



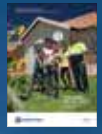
**FOCUSED
ON DELIVERY**

SECURING THE FUTURE IN
PARTNERSHIP

FOCUSED ON DELIVERY

2013 was a year in which we reviewed our strategy to ensure it gave us the flexibility our business required. We undertook extensive studies to help revise our mine plans, and we initiated intensive stakeholder engagement to gain insight into how people see us. With all this planning and understanding behind us, in 2014 we will be focused on execution of the revised strategy to yield results.

Other sources of information



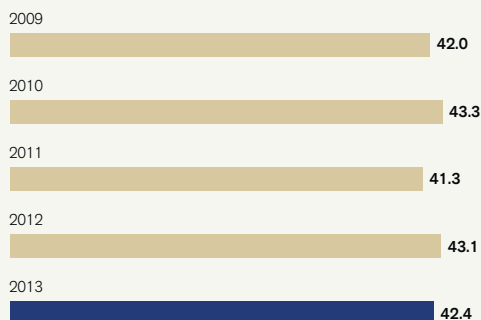
You can find this report and additional information about Kumba Iron Ore Limited on our corporate website.

For more information visit
[www.angloamericankumba.com/
investor_fin_reports.php](http://www.angloamericankumba.com/investor_fin_reports.php)

HIGHLIGHTS

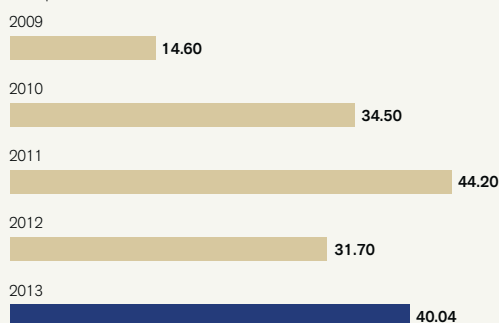
Production

Mt



Dividend per share

Rand per share



Cover Image

Berty Bock, shift foreman at Sishen mine, with his wife Marita and children Michelle, Shaneefah and Allisandro in front of their new house in Kathu Phase 4. Since listing in 2006, Kumba has built more than 3,400 houses for employee families.

Opposite

Jacques Roux, a process engineer at the ultra-high dense medium separation (UHDMS) plant at Sishen mine, inspects some of the final product produced from low-grade ores.

SAFETY

(2012: 2 fatalities)

No loss of life

REVENUE

(2012: R45.4bn)

R54.5bn

HEADLINE EARNINGS

(2012: R12.5bn)

R15.4bn

DIVIDENDS PAID

(2012: R18.0bn)

R13.7bn

PAID TO SOUTH AFRICAN FISCUS

(2012: R6.2bn)

R8.3bn

Approach and overview

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REPORT SCOPE AND BOUNDARY

REPORT SCOPE AND BOUNDARY

G4-17

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

G4-21

G4-20

G4-18

The report discusses the group's safety, transformation, economic, social and environmental objectives, strategy and performance during 2013. It also recognises the need to address the business case for sustainable development and focuses on those issues that are most material to the business and its stakeholders. Kumba Iron Ore Limited (Kumba or the company of the group) follows a structured and disciplined process in identifying its stakeholders and in arriving at its material issues, which has been informed by the Global Reporting Initiative's (GRI's) guidelines on defining report content, quality and boundaries. Further discussion on Material issues and Stakeholder engagement can be found on pages 31 and 34 respectively.

While this report reflects on the 2013 financial year, historical information is supplied for context where appropriate, along with an outlook where it supports an understanding of the strategy of the business.

G4-22

There was one restatement during the year. During 2013 we adopted a new accounting interpretation – International Financial Reporting Interpretations Committee (IFRIC) 20 *Stripping costs in the production phase of a surface mine* – which resulted in a restatement of the 2012 capital expenditure.

Kumba has internal systems in place for data collation which are aligned with the requirements of the Anglo American Group of companies. Internal and external audits of the group's systems and data integrity are carried out on a regular basis. Where relevant, data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of indicators, are indicated in the report, or in the glossary of terms, abbreviations and acronyms on page 113. Should further clarity be required, stakeholders are invited to contact us.

FEEDBACK

We encourage stakeholders to provide feedback on Kumba's reports and our reporting. We will take feedback and suggestions into consideration as we continue our integrated reporting journey. A feedback form is provided as an insert at the back of this report.

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

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2013 SUITE OF REPORTS

Kumba's 2013 suite of reports for the financial year ended 31 December 2013, consists of:

- **Sustainable Development Report**, which, this year for the first time, has been prepared in line with the G4 Guidelines of the GRI and GRI's Mining and Metals Sector Supplement (MMSS). In line with guidance from the Anglo American Group we have adopted a 'core' approach to reporting and certain key performance indicators (KPIs) have been assured by PricewaterhouseCoopers (PwC). This assurance statement can be found on page 100 of the of this report. Principles endorsed by the International Council on Mining and Metals and the United Nations Global Compact have been taken into consideration when compiling this report. Furthermore, we have reported on our compliance with the Mining Charter of South Africa. **G4-23**
- **Integrated Report**, which speaks to the company's key operational, financial, economic, social health and safety and environmental issues, as well as governance, strategy, material issues and performance during the year. The Integrated Report has been compiled using the recommendations of the King Code of Governance Principles and the King Report on Governance (King III) and the <IR> Framework, and is made available to all stakeholders.
- **Annual Financial Statements**, which present the audited group and company annual financial statements, prepared in accordance with the International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee, the South African Companies Act No 71 of 2008 (Companies Act), the Listings Requirements of the Johannesburg Stock Exchange (JSE Listings Requirements), and the South African Institute of Chartered Accountants Financial Reporting Guides as issued by the Accounting Practices Committee. The annual financial statements have been audited by Deloitte & Touche. An unmodified audit opinion was issued and is included on page 25 of the Annual Financial Statements 2013.

Copies of these reports may be requested from Kumba's investor relations department contact Esha Mansingh at esha.mansingh@angloamerican.com / melida.manala@angloamerican.com. Alternatively, the reports may be downloaded at www.angloamericankumba.com/investor_fin_reports.php.

ASSURING OUR REPORTS

Kumba applies a combined assurance model, which seeks to optimise the assurance obtained from management and internal and external assurance providers.

- External auditors provide assurance for the group. Deloitte & Touche assured the Annual Financial Statements 2013 and PwC assured selected sustainability information in this report (see pages 100 to 101). Key financial indicators and sustainable development information is included in the Integrated Report 2013. Quoted reserves and resources estimates are assured through a rolling external audit schedule by Xstract Mining Consultants (Australia), a Calibre Group company.
- The group's internal audit function, overseen by the audit committee, assesses the adequacy and effectiveness of the group's financial, operating, compliance and risk management controls and provides the board with positive assurance on the key areas of the group's internal financial controls.
- The audit committee reviews the company's combined assurance model and is satisfied that it is complete, that the level of unmitigated risks remain appropriate; and that sufficient internal and external assurance is provided to manage risks and the control environment. The committee also fulfils an oversight role regarding this report and the related processes and recommended this report to the board for approval.

MATERIALITY

We have again chosen to focus this report on our material issues, using these as a compass to navigate what is important to our story. Our material issues were identified and reviewed by management through a rigorous process that took into consideration stakeholder concerns and included a materiality workshop held in 2013, and were approved by the board. For more on this, and to read about our Material issues, see page 31.

