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DELIVERING REAL BENEFITS

Sustainable Development Report 2010



Real Mining. Real People. Real Difference.

INTRODUCTION

DELIVERING REAL SUSTAINABILITY OUR COMMITMENT

Our aim is to become the leading global mining company, by being the investment, the partner and the employer of choice. We will achieve this by continuing to develop our portfolio of world class mining assets; operating an efficient, streamlined business model; embedding sustainability and safety in everything we do; and attracting and retaining the best people.

This report provides an overview of how we have delivered against our strategy this year and made a real difference in our host communities.

ABOUT THIS REPORT AND WHERE TO FIND OUT MORE...

This report provides an overview of our sustainable development performance on key issues. Detailed information on our performance is available on the sustainable development section of our website www.angloamerican.com where country and business-specific sustainable development reports and the Anglo American Annual Report may be downloaded.

Within this report we have included references to find out more information on certain sections, either within the report itself or online.

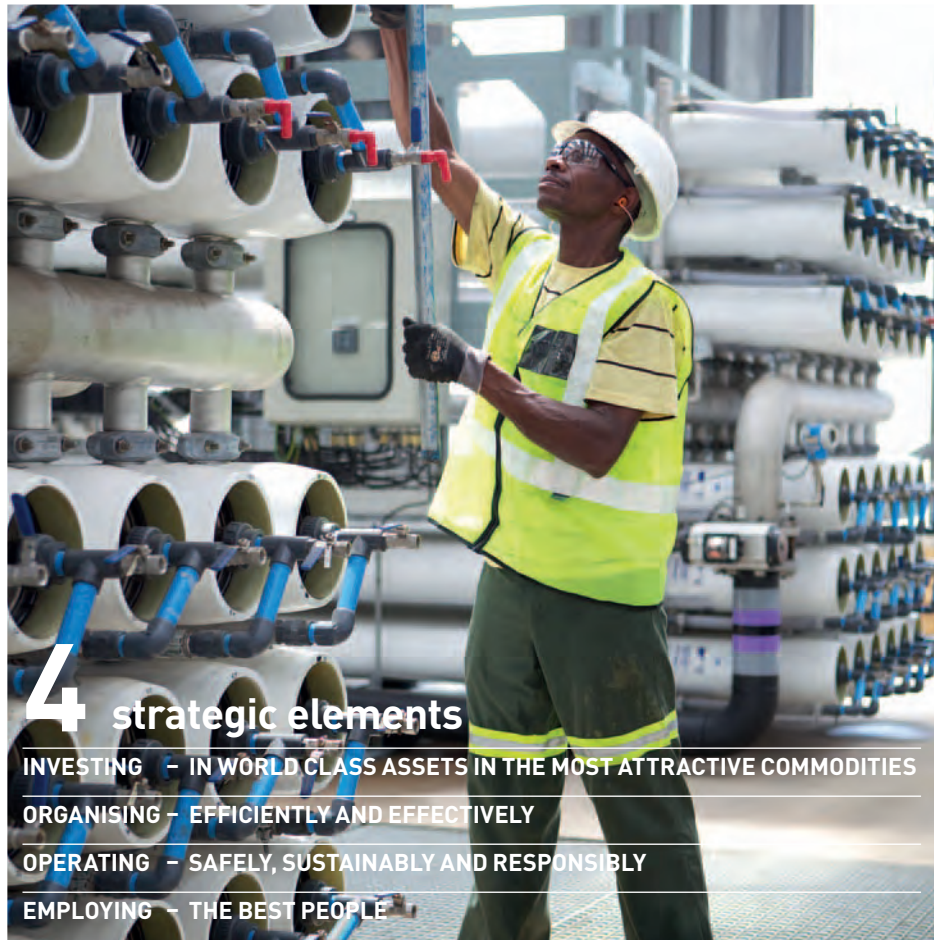
 For more information within this report

Real Mining. Real People. Real Difference.



“““
People laughed at us when we said that water would become more important to the mining industry than minerals.

Dean Pelser
Eastern Limb Development general programme manager, Platinum



4 strategic elements
INVESTING – IN WORLD CLASS ASSETS IN THE MOST ATTRACTIVE COMMODITIES
ORGANISING – EFFICIENTLY AND EFFECTIVELY
OPERATING – SAFELY, SUSTAINABLY AND RESPONSIBLY
EMPLOYING – THE BEST PEOPLE



SIR JOHN PARKER, CHAIRMAN

“““
Sustainable development is both a critical enabler of our licence to operate, and a key value driver embedded into every aspect of our business.



72%
PERCENTAGE OF OPERATIONS HOSTED IN WATER-STRESSED REGIONS



“““
Anglo American has shown that this is a time of generosity and solidarity. We appreciate its initiatives to help school classes to return to normal and hope that other companies emulate this good example.

Joaquín Lavín
Education minister, Chile



\$111m
AMOUNT INVESTED IN SOCIAL PROJECTS DURING 2010, INCLUDING \$10 MILLION DONATED TO THE RELIEF EFFORT AFTER THE EARTHQUAKE IN CHILE



c.100,000
NUMBER OF VOLUNTARY HIV TESTS THAT WERE CARRIED OUT ON OUR EMPLOYEES AND CONTRACTORS IN SOUTHERN AFRICA DURING 2010



COMMENTS OR QUERIES RELATED TO THIS REPORT

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Internal and external reporting manager
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OTHER SUSTAINABLE DEVELOPMENT REPORTS PUBLISHED BY ANGLO AMERICAN GROUP BUSINESSES

Anglo Platinum 2010 Sustainable Development Report

Kumba Iron Ore 2010 Sustainable Development Review

Anglo American Chile 2010 Sustainable Development and Financial Report

Anglo American Brazil 2010 Sustainable Development Report

Tarmac 2009/2010 Tarmac Sustainability Report

Scaw Metals 2010 Sustainable Development Report

Reports will be published on the Anglo American website when available

www.angloamerican.com

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17,200

**JOB'S CREATED/SUSTAINED BY ANGLO AMERICAN'S
VARIOUS ENTERPRISE DEVELOPMENT INITIATIVES**



67

**NUMBER OF BIODIVERSITY PEER
REVIEWS THAT HAVE TAKEN PLACE
SINCE 2005**



Each night we can return to our family, and as we now live close to work and in the town, we do not have to travel far to visit a doctor, go to school or to the shops. We also have peace of mind in knowing that when we retire, we will have a home of our own to live in.

Edwin and Maureen Lumatha
Kumba employees



A responsible supply chain and a commitment to development are areas in which the business community has the power to make a real difference in eliminating poverty.

Cynthia Carroll
Chief executive

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OVERVIEW: Our operations

EXTENDING OUR REACH

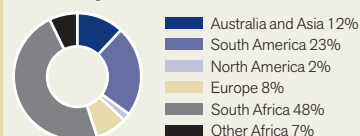
OUR OPERATIONS

We are one of the world's largest mining companies. Our portfolio of high quality mining assets and natural resources includes platinum group metals and diamonds, with significant interests in copper, iron ore, metallurgical coal, nickel and thermal coal, as well as a divestment portfolio of other mining and industrial businesses. We operate in Africa, Europe, South and North America, Australia and Asia.

De Beers and other independently managed associates are not reported on in this report. See page 13 for more about the scope of this report.

REVENUE BY ORIGIN

Percentage



OUR SEVEN COMMODITY BUSINESSES

Precious

PLATINUM

Anglo Platinum Limited, a managed subsidiary, owns the largest platinum reserves in the world and is the largest primary producer of platinum, accounting for some 40% of world supply.

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

DIAMONDS

Independently managed De Beers is the world's leading diamond exploration, mining and marketing company. De Beers generates about 35% (by value) of global rough diamond production from its operations in South Africa, Botswana, Namibia and Canada.

The largest diamond jewellery market is the United States, followed by Japan, Europe, China and India.

Base metals

COPPER

Our copper business has interests in six operations in Chile. These comprise the wholly owned Los Bronces, El Soldado, Mantos Blancos and Mantoverde mines, the Chagres smelter and a 44% interest in the Collahuasi mine.

Used mainly in wire and cable, brass, tubing and pipes, air conditioning and refrigeration.

NICKEL

Nickel has two operating assets, Codemin in Brazil and Loma de Níquel in Venezuela, both producing ferronickel, as well as the world class Barro Alto project in Brazil.

More than 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.

Share of Group operating profit⁽¹⁾

\$837m
9%

2009 \$32m, 1%



\$495m
5%

2009 \$64m, 1%



\$2,817m
29%

2009 \$2,010m, 41%



\$96m
1%

2009 \$2m, 0.04%

Average number of employees ('000)⁽²⁾

52

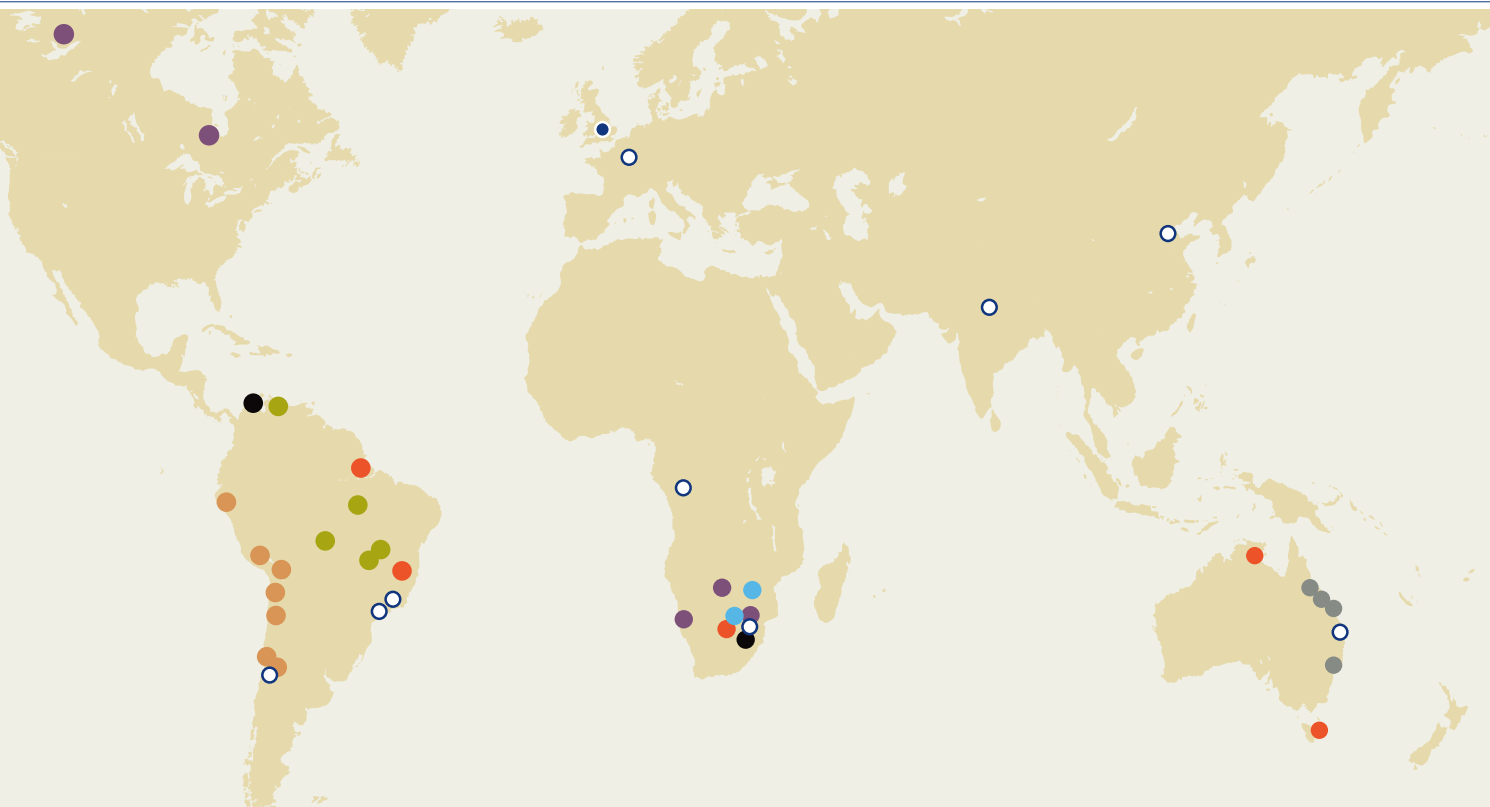
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4

2

⁽¹⁾ Note: Business unit percentages related to share of Group operating profit do not add up to 100% because the share of corporate and exploration costs are not included here.

⁽²⁾ Excluding contractors, associates employees and including a proportionate share of employees within joint venture entities (the latter is excluded from figures elsewhere as joint ventures fall beyond the scope of this report).



WHERE WE OPERATE

Headquarters

London, United Kingdom

Corporate and representative offices

Beijing, China
Brisbane, Australia
Johannesburg, South Africa
Kinshasa, DRC

Luxembourg
New Delhi, India
Rio de Janeiro, Brazil
Santiago, Chile
São Paulo, Brazil

North America

South America

Africa

Australia and Asia

Bulk

IRON ORE AND MANGANESE

We are the world's fourth largest iron ore producer, with a large high-quality resource base in South Africa and Brazil.

Key component in steel, the most widely used of all metals. Global steel consumption is forecast to grow in excess of 5% a year over the next three years.

\$3,681m

38%

2009 \$1,489 m, 30%



8

METALLURGICAL COAL

Our metallurgical coal business is Australia's fourth biggest producer of coal and its number two exporter of metallurgical coal. We are active partners in diverse clean coal energy initiatives.

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

\$783m

8%

2009 \$451 m, 9%



3

THERMAL COAL

In South Africa, our thermal coal business owns and operates nine mines. In Colombia, we have a one-third shareholding (with BHP Billiton and Xstrata each owning one-third) in Cerréjon, Colombia's largest thermal coal exporter.

About 40% of all electricity generated globally is powered by thermal coal. Around 5.1 billion tonnes of thermal coal are produced globally each year.

\$710m

7%

2009 \$721 m, 15%



9

Other Mining and Industrial

OTHER MINING AND INDUSTRIAL

Our programme to divest of non-core businesses is well advanced. During 2010, Anglo American completed the divestment of a number of non-core businesses, with announced proceeds of \$3.3 billion.

\$661m

7%

2009 \$506 m, 10%



20

MAKING A POSITIVE CONTRIBUTION TO THE WORLD WE LIVE IN

Sustainable development touches on every aspect of our business. Over the long term it is best achieved through an intelligent regard for all our stakeholders, and by acting with integrity and responsibility.

Sir John Parker
Chairman



SUSTAINABILITY AT OUR CORE

Sustainable development is core to our overall performance as a company and the values we hold. In 2010 we made steady progress in further integrating sustainability into our overall business framework, making a real difference in several key areas of our business. This was reflected in our strong financial performance, with the mining and metals industry experiencing strongly growing demand, which boosted commodity flows and led to sharply increasing prices for our key commodities. Looking ahead, there are some challenges for the world economy in the short term, notably the recent jump in the oil prices and the tragic events in Japan following the earthquake and tsunami. But we are optimistic the world economy should be able to withstand these shocks and Japan's reconstruction should support economic activity in coming years. Over the longer term, continuing industrialisation and urbanisation in China and India should support commodity demand.

SETTING OUT OUR AGENDA

I strongly believe that to survive and prosper in the extractives business we need to take our stakeholders along with us on our journey. That means setting out our sustainable development agenda and standing up for our core values and standards, and applying them uniformly wherever we operate. It entails forging partnerships with many elements of civil society and seeking open dialogue, which takes us beyond what business did traditionally in a mining world that, for the most part, was well away from the public gaze. At Anglo American, we are committed to this newer world of far greater accountability because we believe that is the way we should conduct our business, and it is the only way in which we will earn the trust of local communities and host governments alike.

For example, for years we have been leveraging our supply chain by creating new suppliers located close to our mines, and bringing

existing suppliers closer to our sites, in order to deliver significant cost efficiencies and build supply chain resilience. In 2010 our highly successful enterprise development initiative, Zimele, concluded 463 transactions and provided \$17.6 million in funding to businesses supporting nearly 3,300 employees – while the Emerge programme in Chile achieved its ambitious goal of supporting more than 7,000 small businesses and entrepreneurs. Also, in terms of our commitment to the UN's Business Call to Action (BCTA) we have made good progress, primarily through Zimele, on our pledge to create, and sustain, a further 15,000 jobs by 2015.

A responsible supply chain is an area in which the business community has the power to make a real difference in eliminating poverty by partnering would-be entrepreneurs and bringing them into the business mainstream. At Anglo American, we continue to help uplift local communities by offering genuine opportunities for people to learn essential employment skills. In 2010 we also spent over \$10 billion on procuring goods and services, around three-quarters of that from developing countries. The annual amount we spend in procurement from emerging market economies is comparable to the aid budgets of the UK, France or Germany and represents a massive development opportunity.

SAFETY

A striking example of the way our approach to partnerships continues to yield far-reaching benefits is the Tripartite Safety Initiative, an alliance of business, government and labour instigated by Anglo American, which has done such a good job in helping reduce deaths and injuries in the workplace. I find it especially encouraging that governments and unions, for their own part, are increasingly taking action to ensure that mines are safe. The safety statistics are reflecting this: in our own Group, the number of people who have died each year while on

company business has fallen from 40 to 14 over the past four years, with a 50% reduction in the injury rate; while the South African mining industry as a whole has seen the number of fatal injuries decline by more than a third. However, collectively, we have a long way to go if we are to sustain this improving trend and to start to get close to our zero harm target.

The initiative has now gone beyond safety alone and we are beginning to see the benefits of the partnership in areas such as health, where Anglo American has been very active for many years, particularly as a leader in the fight against HIV and AIDS. We also want to be at the forefront of wider global initiatives in the field of healthcare. At the G20 meeting in Seoul last November, Anglo American showed itself to be one of the world's business leaders in this regard by pledging financial support, as well as seeking to leverage other private-sector contributions to the Global Fund to Fight AIDS, Tuberculosis and Malaria in order to improve access to healthcare in the world's poorest countries.

CHALLENGES FOR THE MINING INDUSTRY

The resource boom of the past decade has made countries far more aware, and protective, of the value of their minerals inheritance. We have seen developing nations and established countries alike seeking to increase their share of the mining windfall through such means as increasing taxes and royalties, while in a few cases there is debate around resource nationalisation.

The growing demand for metals and minerals means that Anglo American is now having to look at regions beyond the traditional mining areas in the ongoing search for resources. This is likely to involve riskier mining jurisdictions in far-flung regions with often demanding logistical and infrastructural challenges. It may mean that we are present in countries where governance is weak, with a history of civil strife and political instability. In such areas, voluntary initiatives like the UN Global Compact or the Voluntary Principles on Security and Human Rights – both of which Anglo American supports – set not just high standards, but are often the key to responsible miners being able to do business.

CLIMATE CHANGE AND WATER

Nowhere is the need for strong and enduring partnerships more critical than in the area of climate change. The carbon challenge is a daunting one. There is still a lack of clarity on the future direction of legislation, and few clear signals on long term carbon pricing. We need these so that we can plan for future investment and expansions. We also need incentives and public-private partnerships to bring technology to commercial viability.

For our own part, we are helping to reduce carbon emissions – not just in our Group, but in the wider world – in several ways. We are investing more into ways to enhance energy efficiency – the most effective way of reducing our carbon footprint. We are also founding members of the South African and Australian governments' carbon capture and storage initiatives. As a major coal producer, we are focusing not only on carbon capture and storage, but also on new technologies such as algae which can be used to produce sustainable fuels, whilst consuming the carbon emitted by coal-fired power stations. And we are already a leader in the capture and re-use of methane. Moreover, we continue to be the world's biggest primary producer of platinum group metals, which remain dominant in reducing automobile emissions, while platinum-containing fuel cells are actively competing with batteries and hybrids as the power source in electric vehicles.

Water is emerging as a major issue, and the competition for this scarce resource increases the onus on all of us in the mining industry to proactively look at solutions that enhance water availability. We have to earn the right to water by managing it efficiently. More than 70% of our own operations are in water-stressed regions, necessitating close liaison with government, industry, farmers and communities to secure access to water. In one of the regions where we work in South Africa, for example, we have developed a long term strategy in partnership with governments, other mining companies and key stakeholders to bring fresh, running water to 1.9 million people as well as ensuring water supplies for our Platinum operations; while in Chile our Los Bronces copper expansion project plans to recycle all the water at its Las Tortolás tailings facility for use in its grinding plant.

THE BUSINESS CASE FOR SUSTAINABLE DEVELOPMENT

That brings me to the question of whether our sustainable development activity makes business sense. I am very clear that it does. For Anglo American, it is simply part and parcel of the way we do business. For me, it is self-evident that we recognise the broad range of stakeholders who are affected by what we do. The reasons go beyond the need to stay ahead of the game in terms of stakeholder expectations. There is also business value in doing so – for example, facilitating access to resources, as well as delivering efficiencies in operations and projects. There are also unwelcome costs in taking a narrow, blinkered approach. Having supportive communities helps us to retain and enhance our existing mining assets and to bring new projects on stream in line with demanding project schedules.

ENSURING A FUTURE FOR MINING

The mining industry faces an array of challenges: financial, fiscal and environmental. These include tightening permitting and licensing regimes; challenges relating to water and energy; constraints on carbon emissions; infrastructure provision; less familiar and more difficult mining jurisdictions; and lower and declining grades. All of this impacts our ability to run our businesses efficiently and profitably – and emphasises that all our endeavours should set the standard for best practice, and that we must continue to raise the bar. Above all, we must ensure that mining transforms communities in a positive way, helping build their capacity for a sustainable future well beyond the life of the mine.



RECOGNISING THE VALUE OF SUSTAINABLE DEVELOPMENT

Good operational performance is dependent on our ability to deliver on our commitments to sustainable development. This requires us to build on our strengths and manage our risks effectively.



Anglo American chief executive Cynthia Carroll (left) with Polly Courtice, director of the Cambridge Programme for Sustainability Leadership.

INTRODUCTION

Reflecting on our performance in 2010, Anglo American chief executive Cynthia Carroll talked to Polly Courtice, director of the Cambridge Programme for Sustainability Leadership, about the critical role of sustainable development. The interview explores those aspects of our performance of which Cynthia is particularly proud, such as job creation and health improvements, as well as challenges that the company is facing, particularly around water security and climate change.

INTERVIEW WITH CYNTHIA CARROLL BY POLLY COURTICE

Q: You had a great set of financial results, but what does that mean in the context of your commitment to sustainable development?

A: These results are very much dependent on our approach around sustainable development. It's not just about generating returns year on year and outperforming the competition. It's about the whole package – water, social engagement, safety and health, and the environment – of what we deliver as a mining company. It is integral to everything that we do in our business. It is one of the key elements of our overall strategy today and going into the future.

Q: So is there a straightforward business case in terms of tackling some of the sustainability challenges for Anglo American?

A: There's absolutely a clear business case around sustainable development: mine safely, responsibly and sustainably, or lose our social and environmental licence to operate.

We're going into more remote and challenging environments and the regulatory conditions are becoming more stringent. We have to be that much more efficient and disciplined in the use of resources as we develop projects, and in terms of managing our environmental impact. So there's an all-encompassing business case for us.

Q: When you look at how Anglo American is responding to some of these challenges, where do you think you're offering leadership in the mining sector?

A: Well, first of all, there's no question that we have differentiated our position on safety. We put safety as our number one priority. We have seen a decline of around two-thirds in the number of fatalities since 2007. Lost-time injury rates have come down, too.

And how have we done that? We've done it by engaging with not only our workforce, but with the unions and with governments. We formed the Tripartite Safety Initiative in South Africa and worked together to understand what the global safety standards are. Resulting from that, we have not only improved our own safety performance; there's also been a wider beneficial impact on the safety performance of the mining industry in South Africa.

We are also a leader in healthcare and HIV/AIDS. Last year, we tested 100,000 people as part of our voluntary counselling and testing programme. We make anti-retroviral drugs available to our employees and to their families. There's no other mining company in the world that has taken on an initiative on this sort of scale. And what started in South Africa has now been extended to other parts of the world.

I would also highlight the enterprise development initiative that we started so many years ago, called Zimele. We recognised the value of reaching out to the communities around our mining operations to create jobs that last long beyond the life of our mines. Today, we support about 14,000 jobs and we've extended the Zimele model to other parts of the world. We have applied it to Chile and Brazil. We will create 15,000 additional jobs by the year 2015 in South Africa alone, making a total of 25,000 worldwide.

Q: Looking at some of the environmental challenges for example, water availability have you been able to make similar progress in dealing with these?

A: Well, 72% of our operations are in water-stressed environments – so we are looking at how we source and use water and we have some great examples of projects where our presence is transforming communities in a positive way. One example is a water recycling plant in the Emalahleni area in South Africa, where today we supply 80,000 people with drinking water through the municipality. We're converting mine water into drinking water in this small community. We're sharing the know-how and expertise from this project with other operations and stakeholders around the world.

In the case of our Los Bronces expansion project in Chile, we're actually reducing the amount of water by about 40% for every tonne of copper to be produced. At Collahuasi, also in Chile, we're looking at things like desalination and recirculation. We try to secure water for our operations without compromising other people's access to it; so it's about the preservation of water in all aspects of the business.

Q: We know that climate change can do untold harm to many millions of people and the issue around coal just has to be a major challenge in relation to addressing climate change.

A: There's no question that our world is very much dependent on coal as the number one resource for power generation today, and this will continue for many years to come. If we look at the emerging countries and their dependency on coal, particularly China and India, that's not likely to change for decades.

So what are we doing about that? Well, we recognise our responsibility in addressing the causes of climate change and in protecting against potential impacts. We're setting new Group targets at the end of this year and we'll be insisting that everybody is much more mindful of being more energy efficient and of reducing our overall emissions.

A critical part of our response is investing in clean coal technologies to help our customers reduce their emissions, and, also research into carbon sequestration.

Q: One of the big drivers for breakthrough technologies coming to scale quickly is going to be the extent to which we can arrive at binding targets through international agreements. Do you think the corporate sector has a role to play in pushing for those agreements?

A: Yes, the industry absolutely does. I am a member of the International Council on Mining & Metals (ICMM), and we are very much at the forefront of pushing for more stringent regulations and heightened targets throughout the world. It is a challenge to get everybody on board, and there's no quick fix.

In the case of Anglo American the answer is, 'yes'; we are looking at doing our part in terms of carbon reduction, but also having a say in setting those targets on a global basis. It's a collaborative, co-operative approach that we take.

Q: What role can Anglo American and the corporate sector play in terms of sustainable development leadership?

A: The performance of Anglo American is about all of us, and it's about pulling together; it's about setting the pace, and having the aspiration, the ambition, and working to be the very best in everything that we do.

Everybody plays a part. The standards are set at the top and we do a lot of training at all levels of the organisation. We invite people to act as ambassadors for Anglo American.

How do we go beyond Anglo American? It's about my colleagues and I working closely with other mining companies, and it's about uplifting the entire industry to a different level of performance and, ultimately, delivery.

I think we are making a real difference to everybody around us – whether it's our employees or other stakeholders we come in contact with. When I started at Anglo American as chief executive four years ago, I was told that fatalities were inevitable; that we were always going to be challenged with certain difficulties, and that we couldn't necessarily find ourselves on the same page with some of the local stakeholders in our communities.

We've come a long way from that time. We've been working more closely with the unions, particularly on safety, and now health, in South Africa – and with governments all over the world. We've come to the same point in acknowledging that we will only make a difference if we work hand in hand with one another. And it's on that basis that I think we can become the leading global mining company.



Cynthia Carroll during a recent visit to Kumba's Kolomela iron ore project.

POLLY COURTICE

Polly is director of Cambridge University's Programme for Sustainability Leadership. She is also co-director of the Prince of Wales's Business & Sustainability Programme and Corporate Leaders Group on Climate Change, a director of Jupiter Green Investment Trust and chairs Anglian Water's Advisory Group on Climate Change and Economic Growth.

In 2007 she was appointed by Al Gore to run his Climate Project in the UK, helping leaders deepen their understanding of climate change and explore appropriate action. Polly was made a Lieutenant of the Victorian Order (LVO) in 2008.

