

LEADING TRANSFORMATION

WITH THE FUTURE IN MIND



CONTENTS

2	FOREWORD
4	INTRODUCTION
6	ANGLO AMERICAN'S PRESENCE IN SOUTH AFRICA

01 SAFEGUARDING PEOPLE AND ENVIRONMENTS WITH THE FUTURE IN MIND

12	MAINTAINING THE HIGHEST STANDARDS OF SAFETY, HEALTH AND ENVIRONMENTAL STEWARDSHIP
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02 INVESTING IN OUR PEOPLE WITH THE FUTURE IN MIND

24	ACHIEVING EQUITABLE REPRESENTATION IN OUR WORKFORCE
32	INVESTING IN OUR SKILLS BASE
40	IMPROVING OUR EMPLOYEES' HOUSING AND LIVING CONDITIONS

03 SUPPORTING COMMUNITIES WITH THE FUTURE IN MIND

46	COLLABORATING TO DEVELOP MINE COMMUNITIES
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04 DEVELOPING PARTNERSHIPS WITH THE FUTURE IN MIND

54	DIVERSIFYING OWNERSHIP TO PROMOTE A MORE EQUITABLE SOCIETY
58	PROMOTING SOCIO-ECONOMIC DEVELOPMENT THROUGH LOCAL PROCUREMENT
64	CHAMPIONING ENTREPRENEURSHIP THROUGH LEADING ENTERPRISE DEVELOPMENT INITIATIVES
68	FACILITATING BENEFICIATION
72	ACRONYMS

LIVING OUR VALUES

To achieve our ambition of becoming the leading global mining company, we have identified six values that guide how we behave and interact with others. Our approach to living these values is reflected throughout this report:



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.

Acknowledgement

To all our colleagues who contributed to making this report possible, thank you.



No more “business as usual”

The past year has highlighted the complexity of the socio-economic challenges still facing South Africa. Our platinum and iron ore businesses were hit hard by strike action and general unrest that took place during the second half of 2012. The tragic events in Marikana put the spotlight on the mining industry, and brought to the fore the challenges our industry still has to confront.

These and other events of 2012 have shown us that we can no longer be in a “business as usual” mode of operation. Transformation is at the heart of this need for change.

Despite all the good work we have done, the extent of which is evident in our Social and Labour Plans and Department of Mineral Resources reporting, something is clearly still missing. Our approach and solutions need to go beyond the normal business thinking.

Achieving meaningful transformation with the future in mind

As a business we know that we cannot grow successfully in isolation of our broader community, and that our licence to operate is dependent on the visible and tangible contribution we make towards the development of communities we operate in, as well as the relationships we establish right from the start of the mining lifecycle.

We are reaching out more to stakeholders and exploring new and better avenues through which to communicate and reinforce our commitment and partner with stakeholders in all areas of our business.

Successful partnerships depend on sharing responsibilities and a commitment to develop and implement mutually supportive solutions. Being a good partner – a partner of choice – is how we will help to ensure that South Africa's mineral wealth continues to support the country's economic transformation imperatives.

The mining industry is central to South Africa's economy, providing 9,2% of its GDP, directly employing more than 500,000 people and indirectly supporting a further 840,000 jobs.

We continue to make encouraging progress in advancing transformation and constantly evaluate our achievements, as well as our challenges and opportunities. We believe an important measure of the impact of our transformation programme is to ask whether the beneficiaries of these efforts are benefiting in a way that adds meaning and real value to their lives.

Delivering value through partnerships

At the heart of transformation lies a common vision for a better, more equitable and participative society. This can only become a reality through the joint efforts of multiple stakeholders.

Successful partnerships depend on sharing responsibilities and a commitment to develop and implement mutually supportive solutions.

They connect strategy with practice, and people with ideas. Being a good partner – a partner of choice – is how we will help to ensure that South Africa's mineral wealth continues to support the country's economic transformation imperatives.

As you read this report you will come across examples of partnerships that are making a difference in the lives of hundreds of thousands of people. For instance, 1,9 million people will have access to clean water thanks to our Platinum Business's partnership with government on the Lebolelo Water Scheme and Flag-Boshielo and De Hoop dams in Limpopo. The development of a R26 million community health centre – a partnership between Thermal Coal's New Denmark colliery, the Lekwa Municipality and the Mpumalanga Department of Health (DoH) – will significantly improve the quality of healthcare for around 2,400 households. A further example is the 35,000 community members who have received HIV/Aids

education from Kumba's Ulysses Gogi Modise wellness clinic in Kathu, a partnership with the Northern Cape DoH.

Delivering value to our people

An exciting empowerment initiative across all parts of our South African business is our employee share ownership plans (ESOPs).

Our aim with these schemes is not only to give employees a sense of ownership in the business, but also to empower them by building their financial management skills to encourage responsible and wise use of the funds.

While we are meeting most of our employment equity targets, an ongoing challenge is to increase the number of African women across the organisation, especially at more senior levels. We are reviewing how we attract and prepare African women for management roles, and how we can enhance our current training and development initiatives to better support their entry into higher levels of the business. We are, however, encouraged by strides we continue to make in improving the numbers of women in technical roles. Our numbers are up by 25,8% from 2011.

This year we increased our investment in training and development of our employees, with an aggregate 6,3% of HDSA payroll spent in 2012. We are focusing on ensuring that those skills developed are being used to best effect within our business.

Delivering value to our communities

Our approach to community development is reflected throughout this report. In all our efforts we seek to ensure that our investments are used as intended, that they benefit the maximum number of people, and that the stakeholders involved have the capacity to manage and maintain those investments in the long term.

In 2012, our operations across the country invested a total of R694 million in socio-economic projects, primarily community development initiatives to support job

creation, education, infrastructure (such as roads and schools), and community health and welfare.

More significant than the value of these investments, however, are the results that we share in this report. These include the 100% pass rate of Grade 12 learners participating in the Protec School Excellence programme supported by Thermal Coal, as well as the many examples of small and micro businesses that have been established in communities around our operations. These are made possible by the financial and business support of Anglo American's enterprise development arm, Zimele as we continue to see the benefits of collaborating with various stakeholders.

I believe this 2012 transformation report provides evidence of an organisation that is committed to making a positive, long-lasting contribution to the communities and other stakeholder groups with which it interacts.

Importantly it also identifies areas of potential improvement and opportunities to increase the pace of change under some of the key pillars of the Mining Charter. It is on these areas that we must focus our attention if we are to take our transformation efforts and performance to the next level.



Khanyisile Kweyama
Executive director
Anglo American in South Africa



Anglo American's approach to promoting social and economic transformation in South Africa is founded on a fundamental understanding of the business imperative for transformation. Our approach is informed by the needs and expectation of all those affected by our business – our employees and their families, local communities we serve, government and trade unions.

Transformation is a challenging process. It can require people to change what they are familiar with: their work environments, the way they do things, their attitudes and behaviours.

As we look back on our journey so far, we acknowledge that it has not always been an easy path. We have had to deal with unexpected obstacles and sometimes redirect our course to more effectively address our mandate. Yet we have remained true to our destination, that of a transformed society.

This year's transformation report tells the story of a business that is making a real and positive difference in the lives it touches. The statistics provide evidence of our progress against the targets we have to reach, while the narrative reflects the positive impact of our initiatives.

Within the context of transformation, "impact" can be explained in terms of the difference between providing a community with a school building, or working with the community to build a school where learning and teaching take place. The former we can do by ourselves as a company. The latter requires meaningful consultation with all associated stakeholders – from government and municipal authorities to educators, students and their parents – to ensure that jointly we deliver a facility that has sufficient capacity, is properly resourced, efficiently managed and well maintained long into the future.

For as long as these challenges persist, we recognise that we need to apply our collective thinking to innovative and sustainable solutions.

We need to constantly interrogate whether what we are doing is in the best interests of the people affected, taking cognisance of their diverse social circumstances, needs and aspirations.

There are many examples in this report that underline the importance of collaboration. The introduction of a peer review process on mine community development initiatives, based on our internationally acclaimed Socio-economic Assessment Toolbox (SEAT), illustrates our proactive approach to assessing and enhancing our impact on local communities. Working with partners who share our vision, we will be able to pool resources, knowledge and skills to develop solutions and increase the value we add to people's lives and livelihoods.

The South Africa mining sector has come a long way in transforming itself over the last decade. Nevertheless, there remain some underlying systemic challenges, many of which have been the root cause of labour disruptions, violence and the tragic loss of lives in recent months. These are issues that we must tackle as an industry, together with our stakeholders and the country as a whole.

For as long as the challenges we confront persist, we recognise that we need to apply our collective thinking to find innovative and sustainable solutions. We need to constantly interrogate whether what we are doing is in the best interests of the people affected, taking cognisance of their diverse social circumstances, needs and aspirations.

We aim to build on the solid foundation that we have laid through our transformation programme. We are fortunate to have a Group CEO and a leadership team who

genuinely believe that people – employees, communities and stakeholders alike – make our business what it is and who support and guide our efforts.

As we continue on our transformation journey, we learn from experiences along the way and explore new avenues and new futures, seeking opportunities to share the journey with others. Working together, with a common purpose and a shared commitment, I have no doubt that we will reach our destination – that of a transformed society.



Lindiwe Zikhali
Head of transformation and regulatory affairs
Anglo American in South Africa

ANGLO AMERICAN'S PRESENCE IN SOUTH AFRICA

Welcome to Anglo American in South Africa's second annual transformation report. This report provides a review of the progress that our South African businesses have made during the 2012 calendar year towards achieving meaningful transformation.

We employ over 97,000 people in South Africa, of which approximately 70,000 are full-time employees and 27,000 contractors. As one of the largest private sector employers in the country, Anglo American is a proud leader in contributing to the transformation of the mining industry and the country as a whole. Beyond our direct economic contribution, outlined in the table below, we

invest extensively in promoting the socio-economic development in the workplace and the communities in which we operate.

Our transformation journey is underpinned by our values and business principles. As a good corporate citizen, we respect the dignity and human rights of individuals and communities everywhere we operate and endeavour to make a lasting contribution to their well-being. In partnership with our stakeholders, we strive to move beyond compliance and meet ambitious internal targets.

Our performance is measured primarily against the key pillars of the Mining Charter, namely: sustainable development and growth, employment equity, human resource development, housing and living conditions, mine community development, ownership, procurement and enterprise development, beneficiation, and reporting. These issues are covered in the four sections of the

report, which focus on what we are doing to safeguard our people and environments, how we invest in our people and create equal opportunities, our commitment to developing mine communities, and how we collaborate with partners as a collective to encourage transformation and competitiveness.

This report covers our business units that operate in South Africa, namely Kumba Iron Ore (Kumba), Anglo American Platinum (Platinum) and Thermal Coal. De Beers, which had been an associate company, but became part of the Anglo American Group in August 2012, is partially reported on. De Beers will be fully integrated during 2013 and comprehensively reported on in next year's report. The report also includes Anglo American's Corporate Division (ACD) and Anglo American's EMEA Shared Services in South Africa (AAESS).

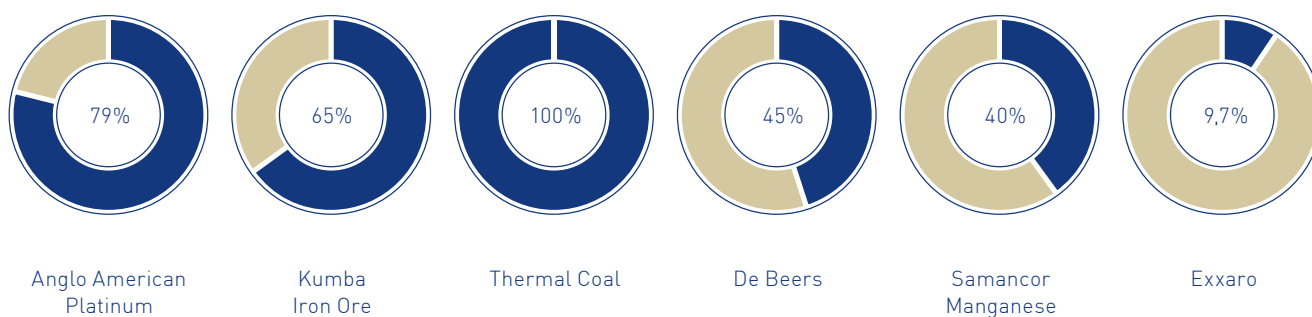
The report is aimed at stakeholders who have an interest in our transformation journey, including employees, local communities, non-governmental organisations (NGOs), investors, suppliers and government.

Anglo American's contribution to South Africa

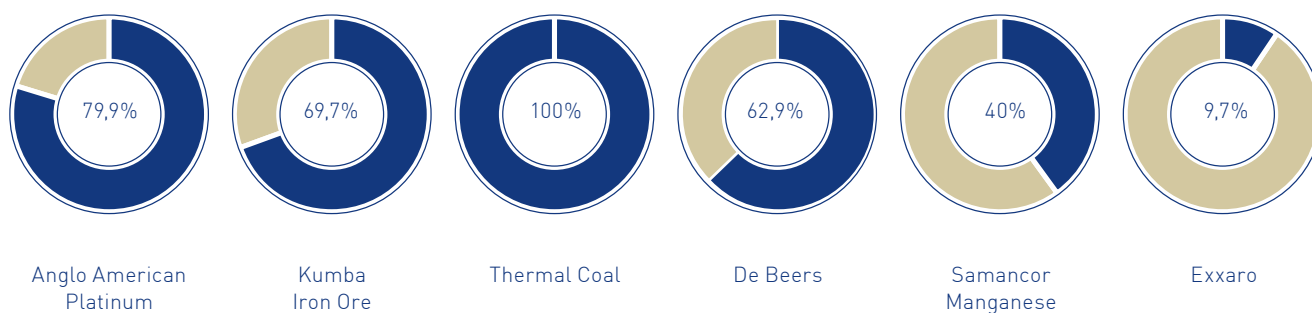
PERIOD	2011	2012
PRESENCE IN SOUTH AFRICA		
% operating assets in South Africa	37	35
% revenue in South Africa	49	45
% operating profit in South Africa	55	54
COMMITMENT TO THE SOUTH AFRICAN PEOPLE		
Number of people employed in South Africa	100,240	97,298
	Full-time employees: 76,000	Full-time employees: 70,468
	Contractors: 24,240	Contractors: 26,830
Number of business unit CEOs based in South Africa	4	4
Number of business units managed from South Africa	3	4
INVESTOR IN SOUTH AFRICA		
Amount invested in capex in South Africa since 1999	R173,4 billion	R188,30
CONTRIBUTOR TO SOUTH AFRICAN FISCUS		
Amount paid in direct and indirect taxes	R18,1 billion	R14,4 billion
CONTRIBUTOR TO SOUTH AFRICAN FOREIGN EARNINGS		
Anglo American's foreign shareholding (resultant capital inflow)	17% in 1999 to 57% (R31,8 billion)	R9,6 billion
Export revenues generated	R102,5 billion	R94,2 billion
Contributor on the JSE (together with controlled companies)		
Market capitalisation on the JSE	R761,1 billion	R664,6 billion
% of the value of all JSE companies	10,40	8
% South African shareholders of Anglo American	43	46
KEY PARTNER WITH SOUTH AFRICA'S STATE-OWNED ENTERPRISES		
Amount spent with Eskom	R3,4 billion	R3,5 billion
Tonnes, cost of thermal coal delivered to Eskom	35 million tonnes, R5,2 billion	33,7 million tonnes, R5,8 billion
Amount spent with Transnet	R4,6 billion	R6,7 billion

STRATEGIC ASSETS IN SOUTH AFRICA % OWNED

2011



2012



Key industrial companies Anglo American has divested from

Company name	AECI	LTA	SCAW Metals	Mondi	Highveld Steel	Columbus Stainless	Hulamin
Date of acquisition	1924	1951	1964	1967	1969	1989	1996
Date of divestiture	2001	2000	2012	2012	2007	2005	2009

● PLATINUM

WESTERN LIMB

1. Dishaba
2. Tumela
3. Union
4. Bafokeng/Rasimone (JV)
5. Khuseleka
6. Thembelani
7. Bathopele
8. Khomanani
9. Siphumelele
10. Kroondal
11. Marikana
12. Pandora

EASTERN LIMB

13. Mogalakwena
14. Bokoni
15. Ga-Phasha (JV)
16. Twickenham mine
17. Modikwa
18. Mototolo (JV)

● THERMAL COAL

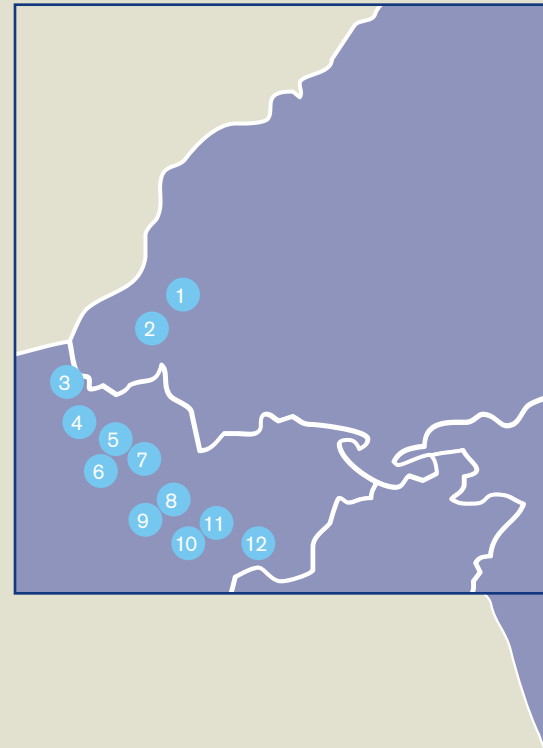
1. Greenside
2. Goedehoop
3. Kleinkopje
4. Landau
5. Kriel
6. New Denmark
7. New Vaal
8. Mafube
9. Isibonelo
10. Zibulo

● KUMBA IRON ORE

1. Sishen
2. Thabazimbi
3. Kolomela

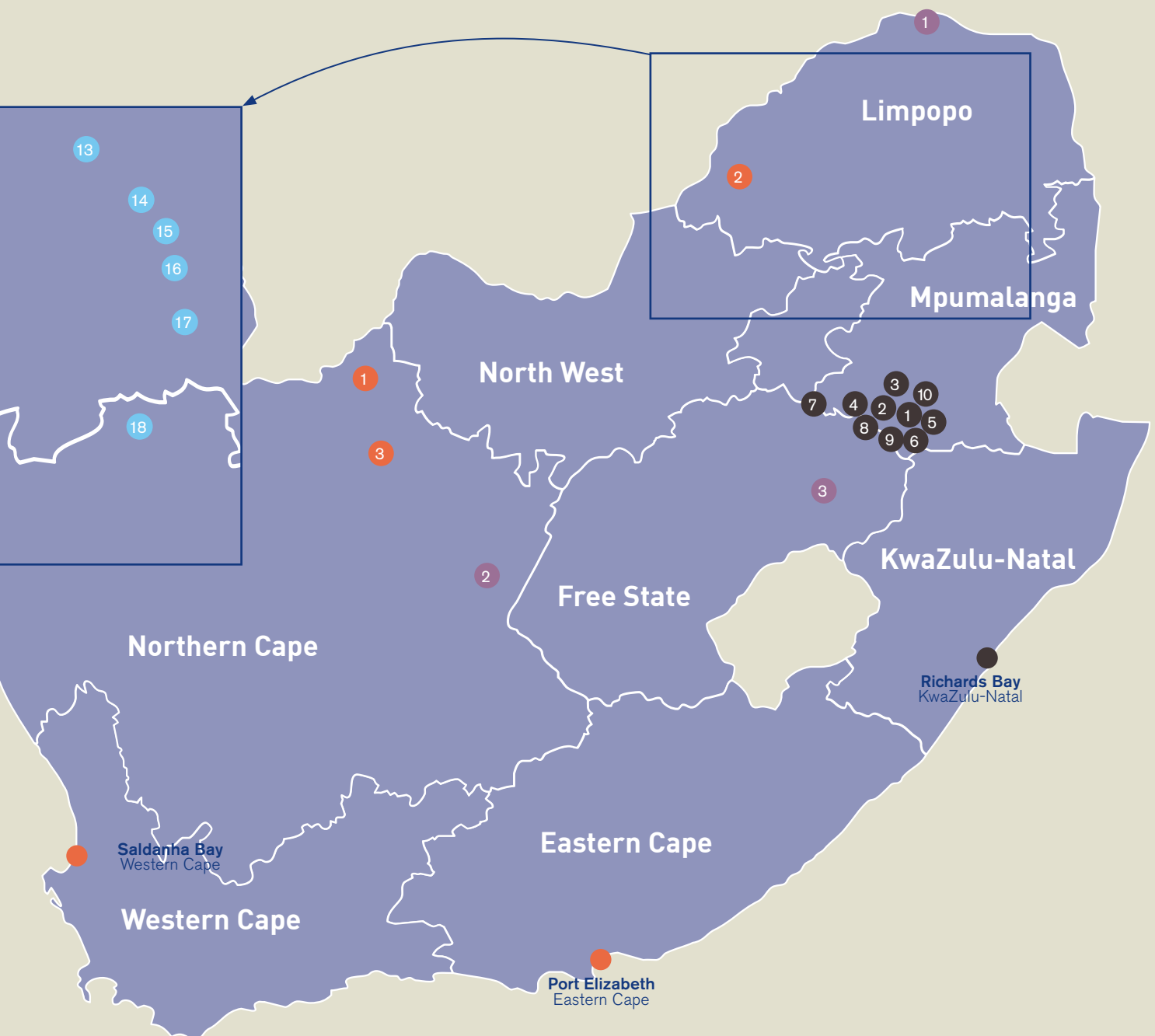
● DIAMONDS

1. Venetia
2. Kimberley
3. Voorspoed



OPERATING FOOTPRINT IN SOUTH AFRICA

In 2012, Anglo American had over 30 operations and shared access to three ports in South Africa







◀01

01 Isibonelo is a large scale, complex opencast mine operating some of the world's largest earthmoving equipment. Everyone at the mine treats safety as their first priority. Foreman Paul Mashinini, leading a team safety briefing on a working day at the mine.

02 Boipuso Semenya taking a pH reading at a groundwater abstraction borehole near RBMR (Rustenburg Base Metals Refiners) in Rustenburg.

▼02



01

**SAFEGUARDING PEOPLE
AND ENVIRONMENTS
WITH THE FUTURE IN MIND**

MAINTAINING THE HIGHEST STANDARDS OF SAFETY, HEALTH AND ENVIRONMENTAL STEWARDSHIP

Employees and
contractors tested
and counselled in
southern Africa

› 93,000

Our capacity to have a transformative impact in building socio-economic value is dependent on us maintaining a sustainable, healthy business. Operating safely, sustainably and responsibly is fundamental to our licence to operate, and to protecting and enhancing the sustainability of the business.

Offering a safe and healthy workplace is a core Anglo American value – we should not accept any harm coming to those who work for us. Mining is a high-risk industry and our on-site employees work in challenging conditions. Although our safety performance has greatly improved in recent years, we recognise that there is still a lot of work to do to deliver on our vision of zero harm. Workplace safety, occupational health, and employee wellness (including the management of diseases such as HIV/Aids and tuberculosis (TB) in our workforce and communities) are investments in the future health of our people and therefore our business.

Being a responsible miner also means taking a serious approach to environmental stewardship. It is our responsibility to minimise and mitigate potential environmental risks that could affect our business or stakeholders. In particular, water scarcity and climate change are two of the greatest concerns to our business. Our partnership approach enables our host communities and local authorities, together with NGOs, business and other stakeholders, to benefit from our activities.

In this chapter we review our safety, health and environmental performance and the management systems and procedures we have in place aimed at ensuring we continue to improve our performance.

Striving for zero harm Our safety performance

With deep regret we report that eight employees and three contractors lost their lives while working at our South African operations in 2012. While this represents a 21% year-on-year reduction, any loss of life is unacceptable. Seven of these deaths occurred at our Platinum business, where the majority of fatal incidents still occur, despite a significant 42% reduction in fatalities since 2011 and a 61% reduction over the past five years.

Two fatal incidents took place at Kumba and two at Thermal Coal. At Thermal Coal, both incidents occurred in close succession at the start of the year, prompting management to halt production for a day. A senior team

visited each operation along with key representatives from labour unions and the Department of Mineral Resources (DMR) to reaffirm the commitment of all stakeholders to the goal of zero harm.

Our most significant safety risks relate to transportation, moving machinery and falls of ground, and we have dedicated programmes in place to address these. The behavioural and engineering controls put in place in the past five years have led to an 80% reduction in fatal incidents resulting from falls of ground. However, we are constantly working to improve this by embedding a robust and systematic approach to risk management.

In 2012, the Group's lost-time injury frequency rate (LTIFR) declined to 0,8, which represented an 8% improvement on 2011 and a 43% reduction since 2008. Anglo American's LTIFR definition includes all injuries that result in lost-time or restricted duties from the calendar day after the injury occurred. Platinum recorded the most significant improvement since 2008, reducing from 1,74 to 1,15 (more than 30%), closely followed by Kumba, with an encouraging 17% improvement over the five-year period and a 25% improvement since 2011. Materials handling is still a major risk, and we are applying additional engineering controls to address this challenge.

While Thermal Coal's performance remained stable between 2011 and 2012, the long-term trend remains positive. The business unit has launched a re-energised safety improvement plan, based on inputs from management, employees and safety professionals across the business.

De Beers Consolidated mines (DBCM), recorded a total of 11 lost-time injuries (LTIs) in 2012, with a corresponding LTIFR of 0,22*.

A number of individual operations continue to lead the way with excellent results.

- The Kolomela project achieved a record 29 million LTIs and fatality-free hours between March 2010 and October 2012.
- Three out of nine Thermal Coal collieries recorded more than 200 days without LTIs, and seven out of all 10 mines achieved more than 1,000 fatality-free production shifts.

The encouraging decline in injury frequency rates shows that our focus on leadership and an increasingly robust application of standards are having a positive impact. Since 2007 this has included a reinvigorated commitment to zero harm as an achievable

* (De Beers' safety figures are not included in the Anglo American totals. Full integration of De Beers' performance reporting will only begin in 2013.)

Anglo American's safety strategy is founded on three key principles: a mindset of zero harm; the elimination of repeat incidents; and the consistent application of simple, non-negotiable standards.

objective; the Group CEO's 'Call to Action'; the introduction of our 'safety journey model' and safety improvement plans for the businesses; and Group-level programmes to address key risks such as falls of ground, transportation and fatigue.