THE DRIVING FORCES OF OUR BUSINESS

Material trade-offs for Kumba

In order to leverage our driving forces (see below) and create sustained value we must acknowledge there will be some material trade-offs between them. For example, our activities can have a negative impact on the environment, but the same activities can allow us to enhance the lives of our people and support our communities. As a result, the mitigation of something such as environmental impacts should not be viewed in isolation, but rather in the context of all the driving forces and how we aim to balance them. Another example of this is taking decisions such as ramping up waste mining that might impact profitability in the short term, but that allow us to focus on long-term financial sustainability. Throughout this report we have aimed to show how our business works holistically and to provide explanations of similar trade-offs.

THE DRIVING FORCES OF OUR BUSINESS

Our people

People are central to our business and the safety and well-being of everyone in our organisation remains a priority and a non-negotiable value. Part of our strategy revision in 2013 was to focus on the role each individual plays in helping the company achieve its goals. For more on this see page 64 of this report.

Our relationships

A business cannot create and sustain value without strong partnerships, and Kumba is no different. We strive to build mutually beneficial relationships with stakeholders and business partners, including government with whose regulations we comply. For more on this see page 34 of this report.

Our performance

Consistent, sound financial, operational and social performance provides the foundation for a sustainable future from which shareholders and all other stakeholders can benefit. We are cognisant of using capital effectively in order to maximise the benefit that can be drawn from it. For more on this see page 46 of this report.

Our assets

The way in which we optimise our assets will determine the success of our business. During the year under review we conducted numerous strategic studies at our operations and continued with asset optimisation to allow us to benefit in the most sustainable manner. In addition we continued to actively protect our mining rights. For more on this see page 60 of our Integrated Report 2013.

Our innovation

New ideas are what make us competitive and allow us to find ways to be sustainable. This year Kumba faced a number of challenges and innovation is allowing us to not only overcome these, but to use them to our long-term advantage. For more on this see page 81 of our Integrated Report 2013.

Our environment

We recognise that mining can have detrimental effects on the environment. We aim to minimise this impact, be mindful of the resources we use and improve our efficiencies. Kolomela mine's concurrent rehabilitation programme is an example of the way we work. For more on this see page 84 of this report.

KEY FEATURES

SAFETY AND HEALTH

- No loss of life in 2013
- Safety Indaba held in June 2013 identified key aspects for safety performance improvement
- All noise exposures have been reduced to less than 110dB(A)
- Effective fatigue-management programme at Kolomela mine to be replicated at our other operations
- Lost-time injury frequency rate (LTIFR) rose to 0.18 per 200,000 hours worked (2012: 0.10)
- Achieved 86% employee participation in HIV/AIDS counselling and testing (HCT)

DIRECT SOCIAL INVESTMENT IN COMMUNITIES

- R253.7 million spent mainly in host communities
- Sishen Iron Ore Company Community Development Trust (SIOC-CDT) received dividends of R523 million which assisted 361,000 beneficiaries in host communities
- Nine early childhood development (ECD) centres built in Gamagara local municipality in partnership with the Northern Cape Department of Education
- R84.5 million committed to Social and Labour Plan (SLP) projects in 2013

ENVIRONMENTAL PERFORMANCE

- Admitted to the Global 500 and JSE Top 100 Carbon Disclosure Leadership Indices for the first time
- Approved environmental management plans (EMPs) in place at all three mines
- Kolomela mine awarded ISO 14001 certification in July 2013
- Development of a concentrated solar power generation plant initiated and sponsored by Kumba at Kathu
- Sishen mine biodiversity offset area proclaimed

STAKEHOLDER ENGAGEMENT

- Dingleton relocation project approved by Kumba and Anglo American plc boards
- Supply agreement concluded with ArcelorMittal South Africa Limited (ArcelorMittal SA) provides security of supply and pricing of iron ore to the domestic market
- Strike averted at Kolomela mine in February 2013 – dispute subsequently amicably resolved
- Constitutional Court's judgment in respect of 21.4% of Sishen mine's mining rights provided clarity
- Relations with the Department of Mineral Resources (DMR) improved

ECONOMIC PERFORMANCE

- Paid dividends of R13.7 billion to shareholders, including black economic empowerment (BEE) partners (R3.2 billion) and employee shareholders (R144 million)
- Paid R8.3 billion in taxes and royalties to the South African government
- Spent R276.7 million on training and development of our employees and community members
- Contributed R88 million to infrastructure in our communities
- 60.6% (R11.1 billion) of discretionary procurement spent with BEE suppliers

EMPLOYMENT AND HOUSING

- 55% historically disadvantaged South Africans (HDSAs) in management, 18% women in mining
- 84% of employees from local communities
- No significant incidents of industrial action
- Significant employer (13,305 employees, contractors and people in learnerships)
- Low staff turnover rate of 4.2%
- 413 houses constructed

SALIENT FEATURES

KEY STATISTICS

	2013	2012	2011	2010	2009
Number of employees					
Sishen mine					
Employees	5,104	5,303	4,412	4,173	3,868
Contractors	3,099	2,910	3,425	4,217	1,199
Total	8,203	8,213	7,837	8,390	5,067
Kolomela mine					
Employees	1,065	1,030	771	534	241
Contractors	1,649	811	640	28	7
Total	2,714	1,841	1,411	562	248
Thabazimbi mine					
Employees	791	852	815	806	821
Contractors	269	470	889	974	693
Total	1,060	1,322	1,704	1,780	1,514
Production (Mt)					
Sishen mine	30.9	33.7	38.9	41.3	39.4
Kolomela mine	10.8	8.5	1.5	–	–
Thabazimbi mine	0.6	0.8	0.9	2.0	2.6
LTIFR (per 200,000 hours worked)					
Sishen mine	0.21	0.10	0.08	0.15	0.10
Kolomela mine	0.20	0.04	–	–	–
Thabazimbi mine	0.14	0.10	0.1	0.25	–
Direct social expenditure (R million)					
Sishen mine	105.3	72.3	73.6	72.1	19.4
Kolomela mine	51.7	77.9	30.9	38.9	0.3
Thabazimbi mine	8.9	14.9	9.2	16.8	1.3
Amount spent on housing (R million)					
Sishen mine (including LHC)*	551.8	398.1	181.0	44.0	38.0
Kolomela mine **	–	511.0	403.0	–	–
Thabazimbi mine	–	9.0	10.3	7.1	4.0
Houses constructed/converted (units)					
Sishen mine (including LHC)	310	1 166	172	39	342
Kolomela mine	103	335	280	–	–
Thabazimbi mine	–	–	–	–	–

* Lakutshona Housing Company

** Spend for housing at Kolomela mine is included in the expansion project capital expenditure.

OUR BUSINESS

WHO WE ARE

Kumba Iron Ore Limited, a member of the Anglo American Group, is a leading supplier of high-quality iron ore to the global steel industry. Operating primarily in South Africa, we focus on creating and sharing value.

People are central to our business and Kumba is proud to provide employment to many in the communities around our operations. In 2013 Kumba employed a total of 13,305 individuals, comprising 7,433 full-time employees, 5,037 full-time contractors and 835 people in learnerships, slightly more than the number employed in 2012 (11,773). In addition 3,492 fixed-term project contractors were employed at Kumba's construction projects. While the number of people employed may not be large in comparison with other labour-intensive mining operations, in the regions in which we operate the company is a significant employer, both directly and indirectly.

Approximately 84% of our employees are local, living in the communities surrounding our operations. It is these same communities that we work with and invest in. In 2013 our community engagement and development (CED) expenditure amounted to some R253.7 million (2012: R275.6 million).