THE UNIVERSITY OF CAMBRIDGE PROGRAMME FOR SUSTAINABILITY LEADERSHIP

Anglo American is a Strategic Partner of the University of Cambridge Programme for Sustainability Leadership (CPSL), and is represented on its Advisory Board. The company's first collaboration with CPSL began in 2002 when we supported the launch of the Prince of Wales's Business & Sustainability Programme.

In 2008, CPSL was commissioned by Anglo American to design a unique programme to build the social management capacities of managers across the Group. Now in its third year, the Anglo American Advanced Social Management Programme develops informed, skilled and effective senior managers able to offer critical leadership in response to emerging socio-economic pressures and trends affecting the mining industry.

Anglo American also plays a key role in the Cambridge Ecosystems and Natural Capital Programme, launched in 2010.

OVERVIEW: Performance scorecard

OUR SCORECARD


















HOW WE MEASURE PERFORMANCE

	FOCUS	2010 TARGET	2010 PERFORMANCE	2011 AND FUTURE TARGETS
			<i>Performance status. Refer to key top right</i>	
People	Safety Page 24	Zero fatal injuries	It is with deep regret that we report the loss of 14 lives at Anglo American operations during 2010	✗ Zero fatal injuries
		LTIFR: 0.64	Our 2010 LTIFR was 0.57	★ LTIFR: 0.55
		100% Anglo American Fatal Risk Standards (AFRS) implementation	We achieved an average compliance of 86%. While we believe that the most critical hazards have been addressed, further work is required to realise full compliance	✗ 100% AFRS implementation
	Health Page 22	Ultimately eliminate occupational disease and health impairment	There was a 45% reduction in occupational diseases reported	➔ Continue downward trend and ultimately eliminate occupational disease and health impairment
		Provide Group standards for noise and airborne particulate control and conduct thematic reviews of performance in these areas	Hearing-Conservation and Respiratory-Protection Programme Standards were published in 2010, and a series of noise and dust audits completed	✓ Self-assessments against the two new standards to be completed by all business units
		Embed the practice of reporting and investigating health incidents	Some businesses are performing well, but further work is needed to embed the practice of health incident reporting	➔ All business units to report and investigate health incidents
	HIV/AIDS Page 18	Maintain 80% uptake of voluntary HIV counselling and testing (VCT)	A remarkable 94% uptake was achieved	★ Achieve 95% VCT uptake
		60% enrolment of estimated HIV cases in Anglo American HIV disease management programmes (HIVDMPs)	59% achieved	✓ 70% enrolment of estimated HIV cases in HIVDMPs
	Diversity Page 30	Achieve or exceed various national diversity goals	46% of all management-level employees in South Africa are historically disadvantaged South Africans, while 21% are female	✓ Achieve or exceed various national diversity goals
	Management system standards Pages 22 and 25	All operations to have safety and health management systems, that are certified to international standards, within two years of acquisition	92% of all sites that are required to maintain certification to OHSAS 18001 standards have done so. The remaining 8% includes operations that are pending divestment and one relatively new mine that will attain certification within the next two years	➔ All operations to have safety and health management systems, that are certified to international standards, within two years of acquisition
Community and social performance	Enterprise development Page 38	Anglo American's various enterprise development initiatives to create/sustain 15,000 additional jobs (25,000 in total) in up to 1,500 businesses by 2015	17,200 new jobs created/sustained to date	➔ Anglo American's various enterprise development initiatives to create and sustain 10,000 additional jobs (25,000 in total) in up to 1,500 businesses by 2015
		Emerge (Chile): Support 7,000 entrepreneurs by end of 2010	Achieved by supporting medium-sized enterprises to grow their businesses through training, technical support, financial assistance and mentoring; and through our alliance with Fondo Esperanza, an institution that grants micro-credit and business education to small businesses	✓ Establish small business development programme in Peru at Quellaveco project by end of 2011
		Establish 12 new hubs	To date, 21 business hubs have been established through the Zimele Community Fund (seven in 2010)	➔ Establish 10 new hubs by end of 2011
	Corporate citizenship and community issues Pages 34-36	Review the need for a stand-alone human rights policy given integration into other systems	Human rights best practice requirements have been integrated into relevant Anglo American policies	✓ Review final report of UN Special Representative on Business and Human Rights and make any necessary adjustments to procedures to fully address recommendations
		All operations to have a complaints and grievance procedure in place within two years of acquisition	A Group-wide, standardised complaints and grievance procedure was introduced in 2010 and is now mandatory at all operations	✓ Ensure all sites are using new complaints and grievance procedure
		Self-assessments to be completed for all exploration and development projects (in the construction phase)	Self-assessments for all operations and exploration and greenfield development projects completed	✓ Complete assessments for all operations, greenfield development projects and exploration projects
		Production of social and community improvement plans for all core business sites	All operations produced improvement plans	✓
		Achieve 90% compliance with the Anglo American Social Way requirements by end of 2010	85% compliance achieved for the Social Way, up from 70% in 2009	➔ Achieve 95% compliance with the Social Way by end of 2011
		Completion of the roll-out of SEAT2 by end of 2010	Some sites completing SEAT2 reports in the first half of 2011	➔ Issue updated (third) version of SEAT manual and commence roll-out of SEAT3

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

Anglo American recorded a strong Group safety and sustainable development performance during 2010. This scorecard summarises how we have performed against some of the targets we set ourselves at the end of 2009. See corresponding sections in the main body of the report for further information.

 Target exceeded
  Target not achieved
 Target achieved
  Ongoing/continual improvement

	FOCUS	2010 TARGET	2010 PERFORMANCE	2011 AND FUTURE TARGETS
			<i>Performance status. Refer to key top right</i>	
Environment	Greenhouse gas (GHG) emissions Page 53	10% reduction in GHG emissions per unit of production by 2014 based on a 2004 baseline	During 2010, the Group emitted 20 million tonnes (Mt) of carbon dioxide equivalents in comparison with 19 Mt in 2009 (18.5 Mt excluding businesses since divested)	 Operations are in the process of re-assessing GHG reduction targets. A new Group target will be defined in 2011
		Investigate reporting options for Scope 3 emissions	Material Scope 3 emissions have been disclosed	 N/A
	Energy Page 52	15% reduction in energy intensity by 2014 based on a 2004 baseline	During 2010, we consumed 100.8 million gigajoules (GJ) of energy (2009: 102.1 million GJ; 99.9 million GJ excluding businesses since divested)	 Operations are in the process of re-assessing energy-consumption reduction targets. A new Group target will be defined in 2011
		New energy and GHG performance management programme to be developed in 2010	The programme was developed and piloted during 2010	 Commence Group-wide roll-out of the new energy and GHG performance management programme
	Water Page 48	Strategy to be further developed, with a vision and roadmap supported by the Group Water Framework and a performance management protocol	The new water strategy, along with its supporting roadmap and framework, was approved and released during 2010	 N/A
		New water performance management protocol to be refined in 2010	Programme currently being rolled out across the Group	 Develop new water-efficiency targets in 2011, for implementation from 2012 onwards
		Issue Group water guidelines in 2010 and commence implementation	The issue of water guidelines was postponed until after the launch of the new strategy	 Issue new water management standard and guideline document
		Embed operational water action plan (WAP) documents by end of 2011	WAPs are in place at all operations, but with varying degrees of maturity	 Ensure WAPs are in line with water management standard
		N/A	N/A	Upgrade water reporting parameters
				Commence implementation of water technology strategy
				Proactively identify water partnership opportunities
	Biodiversity Page 56	All new sites to have a Biodiversity Action Plan (BAP) in place within two years	All significant operations have BAPs in place	 All new sites to have a BAP in place within two years of acquisition/commissioning
		Conduct BAP peer reviews at a minimum of six sites	BAP peer reviews conducted at seven sites	 Conduct BAP peer reviews at a minimum of six sites
		Two sites to be independently reviewed by Fauna & Flora International (FFI)	Four sites were independently reviewed by FFI	 Four sites to be independently reviewed by FFI
Supply chain		No endangered species will be lost or adversely affected by operations	No endangered species, including those listed on the IUCN Red List, were reported as having been negatively affected	 No endangered species will be lost or adversely affected by operations
	Waste Page 58	Operations to report performance against realistic non-mineral waste reduction and recycling targets	Most operations report their performance internally and some disclose public information in business unit sustainable development reports	 A strategic review of waste reporting and targets will be conducted during 2011
	Mine closure Page 60	Continue implementation of the Mine Closure Toolbox	40 sites are in different stages of Mine Closure Toolbox implementation; all South African sites have mine closure plans in place	 Continue implementation of the Mine Closure Toolbox
	Management systems Page 50	All operations to have environmental management systems, that are certified to international standards, within two years of acquisition	99% off all eligible sites are certified to international standards	 All operations to have environmental management systems, that are certified to international standards, within two years of acquisition
Supply chain	Supply chain sustainable development (SCSD) Page 64	Engage with prioritised suppliers according to engagement methodology: inform, assess, verify and develop. The majority of audited suppliers to have a sustainable development improvement plan in place	SCSD code and policy effectively communicated to all suppliers participating in sourcing events and publicly available in four languages. Annual supplier conference utilised to engage top 100 suppliers on SCSD. Approximately 1,000 suppliers self-assessed their SD practices as part of replies to tenders through sourcing system	 To have a positive impact. Engage with prioritised suppliers according to engagement methodology: inform, assess, verify, develop
	Local procurement and black economic empowerment Page 66	In addition to national procurement goals, achieve or exceed goals at a local procurement level	In South Africa, total HDSA procurement spend by managed and independently managed businesses was R 20.9 billion (R23.5 billion in 2009). Anglo American-managed businesses spent a total of R17.6 billion (R18.6 billion in 2009) with HDSA businesses. Business units set targets for procuring from suppliers located close to the operations and these were largely achieved	 Achieve or exceed the requirements of the 'procurement and enterprise development' pillar of the updated mining charter for 2011. Achieve the local procurement targets and show continuous improvement

OUR BUSINESS STRATEGY

SUSTAINABLE DEVELOPMENT AT THE HEART OF OUR DECISIONS

Sustainable development is an integral part of the Group strategy. It is both a critical enabler of our licence to operate, and a key value driver embedded in every aspect of our business.

DELIVERING SUSTAINABLE VALUE

Anglo American aims to become the leading global mining company – the investment, the partner and the 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.

INVESTING – IN WORLD CLASS ASSETS IN THE MOST ATTRACTIVE COMMODITIES

We own, operate and grow world class mining assets in those commodities that we believe deliver the best returns through the economic cycle and over the long term. We have a clear strategy of focusing on those commodities in which we have advantaged positions, and on large scale assets with long lives, low cost profiles and with clear expansion potential. These are: copper, diamonds, iron ore, metallurgical coal, nickel, platinum and thermal coal.

Our four major near term strategic growth projects are targeted to come on stream from 2011 through to 2013. The Barro Alto nickel project will double Group nickel production. Our copper expansion at Los Bronces in Chile and the Kolomela iron ore project in South Africa are on track, and we have secured key licences and permits for the Minas-Rio iron ore project in Brazil. The divestment of our non-core businesses is also progressing well.

ORGANISING – EFFICIENTLY AND EFFECTIVELY

Our structure aims to facilitate the delivery of performance and efficiencies to outperform the competition. Each commodity business unit is focused on operational excellence, project delivery and driving its cost position further down its industry curve, while our lean corporate centre facilitates the extraction of value beyond what is achievable by the businesses alone.

Our Group-wide asset optimisation (AO) and global procurement initiatives continue to unlock and create value. The AO agenda is designed around a holistic approach to both the health (skills development, mindsets and behaviours) and the performance (cost, productivity and efficiency improvements) of our operations, while local procurement plays a key role in securing and maintaining our right to mine, developing thriving and healthy host communities and creating efficiencies in our supply chain.

Project delivery is also a major challenge in our industry. In our own business, we are seeking to ensure that we harness the full capacity of our technical resources in a disciplined and consistent way. This includes a single, integrated Group project management system and a risk based method of capital approval for new projects.

We are also developing a framework to assess the financial and non-financial value of sustainable development initiatives and the extent to which these can increase the value of greenfield projects. This will support option-analysis and decision-making at the planning stages of projects, thereby enhancing future performance and maximising value.

OPERATING – SAFELY, SUSTAINABLY AND RESPONSIBLY

Our approach is based on a belief that exceptional operational value can be realised by embedding sustainable development in everything we do – from our systems, risk processes and procedures to the way in which we consult and work with all of our stakeholders.

Mining is a physical business, but we do not accept that this means there have to be injuries or deaths. Safety performance continues to be our number one priority and core value. We believe that zero harm is achievable and expect everyone to take responsibility for ensuring their personal safety and that of their colleagues.

We are also committed to protecting the health and well-being of our employees, ensuring that they live healthy lives. Ours is a broad-ranging approach to health that encompasses occupational health, community health, medical health, employee assistance programmes and wellness.

HIV/AIDS and related diseases continue to be a significant issue and our world leading HIV/AIDS response is aimed at preventing new infections and providing care, support and treatment to workers and their dependants who are HIV-positive. The expertise and knowledge we have gained through these programmes are now being applied to improving community health and public health systems.

As a major coal producer and consumer of energy, we remain committed to reducing our carbon emissions. We are also focusing on new technologies to address the twin challenges of water security and climate change. This extends beyond ensuring that we minimise mining's footprint to generating environmental benefits such as water recycling and through treating mine water to provide potable water to local communities.

We act with integrity to build respectful relationships with the societies in which we work. Behaving in this way enables us to develop and maintain trust with all our stakeholders, is fundamental to our long term success and therefore also to our ability to deliver superior long term returns to our shareholders.

EMPLOYING – THE BEST PEOPLE

Our people are as vital to our success as our mining assets. They are the ones who determine how effectively we operate and build our reputation with our investors, partners and fellow employees every day, and whom we require to uphold our values.

Talent development remains a key priority. A new global capability framework and performance management system are guiding personal development by providing clarity on the behaviours, knowledge, skills and experience needed to enable us to achieve

our strategic objectives. We provide extensive training and skills development opportunities for our employees at all levels and continue to respect the rights of our employees and promote diversity and opportunities.

SUSTAINABLE DEVELOPMENT COMMITMENTS

Our ongoing commitment

We want to reach out to all our stakeholders, through operating in a safe and sustainable way and by creating wider benefits for generations to come, well beyond the life-cycle of our operations.

Sustainable development is at the heart of our business

We have identified the following areas as key to delivering on our strategy. In many of them, Anglo American has been both a pioneer and leader – and by advancing our leadership position in each of these areas, we will not only benefit our host nations and local communities, but secure a clear competitive advantage.

In this report, you will find information on how we are delivering on our strategic sustainable development commitments.

SUSTAINABLE DEVELOPMENT COMMITMENTS

Operational excellence

Realising exceptional operational value by managing safety and sustainable development risks and identifying value creating opportunities

Zero harm

Creating and instilling a company and industry culture that protects people from harm and improves their health and well-being

Climate change

Enabling operations and local communities to address and adapt to the causes and effects of climate change

Water security

Providing water security for our operations and the communities where we operate

Benefiting communities

Enabling sustainable economic and social development of communities where we operate

Community health

Facilitating tangible health improvements in local communities and a positive influence on health in developing countries



DOING BUSINESS WITH INTEGRITY

LIVING OUR VALUES

Our values guide our behaviour as individuals, while our Good Citizenship Business Principles ensure that we operate to the highest levels of ethical conduct and transparency.

OUR BUSINESS PRINCIPLES

The Anglo American Good Citizenship Business Principles outline the expectations we have of our employees and our associates; our stance against corruption; and our approach to transparency, anti-competitive behaviour, business assurance, and securities trading.

A manual on our business principles for managers supports our operations in the implementation and roll-out of the principles. This offers guidance on how the principles should be applied and in what circumstances.

OUR VALUES

To achieve our ambition of becoming the leading global mining company, we have identified six values to help guide how we behave and interact with others:

Safety

This is always first on our agenda. We truly believe that all injuries are preventable and that by working together we can make safety a way of life, inside and outside the workplace.

Care and respect

We always treat people with respect, dignity and common courtesy – regardless of their background, lifestyle or position.

Integrity

This means taking an honest, fair, ethical and transparent approach in everything we do. It is not about being popular; it is about always doing the right thing.

Accountability

We take ownership of our decisions, our actions and our results. We deliver on our promises and acknowledge our mistakes. Above all, we never pass blame.

Collaboration

We are one company with a joint ambition – all working together to make decisions and get things done more effectively.

Innovation

Challenging the way things have always been done is a key priority for us. We do this by actively developing new solutions, encouraging new ways of thinking and finding new ways of working.



Safety



Care and Respect



Integrity



Accountability



Collaboration



Innovation



Professional nurses Sindiswa Matatari (left) and Paulina Jacobs at Thermal Coal's Highveld Hospital, in South Africa.

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. (See pages 44–45 of this report.)

Our business principles, which are now supported by a new business integrity policy (see case study below), 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.

POLITICAL DONATIONS

No political donations were made in 2010. We have an established policy of not making donations to any political party.

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 2010, 309 alerts (2009: 256) were received. Each alert was evaluated and, where appropriate, investigated. The highest proportion of complaints in 2010 related to human resource issues (128), which are often hard to substantiate but can be a useful indicator of underlying concerns that would otherwise remain undisclosed. Reports of

criminal acts and supplier relationship and procurement irregularities accounted for 50 each, those relating to safety, health and environmental concerns came to 24, while four alerts relating to allegations of improper accounting practices were received. The remaining 53 alerts were categorised as 'other' as they did not include sufficient information or were misdirected.

In total, 239 alerts were closed following investigation. Of this total, 78 alerts resulted in management action. After investigation, none of the alerts received was deemed material to Anglo American. Efforts are ongoing to ensure that all alerts are handled appropriately and consistently across the Group.

CORPORATE GOVERNANCE

Anglo American continues to operate in accordance with the highest standards of corporate governance and will fully comply with the new UK Corporate Governance Code – as we have done with its predecessors.

Through a clear separation in the roles and responsibilities of the chairman and chief executive, we aim to avoid unhealthy concentrations of authority; and by appointing strong independent directors we benefit from their expertise and perspective and reduce the risk of 'groupthink'. In support of the latter, three new non-executive directors were recruited to the Board in 2010 (Sir Philip Hampton, Ray O'Rourke and Jack Thompson) to replace the three retiring non-executive directors: Chris Fay, Sir Rob Margetts and Fred Phaswana.

Anglo American's Board and committee structure has been designed with the desire to achieve the best results for our shareholders, and all others affected by our actions, in the most responsible way. As such, the Board is supported by dedicated Audit, Safety and Sustainable Development, Remuneration and Nomination Committees. (For more information on corporate governance, see pages 86–97 of the 2010 Anglo American Annual Report.)

CASE STUDY: DOING BUSINESS WITH INTEGRITY

To ensure that we act with integrity in everything we do, we have launched a Group-wide business integrity policy to manage the risks associated with bribery and corruption.

The policy and its 11 performance standards set out how our employees, business partners and major suppliers should act in order to ensure that our zero tolerance of corruption is upheld. The standards cover the giving or receiving of gifts, conflicts of interest, the use of company assets, facilitation payments, working with intermediaries, dealings with government officials, social investment, sponsorships and donations.

The policy is especially relevant given the introduction of the United Kingdom (UK) Bribery Act, which has wide implications for companies located or doing business in the UK.

A business integrity compliance team is responsible for implementing all aspects of our approach to business integrity, and will share best practices in compliance across the Group. It also gives advice to our business units and functions on practical matters associated with implementing the policy, provides training and awareness and ensures that business integrity matters are fully considered in our dealings with third parties.

An intensive training programme has been devised for senior managers, while a separate

module caters for any other employees who may be exposed to corruption risks owing to the nature of their work. The course includes discussion around action scenarios to which employees may be exposed and provides background on international legislation.

Training will be an ongoing process and by the end of 2010, 63 sessions had been held in 10 countries. A total of 1,300 employees, including heads of business units, took part in the training.

Further sessions will take place and an online module will follow as refresher training. The policy now forms part of the induction process for new recruits at all our operations.

OUR APPROACH TO MANAGING SUSTAINABLE DEVELOPMENT EFFECTIVELY

At all of our projects and operations, we have a demanding set of criteria for integrating sustainable development across the mining cycle and value chain.

MANAGING SUSTAINABLE DEVELOPMENT

The criteria we use for integrating sustainable development (SD) range from the way we plan, design and make investment decisions on new projects, to how we manage our operations and plan for mine closure. Increasingly, such considerations also factor into our approach to mergers, acquisitions and divestments.

Our comprehensive set of rigorous standards forms part of the four Anglo American Way documents that guide the establishment of systems for managing health, safety, the environment and social development at Group, business unit and site levels. Each document outlines the vision, principles, policies, frameworks and management-system requirements pertaining to its respective area of focus. The principles include zero harm, no repeats and simple, non-negotiable standards.

Active engagement with our stakeholders throughout the mining life-cycle is integral to our approach, starting with early-stage exploration. Our exploration team's guiding vision is 'Safe Discovery' – the discovery of major new orebodies in a safe and sustainable way. This involves developing new exploration technologies that minimise our overall environmental footprint and constant engagement and consultation with local communities.

Our industry-leading, internationally recognised, Socio-Economic Assessment Toolbox (SEAT) provides our operations, as well as our suppliers, NGO partners and other key stakeholders with a range of tools designed to improve the management of socio-economic impacts and issues during an operation's lifetime and post-closure.

INTEGRATING SUSTAINABLE DEVELOPMENT INTO DECISION-MAKING PROCESSES

In 2010, safety and sustainable development (S&SD) was formally incorporated into the project and operational review processes, with the aims of unlocking value, mitigating future risks and maximising opportunities.

Today, specialists in health, safety, environment and social disciplines work alongside colleagues in finance, mining and technology as part of multi-disciplinary teams responsible for reviewing the potential impacts, the values that are at stake, and the potential opportunities of every major capital project. This ensures that, at the stage-gate review points of a project's life-cycle, SD considerations receive comparable weighting to technical and commercial factors.

A formalised internal operation review (OR) process was introduced in 2010 as part of the asset optimisation programme. SD is one of three functional areas covered by the process, along with operational improvement (revenue enhancement and cost reduction), and technical assessment (technical risk and adherence to technical standards).

A project is under way to develop a methodology that enables the value of S&SD to be incorporated into the project investment process by presenting the business case for S&SD in financial and non-financial terms, taking into consideration such factors as the tangible benefits and potential value destruction of key decisions and actions.

Supplier relationships are also part and parcel of our SD performance. Local procurement plays a key role in securing and maintaining our right to mine and in developing thriving and healthy host communities. In 2010, we launched a Group-wide policy for local procurement, with the objective of improving access by local businesses to supply chain opportunities.

MONITORING AND ASSURANCE

During 2010, we continued to strengthen the monitoring and assurance of our SD performance. The process involves a combination of self-assessment on compliance with the four Anglo American Way documents, robust internal reporting systems, the work of a dedicated S&SD risk and assurance team, and independent audit activities.

The S&SD risk and assurance team, created in late 2009, is providing us with a better understanding of S&SD risks within the business, as well as reviewing and providing assurance on the level and effectiveness of controls. In its first full year of operation, the team carried out 47 audits on fall of ground risks, the control of noise and dust, the isolation of energy, contractor management and the control of methane and explosive dust. Audit reports identifying elements of best practice and areas for improvement have been shared with site and business unit leadership teams and action plans subsequently developed.

In addition to internal audits, third-party auditors have accredited 92% of all eligible operations with the OHSAS 18001 standard and 99% with ISO 14001.

NUMBER OF AUDITS CARRIED OUT BY THE S&SD RISK AND ASSURANCE TEAM IN 2010

47



Today, specialists in health, safety, environment and social disciplines work alongside colleagues in finance, mining and technology as part of multi-disciplinary teams responsible for reviewing the potential impacts and opportunities of every major capital project.



Environmental officer Matt Goddard at the rehabilitation area of pit D at Lake Lindsay coal mine in Queensland, Australia.

SAFETY AND SUSTAINABLE DEVELOPMENT GOVERNANCE

The Board is supported by a sustainable development executive and a management committee, including representatives of each business unit, and is responsible for setting and executing policy, including in the S&SD field. In the S&SD area specifically, it is supported

by the S&SD Committee of the Board, which assesses our policies and performance in relation to SD in general, as well as issues concerning material safety and SD risks and liabilities.

The Committee meets quarterly and is chaired by Peter Woicke; the other members are Anglo American chairman Sir John Parker,

chief executive Cynthia Carroll, Mamphela Ramphela and Jack Thompson. The attendance level for Committee members in 2010 was 100%, with business unit CEOs and other directors participating regularly. The Committee also makes site visits on a regular basis.

HOW WE REPORT ON SUSTAINABLE DEVELOPMENT

We use this report to provide an overview of our SD performance for our key stakeholders. These include local communities, NGOs, shareholders, investors, suppliers, governments, media, academics and employees. The Anglo American website provides additional information and data on our environmental, social, health, and safety approach and performance.

For investors, we report on our approach to managing SD in the Anglo American Annual Report. The 2010 Annual Report, together with country- and business-specific sustainable development reports, can also be found on the website www.angloamerican.com

We also co-operate with the producers of leading indices such as FTSE4Good, the Dow Jones Sustainability Index and Johannesburg Stock Exchange Socially Responsible Investment (JSE SRI) Index, as well as the Carbon Disclosure Project and other organisations. These help investors understand the economic, environmental

and social performance of our company. We report in accordance with the Global Reporting Initiative (GRI) and, in 2010, we once again achieved an A+ reporting application level, as verified by PricewaterhouseCoopers (PwC), signalling our compliance with the GRI G3 guidelines and the Mining and Metals Sector Supplement.

Reporting scope

We report only on those companies within the Group over which we have management control. These include wholly owned subsidiaries and joint ventures over which we hold the management contract. Our reporting does not include De Beers and other major associates such as Collahuasi, Cerrejón and Samancor. Profiles of our business units can be found on www.angloamerican.com

External assurance

PwC was contracted to perform an independent assurance report on key performance information in this report. (See pages 68-69.) 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.

Our principal challenges

Our reporting focuses on the environmental and community and social challenges that matter most to our key stakeholders. The issues we report on here have been distilled from the various challenges that we encounter throughout our countries of operation. Our most material issues are: climate change, socio-economic development, water, human rights, mine closure, waste, health, safety and HIV/AIDS.

These issues have been identified by reviewing major operational risks to help determine those issues which most affect our business strategy; listening to concerns raised most frequently by local stakeholders during the SEAT process; as well as research, focused interviews with key stakeholders, media reviews and feedback from NGOs, universities and investors. (See pages 46-51 of the Anglo American Annual Report, 2010, for further information on our risk management processes and risk factors.)



OUR PEOPLE

LEADING A REAL RESPONSE TO HIV/AIDS

CASE STUDY: THERMAL COAL HIV/AIDS PROGRAMME

In a country with the most HIV infections in the world and an adult prevalence rate of 17%, our thermal coal business in South Africa is waging a passionate campaign against the effects of a disease that has devastating impacts on society and the growth of a viable economy. In 2009 alone, an estimated 310,000 South Africans died as a result of the disease.

Thermal Coal is battling the pandemic with a five-pillar approach, which focuses on voluntary HIV counselling and testing (VCT); awareness, education and prevention; care, treatment and support; partnerships; and demonstrating commitment to Anglo American's values.

Care and respect through testing

Since the launch of its programme six years ago, 95% of Thermal Coal's 9,300-strong permanent workforce has undergone VCT and, as the clock is set back to zero annually, 89% reconfirmed their status in 2010.

Thermal Coal's CEO, Norman Mbazima, chairs the business' quarterly AIDS forums – an indication of how seriously the issue is taken at Thermal Coal.

"We have always had a genuine sense of care and respect for our employees. While health may not be our core business, the health of our employees is core to our business and we have never shied away from a challenge," says Dr Jan Pienaar, regional medical manager at Thermal Coal.

Care, treatment and support

Thermal Coal, in line with the Anglo American policy, began to provide affected employees with free anti-retroviral treatment (ART) in 2002 – a decision that has saved many lives. According to a study by the Aurum Institute, an internationally recognised research and health systems management organisation, Thermal Coal's ART programme is responsible for keeping an estimated 240 people alive.