Our strategy and management approach

Anglo American's safety strategy is founded on three key principles: a mindset of zero harm; the elimination of repeat incidents; and the consistent application of simple, non-negotiable standards.

We use the Anglo American safety journey model – which recognises the importance of both people and systems in a mining business – to measure our progress in delivering against our safety strategy. This model and its supporting matrix help every operation to understand where they are on the journey and how they can move to the next stage. We believe we are at the 'compliant' stage, with a growing number of operations moving to 'proactive' and fewer now being characterised as 'reactive'.

Our current suite of Group safety programmes aims to improve our level of maturity, by focusing on the following: operational risk management; learning from incidents (LFI); risk and change management; leadership; developing people; leading indicators; corporate safety work streams; supply chain safety initiatives; integrating safety throughout the business; and the 2012 Safety Leadership Summit. All operations have safety improvement plans that prioritise these elements based on operational risk and help us to move further along the journey model. The operational risk management and LFI programmes in particular have the potential to profoundly impact on our long-term safety performance.

Integrated risk management: An integrated approach to operational risk management is vital to improving both safety and operational performance. The Anglo American operational risk management process (ORMP), which ensures we take a common approach to operational risk management and the development of associated skills, is being incorporated into our Group integrated risk management standard. We are building capacity at both business unit and operational levels by training risk management facilitators as part of our risk-management workstream.

Learning from incidents: One of our key safety principles is 'no repeats'. It is only by understanding what happened and why, and by identifying and taking preventative action, that we are able to avert similar incidents. During 2012, we strengthened the way we investigate and report incidents. We have also

developed communication material to guide our LFI processes, supported by training sessions. Encouragingly, we are seeing an increase in the use of LFI, particularly in the investigation and reporting of incidents, and in the development and maintenance of better controls.

Risk and change management: During 2011, our internal risk and assurance team led 46 independent site safety reviews across the Group to assess compliance with fundamental aspects of safety management. The outcomes were reported at board and executive levels, and shared with operations. Every operation has committed to an action plan to address gaps. Progress will be reviewed regularly and is included in each business unit CEO's performance targets. From 2013, this will also influence the performance-based remuneration of all executives and managers.

Leadership: Group Safety Leadership Summits in 2011 and 2012 emphasised the role of leaders and their accountability in making safety part of all our decisions and actions. As part of the ongoing drive towards visible leadership (VFL), managers and directors regularly visit operations and play a visible role in daily activities. Our leaders also strive to foster a culture where employees at all levels feel empowered to engage freely on safety matters.

Leading indicators: By using global safety 'leading' performance indicators, which are now routinely reported to the board and the executive committee, we are becoming more proactive in anticipating and pre-empting potential incidents.

Working in partnership: Since 2008, our Tripartite Health and Safety Initiative has developed into a highly rewarding and productive partnership with government and labour. A core steering committee, supported by task teams, works on developing solutions that are helping to transform our own safety performance, and more broadly in the South African mining sector. Through this collaboration, government and union representatives are invited to participate in Anglo American safety training courses, visit operations and interact with employees to better understand health and safety challenges.

Our suppliers also have an important role to play in helping us improve our safety performance. In 2012, 29 safety initiatives with suppliers were shared across our Supply Chain function. Some of these involved the inclusion of minimum safety criteria in tender adjudication processes, against which performance is tracked, the standardisation

of contractor safety inductions across the Group, and audits of contracting companies against our safety requirements (with associated improvement plans where there are gaps).

Certain products and services have specific risks attached to them. In these cases we have a particularly strong safety focus embedded in our supplier relationship management process. We collaborate with suppliers to develop and introduce safer products, for example, researching responsible mechanisation processes such as autonomous trucking and collision-avoidance technology.

Managing health effectively

Managing health effectively is about managing the most important contributor to our business: our people. How we operate today is critical to ensure we have a healthy and productive workforce – and, in turn, a healthy business – for decades to come. We are committed to achieving zero harm by creating and instilling a company and industry culture that protects people from harm and improves their health and well-being. Beyond the workplace, we aim to facilitate tangible health improvements in local communities.

Our strategy and management approach

The crux of our occupational health strategy, and our entire focus on occupational health management, is around prevention. We strive to proactively identify and manage the source of potential health risks, and to eliminate exposure to hazards that can cause disease. Our approach is governed through a series of standards, guidelines and assurance processes relating to two disciplines: occupational hygiene and occupational medicine. The former focuses on identifying occupational exposure (to hazards), profiling the associated risks, and controlling exposure in the workplace environment. The latter involves monitoring the health of employees. Our principal occupational health risks relate to noise, inhalable hazards (mainly dust) and fatigue.

Building on these initiatives is our employee health and wellness programme, which includes a strong emphasis on combating HIV/Aids and TB within our workforce and their families. We also believe that we must help strengthen healthcare systems in under-served rural areas and build partnerships to improve access to quality healthcare.

Occupational health

Our approach to occupational health is governed by the Anglo American Occupational Health Way. This is underpinned by three principles: all occupational illnesses are preventable; we learn by assessing and monitoring exposure and disease incidence in order to prevent further harm; and we apply common, simple, non-negotiable standards throughout the Group.

Simple, non-negotiable standards

During the year, we educated managers on our noise and dust standards and the associated risk management programmes. These standards, published in 2011 as part of the Group technical standards, are being rolled out to the business units for implementation. Business units have completed self-assessments, with average compliance levels ranging between 60% and 85% by the end of 2012.

We are putting renewed emphasis on fatigue management. On the health front, we are educating people on the importance of getting a good night's sleep, eating correctly and reporting to work in a fit state. On the safety side, we recognise the need to design jobs so they do not create fatigue, for instance by ensuring sufficient breaks or by adopting mechanical engineering measures that will protect people if they are tired.

In 2012, we also reinvigorated our approach to fighting alcohol and substance abuse in our workforce. Our focus is on prevention and rehabilitation so that, as far as possible, problems are identified and dealt with long before disciplinary measures become necessary.

Integrated risk management

We have refreshed the risk management approach within the Occupational Health Way and Group technical standards for health, to align with our new Group-wide approach to integrated risk management. An example of this is at Kumba's Sishen mine, where, recognising that integrated risk management is a business-critical issue, business improvement teams are now responsible for fatigue management.

Health information systems

Capturing and managing each health transaction online enables us to track and analyse the health of all our employees. Building this capability within our business was a central activity in 2012 and will continue in 2013. Health information systems ensure that we deliver a consistently high quality of service, and can measure our performance.

Health incident reporting

Health incidents are performance indicators that allow us to monitor critical controls. They include employee complaints about the working environment; observed (or measured) failures of control mechanisms; and signs of exposure and disease identified in the medical surveillance programme. The early detection, investigation and correction of control failures help us to prevent harm, as these occur well before any visible manifestations of occupational illness. We continue to see encouraging improvements in health incident reporting across all BUs.

Engagement and collaboration

The Tripartite Health and Safety Initiative ensures that risk management practices are adopted at all levels of the workforce. One such practice is the stop, look, assess and manage (SLAM) approach.

Anglo American's inaugural Health Summit was held in October 2012, bringing together a hundred health and safety experts from across the Group to share best practices and lessons learned. We held a second health conference in November to raise the standards of health and safety performance among our long-term contractors. Moreover, we require that all long-term contractors provide a basic healthcare package for their employees. This will include diagnosis, counselling, care, support and treatment for HIV infection and TB. Where necessary, Anglo American will subsidise this healthcare package and deliver it through our network of healthcare facilities.

Improving our performance

All our businesses are required to report on the estimated number of people potentially exposed to hazards that could result in occupational illness. We measure this against set occupational exposure limits. These are legally prescribed limits, set per individual health risk, above which no employee can be exposed without the use of personal protective equipment (PPE). We count the number of employees working in conditions that exceed those limits, even though they are protected with PPE. We use this measure to identify opportunities to improve controls and potentially eliminate the need for PPE.

In line with the 2003 Mine Health and Safety Summit challenge to reduce exposure to noise, we have focused our efforts on reducing equipment emitting noise levels above 110dB(A). More than 98% of the equipment identified at our Platinum business, and 100% of that at Kumba and Thermal Coal, have been reduced to acceptable levels over the past five years.

Nevertheless, we recorded 62 new cases of noise-induced hearing loss (NIHL) in 2012 (compared with 80 in 2011). The majority of other new cases of occupational disease were from exposure to inhaled hazards, resulting in 16 cases of coal worker pneumoconiosis and seven cases of chronic obstructive airways disease.

No new cases of silicosis have been reported at Platinum, Thermal Coal or Kumba for more than five years.

Employee wellness

Employee health and well-being extends beyond occupational health. Through our wellness programmes we encourage healthy lifestyle choices, such as proper nutrition regular exercise and activities to reduce stress. We also facilitate access to appropriate healthcare facilities. In many of our operations and corporate offices we provide free health assessments for cholesterol, blood pressure, weight, smoking, chronic diseases, HIV/Aids and TB. We also provide an annual vaccination programme for influenza.

Tackling TB and HIV

Anglo American is a recognised leader in the field of HIV/Aids and TB workplace programmes, and has proven that investing in HIV prevention, treatment and care has a measurable and positive impact on business performance. Treatment costs are just under 5% of the cost of caring for someone with AIDS, if HIV infection is left unmanaged.

The continued high prevalence of HIV in southern Africa contributes to a rising incidence of TB. A major step in 2012 was the signing of a declaration by the Southern African Development Community (SADC) region heads of state and government to tackle TB in the mining industry. We have an active programme aimed at addressing the escalating epidemic, but need to dramatically upscale our efforts to detect TB in the workforce and communities associated with our operations.

In 2012, the TB incidence rate at Anglo American's South Africa operations was 990 per 100,000 employees (compared with 1,304 per 100,000 in the previous year). This rate is well below the national and industry average and is decreasing. Despite this, there were 676 new TB cases recorded among our workforce and we deeply regret the loss of 59 employees due to TB. People enrolled in our HIV wellness programmes are offered TB prevention therapy, which has reduced AIDS mortality by 50%.

THE KEY TO BETTER HEALTHCARE LIES IN KNOWING THE DATA

Increasingly, there is a move away from a reactive healthcare response to a more sustainable approach – one that involves strengthening developing nations' health systems in order to better serve their populations. In practice, this means a country must have adequate health facilities, trained health workers, properly functioning drug procurement and supply chain, and sound management, governance and monitoring.

Importantly, a robust information platform is what holds all of these elements together, and this is what many current health systems lack.

For the past six years a team at Anglo American's Thermal Coal business, spearheaded by Dr Jan Pienaar, has been using an internally developed information system known as *theHealthSource*, which documents and tracks the healthcare details of each employee. The system uses fingerprint scanning to identify patients and capture their information in a single secure electronic health record.

As a result, Thermal Coal is, to the best of Anglo American's knowledge, the only mining company in the world that can provide accurate, real-time daily healthcare statistics, such as the HIV prevalence rate among employees, and how many convert from HIV negative to positive in a year. The current HIV statistics indicate a dramatic improvement on where the business was a few years ago, and this is a direct result of being able to proactively manage the treatment and care of employees based on the information that *theHealthSource* delivers.

What makes this technology so suited to third-world environments is that it is mobile, easily available and cheap. Data is stored in a secure, central online space and all that is needed to access it is the patient's thumbprint, login details and an Internet connection. It can be run using wireless connectivity and hand-held battery-powered devices, which means that developing nations can easily implement it in rural areas that have limited infrastructure.

For a country like South Africa, implementing this on a national scale would enable us to answer critical questions in the fight against HIV/Aids, such as what proportion of the population is infected with HIV, how many people have started treatment and whether the treatment is effective.

On a broader scale, once an entire population is registered on such a platform, we could create an accurate benchmark of the nation's state of health. By building GPS technology into the data collection process, we could also analyse disease patterns in each region, while monitoring basic health parameters such as body mass index (a good measure of nutrition in a population), blood pressure, vaccination status, conditions such as diabetes and epilepsy, and similar.

Nations need this depth and breadth of health knowledge in order to fully understand the burden of disease in a population. Once we have it, we can manage the resources required to tackle it. A sound, secure information platform such as *theHealthSource* creates exactly that opportunity.

Many first world countries have sophisticated, but complicated information systems that would be difficult, if not impossible, to implement in developing countries. The ease with which a single population-based information platform could be put in place, and the value it could deliver, is simply too big to be ignored.



▲ 01 Dr Jan Pienaar showing *theHealthSource* presentation in discussion with Thia Grobler and Julia Denton (Business Analysts) who developed the software for *theHealthSource*.



▲ 01 Taking surface water samples at Hex River in Rustenburg is Edward Masoba, senior environmental field technician.

Testing (through our wellness programmes) is the entry point to our comprehensive programme of HIV/Aids prevention, care, support and treatment, and all employees who test positive are invited to enrol. In 2012, we tested and counselled more than 93,000 employees and contractors in southern Africa (up from 75,652 in 2011). This equates to 82% of all employees in the region and is ensuring that we achieve early diagnosis of HIV infection and timely access to care.

We documented 524 new HIV infections in 2012, but the prevalence of HIV infection in our workforce remains level with 2011 at 17%, which means that almost 11,900 of our employees are HIV-positive. In 2012, 70% of employees who are thought to be HIV-positive enrolled in the programme, compared with 60% in 2011.

At the end of 2012 we had more than 5,000 employees on anti-retroviral therapy (ART). A major challenge is ensuring people take the treatment correctly, which is why we emphasise support, counselling and diligent care at a primary care level. The accurate,

real-time healthcare statistics being captured through *theHealthSource* online system (see case study below) are proving to be very helpful in managing the treatment and care of employees.

Promoting healthcare in the broader community

Our comprehensive socio-economic assessments in local communities include community health reviews. We also develop social management plans in consultation with key stakeholders, which factor in health considerations. To support health in developing countries more broadly, we remain one of the key private-sector supporters of the Global Fund to Fight Aids, Tuberculosis and Malaria, and the Global Alliance for Vaccines and Immunisations (GAVI), a public/private partnership that is increasing access to immunisation in the world's poorest countries.

We use the knowledge and experience gained from our workplace health programmes to support community outreach programmes and strengthen community health systems. The latter is based on seven building blocks: improving facilities

and equipment; ensuring the availability of a skilled health workforce; improving procurement and supply chain processes; sound financial management; information systems; good governance; and effective monitoring and evaluation processes.

In South Africa, we work with the provincial health departments in Eastern Cape, Mpumalanga, Northern Cape and North West (all are either associated with our operations or are labour-sending areas) in order to improve health services. In the Northern Cape, for example, Kumba financed nine mobile clinics to take critical health services to disadvantaged communities in the remote John Taolo Gaetsewe district, which has severely limited access to healthcare. Kumba will gradually hand this project to the DoH, thereby ensuring its long-term viability.

Managing our impact on the environment

While the extraction and processing of minerals and metals is fundamental to the global economy, its associated activities result in the unavoidable disturbance of land, the consumption of resources, and the generation of waste and pollutants. The way

Total greenhouse
gas emissions for
South African operations

**8.31 MILLION
TONNES**

we manage these issues is fundamental to the ability of our business to achieve its strategic goals. In this section we review our management approach and performance relating to water, climate change and energy, land stewardship and biodiversity, and waste management and air quality.

In South Africa, the Mining Charter requires that mining companies improve on industry-standard environmental management by:

- implementing environmental management systems (EMS) that focus on continuous improvement to review, prevent and mitigate adverse environmental impacts
- conducting continuous rehabilitation on land that is disturbed or occupied by mining operations, in accordance with appropriate regulatory commitments
- providing for the safe storage and disposal of residual waste and process residues
- designing and planning all operations so that adequate resources are available to meet the closure requirements of these operations.

Environmental management

The Anglo American Environment Way outlines our mandatory, Group-wide environmental management system, and includes detailed performance standards for social and environmental impact assessments, water, air quality, mineral residue, non-mineral waste, hazardous substances, biodiversity, rehabilitation, and mine closure. It supports our vision for minimising harm through the design, operation and eventual closing of operations in an environmentally responsible manner.

The Environment Way requires that all operations be certified to international environmental management standards within two years of commissioning or acquisition.

All our mines in South Africa have environmental management plans (EMPs) that are approved by the Department of Mineral Resources (DMR) and certified to ISO 14001 environmental management standards. In addition to legal compliance audits, our mines conduct self-assessments and are subject to risk-based internal environmental audits and peer reviews. When activities are changed or added, the EMPs are amended and resubmitted to the DMR for approval, along with annual performance assessments as required by the Mineral and Petroleum Resources Development Act (MPRDA).

Water

Security of water supply is a core business risk and a critical element of our social and legal licence to operate. Our operations require large volumes of the right quality of

water for both production and processing, and our South African operations are located in water-stressed basins where we expect increasing competition for water resources, particularly in light of the potential effects of climate change.

The Anglo American water strategy and policy, approved in 2010 support our aim to demonstrate leadership within our water basin areas, while helping to position the company as a leading water custodian within the communities and catchments in which we operate.

We are implementing this strategy through initiatives in three key areas, phased over 10 years: improving operational excellence, investing in technology, and partnering with our stakeholders.

Operational excellence: In terms of water management, operational excellence is largely about being smarter in how we use and manage water. In 2011, we implemented our water efficiency target tool (WETT), which forecasts the projected business-as-usual water demand of individual operations and establishes a register of water-saving projects. These defined WETT targets are now included in our business unit CEOs' performance contracts as well as in those of relevant operational personnel.

Operational water action plans have driven a positive shift in our approach to managing water at operations. We are looking beyond the boundaries of our operations to become even more engaged in our catchment areas.

Engagement and partnerships: 2012 saw a more structured and purposeful approach to advocacy and stakeholder engagement. Through the Chamber of Mines we held discussions on important proposed developments such as the national water resources strategy, water pricing structures, demand-side management targets for the sector, and the development of a system to charge for waste contained in water discharges. These will have significant implications for our future performance and in shaping industry developments.

We also have long-standing partnerships with international bodies, national industry associations, collaborative forums and NGOs, such as the South Africa Water and Energy Forum and the Integrated Water Task Team for South Africa (IWTTSA).

At an operational level, we continue to engage with local communities to build trust by effectively managing water expectations and our impacts. We follow an 'avoid, minimise, mitigate' management approach. When necessary, we have shown that we

are prepared to delay project schedules until potential concerns or conflicts are resolved.

We regularly engage with suppliers to see where they can help us deliver on water efficiency improvements. Platinum, for instance, has a single supplier for all tailings management, with which it has formed a close relationship and realised significant operational benefits.

Water use: The volume of water used in primary mining activities in our South African operations in 2012 was 46 million m³ – a slight reduction on the previous year, mainly as a result of production losses at Platinum during the period of industrial action. In addition to targeting overall water reductions, we re-use and recycle as much water as possible, and in 2012, we met 52% of our operational water requirements in this way. Where possible, we also switch to lower water-quality grades to reduce our dependency on high-quality water. Currently, potable water accounts for only 17% of our total water requirements.

Improving the quality of the water we use and recycle remains a priority, not only because poor-quality water is harmful to the environment, but also because it can also be destructive to equipment and therefore detrimental to mining operations.

The volume and quality of water that can be discharged by our operations are predetermined by regulatory processes. Any unplanned discharges or breaches of legal requirements are reported as environmental incidents and addressed promptly.

We use a five-tiered scale to report the impact of an incident. Level 1 and 2 incidents are minor and, while remedial action is taken for every incident, they are not reported externally. Relevant authorities are kept informed about all incidents until they are resolved. During 2012, we confirmed seven level 3 environmental water incidents. These involved unplanned discharges and we took immediate remedial action to mitigate their impact. None of the water bodies were significantly affected by the incidents and various longer-term interventions are in progress to avoid repeat incidents. No level 4 or 5 incidents occurred.

Anglo American's exposure to acid rock drainage (ARD) in South Africa is limited to some of our Thermal Coal mines in Mpumalanga, where the geology is predisposed to acidity. We have mitigated the risk of ARD impact by developing a water reclamation plant in eMalahleni and two mobile water treatment plants. The water reclamation plant, built in partnership with

BHP Billiton and the eMalahleni Municipal Council in 2007, currently treats around 25-30 million litres (Mℓ) per day of acid mine water from four mines, which is then supplied to surrounding communities, and can support up to 80,000 people. Around 60%-70% of the treated water is pumped to the municipality.

We are currently expanding the facility to double its capacity, with a planned completion date of end-2013. In addition to addressing ARD at its point of impact by treating affected water, we also seek to prevent it from occurring in the first place, for example by designing our new mines differently, rehabilitating opencast operations concurrently, and effectively rehabilitating waste facilities.

In terms of the National Water Act of 1998, all our South African mines have approved integrated water use licence agreements (IWULAs) in place, with the exception of Platinum's Amandelbult mine. Amandelbult continues to engage with government and currently operates with a valid water permit under the old Water Act.

Climate change and energy

Climate change presents a significant global business challenge. The key risks we face are: increasing energy and compliance costs associated with new policy measures, including potentially significant costs from carbon pricing; changing demand for our products; and increased risks associated with the physical impacts of climate change on our operations and neighbouring communities. We recognise the need to take meaningful action towards addressing the causes of climate change, and to help protect our employees, assets, as well as the communities and environments linked to our operations, against its potential impacts.

We are in the second year of our 10-year climate change strategy, which strives to yield the following business benefits:

- reduced exposure to emerging carbon policies and increases in energy costs
- improved ability to influence the development of effective government policy
- increased access to opportunities in our markets
- improved resilience to the physical impacts of regional climate change.

Our implementation last year of a new Group-wide performance standard and guideline on how to manage energy and climate change, has resulted in a significant shift. For the first time, across the business, we have a detailed understanding of what is required for

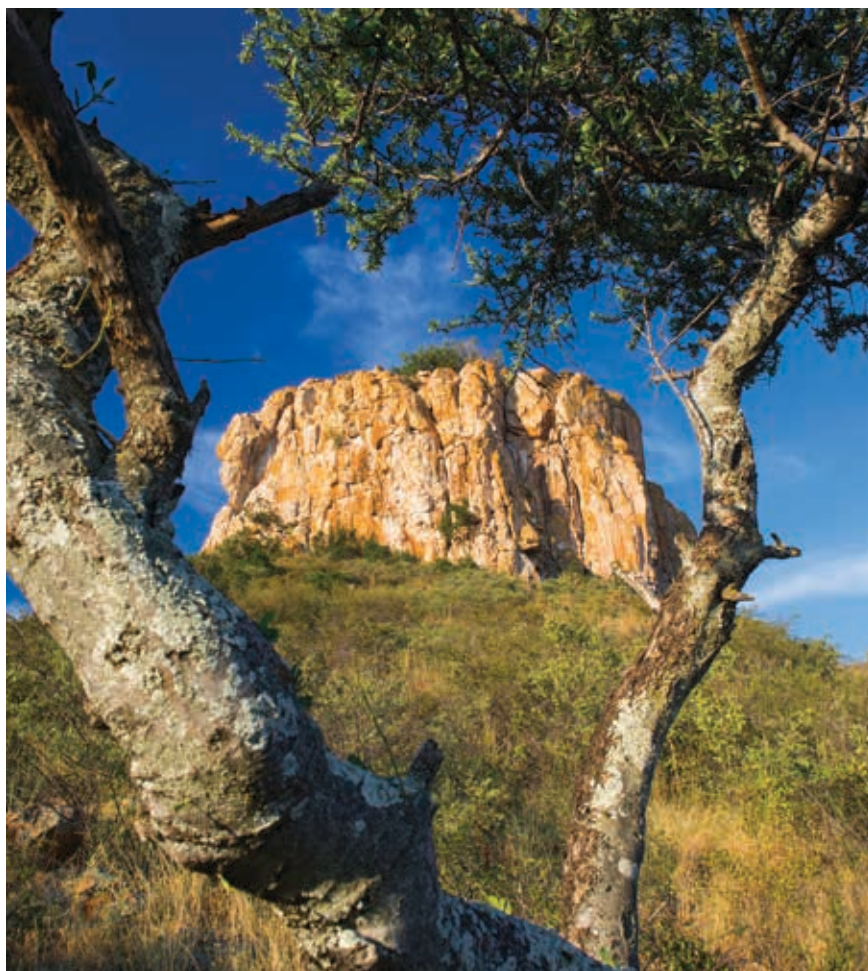
effective energy and carbon management. Climate change is now integrated into multi-disciplinary Group-wide risk management processes.

Our industry-leading energy and carbon management programme, ECO₂MAN, has enabled us to understand how energy management can be used to create additional business value. It provides a structured approach to achieve our objectives and it helps our people to understand their responsibilities and accountabilities.

In 2012, we analysed our performance data to identify where energy is being used, where opportunities exist to save it, and how to follow a standardised process to deliver savings. Each mine has a programme in place to continually improve how it manages energy usage, with targets to reduce consumption. Our approach to setting site targets against

business-as-usual projections allows us to account for variable operating conditions, and acquisitions or disposals, although the absolute percentage reduction will remain constant up to the target date of 2015.

Achieving our long-term milestones in energy management hinges on identifying and implementing innovative 'step-change' technologies. We are researching many opportunities with stakeholders and we have invested nearly R25 million to date in low-carbon technologies around the world. Our technology vision is to run cost-efficient low-carbon (if not carbon-neutral) mines by 2030. Our approach focuses on three areas: reducing how much energy we use; recovering and re-using some of that energy; and using alternative energy sources. In parallel, we continually investigate opportunities for carbon offsetting.



▲ 01 The sable and buffalo breeding project at Thermal Coal's Waterberg Estate is delivering on its goal to promote biodiversity and conservation in South Africa's Northern Limpopo region – 'Bulklip', a sandstone feature on the site which is of high biodiversity value.

Engagement and partnerships: We continue to work with governments, our business peers and other stakeholders to help shape equitable and effective climate change policies. We are especially active in discussions around a carbon pricing policy, and have welcomed the opportunity to participate in the debate and the development of a solid fact base to influence an effective carbon policy that is aligned with the country's development objectives. We also continually engage with the government regarding the national utility's intended price increases, which will see energy costs rise significantly over the next few years.

Reducing our footprint: Our South African operations' total greenhouse gas (GHG) emissions in 2012 were 8,31 million tonnes (Mt) of CO₂e, down from 9,48Mt in 2011. Our 2012 emissions data no longer includes spontaneous combustion in process emissions (which is partially responsible for this reduction) since it is not industry practice to do so, and there is no agreed scientific methodology. However, we continue to estimate and report this internally.

During 2012 we consumed 37,74 million gigajoules (GJ) of energy (down from 38,04 million GJ last year). This is partly due to disrupted production at operations, along with a large number of energy-saving projects that have been implemented.

