

Report to Society 2009



Delivering sustainable value



Cover photo

Relobohile Tsiame, mining operator at Thermal Coal's Goedehoop colliery in South Africa

This page

Hydropower equipment (HPE) raise rig drill at Twickenham platinum mine in South Africa. HPE forms part of Anglo Platinum's mechanisation programme which, among other benefits, requires fewer employees to be present in the critical drilling areas

Our mission

Anglo American aims to be the leading global mining company – through the operational excellence of world class assets in the most attractive commodities and a resolute commitment to safe and sustainable mining.

Find out more

The icons below have been included throughout this report to indicate where additional information may be found.



For more information within this report



For more information online

At a glance

- > Improvements of 27% year-on-year in the lost-time injury frequency rate and 29% in the fatal-injury frequency rate relative to 2008
- > Supported 3,720 businesses and 12,982 jobs sustained through enterprise development programmes
- > Invested \$82.5 million in community development initiatives and charitable causes
- > More than \$2 billion paid directly to governments in taxes
- > Managed businesses in South Africa spent R18.6 billion (\$2.2 billion) with HDSA¹-owned businesses, 39.7% of total available procurement spend
- > Launched The Anglo Social Way, The Anglo Environment Way and the revised Business Principles

Underlying earnings per share

\$2.14

Underlying earnings

\$2.6bn

See page 47 for a list of managed Anglo American operations

For more information, visit www.angloamerican.co.uk

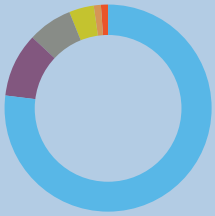
¹ Historically disadvantaged South African

Group overview



Permanent employees by region

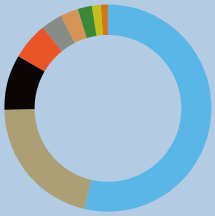
Annual average



	Total	%
Africa	79,210	77
Europe	9,622	10
South America	7,394	7
Asia Pacific	3,631	4
Middle East	1,050	1
North America	563	1
Total	101,470	

Permanent employees by business unit

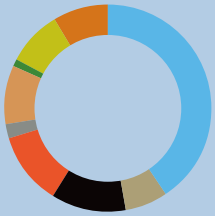
Annual average



	Total
Platinum	54,608
Other Mining & Industrial	21,329
Thermal Coal	8,869
Kumba Iron Ore	5,730
Metallurgical Coal	3,382
Copper	2,932
Corporate & exploration	2,161
Nickel	1,410
Iron Ore Brazil	1,049
Total	101,470

Contractors by business unit

Annual average



	Total
Platinum	19,509
Other Mining & Industrial	3,326
Thermal Coal	5,491
Kumba Iron Ore	5,547
Metallurgical Coal	1,092
Copper	4,440
Corporate & exploration	458
Nickel	4,204
Iron Ore Brazil	4,027
Total	48,094

Precious

Platinum

Business profile

- The world's leading primary producer of platinum, accounting for around 40% of newly mined platinum output
- Operations based in South Africa

Product details

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

Base

Copper

Business profile

- Six operations in Chile account for the majority of copper output
- Significant future growth from approved expansion at Los Bronces

Product details

- Used mainly in wire and cable, brass, tubing and pipes
- Copper's thermal conductivity also makes it suitable for use in heat transfer applications such as air conditioning and refrigeration

Nickel

Business profile

- Major operations in Brazil and Venezuela
- Barro Alto project in Brazil is expected to more than double nickel production by 2012

Product details

- About 60% of all nickel is used in the production of stainless steel
- Around 25% is used to make other types of steel and for super-alloys, which can withstand extreme temperatures

Bulk

Iron Ore and Manganese

Business profile

- Comprises operations in South Africa, Brazil and Australia
- Minas Rio project to begin production of high-grade pellet feed in 2012

Product details

- Key component in steel, the most widely used of all metals
- Global steel consumption forecast to grow in excess of 5% per annum over the next three years

Metallurgical Coal

Business profile

- Metallurgical Coal operations managed out of Australia
- Project pipeline includes more than 20 mining prospects

Product details

- Key raw material for 70% of the world's steel industry
- Demand driven by economic, industrial and steel growth

Thermal Coal

Business profile

- Thermal Coal operations managed out of South Africa
- Coal is exported from South Africa, South America and Australia throughout the Med-Atlantic and Indo-Pacific markets

Product details

- About 40% of all electricity generated globally is powered by thermal coal
- About 5.3 billion tonnes of hard coal are produced globally each year

Other Mining and Industrial

Business profile

- Assets include: Tarmac, the Group's portfolio of zinc assets, Scaw Metals, Copebrás, Catalão, Peace River Coal and the Group's share in the Carbones del Guasare coal assets
- Accounted for approximately 13% of 2009 Group EBITDA
- Preparatory work for the separation of these businesses for divestment has commenced

About this report

The focus of our 2009 Report to Society has been sharpened to reflect the outcomes of an intensive engagement process with our stakeholders on material issues.

This year, we have chosen to produce a more succinct overview of our performance than in previous years. Those stakeholders who wish to gain a fuller understanding of the Group's performance, or of how we approach a particular issue that is not addressed in this report, are encouraged to visit the sustainable development section of our website www.angloamerican.co.uk, where country- and business-specific sustainable development reports and the Anglo American Annual Report may be downloaded.

Why we produce this report

It is important for us to provide our stakeholders with an annual overview of our performance that complements our year-round stakeholder engagement and communication on sustainability issues. The Report to Society also enables us to reach individuals and organisations with whom we do not engage regularly. We encourage feedback on our performance and how we report.

From an internal perspective, the Report provides employees with an overview of how Anglo American is living its values.

Responding to material issues

The issues we report on here have been distilled from the comprehensive set of challenges that we address throughout our many countries of operation. Our most material issues are: climate change, socio-economic development, water, human rights, mine closure, waste, health, safety and HIV/AIDS (see page 9 for more detail).

These issues have been identified through a process of reviewing our major operational risks, and concerns that are raised most frequently by local stakeholders during the Anglo American Socio-Economic Assessment Toolbox (SEAT) processes; as well as through sector-based research, consultation within the Group, focused interviews with key external stakeholders, feedback from universities and investors, and surveys. We intend to continue strengthening our various forms of engagement during 2010.

Reporting scope

For the purposes of the Report to Society, Anglo American reports on those companies within the Group over which it has management control. These include wholly-owned

subsidiaries, majority shareholdings, or joint ventures for which it holds the management contract. These exclude De Beers and other major associates such as Samancor Manganese, Collahuasi and Cerrejón. Profiles of Anglo American business units may be found on the inside of the fold-out cover, and a list of managed operations is included on page 46.

In certain instances, we report on the principal concerns raised by our stakeholders about the sustainability performance of companies with which Anglo American is associated. Where appropriate, we encourage our partners to use our standards, tools and policies, which are freely available to these businesses. There are also instances where it makes sense to share resources with independently managed associates, such as in the case of De Beers, which is also a client of Anglo Zimele, our South African enterprise development initiative.

Audience

In view of Anglo American's global spread, it is not possible for us in this report to provide detailed information about every issue, at every operation, to all stakeholder groups. The primary audience for this report is those external and internal stakeholders who seek an overview of Anglo American's sustainable development performance on key international issues.

GRI compliance

In 2009, we once again achieved an A+ reporting application level, as verified by PricewaterhouseCoopers (PwC), signalling Anglo American's compliance with the Global Reporting Initiative (GRI) G3 guidelines and the draft Mining and Metals Sector Supplement.

External assurance

PwC was contracted to perform an independent assurance engagement on key performance information in this report. The assurance brief involved the application of the ICMM assurance requirements and included material safety, health, environmental and social indicators selected by Anglo American. PwC was given access to all information required to conduct assurance procedures, as well as access to key senior and operational staff members. The independent assurance report is published on page 42.

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Data and assurance

Chairman's statement

Operating our businesses in a socially and environmentally responsible way, and earning and deserving trust, are fundamental to our licence to operate and to delivering long-term value to our investors.

“Over time, those companies that demonstrate consistent, fair, decent and moral behaviour in our sector will be rewarded with superior access to opportunities for profitable growth”

2009 was a year of significant volatility across global markets and we certainly felt the effects of that economic uncertainty in the mining industry. However, against that background, I am pleased that Anglo American performed creditably and is in good shape to meet the challenges ahead as the world begins to climb out of recession.

Irrespective of where we are in the cycle, mining is a long-term investment business and we have to take a long-term view. Our behaviour in terms of sustainable development should be absolutely consistent throughout the cycles, in good times and in bad. Over time, those companies that demonstrate consistent, fair, decent and moral behaviour in our sector will be rewarded with superior access to opportunities for profitable growth.

In my first few months as chairman of Anglo American, I have been impressed by many aspects of the business, from the asset quality to the professionalism of our people, and our unparalleled record of innovation and leadership in exploration, in engineering and in mining operations. Beyond that, however, what heartens me is that deep in Anglo American's culture is a strong sense of being a responsible citizen, involving communities and investing in them, in order that when we leave at the end of a mine's life, there is real and lasting improvement for the local people.

Safety

No company can ever be ranked as truly great if it has an unsatisfactory safety record. As your new chairman, I would like to state categorically that safety will have my unremitting attention. It has always been my number one agenda item. My philosophy throughout my industrial life has been that each person who comes to work for you each day has the right to return home safely to their family each night.

It is encouraging to report that Anglo American is making further inroads in improving its safety performance. In 2009, there was another significant decline in the number of people who lost their lives on company business, accompanied by a similar downward trend in lost-time injuries. Over the past three years, under Cynthia Carroll's leadership, the number of fatalities has been reduced by nearly 55% – a most encouraging development – but we remain focused on an objective of zero injuries.

South Africa continues to be a particular focus for us, where the number of fatal incidents across the industry in the country as a whole is still disproportionately high. We remain committed to the Tripartite initiative and continue to invest in and build on this key relationship with the unions and the Department of Mineral Resources – extending the focus from safety alone towards broader issues, including wellness.

Sustainable development

Operating our businesses in a socially and environmentally responsible way, and earning and deserving trust, are fundamental to our licence to operate and to delivering long-term value to our investors.

As stated, our commitment to excellence in this field is not a function of the economic cycle. Indeed, in difficult economic times the responsibility on us to demonstrate that we are a consistent, supportive partner for sustainable development is all the greater. In that context, I am pleased to report that we sustained, and indeed increased, the value of our social investments in 2009.

We continued to integrate sustainable development into our business processes in 2009. We launched two major policies: The Anglo Environment Way, and The Anglo Social Way, which establish demanding environmental and social management standards. We assessed our social performance against the standards in the Social Way at the end of 2009, identifying many examples of best practice but also some gaps which we aim to close in 2010.

Anglo American invested heavily in new university programmes in 2009, in particular on safety and social performance issues. These initiatives are another welcome sign of a long-term commitment to raising standards in this important area.

We also launched a new version of our Good Citizenship Business Principles – our corporate code of conduct. Alongside a greater focus on environmental issues, this emphasises an increased commitment to our already extensive programmes on HIV/AIDS treatment, as well as to diversity and family life. It also strengthens our stance against corruption. In 2009, we developed a comprehensive revised Business Integrity Policy, accompanied by detailed anti-corruption



Download Anglo American's interactive ICMM and Global Compact Scorecards from May 2010

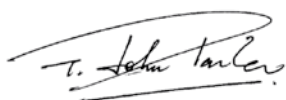
performance standards. This will be rolled out across the business during 2010.

Climate change took centre stage at the end of 2009. Although the Copenhagen Accord fell short of expectations, we remain committed – as both a major consumer of energy and a major coal producer – to minimise our own carbon emissions, play a proactive role in the ongoing international debate, and work to develop our technological response. An example of this is our investment in methane capture in Australia, where we have helped develop two mine gas power stations, which together will reduce carbon dioxide emissions by around 2.3 million tonnes per year, the equivalent of taking some 580,000 cars off the road.

Furthermore, the threat posed by climate change requires us to explore new approaches to managing water in our operations, many of which are located in some of the most water-stressed regions of the world. We strive to be a leading custodian of water, to use water sparingly and efficiently, re-use what we can and release only water of an acceptable quality back into the environment. The Anglo WaterWays programme has provided the Group with a water vision and framework that outlines its approach to managing water.

More broadly, Anglo American continues to support leading international initiatives to promote responsible corporate activity. We remain committed to the United Nations Global Compact and the Extractives Industries Transparency Initiative, and have been pleased to see the latter steadily gain traction. We continue to support the Investment Climate Facility for Africa, to which we have contributed \$1.5 million to date. We are also actively engaged in discussions around the review of the OECD Guidelines for Multinational Enterprises, and continue to play an active role in support of the Voluntary Principles on Security and Human Rights.

In 2010, we remain committed to developing our people, raising standards and improving the safety, health, environmental and community development outcomes of our activities. We will also be using sustainable development expertise as an increasingly important driver of shareholder value in the year ahead, including through the incorporation of sustainable development issues into our ongoing asset optimisation programme.



Sir John Parker



Sir John Parker

Our commitments

	ICMM Principles	Global Compact Principles
1	Implement and maintain ethical business practices and sound systems of corporate governance	Businesses should support and respect the protection of internationally proclaimed human rights
2	Integrate sustainable development considerations within the corporate decision-making process	Ensure that they are not complicit in human rights abuses
3	Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities	Uphold the freedom of association and the effective recognition of the right to collective bargaining
4	Implement risk management strategies based on valid data and sound science	Eliminate all forms of forced and compulsory labour
5	Seek continual improvement of the Company's health and safety performance	Ensure effective abolition of child labour
6	Seek continual improvement of the Company's environmental performance	Eliminate discrimination in respect of employment and occupation
7	Contribute to conservation of biodiversity and integrated approaches to land use planning	Support a precautionary approach to environmental challenges
8	Facilitate and encourage responsible product design, use, re-use, recycling and disposal of the Company's products	Undertake initiatives to promote greater environmental responsibility
9	Contribute to the social, economic and institutional development of the communities in which the Company operates	Encourage the development and diffusion of environmentally friendly technologies
10	Implement effective and transparent engagement, communication and independently verified reporting arrangements with Group stakeholders	Work against corruption in all its forms, including extortion and bribery

Other public commitments include:

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

Chief executive's foreword

During challenging economic times such as these, it is tempting for companies to look to trim the sustainable development agenda – but this is neither a responsible nor a realistic approach to operating and growing a business.

“ With fatalities and lost-time injuries now at record lows, it is particularly encouraging that employees and contractors alike are safer at the workplace than ever before, and are really starting to share my firm belief that zero harm is achievable ”

Mining's future is not just about providing the growing volumes of commodities that the world needs. It is also about doing so in a cleaner, more energy-efficient and environmentally responsible way, and in a way that benefits host governments and the communities in which we operate so they have a sustainable future once the mine gate is finally closed.

Our Report to Society is an important barometer of the progress Anglo American is making in sustainable development, and of our commitment to achieving and maintaining world class performance and standards in this area throughout the economic and commodity cycles.

Economic background and financial performance

In 2009, the global economy started to rebound from the deepest recession since the 1930s as the huge economic stimulus packages of the US, China, the European Union and many other countries took effect and boosted industrial activity. Reflecting the increasingly positive economic outlook in developing countries, demand for commodities recovered sharply over the year, with the prices of a number of metals and minerals approaching their 2008 highs by year end.

Against a difficult economic background, particularly in the first six months of 2009, Anglo American delivered a solid operating performance for the year, with operating profit of \$5.0 billion and underlying earnings of \$2.6 billion, and with strong performances across our businesses.

Safety

All Anglo American employees and contractors have the right to return home each day unharmed. In 2009, we continued to deliver further reductions in workplace fatalities and lost-time injuries by reinforcing our more focused, risk-based approach and driving implementation and compliance with the Fatal Risk Standards for the top safety risks across the business.

Any fatality is unacceptable – and I will not be satisfied until our fatality and injury rates are down to zero. Encouragingly, however, in 2009, fatalities were reduced by 29% to 20 from 28 the previous year. The level of fatalities is now nearly 55% lower than in January 2007. Reflecting this declining trend, our lost-time injury frequency rate (LTIFR) was 27% lower than in 2008 and

shows a 52% like-for-like improvement over the past three years.

During the year, 92% of our sites operated without any fatalities, and there were many examples of exceptional safety performance. Notably, Anglo Platinum operated for extended periods without incurring any loss of life. Kumba Iron Ore's Thabazimbi mine achieved two years LTI-free, our base metals businesses were fatality-free for the first time since 2005, and Iron Ore Brazil delivered a 98% improvement in its LTIFR. With fatalities and lost-time injuries now at record lows, it is particularly encouraging that employees and contractors alike are safer at the workplace than ever before, and are really starting to share my firm belief that zero harm *is* achievable.

Sustainable development

Our sustainable development agenda progressed on several fronts during the year, including ensuring that the foundations for effective water management are aligned and in place across all of our operations. These systems, processes and tools are essential for the delivery of our Group's water strategy and to identify opportunities for managing and utilising water more effectively in the communities and catchment areas where we operate.

In March 2009, we launched The Anglo Environment Way (AEW), which sets out a consistent approach to responsible environmental management, supporting our vision for minimising harm to the environment by designing, operating and eventually closing all of our operations in an environmentally responsible manner. Our Mine Closure Toolbox, a world leading approach, supports delivery against the AEW standards and is currently being used at more than 30 operations in South America, southern Africa and Europe. In addition, 13 biodiversity peer reviews were conducted during the year, seven in conjunction with Fauna & Flora International as part of our global strategic partnership.

Given the increasingly energy-intensive nature of our operations, efforts to improve energy efficiency continue to be a major focus. Energy efficiency is the easiest and lowest-cost option open to all of us to reduce our carbon footprint as it provides a triple bonus: lower energy consumption, increased cost efficiencies, and fewer emissions.



Cynthia Carroll

Social and community

In April 2009, the Company's new social management standards were approved and published in The Anglo Social Way. The Social Way completes the suite of four 'Way' documents (including the Safety, Occupational Health and Environment Ways) to form a comprehensive suite of sustainable development standards. Through implementation of The Social Way, Anglo American will meet or exceed a number of best-practice benchmarks, including the International Finance Corporation's environmental and social performance standards and the recommendations for companies arising from the work of the UN Special Representative on Business and Human Rights.

During 2009, the number of managers trained in the use of the Anglo American Socio-Economic Development Toolbox (SEAT) exceeded 500. Implementation of the second version of the SEAT has continued, with several sites completing their reports during 2010. The Company remains on track to finalise the roll-out of the more rigorous SEAT2 across all major operations in 2011.

For many years, Anglo American has been a leader in the treatment and management of HIV/AIDS. More than 80% of our permanent workers in South Africa now regularly test for HIV each year, and all are entitled to comprehensive HIV/AIDS prevention, care, support and treatment services. In 2008, we extended our policy commitments to include the dependants of all our employees. Our pioneering activity was recognised in 2009 by the Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria, awarding the Business Excellence Award for Best Workplace Programme to our South African coal business for its groundbreaking work.

Social investment

In 2009, Anglo American and its managed subsidiaries and joint ventures increased their contribution to charitable causes and community development initiatives, providing \$82.5 million (2.23% of pre-tax profit) compared with \$76.2 million (1.11% of pre-tax profit) in 2008. National foundations or funds have been established to support community development and other charitable causes in Brazil, Chile, Namibia and South Africa. A new foundation will also be established in Peru in 2010. In South Africa, the Anglo American Chairman's Fund has

implemented a new strategy and is refocusing its giving on initiatives with national impact, including large projects and innovative demonstration projects. Contributions to the Chairman's Fund totalled \$9.5 million in 2009.

The Anglo American Group Foundation distributes grants to charities around the world where the Group has a presence. Its purpose is to develop sustainable livelihoods through the projects that it supports, with particular areas of interest being education, health, HIV/AIDS, local community, international development and the environment.

Enterprise development

A cornerstone of Anglo American's approach to delivering sustainable development is to build the capacities and life-chances of the communities where we operate. Experience shows that one of the most effective and durable ways of achieving this is through targeted enterprise-development programmes.

