in any workplace must not exceed a sound pressure level of 110dB(A).

The target has been set by the Mine Health and Safety Council, in line with international standards. Current legislation stipulates that any person working in a place where the continuously weighted sound pressure level is equal to or exceeds 85dB(A), when normalised to equate to an eight-hour working day, should be under medical surveillance.

NIHL is a progressive occupational condition which is painless. NIHL may have numerous causes and complicating factors, including genetic disposition, age and certain medication. Hearing loss is very debilitating, physically and, especially, socially.

"The objective of medical surveillance is to detect, at an early stage, that a person's hearing has begun to deteriorate, and to try and isolate the cause with the aim of reducing the noise in that work area so that the employee, and their colleagues, do not suffer any more deterioration due to noise at work," says Karen Geerthsen, group manager: Safety and Health. "Employees are not only exposed to noise in the workplace. We have to consider that shooting with firearms, for example, is a popular sport and many people listen to deafening (literally) music in their cars and elsewhere."

The first prize is to prevent hearing deterioration proactively before it starts. This entails reducing the amount of noise that workers are exposed to by reducing the amount of noise that is emitted into the workplace by the source (such as a machine). Kumba hygienists have developed a six-focus strategy to achieve this. The key focusses of the exposure reduction strategy are:

Engineering out noise at source – by means of silencers in the equipment, for example, and reducing the amount of noise reaching workers with noise-control doors or enclosing

machinery like compressors and installing noise-damping material in buildings.

Some design amendments simply require a different outlook, Geerthsen says. "The exhausts on new drill rigs, for example, are higher up so they are further away from the operator or, as was pioneered by our contractors, the controls can be moved a distance of a few metres from the rig to a shaded platform where it is quieter. Our contractors have also reduced the number of people working at a drill rig, as well as the time spent close to it. Once the rods have been fastened and drilling begins, the assistants can move away from the demarcated noisy area."

At Sishen mine, all noise sources were identified and those over 110 dB(A) have been reduced. Water sprayers have replaced noisy dust extraction fans in the plant, a noisy dewatering pump has been replaced with a quieter more modern version, the degrit pump is working more quietly after its V belts were exchanged and readjusted, and only one compressor may be used at a time in the sandblasting area as the combined noise from two compressors working simultaneously was excessive.

Planned proactive maintenance of all equipment – when items like timing belts are worn and need replacement, equipment often becomes noisier. Preventive maintenance is another major component of the NIHL prevention strategy. "If an area is only monitored every three months, workers could be exposed to a hazard unnecessarily," adds Geerthsen. "If faults are detected earlier, it is not only beneficial to the workers' health but also helps cut the cost of replacing equipment."

Regular workplace inspections – regular workplace safety inspections are routinely conducted. Kumba is now adding health hazards to the list when checking for higher-than-usual noise levels or unacceptably high noise levels, which are then documented and can be followed up in an action plan to ensure that employees are less exposed to noise. The effectiveness of engineering controls will also be checked in the inspections.

Reporting of workplace environment incidents – all workers are encouraged to be aware of changes in the noise levels in their work environment or any noise controls that are not working as they should, such as a noise door left open, and to report this so that they can be investigated and action can be taken to reduce the noise or make the control more effective.

Contractor engagement – all contracts contain noise criteria for all contractor equipment brought onto Kumba sites, and equipment noise levels are tested before equipment may be used at Kumba.

Procurement – A Buy Quiet policy is being compiled; noise criteria are set for all equipment purchased and for all facility designs, and noise criteria are considered in all project stages – from design to construction, commissioning and use.

Above

01 Johannes Nienaber, laboratory assistant, value-in-use, with PPE.



For more information visit, www.angloamericankumba.com



01



“At Kolomela mine, we strive for excellence in fatigue and safety every day, and instil these values in our employees.”

Aart van den Brink
General manager
Kolomela mine

CASE STUDY: STAYING ALERT AT WORK

Valuable lessons on fatigue have been learned at Kolomela mine where Kumba piloted our fatigue management programme over the past two years.

Fatigue impairs the effective execution of physical and/or mental activities. Signs of fatigue include tiredness, even after sleep, psychological disturbances, loss of energy and inability to concentrate. Fatigue can lead to safety incidents because employees are not alert and less able to respond to changing circumstances. In addition to these immediate challenges, fatigue can also lead to long-term health issues. The use and operation of surface mobile equipment in mining when fatigued escalates the risk of serious injury and equipment damage.

Fatigue contributed directly to several incidents involving transportation, especially haul trucks, resulting in collisions with safety berms, vehicles or other objects. High potential incidents due to drivers dozing off have resulted in a haul trucks colliding with berms then overturning and also operators losing control of light vehicles. Fortunately nobody was injured in these incidents, which bears testimony to the effectiveness of other controls implemented including roadside berms, seatbelts and roll-over protection.

Kolomela mine's approach

To enhance safety and employee performance at this operation, where massive pieces of mobile equipment are used by a relatively new and youthful workforce. Kolomela mine has implemented a fatigue management programme which includes the following three equally important steps:

- Educating the workforce and their families on the impact of shift work, and the importance of the shift worker having sufficient quality sleep and good nutrition, among other wellness initiatives, to combat the effects of shift work.

- Ensuring that the employee is fit for work. This not only applies to testing for fatigue at the beginning of a shift or even during a shift but also determining whether or not the employee is physically and mentally capable of doing his/her work.
- Using technology to detect the onset of fatigue in the person. Technology is used to pre-empt operator error and also measure the effectiveness of the overall fatigue-management intervention.

Adjusting shift rosters

To manage and minimise fatigue, a conducive shift roster is critical. The shift roster has potentially the biggest impact on employee fatigue. The duration of each shift, rotation direction, number of consecutive shifts worked and duration of rest periods all impact on the employee, either increasing or mitigating against the risk. Kolomela mine proactively revisited the shift rosters and redesigned them to reduce employee fatigue. Through a consultative and participative educational process, a number of rosters which would reduce fatigue were proposed and the most suitable agreed upon.

In terms of the technology, some valuable lessons have been learned at Kolomela mine.

PRISM and ASTiD technology have been tested at Kolomela mine – see page 39 for more information. PRISM provides for the predictive monitoring of operator alertness through an analysis of shift patterns and pre-shift tests. ASTiD provides for the detection of operator fatigue through non-invasive sensors in the steering mechanism that use steering corrections as a proxy for alertness. Both technologies were piloted and successfully adopted at Kolomela mine. ASTiD has been approved as the preferred Kumba solution and will be fitted in all our haul trucks at other Kumba mines. ASTiD technology has been fitted to 28 primary haul trucks, the entire Kumba fleet at Kolomela mine. Alternative solutions for contractor haul trucks, which are not part of the mine controlled fleet, are being evaluated.

Participants in the five-month evaluation period of PRISM say that fatigue monitoring will clearly help to increase fatigue awareness and understanding, and that the PRISM system is beneficial, practical and acceptable in managing fatigue in their work environment. Fatigue is monitored when workers clock in.

Calculating a fatigue index

Actual hours worked by individuals are collected and a fatigue index is calculated in terms of hours and shift worked. Management is thus provided with an overview of workforce fatigue status and the scale is adjusted in terms of the job-risk profile. Based on future scheduled hours, the employee and supervisor are then notified when a specific fatigue-warning threshold has been reached. Counter-measures are suggested and integrated into an individual's fatigue index, ensuring that the employee is not at risk for the drive home at clock-out, for example.

The success of fatigue monitoring depends on the readiness of workers, supervisors and managers to change safety culture, and on their willingness to accept this concept and new technologies, Kolomela mine has found.

Above

01 Fatigue management is essential to reduce the number of incidents involving haul trucks.



For more information visit, www.angloamericankumba.com

 **STRATEGIC ELEMENT:** Investing in the future

01



EMPOWERING EMPLOYEES

WITH THE FUTURE IN MIND



Well over and above the minimum required by legislation, Kumba is at the forefront of investing in empowerment in South Africa.

Women and the historically disadvantaged among our people receive particular attention in our support of equal opportunities for all.

Believing that knowledge is power, we invest heavily in education and training. In this way, we are paving the way towards a brighter future for so many members of our society who were made to believe that they would not amount to much – while we fill the critical skills gap suffered by the mining industry as a whole.

Our graduates not only find self-fulfilment but also satisfy the hunger of their families and greater communities for a chance to share in our success. Wherever we operate, no matter how remote, we assume responsibility for ensuring that everyone enjoys a better life.



03

Recognised as 'best employer' in the mining category by Deloitte's Best Company to Work for Survey and the CRF Institute's 2012 Best Employer Survey

Financial fitness for Envision



See page 51 of this report

85%

OF EMPLOYEES ARE UNION MEMBERS

11,773

**PEOPLE EMPLOYED IN 2012
(INCLUDING CONTRACTORS)**



02

HDSAS IN MANAGEMENT



Images

01, 03 Keitumetse Hynes has been empowered with training in the operation of a haul truck with sophisticated collision avoidance technology.

02 Zelda Nel, manager: capital projects, was a finalist in the Anglo American Applaud Awards in recognition of her work on the Envision employee share scheme.

04 In the stacker reclaimer yard at Kolomela mine, different grades of processed ore are stacked and blended prior to shipment.



04

WOMEN HELD 12.78% OF CORE MINING POSITIONS

EMPLOYMENT AND HOUSING

Kumba's efforts, in striving to be the best mining company employer, paid off in 2012 when we achieved the 'best employer' accolade determined through both Deloitte's Best Company to Work for Survey and the CRF Institute's 2012 Best Employer Survey. The attraction, retention and development of human resources remain critical priorities for Kumba.

Our employees are at the heart of Kumba's success. The key aspects of our employment policy include competitive remuneration, accredited and on-going training and development opportunities, fair employment practices, the provision of benefits for improved quality of life as well as personal and professional growth prospects. Kumba also offers bursaries to learners at secondary and tertiary levels in order to provide the company with the best talent.

Guided by the human resources department, the management of

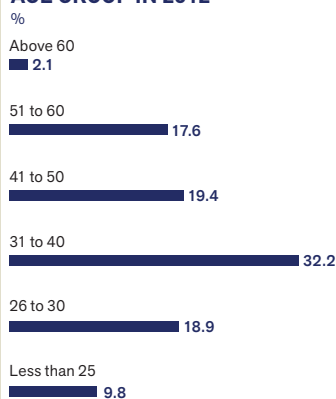
human resources is an integral part of line management. Each operation has its own human resources and training teams that report to the executive head of human resources.

Kumba aims to go beyond compliance in our employment equity, skills development and transformation performance, which are guided and monitored at board level by Remco.

EMPLOYMENT

Kumba employed a total of 11,773 people at the end of 2012 (2011: 11,898): This was made up of 6,878 full-time, permanent employees (1,251 women and 5,199 black), 4,193 full-time, permanent contractors and 702 talent development learnerships. In addition, 8,806 fixed-term project contractors were employed at Kumba's construction projects, and 484 people from Sishen mine in the company's talent development pipeline.

FULLTIME EMPLOYEES BY AGE GROUP IN 2012



BREAKDOWN OF EMPLOYEES AND CONTRACTORS

	Full time, permanent 2012*	Full time, permanent 2011*	Full time, contractor 2012	Full time, contractor 2011	Total employment 2012*	Total employment 2011
Corporate office	125	120	-	20	125	140
Sishen mine	5,303	4,412	2,910	3,865	8,213	8,277
Kolomela mine	1,030	771	811	711	1,841	1,482
Thabazimbi mine	852	815	470	889	1,322	1,704
Technical services	120	91	-	35	120	126
Projects	45	43	2	56	47	99
Saldanha Bay and other	105	51	-	19	105	70
Group	7,580	6,303	4,193	5,595	11,773	11,898

* Including learnerships

Kumba's turnover rate in 2012 increased to 4.4% (2011: 3.0%), while the turnover of women was 0.8% (2011: 0.3%).

This was as a result of the dismissals of employees who participated in the unprotected industrial action at Sishen mine. Labour turnover of 4.35% is well below industry benchmark of 8.2% as reported by the PwC Remchannel.

TURNOVER

%	All employees		Women	
	2012	2011	2012	2011
Corporate office	5.6	2.4	0.1	0.08
Sishen mine	7.4	2.8	0.6	0.3
Kolomela mine	2.5	1.8	0.1	0.1
Thabazimbi mine	4.1	4.2	0.1	0.0
Group	6.4	3.0	1.0	0.3

01, 02, 03 The Kolomela mine's housing development is setting a new standard for the mining industry in architecturally-designed, environmental-friendly housing.



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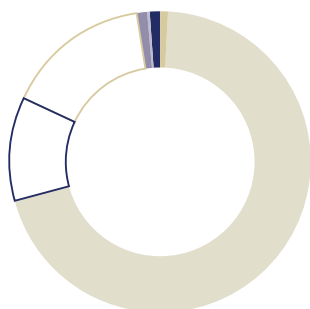


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TOTAL EMPLOYMENT IN 2012

%



Corporate office	1.1
Sishen mine	69.8
Thabazimbi mine	11.2
Kolomela mine	15.6
Technical services	1.0
Projects	0.4
Saldanha Bay and other	0.9

GROUP TURNOVER BY AGE GROUP IN 2012

%

Less than 25	0.4
26 – 30	0.6
31 – 40	0.9
41 – 50	0.6
51 – 60	0.9
Above 60	1.1

Absenteeism increased significantly to 15.06%, up from 13.19% in 2011. At the corporate office the absenteeism rate was 13.0%, and at Kolomela mine this was 16.6%. Only at Thabazimbi mine did it remain virtually unchanged at 14.6%, while at Sishen mine the rate declined to 13.92%.

There was a noticeable increase in absenteeism at all operations in the early months of the year. This was attributable to the Envision payout effected in December 2011 when employees were paid substantial amounts of money when the scheme matured and to scheduled leave following the December break. All operations implemented measures to address these levels of absenteeism which improved significantly until around October when the unprotected strike began at Sishen mine.


During the unprotected strike at Sishen mine in October involving 300 employees, there were cases of intimidation which prevented some employees from returning to work. As at December 2012, majority of employees had returned to work. The Sishen mine plants are now running at full capacity.

EMPLOYMENT PRACTICES

Short-term bonuses and share incentives supported by growth and development programmes are part of Kumba's remuneration practices.

While full-time employees receive various benefits such as medical benefits, study assistance, membership of pension funds and housing allowances, part-time employees and contractors receive benefits in line with the Basic Conditions of Employment Act. Envision, Kumba's employee share participation scheme, has ensured that employees are active stakeholders by having a direct interest in company profit.

EMPLOYMENT AND HOUSING CONTINUED

Envision paid out R2.7 billion to 6,209 members at its first maturity date in December 2011. Each Envision scheme member who has been employed by the company since our market listing in 2006 received a pre-tax cash payout, with those employed subsequently receiving payouts in line with their tenure. Envision scheme members also receive dividends twice a year, in March and August.  See the Remuneration report in the Integrated Report for further details http://www.kumba.co.za/reports/kumba_ar2012/integrated/pdf/integrated_report.pdf

COLLECTIVE BARGAINING

While a process of collective bargaining with representative trade unions regulates conditions of employment, recognition agreements govern relations with employees and organised labour. Applicable labour legislation manages employment equity practices, trade union access and membership, compensation for occupational illness or injury and provisions and financing of training programmes. Operational changes have a minimum of 60 days' notice in line with legislation, while wages are negotiated on an annual or two-yearly basis.

Kumba concluded a two-year wage agreement with organised labour in July 2012 covering 1 July 2012 to 30 June 2014, making provision for an increase of between 9% and 12% (total cost to company), well above the rate of inflation.

The rationale for this increase was to address some structural pay issues relating to technical skills at operator level, artisans and transport for employees residing a distance away from the mine. As at the end of 2012, 85% of Kumba employees were covered by a recognised union – the National Union of Mineworkers (NUM), Solidarity, Building Allied Mining and Construction Workers' Union (BAMCU), and employees who have signed an agency shop agreement. Kumba aims to maintain a constructive industrial relations climate and this has been the practice for many years.

The unprotected strike at Sishen mine in October 2012 resulted in a significant loss of production, and has had a deleterious impact on the employee/employer relationship, which is now being rebuilt. The mine was stopped from a safety point of view as striking employees had seized mining equipment. This strike was not directly supported by the unions and occurred just after a multi-year wage agreement had been concluded – the strikers demanded higher wages. The strike cannot be seen in isolation as it came at a time of extreme tension in the labour relations climate, following the unfortunate Marikana events. Much effort by management was made to engage employees to return to work as soon as possible. A post-strike review, however, revealed that the collaborative team effort and speed with which the strike was handled and decisions made contributed significantly to a successful turnaround of the situation. The strike was resolved without any serious injuries. Regular meetings and workshops with organised labour ensure that all issues are addressed in time. We have undertaken a research review to understand the major causes of the strike in more detail.

UNION MEMBERSHIP*

%	
2008	72.5
2009	74
2010	73.5
2011	86.0
2012	85.2

* Includes all employees catered for by an agency shop agreement



CONTRACTOR ENGAGEMENT

Kumba engages contractors at our operations for specialist and fixed-term jobs and they are required to comply with the company regulations, including safety and health, training and development and fair employment practices. Kumba has programmes and measures in place to encourage and monitor this, and compliance is reviewed regularly.

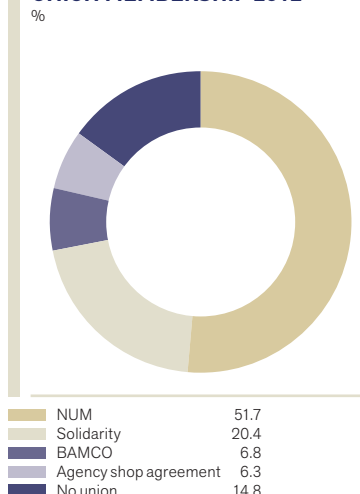
Career development plans are in place for all employees.