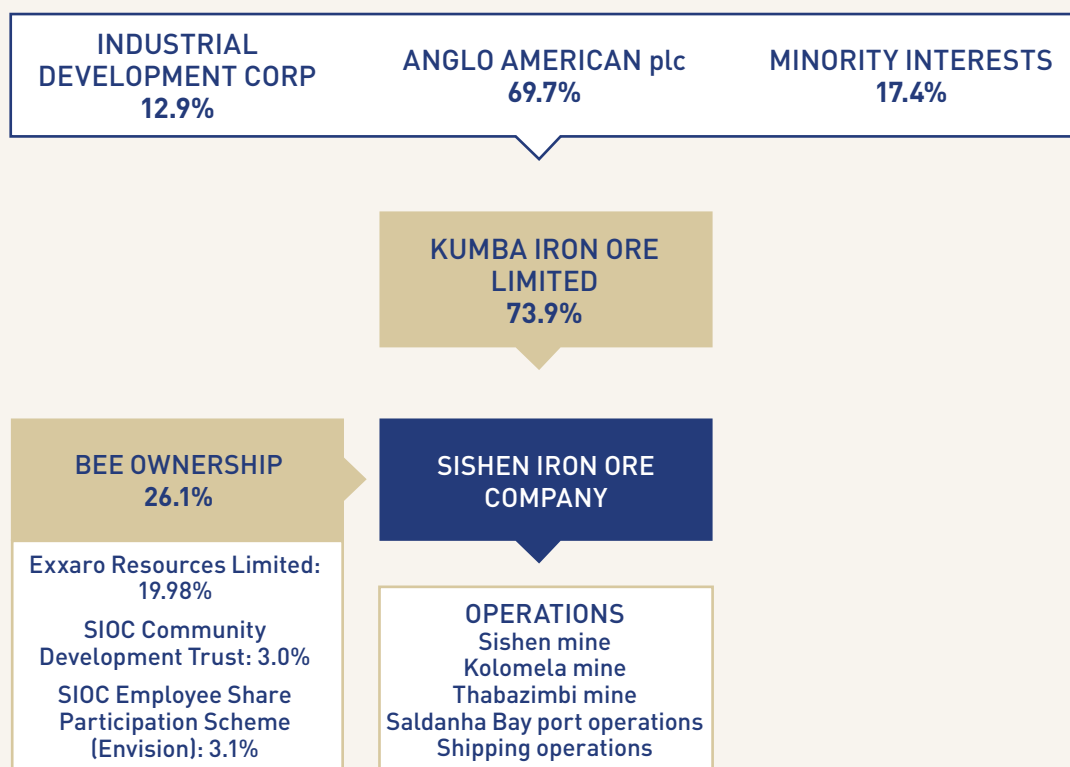
We are also cognisant of our role as a good corporate citizen in South Africa and paid R8.3 billion in taxes and royalties in 2013. We work hard to maintain an open relationship with local, provincial and national governments.

Kumba has a 73.9% interest in Sishen Iron Ore Company (Proprietary) Limited (SIOC), an entity which we manage. SIOC, in turn, owns the operating assets of the company. The remaining 26.1% interest in SIOC is held by the following BEE shareholders:

- Exxaro Resources Limited (Exxaro), a leading BEE company listed on the JSE, with 19.98%
- SIOC-CDT, a trust that funds projects in local communities, with 3.0%
- Envision, an employee share participation scheme, with 3.1%

Kumba is listed on the JSE and its major shareholders are Anglo American plc (69.7%), and the Industrial Development Corporation of South Africa (IDC) (12.9%), with the balance held by minority shareholders. At the end of December 2013 Kumba had a market capitalisation of R142.8 billion (2012: R183.2 billion). Our business is spread across South Africa with our head office in Centurion, just north of Johannesburg.

KUMBA IRON ORE LIMITED GROUP STRUCTURE



G4-17

OPERATIONS IN SOUTH AFRICA

Corporate office

- 1 Centurion

Mining operations

- 2a Sishen mine
- 2b Kolomela mine
- 2c Thabazimbi mine

Port operations

- 3 Saldanha Bay



Our mining operations are in the Northern Cape and Limpopo provinces, while our port operations are in Saldanha Bay in the Western Cape province. These are all managed by SIOC. We produce a high-grade iron ore, with a lump-to-fine ratio of 63:37 achieved in 2013. This allowed us to benefit from the stronger market prices for lump ore towards the end of 2013. Our commercial operations are managed by specialist teams in South Africa, Europe and Singapore, which ensures our products reach our customers timeously.

SIOC's operations comprise the following:

Sishen mine, near the town of Kathu in the Northern Cape province, is our largest operation and has been operational since 1953. Sishen's current life of mine (LoM) is estimated to be about 19 years with a production design capacity of 37Mtpa. For more on this operation see page 61 of our Integrated Report 2013.

Kolomela mine, near Postmasburg in the Northern Cape province, is our newest mining operation, having come into commercial production in December 2011. Kolomela mine has grown steadily since then and its LoM is estimated to be 25 years. Technical studies have confirmed the mine's capacity to sustain production at 10Mtpa, 1Mtpa above its original design capacity. For more on this operation see page 62 of our Integrated Report 2013.

Thabazimbi mine, near the town of Thabazimbi in the Limpopo province, previously operated on a cost-plus basis and was contractually dedicated to supplying ArcelorMittal SA. In November 2013 an agreement which regulates the sale and purchase of iron ore between SIOC and ArcelorMittal SA was signed and became effective on 1 January 2014.

DIRECTORS' RESPONSIBILITY FOR THE REPORT

The social and ethics committee is ultimately responsible for overseeing the integrity of this report. They were assisted by the project steering committee and the project team who oversaw the reporting process. The process undertaken to determine the company's material issues is outlined on page 31 of this report. The social and ethics committee confirms that it has collectively reviewed the content of this report and believes it addresses the material issues, and is a balanced and accurate presentation of the sustainability performance of the group. The Kumba board approved this Sustainable Development report on 13 March 2014.

This agreement provides security of supply and favourable pricing relative to export parity prices of iron ore to the domestic market, and is an opportunity to extend the life of Thabazimbi mine beyond 2023 through mining out the remaining haematite and through the introduction of low-grade beneficiation technologies. For more on this see page 62 of our Integrated Report 2013.

The Northern Cape operations are serviced by a dedicated iron ore rail link, the Sishen/Kolomela-Saldanha iron ore export channel (IOEC), which transports iron ore to domestic customers and to Saldanha Bay where it is shipped to export markets. Ore from Thabazimbi mine is transported via

OUR BUSINESS CONTINUED

domestic rail infrastructure. The rail and port operations are owned and operated by the South African state-owned entity, Transnet.

In 2013 Kumba produced 42.4Mt (2012: 43.1Mt) of iron ore, for domestic and export markets combined.

Kumba is well positioned to supply the growing Asia-Pacific as well as European steel markets. In 2013 the company exported 89% of its total iron ore sales volumes of 43.7Mt. Export sales volumes to China accounted for 68% of the company's total export volumes for the year, compared to 69% in 2012. Sales volumes to Japan and South Korea rose by 13% to 8.3Mt and represented 21% of the total export sales for the year. The remaining 11% went to Europe, and the Middle East and North Africa (MENA).

GOVERNANCE IN ACTION

The board of directors promotes sound corporate governance throughout the Kumba group and provides leadership that makes this possible. When nominating members for the board it is considered how the individual can contribute not only to our financial performance, but also how well suited they are to contribute to our operational, social and environmental objectives. This balance of leadership allows us to pursue a strategy that balances current success with long-term sustainability, and this is something we are proud of.

The board is responsible for, among other things, overseeing our strategic direction and business plans;

agreeing to both financial and non-financial targets for Kumba, as well as monitoring performance against these targets; ensuring effective risk management processes and regulatory compliance; supporting the CEO; and defining and reporting on material issues. These responsibilities support the task of integrated reporting. The board and Executive Committee (Exco) have played an active role in the development and approval of this report, as well as the material issues on which we report (see page 31).

The board assigns the management of Kumba to the appropriate management structures. There is open communication between our board and Exco to ensure they share a common vision and can work together to meet our objectives.