Anglo American continues to create many thousands of jobs through its small and medium enterprise support schemes. Our enterprise development initiatives in South Africa, Chile and Brazil together have supported 3,720 business and sustained nearly 13,000 jobs. Anglo Zimele in South Africa has created emerging businesses that are now a mainstream feature of our supply chain, with procurement from black-empowered suppliers accounting for 40% of our business's discretionary spend in that country. Adapted versions of the Anglo Zimele business model are now operating successfully in Chile and Brazil and the model is now being extended to Peru and Venezuela.

Anglo American has just become the first company from the extractives industry to have a project accepted by the United Nations Business Call to Action, an initiative that challenges companies to tackle poverty and promote growth as part of the Millennium Development Goals. Through Anglo Zimele, we are establishing 12 enterprise development hubs in areas of high unemployment in South Africa, with the aim of creating 25,000 new jobs in up to 1,500 businesses over the next seven years.

Business principles

In March 2010, we launched an updated version of our Good Citizenship Business Principles. This document is the foundation of how our

businesses are governed and the values and standards which guide our conduct. It summarises what we expect of ourselves and what our stakeholders can expect of us, and it applies to every business we run and to every country in which we work. We need to work hard to ensure that comparable standards are adopted by our suppliers, contractors and joint venture partners. We also approved a revised Business Integrity policy, which will strengthen our long-standing and absolute opposition to corruption.

Outlook

The medium- and long-term outlook for the mining industry remains strong. Demand for commodities is expected to remain robust with the continuing shift in the pattern of economic growth towards fast-growing emerging economies, which also have the greatest scope for strong consumer spending growth. In order to sustain its growth potential, we anticipate that China will continue to upgrade and develop its infrastructure, while the longer-term potential of India and Brazil is expected to provide further support.

In 2010, we see renewed opportunities to integrate sustainable development into our business processes and embed our global sustainability standards. We are endeavouring to apply world class standards to everything we do in order to be at the leading edge of sustainable development and exceed increasing stakeholder expectations in this area.

Cynthia Carroll

Anglo American recorded a strong Group safety and sustainable development performance during 2009. The Company continues to make progress towards its 'zero harm' safety vision. While any fatal incident whatsoever is unacceptable, we are encouraged by the 29% year-on-year reduction in workplace fatalities, as well as the 27% improvement in our lost-time injury frequency (LTIFR) rate. The Platinum business continues to make significant progress each year, while Anglo American's performance excluding this type of deep-level hard-rock mining is industry-leading with an LTIFR of 0.24.

Our environmental performance continues to strengthen as we make progress in embedding global best practice, while operations maintain certification to world class environmental management system standards. Importantly, the Group's energy, carbon dioxide and water consumption figures have remained relatively stable over the years despite acquisitions and expansions.

Anglo American's various enterprise development initiatives collectively supported more than 3,700 businesses and sustained nearly 13,000 jobs – a

remarkable achievement given the difficult economic conditions during 2009. More than 80% of employees in high HIV/AIDS disease-burden countries participated in voluntary counselling and testing and 51% of HIV-positive employees and their dependants have enrolled in our disease-management programmes. Anglo American-managed South African operations have also grown in strength in terms of diversity and spent a total of R18.6 billion (\$2.2 billion) in 2009 with historically disadvantaged South African-owned businesses.

Focus	2009 target	2009 performance	2010 and future targets
Safety Pages 14 - 17	Eliminate fatal injuries	20 fatal incidents	Eliminate fatal injuries
	90% Anglo Fatal Risk Standards (AFRS) implementation	Average compliance of 83% achieved	100% AFRS implementation (not including newly acquired operations)
	Reduce lost-time injury frequency (LTIFR) rate by 35%	LTIFR decreased by 27% to 0.76 (0.24 excluding Anglo Platinum; see safety section page 14)	Reduce LTIFR to 0.64
Health Pages 18 - 19	Review all health risk assessments	The majority of business units completed health risk assessments during 2009	Provide Group standards for noise and airborne particulate control and conduct thematic reviews of performance in these areas Complete health risk assessments
	Reduce exposure at source and define, record and report all health exposure incidents	Health exposure incidents are being reported and investigated	Embed the practice of reporting and investigating health incidents
	Ultimately eliminate all occupational disease and health impairment	489 new cases of occupational disease were recorded in 2009, which can be attributed, in the main, to better monitoring and reporting	Ultimately eliminate all occupational disease and health impairment
HIV/AIDS Pages 18 - 19	80% uptake of voluntary counselling and testing (VCT) in high disease-burden countries	82% of employees in high disease-burden countries participated in VCT	Maintain 80% uptake of VCT
	75% enrolment of estimated HIV cases in Anglo American HIV disease management programmes (DMP)	51% enrolment of estimated HIV cases in Anglo American HIV DMPs. Thermal Coal achieved a remarkable 94% enrolment rate	60% enrolment of estimated HIV cases in Anglo American HIV DMPs
Mine closure Pages 28 - 30	Continued implementation of the Mine Closure Toolbox	The Mine Closure Toolbox is being implemented at more than 30 operations worldwide, 400 copies have been distributed and 230 managers have been trained	Continue implementation of the Mine Closure Toolbox
Greenhouse gas (GHG) emissions Pages 22 - 25	10% reduction in carbon dioxide equivalent (CO ₂ e) emissions per unit of production by 2014 based on a 2004 baseline	Total CO ₂ e emissions: 19.1 million tonnes, including iron ore operations in Brazil that started reporting for the first time during 2009. This represents a 0.5% like-for-like reduction between 2008 and 2009	10% reduction in CO ₂ e emissions per unit of production by 2014 based on a 2004 baseline*
	Transport emissions to be reported	Business travel emissions have been quantified and account for 0.1% of total emissions	Investigate reporting options for other Scope 3 emissions
Energy Pages 22 - 25	15% reduction in energy intensity by 2014 based on a 2004 baseline	Total energy consumption: 106 million gigajoules (GJ), including newly acquired iron ore operations in Brazil that started reporting for the first time during 2009. Total energy consumption increased by 1.5% on a like-for-like basis between 2008 and 2009	15% reduction in energy intensity by 2014 based on a 2004 baseline*
	Implement new methodology for improved energy efficiency monitoring and reporting	Central electricity management systems were introduced to improve the monitoring of electrical power consumption and energy-efficiency management tools are being trialled to monitor liquid fuel consumption in opencast haulage trucks	New GHG emissions and energy performance management protocol to be developed in 2010
	Based on the energy efficiency monitoring results, each operation to set an ambitious, realistic, time-bound energy target	Almost all business units have set energy efficiency targets, which will be refined through the energy performance management protocol	
Water Pages 26 - 27	Implement Group water strategy	Group Water Framework and draft strategy completed	Strategy to be further developed with a vision and roadmap supported by the Group Water Framework and a performance management protocol
	Implement water efficiency monitoring and reporting model	The model has been developed and is being refined	New water performance management protocol to be refined in 2010
	Each operation to set a water reduction target	Most business units have set water reduction targets	
	Each operation to develop a water reduction plan and a water action plan	Preliminary action plans are in place	Issue Group water guidelines in 2010 and commence implementation Embed operational Water Action Plan documents by end 2011
	Sign up to the CEO Water Mandate	A review of Anglo American's ability to fulfil the requirements of the UN Global Compact CEO Water Mandate was completed; a decision on whether or not to endorse is pending	Finalise decision on endorsing the CEO Water Mandate

Focus	2009 target	2009 performance	2010 and future targets
Management systems Page 32	All operations have safety, health and environmental management systems that are certified to international standards, within two years of acquisition	Target achieved	All operations to have safety, health and environmental management systems, that are certified to international standards, within two years of acquisition
Biodiversity Pages 29 - 30	All new sites to have a Biodiversity Action Plan (BAP) within two years	All sites that are expected to have BAPs in place have done so, with the exception of Dawson mine in Australia, which actively manages biodiversity through its environmental management system	All new sites to have a BAP within two years
	Seven sites to be internally reviewed	Thirteen sites were reviewed. In the future, a risk-based approach will be taken when selecting sites for review	Conduct BAP peer reviews at a minimum of six sites
	Three sites to be reviewed by an independent recognised conservation NGO	Seven sites were independently reviewed by Fauna & Flora International (FFI)	Two sites to be independently reviewed by FFI
	No endangered species will be lost or adversely affected by operations	Target achieved	No endangered species will be lost or adversely affected by operations
Waste Page 31	Continue with the investigation of non-mineral waste streams at Group operations and set a Group reduction and recycling target	The study resulted in reconsidering whether a Group-level target would add value	Review the added value of setting a Group-level recycling and reduction target
	All operations to segregate non-mineral waste streams and set recycling targets	The majority of operations are segregating non-mineral waste streams and have set reduction and/or recycling targets	Operations to report performance against realistic non-mineral waste reduction and recycling targets
Diversity Pages 20 - 21	Achieve or exceed various national diversity goals	46% of Anglo American employees at management level in South Africa are historically disadvantaged South Africans (HDSAs) and 13% of South African employees are female, this exceeds the national diversity goal of 10%	Achieve or exceed various national diversity goals
Local procurement and black economic empowerment in South Africa Page 41	Achieve or exceed various national procurement goals	Anglo American managed businesses spent a total of R18.6 billion (\$2.2 billion) with HDSA businesses. This represented 39.7% of total available procurement spend and exceeds the national procurement goal	In addition to national procurement goals, achieve or exceed goals at a local procurement level
Enterprise development Pages 35 - 36	Increase number of businesses supported by all enterprise development initiatives to 3,500	3,720 businesses were supported	Anglo Zimele (South Africa): create 25,000 new jobs in up to 1,500 businesses over the next seven years
	Increase number of jobs sustained by all enterprise development initiatives to 18,000	12,982 jobs were sustained	Emerge (Chile): Support 7,000 entrepreneurs by end 2010
	Extend the small business hub approach, including into labour-sending areas	Twelve Anglo Zimele business hubs established	Establish 12 new hubs
Supply chain sustainable development (SCSD) Pages 40 - 41	Engage with prioritised suppliers according to engagement methodology: inform, assess, verify, develop	Inform: Significant supplier engagement through Group website and annual supplier conference Assess: Approximately 1,000 suppliers self-assessed their sustainable development practices as part of replies to tenders Verify: 29 supplier sustainable development audits conducted Develop: Seven sustainable development improvement plans developed	Engage with prioritised suppliers according to engagement methodology: inform, assess, verify, develop The majority of audited suppliers to have a sustainable development improvement plan in place
Corporate citizenship and community issues Pages 32 - 39	Human rights: Finalise human rights policy and guidelines, and reinforce understanding and implementation thereof Provide further training on the Voluntary Principles on Security and Human Rights At least 50% of significant operations to have a grievance mechanism in place	Our commitment to human rights has been reiterated in the revised version of the Business Principles. In addition, requirements for human rights issues to be addressed on a systematic basis were made policy in 2009 through: requiring human rights issues to be integrated into new project impact assessments (Anglo Environment Way Vol 2); and integration of several human rights issues (including complaints and grievance procedures, Indigenous Peoples and resettlements) into The Anglo Social Way. By the end of 2009, 43% of mining and smelting operations had a complaints and grievance procedure in place	Review the need for a stand-alone human rights policy given integration into other systems All operations to have a complaints and grievance procedure in place within two years of acquisition
	Publication of The Anglo Social Way social management system standards and assessment of performance at all existing managed operations	All operating mines and smelters in Anglo American's core business completed self-assessments. Two mines scheduled for disposal (Lisheen, Ireland, and Peace River Coal, Canada) did not complete the self assessments. However, all other mines identified for divestment in emerging markets did complete self-assessments. The self-assessments revealed approximately 70% compliance with the new standards at existing operations	Self-assessments to be completed for all exploration and development projects (in the construction phase) Production of social and community improvement plans for all core business sites Achieve 90% compliance with The Anglo Social Way requirements by end 2010
	Ensure that SEAT reports are peer-reviewed prior to publication and that all significant Anglo American operations have carried out an assessment based on SEAT2 standards by end 2010	More than 20 business units completed SEAT2 reports in 2009, and to date, over 500 managers from Anglo American and partner organisations have been trained. We are currently on track to complete all assessments by end 2010	Completion of the roll-out of SEAT2 by end 2010

* Targets are being re-assessed based on Anglo American's new growth profile

Delivering sustainable value

Anglo American aims to be the leading global mining company – the investment, partner and employer of choice – through the operational excellence of world class assets in the most attractive commodities and a resolute commitment to the highest standards of safe and sustainable mining.

“ We believe that maximising shareholder value over time is best achieved through an intelligent regard for the interests of other stakeholders, and through acting with integrity and responsibility ”

A clear strategy for delivering value

Anglo American owns, operates and grows, through discovery and acquisition, world-class mining assets in those commodities that we believe deliver the best returns through the economic cycle and over the long-term. Our unique portfolio mix spans precious metals and minerals – in which we are a global leader in both platinum and diamonds; base metals – copper and nickel; and bulk commodities – iron ore, metallurgical coal and thermal coal.

Our organisational structure aims to facilitate the delivery of performance and efficiencies to outperform the competition, while operating safely, sustainably and responsibly is embedded in everything we do. Behaving in this way, and supported by strong governance and risk-management processes, enables us to develop and maintain trust with all our stakeholders and creates value, which is fundamental to our ability to deliver superior long-term returns to our shareholders. Our people are as vital to our success as our mining assets. Ultimately, it is our people who will realise our ambition and deliver our strategy to be the leading global mining company.

Investment of choice

Anglo American is one of the world's largest diversified mining groups, producing precious base and bulk commodities and operating predominantly in southern Africa, Australia and South America. The Group's \$17 billion pipeline of approved growth projects spans the most structurally attractive commodities, including copper, iron ore, nickel and platinum.

The decision to preserve the development of our four key near term strategic growth projects – the Minas Rio and Kolomela (formerly Sishen South) iron ore projects in Brazil and South Africa respectively, the Barro Alto nickel project in Brazil and the Los Bronces copper expansion in Chile – during the economic downturn positions the Group to capitalise on the next phase of global economic growth. The four projects are all well-placed on their respective

industry cost curves, have long lives, and are on track to enter production from 2011 onwards, in what is expected to be a growing commodity demand environment.

In 2009, further initiatives were launched to drive shareholder value. An important element is the Group's asset optimisation programme, which aims to unlock value from existing assets and achieve project delivery excellence through ongoing cost and productivity improvements. A second significant initiative has been the formation of a global streamlined supply chain in order to capitalise on the scale of the Group and to deliver cost savings by forming strategic global partnerships with key suppliers.

Each commodity business is focused on operational excellence, project delivery and driving its cost position further down its industry curve, while the lean corporate centre facilitates the extraction of value beyond what is achievable by the businesses alone. Through close collaboration, the substantial benefits of Anglo American's scale and performance-oriented culture are realised – through value-driven leadership, the sharing of best practice, technical innovation, operational know-how and the pursuit of synergies in key value-driving functions such as supply chain and asset optimisation.

Partner of choice

Mineral resources are typically owned by governments on behalf of their citizens. This creates a legitimate expectation that our businesses will make a sustainable and positive difference for a range of stakeholders. It is through effective environmental management, engagement with our stakeholders and the development of more prosperous, empowered and adaptable communities that we gain and maintain our social and legal licences to operate. We aim to continually improve our performance in this regard and become the partner of choice for governments and communities, as well as non-profit organisations, suppliers, and multinational organisations.



Surveyor Nigel Atkinson and trainee surveyor Shannon Coppard review plans at Capcoal in Australia. Great care is exercised in early-stage exploration programmes to ensure that areas of cultural significance are not disturbed

Our principal challenges

Safety

We deeply regret that during 2009, 20¹ people lost their lives at Anglo American operations. Our most urgent priority is to prevent fatal injuries. While we have made much progress in this regard, the safety of our employees will remain our core focus until we achieve and maintain zero harm.

HIV/AIDS

More than 75% of our workforce is in South Africa, which has one of the highest HIV-prevalence rates in the world. During 2009, 263 employees died of AIDS, and we estimate that 18% of our workforce in South Africa and in other high disease burden countries is HIV-positive. The challenge is to avoid these preventable deaths and keep our workforce healthy, productive and operating safely.

Climate change

The way that companies respond to climate change now will define their long-term sustainability in an increasingly carbon-constrained world. Our role is to find ways to continue delivering value to our stakeholders while playing our part in mitigating climate change, and protecting our interests from its potential impacts.

Occupational health

The long latent period associated with many occupational diseases means that we have to provide a working environment that will guard against any adverse impacts on employees by putting adequate measures in place to prevent harm.

Water

Many Anglo American operations are situated in water-stressed regions. Water-supply security is of strategic importance both to us and to the communities and countries in which we operate – as is the quality of the water that we release back into catchments.

Mine closure

Ensuring sustainable mine-closure is a goal that requires an integrated approach. It is only through mastering the complexity of issues around sustainable socio-economic development and world class environmental stewardship that we will achieve this outcome.

Waste

There is no easy way to reduce the volume of mineral waste we produce. Our challenge is to ensure that we continue to find more efficient and cleaner ways of extracting ore, and that the disposal of waste is managed effectively where alternative uses are not yet available.

Socio-economic development

The legitimacy of the mining industry, in developing countries in particular, rests on its ability to contribute to the well-being and prosperity of host communities. The challenge is to find development solutions that make the necessary positive impact, and endure beyond mine-closure.

Human rights

Improving our performance in a range of priorities, including safety, health, socio-economic development, community engagement and employee rights, will, together with the right management system standards and grievance procedures, enable us to respect and support human rights.

Supply chain

We believe that Anglo American has a great opportunity to use its influence and expertise to promote responsible, ethical and sustainable business practice throughout its supply chain. While not raised as a material concern by our stakeholders, we believe that there are significant opportunities associated with our supply chain.

¹ 19 fatal injuries were reported in the 2009 Anglo American Annual Report and Anglo Platinum Annual Report, which went to print in January. An employee, who sustained injuries during 2009, died in February 2010 and was not included in the previously reported figure.

“ More than 20 operations commenced SEAT assessments during 2009 and, to date, over 500 managers from Anglo American and partner organisations have been trained on SEAT ”

Also see pages 68-79 of the Anglo American Annual Report for more on governance

The Anglo American SEAT Manual is available online: www.angloamerican.co.uk

Employer of choice

Anglo American is committed to its people and is primarily concerned with the safety and well-being of our workforce. We believe that all injuries are avoidable and that every worker has the right to return home unharmed. We apply the same principle in our approach to occupational health, where the prevention of exposure to harm is prioritised at source. Where we can make a positive difference, this approach is extended to non-occupational diseases. Anglo American's extensive workplace HIV/AIDS programmes are aimed at preventing new infections, offering care and support to those who are infected with or affected by HIV/AIDS, prohibiting associated discrimination and mitigating the impact of the disease.

From a human resources perspective, we continue to respect the rights of our employees, promote diversity within our workforce, offer extensive skills development opportunities and actively manage our talent pool in order to help develop future leaders.

Managing sustainable development

We believe that maximising shareholder value over the long term is best achieved through an intelligent regard for the interests of all stakeholders and by acting with integrity and responsibility.

Safety and sustainable development issues are therefore recognised as key value drivers within Anglo American. In its most basic form, managing social, safety, health and environmental risks will protect our ongoing social and legal licences to operate. We believe that, in addition to managing risks, sustainable business practices can also contribute significantly to the financial strength of Anglo American.

We are actively looking at our management of water, energy, emissions and waste, seeking to minimise our environmental impacts, reduce costs and generate revenues. We do this in a number of ways. For example, from 2010, efficiency projects will be channelled through operational asset optimisation functions, with certain high-value projects co-ordinated through the corporate centre; business units will continue to implement site-level improvements; and a new 'safety and sustainable development integration' team will conduct reviews to help sites identify improvement opportunities, and pilot innovative high-potential projects.

With the aim of promoting community or environmental benefits, while reducing management costs, we are also investigating alternative uses of land that is not needed for mining purposes.

The launch of The Anglo Social and The Anglo Environment Ways in 2009 completes our suite of four integrated 'Anglo Way' documents, which also include The Anglo Occupational Health and Anglo Safety Ways. These guide the establishment of systems for managing issues related to health, safety, the environment and social development at Group, business unit and site levels.