ATTRACTING AND RETAINING EMPLOYEES

Kumba recognises the importance of attracting and retaining people with skills, who are local and ensure the transformation of the company's labour structure. To ensure that skills gaps are identified and succession plans are made, the human resource department implements talent management strategies. Career development plans are also devised for all employees.

In 2012, 21.4% of all employees received regular development reviews. Kumba's internal recruitment policy gives preference to candidates with

UNION MEMBERSHIP 2012



01, 02, 03 Training in transferable skills for employees and community members is one way in which Kumba ensures that we leave behind sustainable communities.



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the requisite skills and experience from inside the group and remuneration is based on skills, expertise and experience. Kumba has local recruitment strategies for each of our operations and in 2012 local recruitment was as follows:

LOCAL EMPLOYMENT IN 2012

%	
Sishen mine	88
Kolomela mine	82
Thabazimbi mine	56

EMPLOYMENT EQUITY AND TRANSFORMATION

Kumba supports South African employment equity legislation that promotes equal opportunity through the elimination of unfair discrimination and the implementation of affirmative action measures. The Mining Charter minimum requirement for HDSAs in management is 40% and 10% for women in the workforce.

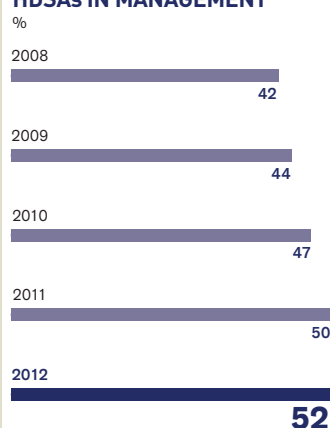
Kumba focusses on recruiting above these targets and in 2012 had 81.02%

HDSAs in the workforce and 54.24% in management. Women comprised 17.23% of employees with 12.78% in core mining positions. Kumba's human resource development programme includes mentorship plans, succession planning, individual development planning and constructive retention models to achieve transformation targets. Achieving these targets remains a challenge, however, due to the current lack of skills in South Africa.

Around 80% of employees were local at the end of 2012. We only recruit from beyond should there be specific skills that are required and which are not available in the area. The company has committed to employing at least 75% locals in the Northern Cape and has currently achieved approximately 87% local recruitment.

At Kumba we develop and train our employees and, in some cases, community members too. In 2012, the training centre provided training to 729 learners from the community in basic mining-related and engineering skills.

HDSAs IN MANAGEMENT



EMPLOYMENT AND HOUSING CONTINUED

HDSAs AND WOMEN IN MANAGEMENT

	Total management		HDSAs in management (%)		Women in management (%)		Management who are local (%)	
	2012	2011	2012	2011	2012	2011	2012	2011
Corporate office	246	244	54.07	51.6	35.04	35.7	98	89
Sishen mine	692	664	50.29	47.7	14.37	14.3	100	38
Kolomela mine	145	127	61.38	58.3	15.64	11.8	100	-
Thabazimbi mine	146	147	49.32	48.3	17.12	17.7	99	33
Group	1,229	1,182	52.24	49.8	19.20	18.9	99	42

* Figures for local employment in 2011 cannot be confirmed. Management who are local (%) are based on permanent employees excluding foreigners.

WOMEN IN MINING

	Women employed		Women in core mining (%)	
	2012	2011	2012	2011
Corporate office	140	138	27.72	27
Sishen mine	683	643	11.36	11
Kolomela mine	199	157	20.25	18
Thabazimbi mine	119	110	9.80	9
Group	1,141	1,048	12.78	12

* Figures are based on all permanent employees

The training at this accredited training centre is free of charge to the community and, as far as possible; the learners are absorbed into Kumba once they have qualified. The remainder is typically recruited by other mining companies.

FULL-TIME EMPLOYEES BY GENDER 2012

%	
Women	5,475
Men	1,141

TRAINING AND DEVELOPMENT

Kumba's wide variety of training initiatives is informed by the Mining Charter as well as our own programmes including, legislative training such as health and safety, learnerships, leaderships, mentorships, portable skills, career progression plans for HDSAs, bursaries, study assistance, ABET and professionals in training (PIT) programme.

In 2012, Kumba employees received 81 hours of training (2011: 80 hours) on average per employee, with

R224.2m of total training expenditure (2011: R134.8m), equivalent to 5.8% of the total wage bill (2011: 4.4%). Of this, 89% was for HDSAs (2011: 83%) and 33.5% for women (2011: 31%).

Training was also conducted for employees nearing the end of their careers through normal or medical retirement, as well as portable skills training (that is, skills that may be used outside the individual's current employ, that is portable). A total of 299 people received portable skills training in 2012.

ADULT BASIC EDUCATION AND TRAINING (ABET)

Illiteracy remains widespread in South Africa, and is an obstacle to employment, and once employed, to skills development and career progression. From assessments, it is estimated that 95% of employees are functionally literate at Kumba. All employees at Kolomela mine are literate as this was a condition of employment. To further literacy and numeracy, ABET continues to be

available to all employees, and some community members, on a part-time voluntary basis. 72 employees participated in ABET in 2012, 34 at Sishen mine and 38 at Thabazimbi mine. ABET training is open to the communities for those who want to make use of the opportunity. In total, 93 ABET learners were trained of which 21 were contractors and community learners.

PROFESSIONALS IN TRAINING

Technical graduates, technicians, technologists and non-technical graduates make up the three groups of participants in PIT. The length of the programme is between 24 and 36 months. Non-technical skills are also developed while training on report writing, personal development, MS Excel, brain profiling, safety and management skills is offered. There were 48 participants in PIT in 2012.

TRAINING AND DEVELOPMENT STATISTICS

Programme	Number of participants		HDSA (%)		Women (%)		Expenditure (R million)	
	2012	2011	2012	2011	2012	2011	2012	2011
ABET	72	56	95	100	43	41	1.0	1.6
Professionals in training (PIT)	48	47	73	72	35	30	31.5	23.4
Engineering learnerships	261	290	79	76	21	19	32.57	25.5
Other learnerships	189	315	98	96	24	32	21.09	16.8
Bridging school	12	4	100	100	25	100	0.91	0.3
Bursaries and scholarships	69	63	99	78	49	43	9.41	4.3
Community training and development	299	48	100	100	24	46	4.58	4.2
Total	950	823	89	85	32	18.9	101.1	76.1

FINANCIAL FITNESS FOR ENVISION

An important component of the Envision programme in 2012 was to ensure that employees were financially fit – that is, equipped with the necessary knowledge of what to do with their financial affairs, and astute in the handling of funds.

While Kumba's Envision programme has been remarkably successful in delivering wealth to employees, there have been a number of challenges during implementation, some of which were anticipated and planned for and some which were totally unanticipated, such as high absenteeism rates as employees received substantial amount of money.

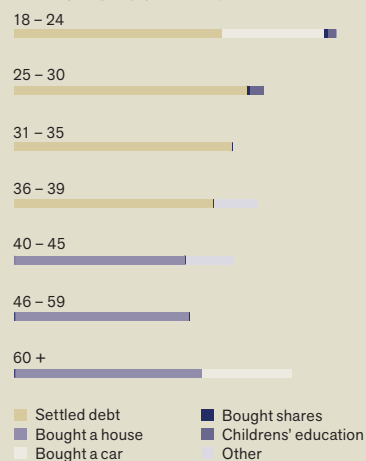
Kumba provided financial training, covering tax and investment, to the Envision recipient employees and their spouses for more than 12 months prior to the payout. Even though employees were trained and informed that the payout would be taxed, this posed a major challenge once the payment was done. Up to 79% of employees indicated that they had used the knowledge gained during the training in spending their payouts. The table below indicates the spending patterns amongst various age groups of employees.

Training for Envision phase 2 is already under way. The company is improving this training by:

- creating an awareness of employees' roles in the payout;
- clarifying tax management;
- advising on the settlement of debt, etc.; and
- providing customised and continuous training.

Kumba expects that the next payout will be more secure as the recipients will be more educated on wise investments.

ENVISION SPENDING PATTERN BY AGE GROUP IN 2012



EMPLOYMENT AND HOUSING CONTINUED

LEARNERSHIPS

Learnerships offered by Kumba allow employees to improve their skills through studying and practical training, and can lead to qualifications recognised by the Sector Education Training Authority and the Department of Labour. A total of R53 million was spent on learnerships in 2012 (2011: R45 million) with the following learners trained in engineering: 128 in mechanical, 95 in electrical, 38 in civil and 189 in mining metallurgy. In 2012, 450 participants were acknowledged as proficient in the skills acquired and 138 artisans were trained.

BRIDGING SCHOOL

Students who have completed secondary school are offered an opportunity to improve their maths and sciences marks for entry into tertiary institutions. Kumba sponsored 12 learners in 2012 (2011: 4).

BURSARIES AND SCHOLARSHIPS

In line with the company's employment equity plan, we sponsor employees and learners from labour-sending areas to study at tertiary institutions in core mining disciplines. Their accomplishments are recognised at an annual function attended by the executive committee, exposing them to our culture and values. In 2012, 69 students (2011: 65) were sponsored at a cost of R9.4 million (2011: R4.4 million).

COMMUNITY TRAINING AND DEVELOPMENT

Short courses are offered to community members at the Kathu and Thabazimbi training centres where 299 community members attended courses in 2012: 30 in welding, 9 in bricklaying, 11 in plumbing, 8 in carpentry and 25 in sewing.

HOUSING AND LIVING CONDITIONS

Kumba has committed to each permanent employee to facilitate access to:

- accommodation;
- transport; and
- housing subsidies or allowances.

Our housing strategy is based on three pillars:

- the promotion of home ownership,
- the provision of company housing to facilitate recruitment and retention of senior employees; and
- to facilitate access to accommodation for employees.

As part of this housing strategy, all of the company's hostels have been gradually converted into self-contained bachelor apartments or family units – two years ahead of Mining Charter requirements. These have been equipped with solar powered geysers. The approved budget for the groupwide Kumba housing strategy until 2014 is R2.4 billion, of which R845 million was spent in 2012.

At Sishen mine, Kumba had committed to convert all hostels by 2014 in compliance with the Mining Charter. This conversion project was completed in 2012 with 18 hostel blocks converted into 140 family units. In addition, 470 housing units and 31 management houses were built.

Servicing also started for an additional 476 stands to be completed in 2013 where 671 houses will be built. In the second stage of this programme, Sishen mine will build more houses which employees can buy from the company as part of the home ownership promotion. Sishen mine alone spent R385.5 million on housing in 2012.

The Kolomela mine housing project has grown in scope. Initially, only 421 houses were planned as part of the investment proposal, but as more labour has been required to facilitate the waste ramp up, another 297 houses will be built. This brings the total number of houses required at Kolomela mine to 718, of which 615 have been completed, with the rest to be completed by April 2013.

Kumba has used local contractors in these housing projects, training them in key skills such as plumbing and tiling. Kumba was awarded a mining license on condition that the company uses at least 75% local labour during the construction phase, which we have done and continue to do.



We continue to engage with the community on the implementation of the next phase”.

Yvonne Mfola
Executive head:
public affairs
Kumba Iron Ore

01

CASE STUDY: RELOCATING DINGLETON – SEEKING A SUSTAINABLE SOLUTION

The relocation of the 3,500 people of the Dingleton community to Kathu in the Northern Cape was proven financially and technically viable in 2012.

In terms of the feasibility study, Kumba can continue with plans to move the residents of the 60-year-old town from the 500 metre boundary with Sishen mine to a safer environment in line with the guidelines of the World Bank International Finance Corporation (IFC) so that they enjoy the same standard of living and the “Anglo Way”, which aims for Zero Harm as a minimum.

Why relocate?

At the end of 2012, there were 3,500 people living in 515 households in the town of Dingleton. Kumba has been in discussions with the community regarding the need for resettlement for almost a decade, and planning began in 2007 for the move to a new settlement some 30 kilometres away.

The reasons behind the Dingleton relocation are:

The town is only 500 metres from the open-pit boundary of Sishen mine and the minimum blasting distance required by legislation. Residents are, therefore, prone to dust, noise and damage to property such as windows cracking.

- The local government has been reluctant to invest in Dingleton so the town's infrastructure, established in the 1950s, has deteriorated.
- Businesses have also moved out so residents have to travel to Kathu to purchase essential items, including petrol.
- In order to extend the life of the mine, Sishen mine wants to conduct mining activities in the buffer zone.
- According to surveys, 98% of residents have agreed to move.

Pre-feasibility

In 2007, the pre-feasibility phase began with the identification of potential impacts and affected parties, as well as the establishment of the resettlement committee. An inventory of assets, including infrastructure and households, as well as a register of residents were compiled. Each household provided information on economic activities, incidences of disease and illness, births, deaths, income and expenditure, material possessions and the use of social infrastructure. Conceptual design of new facilities was undertaken and costs estimated.

Kumba focussed on community involvement throughout the process in order to identify areas of concern. The Resettlement Working Group (RWG) was then formed to represent the main stakeholders:

Dingleton residents, the Gamagara Local Municipality, the Northern Cape provincial government, Kumba and various consulting advisers. The RWG was tasked with investigating the feasibility of the resettlement and producing a resettlement action plan (RAP) as advisers to Kumba and the Northern Cape government.

A joint steering committee (JSC) was also formed to cover oversight, access to technical support and process facilitation. The JSC includes representatives of local, district and provincial governments, the RWG and Kumba. The pre-feasibility phase included a social impact baseline assessment, environmental impact assessment and an economic impact assessment as part of the RAP.

Feasibility phase completed

The feasibility phase was concluded in June 2012, including detailed valuations of existing properties and structures in Kathu. This was followed by a series of reviews and approvals

The first draft of the RAP was prepared at the end of 2011; covering all aspects of the resettlement in depth. The RAP was approved by the community and local government.

After consultation with town planners, the town layout was approved by the municipality.

An environmental management plan and a sustainable development plan (SDP) have been drawn up and await approval by government. The resettlement will be independently monitored and evaluated by a NGO named African Institute of Corporate Citizenship (AICC).

Legal and financial advisers have been talking to residents since September 2011, assisting them with decision-making. The process is complicated in that residents will not necessarily exchange like for like in terms of their homes. For example, older residents will be able to downscale, build a smaller home for their own needs and an adjoining ‘flat’ to rent out for extra income.

Once decisions have been made, residents will sign formal agreements with the help of legal advisers.

In addition to regular RWG and JSC meetings, Dingleton representatives on the RWG hold monthly meetings to keep the community informed. Kumba, Dingleton representatives and the community also meet once every second month.

The RAP will be updated and compensation for all affected persons will be finalised during the execution phase. Contractors will also be appointed to build the new houses and facilities. The SDP will be finalised and implemented, and a resettlement review and audit will be conducted.

We continue to engage with the community on the implementation of the execution phase.

Sustainable development

Socio-economic, environmental and health concerns are addressed in the forward-looking SDP for Dingleton. Proposed initiatives include recycling of materials from demolished houses and other buildings for use in low-income housing which is in great demand in the area. All the houses will be energy-efficient: facing north to harness the warmth of the sun in winter; each house will have two rainwater tanks for watering gardens; and gas for water heating and cooking.

Kumba also envisages enterprise development by growing small local construction businesses into larger, more profitable businesses in future; rental accommodation to meet growing local demand; and a subsidy to make higher rates and taxes in Kathu more affordable.

Above

01 Residents of Dingleton are being moved to Kathu to facilitate safer mining at Sishen mine.



For more information visit, www.angloamericankumba.com

HUMAN RIGHTS

The Anglo American Social Way guides our approach to human rights.

RESPECT FOR HUMAN RIGHTS

Respect for the fundamental human rights of employees, the communities in which we operate, and those with whom the company does business is implied in our policies and practices.

In particular, we observe and promote the rights and principles enshrined by the following:

- the universally recognised rights entrenched in the Universal Declaration of Human Rights adopted by the United Nations in 1948;
- the United Nations Global Compact;
- the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work;
- the Voluntary Principles on Security and Human Rights;
- the Global Sullivan Principles; and
- the Constitution of South Africa, and other relevant legislation.

Internal human rights assessments are conducted twice a year at each operation. External audits and background checks are conducted on a regular basis to verify that these standards are upheld.

We recognise the importance of advancing the protection of human rights in general, and do so through the Anglo American group, which actively participates in several international forums on human rights.

OUR COMMITMENTS

We commit to creating and maintaining a safe and healthy working environment in which the dignity of employees is respected, and in which complainants will not feel that grievances can be ignored, trivialised, or can carry unfair reprisals. We ensure that customers, suppliers, job applicants and others are not subjected to discrimination of any kind and are treated with dignity and respect.

All grievances and allegation are thoroughly investigated, and the identities of both the complainant and the alleged perpetrator are kept confidential until the investigation is complete.

Kumba prohibits and condemns the use of child, compulsory or forced labour and all forms of discrimination based on gender, age, sexual orientation, disability, marital status, race, colour, ethnicity, religion, language, nationality, union membership or political affiliation. This is in line with the standards of the Anglo American Social Way.

The rights to freedom of association and collective bargaining are entrenched in South Africa's constitution and other legislation. Kumba recognises and supports employees' rights and acts in accordance with the constitution, prescribed legislation, industry compacts and recognition agreements with unions.

See page 48 of this report, and page 62 of our Integrated Report for further discussion on the strike at Sishen mine.

PROMOTING DIVERSITY, RESPECTING CULTURES

Kumba continued with the implementation of our 'Making Difference Work' workshop programme in 2012. These compulsory, high-priority, leadership, team and culture interventions help employees to better understand diversity in their work environments. These workshops entail exploring differences in cultural background and how these can influence the way we think and behave.

During the year, Sishen mine and corporate office completed 50% and 30% of the roll-out respectively, while Kolomela and Thabazimbi mines started roll-out during the second half of 2012.