Adaptation: In recent years, we have focused on assessing the potential physical impacts of climate change in a number of potentially high-risk operational regions and sites, including our Thermal Coal and Platinum operations in the Olifants River catchment. Building on this, in the first half of 2012 we worked with the UK Met Office to prioritise all projects across the Group in terms of when climate change 'time of emergence' signals will arise. We are now piloting a study to capture issues around climate and weather model data into project design.

Land stewardship and biodiversity

Our approach to land stewardship is governed by various mandatory Anglo American Environment Way performance requirements related to rehabilitation and the management of water, biodiversity, mineral waste and hazardous substances. These standards are underpinned by rigorous predevelopment social and environmental impact assessments to ensure that we proactively consider social and environmental matters in our planning. Our mine closure performance requirements and toolbox offer specific guidance on mine closure planning.

We focus on two core components of land management: rehabilitation (a key regulatory and financial risk for Anglo American), and the conservation of biodiversity (the variety of plant and animal life that provides a range of vital benefits, collectively known as ecosystem services). To help us maximise the value of land holdings and minimise impacts, we are developing new land management and biodiversity strategies that take an ecosystem services-based approach to risk management.

Our Environment Way rehabilitation performance standard follows the "avoid, minimise and mitigate" approach, and advocates early and thorough rehabilitation planning. The earlier we start, the better the result. Rehabilitation that takes place while the mine is operational reduces operational environmental risks (such as soil erosion and water pollution), improves the outcomes of our rehabilitation efforts, and is less costly in the long run.

We develop rehabilitation outcomes with stakeholders during the environmental impact assessment (EIA) process, and commitments are made to return land to a specified land capability potential and post-mining use. While stakeholders may agree to an alternative land use during the course of the life of a mine, it is imperative that such decisions do not alter the rehabilitation commitments in respect of land capability to keep post-mining land use opportunities as broad as possible.

Given the potential of mining activities to disturb habitats through land disturbance and land-use change and pollution, basic biodiversity management is a requirement within all our operational ISO 14001 management systems. Where our EIAs identify significant biodiversity risks or opportunities, operations develop standalone biodiversity action plans that balance ecological considerations and community needs.

We have proactively sought to gain an even better understanding of our biodiversity risks and opportunities, so that they are managed in the same integrated and rigorous manner as other business risks. The requirements of our new Group-wide integrated risk management standard have now been integrated into our current biodiversity performance requirements. The updated standard was piloted at our Los Bronces mine in Chile during 2012, and helped the mine more clearly relate biodiversity issues to its day-to-day operations, identifying some new risks.

Our biodiversity partner NGO, Fauna & Flora International (FFI), has also helped us to develop a consistent methodology for conducting high-level biodiversity risk assessments, which articulate the business case for biodiversity management.

In 2012, our South African operations had 205,898 hectares of land under our management control of which 44,346 hectares have been disturbed by our mining, processing and mineral-waste disposal operations and supporting infrastructure. So far, 6,271 hectares of that have been rehabilitated. This compares with 246,913 hectares in 2011, of which 41,673 hectares were disturbed and 4,244 hectares rehabilitated.

Every business unit contributes to controlled funds to meet the cost of our decommissioning, restoration and environmental rehabilitation liabilities in South Africa. At the end of 2012, the total value of those funds was R48,9 billion.

Waste management and air quality

We manage our waste and air quality risks and activities in line with the Anglo American Environment Way and according to its standards on mineral residue, non-mineral waste, hazardous substances, rehabilitation, and water and air quality. We follow the "avoid, reduce, re-use and recycle" waste management approach to ensure the least possible impact on human health and the environment.

We focus on the responsible management of mineral waste storage facilities, and carefully monitor structural stability through regular inspections and monitoring. Key environmental risks include surface and groundwater contamination, dust generation and spontaneous combustion associated with coal mining residues. Ground and surface water contamination risks are reduced through clean and dirty water separation, as well as dirty water collection, treatment and re-use. In some operations we have introduced fines dewatering technology to improve water recovery and reduce the risk of seepage from storage facilities. 'Wetting' of tailings dams, soil or rock cladding, and planting vegetation on waste facilities help to mitigate risks posed by dust. Wherever possible, we start rehabilitating waste facilities during the operational life of the mine.

Regular internal and third-party risk assessments and audits take place at our facilities as part of our drive for continuous improvement. In addition, all facilities are audited by our internal Technical

Solutions consulting function. The board's safety and sustainable development subcommittee annually reviews the outcomes of these audits.

The management of hazardous substances is subject to stringent legal requirements and is carefully managed and audited, both at the operations and at the receiving waste facilities.

All our operations have dust monitoring and control programmes in place. Our air quality performance requirements are based on European Union Standards and World Health Organization (WHO) guidelines, and apply throughout the lifecycle of projects and operations. Where air quality management is a material issue, we have air emission inventories in place to identify and better manage significant emission sources.

Once waste-reduction opportunities are exhausted, we actively explore the re-use of by-products. In some instances, this involves re-mining waste facilities, while in others, we research and test novel applications and uses for by-products.

Thermal Coal is involved in the development of a power plant that will convert low-quality discard coal from three of its collieries into electricity, some of which will be supplied back to our mines via the national grid. The 450MW plant will use a relatively new technology to generate power from waste coal that would otherwise have been dumped. The three participating mines together dump up to 4,5Mt of coal a year. The power plant will not only reduce the environmental impact of this discard, but it will also create jobs and provide inward foreign investment of around R112 billion to contribute to regional development (refer to page 68).

Another innovative example of waste recovery can be found at one of our Platinum mines, where the Vukuzenzele waste recovery project was implemented to minimise unsafe and illegal scavenging taking place at the operation's landfill site. Mine employees engaged with the community to understand their needs and waste reclaimers can now carry out their searches safely and with the opportunity to earn a legitimate income.

We work hard to ensure that our air quality remains within legal limits, and are proud to report that we have not had any significant incidents of non-compliance. Our most material Group-wide air quality issue relates to SO₂ emissions around our platinum smelters. These amounted to 20,076 tonnes of SO₂ in 2012 (up from 18,774 tonnes in 2011). We have started collecting Group-wide data on SO_x and NO_x emissions associated with the combustion of diesel and explosives.



▲ 01 Work on the Northam waste water treatment works.

SO₂ emissions

**20,076
TONNES**

around our Platinum
smelters in 2012

Sample analysis

Most of our samples are analysed at facilities based in South Africa. At Kumba, we had 100% of samples analysed locally compared to 87% in 2011. Thermal Coal* had 99% of samples undertaken locally (2011: 96%). Platinum had 95% of their samples analysed in South Africa and 5% in Australia. This facility is regarded as the only one that provides qualitative Nickel Sulphide (NiS) analysis at the volumes that were required, at a reasonable cost.

Report on analysis of samples for the year 2012

PLATINUM		
159,424	151,178	95%
THERMAL COAL*		
10,322	10,234	99%
KUMBA		
289,207	289,207	100%
DE BEERS		
4,157	4,157	100%
AASA		
463,110	454,776	98%
1. Number of all samples across the value chain analysed per annum (A)	2. Number of samples analysed at South African based research facilities and laboratories – internally or externally (B)	3. Percentage of samples analysed at South African based organisations (B as % of A)

* Including Mafube colliery



▲ 01 Geologists checking core samples at Zibulo colliery.

MINERALOGICAL RESEARCH UNIT ACQUIRES BEST PRACTICE SAMPLE ANALYSIS FACILITY

Anglo American has made a major stride towards ensuring that our samples are analysed locally with the acquisition of a state-of-the-art three-dimensional sample analysis facility. Our mineral research unit, together with Platinum, sponsored the purchase of the leading class 3D X-ray microscopy (XRM) unit. This will primarily be used for small sample analyses at high resolution focusing on platinum group minerals, and the characterisation of rock fragments at lower resolution for base metal research. Absorbency of coal and iron ore, and cross method comparisons, are additional potential applications.

Our mineralogical research at Crown Mines campus in Johannesburg is the largest mineralogical research facility of its kind and provides valuable Group-wide input on various processes. The department has played a key role in the development of techniques for examining and analysing ore samples and process products to identify the minerals and phases present. This is essential to understanding the intricacy of these minerals and how they behave during processing.

01 Inside the Sishen Iron ore Jig plant between a fine and medium ore size screen are Dedre van Wyk (plant operator), Collins Griqua (senior process controller) and Charles Shepherd (process controller).

02 Zibulo colliery – Diesel and surface crew
From front: Jaco, Thandeka, Xolani, Khetiwe and Jeffrey.

01 ▶

▼ 02



02

INVESTING IN OUR PEOPLE
WITH THE FUTURE IN MIND



ACHIEVING EQUITABLE REPRESENTATION IN OUR WORKFORCE

An aggregate of
60%
of our management
were HDSAs

Establishing a workforce that is demographically representative of our nation is a strategic business imperative. As one of the largest private sector employers in South Africa, investing in the development and transformation of our skills base is a focus as we strive to be an employer of choice and the world's leading global mining company.

Treating all employees equitably is a fundamental tenet of our employment practices. In our recruitment practices and training, development and leadership programmes, we strive to uphold the highest standards of employment equity (EE). EE legislation in South Africa promotes equal opportunity and universal fair treatment by eliminating discrimination and implementing affirmative action measures. In this way, through a unified approach, we seek to redress the imbalances of the past.

As part of the country's process of transformation, we must meet the Mining Charter's requirement that by 2014 HDSA employees make up 40% of each management level (junior, middle, senior and top management) as well as in the core and critical skills category.

We set ambitious internal targets, over and above those set by legislation, including targets to increase female representation, especially at management level. We continue to make valuable progress in promoting equitable representation across most levels of management and are well positioned relative to our competitors.

We achieved all the Mining Charter's 2012 EE targets. At the end of 2012, 60% of our management were HDSAs (an aggregate of employees from Thermal Coal, Platinum, Kumba, De Beers South Africa, AAESS and ACD), compared to 58% recorded at the end of 2011. Overall, HDSA employees represent 81% of our workforce in South Africa. Women now make up 15% of our employees in South Africa. Women hold 25% of management positions, with 7,042 women in core mining jobs.

The recruitment and retention of highly sought-after skilled HDSAs, particularly women, nonetheless remains a challenge, as the widespread lack of skills in South Africa has resulted in extreme competition for suitable candidates.

In seeking to meet and go beyond the expectations of the Mining Charter, our EE strategy and EE plans focus on integrating transformation and EE considerations with our talent management and people processes, and accelerating the recruitment, development and promotion of designated groups into occupational levels that are under-represented.

Initiatives including the "Knowing Me, Knowing You" diversity drive, the anti-discrimination Personal Change Programme, and the Values and Culture Journey, all support Anglo American's overarching human resources development plan, the People Development Way – a global capability framework detailing the behaviours, knowledge, skills and experience required to achieve our strategic objectives.

The Mining Charter 2012 targets for HDSA representation in mining companies are calculated according to two criteria:

- A minimum representation of 30% HDSAs at the top and senior management levels, and in core functions.
- The population profile of economically active people in the country.

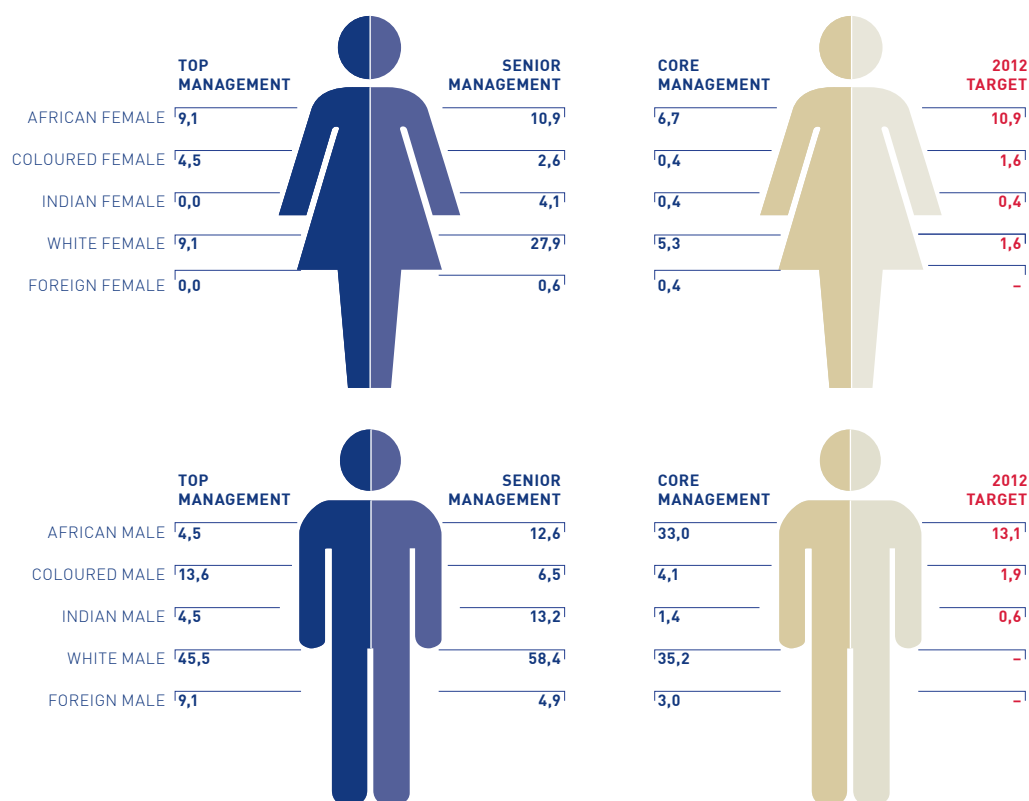
When based on 30% HDSA representation, the targets became 13,1% (African men), 1,9% (coloured men), 0,6% (Indian men), 10,9% (African women), 1,6% (coloured women), 0,4% (Indian women) and 1,6% (white women).



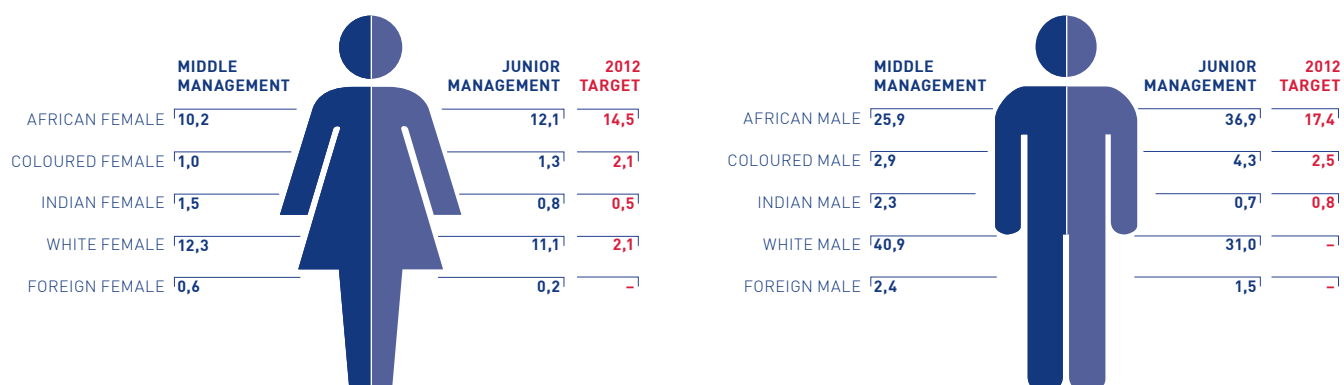
▲ 01 Bonolo Hamese is a mining engineer at De Beers' Venetia mine. She is pictured here with colleague, pit superintendent, Charles Moyana at the Southern viewpoint above the pit.

Anglo American's comparative performance: 2012 Mining Charter Target

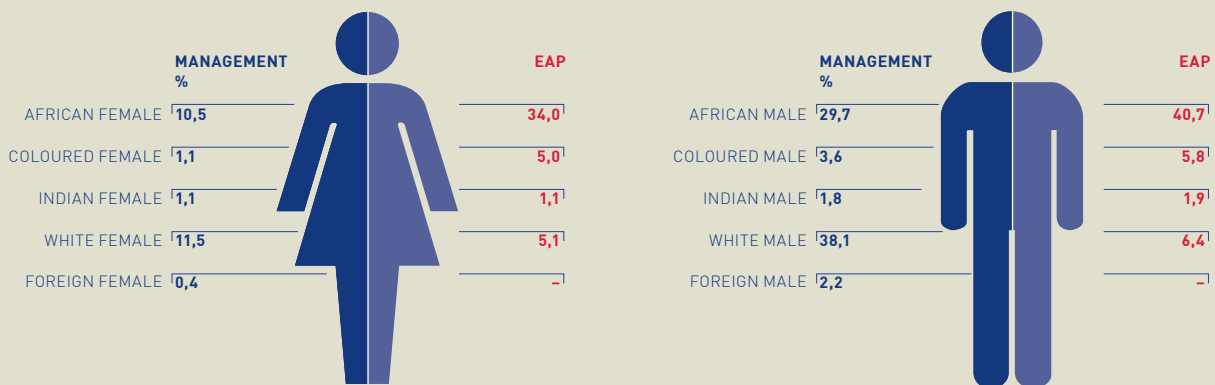
EAP distribution of 30%



EAP distribution of 40%



EAP vs aggregate management representation



THERMAL COAL

Thermal Coal has a consolidated EE plan in place to ensure meaningful transformation while also addressing the human resource requirements of its business. The plan addresses succession and experience planning, performance management, standardised work environment and facilities, cross operational promotions, recruitment procedures, training and development, improved analysis of employment opportunities for people with disabilities, and capacity and capability building of individuals and the organisation.

This plan is monitored and reported at operational level to ensure that each part of the business reflects the target demographics and is representative of Thermal Coal's overall transformation strategy.

Thermal Coal continues to make steady progress across target areas. In 2012, HDSA representation reached 35% at senior management level (30% in 2011), 53% in middle management (50% in 2011) and 64% in junior management (62% in 2011). This equated to an aggregate of 57% of HDSA participation in Thermal Coal's management structures (55% in 2011). As Thermal Coal is a division of Anglo Operations (Pty) Limited (AOPL) and is not a separately listed entity, the top-management level does not apply.

Women within Thermal Coal

In 2012, women made up 18% of Thermal Coal's workforce (17% in 2011), occupying 14% of core functions (13% in 2011) and 20% of management.

An active and robust cultural and gender diversity programme is helping to increase the intake of women. The programme strives to ensure equal opportunity, eliminating all elements of discrimination and barriers to the advancement of female employees. This is complemented by initiatives such as the Women in Mining forums aimed at facilitating successful transformation. Visible felt leadership (VFL) is important in attaining buy-in from both genders in these initiatives.

Thermal Coal has made significant investments in upgrading existing facilities for female mine workers so that female employees have access to safe and comfortable amenities.

Through robust workforce planning and recruitment, the business strives to develop its pool of female talent and build a stronger pipeline to achieve greater female representation in core functions. A well-established bursary scheme aims to develop suitable students who are then given professional career opportunities within the organisation. In 2012, 127 students, including 61 women, received bursaries.

Thermal Coal has introduced an initiative to fast-track the development of high-potential women across the business. Training and development interventions across various disciplines are in place, to help identify suitable high-potential candidates. Currently, 27 women have been identified as fast-track candidates and allocated a senior executive mentor. A further nine women have been appointed into senior management roles in 2011 and 2012, and receive continuous support and coaching to enable their success.



▲ 01 Keitumetse Hynes is a female haul truck operator on the Komatsu 960E trucks. She has been trained to use the Collision Avoidance system on the vehicles.

ACTION FOR WOMEN, BY WOMEN

Kumba partnered with the DMR to host the first annual Women in Mining Lekgotla in 2012.

The conference, was attended by women working in mining or supplying services to mines. The conference theme was "Safety, security and comfort for women in mining: towards a programme of action for women, by women". Core women mine workers, mine managers, operational managers and executives came together to discuss and map a guideline for the DMR as it seeks to address issues of safety and transformation in the South African mining industry.

In her opening address, the Minister of Mineral Resources, Susan Shabangu, raised concerns about the safety and well-being of women miners, given the uncharacteristic number of reported incidents of women miners experiencing harassment and inhumane treatment by fellow workers. She specifically cited an incident that occurred at one of Platinum's mines in 2012.

The challenges for women in the mining industry relate predominantly to a lack of support, and discrimination, based solely on gender. The Lekgotla was the first step in acknowledging these issues and will, in future, provide the platform to plan and implement ideas and specific interventions to empower and develop women in this industry.

Cornelia Holtzhausen, general manager at Kumba's Thabazimbi mine, presented on diversity and culture and shared Kumba's approach to women in mining and how they are working to change mindsets in their operations.

The outcomes of the first Lekgotla were to establish a programme of actions to be taken and to identify champions who will drive the resolutions that were adopted. These included the need to intensify awareness of sexual harassment; for women to play a role in policy development; and to conduct research and development around the ergonomics of operating underground plants and machinery.



▲ 01 Cornelia Holtzhausen, general manager at Thabazimbi mine, at the Women in Mining Lekgotla 2012.

KUMBA IRON ORE

In 2012, HDSA representation at Kumba was an aggregate 53% at management level, with 37% in senior management (37% also in 2011), 56% in middle management (53% in 2011); and 55% in junior management (53% in 2011). Kumba has proudly achieved an overall 81% HDSAs in the workforce. At the end of 2012, women made up 17% of employees (17% in 2011), with 13% in core mining positions (12% in 2011) and 19% in management.

The business is committed to employing at least 75% of its workforce from the Northern Cape, where the majority of operations are based, and has currently achieved

approximately 87%. Overall, by the end of 2012, around 80% of employees were sourced from communities and labour-sending areas in and around operations.

Human resource development is central in efforts to achieve a more equitable workforce. At Kumba this includes mentorship plans, succession planning, individual development planning, and constructive retention models. Through these initiatives, we seek to address the ongoing challenge of a lack of skills in the local mining industry.

Improving the current status

To increase succession pipelines for HDSAs, Kumba has implemented several internal career development initiatives, including regular career development panels with

focused discussions to determine the interest, potential, suitability and readiness of potential HDSA successors. Career exhibitions, focused on careers for women in mining, were held at a number of targeted schools in our operational regions.

Talent pipelines are yielding promising results. The Kumba bursar pool for the graduate programme has 69 bursars, of which 80% are HDSA and 64% are Africans. The graduate programme comprises 50 graduates, of which 72% are HDSA and 62% African, mainly in technical disciplines that ultimately feed into junior and middle management levels, once graduates have completed their formal training programme.

The business has also developed and rolled out a diversity management programme.

Throughout its operations, Kumba is strengthening its transformation efforts by:

- being responsible for achieving social and labour plans as well as transformation objectives
- ensuring that EE plans are presented and discussed at consultative forums, and that commitments are honoured by all stakeholders

- communicating targets clearly and openly, as well as the consequences of targets not being achieved
- monitoring and communicating progress each month.

This has helped to successfully instil a culture in which compliance and internal stretch targets are being considered in all employee movements and appointments, as well as in training and development decisions.

Promoting gender diversity at Sishen mine

Sishen has recruited young female artisans and operators employed at the mine to participate in road shows to schools and colleges, with the aim of encouraging young women to pursue a career in mining. Sishen's recruitment team has also partnered with government and local colleges to establish a bursary scheme and bridging programme, to assist women who apply to enrol in engineering/artisan learnerships in meeting minimum educational requirements. In addition, line management are now involved in the early stages of the recruitment process to secure their buy-in and support.

Sishen's Women in Mining committee is helping to ensure that potential barriers to women are identified and managed. The team has also introduced a rehabilitation functional assessment (RFA) to the selection process, to reduce the high percentage of new female recruits who are not physically fit for the demanding work in a mining environment.

These combined efforts have seen the overall proportion of female technical learners at Kumba's Sishen mine increase from 6% to 20% in the past two years.

Training centres throughout Kumba are leading the way by growing and appointing gender-diverse training officers, one example being the engineering training centre, which has a fast-track programme for female artisans to become technical training officers.

The results are encouraging: from 2007 to 2012, the overall number of women at Kumba's technical training centres more than doubled, from 567 to 1,139, while the number of women in technical support has more than quadrupled, from 156 to 727.

PLATINUM

Platinum's HDSA representation in 2012, using Mining Charter measures, was 50% in top management (51% in 2011), 40% in senior management (41% in 2011), 57% in middle management (56% in 2011) and 65% in junior management (63% in 2011). The total aggregate of HDSAs in management was 59% by the end of 2012 (58% in 2011).

Platinum has focused intently in recent years on achieving increased involvement of women in mining. The number of women in core skills has steadily escalated from 405 in 2005 to 4,686 in 2012, with 893 appointed in 2012. Progress has been accelerated by introducing fast-tracking programmes for women in both engineering and mining occupations, as well as targeted recruitment and improvements in the working environment, such as more suitable change-

PLATINUM CERTIFIED AS ONE OF SOUTH AFRICA'S BEST EMPLOYERS

In 2012 Platinum achieved the coveted CRF Institute's "Best Employer" certification, which indicates that the business has met stringent requirements and international standards, thereby qualifying as a frontrunner in human resources management excellence.

The certification is based on research into all critical areas of HR management and showed that Platinum has outstanding employee offerings in terms of:

- working conditions
- an attractive brand
- employing the best people in the business
- staff members who are warm, polite and respectful.

Then interim CEO (and current CFO), Bongani Nqwababa said: "Platinum is honoured to have received this seal of approval from the CRF, and to be recognised as a leading organisation in providing professional careers.

We welcome the certification as a reward for our consistent efforts to ensure equitable policies and practices, as well as ample career development opportunities for all our employees."



▲ 02 Then interim CEO (and current CFO) of Platinum, Bongani Nqwababa, accepting the award from CRF Institute CEO, David Plink, at a prestigious event in Kyalami on 29 August 2012.

PLATINUM WINS TOP GENDER AWARD

Platinum was recognised as South Africa's Top Gender Empowered Company in the Resources category at the ninth annual Top Women Awards in 2012.

Accepting the award, Khanyisile Kweyama, Platinum's then executive head of human resources (now executive director: Anglo American South Africa Limited (AASA Ltd)), said: "I would like to dedicate this award to the women in our organisation who are making their mark in

a previously male-dominated environment. It is also important to acknowledge our male colleagues who continue to work tirelessly to transform our organisation."

Platinum was recognised for:

- the recruitment of women from the surrounding communities
- extending opportunities for women across the Group
- changing the corporate culture by implementing the Personal Change Programme and Leadership Academy Frontline Supervisor Programme that instil corporate values that bring about sustained cultural change.