Corporate governance is not limited to board meetings, but is also about how involved leadership is with the everyday business of Kumba and how its actions help the company achieve its goals. We entrust Exco with the responsibility for the strategy of the company and for this reason their performance is linked to KPIs used to measure our progress against strategic targets (see page 60 of our Integrated Report 2013). Throughout our Integrated Report 2013 we highlight more examples of governance in action.

Corporate governance at Kumba is in line with King III, the Companies Act, the JSE Listings Requirements and other regulations.

For more on corporate governance please see page 116 of our Integrated Report 2013.

01 Load and haul operations in the Leeuwfontein pit at Kolomela mine. The mine produced 10.8Mt of direct-shipping ore for the export market in 2013.

02 At the fully automated sampling plant at the Saldanha iron ore terminal samples are taken and analysed in real time while ships are being loaded.



LEGAL MATTERS

We endeavour to avoid litigation and legal disputes, but when they do arise we aim to resolve them in a timeous manner that results in the best long-term outcomes for the company and its stakeholders. Pleasingly, the two most important – and related – legal and contractual issues facing us were resolved late in 2013. For more on this see pages 86 to 87 of our Integrated Report 2013.

OUR EXTERNAL ENVIRONMENT

Our external environment is complex and ever-changing.

Our risk management process, described on pages 20 to 28 of our Integrated Report 2013, and the identification of material issues, described on pages 31 to 32 of this report, provide a more detailed account of particular issues.

Our external commercial environment is discussed extensively on pages 84 and 85 of our Integrated Report 2013.

In the regulatory sphere, a critical issue for us, as for many other mining companies, were the amendments to the Mineral and Petroleum Resources Development Act (MPRDA). We have participated in the efforts of Anglo American plc and the Chamber of Mines of South Africa to co-create this all important piece of legislation with government. We are pleased that the Amendment Bill approved by Parliament in March 2014 has addressed the majority of our concerns that were in the initial draft Bill published in December 2012. These include:

- the removal of the provision on concentration of rights
- conditions required to ensure security of supply for local beneficiation to be determined in collaboration with a Ministerial Advisory Committee which will include industry representatives - this eliminates concerns around ministerial discretion
- export consent required from the minister only when the exporter is not the producer
- owners of residue stockpiles or deposits having an exclusive right to apply for the inclusion of such into their mining right

A second critical issue for resolution in 2014, following initial consideration during 2013, is the review of the Mining Charter, the current lifespan of which is due to expire at the end of 2014. The DMR has commissioned a survey on

companies' compliance with the Charter and this is likely to provide a foundation for negotiations between government, industry and organised labour on what lies ahead.

Labour relations in the mining sector continue to be complicated by the union rivalry between the Association of Mineworkers and Construction Union (AMCU) as opposition to the previously uncontested dominance of the National Union of Mineworkers (NUM). However Kumba has not experienced any inter-union rivalry to date and while AMCU has applied for recognition at Sishen mine, the union has not yet achieved the requisite level of representation.

For detailed discussions on employee relations and community relations see pages 66 and 74 of this report.

OUR FUTURE

Kumba continues to invest in the development and expansion of our business to ensure future sustainability. In 2013 we spent R6.5 billion (2012 restated: R5.9 billion) on capital comprising R1.1 billion on growth projects, R4.5 billion on stay-in-business capital and R0.8 billion on deferred waste stripping.

SIOC reported total attributable ore reserves of 1.07 billion tonnes (2012: 1.1 billion tonnes) and attributable mineral resources of 1.2 billion tonnes (2012: 1.2 billion tonnes) at the end of December 2013. This is reported in accordance with the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC). For more information see page 88 of our Integrated Report 2013.

Kumba's strategy for growth comprises two parts. First, in South Africa, we aim to leverage our current mining right holdings and existing infrastructure to develop a project pipeline that enables optimal levels of production. In addition we also need to grow to meet the requirements of the market. While this strategy remains intact, there has been a reprioritisation in the phasing of projects and specific deliverables of various components of this pipeline. Second, in partnership with Anglo American plc, Kumba is continuing with exploration for potential expansion into west and central Africa to develop a second footprint. For more on this see page 81 of our Integrated Report 2013.

Our primary focus for 2014 is the effective execution of our new mine plans in line with our strategy. For more on this see page 81 of our Integrated Report 2013.

OUR BUSINESS MODEL

WHAT DRIVES OUR BUSINESS?

Mutually beneficial **partnerships**
Safe, healthy thriving **people**

Well utilised **assets**

Consistent financial, operational
and social **performance**

EXPLORATION

Kumba has a dedicated focus to increase and replenish its mineral resource portfolio through the exploration for greenfield deposits in prospective mineral belts such as west and central Africa. In South Africa, exploration is focused on the search for brownfield deposits close to, or on, existing lease areas which can leverage off the company's infrastructure associated with current operations.

On-mine, exploration and resource definition drilling is conducted to increase the confidence in the geological models, which are updated on an annual basis in support of the LoM and long-term planning process as well as the annually published Ore Reserves and Mineral Resources.

SP Delivery on growth projects

SP Optimising value of current operations

MINING



Kumba obtains its iron ore from mining the valuable iron ore bodies within its various mining leases. Mining is presently done by open pit (opencast) methods.

SISHEN MINE Northern Cape province

2013: 30.9Mt production
2013: 167.8Mt waste mined

KOLOMELA MINE Northern Cape province

2013: 10.8Mt production
2013: 46.7Mt waste mined

THABAZIMBI MINE Limpopo province

2013: 0.6Mt production
2013: 26.5Mt waste mined

SP Optimising value of current operations

SP Organisational responsibility and capability

PROCESSING

Kumba beneficiates its ore to sell niche products domestically and at a premium to international markets.

Beneficiation is the processing of ore for the purposes of regulating the physical properties of the finished product, removing impurities and improving the product quality. Kumba uses dense-medium processing and jigging technologies to achieve this.

FURTHER BENEFICIATION

Kumba supports the South African government's objectives to maximise the developmental impact of the minerals sector, mindful of the important role that mining companies have to play in this space. Kumba is investigating innovative beneficiation techniques to upgrade its ore and improve recoveries. Kumba is also exploring steel conversion technologies suitable for the South African environment.

SP Capturing value across the value chain

WHAT EFFECTS DO WE HAVE?

Looking after our people

Our employees are the core of our business and we dedicate time to hiring the right people, providing training and development opportunities, and entrenching effective health and safety programmes.

► For more information, turn to page 64

Sustainable performance

A solid performance ensures the company can continue to deliver on its promises to all our stakeholders.

► For more information, turn to page 46

Footprint management

We understand the limits of natural resources and endeavour to manage these responsibly, while mitigating our impacts.

► For more information, turn to page 84

Corporate social investment

Among our key partnerships is our relationship with our communities. During 2013 we invested R253.7 million in various projects aimed at leaving a lasting legacy, which were delivered in consultation with the relevant communities.

► For more information, turn to page 74

Asset optimisation

During the year, in line with our strategy, we reviewed our operations and developed plans to ensure they are utilised optimally.

► For more information, see page 60 of our Integrated Report 2013

Innovation and research

In order to sustain our future we need to innovate. Our technical division has spent much of 2013 looking into new technology to help us maximise our available resources.

► For more information, see page 78 of our Integrated Report 2013

Responsibly managed
natural resources

Competitive
ideas and **innovation**

Sound **corporate governance**

► For more information, see page 116
of our Integrated Report 2013

BLENDING AND OUTBOUND LOGISTICS

Blending

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

Outbound logistics

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

SP Capturing value across the value chain

SHIPPING, MARKETING AND SELLING



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

SP Capturing value across the value chain

REHABILITATION AND ENVIRONMENT

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

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

SP Organisational responsibility and capability

Export destinations and export volumes 2013

	%	
China	68	
Japan and South Korea	21	
Europe and MENA	11	
Total	100	

PEOPLE ARE CENTRAL
TO OUR OPERATIONS



WHERE ARE WE GOING?