Each of these documents outlines our vision, principles, policies, frameworks and

management system requirements as they relate to their respective focus areas. Principles underlying all four documents include zero harm, no repeats and simple, non-negotiable standards. Where appropriate, and particularly in regard to health and community development, the Anglo Way documents also require Anglo American operations to make lasting, positive contributions beyond the workplace.

The restructuring in October 2009 has facilitated further regular engagement between the safety and sustainable development professionals throughout the Group, including through the formalised processes for embedding standards described below.

Embedding standards

During 2009, Anglo American significantly strengthened the monitoring and assurance of the Company's sustainable development performance. A number of separate internal assessment processes have been replaced with more timely, robust and consistent approaches. In particular, standardised self-assessment questionnaires for each of the four Anglo Way documents have now been rolled out, and a dedicated sustainable development risk and assurance team has been established. This team has adopted an assurance approach that is aligned with that of Anglo Business Assurance Services, thus ensuring consistency across all categories of risk within Anglo American.

To support ongoing monitoring of performance, a new Group-wide sustainable development information management system was implemented in 2009 to facilitate more consistent and timely reporting of information. This system will be further developed in 2010, and will pilot a standard incident investigation process and include the implementation of a consistent approach to recording and managing stakeholder complaints and grievances.

Governance

Anglo American operates according to the highest standards of corporate governance and is fully compliant with the Combined Code on Corporate Governance. Information on Anglo American's overall governance structure may be found through our website, and in our Annual Report. As it relates to sustainable development, the Anglo American Board Safety and Sustainable Development (S&SD) Committee reviews and influences the overall performance of the Company. The Committee meets quarterly, is chaired by Chris Fay, and comprises chairman Sir John Parker, chief executive Cynthia Carroll, Mamphele Ramphele and Peter Woicke. The attendance level for Committee members this year was 93%, with business unit CEOs participating regularly. During the year, the previous chairman of Anglo American, Sir Mark Moody-Stuart, retired from his post as well as from the S&SD Committee and Chris Fay is scheduled to retire as chairman of the S&SD Committee in 2010. We wish to thank both Sir Mark and Chris Fay for their invaluable contributions, and welcome Jack Thompson to the Committee.

The Board is supported by sustainable development executive and management committees, which are responsible for setting and executing policy.



Carolina Rouillon of Copper's Michiquillay project team presents a cadastral (land ownership) survey to the community of La Encañada in northern Peru

Engaging throughout the mining cycle

It is only through an understanding of the needs of our stakeholders, and the perceptions that they have of us, that we will be able to achieve our objective of being the partner of choice in the mining sector. A comprehensive suite of guidance documents and requirements is now available to achieve best practice in this regard.

During early-stage exploration, the SHEC-list – an integrated approach to assessing and managing impacts – offers guidance to exploration teams. This document will be supplemented in 2010 with new guidance on community engagement during more advanced exploration projects. The new guidance was piloted by Thermal Coal in South Africa in 2009 and will be rolled out across the Group in 2010.

Volume 2 of The Anglo Environment Way includes our new standards for integrated Social and Environmental Impact Assessments for all new projects. The standards include requirements to assess a range of impacts on host communities, including, where relevant, health, human rights and economic assessment. Stakeholder engagement underpins the requirements. In 2009, an additional SEAT tool on contractor management was developed and is being disseminated to key contractors and procurement teams.

For operational mines, SEAT provides extensive guidance; while the Anglo American Mine Closure Toolbox engages host communities in long-term planning for closure. For new projects, post-closure planning is integrated into design and consultation work.

SEAT

The SEAT programme continues to be the primary means by which we seek to enhance the development outcomes and capacities of host communities. SEAT reports are required at existing operations every three years. Each SEAT assessment follows a standard seven-step process (illustrated below).

SEAT plays a central role in our programmes to meet the requirements of the ICMM sustainability principle 9 (i.e. to contribute to the social, economic and institutional development of the communities in which the Company operates).

More than 20 operations commenced SEAT assessments during 2009. A selection of the finished reports will be published on the

Anglo American website. The Toolbox was further strengthened with the addition of three new tools on: managing the social impacts of contractors; Indigenous Peoples; and updated guidelines for our annual Community Engagement Plan process. Training on SEAT continued, with workshops in Brazil, Colombia, the UK and South Africa.

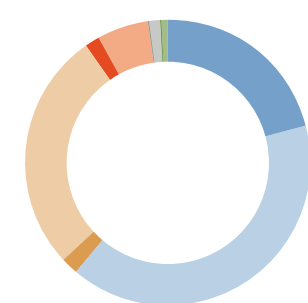
To date, more than 500 managers from Anglo American and partner organisations have been trained. In 2009, there was increasing interest from other companies in the use of SEAT. Several mining companies have now been granted permission to use the toolbox, and we have also distributed relevant tools to suppliers, NGO partners and other stakeholders who could benefit from the guidance provided in SEAT.

Step 1	Profile the Anglo American operation
Step 2	Profile and engage with the community
Step 3	Identify and assess social and economic impacts of the operation and key local development issues, and assess existing management measures/social investments
Step 4	Improve the management of socio-economic impacts and issues during operation and closure
Step 5	Support community development
Step 6	Develop a management and monitoring plan
Step 7	Prepare socio-economic report, feedback to community and assess SEAT process

Ethics and transparency

Taxes borne and collected in developing countries

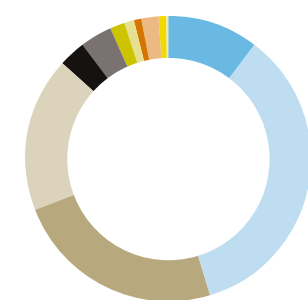
2009 (\$ million)



	Taxes borne	Taxes collected
South Africa	796	419
Chile	540	44
Brazil	111	34
Venezuela	29	2
Namibia	12	1
% of total	52%	17%

Taxes borne and collected in developed countries

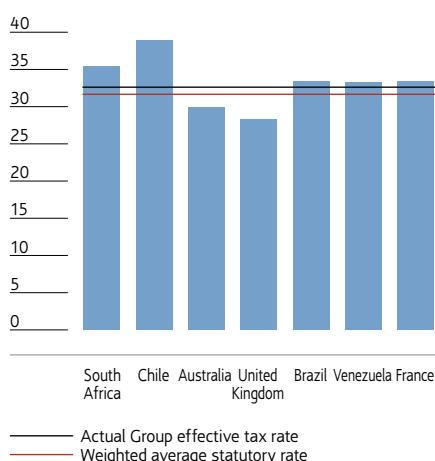
2009 (\$ million)



	Taxes borne	Taxes collected
Australia	300	89
United Kingdom	151	203
France	31	25
Poland	10	15
Ireland	15	7
Canada	2	7
Others	25	16
% of total	18%	12%

Weighted average statutory tax rate

2009 (%)



Ethics and transparency

In our Good Citizenship Business Principles, we commit to the highest levels of ethical conduct and transparency.

Our Business Principles outline the expectations we have of our employees and our associates; our stance on anti-corruption, including political donations and gifts; and our approach to transparency, anti-competitive behaviour, business assurance, and securities trading.

A Business Principles Manager's Manual supports our operations in the implementation and roll-out of the Principles. The manual offers guidance on how the Principles should be applied and in what circumstances.

Ethical conduct

In 2009, 2,108 Anglo American employees were dismissed or resigned as a result of breaches of the Principles. These include acts of dishonesty, intimidation or acts of violence, harassment, breaking safety or environmental rules, breaches of confidentiality, conflicts of interest and activities likely to bring the Company into disrepute.

Whistle-blowing

SpeakUp is an independent channel for internal and external Anglo American stakeholders to report unethical or unsafe business practices anonymously. These might include bribery and corruption, breaches of safety and health standards, theft, discrimination, damage to the environment, and improper accounting practices.

During 2009, 256 alerts (2008: 208) were received. Each alert was evaluated and, where appropriate, investigated. The highest proportion of complaints in 2009 related to human resource issues, which are often hard to substantiate, but can be a useful indicator of underlying concerns that would otherwise remain undisclosed. As in previous years, substantive issues relate predominantly to relationships with suppliers.

In total, 181 alerts were closed following investigation. Of this total 45 alerts resulted in management action. None of the alerts received were material to Anglo American. Efforts are ongoing to ensure that all alerts are handled appropriately and consistently across the Group.

Our stand on corruption

As a participant in the UN Global Compact, we have committed to working against corruption in

all its forms, including extortion and bribery. We support the Extractive Industries Transparency Initiative (EITI) and report annually on the tax and royalty payments we make in our significant countries of operation (reference the Group Overview on inside flap).

Our Business Principles, which will be supported by a new Business Integrity Policy in 2010, prohibit making donations to any political party or politicians, and require that our employees, in giving or receiving gifts and hospitality, abide by our policies and procedures, act in a transparent manner and ensure that they do not seek any improper advantage when conducting business or in their dealings with public officials.

Payments to governments

Government spending on social infrastructure, schools, roads, public services, conservation, and enforcement of laws relies on the revenues raised through taxes. Anglo American contributes to these taxes through payments in host countries around the world.

The socio-economic impact of the Group is most significant in regions of the developing world where our absence would mean fewer sources of employment, income and, therefore, tax revenues. Our influence in many local economies reaches significantly beyond our operations and employees, with direct and indirect benefits extending, for example, to businesses supporting the Group's operations.

More than \$2 billion was paid directly to governments in taxes in 2009 (2008: \$2.9 billion). This included company taxes, employer taxes, royalties, transaction and other taxes. In addition, as a result of its activities, Anglo American indirectly contributed \$0.9 billion in value-added tax (VAT) and employee taxes, which we collected on behalf of, and paid to, governments.

We believe that this wider tax footprint is a valid reflection of the tax contribution emanating from our activities. In addition, our associates¹ generated significant amounts of taxes on profits for the year, primarily in Africa, Colombia and Australia.

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



The revised Anglo American Business Principles were launched in October 2009 at the annual supply chain conference. Alongside a greater focus on environmental issues, the revised Principles emphasise an increased commitment to Anglo American's already extensive programmes on HIV/AIDS treatment, as well as to diversity and family life. They also strengthen the Company's stance against corruption

Governments recognise the significant benefits that an economy can accrue through the responsible extraction of natural resources. Many provide incentives to attract investment, such as grants, special allowances, tax credits or tax/royalty holidays. They recognise that the incentives, which are also offered to other industries, indirectly enhance diversification of the local economy, increase the contribution of the manufacturing sector towards job creation and increase the country's gross domestic product. The tax impact of these benefits is reflected in the tax numbers included in this report.

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

In addition to our association with the EITI, we endeavour to maintain constructive partnerships with tax authorities as this can result in the more timely resolution of any disputes and, in some cases, prevent disputes arising in the first place. In contrast, there are instances when we must challenge tax authorities in the best interests of the Group. One example is the litigation under EU law relating to the taxation of foreign-controlled subsidiaries.

The corporate tax charge in the Income Statement for the year was \$1.5 billion (including an equity share of associates' tax). The effective rate of corporate taxation paid

was 33.1% in 2009 (2008: 31.4%) and reflects our geographical mix of statutory tax rates. The cash corporation tax paid by the Group was also \$1.5 billion. Further analysis and reconciliation of tax data can be found in the Anglo American Annual Report and at www.angloamerican.co.uk.

Weighted average statutory tax rate

The statutory tax rates applicable in our main operating countries (see sidebar) are calculated on the basis of all profits being distributed out of the country by way of dividends.

Our profits (after certain tax adjustments prescribed by local tax legislation) are subject to these statutory tax rates, and our Group tax

charge and effective tax rate are a function of the resulting tax charges and the relative amounts of profits generated in each of the countries in which we operate.

The weighted average statutory tax rate represents the profits of the Group, multiplied by these statutory tax rates, ignoring the impact of any tax adjustments, and gives an indication of the effective tax rate to be expected given the countries in which we operate. For 2009 this comes out at 32%. The reported rate for 2009 was slightly higher at 33.1%, partly due to tax losses being generated in some countries, but no tax credit being recognised in the current year.

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

Taxes generated over the life of a mine

	Profitability	Taxes
Exploration	Operating and capital expenditure	Employee taxes, indirect taxes, and taxes paid by suppliers
Development	Operating and significant capital expenditure	Employee taxes, indirect taxes, and taxes paid by suppliers
Early production	Recovery of investment	... plus royalties
Full production	Net profit	... plus taxes on profit
Closedown	Closure and rehabilitation costs	As for exploration and development

OHSAS 18001 certification:

92%

People trained on Anglo American's safety risk management programme since 2008

3,600

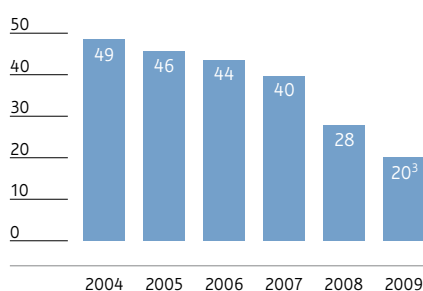
Fines

\$33,92³

“ While our deep-level hard rock Platinum operations have reduced all injuries very significantly since 2007, the rest of the Group has a lost-time injury frequency rate of 0.24, an industry-leading performance ”

Number of fatal injuries

(Total 2004-2009)



Safety

Safety is our first priority. Our zero harm vision is to eliminate fatal injuries and to make the workplace injury-free.

Mining is a high-risk industry and our on-site employees often work in challenging conditions. We have consistently sought to understand these risks, learn from previous incidents, implement risk-mitigating processes and technologies and strengthen our safety culture. Our targeted interventions have yielded many positive results: the level of fatalities at Anglo American is now nearly 55% lower than in January 2007 and our lost-time injury frequency rate (LTIFR) has improved by 34% over the same period.

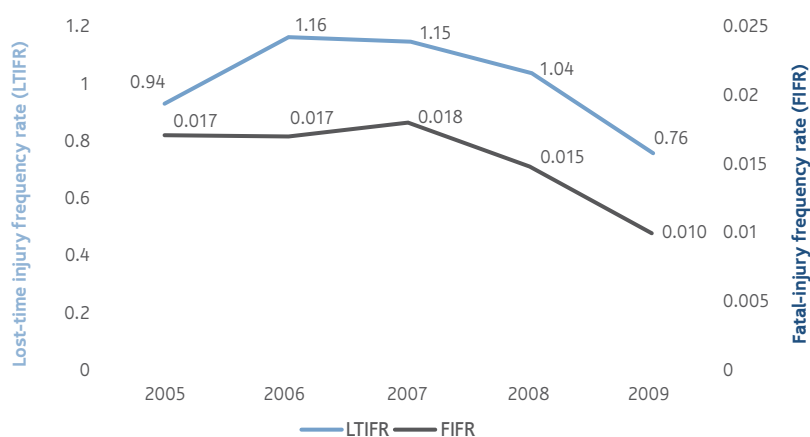
Performance

We regret that 20¹ people lost their lives while working at Anglo American during 2009. While we emphasise that any loss of life is unacceptable, we are encouraged that this represents a 29% improvement on 2008 (28²). Our fatal-injury frequency rate (FIFR),

calculated per 200,000 man hours worked, also showed a 33% improvement from 0.015 in 2008 to 0.010 in 2009. A total of 92% of our sites remained fatality-free during the year, including all Kumba Iron Ore, Nickel, Copper, Metallurgical Coal and exploration operations.

Both the number and the severity of lost-time injuries at Anglo American have also continued their downward trend. The 2009 LTIFR of 0.76 represents a 27% year-on-year improvement (2008: 1.04) and several operations have accomplished exceptional results. For example, the Minas Rio iron ore project in Brazil achieved more than 10 million lost-time injury (LTI) free man-hours and Kumba Iron Ore's Thabazimbi mine and Thermal Coal's Isibonelo colliery – both in South Africa – have operated for over two years without a LTI. Our vision, however, remains zero harm throughout the Group.

LTIFR and FIFR 2005-2009



The basis for reporting LTIs became more inclusive in 2003, when Anglo American began to include restricted work cases as LTIs. This was fully implemented by 2006. These figures include divested businesses up until the point of divestment.

¹ 19 fatal injuries were reported in the 2009 Anglo American Annual Report and Anglo Platinum Annual Report, which went to print in January. An employee, who sustained injuries during 2009, died in February 2010 and was not included in the previously reported figure.

² In 2008, we reported 27 fatal incidents and indicated that one security-related fatality was still pending investigation at the time of publication. The incident has since been formally recorded, bringing the 2008 total to 28.

³ Not including legal costs.



Employees attend an underground safety meeting at Anglo Platinum's Spud shaft in South Africa, a previous recipient of the Chief Executive's Safety Award for excellence in implementing key elements of The Anglo Safety Way

How we manage safety

A robust risk-based approach underpins all of our safety programmes. The Company's safety vision, principles, policy and safety management system standards are detailed in The Anglo Safety Way, which includes a concise set of safety Golden Rules and fatal risk standards.

All business units implement these standards through the execution of multi-year operational safety-improvement plans (SIPs). SIPs were initially informed by comprehensive gap analyses, which assessed our state of safety maturity in 10 key areas: leadership, culture, competence, learning, communications, risk management, assurance, standards, planning and monitoring. They are revised and updated annually to assist our efforts to achieve zero harm. At a local level, SIPs are translated into annual site safety plans, which provide for the specific circumstances of the site, yet are aligned with the Group's systematic and standardised approach to safety management.

Safety performance throughout Anglo American is tracked, among other channels, through the Group's safety and sustainable development assurance programme.

Eliminating fatal injuries

One of our key safety principles is 'no repeats'. It is only through understanding the causes and details of an incident, and through identifying and implementing preventative actions, that we can prevent similar incidents. Every loss of life and high-potential incident at Anglo American

is subject to an in-depth incident investigation and analysis process, which was standardised in 2009. The new process follows best practice, allows for consistent incident investigation and reporting, and ultimately enables us to share learnings more effectively.

We have relied on our understanding of the causes of high-potential incidents, together with the outcomes of incident investigations and peer reviews, to identify the top five fatality-related risks within each business unit.

This information is used to support the implementation of our Anglo Fatal Risk Standards, which guide managers on how to apply consistent and sustainable risk-control measures. This year, the second year of a three-year implementation programme, Group operations achieved an average compliance of 83% against all of the standards, and over 90% compliance with underground and vehicle-related standards – our two key global risks that accounted for 60% of fatalities during 2009. These two risk areas are receiving priority attention (see below and page 17).

We have been developing a set of major-risk standards and guidelines to ensure that we effectively manage risks that have a low probability of occurrence, yet may pose extremely serious consequences, such as fires, explosions and mine flooding.

Transportation safety

Anglo American conducted a global transportation safety audit at 13 mines across all business units in 2009 in order to gain a

detailed understanding of the transportation risks. The findings and recommendations from the audit provide a clear understanding and definition of the nature and scale of these risks.

They have also prompted a renewed focus on transportation management. While we believe that safety is managed most effectively at a local level, we recognise the value of addressing common issues and hazards in a globally consistent and integrated manner. A transportation task force has been established to improve management systems and risk-management processes so that effective and lasting control of transportation risk is achieved. Mine planning and design, maintenance and inspection of vehicles, vehicle-pedestrian segregation and enhanced contractor management will be key focus areas.

One of the audit findings was that there was a relatively high level of risk tolerance by on-site employees. A behavioural-based safety programme has been launched in parallel to improve hazard identification, to build awareness of transportation risks and encourage personal responsibility for managing these risks.

Application of new technologies is also being explored to improve transportation safety. An example is the SMART Cap, which, as part of a comprehensive fatigue management programme, will be rolled out across the Thermal and Metallurgical Coal mine sites in 2010. The Cap measures the fatigue level of drivers (a major risk factor) and, if

FIFR: 0.010; a

33% improvement

LTIFR: 0.76; a

27% improvement

a predetermined level of fatigue is reached, transmits a warning to the driver via an incab monitor.

Other fatigue advisory systems have also been evaluated, with very promising results. For example, ASTID (advisory system for tired drivers) has been piloted at the Los Bronces mine in Chile. The system assesses truck driver fatigue by measuring the rhythm (frequency and intensity) of steering corrections made at the steering wheel and comparing this with the driver's typical pattern. The system provides drivers with different warning levels and is connected to the truck dispatch system, allowing for online monitoring of driver fatigue as part of the overall fleet performance management.