▲ 03 Khanyisile Kweyama, Platinum's then executive head of human resources (now executive director: AASA Ltd), accepts the Top Gender Empowered Company award on 8 August 2012.

houses, appropriate PPE and women's forums at all operations.

Women across the four management levels represented 20%, while 12,7% of women make up the total workforce. The percentage of women employed in management positions at the end of 2012 was: 12% in senior management; 22% in middle management; and 20% in junior management. There were no women executive directors on the board.

However, the employment of African women remains a challenge. Between 2011 and 2012 there were no changes in the number of African women in senior or junior management, while middle management increased slightly from 9,5% to 10,5%.

When taking into consideration the economically active population (EAP), Platinum has not yet achieved adequate numbers of African females. There is a

shortage of qualified African women, largely due to their late entry into the mining sector, and because many women fail to meet the inherent fitness requirements of the jobs. To address this shortage, Platinum has put women-specific quotas in place for participation in all training, learnerships, bursaries and fast-tracking programmes. A cadet programme is in place to address entry-level appointments.

Progress is slow, but steady. In 2011 a woman was appointed as a group safety manager and Platinum anticipates the qualification of two African women as mine managers; both are close to completing their certificates.

Platinum's values and culture journey

In February 2012, the results of the 2011 Values and Culture Survey were shared with employees. The survey aimed to measure the extents to which Platinum values were being "lived"; to determine the impact of the leadership academy and other programmes in support of the values; and to strengthen employees' engagement with the values and culture initiative.

The results indicated that employees at all levels were very aware of the values and there had been an improvement in living these values, notably in terms of safety. The results also showed an increase in valuing and caring for one another and a move towards teamwork.

Platinum subsequently adopted a five-phase programme focusing on organisational development through monitored implementation of action plans to address weak areas associated with the values.

Personal change programme

Platinum's personal change programme, launched in 2009 as part of Anglo American's broader culture change programme, was discontinued in the second quarter of 2012 due to budget constraints. At its closure, the programme had covered 40% of all employees (30% in 2011).

Driving gender diversity: Techno Girl programme

Platinum has annually contributed R50,000 towards the Techno Girl programme since its inception in 2009 by The Gauteng Department of Education (DoE) and UNICEF. The scheme targets young girls from poor families who are studying science and mathematics at high school, with the aim of growing skills in disciplines like engineering, finance, technology and mining. The programme provides shadowing opportunities to Grade 9 girls (three grades before university) during school vacations, for three years.

At the launch of the 2012 programme, the Minister of Women, Children and People with Disabilities commended Platinum for its work on the programme to date. This includes successfully tutoring four girls who have chosen to follow engineering careers. If they pass their subjects they will be placed at Platinum's Engineering Skills Training Centre (ESTC).

The DoE has since asked Platinum to become involved in the selection process for Techno Girl, particularly in choosing candidates for the subjects needed in science and mining careers. In 2012, 21 young women were selected to take part in the Techno Girl programme.

DE BEERS

De Beers has longstanding transformation plans and programmes in place at all of its South African operations. Progress is monitored and reviewed in consultation with organised labour and as part of De Beers' performance metrics.

The business has made good progress in achieving and exceeding the Mining Charter diversity targets for 2012: HDSA representation reached 35% at senior management, 53% in middle management and 74% in junior management levels. This equates to an overall 61% HDSA participation in De Beers' management structures.

Gender diversity and the employment of people with disabilities are important focus areas for De Beers. In 2012, 28% of its workforce was female, with 25% of management roles and 21% of all core roles being occupied by women. Several structures and processes have been established to accelerate the integration of women into the workplace. Through these structures the company continues to address the challenges and barriers that women face, targeting recruitment, talent planning and focused development initiatives. Together, these aim to increase the attraction, retention and promotion of women in the mining industry.

At the end of 2012, 57% of the individuals on De Beers' engineering and mining learnerships, and 64% (124) of community leaders who received education grants, were women. The objective of these grants is to support community learners towards achieving a higher education qualification and, in so doing, establish a community talent pool.

In association with the Ponahalo Disabled Persons' Trust, De Beers has developed a toolkit to promote the empowerment of people with disabilities through advocacy and employment opportunities. The toolkit fosters awareness and understanding with regard to the employment and integration of people with disabilities. Voorspoed mine in the Free State was used as a pilot site for the toolkit and has already achieved 2% representation of people with disabilities.



▲ 01 Doreen Botha Leepo and Magdelene Kagelelo Schalk preparing drill holes prior to blasting of Sishen mine at Kumba.

ANGLO AMERICAN EMEA SHARED SERVICES (AAESS)

Transformation within AAESS remains a strategic focus and every effort is being made to recruit HDSA candidates with the relevant skills and experience. The unit has visibly improved gender diversity in middle management and senior management levels. Initiatives including talent reviews, succession plans, focused recruitment and structured development plans, have been implemented to continuously upskill HDSA talent and equip individuals to take on bigger roles in the organisation.

AAESS has also rolled out a diversity programme to encourage employees to embrace their unique diversity and that of their colleagues. In 2012, HDSA representation reached 73% in senior management, 66% in middle management and 96% in junior management levels. Total HDSAs in management positions equates to an impressive 92%.

By the end of 2012, 71% of women in AAESS occupied senior management positions, 59% in middle management and 77% in junior management levels. In 2012, 75% of AAESS employees were women and 74% occupied management positions.

Establishing a conducive work environment

Focus groups to discuss work-life balance with employees provided valuable insight into what would create the best work environment for employees.

AAESS currently employs a high number of women in its transactional centres, many of whom have young children. There are times when childcare is problematic and they have no option but to bring their children into work. Being able to provide support and a safe environment in these instances is important for the individual and the company. Where necessary, AAESS also offers a day's holiday or a day's unpaid leave to allow mothers to stay at home until they can make alternative arrangements.

Offering more flexibility in working hours is a unique selling proposition that is not offered by other employers in the locations where AAESS operates. This division plans to introduce a more flexible working day that allows employees to choose the times that they start and end their working day to better suit their children's school times and travel arrangements. This may also include giving employees the option of working on Saturday as an alternative to one weekday.

By giving employees work targets to achieve within well-defined parameters, as opposed to just 'filling time', AAESS hopes to make employees more productive and motivated to complete their work quickly and accurately.

ANGLO AMERICAN'S CORPORATE DIVISION (ACD)

ACD's employment equity performance has surpassed 2012 targets. As ACD is a division of AOPL and does not have a board of directors, the top management level does not apply. Senior management has 32% HDSA representation; middle management is at 61%; and junior management at 82%. Women make up 37% of the total workforce, with 24% in core functions and 36% in management positions.

The mining and technical disciplines of ACD have long-term initiatives in place to ensure they attract and retain HDSAs by:

- exploring opportunities to accelerate the development of employees at middle management levels; in 2012 the mining and technical talent meeting identified seven HDSA candidates as emerging talent
- accelerating each individual's development with training and coaching
- using employer and employee networks to attract HDSA candidates, as well as investigating the use of platforms such as LinkedIn, and reviewing the incentives for employees in this space
- exploring ways of attracting talent from various Anglo American operations into the mining and technical disciplines, either as permanent placements or on secondment; for example, in 2012 the geosciences team appointed an HDSA candidate on a three-year secondment from Thermal Coal at senior management level
- giving even more HDSA-bias to bursar and graduate recruitment
- ensuring that current HDSAs are given the right development programmes, and that their pay is properly benchmarked.

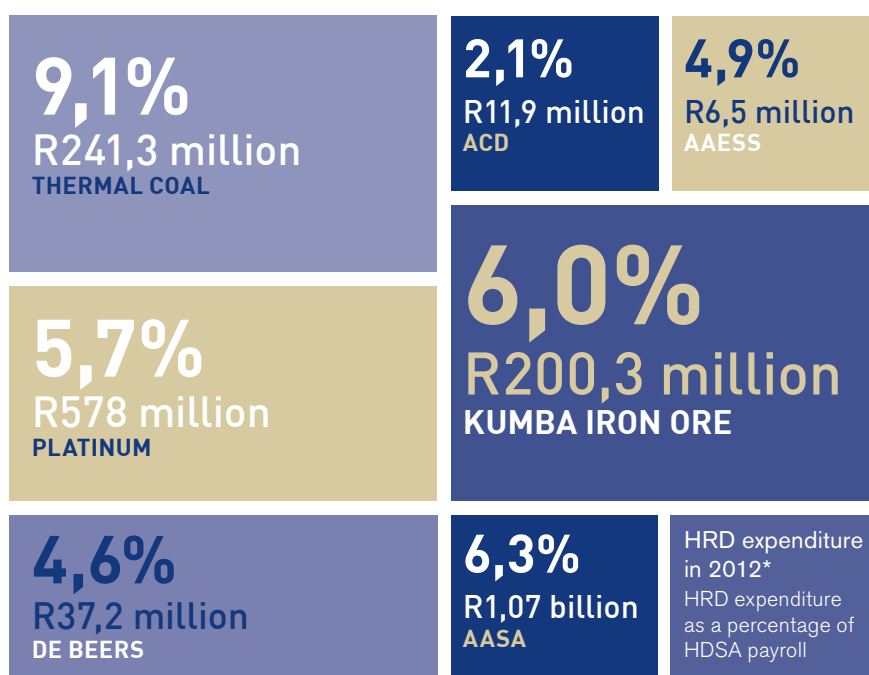
INVESTING IN OUR SKILLS BASE

Our employees are as vital to our success as our mining assets, as it is ultimately they who realise our ambitions and deliver our strategy. We therefore need to have processes in place to attract and retain the best talent, provide opportunities for personal development, recognise and reward excellence, encourage diversity and protect employee rights.

Human resource development (HRD) is a vital strategic tool to achieve our employment equity targets and is an integral part of social transformation in the workplace.

The Mining Charter requires that mining companies invest a percentage of annual HDSA payroll (excluding the mandatory skills development levy) in essential skills development activities reflective of the demographics. Our operations have consistently exceeded the charter's minimum requirements. In 2012, the target was 4%. Thermal Coal invested 9,1% of payroll in its HDSA skills base, Kumba 6%, Platinum 5,7% and De Beers 4,6%. Only ACD fell short of the target, spending 2,1% of payroll. The combined investment of our South African operations totalled R1,07 billion, representing 6,3% of the HDSA payroll.

Total HRD expenditure on HDSAs (2012 Mining Charter target: 4%)



* Excludes the mandatory skills levy. Figures include only the licensed operations

We have made significant progress over the years in providing basic literacy and numeracy to our employees and community members through ABET programmes. Related initiatives include bursaries, scholarships, learnerships, support for tertiary education and other programmes that vary across the business units. All programmes are supported by campaigns to encourage employees to participate, along with mentoring and career path initiatives.

Anglo American's approach to HRD at all business units includes employee training, specific career development interventions, performance management and development, coaching, mentoring, succession planning, and high-potential employee identification and fast-tracking. We constantly evaluate whether we are matching the right people to the right development programmes, to ensure that training investment is effective. Measures of success include reduced levels of staff turnover, enhanced employee retention, promotions and permanent employment of graduates.

Training initiatives are aligned to the Anglo American People Development Way, a global capability framework that defines the competencies required for the development of its business leaders.

Adult basic education and training (ABET)

Promoting literacy is essential in building empowered employees and communities. The ABET programme is run by our businesses and the corporate centre office in South Africa, and provides general education to adults who have not all had access to formal schooling. A total of 789 learners enrolled for ABET programmes in 2012 across our South African operations. Of these, 507 were employees, 280 were community members and two were contractors.

Learnerships, bursaries and PITs

Learnerships enable employees to improve their skills through theoretical and practical training, and can lead to qualifications recognised by the Sector Education Training Authority (SETA) and the Department of Labour (DoL).

In 2012, a total of 1,230 learners participated in learnership programmes. Of these, 74% (916) were HDSAs, and 18% (226) of the total learners were women. To date, 46% (569) have completed the programme.

Bursaries are awarded to high-performing individuals who potentially create a pool of competent future employees for Anglo American. A total of 552 bursaries across a variety of fields were awarded in 2012.

The professionals in training (PIT) initiative is a structured programme that exposes graduates to the world of work. The 24 to 36-month programme remains an innovative way to address the training of technical graduates, technicians, technologists and non-technical graduates alike. It also includes other skills such as report writing, personal development, Excel for engineers, aptitude profiling, safety and management skills. In 2012, we had a total PIT intake of 474 individuals across our South African businesses.

HRD performance

	THERMAL COAL	PLATINUM	DE BEERS	KUMBA	ACD	AASA
2012 INTAKE						
Learnerships	278	427	75	450	–	1,230
Total ABET training	166	489	41	93	–	789
Employees	34	360	41	72	–	507
Community members	132	127	–	21	–	280
Contractors	–	2	–	–	–	2
Bursaries and scholarships	127	315	21	69	20	552
Professionals in training/ graduates (PITs)	137	259	24	48	6	474
COMPLETED IN 2012						
Learnerships	89	257	48	175	–	569
ABET training	–	182	–	104	17	303
Bursaries and scholarships	40	55	17	11	7	130
PITs	13	25	10	4	2	54
HDSAs						
Learnerships	236	232	55	393	–	916
Bursaries and scholarships	106	263	13	55	7	444
PITs	117	209	21	35	2	384
WOMEN						
Learnerships	61	44	20	101	–	226
Bursaries and scholarships	61	17	17	34	2	131
PITs	48	78	11	17	1	155

Tertiary education

The shortage of basic and specialised skills within the mining industry is linked to low numbers of learners entering technical study fields, where mathematics and science is required. This results in lower throughput and quality of graduates in the fields of mining, metallurgy and geosciences. These graduates are essential for companies in the mining sector to maintain the necessary pipeline of talent and sought-after skills.

A further challenge is to retain well-qualified and experienced lecturers in mining, metallurgy/chemical engineering and geology. Comparable positions in the industry are more attractively remunerated.

A collective industry plan to address this led to the formation of the Minerals Education Trust Fund (METF) in 1999, which provides a means to:

- pool industry resources to support tertiary education in the South African minerals industry
- jointly seek solutions to tertiary education challenges
- achieve a cohesive approach to providing industry support.

The METF aims to supplement lecturers' salaries to enable institutions to retain critical staff in these departments and thus provide a high quality of lecturing. Since its inception, there has been a steady improvement in staff retention as well as in the ability to attract new employees into those departments in the targeted institutions.

Members of METF contribute a set amount per graduate employed in the three disciplines of mining, metallurgy and geosciences. Collectively, members contributed more than R30 million to the fund in 2012, to support departments at nine universities across the country.

Global leadership training

Anglo American's leadership development programmes include the Programme for Management Excellence (PME), which seeks to enhance the leadership skills of global managers to meet the changing needs of the organisation, and The Achiever Programme (TAP), which aims to develop the leadership potential of emerging talent through a series of stimulating challenges delivered in three one-week study blocks.

Anglo American's contribution to METF in 2012

METALLURGY/ CHEMICAL ENGINEERING

NUMBER OF GRADUATES

450

CONTRIBUTION OF

R5m

MINING

NUMBER OF GRADUATES

490

CONTRIBUTION OF

R5,5m

GEOLOGY

NUMBER OF GRADUATES

323

CONTRIBUTION OF

R3,7m

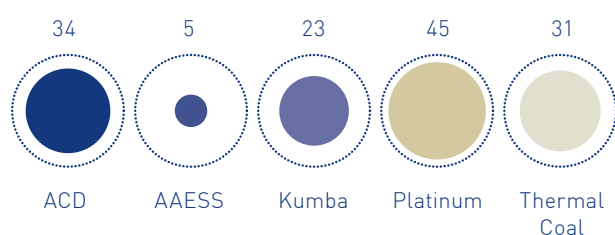


IN 2012, THERE WAS A TOTAL CONTRIBUTION OF

R14,2m

Anglo American in South Africa: Global leadership training in 2012

PME



Total: 138

TAP



Total: 38

THERMAL COAL

Thermal Coal spent R241,3 million on HRD training for HSDAs in 2012, representing 9,1% of HDSA payroll and a significant increase on the R191,1 million invested in 2011.

ABET

Thermal Coal has provided ABET to employees for more than two decades and anticipates that all members of its workforce will be functionally literate within the next seven years. In 2012, 34 employees and 132 community members enrolled for ABET courses.

While mine-based ABET centres are extensively used by employees' dependants and members of host communities, many who could benefit from developing their literacy skills, are reluctant to participate. Reasons include believing they are too old to learn, or will not learn as fast as younger participants, or the pressures of shift work. Thermal Coal continues to explore ways to address these concerns.

Learnerships

In 2012, 278 people enrolled in learnerships at Thermal Coal, of whom 89 have successfully completed their learnerships and trade tests.

Bursaries and PITs

Through its well-established bursary scheme Thermal Coal continues to develop high-potential students and provide access to professional career opportunities within the organisation. In 2012, bursaries were awarded to 139 students, of which 85% were HSDAs and 57% were women. Thermal Coal

aims primarily to attract bursars from the areas around its operations and has launched various drives to improve mathematics and science tuition at local high schools.

Many of the bursars who complete their degrees go on to become part of the PIT initiative, a structured programme that exposes graduates to the world of work. Thermal Coal had 32 PITs in 2012. PITs are inducted through a series of presentations relevant to their future roles within the company, covering topics such as Anglo American's values and approach to business integrity, the importance of a healthy lifestyle, the People Development Way and the revised performance management system.

Safety training

During 2012, Thermal Coal employees attended Anglo American's Safety, Health and Environmental Risk Management Process (SHE RMP) training, which equips employees with the knowledge and practical skills to perform job safety analysis risk assessments, and to evaluate such analyses performed by those they report to directly where applicable. A1 level training, for all employees, and A2 level, which targets junior management employees, is continuous, and has now moved into the refresher phase.

Leadership training

Thermal Coal requires its managers to participate in the Safety Leadership Programme to ensure they have the knowledge and critical skills that leaders need to contribute to the achievement of zero harm. In 2012, 61% of managers attended this programme. This was down from 75%

in the previous year, as the target population has increased to include PITs and additional first-line management positions.

During 2012, 31 employees attended PME and 11 employees graduated from TAP.

KUMBA IRON ORE

Kumba spent R200,3 million on HRD training for HSDAs in 2012, representing 6,0% of HDSA payroll and twice the expenditure in 2011.

Informed by Mining Charter guidelines as well as its own needs for development, Kumba manages a wide variety of training initiatives. These include formal training programmes, mentorship, career progression plans, study assistance and training in portable skills for employees who are nearing normal or medical retirement so that they are more employable once they leave the organisation.

ABET

Around 95% of Kumba's workforce is functionally literate. To increase this percentage and to extend the opportunity to the broader community, ABET is available throughout Kumba operations on a part-time voluntary basis. In 2012, 72 employees participated.

Learnerships, bridging school, bursaries and scholarships

In 2012, Kumba registered the following learnerships: 128 mechanical engineering, 95 electrical engineering, 38 civil engineering and 189 mining metallurgy. All 450 participants were acknowledged as being proficient in the skills acquired and a total of 138 artisans were trained.

In an effort to improve the maths and science performance of students wanting to enter tertiary institutions, Kumba sponsored 12 local learners to participate in a bridging programme in 2012. The business invested R9,4 million in supporting 69 employees and learners from host communities and labour-sending areas to study in core mining disciplines.

PITs

In 2012, there were 48 PIT participants at Kumba, of whom 35 were HDSAs.

Management development

More than R3,7 million was spent in 2012 on formal studies and management and leadership development programmes for 51 employees, of whom 25 were HDSAs. In total 23 employees attended PME, four attended the Anglo Management Programme (AMP), three graduated from TAP and one employee completed the Leaders in Anglo (LiA) programme.

Career development

Career development panels (CDPs) further support leadership development by assisting managers to understand the career aspirations of employees as well as areas that require further development. Kumba held 79 CDPs in 2012 to facilitate employee development.

PLATINUM

Our Platinum business spent R578 million on HRD training for HSDAs in 2012, representing 5,7% of HDSA payroll and a 3,2% decrease on expenditure in 2011 (R597 million).

Platinum's investment in HRD is aimed at developing potential and current employees, with a strong focus on women and HDSAs.

ABET

Platinum continues to invest significantly in ABET, providing access to recognition of prior learning (RPL) so that every learner writes a placement assessment before enrolling. In 2012, 489 people (360 employees, 127 community members and two contractors) registered for full-time ABET, with 182 of those completing a level of training. A further 1,987 shift workers registered for voluntary own-time programmes, with 418 completing their respective levels.

Recruitment

In 2012, around 48% of all candidates recruited externally for scarce and critical positions in middle management and above were HDSAs, of which 5% were women. Talent development initiatives such as the graduate development programme (GDP) and other training and development interventions contributed to the improvement in these numbers.

Additionally:

- 25 graduates from the advanced GDP were appointed as metallurgists
- 70% of the mine overseer appointments, 52% of safety officers and all section manager appointments were internal promotions
- 82% of the shaft rock engineer appointments were Platinum's own strata controllers, who have successfully obtained their Chamber of Mines' certificates
- 62% of all promotions were internal.

Integrated HRD

Platinum's integrated and holistic HRD strategy is aimed at identifying individual potential at all levels, giving employees the opportunity to obtain skills and competencies to advance along a predetermined career path. During 2012, 3,856 employees were assessed and 2,326 new individual development charters were developed. To date, 13,010 employees have a charter in place based on agreed development plans, while a further 1,976 employees were promoted as part of Platinum's talent development plan.

Young professional development

The Young Professionals Scheme feeds the pipeline of future leaders for the Platinum business and helps to meet EE objectives by providing bursaries and graduate in-training programmes. Around 83% of bursars on the scheme in 2012 were HDSAs.

Fast-tracking programmes

Effective implementation of fast-tracking programmes can help address the shortage of business critical skills, while helping businesses to comply with legislative requirements.

A national scarcity of female engineers has prompted a drive at Platinum for higher female intake. Women are recruited from the National Skills Accord Programme, a partnership between the government and Platinum aimed at addressing the shortage of critical and scarce skills. These students spend six to 12 months of their practical

training with the company. After completing their electrical or mechanical engineering studies at tertiary institutions, those who show potential for further development are entered into fast-tracking programmes.

Currently, five engineering development fast-tracking programmes are in place:

- Foreman development programme
- Measurement control and instrumentation
- Planned maintenance officer programme
- Training toward the Government Certificate of Competence (GCC)
- Project manager training.

Of the 59 employees who participated in these programmes in 2012, 31% were women; and of the eight employees placed in substantive positions within the company, 50% were women.

Platinum also runs a series of mining fast-tracking programmes that are yielding promising results. In 2012, 192 employees participated in shift supervisor courses, 39 in a mine overseer course, and 13 in section manager courses. Six participants obtained the mine overseer Certificate of Competency, while four obtained the mine manager Certificate of Competency. Of the three women who participated in the section manager Certificate Course, one was promoted to a safety manager's position.

Of the two participants in the Mineral Resources Management (MRM) programme, one was appointed as an MRM manager.

Safety training

Platinum's strong focus on safety training continued in 2012 with 38 safety trainees, including 11 women, completing the training. Three trainees were subsequently appointed as safety officers. The safety on-boarding programme was launched in October 2012 and 13 new employees successfully completed the programme in the first two months. Furthermore, 5,175 employees completed Safety Risk Management Process (SRMP) and "Commitment to zero harm" training.

Platinum's Group Standards Committee was established in 2012, with HRD being acknowledged as an important stakeholder. The committee adopted the learning from incidents (LFI) tracker tool, which will be a standing item from 2013 onwards. This tool was developed in order to record all learnings from fatal accidents, how these relate to HRD, the agreed action plans, the implementation progress, as well as the close-out status.

Anglo American's approach to HRD at all business units includes employee training, specific career development interventions, performance management and development, coaching, mentoring, succession planning, and high-potential employee identification and fast-tracking.

Critical skills development in engineering

By the end of 2012, 427 learners were in engineering training, with 84 having qualified, including 68 HDSAs. Close to 40% of this group were existing employees. Overall, 97 women (21%) were spread across trades.

Platinum recruited 81 learners from the communities in which it operates. They are all registered on learnerships in different engineering disciplines and will qualify as artisans in 2013. The Medium Voltage Scheme training drive for artisans continued in 2012, with 594 employees participating. The company has also implemented the engineering foreman, senior foreman and specialist schemes. To date, 159 certificates have been issued for mining and 77 for processing.

Four winding-engine drivers and 10 onsetter learners successfully completed their qualifications following the alignment of this training to the new national Mining Qualifications Authority (MQA) requirements.

Critical skills development – mining-related training

Platinum's Operational Skills Development (OSD) department provided additional training to 109 replacement miners during the miners' strike.

The development of learning material for 14 critical skills was completed using a new approach and methodology. The initiative also saw the introduction of "Safe Profitable Platinum" into all new material.

An internal quality assurance audit was conducted on the training delivery system at the Anglo American Platinum School of Mines services and across Platinum's operations. The OSD team, in conjunction with staff at the School of Mines, implemented a continuous improvement plan to address all non-conformance areas by the first quarter of 2013.

Bathopele mine's Mechanised Training Centre maintained Mining Qualifications Authority (MQA) accredited provider status during 2012. The centre also achieved 391,108 fatality-free shifts on 25 November 2012 and 1,282 incident and injury-free days despite conducting all practical training in the underground environment where the blasting cycle was maintained. By the end of 2012, a total of 2,687 learners obtained certification and/or qualifications. In addition, 13 learner miners attended the "Rock Breaker Learnership" specifically developed for mechanised mining.

Course development and new mining technology

Learning and course development: The newly developed learning material for the 14 critical skills as well as various other non-critical skills was updated to incorporate learning from incidents and newly defined process requirements. Hazards, energies, causes and controls were also added.

Seven 'fast forward' modules were designed and developed as well as three new courses for the miner, shift supervisor and mine overseer. These courses were developed to efficiently address shortcomings in daily work delivery, and will be supported through a Platinum Leadership Academy framework.

New mining and HRD technology

Common standards and procedures were reviewed and where necessary converted into an electronic format for easy access through computer-based programmes and the intranet. Computer-based training was implemented at the School of Mines as well as the other operational training centres. The newly designed, technology-driven learning material will be piloted at the School of Mines and Bathopele Mechanised Training Centre.

Three new 3D Virtual Reality programmes were designed: hazard identification training system programme for Mogalakwena; stope face marking; and interactive geology. Platinum also designed and developed a new conventional advanced strike gully and breast face prototype, a nine-hole burn cut 'hole director' and laser technology for marking mechanised nine-metre board to enhance drilling accuracy and speed.