Short term

Maximise the value of our current operations within our current logistical capacity

Medium term

Optimise and execute the growth of our South African project pipeline

Long term

To explore opportunities in west and central Africa to maximise potential future investment and growth on the continent

► For more information, see page 16 of our Integrated Report 2013

OUR STRATEGY

DEFINING A NEW PATH

2013 was a defining year for Kumba. As our landscape altered due to operational challenges, legal matters and changes in leadership, we were able to re-assess our business and more clearly define where we wanted to go and how to get there. During 2013 we took a fresh look at our strategy and, while the pillars on which it rests remain the same, we have revised and prioritised the focus areas.

Some of the following external and internal factors had an impact on our strategy implementation.

- External
 - iron ore prices in response to global supply and demand and market sentiment
 - the constrained capital environment
 - proposed legislative and regulatory changes in South Africa
 - labour unrest in the South African mining industry impacting general sentiment
- Internal
 - resource reclassifications, waste ramp-up and review of Sishen mine's operations
 - Constitutional Court decision on the Sishen mining rights issue

- successful commissioning and ramp-up of Kolomela mine
- Thabazimbi mine moved from a captive to a more commercial operation

Taking all this into consideration we adopted a more flexible strategy allowing us to address the challenges we face. Our revised strategy takes cognisance of the external and internal factors that shape our business and allows us to adapt our implementation plans appropriately.

One of the most significant changes was the renewed focus on optimisation and efficiency as driving factors of our business. This was emphasised during the year by Anglo American plc when launching the Driving Value initiative, which focuses on operational and organisational efficiency. Organisational efficiency focuses on four core areas of our business:

- Organisational efficiency, including the mining operations, head office and Kumba as a whole
- Supply chain efficiency
- Commercial efficiency
- Capital portfolio efficiency

Making strategy part of each day

At Kumba we believe an essential part of strategy implementation is to ensure that every member of the company understands the strategy and their role in it.

It is common for strategy to be treated as the preserve of senior management. Our strategy revision led us to realise that, in order for it to work, everyone needs to understand company strategy and the part they play in it. Consequently, we have developed a communications plan for our strategy roll-out in 2014 that explains our goals to each individual and allows them to understand how their job fits into it.

In addition we align individual performance targets to the strategy to ensure every individual has line of sight as to their contribution to it.

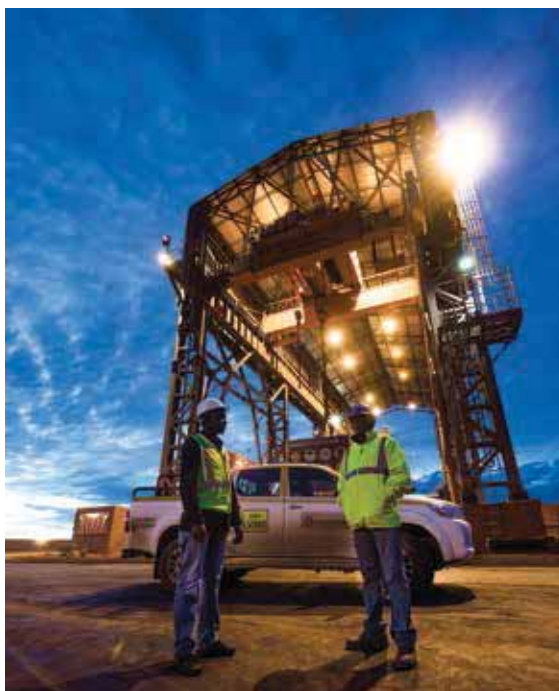
Our strategic objectives

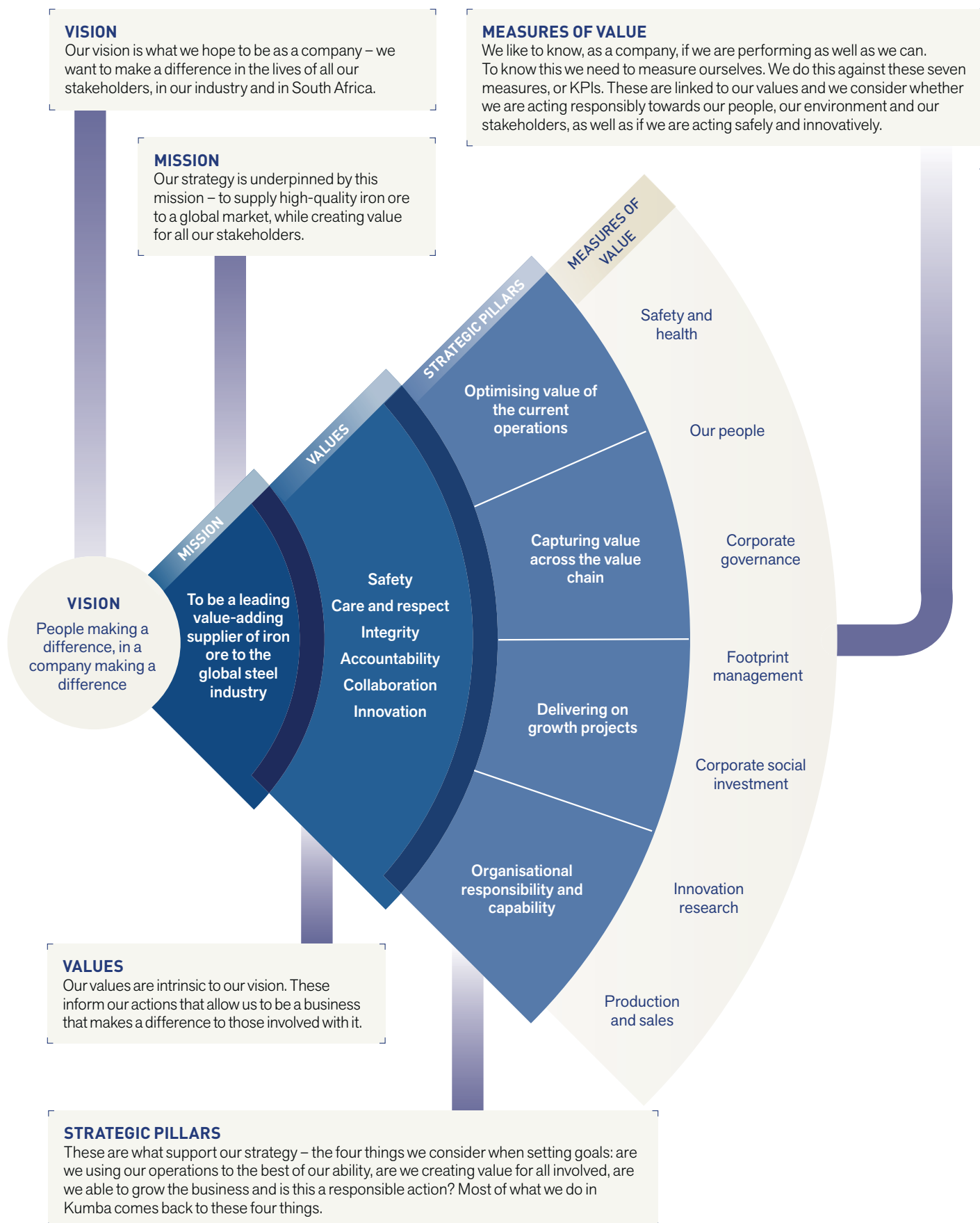
Our short-, medium- and long-term goals can be seen as building blocks, with each one leveraging the achievements of the previous step/s.