Kumba also rolled out women in mining workshops to ensure the effective integration of women into core mining areas. These workshops were developed specifically to address sexual harassment issues and general resistance against the integration of women into core mining areas. Issues identified during a company-wide survey carried out in 2011 have been addressed by women in mining workshops.

Physical support is available to women when working with heavy tools, machinery or equipment, and wellness



programmes have been introduced to enhance and maintain physical fitness which has resulted in a workforce that is fit and well-informed. In 2012, one incident of sexual harassment was reported at Sishen mine which resulted in the dismissal of one employee. No additional cases of human rights violations, discrimination or unfair treatment were reported during the year.

HUMAN RIGHTS TRAINING

Kumba has a contract with a corporate legal services consultancy to conduct an annual training intervention on disciplinary and grievance procedures with all internal employees. This includes discussion on the legislative requirements that all employees are expected to meet with regard to human rights. In 2012, 95% of the company's employees were trained in this regard, receiving an average of 44 hours of training each, which equalled those who received training in 2011.

01 Debushing project in Thabazimbi mine.

02 Annerine Nel, facilitator, and Wayne Ndlovu, senior facilitator business improvement, receive human rights training.

03 Naledi Botshelo, Gert Gaborone, Cecilia Pekenene and Tshepiso Morokotso in training.



02



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All security personnel have received human rights training.

All security personnel (including contracted security personnel) are required to register with the Private Security Regulatory Authority, and to participate in a five-day compulsory training course on human rights.

ETHICAL CONDUCT IN OUR VALUE CHAIN

Kumba promotes ethical conduct throughout the value chain, giving preference to contractors and suppliers who share the company's values. Since 2010, all new investment contracts with suppliers, contractors and other business partners include clauses covering legal compliance, business integrity, fair employment, transformation, safety and health and human rights. These agreements commit suppliers to observing and upholding the group's business principles. The company conducts regular compliance audits and appropriate levels of due diligence on all these issues before awarding significant contracts.

STRATEGIC ELEMENT: Meaningful contribution to developing communities

01



SUSTAINING PARTNERSHIPS

WITH THE FUTURE IN MIND



Our approach to community engagement and development aims to foster partnerships, and a meaningful and sustainable legacy, through the development of infrastructure as well as enterprise, health and social, education and skills initiatives. It is our national imperative to pursue this.

We engage robustly to enhance our relationships with external stakeholders through active management of community issues; not only in compliance with our own standards and legislated requirements but in line with best practice for project management.

Ultimately, we build capacity within our hosts communities, as well as their local governments, to effectively implement our groundwork for maximum socio-economic benefit.



03



04

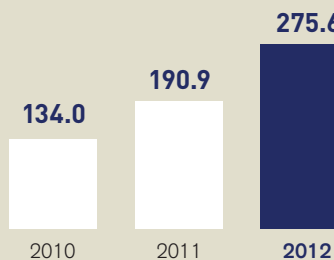
Our SLPs are aligned with local municipality IDPs.



02

CED EXPENDITURE

Rand million



Images

- 01** Dirk Swartman and Tom Assengeni, materials handlers in the Kalahari Firewood Project, harvest invasive Swarthak trees from nearby farms using equipment funded by Sishen mine.
- 02** Children living in Boichoko near Kolomela mine are among many beneficiaries served by Kumba's education projects.
- 03** The Manyeding Cultivation Project is a fully certified organic farm funded by Sishen mine.
- 04** Supported by Kolomela mine, Nomsa Mpetsheni, Gracious Tlhaole and Martha Sebelego farm vegetables hydroponically near Postmasburg.
- 05** Annie Phillips and Elsie Bosch work in the Deben Heuningpot Co-operative funded by Kolomela mine.



05

COMMUNITY ENGAGEMENT AND DEVELOPMENT

We aim to leave a positive legacy in the communities in which we operate.

CREATING A POSITIVE LEGACY

One of the four pillars of Kumba's organisational strategy is to create and leave a positive legacy in the communities in which we operate; striving to become the partner of choice for the broadest range of stakeholders through our commitment to corporate social investment.

During 2012, we re-identified our involvement as CED instead of social and community development (SCD). Our approach to CED aims to demonstrate respect for local communities, and an understanding of the traditional rights and cultural heritage of the people, the sensitivities involved in addressing issues of social impact, and the local laws and customs.

Kumba continuously consults with communities to identify norms that may be affected by our operations, and we strive to reach consensus in addressing any concerns raised.

Kumba's CED strategy focussed on the following areas during 2012:

- **Enterprise development**, predominantly at local level.
- **Education projects** which emphasise early childhood development; Grade R (reception) and primary school education; interventions in English, Mathematics and Science; while at the same time, supporting essential infrastructure and teacher development.
- **Skills development**, including capacity-building programmes for school leavers who cannot afford tertiary education, and the provision of relevant training in local communities.
- **Health and welfare projects** in partnership with or in support of government initiatives to improve community access to quality health care by investing in health.
- **Infrastructure projects** aligned with Kumba's local economic development (LED) and socio-economic commitments.

COMMUNITY ENGAGEMENT AND DEVELOPMENT EXPENDITURE

Rand million	2012	2011	2010
Corporate office	110.5	71.2	6.2
Sishen mine	72.3	73.6	72.1
Kolomela mine	77.9	30.9	38.9
Thabazimbi mine	14.9	9.2	16.8
Group	275.6	184.9*	134.0

* Including Kumba's inter-Anglo American contribution, the 2011 CED spend is R190.9 million, 1% of 2010 net operating profit after tax (NOPAT), as per Mining Charter requirements

Every year, in line with the Mining Charter, each of our operations submit a Community Development Report to indicate that the profiles of relevant communities have been considered; credible leaders have been identified within the communities; the leaders have been consulted prior to the implementation of projects; a needs analysis has been conducted and priorities set as such; the relevant ward or municipality has been consulted to determine the possibility of partnerships with respect to identified projects and the local authority's Integrated Development Plan (IDP); and provision has been made for the transfer of skills and capacity-building within the relevant community.

Kumba's SLPs, developed to support our mining licences, entrench our commitment to South Africa's national imperatives and the communities. Our SLPs are aligned with the IDPs in order to avoid duplication of effort with mine-based CED departments as custodians of the various initiatives and directly responsible for LED at operational level.

Community engagement is also based on Anglo American's SEAT process, to enable mines to identify and manage the socio-economic impact of their activities on local communities, and to provide guidance on how to improve performance on key social issues. The toolbox also guides and informs operations in selecting the best CSI initiatives to mitigate negative impacts and develop positive interventions.

An outcome of the SEAT process is a detailed community engagement plan (CEP), compiled in accordance with Anglo American's requirements and is updated annually. The plan

ensures that daily interaction with stakeholders achieves specific objectives and addresses engagement challenges. A review of the SEAT of each operation is conducted every three years by a group of employees, employee representatives, community representatives and local government officials. The latest SEAT reports for the Sishen and Kolomela mines were published in 2011. The Thabazimbi mine SEAT report was completed in December 2012.

For the next five years, a fixed amount of R30 million has been committed to IDP SLP projects for the Sishen mine. Municipalities submit proposals to Kumba by the middle of every year about projects for consideration to be implemented in the following year.

01 Food security is a key element of our partnership with communities.

02 By focussing on early childhood development Kumba fundamentally impacts education outcomes in our host communities.

AREAS OF EXPENDITURE IN 2012 (R MILLION)

	Poverty alleviation and enterprise development	Education and skills development	Health and welfare	Community and infrastructure development	Environment	Other	Total
Corporate office	8.0	6.6	5.1	69.1	21.7	-	110.5
Sishen mine	5.0	19.5	17.2	29.4	1.2	-	72.3
Kolomela mine	2.5	15.9	12.5	44.1	2.1	0.8	77.9
Thabazimbi mine	2.5	0.1	-	9.0	-	3.3	14.9
Group	18.0	42.1	34.8	151.6	25.0	4.1	275.6



* Please note that Sishen mine figures in this table exclude SD salaries

MAJOR COMMUNITY ENGAGEMENT AND DEVELOPMENT PROJECTS

In 2012, Kumba undertook numerous CED initiatives. Some of these projects are listed below.

NAME OF PROJECT	DESCRIPTION
Poverty alleviation and enterprise development	 <p>01</p>
Business simulation hub	In Kuruman, an amount of around R4.1 million was spent on mentoring emerging enterprises in 2012.
Socio-economic development	Support for the Manyeding cultivation, Dibeng organic honey, ART recycling and Kathu Vision projects in the Northern Cape amounted to R1.4 million in 2012.
Thabazimbi bamboo plantation and vegetable farm	<p>Kumba has signed an agreement with Food & Trees for Africa and Renewable Energy Solutions for the establishment of a bamboo plantation in Thabazimbi. The local community will benefit from the manufacture of bamboo products once the plantation becomes commercially sustainable and a planned vegetable farm. The investment is about R1 million.</p> <p>See the case study on Thabazimbi bamboo plantation offsets carbon, creates jobs on page 77.</p>
Education and skills development	 <p>02</p>
Learner support	Kumba remains committed to the delivery of quality education from early childhood development (R17.8 million) through to Grade R, primary and high school, as well as colleges of further education and training, and tertiary institutions. Approximately R35.8 million was spent to this end in the communities around our operations in 2012.

COMMUNITY ENGAGEMENT AND DEVELOPMENT CONTINUED

NAME OF PROJECT	DESCRIPTION
Health and welfare	
Ulysses Gogi Modise (UGM) wellness clinic	<p>01 </p> <p>Some R6 million was spent on the UGM wellness clinic at Sishen mine in 2012 to continue the provision of HIV/AIDS support, screening for conditions such as diabetes, hypertension, TB and cancer, and general health and nutritional education as part of our holistic approach to community wellness.</p>
Batho Pele health project	<p>Nine mobile units, fitted with equipment to screen for diseases and infections, eye testing, dental care and surgery are sent to deeply rural communities within the John Taolo Gaetsewe municipal district where transport to the nearest hospital is either non-existent or unaffordable. The cost of this project was R6 million in 2012. See the case study: Life-enhancing initiative on page 65.</p>
Infrastructure	
Thabazimbi water supply	<p>02 </p> <p>Kumba and the Thabazimbi Local Municipality are addressing water supply in the town of Thabazimbi at a cost of R24 million. See the case study on page 64.</p>
Northern Cape local, district and provincial initiatives	<p>Service delivery was addressed in 2012 with emphasis on roads and storm water services in the Gamagara Local Municipality (Mapoteng: R5 million, Olifantshoek: R5 million – rolled over to 2013 due to unrest), as well as facilities in the Ga-Segonyana Local Municipality (community halls: R6 million, roads: R4 million) and Joe Morolong Local Municipality (roads: R10 million).</p>

01 It is practice to establish community health centres in host communities. These service employees' families and community members.

02 Tarred roads are a by-product of Kumba's cooperation with the communities where we operate.

KUMBA BUYS 77 EMERGENCY VEHICLES FOR THE NORTHERN CAPE



01

Kumba recently funded the purchase of 77 emergency vehicles (60 ambulances, 12 planned patient transport service vehicles and five emergency rescue vehicles) as part of the Northern Cape Department of Health's emergency vehicle-replacement strategy.

The Kumba Emergency Vehicle Project – which is just one of the company's upliftment initiatives – is valued at approximately R37 million. This project is particularly important to the Northern Cape – one of the poorest provinces in South Africa – and the vehicles were distributed to all five district municipalities.

The Northern Cape's Emergency Medical Service (EMS) and Planned Patient Transport Service (PPTS) will benefit greatly from the new vehicles, especially as the needs of the community have grown over the last 16 years.

Kumba's chief executive, Norman Mbazima, presented the keys to the vehicles to Grizelda Cjiekella, acting premier of the Northern Cape, at a handover ceremony in Kimberly. Mbazima said: "We are extremely excited about this project as it allows us to work collaboratively with the Department of Health and local government in achieving the health goals of the community and our own employees."

Kumba has a number of health and welfare initiatives, and is committed to working to provide essential services and facilities in areas where individuals do not have access to these.

Above

01 At a ceremony to present the Northern Cape government with 77 new emergency vehicles donated by Kumba Iron Ore, were (from the left) Mxolisi Sokatsha, MEC for health, Grizelda Cjiekella, acting premier of the Northern Cape, Norman Mbazima, Kumba's chief executive, Yvonne Mfolo, Kumba's executive head of public affairs, Anel Marais, Kumba's former manager: social and community investment, and Richard Jones, chief director of the Northern Cape Department of Health.

COMMUNITY ENGAGEMENT AND DEVELOPMENT CONTINUED



"The drive for 2013 will be to implement our 2030 vision, and to concentrate on capacity building and governance."

Shiphra Chisha
Chief executive
SIOC-cdt

CASE STUDY: SIOC-cdt SERVES SOCIETY

Kumba's subsidiary, SIOC, has contributed R1.2 billion to the SIOC-cdt since its inception in 2006. SIOC-cdt holds an unencumbered 3% in SIOC, and is one of the key components of Kumba's black economic empowerment (BEE) transaction. The SIOC-cdt has, in turn, reached more than 361,000 beneficiaries in five communities – predominantly historically disadvantaged South Africans living, working or operating in one or more of the affected areas in the (HDSAs) immediate vicinity of Kumba's mining operations and/or any areas not immediately surrounding the mining operations but within the same province. The key objective of SIOC-cdt is to help these communities become empowered and economically active in a way that would be sustainable even after mining ceases.

During the setup phase, the SIOC-cdt focussed on bringing local communities on board and developing a strong local economic development thrust. The SIOC-cdt worked to ensure that its efforts were synchronised with those of local authorities. In addition, local community development forums – which brought local municipalities, community leaders, non-governmental organisations (NGOs) and other stakeholders into the process – and representatives were appointed as trustees in the local beneficiary trusts.

The SIOC-cdt uses various channels and forums to communicate with the beneficiary communities, including local media, to send messages to all stakeholders, stakeholder forums and annual road shows. Results are also communicated to beneficiaries at annual general meetings.

In 2012, the SIOC-cdt's major initiatives included:

- 109 projects for the benefit of the beneficiary communities.
- Projects funded to the extent of R550 million.
- The largest project funded to date – R300 million for education (teacher and learner intervention) and R52 million for science laboratory buildings, mobile laboratories and technology kits.
- 978 mobile libraries valued at R18.9 million for the Department of Education in the Northern Cape.
- The Rhodes University Teacher Training Programme for teachers in the Northern Cape, specialising in mathematics education, English as a first additional language and foundation-phase teaching.
- 80 permanent and (1,452) temporary jobs in the beneficiary communities.
- Improvements in governance and compliance within the beneficiary trusts.

Focus areas

The beneficiary communities around Sishen mine's operations are located in the poorest and most underdeveloped regions of South Africa. They range from urban to rural settlements, with vast distances between each location. This exacerbates the challenges in creating sustainable opportunities to ensure a valuable contribution towards the upliftment of the beneficiaries.

Each community faces different socio-economic conditions – from lack of basic infrastructure to poor schooling facilities and limited youth-development opportunities. The viability of projects is, therefore, evaluated carefully to ensure maximum impact.

Five local beneficiary trusts serve each community: the Gamagara Development Forum; the John Taolo Gaetsewe Development Trust; the Maphalane Disabled Children's Trust; the Tsantsabane Social and Labour Development Forum; and the Thabazimbi Community Development Forum.

Communities are encouraged to generate project proposals, either new or existing, which deserve assistance. These projects are submitted to the Super Trust Review Committee which evaluates them to establish whether or not they are in accordance with each trust's mandate, and whether or not they further the interests of the community and fulfil empowerment requirements. The trusts ensure consistent development of projects through combined efforts with local municipal authorities, community and tribal leaders, NGOs and, most importantly, the communities themselves.

The beneficiary trusts focus on differentiated portfolios associated with the socio-economic development of local communities and these include, among others, welfare and humanitarian organisations, healthcare, land and housing, education and development, conservation, environmental and animal welfare, enterprise development, and infrastructure development.

"We believe that the communities are our core responsibility," says Shiphra Chisha, chief executive officer of the SIOC-cdt. "While the challenges are great, we will continue to support opportunities through the establishment of sustainable, long-term projects and business initiatives largely in areas where Kumba has mining operations, particularly in Limpopo and the Northern Cape provinces."

One of the Super Trust's main underlying values in all its projects is to restore and build dignity and pride in the communities it serves. It recognises that community involvement and ownership are essential to achieve its strategic vision.

Challenges and expectations

The year under review was the first full year for the incumbent local government administration, and a number of changes were made at beneficiary-trust level and within municipalities. This led to anticipated restructuring of the SIOC-cdt, specifically strengthening of its board and finalisation of internal structures as well as its short- and long-term strategies.



03



04

Although the SIOC-cdt had funds, there were delays in implementation, partly due to labour unrest. At the beginning of 2012, only 11% of all approved projects had been implemented. Implementation capacity was also a challenge but, ultimately, more than 80% of all approved projects were put in place.

For the year ahead, the focus is on improving capacity and skills at beneficiary-trust level as well as the roll-out and implementation of the long-term strategy, Vision 2030.

"We have set milestones and identified stakeholder partners in our areas of operation for successful implementation of projects," says Shiphra. "The drive for 2013 will be to implement our 2030 vision, and to concentrate on capacity-building for our beneficiary trusts and our communities. Governance and compliance and risk management will form part of the roll-out in the year ahead."

With limited resources, partnerships and the investment entity of the SIOC-cdt ensure a sustainable source of income. The Super Trust also considers partnerships in project delivery to ensure that resources are maximised.

"The need is vast and we must ensure that we sustain our communities beyond the life of the mine," states Shiphra.

The SIOC-cdt has spent more than 80% on grant-funded projects in the past six years and only 20% on enterprise development. It will, therefore, aim to increase spending on economic development towards 2030 with education, health, enterprise development and infrastructure as priorities.