Out of this figure, 229 of the lives saved are current employees who would likely have died or have been unable to work if not for the programme.

Health record system

Thermal Coal's health record programme has disproved initial claims that it would be impossible to gather large volumes of the most confidential health-related information.

"We persevered when others said it was impossible and after having conducted more than 70,000 tests, we have never once had a single formal challenge for breach of confidentiality or stigmatisation," says Dr Pienaar.

Thermal Coal has been able to achieve this through its electronic health record system, The Health Source, which allows for the real-time tracking of individuals and their health information in a confidential manner. At a



Sister Moira Mashiane, pictured with mineworker Moses Mbiza, who takes a swab as part of a voluntary test for HIV at Greenside colliery, South Africa.

glance, health professionals can see when an employee became HIV-positive, when treatment commenced, their current viral load and CD4 count. The system also prompts certain actions, for example contacting a patient who has not come in to have their CD4 count checked.

Awareness, education and prevention

Although it is a leader in curative care, Thermal Coal focuses its spending on preventative care. Industrial theatre, the discussion of HIV in daily safety bulletins, and mine-based awareness campaigns led by more than 250 trained wellness peer educators are regularly staged. Initiatives take into account all levels of literacy and education and condoms are freely distributed.

Despite these efforts, Thermal Coal was alarmed at the number of HIV conversions among what is regarded as a highly informed workforce.

"We were excited that our HIV incidence rate had almost halved between 2005 and mid-2009 but the trend started climbing and at the end of 2010; there were 103 conversions for the year."

To reverse this trend, Thermal Coal has initiated a lifestyle study that hopes to determine the risk factors, attitudes and perceptions around behaviour of those employees who are known to have converted from HIV-negative to HIV-positive status in the last year. Conducted by Aurum, the study involves interviewing 340 employees and deals with demographics, work history, relationships, living conditions, traditional beliefs and sexual behaviour.

Thermal Coal expects that the results will provide additional guidance on where awareness and education efforts should be focused, not only on HIV, but in preventing other chronic illnesses.

95%

PERCENTAGE OF THERMAL COAL EMPLOYEES WHO HAVE PARTICIPATED IN VCT IN THE PAST SIX YEARS

250

NUMBER OF TRAINED HIV/AIDS PEER EDUCATORS WHO LEAD HIV/AIDS AWARENESS CAMPAIGNS



For more information on HIV/AIDS, turn to page 18

HIV/AIDS AND TUBERCULOSIS

THE ISSUE

Southern Africa is the epicentre of the global HIV/AIDS epidemic, where we estimate that 16.5% of our workforce is HIV-positive. Those who are infected with HIV are particularly vulnerable to contracting tuberculosis – a communicable disease of growing concern in South Africa.

OUR VISION

In our HIV/AIDS response for our employees, their dependants and the communities in which we operate, we strive for zero new HIV infections, zero people getting sick or dying from HIV/AIDS and zero babies being born with, or acquiring, HIV infection as infants.



I can't claim perfection on any of the goals we have achieved. I would rather just look for progress and determination. And we are determined, we will progress and we will make a difference.

Dr Brian Brink
Anglo American chief medical officer

HIV/AIDS

Combating AIDS and other communicable diseases is one of the eight United Nations Millennium Development Goals, set in recognition of the grave implications of these diseases for human health and development. The target date for having halted and begun to reverse the spread of HIV/AIDS, as well as providing universal access to treatment, is 2015. We are committed to contributing towards the achievement of this goal.

Our policy and approach

The Anglo American HIV/AIDS policy forms the foundation of our response to the disease. It guarantees that there will be no discrimination against anyone with HIV infection or AIDS and that confidentiality will be protected. It strives to eliminate stigma and gender inequities. Through our policy, we commit to preventing the further spread of HIV and ensuring that all affected employees and their dependants have access to the care, support and treatment they need. We also commit to investing in communities and mitigating the broader impacts of HIV/AIDS. This human rights-based foundation to our HIV/AIDS response is a key determinant of its success.

Our policy recognises that the magnitude of health challenges posed by HIV/AIDS is too big for us to address alone. In each of our responses, we seek out partnerships and promote inclusivity and consultation. The policy also recognises the inextricable relationship between HIV infection and tuberculosis (TB).

HIV/AIDS management in the workplace

Testing is the entry point to our comprehensive programme of prevention, care, support and treatment for HIV and AIDS. We have now reached a position where more than 90% of employees in southern Africa check their HIV status every year. Regular voluntary counselling and testing (VCT) ensures that we achieve early diagnosis of HIV infection and timely access to care.

This high uptake of VCT enables us to quantify the prevalence of HIV infection in our workforce. This is currently 16.5% in southern African operations, which means that around 12,000 of our employees are HIV-positive.

The three components of our workplace prevention programmes are: education and awareness; condom distribution (both male and female); and early diagnosis and treatment of sexually transmitted infections. We have extensive activities in all of these areas, including having more than 2,000 trained peer educators in the workforce.

However, despite considerable efforts, the high number of new HIV infections within our workforce in 2010 is disappointing. We documented 712 new HIV infections in 2010, giving an approximate incidence rate of 1.2%, which is unacceptably high, though consistent with the national rate. An important reason for extending our HIV/AIDS prevention, care, support and treatment to dependants is to close the loop on our prevention programmes – we cannot successfully treat an individual for a disease that affects the whole family.



CASE STUDY: LEADING THE FIGHT AGAINST HIV/AIDS

Silvia Aparecida Domingues de Almeida (pictured), who leads Nickel's HIV/AIDS programme in Brazil, has been living with HIV since 1994. But rather than let the disease defeat her, Silvia has made it her mission to win her personal battle while helping those in a similar position. Silvia has become a champion in raising the awareness of HIV and assisting those who are HIV-positive, but she has not done it alone. Understanding that partnerships are crucial in combating the disease, she has spearheaded diverse initiatives with NGOs, government bodies, churches and various organisations in a bid to minimise sexually transmitted disease infection and ensure the fair treatment of HIV carriers.

PERCENTAGE OF HIV-POSITIVE EMPLOYEES AT OUR SOUTHERN AFRICAN OPERATIONS PARTICIPATING IN HIV DISEASE-MANAGEMENT PROGRAMMES

59%

PERCENTAGE OF EMPLOYEES IN SOUTHERN AFRICA WHO PARTICIPATED IN VOLUNTARY HIV COUNSELLING AND TESTING IN 2010

94%

NUMBER OF VOLUNTARY HIV TESTS CARRIED OUT ON OUR EMPLOYEES AND CONTRACTORS IN SOUTHERN AFRICA DURING 2010

c.100,000

We still have a significant number of employees who are migrant workers. While much progress has been made in improving access to family accommodation, we are concerned about the contribution of migrant work to the spread of HIV infection, which is an inherent problem in most developing countries. Our social performance unit is evaluating the family status of employees in South Africa and we are exploring ways in which to tackle the disconnection between migrant workers and their families. We are also actively engaged in activities to strengthen health systems in the rural areas from where our migrant workers are drawn.

The disproportionately high burden of HIV infection in young women and girls in sub-Saharan Africa remains distressing. We are therefore actively engaged in understanding and responding to the gender inequities and inequalities that drive the HIV/AIDS epidemic. We believe that a vital element of the HIV prevention response must be to improve sexual and reproductive rights and health services for women.

Mother-to-child transmission of HIV is another vital aspect of the prevention response. We have achieved close to zero transmission of HIV in employee and dependant mothers managed through our health services. It remains an ongoing challenge to achieve the same outcomes in peripheral and/or rural areas with weak health service infrastructure.

HIV disease-management programme

All employees who test HIV-positive are invited to enrol in our HIV disease-management programme (HIVDMP). Through ongoing counselling and regular immune system monitoring we can ensure optimal timing of treatment initiation. We have a policy of placing all HIV-positive enrollees on TB-preventive therapy, which has been shown in our programme to reduce AIDS mortality by 50%. The principle of 'positive prevention' is applied to minimise the further spread of HIV infection.

HIVDMP enrolment is currently 59% of the employees who are estimated to be HIV-positive. Although we reached our 2010 target, we need to significantly improve uptake in order to prevent disease and ensure continued wellness and productivity for all HIV-infected employees.

We have ambitious plans to involve accredited traditional healers much more closely in our HIV care and support programmes, which we believe will significantly improve uptake and treatment adherence.

Anti-retroviral therapy

By the end of 2010, we had 3,965 employees on free anti-retroviral therapy (ART), approximately 33% of those employees whom we know are HIV-positive.

We aim to initiate ART before the immune system becomes compromised by HIV infection, and certainly before the onset of AIDS. For several years, our guideline has been to start treatment when the CD4 count drops below 350 cells per cubic millimetre (mm³) of blood. This is in line with global best practice, but it is difficult to achieve. We have nevertheless experienced progressive improvement each year; during 2010, the median CD4 count of patients starting ART was 272 cells per mm³.

Ensuring that people remain on the treatment programme is an ongoing challenge. However, the proportion of patients lost from the ART programme has been progressively coming down over time. Although 2% of the patients who started on ART in 2010 died, this represents a significant improvement on previous years.

OUR PEOPLE: HIV/AIDS and tuberculosis – continued

**NUMBER OF HIV-POSITIVE
EMPLOYEES IN SOUTHERN
AFRICA RECEIVING FREE
ANTI-RETROVIRAL DRUGS TO
MANAGE THEIR HIV DISEASE**

4,000

TUBERCULOSIS (TB)

The escalating TB epidemic is a source of great concern in South Africa, which has the third highest burden of the disease in the world and the highest rate of TB/HIV co-infection. Because TB is difficult to diagnose, it is often missed and/or diagnosed too late. Untreated or poorly treated TB causes extensive and irreversible lung damage. Drug-resistant TB is extremely difficult and expensive to treat.

In 2010, the TB incidence rate at Anglo American's South African operations was 1,070 per 100,000 employees. This is much lower than the figure for 2009 (1,300 per 100,000), probably due to better HIV disease management, and is now similar to the incidence rate for South Africa overall. There were 727 new TB cases recorded among our workforce in 2010, of which 582 were pulmonary and 145 extra-pulmonary. Sadly, we recorded 86 deaths due to TB in 2010, although this number was significantly less than in 2009. We are putting in a concerted effort to further reduce deaths from TB through earlier HIV and TB diagnosis and treatment and a more integrated response to managing HIV and TB.

**SOCIAL INVESTMENTS IN
COMMUNITY HEALTH**

We have gained a great deal of experience through administering our workplace HIV/AIDS and health programmes. We are using this knowledge and our resources to support community outreach programmes and to spread good practice in a way that helps to strengthen community health systems.

Group operations carry out comprehensive socio-economic assessments in local communities, including community health assessments, and develop social management plans in consultation with all stakeholders.

In South Africa, the Eastern Cape is one of the provinces with the greatest health care needs. More than 40% of the employees in our core business units in South Africa have homes in the Eastern Cape.



Mandla Mnisi, medical technologist in the HIV laboratory at the Bhubezi community health centre at Bushbuckridge, in Mpumalanga in South Africa.

**CASE STUDY: MAKING A
DIFFERENCE EVERY DAY**

The Bhubezi Community Healthcare Centre – opened by Anglo American, Virgin Unite and the US government in 2007 – is making a real difference to the lives of people living in the impoverished Bushbuckridge area of South Africa's Mpumalanga province. Nearly 130,000 patients have visited the clinic, which sees an average of 250 people a day and it is currently providing more than 3,500 patients with ART in their fight against HIV/AIDS.

"As there was no easily accessible healthcare facility to provide these services before Bhubezi, the number of patients on treatment clearly indicates what would have happened to them if the clinic had not been established," says the centre's Dr Gilbert Khosa.

The centre receives all its HIV and tuberculosis-related treatments from the state and provides support to the surrounding practices. It is hoped that the treatments on offer will soon become even more far-reaching. And with the centre soon to open a colposcopy and male circumcision clinic, the array of services is also set to become greater.

"We support all surrounding clinics and the ultimate goal is to ensure that all facilities offer ART. This is good as many patients cannot always pay for the taxi fare to Bhubezi and therefore start defaulting on their treatment," says Dr Khosa.

"I visit these clinics regularly, provide teaching and help nurses with difficult cases. We work well together and those who cannot get to Bhubezi are referred to these facilities.

"These days we see fewer funerals and we have the total support of all our stakeholders," he adds.



Sister Toekie Schoeman gives a blood test to patient Mickie Rolsen at the UGM community clinic in Kathu in South Africa's Northern Cape.

CASE STUDY: PROVIDING HIV/AIDS SUPPORT TO THE COMMUNITY

The Ulysses Gogi Modise (UGM) clinic, built in 2007 by Kumba Iron Ore's Sishen mine and operated in partnership with South Africa's Northern Cape Department of Health and the Gamagara local municipality, now provides comprehensive HIV/AIDS support to a community that had no such services before.

Today, over 900 HIV-positive community members receive care and support from the clinic. Since June 2008, more than 600 people have been placed on anti-retroviral therapy to prevent their progression to AIDS.

The clinic also offers screening for conditions such as diabetes, hypertension, TB and cancer, and provides general health and nutritional education as part of its holistic approach to community wellness.

Towards the end of 2010, Anglo American, working with the Eastern Cape Department of Health, sponsored an initiative to write a business plan to revitalise the funding and delivery of primary healthcare in four sub-districts of the Eastern Cape. The scope and methodology are fully aligned with national health policy and strategy on primary healthcare and best international practice. The intention is to create models of excellence in primary healthcare delivery that can be replicated by the department throughout the province.

The business plan will be completed around April 2011 and will identify further opportunities for engagement and investment in primary healthcare system strengthening in the Eastern Cape. We will strongly encourage other businesses, bilateral and multilateral international donors, as well as philanthropic foundations, to support these initiatives.

We have also identified an opportunity to strengthen the health system in the Northern Cape community of Postmasburg, the site of our new Kolomela iron ore mine. There is a unique opportunity to build a unified and improved health service in conjunction with the Northern Cape Department of Health.

INVESTING IN HEALTHCARE IN DEVELOPING COUNTRIES

Besides providing a societal benefit, investing in healthcare in developing countries is important for securing the private sector's long term business goals. If developing countries are to achieve their full economic growth potential, the role of quality healthcare cannot be underestimated.

Our chief executive, Cynthia Carroll, took a bold first step at the G20 Business Summit in Seoul in November 2010 by pledging \$3 million of funding on Anglo American's behalf over the next three years to support the Global Fund to Fight AIDS, Tuberculosis and Malaria. This pledge came with a challenge for other big businesses to do the same.

The Global Fund has achieved extraordinary results in the eight years since its inception: programmes it has sponsored have saved 6.5 million lives and provided access to treatment for 3 million AIDS and 7.7 million TB patients. Malaria programmes have distributed 160 million insecticide-treated bed-nets and provided 142 million courses of malaria drug treatment, which have contributed to a significant decline in malaria cases and deaths in at least 10 malaria-endemic countries. For the first time, health experts are talking about eliminating malaria as a public health problem, with the aim of doing so by 2015.

AMOUNT OF MONEY PLEDGED TO THE GLOBAL FUND TO FIGHT AIDS, TB AND MALARIA

\$3 m

HEALTH

THE ISSUE

Chemical and physical hazards in the workplace may result in a range of occupational diseases, if uncontrolled.

OUR VISION

Our vision is to achieve zero harm and a healthy and productive workforce through the effective management of occupational health risks.



Furnace operator Valdinei Pimentel Ribeiro measuring the temperature of nickel ore at Codemin, in Brazil.

PERCENTAGE OF ANGLO AMERICAN OPERATIONS WITH OHSAS 18001 CERTIFICATION

92%

PERCENTAGE REDUCTION IN PIECES OF EQUIPMENT EMITTING MORE THAN 110 DECIBELS AT OUR PLATINUM BUSINESS

91%

OCCUPATIONAL HEALTH

We believe the health and safety of all those who work for us, employees and contractors alike, is paramount and that every individual should be able to return home fit and well at the end of each day.

The Anglo American Occupational Health Way details the occupational health framework and management system standards that are used throughout the Group to protect employees from harm. The Occupational Health Way is underpinned by three guiding principles: that all occupational illnesses are preventable; that we will learn from our monitoring of exposure and surveillance of disease incidence in order to prevent further harm; and that we apply common, simple and non-negotiable standards throughout the Group.

Noise and inhaled hazards (such as dust) are the most common exposures within Anglo American; two new standards addressing these risks were approved during 2010. They require each business, as a minimum, to manage specific hearing-conservation and respiratory-protection programmes. The standards recognise the importance of multi-disciplinary co-operation to prevent adverse health outcomes.

A series of noise and dust audits was carried out by the safety and sustainable development (S&SD) risk and assurance team in the second half of 2010 to assess the nature and scale of the risk within the Group and to assess the quality of existing controls.

The assessments were made on the basis of generally accepted good practice and compliance with the requirements of the Occupational Health Way. The results will be presented to the S&SD Committee of the Board in 2011. In addition, 92% of all sites that are required to maintain certification to OHSAS 18001 standards have done so. The remaining 8% includes operations that are pending divestment and one relatively new mine that will attain certification within the next two years.

HEALTH INCIDENT REPORTING

In 2008, we introduced the concept of health-incident reporting to measure the effectiveness of occupational health programmes in real time. Previously, we depended solely on occupational disease incidence rates, which are severely lagging in nature. Reporting on incidents also encourages the discipline of resolving issues as they happen and before they can cause long term harm.

During 2010, we began to see a rise in the number of low-level incidents being reported, investigated and corrected by operations, particularly within our thermal coal business.



CASE STUDY: SILENCING NOISE IN PLATINUM

Noise-induced hearing loss (NIHL) remains the most significant occupational health risk at our platinum business. It is, however, a hazard we are committed to silencing.

In 2009, we focused on reducing noise at source by silencing or replacing equipment emitting sound pressure levels in excess of 110 dB(A). We have already made great progress, and by the end of 2010 we had silenced over 90% of the equipment identified as high risk by our occupational hygiene measurements. Despite 19 reported new cases of NIHL in 2010 – down from 42 in 2009 – we are now ahead of our target to silence all high-risk equipment by 2013.

Noise exposure remains the most significant occupational health risk at Platinum.

Over the coming years, we hope to see a consequent drop in disease and the early medical signs of exposure.

The remaining occupational diseases mostly have long latent periods or are sporadic in nature and do not reflect current efforts at reducing exposure.

PERFORMANCE

The number of occupational disease cases reported for 2010 was 268, a 45% reduction on the previous year, while the total occupational disease incidence rate declined sharply to 0.284 from 0.483. Improved reporting at Scaw Metals was the main reason for the significant increase in new cases of noise-induced hearing loss (NIHL) reported in 2009 and, therefore, the subsequent decline in 2010. This notwithstanding, there have been reductions in the number of new cases reported in almost all categories. In particular, there was an encouraging drop in the number of hand-arm vibration syndrome (HAVs) cases reported by Tarmac, which reflects the work being done to reduce exposure.

OCCUPATIONAL HYGIENE

Our aim is to prevent harm to our employees by eliminating their exposure to health hazards. To achieve this, we constantly monitor all health hazards in the workplace, with the aim of eliminating their source or ensuring that adequate controls (such as the use of personal protective equipment) are in place. Our operations run extensive medical surveillance programmes to monitor the well-being of employees who are potentially exposed to such hazards. For example, our platinum business has silenced 91% of its equipment emitting more than 110 decibels and aims to silence all high-risk equipment by 2013. (See case study above.)

WELLNESS

General wellness has always been a part of the health programmes in Anglo American, but is receiving increased attention. The total spectrum of wellness extends from performance management and employee engagement through to the physical working environment, employee health and energy levels. All of these aspects are catered for in programmes that encourage and facilitate better eating, exercise, reduction of stress and provision of access to health care. Seasonal influenza vaccination is provided at all Anglo American sites and in some cases the uptake is as high as 100%.

Absenteeism, which has a direct link to productivity, has been a focus over the past year. The Group average of around 4% represents a reasonable performance, with the possible need for attention in some businesses.

OCCUPATIONAL DISEASE CASES AND INCIDENCE RATES*

Occupational disease	New cases of occupational disease			Occupational disease incidence rates		
	2010	2009	2008	2010	2009	2008
Noise-induced hearing loss	173	367	62	0.363	0.756	0.116
Musculoskeletal disorders	21	23	40	0.022	0.038	2.796
Hand-arm vibration syndrome	18	35	0	2.013	2.158	0
Occupational tuberculosis	19	32	9	0.378	0.715	0.095
Coal workers pneumoconiosis	16	9	5	0.457	0.141	0.040
Pneumoconiosis due to other fibrogenic dust	3	0	0	0.224	0	0
Occupational dermatitis	2	9	0	0.002	0.009	0
Silicosis	0	5	1	0	0.112	0.010
Occupational asthma	2	4	7	0.049	0.026	0.082
Chronic obstructive airways disease	7	2	4	0.148	0.024	0.040
Asbestosis	0	0	0	0	0	0
Occupational cancers	0	0	0	0	0	0
Other occupational disease	7	3	5	0.007	0.003	0.002
Total	268	489	133	0.284	0.483	0.126

*Per 200,000 hours worked.

SAFETY

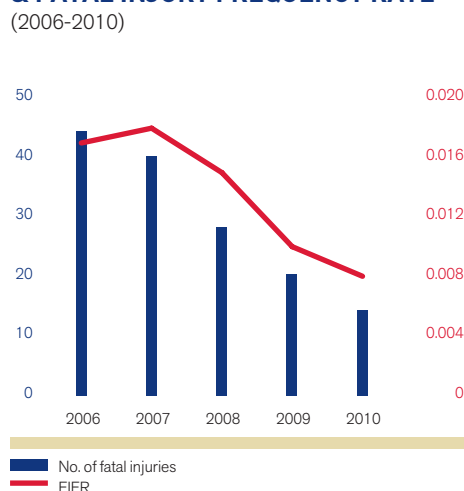
THE ISSUE

Mining is inherently a high-risk industry and our most urgent priority is the prevention of fatalities and serious injuries.

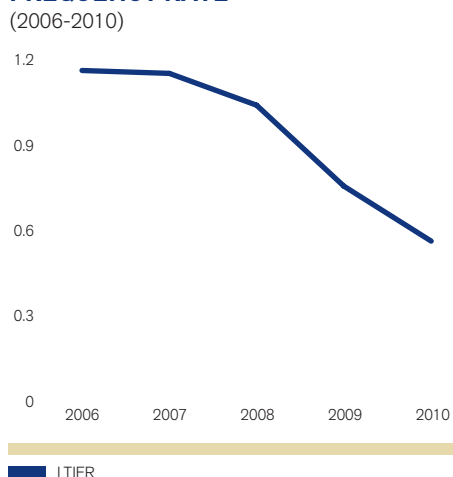
OUR VISION

Our vision is an injury-free workplace. The safety of all those who work for us is our main priority up to and beyond the point at which we achieve zero harm.

TOTAL NUMBER OF FATAL INJURIES & FATAL INJURY FREQUENCY RATE (2006-2010)



GROUP LOST-TIME INJURY FREQUENCY RATE (2006-2010)



PERFORMANCE

We deeply regret that 14 employees and contractors lost their lives while working at Anglo American in 2010. Any loss of life is totally unacceptable and we believe that all injuries are preventable. We continue, therefore, to be unrelenting in our efforts to keep our people safe from harm and are encouraged by the significant progress in our safety performance between 2006 and 2010. The total number of workplace deaths has declined by nearly 70% from 44 in 2006 and by 30% year on year. Notably, there were also reductions in the number of incidents related to our most frequently occurring fatality risk areas: transportation and falls of ground (FOG). (See page 70 for a full breakdown of causes of fatal injuries.)

The total number of lost-time injuries, the lost-time injury frequency rate (LTIFR) and the severity of injuries continue to decline. Our LTIFR, which includes employees and contractors, has improved from 1.16 in 2006 to 0.57 in 2010. These figures represent significant progress, particularly in our platinum business which, given the nature of deep-level hard-rock mining, presents significant risks. Excluding Platinum, the LTIFR is 0.22 – this is an industry-leading performance when compared with peers with a similar risk profile.

Increasingly, our operations are targeting 'total recordable injury' improvements, which we consider to be a broader indicator of our overall safety performance. Whereas the LTIFR represents the rate of lost-time injuries and 'restricted work' cases per 200,000 hours worked, the total recordable case frequency rate (TRCFR) includes any injury that requires more than first aid treatment. Our TRCFR has also steadily reduced to 1.44 from 2.76 in 2006.

A CLEAR STRATEGY FOR ACHIEVING ZERO HARM

Our current safety strategy, launched in 2007, is based on 10 key elements that underlie sound safety management: leadership, risk management, culture, competence, assurance, monitoring, planning, standards, communications and learning. All operations have developed risk-based safety improvement plans, which define how they drive continuous improvement in these areas.

We have committed significant efforts in recent years to ensure that the basics of safety management are fully embedded across all our operations, including systems for learning from fatalities and high potential incidents as well as internal and industry-wide best practice. While we have made sound progress, this remains an urgent priority.

MANAGING RISK

Our ongoing focus is to make sure that the progress we have made is sustainable and continues to improve. This depends on many factors, including:

- Committed and proactive leadership at all levels
- Consistent focus and improvement on the management of risks, particularly major/high-level risks
- A competent, involved and aware workforce
- How we learn from incidents and best practice
- Processes for monitoring the robustness of our approach in driving continuous improvement.

RISK MANAGEMENT SYSTEMS AND PROCESSES

During 2010, a mandatory safety, health and environmental risk management process was introduced to ensure that a rigorous approach is applied consistently throughout the Group. A programme has also been developed to assist those people at operational level who are specifically responsible for the implementation of risk management. This programme is designed to ensure that they have a full understanding of the process, the tools and resources that will help them implement the risk management process throughout their operations.

A suite of Major Risk Standards and Guidelines has also been developed in recognition that we need to take a more proactive approach to managing risks that have a low probability, but which could potentially give rise to very serious consequences. These standards and guidelines will enhance our current approach to the management of high-level risks. Operations will implement their requirements in 2011 and maintain an acute focus on managing high-level risks.

The implementation of the Fatal Risk Standards, which address our most commonly occurring risks, is a priority. By year end, we had achieved an average compliance of 86% against a target of 100%. While we believe that the most critical hazards have been addressed, further work is required to realise full compliance. Action plans are being developed to address identified gaps.

ENHANCING RISK MANAGEMENT CAPABILITY

We take an integrated approach to the management of safety, health and environmental risks. In consequence, our award-winning Anglo American Safety Risk Management Programme (SRMP) has been extended to include health and environmental risk management.

The renamed SHE-RMP continues to be one of the key mechanisms through which we equip our people with the knowledge and skills they need to recognise, understand and manage risk effectively. Since its launch in 2008, more than 5,000 executives, managers, supervisors and front-line employees have been trained in the programme.

Up to 20% of places on all courses globally are open to external delegates and representatives from unions, government and regulators. In May 2010, we made the SHE-RMP available to the wider industry through our university partners – such a move supports our belief that identified collaboration and the sharing of knowledge can save more lives. In addition, as part of the SHE-RMP programme, we have an expanding network of 'risk champions', who are able to provide expertise in risk management techniques at operational level.

NUMBER OF EXECUTIVES, MANAGERS, SUPERVISORS AND FRONT-LINE EMPLOYEES TRAINED IN THE SHE RISK MANAGEMENT PROGRAMME SINCE 2008

5,100

REDUCTION IN THE TOTAL NUMBER OF WORKPLACE FATALITIES SINCE 2006

70%



National Union of Mines health and safety official Lennox Mekuto (left) with executive head of HR for Kumba Iron Ore Virginia Tyobeka and mining operator Justinus Mpho Nku from Goedeheop during a visit to the colliery by the Tripartite Safety team.

OUR PEOPLE: Safety – continued**LEARNING FROM INCIDENTS**

A crucial step in preventing incidents and associated injuries is to understand their immediate and fundamental causes. A standardised 'learning from incidents' (LFI) training programme and an associated set of procedures has been implemented across all our operations to ensure that we learn from all incidents – safety, health and environmental. This includes guidance on conducting thorough, consistent incident investigations to establish the fundamental causes and identify appropriate actions to improve the management of current controls.