1. **Short term** (one to two years) – to maximise the value of our operations within our current logistical capacity
2. **Medium term** (~five years) – to optimise and execute the growth of our South African project pipeline
3. **Long term** (longer than five years) – to explore opportunities in west and central Africa to maximise potential future investment and growth on the continent

Progress against these objectives is tracked via a dedicated programme support office.

01 SHERQ officers Judge Tihaolagomo and Lantley Willemse at the primary crusher at Kolomela mine. The mine has a production capacity of 10Mtpa and produces direct-shipping ore for the export market.





OUR FOUR STRATEGIC PILLARS

OPTIMISING VALUE OF THE CURRENT OPERATIONS

Pursuing a value-maximising product portfolio that seeks the best fit between market demand and our resources. Kumba seeks to contain unit costs, and improve productivity and operational efficiencies through its asset optimisation programme. The group aims to use its technical expertise and resources to drive a technology strategy that achieves competitive advantage by increasing the exploitation of lower grade ore resources, securing growth from South African and future west and central African resources.



Strategy in action 2013

- Asset optimisation
- Low-grade resource technology research and testing
- Continued success at Kolomela mine
- Driving Value*

* Driving Value is an Anglo American plc change programme which focuses on the immediate challenges of revitalising the business while laying the foundation for success over the longer term.

Planning for 2014

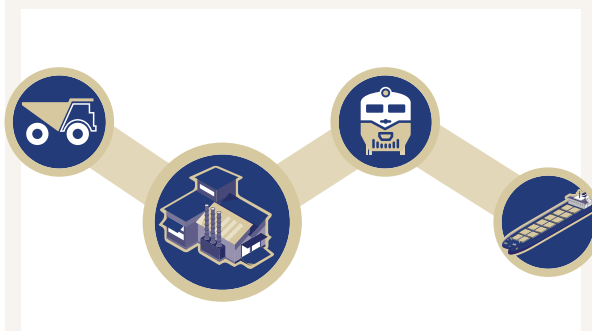
- Increase production at Sishen mine
- Meet contractual obligation for IOEC
- Roll-out of Driving Value
- Mining right in relation to the railway properties at Sishen mine was granted in February 2013.

 For more information, see page 60 of our Integrated Report 2013

CAPTURING VALUE ACROSS THE VALUE CHAIN

Exploiting the physical properties of our ore to develop niche lump-sized products, pursuing an optimal iron ore pricing mechanism, and securing a balanced geographical spread of customers to maximise profits and minimise risk.

The group's ocean freight management strategy will create value and protect free-on-board margins through the use of various long-term freight instruments and potential investment through port stockpiles. Kumba will investigate blending opportunities at its current operations, at ports of origin and at destination ports to enhance ore utilisation and achieve optimum product value.



Strategy in action 2013

- Relocation of commercial organisation to Singapore
- Introduction of triangular shipping
- Increase in total volumes shipped

Planning for 2014

- Anticipate decline in iron ore demand after first half and planning appropriately
- Roll-out of triangular shipping

 For more information, see page 84 of our Integrated Report 2013

DELIVERING ON GROWTH PROJECTS

The best way to deliver on growth projects is through their successful execution. In South Africa, Kumba aims to pursue greenfields and brownfields growth targets and seek to use its existing lower grade resources, as well as secure and protect the requisite logistical capacity in the short, medium and long term at economical tariffs. The company will seek value-enhancing volume growth in Africa, with a particular focus on west and central Africa in partnership with Anglo American plc.



Strategy in action 2013

- Change in growth strategy to suit changing needs of the business
- Continued exploration in Africa outside of South Africa

Planning for 2014

- Firming up revised growth portfolio
- Progressing studies in Liberia and Gabon
- Low-grade resource research for ore replacement and potential growth

 For more information, see page 78 of our Integrated Report 2013

ORGANISATIONAL RESPONSIBILITY AND CAPABILITY

Kumba will seek to create and leave a positive legacy in the communities in which it operates and, through its commitment to safety and health, environmental management and corporate social investment (CSI), become the partner of choice for the broadest range of stakeholders. Kumba's structure, resources and competencies will be aligned to ensure delivery of its current and emerging strategy of being a leading African growth company.



Strategy in action 2013

- Improved employee communication after the unprotected strike at Sishen mine in 2012
- Concurrent rehabilitation project at Kolomela mine
- R253.7 million invested in CED
- Successful continuation of Kolomela housing project
- Supply agreement concluded with ArcelorMittal SA
- Constitutional Court judgment provides clarity on 21.4% Sishen mining right

Planning for 2014

- Improving safety performance at the mines
- Change-management in line with Driving Value
- Continue actively engaging with the DMR on 21.4% Sishen mining right
- Continue to nurture stakeholder relationships

 For more information, see pages 54 to 97 of this report and page 64 of our Integrated Report 2013

INTEGRATING WHAT WE DO

G4-19

VISION: People making a difference in a company making a difference

STRATEGY: Revised during 2013, focus areas prioritised

MATERIAL ISSUE 1: ENHANCING VALUABLE PARTNERSHIPS

- Effective stakeholder engagement drives business value.
- We continue to engage with the Dingleton community on the approved relocation and Kumba has committed R4.2 billion capital to this process over the next four to six years.

KPIs

The issue is measured in accordance with Kumba's stakeholder management policy, other Anglo American plc policies and standards endorsed by Kumba, as well as international standards including King III, AA1000 SES, ISO9000 and IFC.

Our key risks related to this issue:

- Labour relations and talent pipeline
- Stakeholder relationships
- Reliance on third-party infrastructure
- Workers' safety and health

All our stakeholders are affected by this issue



▶ Refer to Stakeholder engagement on page 34 for more details of who we consider our stakeholders and how we engage with them

HOW WE DO BUSINESS IS HOW WE DRIVE VALUE

▶ Refer to page 10 for Kumba's business model

MATERIAL ISSUE 2: PROACTIVELY ADAPTING TO A CHANGING LANDSCAPE

- Sishen mine plan optimised to ramp-up production to 37Mtpa by 2016.
- Kolomela mine to sustain production of 10Mtpa.
- By understanding our customers' needs we are able to develop and deliver the appropriate, high quality products at the right time.
- Project pipeline to grow production in South Africa to optimal levels.
- Exploration for potential expansion into west and central Africa progressing in Liberia and Gabon.

KPIs	2014 guidance	2013	2013 guidance	2012
Produce according to plan				
• Production (Mt)	45 to 46	42.4	~46	43.1
Mine waste effectively				
• Sishen waste mined (Mt)	~220	167.8	170 to 180	133.5
• Kolomela waste mined (Mt)	~40	46.7	~45	33.5
Containing our costs				
• Sishen unit cash costs (R/t)		266.90	Increase in line with waste mining	197.80
• Kolomela unit cash cost (R/t)		181.80	~180	180.20
Logistics				
• Tonnes railed (Mt)		39.7		40.0
Sales volumes				
• Export (Mt)	In line with 2013	39.1	~40.0	39.7
• Domestic (Mt)	ArcelorMittal SA Supply agreement: 6.25Mtpa	4.6	~4.8	4.7

Our key risks related to this issue:

- Commodity markets
- Operational performance
- Mining legislation and other regulatory changes

Our key stakeholders:

- Business and industry
- Internal (including employees and unions)
- Investment community
- Customers



▶ Refer to Optimising and delivering economic value on page 46 of this report for more detail

▶ Refer to Sustaining our business on page 60 of our Integrated Report 2013 for more detail

▶ Refer to Accessing our markets on page 84 of our Integrated Report 2013 for more detail

▶ Refer to Growing our business on page 78 of our Integrated Report 2013 for more detail

Our remuneration policy is designed to ensure fair, equitable and consistent application of remuneration principles, and reward is informed by performance against our KPIs.