Mining Training Centre (MTC) east project

The MTC east project made encouraging progress in 2012, despite enduring budget constraints. The mining excavation of the lecture room and model area was completed. Temporary lecture rooms were established and training equipment has been delivered.

Services – human resources and finance

Overall, 3,856 psychometric assessments were conducted to identify learning potential in these areas, and 2,326 function-specific individual development charters were drawn up.

Platinum's new Finance Leadership Academy programme produced its first 30 graduates and their positive feedback has ensured that the course will continue in 2013.

In 2012 we continued embedding the human resources People Development Way which, among other things, explains the 70:20:10 principle of the Anglo American learning

delivery system – 70% of learning should take place on the job, 20% from peers and 10% from formal learning.

Management leadership training

In 2012, 47 of Platinum's first-line managers attended the Junior Management Programme (JMP) and 60 senior managers graduated from the PME. Over the course of the year, 502 managers attended mentoring workshops.

Talent management

Effective employee engagement includes ensuring that employees understand and appreciate the company's objectives and their respective roles in achieving them. In 2012, Platinum focused on having one-on-one conversations with high-potential employees to understand their aspirations, goals, desired development and what can be done to ensure that they stay with the company.

DE BEERS

De Beers spent R37,2 million on HRD programmes for HDSAs in 2012, representing 4,6% of HDSA payroll. A spectrum of training initiatives includes: health and safety and technical training; diamond sorting and supervisory learnerships; bursaries and study assistance; as well as leadership development programmes. Development initiatives are geared towards supporting transformation objectives and include training for community learners, thereby enhancing skills levels within local communities.

Educational levels and functional literacy

All of the De Beers Group Services (DBGS) permanent employees are functionally literate, the lowest level of education being NQF level 1 (equivalent of ABET 4 or Grade 9 in secondary school). Around 90% have an NQF level 4 (Grade 12 equivalent) qualification or higher.

The South African mining operations (De Beers Consolidated Mines (Pty) Limited or DBCM) have a minimum entry requirement of Grade 12. Less than 3% of employees do not possess a Grade 12 certificate and they have been offered opportunities to achieve this level of education through self-study, computer-based and classroom-based learning. With the establishment of the Quality Council for Trades and Occupations (QCTO) and the focus on attaining the Foundational Learning Certificate (FLC), a number of employees have the opportunity to complete the FLC certificate full-time over a five-month period.

Diamond Trading Company

The Diamond Trading Company South Africa (DTC) division has a fully accredited Diamond Academy, which focuses on developing technical diamond skills, both within the company as well as for external stakeholders, increasing the overall diamond knowledge and capability of the diamond industry.

The DTC also runs learnerships, through which employees can improve their theoretical and practical skills in supervisory management and diamond sorting, potentially leading to qualifications recognised by SETA and the DoL. DTC spent R1,1 million on learnerships in 2012, in three fields:

- Diamond design and evaluation (NQF level 4) – six trainees
- Supervisory learnership aimed at team leaders – nine trainees
- Instrumentation mechanical – one trainee.

These learnerships were specifically identified to close scarce skills gaps and to develop leadership capabilities. Of the 16 trainees, all are HDSAs and three are women.

Technical training programmes

With the establishment of the ISO accredited Kganya Human Resource Development Centre at De Beers' Voorspoed mine in 2012, each of the DBCM mining operations now has its own accredited training facility. In 2012, training initiatives included:

- technical learnerships in general trades such as electrical, fitting and boiler making engineering
- women in mining programmes at operations that focus on technical learnerships in engineering and mining
- 80 weeks of experiential training in electrical, mechanical, fitting and turning engineering trades, provided at DBCM operations and in partnership with the Department of Public Works
- learnerships focusing on supervisory skills.

The De Beers Technical Training Campus (TTC) in Kimberley completed a total of 31,353 training days in 2012. This represents a 1% increase compared to the same period in 2011. The current training split is 20% DBCM employees and 80% external learners.

Safety training

A total of 5,677 DBCM employees and contractors have been trained in SRMP between May 2010 and December 2012, representing 97% of individuals working on DBCM sites. Emphasis is now placed on ensuring the continued application of knowledge attained through this programme.



Graduate and professional development programmes and initiatives

One of the vehicles used to improve De Beers' technical capacity is through its various graduate and professional development programmes. These include, among others:

- A company-approved study assistance scheme that provides 100% financial assistance towards attaining a recognised qualification with an accredited tertiary educational institution. In 2012, 43 employees participated, of which 25 (58%) were women.
- In 2012, 23 graduates were entered into the De Beers postgraduate training programme, a structured two- to three-year development plan that exposes graduates to the world of work and assists them to learn and develop within the organisation. On completion, the candidate is usually promoted to the professionally qualified occupational level. In 2012, 10 (44%) of the graduates were women.

- DBCM offers practical training to students and bursars in the form of vacation work and experiential training. Two female interns were employed in 2012, and the company currently has five female bursary holders in the engineering, mining and metallurgy disciplines. This will increase to 12 in 2013.
- The De Beers Professional Management Development Programme (PMDP) assists employees in management positions or with management potential to enhance their knowledge and skills, enabling them to deliver in their current positions, while preparing them for future roles. After completing the PMDP, participants receive a BSc (Honours) degree in Industrial Technology and Management. The PMDP also empowers participants to grow personally and professionally by providing theoretical and practical skills to become competent senior managers. Twenty employees participated in the programme during 2012, of whom 15 were HDSAs.

- A well-established Supervisory Development Programme aims to equip first-line managers with the knowledge and skills to develop, lead and inspire high-performance teams. In 2012, 21 women completed this programme.

AAESS

AAESS invests in a number of learning and development initiatives to support the continuous development of employees, and to support Anglo American's ambition to become the leading global mining company. During 2012, HRD expenditure on HDSAs in AAESS totalled R6,7 million (up from R6,3 million in 2011), which equates to 4,79% of HDSA payroll.

Safety

AAESS remains committed to ensuring that employees are safe, both at work and outside of the workplace, and continued to build on the safety and development initiatives introduced in the previous year. During 2012, 50 employees who are regular road travellers were trained in defensive driving tactics, with the aim of improving driver awareness, reactions and safety while driving. A parallel initiative, to reduce business mileage (for example, by conducting business meetings via teleconference or video conference whenever possible) resulted in a 40% reduction in kilometres driven by employees for business.

Practical management training

AAESS introduced a second iteration of the Practical Management Training (PMT) programme aimed at providing managers and supervisors with the basic skills required to manage and lead more effectively. The PMT consists of seven modules customised to suit the AAESS operating environment, namely: emotional intelligence; managing people for results; leading through change; performance coaching; relationship intelligence; thinking and problem-solving; and customer experience management. In 2012, a total of 57 managers attended the PMT programme.

Leadership forums

Good people management is critical to ensuring effective employee engagement, high performance in teams and quality service delivery. In support of this, AAESS introduced a quarterly leadership forum in 2012, attended by 104 managers. Each forum aimed to help managers develop their people management skills, covering topics such as the importance of management style, change management and holding difficult conversations.

The Global Shared Services (GSS) People Way

During 2012, AAESS launched the GSS People Way, which outlines the experience, knowledge and skills required for success in AAESS. This information describes seven subdisciplines – service leadership, service management, service quality and business improvement, and service delivery – as well as a generic role profile for each. It also includes the 10 technical competencies required within AAESS, guidelines for each of these and examples of possible career paths. The GSS People Way is specifically designed to help employees identify the competencies they need to develop and the roles to which they aspire.

Study assistance

AAESS encourages employees to improve their academic qualifications and in 2012 provided financial assistance to 39 employees to support their part-time studies. These included courses in business management, finance, human resources and payroll, to develop skills required to deliver quality service in a shared services environment.

ACD

ACD spent R11,9 million on HRD training for HDSAs in 2012, representing 2,1% of HDSA payroll. Training initiatives are aligned to the People Development Way global human resources programme.

ABET

All 17 learners who participated in the ABET programme in 2012 completed it by the end of the year.

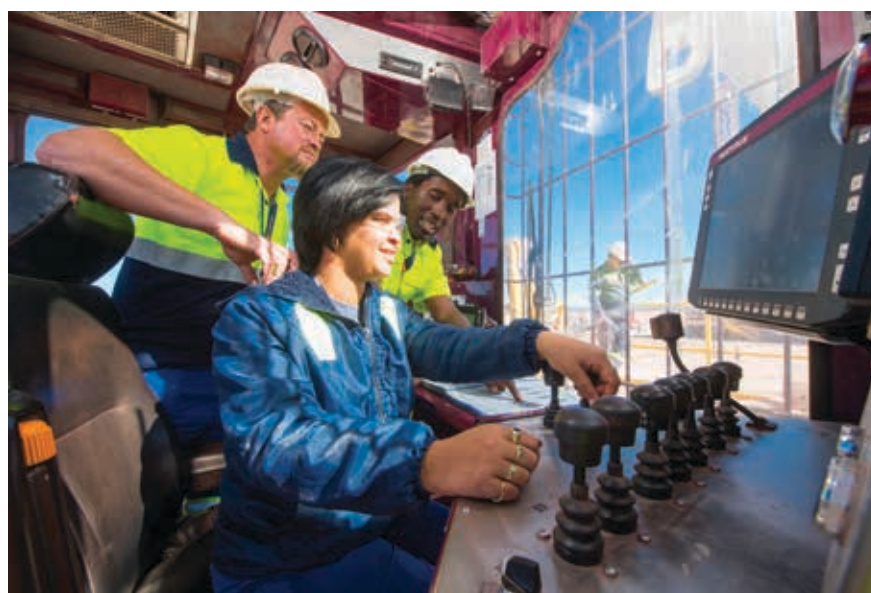
Bursaries and scholarships

During 2012, ACD provided full bursaries to 20 students (all HDSAs) at recognised universities throughout South Africa, to study in disciplines that are aligned to its business requirements. More than 40 employees made use of a part-time in-house bursary scheme to further their education.

ACD is building a pipeline of emerging talent through Building Leaders and Shaping Talent (BLAST). This programme attracts bright young talent exiting universities and provides them with broad exposure to the business by moving them across three different positions on at least two continents over a five-year period. This programme has been in place for nine years and currently has 48 candidates and alumni working throughout the organisation.

Leadership development

The ACD offers a range of programmes to develop leadership talent within the organisation. In 2012, two groups of delegates (76 in total) graduated from TAP in 2012 and 176 employees participated in PME.



01 Receiving operator training on a Bucyrus SKL drill rig are trainee operators, Florencia Bekend and Nattie Groenewald with the senior instructor, Enos Dladla.

IMPROVING OUR EMPLOYEES' HOUSING AND LIVING CONDITIONS

R1,4bn
spent on housing initiatives

We want our employees to enjoy quality housing and living conditions. We believe that an environment that fosters respect for human dignity, privacy and family life, is essential to achieving real transformation in South Africa. Decent living conditions are part of the foundation for developing long-term stable and empowered communities that will prosper long after our mines have closed.

Anglo American has made great strides in moving from the classic mining hostels of the past to converted bachelor-flat and family units. We invest in improving the housing and living conditions of employees and making it possible for them to buy their own homes in suitable areas near our mining operations. Our vision is that all of our employees who would like family accommodation have that option in the mining communities.

We seek to provide a range of housing options that cater for the diverse circumstances and preferences of our employees. As such, our housing initiatives also take into consideration the financial, developmental and personal elements of each individual, thus contributing to making Anglo American an employer of choice. We believe that offering quality accommodation and attractive housing initiatives is a key factor in attracting and retaining vital skills.

Our housing-related efforts are in line with the Mining Charter, which requires that by 2014, mining companies must have converted or upgraded hostels into family units/single occupancy per room, and facilitated home-ownership options for all mine employees in consultation with organised labour. We continue to make encouraging progress towards meeting all the Mining Charter's housing and living condition requirements.

PROMOTING OPPORTUNITIES

In South Africa, there remains a significant shortage of affordable housing and long waiting lists for units being built. In partnership with local and provincial government, we are helping to alleviate this situation.

Our Platinum, Kumba, Thermal Coal businesses and De Beers proactively engage in developing properly serviced land to facilitate housing development in areas where services are inadequate or do not exist. The business units collaborate with reputable developers to encourage and promote affordable home ownership among employees at all levels. Where possible, land is donated to the municipality to facilitate the rehousing of communities residing in informal settlements.

We engage with the Chamber of Mines and with organised labour to address issues and explore options for home ownership. One innovative approach is our work with NGO partners to develop and implement a low-income housing model using enterprise development, with houses being built with a room that can be rented out, as a means to pay for part of the loan provided.

Our employees can participate in home ownership schemes through housing allowances, which are complemented by programmes to educate them on the responsibilities of buying, owning and managing their own homes. We are experiencing an encouraging increase in the number of employees seeking home ownership.

Our business units offer various accommodation choices, including a living-out allowance, to suit employee needs. For instance, some of our employees have families based in other regions and do not wish to invest their money in a fixed property away from home. Other employees cannot afford to purchase homes straight away and may prefer a rent-to-buy option. This allows employees to pay a monthly rental for a house until they are able to secure funding from the banks to buy the property.

Housing options include providing bulk services and offering building packages, for which employees can apply for housing bonds.

Anglo American's housing initiatives take into consideration each employee's financial awareness and circumstances. We have a service provider to assist with credit administration, facilitate and support employee applications with financial institutions.

OUR PERFORMANCE

Hostel conversions

Anglo American has invested extensively over many years in upgrading its residences across South Africa into converted units, flatlets and family houses. We continue to steadily decrease the level of occupancy in our converted hostels. At the end of 2012, just over 2,163 employees, (8,065 in 2011), mainly in our Platinum business, were sharing a room with one other person (maximum occupancy of two per room). We are working hard to meet the Mining Charter's target occupancy of one person per room by 2014.

Thermal Coal: The business completed all necessary hostel conversions before 2010, and is now concentrating its efforts on consulting with organised labour to facilitate home-ownership options for mine employees.

We invest in improving the housing and living conditions of employees and making it possible for them to buy their own homes in suitable areas near our mining operations.

Kumba: All 18 hostel blocks at Sishen mine have been converted into 684 bachelor flat units, each comprising a bath, toilet, shower, kitchenette and bedroom. Employees who could not be accommodated in the converted units are now living in company-owned two-bedroom detached family units. Arrangements to provide women-only accommodation are under way. Additionally, the Thabazimbi mine has converted all its hostels into family units.

Platinum: All hostels have been converted into single-person accommodation villages, and the business is now focused on developing family units within communities close to the operations. The Rustenburg mines have met the 2012 target of 50% of employees not sharing rooms; the Amandelbult mines (Tumela and Dishaba) have slightly surpassed the target and are currently recording 51%; with Union mines lagging slightly at 46%.

De Beers: There are no hostels at any of De Beers' three South African operations.

Company-provided accommodation

Across South Africa, 11,990 Anglo American employees stayed in company-provided accommodation in 2012. We actively promote home ownership in order to encourage the acquisition of a meaningful asset and to lessen employee dependency on the company to provide accommodation.

Thermal Coal: At the end of 2012, 33% of employees live in company-provided accommodation. There are 560 company-owned houses: 405 in eMalahleni; 30 in Komati; 57 in Middelburg; 40 in Thuthukani; and 28 in KwaMthunzi Vilakazi.

Thermal Coal intends to retain ownership of a large share of the houses in the eMalahleni/Middelburg area as accommodation for employees who do not qualify for housing schemes, such as foreign nationals working at Thermal Coal operations. In 2012, the business unit made 125 units available for sale to employees, of which 36 have been bought to date. The sale of a further 100 units in eMalahleni to employees is being considered. An additional 661 Eskom-owned houses accommodate Anglo American employees at the collieries serving Eskom power stations, of which 448 are available for sale to these employees.

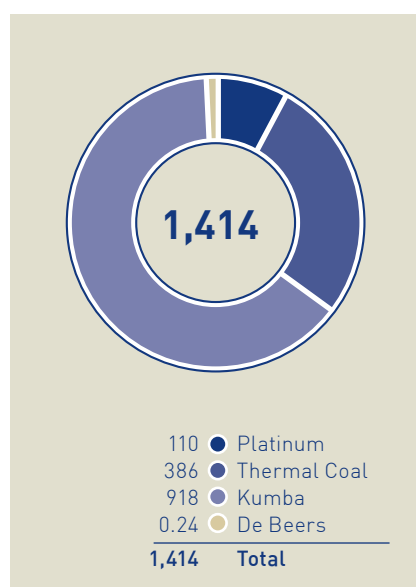
Thermal Coal has established a new market-related rental scheme, in consultation with organised labour. Skilled employees qualify for a full housing allowance, which they can use either for rental units or for mine accommodation. Plans are in place to extend the scheme to other employees.

Kumba: At Sishen, about 1,970 employees are living in company-provided accommodation. Preparations are under way to build an additional 476 company-owned units to house employees who cannot be accommodated in the converted company flats.

Platinum: About 6,000 employees are living in company-owned and company-leased houses. Home-ownership and own-accommodation options are being encouraged through projects such as the East End project for the Rustenburg mines, and the Thabazimbi project for the Tumela and Dishaba mines.

De Beers: De Beers provides company housing to skilled employees at certain levels, and pays housing allowances, as well as water and electricity subsidies, to semi-skilled employees at Venetia mine.

Housing expenditure (Rbn) for 2012



COMPANY-BUILT HOUSES

We invest in creating opportunities for our employees to rent or buy company-owned housing stock and newly built homes.

Thermal Coal: By end 2012, 203 houses had been built for sale to employees:

- 77 units at Aloe Ridge, for officials and management
- 60 units at Hlalamnandi, for skilled employees
- 66 units at KwaMthunzi Vilakazi, for all employees.

Duvha Park, a new development under way in eMalahleni, aims to provide 3,733 houses to the broader community. The bulk services are expected to be completed in 2013, and the majority of the houses completed and occupied by early 2014. In return for investing R16 million in the development of bulk infrastructure for the project, Thermal Coal has secured 272 units that will be available for sale to employees. So far, 113 employees have been granted bonds to purchase these houses.

Thermal Coal is also developing the KwaMthunzi Vilakazi project, west of eMalahleni. Ultimately this project will deliver more than 370 houses (as building packages) over the next two to three years, subject to demand and bank home loan approvals. Developers vetted by Thermal Coal will build the houses. The building of new roads (including rehabilitation of existing roads), the storm-water drainage system and infrastructure for bulk services are complete, with the capacity to service 500 existing privately owned stands and about 500 new stands. The bulk services, provided by Thermal Coal, include the supply of water, sewer, electricity and transportation networks for the community.

Kumba: In 2012, Sishen mine built 895 houses to accommodate employees, bringing the total number of homes constructed since 2007, to 2,475. More than half of these have already been sold, with the balance being rented or available for sale.

Following pay-outs from the Envision employee share-ownership scheme in 2011, Thabazimbi mine offered 75 of the 126 Ipelegeng houses for sale in order to promote home ownership. In 2012, 23 houses were purchased by employees.

Kolomela mine has built 579 houses, including 336 in 2012. These homes will initially be leased to employees, and made available for sale after five years.

Sishen plans to build an additional 1,720 houses in Kathu in the Northern Cape to meet current and future housing needs, while Kolomela plans to build a total of 718 houses in three different areas at Postmasburg, with completion of the final 139 units expected in 2013.

Platinum: The business unit has built 465 houses, of which 263 were completed in 2012. The following housing projects are at the construction phase:

- Seraleng project in Rustenburg – 1,000 units
- Thabazimbi Extensions 18 and 22 – 89 units
- East End housing project in Rustenburg – 208 units
- Northam Extensions 6 and 17 in Northam, as well as the Northam 310 project for the Union and Amandelbult mines – 680 and 310 units, respectively

Another project – Mokopane Extension 14, for 500 houses – is at the conceptual stage.

These initiatives are part of a broader commitment by Platinum to develop up to 20,000 homes for low-income employees, by 2017.

Many employees who would like to invest in Platinum's housing projects are regrettably unable to access financing due to poor credit records. To address this obstacle, Platinum implemented a debt-rehabilitation programme (DRP) to assist employees in proper financial planning and debt management. To date, about 1,000 employees have been through the DRP. The business hopes to attract 100 employees to register for the "My budget fitness" programme (MBFP), which aims to amend employees' impaired credit records and increase their credit rating so that they can secure housing bonds. Several employees have already succeeded in clearing their poor credit records after completing this programme.

Platinum is finalising a rent-to-buy housing option, which will allow employees to move into their houses while their credit rating is being improved through the MBFP. Around 600 employees have signed up for the programme and are awaiting internal approval before their houses can be built. The 500 houses allocated for this rent-to-buy option will form part of the 924 houses being constructed in Seraleng, near Rustenburg.

De Beers: Currently, De Beers does not provide company accommodation to semi-skilled employees, as employees are recruited from the local communities around the mines. The company is, however, in talks with labour unions on how to facilitate home ownership. Plans include rent-to-buy options, access to government subsidies and financial institutions and building around 700 houses across its three operations in South Africa.



▲ 01 Platinum's Seraleng Housing Project in Rustenburg where 1 000 houses were completed.

Employee allowances per business unit

PLATINUM	AMOUNT PER EMPLOYEE
Home-ownership allowance	R2,725 – R5,178 (6,635 employees)
Living-out allowance	R1,737 (27,562 employees)
THERMAL COAL	AMOUNT PER EMPLOYEE
Housing allowance	R5,242 – R7,532 (for the 67% of the workforce who live in their own accommodation) R5,242 less monthly rental charge of R2,600 (for skilled employees who are provided with accommodation)
KUMBA	AMOUNT PER EMPLOYEE
Housing allowance	R1,250 – R2,830 (5,373 employees qualified)
Subsidy for first-time homeowners for the first five years of home ownership	Formula-based (184 employees qualified)
DE BEERS	AMOUNT PER EMPLOYEE
Water and electricity allowance	R800 – R1,200

WORTH ITS WEIGHT IN PLATINUM

A Govan Mbeki Housing Award is sought-after recognition of a company's contribution to accelerating housing delivery in South Africa. In 2012, the Platinum business won two of these prestigious awards.

Presented by the Department of Human Settlements in April 2012, the first award recognised Platinum's dedication to the provision of housing in the Northam area. The second, presented in June, recognised the business's commitment to South Africa's housing needs at a national level. The national award was presented to the executive management of Platinum.

Platinum, in partnership with the Department of Human Settlements, plans to build 20,000 homes within 10 years. A 310-unit housing project is in progress in the Northam area, while a number of other housing developments are at various stages. The building of 1,000 units in Seraleng, Rustenburg was the first Platinum housing project to be commissioned; by 2012, 200 families had already moved into their new homes.



▲ 01 At the presentation of the national Govan Mbeki Housing Award are, then-Platinum's executive head of human resources (currently executive director: Anglo American in South Africa, Khanyisile Kweyama) with Platinum's senior HR manager for housing, Papillon Motswenyane.



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◀ 01

▲ 01 Kgololosego Leteketwa, an educator at Kloof View Primary School in Rustenburg.

02 Impilo Health Programme – which is supported by Anglo American Chairman's fund, delivers a professional and holistic healthcare service to the homeless and destitute community within the inner city of Johannesburg – Female nurse Gabisile Dubazana, with child patient.

▼ 02



03

SUPPORTING COMMUNITIES WITH THE FUTURE IN MIND

COLLABORATING TO DEVELOP MINE COMMUNITIES

We spent a total of
R694 million
on socio-economic
development initiatives

Mine communities form an integral part of mining development. The sustainability of our mining activities depends on our ability to contribute to the well-being and prosperity of host communities. It is through their goodwill that we are able to gain and maintain our social licence to operate. The failure to secure or retain support from our host communities as a result of changing societal expectations, or through inappropriately managed social, health, human rights or environmental impacts at our operations, could have a material impact on our business.

In South Africa, the need for sustainable community development is recognised as a commercial and social imperative. Many of our South African operations are in rural areas characterised by low levels of formal economic activity and inadequate provision of infrastructure and services. We seek to help alleviate poverty and unemployment and develop host communities, by building local capacity, providing infrastructure for healthcare, education, housing and sanitation, investing in education, enterprise and skills development, and promoting local procurement and supplier development. Many of these programmes are undertaken in partnership with NGOs, communities, and local governments.

For many years we have worked to improve the way we operate so that we can respond to our stakeholders' needs. We have led the way in such areas as small and medium-sized business creation, community engagement and development using our industry-leading Socio-Economic Assessment Toolbox (SEAT), and healthcare through our leading workplace health and wellness programmes to combat HIV/Aids and TB.

Mine community development is considered at all stages of the life of a project, from the pre-feasibility stage through operation to closure. Our business units have embarked on extensive initiatives to develop mine communities and labour-sending areas, in line with the Mining Charter requirements.

All operations follow social and community improvement plans, developed in 2009, which provide roadmaps aimed at ensuring full compliance with the 24 requirements of the Anglo American Social Way – the standard for managing our social performance.

SEAT is the primary means by which we enhance the development outcomes and capacities of host communities. We use SEAT to improve our operations' understanding of their socio-economic impacts (both positive and negative), enhance stakeholder dialogue and the management of socio-economic issues, build our ability to support local socio-economic development, and foster greater

transparency and accountability. Engagement with local stakeholders is central to the process. Operations must undertake a SEAT assessment every three years to ensure that any significant changes in the operation and community are reflected, and that management measures set out in the previous SEAT report have been implemented and evaluated.

In 2012 our business units spent a combined total of R694 million (vs. R423 million in 2011) on socio-economic development initiatives. (The table on page 51 provides a breakdown of investment in focus areas by each business unit). These initiatives contribute directly to progressing our social and labour plan (SLP) commitments at all our operations, which are aligned to municipal integrated development plans (IDPs). Every operation has an SLP, which is developed through a consultative process with local municipalities as well as through regular interaction with host communities.

FOCUS AREAS

Community healthcare

We use the knowledge and experience gained from our workplace health programmes to support community outreach programmes and strengthen community health systems. There are seven building blocks to strengthening healthcare systems: improving facilities and equipment; ensuring the availability of a skilled health workforce; improving procurement and supply chain processes; sound financial management; information systems; good governance; and effective monitoring and evaluation processes.

In South Africa, we are working with the provincial health departments in Eastern Cape, Mpumalanga, Northern Cape and North West, which are all associated with our operations and labour-sending areas, in order to improve health services.

Education and capacity building

Investing in education is vital in promoting a more equitable society in South Africa. Business units invest in a range of community education and youth projects, including primary school education, maths and science focused programmes, teacher development, literacy, higher education and infrastructure development.

We offer employees, contractors and community members ABET programmes on literacy and numeracy, as well as training in skills outside the mining sector, such as electrical services, plumbing and carpentry. This investment is aimed at making people more employable after mine closure.