The SIOC-cdt also successfully finalised three black economic empowerment (BEE) transactions for its investment entity in the past year – with SA Airlink (Pty) Ltd, Basil Read Holdings Limited and Continental Coal Limited.

Advancing education

The SIOC-cdt implemented education projects worth over R200 million in 2012. The programme sought specifically to improve outcomes in three target subjects: life sciences, physical science and mathematics.

"The reality is that the areas in which we operate achieved results that were below the national average," Shiphra points out. "Limpopo was the second-worst performer in South Africa with a pass rate of 63.9% in 2011. The Northern Cape performed comparatively well but its 2011 pass rate of 68.8% was below the national average and the JTG District Municipality, within our jurisdiction, contributed to the poor results."

This programme is not being implemented in a vacuum, she adds. It was undertaken in communities which are hamstrung by significant and systematic socio-economic constraints, as highlighted by the monitoring and evaluation team.

"Over the past three years, we have implemented more than 128 projects in our area of operation alone," says Shiphra. "The education sponsorship was considered not only to improve the marks of current Grade 12 learners but also those of learners within the Grade 10 and 11 pipeline. We understand we will not achieve results immediately but this is a long-term investment in education, which is expected to yield results over time."

Above

01, 02, 03 Community members experiencing the benefits of the SIOC-cdt projects.

04 Mobile clinics are one of the ways that SIOC-cdt serves the community.



For more information visit, www.angloamericankumba.com

COMMUNITY ENGAGEMENT AND DEVELOPMENT CONTINUED



01



02



Progress is being made in the collaborative project between

the mine and the local municipality to improve water supply to the town of Thabazimbi."

Cornelia Holtzhausen
General manager
Thabazimbi mine

CASE STUDY: WATER FOR THABAZIMBI

Local mines have stepped into the breach to address the dire state of water supply in the town of Thabazimbi, Limpopo Province. Thabazimbi mine has established links with the local town, which bears its name.

After a meeting by the general managers of the Thabazimbi, Tumela and Dishaba mines on 6 March 2012, a task team was set up to represent Thabazimbi mine, Anglo American Platinum Limited (which owns the Tumela and Dishaba mines) and the Thabazimbi Local Municipality.

The municipality has committed to funding Phase 1 to the extent of R5.7 million. Thabazimbi mine is funding Phase 2 to the value of R24 million. Anglo Platinum has committed to providing additional funding for 2014.

Phase 1

Thabazimbi has long suffered insufficient and unreliable water supply due to inadequate municipal capacity and resources. Until recently, water has been supplied directly into a network of two pipelines connected to a pump station and supply reservoirs that are not being utilised. Anglo American Platinum has already assisted the municipality in upgrading these pipelines.

The municipality can supply 12.1MI/day whereas reservoir capacity is 17.1MI. Current demand has been set at 15.6MI/day. The shortfall of 3.5MI/day is less than current water losses which are estimated at 4.68MI/day.

The objective of Phase 1, completed in September 2012, was to study and identify water-transmission problems along the entire bulk-water pipeline, from the pump station to the various reservoirs. This included identifying and fixing water leaks, upgrading pump-station equipment, replacing faulty valves and fittings as well as damaged fences, thorough cleaning of pipes and reservoirs, and reinstatement of five reservoirs, as well as diversion of the main water pipeline to the reservoirs.

Phase 2

Various water-supply improvement initiatives were identified during the scoping of Phase 1 and are being implemented as part of Phase 2.

To address challenges in water resources and water quality, a chlorination system is required to dose all water supplied to the town. The chlorination system will be built inside a shipping container and it will be able to dose between 10MI/day to 15MI/day depending on the flow rate from the pump station. A package plant will also be built inside two shipping containers to remove iron and manganese from borehole water. Water from the five boreholes will be treated to potable standard in terms of the SANS 241:2006 Class 1 standard.

In addition, the existing above-ground steel pipeline will be replaced with a below-ground plastic pipeline, and a servitude will be registered by the municipality. All visible leaks above ground were repaired as part of Phase 1. In Phase 2, leaks below ground will be determined, mapped and repaired with leak-detection equipment.

Extensive work will be undertaken at the pump station:

- The telemetry system installed as part of Phase 1 will be extended by installing level probes.
- A non-return valve will be installed at the last supply zone as the old derelict pipeline was causing water to flow back to the pump station.
- The third of three multi-stage pumps will be refurbished.
- The perimeter of the pump station will be enclosed with 1.8m-high razor mesh fencing. Access to the site will be through a 2.4m-wide double swing gate and security will be improved with gates, burglar bars and locks.
- A steel buffer reservoir will be built next to the pump station and the existing suction manifold will be extended and connected to it.

For bulk reticulation, a new pipeline will be installed with numerous air valves, a cathodic protection system, pressure-reducing valves and zone meters as part of the recommissioning of the reservoirs.

New pipe connections will be established to the communities of Ipelegeng, Regorogile, Apiesdoorn and the Thabazimbi hospital. The total number of beneficiaries from this specific upgrade is estimated at 12,000 households.

Way forward

A Memorandum of Understanding (MoU) has been signed by all parties. The MoU gives guidance on the governance and the management of the project.

The total cost of implementing Phase 2 is R41 million against the available budget of R24 million. All the items that cannot be implemented in Phase 2 will be deferred to Phase 3. A feasibility study needs to be conducted to determine the exact scope and cost of Phase 3, which will be implemented during the 2013/2014 financial year in terms of local council. The municipality will commit Municipal Infrastructure Grant (MIG) funds to the project. Phase 3 will concentrate more on the reticulation side of the water network.

Above

01, 02 Kumba is involved in upgrading water infrastructure serving the town of Thabazimbi.



For more information visit, www.angloamericankumba.com



01



02



"One of the main aims of the units is to urgently and effectively drive down the extremely high infant mortality rate in the district."

Andrew Loots
General manager
Sishen mine



03



04

CASE STUDY: LIFE-ENHANCING INITIATIVE

A woman who fell gravely ill living close to the Botswana border, almost three hours from the nearest town, is among more than 25,000 people who have lived to tell the successful tale of the Batho Pele health project, which began operating in the vicinity of Sishen mine on 1 September 2011.

The initiative followed research conducted in 2009 which indicated that critical health services were needed by 15,000 people living in deeply rural communities within the John Taolo Gaetsewe municipal district.

In partnership with the Department of Health, tribal authorities and local government, Sishen mine has spent approximately R25 million on sending nine mobile units – fitted with equipment to screen for diseases and infections, eye testing, dental care and surgery – free of charge to areas where transport to the nearest hospital (along a 160km dirt road) is either non-existent or unaffordable.

The brainchild of Rina Botha, local economic development manager at Sishen mine, this R25 million project is the first of its kind in South Africa, providing sorely needed relief to a district which has very high infant mortality, maternal death and HIV/AIDS infection rates.

"When we first met to discuss the composition of the fleet, as well as the equipment, we didn't realise the magnitude of the project," says Rina.

Carrying the cost

A fleet of mobile units, providing quality primary and secondary health care, are stationed at four sites for one week at a time with a complimentary bus service to and from surrounding villages.

The medical service providers are accommodated for the week at the furthest site, in an upgraded facility, due to travelling distances to the

closest town. Cooking and cleaning staff are employed from the local community for the week.

Sishen mine carries the full operational cost of the units for the initial two years and will hand the project over to the Department of Health. From 2014, the department will cover half of the salaries and then, in 2015, half of the rest of the operational costs. By the end of 2015, the Department of Health is expected to be entirely responsible for the project. In the meantime, the department covers medication, laboratory tests, staff training, stationery and any other support required by the project.

Some of the challenges include retaining doctors under the extreme environmental conditions. Air-conditioners have been installed in the units for comfort in the hot, dry and dusty summers (and cold winters) but electricity is not always available. Generators are used as a back-up to operate the medical equipment. Travel between the remote sites is also uncomfortable and vehicle maintenance is high.

"We didn't have a doctor for eight months," Rina points out. "We continuously need to motivate staff."

Going further

Nevertheless, R8 million has been budgeted to extend this service in 2013. Circumcision and cataract surgery will be offered in the coming year.

Dr Aaron Motsoaledi, Minister of Health, has requested an audit of the project with a view to rolling out similar initiatives across the country.

Above

01, 03, 04 The vast improvement in their quality of life is visible in the faces of children who receive essential health care services through the Batho Pele mobile health clinics in the Northern Cape.

02 Optometrist Jako Meyer examines Awubalwe Musie's eyes in a mobile unit.



For more information visit, www.angloamericankumba.com

PRODUCT RESPONSIBILITY

IRON ORE = STEEL

Iron ore is iron in its oxide state, the main types of which are magnetite, haematite, goethite, limonite and siderite. Kumba's orebodies comprise predominantly haematite.

Iron makes up about 5% of the earth's crust, and around 98% of mined ore is used for the production of steel. The primary global consumers of iron ore are China, Japan, South Korea, the USA and the European Union.

Iron ore mining is a high-volume, low-margin, capital-intensive process, typically requiring extensive infrastructure, including rail networks, large stockpiling and blending facilities, specialised harbours and large freight ships.

The conversion of iron ore into metallic iron is normally done by using the blast furnace process or by way of direct reduction. The former produces liquid iron (pig iron) while the latter is metallic iron in a solid state. Pig iron, after cooling, is brittle with limited industrial applications, so it is refined further and alloyed with various elements to make many different kinds of steel.

Leading iron ore-producing countries are Russia, Brazil, China, Australia, India, the USA and South Africa. South Africa produced 5.5% of global production in 2012; Kumba produced 73% of South Africa's production and 4% of global production in 2012.

We take the safe and responsible production, marketing, sale and use of our products very seriously. This responsibility resides in a number of disciplines across the company, including projects; mining and processing; logistics; research and development; marketing; and public affairs and communications.

We commit to quality, reliability and consistency of supply. This allows us to anticipate the needs of certain clients with whom we have and continue to build reliable relationships, and

facilitated the re-alignment of contractual shipments during the strike at Sishen mine.

We create niche products that enhance the operational efficiencies of our steelmaking customers. Customers using these niche products can reduce their consumption of energy, water and processing materials reduce their emissions.

BENEFICIATING OUR PRODUCT

Sishen mine is the only haematite ore producer in the world to fully beneficiate its product by making use of dense medium separation (DMS) and jig technology. Ore from Kolomela mine is only crushed and screened. See page 51 of our Integrated Report for further discussion on beneficiation and research and development.

QUALITY CONTROL

Kumba is certified against the ISO 9001 standard, and our laboratories has achieved ISO 17025-accreditation. We ensure that only product which meets certain minimum standards is delivered to customers through:

- Regular sampling and analysis of the ore during the beneficiation process at the mines to ensure that quality standards are met.
- Sampling at the plant to provide South African customers with an analysis certificate. In-line product sampling as the ore leaves the stockpile area.
- Further quality assurance at Saldanha Bay, where samples are taken by an independent company to certify the actual loaded quality of each consignment.

ADDRESSING CUSTOMER HEALTH AND SAFETY

All health and safety impacts of the final product at the various stages of the production process have been assessed. There are no material health and safety complications related to the final products produced and marketed by Kumba as iron and iron ore are not classified as hazardous materials.

We commit to quality, reliability and consistency of supply.



01

THE SALDANHA PORT SAMPLING FACILITY

The Saldanha Port sampling facility complies with world-class sampling and analysis standards to ensure the highest levels of service delivery. Samples are taken from the ship-loading conveyors and are then introduced into a fully automated laboratory where they are simultaneously prepared for physical analysis and X-ray fluorescence chemical analysis. Once the quality has been established and verified, flexible loading strategies allow multiple-product loading on to a single ship, single-product loading using both conveyor lines, or the loading of two vessels with either the same or different products. Each customer receives an accredited consignment analysis certificate upon departure of the vessel from Saldanha Port.

01 Dawid Heyns on a tugboat in Saldanha Port

02 Ore loading at Saldanha complies with strict environmental standards.

03 Ore from Kolomela mine is crushed and screened.



02



03



non-disclosure undertakings that are standard in our customer contracts.

No complaints, substantiated or otherwise, regarding breaches of customer privacy and losses of customer data occurred in 2012.

COMPLIANCE

No incidents of non-compliance with voluntary codes concerning the health and safety impacts of products and services were reported during 2012. No incidents of non-compliance with regulations concerning product and service information or labelling were reported during the year.

PRODUCT AND SERVICE LABELLING

As iron and iron ore are not classified as hazardous, labelling procedures are not required. Kumba has material safety data sheets for all of our products which describe the physical and chemical properties and contain precautions, risk control measures and procedures in case of emergency. In order to be able to revise the Material Safety Data Sheet (MSDS) in accordance with the changes in the International Maritime Solid Bulk Cargoes Code which come into effect on a voluntary basis in 2014 and on a mandatory basis in 2015, additional analyses for respirable crystalline silica in our export product were completed in late 2012. These confirmed that the respirable crystalline silica – the respirable dust fraction of crystalline silica which enters the body by inhalation – hazard is very low and therefore the product is not classified as a hazardous substance.

CUSTOMER RELATIONSHIPS

In 2012, Kumba exported iron ore to 37 customers in eight countries, primarily for steel production. In South Africa, the company has one primary customer, namely AMSA.

We have built strong relationships with our customers by fostering proactive communication through site visits, feedback reports and customer satisfaction surveys.

Engagement with customers is undertaken by the global head, marketing and logistics, and by assigned marketing managers. Customer satisfaction surveys are regularly undertaken and a customer complaint process allows customers to express their concerns and to enable the company to deal with these.

We respect the privacy of our customers and ensure compliance with confidentiality agreements and

We have built strong relationships with our customers.

 **STRATEGIC ELEMENT:** Proactively addressing environmental impact



MINING RESPONSIBLY

WITH THE FUTURE IN MIND

Our approach to environmental management aims to mitigate the potentially negative impacts of our mining activities on the environment during operations and post-closure.

It is a proactive strategy with well-defined focus areas: remediation and pollution prevention; rehabilitation, biodiversity and land management; water; energy and carbon dioxide; and assurance.

We uphold and are committed to our reputation as a responsible miner, responsive to stakeholders' environmental concerns and prepared to go beyond compliance to mitigate the impacts we may have on the environment. Above all, we are committed to leaving a positive legacy. Our engagement with stakeholders is, therefore, always open, honest and transparent, and we encourage each other to diligently report incidents and seek prompt corrective action.

We realise that it is critical to manage our environmental footprint in a responsible manner, and to engage with relevant stakeholders continuously, to ensure that everyone is aware of our commitments and actions to protect the environment with everyone's future in mind.

198.1 Mt
OF WASTE MINED



02



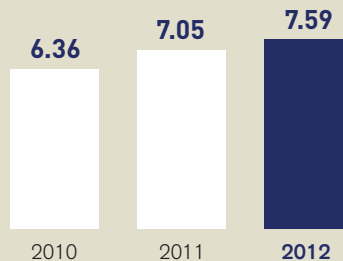
03

Water management initiatives resulted in savings of 1.4 million m³ of water in 2012.

ENERGY INITIATIVES YIELD SAVINGS OF 74,984GJ OF ENERGY AND 13,047 TONNES OF CO_{2e}

TOTAL ENERGY CONSUMPTION

million GJ



Images

01 Finches nest in the trees at the entrance to Kolomela mine.

02 Sishen mine rehabilitation.

03 Neil Weideman, Sishen mine.



"51% of water was re-used/recycled in 2012."

Alex Mgadzah

Executive head: safety & sustainable development
Kumba Iron Ore

ENVIRONMENTAL PERFORMANCE

Kumba recognises the potential environmental impact of mining activities and has resolved to manage and reduce energy and water consumption, greenhouse gas emissions and non-mineral waste.

Improvement efforts also focus on land management and air quality.

Environmental management is integral to the group's operations, from mineral exploration and construction, to mining and closure, and Kumba expects leaders at all levels, employees and contractors to actively participate in and be accountable for environment matters. The mine-based environmental managers are charged with creating awareness amongst employees and are supported both by internal and external environmental technical experts. The environmental manager, who reports to the executive head: safety and sustainable development, takes responsibility for all environmental issues.

Our new safety, health and environmental policy – approved in September 2012 – outlines Kumba's environmental commitments, with the guiding principles being: zero mind-set, no repeats and simple non-negotiable standards. All employees and contractors will have access to the policy as it is applicable to all who are engaged in work for the company. A copy of the policy is available on the  website at <http://www.kumba.co.za/index.php>

Kumba has produced an environmental awareness DVD, amongst other training interventions, which includes modules on waste, chemical, dust, energy and water management. The DVD will be screened at annual renewal training sessions and during induction programmes to help create awareness amongst employees of environmental issues and initiatives.

COMPLIANCE

All Kumba operations have environmental management plans (EMPs), approved by the Department of Mineral Resources, and integrated water use licences (IWULs), as well as other requisite permits including environmental impact assessment (EIA) authorisations, waste licences and emission licences. In line with the

MPRDA and water use licence requirements, annual performance assessments are conducted, and where deemed necessary, the EMPs are reviewed, amended and submitted to the competent authorities.

Thabazimbi mine submitted an amendment for its EMP to the DMR in August 2011. An updated mine works programme was submitted in December 2012.

Kolomela mine's air emission license for bulk fuel storage has been approved by the Siyanda region portfolio committee, together with the council in Upington. A DMR compliance visit to Heuningkrans, a farm in the Postmasburg area, was undertaken during August 2012.

In July 2012, all operations' compliance status against Anglo American's water management standard was assessed and all the operations have progressed to 'substantial achievement' (75-100%). The operations' water savings registers and business-as-usual (BAU) water consumption forecasts were also reviewed and approved in July 2012. Kolomela mine joined water efficiency target tool (WETT). The Kumba 2020 BAU is now forecasting a water demand of 10.1 million m³ (previously 5.7 million m³). Water savings projects continued in 2012. Verifications were successfully completed at Kolomela mine which achieved 1,183,280m³ litres of water savings, at Sishen mine which achieved 215,018 m³ of water savings and at Thabazimbi mine which achieved a total of 255,943 m³ of water savings.