OSPAT (occupational safety performance assessment technology), in use at Dawson coal mine in Australia, is a computer-based application that assesses how alert an employee is at the start of the shift by measuring hand-eye coordination (versus their pre-determined baseline pattern) by tracking a moving object on a screen. It is intended to detect impairment caused by fatigue or other factors such as illness.

Visible leadership

As part of their commitment to improving safety, our leaders show 'visible-felt leadership' (VFL). This means that our executives – from Board members to mine general managers – engage in regular VFL visits, to observe people at work and talk to them about operational and safety issues. This is important as it allows leaders to recognise and reinforce safe behaviours and discuss the potential consequences of unsafe conduct. All operations have increased their focus on VFL, to which we attribute the considerable drop in LTIs during 2009.

Engagement

Despite a 50% reduction of fatalities at South African operations since 2007, most fatal incidents during 2009 continued to take place at the South African operations (17). Even though the South African operations host the majority of our underground mines, as well as more than 75% of the workforce, the

rate of fatal incidents in the country remains disproportionately high.

We remain committed to working with governments, unions and our peers, to achieve a breakthrough in improved safety performance at Anglo American and in the broader mining industry. In South Africa, the multi-stakeholder Tripartite initiative continues to make progress. Tangible examples of how the initiative is adding value include capacity-building through inviting union and government officials to participate in Anglo American safety training courses, and consolidating and simplifying Anglo American standard operating procedures.

During the year, Tripartite team members conducted site visits to discuss work issues with employees, and encouraged them to follow safe working practices. We are the first mining company in South Africa to adopt this practice; critical to its success is ensuring that all parties feel at ease to disclose any issue.

Understanding risk

During 2009, more than 2,300 people attended Anglo American's award-winning safety risk management programme (SRMP), bringing the total trained since inception in April 2008 to 3,600. Future management-level courses will include health and environmental elements, and tailored courses for supervisors, frontline employees and for use in induction are being rolled out through business unit SRMP implementation programmes.

Looking ahead

Anglo American will continue to drive the standardisation and consistency of systems, processes and procedures, with the aim of creating a single integrated global safety, health and environment management system. A set of Group risk-management and learning from incidents procedures and guidelines will be implemented in 2010.

To assess the effectiveness of management controls in place to reduce safety risks, the Group sustainable development risk and assurance team is conducting audits across all business units throughout 2010 on falls of ground, contractor management, and electricity isolation.



Inside the cab of a haul truck at Anglo Coal's Mafube colliery in South Africa, a number of high-technology tools contribute to ensure safe operation by the driver. These include front and rear cameras and a device that monitors the eye behaviour of the driver



The Anglo Safety Way, Safety Golden Rules and Anglo Fatal Risk Management Standards are available online: www.angloamerican.co.uk

“ Our targeted safety interventions have achieved a 55% reduction in fatal injuries and a 34% improvement in our LTIFR since January 2007 ”



Employees inspect in stope safety netting which has been installed as standard in all underground operations at Anglo Platinum to reduce incidents from falls of ground

Fall of ground management

During 2009, uncontrolled falls of ground resulted in 45% fewer fatalities at Anglo Platinum than in 2007, but continue to be responsible for a high number of fatalities and lost-time injuries.

Consequently, Anglo Platinum identified falls of ground management (FOGM) as a major strategic focus and has developed a system to integrate and refine existing efforts to eliminate this risk. The system is supported by a commitment that 'no rock will fall uncontrolled', and consists of six pillars designed to facilitate the management of this risk at all stages of the activity 'life cycle'.

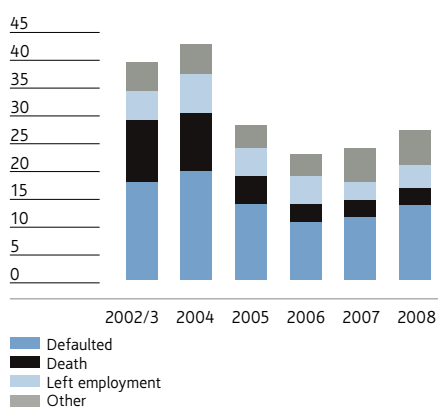
This systematic line-management-driven system recognises and supports existing safety systems and combines these with rock engineering efforts and controls in the process of preventing uncontrolled falls of ground. Challenges such as different geology and varying mining depths across the Group's operations have to be considered, so that implementation is envisaged to be completed in the fourth quarter of 2010. As part of FOGM, Anglo Platinum introduced in-stope bolting and in-stope netting as a means of preventing injury from falls of ground at all operations. Netting was extended beyond the stope during 2009 and is now also standard in gullies and ledging areas.

Employees in southern African operations who underwent VCT

82%

“During 2009, we placed a renewed focus on the improved monitoring and reporting of occupational diseases”

Losses per cohort at 12 months (%)



Refer to the data tables on page 44 for more occupational health and HIV/AIDS statistics

The Anglo Occupational Health Way and HIV/AIDS policy are available online: www.angloamerican.co.uk

Health and HIV/AIDS

All operations have programmes aimed at maintaining and improving the health of our employees – notably, we have received international recognition for continuing to drive a world-leading HIV/AIDS response.

Occupational health

Health in Anglo American has a broad focus and, depending on the country of operation, ranges from complete medical care (hospitals and medical insurance) through to the design of the workplace. We are also continuing to develop wellness programmes aimed at protecting and improving the health of our employees.

Anglo American's occupational health programmes cover all employees and are aimed at preventing occupational disease through prevention of exposure at source. This involves input from a range of experts, including occupational hygienists, engineers and occupational medical practitioners.

The number of reported cases of occupational disease rose to 489 in 2009, from 132 in 2008. The increase can be attributed, in the main, to better monitoring and reporting of noise-induced hearing loss (NIHL), which rose from 62 in 2008 to 367 in 2009; the majority of these were existing cases of NIHL that were reported for the first time by Scaw Metals. There was also a significant increase in occupational tuberculosis (TB) cases reported by Scaw Metals (27 in total), mainly attributable to a newly acquired business in the Eastern Cape province of South Africa, which had poorly managed HIV infection. All the new cases of hand-arm vibration syndrome are due to improved reporting from Tarmac. As a result, the incidence rate of occupational diseases per 200,000 hours worked rose from 0.126 in 2008 to 0.483 in 2009. More detailed health figures are available in data tables at the end of this report.

Since most occupational diseases have a long latency period, it is difficult to use today's statistics to measure the effectiveness of the current control strategy. A new monitoring and reporting system, based on the effectiveness and availability of current controls, is being introduced, which revolves around reporting and analysis of health incidents. The definition of an incident ranges from employee observations, through to medical and occupational hygiene measurements. Reporting these is part of a wider approach to occupational health risk management that will see consistent standards for health hazard management rolled out and audited across the Group. This was introduced

as part of the Group occupational health objectives for 2009. All incidents will be investigated and any control measure that has failed, reinstated or revised. The objective is to ensure that exposure to health hazards does not exceed the targeted levels.

HIV/AIDS

Anglo American continues to drive a world leading HIV/AIDS response. During 2009, the Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria recognised Anglo Thermal Coal's South African mines' performance with a business excellence award for the best workplace HIV/AIDS programme.

We are determined to break the cycle of new infections and to ensure that those infected with HIV are assisted in staying healthy and economically active.

The fundamental focus of Anglo American's HIV/AIDS response is on everyone knowing their HIV/AIDS status – thus, our thrust continues to be on early diagnosis and access to treatment. Complementing this, at the business units and corporate offices, we have a well-established and robust system of post-testing compulsory counselling, coupled with intensive HIV-prevention campaigns. In 2009, the southern African operations exceeded the ambitious target of 80% – a significant achievement given that this was near-zero in 2002.

The HIV disease-management programme at Anglo American in South Africa is in its seventh year. Progress on this has been slower than with voluntary HIV testing, with the proportion of HIV-positive employees enrolled in the programme standing at 51% at year end. A renewed effort is being made to increase this uptake to 60% and improve the health of HIV-positive employees.

A key element in successfully managing the HIV/AIDS epidemic is to ensure the timely uptake of treatment. This forms an important focus of activities in tandem with initiatives to encourage people to stay on anti-retroviral therapy (ART), and to bring their spouses or partners to participate in our HIV/AIDS programmes.

At the end of 2009, 3,211 employees, 27% of the estimated HIV-positive employee population



Thermal Coal's HIV/AIDS programme clinched top honours at the Global Business Coalition on HIV and AIDS, Tuberculosis and Malaria's Business Excellence Awards. Celebrating Thermal Coal's victory (left to right) are Ben Magara, executive head of engineering and projects (then CEO of Anglo Coal in South Africa); chief medical officer Dr Jan Pienaar; regional HIV and AIDS co-ordinator Sonto Mahaye; and head of Thermal Coal underground operations, and long-time AIDS champion, John Standish-White

were receiving ART. Ultimately, all HIV-positive employees will need ART, so we anticipate, and are planning for, a steady increase in the number of employees starting treatment.

The CD4 count – the number of circulating immune system cells that are attacked by HIV – remains the best indicator of the state of the immune system in HIV infection. The aim is to start all HIV patients on treatment before their CD4 counts fall below 350 cells per millilitre of blood; that is, before their immune systems are sufficiently weak to contract TB and/or AIDS. Although our median CD4 count at the start of treatment has been progressively improving every year, it had only reached 216 in 2009 – short of the ideal 350. Key performance indicators for HIV/AIDS are available in the data tables at the end of this report.

Sadly, 263 employees died from AIDS in 2009. This figure reveals the stark reality of the impact of AIDS on our workforce. In a perfect programme, all HIV infections would be diagnosed early and all patients placed on ART before they get sick. With good adherence to the prescribed medication, there should be no deaths from AIDS. This is our long-term goal.

The number of losses per annual cohort of employees receiving ART decreased progressively until 2006, but is now showing a rising trend, largely owing to a higher number of defaulters from treatment (see graph on page 18). We are concentrating our efforts on early identification of defaulters in order to encourage them to remain on the programme. We are also providing drugs that need only be taken once a day and have far fewer side-effects, which should further improve adherence levels.

During 2008, we made the ambitious decision to extend our comprehensive HIV prevention, care support and treatment programme to dependants of employees. This decision was based largely on the understanding that HIV/AIDS cannot be effectively managed when only one family member receives care for a disease that affects the entire family. The uptake has been slow to date, with 453 dependants registered on HIV programmes, of whom 172 are on ART. We are intensively analysing how we can extend participation.

The escalating TB epidemic in South Africa – a direct consequence of the high burden of HIV disease in the country – is an ongoing concern at all our operations. Our TB-control programmes, based on similar principles to our HIV/AIDS programmes, are being improved to ensure that this emerging threat is actively managed and properly controlled.

We had more than 900 new cases of TB diagnosed and treated in South Africa in 2009 – an incidence rate of about 1,300 per 100,000 employees. Furthermore, we are seeing an increase of TB infection in HIV-negative employees. This is attributed to a much higher burden of undiagnosed and untreated TB disease in the general population, largely as a result of poorly managed HIV infection and AIDS. Another challenge is the emergence of multi-drug-resistant and extremely drug-resistant forms of TB, largely owing to weaknesses in country-wide TB control programmes and health systems. The central theme of Anglo American's direct engagement on community health issues is to support initiatives directed towards health systems strengthening (see page 37).

Wellness

In addition to the focus on HIV/AIDS in South Africa, all operations have programmes aimed at maintaining and improving the health of employees. These include lifestyle management, assistance with the management of chronic diseases and seasonal influenza vaccination. At some operations, notably Codemin in Brazil, the uptake of influenza vaccination is regularly 100% each year.

Pandemic influenza

The predicted influenza pandemic occurred in 2009 and spread rapidly around the world, causing more than 12,000 reported deaths globally. The Anglo American Pandemic Flu Co-ordinating Group activated its emergency response in April 2009. All operations immediately reviewed their state of preparation and business continuity plans. The virus that emerged was not the more dangerous H5N1 avian influenza but a novel H1N1 virus that spread from pigs to humans. This proved to be more infectious and less virulent than normal seasonal influenza, but caused serious illness in pregnant women and adults with pre-existing medical conditions.

The effect on Anglo American was minimal in terms of lost productivity and the spread of the infection within Group operations was averted through heightened awareness and timely action. Sadly, four Anglo American employees across the Group died from complications resulting from the H1N1 influenza.

Total direct training spend

2009: **\$84.1m**

2008: \$51.5 million

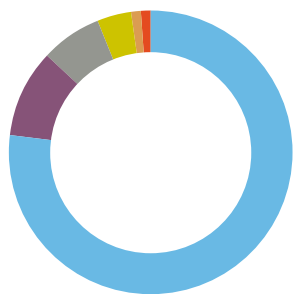
Total number of bursars, apprentices and graduate trainees

2009: **4,514**

2008: 3,701

Permanent employees by region

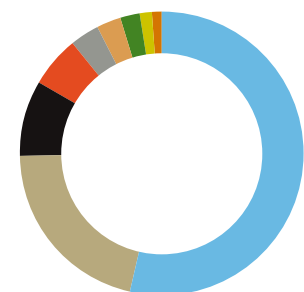
(annual average)



	Total	%
Africa	79,210	77
Europe	9,622	10
South America	7,394	7
Asia Pacific	3,631	4
Middle East	1,050	1
North America	563	1
Total	101,470*	

Permanent employees by business unit

(annual average)



	Total
Platinum	54,608
Other Mining and Industrial	21,329
Thermal Coal	8,869
Kumba Iron Ore	5,730
Metallurgical Coal	3,382
Copper	2,932
Corporate and exploration	2,161
Nickel	1,410
Iron Ore Brazil	1,049
Total	101,470*

Our people

Improving the calibre and diversity of our workforce is central to our ambition of becoming 'the employer of choice' in the mining industry.

A key component of our human resources (HR) strategy is to assist Anglo American in realising its ambition of becoming the employer of choice, through empowering employees to deliver on the goals of being the investment and partner of choice.

Diversity

Promoting diversity within our workforce remains an important pillar of our human resources policy in all the countries where we have operations.

In South Africa, where transformation takes on particular meaning, we continue to make steady progress in ensuring that the workforce increasingly reflects the country's demographics. By the end of 2009, historically disadvantaged South Africans (HDSAs) composed 46% of management (2008: 45%).

Notably, the number of women in management rose to 19% (2008: 17%), while the overall proportion of females increased to 13% (against the 10% Mining Charter target, which had been raised from 8% in 2005). Initiatives such as 'Women in Mining' continue to boost this overall trend. In relation to the Charter, Anglo American has achieved considerable success – targets have been achieved in seven of the Charter's eight pillars, the exception being beneficiation, where there remains a lack of clarity on measurement criteria.

Women in mining

A range of initiatives are under way throughout the Group to attract women to the industry, develop their skills and retain the most talented.

At Anglo Platinum, the number of women working at underground mines has increased from near-zero in 2004 – before restrictions on women working underground in South Africa were lifted – to more than 2,700 today. When underground mining opportunities were opened to women in 2005, Anglo Platinum immediately made arrangements to help them overcome the challenges of working in a male-dominated environment. Company assistance included not only a new set of policies and guidelines, but also training programmes for women and appropriate facilities for them in the workplace, including underground.

Metallurgical Coal's initiatives in Australia have focused on attracting and retaining increasing

numbers of female employees across all levels of the organisation. Half of the business's 2010 scholarship programme intake was female and plans are being put in place to increase the number of women in 'non-traditional roles' through the apprentice, associate, graduate and scholarship programmes.

Other widely implemented initiatives to promote women in mining include flexible work hours, child-care facilities, and development and training and mentorship programmes focused on women.

Talent development

During 2009, the Group-wide development processes continued in parallel with change activities. These played an important role in preparing employees for new responsibilities and in informing decisions around staffing the new organisation. Importantly, upgrading and retaining key talent remained a major focus during the change initiatives.

At the Group level, Anglo American continues to enhance its comprehensive portfolio of development programmes, which complement the business units' own initiatives. These include 'high potential' graduate programmes, management development programmes and senior leadership development. Nearly 30% of all permanent employees, across all levels of the organisation, undergo formal training and development reviews on an annual basis.

Skills development and training

A workforce with the right skills, experience and training is one of the industry's most basic needs. During 2009, Anglo American invested \$84.1 million (2% of total employee costs) in direct training activities, and supported more than 4,500 bursars, apprentices, graduates and other trainees.

Nearly 5,700 employees, contractors and community members in South Africa have enrolled in adult basic education and training (ABET) programmes, which are offered by Anglo American business units to help people acquire basic literacy and numeracy skills. A further 2,600 employees were provided with 'portable' skills training, which involves developing employees' non-mining skills so that they are employable outside of the industry after mine-closure.



Elvis Maolana (left) and Angelina Skosana (right), work underground at Thermal Coal's Goedeheop colliery in South Africa

Equality and labour relations

Anglo American does not tolerate any form of unfair discrimination, inhumane treatment, forced labour, child labour, harassment or intimidation in the workplace. We are committed to the labour rights principles of the Global Compact, including the right to freedom of association and collective bargaining, the eradication of child and forced labour and non-discrimination.

More than 83% of Anglo American employees are represented by work council, trade unions or other similar bodies, with 47% covered by collective bargaining agreements.

We continued to report nil cases of forced labour or child labour at Anglo American during 2009. In total, 2,108 Anglo American employees were dismissed or resigned owing to breaches of the Business Principles. Ten of these dismissals were a consequence of unfair discrimination practised by those employees.

Organisational restructuring

In the closing months of 2008, in an early response to the global economic downturn, the Company brought forward the timing of a global review of its operations, initiating a substantial rationalisation programme, resulting in a headcount reduction of 23,400 employees and contractors by the end of the year.

In addition, in early 2009, the Company commenced an extensive operating model review to optimise the effectiveness and efficiency of its organisational structure in delivering its strategic objectives.

The operational headcount reduction, together with the organisational restructurings and the decision to divest a number of assets, constituted a primary focus for the Group's human resources activities during the year.

Organisational development

The operating model review was completed in October 2009 and resulted in an organisational simplification and delayering across the Group, with the divisional co-ordinating level across Base Metals, Coal and Ferrous Metals being removed. This has resulted in a leaner organisation with shorter lines of communication and clearer accountabilities.

Profit-accountable business units are complemented by a lean corporate centre focused on essential governance activities and the capture of synergies across the Group through collaborative working and best-practice sharing in the areas of asset optimisation, project management, procurement and supply chain, and shared services.

As part of the operating model review, an overall 25% reduction in overhead support headcount was targeted at the corporate

centres and in the business units. By year end, almost 60% of the targeted reduction had already been achieved, including more than 300 employees within the divisional layers and the Group functions, mainly based in Johannesburg and London.

During this challenging time for everyone, maintaining progress towards the ambition of becoming the employer of choice by living our values was critical, as was the need to maintain progress on transformation. A key objective was to continue to motivate and engage employees who remained, while extensive redeployment and outplacement support was provided for those adversely affected.

Accordingly, extensive employee consultation, regular communication and individual support were a consistent feature throughout the restructuring and employee downsizing programmes.

The vast majority of the targeted reductions were progressed through voluntary severance, but where additional reductions beyond those achieved through voluntary means was necessary, a thorough, fair and transparent assessment and selection process was undertaken.

* The total numbers of employees and contractors reported here are based on an annual average and exclude joint venture employees. They do not, for this reason, fully reflect the reported headcount reductions. In addition, the recently acquired Iron Ore Brazil operations employed more than 4,000 contractors on its projects during 2009.

Total energy consumed

2009: **106** million GJ

2008: 105 million GJ

Carbon dioxide equivalent emissions

2009: **19** million tonnes

2008: 19.7 million tonnes

“Anglo American’s coal-seam methane-fired power stations currently generate 77 MW of power – equal to taking 580,000 cars off the road”

For related information, see the water section on page 26 and the biodiversity section on page 29



For more information, download the latest Anglo American Carbon Disclosure Project submission:
www.angloamerican.co.uk

Climate change and energy

Climate change is a defining challenge of our era. We recognise the need to take meaningful action towards addressing its causes, and to help protect our employees, assets, as well as the communities and environments linked to our operations, against its potential impacts.