SAFETY ASSURANCE

In 2009, we established a dedicated safety and sustainable development (S&SD) risk and assurance team to give the Executive Committee and the S&SD Committee of the Board independent, expert opinion on our material S&SD risks and to provide a risk-based assurance programme that critically reviews the effectiveness of the controls we have in place.

The first thematic safety audit in 2009 focused on transportation risks. A transportation safety improvement plan was developed along with a task force to address the audit's findings and monitor progress. (See case study on opposite page.) In 2010, the number of transportation-related injuries fell by more than 40% in comparison with 2009.

During 2010, the team conducted three Group safety audits, focusing on the major risk areas of FOG, contractor safety management and energy isolation. Audits were undertaken at 39 sites across our operations globally to assess the nature and scale of these risks and to review the quality of existing controls. All business units have since provided action plans against which progress will be monitored. (See case study below.)

In addition, 92% of all sites that are required to maintain certification to OHSAS 18001 standards have done so. (Refer to page 22 for additional commentary on OHSAS certification.)

WORKING IN PARTNERSHIP

Instilling a safety mindset and encouraging safe behaviour among all employees and contractors is as important as having the right systems, technology and processes in place. Consequently, safety committees, safety champions, 'visible felt leadership' site visits and our brother/sister's keeper philosophy all have a critical role to play.

In South Africa, which hosts 66% of our workforce and where on average 80% of our fatal incidents occur annually, we formally recognised the need to work more collaboratively with organised labour and the government's Department of Mineral Resources by launching the Tripartite Safety Initiative in 2008. The initiative has grown into an immensely rewarding partnership, with a core steering committee, supported by task teams, working jointly on developing solutions that are helping transform our safety performance. We are now replicating and extending the Tripartite model at an operational level within our own South African business units.



Driller Raphael Janame at work under strike nets used in the stopes at Khomanani shaft 2 at Platinum.

CASE STUDY: FALL OF GROUND AUDITS

Fall of ground (FOG) events in our underground mines could prevent us from reaching our overall objective of zero harm.

In 2010, we initiated a series of FOG risk audits at 12 sites on four continents. The audits, which were undertaken by a group of highly experienced geotechnical engineers, mining engineers and safety professionals, assessed the nature and scale of the FOG risks in our platinum, zinc, thermal and metallurgical coal operations and the quality of the controls in place.

The audits, which focused on three key dimensions: risk-control systems, infrastructure and the human element, identified a number of good practices. These include the introduction of in-stope netting in our platinum mines, systematic roof support in mines, the use of an acoustic energy meter at New Denmark colliery and the introduction of borehole cameras to determine the presence of open areas in the roofs of coal mines.

The team also found several opportunities for improvement, including the use of predictive technology to help identify, manage or design-out risks, as well as real-time monitoring and roof mapping, which involves the monitoring of roof conditions using drilling

equipment to detect soft layers or voids in roofs or hanging walls.

The need to introduce and develop young people in the field of rock engineering – a scarce skill – was identified by the task team as a priority, as was the increasing application of technology to keep operators away from potentially hazardous areas. For example, Platinum's Bathopele mine is conducting trials with a radio remote-controlled hydraulic scraper winch.

Each audit was concluded with the presentation of findings to site management teams. All business units have since developed action plans, against which progress will be carefully tracked.

Our relationship with suppliers is another key element of our safety strategy. We are collaborating with them to establish new ways of working, based on respect, trust and consistency, which can deliver greater mutual value.

LOOKING AHEAD

In 2011, there will be a continuing focus on embedding our critical safety management processes and procedures, and on the management of high-level risks in order to drive performance improvement. We are also implementing a project to identify and develop S&SD skills, knowledge and capability at all levels of leadership within Anglo American and among SHE professionals.

A programme of 49 safety reviews, covering most of our key operations, is planned for 2011.

REDUCTION IN NUMBER OF TRANSPORT-RELATED FATALITIES BETWEEN 2009 AND 2010

50%

REDUCTION IN NUMBER OF TRANSPORT-RELATED LOST-TIME INJURIES BETWEEN 2009 AND 2010

41%



**Drill and blast supervisor
Brett Gilbert at Lake Lindsay coal
mine in Queensland, Australia.**

CASE STUDY: DRIVING TRANSPORT SAFETY

Despite an 80% reduction in transportation-related fatalities since 2006, the movement of people, equipment and products on our mining sites remains one of our greatest risks.

To improve the management of these risks further, we developed a transport safety improvement plan which included the establishment of a task force to consider the best ways in which to take forward the findings of our 2009 global transport safety audit. Complementing this is a behaviour-based safety programme to build awareness and help people identify and manage the risks associated with transport.

Comparing 2009 and 2010 statistics, there has been a 50% decline in transport-related fatalities, and a 41% reduction in lost-time injuries, which can be attributed to a number of factors. One of these is that all sites have put in place mechanisms to ensure that pedestrians and vehicles – including light vehicles and heavy mining equipment – are physically separated from one another.

There have also been major advances in the introduction of collision avoidance tools using global positioning systems, visual, audible and radar technology, while much work has been done to address fatigue, another critical risk area.

At the end of 2010, we launched a new risk-focused workshop for site leaders which complements the action and improvement plans that have been put in place. This offers participants a platform to review, refine and enhance these while at the same time reinforcing the importance of strong and effective safety leadership.

South Africa's Tripartite Safety Initiative, comprising Anglo American management and employees, members of the Department of Mineral Resources, and unions, hosted a transport safety day towards the end of 2010. The purpose of the event was to not only make individuals aware of transport-related risks, but to encourage living and working responsibly by obeying the rules of the road, regular vehicle inspections and maintenance, as well as highlighting the importance of staying informed of transportation hazards.

PEOPLE

THE ISSUE

How successful we are as a business is dependent on the extent to which each and every individual seeks to uphold the Anglo American values and to deliver on our strategy.

OUR VISION

Being the employer of choice is crucial to our ambition of becoming the leading global mining company.



Koos Dippenaar indulges his passion for carpentry in the shed at the back of his house in Kathu, Northern Cape, South Africa. Trained at Kumba Iron Ore's Tshipi Training Centre, Koos currently uses his skills for recreation, but may deploy them as a means to earn additional income.

NUMBER OF EMPLOYEES IN 2010 (ANNUAL AVERAGE)

90,473

NUMBER OF CONTRACTORS IN 2010 (ANNUAL AVERAGE)

49,695

A STRATEGY FOR BECOMING THE EMPLOYER OF CHOICE

The quality of our people is a key source of competitive advantage. To be a high-performing company and the employer of choice, we need to attract and retain the best people. This involves:

- Creating a safe workplace for all
- Having a clear and compelling strategy for success
- Offering worthwhile and stimulating work
- Being organised for effectiveness and efficiency
- Creating the right leadership culture
- Supporting employees in their career development
- Paying people competitively.

GEARED FOR SUCCESS

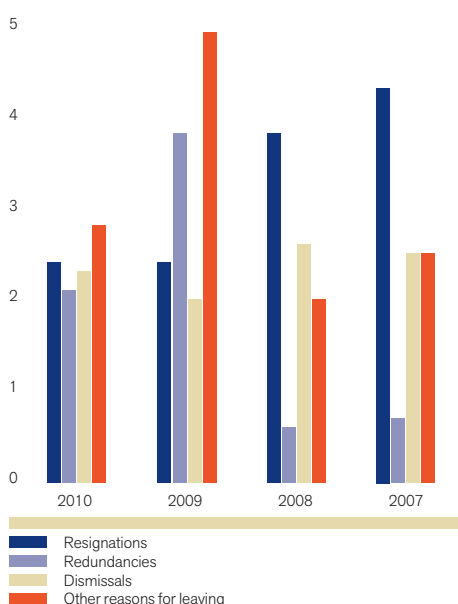
At the time of the announcement of the Group's major restructuring in October 2009, we announced a clear, new strategy aimed at becoming the leading global mining company. This ambition is supported by four key strategic elements: investing in world class assets in the most attractive commodities; organising efficiently and effectively; employing the best people; and operating safety, sustainably and responsibly. We believe that our strategy offers a clear and compelling vision to inspire current and potential employees.

In support of this strategy, the implementation of our major re-organisation, involving the removal of the old divisional co-ordinating layer, has been completed. Profit-accountable business units are now 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 all corporate functions, with a particular emphasis on asset optimisation, project management, and procurement and supply chain.

Following the completion of the changes in organisational structure and the process of appointing people to roles in the new organisation at the start of 2010, the emphasis has been on putting in place new processes to ensure that the opportunities for sharing best practice are maximised. It is clear that the new organisation structure has brought a significant improvement in both effectiveness and efficiency.

LABOUR TURNOVER

(2007-2010 %)



During 2010, we invested \$137.7 million in direct training activities, and supported nearly 11,000 bursars, apprentices, graduates and other trainees. In addition, more than 3,000 employees, contractors and community members in South Africa have enrolled in adult basic education and training programmes. A further 6,900 employees participated in portable skills training.

ATTRACTING PEOPLE

In an increasingly competitive job market, employees expect more from their jobs than financial benefit alone. People look for employment opportunities that are meaningful and that contribute something worthwhile and beneficial to society.

Creating the right culture within our organisation is also a critical component in making people want to join and stay at Anglo American. Our values, business principles and our new brand are all key aspects in defining and articulating our culture.

The cornerstone of that culture is our commitment to safety. In spite of our notable progress in the field of safety, the reality is that employees and contractors still continue to be harmed during the course of their work. Our goal remains zero harm, and we continue to strive for a completely safe and healthy work environment.

DEVELOPING PEOPLE

The development of talent remains a key priority for the Group. In 2010, we launched the Anglo American People Development Way. This is a global capability framework which describes the behaviours, knowledge, skills and experiences needed in the organisation to enable the company to achieve its strategic objectives. It is being applied in a consistent manner across the Group and will be used to guide development. The introduction of the People Development Way is being supported by comprehensive training support for managers and their teams to ensure clear understanding of its importance and application.

In parallel, we have introduced a new performance management system. This system is to be applied consistently across

the Group and replaces a number of previous performance management approaches that applied in different parts of the organisation. It has been designed to place strong emphasis on alignment of individual objectives with the Group's strategy and plans, reinforcement of the Anglo American values, and the importance of a focus on personal development.

All managerial and professional employees (representing nearly 30% of all permanent employees) undergo formal performance management and development reviews on an annual basis.

The remaining 70% of employees also have access to a range of opportunities aimed at developing a workforce with the right skills, experience and training.

During 2010, we invested \$137.7 million (3.6% of total employee costs) in direct training activities, and supported nearly 11,000 bursars, apprentices, graduates and other trainees. Anglo American has extensive and high quality formal training and development programmes, at the business unit and Group levels, covering both specific functional skills, and broader business and leadership issues. These range from 'high potential' graduate programmes, to courses for management and senior leadership levels.

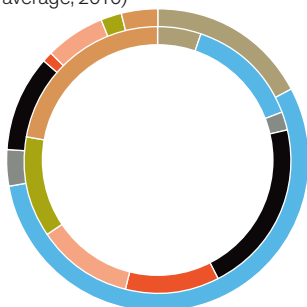
In addition, there are more than 3,000 employees, contractors and community members in South Africa who have enrolled in adult basic education and training (ABET) programmes, which are offered by the business units to help people acquire basic literacy and numeracy skills.

During 2010, a further 6,900 employees were provided with portable skills training, which involves developing employees' non-mining skills so that they are employable outside the industry after mine closure.

OUR PEOPLE: People – continued

WORKFORCE DATA BY BUSINESS UNIT

(Annual average, 2010)



Employees (outer)

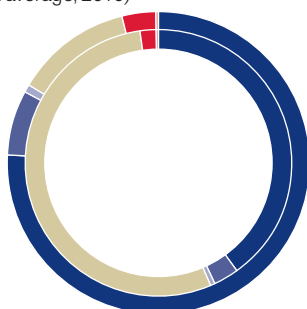
Other Mining and Industrial 15,260	Other Mining and Industrial 2,617
Platinum 48,807	Platinum 6,908
Metallurgical Coal 3,420	Metallurgical Coal 1,100
Thermal Coal 8,995	Thermal Coal 10,413
Iron Ore Brazil 1,051	Iron Ore Brazil 5,628
Kumba Iron Ore 5,550	Kumba Iron Ore 5,715
Nickel 1,963	Nickel 6,134
Copper 3,357	Copper 10,876

Contractors (inner)

Other Mining and Industrial 2,617	Other Mining and Industrial 1,100
Platinum 6,908	Platinum 10,413
Metallurgical Coal 1,100	Metallurgical Coal 5,628
Thermal Coal 10,413	Thermal Coal 5,715
Iron Ore Brazil 5,628	Iron Ore Brazil 6,134
Kumba Iron Ore 5,715	Kumba Iron Ore 6,134
Nickel 6,134	Nickel 10,876
Copper 10,876	Copper 10,876

WORKFORCE DATA BY REGION

(Annual average, 2010)



Employees (outer)

Africa 72,824	Africa 20,039
Europe 6,914	Europe 1,529
North America 703	North America 34
South America 11,905	South America 26,983
Australia 3,600	Australia 1,102
Asia 69	Asia 8

Contractors (inner)

Africa 20,039	Africa 1,529
Europe 1,529	Europe 34
North America 34	North America 26,983
South America 26,983	South America 1,102
Australia 1,102	Australia 8
Asia 8	Asia 8

WOMEN AND HDSAS IN PERMANENT WORKFORCE (2006-2010, %)

	2010	2009	2008	2007	2006
Women in management	21	19	17	15	9
HDSAs in management	46	46	45	42	43

COMPETITIVE REMUNERATION

Our comprehensive reward strategies continue to be designed to assist in attracting and retaining talented and skilled employees in specialist labour markets, which have once again become increasingly competitive as the mining sector emerges from the economic downturn.

RECOGNISING EXCELLENCE

In 2010, we launched our global employee excellence awards, Applaud, across the business. The Applaud programme recognises exceptional individual and team achievements that are aligned with Anglo American's strategic priorities and values. Hundreds of nominations were received from all operations and countries, with a team and individual winner selected in each of the four categories – safety, innovation, sustainability and partnership. In addition, our chief medical officer Dr Brian Brink received a lifetime achievement award for his inspirational work on fighting HIV/AIDS (see page 18) and our copper operations received a special mention for helping to get students back to school after the Chilean earthquake. (See case study on page 41.)

TRANSFORMATION AND DIVERSITY

We continue to make good progress in relation to transformation in South Africa. In 2010, the number of 'historically disadvantaged South African' (HDSA) managers remained stable at 46%. We believe we are now well placed to achieve the enhanced targets for 2014 set out in the revised Mining Charter and are putting plans in place to achieve this objective.

Within the Group as a whole, the overall proportion of women continues to rise, increasing to 14% at year end (2009: 13%). At the management level, women accounted for 21% of the workforce (2009: 19%). Our organisation continues to grow in strength and diversity as we support initiatives such as 'Women in Mining', while further improvement in the representation of women will continue to be a priority.

LABOUR RIGHTS

It is our policy not to 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 UN Global Compact, including the right to freedom of association and collective bargaining, the eradication of child and forced labour, and non-discrimination.

About 70% of our permanent workforce is represented by work councils, trade unions or other similar bodies, with the same number covered by collective bargaining agreements.



Safety officer Siphiwe Shabangu in the lamp room at Ke Nako shaft, Greenside colliery, South Africa.



CASE STUDY: AFFORDABLE HOUSING FOR ALL

We believe that human dignity, privacy and family life are essential to achieving real transformation. That is why we have made significant strides in improving the housing and living conditions of our employees.

Old single-sex hostels for the accommodation of mineworkers in South Africa are associated with a system characterised as being undignified, inhumane and causing long term negative social consequences.

We are improving the living conditions of employees and making it possible for them to buy their own homes in sustainable areas outside our mining operations. This breaks away from previous practice and enables those who work for us to acquire a meaningful asset. It also helps address the legacy of apartheid and how it played out in the mining sector.

Meeting the need for sustainable housing

For our employees to enjoy quality housing, a number of challenges need to be addressed. In South Africa, there is a lack of affordable housing, which leads to long waiting lists and delivery lead times. These shortfalls are accompanied by a scarcity of municipal resources to provide the infrastructure essential for residential development.

To address these problems, our platinum, iron ore and thermal coal businesses are applying their own resources and are proactively engaged in the creation of properly serviced land to facilitate housing development in areas where services are inadequate or simply do not exist.

They are also collaborating with reputable housing developers to encourage and promote the concept of affordable home ownership among employees. Our people are able to participate in home ownership through housing allowances, which are

complemented by programmes to educate them on the responsibilities of buying, owning and managing their own homes.

Partnership

At our platinum business, all hostels have been converted into family units and an ever-growing number of employees are opting for home ownership. To facilitate this process, we have put plans in place to build 20,000 homes in 10 years as a direct result of a partnership with the National Department of Human Settlements.

The Seraleng Integrated Human Settlement Project in Rustenburg forms part of this initiative and involves the construction of 1,000 employee houses with services, including water, sewerage, electrical reticulation and tarred roads. The first dwellings were built in 2010, and will be owned by employees entitled to a government housing subsidy and financial support from the business.

A 310-unit housing project is expected to commence in Northam soon, while a number of other developments are at various stages.

At our thermal coal operations, hostel accommodation is now firmly in the past. Some 65% of employees reside in their own homes, while the remainder occupy self-contained units for single people and married quarters for families.

Innovative housing

To address the shortage of housing in Emalahleni, where a number of our coal mines are situated, we are taking an innovative approach to housing by using the gypsum by-product from its Emalahleni water reclamation plant.

So far, we have built more than 60 conventional three-bedroom units using gypsum as an additive raw material for the manufacture of bricks and superstructure. We are also in the process of providing services

for an additional 392 plots which are to be offered for sale with a building package to employees. As part of the project, we will install roads and a stormwater drainage network covering the new stands as well as existing privately owned plots. This venture is earmarked for completion in 2011.

Hostel conversions

Kumba Iron Ore regards housing as a key factor in attracting and retaining vital skills. In 2010, Kumba converted a further four hostel blocks into modern apartments, including a living area, kitchen, bathroom and bedroom. At the remaining 10 units, around 600 employees have private bedrooms and share communal, bathroom and kitchen facilities. These will be converted by 2012.

Another target is to complete 476 low-cost family housing units by the end of 2012. Sishen mine's Lakhutshona development has already completed 1,067 affordable houses and the construction of a further 1,261 is in the pipeline.

These initiatives will not only realise employees' ambitions of owning their own homes, but provide valuable employment opportunities to local people.

Kumba employees, Edwin and Maureen Lumatha, are delighted with the confidence they have in knowing that their loved ones have a secure home.



Each night we can return to our family, and as our house is situated close to work and in the town, we do not have to travel kilometres to visit a doctor, go to school or to the shops. We also have peace of mind in knowing that when we retire, we will have a home of our own to live in.

Edwin and Maureen Lumatha
Kumba employees



COMMUNITY

DELIVERING LIFE-CHANGING INITIATIVES WHERE THEY ARE NEEDED MOST

CASE STUDY: BUILDING A FUTURE AT BARRO ALTO

Our Barro Alto nickel project, located in the rural state of Goiás in Brazil, promises not only to be one of our largest operations in terms of commodity production, it also represents one of the most significant community engagement projects we have ever undertaken. As the local population and economy have rapidly grown, our team has worked continuously alongside host communities and a range of non-governmental organisations (NGOs) to build lasting economic prosperity and develop sustainable community development.

Our social investment initiatives within the town of Barro Alto and surrounding areas have been as varied as they have been valuable. Through early development of our Socio-Economic Assessment Toolbox (SEAT), we identified key community needs and have subsequently invested more than \$5 million in improving

infrastructure, creating employment opportunities, providing healthcare and developing education pathways.

However, it has only been through considerable community engagement and collaboration – the cornerstones of the SEAT programme – that this work has managed to be so successful. Working with CARE Brazil and a number of other NGOs has enabled us to target areas that are most in need and develop projects that provide the greatest benefits; like the assistance that has been given to help farmers increase milk and honey yields.

In fact, dairy products are one of the main products of this rural community and in recent months there has been significant progress in improving both the quality and the quantity of the final product. Using technical consultants

employed through our NGO partner, CARE, the programme has addressed factors such as hygiene, milking rotas and overall farm management to achieve lasting improvements. "It has also been a question of meeting with farmers to discuss how they do things and what will work for them in terms of changes," says Juliana Rehfeld, Anglo American's head of sustainable development for Nickel.

Elsewhere, our partnership with the Barro Alto Sustainable Development Foundation has enabled us to extend the municipal hospital so that the facility now has its own maternity wing as well as specialised equipment that will enable doctors to carry out complex surgical procedures. We have also employed a firm of health education consultants to provide appropriate training to hospital staff, ensuring continuity and a positive legacy.



Farmer Joaquim Borges Guimaraes is benefiting from dairy programme Projecto via Lactea, part of Anglo American's socio-economic development work with the community around Barro Alto in Brazil.

Our long term approach is further demonstrated in our work with Repro Latina. Through this NGO we have provided assistance in order to promote safe sexual behaviour and the adoption of a healthy lifestyle among young people in the region. With our help, volunteers are trained to provide greater awareness on such issues as HIV/AIDS and other sexually transmitted diseases, unplanned pregnancy and drug use.

Other projects around the region include: the launch of the Centre for Digital Inclusion, which will provide hundreds of people with basic computer skills each year; a collaboration with the Barro Alto Cultural Arts Partners Association to offer students the opportunity to make and play traditional musical instruments; and support to a local sports foundation which

organises volleyball and gymnastics under the auspices of Gol de Letra – acknowledged by the United Nations as 'a world model in children and adolescent assistance in a social risk environment'.

The SEAT programme at Barro Alto is intentionally diverse in order to focus on the region's various priorities, and we continue to learn more about these needs as the project progresses, through an annual forum and regular round table discussion groups. These outlets provide the platforms for frank discussions concerning all our social investment projects and enable us to continue to best serve the community.

SOCIAL LICENCE TO OPERATE

THE ISSUE

It is through the goodwill of the communities around our operations that we are able to gain and maintain our social licence to operate. It is essential, therefore, that the needs and concerns of host communities are taken into account and that they help inform our approach to doing business.

OUR VISION

We strive to become the partner of choice for host communities by building and maintaining mutually beneficial relationships that are based on care and respect and the long term development of local economies.

MANAGING OUR IMPACTS AND IMPROVING PERFORMANCE

We believe that the effective management of social issues is a necessary element of sound overall operational management and a source of competitive advantage. When conducted responsibly, mining has the potential to act as a motor for wider development.

Social performance strategy

We have developed a detailed work programme to support our strategic objective of becoming the partner of choice. The key elements of the programme are illustrated on page 35.

Anglo American's values and business principles drive our social strategy, and inform the development of our social performance standards, as detailed in the Anglo American Social Way. The social strategy has a strong focus on using Anglo American's core business to support long term community development, including through local procurement and local workforce development. There is also an emphasis on investing in the capacity of social and community development specialists within the Group, both through training and the provision of appropriate guidance materials for each stage in the mining life cycle.

Implementing the Anglo American Social Way

The Social Way – a mandatory set of social management system standards, which sets rigorous minimum requirements for social performance within the company – was launched in 2009.

By the end of 2009, each operation had completed an assessment of its level of compliance against the 24 requirements of the Social Way. Based on the outcome of this, all operations developed social and community improvement plans – roadmaps to full compliance with the Social Way. The graph on page 36 shows the significant progress that sites have made on implementing these requirements.

Overall, the percentage of serious non-compliances with the new standards fell from 9% in 2009 to 2% in 2010, and the number of moderate non-compliances declined from 20% to 13%, meaning that total non-compliances reduced from 30% to 15% overall. Meanwhile, requirements where the Anglo American standard was exceeded rose to 47% from 25%.

In 2010, one of the key focus areas of the Social Way implementation was improved monitoring and evaluation of performance. We do this through a complaints and grievance mechanism and a comprehensive set of output key performance indicators (KPIs) for social investments that was piloted and reported on for the first time. (See page 42.)

Integrating social performance

Presenting our social performance in a detailed and structured manner has facilitated the integration of social issues into key company processes.

The standards and requirements of the Social Way, for example, have been fully integrated into Anglo American project reviews. Through this process, functional experts work with project teams at key stages in the new mine development process to ascertain whether the teams are compliant with technical, financial, environmental and social requirements before they may proceed to the next project stage. The inclusion of our social standards in this process in 2010 is already delivering benefits in terms of more thorough preparation for permitting processes and a better understanding of community concerns and expectations at an early stage in new projects.



Pilar Rios weaves in a traditional Mapuche method on a loom at an adult education centre supported by Anglo American near our Chagres smelter in Chile.

SOCIAL PERFORMANCE STRATEGY

Our social performance strategy is rooted in the Anglo American values and business principles and supported by a rigorous set of social performance standards. Work streams within our social strategy are split into the six categories below.



Education and training

The second intake of our Advanced Social Management Programme, delivered for Anglo American by the universities of Cambridge and Queensland, started their course in April 2010. In total, 38 participants attended, including representatives of De Beers, Nautilus Minerals, CARE, Fauna & Flora International and the South African National Union of Mineworkers. For the second year, Anglo American also supported site-based professionals in South Africa who enrolled in the Post-graduate Diploma in Strategic Engagement at the University of Cape Town.

HUMAN RIGHTS

Anglo American is a strong supporter of the Universal Declaration on Human Rights, the Voluntary Principles on Security and Human Rights, the human rights principle of the ICMM and wholeheartedly endorses the human rights principles of the United Nations Global Compact. Our Good Citizenship Business Principles also set out Anglo American's support for the eight International Labour Organisation core conventions on labour rights, which cover discrimination, child and forced labour and freedom of association.

From commitment to action

By looking at all of our policies and systems through a human rights lens, we aim to ensure that we play no part in the abuse of human rights; that we actively support the basic human rights of communities associated with operations; and that those communities and others have access to fair and independent grievance mechanisms should they feel their rights are being compromised.

We continue to integrate evolving human rights requirements into our policies, systems and tools in order to assist us in making correct, informed decisions. Human rights are, for example, a standard component of the social and environmental impact assessments we undertake on projects; they are incorporated into our supply chain sustainable development code and supplier audit programme; and they are a consistent thread throughout the Anglo American Social Way and our Socio-Economic Assessment Toolbox (SEAT). These documents are reviewed regularly to ensure that we keep in touch with operational realities and international best practice.

Complaints and grievances mechanism

During 2010, we were pleased to be recognised by the Institute of Human Rights and Business as one of the first multinational companies to be implementing a complaints mechanism that meets the recommendations of Professor John Ruggie, the UN Secretary General's Special Representative on Business and Human Rights.

This Group-wide, standardised complaints and grievance procedure was introduced in 2010 and is now mandatory at all operations. The procedure operates via a web-based system and is designed to ensure openness, accountability and respectfulness in our handling of stakeholder complaints. The standardisation of the process not only assists operations to address complaints quickly and professionally, it also helps to identify trends and promote the sharing of experiences between sites.

In addition, all stakeholders are also entitled to make use of Anglo American's 'SpeakUp' website, an independently managed whistleblowing facility that fields complaints relating to breaches of our business principles.

NUMBER OF PARTICIPANTS IN HUMAN RIGHTS TRAINING

1,267

Training and awareness-raising

There are a number of ways we make sure that all members of staff and suppliers are aware of what is expected of them with respect to human rights, and also what their own rights are. Every employee is briefed on our business principles when they join the company as part of their induction process. More intensive and specific training is provided to relevant staff based on risk assessments. For instance, supply chain and security staff members receive customised human rights training. During 2010, 1,141 employees participated in training on the Voluntary Principles on Security and Human Rights and a further 1,267 underwent general human rights training.