No environmental management-related directive, penalty, warning or other sanction was issued against any of Kumba's operations for the reporting period.

ISO 14001 CERTIFICATION

During 2012, we initiated the change of certification bodies, moving from the South African Bureau of Standards (SABS) to Bureau Veritas South Africa (BVQI). Certification audits are now conducted by BVQI. Kumba applies the ISO 14001 standard as the basis of our EMS:

- The Centre for Environmental Management from Potchefstroom University was appointed to assist the

Sishen mine as part of its continual improvement as well as closing the gaps identified during its annual audits. Sishen mine's recertification audit planned for the third quarter of 2012 was postponed to March 2013 due to the industrial action at the mine.

- Thabazimbi mine's recertification audit, conducted by BVQI, was completed in October 2012 and its ISO 14001 certification was retained.
- Kolomela mine's ISO 14001 certification audit is planned for mid-2013 and a preliminary audit was conducted in July 2012 as part the first step to certification.

INCIDENTS AND INCIDENT REPORTING

All Kumba operations have incident reporting procedures in place which are in line with the ISO 14001 management system. Kumba uses the Anglo American system of classification for environmental incidents whereby incidents are classified from Level 1 to Level 5 depending on the severity of the incident as follows:

- level 1 – insignificant, with no or very little impact;
- level 2 – minor, low impact, clean-up possible using only internal employees;
- level 3 – moderate, medium impact confined within lease area; clean-up possibly requires external assistance;
- level 4 – major, high impact extending beyond lease area; considerable clean-up, requiring external resources and assistance; and
- level 5 – catastrophic, severe and lasting regional impact, with potential harm to species populations, lengthy recovery period, requiring external resources.

No level 3 to 5 incidents occurred in 2012 (2011: 0).

CONSERVING RESOURCES

Optimising and conserving resources is a priority for Kumba. Our primary resource is the rock we mine and the ore we process. The primary process materials used, that is, materials that are needed for the mining process that are not part of the final product are: diesel, explosives, lubricants and tyres.

While we seek to minimise our footprint, recent and on-going expansions, pit optimisation programmes and the mining of remnants at Thabazimbi mine, have meant that the ration of waste rock removed to ore shipped continues to rise steeply. Thus, more overburden (waste rock) is removed for the same amount of ore mined, and more primary process materials are used.

MANAGING ENERGY AND CLIMATE CHANGE

Kumba subscribes to the Anglo American group energy and climate change strategy which places emphasis on performance improvement and the reduction of energy consumption and associated emissions. The group policy is that of reducing energy consumption against a business as usual (BAU) baseline.

A BAU baseline projection has been established based on energy consumption/carbon emissions from 2011 to 2020, taking into consideration factors such as life-of-mine plans and growth projects.

In 2012, Kumba finalised the roll out of ECO₂MAN, a programme that affords a better understanding of our future energy consumption and carbon footprint over the life of an asset, and which supports identification of least-cost energy-saving measures. The ECO₂MAN system facilitates the setting of energy and emission-reduction targets for each mine as part of the mine manager's performance contract as Kumba aims to address business risks associated with climate change in a phased approach. The target is for reducing energy consumption and greenhouse gas (GHG) emissions based on a BAU methodology.

The Kumba target savings for 2012 against the BAU baseline were 177,045 GJ for energy and 27,974tCO₂e for GHG emissions, in line with the saving targets set. Achievable savings have been forecast in terms of completed and approved projects as well as opportunities still at conceptual stage. Energy saving initiatives resulted in 74,984GJ of energy and 13,047 tonnes of CO₂e.

No level 3 to 5 incidents occurred during the year.

ADDRESSING CLIMATE CHANGE

Kumba has considered the potential impacts of climate change on the integrity and performance of our current and future operations. Anglo American has established a Climate Change Adaptation Steering Committee at group level, of which Kumba is an active member. The development of an adaptation strategy, specifying risks and associated mitigation plans, for the group is under way with completion expected during 2013. Temperature, rainfall and potential evaporation are all projected to increase in the Northern Cape (Sishen and Kolomela mines) region. Rainwater reclamation might be a viable adaptation strategy. To reduce our impact on climate change, Kumba is also exploring renewable energy alternatives.

PROCESS MATERIALS USED

	Diesel (Ml)		Explosives (000t)		Lubricants (000l)		Tyres (t)	
	2012	2011	2012	2011	2012	2011	2012	2011
Sishen mine	123.4	113.6	57.0	47.9	4830.3	7280.7	1,785.0	1,896.0
Kolomela mine	24.5	16.8	16.6	19.5	165.9	103.6	234.8	144.0
Thabazimbi mine	10.9	11.6	7.5	6.8	305.1	160.9	23.5	192.0
Group	158.8	142.0	81.1	74.2	357.8	437.1	2,043.3	2,232.0

ROCK MINED AND ORE PROCESSED

Mtpa	Total tonnes mined		Waste mined		Final product	
	2012	2011	2012	2011	2012	2011
Sishen mine	171.6	165.0	133.5	119.0	33.7	38.9
Kolomela mine	43.5	34.6	33.5	30.3	8.5	1.5
Thabazimbi mine	32.2	45.9	31.1	44.2	0.8	0.9
Group	247.3	245.5	198.1	193.5	43.0	41.3

ENVIRONMENTAL PERFORMANCE

CONTINUED

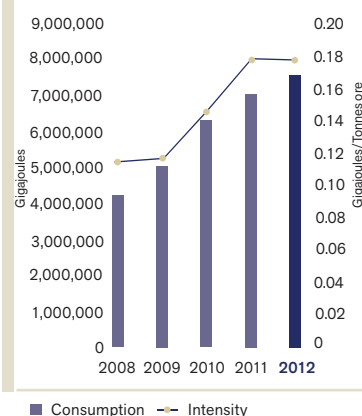
The total energy consumed by Kumba rose by 7.7% in absolute terms, and by 2.9% per tonne produced, mainly as a result of 3.1% increase in total waste stripping across the group and ramp-up at Kolomela mine. There was overall 0.56% reduction in energy intensity year-on-year. Total CO₂e emissions for 2012 were 943,576 tonnes (2011: 907,141 tonnes) while the intensity of CO₂e emissions was 0.022 tonnes per tonne of ore produced.

SOURCES OF SCOPE 3 EMISSIONS	METRIC TONNES CO ₂ e
Business travel	2,234
Employee commuting	10,908
Purchased goods and services	73,988
Downstream transportation and distribution of sold products.	2,573,088
Processing of sold products	23,072,870
Waste	11,668

Our scope 1 and 2 emissions are calculated for the 2012 financial year but the scope 3 emissions are for the 2011 financial year as reported in our 2011 CDP report. The 2012 scope 3 emissions will only be calculated during 2013 for publication in our 2012 CDP report.

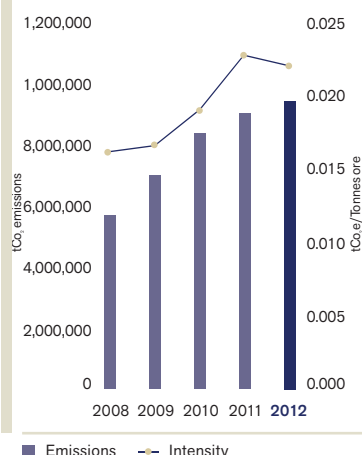
Kumba has participated in the Carbon Disclosure Project (CDP) since 2008 and uses the ISO 14064-1, The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) to collect data and calculate emissions. See our CDP submission at <http://www.kumba.co.za/index.php>

ENERGY CONSUMPTION (GJ) AND ENERGY INTENSITY (GJ/TONNES ORE)



We again participated in the CDP.

CO₂e EMISSIONS (T) AND CO₂e EMISSIONS INTENSITY (T/TONNES ORE)



ENERGY CONSUMPTION (MILLION GJ)

Direct energy (fossil fuels)

	2012	2011
Sishen mine	4.51	4.16
Kolomela mine	0.89	0.64
Thabazimbi mine	0.39	0.42
Group	5.79	5.22

Indirect energy (electricity purchases)

	2012	2011
Sishen mine	1.53	1.64
Kolomela mine	0.16	0.07
Thabazimbi mine	0.10	0.10
Group	1.79	1.81

Total energy consumption (direct and indirect)

	2012	2011
Sishen mine	6.04	5.80
Kolomela mine	1.05	0.72
Thabazimbi mine	0.50	0.53
Group	7.59	7.05

CO₂e EMISSIONS (Mt)

Total Scope 1 emissions (fossil fuels)

	2012	2011
Sishen mine	0.33	0.31
Kolomela mine	0.07	0.05
Thabazimbi mine	0.03	0.03
Group	0.43	0.39

Total Scope 2 emissions (electricity purchases)

	2012	2011
Sishen mine	0.44	0.31
Kolomela mine	0.05	0.02
Thabazimbi mine	0.03	0.03
Group	0.52	0.36

Total Scope 1 and 2 CO₂ emissions

	2012	2011
Sishen mine	0.77	0.78
Kolomela mine	0.11	0.07
Thabazimbi mine	0.06	0.06
Group	0.94	0.91

ENERGY SAVING INITIATIVES IDENTIFIED UP TO 2012

Energy and GHG emission saving initiatives completed from 2009 to 2012 resulted in a total saving of 123,839 GJ of energy and 25,804 tonnes of CO₂e. New projects identified during 2012 could result in additional savings of 15,924GJ of energy and 4,556 tonnes of CO₂e per annum. However, not all new initiatives identified during the year have been quantified.

Location	Project	Energy saving potential (GJ/year)	Carbon emission saving potential (CO ₂ e/year)	Project status
Sishen mine	Control the spray water on the coarse and fine lines by using gravity feed	7,221	2,066	Completed
Sishen mine	Reduce number of hydraulic packs used at JIG plant	684	196	Completed
Sishen mine	Eliminate belts running empty at JIG dewatering bunkers	1,181	338	Completed
Sishen mine	Optimisation of wash and screening pump system	3,046	871	Planned for implementation in 2013
Sishen mine	Purchase a different type of front end loaders that use wheel motors	To be investigated	To be investigated	Equipment has been purchased. Method to quantify savings under investigation
Thabazimbi mine	Plant pumping and screening process changes	1,111	318	Project approved for implementation during 2013
Kolomela mine	VSD application on pit dewatering pumps	2,681	767	Installation on two pumps completed

MANAGING WATER

The use and management of water remains the most significant environmental consideration for Kumba. We strive to be a responsible water custodian of the water we produce (as a result of the dewatering of our pits) and use water optimally and responsibly.

Kumba's mines all operate in water-scarce areas and rely on groundwater abstraction, predominantly from boreholes, as a water source, all in accordance with the company's water use licences. During 2012, the total water withdrawal was 18 million m³, with 44% used for primary activities reflecting an intensity figure of 20m³/tonne produced (2011: 21m³/tonne produced).

WATER CONSUMPTION

	Water used for primary activities		Water used for non-primary activities		Water intensity (water used in primary activities per tonne of production)		Water re-used/recycled in processes		Percentage of water re-used/recycled in relation to water used for primary activities (%)	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
000m ³										
Sishen mine	5,384	5,902	7,293	8,078	16	15	3,491	4,278	65	72
Kolomela mine	2,276	755	-	-	27	-	535	197	24	26
Thabazimbi mine	1,141	1,521	258	305	139	169	14	147	1	10
Group	8,801	8,178	7,551	8,383	182	184	4,040	4,622	90	108

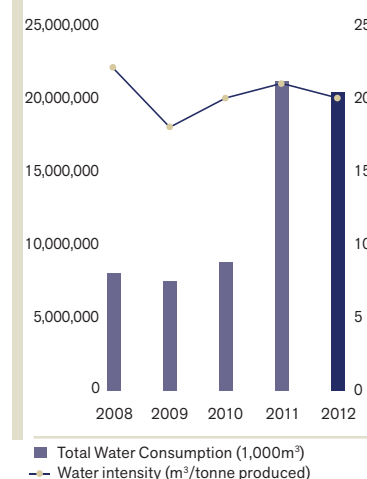
ENVIRONMENTAL PERFORMANCE

CONTINUED

WATER ABSTRACTION BY SOURCE

000m ³	Potable water from external source		Non-potable water from external source		Groundwater		Waste/second class water		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Sishen mine	168	181	7	49	4,506	4,671	1,369	1,551	6,047	6,462
Kolomela mine	-	-	-	-	10,956	6,732	-	-	10,956	6,732
Thabazimbi mine	61	209	-	-	1,042	1,261	91	231	1,194	1,701
Group	229	390	7	49	16,504	12,664	1,460	1,782	18,197	14,895

TOTAL WATER CONSUMPTION AND WATER INTENSITY



Water is used in three main areas: in the beneficiation process, in dust suppression and in the tailings facilities.

Excess water, which is clean underground potable water dewatered from the pits at both the Kolomela and Sishen mines, is supplied to the community via the regional water authority. It is an operational imperative that our mines dewater our pits to enable safe mining.

Approximately 50% of the dewatered volume at Sishen mine is used by the mine for its activities, with the balance provided to Sedibeng Water and the Gamagara Municipality for the towns of Kathu, Sesheng and Dingleton. The town of Postmasburg is also serviced by Sedibeng Water.

Kumba has agreements in place with the municipalities at Thabazimbi and Sishen mines for Kumba to use treated sewerage effluent or grey water in our industrial processes. This enables these mines to export a

greater volume of clean water, in effect exchanging poor quality water with the good quality water going to the communities which surround the mines.

The collaborative project with the municipality to improve the water supply to Thabazimbi town is progressing – see case study on page 64.

The Anglo American water management system was rolled out at all operations a year ago, with operations performing a gap analysis against the GTS 21 standard. These gaps were addressed in Kumba's water action plans.

Kumba continues to monitor and define the impact that we have on the farms in the vicinity of our operations, and to develop sound relationships with all concerned. The company is currently addressing the impact of dewatering by:

- Providing alternative grazing.
- Providing a grazing subsidy (to acquire water).
- Providing infrastructure for affected farms to receive water from Sedibeng Water's pipeline.
- Drilling and equipping of boreholes and their connection to existing infrastructure on the farms.
- Supplying water via trucks.

An environmental forum, facilitated by an independent party, has been established for engagement over the dewatering issue. A sub-committee comprising farmers, Kumba representatives, an independent geo-hydrologist and other experts had been established to engage regarding conflicts of interest on dewatering and possible solutions to

the issues in conflict. Independent surveys of the geo-hydrology of the area have also been undertaken. Kumba continues to monitor the water levels and chemical analyses are tracked on a regular basis. The sub-committee was discontinued in 2012 once the surveys were completed.

Geotechnical consultants were appointed to investigate the remediation of the 'holes' (swallets) in the Gamagara River. The PhD study indicated that the structures in the river are swallets and not sinkholes. The swallets have been filled for safety reasons and to allow surface flow in the river, the objective being to prevent the swallets intercepting water in the event of heavy rain. This is only a temporary measure while consultants investigate a permanent solution.

Complaints related to water quality in boreholes within the Gamagara River system have been received. As part of the investigation of these complaints, samples have been collected and sent overseas for analysis as there are currently limited laboratories locally to perform this analysis.

Kumba has engaged the services of an expert in water chemistry to evaluate the analysis of the water sampling carried out by Kumba since 2010. The consultant proposed a water monitoring system which Kumba approved and is presently implementing.

Water management initiatives completed/undertaken in 2012 resulted in water savings of 1.4 million m³. The water savings projects with the most significant water savings concluded during 2012 involved dust suppression efforts.

We have biodiversity plans in place at all of our mines.

LAND MANAGEMENT, BIODIVERSITY AND REHABILITATION

Kumba has around 64,496 hectares of land under management, a slight increase from 2011 as Kolomela mine acquired an additional 3,230 hectares of land during the course of the year. The property is outside the mine licence area, but forms part of Kolomela mine's exploration programme. The total area of land disturbed by mining activities rose to 10,480 hectares by the end of 2012, an increase of 14.7% from 2011. A total of 9 hectares was rehabilitated during the year.

Biodiversity

Kumba strives to achieve the highest standards of environmental care to conserve natural resources and to reduce the environmental burden of its operations. We seek to protect species of fauna and flora associated with our landholdings, and we have biodiversity action plans (BAPs) in place at all of our mines. Anglo American has collaborated with Flora and Fauna International to review the BAPs in Kumba's mining areas.

- Our BAP at Kolomela mine is currently being revised, and is due to be finalised by mid-2013. Part of the Kolomela mine bio-monitoring programme is to update and maintain the species list (including the protected species list). The 2011 list included 108 protected vertebrates, three of which are on the IUCN Red data List. The list, based on theory and the 2011 monitoring lists, is available and the 2012 results will be incorporated into this list.
- Sishen mine has recorded between 40 and 50 species of conservation importance, including plants, vertebrates and invertebrates. A biodiversity assessment was undertaken at Sishen mine during 2012. The project is now complete and on track. All draft reports have been submitted to the mine for review. Draft reports were received in December and comments must be submitted by 8 February 2013 by all parties, including Fauna and

Flora International as well as Anglo Technical Services. The whole project will be finalised by the end of February 2013.

- Thabazimbi mine has five species of protected vegetation: the Camel Thorn, Marula, Leadwood and Violet trees as well as Bushveld Saffron. The Transvaal Red Nalloon is being specially protected and the Tamboti is on the vulnerable list. The white-backed, Cape and lappet-faced vultures, all endangered bird species, and the martial eagle, a vulnerable bird species, make their homes in the Thabazimbi mine region. A lodge located in the Ben Alberts Nature Reserve on mine land has been rehabilitated for post-mining use. The mine area is also being fenced off in order to relocate animal species, while plans have been completed to reduce bush encroachment and reintroduce grass cover. Infrastructure that cannot be used in the game farming activity will be leased or sold in line with closure plans.