Our approach to climate change is underpinned by a number of strategic interventions. These include a focus on energy efficiency, carbon-reducing ‘synergy projects’, low-carbon technologies and adaptation to climate change. Climate change also represents a commercial opportunity and, guided by these principles, we will seek to leverage our knowledge and assets in order to generate additional value for our stakeholders.

Energy consumption

During 2009, Anglo American consumed 106¹ million gigajoules (GJ) of energy (2008: 105 million GJ; 103 excluding businesses since divested²). This 3 million GJ comparative increase was almost entirely attributable to Anglo American’s Iron Ore Brazil business reporting its energy use for the first time since acquisition.

Energy consumption
(million GJ)

Driving efficiency

Improving energy efficiency is a core element of Anglo American’s response to climate change, as well as an economic value driver for the business because of energy costs and concerns about security of electrical energy supplies. The bulk of the Group’s greenhouse gas (GHG) emissions (54%) are generated through the

electricity we purchase. The majority of this is coal-fired, which is why we will continue to drive efficiency gains in electrical power usage through asset optimisation and continuous-improvement programmes.

In 2004, we set a target to reduce our energy intensity by 15% by 2014 based on a 2004 baseline. All of our operations are involved in a considerable number of energy-efficiency projects focused on optimising processes, technology and behaviour.

Examples include projects related to the installation of energy-efficient lighting throughout most Group operations as well as the optimisation of air compressors, ventilation fans, pumps, draglines, conveyors, electric motors, and other machinery used in the mining industry.

During 2009, Anglo American improved the monitoring of electrical power consumption through the introduction of central electricity-management systems. These systems enable pro-active management of power usage, in particular to reducing consumption during high cost-peak demand periods. Energy-efficiency management tools are also being trialled to monitor liquid fuel consumption in opencast haulage trucks.

Carbon dioxide equivalent emissions

Over the decade to 2014, the Group is aiming for a 10% reduction in emissions per unit of production. During 2009, Anglo American emitted 19.1 million tonnes (Mt) of carbon dioxide equivalents (CO₂e) – slightly less than the 19.7 Mt emitted in 2008 (19.1 excluding Namakwa Sands and Tarmac Iberia, which were divested during the year).

GHGs have remained stable since 2008, despite the acquisition of the Iron Ore Brazil business, and an increase in the Group’s energy consumption. This is a result of the relatively low emission factors for electricity at the Brazilian iron ore operations, as well as small reductions in CO₂ from processes and fossil fuels and CO₂ equivalents from methane.

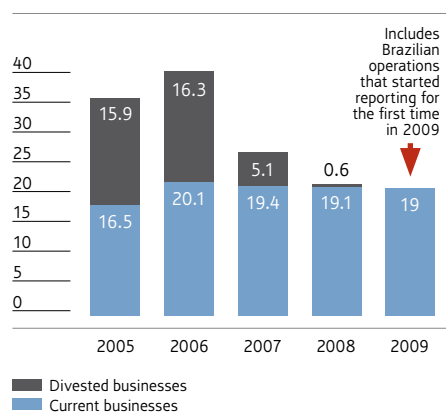
¹ Differs from the 105.3 reported in the Annual Report due to an amendment to the conversion factor used for petroleum coke.

² Including Namakwa Sands and Tarmac Iberia, which were divested during 2008; total energy consumed during 2008 equalled 105 million GJ.



Wind farm turbines at the Anglo American Lisheen zinc and lead mine in Ireland. The mine's tailings management facility is visible on the left. The wind farm will be capable of meeting the electricity needs of the mine, as well as two nearby towns, at peak capacity

CO₂ equivalent emissions (million tonnes)



Carbon abatement and alternative energy

Our goal to reduce CO₂e emissions extends beyond improving energy-consumption efficiencies to implementing carbon-abatement projects, in particular those that have synergies with operational activities. The coal-seam methane-fired power stations at Capcoal and Moranbah North in Australia (see 'tackling coal-mine methane'), as well as the part-owned wind farm at the Lisheen lead and zinc mine in Ireland are three of Anglo American's most high-profile carbon-abatement 'synergy' projects. Most of Lisheen mine's stake in the wind farm, which the mine conceptualised and gained regulatory approval for, has now been sold to a specialised energy development

company. The wind farm will be capable of meeting the electricity needs of the mine, as well as two nearby towns, at peak capacity. It is currently able to supply around 57% of the Lisheen mine's electricity requirements.

While we are not yet in a position to report comprehensively on them, we have started to gather Group-wide data related to the amount of renewable and alternative energy we use and generate. During 2009, Anglo American recorded the consumption of roughly 1.3 million tonnes of biodiesel and 16,000 tonnes of renewable waste fuels, and the generation of approximately 52,200 MWh of electricity (not including Moranbah North and Capcoal) and 1.7 million GJ of energy from biomass and excess steam.

Increasing the proportion of renewable energy that we consume is an important component towards achieving our overall GHG-reduction target. The use of renewables is, however, a challenge in an energy-intensive industry since core mining activities depend on high levels of supply security. Power interruptions are a serious safety concern and many core activities are extremely expensive to ramp up after outages. For these reasons, and the varying regulatory and geographic circumstances of our operations, each operation is required to take advantage of suitable local alternative energy opportunities.

For example, Los Bronces copper mine in Chile has reached an agreement with a local power supplier to re-open a hydro-electric power station on the nearby San Francisco River and

is exploring other potential sites for small-scale hydro-electric power plants. Other initiatives include the installation of solar water heaters as part of Kumba Iron Ore's hostel conversion project and at Anglo Platinum's Mototolo concentrator and Brakfontein shaft (all in South Africa); a partnership project in Chile to develop a low-cost prototype wind generator, which will provide more affordable energy than current models do; and the extension of competitive loans to employees in Chile who wish to purchase hybrid cars for their personal use.

Tarmac has substituted 33% of the thermal energy needs of its Buxton Lime and Cement businesses – its largest emitters – with carbon-neutral waste-derived fuels, while operations in south Wales and Northern Ireland have committed to procuring all of their electrical energy from local wind farms. Scaw Metals' proposed fuel-switch Clean Development Mechanism (CDM) project, which will involve its Union Junction site in South Africa converting to lower-carbon natural gas, continues to make progress. The company is also involved in a feasibility study related to the generation of electricity from waste heat and process waste recovered from kilns.

Tackling coal-mine methane

Methane accounts for 17% of Anglo American's GHG emissions. Each tonne has a global warming potential 21 times greater than that of CO₂ over a 100-year time horizon. Emissions occur naturally from sources such as wetlands, while human-influenced causes include landfills,

“ We participate in a number of innovative carbon sequestration initiatives, ranging from carbon capture and storage, to bio-sequestration ”

natural gas production and distribution, agriculture and some forms of coal mining. The development of technologies to reduce methane-related emissions has been under way for many years and has emerged as a key aspect of the international response to climate-change mitigation.

Anglo American's coal-seam methane-fired power stations at Moranbah North and Capcoal in Queensland, Australia currently generate a combined 77 MW of power – representing a reduction of approximately 2.3 million tonnes of CO₂e annually, which is the equivalent of planting 3.6 million trees or taking 580,000 cars off the road.

Such major methane-capture and -use initiatives at Australian coal operations are viable owing to the inherently high coal-seam methane content. Similar opportunities for the Group's South African coal operations are more limited because of the significantly lower inherent methane content of the Highveld's coal seams – though a smaller scale methane-flaring project has been started at New Denmark Colliery. As part of a CDM project, the mine plans to install two mobile flares into its existing, post-mining, methane-drainage system. We anticipate that this will reduce the colliery's CO₂e emissions by an estimated 100,000 tonnes per year. We are also exploring other opportunities for the extraction and use of coal-bed methane in South Africa and Botswana.

In some of our underground mines in Australia there are still significant quantities of highly diluted methane associated with the large volumes of mine ventilation air released into the atmosphere. Success will depend on the elimination of nearly all methane emissions associated with underground coal mining. Our intention is to advance research on innovative technologies designed to oxidise or biologically capture methane in trace concentrations.

Low-carbon technology research and advocacy

Advancing low-carbon technologies, which affect operational- and product-related CO₂ emissions performance, is critical to the long-term success of our business. In this regard, we participate in a number of downstream-related carbon research and advocacy initiatives.

Anglo American's coal businesses are the most vulnerable to climate-change regulation and present the greatest opportunity to mitigate the impact of climate change. Consequently, a focus of our research is on advancing clean-coal technologies and carbon sequestration.

Clean coal

Anglo American is involved in research through the International Energy Agency's Clean Coal Centre and Greenhouse Gas Programme and in regional initiatives in both Australia and South Africa. In Australia, we are investing \$55 million in the ambitious COAL21 coal industry programme to develop a portfolio of low-emission demonstration projects in conjunction with governments, power generators and equipment manufacturers.

Anglo American is also involved in the Callide Oxyfuel Project in central Queensland next to our Callide coal mine. Construction has begun

on the project, which we expect to be a world-first demonstration of how existing coal-fired power stations can be adapted to produce almost zero-emission electricity.

Carbon sequestration

We participate in a number of carbon-sequestration initiatives, ranging from carbon capture and storage (CCS), to biological sequestration. CCS involves the injection of CO₂ into stable geological structures for long-term storage to prevent its release into the atmosphere, while bio-sequestration depends on natural processes, such as the absorption of carbon by plants through photosynthesis.

One of these is the Otway storage project in south-western Victoria in Australia – the world's largest CCS demonstration project. More than 65,000 tonnes of CO₂ have been injected and stored in a depleted gas reservoir deep underground and further injections into different formations are being planned. We are also supporting an initiative in South Africa that will develop a CO₂ storage atlas aimed at identifying potential sites for the geological storage of CO₂ in the country.

In late 2009, Anglo American became a founding member of the Global Carbon Capture and Storage Institute (GCCSI). Administered and funded by the Australian government, the Institute is an important global initiative that aims to facilitate the development and deployment of CCS projects. The GCCSI will bring government and industry together and support the G8 countries' goal of developing at least 20 industrial-scale CCS projects by 2020.

During 2009, Anglo American acquired a stake of more than 20% in Australian-based MBD Energy, which will soon commence trials of leading-edge carbon capture and conversion technology using algal synthesisers at three of Australia's largest GHG emitting coal-fired power plants.

Adapting to climate change

Anglo American is keenly aware of the risks climate change poses to its business, as well as its potential to undermine corporate socio-economic development efforts. Our focus is on developing regional climate-change impact models to provide a better understanding of business and societal exposure to climate-change scenarios and the associated adaptation requirements. The models will provide guidance on the likelihood of regional changes in temperature, precipitation patterns and extreme weather in our major operating areas and enable in-depth operational analysis of the implications of these changes for the health and safety of our employees, our production and supply chain processes, local communities, water availability (see page 26) and biodiversity.

Creating socio-economic linkages

We have an enormous opportunity to combine carbon-reduction initiatives with our socio-economic development activities in order to achieve dual benefits.

For example, we are investigating ways to work with local communities to help them save energy and ensure that they have secure and sustainable energy supplies. The wind farm



Neville Hutchison and Ben Milner on site at the Moranbah North mine waste coal mine gas power station. Together, the stations at Moranbah and Capcoal generate 77 MW of power, representing a reduction of c. 2.3 million tonnes of CO₂e a year

at the Lisheen zinc and lead mine in Ireland produces clean electricity and forms part of the operation's closure plan around future land use. We are formalising a decision-making process to govern our investment in such projects, which will include other environmental and socio-economic criteria.

Responding to climate-change policy developments

Australia

During the second half of 2008, the Australian government released its green and white papers on Australia's emissions-trading scheme (ETS), entitled the Carbon Pollution Reduction Scheme (CPRS). It is expected to come into force in 2011 if the Australian government is able to pass legislation through the Senate.

If the legislation is passed, the CPRS scheme could have significant financial implications for all Australian coal companies. Anglo American is in discussion with the government on the design of the CPRS, as well as on the possibility of co-ordinated research and development opportunities and clean-coal technologies. Metallurgical Coal has established a team to ensure that the business is prepared for the introduction of the scheme and to identify further opportunities to implement carbon-reduction measures.

South Africa

The South African government moved ahead with its climate-change-policy process in 2009

following the release of its climate-change strategy in 2008. Ahead of the Copenhagen conference in December 2009, the government announced its target to achieve a 34% reduction in CO₂ emissions by 2020 and 42% by 2025. The country's national climate-change response policy is due for release by the end of 2010, and the related fiscal, legislative and regulatory package is expected to be implemented by 2012.

The Thermal Coal business unit in South Africa has completed a fact-finding process to understand the expected impacts of climate-change regulation on the business. It has developed medium-term emissions forecasts and completed a detailed analysis of profitability against various scenarios. This process has involved an analysis of customer sensitivity to carbon pricing.

United Kingdom

During the course of 2008, the UK parliament introduced the Climate Change Act, which sets legally binding targets to reduce GHG emissions by 34% by 2020 and 80% by 2050 based on a 1990 baseline.

To meet its obligations under the Kyoto Protocol, the UK has been driving a decrease in GHG emissions through a series of regulations and initiatives, including the European Union Emissions Trading Scheme. This applies only to Tarmac's cement and lime businesses, which have fully complied with all obligations under this scheme.

In 2010, a further scheme will be introduced in the UK called the Carbon Reduction Commitment Energy Efficiency Scheme (CRC). CRC is a carbon trading scheme for large non-energy intensive organisations, which must buy and surrender GHG allowances equivalent to their energy (electricity and fuel) emissions. Tarmac is making preparations to comply with the requirements of this new regulation.

“Increasing the proportion of renewable energy that we consume is an important component towards achieving our overall GHG-reduction target”

Water

Water is a vital input to Anglo American operations. Ensuring security of supply is of strategic importance both to us and the communities and countries in which we operate.

Water used for primary activities

2009:

125

 million m³
2008: 125 million m³

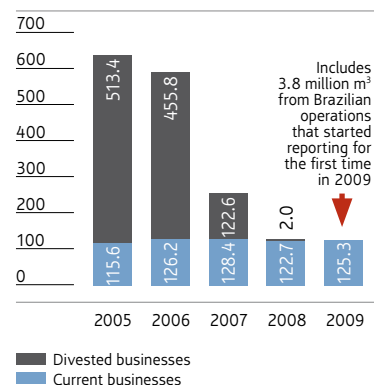
Water-related Level 2 (medium impact) environment incidents

27

Like-for-like water consumption reduction:

6%

Water used for primary activities (million m³)



For related information, see the climate change section on page 22

The threat posed by climate change requires us to explore new approaches to managing water in our operations, many of which are located in some of the most water-stressed regions of the world.

We strive to be a leading custodian of water: we aim to use water sparingly and efficiently, re-use what we can and release only water of an acceptable quality back into the environment.

Performance

In 2009, Anglo American consumed 125 million cubic metres (m³) of water for primary activities (2008: 125 million m³). Our 2009 consumption includes 3.8 million m³ of water from the Brazilian Iron Ore operations, which started reporting for the first time since acquisition, as well as an additional 5.7 million m³ of harvested rainfall that Anglo Platinum had not previously included in its reported figures. On a like-for-like basis (and excluding businesses since divested), the Group achieved a 6% water saving in comparison with 2008.

Owing to the diverse nature of our businesses and the regions in which they operate, Anglo American business units set their own water targets; these will be refined during 2010 using a new, standardised, target-setting tool.

Although there were no major complaints or legal issues in 2009 relating to the Group's water use or the quality of the water we have discharged, 42% of the Level 2 environmental incidents recorded (total: 65) – namely those with a moderate, medium-term impact – were directly related to water-management. Typically, these include incidents such as overflows and leakages, which are addressed through site-level ISO 14001 environmental management systems. Eliminating any harm to the environment remains our focus; we investigate every significant incident and preventative measures are put in place to avoid repeats.

Reducing consumption

The eMalahleni water reclamation plant in South Africa continues to purify 25,000 m³ of water to potable quality every day. This meets the needs of many local Anglo American operations, and more than 18,000 m³ is piped to the eMalahleni local municipality's reservoir.

A pre-feasibility study into the expansion of the plant to a 50,000 m³ per day facility is under way as part of a long-term water-management solution for Thermal Coal's Landau colliery. The study is also exploring the possibility of treating polluted water from old and abandoned mines, which are currently under the custodianship of South Africa's Department of Mineral Resources.

Several other water projects are being implemented throughout the Group. For example, Anglo Platinum's joint venture Bafokeng Rasimone platinum mine outside Rustenburg in South Africa started re-using the water from its return water dam for its operational process in 2009. This was achieved by installing a simple sand filter that removes unwanted water-borne solids. As a result, the monthly amount of potable water used by the process plant has fallen from nearly 150,000 m³ in September 2008 to less than 60,000 m³ in June 2009. The project's R2.8 million (\$330,000) phase-one investment has already been offset by these savings.

Other water re-use and efficiency initiatives include: rainwater collection and improved water separation at the Barro Alto Nickel project in Brazil; a new recovery system that has increased water re-use at the Catalão niobium and phosphate operation in Brazil from 45% to 85%; and the installation of dual variable-speed drives on tailings thickener underflow pumps at Metallurgical Coal's Dawson mine in Australia, which has reduced the amount of water needed for pumping tailings to the storage facility by 50%.

In South Africa, the commissioning of a water treatment plant at the Bafokeng Rasimone platinum mine has reduced its water intake from the local municipality by 38%, while the use of environmentally friendly chemical dust suppressants at Kumba Iron Ore's Thabazimbi mine has saved 40% of the water that was previously used for dust suppression on untreated haul roads.

How we manage water

One of the outcomes of the Anglo WaterWays programme was a Group water vision – to be a leading custodian of water – and a framework that outlines our approach to managing water. The framework is supported by the Group Water Performance Standard, which is part of The Anglo Environment Way (AEW) set of standards.



In South Africa, the eMalahleni water-reclamation plant assists in addressing the water demands of the fast-growing eMalahleni area by purifying 25 megalitres of water daily, of which 18 megalitres are supplied to the local municipality

The Group's new water-balance journey model, introduced towards the end of 2009, provides operations with a tool to understand the maturity of their water-management systems and water balance – how much water they use, which parts of their operation use the most water and water-quality flows. The next step in the water-management framework is for operations to map the dynamics of their role in the larger catchment area – how much water there is, with whom it is shared, what it is used for, local government priorities, socio-economic conditions and environmental needs. We use the outcomes of our social- and environmental-impact assessments and SEAT to complement this understanding. This knowledge forms the basis for local engagement, identifying possible improvement opportunities, how these may affect our operations and those with whom we share the resource, and how we can contribute to local imperatives.

Water-related training and development during 2009 was conducted via a WaterWays technical committee and its associated working groups, as well as through the inclusion of water in the AEW roll-out training sessions, which were attended by more than 180 people globally.

The value of water

Implementing large-scale improvements on existing infrastructure often involves substantial initial investments that can only be made if the right risk, financial, innovation, and efficiency criteria are met. Water projects often do not qualify because of the low unit cost of water.

It is for this reason that in 2009 we started to develop a model for determining the 'true' value of water. The concept is being developed further to help operations calculate their unique value of water, taking into account the current amount paid per unit; the infrastructure cost used to pipe, store and treat water on site; the

potential financial implications of the absence of water; and an operation's water-related impact on the socio-economic development within a catchment area. We envisage this 'true' value of water model being used to support decision-making related to water efficiency/reduction initiatives and the design of new projects, once tested.

Engaging with others

Engagement is central to Anglo American's approach to water. We regularly provide and receive inputs to water-related policy issues through a number of industry associations, and interact more directly with national and local authorities on issues such as water licensing and permits. Water is a topic raised frequently in our engagement with communities surrounding Anglo American operations. Communication mechanisms in these instances take the form of regular direct contact with interested parties, or formal multi-stakeholder forums.

Water and climate change

Water is Anglo American's most significant physical climate change-related risk. Changes in weather patterns are expected to alter the rate of water evaporation and precipitation – both in terms of the actual amount of rainfall, as well as its frequency and intensity.

Such changes are expected to affect the water balances at our operations and their catchment areas, with far-reaching implications for infrastructure and processes, as well as our relationships with other users. In most instances, we will have to use less water, re-evaluate how to store water and plan for extreme weather events.