We seek to alleviate poverty and unemployment and develop host communities, by building local capacity, providing infrastructure for healthcare, education, housing and sanitation, investing in education, enterprise and skills development, and promoting local procurement and supplier development.

In South Africa, poor capacity in municipalities potentially jeopardises our ability to deliver on SLP commitments and promote broader social stability. We have supported initiatives aimed at building the capacity of our host municipalities since we signed a Memorandum of Understanding with the Development Bank of Southern Africa (DBSA) in 2010.

Infrastructure development

Working with partners to provide infrastructure is an important way in which we create sustainable value for our host communities. Our mines are often situated in areas that are underdeveloped and remote, where we can share infrastructure associated with our mines – roads, health facilities and water – with local communities. Where our planned or existing infrastructure does not meet an important need, we go beyond leveraging our core business activities, to meet requirements through social investment.

A particular focus is addressing South Africa's acute shortage of affordable formal housing. The country's history of discrimination has left large segments of the population living in informal settlements, and current municipal resources to provide the infrastructure essential for residential development are limited.

THERMAL COAL

Our Thermal Coal business performed well against its 2012 social performance targets. Total socio-economic development expenditure for the year amounted to R105 million. Thermal Coal's SLP five-year commitment period came to an end in 2012 and a new SLP was developed in consultation with stakeholders to ensure bigger impact, based on the lessons of the previous SLP's programmes.

Flagship initiatives in 2012

Education

Thermal Coal's maths and science improvement programmes at targeted schools supported a significant increase in the 2012 matric pass rate. The Protec School Excellence programme achieved a 100% pass rate from 48 Grade 12 learners across nine schools in eMalahleni, Phola and Kriel; 66,7% attained admission to undertake a Bachelor's degree, 29,2% gained a national diploma, and 4% obtained a higher education certificate.

The Goedehoop programme in Mpumalanga, launched in 2011, delivered impressive improvements in four schools around the Middelburg/Hendrina area, as reflected in the below comparative analysis of Grade 12 results.

Grade 12 pass rate

SCHOOL	2010 %	2011 %	2012 %
KwaZamokuhle	25	57	91
Tsiki	52	51	64
Bankfontein	17	25	80
Polzee	53	68	77

Thermal Coal completed the feasibility study for an R18 million state-of-the-art schooling facility at Kriel that will cater for around 1,500 children of the Ga-Nala community. Construction has begun and the contract has been awarded to a local company, with priority given to local employment and subcontracting.

Environment

- A private-public partnership between Thermal Coal's Zibulo colliery, eMalahleni Local Municipality and Phola environmental groups, has resulted in a waste-management programme that is generating significant benefits for the 30,000 residents of the Phola, Wilge and Ogies communities in Mpumalanga. The initiative, which focuses on waste collection, clearing of illegal dumps and greening community areas, has promoted a cleaner environment and a healthier community.

Infrastructure

- Thermal Coal's New Vaal colliery in the Free State is constructing a multi-purpose centre in the Metsimaholo Municipality. The centre aims to make government services, including a post office, social security centre and sports facilities, more accessible to the residents of Harry Gwala township in Zamdela. The R23 million project is being undertaken by a 100% black-owned local company and has already created 120 local jobs.

Health

- New Denmark colliery, in partnership with Lekwa Municipality and the Mpumalanga Department of Health, is funding the construction of a R26 million community health centre for people living in Rooikoppen, a township south west of Standerton, Mpumalanga. The newly established area is home to around 2,400 households that have limited access to essential services, including adequate medical care. The 24-hour facility will include a full range of primary

healthcare services and a pharmacy. The construction contract was awarded to a 100% black-owned company, and will generate an expected 100 to 150 jobs for local residents during the construction phase alone.



▲ 01 Mebile Moji, a male nurse with a child at the Impilo Health Programme.

COLLABORATING TO IMPROVE OUR APPROACH TO COMMUNITY DEVELOPMENT

As part of efforts to find better ways to deliver community development, Anglo American has developed an innovative peer-review process aimed at identifying what the company is doing well and where it can improve.

The in-house community development peer-review process was successfully piloted in 2011 at a selection of Anglo American operations around the world, and rolled out in 2012. The reviews draw on internal expertise, as well as external partners such as the leading development charity CARE International, to assess current activities and identify opportunities to ensure that our investments in community development are as effective as possible. The reviews are actively supported by

Tshikululu Social Investments, which manages investment funding in South Africa through the Anglo American's Chairman's Fund.

Platinum, Thermal Coal and Kumba were among the six business units reviewed globally in 2011/2012. Through the peer-review process, 10 critical themes were identified for further interrogation and management:

- Conflict and tension experienced by the operations owing to labour strikes and community unrest
- Lack of partnerships with governments, NGOs, community and traditional structures
- A need for meaningful indicators beyond input and output
- Sustainability versus dependency
- Poor record-keeping and information systems
- Weak local government structures
- Weak internal capacity and capability
- Community trusts and community benefit-sharing schemes
- Expanding areas of influence
- Risk-based approach to development.

The operations are acting on the findings of the reviews, and best-practice learning is shared across the Group in order to maximise benefits. The project will deliver four peer reviews for 2013. The learnings from the process will also be incorporated in other training offerings such as our socio-economic assessment toolbox (SEAT).

Most opportunities to boost benefits to local communities rely on using core business activities, such as procurement and recruitment, rather than more traditional social investment approaches.

The project will be evaluated by monitoring the number, quality and impact of the changes that host sites can implement, as well as those that peers take back to their own operations. The Centre for Social Responsibility in Mining at the University of Queensland, Australia, is preparing a paper documenting and reviewing the project.

KUMBA IRON ORE

Kumba's total socio-economic development expenditure in 2012 was R276 million, compared to R182 million in 2011.

As part of its long-term community development strategy for the next 25 years, the business unit plans to increase its enterprise development (ED) spend from 5% to 20%, in recognition of the high value that this focus area can generate in enabling empowerment and sustainable development in Sishen mine's areas of operation.

Sishen mine embarked on a new SLP for the period 2012 to 2016, having met or exceeded all its SLP commitments for the previous five-year plan.

Flagship initiatives in 2012 Poverty alleviation and enterprise development

- In Kuruman, in the Northern Cape, around R4,1 million was spent on mentoring small, medium and micro-sized enterprises (SMMEs) and emerging enterprises in 2012. This incorporated SMME Development in Kathu, with a total of 306 beneficiaries for 2012

- R2,4 million was provided to support: the Manyeding sustainable agriculture, the Dibeng organic beekeeping and honey farming, the ART (alternative recycling technologies) tyre recycling, and the Kathu Vision public safety projects in the Northern Cape
- Kumba signed an agreement with Food and Trees for Africa and Renewable Energy Solutions to establish a bamboo plantation in Thabazimbi, in Limpopo. The local community will benefit from the manufacture of bamboo products once the plantation becomes commercially sustainable. A vegetable farm is also planned with a total investment of around R20 million.

Education and skills development

- Approximately R15,6 million was spent in communities around Sishen mine in 2012 to support the delivery of quality education from early childhood development through to Grade R, primary and secondary school, as well as colleges of further education and training and tertiary institutions. An increase of 12% in the matric pass rate was achieved in the district where Sishen operates.

Health and welfare

- Kumba has invested R6 million in Sishen mine's Ulysses Gogi Modise (UGM) wellness clinic, at Kathu township in the Northern Cape, which provides much-needed healthcare services to the community, employees and many local contractors. In 2012, 8,856 community members visited the clinic
- Also in the Northern Cape, R5,6 million has been invested in nine mobile clinics to take critical health services to disadvantaged communities in the remote John Taolo Gaetsewe district, which faces serious health challenges and severely limited access to healthcare. Since its inception in September 2011, this project has benefited an estimated 26,000 people. Kumba will gradually hand over the project to the Department of Health, thereby ensuring the long-term viability of the initiative.

Infrastructure

- Together with the local municipality at the Thabazimbi mining town in Limpopo, Kumba is addressing the town's insufficient and unreliable water supply through a R24 million project that will benefit 14,000 households (approximately 84,000 people).
- About R25 million was invested in 2012 in various projects to improve service delivery in the Northern Cape, with an emphasis on roads and storm-water services in the Gamagara Local Municipality, which has population of more than 41,000 people.

PLATINUM

Platinum invested R276 million (R187 million in 2011) in socio-economic development initiatives during 2012. Community development efforts focus on four main labour-sending areas: Taung in the North West, Bizana and Mqanduli in the Eastern Cape, and Mhaleshoek in Lesotho. In line with regulatory requirements, Platinum currently follows an inclusive zone (radius) approach of 50km from its operations to identify beneficiaries of community development. This is now under review to ensure activities are more focused and beneficial to those directly related to our operations.

In compliance with regulatory guidelines and Anglo American governance frameworks, the business developed a plan to integrate social performance requirements into contractor management. This is yet to be implemented at operational level. Platinum also participated in Anglo American's Contractor Summit,

engaging with contractors about the Group's requirements regarding the management of environmental and socio-economic issues. The business continues to focus on integrating the Social Way requirements into Platinum projects, as well as closing the gaps on any outstanding requirements.

Flagship projects in 2012

Entrepreneurship: Platinum has nine thriving small-business support hubs, established as part of Anglo American's enterprise development initiative, Zimele, which have advanced R131 million in loans to around 400 emerging businesses. Together, these have created and maintained more than 5,300 jobs since 2008.

Education and training: Our Platinum business built and handed over the Tlhabane West Primary School in Rustenburg to the local education authority. It is currently building two more schools in labour-sending areas in the Eastern Cape and North West. More than 350 employees, community members and contractors took part in ABET programmes in 2012. Platinum launched a R40 million bursary fund for people living around the Twickenham mine, and more than 2,000 learners benefited from extra maths and science lessons organised during school holidays in the North West and Limpopo. Altogether 100 community youth members are benefiting from the artisan training offered at Platinum's Engineering Skills Training Centre.

Environment: To address water shortages for Platinum operations and the communities around its mines, the business is in a partnership programme with government to

construct a 600km water supply pipeline in Limpopo which will give up to 1,9 million people access to a reliable source of potable water for the first time.

Investing equity in communities: Steady progress was made in laying the foundations of Platinum's pioneering community share ownership scheme, Project Alchemy, through the Lefa La Rona Trust. This R3,5 billion transaction aims to ensure the long-term socio-economic development of communities that do not benefit from Platinum's existing BBBEE initiatives. These include a number of communities around the Mogalakwena, Rustenburg, Twickenham and Amandelbult mines, and also communities in the key labour-sending areas.

Further information on the initiative is provided on page 55.

Health: Platinum has built nine community health clinics which it continues to fund and oversee. Mobile clinics, funded by Platinum and delivered in partnership with the Department of Health (DoH), have delivered primary healthcare to more than 32,000 people. Lifeline, funded by Platinum and the DoH, has run mobile clinics, testing 282,500 community members for HIV/Aids, since 2010. Platinum's investment in healthcare facilities in 2012 included the completion of the Jalamba Clinic for remote communities in the Eastern Cape, in partnership with the Anglo American's Chairman's Fund, and the R14,5 million upgrade of primary healthcare facilities in communities around its mines in Limpopo.

FIRMLY ROOTED SUSTAINABLE DEVELOPMENT

Many of Platinum's mines are located among rural communities, where long-term economic sustainability and well-being may be under threat owing to the high level of dependence on mining activities and related businesses.

Community members often lack the essential skills needed to earn an alternative living and become self-sufficient. To address these challenges, in 2012 Platinum opened an environmental training centre near its Mogalakwena mine, 30km from Mokopane in the Limpopo.

Already a number of courses have been successfully implemented.

Fully sponsored by the mine, the well-equipped training centre is located on Mogalakwena's Waterberg Biosphere Reserve. Converted from a disused stable, it provides accommodation for around 24 learners and five trainers in a comfortable environment, with workspace areas to suit different training styles and needs. A separate industrial-style kitchen is available for women from the local community who have been trained to cater for large groups, to prepare meals for up to 30 people.

The training courses are aimed at empowering local community members to provide for their families by cultivating

their own crops based on sound agricultural principles. In the longer term, the trainees will acquire skills that will enable them to boost micro-economic development in the area.

Courses currently offered at the centre include:

- Food preservation
- Permaculture – individual, family and community gardens of up to 1 hectare (100 trainees in 2012, with scope to cater for 300 permaculture students per year)
- Sustainable development through mining
- Linkages to the Eco-Schools South Africa programme
- Carpentry/woodwork for adults.



01 Children walking on a new road built by Twickenham mine at the Makgopa Village.

DE BEERS

De Beers' community development programmes seek to meet commitments identified through SLPs and by the De Beers Fund and the De Beers Zimele Small Business Development Hubs. Activities focus on the communities in which the business unit operates and through the De Beers Fund on national programmes.

MINE	TARGET BENEFICIARY COMMUNITIES
Venetia mine	Musina and Blouberg areas in Limpopo
Voorspoed mine	Moghaka, Ngwathe and Jagersfontein areas in Free State
Kimberley mines	Galeshewe and Kimberley areas in Northern Cape

The De Beers Fund focuses on projects in the labour-sending areas of the De Beers mines and also on strategic programmes nationally.

Flagship initiatives in 2012 Education

- Venetia mine donated R3 million towards Messina Primary School, Musina High School and the Eric Louw High School in Musina, to support staff costs and scholarships for learners
- R600,000 was invested in Grades 10 to 12 education at the Khula Weekend School (KWS), which operates at University of Johannesburg (UJ), Soweto Campus and the Vaal University of Technology, Vanderbijlpark Campus. More than 1,600 learners have benefited from the programme since its inception in 1997
- Voorspoed mine donated five computers to the Mmabatho Intermediate School in Parys, in Free State, for use in the school's resource centre.

Welfare

- Grants amounting to R99,000 were distributed to community-based organisations in De Beers' labour-sending areas around Musina, Blouberg, Kimberley, Kroonstad, Parys and Namaqualand, in the fields of welfare, education, art and culture and environment

- Venetia mine spent R27,586 on a borehole project for the Maseka Drop in Centre, which looks after 243 children from child-headed families in the Juniorsloop community
- Venetia mine donated R13,198 to the Musina Lutendo Community Home Care in the Nancefield township in Musina, for equipment for administration purposes. The organisation provides after-school care to orphaned and vulnerable children (OVC) and looks after the elderly in the community.

Infrastructure development

- De Beers invested R881,000 in the Hondeklop Bay Early Childhood Development Centre, in Namaqualand
- At Buffelsrivier, the business invested R670,000 in the construction of an administration building at the local primary school.

Youth development

- De Beers co-sponsored the annual KwaMahlobo Games soccer tournament in Soweto during the Christmas holidays, with R80,000. The event is attended by approximately 25,000 people.

Socio-economic development spend for 2012

	THERMAL COAL		KUMBA		PLATINUM		DE BEERS		AASA	
Education	R19,926,685	18,9%*	R42,100,000	15,2%	R27,090,000	9,8%	R59,081	0,2%	R89,175,766	12,8%
Health	R14,918,958	14,2%	R34,700,000	12,5%	R2,880,000	1,0%	R6,897,833	18,7%	R59,396,791	8,5%
General community development (including infrastructure)	R8,061,898	7,7%	R151,600,000	54,8%	R138,120,000	50,0%	R8,399,023	22,7%	R306,180,921	44,1%
Arts, culture and heritage	R24,894,229	23,7%	–	–	–	–	R94,658	0,3%	R24,988,887	3,6%
Environment	R16,573,589	15,8%	R25,000,000	9%	R980,000	0,4%	R7,347	–	R42,560,936	6,1%
Other	R19,494,638	18,5%	R5,200,000	1,9%	R92,040,000	33,3%	R169,933	0,5%	R116,904,571	16,8%
Chairman's Fund/De Beers' Fund	R1,358,687	1,3%	R18,000,000	6,5%	R15,000,000	5,4%	R21,321,336	57,7%	R55,680,023	8,0%
TOTAL	R105,228,684		R276,600,000		R276,110,000		R36,949,211		R694,887,895	
Net profit after tax (NPAT)	R1,807,005,337		R32,000,000,000		R67,200,000		R988,812,107		R34,728,617,444	
Expenditure as a percentage of NPAT		5,8%		0,86%		–		3,74%		2,0%

* Percentage of total socio-economic development spend.

01 ▶

01 The Jig plant at Kumba Iron Ore's Sishen mine in the Northern Cape, South Africa, is the largest of its kind in the world

02 Dr Lorna Maphuthuma with Rose Kgoete (Zimele Hub Manager, Burgersfort). Lorna is a medical practitioner who runs a large practice in Burgersfort. The business was provided with seed capital from Zimele.

▼ 02



04

DEVELOPING PARTNERSHIPS WITH THE FUTURE IN MIND



DIVERSIFYING OWNERSHIP TO PROMOTE A MORE EQUITABLE SOCIETY

Anglo American has a long and well-established track record of being an active partner in black economic empowerment (BEE) mining projects. Since 1994, we have concluded BEE transactions with an estimated value of around R67 billion. Most of our business units have already achieved the Mining Charter's 2014 minimum target of 26% BEE ownership to enable meaningful economic participation of HDSA in the mining industry.

Our effective and mutually beneficial BEE partnerships have led to the creation of flagship black-owned mining companies including Exxaro Resources, African Rainbow Minerals, Mvelaphanda/Afripalm and Shanduka.

In 2012, we reviewed a number of current and previous empowerment deals in order to identify opportunities to boost transformation in areas other than ownership. We support our BEE partners through procurement and enterprise development initiatives, and in some instances provide technical and refinancing support.

Community and employee participation are central to our efforts to make a meaningful contribution to the sustainable, long-term socio-economic upliftment of communities affected by our mining operations. We are ambitiously moving beyond regulatory compliance, pursuing innovative opportunities to extend and distribute the benefits of ownership to employees and host communities.

ESOPs and community trust initiatives

Our ESOPs and community trust initiatives are pivotal vehicles for achieving broad-based transformation. Structured to support our aspiration to be both an employer and partner of choice, the schemes offer a workable model for ensuring that workers and communities participate in and enjoy the benefits that accrue from our mining activities.

A leading example is at our Kumba business, where a combination of favourable conditions including a strong financial performance enabled the business to distribute among its employees, through the Envision share ownership scheme, the largest collective social dividend ever paid out by a company to HDSAs.

Anglo American awarded its first ESOPs in 2008, and has progressively expanded its offering over the years, across all South African business units. Since 2012, all our South African employees are members of an ESOP. Our structured schemes are carefully implemented and managed, with the aim of delivering meaningful benefit for

employees. We provide financial planning advice to facilitate responsible investment and spending, and to assist employees in managing this benefit in the most effective way.

We believe that investing employees and communities in our performance promotes stability at our operations.

ESOPs currently in place at Anglo American's South African operations include:

- Thermal Coal: Siyaphambili
- Kumba: Envision
- Platinum: Kotula
- De Beers: The De Beers Equal Allocation Trust (shares issued to all SA employees in 2006).

THERMAL COAL

Thermal Coal's assets for empowerment purposes are divided into two categories, assets held by AOPL and assets held by Anglo American Inyosi Coal (Pty) Limited (AAIC). BEE ownership is calculated differently for each category:

- AOPL is empowered on the basis that it has transferred 26% of attributable production to HDSA-owned and -controlled entities
- AAIC is empowered on the basis that it has transferred 27% equity to HDSA shareholders.

Thermal Coal's 26% ownership by HDSA entities was achieved through the sale of assets to BEE companies and consortia. The stake is made up of attributable tonnes derived from the following transactions:

- The transfer of Arnot and New Clydesdale collieries as well as Thermal Coal's 50% shareholding in Matla colliery to Eyesizwe Coal
- The formation of the Mafube colliery 50:50 joint venture with Eyesizwe Coal
- The sale of various reserves and resources which led to the creation of Umcebo Mining, Leeuw Mining, Umsimbithi Mining and World Wide Coal. These entities are currently in production
- The sale of Panfontein and South Rand assets in the Vaal Basin near Vereeniging to two emerging HDSA controlled companies. Panfontein has resources of 281 million tonnes and South Rand has 143 million tonnes, which could be used to supply coal to the domestic thermal coal market
- Term sheets have been concluded for Rietvlei, a 42 million tonnes resource in the Witbank area. This project is 40% owned by investors from the local community.

Our Employee Share Ownership Plans (ESOPs) and community trust initiatives are pivotal vehicles for achieving broad-based transformation. Structured to support our aspiration to be both an employer and partner of choice, the schemes offer a workable model for ensuring that workers and communities participate in and enjoy the benefits that accrue from our mining activities.

AAIC is a BBBEE mining company in which Thermal Coal holds a 73% stake. The company has a resource base in excess of 1,5 billion tonnes and owns Kriel colliery, the new Zibulo multi-product mine and greenfield projects of Elders, New Largo and Heidelberg. The AAIC's 27% equity to HDSA shareholders comprises the following parties: The Inyosi Consortium, led by Pamodzi Coal and the Lithemba Consortium, which each hold 33%; the Women's Development Bank investment holds 19%; the remaining 15% is held by the community trust, which carries out our socio-economic project in and around the communities in which the mines operate.

Pamodzi and Lithemba work closely with Thermal Coal in relation to AAIC's strategy and ongoing transformation activities in the communities around AAIC's operations.

Thermal Coal employees participate in the Siyaphambili ESOP scheme. Employees receive seven shares each year over a period of 10 years, with shares awarded to employees in 2013, 2016 and 2019.

of the company, while the SIOC Community Development Trust (CDT) and the Sishen ESOP (Envision), which were developed specially to empower communities and employees, hold 3,1% and 3% respectively.

When phase one of the Envision scheme matured in December 2011, each scheme member who had been employed by the company since its market listing in 2006 received a pre-tax cash payout. The amount was determined according to each employee's length of service. Envision scheme members also receive dividends twice a year, in March and August. In 2012, the biannual dividend payouts were R106 million and R100 million.

Total dividends paid to Envision participants since the scheme began amount to approximately R93,800 per person, before tax. Phase two of Envision began in November 2011, and will mature in November 2016.

a number of disposal transactions and joint ventures. Platinum established the Kotula ESOP in 2008, and has various community trusts. The cumulative BEE ownership is in excess of 26%.

Platinum is implementing a landmark community trust scheme that will benefit the communities around four of its operations and in key labour-sending areas, in an enduring partnership. In 2011, the R3,5 billion Lefa La Rona (meaning "our inheritance") Trust was established to hold a 2,33% ownership interest in the business unit, from which beneficiary communities will benefit. The Lefa La Rona Trust will act as a conduit between Platinum and four independent development trusts that are currently being set up to serve the host communities around the Mogalakwena, Dishaba/Tumela (formerly Amandelbult), Twickenham and Rustenburg mines. A not-for-profit company (NPC) has been established to extend the benefits to labour-sending areas. The South African Revenue Service has given regulatory

Envision spending pattern in 2012 indicated by percentage

AGE GROUP	SETTLED DEBT	BUYING A HOUSE	BOUGHT A CAR	BOUGHT SHARES	CHILDREN'S EDUCATION	OTHER
18 – 24	41,46	20,33	0	0,81	1,63	0
25 – 30	46,42	0	0	0,5	2,83	0
31 – 35	43,46	0	0	0	0	0
36 – 39	39,67	0	0	0	0	8,85
40 – 45	0	34,06	0	0	0	9,75
46 – 59	0	34,88	0	0	0	0
60+	0	37,5	17,86	0	0	0

At the end of 2012, Siyaphambili had 9,249 beneficiaries, including 8,071 Thermal Coal employees. The balance includes employees of ACD, AEES and our Vergelegen wine estate.

KUMBA IRON ORE

In 2006, Kumba became a fully empowered company in terms of the 2014 equity ownership requirements set out in the Mining Charter, with a BEE ownership transaction at a company level resulting in 26% HDSA ownership.

Sishen Iron Ore Company (SIOC), which operates Sishen mine, is 26,1% black empowered. Exxaro Resources holds 20%

Kumba provides ongoing 'financial fitness' programmes to help employees to wisely manage their finances. The training focuses on clarifying the tax implications of the Envision payouts, advising on how to settle personal debt, and the value of long-term planning and smart investments, notably through home ownership.

The project generated widespread media publicity and set an inspiring example for other mining companies.

PLATINUM

Anglo American's Platinum business achieved the transfer of about 23% of forecast attributable production to HDSAs, through

approval for the NPC and four trusts, which are due to be registered during 2013.

The fund will be provided for a 10-year period at a fixed notional interest rate. During this period, 40% of the dividend declared by Platinum will be paid out to the Lefa La Rona Trust, to fund community developmental activities, while the remaining 60% will be used to settle the notional vendor finance. The transaction provides a guaranteed R20 million to the trust to finance development projects, should the aggregate dividend payable be less than R20 million per year. Furthermore, the trusts will be able to motivate for additional funding for social development projects through a R30 million corporate social investment fund,

and will receive incentives for achievements against community-relevant health and safety indicators.

The transaction will be facilitated through a comprehensive engagement and education process with the various stakeholders involved. The overarching aim is to assist the beneficiary communities in developing into self-sustaining communities that are not solely dependent on mining.

DE BEERS

De Beers concluded a pioneering empowerment transaction in 2006, which was structured to meet the spirit and intent

of the Mining Charter. It led to the creation of Ponahalo, a new-generation BBBEE company that acquired a 26% equity interest in De Beers Holdings, which in turn owns 100% of De Beers Consolidated Mines Proprietary Limited (DBCM).

Ponahalo Investment Holdings is owned 50% by De Beers' South African employees and pensioners, and 50% by the business consortium Ponahalo Capital. This broad-based consortium has three trusts, representing disadvantaged women, people with disabilities and mining communities, near De Beers' operations. Collectively, these trusts own a 45% interest in the consortium:

Ponahalo Women's Trust holds 17,5%; Ponahalo Community Trust holds 17,5%; and Ponahalo Disabled Persons' Trust holds 10%.

The directors of Ponahalo are actively involved in the management and strategic direction of DBCM, assuming the roles of executive chairman, deputy chairman and one female member on the DBCM board. Ponahalo directors also hold other key DBCM board committee positions, including chairman of the Governance and Assurance Committee.