In August 2012 the Department of Agriculture, Fisheries and Forestry visited Sishen mine's proposed biodiversity off-set area and positive feedback in respect of these proposals has been received.

These biodiversity offset areas have been identified to compensate for the removal of Camel Thorn trees as part of the development of Sishen mine's Western Expansion Project called SWEP. Sekgame, one of the farms in the offset area bordering the mine to the east has already been fenced with several species of game introduced. Sishen mine is also working on the eradication of alien and invasive species on mine land.

As part of our ongoing environmental awareness, Arbor Week was celebrated from 1 to 7 September 2012 with seeds being distributed to all head office employees and posters highlighting the importance of tree planting displayed. At Sishen mine, 150 trees were also distributed to mine employees.



01

PRESERVING THE CAMEL THORN

The Camel Thorn (*acacia erioloba*), abundant in the Northern Cape where the Sishen and Kolomela mines are situated, is classified as a protected species. In 2009 the Kathu forest was declared the only protected woodland in South Africa. These reasons make the conservation of biodiversity at Sishen mine most critical and meant that special permits had to be obtained before Camel Thorns could be removed around the mine as part of its SWEP.

As part of this process, an assessment of the impact of mining on the Camel Thorn trees was undertaken by the CSIR using satellite imagery and field work. The universities of Free State and Pretoria have also recently completed studies on the impact of our mining operations at Sishen mine, in conjunction with the Department of Agriculture, Fisheries and Forestry.

Kumba is currently in the process of setting up a suitable offset area (an area of analogous ecological value to the area affected by mining, which can then be managed and conserved) for the species.

Regrettably, recent studies have raised some concerns about the state of the Camel Thorn in the area, which are dying off. CSIR surveys in this regard are underway including a Camel Thorn distribution survey. Kumba is also establishing long-term monitoring plots as part of this project. We will then engage with the relevant authorities for a way forward.

Various possibilities were tabled as to the cause of the trees dying, but no direct link was established to dewatering activities. A theory proposed is that the Camel Thorn trees are in direct competition with the Swarthaak trees (*acacia mellifera*), which are continually encroaching. The Swarthaak trees are indigenous to the African continent, but in some areas of Africa it is considered to be an invasive species because it can expand and cover large areas of farmland.

Kumba has established a local enterprise to remove the Swarthaak trees and hopefully reduce their growth in the areas around Kumba's operations. This venture has also created 10 jobs. In future, Sishen mine will place increasing focus on removing invasive species from its non-mining land to ensure that veld conditions drastically improve. This will ensure that the land will be in an optimal state for game farming post closure.

Above
01 The preservation of Camel Thorn trees in the Northern Cape is among Kumba's priorities.

ENVIRONMENTAL PERFORMANCE

CONTINUED

REHABILITATION

Rehabilitation is undertaken in line with prescribed EMPs.

- Sishen mine has started with the rehabilitation of the eastern slope of G80 dump in line with its five-year rehabilitation plan which forms part of the broader Sishen Mine Rehabilitation Strategy. The project is approximately 90% complete. The slopes have been reshaped to 24° and stormwater channels excavated. Growth medium is now being applied in preparation for establishing vegetation. The mine is in the process of updating its five-year rehabilitation plan with the focus on intensifying rehabilitation activities.
- The rehabilitation of Kolomela mine's Leeuwnfontein waste rock dump has also begun and to date a total of 30 hectares of the bottom bench have been reshaped and top-soil has been replaced. Vegetation coverage will be monitored for sustainability and stability.
- Rehabilitation work at Thabazimbi mine was suspended in June 2012. The new life-of-mine (LoM) plan was completed in October, and the rehabilitation schedule was updated and will be implemented pending approval from AMSA. Rehabilitation started in January 2013 in the Donkerpoort west pit on the north western side of the mine.

To decrease the footprint of mine dumps, investigation is being made into increasing the available airspace by making dumps higher. Trials to test the stability of mine dumps, the gradient of which has been increased from 18° to 24°, were undertaken at Sishen mine. Concurrent rehabilitation could not take place during the trials so the rehabilitation of dumps was delayed while awaiting the test panels' results. The approved side slope angle for waste dumps rehabilitation at Sishen mine is 24°. Test results were promising for 37° but Kumba anticipated that strict legislation might not allow for steeper gradients and therefore opted for compliance with a gradient of 24° on its dumps, as approved by the DMR.

Kumba's long-term rehabilitation strategy is to move towards the idea of mega-dumps with less surface area and higher volumes, rather than multiple dumps in scattered locations. Mega dumps allow economies of scale in terms of the area that needs rehabilitation, the volumes that are covered and the equipment required.

MANAGING WASTE

The National Environmental Management Act: Waste Act 59 of 2008 (Waste Act), came into effect on 1 July 2009, and Kumba's systems are in place to meet legislative requirements.

General waste is disposed at local municipal sites, with hazardous waste being removed and disposed of off-site by qualified waste management contractors. The mineral waste from mining and processing is chemically inert and therefore poses no chemical risk. Kumba has not transported, imported, exported or treated waste that is deemed hazardous under the Basel Convention Annex.

Used tyres are currently stockpiled on site at all sites. A due diligence on the waste tyre stockpile area abatement plan was undertaken at Sishen mine, aimed at sustainably disposing stockpiles of tyres at the mines, has been completed and is expected to progress to pre-feasibility phase during 2013. A newly appointed project manager has initiated the processes for obtaining the requisite permits and authorisations, including land rezoning, required for the project to continue.

Used oils and batteries are collected by specialist recyclers. Remediation programmes for soil that has been contaminated with hydrocarbons are in place.



BIOREMEDIATION OF CONTAMINATED SOIL AT SISHEN MINE

Further progress has been made at Sishen mine with the treatment of contaminated soil through bioremediation technology. A state-of-the-art bioremediation facility was commissioned in 2011 to treat all sludge produced at the mine and to address the treatment of 'legacy' contamination. The facility uses bacteria to 'eat' hydrocarbons (e.g. diesel, oils) from contaminated soil. In 2012 we treated approximately 3,500m³ (2011: 4,000m³).

The bioremediation process begins when contaminated soil is removed from the separating pits where the water and free phase hydrocarbons separate, leaving behind sludge. The oil is recycled, the water is re-used in the plant and the sludge – which has come into contact with hydrocarbons – is treated at the facility. Bacteria are added to the dried sludge where it feeds on the remnants of the hydrocarbons through the breaking down of the longer chain and hazardous hydrocarbons into non-hazardous components. What remains is a harmless product that can be used for other downstream purposes.

The process is closely monitored and samples of the sludge are sent to an independent laboratory to check that it is free of contaminants. It is planned that the bioremediated soil will be used as top soil during the rehabilitation of the waste rock dumps.

Minor soil contamination occurs when vehicles and moving equipment are cleaned and serviced. Major contamination of soil took place at the mine when a fuel pipeline burst in the 1990s. The soil was disposed of at an authorised hazardous facility in Johannesburg with some materials treated on site. Residual contaminated soil is being treated in situ using naturally occurring bacteria in the soil.

Above
01 Neil Weideman, Sishen mine.

MITIGATING DUST

Mining activities and transport, particularly in the arid regions in which our operations are located, inevitably create dust. All our mines have air quality management plans in place to address these issues.

A dust monitoring programme that measures suspended particles, or nuisance dust and PM10, particulate matter with a diameter below 10 micrometres, of was implemented to ensure that Kumba complies with our legal obligations regarding dust emissions as well as to assist in managing its effects.

All primary roads have been treated with dust-a-side, a derivative of bitumen, which is bio-degradeable. All secondary roads have been treated with RDC20, an ICAT product which acts primarily as an emulsifying agent. Both these products have proved effective in controlling dust and have resulted in a significant reduction in the use of water for dust suppression. At transfer points along the production process, water sprays have been installed by an independent contractor to suppress the dust created.



01

CASE STUDY: THABAZIMBI BAMBOO PLANTATION OFFSETS CARBON, CREATES JOBS

In support of carbon sequestration and sustainable development, Kumba signed an agreement with Food & Trees for Africa (FTFA) in August 2012 for the establishment of a bamboo plantation in Thabazimbi.

The seed was planted when Kumba went in search of an opportunity to reduce our potential carbon tax liability, and at the same time achieve our carbon footprint reduction goals.

Proposed carbon tax legislation, announced by the South African government in February 2012, allows the iron and steel industry to reduce its carbon emissions by 5% through these projects.

"Should Kumba be able to claim the full 5% reduction, at a price of R120 per tonne, we could save R2.4 million in taxes. This would be after verification and validation in year 4 and 5," says Dr Sabelo Gumede, manager: safety and sustainable development at Thabazimbi mine.

A 2ha plot has been found in Thabazimbi with suitable soils, water and electricity access, security and a neighbouring farmer who could support the project as a mentor.

The local community will benefit from the manufacture of bamboo products once the plantation becomes commercially sustainable and from a second project, a 6ha organic vegetable farm, which is now



"A bamboo plantation for carbon sequestration is among the projects we have identified to reduce

our impact on the environment in line with our climate change strategy."

Cornelia Holtzhausen

General manager
Thabazimbi mine

in design phase. Vegetables are valuable as income-generating cash crops, and for local and formal market consumption. To this end, a series of vegetable tunnels as well as open field production is envisaged with irrigation suited to local water availability.

According to FTFA, bamboo is one of the fastest-growing, largest plants on the planet with 1,200 known uses, including sustainable non-forest timber products. The species to be planted in Thabazimbi is the Indian *Bambusa balcooa* which is non-invasive and approved by the South African National Biodiversity Institute (SANBI).

The project is supported by the Small Enterprise Development Agency and the Department of Agriculture in line with best-practice recommendations on public-private partnerships to ensure that all relevant stakeholders are considered.

Anglo American is actively participating in the carbon tax debate in order to impress on government, amongst other things, the potential impact it will have on the international competitiveness of the South African mineral export industry.

Above

01 The 2ha bamboo plantation in Thabazimbi will help offset Kumba's impact on the environment.



For more information, visit
www.angloamericankumba.com

ENVIRONMENTAL PERFORMANCE

CONTINUED



01



02



"Kumba is implementing the ECO₂MAN project to determine carbon and energy performance management standards and targets".

Christo van Loggerenberg
Executive head: technical services
Kumba Iron Ore

CASE STUDY: ENERGY AND CARBON OPTIMISATION INTEGRATED INTO MINE PLANNING

Rising energy costs and possible carbon tax measures have added impetus to Kumba's energy and carbon optimisation programme. Energy (electricity and fuel) costs currently comprise between 15% and 20% of Kumba's cash costs to produce a tonne of product.

In 2012, Kumba took another step towards the integration of this programme into mine planning by finalising the roll out of ECO₂MAN, a project that affords a better understanding of our future energy consumption and carbon footprint over the life of an asset; supporting identification of least-cost energy-saving measures. The ECO₂MAN programme is linked to Anglo American's Group technical Standard (GTS) on energy and green house gas (GHG) emissions management.

The ECO₂MAN system facilitates the setting of emission-reduction targets for each mine as part of the mine manager's performance contract as Kumba aims to address the business risks associated with climate change in a phased approach. The aim is to reduce energy consumption and emissions based on a BAU methodology.

The total capital cost of projects identified under the ECO₂MAN programme for the coming year has been estimated at between R10 million and R15 million. Yet, the savings potential is more significant. Training in the ECO₂MAN programme, for the energy teams of all the mines, was conducted by Anglo American's manager: climate change and energy as well as the Kumba senior energy engineer during 2012.

As Sishen mine, around 33 energy and GHG initiatives were identified and found feasible in 2011 through consulting services, leading to a potential saving of R7 million to R12 million a year. A total of 11 initiatives were already implemented during 2012. A total

of 11 initiatives were already implemented by December 2012. The mine identified specific initiatives and targets for each of the BAU mining and plant processes that will contribute to the overall target of Sishen mine. Some projects were implemented in 2012 and verification is due to be completed in 2013. Others will be implemented during 2013.

At Kolomela mine, a workshop was held in August 2012 to raise ECO₂MAN awareness and to establish an energy team for the new mine. It was attended by representatives of finance, supply chain, mining, plant, sustainable development, engineering and Total South Africa (as diesel supplier). The Kolomela mine energy team was nominated during the workshop to meet on a quarterly basis and discuss progress on climate change and energy initiatives, as best practice to be adopted by other Kumba operations.

Several new energy-efficiency initiatives were identified during 2012 at all the Kumba mines. An example of an initiative with long term impact on productivity and asset optimisation was identified at Thabazimbi mine. Changes to the Thabazimbi mine plant's pumping and screening process were approved for implementation in 2013 with a view to a reduction in energy consumption of about 308,700kWh per annum. This project is eligible for Eskom funding under "process optimisation".

Kumba's internal quarterly reporting system includes energy and emission-savings registers.

Above

01, 02, Kumba has a vigorous energy and carbon optimisation programme across sites.



For more information visit, www.angloamericankumba.com



"Water savings projects initiated and targets set at all operations."

Alex Mgadzah

Executive head: safety and sustainable development
Kumba Iron Ore

Excess clean water from dewatering activities at the Sishen and Kolomela mines by local authorities.

CASE STUDY: SEEKING INNOVATIVE WAYS TO CONSERVE WATER

As an extension of our water use and management strategy, Kumba is studying aquifer recharge so that some of the excess water from our mines can be stored in compartments adjacent to mining activities where it is not used but available to replenish the original groundwater source.

"By recharging aquifers, we are behaving as responsible water custodians and this is a sustainable solution to the management of excess water," says Anca Burger, senior engineer. "Rather than releasing the water to the environment, it is stored underground where it cannot be contaminated or evaporate."

Although the Sishen and Kolomela mines operate in water-scarce regions, the mines' activities generate significant amounts of water from groundwater inflow into the pits which must be dewatered to enable safe mining. Excess water pumped from the pit is supplied to local municipalities in line with the mines' water-use licences. However, local municipalities do not have adequate infrastructure to deal with the water in periods of flooding so the excess water has to be released to the environment.

Kolomela mine released approximately 475,490m³ of water to the environment in – 205,490m³, 140,000m³ and 130,000m³ through the controlled release concession in July, August and September respectively. Sishen mine also released some water through the controlled release concession – 32,869m³ in July and 4,280m³ in September 2012. The Sishen and Kolomela mines requested an additional 12 month's extension of the emergency water-release permit from the Department of Water Affairs on 28 August 2012.

At Thabazimbi mine, dewatering is not necessary yet. Water is extracted from boreholes but, instead of using pristine groundwater for production processes, effluent is re-used. The treatment works at Thabazimbi mine are being upgraded so this could be the mine's sole water source. Recycled effluent is also used in the processes at the Sishen and Kolomela mines so that they are able to export even

more water to surrounding municipal areas. Some 50% of all water used by Kumba's operations has been recycled.

Re-use of water from the treatment works is one of the measures, apart from harvesting rainwater, employed by Kumba to secure water supply. "Looking towards the future, we are trying to minimise our dependence on groundwater," Burger, points out. "We are, therefore, planning a pollution control dam which will contain all the water we receive in the slimes dams, other dams and the plant area. The water in the control dam will return to the plant." The cost to build this pollution control dam has been estimated at R200 million.

Kumba's longer-term water management strategy includes banking our surplus water in well fields planned along the route of the Sedibeng pipeline which carries purified water from the Vaal River to the Northern Cape, and possibly into Botswana at a later stage. "The distance and, consequently, the cost of transporting purified water along this pipeline are greatly reduced with well fields along the way," says Burger. "We believe there is also opportunity for us to draw water from this pipeline in an emergency."

Discussions are also underway to establish whether or not Thabazimbi mine could pump water from the Crocodile River, via a pump station planned near the mine, if necessary.

Kumba is also planning to build a potable water reservoir at Sishen mine in 2013. This facility will be shared by the mine and the town when it is commissioned in 2014. "It will ensure supply for seven days so, if the town does not receive water from the mine for seven days, it will not be in dire straits," states Burger. "The mine will also be assured of sufficient water for its processes."

Above

01 Kumba is investigating options to replenish the water resources tapped by our operations.



For more information visit, www.angloamericankumba.com

ENVIRONMENTAL PERFORMANCE

CONTINUED



01



02



03



“Water management is increasingly part of the sustainable future of each mine and its associated communities.”

Norman Mbazima
Chief executive
Kumba Iron Ore

Our operations are on a ‘water journey’ from a disciplined position to a resilient position.

CASE STUDY: GETTING ‘WETT’ – MEASURING AND MANAGING WATER

The Anglo American Water Efficiency Target Tool (WETT) – used to improve the management of water and thus make Kumba more resilient to the risk of scarce water supply – is being entrenched in each mine’s sustainability strategy. Kumba is making a concerted effort to achieve a 10% to 15% saving by 2020.

“Sishen mine is well on track in terms of planned and actual progress, Thabazimbi mine has made substantial achievements and Kolomela mine has been designed for success,” says Tom Verbeek, principle engineer.

When water-management performance was measured at the end of July 2012, water efficiency at the Kolomela and Sishen mines was found to be favourable in comparison with the target of 175 litres per tonne. Thabazimbi mine’s water efficiency had deteriorated during the reporting period due to a significant drop in production.

When compliance status was assessed against the Anglo American Group Technical Standard (GTS) 21 for water management, all operations had progressed to “substantial achievement” (75% to 100%).

The water management standard was rolled out to all operations in 2011. All operations had to perform a gap analysis against the GTS 21 standard and address these gaps with specific actions in their water action plans.