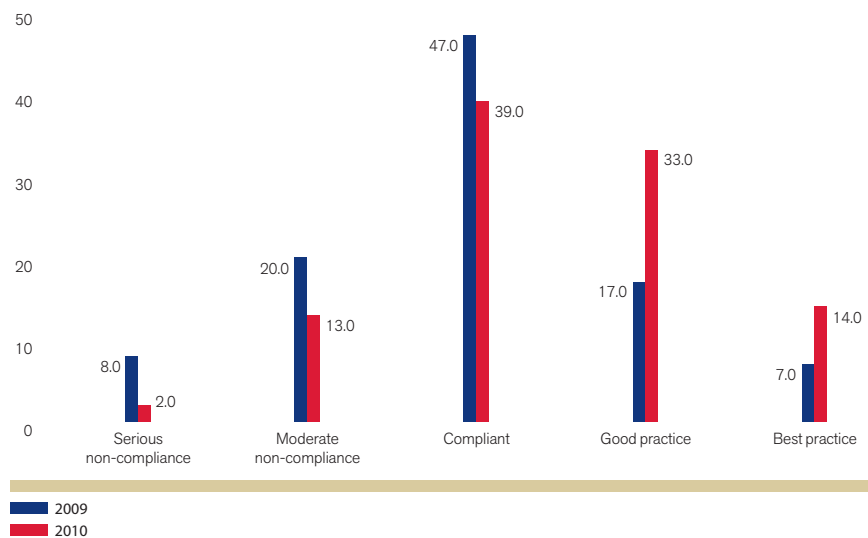
All senior and site-based personnel who are responsible for community relations are trained in the use of Anglo American's SEAT process, which includes a human rights screening exercise. For country-entry, mergers and acquisitions activity and for new projects, human rights impact assessments or due diligence are undertaken. A human rights scoping is undertaken in every case, with further investigation as required.



During 2010, we were pleased to be recognised by the Institute of Human Rights and Business as one of the first multinational companies to be implementing a complaints mechanism that meets the recommendations of Professor John Ruggie, the UN Secretary-General's Special Representative on Business and Human Rights.

ANGLO AMERICAN SOCIAL WAY COMPLIANCE

(2009-2010)



Elma Do Socorro Torres Da Silva (left) and Marilda Brito Dos Santos at the Bazar Rosa sewing project at Branca Do Amapari, in Brazil.



Technology innovation, such as our closed drilling system which minimises impact when drilling in environmentally friendly areas, underpins our exploration guiding vision of 'safe discovery'.

Graham Brown

Group head of geosciences and exploration



CASE STUDY: COMMUNITY ENGAGEMENT TAKEN TO NEW HEIGHTS

Our exploration work takes us to some extremely isolated locations – like the western Musgraves region in the central Australian desert. Explorers are often the first point of contact with local communities and it is the relationships they build that are critical to the successful development of new mines.

This particular territory is home to more than 2,000 people from Aboriginal communities in the desert, all of whom have strong religious and cultural ties to land that has important food and water sources, religious sites and 'dreaming trails'.

Respecting their heritage and beliefs has had a major influence on how we have been able to carry out our work, but we have always managed to keep their interests at the heart of our exploration.

Through patience, understanding and respect, our exploration team in Australia has developed strong relationships with these communities, smoothing the exploration process and gaining access to previously restricted areas of the 5,800 km² region.

For example, once given the opportunity, the tribal elders (pictured above with members of our exploration team) were able to see for themselves that the exploration task could be better carried out from the air.

A helicopter survey offered the leaders their first aerial view of the land and they were able to identify dreaming and hunting trails and other ceremonial sites which needed to be protected in a matter of hours instead of days.

Together with regular visits, both to these communities and to exploration sites, it is safe to say our explorers have taken community engagement to new heights.

SOCIO-ECONOMIC DEVELOPMENT

THE ISSUE

The majority of our operations are located in emerging countries, often near communities with low levels of socio-economic development. Our presence there means we have a special responsibility towards the upliftment and prosperity of host communities.

OUR VISION

We strive to make a lasting positive contribution to the communities associated with our operations and to become a partner of choice for host governments and those communities.

A DEVELOPMENT ACTOR THROUGH CORE BUSINESS ACTIVITIES

We believe that the most significant positive contribution Anglo American can make is by doing business. It is through our core business activities that we employ people, pay taxes to governments and make payments to suppliers.

The value distributed directly by Anglo American in 2010 amounted to \$700 million to providers of capital, \$4,190 million to employees for wages and related costs, \$919 million paid to Anglo American and outside shareholders, \$3,531 million in taxes and royalties to governments, and \$12,763 million paid to suppliers. Approximately 72% of taxes, employee wages and payments to suppliers (combined) was made in developing countries.

Furthermore, because of the multiplier effect, the economic contributions of operations extend significantly further than these direct forms of value distribution.

ENHANCING DEVELOPMENT OUTCOMES THROUGH OUR SOCIO-ECONOMIC ASSESSMENT TOOLBOX

Our Socio-Economic Assessment Toolbox (SEAT) programme is the primary means by which our operations seek to enhance the development outcomes and capacities of host communities. It is intended to help operations to benchmark and improve the management

of their local social and economic impacts by facilitating a more strategic and holistic view of their interactions in relation to local employment; reducing the exclusion of disadvantaged groups; training; procurement; and community social investment, among other things.

Engagement with local stakeholders, including communities, interest groups, NGOs and local government, is central to the SEAT process – the community development plans and engagement strategies that are informed by SEAT are shaped by these stakeholders.

While the socio-economic development activities of our operations are informed by local needs, they typically involve enterprise development, social investment and capacity development. In 2010, we completed the second round of SEAT reports; a selection of these is posted on www.angloamerican.com

ENTERPRISE DEVELOPMENT

It is our view that enterprise development is one of the most powerful ways of creating lasting benefits for host communities. Since the 1980s, we have been pioneering new approaches to building small businesses in South Africa, and have now extended our reach firmly into Chile and Brazil.

ZIMELE

Anglo American's flagship Zimele enterprise development programme was established in South Africa more than 20 years ago to empower black entrepreneurs through the creation and transformation of small- and medium-sized enterprises (SMEs). Zimele was the first mining initiative to be recognised by the Business Call to Action (BCtA). Led by the United Nations Development Programme, the BCtA is an international partnership which focuses on business-led initiatives that support the achievement of the Millennium Development Goals by 2015. We are committed to creating and sustaining 15,000 additional jobs in up to 1,500 new businesses by 2015, primarily through Zimele.

Zimele exists as four separate funds – the Supply Chain Fund, the Anglo American Khula Mining Fund, the Community Fund and the Olwazini Fund. These 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. In 2010, these funds concluded 463 transactions and provided R129 million (\$17.6 million) in funding for businesses that employed 3,286 people and were responsible for a turnover of R306 million (\$41.8 million).

ZIMELE CURRENT PORTFOLIO AS AT DECEMBER 2010*

	Total	Supply Chain Fund	Khula Mining Fund	Community Fund	Olwazini Fund
Number of transactions	701	30	13	623	35
People employed	11,362	5,080	972	5,226	84
Turnover (\$ million)	173	82	50	40	1
Funding (\$ million)	50	12	17	21	0.04
Female entrepreneurs supported	35%	27%	6%	36%	57%
Youth supported	48%	13%	34%	49%	56%

* These figures are a snapshot of Zimele's portfolio at the end of 2010 and do not reflect cumulative progress made since 2008 or the current year's performance alone.

The Anglo American Khula Mining Fund is a joint initiative with Khula Enterprise Finance Limited, a government-owned entity that promotes SME development. The fund provides equity and loan finance to emerging black-owned mining companies, as well as technical support during the high-risk exploration and pre-feasibility phases, to help grow them into commercially bankable enterprises. During 2010, the fund provided R47 million (\$6.4 million) to four businesses.

The Supply Chain Fund helps Anglo American's procurement departments to identify appropriate black economic empowerment (BEE) suppliers and to channel business opportunities to black-empowered SMEs. It supports BEE enterprises through equity and loan finance, as well as hands-on support, business guidance and skills transfer. In 2010, the fund concluded three transactions, requiring R7 million (\$1 million) in funding and sustaining 240 jobs.

The Community Fund provides seed and working capital for entrepreneurs and emerging businesses in the communities in which Anglo American operates, as well as labour-sending areas. It is funded and staffed by our thermal coal, platinum and iron ore businesses in South Africa, as well as the corporate centre and De Beers. The geographic footprint of the fund and its network of small business hubs has changed the lives of many, both directly through funding and indirectly for families of the entrepreneurs. (See case study below.) During 2010, the fund concluded 421 transactions, requiring R75 million (\$10.3 million) in funding and creating or maintaining 2,958 jobs.

The Olwazini Fund is Zimele's newest fund and focuses on helping historically disadvantaged individuals – particularly women, the young and disabled – to establish and operate their own small businesses. Loosely interpreted,

the Zulu phrase 'Zimele Olwazini' means 'to be independent through knowledge'.

This fund provides small business loans of up to R20,000 (\$2,734) per proposal at preferential interest rates to individuals who successfully complete its training programme. The fund has concluded 35 transactions to date, creating 84 new jobs. Around 100 people have been selected for and are currently in training, including 60 at an advanced stage and another 30, who started a new class in January 2011.

In considering the year ahead, Zimele is planning a major upgrade of its systems to cope with the growth of its funds and is formalising its mentorship programme. Zimele's goal for 2011 is to conclude 847 development deals.

CASE STUDY: INVESTING IN INDEPENDENCE

When Kgagiso Montoeli, from Jelly Corner, (pictured) struggled to find investment for his new business venture, it was Zimele that saw the potential and provided the funding.

'Independence through enterprise' is the philosophy on which Zimele's Community Fund operates, bringing economic development to the communities that need it most. Through its network of 21 small business hubs, the fund provides financial assistance and a guiding hand to small businesses neighbouring our operations in South Africa.

"I started a business and realised I had something good but no investor believed in my idea," says Kgagiso. "I began to think that funding was meant for just a few, but then I went to the Anglo American Zimele offices and found partners, friends and mentors."

Approving an average of two loans a day, the fund has granted 873 loans to the value of R184 million (\$25.2 million) since its inception in 2008. But, as Kgagiso points out, it is not just about the money it is the support that goes with it.

Hub managers and mentors play a crucial role in guiding embryonic businesses by providing tangible support services such as business planning, training, coaching and advice on tax, accounting and various other aspects of the day-to-day running of a business. They deal with the so-called 'unbankable sector' – people who have skills or excellent entrepreneurial ideas, but possess no assets, no recognisable credit record and, accordingly, no means of obtaining finance from traditional lending institutions.

The fund is changing this situation. Loans, both large and small, are making a positive difference to people's lives, and the fact that businesses are thriving is evidenced by its excellent loan recovery rate of 90%.

The success of these businesses has become a catalyst for much-needed job creation and, by the end of 2010, the fund's investees employed more than 7,200 people and had achieved a collective turnover of R405 million (\$55.4 million). Of the entrepreneurs supported, 36% are women and 49% youth, all of whom now have the dignity of employment.



NUMBER OF SMALL- AND MEDIUM-SIZED BUSINESSES SUPPORTED BY THE EMERGE PROGRAMME IN CHILE

7,000

Our Quellaveco copper project in Peru has concluded a contract with Wayra, an organisation that specialises in training people from remote communities in the manufacture of high-quality products using local fibres, including alpaca wool and pima cotton. As part of the agreement, Wayra has assisted community members (pictured) to start their own businesses, which will enjoy its long term support.



Virla Ibáñez has been supported by Emerge since 2009 and runs an office supplies business in Antofagasta, near our Mantos Blancos site.

EMERGE IN CHILE

The Emerge programme in Chile, launched nearly five years ago, has achieved its ambitious goal of supporting more than 7,000 small- and medium-sized businesses and entrepreneurs. This has been accomplished by helping enterprises to grow their businesses through training, technical support, financial assistance and mentoring; and through our alliance with Fondo Esperanza, an institution that grants micro-credit and business education to small businesses. The small-business partnership with Fondo Esperanza has helped around 100 medium-sized businesses and more than 6,800 small businesses through community bank micro-loans and business skills training. In the community-bank model, between 18 and 25 members run their own businesses, but act as co-guarantors by committing to pay back all the loans. The model delivers exceptionally high loan-repayment rates. In September, we also helped more than 2,000 entrepreneurs in the Bío-Bío Region, who lost their jobs during the earthquake, by providing entrepreneurship skills through Fondo Esperanza.

During 2010, 80 entrepreneurs involved in medium-sized businesses enrolled in business-development training offered by the business school of the Adolfo Ibáñez University. The training programme supports participants in developing business plans, which are reviewed by the Emerge executive committee upon completion of the course.

The committee may then decide to allocate finance to those entrepreneurs with the strongest performance and the most promising business plans. The final phase of the programme provides these entrepreneurs with a three-year mentorship service, which is run by Anglo American employees. Remarkably, more than 550 medium-sized businesses applied for the mentoring programme in 2010.

CARE BRAZIL

Anglo American's Barro Alto project in Brazil has completed the second year of a three-year community development plan with NGO, CARE Brazil. An important component of the project, which also focuses on improving public education and social development in the communities surrounding the operation, is enterprise development.

Through CARE Brazil, local residents are being encouraged to take part in a free entrepreneurial management course in an effort to develop business ideas and opportunities in the region, and the second group of small business owners has now completed the course. CARE is supporting several hundred businesses and associations in the area – ranging from agribusiness and the production of milk and honey, to the sale of bread. (See case study on page 32.)

NUMBER OF CHILDREN AND TEACHERS WHO WERE ABLE TO RESUME CLASSES AFTER THE EARTHQUAKE BECAUSE OF THE SIX SCHOOLS ANGLO AMERICAN BUILT

4,500



Flower grower Oriana Vásquez has been supported by Emerge since 2008. Her business is located in Nogales, near our El Soldado copper mine in Chile.



Pupils return to lessons in one of the new buildings constructed by Anglo American employees, the Enrique Donn Müller School in Constitución.

CASE STUDY: A COMMUNITY PULLS TOGETHER

When disasters strike, communities pull together; it's human nature. And so it proved when Chile – home of our copper business – was hit by a devastating earthquake and tsunami in February 2010. Large parts of the country were affected, homes were destroyed, livelihoods ruined and an infrastructure lay in tatters. The recovery time would be extensive.

As part of the community, we were quick to offer our assistance.

Within a week of the disaster we had committed \$10 million to the country's

reconstruction and, just as importantly, a task force from the Chile office was on hand to provide practical on-the-ground support.

Having despatched trucks and other items of essential equipment to help clear the debris in the hardest-hit south and central parts of the country, the task force soon realised that we could make a real difference by rebuilding the area's schools. Working with government, local authorities and the national minister of education, the task force set about building and equipping six schools.

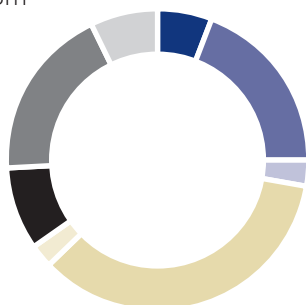
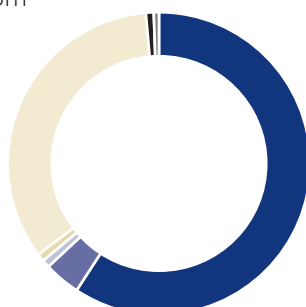
The schools were built with high quality materials resistant to extreme weather conditions, and the reconstruction programme included the

provision of workshops, computer rooms, libraries, green spaces, play areas, furniture and learning materials. They were even equipped with kitchens – allowing them to become temporary centres for entire communities where people could come and receive at least one meal a day during the reconstruction.

Using a fast-assembly model, typically applied for on-site employee accommodation, we enabled more than 4,500 children and teachers to resume classes just three and a half months after the earthquake, providing a welcome symbol of recovery to the nation and ensuring the children did not miss their school year.

COMMUNITY: Socio-economic development – continued**CASE STUDY: SKILLS TRAINING**

In 2010, more than 2,500 people participated in our platinum business' Bokamoso portable skills programme, which was launched to address the plight of employees and community members who have suffered as a result of the global economic downturn. The programme trains people in a variety of skills, ranging from bricklaying, carpentry, tiling, painting and plumbing, to those in the hospitality and tourism industries. Although the training does not come with any guarantee of placement, Platinum tries to help graduates to find employment.

**2010 GLOBAL SOCIAL INVESTMENT EXPENDITURE BY CAUSE SUPPORTED**
\$m**2010 GLOBAL SOCIAL INVESTMENT EXPENDITURE BY REGION**
\$m**SOCIAL INVESTMENT**

Our support for local communities through social investment continued to grow in 2010. Total social investment spend reached \$111 million, up from \$82.5 million in 2009 (and \$28 million in 2000). Given the scale of this ongoing investment, we have developed a standardised reporting process for all social investments. The objective is to be able to report outputs on a consistent basis, and to identify the most effective projects, delivery methods and partners to ensure that Anglo American and its host communities get maximum value from these investments.

Fourteen categories of social investment have been defined, which represent all of the types of social projects currently sponsored by Anglo American and its company-funded foundations. For each category, core key performance indicators (KPIs) have been identified. As many of these KPIs are common to several categories, a total of 32 output KPIs has been developed. These output KPIs have been collated for each social investment project and, from 2011 onwards, the data will be collated at project inception. A summary of some of the key benefits delivered in 2010 is presented below.

CAPACITY DEVELOPMENT

Capacity development is another important focus area, given our aim of leaving behind robust, self-sufficient economies after our mines close down. Our activities revolve around building capacity within local institutions as well as helping employees and community members develop a range of skills that they can use post-closure.

Throughout the year, about 6,900 employees took part in portable skills training offered by Anglo American in fields applicable beyond the mining industry, such as carpentry, plumbing and electrical services. Leading examples of this are the work of Kumba Iron Ore, which hosts the Tshipi Skills Training Centre and the Kumba Engineering Training Centre, and the Platinum Bokamoso initiative. (See above.)

During 2010, more than 3,000 illiterate and innumerate employees and community members were enrolled in adult basic education programmes offered by our operations in South Africa to develop these essential skills.

Initiatives to build the capacity of local institutions included the signing of a Memorandum of Understanding between Anglo American and the Development Bank of Southern Africa to enhance the capacity of our host municipalities in South Africa.

SOCIAL INVESTMENT OUTPUT INDICATORS

Total number of community development projects delivering benefits to communities in 2010	> 750
Total number of business supported (since reporting commenced on Zimele in 2008 and Emerge in 2009)	9,392
Jobs created/maintained through enterprise development initiatives	17,200
Beneficiaries of education projects	388,247
Beneficiaries of sports, arts, culture and heritage projects	22,415
Beneficiaries of community development projects	16,483
Beneficiaries of disaster and emergency relief projects	8,680
Beneficiaries with improved livelihood	478,192
Houses built	4,532



The Deben Food Garden, north of Kathu, was started by local women to provide vegetables for the community. It is funded from Sishen's Community Development Trust.

CASE STUDY: KUMBA'S SISHEN MINE TACKLES DEVELOPMENT NEEDS

The area around our Sishen mine, situated in the Northern Cape Province of South Africa, faces many socio-economic challenges, including poverty, and a desperate need for educational and infrastructural development, housing and healthcare.

The mine is helping to overcome these obstacles through its use of our internationally recognised Socio-Economic Assessment Toolbox (SEAT) approach, which brings structure to the way we engage with our neighbours and enables us to make a real difference.

Speaking to our neighbours

"Engagement is key to the process," says social and community development manager Anel Marais, explaining that in-depth discussions with stakeholders enabled the mine to pinpoint the areas it should be focusing on most.

"Engagement is an important management tool. It gives us first-hand information on the impact of our activities on neighbouring communities."

During the process, representatives of the mine met with various levels of government, traditional councils, schools, community-based organisations, health services and local business, and apart from staging a mass

community meeting, Sishen undertook a door-to-door survey where they heard the unbiased personal opinions of nearly 60% of the community of 30,000.

"The process reinforced what we already knew about the community's needs and has influenced the way we now identify community projects."

Action and result

One example of this is the creation of Sishen's Education Quality Improvement Plan (EQUIP) which supports the move away from *ad hoc* donation requests to a more holistic approach to the delivery of improved education at pre-primary, primary and secondary schools.

Following a comprehensive needs analysis and the compilation of a five-year business plan, the project is facilitating proper cognitive development during early childhood years, improving the quality of learning materials, upgrading educational facilities and training teachers.

Through its interaction with the community, Sishen also realised the need to address social ills in an integrated manner. The mine's Ulysses Gogi Modise wellness clinic in Kathu offers a range of health services for employees, contractors and community members, and provides extensive training on various health and social issues in the community.

Another initiative that will improve primary and secondary healthcare in the region is the mine's Batho Pele project, which will see nine mobile health units deployed into the sprawling Joe Morolong municipal district. Reaching the poorest of the poor, these include a dental and eye care facility, an operating theatre and a unit that will cater for voluntary HIV counselling and testing and the provision of anti-retroviral treatment.

SEAT also highlighted the readiness of the Dingleton community, which was built to house employees in the 1950s, to be resettled. The community has asked to be resettled because the houses they now live in are nearing the end of their planned lives, and because they were built too close to the mine by modern standards. This has been exacerbated by an increase in mining activity at both Sishen and a new neighbouring operation.

"We were able to implement immediate remedial action to alleviate some of the impacts caused by dust and vibration from mining activity and begin discussions on voluntary resettlement, which will enable us to provide significantly improved housing and infrastructure."

PAYMENTS TO GOVERNMENTS

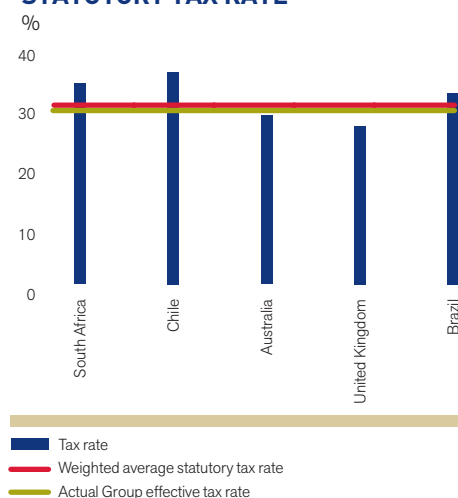
THE ISSUE

We believe that a sustainable and successful taxation system is one that balances governments' need to raise vital revenues for the benefit of all citizens, with the desire to attract and maintain investment, generate jobs, wealth and an entrepreneurial spirit in its citizens.

OUR VISION

Taxes generated as a result of our operations are recognised as part of our overall economic contribution and should fairly reflect the balance of the risks and rewards of responsible investment and development.

2010 WEIGHTED AVERAGE STATUTORY TAX RATE



TAX IN THE MINING INDUSTRY

The payments we make to governments form a major part of our socio-economic impact, particularly in regions of the developing world where our absence would mean fewer sources of employment, income and, therefore, tax revenues. Our footprint in many local economies reaches significantly beyond our operations and employees, with direct and indirect benefits extending, for example, to businesses supporting our operations.

In considering the question of taxation, it is important to note that our contribution goes significantly beyond the corporate income tax paid by a company on its profits. It is essential to understand a company's total tax footprint (which will include many taxes, *inter alia*, corporate income tax, royalties, withholding taxes, payroll taxes, VAT, import and export duties) when trying to assess whether a company is paying an appropriate amount of tax based upon its activities in a country.

In some countries in which we operate companies are potentially subject to over 50 specific individual taxes and therefore the overall tax burden which companies face is usually very significantly higher than the *prima facie* statutory corporate income tax.

Governments naturally are concerned to ensure that they receive adequate compensation from mining companies for extracting a non-renewable resource. Many recognise that this desire needs to be balanced with the need to encourage a sustainable mining industry which will deliver long term job generation and wealth for the country. To encourage long term investment it is essential

that adequate recognition is given in the design of a country's overall tax system to the long term, capital-intensive, highly risky and complex business that mining represents. There are very significant costs associated with the successful exploration for and extraction of minerals, and eventual rehabilitation of the land in a safe and responsible way.

A stable, fair and transparent fiscal regime is a fundamental piece of the legislative framework of a country, facilitating the encouragement of a strong, successful and sustainable mining industry which, in turn, brings with it a vital and broader economic contribution to the growth of the wealth of a country and its citizens.

TAXES BORNE AND COLLECTED

The taxes borne by the Group amounted to \$3.5 billion in 2010. In addition, there are taxes which arise as a result of our operations which, although not a cost to the Group, are collected by us and remitted to government. These include payroll taxes and VAT. In 2010, these amounted to \$1.0 billion, giving a total tax footprint for the year of \$4.5 billion.

The distinction made here between the taxes which are borne by the Group and those which are collected and remitted to government is an important one, as although only those taxes which are borne are a cost to the Group, and therefore directly impact on the earnings, those which we collect form an important part of the revenues generated by our operations, and are often higher than the taxes borne. This is particularly the case in the early and late stages of the life cycle of a mine.



Anglo American has a Board-approved tax strategy, which is discharged by a team of professionals acting in accordance with our Guiding Values and Good Citizenship Business Principles.

TOTAL TAXES BORNE AND COLLECTED BY THE GROUP IN 2010

\$4.5 bn

When reporting the financial results of any particular year, businesses report tax numbers in the profit and loss account and separately report their cash flows. These results will differ, as tax is rarely paid at the same time as the income arises. Governments set the rules as to when tax becomes payable and those rules vary greatly from one country to another.

The corporate tax charge in the Income Statement for the year was \$3.0 billion (including an equity share of associates' tax). In 2010, the effective rate of corporate taxation paid was 31.9% (2009: 33.1%) and reflects our geographical mix of statutory tax rates. The cash corporation tax paid by the Group was \$2.5 billion. Further analysis and reconciliation of tax data can be found in the Anglo American Annual Report 2010 and at www.angloamerican.com

WEIGHTED AVERAGE STATUTORY TAX RATE

Our profits (after certain tax adjustments prescribed by local tax legislation) are subject to local corporate income tax rates, and our Group tax charge (as shown in our Consolidated Income Statement) 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

PROPORTION OF TOTAL TAXES BORNE AND COLLECTED PAID TO GOVERNMENTS OF DEVELOPING COUNTRIES

75%

of the effective tax rate to be expected given the countries in which we operate. For 2010 this comes out at 32.7%. The reported rate for 2010 was slightly lower at 31.9%, partly due to tax losses, which were unable to be used in the year in which they were incurred, but where local tax legislation allows for them to be offset against future profits.

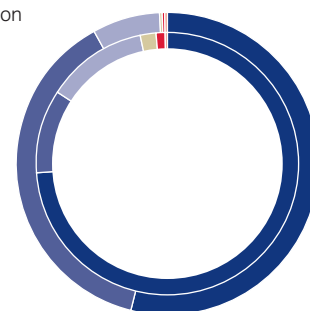
TAX TRANSPARENCY

We support the principles of transparency, and particularly the Extractive Industries Transparency Initiative (EITI), which involves companies publishing what they pay by way of resource revenues to their host governments, the governments, in turn, publishing what they receive and, most importantly, the results being reconciled and validated. Anglo American was one of the first mining companies to announce its backing for EITI and has been prominent in its support ever since.

We voluntarily disclose in this report all major tax payments we make to government in the countries in which we have significant mining operations, and have done so for a number of years. We believe that this is important in giving all stakeholders the opportunity to see the payments to government we make in these countries. It is of course essential to appreciate that tax payments are only part of the total economic contribution that we bring through our mining operations to both local communities and to the national economy.