Empowerment transactions completed by Anglo American in South Africa

BUSINESS UNIT	OWNERSHIP TRANSFERRED	EMPOWERMENT PARTNER
THERMAL COAL	26% of current and future production	Inyosi, owned: 33% Pamodzi consortium, 33% Lithemba consortium, 19% WDB, 15% Community trust
KUMBA	26% of equity of Sishen Iron Ore Company	Exxaro, communities, ESOP (Envision)
PLATINUM	More than 26% of production from disposals and joint ventures Around 3% direct equity is held by the community and employees	Mvelaphanda Holdings, ARM, Royal Bafokeng Nation (RBN), Atlatsa Resources, Bakgatla, employees (Kotula), communities
DE BEERS	De Beers South Africa sold a 26% interest in De Beers Consolidated Mines (DBCM) to a BEE-controlled entity	Ponahalo owned: 50% Ponahalo capital, 15% key employee trust, 35% equal allocation trust

Meaningful economic participation (%)

	Thermal Coal %	Kumba Iron Ore %	Platinum %	De Beers %
Percentage HDSA credits earned through transfer of shares or issue of new shares to following beneficiaries:				
BEE entrepreneurs	26,00	20,00	–	7,15
Employees (eg ESOPs)	–	3,10	1,40	13,00
Community interests	–	3,00	2,33	5,85
Percentage HDSA credits earned through sale of assets to the following beneficiaries:				
BEE company or consortium	–	–	16,00	–
Employees (eg ESOPs)	–	–	–	–
Community interests	–	–	7,00	–
Percentage HDSA credits earned by other means – provide short description		–	–	
Percentage total HDSA ownership credits	26,00	26,1	26,73	26,00

Our local procurement framework, policy, our key principles and our local procurement strategies, are designed to optimise opportunities to integrate local businesses into our global supply chain.

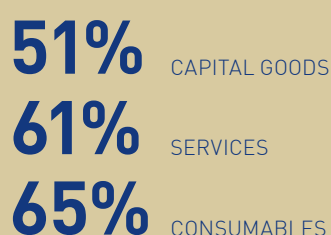


▲ 01 The expansion project at the eMalahleni Water Treatment plant will effectively double the capacity of the plant, drawing waste water from underground workings as far as Landau colliery.

PROMOTING SOCIO-ECONOMIC DEVELOPMENT THROUGH LOCAL PROCUREMENT

Leveraging our core business activities to support HDSA businesses through preferential procurement is an important part of our contribution to promoting transformation. Local procurement can have a positive impact by contributing to skills development, creating jobs, and investing in local infrastructure.

Procurement spend in SA



Anglo American's approach and activities to promote local procurement and enterprise development are focused on exceeding compliance and collaborating for sustainable, meaningful change.

Our local procurement framework, policy, our key principles and our local procurement strategies, are designed to optimise opportunities to integrate local businesses into our global supply chain. In doing so, we believe we can make a significant socio-economic contribution to our host communities, as well as improving efficiencies in our supply chain by lowering logistics costs and securing access to critical goods and services.

Our management approach

A commitment to optimising local procurement is integrated throughout Anglo American's supply chain decision-making.

Our leading Group-wide local procurement policy, launched in 2010, recognises the importance of promoting social development in our host communities. This policy is now embedded in all our operations.

Our local procurement strategy seeks to benefit everyone: our communities receive jobs, skills and investment in local infrastructure, while our business gains from having suppliers closer to our sites with the resultant cost-efficiencies. During the year, all operations made encouraging progress in developing their local procurement strategies and are now measuring and reporting against targets.

In 2012, we produced guidance on building local procurement capability within Anglo American. We also prepared a local procurement toolkit to provide practical guidance to procurement managers.

Many opportunities for local procurement exist in partnership with large suppliers. For instance, partnerships between our construction partners are improving development in the Northern Cape. We continue to seek opportunities to partner with suppliers to create an enabling environment for local procurement.

The practice of increasing levels of local procurement can be challenging. For instance, local suppliers are often at a disadvantage competing against larger suppliers who can benefit from economies of scale. We are developing practical ways to overcome these barriers. In particular, our tender process includes a weighting system favouring local HDSA companies.

We contribute to the development of local suppliers by simplifying our terms and conditions and payment policies for our

suppliers and working with several partners, including our larger suppliers, government agencies, commercial associations, local businesses, mayoral offices and local communities, to provide business training to local suppliers. We are also developing "supplier parks". Situated close to our operations, these clusters will house localised suppliers, as well as joint ventures between large suppliers to Anglo American and local entrepreneurs. Tenants will enjoy access to training, mentoring and finance through our supplier and enterprise development programmes, as well as access to local shared services.

The innovative Entrepreneur Internship Programme, which commenced in March 2012, supports accelerated growth of high potential entrepreneurs. The five entrepreneurial interns are now all trading in their newly established businesses, with two providing mining related services to Anglo American business units and a third working on geological modelling with us. A total of 35 additional people have been employed by their new businesses. For further information on our enterprise development activities, please refer to the relevant chapter in this report.

Our performance

Thermal Coal, Kumba, Platinum and De Beers spent a combined total of R28 billion in 2012 (59% of total spend) with HDSA businesses (excluding goods and services procured from the state-owned entities). This represents a 30% increase on the R21,5 billion spent in 2011.

In line with the South African Mining Charter, by 2014 companies are required to source a percentage of capital goods (40%), consumables (50%) and services (70%) from companies owned by HDSA.

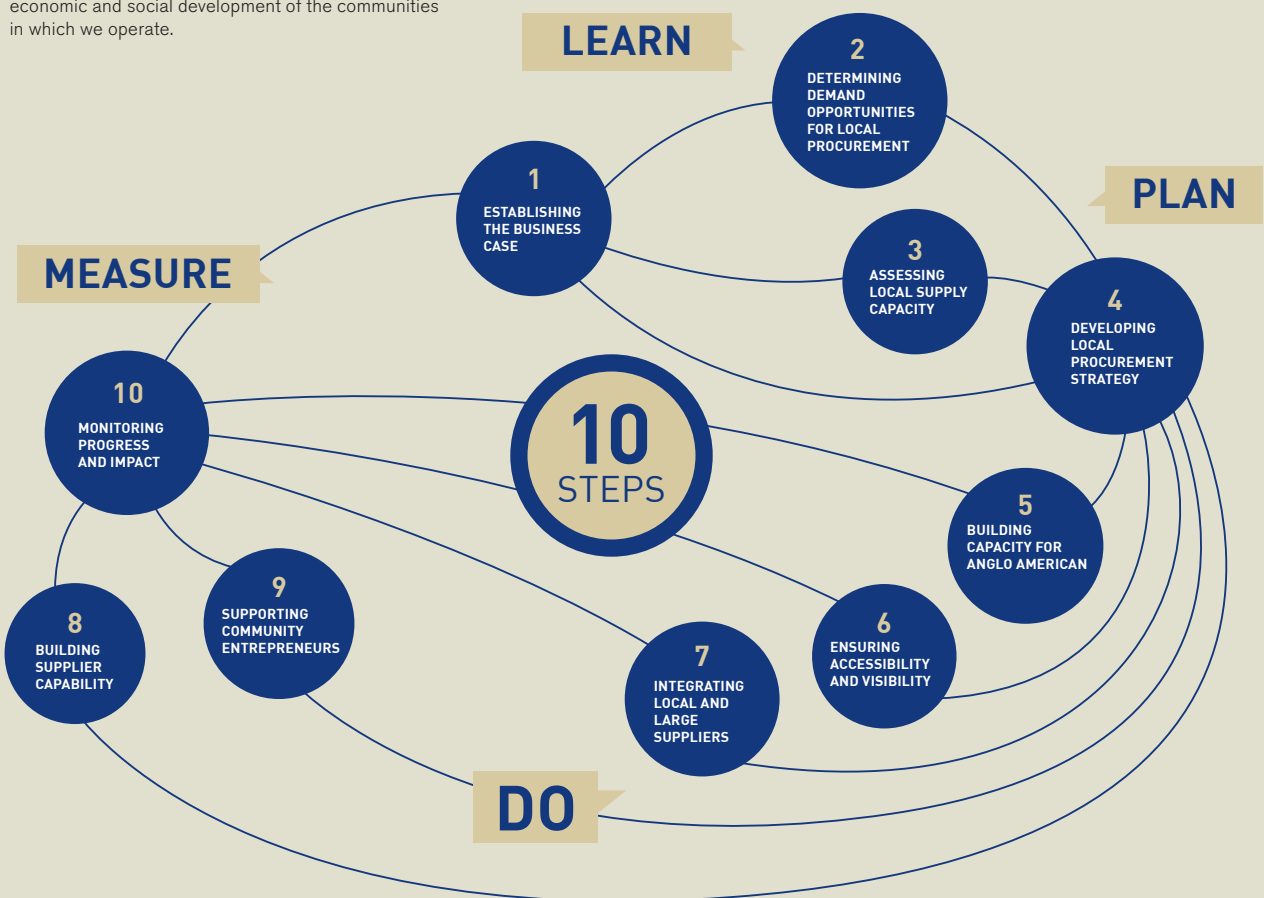
In 2012, each of our South African business units met or exceeded the procurement requirements of the Mining Charter for 2012.

Good progress was made in the areas of capital goods and consumables, although the target for services remains a challenge that is being addressed. Thermal Coal, Kumba and Platinum are focusing on suppliers that provide services, and specific actions and timelines have been set to guide us towards meeting the services targets.

The business units engage with suppliers to raise levels of awareness of the importance of BEE compliance in the procurement contract process.

OUR 10-STEP LOCAL PROCUREMENT FRAMEWORK

Our 10-step local procurement framework is designed to help build capability for local procurement within Anglo American, to achieve our vision of sustainable, responsible local procurement that positively contributes to a resilient supply chain and the economic and social development of the communities in which we operate.



HDSA spend per business unit: 2012

2012 MINING CHARTER TARGETS	20%	50%	25%		
BUSINESS UNIT	CAPITAL GOODS	SERVICES	CONSUMABLES	AGGREGATE HDSA SPEND	ACTUAL BEE TOTAL SPEND (Rbn)
Thermal Coal	34%	50%	60%	49%	5,673
Kumba	62%	61%	57%	60%	9,026
Platinum	52%	53%	55%	53%	10,975
De Beers	57%	81%	85%	74%	2,345
Anglo American South Africa	51%	61%	65%	59%	28,020

THERMAL COAL

Thermal Coal has completed a demand-side analysis and has started drafting its local procurement strategy. New procurement policies addressing BEE and local procurement were implemented and all supply chain staff received training, which will be extended to other stakeholders in 2013.

A Group local procurement workshop was held in April 2012 to introduce and test the new procurement toolkit. In the last quarter of 2012, the team focused on implementing the supplier development programme (SDP) with five supplier days being held in host communities.

Workshops were held with Thermal Coal stakeholders to explain the SDP, and to identify categories of commodities or services that will be assigned to local small, medium and micro enterprises (SMMEs). These workshops attracted 1,418 SMME applicants and 876 potential candidates in mining-related services or commodities. A total of 43 SMMEs were shortlisted and the 30 finalists will be developed during the course of 2013.

The team also conducted a feasibility study to establish a supplier cluster or park in Mpumalanga, which will house local suppliers as well as joint ventures between large suppliers and local entrepreneurs. Participants will enjoy access to shared services, training, mentoring and finance through Thermal Coal's enterprise development programmes. We envisage this will create employment and business opportunities in host communities and labour-sending areas.

In the past year, Thermal Coal has worked hard to ensure that suppliers are BEE-compliant, with the top six companies (in terms of expenditure) achieving this status. In part, this contributed to Thermal Coal's own BEE performance improving by 3% to an overall 49%.

KUMBA IRON ORE

Kumba has completed the process of matching suppliers to demand, and has identified opportunities to encourage greater participation of HDSAs in the supply chain. This includes restructuring contracts into smaller, more accessible packages, and reserving certain packages or contracts exclusively for procurement from localised suppliers.

Sishen operation embarked on an extensive process of analysing all routine low-risk contracts, and targeting them for local suppliers. Through a specially formed cross-functional forum, the supply chain team identified opportunities, while the sustainable development team identified potential SMMEs that have completed Sishen's mentoring programme. It facilitated loan funding through Anglo American's enterprise development arm, Zimele.

Kumba awarded various contracts to local black-empowered suppliers to supply consumables such as stationery, toilet paper, beverages and fire extinguishers, as well as to transport mail between Sishen mine, the airport and post office.

Kumba's supply chain department embarked on an initiative to engage individually with top non-BEE service providers and suppliers, which resulted in a number of suppliers achieving BEE-compliant status. Several others are reviewing their BEE status with a view to becoming compliant in order to secure major contracts: for example the supply and maintenance of mobile toilets and air-conditioners, and the supply and installation of glass.

Letters signed by Kumba's chief executive, Norman Mbazima, were sent to all senior employees and Kumba's top 100 suppliers to request support in ensuring that contracts are awarded to BEE suppliers, and to highlight the importance of BEE compliance in the procurement contract process.

A BEE procurement campaign was launched in June 2012 to raise greater awareness of and support for BEE procurement targets among all stakeholders. This ongoing campaign has a three-pronged approach: a focus on Mining Charter targets; what the supply chain department is doing in this regard; and how stakeholders can help to achieve these targets.

Kumba introduced a new supply chain model. Known as the Local Forum Engagement Guidelines, this model specifies two approaches that potential suppliers can use to be considered for future business opportunities. This includes registering on sourcing databases, and/or registering at one of Kumba's local enterprise development hubs.

The supply chain and sustainable development teams joined forces to offer business opportunities to entrepreneurs in the communities surrounding Kumba's operations. A total of 15 new suppliers are now contracted to the company.

PLATINUM

Platinum has prepared a local procurement strategy for Mogalakwena mine, and is drafting a strategy for Modikwa. It has also appointed a partner to assist with supplier development at its other operations.

The second annual Transport Safety and Sustainable Development (S&SD) Conference, held in Johannesburg in September 2012, was attended by more than 100 people and provided an ideal

opportunity to reinforce the business' S&SD vision and principles; to position S&SD as a collaborative effort between Platinum and its suppliers; and to provide feedback on S&SD audits, transport standards and other initiatives.

Platinum's supply chain department implemented several initiatives to contribute to the Group vision of zero harm, and to ensure that suppliers and contractors adhere to Anglo American safety principles and standards at all times.

Scorecards and key performance indicators (KPIs) are aligned with Platinum's operational safety standards, and managers discuss team progress on adhering to these standards every month. In addition, Platinum conducted 38 sustainable development assessment audits of on-site suppliers in 2012.

The supply chain team hosted a safety workshop aimed at small contractors and a safety summit attended by 42 Rustenburg-based BEE and community companies who currently supply products and services to Platinum. The summit focused on risk assessment, contractors' safety packs, risk-identification tools, and corporate governance.

By supporting BEE vendors situated close to its operations, Platinum has continually demonstrated its intention to develop local black-owned businesses through preferential procurement. In the eight years since the business began tracking procurement spend, it has spent R60,9 billion (37% of total spend) with BEE-compliant vendors. Of this, R16,7 billion (12%) was in the regions where the procuring operations are located. Localised BEE spend (less than 50km from a procuring mining operation) amounted to R11,8 billion (9%).

DE BEERS

As part of Anglo American's integration process, De Beers will participate in the Group's strategic sourcing initiatives, supply chain processes and associated governance practices.

De Beers' preferential procurement programmes seek to stimulate growth in other sectors and help offset historical economic inequalities. The business has well-established initiatives in place in South Africa aimed at

supporting development through value-adding downstream diamond-related activities, such as diamond processing and jewellery manufacture, through partnerships with government and industry partners in a process called beneficiation. Beneficiation helps broaden and maximise the value of diamonds for local economies. For further information, please see the chapter on beneficiation.

COLLABORATING TO ACHIEVE SUSTAINABLE SUPPLY CHAIN EXCELLENCE

Platinum's commitment to a shared vision, strategic partnerships and collaboration with all stakeholders was rewarded with a prestigious Gold accolade at the 24th annual Logistics Achiever Awards in 2012.

Platinum and Barloworld Logistics shared the award in recognition of excellence and outstanding performance in sustainable supply chain solutions in South Africa.

The accomplishment is especially pleasing in view of the dramatic turnaround Platinum achieved after its transport service provider went insolvent in 2010, putting the entire supply chain and platinum production at risk. Working with Barloworld Logistics, the company has subsequently moved more than 80,000 tonnes of concentrate per month, at service levels exceeding 98%. It has also optimised costs and aligned itself with operational requirements, reducing annual operating costs by 15%.

Furthermore, Platinum up-skilled and empowered 90 employees from communities close to the mines, implemented world-class risk-management and safety processes, and formed strategic relationships with key service providers.

Platinum's feat may win further acclaim, as the solution achieved with Barloworld Logistics is scalable and replicable in other similar operations.

OUR JOURNEY WITH MOTSE CIVILS

Motse Civils, an HDSA-owned civil construction company based in the Free State, began its association with Voorspoed mine in Kroonstad when the mine was laying its foundations. The business was successful in its bid to clear and level the ground around the mine's construction areas. After the successful execution of this contract, Motse Civils won the tender for the topsoil stripping at the tailings and slimes dam areas.

Five years later and Motse Civils has grown as a company having become a valued service provider for Voorspoed mine. The business secured further opportunities at the mine, which enabled it to grow its service offering and capabilities from standard civil earthworks to include mining activities while employing and empowering people from the local community.

Helping local suppliers to help themselves

Makinta Mahlako Transport and Projects cc is a business wholly owned by Makinta Masenya, who lives in Ga-Molekane village, less than a kilometre from Mogalakwena platinum mine. The company was registered in 2008 and started operating in 2011, with welding and building as its core activities. It currently undertakes plant maintenance at the mine.

Makinta approached Anglo American's Zimele Communities Fund in January 2012, regarding an order for the manufacture and installation of guard rails. The fund financed an initial loan of R236,500, which was repaid within three months. Zimele then financed a light-delivery vehicle, repayable over three years, and the building of a parking bay.

Having started to work for our Platinum business for an order valued at R17,000, Makinta Mahlako Transport and Projects cc steadily accumulated company orders totalling about R3 million by the end of 2012. The business, which began operating from Makinta's home with three employees, has grown to employ 22 people and rents two workshops in the industrial area of Mokopane. All its employees are recruited from the local mining communities. Most of the staff are under 35 years old, and three are women. In the short space of time since Makinta

Mahlako Transport and Projects cc started supplying services to Platinum, it has also invested in assets such as vehicles, an overhead crane and welding machines.



▲ 01 Makinta Masenya, owner of Makinta Mahlako Transport and Projects cc.

SUSTAINABLE SUPPORT FOR ENTREPRENEURS – PONELOPELE PASSENGER TRANSPORT

Voorspoed mine is far from the nearest main town, Kroonstad. The need for safe daily transportation of our employees presented an opportunity to involve the local community in transport services between Kroonstad and Voorspoed.

A tender for transportation services was issued to local HDSA entrepreneurs.

After a stringent adjudication process, presentations by shortlisted bidders and submission of safety plans, a local Kroonstad-based taxi operator, Mr Jordache Koetjie, was awarded the contract. The service required buses with a 22-seat capacity. Mr Koetjie established Ponelelopele Passenger Transport with financing for the vehicles provided through the South African Taxi Association and a financial institution, arranged by Voorspoed mine. With an initial fleet of five passenger buses, the business has grown its transportation capacity to more than eight passenger

buses plus an additional 14 mini buses in the past six years.

Since the inception of this contract, the mine undertakes regular safety inspections to ensure the transport is safe and roadworthy. Ponelelopele has maintained an excellent safety record. Through its dedication to support local and BEE enterprises, Voorspoed has enabled a taxi operator from the local community to successfully render a safe and sustainable transport service to our mine. In addition, this contract has created employment for 14 drivers from the local community.

01 Lebo Mogotswi and Anna Maredi are both sales staff employed at the Butterfield Bakery in Kuruman, a Zimele funded small business.

▼ 01



CHAMPIONING ENTREPRENEURSHIP THROUGH LEADING ENTERPRISE DEVELOPMENT INITIATIVES

Zimele spent
R1,9 million
on training
and mentoring

Enterprise development (ED) is one of the most effective means for ensuring sustainable benefits for our host communities. We seek to enable entrepreneurs in our host communities to identify business opportunities, develop and become independent, vibrant contributors to the economy.

Since the launch of our flagship Zimele ED programme in 1989, we have been a catalyst in the development of emerging black business, helping to build sustainable, commercially viable enterprises, and empowering entrepreneurs to operate in the mainstream economy through a combination of financial support and mentorship. In so doing, Zimele has been a strong contributor to sustainable job creation and socio-economic development in predominantly peri-urban mining communities.

Zimele is widely recognised as a global best-practice model for companies seeking to integrate local SMMEs into their supply chains. Both the International Finance Corporation and the United Nations Development Programme have adopted the Zimele formula. The model hinges on enhancing capability and opportunities by linking ED programmes to our core business. About a third of the businesses currently funded and supported by Zimele are directly linked to our supply chain. Enterprise development dovetails with our efforts to procure from enterprises close to our operations whenever possible, as discussed in the earlier chapter on local procurement.

We strive to reinforce our leading role in promoting sustainable entrepreneurship by increasing the depth and scope of our ED activities, to deliver greater economic and social impact. We share the Zimele model with corporates, government and interested parties, to raise the profile of ED and encourage discussion and involvement in small business development.

Achieving our objectives

Zimele consists of four separate funds – the Supply Chain Fund, the Anglo American Khula Mining Fund, the Community Fund, and the Zimele Green Fund. While these funds operate on a commercial basis, they are guided by the social purpose of creating economically viable SMMEs through the provision of equity/loans, mentoring and access to value-enhancing opportunities.

Between 2008 and 2012, the Zimele funds provided a combined R708 million in funding, supported 1,393 companies, and completed 1,972 loan transactions. Funded businesses have employed 25,364 people – surpassing the internal target of creating 25,000 jobs by 2015 – and have achieved a collective annual turnover of R3,5 billion. In 2012, the funds

concluded 500 transactions, supporting 318 companies that employed 6,713 people.

We collaborate with a number of strategic stakeholders to achieve our ED objectives. Zimele is in negotiations with the Development Bank of Southern Africa to partner with the government in establishing a new fund, Sebenza, which will create 8,000 new jobs over a three-year period. This arrangement will be finalised during 2013.

We have worked hard to make Zimele's enterprise development services more visible and accessible by establishing a national footprint of more than 30 small business hubs by the end of 2012. Experts are available at these sites to offer professional advice and share business experience, to promote the long-term sustainability of the SMMEs we support.

In 2012, the Zimele funds made good progress:

Supply Chain Fund

The Supply Chain Fund supports HDSA enterprises through the provision of equity and loan finance, as well as hands-on support, business guidance and skills transfer. In 2012, the fund concluded five new transactions, disbursed R6,7 million in loans and R4,6 million in equity, collected R6 million in loan repayments, and exited from three investments which are now independent of Zimele.

Anglo American Khula Mining Fund

The Anglo American Khula Mining Fund, a joint initiative with government-owned SEFA, provides equity and loan finance to emerging black-owned mining companies, as well as technical support during the exploration and pre-feasibility phases. In 2012 the fund concluded transactions with JSE-listed Sentula Mining and Thebe Investments.

Community Fund

The Community Fund provides seed and working capital for entrepreneurs and emerging businesses in our host communities and in labour-sending areas. It is funded and staffed by our Thermal Coal, Platinum and Kumba, and De Beers businesses in South Africa, as well as the corporate centre. In 2012, the fund concluded 491 transactions, disbursing R138 million in loans, created or sustained 6,230 direct jobs through funding, achieved a loan recovery rate of 75%, signed a memorandum of understanding for ED with the Sishen Iron Ore Company's Community Development Trust and Sishen Iron Ore Company, and launched three new business hubs in Voorspoed, Venetia and Phola.

Since the launch of our flagship Zimele ED programme in 1989, we have been a catalyst in the development of emerging black business, helping to build sustainable, commercially viable enterprises, and empowering entrepreneurs to operate in the mainstream economy through a combination of financial support and mentorship.

Green Fund

Our newest fund, the Zimele Green Fund, targets investment opportunities that mitigate greenhouse gas emissions, reduce energy and water consumption, and improve waste and emissions management. In 2012 the fund explored a wide range of projects aimed at improving the environmental welfare of local communities, including tyre and waste disposal.

THERMAL COAL

Thermal Coal's ED footprint continued to expand in 2012. Through Zimele's Community Fund, hubs have been established in eMalahleni, Middelburg, Phola, Dennilton, Bushbuckridge, Secunda and the Vaal Triangle. Since the programme began in 2008, these hubs have facilitated 535 loan transactions to the value of R122 million to 360 businesses, creating 4,966 jobs. In 2012 alone, the hubs collectively concluded 127 transactions with 80 companies, facilitating loans of R41 million. This created or sustained work for 1,750 people, with 44% being women and 37% youths.

KUMBA IRON ORE

Enterprise development is the thrust of Kumba's efforts to build sustainable communities, especially in Sishen mine's areas of operation. As part of the business unit's sustainable community development strategy for the next 25 years, it plans to increase its expenditure in ED from 5% to 20%.

Throughout 2012, the Kathu business development support centre and one of

Kumba's small business hubs, both based in Kuruman, continued to play a fundamental role in boosting employment and stimulating the economy in the region. The centre facilitates the mentoring of small business owners, and employs 12 youths with the aim of transferring skills in the fast-growing entrepreneurship environment.

As with all development initiatives, there are ongoing challenges: some SMME owners fail to submit their monthly income and expenditure statements, and others do not pay their loan instalments regularly. New strategies to address these challenges will be developed and implemented during 2013.

PLATINUM

Our Platinum business had a very active year of ED initiatives. Through the five Zimele business hubs that are located near its operations, it processed 129 transactions for 63 companies, generating a turnover of R81 million and creating and sustaining 1,341 jobs. Of the entrepreneurs supported, 44% were women.

These hubs and Platinum's supply chain department remain key vehicles for stimulating ED in the area and for providing support to emerging entrepreneurs. In 2012, the Platinum team focused on raising awareness of this, through a formal presentation to the community, delivered in conjunction with the Community Engagement Forum. (Reference case study on Makinta Transport in procurement chapter.)

DE BEERS

As "diamonds are forever", so their community legacy should be too – which is why De Beers works closely with Zimele's Community Fund to help create sustainable livelihoods (for more South Africans). De Beers aims to be the funder of choice for its host communities by deepening its understanding of the needs of the people with whom it works, by providing access to funding and an application process that is simple, fast and reliable, and by ensuring that ongoing support is available to help develop entrepreneurs' skills and business expertise.

De Beers has established five Zimele business development hubs in areas linked to its business: namely, Kimberley, Kleinsee, Venetia, Voorspoed and Springs. In 2012, through these hubs, Zimele funded 51 SMMEs, of which 34 are women-owned to the value of almost R17 million. This helped to create and sustain close to 700 jobs and achieved a loan repayment rate of nearly 70%. The team has also established coaching and mentoring partnerships with various like-minded organisations.