▶ Read about this on page 127 of our Integrated Report 2013

MISSION: To be a leading value-adding supplier of iron ore to the global steel industry

► Read more on Our strategy on page 12



MATERIAL ISSUE 3: RESOLVING OUR LEGAL MATTERS

- Supply agreement concluded with ArcelorMittal SA settles all disputes and provides security of supply and favourable pricing relative to export parity price (EPP) of iron ore for the domestic market. Thabazimbi mine functions as a more commercial operation from 2014.
- Constitutional Court ruling on the 21.4% Sishen mining right dispute provides clarity. SIOC re-applied to be granted this right in 2014 and active engagement with the DMR continues.

► Refer to Securing our future on page 86 of our Integrated Report 2013 for more detail

KPI

We endeavour to avoid litigation and legal disputes, but when they arise, we aim to resolve them in a timeous manner that results in the best long-term outcomes for Kumba and its stakeholders.

Our key risks related to this issue:

- Mining legislation and other regulatory changes
- Legal matters

Our key stakeholders:

- Government, regulatory and political
- Business and industry
- Investment community

WE RESPOND TO OUR MATERIAL ISSUES THROUGH MANAGING RISKS AND OPPORTUNITIES

Refer to Response to our material issues on page 33 of this report and page 20 of our Integrated Report 2013 for our dynamic risk management process



MATERIAL ISSUE 4: DELIVERING A SUSTAINABLE FUTURE

- Keeping our employees safe and helping them grow and develop on the job are key to sustain productive operations.
- Minimising the impact of our mining operations on the environment through prevention and mitigation initiatives.
- On-going investment in, and development of our host communities.
- Resource replacement to protect production, and to deliver a sustainable future for the company and its stakeholders.

KPIs

	2013	2012
Zero Harm		
• LTIFR (per 200,000 hours worked)	0.18	0.10
• Fatalities	0	2
Transformation		
• HDSAs in management (%)	55	52
• Women in core mining (%)	13	13
Employee training and development		
• Trainees	557	450
• Spend (R million)	276.7	224.2
• Training hours per employee (on average)	72	81
Housing units constructed	413	1,501
Community engagement and development (R million)	253.7	275.6
Water used for primary activities (million m ³)	8.59	8.80
Energy consumed (million GJ)	9.34	7.59
Greenhouse gases (Mt CO ₂ e) (scope 1 and 2)	1.08	0.94

► Refer to Our sustainability strategy on page 41

► Refer to pages 54 to 97 for more detail on our safety performance; relationships with our employees; our community development activities; and how we responsibly manage the environment

► A comprehensive review of our ore reserves and mineral resources is included on page 88 of our Integrated Report 2013

Our governance structure, policies and procedures underlie and inform everything we do.

► Read about this on page 42 of this report and page 116 of our Integrated Report 2013

Our key risks related to this issue:

- Workers' safety and health
- Social licence to operate
- Stakeholder relationships
- Securing our growth

Our key stakeholders:

- Government, regulatory and political
- Civil society (including communities)
- Internal (including employees and unions)
- Investment community



ENHANCING VALUABLE PARTNERSHIPS

OUR BUSINESS DOES NOT EXIST IN ISOLATION. IT DEPENDS ON A NUMBER OF KEY PARTNERSHIPS, WHICH INFLUENCE GOOD CORPORATE CITIZENSHIP, OUR LICENCE TO OPERATE AND PERFORMANCE OPTIMISATION.

Relationships are crucial to our ability to create value now and in the future. We want to ensure that our relationships result in mutually beneficial partnerships.

NO LOSS OF LIFE IN 2013

CED EXPENDITURE

(2012: R276 million)

R254 million

EMPLOYEES FROM LOCAL COMMUNITIES

(2012: 75%)

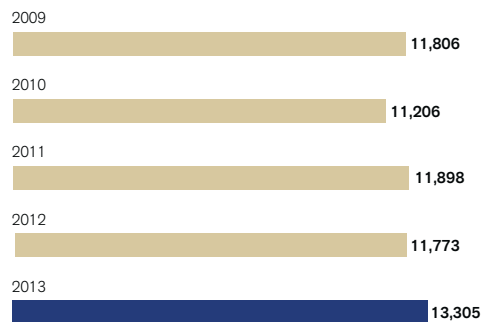
84%

Main

Process engineers Muzi Nkuna and Jacques Roux are working on the UHDMS pilot plant at Sishen mine. Kumba has more than 13,000 employees of which 84% are local to the areas where the company has its mines.

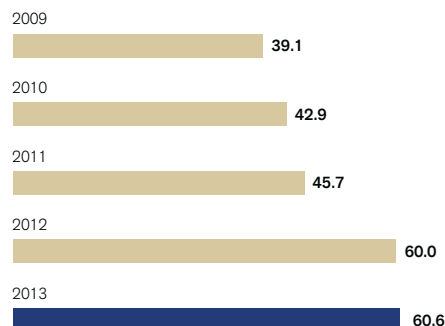
Number of employees

(Including contractors)



BEE procurement

(As a percentage of discretionary spend)





SOCIAL AND ETHICS COMMITTEE CHAIRMAN'S REPORT



Dolly Mokgatle
Chairman, social and ethics committee

Kumba fully understands that its board and the company's responsibilities extend way beyond the mine gates. We have responsibilities that reach the people in the communities whose lives we touch, as well as to the environment in which work is carried out.

The social and ethics committee, which I am privileged to chair, has responsibility delegated by the board for overseeing and directing the company's sustainable development activities. Our committee's main role is to ensure the company is fully compliant with social and ethics issues and that it communicates its performance to all stakeholders.

This Sustainable Development Report reports on and discloses all the company's material sustainability issues.

KUMBA'S IMPACT

Kumba does not operate in isolation and, though our principal operations are in South Africa, our business footprint is international. Consequently we take heed of what is happening on the governance front around the world. We pursue best governance practices from a multitude of sources and we freely and openly share our experiences and practices. For further details on governance see page 42 of this report.

The word 'impact' can often have negative connotations; however, our business also has positive and beneficial socio-economic impacts on our stakeholders. Our aim is to leave positive socio-economic legacies for all the communities with whom we engage, legacies that are determined in consultation with the communities themselves and that are sustainable. It is the committee's responsibility to ensure the company's performance measures up to the various licence conditions that govern its operations. Furthermore, as part of the Anglo American Group, Kumba seeks to align its sustainability initiatives with those of its parent company. It is our committee's responsibility to monitor our sustainability performance, measuring it against past performance and present targets.

With this approach to governance, our goal is to define and act on those issues with the greatest positive impacts and the minimum possible negative consequences. In spite of our continuing efforts, we realise that a great deal still needs to be done with regards to the company's interactions with stakeholders and communities. Our focus therefore remains on establishing and enhancing key partnerships.

In 2013, for example, an important focus was on procurement, which will support enterprise development, especially at a local level, and help ensure long-standing economic benefits. The core of this, as we all know, is that mining is a finite activity. However, by encouraging, supporting and providing skills to entrepreneurs we contribute to building communities that can help themselves, that become self-sustaining and whose entrepreneurs can become future long-term employers – with futures that remain sustainable long after Kumba's mining activities have wound down. Our vision, therefore, goes far beyond the simple reporting of our activities to government and other key stakeholders.

SAFETY

The safety of our employees, contractors and visitors is always a key consideration. The most gratifying outcome of 2013 was that there were no fatalities at our operations. This was only the second financial year since Kumba's listing that we have been fatality-free. It is an achievement that can and must be repeated each and every year.