2010 TAXES BORNE AND COLLECTED: DEVELOPING COUNTRIES

\$ million



Taxes borne (outer)

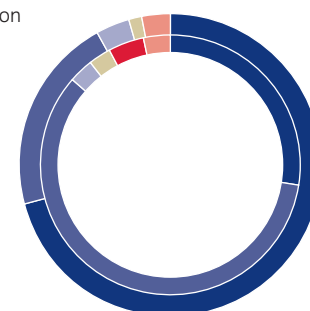
South Africa	1,482
Chile	1,049
Brazil	200
Peru	8
Namibia	8
Others	3

Taxes collected (inner)

South Africa	467
Chile	66
Brazil	79
Peru	12
Namibia	7
Others	1

2010 TAXES BORNE AND COLLECTED: DEVELOPED COUNTRIES

\$ million



Taxes borne (outer)

Australia	555
United Kingdom	164
Ireland	28
France	12
Canada	0
Others	22

Taxes collected (inner)

Australia	106
United Kingdom	225
Ireland	12
France	11
Canada	17
Others	12

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 per Exploration and Development above

TAXES PAID DIRECTLY TO GOVERNMENT BY CATEGORY AND COUNTRY

	South Africa	Chile	Australia	UK	Brazil	Ireland	France	Peru	Namibia	Canada	Other	TOTAL
Profits	1,199	874	235	24	54	15	0	5	7	(6)	16	2,424
Transactions	9	6	1	1	89	0	0	0	0	0	0	105
Labour	0	17	61	47	32	4	7	1	0	1	5	176
Royalties and environmental	237	132	236	82	16	7	1	0	2	0	3	715
Other	38	21	23	10	10	1	3	2	0	1	3	111
Total borne	1,482	1,049	555	164	200	28	12	8	8	(3)	27	3,531
Total collected	467	66	106	225	79	12	11	12	7	17	14	1,016
Total	1,949	1,116	660	388	279	40	23	20	15	15	41	4,547



ENVIRONMENT

AT THE FOREFRONT OF WATER SECURITY PARTNERSHIPS

CASE STUDY: A LEADING PARTNERSHIP FOR WATER SECURITY

Working with key stakeholders for more than a decade, our platinum business has been at the forefront of the Eastern Limb water project, which will provide almost two million people in South Africa's Limpopo province with a clean, safe and reliable water supply for the first time. The scarcity of this natural resource is one of the mining industry's greatest risks and threatens the development and sustainability of our operations in this area.

"People laughed at us when we said that water would become more important to the mining industry than minerals," says Eastern Limb Development general programme manager Dean Pelsier, (pictured) explaining that the region has an annual rainfall of around 460 mm and an evaporation rate of 1,200 mm a year. "The extreme water shortage could only be tackled with the critical mass of the entire industry and it became apparent that we needed a regional solution that would not only benefit our own operations, but also the community."

Anglo American's platinum business took the lead in the Eastern Limb water project by establishing a joint water forum with 21 mining houses. The forum collaborated with various levels of government and other key stakeholders to find a long term strategy that would address the economic, social and environmental issues related to bulk water delivery in the region.

It also played a pivotal role in the South African government's Olifants River Water Resources Development Project, which includes the raising of the Flag Boshilo dam wall, a project that has successfully been completed, and the construction of the De Hoop dam at a cost of R16 billion (\$2.2 billion). Construction on the dam will finish by 2013, meeting the water needs of several of our operations, including Mogalakwena mine.

The construction of 600 kilometres of water supply pipeline will take place in a phased approach until 2020 and will involve the

establishment of pump stations, purification works and water reticulation infrastructure. Much of this will outlive many of our mining operations, creating lasting benefits for local stakeholders.

Fifty per cent of all the water delivered is designated for domestic use, and the community that stands to benefit most is situated in the Sekhukhuneland district where 1.4 million people will have a ready supply of clean water on their doorsteps. The remaining communities are situated along the pipeline route and the venture is expected to open up several corporate social investment opportunities in this impoverished area.

"These people typically harvest water on the roofs of their homes or have access to boreholes with primitive hand pumps. For many, a near-two kilometre walk pushing a 20-litre barrel in a wheelbarrow is part of their daily lives," says Dean.



Optimising our water resources

As the largest open pit platinum operation in the world, Mogalakwena currently requires 22 million litres of water per day to sustain its activities. Most of this is utilised in its plant, which processes more than one million tonnes of ore every month. To ensure that we do not put people's access to water – a human right – under threat, 20 million litres of the water we use is 'grey water' processed from sewage works, while two million litres come from the mine's wellfield and is used for domestic consumption.

While this is enough to cater for the operation's existing needs, the Eastern Limb water project will provide Mogalakwena with an additional 14 million litres a day until 2018, to cater for its future expansion and enable it to unlock the vast mineral wealth held in the area.

Mogalakwena has committed to recycling and re-using water with zero discharge to the environment, and continuously strives

to improve its water-use efficiency and conservation. Surface water is monitored from the pipeline to the point where waste products are deposited into tailings dams, while groundwater is monitored both across the site and within neighbouring communities to assess potential impacts.

The mine recently appointed consultants to develop a stormwater management plan which – together with its newly completed water-balance model – is expected to improve the management of water across the operation.

In the meantime, Mogalakwena is reducing its water use by surfacing a further two kilometres of haul road with an environmentally friendly dust suppressant, increasing the total network the product covers to 27.4 kilometres. In 2011, the business aims to improve the water-use efficiency of its south concentrator by increasing the density of tailings deposited into the dam, thus reducing evaporation losses.

2m

NUMBER OF PEOPLE WHO WILL HAVE ACCESS TO CLEAN, SAFE AND RELIABLE WATER FOR THE FIRST TIME BECAUSE OF THE SCHEME



For more information on water, turn to page 48

WATER

THE ISSUE

Water is an increasingly scarce resource and competition for it is growing. Access to water is a human right. It is also one of the fundamental requirements for our existing operations and underpins our ability to grow as a business.

OUR VISION

As a water steward, our aim is to maximise the value of water resources while seeking to achieve no long term net harm to the environment or communities where we operate.



Environmental officer Alison Drage monitors pH levels at the production dam at Moranbah North mine in Queensland, Australia.

WHY WATER IS IMPORTANT TO ANGLO AMERICAN

About 72% of Anglo American operations are hosted in water-stressed catchments, many of which are based in remote locations near communities that lack basic water services. In addition, the fixed locations of mineral deposits leads to inevitable competition between industrial water users.

We expect that ever-increasing demand and competition for water resources, compounded by the potential effects of climate change, will lead to supply shortages, cost escalations and growing legislative complexities. The business, social and environmental case for minimising the amount of water we use, re-using as much as possible and discharging as little as we can is therefore compelling.

OUR STRATEGY

At the heart of the new Anglo American water strategy and policy, approved in 2010, is our aim to demonstrate leadership within our water catchments. We believe that this will unlock value in our current operations, safeguard future projects and bring benefit to both the environment and the communities surrounding our operations.

The strategy is a three-stage journey phased over 10 years, moving from an initial focus on internal performance improvement, to leadership beyond our operational borders. (See opposite page.) The strategy is guided by four principal areas: water efficiency, water security, water risk and liability, and stakeholder engagement.

The strategy recognises that our operations are at different levels of maturity in terms of water management. It is therefore supported by clear work programmes in eight core development areas that will help each operation show leadership in its catchment. These are: communication; partnerships and advocacy; standards, tools and guidelines; targets; water-balances, monitoring and management; mine closure provisioning; reporting and measurement; and technology.

WATER CONSUMPTION

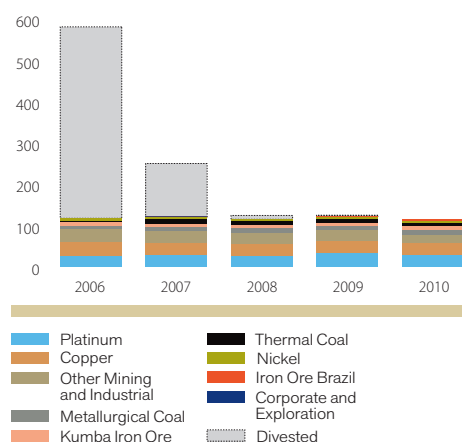
During 2010, Group operations consumed 114.5 million m³ of water for primary activities (125.3 million m³ during 2009; 123.2 million m³ excluding businesses since divested*). This 7% like-for-like decrease on 2009 consumption levels is mainly a result of an 11% saving in water used for primary activities at our platinum business, as well as significantly higher levels of water recycling at our Los Bronces expansion project in Chile. Despite acquisitions and expansions, and taking into account disposals, a relatively stable level of demand has been maintained since 2006.

We used a further 10.6 million m³ of water for secondary activities such as employee villages, sportsgrounds and facilities linked to company-owned infrastructure. These areas of activity will be the target of greater reduction efforts as we strive to decrease our total water footprint in the future.

*Bafokeng-Rasimone platinum mines and Mafube colliery became managed independently of Anglo American at the end of 2009 and Bokoni (previously Lebowa) in June 2009. Collectively, these mines consumed 2.1 million m³ of water for primary activities that year.

WATER USED FOR PRIMARY ACTIVITIES

(1,000 m³)



REDUCING OUR FOOTPRINT

Operations employ a combination of technology, behaviour and process-change initiatives in order to save water. Aside from using less, many operations are trying to use different types of water to reduce demand for potable water.

For example, our platinum business is targeting zero potable water consumption for mining and process applications through water conservation and demand management. It is doing this by gradually replacing its demand for new water for these applications with non-potable sources such as treated sewage water. Since 2008, it has already reduced its drinking water consumption by 5,000 million litres (ML), or 22%. Our copper business, with operations located in one of the driest regions in the world, has plans to build a desalination plant at its Mantoverde mine to replace abstraction from the strained Copiapó river aquifer with sea water.

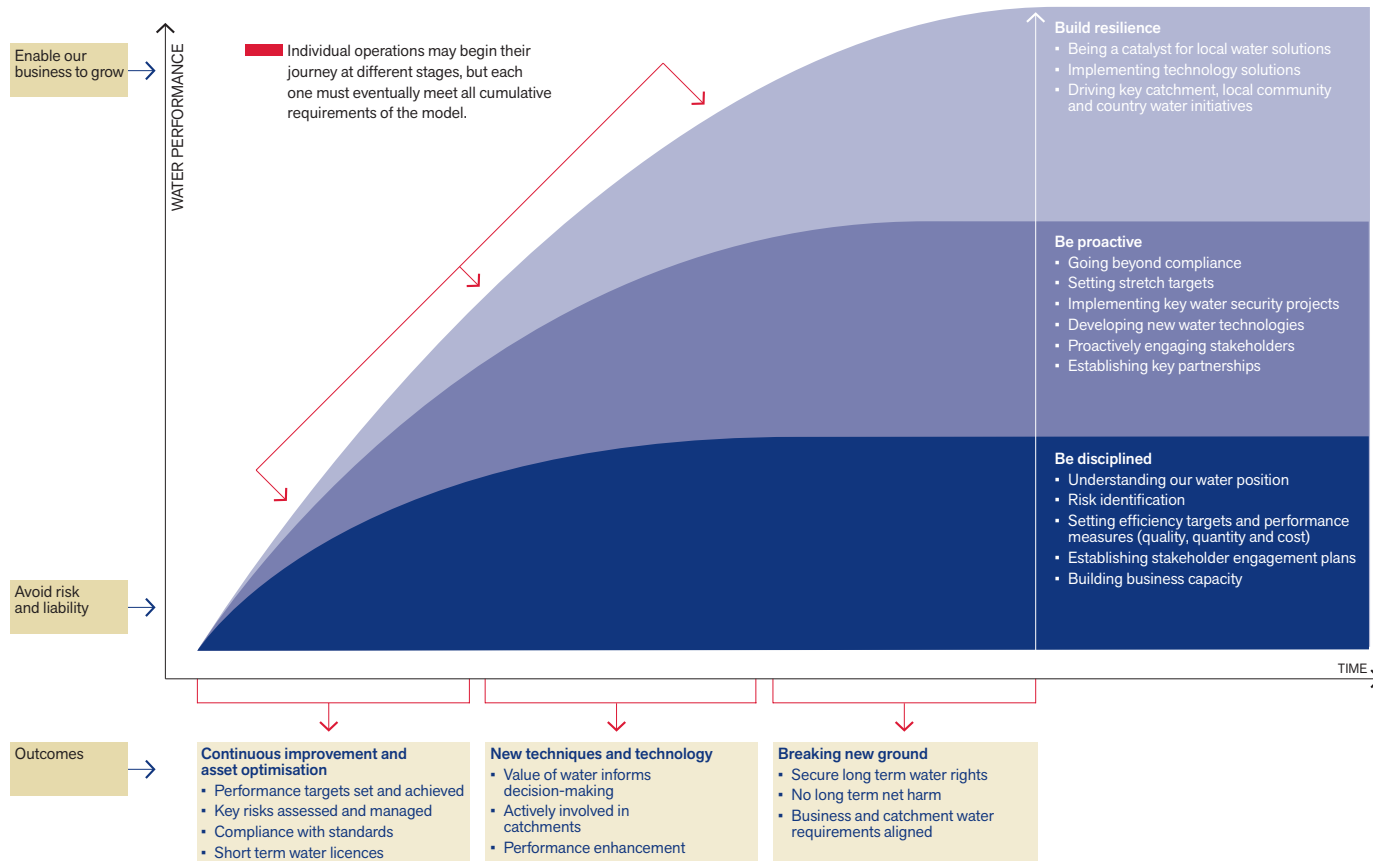
Anglo American has also made gains on the amount of water we recycle and re-use – on average, the water that we draw into our operations every year is used three times over. During 2010, Platinum recycled 53 million m³, while our Los Bronces copper expansion project in Chile has plans to recycle all of the water at the Las Tórtolas tailings facility for use

at its grinding plant. The Emalahleni water reclamation plant at our thermal coal business in South Africa is doubling its capacity to a 50 million litre per day facility. This will enable additional thermal coal operations to draw potable water directly from the facility and become independent of the water-stressed upper Olifants River. (See case study on page 51.)

TARGETING IMPROVEMENTS

Given the very different circumstances of our global operations, we have not, to date, developed a Group-level water-reduction target. Instead, each operation or business unit sets its own target based on its particular situation. We are now applying a greater degree of rigour and consistency to target setting through the introduction of a water efficiency target-setting tool (WETT). Through this bottom-up process, each operation will review its current target, which will result in an overall Group target being announced in 2011.

OUR WATER JOURNEY



ENVIRONMENT: Water –continued**CASE STUDY: A LIFELINE THROUGH OUR PIPELINE**

The communities of Catuné and Água Santa de Minas in Brazil, have struggled for decades to receive healthy drinking water.

While the infrastructure systems for delivering water to these communities are in place, the water that reaches them is not potable. Attempts to filter the water were not sufficient to eliminate micro-organisms that are harmful to health. With diseases relating to unpurified water being the second highest cause of infant mortality in Brazil, this has been a major concern to residents. This, however, will soon be a concern of the past.

Both communities are in an area through which our Minas-Rio pipeline will pass, and, as part of our commitment to the local area, our iron ore business has collaborated with the city government of Tombos to solve this problem.

With an investment of \$120,000, we are acquiring and installing two water treatment stations and the local government will upgrade the existing water supply infrastructure, install hydrometers and maintain the stations.

Around 3,000 people will benefit by having access to healthy drinking water and an environmental education programme is planned to create awareness about its use.

We believe access to healthy drinking water should not be a privilege but a right, and we are doing our best to uphold that right.

NUMBER OF MEDIUM-IMPACT LEVEL 2 WATER-RELATED ENVIRONMENTAL INCIDENTS REPORTED DURING 2010**38****PERCENTAGE OF ALL ELIGIBLE SITES THAT HAVE ACHIEVED ISO 14001 CERTIFICATION****99%****WATER INCIDENTS**

With regards to our water quality target, operations will continue to comply with local legal requirements and to adhere to the additional requirements of the Environment Way and its Water Performance Standard. This sets out the minimum requirements for water management at Anglo American. Instances of non-compliance are reported as level 1, 2 or 3 environmental incidents. Level 1 incidents are minor and result in little or no environmental damage, while level 2 incidents are considered more serious, but do not cause any long term harm.

The majority of the level 2 incidents we recorded in 2010 related to water: 62% (total 61); 42% in 2009 (total 65). These were mainly caused by unusually high levels of rainfall in Australia and South Africa. By the end of 2010, every level 2 incident had been investigated and remedial and preventative actions implemented.

No level 3 incidents with serious, long term consequences, were reported during 2010. Anglo American has only ever recorded one level 3 incident, which related to a breach of cultural land in 2008.

MANAGING WATER

Over the past two years, operations have developed site-level water action plans (WAPs). Taking local catchment priorities into account, these help operations implement the Environment Way. The Environment Way applies to all stages of the mining cycle and reinforces the water hierarchy of control (avoid, minimise, re-use and recycle), legal compliance and the fundamental importance

of continuous stakeholder engagement. We use WAPs to formalise local stakeholder engagement, track new developments and risk areas, tackle the possible implications of climate change and address social needs. WAPs are intended to link into other operational plans, including community development, social investment and biodiversity action plans. These documents will now be augmented by elements of the new water strategy that are most applicable to individual operations.

In addition, 99% of all eligible operations are ISO 14001 certified.

ADVOCACY AND ENGAGEMENT

Water is an issue on which we regularly engage on with stakeholders, regulators and communities. Anglo American actively participates in global policy debates and engages with host governments, local authorities, communities, NGOs and other stakeholders on a wide range of water-related issues and developments. Examples include hosting regular, multi-stakeholder, water forums at mines and participation in water catchment forums, such as the Olifants River Forum in South Africa.

In 2010, we also participated in the inaugural CDP Water Disclosure Project, which provides critical water-related data from the world's largest corporations to inform the global market place on investment risk and commercial opportunity related to water. We have played an active role in helping to shape it so that future questionnaires will result in the disclosure of meaningful and relevant information on water for stakeholders.



Maintenance aide Philemon Khumbane makes adjustments to the reverse osmosis filters at the Emalahleni water reclamation plant.

CASE STUDY: TAKING WATER PURIFICATION TO THE NEXT LEVEL

As a global leader in water purification technology, our thermal coal business in South Africa is employing its water treatment and reclamation technology to minimise any future risk of acid mine drainage, a challenge inherent in the coal mining industry.

Stepping up purification efforts

Up until now, our coal operations have managed to contain their excess water by reducing, re-using and separating clean and dirty water streams to reduce their footprint.

"With an increasing volume of coal mining activity at our existing mines and a number of greenfield projects in the pipeline, together with the fact that water-treatment technology is now commercially viable, we plan to take our work on water purification to the next level," says Peter Günther, regional manager for hydrology.

"Our Emalahleni water reclamation plant (EWRP) was preceded by 10 years of research and development, and what we have learned from this is guiding us into the future," he says.

Through the application of science and planning, Anglo American's integrated water modelling system enables the business to determine the amount of excess water at each of its mines and when appropriate steps for dealing with it in an environmentally responsible manner are required.

"Two mobile treatment plants have already been installed at New Vaal colliery and a further four will be installed at other operations in 2011," he says.

At New Vaal, excess water is purified to potable quality and released into the Vaal River as a short term solution. Negotiations are under way for its transfer to water utility Rand Water during the construction of a pipeline to the Lethabo power station, which will use the entire treated volume of water for the generation of electricity.

Finding regional solutions

The EWRP, which has been described as a 'world class initiative' and an 'exemplary model for development', will soon enter its second phase, doubling its current capacity to 50 million litres a day (ML/day). It is expected to be a zero-waste facility as it will produce no brine, and its gypsum by-product will be converted into commercially viable products. (See case study on page 59.)

"We are moving beyond seeking solutions purely for our own mines. What we are after is a holistic way of dealing with the water problems of the entire region," says Peter.

The additional water the plant will purify is expected to come from nine mines within a 30 kilometre radius, and will see three competing mining houses collaborate to provide a lasting solution to a regional problem.

Water will be desalinated to potable quality and will be released into a local river; supply discussions are, however, under way with the Emalahleni local municipality, which already draws 20% of its daily requirements, or 18ML/day, from the facility.

"Projections show that the municipality will need a further 60ML/day by 2030 to cater for the growing water needs of the community," says Peter. The second phase of the plant has also been designed to manage water from thermal coal mines that have reached the end of their lives.

Making the most change

Thermal Coal believes that the most effective way of making change is to work with our competitors. It led the way in establishing a Joint Investigation Agreement, which includes the power utility, Eskom, and all major mining houses in the Highveld coalfields.

These partners are jointly undertaking water-related investigations and projects, pooling their resources of capital and expertise and benefiting from the accompanying economies of scale. Their work is aligned with South Africa's Department of Water and Environmental Affairs and the Department of Mineral Resources' mine closure and rehabilitation strategy, which views an integrated approach to closure and rehabilitation as the way forward.

CLIMATE CHANGE AND ENERGY

THE ISSUE

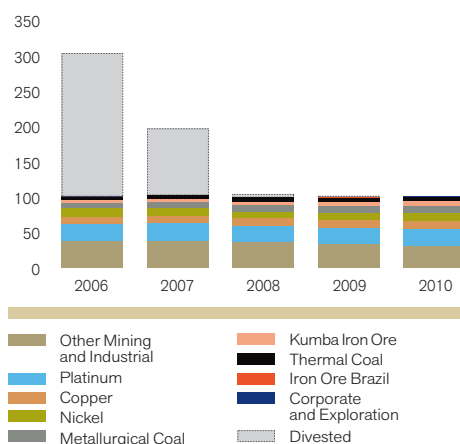
Climate change has the potential to cause unprecedented harm to ecosystems, human health, social well-being and global economic systems.

OUR VISION

We aim to achieve the maximum economically sustainable energy and carbon savings in our business and in the use of our products.

TOTAL ENERGY CONSUMED, BY BUSINESS UNIT

2006-2010 (million GJ)



WHY CLIMATE CHANGE IS IMPORTANT TO ANGLO AMERICAN

Anglo American, as an energy-intensive company, a major producer of coal and neighbour of many underdeveloped communities, is exposed to three main strands of risk related to climate change.

The first, and most immediate, is an increase in the cost of doing business through rises in energy prices and the anticipated, widespread introduction of carbon taxation. In South Africa, for example, we already face energy price escalations of 25% every year until 2013 and believe that energy prices will continue to rise significantly in all markets.

Carbon taxation is already in place or being actively planned in many countries of significance to us. We estimate that these could have a material financial impact on our business.

The second strand of risk is to our markets. Despite current levels of uncertainty related to climate change policy, we believe that by 2020 most supply chains will be actively involved in reducing their greenhouse gas (GHG) emissions. While this presents obvious, though not insurmountable, risks for coal businesses, opportunities in environmentally friendly technologies exist within other commodities such as platinum and copper.

The third strand of risk relates to the physical impacts that climate change might cause. Although these are longer term risks, Anglo American is an investor in long term assets. It is therefore important for us to understand where extreme weather events, increased temperatures or sea level rises may disrupt our operations, supply chains and transport infrastructure, or cause harm to employees and local communities in the future.

Climate change, however, also represents a significant opportunity. In addition to the market opportunities offered by environmentally friendly technologies such as fuel cells, we have the opportunity to show leadership in working with local communities and governments to address the causes and impacts of climate change.

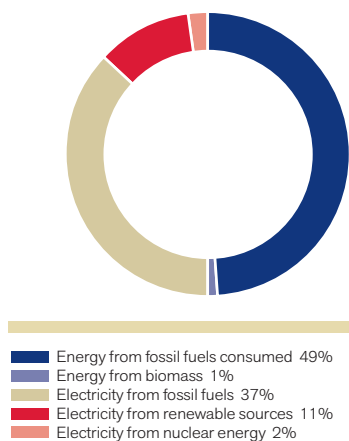
For more information on our climate change risks and opportunities, download our latest Carbon Disclosure Project submission at www.angloamerican.com

STRATEGY AND MANAGEMENT APPROACH

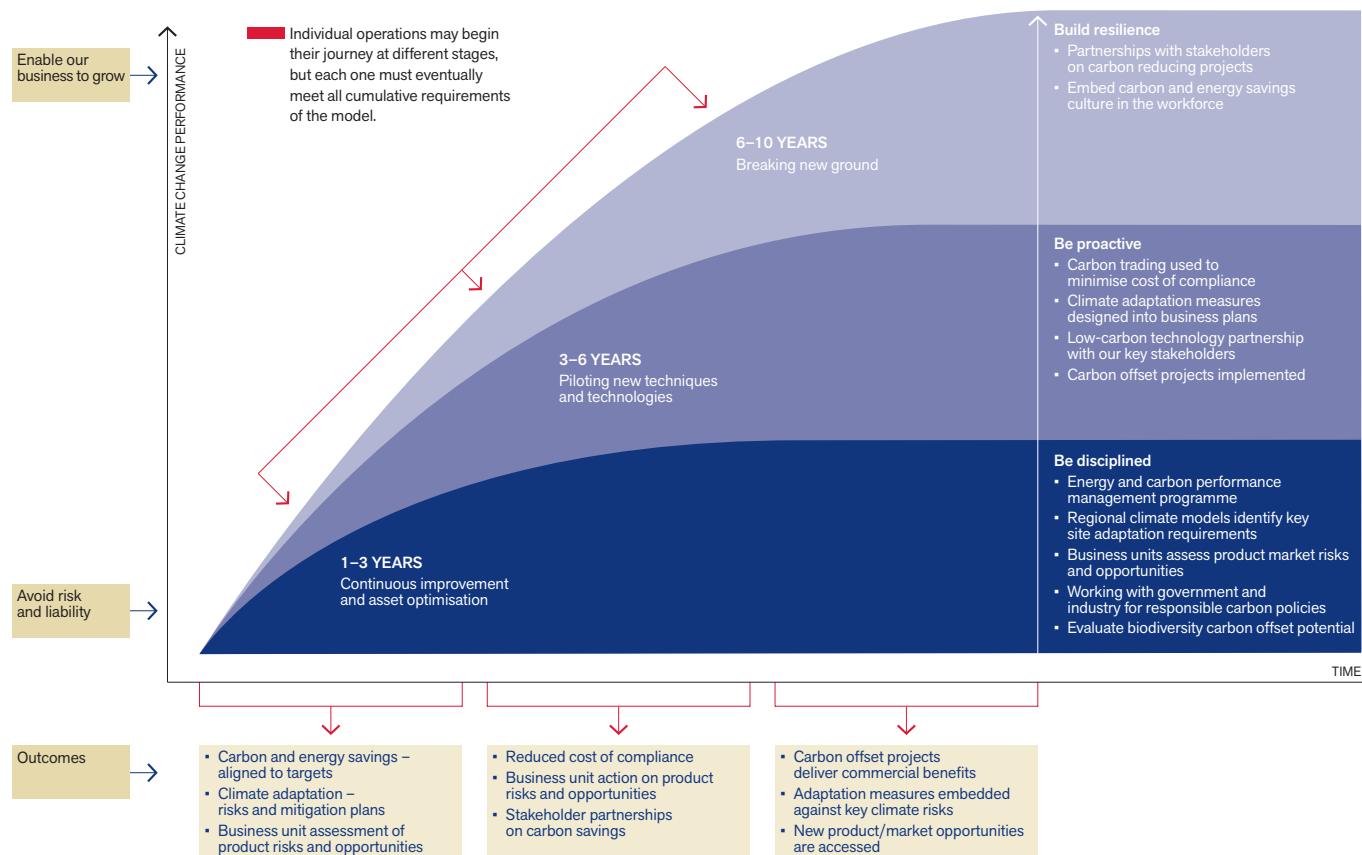
We recently announced our new climate change strategy and policy, which will be implemented in three phases over the next 10 years. The strategy focuses on minimising our exposure to, and the cost of compliance with, emerging carbon policies; maximising opportunities in our product markets; and building adaptation measures against impacts of regional climate change. (See graphic on page 53.)

During 2010, 10 sites piloted our new approach to energy and carbon performance management, which places particular emphasis on identifying project opportunities, along with supporting requirements on measurement, monitoring, reporting, target setting and verification. Our plan is for all of our sites to have implemented the new management procedures by the end of 2011.

TOTAL ENERGY CONSUMPTION, BY SOURCE, FOR CORE BUSINESSES 2010 (%)



OUR CLIMATE CHANGE JOURNEY



ENERGY CONSUMPTION

During 2010, we consumed 100.8 million gigajoules (GJ) of energy (2009: 102.1 million GJ; 99.9 million GJ excluding businesses since divested). This 0.8 million GJ like-for-like energy consumption rise stems from small increases at most business units, excluding Thermal Coal and Metallurgical Coal.

Our largest source of energy remains fossil fuels (53%), followed by electricity consumption (45%). The proportion of renewable energy in our overall electricity consumption is estimated to be about 14%, and is accounted for mainly by our operations in Chile and Brazil.