For instance, our South African operations are required by law to make provision for one flooding event in every 50 years. Historical weather patterns, which, until recently, were a

very good indication of what can be expected in the future, have been used to determine these specifications. If we can no longer depend on this knowledge because of climate change, we will have to develop new systems to protect our employees, operations, the communities surrounding our operations and the local environment from such events.

Our climate-change impact-assessment work with Imperial College London, aimed at identifying the hazards posed by climate change to Anglo American operations, is nearing completion. This will enable us to refine our risk inventory for operations around the world and to examine high-risk sites in more detail with the purpose of developing adaptation strategies. This work will be used to influence the climate change component of operational Water Action Plans (WAPs).

A study on the potential impact of climate change on the water supply system proposed for the Quellaveco project in Peru's Tambo water basin has been completed. The study concluded that higher temperatures may cause an increase in evaporation from the nearby Pacific Ocean, ultimately leading to higher levels of precipitation in the Andes and an estimated 20% increase in the Tambo basin's headwaters between 2010 and 2039.

Looking ahead

We will continue to embed the outcomes of the WaterWays programme and AEW Water Performance Standard into the way we do business. We have initiated a process to develop WAPs, much in the same way that selected sites are required to implement stand-alone Biodiversity Action Plans (see page 29). These WAPs will include planning related to the potential impacts of climate change as well as formalising linkages between operations and other stakeholders.

Land under company charge ¹

981,154 hectares


Land altered for activities related to mineral extraction

85,415 hectares

Land rehabilitated ²

11,650 hectares

“ The internationally recognised Anglo American Mine Closure Toolbox is being implemented at 30 operations worldwide and 230 managers have been trained ”

 The Anglo Environment Way, volumes I and II are available online: www.angloamerican.co.uk

Land stewardship and mine closure

Sustainable mine closure is a vital aspect of our obligation to society and our ongoing licence to operate.

There are inevitable disturbances to the land we take control of for the purposes of mineral extraction. Through implementation of The Anglo Environment Way (AEW), we endeavour to minimise the negative impacts of our activities, drive positive outcomes, and ultimately restore the disturbed land to an agreed capability and use at mine closure. The AEW comprises 10 performance standards that cumulatively contribute towards effective land management.

Rehabilitation

For the purposes of this section, we distinguish between 'land under Company charge' and 'land altered for mineral extraction'. In total, 981,154 hectares of land falls under the direct management of Anglo American¹. Of this, 85,415 hectares have been disturbed for the purposes of mineral extraction including mining activities, mineral processing, mineral waste disposal – and all supporting infrastructure.

Our aim is to rehabilitate as much of the affected land as possible during the mine's operational life. This generally results in a better rehabilitation outcome, saves costs in the long run and reduces our closure liabilities. In addition, retrospective rehabilitation of legacy sites has been ongoing since 1987. The selection of the most appropriate rehabilitation solutions varies from site to site and country to country, and various methods have been developed over the years. More recently, the rehabilitation options at a particular site are evaluated and compared on a risk-based approach to assist in the selection of preferred options. This process integrates the capital and operating costs of the various rehabilitation options, taking into account legal, environmental, social and Company issues and their potential to change over time. About 11,650 hectares of mining disturbed land has been rehabilitated².

¹ This includes land owned, leased, covered by surface rights, or occupied by third parties, but excludes undeveloped projects/prospects where the land does not yet fall under the direct management of the Company.

² This does not include land that has been rehabilitated, but not yet approved as such by authorities.

Mine closure

During 2008, Anglo American formally launched its internationally recognised Mine Closure Toolbox to assist operations with strategic long-term mine-closure planning. To date, more than 400 copies of the Toolbox have been distributed in various languages throughout the Group, over 30 sites have started implementation and a total of 230 middle and senior managers have been trained in Toolbox implementation.

The Toolbox expands the focus of mine-closure planning from financial provisioning for rehabilitation and physical closure to planning for long-term sustainability through addressing complex socio-economic, physical and bio-physical challenges. The Toolbox was designed by the in-house Technical Services department for use in conjunction with SEAT, and helps operations comply with the requirements of the AEW Mine Closure Performance Standard.

It is important to follow a structured approach to closure planning, and the Toolbox covers three main themes: strategic planning; assessing current status; and scheduling, resource allocation and budgeting to address identified gaps.

The strategic planning element requires an operation to develop a vision of what it wants to achieve post mine closure through engagement with local stakeholders. Ultimately, all strategic plans will involve the mine relinquishing any 'surrogate government' role that it might have played during the life of the mine, in order to bring about long-term independence and sustainability in the surrounding community.

The next step is to assess where the operation is in relation to what it wants to achieve post closure. This involves identifying knowledge gaps in the mine's current closure plan and defining what level of detail the closure plan should contain relative to the remaining time to closure.

Scheduling, resource allocation and budgeting make up the final, detailed planning phase. This encompasses the identification of what technology and resources are required in order to close any gaps, as well as the implementation schedule and financial planning.



Inspecting the well maintained rehabilitated land at Tarmac's Coxhoe limestone quarry in County Durham in the United Kingdom

We have learnt a number of useful lessons from the outcomes of the initial stages of Toolbox implementation. These reinforced the notion that closure planning is best conducted well in advance of mine closure. Among other things, early closure planning highlights opportunities to reduce environmental liabilities over the life of the operation much sooner, and enables operations, from the outset, to engage with and manage the expectations of their stakeholders. It also emphasises the importance of closure plans being defined and driven by the wider social, economic, physical and biological contexts within which a mine is located, as well as the value of partnerships and capacity building.

Our Technical Services team conducted 10 operational gap-analysis workshops in 2009 and will continue to lead these and extend implementation of the Toolbox throughout the Group during 2010.

Biodiversity

Biodiversity – the variety of life on earth – provides a range of goods and services collectively termed ecosystems services. As a business, we are reliant on these services, which include the provision of clean water, conservation of soil, flood attenuation, the maintenance of fertile soils, pollination of plants and climate regulation.

We recognise that these natural systems are under pressure, that the consequences of this are often borne disproportionately by the poor, and that we have a responsibility to reduce the negative impacts that may arise as a result of land clearance or any failure to manage air emissions and water discharges. Working towards the lowest possible impact is especially important in remote areas, those that are very biodiverse, and where local communities have a direct dependence on the natural environment.

Biodiversity management is a requirement within the environmental management plans linked to initial site-level environmental-impact assessments, as well as within operational ISO 14001 management systems (to which 94% of all Anglo American sites are certified). The AEW, which is applicable to all our businesses, also contains a Biodiversity Performance Standard. Where significant biodiversity risks or opportunities are present, operations are expected to develop an additional, stand-alone Biodiversity Action Plan (BAP). New acquisitions and projects have a two-year grace period, after which they are required to have plans in place.

Almost all sites that are required to implement stand-alone BAPs have them in place and have integrated them into their environmental management systems. Our operations are at different levels of implementation, but all are working towards a best-practice scenario where BAPs seek to create synergies between local conservation and socio-economic priorities. These are identified through social and environmental impact assessments and in conjunction with local stakeholders through SEAT. They should include concerns, such as the relationships between communities and natural systems and the potential impacts of resettlements. Biodiversity-related targets, such as the consideration of no-net biodiversity loss or net-positive contributions, are set at site level through BAPs because of the complex nature and differing circumstances of each operation.

The El Soldado and Black Mountain mines, in Chile and South Africa respectively, are noteworthy examples of operations in areas of high biodiversity value. Black Mountain is situated in Bushmanland and contains specialised and unique plant species that form part of the succulent Karoo biome. When it was constructed more than 30 years ago, no specific steps were taken to avoid adverse

impacts on biodiversity. Today, the mine has a no-net biodiversity loss target as well as one of the Company's most advanced BAPs, which reflects local conservation and community needs.

The Amapá iron ore mine and Minas Rio iron ore project in Brazil are situated in three extremely valuable biomes: Atlantic Forest, Cerrado and Amazonian Rainforest. Our licences to operate in these areas are subject to very stringent requirements around environmental management.

Anglo American has undertaken to operate in compliance with the ICMM's Good Practice Guidance for Mining and Biodiversity, upon which our AEW Biodiversity Performance Standard is based. As an ICMM member, Anglo American has signed up to its Mining and Protected Areas Position Statement, which means that we have committed to, inter alia, respecting legally designated protected areas, and to not exploring or mining in World Heritage sites.

In addition, Anglo American has recently become a member of the Proteus 2012 Partnership. Proteus is a private-sector partnership with the United Nations Environment Programme World Conservation Monitoring Centre, which is building a database of information on key protected areas around the world. We intend to map our operational footprint against this data in order to identify key biodiversity risk areas.

A system of third-party environmental-management-system audits and biodiversity peer reviews is used to provide operations with guidance on how to improve their performance and achieve full compliance with Anglo American standards, as well as to promote learning and share good practices. Since the peer review programme began in 2005, 60 such reviews have taken place – including 13 during 2009.

ISO 14001 management system
certification (% of sites)

94%

Biodiversity peer reviews since 2005

60

“ The aim of FFI and its local partners is to enable settlers to adopt more productive, sustainable, and lucrative uses of their land and natural resources ”

In 2008, Anglo American entered into a three-year partnership with Fauna & Flora International (FFI), involving, inter alia, FFI's participation in BAP peer reviews. The organisation's involvement in 13 reviews to date has contributed an independent viewpoint and offered guidance on how to improve performance. Examples of excellence have emerged from these reviews (descriptions of related awards and recognition may be viewed online), as have some areas for further development, including the need for more effective integration between BAPs and environmental management systems and better site-level understanding of the business case for biodiversity management, including our reliance on eco-system services.

Another component of the partnership enables FFI to test innovative approaches to the integration of biodiversity conservation, sustainable livelihoods and environmental governance.

Integrating livelihoods and conservation

Anglo American's partnership with FFI has given rise to a 'conservation and livelihoods' initiative with two work streams. The first involves co-financing three existing FFI projects, with the ambition of piloting new ways of incorporating the livelihoods of communities into biodiversity conservation activities; exploring approaches to integrating climate change adaptation into conservation work; and the sharing of lessons learnt.

One of these projects is aimed at reducing deforestation at the 'gateway to the Amazon' in Cristalino, Brazil by enabling alternative means

of sustaining livelihoods. Nearly 40 years ago a number of settlements were created in this area, which led to the establishment of farming communities with insufficient knowledge of the Amazonian ecosystem and ways of sustaining themselves. This, in turn, resulted in land degradation without any long-term economic gains for the communities.

The aim of FFI and its local partners is to enable settlers to adopt more productive, sustainable, and lucrative uses of their land and natural resources. The process started with a participatory socio-economic needs analysis; a review of how livelihoods strategies may be influenced by governance and market-related policies, institutions and processes; and the vulnerability of communities.

With this in mind, community-identified activities have included capacity building for income diversification, market analysis for non-timber forest products, restoration of agricultural landholdings and water sources, and increasing access to information.

The partners are also building communities' understanding of the value of biodiversity and of their role in the conservation of the southern Amazon, as well as in the sustainable management of their agricultural properties and nearby protected areas.

The second work stream supports FFI's advocacy role in emerging issues related to conservation and community rights, including climate adaptation and the implications of carbon financing on the livelihoods of communities, the integration of these into FFI's biodiversity climate foresight tools, and the facilitation of learning processes.



Indigenous plants that have been removed from the wetland on top of the present mining area at Isibonelo colliery in South Africa are preserved in a nursery where they are nurtured before being replanted during the rehabilitation process



Download the ICMM's Good Practice
Guidance for Mining and Biodiversity:
www.icmm.com

Waste management

The primary focus related to mineral waste is to ensure that the waste generated throughout the mining process has the least possible impact on people and the environment.

The Anglo Environment Way's Mineral Residue and Non-Mineral Waste Performance Standards define Anglo American's approach to waste management. Together, these standards aim to ensure that our various waste streams are handled responsibly and that the 'reduce, re-use and recycle' hierarchy of controls is applied whenever possible.

Mineral waste

Mineral wastes consisting of rock overburden from the mining process and of residue from processing plants, known as tailings, are among Anglo American's most significant waste streams in terms of volume and potential risk. They can be a considerable mine-closure liability, have potentially harmful environmental and social impacts and are heavily regulated across the countries in which we operate. These waste streams are consequently a key operational priority.

Managing mineral waste

The primary focus related to mineral waste is to ensure that the waste generated throughout the mining process has the least possible impact on people and the environment. Within the Group there are 124 large-volume tailings facilities, 56 of which are operational. Of the remainder, eight are being re-mined, while the others are either dormant or have been rehabilitated for closure.

The facilities are assessed and rated in terms of the potential environmental and structural stability risks they pose. The assessments indicated that nine facilities had a high 'post risk-controlled' environmental risk and none had a high 'post risk-controlled' stability risk. Stability risks, such as seismic activity, are mitigated through the design and operation of the facilities, and through regular monitoring.

The main environmental risks to be managed relate to potential surface and groundwater contamination, dust and, in the case of coal-residue deposits, spontaneous combustion. As with stability risk, our approach to managing these risks starts with optimal facility design and operation, through to regular inspection of facilities by mine and contract operators.

Third-party audits are also conducted regularly, at a frequency appropriate to the risk posed by

a particular facility. Operational and high-risk facilities are audited annually, medium-risk ones biennially, and low-risk facilities at the recommended maximum of every three years.

Large-volume waste facilities	2009	2008	2007
Process waste disposal facilities	124	126	127
Facilities in active use	56*	70	73
Total area occupied by facilities (hectares)	6,821	6,573	5,934
Total number of audits	85	93	92

Reducing and re-using mineral waste

Mineral waste reduction is a challenge because the volume of such waste is predominantly related to factors such as type of orebody, its quality and its depth; as well as production levels and market conditions. This notwithstanding, sites are expected to continually explore, develop and implement more effective ways of extracting ore, with clear production-improvement and waste-reduction benefits. Many business units have operation-specific targets in this regard, which may be viewed online.

When reduction opportunities are either exhausted or are not feasible, operations are required to investigate the re-use of by-products. Anglo Platinum's Polokwane Metallurgical Centre's research into the potential uses of the slag generated by extracting platinum ores has resulted in the slag being used in innovative mining and building products. Rock dumps are also used as aggregate for road construction once processed. Thermal Coal's eMalahleni water reclamation plant in South Africa has a goal to become a zero-waste disposal facility through utilising the 100 tonnes of gypsum by-product it produces per day. It is engaged in two studies to explore the conversion of waste gypsum into sulphur, limestone and magnesite, as well as the fabrication of mining and building products from the by-product.

Non-mineral waste

Until recently, the focus for Anglo American had been predominantly on waste related directly to core mining activities. In 2007, we started a process of studying non-mineral waste streams in more detail, segregating them and setting reduction targets. Although our operations are at varying levels of maturity in this regard, most have achieved these targets and are implementing further reduction and recycling initiatives. For example, during 2009, Kumba Iron Ore's Sishen mine recycled 70% of its non-mineral waste; and Anglo Platinum recycled 24,000 tonnes of scrap metal and steel, as well as 900,000 tonnes of glass, paper and plastic, in comparison with the 26,700 tonnes that were sent to landfill.

Non-mineral waste volumes and targets

While very good progress is being made on waste reporting, we are not yet in a position to disclose the aggregated volumes of various mineral wastes, or related targets. The bulk of this information is available, however, in the sustainable development reports of Anglo Platinum, Kumba Iron Ore, and those of Anglo American businesses in Chile and Brazil.

The separation of waste streams is a requirement within our Non-mineral Waste Performance Standard, as well as in the ISO 14001 environmental management systems – more than 94% of our sites are ISO 14001 certified and, as such, comply with this requirement.

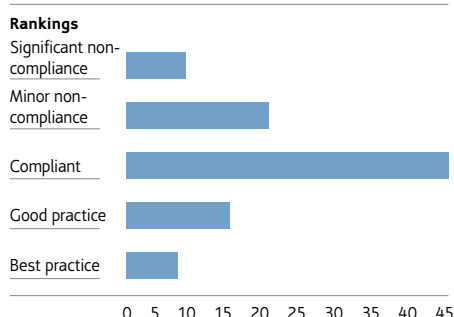
Hazardous waste

The disposal of hazardous waste associated with Anglo American operations is heavily regulated and is well-managed at operations and the receiving waste facilities. These processes are subject to regular ISO 14001 environmental management system audits.

* The reduction in the number of active facilities and audits results from the divestment of Namakwa Sands during 2008.

We are committed to operating responsibly and seek to be the partner of choice for our host communities. Thus we continue to invest in strengthening our social performance.

Summary of social way self-assessments



Anglo American social management framework

Anglo American's six values
Good Citizenship Business Principles.

Policies and standards

Anglo social way/policies on security and human rights, community engagement.

Guidance documents and procedures

Socio-economic Assessment Toolbox (SEAT), Mine Closure Toolbox.

Education and training

SEAT, university courses, advanced social management programme.

Social and community development programmes/initiatives

Enterprise development, HIV/AIDS, social investment.

Good relations with host communities are essential to our long-term ability to develop and operate world-class assets. To further our growth strategy, social performance is increasingly being integrated into broader management systems and functional strategies, including procurement, recruitment and project development.

Social performance strategy

During 2009, a revised social strategy was approved by the Anglo American Board. The strategy presents a clear framework for managing social performance, starting with Anglo American's values and Business Principles, and including policies and standards, guidance documents, management education and training, and individual initiatives.

Key focus areas of the social strategy are:

- Ensuring that we have the right policies, standards and management systems
- Educating managers from a wide range of functions on social performance considerations
- Building on existing strengths, including SEAT, HIV/AIDS programmes and our charitable foundations
- Increasing the scope of our award-winning enterprise development programmes
- Developing a new Group-wide approach to local procurement and employee volunteering

Management systems

In 2009, we launched The Anglo Social Way, the fourth of the sustainable development 'Way' documents (to complement The Safety, Occupational Health and Environment Way publications). The Social Way consolidates Anglo American's existing social performance commitments into one accessible document and introduces a small number of additional requirements, including:

- Implementation of a standardised stakeholder complaints and grievance procedure across the Group
- Where relevant, specific plans to manage relationships with communities of Indigenous Peoples
- New standards for the governance of resettlements.

The implementation process for The Anglo Social Way commenced with a self-assessment programme for all operating mines, which were ranked against the 24 requirements in the document. A summary of the results is presented in the sidebar.

Exploration and development projects will be subject to a similar assessment process in the first half of 2010. During 2010, improvement plans will be developed aimed at eliminating non-compliances against the new standards.

A key objective of The Anglo Social Way is to professionalise the management of social performance, a major element being the development of new key performance indicators (KPIs). In 2010, we will be implementing KPIs for complaints and grievance procedures and the outputs of social investments.

The complaints and grievance procedure process will allow us to collect consistent and timely information on the nature, frequency and severity of complaints from stakeholders. The process has been designed to address the recommendations of Professor John Ruggie, the UN Special Representative on Business and Human Rights.

The social investment output KPIs will enable Anglo American to report in much greater detail on the impacts of our social programmes, and will also allow for improved evaluation and comparison of different programmes.

Education and training

During 2009, we made major investments in university-level education on social and community development issues. The highlight of the year was the launch of a unique senior management programme on social performance issues, developed and delivered for Anglo American by the University of Cambridge Programme for Sustainability Leadership and the University of Queensland Centre for Social Responsibility in Mining. Consisting of two one-week workshops, the programme attracted 34 senior participants, including five from NGO partners. A range of operational, sustainable development and community relations managers from across Anglo American participated in the programme, which will be run again in 2010.



The Anglo Social Way is available online:
www.angloamerican.co.uk



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

In 2009, Anglo American supported the establishment of a new postgraduate diploma in Strategic Engagement at the University of Cape Town's Graduate School of Business. The course is the first of its kind in Africa and is aimed at site-based community relations employees. Around half the attendees were sponsored by Anglo American, including officials from local governments in our mining areas.

Human rights

Anglo American has a long-standing commitment to the Universal Declaration of Human Rights. In recent years, we have increasingly embedded human-rights concerns into our management systems.

The human-rights focus of SEAT was strengthened in 2007, with new tools on complaints and grievance procedures and a greater integration of gender, conflict prevention and resolution and community health. In 2009, we took four further measures to integrate human-rights concerns into our work. A further tool on Indigenous Peoples was added to SEAT and a Group-wide stakeholder complaints and grievance procedure was developed and is now being rolled out.