Kumba’s plans include extensive stakeholder engagement, including participation in various regional forums with the Department of Water Affairs and the Sedibeng District Municipality, the international Water Disclosure Project (part of the Carbon Disclosure Project) which works with business to prevent climate

change and protect our natural resources, local farmers and water-user associations, as well as other interested and affected parties.

“We face numerous challenges in mitigating the impact we have on our neighbours but we do try to find solutions by, for example, drilling deeper boreholes for farmers and, in exceptional cases, supply water where it is needed although this is not sustainable as our service will not be available when mining ceases,” Verbeek states.

Kumba even goes a step further by installing water-quality monitoring meters as part of our telemetry project which is due to be completed by early 2014. The telemetry project scope can be summarised as the transfer of remote signals from various points to a centralised control room, including the development of a new Supervisory Control and Data Acquisition (SCADA) system to monitor and control Sishen mine’s water network. Water-meter reading and water-balance calculations are key drivers behind the installation of the telemetry system. The telemetry system will also be used to relay information received from truck filling points to the control room.

Above

01 Ground water remediation.

02 Water management makes Kumba more resilient to the risk of scarce supply.

03 Nosimo Macatsha and Karel Hendrik Page.



For more information visit, www.angloamericankumba.com

STATEMENT FROM THE GLOBAL REPORTING INITIATIVE



Statement GRI Application Level Check

GRI hereby states that **Kumba Iron Ore Limited** has presented its report “Sustainable Development Report 2012” to GRI’s Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 13 March 2013

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The “+” has been added to this Application Level because Kumba Iron Ore Limited has submitted (part of) this report for external assurance. GRI accepts the reporter’s own criteria for choosing the relevant assurance

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world’s most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 25 February 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

INDEPENDENT ASSURANCE REPORT TO THE DIRECTORS OF KUMBA IRON ORE LIMITED

We have been engaged by the directors of Kumba Iron Ore Limited (Kumba) to perform an independent assurance engagement in respect of Selected Identified Sustainable Development Information reported in Kumba's Sustainable Development Report for the year ended 31 December 2012 (the "Report"). This report is produced in accordance with the terms of our contract with Kumba dated 29 October 2012.

INDEPENDENCE AND EXPERTISE

We have complied with the International Federation of Accountants' Code of Ethics for Professional Accountants, which includes comprehensive independence and other requirements founded on fundamental principles of integrity, objectivity, and professional competence and due care, confidentiality and professional behaviour. Our engagement was conducted by a multidisciplinary team of health, safety, environmental and assurance specialists with extensive experience in sustainability reporting.

SCOPE AND SUBJECT MATTER

The subject matter of our engagement and the related levels of assurance that we are required to provide are as follows:

REASONABLE ASSURANCE

The following identified sustainable development information in the Report was selected for an expression of reasonable assurance:

- Number of fatalities (page 36).
- Lost-time injury-frequency rate (LTIFR) (page 36).
- Lost-time injury severity rate (LTISR) (page 36).
- Employee new cases of noise induced hearing loss (NIHL) (page 39).
- Employee new cases of occupational diseases reported (page 39).

- Scope 1 CO₂ emissions in kilotonnes (page 72).
- Scope 2 CO₂ emissions in kilotonnes (page 72).
- Number of level 3, 4 and 5 environmental incidents reported (page 70).
- Total energy use in gigajoules (page 72).

LIMITED ASSURANCE

The following identified sustainable development information in the Report was selected for an expression of limited assurance:

- Water used for primary activities in m³ (page 73).
- Water used for non-primary activities in m³ (page 73).
- Percentage enrolment of estimated HIV cases in wellness programmes (page 41).
- Number of employees participating in HIV counselling and testing (HCT) (page 41).
- Total amount spent on corporate social investment (CSI) projects in ZAR (page 58).
- Mining Charter Scorecard: procurement spent from BEE entities (page 29).
- Self declaration of Global Reporting Initiative (GRI) application level (page 02).

We refer to this information as the "Selected Identified Sustainable Development Information".

We have not carried out any work on data reported for prior reporting periods except for data that was included in the prior year's assurance scope, nor have we performed work in respect of future projections and targets. We have not conducted any work outside of the agreed scope and therefore restrict our opinion to the Selected Identified Sustainable Development Information.

RESPONSIBILITIES OF THE DIRECTORS

The directors are responsible for selection, preparation and presentation of the Selected Identified Sustainable Development Information in accordance with the criteria set out in Kumba's reporting policies set out on page 98 of the Report, and the Global Reporting Initiative's (GRI) new generation (G3) guidelines, collectively referred to as the "Reporting Criteria". The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the Selected Identified Sustainable Development Information that are free from material misstatements, whether due to fraud or error.

RESPONSIBILITY OF THE INDEPENDENT ASSURANCE PROVIDER

Our responsibility is to form an independent conclusion, based on our assurance procedures, on whether the Identified Sustainable Development Information for reasonable assurance is stated, in all material respects, in accordance with the Reporting Criteria.

We further have a responsibility to form an independent conclusion, based on our limited assurance procedures, on whether anything has come to our attention to indicate that the Identified Sustainable Development Information for limited assurance is not stated, in all material respects, in accordance with the Reporting Criteria.

Our responsibility is to express a conclusion to the directors on the selected identified sustainable development information contained in the Report for the year ended 31 December 2012, based on our assurance engagement. We consent to the inclusion of this report in the Report to assist Kumba's members in assessing whether the directors have discharged their responsibilities by

commissioning an independent assurance report from an appropriately qualified organisation in connections with the selected subject matter.

ASSURANCE WORK PERFORMED

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ("ISAE 3000"). This standard requires that we comply with ethical requirements and that we plan and perform the assurance engagement to obtain either reasonable or limited assurance on the Selected Identified Sustainable Development Information as per the terms of our engagement.

Our work included examination, on a test basis, of evidence relevant to the Identified Sustainable Development Information. It also included an assessment of the significant estimates and judgements made by the directors in the preparation of the Identified Sustainable Development Information. We planned and performed our work so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence on which to base our conclusions:

- reviewing processes that Kumba has in place for determining material Identified Sustainable Development Information to be included in the Report;
- obtaining an understanding of the systems used to generate, aggregate and report data at the sampled operations;
- conducting interviews with management at the sampled operations and at Head Office;
- applying the assurance criteria in evaluating the data generation and reporting processes;
- performing a controls walkthrough;
- testing the accuracy of data reported on a sample basis for limited and reasonable assurance;

- reviewing the consolidation of the data at Head Office to obtain an understanding of the consistency of the reporting processes compared with prior years and to obtain explanations for deviations in performance trends;

- reviewing the consistency between the Identified Sustainable Development Information and related statements in Kumba's Report; and

- reviewing the accuracy of Kumba's self-declaration of the GRI (G3) Application Level in the Report.

A limited assurance engagement is less in scope than a reasonable assurance engagement under ISAE 3000. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement, and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement.

The procedures selected depend on our judgement, including the assessment of the risk of material misstatement of the Selected Identified Sustainable Development Information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to Kumba's preparation of the Selected Identified Sustainable Development Information in order to design procedures that are appropriate in the circumstances.

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

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 judgments.

Conversion factors used to derive energy used from fuel and electricity

consumed, is based upon information and factors derived by independent third parties. Our assurance work has not included an examination of the derivation of those factors and other third party information.

CONCLUSIONS

Reasonable assurance

Based on the results of our procedures, in our opinion, the Identified Sustainable Development Information for reasonable assurance for the year ended 31 December 2012 is stated, in all material respects, in accordance with the Reporting Criteria.

Limited assurance

Based on the results of our procedures nothing has come to our attention that causes us to believe that the Identified Sustainable Development Information for limited assurance for the year ended 31 December 2012, is not stated, in all material respects, in accordance with the Reporting Criteria.

Other matters

The maintenance and integrity of Kumba's website is the responsibility of Kumba's management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Report or our independent assurance report that may have occurred since the initial date of presentation on Kumba's website.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: Wessie van der Westhuizen

Registered Auditor

Johannesburg

22 March 2013

GRI CONTENT INDEX

Kumba has adopted the Global Reporting Initiative's (GRI) 3.0 guidelines, including GRI's Mining and Metals Sector Supplement (MMSS), as the basis for its reporting and has declared an A+ level of reporting. The report has been externally assured by PwC (see page 82) and checked by GRI (see page 81).

LOOK OUT FOR IMPORTANT REFERENCES IN THIS SECTION

✓ Fully reported

✓ Partially reported

✗ Not reported

SD See the corresponding pages in the Sustainable Development Report 2012

IR See the corresponding pages in the Integrated Report 2012

www See the website: www.angloamericankumba.com

COMMENTARY AND LOCATION (PAGE)			LEVEL OF REPORTING
Profile			
1. Strategy and analysis			
1.1	Statement from the most senior decision-maker of the organisation.	SD 08 to 09 and 10 to 11	✓
1.2	Description of key impacts, risks and opportunities.	16 to 18 and IR 26 to 28 SD Kumba's management practices enshrine stakeholder rights, the South Africa constitution and the Bill of Rights.	✓
2. Organisational profile			
2.1	Name of the organisation.	SD ii	✓
2.2	Primary brands, products, and/or services.	SD ii	✓
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	SD ii	✓
2.4	Location of organisation's headquarters.	SD ii	✓
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	SD ii	✓
2.6	Nature of ownership and legal form.	SD iii	✓
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	SD iii Kumba produces raw iron ore. Over 99% of iron ore commercially used is for steel making. Steel is used in construction (housing/housing appliances), aircrafts, automobiles and containers (steel cans).	✓
2.8	Scale of organisation.	SD ii, iii, 26 and IR 32	✓
2.9	Significant changes during the reporting period regarding size, structure or ownership.	SD ii, iii and 2	✓
2.10	Awards received in the reporting period.	SD 17	✓

COMMENTARY AND LOCATION (PAGE)			LEVEL OF REPORTING
3. Report parameters			
Report profile			
3.1	Reporting period (e.g. fiscal/calendar year) for information provided.	SD 02	✓
3.2	Date of most recent previous report (if any).	SD 02	✓
3.3	Reporting cycle (annual, biennial, etc.).	SD 02	✓
3.4	Contact point for questions regarding the report or its contents.	SD 02	✓
Report scope and boundary			
3.5	Process for defining report content, including: <ul style="list-style-type: none"> determining materiality; prioritising topics within the report; and identifying the organisation's stakeholders. 	SD 02, 14, 15, 18 and 19	✓
3.6	Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	SD 02	✓
3.7	State any specific limitations on the scope or boundary of the report.	SD 02	✓
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can significantly affect comparability from period to period and/or between organisations.	SD 02	✓
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report.	SD 02	✓
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	SD 02 None	✓
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report.	None	✓
GRI content index			
3.12	Table identifying the location of the disclosures in the report.	SD 84 to 97	✓
Assurance			
3.13	Policy and practice for seeking independent assurance for report.	SD 82 and 83	✓

GRI CONTENT INDEX

CONTINUED

COMMENTARY AND LOCATION (PAGE)			LEVEL OF REPORTING
4. Governance, commitments and engagement			
Governance			
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	SD 22 to 24	✓
4.2	Indicate whether the chair of the highest governance body is also an executive officer.	SD 22	✓
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	SD 22	✓
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	SD 15, 16, 17 and 24	✓
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance).	SD 23	✓
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	SD 23 and 24	✓
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental and social topics.	SD 23	✓
4.8	Internally developed statements of mission or values, codes of conduct and principles relevant to economic, environmental, and social performance and the status of their implementation.	SD 18 and 25 This report deals with progress in implementing strategies, for example as described on pages 49 (empower women), 51 (poverty alleviation) and 54 (protect human rights).	✓
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance.	SD 23 and 24	✓
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance.	SD 23	✓
Commitments to external initiatives			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	SD 22	✓

		COMMENTARY AND LOCATION (PAGE)		LEVEL OF REPORTING
4.12	Externally developed economic, environmental, and social charters, principles or other initiatives to which the organisation subscribes or endorses.	SD	15, 24 and 54	✓
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations.	SD	15	✓
Stakeholder engagement				
4.14	List of stakeholder groups engaged by the organisation.	SD	14 and 15	✓
4.15	Basis for identification and selection of stakeholders with whom to engage.	SD	14 and 15	✓
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	SD	15 and 16	✓
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	SD	16 and 17	✓
Disclosures on management approach				
Economic performance aspects				
	Economic performance	SD	26	✓
	Market presence	SD	iii, 66 and 67	✓
	Indirect economic impacts	SD	26 to 31 and 57 to 65	✓
Environmental performance aspects				
	Materials	SD	70 and 71	✓
	Energy	SD	71	✓
	Water	SD	73 and 74	✓
	Biodiversity	SD	75 and 76	✓
	Emissions, effluent and waste	SD	72 to 77	✓
	Products and services	SD	66 and 67	✓
	Compliance	SD	70	✓
	Transport	SD	71 to 73	✓
	Overall	SD	69 and 70	✓
Labour practices and decent work performance aspects				
	Employment	SD	46	✓
	Labour/management relations	SD	47 to 49	✓
	Occupational health and safety	SD	34 to 43	✓
	Training and education	SD	49 and 50	✓
	Diversity and equal opportunity	SD	49	✓

GRI CONTENT INDEX

CONTINUED

COMMENTARY AND LOCATION (PAGE)			LEVEL OF REPORTING
Human rights aspects			
Investment and procurement practices	SD	27, 29, 55 and 58	✓
Non-discrimination	SD	49 and 54	✓
Freedom of association and collective bargaining	SD	47, 48 and 54	✓
Child labour	SD	54	✓
Forced and compulsory labour	SD	54	✓
Security practices	SD	54 and 55	✓
Indigenous rights		Not applicable to Kumba.	X
Society aspects			
Community	SD	58	✓
Artisanal and small-scale mining		Not applicable to Kumba. Artisanal or small-scale mining does not take place on or adjacent to any of our properties.	X
Resettlement	SD	53	✓
Closure planning	SD	26, 69, 70 and 75	✓
Grievance mechanisms and procedures	SD	16, 17, 24 and 54	✓
Emergency preparedness	SD	41	✓
Corruption	SD	22, 24 and 55	✓
Public policy	SD	15 and 17	✓
Anti-competitive behaviour	SD	23, 24 and 55	✓
Compliance	SD	24, 67 and 70	✓
Product responsibility aspects			
Materials stewardship	SD	66 and 67	✓
Customer health and safety		Not material	X
Product and service labelling		Not material	X
Marketing communications		Not material	X
Customer privacy	SD	66 and 67	✓
Compliance	SD	66 and 67	✓

		COMMENTARY AND LOCATION (PAGE)	LEVEL OF REPORTING
Economic performance indicators			
Aspect: Economic performance			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. Payments to local communities as part of land use agreements, not including land purchases. Report countries of operation that are either candidates for or compliant with the Extractive Industries Transparency Initiative (EITI).	SD 26 to 28 and IR 30 South Africa is not a candidate for or compliant with the EITI.	✓
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	SD 71, 77 and 78 Also refer to our CDP response at http://www.kumba.co.za/index.php	✓
EC3	Coverage of the organisation's defined benefit plan obligations.	Kumba has no defined contribution plans. Pension plan participation is mandatory while all pension liabilities are covered.	✓
EC4	Significant financial assistance received from government.	SD Kumba received no payments from the government apart from reimbursement of our payments to the skills development levy and VAT recovered. Kumba has not received grants, tax relief or other types of benefits from government.	✓
Aspect: Market presence			
EC5	Range of ratios of standard entry-level wage compared to local minimum wage at significant locations of operation.	SD No minimum wage is specified for the South African mining sector. Kumba has a minimum wage of R4,790 per month (as per collective bargaining agreement) at the lowest grade level.	✓
EC6	Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation.	SD 27, 29, 30 and 48	✓
EC7	Procedures for local hiring and proportion of senior management and workforce hired from the local community at significant locations of operation. In significant locations of operation, report proportion of the facility's total workforce from the local community.	SD 48, 49 and 50 The collation of the proportion of senior management in significant locations of operation from the local community using data of full-time employees is not yet in place. This is being addressed and will be fully reported on by 2014.	✓
Aspect: Indirect economic impacts			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind, or <i>pro bono</i> engagement.	SD 59 and 60	✓
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	SD 26 to 31 and 57 to 65	✓

GRI CONTENT INDEX

CONTINUED

COMMENTARY AND LOCATION (PAGE)				LEVEL OF REPORTING
Environmental performance indicators				
Aspect: Materials				
EN1	Materials used by weight or volume.	SD	71	✓
EN2	Percentage of recycled input materials used.		As a mining company, the potential for using recycled input materials is limited.	X
Aspect: Energy				
EN3	Direct energy consumption by primary energy source.	SD	72	✓
EN4	Indirect energy consumption by primary source.	SD	72	✓
EN5	Energy saved due to conservation and efficiency improvements.	SD	71 and 73	✓
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	SD	71, 73 and 78	✓
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	SD	71, 73 and 78	✓
Aspect: Water				
EN8	Total water withdrawal by source.	SD	73 and 74	✓
EN9	Water sources significantly affected by withdrawal of water.	SD	73 and 74	✓
EN10	Percentage and total volume of water recycled and re-used.	SD	73 and 74	✓
Aspect: Biodiversity				
EN11	Location and size of land owned, leased, managed in or adjacent to, protected areas and areas of high biodiversity value outside protected areas.		This information has not been collated for 2012 and will be fully reported on by 2014.	X
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	SD	75 This information has not been collated for 2012 and will be fully reported on by 2014.	✓
MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated.	SD	75 and 76	✓
EN13	Habitats protected or restored. Report whether and how biodiversity offsets have been used as part of the overall policy and approach to habitat protection and restoration.	SD	75 to 77	✓
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	SD	75 to 77	✓
MM2	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place.	SD	75 to 77	✓