GHG EMISSIONS

During 2010, our Group emitted 20 million tonnes (Mt) of carbon dioxide equivalents (CO₂e), compared with 19 Mt in 2009 (18.5 Mt excluding businesses since divested). This rise was due to an increase in process emissions in our copper, nickel and thermal coal businesses, as well as higher methane emissions at our metallurgical coal mines.

The largest single source of GHGs was associated with our electricity consumption (51%), followed by our use of fossil fuels and methane emissions from coal mining (19% each).

A study on our most material Scope 3 emissions was commissioned in 2010. This included a detailed analysis of the emissions arising from the coal business units' product use, investments, downstream and upstream transport (the latter is confined to product transport paid for by the company); an estimate of business travel emissions for the Group as a whole; and an order-of-magnitude assessment of significant Scope 3 emissions from the remainder of the Group. Our Scope 3 footprint was dominated by the combustion of coal by consumers – this figure came to 171.9 million tonnes of CO₂e in 2009.

ENERGY EFFICIENCY

The energy we consume accounts for 70% of our GHG emissions. Our primary response to climate change, therefore, remains using energy more efficiently – principally implementing innovative technology solutions around the optimisation of processes and machinery used in the mining industry, such as air compressors, ventilation fans, pumps, draglines, conveyors and electric motors. Our operations also focus on liquid fuel reduction initiatives such as haul truck efficiency.

TACKLING COAL MINE METHANE

Unlike other GHGs, which arise predominantly from the combustion of fossil fuels, methane gas is found naturally, in differing concentrations, in the majority of undisturbed coal seams.

Methane is highly concentrated at many of our metallurgical coal mines in Australia, which makes large-scale methane-capture and -use initiatives, such as the Moranbah North and Capcoal power stations, viable. By capturing methane, which would otherwise be vented, these power stations prevent two million tonnes of CO₂e emissions from entering the atmosphere. Our metallurgical coal business is extending the capture and use of this 'rich gas' (high-concentration coal-mine methane) through power station and pipeline sales. The business aims to eliminate rich gas emissions from venting by 2013 and reduce diluted ventilation air methane (VAM) from underground operations to the extent that it is technically feasible.

Reducing VAM emissions is more difficult, but in South Africa, New Denmark colliery has commissioned two innovative mobile flares to reduce its methane emissions from ventilation boreholes. (See case study on page 54.)

Capturing and using VAM is the subject of research into catalysed VAM capture being undertaken together with chemicals company, Johnson Matthey.

ENVIRONMENT: Climate change and energy – continued**CASE STUDY: A WORLD FIRST IN METHANE FLARING**

When it comes to coal mining, methane is unfortunately part and parcel of the job. Recognising the harm to the environment and potential dangers the gas posed to our workforce, Johan Janse van Rensburg decided to do something about it.

Motivated by an intense dislike of waste, together with a passionate concern for the environment, Johan – a ventilation and occupational hygiene engineering specialist – instigated a groundbreaking methane gas flaring project that is now improving safety and reducing our carbon footprint at New Denmark colliery in South Africa.

Traditionally vented via boreholes and upcast shafts, the colliery sought a more environmentally acceptable way of dealing with the annual 7,000 tonnes of methane it is required to release into the atmosphere to safeguard its employees and underground workings.

Along with Gemini Carbon – a UK-based emissions trading company that specialises in Clean Development Mechanism projects and sustainable energy systems – Johan and his team created a world first, developing two mobile flaring-off mechanisms (pictured) that were incorporated into the mine's methane drainage system.

As well as eliminating the risk of underground explosion or fire caused by the highly flammable gas, flaring methane renders it 18.5 times less harmful to the environment – significant when considering the gas has 21 times the global warming potential of carbon dioxide.

The mine, as a result of the initiative, has reduced its annual methane emissions by 15%, and with income derived from carbon credits – which will commence in 2011 – the cost of the \$1.3 million project will be covered in around three years.

**CASE STUDY: SAVINGS FROM THE START**

A mine doesn't have to be operational to deliver energy savings, as our Minas-Rio iron ore venture in Brazil is proving. As part of a global projects review process, engineers revisited the design of our newest greenfield iron ore venture to find opportunities to reduce operating costs over the estimated 33-year life of the project. They found that by investing more in its initial construction – which includes three major design improvements to the plant and one in the mining operation – an anticipated 33% or 550,000 MWh saving on electricity per annum could be achieved, along with around 12 million litres of diesel a year.

USING ALTERNATIVE ENERGY

Collectively, Anglo American's copper, nickel and Brazilian iron ore businesses consume nearly 7 million GJ of renewable energy through their electricity consumption.

The South African and Australian operations, which run on electricity grids that are heavily coal-dependent, have greater difficulty in finding renewable sources of energy. Our biggest alternative energy projects are the methane-fired power stations at the Moranbah North and Capcoal collieries in Australia, which generate a combined 77 megawatts (MW) of electricity.

In South Africa, our Kumba Iron Ore, platinum and thermal coal businesses are in the process of installing heat pumps in their mine change houses to replace conventional boilers, while Kumba has also begun to install solar water heaters as part of its hostel conversion project. Heat pumps are also being considered as the preferred technology for replacing geysers in Platinum's company-owned housing instead of solar water-heaters.

With the deregulation of power generation plants in South Africa allowing the establishment of independent power producers (IPPs), combined with various government incentives on renewable energy, Platinum is investigating proposals from potential IPPs. These include a 20 MW photo-voltaic plant, a 15 MW biomass plant and several wind-generation options.

CARBON-NEUTRAL MINING OF THE FUTURE

We have launched a project to develop and deploy technologies that will enable us to manage cost-effective, resource-efficient and safe mines in the future. We have, as part of this process, incorporated potential energy and carbon technologies into a timeline that will help us to run efficient, carbon-neutral mines in 20 years' time. These range from near term solutions for spontaneous combustion to eventually being able to capture and store carbon in an effective and financially viable way.

REDUCING PRODUCT EMISSIONS

While one of our core commodities, platinum, (along with other platinum group metals), helps to reduce GHGs through its use in environmental technologies, the combustion of the coal we mine by our customers is responsible for the greatest proportion of our Scope 3 carbon footprint.

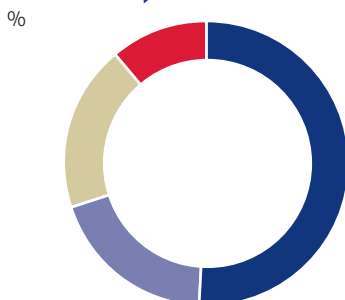
Given that, at present, the large-scale deployment of carbon capture and storage technologies is not commercially viable, our response is to participate in research initiatives to help find solutions. We take part in a number of industry research initiatives, such as the US-based FutureGen Industrial Alliance, the Otway CO₂ storage project in Australia and the South African Centre for Carbon Capture and Storage. More directly, we hold a 20% interest in MBD Energy, which has commenced applied research into an algal synthesiser process which involves entrapment of CO₂ from power station flue gases. (See case study below.)

ADAPTATION

In 2008, Anglo American commissioned Imperial College, London, to conduct a high-level three-year climate change impact assessment study for selected operations. This has since been followed by a report issued in 2010 on the expected impacts of climate change on the Olifants River catchment, which is shared between the Gauteng, Mpumalanga and Limpopo provinces in South Africa. A similar study on the area immediately surrounding the Sishen iron ore mine in South Africa's Northern Cape is currently under way. In addition, the UK Met Office has completed a climate model study for our Minas-Rio project in Brazil on future water availability and potential sea level changes.

The new climate change strategy requires that all operations and projects complete climate change vulnerability assessments, after which all high-risk sites will undergo detailed climate change impact assessments.

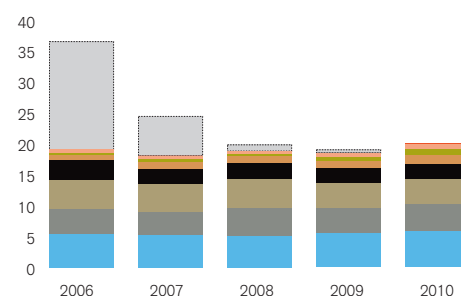
2010 TOTAL CO₂ EQUIVALENT EMISSIONS, BY SOURCE



■ CO₂ from electricity purchased 51%
 ■ CO₂ from fossil fuels 19%
 ■ CO₂ equivalent from methane 19%
 ■ CO₂ from processes 11%

2010 TOTAL CO₂ EMISSIONS

(million tonnes)



■ Platinum
 ■ Metallurgical Coal
 ■ Other Mining and Industrial
 ■ Thermal Coal
 ■ Copper
 ■ Nickel
 ■ Kumba Iron Ore
 ■ Iron Ore Brazil
 ■ Corporate and Exploration
 ■ Divested

WORKING WITH GOVERNMENTS

We work with governments and regulatory authorities to contribute to the development and implementation of efficient, effective and equitable climate change policies.

For example, we are involved in helping mature South Africa's potential in renewable technologies by developing and utilising platinum-based emissions-reduction technologies. This aligns with the government's strategy to create 'decent jobs' and increase the value add in South Africa.

Our platinum business has launched a R100 million (\$13.7 million) fund to invest in platinum-based technology companies in South Africa. This includes a partnership with fuel cell company, Altergy, and the South African government to manufacture and market fuel cell systems locally and in other sub-Saharan countries. We are also supporting the use of these fuel cells in our operations. This collaboration marks the launch of the government's strategy to develop a manufacturing based 'hydrogen economy' and transform and expand uses for the country's national resources.



MBD Energy's agribusiness manager Tony St Clair (left) and managing director Andrew Lawson.

CASE STUDY: USING ALGAE TO REDUCE EMISSIONS

As both a substantial consumer of energy and a major supplier of coal, we need to work on minimising our carbon emissions while also helping our customers to reduce theirs.

We are constantly looking for innovative ways to reduce our emissions, and that is why we have invested in MBD energy, a company that is developing technology with the potential to provide large-scale commercial and sustainable solutions to three of the world's most critical issues: the availability, security and affordability of bio-oil; the production of nutritious meal for use in livestock and aquaculture; and, of particular importance to us, carbon sequestration.

MBD's hybrid CO₂ capture and algal synthesiser process, which is currently in the demonstration phase, injects captured flue-gases into a wastewater growth medium, housed in plastic membranes. This allows for the rapid growth of an oil-rich algal biomass that may be harvested continuously to

produce nutritious animal feed and oil suited to the production of a variety of bio-resins, plastics and transport fuels, including large quantities of bio-diesel.

The technology is economically scaleable and has applications across numerous industries, including the generation of electrical power.

This innovation has been recognised by the Australian federal and Queensland state governments through funding. The company has signed formal agreements to deploy its technology, at pilot demonstration scale, with three major CO₂ emitters – the Tarong, Loy Yang and Eraring power stations which, combined, account for 23% of Australia's installed coal-fired power generating capacity.

LAND STEWARDSHIP AND BIODIVERSITY

THE ISSUE

As the owner of large areas of land, our impact on biodiversity is directly linked to our environmental and social licence to operate.

OUR VISION

We endeavour to minimise the negative impacts of our activities and drive positive outcomes in terms of land management and biodiversity.

REHABILITATION

While land disturbance is an unavoidable consequence of mining, we apply an impact-mitigation hierarchy of controls to minimise this. This involves avoiding unnecessary disturbances in the first instance, and minimising and mitigating the effects of those disturbances that are unavoidable.

The Anglo American Environment Way performance standards mandate our approach to responsible land stewardship through all life-cycle stages of an operation. These address rehabilitation, biodiversity, water, mine closure, mineral waste, air quality and hazardous substances. Together, these provide an effective means of planning, managing and restoring affected areas to a land capability and use that has been agreed with authorities and other local stakeholders.

We have a total of 560,077 hectares of land under our charge, of which 85,322 have been disturbed by our mining, processing and mineral-waste disposal operations and supporting infrastructure. In the interests of achieving the best possible environmental outcomes and of reducing our eventual closure liabilities, we make every effort to rehabilitate as much land as possible during a site's operational life. To date, around 14,000 hectares of disturbed land has been rehabilitated.

The process of developing the optimal rehabilitation strategy for a given operation differs not only from country to country but from site to site. We are, however, increasingly moving towards a risk-based approach to the evaluation and comparison of the options available. This takes full account of the contingent capital and operating costs associated with each possible option, as well as legal, societal, environmental and corporate factors.

We are constantly looking for better ways of rehabilitating disturbed land. One of the ways we do this is through our participation in the Coaltech 2020 programme in South Africa, which involves research in developing new rehabilitation best practice methodologies for the local coal industry.

BIODIVERSITY

Biodiversity – the variety of plant and animal life on earth – provides a range of goods and services collectively termed ecosystem services. We are all reliant on ecosystem services such as the provision of clean water, food and fuel, the conservation of soil, flood attenuation, the maintenance of fertile soils, pollination of plants and climate regulation.

As mining has the potential to have a harmful effect on biodiversity, either through the destruction of habitat or by negatively affecting air quality, land and water sources, a significant part of our overall environmental responsibility concerns the conservation of biodiversity.

Managing biodiversity

The Environment Way includes a Biodiversity Performance Standard, which ensures that all our projects and managed operations implement measures to avoid, minimise and mitigate potential adverse impacts on biodiversity, while also optimising positive impacts and opportunities. Managing biodiversity is a legal requirement in all of our key geographies. It is included in environmental management plans linked to initial site-level environmental impact assessments and driven through the ISO 14001 management systems to which 99% of our eligible operations are certified.

Biodiversity Action Plans

Where significant risks or opportunities are identified, our sites develop stand-alone Biodiversity Action Plans (BAPs). These plans are based on a thorough understanding of the biodiversity value at each site and seek to conserve biodiversity. In some countries, such as Brazil, there are legal requirements for private property owners to set aside reserves for biodiversity conservation.

All of our sites that have a significant impact on biodiversity, or are situated in or near areas of high-biodiversity value, have BAPs in place. While the plans are at various stages of maturity and implementation, they ultimately seek to balance ecological considerations and community needs.

Biodiversity Action Plan reviews

A programme 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 sharing best practices.

Since the peer review programme began in 2005, 67 such reviews have taken place – including seven during 2010.

Understanding the business case for biodiversity management is an important development area for many operations. During the year, our biodiversity partner, conservation NGO Fauna & Flora International (FFI), introduced high-level biodiversity risk assessments (HLBRAs) to the BAP review process. These are designed to help operations understand the biodiversity risks and opportunities at their sites in order to build a robust business case to support the implementation of BAPs.

NUMBER OF BIODIVERSITY PEER REVIEWS THAT HAVE TAKEN PLACE SINCE 2005

67

HECTARES OF DISTURBED LAND THAT HAVE BEEN REHABILITATED

14,000

Protecting sensitive areas

Every operational BAP is based on a detailed understanding of the biodiversity value at stake, including baseline assessments categorising the types and vulnerabilities of ecosystems on which we may have an impact. The HLBAs conducted by FFI involved mapping the operational footprint on the underlying biodiversity protected areas information. This is helping us to determine the proximity of operations to these areas, as well as the related risks and opportunities. The outcomes of these risk assessments have been integrated into BAPs to improve biodiversity and conservation management.

This process is a first step towards piecing together a global map of Anglo American operations in relation to protected areas. We will take this work forward in 2011 by using information from this database to develop a tool for ongoing, regular self-assessment of our biodiversity impacts.

As a member of ICMM, we have signed up to its Mining and Protected Areas Position Statement, which means that we have, *inter alia*, committed ourselves to respecting legally designated protected areas, and not exploring or mining at World Heritage sites.

We have two operations in environmentally sensitive areas in Brazil, these are at the Amapá iron ore mine in the Amazon rainforest and the Minas-Rio iron ore project and pipeline in the Atlantic Forest and Cerrado biomes.

A comprehensive biodiversity review undertaken at Amapá has produced a plan for biodiversity management, which has already resulted in steps to ameliorate two regional threats to biodiversity: illegal logging and artisanal gold and silver mining. The team at Amapá has also built a nursery for indigenous trees that will be planted into rehabilitated parts of the opencast mine. In 2010, 85 hectares were rehabilitated.

Several ecological interventions have been initiated at the Minas-Rio project to minimise environmental impacts, including a thorough baseline assessment of the land that will be impacted and a study to identify the best way to deal with affected flora and fauna. This includes construction of a nursery to produce indigenous species to support the rehabilitation process.

In Chile, our El Soldado copper mine is located in the Cordillera El Melón, which is not a protected area but hosts a large number of uncommon tree species, amongst them the protected Belloto del Norte tree. Anglo American has been granted permission by the authorities to transplant many of these trees that would have been impacted by expansion of the tailings facility. To offset negative impacts from the expansion of the tailings facility and the mine as a whole, we have committed to establishing a company-protected conservation area, which will be used for forest conservation and scientific studies. This goes beyond the local legal requirements, in line with our commitment to have a net positive contribution to biodiversity conservation in the region.

We have in parallel, started a project that engages local high school children, as part of their agriculture class, to gather seeds dropped from the trees and produce saplings. These will be used for reforestation on the mine site and in surrounding areas. More than 90,000 Belloto del Norte trees have been grown this way to date.

Working in partnership

We are pleased that our partnership with FFI has been extended for a further three years. Until now, this has primarily comprised participation in our BAP review process, but will now expand to FFI's involvement in the development of a revised Anglo American biodiversity strategy in 2011. The partnership also links us into leading-edge developments in, for example, biodiversity offsets, understanding the economic value of ecosystems and biological carbon sequestration. Through FFI, we also continue to support three conservation-livelihoods programmes in China's Tibetan autonomous region, Tanzania and Brazil.

Anglo American has a partnership with the United Nations Environmental Programme – World Conservation Monitoring Centre (UNEP – WCMC) in the Proteus Project which commenced in 2002. The main focus of the Proteus Project is to create a user-friendly, up-to-date system for storing, managing and reporting on biodiversity trends for all the world's protected areas and providing a platform that allows for the easy integration of other conservation datasets.



CASE STUDY: NURTURING BIODIVERSITY

The Hunter Valley in New South Wales is one of the most important biodiversity regions in Australia and we are doing everything we can to ensure it stays that way.

Our Dartbrook mine is located in the Hunter Valley and, although it is no longer operational and has been placed under care and maintenance, the land owned by the mine is still home to one of the largest remaining populations of the endangered River Red Gum tree.

In partnership with the Hunter-Central Rivers Catchment Management Authority, the mine has extended this stand of trees by planting more than 2,500 seedlings, as part of a project to restore native flora and fauna in the area. These new trees will help reduce the erosion of the river bank, support the re-introduction of habitats for wildlife and improve the stability of the river system. They will also provide a source of seeds for river bank regeneration downstream.

Development of the river itself has also been achieved, having completed a vital component of the Hunter River Restoration Project in conjunction with the New South Wales Department of Primary Industries.

As part of this initiative, the mine has introduced 1,000 logs into the river to create 11 logjams designed to redirect the flow of water to the centre to improve bank stability and provide more varied and complex habitats. In addition, two box structures – referred to as fish hotels (pictured above) – have been placed in the river to help restore native habitats and biodiversity.

These offer the indigenous bass a more complex habitat to populate, favouring their natural breeding requirements and giving them increased competitiveness over the introduced carp species.

Mine closure initiatives such as these aim to create a legacy that benefits the communities and environments that we leave behind.

WASTE MANAGEMENT

THE ISSUE

The mining industry produces significant quantities of mineral waste, which, if not managed effectively, has the potential to cause harm to people and the environment.

OUR VISION

We aim to eliminate the potentially harmful effects of waste by reducing, re-using and recycling waste where possible and finding innovative uses for by-products.

PERCENTAGE REDUCTION IN WASTE DISPOSAL TO LANDFILL THAT PLATINUM IS WORKING TOWARDS

15%

NUMBER OF THREE-BEDROOM HOUSES THERMAL COAL HAS BUILT USING ITS GYPSUM BY-PRODUCT

66

WASTE MANAGEMENT

To avoid potentially harmful post-closure, environmental and social impacts, we take significant steps to ensure that the waste generated through our processes is effectively managed so it has the least possible impact.

Wherever possible, the 'reduce, re-use and recycle' hierarchy of controls is applied, and, to guide us in our approach, we use the Anglo American Environment Way standards on mineral residue, non-mineral waste and hazardous substances.

MINERAL WASTE

Most of the waste we produce involves the rock overburden removed during the mining process and residue or tailings from our processing plants. The volumes and potential risks posed by these waste streams make them important factors in the management of our operations. As a result, their disposal is tightly regulated across our geographies.

Fifty-seven of our 127 large-volume tailings facilities are currently in operation, while nine are being re-mined. The remainder are either dormant or have been rehabilitated for closure.

Two discard facilities operated by Thermal Coal's Goedehoop colliery in South Africa have been rehabilitated. Known as Bank 5 and Schoonie, both had a history of spontaneous combustion, which was addressed successfully before they were profiled and covered with soil and vegetation. This exercise included the demolition of two plants and the rehabilitation of old plant, shaft and conveyor route areas and took more than two years to complete, costing in the region of R100 million (\$13.7 million).

The primary environmental risks we need to control in managing mineral waste include potential surface and groundwater contamination, dust and spontaneous combustion associated with coal mining. These are managed through optimal design, operation and regular inspections. Facilities are assessed and rated according to the potential environmental and structural risk they pose and inspections are conducted by independent parties according to the level of risk posed by a specific facility. Sites that are in operation or are regarded as 'high risk' are audited every year, while medium- and low-risk facilities are examined at two and three-year intervals, respectively. During 2010, 71 assessments were conducted.

Assessments conducted over a number of years indicate that three facilities have a high environmental risk, while none has a high stability risk. Stability risk includes seismic activity, which we address through the design integrity of storage facilities and regular inspection. None of Anglo American's tailings facilities in Chile was negatively affected by the earthquakes that took place in 2010.

Reducing and re-using mineral waste

Our mining sites are expected to continually research, develop and implement productivity improvement and waste-reduction initiatives. Once reduction opportunities are exhausted, we actively explore the re-use of by-products.

For example, our thermal coal business is investigating the construction of a new power generation facility to be operated by a third party, making use of low-quality discard coal from three mines. This has the potential to supply electricity to Anglo American operations via the national power utility's transmission and distribution network. The three feeder mines associated with the initiative are estimated

to hold 60 million tonnes of coal on discard dumps, and produce as much as 4.5 million tonnes of this material annually.

NON-MINERAL WASTE

We also focus on non-mineral waste streams, separating them and apportioning reduction targets. Our operations have achieved various degrees of success in this area, with the majority having achieved their goals.

Our platinum business is working towards reducing its quantities of waste disposal to landfill by 15% by 2014 using 2008 as a baseline. To achieve this, minimisation has been included as a key performance indicator in the scope of work of waste management contractors. In 2010, 83,000 tonnes of waste paper, 44,000 tonnes of glass, 18,600 tonnes of steel and 469,000 tonnes of plastic were collected for external recycling. A further 3,600 tonnes of other general non-hazardous waste were refurbished for internal re-use.

HAZARDOUS WASTE

The disposal of our hazardous waste is closely controlled and carefully managed, both at the operations and the receiving facilities and subject to regular ISO 14001 environmental management system audits.

VOLUMES AND TARGETS

The separation of waste streams is a requirement within the Environment Way's non-mineral waste performance standard as well as in the ISO 14001 environmental management system, to which the vast majority of our operations are certified.

Although we have made considerable advances in our waste reporting, we are not yet in a position to publish details of waste volumes and their applicable reduction targets at a Group level. Details for some businesses can be found, however, in the sustainable development reports produced by our platinum and iron ore businesses and operations in Chile and Brazil.



CASE STUDY: BUILDING WITH BRICKS AND WATER

When our thermal coal business in South Africa established the Emalahleni water reclamation plant to eliminate the challenges posed by rising underground mine water, it improved the safety of the mines it supports and of our employees. The benefits, however, have been far broader.

Today, the plant plays a key role in the infrastructure and development of the entire Mpumalanga province, providing much-needed water, community growth and enterprise throughout the region.

The plant now desalinates 25 million litres of polluted water every day, feeding it into the critically water-stressed municipal reservoirs, meeting 20% of the local authority's daily requirements.

With the aim of becoming a zero-waste facility, the 200 tonnes of raw gypsum produced every day as a by-product of this process are also being used as a raw material in the construction of affordable homes.

Trials have shown that the material has the right physical properties to be diversified into a wide range of building products, from bricks to plaster, and these have already been used to build 66 three-bedroom units in a housing project in the Kwa Mthunzi Vilakazi village, west of Emalahleni. The houses, built by local contractors, have made it possible for employees to move away from mine villages to enjoy long term home ownership. The bricks were produced using one part gypsum to one part sand, and the same mixture was used to plaster the units. Tests have shown these materials to be as good as or better than their conventional counterparts and no special equipment is needed for their manufacture.

The development project is aligned with the South African Mining Charter's drive to promote home ownership among employees, and it is hoped it will soon be expanded to a total of 300 residential units. In addition, it offers an opportunity to further stimulate local employment through the establishment of a community-based enterprise that will manufacture and distribute these gypsum-based products to local builders.

LARGE-VOLUME WASTE FACILITIES

	2010	2009	2008	2007
Process waste disposal facilities	127	124	126	127
Facilities in active use	57	56	70	73
Total area occupied by facilities (hectares)	6,527*	6,821	6,573	5,934
Total number of audits	71	85	93	92

* There is a reduction in the area reported. This is because certain Platinum tailings facilities that are not managed by us, but where we have a significant shareholding, were previously included in this calculation.

MINE CLOSURE

THE ISSUE

Closing a mine without due consideration for the environmental and social impact can cause long term challenges for those who are dependent on it or live close by.

OUR VISION

We aim to ensure that the value we create through our mining activities results in a positive environmental and social legacy once a mine closes down.

NUMBER OF MANAGERS TRAINED IN THE USE OF THE MINE CLOSURE TOOLBOX

300

LEAVING A POSITIVE LEGACY

To ensure that our mines leave a positive legacy when they come to the end of their lives, we have shifted the traditional focus of mine closure planning from financial provisioning for rehabilitation and physical closure, to planning for long term sustainability.

Our aim is to reduce long term risks and liabilities and to ensure that mining is a foundation for a better future for our surrounding communities. Anglo American's Mine Closure Toolbox provides a structured approach to closure and covers three main components: strategic planning; assessing the current status of an operation; and scheduling, resource allocation and budgeting to address the gaps that have been identified.

More than 300 middle and senior managers have been trained in its use. The toolbox is used in conjunction with our Socio-Economic Assessment Toolbox (SEAT) process and assists sites in meeting the requirements of the Anglo American Environmental Way's Mine Closure Performance Standard. Our Technical Services team continues to play an integral role in the development and improvement of mine closure plans for our operations.

Forty sites are in different phases of implementing the standard, with some having completed a gap analysis against the requirements of the toolbox and others having the appropriate mine closure plans in place. Sishen, our independently managed Venetia

and Cerrejón mines and our Lisheen operation (which was sold at the beginning of 2011), have developed closure plans to the required level of confidence specified in the toolbox according to their remaining lives. Some of the ways they are managing their closure liabilities is through detailed rehabilitation plans and changing the way in which they operate, specifically the management of mineral waste.

Early closure planning

Experience has taught us that closure planning is best conducted as early in the life of a project as possible as it significantly reduces environmental liabilities and enables mines to engage and manage the expectations of stakeholders from the outset.

During 2010, we launched our Anglo American Projects Way, which changes the way new mining projects are developed as potential investments. It includes a full set of front-end loading (FEL) requirements related to various disciplines, including sustainable development.

Mine closure has a specific set of FEL requirements that focus on the level of detail required during each stage of project development: concept, pre-feasibility and feasibility. This ensures that new mines are planned, evaluated and designed with closure in mind. All projects must now have a closure plan included as part of the project development and investment evaluation process.



CASE STUDY: WORLD CLASS MINE CLOSURE PLANNING AT LISHEEN

The sale of our Lisheen zinc mine (pictured) in Ireland was completed with a best-in-class closure, restoration and after-care management plan – work that is already in progress and will continue to evolve after mining has ceased.

The plan meets the requirements of a rigorous legislative framework set down by the European Union (EU), while paying close attention to the physical and economic geography of the surrounding area, and taking into account the concerns and aspirations of the neighbouring, largely agricultural community.