In terms of projects, the new integrated Social and Environmental Impact Assessment Standard, contained in Volume 2 of the Anglo Environment Way, now includes a human rights component in the impact assessment process for new developments. Finally, the new Group social policy (presented in The Anglo Social Way) includes an explicit commitment to the

Universal Declaration of Human Rights, while The Anglo Social Way contains several clauses intended to protect the rights of employees and host communities. These changes ensure that human rights issues are addressed throughout the project life cycle, with tailored guidance being provided for specific circumstances, such as resettlements and working with Indigenous Peoples.

Ga-Pila and Motlhotlo resettlements

The resettlements undertaken by Anglo Platinum at Ga-Pila and Motlhotlo near its Mogalakwena mine (involving almost 10,000 people from 957 households), formerly known as Potgietersrust, were the subject of significant controversy during 2008, in part owing to allegations of human rights abuses and water pollution by the mine in a report by the NGO, ActionAid.

In response to the allegations, we indicated in our 2008 Report to Society that an independent study by the Institute of Groundwater Studies in South Africa, using isotope testing, disproved the allegation of water pollution and that a report released by the South African Human Rights Commission did not sustain ActionAid's allegations of human rights abuses by the mine. The report did, however, highlight the vulnerabilities of communities living around large-scale mining operations in rural areas.

In late 2008, Anglo Platinum appointed consultancy firm ERM to conduct a review of the resettlement processes undertaken at Ga-Pila and Motlhotlo against current best

practice in order to identify key strengths and weaknesses (and associated lessons learnt). The aim was also to lay the foundations for sustainable and informed actions by developing a set of practical recommendations for Anglo Platinum based on the review findings.

Review findings

ERM used the International Finance Corporation's (IFC) Performance Standard 5: Land Acquisition and Involuntary Resettlement as the benchmark for this review. It should be noted that this standard was not in place when either resettlement was planned. We considered it to be a suitable reference, however, given our aspiration to comply with the highest international standards.

The findings of the review were based on extensive stakeholder testimony relating to their experience of the resettlement process. This involved interviewing a broad sample of interested and affected stakeholders over a six-month period. The resulting report is available online.

The review component of the research identified a number of strengths and weaknesses in Anglo Platinum's management of the resettlement processes at Ga-Pila and Motlhotlo. Based on the evidence available to ERM at the time of the research, the review found that the Ga-Pila resettlement processes had not been broadly aligned with IFC Performance Standard 5.

Some strengths were noted in the more technical and physical aspects of the resettlement, including land acquisition by

fair and legal means; a degree of consultation with and participation by affected parties; the provision of adequate replacement of property; land-based compensation and, associated with this, security of tenure; the provision of physical support for the actual move; and the objective of seeking to improve living conditions.

The overall resettlement, however, was undermined by inadequate management of the less tangible and ultimately more complex social and community relations aspects of resettlement. These included the negotiations over land rights and the original decision to move; the ongoing management of expectations; the lack of responsiveness to a changing social environment (such as emerging resistance); the poor management of grievances and the emotional impact of resettlement; and inadequate attention to the restoration of livelihoods.

In the case of Motlhotlo, the review found that significant improvements and learnings from Ga-Pila had been applied to make the process much more closely aligned with the IFC standard.

Key strengths related to improved implementation of household audits and the valuation of assets, grievance procedures for compensation and household defects, the overall quality of the replacement houses and key aspects of service provision.

In spite of these improvements, weaknesses were noted in a number of areas, including inadequate consideration of vulnerable groups;

restoration, but not significant improvement, of livelihoods resulting from poor post-resettlement development planning; and a lack of systematic monitoring and evaluation procedures suitable for a resettlement process. Shortcomings were also identified in the representative bodies established to represent affected residents during the resettlement; there was a lack of mechanisms to resolve disputes in an impartial manner; and inadequate consideration of the emotional impacts of resettlement.

On balance, the Motlhotlo resettlement process is considered to be broadly aligned with IFC Performance Standard 5.

Looking forward: major themes for action

The findings, for ongoing attention by Anglo Platinum, were organised into broad themes for improvement and action. These include:

- Trust- and relationship-building
- Stakeholder engagement (strategy and systems)
- Anglo Platinum's internal organisational capacity to manage community/social issues
- Integrated post-resettlement development planning and livelihoods restoration
- Compensation and other unfinished business.

The intention of these themes is to look forward to ways in which relations between Anglo Platinum and its stakeholders can be enhanced and, importantly, to improve community livelihoods and quality of life in the affected settlements.



Formerly a fisherman, Guillermo Hidalgo now has a frozen-seafoods business in his home town of Mantoverde through the help of Anglo American's Emerge programme in Chile

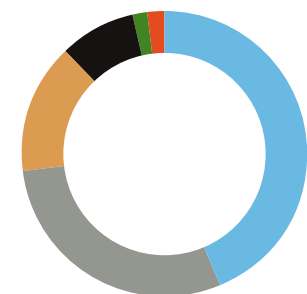
Socio-economic development

The great majority of our operations are in developing countries, where we have a special responsibility to contribute to the well-being and prosperity of host communities.

Our direct economic impact

The value distributed directly by Anglo American in 2009 amounted to \$407 million to providers of capital, \$3,505 million to employees for wages and related costs, \$406 million paid to Anglo American and outside shareholders, \$2,036 million paid to governments in taxes and royalties, and \$10,392 million paid to suppliers. An amount of \$6,946 million represented re-investment in the Group. The economic contributions of operations extend further than this form of direct value distribution, through significant economic multipliers.

Direct economic impact 2009



	\$ million
Suppliers	10,392
Reinvestment in the Group	6,946
Employees for wages and related costs	3,505
Governments in taxes and royalties	2,036
Providers of capital	407
Anglo American and outside shareholders	406

Developing communities

We seek to enhance our positive impact on communities through a variety of development interventions, including: local workforce development, support for education and training in host communities, local procurement (see page 41), enterprise development programmes, site-level social investment and the operation of foundations in key countries of operation and at Group level.

The appropriate mix of measures is determined at each site through SEAT studies. For example, local workforce development has featured prominently in Brazil, including at the Barro Alto and Minas Rio projects, where technical training facilities have been established in partnership with SENAI, the government training agency. Similarly, in South Africa, Anglo Platinum and Kumba Iron Ore have built their own engineering skills training centre. We have also supported micro-credit and small business development programmes in Brazil, Chile, Peru and South Africa.

SEAT has led to the development of a number of innovative community development programmes and partnerships, including at the Barro Alto project in Brazil (see case study on page 39). The lessons of the Barro Alto programme are being reviewed, with the aim of sharing them across Anglo American. In Brazil, for example, the Company is investigating options for a similar partnership at the Jacaré nickel exploration project in Pará state and the Minas Rio iron ore project in Minas Gerais.

Enterprise development

A cornerstone of Anglo American's approach to achieving sustainable development is to build the capacities and prosperity of the communities where the Group operates. Experience shows that one of the most effective and durable ways of achieving this is through targeted enterprise-development programmes.

Anglo Zimele

Anglo American established a small and medium enterprise (SME) development and empowerment initiative, known as Anglo Zimele, 20 years ago to empower black entrepreneurs through the creation and transformation of SMEs.

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

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

In 2009, the 509 businesses in Anglo American's various enterprise development initiatives in South Africa were collectively responsible for employing 9,570 staff members. Turnover for the year reached R1.6 billion (\$186 million) – a 23% growth from R1.3 billion (\$157 million) in 2008. Anglo Zimele has invested R318 million (\$38 million) in these businesses.

Anglo Zimele's supply chain work involves assisting procurement departments of the business units in identifying potential black economic empowerment (BEE) suppliers and ensuring the provision of business opportunities to black-empowered SMEs. In parallel, the Supply Chain Fund invests in equity and advances loans to these SMEs.

During 2009, Anglo Zimele's Supply Chain Fund invested in five new companies, which brought its total portfolio to 40, with R75 million (\$8.9 million) invested in the companies. These businesses employed 4,468 people and turned over R575 million (\$68.4 million).

The junior mining element of Anglo Zimele is managed by the Anglo Khula Mining Fund. This is a joint initiative between Anglo American and Khula Enterprise Finance Limited, a government-owned entity that promotes SME development. The Fund assists emerging, black-owned mining companies with equity and loan finance, as well as technical support during the high-risk exploration and pre-feasibility phases of mining projects, helping to develop them to a commercially bankable position. The Fund provides similar support services to those offered by the Supply Chain Fund and relies on Anglo Zimele to raise finance from commercial financiers for mine development.

The total turnover of the companies within the Anglo Khula Mining Fund for 2009 was R786 million (\$93.4 million). The 11 companies employed 810 employees over the period and required funding of R132 million (\$15.7 million) from Anglo Zimele. Four new investments were approved during the year, which entailed

Businesses supported by enterprise development initiatives

3,720

Jobs sustained through enterprise development programmes

12,982

“ In 2009, the 509 businesses in Anglo American’s various enterprise development initiatives in South Africa were collectively responsible for employing 9,570 staff members ”

diversification of the portfolio into a variety of commodity areas.

Launched in October 2007, the Anglo Zimele Communities Fund supports entrepreneurs and small businesses in the communities in which Anglo American operates, by means of loan finance.

Unlike the Supply Chain Fund, the Communities Fund only provides loan funding limited to R1 million (\$120,000) per project and mentoring. The beneficiary SMEs must operate in Anglo American business unit areas and comply with the South African Mining Charter BEE criteria, though they need not be part of the Anglo American supply chain.

The Communities Fund advanced R111 million (\$13.2 million) in loans to local entrepreneurs during 2009, in a total of 279 transactions. The combined turnover of these companies amounted to R205 million (\$24.4 million), with a combined labour complement of 4,292 employees. The Fund achieved a loan repayment rate of more than 88%.

An extensive mentorship programme has been implemented to assist SMEs in the Anglo Zimele Communities Fund.

Twelve business hubs have been established around Thermal Coal, Anglo Platinum, Kumba Iron Ore and De Beers operations in South Africa, with the primary aim of creating opportunities for these communities to own and grow sustainable business ventures. Local entrepreneurs are able to visit these hubs for assistance on business plan development and access to administrative facilities.

Emerge in Chile

Launched in 2007, Anglo American’s EmERGE programme in Chile has established a two-tiered approach to community development: it helps medium-sized enterprises to grow their businesses by offering training, technical support, financial assistance and mentoring; and it has entered into an alliance with Fondo Esperanza, an institution that grants micro-credit and business education to small businesses. Anglo American’s goal is to support 7,000 entrepreneurs by 2010.

Entrepreneurs involved in medium-sized businesses enrol in business development training offered by the business school of the Adolfo Ibáñez University. During this period, the programme supports participants in developing business plans, which are reviewed by the EmERGE executive committee upon completion of the course. The committee may then allocate finance to those entrepreneurs with the strongest performance and the most promising business plans. The final phase of this programme provides these entrepreneurs with a three-year mentorship service. More than 100 medium-sized business entrepreneurs have already completed the EmERGE programme.

The small-business partnership with Fondo Esperanza has helped over 4,000 small-business entrepreneurs through community-bank micro-loans and business skills training. In the community-bank model, 18-25 members serve as co-guarantors in committing to pay back loans, but run separate businesses. The model delivers exceptionally high loan-repayment rates.



Sr Jane Tsui putting a child to bed at the Johannesburg Child Welfare Society (JCWS), which is supported by the Anglo American Chairman’s Fund

CARE Brazil

Anglo American's Barro Alto project in Brazil has completed the first year of a three-year community development plan with NGO, CARE Brazil. The partnership, established in October 2008, was developed with the aim of enhancing local economic conditions, improving the quality of public education and strengthening social capital in the communities surrounding the operation in the state of Goiás.

Through CARE Brazil, local residents have been encouraged to take part in a free entrepreneurial management course in an effort to develop business ideas and opportunities in the region. The first group of small business owners has now completed the course and CARE has supported 249 businesses and associations in the area, ranging from agribusiness and the production of milk and honey, to the sale of bread and providing access to internet radio in rural areas. (See case study on page 39).

Community health

Anglo American's engagement on health issues begins in the workplace for both employees and contractors, then extends to the families of employees and finally reaches into the communities with which we are associated. Community health issues vary around the world, but as many of our mining operations are in developing countries, most of our community health initiatives are concerned with the burden of disease in these countries.

Anglo American has supported the Global Fund to fight AIDS, TB and Malaria since its inception in 2002. Dr Brian Brink, our chief medical officer, is the current board member representing the private sector. He has been closely involved in all Global Fund board activities since the beginning. The three diseases tackled by the Global Fund account for most of the disease burden in developing countries. Over the relatively short period of seven years, the Global Fund has committed \$18.7 billion in 140 low- and middle-income countries to support 572 large-scale prevention, treatment and care programmes. By the end of 2009, programmes sponsored by the Global Fund had saved nearly 5 million lives.

The central theme of Anglo American's direct engagement on community health issues is to support initiatives directed towards health systems strengthening (HSS). In Bushbuckridge, a labour-sending area for Thermal Coal's South African mines, we have established the Bushbuckridge Bhubezi Community Health Centre (CHC) in partnership with Virgin Unite, USAID, the Netherlands, the Mpumalanga Department of Health and the Ndlovu Care Group – a community-based NGO. The Bhubezi CHC deals with about 10,000 patient visits per quarter in a poor rural community that previously had minimal health services. Some 2,750 patients are now receiving life-saving anti-retroviral treatment for AIDS as a result of this initiative. Bhubezi has demonstrated that it is possible to attract talented professional medical staff and deliver quality health services in the most disadvantaged of rural areas in South Africa.

Further examples in South Africa of Anglo American's support for HSS in disadvantaged communities associated with our operations are the Gogi Modise clinic in Kathu Township in the Northern Cape and the Jalamba Clinic serving the remote Tafalehashe community in the



Anglo Zimele is supporting Isaac Jeffreys who is turning waste into wages at his thriving recycling business based in Kinross in South Africa's Mpumalanga province

Stimulating economic development

Many of the businesses in which Anglo Zimele invests, create jobs while stimulating broader environmental and social benefits. Examples of such businesses are Kalahari Verspreiders, Reel Gardening and Kinross Recycling.

Kalahari Verspreiders, which receives practical business and marketing support from the nearby Kumba Iron Ore small business hub in Kathu, converts blackthorn – an invasive plant species – into clean-burning firewood. The business has a permanent staff complement of 18 people, hires casual workers in times of high demand, and has stimulated a knock-on effect in the local farming community that employs people to harvest blackthorn on their own land to sell to the business.

Reel Gardening, based in Johannesburg, invented a way for people to grow vegetables, herbs and flowers from seed with minimal skills and education, and with 80% less water, using a series of coloured strips. Each strip is coloured to indicate the vegetable type and the depth that it must be placed in the ground so that the coloured area is visible above the soil. The paper marks the position of seeds so that growers know exactly where to water and also protects the seeds against birds and wind. The strip contains fertiliser and the paper decomposes, creating nutrients in the ground for when the seed needs it. Reel Gardening wants to use its system to plant sustainable food gardens in schools and communities throughout Africa.

Assisted by Thermal Coal in Secunda's small business hub, Kinross Recycling recovers and recycles waste paper, glass and plastics. This successful business employs 56 people on a full-time basis, and provides regular income to a further 250 people who receive payment for recyclable waste.

Bakgokathabafi Projects was awarded a contract to transport ore from Anglo Platinum's Twickenham mine's Hackney shaft to a stockpile about 600 metres away. With the assistance of Anglo Platinum's Atok small business hub, the company has purchased two new vehicles.

Corporate social investment spend

\$82.5m

2.2%

of pre-tax profit

2008: \$76 million; 1.1% of pre-tax profit

“ The Emerge small-business partnership in Chile has helped over 4,000 entrepreneurs and small businesses through community-bank micro-loans and business skills training ”

Eastern Cape - one of the most disadvantaged provinces in South Africa. In recent discussions with the Eastern Cape Health Department, we have agreed to help develop a business plan for creating a model health service in selected districts of the Province. Our ultimate intention is that successful models of district HSS can be replicated many times over, thus building a much improved overall health service for South Africa.

In Brazil, Anglo American's involvement in community health can also be found at the towns of Conceição do Mato Dentro, Alvorada de Minas and Dom Joaquim, which are closely associated with the large Minas Rio iron ore development. A project has been established with the highly regarded Brazilian NGO, Reprolatina, to improve access to quality health services, particularly with regard to reproductive health for women and girls. We wish to help reduce the vulnerability of local populations to sexually transmitted infections, including HIV/AIDS, through intensive education and awareness and by strengthening municipal health services. This project is a good example of sustainable development in action, arising out of high-quality socio-economic assessments carried out in the planning stages of this mining development. A similar initiative has also been established in the communities surrounding the new Barro Alto nickel mine.

Corporate social investment

Anglo American, including managed subsidiaries and joint ventures, contributed \$82.5 million (2.2% of pre-tax profit) to charitable causes

and community development initiatives in 2009 compared with \$76 million (1.1% of pre-tax profit) in 2008. These figures include cash donations, gifts in kind and staff time spent delivering community benefit programmes.

In addition, we endowed two independent trusts, Optima and Epoch, to raise standards of maths and science teaching in South African schools. These contributed another \$10 million.

The majority of our social investment is undertaken at site level and is informed by stakeholder inputs through the implementation of the SEAT process.

National foundations or funds have been established to support community development and other charitable causes in Brazil, Chile, Namibia and South Africa. A new foundation will also be established in Peru in 2010. In South Africa, the Anglo American Chairman's Fund has implemented a new strategy and is refocusing its contributions on projects with national impact, including large and innovative demonstration projects. Inputs from the Chairman's Fund totalled \$12.7 million in 2009.

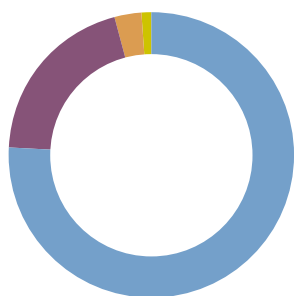
Anglo American has also established the Anglo American Group Foundation, which distributes grants to charities around the world where we have a presence. The purpose of the Foundation is to develop sustainable livelihoods through the projects that it supports, with particular areas of interest being education, health, HIV/AIDS, local community, international development and the environment.



Children from Huachunta annex in Peru, holding chickens from the greenhouse and animal farm, which is maintained by local residents and supported by Anglo American

CSI – spend by region

2009



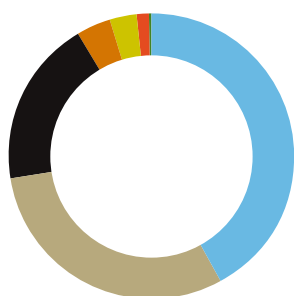
	%	\$ (million)
Africa	76	62.7
Americas	20	16.5
United Kingdom and Europe	3	2.5
Other	1	0.8



This bakery near Anglo American's Barro Alto nickel project in Brazil was founded as a result of a partnership between Anglo American and CARE Brazil to stimulate economic activity among the communities surrounding local operations

CSI – spend by cause supported

2009



	%	\$ (million)
General community development	42	34.8
Other	30	25.1
Education and youth	19	15.5
Health	4	3.4
Arts, culture and heritage	3	2.4
Environment	1	1.1
Housing	0	0.2

Barro Alto Project Social Programme

Located in rural Goiás state in Brazil, the Barro Alto nickel project is one of Anglo American's four strategic growth projects. The development of the project poses challenges to the local community as its population and economy grows rapidly, but also provides unprecedented opportunities to build lasting economic prosperity.

Supporting the development of host communities has been a priority for the Barro Alto team. A comprehensive package of assistance to the town of Barro Alto is being implemented. Much of the support focuses on improving the infrastructure of the town, so that it becomes a safe and attractive community.

Anglo American has made major investments in upgrading roads, building a technical training institute, improving water and sanitation, schools and providing a new hospital.

To complement these infrastructure improvements, Anglo American has worked with government and NGOs, including the Company's global partner CARE, to deliver refresher training for teachers, micro-credit loans, capacity building for the local municipality and support to hundreds of local entrepreneurs.