Highlights in 2012:

- The Voorspoed business hub partnered with the Free State Department of Roads, Police and Traffic to fund road maintenance businesses
- The same hub won the Anglo American Zimele 2012 Hub Manager's Award for outstanding performance
- The Kimberley business hub entered into a mentorship partnership with the Small Enterprise Development Agency

2012 ZIMELE STATISTICS:

- R1,9 million was spent on training and mentoring Zimele fund recipients
- Businesses were created and given continued support in especially impoverished environments, including: Atok, Burgersfort, Bushbuckridge, Phola, Dennilton, Kleinsee, Philippi, Mthatha, King Williams Town, Piet Retief, Kathu and Kuruman
- Zimele was awarded the prestigious Mail & Guardian and Southern Africa Trust's "Drivers of Change 2012" business award
- Anglo American hosted a successful ED Conference in partnership with the Department of Trade and Industry (see case study below)
- Zimele participated in the local SMME procurement and supplier development study tour between South Africa and Western Australia
- The Saudi Aramco Entrepreneurship Centre from Saudi Arabia visited the Zimele team to learn about the latter's best-practice ED model
- BBC TV visited Zimele's Philippi hub in Cape Town as one of the poverty node areas where Anglo American was contributing
- The Zimele team presented its ED model at the International Small Business Council as well as at the Transformation Indaba.

Approximately
33%
of businesses
currently funded and
supported are directly
linked to our supply chain.

ANGLO AMERICAN PARTNERS WITH THE DEPARTMENT OF TRADE AND INDUSTRY TO FOSTER BEST PRACTICE IN ED

Anglo American partnered with the Department of Trade and Industry (the dti) to stage the third annual Enterprise Development Conference. Around 350 stakeholders from the enterprise development sector attended the two-day conference held in Midrand, Gauteng, in November 2012.

Executive director of Anglo American in South Africa, Khanyisile Kweyama, gave the opening address, acknowledging the value of the conference as a platform to share best practices and explore how to collectively maximise the resources at our disposal to increase enterprise capacity and foster skills development.

The speakers at the conference, including ED pioneers and leading authorities on transformation, brought a wealth of knowledge, foresight and experience. They provided insight into complexities in the sector, as well as real-life examples of ED achieving sustainable job creation at the grassroots of the economy.

The then Minister of Human Settlements, Tokyo Sexwale, contextualised small and medium enterprise development within the current state of the local and global economies as well as South Africa's national development plan. He acknowledged existing obstacles, including "tenderpreneur" and fronting challenges and urged business to take a unified stand against such corruptive practices.

Sipho Zikode, deputy-director general of the dti, called for the development of a vibrant small enterprise sector that will not be burdened by red tape or inefficient service delivery. He added that the broad-based black economic empowerment Scorecard will give increasing weight to supplier development, which will help

transform the economy. Zikode praised Anglo American for leading the way and said other multinationals should follow the example.

Dr Mamphela Ramphele former Anglo American plc board member and former World Bank Managing Director discussed how around the world ED has emerged as the most important trend in facilitating long-term skills development and job creation – particularly for the youth. She urged South Africa's youth to aim high with confidence to start up businesses.

Acting Zimele head, Lia Vangelatos, concluded the conference with a call to action from Anglo American to other organisations, urging them to partner with companies in this space.

ENTERPRISE DEVELOPMENT CONFERENCE 2012

UNLEASHING ENTREPRENEURIAL ACTIVITY

SUPPORTED BY ANGLO AMERICAN



BUILDING ON GREAT FOUNDATIONS – AND HELPING OTHERS TO LAY DOWN THEIR OWN

Ausleo Construction started out as a small carpentry business in the garage of a local car dealer in Kuruman, employing eight people. The company is owned and managed by a hard-working husband and wife team. Two years into their venture, they identified a gap in the local timber supply market and approached Timbercity head office to apply for a franchise, with financial support from the Zimele's Community Fund.

Today they are the proud owners of a Timbercity franchise in Kuruman, employing 15 people and operating from premises with retail space and a large workshop. They supply most of the mines around Kuruman with timber and other carpentry products. The company also helps to develop smaller contractors and transfer skills by offering them carpentry projects that Ausleo oversees.

► 01 Following the rapid growth of Ausleo Construction, Zimele awarded Greg Austin an additional loan to purchase a Timbercity franchise.

From left: Andre de Jager, Greg Austin, Lenie Awotin a director of Ausleo Construction, John Seretsi and Percie Oliver.



TUCK-SHOP ENTERPRISE DIVERSIFIES WITH SISHEN'S SUPPORT

With support from Zimele's Community Fund, Viret Trading opened its doors as a small tuck-shop in an impoverished area in Wrenchville, just outside Kuruman. Serving mainly pensioners and other people living on grants, the business had a very low turnover, but was diligently managed with passion and care by owner Brian Viret.

When the chance came to tender for the supply of tea, milk and sugar to Sishen mine, Brian seized the opportunity. He won the contract in February 2012, thanks to the efforts of Sishen's supply chain and sustainable development departments, and recommendations of his services. Brian delivers orders on a monthly basis to the mine, which is now one of his biggest clients, and plans to offer a similar service to other mines in the area.

LOCAL FARMER EXCELS USING PERSONAL INITIATIVE AND DE BEERS' FINANCING

When Mercy Rambuda paid her final loan instalment to the De Beers Zimele Venetia Business Hub, ahead of schedule, she had just been named the '2012 Female Farmer of the Year' by the local Musina Municipality.

Mercy's R110,000 business loan enabled her to buy fertilisers and pesticides, and provide four months for her business. This helped to sustain five jobs, which otherwise would have been lost, and created an additional five permanent positions as well as 10 temporary positions during the harvest season.

Today, Mercy's Sithagu Farm in Nwanedi village in Limpopo is recognised for harvesting the best produce in the Musina Municipality.

"I am living proof that being illiterate does not stop you from achieving your goals," she says, speaking in XiVenda. "I cannot read or write and I cannot speak English and yet I have been empowered by the De Beers Zimele Venetia Business Hub to change my life, and to make a difference in the lives of my family and my community."

TRANSPORT ENTERPRISE FLOURISHES WITH A WOMAN ENTREPRENEUR AT THE HELM

Being a woman entrepreneur in a male dominated industry has not curbed Gizella van Wyk's determination to succeed. As the owner of Gibel cc, a transport company based in Okiep, Springbok, she recently won the Woman in Transport Entrepreneur 2012 award from the Department of Transport, Safety and Liaison in the Northern Cape.

Thanks to a R550,800 loan from the De Beers Zimele Kleinsee Business Hub, Gizella was able to buy a brand new 22-seater bus and a trailer in March 2012. Besides being able to transport educational groups, the new vehicle and trailer allows her to run chartered trips to destinations outside the Northern Cape. It has also enabled Gizella to sustain eight jobs and create two more.

Gibel cc's fleet (most of which Gizella bought with her own savings and by investing profits back into the business) now consists of various small buses and trailers. She also owns the depot from which her business operates.



► 02 Gizella van Wyk, owner of Gibel Transport cc.

CO-OPERATIVE SPINS ITS SUCCESS INTO A SECOND DECADE

Margaret Thokozile Dlongolo, known as Maggie, has a strong entrepreneurial spirit. Despite being left permanently disabled by a bus accident in 2006, she has forged a burgeoning co-operative business. In 2012 she won second place at the National Small Business Chamber (NSBC) awards in recognition of her outstanding contribution to business in South Africa.

Maggie founded IsiYalu Manufacturing and Retailing Primary Co-operative in 2003 with two colleagues. The co-operative started by offering cut, make and trim services to aspiring designers and has since grown to include textiles, business suits for women, curtains, corporate clothing and general fashion items.

De Beers is one of IsiYalu's loyal clients, as a regular buyer of conference shirts and bags (the latter being made from 100% recycled plastic).

IsiYalu Manufacturing and Retailing currently employs 12 people and intends to continue expanding.



▲ 03 From left to right: Maggie Dlongolo, William Dlongolo and Warwick Mostert, biodiversity coordinator at De Beers.

FACILITATING BENEFICIATION

The beneficiation strategy that was approved as government policy by the Cabinet in June 2011 defines beneficiation as follows: "Beneficiation entails the transformation of a mineral (or a combination of minerals) to a higher value product, which can either be consumed locally or exported. The term is used interchangeably with 'value-addition'."

The South African government's beneficiation strategy seeks to leverage the country's mineral resource endowment to achieve higher levels of economic growth, employment and socio-economic development. While the specifics of the government's policy approach have not been finalised, it is acknowledged that mining plays a key enabling role.

Anglo American has been involved in various beneficiation-related initiatives, including research and development, in respect of each of its commodities in South Africa. These initiatives were, among other reasons, for the purpose of developing new markets for its commodities and to enhance the value of its products to meet customer requirements.

In this chapter, we also refer to our initiatives in the waste-beneficiation area, where waste or by-products emanating from our mining operations are used to create new products of value to our organisation, employees and other stakeholders, including neighbouring communities.

THERMAL COAL

Our Thermal Coal and Platinum businesses have developed innovative ways of turning mining and industrial process by-products into commercially viable resources, with positive environmental, social and economic impacts.

Thermal Coal focuses on beneficiation activities that result in the cleaner and more efficient use of coal, and on initiatives to reduce greenhouse gas (GHG) emissions through the use of technologies for low-emission coal fired production, carbon capture and storage, and clean-coal technologies.

Most of the coal mined by Thermal Coal undergoes a beneficiation "washing and crushing" process to ensure that it meets the quality specifications required by our customers. The washing process at our Zibulo, Mafube and Umlalazi washing plants provides a continuous supply of 'middlings' (by-products of the coal washing/beneficiation process), which are used for power generation by Eskom and local markets, as well as by cement and industrial plants and brick manufacturing units.

Strategic beneficiation initiatives in the pipeline

- Thermal Coal is at the prefeasibility stage of the planned development of the Elders project in Mpumalanga, a multi-product underground mine that will produce both export and domestic beneficiated coal products. The project is expected to create 300 jobs when it reaches full production in 2019
- Prefeasibility and conceptual studies are under way for the development of new mines in the Limpopo and Waterberg basins, where Thermal Coal holds prospecting rights. This development could potentially create 1,500 primary jobs
- Feasibility studies are under way for the development of a long-life mega-mine at New Largo, which will supply up to 17 million tonnes of beneficiated coal annually to Eskom's new Kusile power station, and employ up to 850 people for two generations
- Life of mine (LoM) extension projects are planned at a number of mines that currently supply Eskom power stations, to address an increasing demand for power. This will provide prolonged job security for current employees, as well as additional job creation opportunities during construction stages. The mines include: New Denmark, to be extended by 16 years to supply Tutuka power station; Kriel, to be extended by 20 years to supply Kriel power station; New Vaal, to be extended by 13 years to supply Lethabo power station; Landau (to be extended by eight years, producing export quality coal; and Mafube, to be extended by 15 years to supply to existing export and domestic customers.

Research and development focused projects

- We are investigating commercially exploitable discard coal for power-generation purposes. A prime example is the Khanyisa Project, the development of a 450MW independent power producer generation project. A combustion technology recently introduced to South Africa will be employed to generate power while reducing coal waste (also refer to chapter 8 on environmental management)
- Thermal Coal is a leader in developing coal-bed methane (CBM) technology in South Africa, for potential power generation. Following a successful pilot project to explore the beneficiation of CBM by-products, we have partnered with Platinum to pilot a stationary fuel cell at a CBM exploration site near Lephalale in Limpopo. The electricity generated will support a disadvantaged community project

In this chapter, we also refer to our initiatives in the waste-beneficiation area, where waste or by-products emanating from our mining operations are used to create new products of value to our organisation, employees and other stakeholders, including neighbouring communities.

- We explore opportunities to derive economic value from using by-products. A successful venture has been the transformation of gypsum produced at the eMalahleni water treatment plant, into gypsum-based building products suitable for constructing quality houses. To date, 62 houses in KwaMthunzi Vilakazi were built using a percentage of gypsum in the manufacturing of the bricks for those houses and boundary walls
- Thermal Coal participates in the South African Coal Roadmap (SACRM) and supports the Coaltech research association. These collaborative initiatives focus on exploring strategies, technologies and approaches for the development of the local coal industry and how to maximise the economic opportunities for coal
- Thermal Coal is a founding member and active participant in the South African Centre for Carbon Capture and Storage (SACCCS). Parliament endorsed the CCS roadmap in May 2012. Demonstration and commercialisation of this technology in South Africa will enable the country to meet its dual goals of economic growth and reducing carbon emissions.

KUMBA IRON ORE

Kumba has a beneficiation strategy and engages with relevant stakeholders regarding beneficiation. The business invests substantially in downstream value creation.

Kumba operates three iron ore mines and mineral beneficiation plants at its operations at Sishen (Northern Cape) and Thabazimbi (Limpopo). Approximately 80% of its ore is beneficiated. More than 10% of its iron ore production is supplied to the domestic market, equating to a local steel production capacity of approximately three million tonnes per annum.

The business continues to explore novel beneficiation methods to increase the iron content of iron ore and improve recoveries, and is at an advanced stage of investigating technologies that will add further value to iron ore. We are looking at pyrometallurgical processes to produce products that can be utilised by steel makers.

Kumba's Sishen mine is currently the only haematite ore producer in the world to fully beneficiate its products by treating the entire run of mine into saleable products. This is achieved through dense medium separation (DMS) and JIG technology.

Kumba's innovative JIG technology plant at Sishen mine is a leading example in maximising value from current resources.

Pioneering technology is used to separate iron-bearing material from waste material, enabling production of an additional 13 million tonnes of iron ore per annum.

Beneficiation project pursuits in progress

- Kumba is developing the Limpopo domestic hub for the local market so that it will generate approximately 6Mtpa in additional iron ore supplies, to meet domestic demand in the inland market.
- In 2012, Kumba partnered with Exxaro to commercialise the latter's ultra-high dense-medium-separation (UHDMS) technology, and to establish a 50 tonne per hour (tph) modular beneficiation plant for Sishen mine. The plant will be used to demonstrate the commercial feasibility of separating iron ore at different operating densities using the new technology. Ultimately, UHDMS facilitates a more efficient and cost-effective extraction process that will enable the business to obtain more value from an orebody
- Kumba is a 50:50 commercial partner in the development of the Zandriverspoort mine project to beneficiate iron ore of between 35% and 67% iron content through the application of new proprietary technology. Developing Zandriverspoort and the associated Phoenix project (a commercial mine to come on stream after 2016), is expected to create between 1,700 and 2,600 new full-time jobs in one of the poorest regions in South Africa
- In partnership with state organisations, Kumba is investigating the feasibility of concentrating Sishen C-grade material to a required iron ore or pellet grade in order to feed a portion to a proposed Coega pellet/steel plant in the Eastern Cape
- Kumba has facilitated co-operation between the Industrial Development Corporation (IDC) and Tata Steel to investigate various business models and iron ore sources, as well as setting up a second steel producer in South Africa
- Kumba and the IDC play an active role in investigating suitable technology to convert fine iron ore fines and concentrated into products suitable for the steel industry.

PLATINUM

Our Platinum business has been implementing a market development and beneficiation strategy since 2009. The approach focuses on identifying new sustainable applications for our metals, and relies on collaboration and alignment with diverse stakeholders. Opportunities for beneficiation exist along the entire

PGM value chain and across the market-development scope. Our activities range from laboratory-scale research and product development, to early stage commercialisation of products capable of driving PGM demand in the longer term.

One such example is Platinum's partnership with Limpopo to support a study into the feasibility of a platinum special economic zone in the province. The fuel cell industry could prove to be the anchor for the zone, depending on the outcome of the study. This could attract manufacturing industry, peripheral services and investors. The company is also focused on fuel cell development in South Africa (see point 3 below).

In promoting beneficiation we support industry and government's efforts to ensure that the current PGM industries in South Africa (the auto-catalytic converter and jewellery industries, as well as a fledgling fuel cell industry) are maintained and set on a growth path, with appropriate incentives and market conditions. We also assist in developing new manufacturing and job opportunities in the PGM sector.

Developing the jewellery market

- Our Platinum business stimulates global demand for large growth markets through its work with the Platinum Guild International (PGI). We also give the industry access to the PGI's research and materials regarding markets and trends in jewellery
- In South Africa, Platinum supports local jewellery design and manufacturing and encourages opportunities for domestic jewellers to compete in local and international markets. The company provides training and marketing initiatives that address technical and design capacity and support, supports five training institutes, and sponsors the annual PlatAfrica Design Competition, which showcases local design talent and high-quality workmanship.

Collaborative research and development

- Platinum engages with various government departments, including the Department of Science and Technology (DST), the Department of Trade and Industry (the dti), the Department of Mineral Resources (DMR) and the Department of Energy (DoE), to explore collaborations on the development of PGM technologies in South Africa

PLATINUM POWERS FORWARD

Platinum has identified opportunities to use fuel cells in its own operations, including underground mining locomotives. The fuel cell locomotive will replace the current lead-acid battery power pack with a hybrid technology solution, which includes a hydrogen-powered fuel cell and lithium iron phosphate battery with a metal hydride hydrogen storage facility. The hybrid power pack can be retrofitted to existing locomotives.

Working in partnership with Trident South Africa, Battery Electric and fuel cell developers Vehicle Projects Inc.,

Platinum launched the first fuel cell locomotive prototype at Khomanani mine in Rustenburg in April 2012. This initiative was lauded by Minister for Mineral Resources Susan Shabangu. "We welcome the launch of the fuel cell locomotive as a sign of commitment from industry to proactively transform and contribute to national strategic objectives. This particular case touches upon several key strategic priorities – development of the mineral sector, beneficiation, industrial development, an environmentally friendly economy, development of a knowledge economy and job creation."

Fuel cell-powered vehicles have the mobility, power and safety characteristics

of diesel units, as well as environmental cleanliness that is superior to battery vehicles. Furthermore, their application would be cost-competitive owing to lower recurring costs, reduced ventilation costs (compared to diesel), and higher vehicle productivity.

Surface testing of the locomotive continued into early 2013 to determine efficiencies, reliability and effectiveness of the new technology in comparison to the current method of working. While underground testing is critical, it is also imperative to address the behavioural changes required for employees to ensure the safe introduction of new equipment into the operating environment.



▲ 01 Platinum unveiled a platinum-based fuel cell powered mine Locomotive prototype at Khomanani mine.

- Platinum supports various PGM research programmes at South African universities and at the Council for Scientific and Industrial Research (CSIR), with the aim of accelerating local product development and creating new applications for PGMs. Certain programmes are conducted in collaboration with international companies, allowing the transfer of skills and access to new methodologies and equipment
- Platinum has an equity stake in a Johnson Matthey Fuel Cells company to keep abreast of developments and consider future opportunities in the field, particularly in promoting the ongoing use of PGMs.

Fuel cell product development

- A key development area for platinum is the use of fuel cells to provide power. Fuel cells are efficient, versatile and scalable, and offer users several advantages. A development focus area is to use them in stationary and portable devices. Fuel cells have the potential to boost demand for platinum, which is used as a catalyst in the cells. The technology is considered suitable for Africa since fuel cells do not require electricity, do not emit noxious gases, and could cut reliance on coal-fired power plants
- Platinum is involved in investigations into developing a commercially viable fuel cell industrial zone in the Rustenburg area that will attract developers, experts in the field and investors, and promote skills transfer, job creation and capacity building
- Together with its partners, Platinum is investing in the development of underground fuel cell locomotives as well as a fuel cell dozer for use in the mining environment. Beyond mining, it is exploring the development of a fuel cell home generator designed to provide efficient, reliable power to rural communities that are not connected to the electricity grid
- In parallel with product development, a local manufacturing strategy and the securing of potential customers are being considered as part of the commercialisation process.

Platinum Group Metal Development Fund

- Platinum established the Platinum Group Metal Development Fund (PGMDF) in 2009 to increase the use and application of PGMs in South Africa. The fund invests in entities that either support PGM product development or use PGM technologies in their products or processes. PGMDF focuses on local beneficiation and provides capital to innovators and entrepreneurs

during the early-stage development and commercialisation of PGM technology

- Together with the Department of Science and Technology and USA-based Alteryx Systems, the key investment to date is in Clean Energy Investments (Pty) Limited. Clean Energy provides fuel cell-based back-up power solutions to the telecommunications industry in South Africa. Currently, installation, maintenance and fuelling is provided by South African companies, but it is anticipated that the fuel cell units will also be assembled and manufactured in South Africa once critical volumes have been reached.

DE BEERS

As with all Anglo American business units, beneficiation is a core part of De Beers' business model, and fundamental to its commitment to working with partners.

De Beers' beneficiation initiatives include diamond sorting, valuing, cutting, polishing, marketing and retail, as well as indirect activities such as information technology, banking, security and transport. Through De Beers' beneficiation strategy, the mining and trading of diamonds bring ancillary economic and social benefits. Key contributions include a skilled and educated workforce, inward and locally based investment, and a more entrepreneurial culture.

In South Africa, De Beers supports the development of all aspects of the diamond production pipeline through various initiatives, summarised below. The company also supports emerging entrepreneurs in the industry who have no alternative access to rough diamonds.

Supplying to local beneficiaries: De Beers continues to supply the equivalent of 40% of its total gross sales to local clients. These include some of the largest employers within the manufacturing sector, who employ approximately 85% of the estimated 900 diamond cutters and polishers who make up the sector.

State Diamond Trader: De Beers was instrumental in forming the State Diamond Trader (SDT), a state-owned entity that buys and sells rough diamonds in order to promote equitable access to and beneficiation of diamond resources. De Beers has seconded four highly skilled sorting and valuation personnel to the SDT and has also made sorting equipment available to it.

Kimberley International Diamond and Jewellery Academy

In partnership with the Northern Cape government, De Beers launched the Kimberley International Diamond and Jewellery Academy (KIDJA) in 2011 to promote skills development in the local jewellery industry. To date, over R5 million has been invested in the scheme and 182 candidates have been trained. In addition, De Beers, in partnership with its clients, has established a R2 million bursary scheme for the academy.

The Shining Light Awards: This competition supports, encourages and develops new entrants into the local downstream diamond industry. The initiative promotes the development of skills and provides five jewellery design schools with education grants worth R10,000 per competition. Competition winners are seconded to international businesses owned by De Beers' clients.

Forevermark: In February 2012, in partnership with Caratco, the exclusive distributor for South Africa, De Beers launched Forevermark in the country in order to promote local jewellery design and manufacturing. Forevermark is De Beers' own proprietary diamond brand. It was initially launched in Hong Kong, China, India, Japan and the US before coming to South Africa.

ACRONYMS



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AAESS	Anglo American EMEA Shared Services in South Africa
AAIC	Anglo American Inyosi Coal (Pty) Limited
AASA	Anglo American South Africa Limited
ABET	Adult basic education and training
ACD	Anglo American's Corporate Division
ARD	Acid rock drainage
ART	Anti-retroviral therapy
AOPL	Anglo Operations (Pty) Limited
BBBEE	Broad-based black economic empowerment
BEE	Black economic empowerment
BLAST	Building leaders and shaping talent
CBM	Coal bed methane
CDPs	Career development panels
CDT	Community Development Trust
CO₂e	Carbon dioxide equivalent
CSIR	Council for scientific and industrial research
DBCM	De Beers consolidated mines
DBGS	De Beers group services
DBSA	Development Bank of Southern Africa
DHS	Department of Human Settlements
DMR	Department of Mineral Resources
DoE	Department of Energy
DoH	Department of Health
DoL	Department of Labour
DRP	Debt-rehabilitation programme
DST	Department of Science and Technology
DWA	Department of Water Affairs
EAP	Economically active population
ED	Enterprise Development
EE	Employment equity
EIA	Environmental impact assessment
EIP	Entrepreneur internship programme
EMEA	Europe, Middle East and Africa
EMPs	Environmental management plans
EMPR	Environmental management programme report
EMS	Environmental management system
ESOPs	Employee share ownership plans
ESTC	Engineering skills training centre
FLC	Foundational learning certificate
FFI	Fauna & Flora International
FIFR	Fatality injury frequency rate
GAVI	Global alliance for vaccines and immunisations
GCC	Government certificate of competence
GDP	Graduate development programme
GHG	Greenhouse gas
GJ	Gigajoule
HCT	HIV counselling and testing
HDSAs	Historically disadvantaged South Africans
HIV/Aids	Human immuno-deficiency virus/Acquired immuno-deficiency syndrome
HRD	Human resource development
IDC	Industrial Development Corporation
IDP	Integrated development plan
IWTTSA	Integrated water task team for South Africa
IWULAs	Integrated water use licence agreements
KIDJA	Kimberley International Diamond Jewellery Academy
LED	Local economic development
LFI	Learning from incidents
LTIs	Lost-time injuries
LTIFR	Lost-time injury frequency rate

MBFP	My budget fitness programme
METF	Minerals education trust fund
Mℓ	Million litres
MMTC	Mechanised mining training centre
MPRDA	Minerals and Petroleum Resources Development Act
MQA	Mining qualifications authority
NGO	Non-government organisation
NPC	Non-profit company
NIHL	Noise-induced hearing loss
NQF	National qualifications framework
OHS	Occupational health and safety
ORMP	Operational risk management process
OSD	Operational skills development
PCP	Personal change programme
PGI	Platinum Guild International
PGMs	Platinum group metals
PITs	Professionals-in-training
PME	Programme for management excellence
PMT	Practical management training
PPE	Personal protective equipment
QCTO	Quality council for trades and occupations
R&D	Research and development
S&SD	Safety and sustainable development
SACCCS	South African Centre for Carbon Capture and Storage
SADC	Southern African Development Community
SARS	South African Revenue Service
SAVs	Single accommodation villages
SDP	Social development programme
SDT	State diamond trader
SEAT	Socio-economic assessment toolbox
SETA	Sector education training authority
SIP	Safety improvement plan
SLAM	Stop, look, assess, manage
SLP	Social and labour plan
SMMEs	Small, medium and micro enterprises
SRM	Supplier relationship management
TAP	The achiever programme
TB	Tuberculosis
the dti	The Department of Trade and Industry
TTC	Technical training campus
VCT	Voluntary counselling and testing
VFL	Visible felt leadership
WETT	Water efficiency target tool
WHO	World Health Organisation
XRM	X-ray microscopy

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Cover image: Receiving operator training on a Bucyrus SKL drill rig are trainee operators Hein Roets, Gabriel Bosman, Florencia Bekend and Nattie Groenewald. The senior instructor is Enos Dladla (far right).