		COMMENTARY AND LOCATION (PAGE)		LEVEL OF REPORTING
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	SD	75	✓
Aspect: Emissions, effluent and waste				
EN16	Total direct and indirect green house gas emissions by weight.	SD	72	✓
EN17	Other relevant indirect green house gas emissions by weight.	SD	72	✓
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	SD	71, 73 and 78	✓
EN19	Emissions of ozone-depleting substances by weight.		Not material. Ozone-depleting substances are not produced by the mining or processing of iron ore.	✗
EN20	Emissions of ozone-depleting substances by weight.	SD	NOx and SOx emissions have not been accurately measured as the group's focus has been on the management of CO ₂ equivalents. Data collation measures are being put in place and this will be fully reported on in 2014.	✗
EN21	NOx, SOx, and other significant air emissions by type and weight.	SD	73 and 74 This information has not been collated for 2012 and will be fully reported on by 2014.	✓
EN22	Total weight of waste by type and disposal method.		The total weight of waste data collation infrastructure has not been in place. This is being addressed and will be fully reported on by 2014.	✗
MM3	Total amounts of overburden, rock, tailings, and sludges and their associated risks.	SD	76 The total amounts of tailings and sludge data collation infrastructure is not yet in place. This is being addressed and will be fully reported on by 2014.	✓
EN23	Total number and volume of significant spills.	SD	70 No significant spills occurred during 2012.	✓
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	SD	76	✓
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff.	SD	73, 74 and 79	✓

GRI CONTENT INDEX

CONTINUED

COMMENTARY AND LOCATION (PAGE)			LEVEL OF REPORTING
Aspect: Products and services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	<div>SD</div> <div>Our products are unfinished raw materials which are not sold directly to consumers. Material impacts emanating from their production relate to the use of resources, waste, dust and noise. Initiatives to mitigate the most significant environmental impacts of production are described in relation to materials use (page 71), in particular water (page 73), GHG and direct energy (page 71), land use (page 75), as well as waste (page 76, dust (page 77) and noise (page 38). End use-orientated data is not available as our unfinished product is sold on for further processing.</div>	<div>✓</div>
EN27	Percentage of products sold with packaging materials that are reclaimed, by category.	<div>None</div> <div>Iron ore is a bulk commodity that is not packaged. It is railed to port, secured between fixed corrugated dividers in the cargo holds of ships, and then unloaded onto trains and railed directly to customers.</div>	<div>✗</div>
Aspect: Compliance			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	<div>SD</div> <div>24 and 70</div>	<div>✓</div>
Aspect: Transport			
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.	<div>SD</div> <div>72</div> <div>Figures a year in arrears due internal reporting schedules. 2011 figures are therefore available.</div>	<div>✓</div>
Aspect: Overall			
EN30	Total environmental protection expenditures and investments by type.	<div>Expenditure and investments information is not currently collated. Data collation measures are in place to address this and will be fully reported by 2014.</div>	<div>✗</div>
SOCIAL PERFORMANCE INDICATORS			
Labour practices and decent work performance indicators			
Aspect: Employment			
LA1	Total workforce by employment type, employment contract and region.	<div>SD</div> <div>46</div>	<div>✓</div>
LA2	Total number and rate of employee turnover by age group, gender and region.	<div>SD</div> <div>46 and 47</div>	<div>✓</div>
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	<div>SD</div> <div>47</div>	<div>✓</div>

COMMENTARY AND LOCATION (PAGE)			LEVEL OF REPORTING
Aspect: Labour/management relations			
LA4	Percentage of employees covered by collective bargaining agreements.	SD 48	✓
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	SD 47	✓
MM4	Number of strikes and lockouts exceeding one week's duration, by country.	SD 47 to 48	✓
Aspect: Occupational health and safety			
LA 6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes.	34 and 47 Safety and health committees direct safety management and include union representation. Approximately 85% of the Kumba workforce is unionised or covered by collective bargaining agreements and hence participates in these committees through their representatives. Kumba's view is that more than 75% of its workforce is represented through some form of health and safety committee and/or tripartite agreement with unions and authorities.	SD ✓
LA7	Rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities by region.	iii, 36, 38, 39 and 47 This excludes minor first-aid injuries, and a day is a calendar day, beginning the day following the injury. The South African mining industry uses lost time and not lost rates as a standard reporting measure. At Kumba, similar safety standards and expectations apply to contractors as to employees. Performance is therefore not differentiated.	SD ✓
LA8	Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases.	SD 39 and 40	✓
LA9	Health and safety topics covered in formal agreements with trade unions.	SD 34	✓
Aspect: Training and education			
LA10	Average hours of training per year per employee by employee category.	Hours by employee category are not available. Training hours are reported at an operational level and breakdowns per category have not been recorded so far. Data collation measures are being put in place to address this and will be fully reported by 2014. This excludes minor first-aid injuries, and a day is a calendar day, beginning the day following the injury.	✓

GRI CONTENT INDEX

CONTINUED

		COMMENTARY AND LOCATION (PAGE)		LEVEL OF REPORTING
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	SD	50 and 51	✓
LA12	Percentage of employees receiving regular performance and career development reviews.	SD	48	✓
Aspect: Diversity and opportunity				
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity.	SD	22, 23, 46, 49 and IR 12 and 13	✓
LA14	Ratio of basic salary of men to women by employee category.		<p>Kumba's remuneration policy does not distinguish between genders, and in fact, legislation prohibits this. Currently the average ratio of basic salaries of men to women across Kumba's operations is 1.00:0.84, with the following ratios recorded across each employment category:</p> <ul style="list-style-type: none"> • Non-bargaining units: 1.00:0.93 • administrative: 1.00:0.68 • maintenance: 1.00:0.68 • operations: 1.00:0.87 • support: 1.00:0.64 	✓
Human rights performance indicators				
Aspect: Investment and procurement practices				
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	SD	54 100%	✓
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	SD	55 100% None	✓
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	SD	54	✓
Aspect: Non-discrimination				
HR4	Total number of incidents of discrimination and actions taken.	SD	54	✓
Aspect: Freedom of association and collective bargaining				
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	SD	54 Kumba uses our influence along our supply chain to promote the right of freedom of association and collective bargaining. We actively promote human rights along our value chain.	✓

COMMENTARY AND LOCATION (PAGE)			LEVEL OF REPORTING
Aspect: Child labour			
HR6	Operations identified as at significant risk for incidence of child labour, and measures taken to contribute to the effective abolition of child labour.	No operations have significant risk of child labour. We actively promote fundamental human rights along our supply chain through awareness raising, training and screening of suppliers.	✓
Aspect: Forced and compulsory labour			
HR7	Operations identified as at significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour.	No operations are at risk of forced or compulsory labour. We actively promote fundamental human rights along our supply chain through awareness raising, training and screening of suppliers.	✓
Aspect: Security practices			
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	SD 54 and 55	✓
Aspect: Indigenous rights			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	None	X
MM5	Total number of operations taking place in, or adjacent to, indigenous peoples' territories, and number and percentage of operations or sites where there are formal agreements with indigenous peoples.	None	X
Society performance indicators			
Aspect: Local communities			
SO1	Nature, scope and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting.	SD 58	✓
MM6	Number and description of significant disputes relating to land use, customary rights of local communities and indigenous peoples.	SD 53 There were no significant disputes in 2012.	✓
MM7	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and indigenous peoples, and their outcomes.	SD 53 Grievance mechanisms were not used in 2012.	✓
MM8	Number (and percentage) of operating company sites with artisanal and small-scale mining taking place on, or adjacent to the site; describe the associated risks and the actions taken to manage and mitigate these.	Artisanal or small-scale mining does not take place on or adjacent to any of our properties.	X
MM9	List sites where resettlement took place, the number of households resettled in each, and how their livelihoods were affected in the process.	SD 53	✓

GRI CONTENT INDEX

CONTINUED

		COMMENTARY AND LOCATION (PAGE)	LEVEL OF REPORTING
MM10	Number and percentage of operations with closure plans.	26, 70 and 75 Sishen, Kolomela and Thabazimbi mines - 100%	✓
Aspect: Corruption			
SO2	Percentage and total number of business units analysed for risks related to corruption.	22, 24 and 55 Sishen, Kolomela and Thabazimbi mines - 100%	✓
SO3	Percentage of employees trained in the organisation's anti-corruption policies and procedures.	Kumba's anti-corruption policies are covered by the Anglo American business integrity policy to which Kumba adheres. 96% of employees were trained during 2012, including non-management employees, although decision makers in the organisation are targeted.	✓
SO4	Actions taken in response to incidents of corruption.	No incidents of corruption occurred during 2012.	✓
Aspect: Public policy			
SO5	Public policy positions and participation in public policy development and lobbying.	15 and 17 Some elements of our public policy development and lobbying are of a sensitive nature.	✓
SO6	Total value of financial and in-kind contributions to political parties, politicians and related institutions by country.	24	✓
Aspect: Anti-competitive behaviour			
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices, and their outcomes.	22, 24 and 55	✓
Aspect: Compliance			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	24	✓
Product responsibility performance indicators			
Aspect: Customer health and safety			
MM11	Programmes and progress relating to materials stewardship.	66	✓
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	While 100% of Kumba's product undergoes regular health and safety impact assessments during mining and production, this can only be controlled from cradle to gate. After delivery to customers, its iron ore is consumed in the production of steel, which is a fundamentally different product, with a different life cycle of uses, markets and impacts.	✓

		COMMENTARY AND LOCATION (PAGE)		LEVEL OF REPORTING
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	SD	66 None	✓
Aspect: Products and service labelling				
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	SD	66 Information relating to sourcing of components, safe use and disposal of iron ore is not applicable to Kumba. This is not required by the company's labelling procedures, or those of its customers.	✓
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.		Not applicable to Kumba.	X
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	SD	16, 66 and 67 Survey results not applicable to Kumba. Kumba has too few customers, each with different relationships and needs, for surveys to be meaningful. The company maintains direct relationships with its customers and seeks feedback through on-going individual engagement with them.	✓
Aspect: Marketing communications				
PR6	Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.		Kumba does not engage in any advertising, promotion or sponsorship, with the exception of limited brand building initiatives dictated by the branding guidelines of its parent company, Anglo American plc. Laws relating to marketing communication are therefore not relevant to the company.	X
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.		None The company does not undertake mass marketing initiatives or campaigns. This indicator is therefore not material.	X
Aspect: Customer privacy				
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.		Not applicable to Kumba. The company has only a few select customers.	
Aspect: Compliance				
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	SD	24 and 67 None	✓

GLOSSARY OF TERMS AND ACRONYMS

ABET	Adult basic education and training
AGM	Annual general meeting
AHI	Afrikaanse Handelsinstituut
AMSA	ArcelorMittal South Africa
ART	Anti-retroviral treatment
ARV	Anti-retroviral
ASTiD	Advisory System for Tired Drivers
BAMCU	Building Allied Mining and Construction Union
BAP	Biodiversity action plan
BAU	Business-as-usual
BEE	Black economic empowerment
Bioremediation	The process in which pollutants and contaminants are removed or neutralised in contaminated soil and water
Blast furnace	A heating system that is used to smelt iron ore
CDM	Clean development mechanism
CDP	Carbon Disclosure Project
CDT	Community development trust
CED	Community engagement and development
CEP	Community engagement plan
CSI	Corporate social investment
CSIR	Council for Scientific and Industrial Research
Direct reduction	The process in which iron is extracted from ore at a temperature below the melting points of the materials involved
DMR	Department of Mineral Resources
DMS	Dense medium separation
DTI	Department of Trade and Industry
ECS	Energy Combustion Services
EDD	Economic Development Department
EIA	Environmental impact assessment
EITI	Extractive Industries Transparency Initiative
EMP	Environmental management plan
Employment equity	Legislation assisting the elimination of discrimination and encouraging equitable representation of employees from designated groups by means of affirmative action
EMS	Emergency Medical Service
Envision	SIOC employee share participation scheme
ERP	Enterprise resource planning
Exxaro	Exxaro Resources Limited
FTFA	Food & Trees for Africa
Gap analysis	A comparison between potential performance and actual performance
GJ	Gigajoule
GJ/t	Gigajoule per tonne
GHG	Greenhouse gas
GI	Glycaemic index
Grade	A measure of the metal or mineral content in ore, expressed as a weight or percentage
GRI	Global Reporting Initiative

GTS	Group Technical Standard
HCT	HIV counselling and testing
HDSA	Historically disadvantaged South African
HPI	High potential incident
ICMM	International Council on Mining and Metals
IUCN	International Union for Conservation of Nature
IDC	Industrial Development Corporation
IDP	Integrated development plan
IFC	International Finance Corporation
IOEC	Sishen-Saldanha iron ore export channel
ISO	International Organization for Standardization
ISO 14001	An environmental management system standard published by the International Organisation for Standardisation
IT	Information technology
IWUL	Integrated water use licence
JSC	Joint steering committee
JSE	JSE Limited, Johannesburg Stock Exchange
JSE SRI	JSE Limited Socially Responsible Investment Index
JTG	John Taolo Gaetsewe
Key performance indicator	An issue of concern or importance to the company during the reporting period, including material issues and other current and potential challenges
King III	Code of and Report on Governance Principles for South Africa 2009
LED	Local economic development
LTI	Lost-time injury. Any occupational injury which renders an individual unable to perform their 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
LTISR	Lost-time injury severity rate. Number of lost days and restricted workdays per 200,000 man hours worked.
MDW	Mission Directed Work
MIG	Municipal infrastructure grant
Mining Charter	The broad based socio-economic charter for the South African mining industry, published in April 2004 and revised in 2010
MOSH	Mining industry occupational safety & health
MoU	Memorandum of Understanding
MPRDA	Mineral and Petroleum Resources Development Act
Mtpa	Million tonnes per annum
NGO	Non-governmental organisation
NIHL	Noise induced hearing loss, resulting from exposure to high-intensity sound, usually over a prolonged period of time
NOPAT	Net operating profit after tax
NUM	National Union of Mineworkers
OHSAS 18001	An occupational health and safety management system standard created by a number of the world's leading standards bodies
Ore	A rock that contains metal(s) or mineral(s) that can be extracted
Pre-feasibility phase	The period that precedes the feasibility study, in which experts determine whether undertaking a feasibility study would be prudent

GLOSSARY OF TERMS AND ACRONYMS

CONTINUED

PIT	Professionals in training
PGM	Platinum group metals
PPTS	Planned patient transport service
PRISM	Predictive risk intelligent safety module
PwC	PricewaterhouseCoopers
RAP	Resettlement action plan
R&D	Research and development
Remco	Human Resources Remuneration and Nomination Committee
RES	Renewable Energy Solutions
Rio Declaration	The Rio Declaration on Environment and Development, consisting of 27 Principles for guiding global sustainable development, produced at the 1992 United Nations Earth Summit
RWG	Resettlement working group
SABCOHA	South African Business Coalition on HIV/AIDS
SAICA	South African Institute of Chartered Accountants
SALDANHA	Saldanha Bay
SAMREC	South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves
SANBI	South African National Biodiversity Institute
SARS	South African Revenue Service
SCD	Social and community development
SDP	Sustainable development plan
SEAT	Socio-economic assessment toolbox
SIMS	State Intervention in Mining Sector
SIOC	Sishen Iron Ore Company (Pty) Limited
SIOC-cdt	SIOC Community Development Trust
SIP	Safety improvement plan
SLP	Social and labour plan
SME	Small and medium enterprise
Stripping ratio	The number of tonnes of waste material that must be removed in order to recover a single tonne of ore
SWEP	Sishen South Western Expansion project
TFR	Transnet Freight Rail
The Companies Act	The South African Companies Act No 71 of 2008
Tonne	A metric measure, equal to 1,000 kilograms
TRCFR	Total recordable case frequency rate
TSR	Total shareholder return
UGM	Ulysses Gogi Modise wellness clinic
UNFCCC	United Nations Framework Convention on Climate Change
VAT	Value added tax
VFL	Visible Felt Leadership
Waste Act	The National Environmental Act: Waste Act 59 of 2008
WETT	Water efficiency target tool

ADMINISTRATION

COMPANY REGISTRATION NUMBER:

2005/015852/06

JSE share code:

KIO

ISIN code:

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FEEDBACK FORM

As we review our sustainable development reporting process, we would greatly appreciate any feedback that you may wish to provide.

1. Personal details (optional)

Name _____
Organisation _____
Telephone _____
Email address _____
Postal address _____

2. What is the nature of your interest/association with Kumba?

Employee ☐
Community member ☐
Journalist ☐
Analyst ☐
Shareholder ☐
Registration ☐
Non-governmental or community-based organisation ☐
Student ☐
Supplier or business partner ☐
Other – please specify ☐ _____

3. How did you become aware of our report?

Delivered or posted to you (printed copy) ☐
Via the company website ☐
Email link sent to you ☐
Through the media ☐
From the Annual Financial Statements ☐
Other source – please specify ☐ _____

4. In what format did you view the report?

The web-based report ☐
The printed version ☐

5. Have you been aware of/had access to our previous report/reports?

Yes ☐ No ☐

6. Describe the content of the Sustainable Development Report?

Too detailed ☐
Not enough detail ☐

7. Do you think that we have clearly identified the sustainable development issues of concern to the company?

Yes ☐ No ☐

8. After reading the report, were you able to get a clear/better sense of how Kumba is dealing with these issues?

Yes ☐ No ☐

9. Indicate your main areas of interest:

Stakeholder engagement ☐
Governance ☐
Economic performance ☐
Safety ☐
Health ☐
Employment and employees ☐
Human rights ☐
Community ☐
Environmental performance ☐
Other – please specify ☐

10. Did you read the chief executive's review?

Yes ☐ No ☐

11. Does the fact that the report is independently assured provide you with confidence with regard to the accuracy and relevance of information?

Yes ☐ No ☐

12. Do you have any other comments on the report?

Thank you. Please send this feedback form to:

Yvonne Mfolo
Executive head: public affairs

E-mail: yvonne.mfolo2@angloamerican.com


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