Lisheen's biggest potential closure challenge was its tailings management facility which, after extensive research, is being restored to pasture through a process of progressive rehabilitation. The objective is for the entire area to be converted into arable and grazing land which, at 64 hectares, is more than double the size of the average Irish farm.

An eight hectare rehabilitation area has been completed and local grasses and wild flower species are thriving and dairy cattle graze on the verdant pasture. This transition has done much to gain the confidence of the surrounding community.

Attracting light industry

The intention is to convert some of Lisheen's infrastructure into a brownfield site that will attract a suite of sustainable industries. A major drawback is the ready supply of power available from the 18-turbine wind farm facilitated by the mine in 2008, in support of Ireland's quest for 40% renewable energy by 2020. The wind

farm can produce sufficient electricity to power 25,000 homes and, while it has been sold to an energy company for development and operation, it will generate substantial royalties that can be allocated towards Lisheen's post-closure expenses.

Lisheen believes that the wind farm will attract new businesses and that the site can be marketed as a cost-effective location for such industries. One possibility being considered is harnessing variable wind energy through a pumped storage operation, using the existing mine shaft to create an upper and lower reservoir, through which power can be generated for take-up at peak times. Negotiations are also under way with a manufacturer for biodegradable plastics to be produced from the rich local pasture, while the mine is investigating the possibility of saving and creating energy by cultivating biomass.

Water

As part of its closure planning, Lisheen must meet high EU and Irish regulatory water standards. Because of the area's high water table, it pumps between 65 and 90 million litres of water a day; a proportion of this water must be treated before being discharged in local rivers under strict conditions.

Prior to the development of the mine, the original water table was approximately four metres below surface. To facilitate mining, it had to be drawn down and maintained to the level of underground workings by continuous pumping.

The consequence of this was that a number of wells dried up. A water scheme was put in place to address this foreseen development

and to replace these water sources by installing two wells on the edge of the water table and an extensive system of pipes. The scheme is managed and operated by community members and its maintenance is paid for by the mine. While it was initially believed that the scheme would be rescinded following closure and the subsequent recovery of the water table, it has been jointly decided to hand it over to the local community along with full management and maintenance responsibilities.

Working with stakeholders

As it is a focal point for the community, the mine's closure is a topic of major interest. Lisheen holds quarterly meetings with representatives from national regulators, local authorities, farmers, business and social groups. These gatherings provide a forum at which the mine can report on progress and address any concerns that arise.

Community representatives recently commended Lisheen's continued commitment to ensuring that the promises made during the development of the project are being responsibly delivered as the mine approaches its final years.

As mining is likely to continue until late 2014, Lisheen is a living demonstration that it is possible to mine and rehabilitate at the same time.

SUPPLY CHAIN

SUPPLY CHAIN



DEVELOPING SUSTAINABLE LOCAL SUPPLY CHAINS

CASE STUDY: DEVELOPING PARTNERS TO BUILD OUR BUSINESS

It is important to us that our suppliers share our values. Our Good Citizenship Business Principles incorporate safety, integrity, sustainable development, labour rights, community development and human rights; and we hope to see these qualities championed among our partners.

However, we realise that there can sometimes be a gap between the standards and skills of local small and medium-sized enterprises (SMEs) and the requirements of international organisations like Anglo American. While there are typically a number of challenges to bridging this gap and integrating SMEs into our global supply chain, we believe the long term economic and social benefits outnumber the obstacles.

For this reason, we launched supplier development programmes (SDPs), which are aimed directly at supporting SMEs to reach the necessary standards required by

our operations and promoting sustainable development across our entire supply chain. At our copper operations in Chile we have already seen the benefits of the programme.

Since 2007, SDPs driven by our Mantoverde and Chagres operations have aimed to develop economic, social and environmental performance among suppliers. Working alongside the Chilean Economic Development Agency and the participating companies, we set about improving efficiency, productivity and quality through a combination of training, incentives and continued support.

At Mantoverde – with the support of the Atacama Region Development and IXC Consultores – the 13 companies participating in the programme have already attained a general compliance level of 78% with action plans, management commitments and progress assessments. Six companies have also adopted a service-management

model and quality-management system for SMEs in accordance with Chilean national standards.

At Chagres, we have been supported by the Business Innovation Development Centre of the Association of Companies in the Valparaíso Region and also called on the advice of Brains Consulting & Research to develop and implement the SDP.

With 18 SMEs participating in the programme, it was once again necessary to identify the key areas of focus. As such, we targeted: improving management systems to increase business maturity and raise levels in quality, safety, occupational health and environment standards; implementing enhanced communication and co-ordination systems between suppliers and our operations; and providing definitive action plans to improve overall services and supplies.

As with Mantoverde, participating companies at Chagres have embraced the initiative and



Minera San Pedro, a small mine producing quartz that is necessary for the smelting process at our Chagres facility, is one of the companies supported by our supplier development programme in Chile.

83% have now achieved a 'satisfactory' level of compliance with the programme, while the remaining 17% have attained a 'basic' level of compliance.

More recently, implementation of the ISO 9001 quality model certification for some of the participating SMEs has begun and will be completed during 2011. In addition, business management skills, such as personnel management, were also delivered to all SMEs.

In Chile, we have been delighted with the outcomes of the SDPs so far and these positive examples will go towards generating further successes, as they form part of the new Anglo American Supplier Development Framework that will be piloted at certain operations in 2011.

Building partnerships and developing strategic relations is integral to our business and when this creates value for all parties, it can only lead to a more positive business environment.

83%

**PERCENTAGE COMPLIANCE
WITH THE SUPPLIER
DEVELOPMENT PROGRAMME
THAT PARTICIPATING COMPANIES
AT CHAGRES HAVE ACHIEVED**

A RESPONSIBLE AND SUSTAINABLE SUPPLY CHAIN

THE ISSUE

In 2010 we spent over \$10 billion with suppliers. Each dollar needs to be a strategic investment in a responsible and sustainable supply chain.

OUR VISION

We want our supply chain to share our commitment to safe, sustainable and responsible business practice.



I am responsible for spending some \$420 million within my category. For that money, I need to not just get the right quality and price for the products we procure, but also to use that spend strategically to realise sustainable development opportunities.

Llewellyn Dippenaar

Global senior category manager for drill and blast

MANAGING A SUSTAINABLE SUPPLY CHAIN

Anglo American's supply chain sustainable development (SCSD) policy and code are the backbone of our interaction with suppliers on sustainable development (SD). Released in 2008 and available in all our key operational and supplier languages, these documents contain detailed guidance on our expectations of suppliers in relation to safety, health, labour rights, business ethics, environmental management, human rights and community relations.

IMPROVING PERFORMANCE

Cost and quality are no longer the only considerations in our procurement decisions – suppliers who wish to do business with us now also have to meet a basic set of SD criteria. Potential suppliers are required to submit a response to our standard SD self-assessment questionnaire. This way, we are able to make decisions about which products to buy and with whom to do business based on more complete information.

In 2009, we adopted a strategic, risk-based approach to our supplier relationship management of SD in order to identify which of those suppliers required more proactive engagement, including those that should be audited. Since 2009, 54 high-risk suppliers have participated in independent audits against our SCSD code.

Audits provide the basis of improvement plans that suppliers put in place should they need to address areas of non-compliance with Anglo American policies. To date, 11 improvement plans have been agreed and work is progressing on others. We follow up with suppliers on their progress and offer assistance where appropriate. Some examples of improvements include suppliers offering their employees better working hours and remuneration, installing fire alarms and handling and storing hazardous chemicals more safely. Encouragingly, suppliers continue to demonstrate transparency, co-operation and willingness to implement improvements.

STRATEGIC SOURCING: HELPING THE BUSINESS BY BUYING SMARTER

Not only do we consider the SD performance of our suppliers, we think about which products can help us operate more safely and efficiently.

By integrating SD considerations into procurement strategies, we are able to make decisions based on a more complete view of what the business needs. For example, we saved 10% of our electricity cost for operating conveyor belts by simply swapping the rollers we use for conveyor belts with lightweight versions. The decision has also been taken to procure only highly energy-efficient low-voltage electrical motors, which are responsible

for about 15% of the electricity used by our operations in driving pumps, fans, compressors and other mechanical traction equipment. From a cost perspective, this change has already saved our platinum business approximately \$2 million since 2009.

EMPOWERING AND INCENTIVISING EMPLOYEES

During 2010, approximately 120 employees from South Africa, Brazil, Chile, Venezuela, Peru and Australia were trained on how to integrate SD into procurement decision-making. This builds on the 200 individuals who were also trained in 2009. Understanding SD, Anglo American's priorities in this area, and how to integrate these into procurement decision-making are fundamental to the success of our supply chain SD programme.

A further 130 supply chain employees attended workshops on energy and climate change, water, noise, and dust to gain a better understanding of the issues and of our goals and long term strategies. With this information, category managers are able to consider SD opportunities in their commodity strategies.

SD metrics are included in the performance contracts of the entire supply chain team. Category managers are directly rewarded for taking this into account in commodity strategies, working with suppliers on continuous improvement and delivering on key priorities such as local procurement in South Africa.



We have already implemented a number of improvements in our factory as a result of working with Anglo American. We believe these sustainable development opportunities have put us in a stronger position for the future.

Shen Gengliang
Chairman, Double Arrow, Shanghai

SYSTEMS INTEGRATION

SD has been integrated throughout Anglo American's award-winning procurement systems, which cover sourcing, contract management, spend analysis, supplier performance and SAP master data management.

For example, standard legal clauses are included in the contract management component, while the system automatically ensures SD is incorporated into all sourcing events, such as tenders and contract renegotiations. This enables us to give preferential treatment to suppliers that share our commitment. Certain groups of suppliers, such as the transportation and construction categories, require a tailored approach, in which case specific additional requirements are included.

LOOKING AHEAD

During 2011, our supplier relationship management process will be rolled out globally. We believe that engaging key suppliers on opportunities such as water, energy, carbon, occupational health and safety will lead to new strategic initiatives being implemented in partnership with them.

We will continue to carry out audits of suppliers on a risk basis and progress SD improvement plans. A focus for 2011 is on the improved safety engagement and management of onsite suppliers/contractors from a health and safety perspective.



Thanks to our strategic engagement with Anglo American on sustainable development, we have now developed our own SD report.

Marcus Berto
SVP Southern Hemisphere, executive sponsor of sustainability, Bucyrus Global Heavy Mining Equipment



New Concept Mining underground observer Page Moremi (left) with Spud shaft's mine overseer Vincent Roux and New Concept Mining area manager Llen Barber underground at Spud shaft, Union mine. New Concept Mining train Platinum employees on the safe use of the safety critical roof support systems they supply.

CASE STUDY: AWARDED SUPPLY CHAIN EXCELLENCE

Our commitment to promoting excellent supplier relationships, sustainable development and local procurement was demonstrated with the launch of the Anglo American Supplier Awards in 2010.

These awards recognise companies that are integrating responsible business practice into their mainstream operations and delivering positive impacts on the environment, the marketplace, workplace and local communities.

They acknowledge achievements in four categories: innovation, safety, partnership and sustainability. In the inaugural awards, Finning Chile S.A. won the safety category, FE Grande Maquinarius y Servicios S.A. came out tops for innovation and Komatsu Ltd won the partnership award. Two South African companies jointly won the sustainability category.

New Concept Mining was recognised for its policies on transformation, procurement and the respect shown to employees and local communities. Its notable efforts outside our platinum operations in Rustenburg include providing the equipment for a school science

laboratory and staging a road safety programme.

Melco Conveyor Equipment was honoured for its commitment to sustainable development, good citizenship and its work in the fight against HIV/AIDS. Situated alongside an informal settlement, the company experienced a high rate of burglaries seemingly related to its location. It undertook a process of constructive engagement and now 50% of the workforce is drawn from this area and criminal activities have ceased.

The company now offers voluntary HIV/AIDS counselling and testing to employees, support to a neighbouring clinic and assists a local centre in caring for HIV/AIDS orphans and those living with the disease.

Apart from our supplier awards, we sponsor the annual awards for supply chain excellence staged by Business in the Community, a business-led charity that advises and challenges its members to create a sustainable future for people and the planet.

"This award is aligned with our vision of a sustainable supply chain and our principles of continuous improvement," says Andrew Hinkly, Group head of supply chain.

LOCAL PROCUREMENT

THE ISSUE

There is a legitimate expectation by our host governments and communities that our operations should provide wealth-creating opportunities.

OUR VISION

We want to leverage our procurement spend to build resilient local supply chains that foster economic and social development in host communities and countries.



A responsible supply chain and a commitment to development are areas in which the business community has the power to make a real difference in eliminating poverty.

Cynthia Carroll
Chief executive, Anglo American

LOCAL PROCUREMENT JOURNEY

Spending money with local suppliers – local procurement – can help build prosperous communities through job creation, skills development and infrastructure development. While this has been a priority for us in South Africa for some time, partly because of the country's Mining Charter, it has become an important leverage point for development in other countries, too.

During 2010, we launched our first global local procurement policy, which represents a significant step on our journey towards applying consistently high standards throughout the Group. The policy is supported by a set of definitions to help align our diverse global operations' understanding of local procurement while accommodating the specific context they face. Workshops to accelerate and build internal capacity have been hosted globally and each mining operation has now set a local procurement target.

One of our first actions was to review our administrative processes to ensure that we are not inadvertently making it more difficult for small and medium-sized local businesses to trade with us. We have begun to redesign some of these processes and develop ones that specifically accommodate such businesses. Platinum has, for example, initiated payment terms that accommodate small- and medium-sized enterprises (SMEs), while Thermal Coal has ring-fenced certain categories and commodities for local companies and implemented early payment terms for SMEs.

LOCAL PROCUREMENT IN SOUTH AFRICA

Local procurement takes on a particular meaning in South Africa where, due to its Mining Charter, companies are required to source a percentage of capital goods (40%), consumables (50%) and services (70%) from companies that are owned by 'historically disadvantaged South Africans' (HDSAs), by 2014. These targets mark an increase on the previous charter requirements, which required 'continuous improvement', without naming specific targets.

In 2010, our total HDSA procurement spend by managed and independently managed businesses and enterprise development was R20.9 billion (\$2.9 billion) (2009: R23.5 billion; \$3.2 billion). Anglo American-managed businesses spent a total of R17.6 billion (\$2.4 billion) (2009: R18.6 billion; \$2.5 billion) with HDSA businesses, (not including goods and services procured from parastatal companies and municipalities). We are confident that, based on high-level assessments of each South African business unit, with strong planning and a firm commitment to transforming our sourcing strategies, that the long term 2014 targets will be met.

To achieve this, we have to find practical solutions to on-site challenges. Platinum and Kumba Iron Ore, for example, partnered with local businesses close to their mines to maintain and repair the large buckets and



Local artisans maintain and repair large buckets and bowls from trucks close to Platinum's Mogalakwena mine in South Africa.

bowls from trucks. Previously, suppliers had to transfer them on large flatbeds, necessitating special road traffic permission, to workshops far removed from the operations. This was costly, time-consuming and had a road safety risk.

In the case of Kumba Iron Ore, with assistance from Zimele, 30% of local company AEF Mining Services, was recently acquired by an HDSA entrepreneur. AEF Mining Services now employs 27 people from the local community, who have been trained as artisans to fix the bowls and buckets. It also provides services to other mining companies in the area.

In the case of the platinum business, the workshop was built with funds from the community development department and a local BEE company was set up through Zimele. The previous supplier part-owns the company and has seconded two people to the workshop to train local staff members.

SUPPLIER DEVELOPMENT

Supplier development is central to the success of local procurement, which is why we continued to roll out projects that build skills and capabilities across our regions in 2010.

For example, in South Africa, Kumba Iron Ore used a facilities-management organisation to develop the capacity of local providers, which resulted in up-skilling local communities, additional opportunities for local providers and improved services to Anglo American, at lower costs.

In Chile, the focus has been placed on implementing internationally recognised quality-management systems for local suppliers, according to their size and needs. (See case study on page 62.)

Iron Ore Brazil has invested in extensive research related to 365 companies around its operations to understand the business development needs of local entrepreneurs better. This research will inform ongoing development of businesses in the area.

LOOKING AHEAD

During 2011, we aim to develop guidelines and tools that support implementation of the local procurement policy; build internal commitment, capacity and capability; simplify processes and make procurement opportunities more accessible to local communities, while integrating local procurement into our global sourcing strategies.

AMOUNT SPENT BY MANAGED BUSINESSES WITH HDSA-OWNED COMPANIES IN SOUTH AFRICA

\$2.4 bn

ASSURANCE STATEMENT

INDEPENDENT ASSURANCE REPORT TO THE DIRECTORS OF ANGLO AMERICAN PLC

Introduction

We have been engaged by the directors of Anglo American plc ("Anglo American") to perform an independent assurance engagement in respect of certain information included in Anglo American's Sustainable Development Report 2010 for the year ended 31 December 2010 ("the Sustainable Development Report"). This assurance report is produced in accordance with the terms of our engagement letter dated 29 November 2010.

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 Sustainable Development Report for the year ended 31 December 2010, 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 Sustainable Development Report was selected for an expression of assurance:

- The alignment of Anglo American's sustainability policies to the International Council on Mining & Metals' (ICMM) 10 Sustainable Development Principles referred to on page 72 (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 page 15 (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 as indicated for each KPI in brackets here.
- Anglo American's performance on its sustainable development priorities by way of the following selected KPIs as:
 - Fatal-injury frequency rate (FIFR) on page 70 (reasonable assurance)
 - Total recordable case frequency rate (TRCFR) on page 70 (reasonable assurance)
 - Total number of new cases of occupational diseases on page 70 (reasonable assurance)
 - Group total number of employees participating in anti-retroviral treatment (ART) in South Africa on page 70 (limited assurance)
 - Group total number of employees participating in voluntary counselling and testing (VCT) in South Africa expressed as a percentage on page 70 (limited assurance)
 - Group total number of employees participating in disease-management programmes in South Africa expressed as a percentage on page 70 (limited assurance)
 - Total CO₂ emissions from processes and fossil fuels in million tonnes on page 71 (reasonable assurance)
 - Total CO₂ emissions from electricity purchased in million tonnes on page 71 (reasonable assurance)
 - Total amount of energy used in PJ on page 71 (reasonable assurance)
 - Total amount of water used for primary activities in million m³ on page 71 (limited assurance)
 - Total number of Level 2 and 3 environmental incidents reported on page 71 (reasonable assurance)

- Total amount spent on corporate social investment (CSI) projects in US\$ on page 71 (limited assurance)
- Total number of people directly employed through Anglo American's Zimele enterprise development programme in South Africa on page 38 (limited assurance)
- Anglo American's self declared Global Reporting Initiative (GRI) G3 application level on page 15 (limited assurance)

We read the other information included in the Sustainable Development Report and considered whether it is consistent with the identified sustainability information. We considered the implications for our report if we became 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 Sustainable Development Report, including the development of the corporate reporting policies and procedures as available on its website (www.angloamerican.com/aal/development/approach-and-policies/policies-standards-commitments) and for the preparation and presentation of the identified sustainability information in accordance with its corporate reporting policies and procedures, and the Global Reporting Initiative's (GRI) new generation (G3) guidelines 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 regional office in Johannesburg.

Our work consisted of:

- reviewing processes that Anglo American has in place for determining the identified sustainability information included in the Sustainable Development Report;
- 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 (www.angloamerican.com/aal/development/approach-and-policies/policies-standards-commitments), the Global Reporting Initiative's (GRI) new generation (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 "Our approach" section on page 14.

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 2010, 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 2010, is free from material misstatements.



PricewaterhouseCoopers Inc.

Director: Wessie van der Westhuizen
Registered auditor
Johannesburg
01 April 2011

DATA FOR MANAGED COMPANIES

Year ended 31 December 2010

SAFETY		2010	2009	2008	2007	2006
Lost-time injury frequency rate		0.57	0.76	1.04	1.15	1.16
Fatal-injury frequency rate		0.008	0.010	0.015	0.018	0.017
Work-related fatalities		14	20	28	40	44
Africa		11	17	25	32	40
Europe		0	1	1	1	1
Middle East		0	0	0	4	1
Asia/Australia		3	0	0	2	0
Americas		0	2	2	1	2
Causes of fatal injuries		Surface	Underground			
Electricity		0	1			
Falling		0	0			
Falling objects		0	0			
Falls of ground		2	3			
Fire/explosions		0	1			
Moving machinery		0	1			
Transportation		2	1			
Other causes		3	0			

HIV/AIDS	2010	2009*	2008	2007	2006
Employees in high-risk areas	73,129	66,661	81,450	74,722	115,578
HIV-prevalence rate	16.5%	18%	18%	19%	21%
Estimated number of HIV-positive employees	12,066	12,057	14,468	13,886	23,442
% VCT participation	94%	82%	77%	72%	63%
Employees on HIV disease management programmes (HIVDMP)	7,092	6,116	7,376	9,529	11,603
% HIV-positive enrolment in HIVDMP	59%	51%	51%	69%	49%
Employees on anti-retroviral therapy (ART)	3,965	3,211	3,080	3,617	4,598
% HIV-positive on ART	33%	27%	21%	26%	20%

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

OCCUPATIONAL HEALTH – NEW CASES OF OCCUPATIONAL DISEASE, BY BUSINESS UNIT

	Copper	Nickel	Metallurgical Coal	Thermal Coal	Kumba Iron Ore	Iron Ore Brazil	Platinum	Corporate and Exploration	Other Mining and Industrial	Group total
Noise-induced hearing loss (NIHL)	11	0	3	8	1	0	19	0	131	173
Silicosis	0	0	0	0	0	0	0	0	0	0
Coal-workers' pneumoconiosis	0	0	0	16	0	0	0	0	0	16
Asbestosis	0	0	0	0	0	0	0	0	0	0
Pneumoconiosis due to other fibrogenic dust	0	0	0	0	0	0	0	0	3	3
Chronic obstructive airways disease (COAD)	0	0	0	1	0	0	2	0	4	7
Occupational tuberculosis	0	0	0	6	0	0	3	0	10	19
Occupational asthma	0	0	0	0	0	0	0	0	2	2
Hand-arm vibration syndrome (HAVs)	0	0	0	0	0	0	0	0	18	18
Musculo-skeletal disorder (MD)	2	1	18	0	0	0	0	0	0	21
Occupational dermatitis	1	0	1	0	0	0	0	0	0	2
Occupational cancers	0	0	0	0	0	0	0	0	0	0
Other occupational disease	0	0	2	0	0	0	4	1	0	7
Total	14	1	24	31	1	0	28	1	168	268

NEW CASES OF OCCUPATIONAL DISEASE

[illegible]

OCCUPATIONAL DISEASE INCIDENCE RATES

	2010	2009	2008
Total occupational disease incidence rate (per 200,000 hours)	0.284	0.483	0.126
NIHL	0.363	0.756	0.116
Silicosis	0	0.112	0.010
Coal-workers' pneumoconiosis	0.457	0.141	0.040
Asbestosis	0	0	0
COAD	0.148	0.024	0.040
Occupational tuberculosis	0.378	0.715	0.095
Occupational asthma	0.049	0.026	0.082
HAVs	2.013	2.158	0
MD	0.022	0.038	2.796
Occupational dermatitis	0.002	0.009	0.003
Occupational cancers	0	0	0
Other occupational diseases	0.007	0.003	0.002

HUMAN RESOURCES

	2010	2009	2008	2007	2006
Full-time employees (annual average)	90,473	101,500	105,000	90,072	129,928
Contractors (annual average)	49,695	48,094	39,000	—	—
Women in management (%)	21	19	17	15	9.1
Historically disadvantaged South Africans in management (%)	46	46	45	42	43
Employees working more than a 48-hour week	4.6%	3.5%	17.4%	—	—
Resignations (%)	2.4	2.4	3.8	4.3	—
Redundancies (%)	2.1	3.8	0.6	0.7	—
Dismissals (%)	2.3	2.0	2.6	2.5	—
Other reasons for leaving (%)	2.8	4.9	2.0	2.5	—

SOCIAL

	2010	2009	2008	2007	2006
Corporate social investment (CSI) spend (total in \$ million)	111	82.5	76.2	60.5	50.3
CSI spend (% of pre-tax profit)	1.31	1.88	1.1	0.7	0.5
Procurement: BEE spend (Rand billion)	20.9	23.5	24.6	17.3	12.3
Businesses supported through enterprise development initiatives	9,392	3,720	3,012	n/a	n/a
Jobs sustained through enterprise development programmes	17,200	12,982	13,431	n/a	n/a

ENVIRONMENT

	2010	2009	2008	2007	2006
CO ₂ e total (million tonnes)	20.0	19.1	19.8	24.5	36.4
*CO ₂ e total (million tonnes)	20.0	18.5	18.8	18.1	18.9
Total energy consumption (PJ)	100.8	102.1	104.6	196.4	303.7
*Total energy consumption (PJ)	100.8	99.9	99.6	101.9	101.1
Total water used for primary activities (million m ³)	114.5	125.3	124.8	250.9	582.4
*Total water used for primary activities (million m ³)	114.5	123.2	115.4	121.3	117.9
Level 2 environmental incidents	61	65	143	87	176
Level 3 environmental incidents	0	0	1	0	0

* Excluding businesses which have since been divested or are now independently managed.

For environmental data split by operation, visit www.angloamerican.com

TAXES BORNE AND COLLECTED, BY COUNTRY (\$ MILLION)

	Borne	Collected	Total
South Africa	1,482	467	1,949
Chile	1,049	66	1,115
Australia	555	106	661
UK	164	225	389
Brazil	200	79	279
Ireland	28	12	40
Other	25	13	38
France	12	11	23
Peru	8	12	20
Canada	0	17	17
Namibia	8	7	15
Total	3,531	1,051	4,546

DATA AND ASSURANCE: External principles and explanatory notes**EXTERNAL PRINCIPLES**

ICMM Principles	Page reference
Implement and maintain ethical business practices and sound systems of corporate governance	12–13
Integrate sustainable development considerations within the corporate decision-making process	14–15
Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities	35–36
Implement risk management strategies based on valid data and sound science	15; 24–25
Seek continual improvement of the company's health and safety performance	16–27
Seek continual improvement of the company's environmental performance	46–59
Contribute to conservation of biodiversity and integrated approaches to land use planning	56–57
Facilitate and encourage responsible product design, uses, re-use, recycling and disposal of the company's products	54
Contribute to the social, economic and institutional development of the communities in which the company operates	32–43
Implement effective and transparent engagement, communication and independently verified reporting arrangements with Group stakeholders	15

Global Compact Principles	Page reference
Business should support and respect the protection of internationally proclaimed human rights	35–36
Ensure that they are not complicit in human right abuses	35–36
Uphold the freedom of association and the effective recognition of the right to collective bargaining	30
Eliminate all forms of forced and compulsory labour	30
Ensure effective abolition of child labour	30
Eliminate discrimination in respect of employment and occupation	30
Support a pre-cautionary approach to environmental challenges	46–59
Undertake initiatives to promote greater environmental responsibility	46–59
Encourage the development diffusion of environmentally friendly technologies	46–59
Work against corruption in all its forms, including extortion and bribery	12–13

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.

Our Global Reporting Initiative (GRI) compliance scorecard, Global Compact Communication on Progress and full ICMM scorecard are hosted online www.angloamerican.com

EXPLANATORY NOTES

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:

- carbon dioxide from coal seam gas venting and spontaneous combustion from thermal coal
- carbon dioxide from the consumption of sulphuric acid in the leaching process relevant to base metals refining processes

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

Employees on HIV disease-management programmes: Number of HIV-positive employees enrolled in HIV disease-management programmes, which are specifically designed to counsel and assist them to maintain good physical and mental health, proper nutrition, prevention of opportunistic disease and monitoring of immune status, through regular CD4 counts

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)

Total energy used: Calculated from electricity purchased, biomass, charcoal and fossil fuels consumed. (1 PJ = 1 million GJ)

TRCFR: The total recordable case frequency rate (TRCFR) is a rate per 200,000 hours worked by both employees and contractors of fatal injuries, lost-time injuries, and medical treatment cases

VCT: Number of employees who have participated in voluntary counselling and testing (VCT) during the reporting period and who, through this process, have established or re-established their HIV status

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.