The programme is a long-term one, but early results are encouraging. To date, 249 entrepreneurs have been trained in both rural and urban areas through CARE's support programmes, while hundreds of schoolchildren have been given additional help with reading skills and supported to take part in cultural activities.

In addition to this partnership, Anglo American is also working with other NGOs in helping the municipality to build public-sector capacity using a methodology known as 'School of Government', and also to share a strategic plan for meeting the United Nations Millennium Development Goals together with the community.

Our supply chain

Within Anglo American's supply chain, we seek to balance value delivery and operational excellence by procuring from suppliers who share our commitment to ethics and sustainable development.

“ Sustainable development metrics have been built into our supply chain balanced scorecard and supply chain performance contracts ”

Sustainable development is becoming a mainstream theme in our interactions with our supply chain. Our approach is founded on universal application, continuous improvement and consistent, simple standards. This approach cultivates mutually beneficial relationships with suppliers and complements our overarching business strategy. In addition, we view local procurement as being of the utmost importance in terms of local private-sector growth.

Inform
Assess
Verify
Develop

Our approach

Our Sustainable Development in the Anglo American Supply Chain Policy and Supplier Sustainable Development Code were published in 2008 and offer detailed guidance on our expectations of suppliers. These documents are available in English, Spanish, Brazilian Portuguese and Mandarin, and are offered to suppliers via our website and included in tender documentation.

Our vision is for our suppliers to embrace the same standards we expect of ourselves. The policy and code are based on our Good Citizenship Business Principles and require that suppliers work in safe and healthy ways, demonstrate good labour practices, engage in high standards of environmental management, be ethical, address key challenges such as HIV/AIDS and poverty, and seek alignment with relevant Anglo American policies and procedures.

Integrating sustainable development

During 2009, we continued our focus on embedding sustainable development considerations in our supply chain processes. The supplier qualification questionnaire contains sustainable development questions; appropriate social, environmental and safety-related steps are incorporated in the strategic sourcing methodology; while sustainable development metrics have been built into the supply chain

balanced scorecard and performance contracts of the supply chain leadership team.

We have trained nearly 200 supply chain staff members throughout the Group on sustainable development within the supply chain. These individuals now understand the importance of a sustainable supply chain and how to engage on this with our suppliers.

Improving performance

We have, based on a strategic, risk-based approach, identified appropriate engagement mechanisms for various categories, including those that should be audited; we have conducted 29 supplier sustainable development audits.

To ensure consistency in supplier audits, a non-conformance and improvement guideline was developed during the year. The audits provided a basis for the supplier improvement plans; seven improvement plans have been agreed and work is progressing on others. Some examples of improvements include the installation of fire alarms and improved handling and storage of hazardous chemicals. Encouragingly, suppliers have demonstrated transparency, co-operation and a willingness to implement improvements.

Looking ahead

Fundamental to the success of our programme is ensuring that it has a positive impact on the supply chain. Anglo American, therefore, will be looking to strike a balance between expanding the coverage of its audit programme and maintaining focus on monitoring the implementation of improvement plans with those already audited.

Furthermore, the global category teams will continue to integrate sustainable development into their supplier engagement processes and decisions; we will also start to incorporate sustainable development considerations in tenders across Anglo American business units. This will effectively expand our approach to include not only the Group strategic categories, but also purchasing within the business units.

Local procurement

Linking our demand for goods and services to local economies is seen by Anglo American as an essential pillar of private-sector growth and job creation in the regions where we

operate. We recognise that the gap between the capacities of businesses in local communities and our procurement requirements is often significant. Consequently, we have various initiatives under way to develop local suppliers and increase our local procurement.

To promote opportunities for local businesses, Anglo American supports programmes that increase the competitiveness of both actual and potential suppliers. One example of a supplier development programme is that supported by our Brazilian Iron Ore business in partnership with local government and a local trade association. This initiative provides a training and qualification programme for local businesses, particularly SMEs, with the objective of promoting economic development through the supply of products and services to Anglo American. We also have initiated supplier development programmes in Chile. The financing of these initiatives is provided on an equal basis by our copper operations, Chile's Economic Development Agency and participating companies. The initiatives benchmark performance, train suppliers in different areas of business management, support improvements in the co-ordination and registration of suppliers and design, and implement continuous improvement systems for suppliers.

BEE procurement in South Africa

South Africa's Mining Charter requires that companies source a percentage of the goods, services and capital equipment that they procure from companies owned and/or managed by 'historically disadvantaged South Africans' (HDSAs). This is a legislative requirement aimed at redressing the economic legacies of apartheid.

In 2009, total black economic empowerment (BEE) procurement spend by managed and independently managed businesses and enterprise development was R23.5 billion (\$2.79 billion). Anglo American managed businesses spent a total of R18.6 billion (\$2.2 billion) with HDSA businesses (not including goods and services procured from parastatal companies and municipalities). This represented 39.7% of total available procurement spend.

Our South African operations' Social and Labour Plans (required by mining legislation) will further boost our efforts to contribute positively to transformation and local development through local procurement.

Building on best practice

Anglo American has initiated a project to investigate ways to support and encourage local (and, in South Africa, BEE) procurement in a holistic way. The project aims to put in place consistent local procurement strategies, processes and scoring mechanisms so as to ensure that we are driving towards common preferential procurement goals for the benefit of our stakeholders at various levels (national, regional, local around our mining operations). A multi-disciplinary team, spanning our operations, was formed in 2009 to focus and collaborate on local procurement. Throughout 2010, we will be learning from and building on best practice with regard to preferential local procurement in our major countries of operation – South Africa, Brazil, Chile and Australia.



Kumba Iron Ore has collaborated with supplier, Komatsu, over the past five years to develop custom-built haul trucks, which are assembled on site at the Sishen mine in South Africa. The unique design incorporates improved safety features, a pantograph support structure that is fully integrated into the chassis, an automatic anti-roll back feature and an improved braking system comprising combined electric braking and wet disc brakes

Fenner Conveyor Belting

Fenner Conveyor Belting was one of the first factories audited by Anglo American. Managing director Rikus Immink decided to use the process as a learning experience for the factory's management team.

"I decided not to prepare the factory for the audit as I wanted to accurately present the way things were," said Immink.

The outcome of the audit provided the supplier with pointers on how to manage and improve priority areas. According to Immink, this supplied the impetus for a sustainable development implementation plan, including a new electrostatic precipitator to deal with particulate emissions, and an on-site medical clinic for employees. In just over three months, the Fenner Conveyor Belting management team feels that the change in the factory has been "tremendous".

The audits also have the potential to trickle down into areas indirectly associated with the process. Immink describes how, by turning his attention to upgrading areas not usually dealt with, employees began focusing on issues they had previously neglected.

Report of the Independent Assurance

To: The Board of Directors and Management of Anglo American plc

Introduction

We have been engaged by the directors of Anglo American plc (“Anglo American”) to perform an independent assurance engagement in respect of certain information included in Anglo American’s Report to Society 2009 for the year ended 31 December 2009 (“the Report to Society”). This assurance report is produced in accordance with the terms of our engagement letter dated 29 October 2009.

This report, including the conclusions, has been prepared for the directors of Anglo American as a body, to assist the directors in reporting Anglo American’s corporate sustainability performance and activities. We permit the inclusion of this assurance report in the Report to Society for the year ended 31 December 2009, to enable the directors to demonstrate that they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the “identified sustainability information”. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the directors as a body and the company for our work or this report save where terms are expressly agreed and with our prior consent in writing.

Scope and subject matter

The following subject matter related to the Report to Society was selected for an expression of assurance:

- The alignment of Anglo American’s sustainability policies to the International Council of Mining and Metals’ (ICMM) 10 Sustainable Development Principles referred to on page 1 (limited assurance)
- Anglo American’s reporting of its material sustainable development priorities based on its own review of the business and the views and expectations of its stakeholders referred to on pages 1 and 9 (limited assurance)
- The description of systems and approaches that Anglo American has implemented to manage its material sustainable development priorities as related to the identified key performance indicators (KPIs) listed and referenced below. The assurance level is indicated for each KPI in brackets below
- Anglo American’s performance on its sustainable development priorities by way of the following selected KPIs as:
 - Fatality injury frequency rate (FIFR) on page 44 (reasonable assurance)
 - Total number of transport-related fatal incidents reported on page 44 (reasonable assurance)
 - Total number of fall-of-ground-related fatal incidents reported on page 44 (reasonable assurance)
 - Lost-time injury frequency rate (LTIFR) on page 44 (reasonable assurance)
 - Total number of new cases of occupational diseases on page 44 (reasonable assurance)
 - Group total number of employees participating in anti-retroviral treatment (ART) in South Africa on page 44 (limited assurance)
 - Group total number of employees participating in voluntary counselling and testing (VCT) in South Africa expressed as a percentage on page 44 (limited assurance)
 - Total CO₂ emissions from processes and fossil fuels in million tonnes on page 45 (reasonable assurance)
 - Total CO₂ emissions from electricity purchased in million tonnes on page 45 (reasonable assurance)
 - Total amount of energy used in PJ on page 45 (reasonable assurance)
 - Total amount of water used for primary activities in million m³ on page 45 (limited assurance)
 - Total number of Level 2 and 3 environmental incidents reported on page 45 (reasonable assurance)
 - Total amount spent on corporate social investment (CSI) projects in US\$ on page 45 (limited assurance)
 - Total number of people directly employed through the Anglo Zimele enterprise development programme in South Africa on page 35 (limited assurance)
- Anglo American’s self declared Global Reporting Initiative (GRI) G3 application level on page 1 (limited assurance)

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

Responsibilities of the directors

The directors of Anglo American are responsible for the content of the Report to Society, including the development of the corporate reporting policies and procedures as available on its website (<http://www.angloamerican.co.uk/aa/development/approach/policies/>) and for the preparation and presentation of the Identified Sustainability Information in accordance with its corporate reporting policies and procedures, and the GRI G3 guidelines and the ICMM sustainable development framework.

Responsibility of the independent assurance provider

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

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

Summary of work performed

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

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

Our work consisted of:

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

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

Anglo American's internal corporate reporting policies and procedures (<http://www.angloamerican.co.uk/aa/development/approach/policies/>), the GRI G3 guidelines and the ICMM sustainable development framework assurance procedure were applied as criteria for evaluating the identified sustainability information.

Inherent limitations

Non-financial data is subject to more inherent limitations than financial data, given both the nature and the methods used for determining, calculating, sampling or estimating such data. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. It is important to read the identified sustainability information in the context of the "About this report" section on page 1. The evidence gathering procedures for limited assurance are more restricted than for reasonable assurance and therefore less assurance is obtained with limited assurance than for reasonable assurance.

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

Conclusion

On the basis of our *limited* assurance procedures, in our opinion, nothing has come to our attention causing us to believe that the subject matter selected for limited assurance for the year ended 31 December 2009, is materially misstated.

On the basis of our *reasonable* assurance procedures, in our opinion, the subject matter selected for *reasonable* assurance for the year ended 31 December 2009, is free from material misstatements.



PricewaterhouseCoopers Inc.
Director: Wessie van der Westhuizen
Registered Auditor
Johannesburg
13 April 2010

Safety					
	2009	2008	2007	2006	2005
Lost-time injury frequency rate	0.76	1.04	1.15	1.16	0.94
Number of lost-time injuries	1,443	2,006	2,403	2,962	2,123
Fatal-injury frequency rate	0.010	0.015	0.018	0.017	0.017
Work-related fatalities	20	28	40	44	46
Africa	17	25	32	40	43
Europe	1	1	1	1	-
Middle East	-	-	4	1	1
Asia/Australia	-	-	2	-	1
Americas	2	2	1	2	1

The basis for reporting LTIs became more inclusive in 2003, when Anglo American began to include restricted work cases as LTIs. This was fully implemented by 2006. These figures include divested businesses, up until the point of divestment.

Causes of fatal injuries			Surface	Underground
Electricity			1	-
Falling			1	-
Falling objects			1	2
Falls of ground			-	5
Fire/explosions			1	1
Moving machinery			1	-
Transportation			2	5

HIV/AIDS				
	2009 ¹	2008	2007	2006
Employees in high-risk areas	66,661	81,450	74,722	115,578
HIV-prevalence rate	18%	18%	19%	21%
Estimated number of HIV-positive employees	12,057	14,468	13,886	23,442
% VCT participation	82 %	77%	72%	63%
Employees on HIV wellness programmes (HIV DMP)	6,116	7,376	9,529	11,603
% HIV-positive enrolment in HIV DMP	51%	51%	69%	49%
Employees on ART	3,211	3,080	3,617	4,598
% HIV-positive on ART	27%	21%	26%	20%

¹ The figures for 2009 relate only to the core business units in South Africa – Anglo Platinum, Thermal Coal, Kumba Iron Ore and the corporate centre.

Occupational health - new cases of occupational disease										
	Copper	Nickel	Metallurgical Coal	Thermal Coal	Kumba Iron Ore	Iron Ore Brazil	Platinum	Corporate & exploration	Other Mining and Industrial	Group total
Noise-induced hearing loss (NIHL)	2		4	6	5		42		308	367
Silicosis									5	5
Coal-workers' pneumoconiosis				9						9
Asbestosis										
Other pneumoconiosis										
Chronic obstructive airways disease (COAD)							2			2
Occupational tuberculosis				5					27	32
Occupational asthma							1		3	4
Hand-arm vibration syndrome (HAVs)									35	35
Musculo-skeletal disorder (MD)			23							23
Occupational dermatitis			1	1				7		9
Occupational cancers										
Other occupational disease			1					2		3
Total	2		29	21	5		45	9	378	489

A review of Scaw Metals' Union Junction's medical surveillance conducted in 2008 identified level 3 and 4 cases of NIHL that had not been reported previously. These have been included with the number of new cases reported in 2009.

Eclipse was acquired by Scaw Metals during 2009; 23 of the 29 cases of occupational tuberculosis reported by Scaw Metals were from these sites.

Occupational disease incidence rates (2008-2009)		2009	2008
Total occupational illness incidence rate (per 200,000 hours)		0.483	0.126
NIHL		0.756	0.116
Silicosis		0.112	0.010
Coal-workers' pneumoconiosis		0.141	0.040
Asbestosis		0	0
COAD		0.024	0.040
Occupational tuberculosis		0.715	0.095
Occupational asthma		0.026	0.082
HAVs		2.158	0
MD		0.038	2.796
Occupational dermatitis		0.009	0.003
Occupational cancers		0	0
Other occupational diseases		0.003	0.002

The total occupational illness incidence rate – 2007: 0.14; 2006: 0.66.

	NIHL	Silicosis	Coal-workers' pneumoconiosis	COAD	Occupational TB	Occupational asthma	HAVs	MD	Occupational dermatitis	Other	Total
Employees potentially exposed	48,570	4,473	6,393	8,193	4,473	15,643	1,622				101,500
New cases	367	5	9	2	32	4	35	23	9	3	489
Occupational changes	2	0	0	0	0	0	0	0	0	0	2
Fatalities due to occupational disease	0	0	0	0	0	0	0	0	0	0	0

Total number of employees: 101,500.

Human resources				
	2009	2008	2007	2006
Full-time employees	101,500	105,000	90,072	129,928
Contractors	48,094	39,000		
Women in management (%)	19	17	15	9.1
HDSAs in management (%)	46	45	42	43
Employees working more than a 48-hour week	3.5% ¹	17.4%		
Resignations (%)	2.4	3.8	4.3	
Redundancies (%)	3.8	0.6	0.7	
Dismissals (%)	2.0	2.6	2.5	
Other reasons for leaving (%)	4.9	2.0	2.5	

¹ This significant improvement is as a result of time management controls put in place by Anglo Platinum.

Social				
	2009	2008	2007	2006
CSI spend (total in \$ million)	82.5	76.2	60.5	50.3
CSI spend (% of pre-tax profit)	2.2	1.1	0.7	0.5
Procurement: BEE spend (R billion)	23.5	24.6	17.3	12.3
Businesses supported through enterprise development initiatives	3,720	3,012		
Jobs sustained through enterprise development programmes	12,982	13,431		

Environment				
	2009	2008	2007	2006
CO ₂ e total (million tonnes)	19.1	19.0	19.4	20.4
• CO ₂ from electricity purchased	10.25	10.18	10.10	10.19
• CO ₂ e from processes and fossil fuels	5.61	6.00	6.37	6.81
• CO ₂ e from coal-mine methane	3.24	3.62	2.95	3.39
Total energy consumption (PJ = million GJ)	106	105	107	106
• Electricity	46.7	47.1		
• Fossil fuels	58.3	55.8		
• Biomass	1.49	1.77		
Total water used for primary activities (million m ³)	125.3	122.7	128.4	126.2
Level 2 environmental incidents	65	143	87	176
Level 3 environmental incidents	0	1	0	0

CO₂e, energy and water numbers exclude divested businesses.

Taxes paid directly to governments by category and region (\$ million)					
	Africa	Europe	Americas	Australasia	Total
Profits	652	27	558	81	1,318
Transactions	3	1	7	1	12
Labour	143	68	55	47	313
Royalties and environmental	7	95	31	159	292
Other	3	42	31	24	100
Total borne	808	233	682	312	2,035
Total collected	421	266	88	92	867
Total	1,229	499	770	404	2,902

An overview of businesses managed by Anglo American

Platinum

South Africa

Bathopele mine
 Khomanani mine
 Thembelani mine
 Khuseleka mine
 Siphumelele mine
 Tumela mine

Dishaba mine

Mogalakwena mine

Western Limb Tailings Retreatment

Waterval Smelter (including converting process)

Polokwane smelter

Rustenburg Base Metals Refinery

Precious Metals Refinery

Twickenham mine

Mortimer smelter

Modikwa

Mototolo mine

Union Section

Bafokeng-Rasimone Joint Venture (Managed by Anglo Platinum until 4 December 2009)

Bokoni (formerly Lebowa Platinum Mines) (Managed by Anglo Platinum until end June 2009)

Zimbabwe

Unki Platinum mine

Copper

Chagres (Chile)

El Soldado (Chile)

Los Bronces (Chile)

Mantos Blancos (Chile)

Mantoverde (Chile)

Michiquillay (Peru)

Quellaveco (Peru)

Nickel

Codemin (Brazil)

Barro Alto (Brazil)

Loma de Níquel (Venezuela)

Iron Ore and Manganese

Kumba Iron Ore (South Africa)

Minas Rio (Brazil)¹

Amapá (Brazil)¹

Metallurgical Coal

Australia

Callide

Dartbrook

Dawson Complex

Drayton

Capcoal

Moranbah North

Foxleigh

¹ Started reporting in the Group safety, health and environment database for the first time during 2009

Thermal Coal

South Africa

Goedehoop

Greenside and Nooitgedacht

Isibonelo

Kleinkopje

Kriel⁽¹⁾

Landau

Mafube (managed by Thermal Coal until end-2009)

New Denmark

New Vaal

Zibulo⁽¹⁾

⁽¹⁾Kriel and Zibulo form part of the Anglo Inyosi Coal broad-based black economic empowerment Company, of which Anglo Coal will own 73%. The outstanding conditions precedent to the transactions are expected to be fulfilled in the first half of 2010, following which the transaction will complete.

Other Mining and Industrial

Aggregates and Building Materials

Tarmac Group (UK)

Tarmac France (France and Belgium)

Tarmac Germany

Tarmac Poland

Tarmac Czech Republic

Tarmac Romania

Tarmac Turkey

Tarmac International Holdings (Europe and Middle East)

Niobium

Catalão (Brazil)

Steel products

Scaw Metals (worldwide)

Phosphate products

Copebrás (Brazil)

Coal Americas

Peace River Coal (Canada)

Zinc/Lead

Skorpion (Namibia)

Lisheen (Ireland)

Black Mountain (South Africa)

Gamsberg (South Africa)

Other⁽¹⁾

Vergelegen (South Africa)

⁽¹⁾Included within Corporate activities and Unallocated costs segment.

Glossary

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

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Other sustainable development reports published by Anglo American Group companies

Anglo Platinum 2009 Sustainable Development Report

Kumba Iron Ore 2009 Sustainable Development Review

Anglo American Chile 2009 Sustainable Development and Financial Report

Anglo American Brazil 2009 Sustainable Development Report 2009

Tarmac 2008/2009 Tarmac Sustainability Report

Scaw Metals 2009 Sustainable Development Report

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