Due to the nature of our operations and our dependence on the utilisation of haul trucks and other surface mobile equipment, Kumba continues to focus on improving engineering controls related to transportation. In addition to ensuring our equipment is technologically sound and intrinsically safe, we engage with our original equipment manufacturers (OEMs) and operators to ensure we provide the necessary training for safe operation. The provision of inherently safe equipment and appropriate procedures to safeguard our people is one aspect in our drive towards Zero Harm. Safety is all about people, consequently we also have systems in place to ensure we learn from our incidents and minimise the potential for human error. The mantra that healthy, engaged and alert employees are safe employees has considerable merit and our holistic approach to safety encompasses health initiatives that extend into our people's homes. As discussed in the Health section of this report on page 57, machine operator fatigue can be a major safety challenge and we address this issue in various ways – both on and off the job.

Notwithstanding the fact that there were no fatal accidents, our safety record was concerning in 2013 with operations recording an LTIFR of 0.18, a deterioration in the rate from 0.10 reported in 2012 which misses our internal target of 0.08. In keeping with our over-riding commitment to Zero Harm, we target a year-on-year reduction in lost-time injuries (LTIs) and endeavour to avoid disruptions associated with unsafe incidents. We collaborate with our labour counterparts and the regulators through tripartite engagements aimed at improving our safety performance. Through these collective efforts and management focus we aim to avoid Section 54 notices or stoppages and promote safe production at all times. For further details in this regard see page 54 of this report.

Kumba fully understands that its board and the company's responsibilities extend way beyond the mine gates

HEALTH

In 2013 we continued to provide HIV/AIDS management assistance to employees and members of our surrounding communities. Company-driven voluntary testing and counselling initiatives were, once again, encouraging, particularly at Sishen mine where more than 90% of employees participated. Associated disease management programmes were expanded to include a broader range of chronic conditions, such as hypertension, tuberculosis (TB) and diabetes.

Beyond the boundaries of our properties, the Batho Pele flagship initiative of mobile clinics delivering quality healthcare to remote communities remains a matter of considerable pride (for more on this see page 79 of this report). It has been most heartening for me and the rest of the committee members to see how the initiative continues to add value to the health and well-being of our communities.

ENVIRONMENT

Kumba's principal environmental challenges for the year centred around dust emissions and water management. Again, without going into details, our approach to the issue of water has been and continues to be engagement with stakeholders – communities and farmers – to ensure that available resources are shared fairly and equitably.

There were assertions that our dewatering activities reduced the flows of underground aquifers and that mining has created excessive amounts of dust. We have taken these concerns seriously and have persisted with overseeing approved programmes for monitoring underground water and the atmosphere, as well as the implementation of mitigation measures. The outcomes are described fully on pages 90 to 91 of this report.

Another key challenge is the prolonged time it sometimes takes for environmental authorisations to be processed and approved. We continually engage with the relevant authorities in an effort to ensure that expansion projects and related activities are not negatively impacted.

SOCIAL INITIATIVES

One issue that is central to our development as an economy and as a nation is education. Through education destinies can be changed for the better, strong communities built, and a self-sustaining economy created.

Kumba's conventional interventions in this regard, including developing school infrastructure with a focus on ECD centres, are discussed further on page 78 of this report.

We acknowledge that the kind of education delivered during the foundation phase impacts on an individual's whole education journey. Our interventions in ECD are therefore aimed at ensuring that the basics are in place, and that all learners have a fair chance of achieving good grades in the future.

Teacher development and maths and science interventions are but some of our efforts to fill in the gaps in our education system so as to ensure better education outcomes.

Youth militancy around unemployment is another challenge we face. Initiatives to assist entrepreneurs create businesses and to facilitate their registration on our vendors list can have significant positive effects for our communities.

Kumba's policy is to devote 1% of its net operating profit after tax to socio-economic initiatives to complement local, provincial and national government initiatives. Our focus areas are largely on education (especially the improvement of maths and science scores), entrepreneurship for job creation, agriculture, infrastructure development, and health and welfare. For example, during 2013 the company committed R46 million to the development of the Northern Cape's new Sol Plaatje University, and continued building roads, clinics and other much needed infrastructure.

EMPLOYEES

One of our focus areas of employment equity is the transformation of our workforce, particularly in the field of employment-equity targets specified for 2014 by the Mining Charter. Black people in management have increased to 55% against the Charter target of 40% for 2014. Our female representation in core mining business is now sitting at 13% against a target of 10%. By the end of 2013 Kumba had achieved a total number of 1,619 women in its employ, a significant improvement since listing in 2006.

The company also spent 6% of its labour bill on human resource (HR) development.

A considerable amount of time and resources were spent in getting a better understanding of the reasons for the unprotected Sishen strike in the last half of 2012 and putting in place initiatives to address these. Work in this regard is continuing to ensure we achieve our goal of a content and engaged workforce.

RELATIONS WITH STAKEHOLDERS

The year under review saw the on-going implementation of the stakeholder engagement strategy approved in 2012. Engagement and communications with stakeholders has to be structured to serve the needs of each strategic issue and specific stakeholder. We have made great strides in addressing the issues that were of concern to ourselves and stakeholders. These issues are dynamic and we will continue to engage with all relevant parties to arrive at mutually beneficial conclusions. More information on Stakeholder engagement can be found on page 34.

In its quest to sustain its social licence to operate Kumba has identified the relationship with communities surrounding its operations as key. Our relationships are founded on sensitivity and mutual respect. The approval of the relocation of the Dingleton community by the boards of Kumba and Anglo American plc in 2013, after reaching an

SOCIAL AND ETHICS COMMITTEE CHAIRMAN'S REPORT

CONTINUED

agreement with 86% of Dingleton home-owners, was one of the milestones achieved. Kumba however continues to seek solutions that would be to the benefit of both the company and all residents, in a suitable and sensitive manner. The project aims to move households, renters, churches, schools and businesses to address the constraints of the Sishen pit by freeing the buffer zone for mining activities. Engagements with the community have been on-going since 2008.

Government and its various departments form another important stakeholder group as they grant and sustain our legal licence to operate, with the main departments being the DMR, the Department of Environmental Affairs (DEA), the Department of Water Affairs (DWA), the Department of Labour, and provincial and local governments. In 2013 Kumba re-inforced stakeholder engagements through face-to-face meetings, submissions, and round-table meetings, among other approaches.

The proposed amendments to the MPRDA kept us busy during the year. We are pleased, however, that the Amendment Bill approved by Parliament in March 2014 has addressed most of the concerns that we had with the initial draft bill that was published in December 2012. We will continue to engage with government regarding our remaining concerns.

I am proud to confirm that the company was certified as a Level 4 broad-based black economic empowerment contributor, giving it a recognition level of 100% in this regard, and a procurement recognition level of 125%. This is just one of the ways we demonstrate that the company's transformation endeavours are not about ticking boxes, but about real transformation.

APPRECIATION

I would like to recognise the unwavering support I have received from the management and colleagues on the social and ethics committee. Without their valuable contributions our achievements this past year would have been far fewer. I also extend my gratitude to Kumba's board for its unfailing support for the work of the committee. We are on a journey, but it is one made easier by the people with whom I have the privilege of working and the stakeholders who enrich our contribution to the economy and society.

Dolly Mokgatle

Chairman: social and ethics committee

Opposite

The stockpile at the Saldanha iron ore terminal is managed with four stacker-reclaimers operating in eight lanes.

A large industrial crane, likely a dragline, is the central focus of the image. It has a complex lattice structure and a long boom extending towards the left. The crane is situated in an open area, possibly a mining or construction site. In the foreground, there is a body of water with a reddish-brown hue, reflecting the sky and the crane. The water is calm, and the reflection is clear. The background shows a clear blue sky and some distant hills or mountains. The overall scene is industrial and naturalistic.

“Our aim is to leave positive socio-economic legacies for all the communities with whom we engage, legacies that are determined in consultation with the communities themselves and that are sustainable”

CEO'S REVIEW



Norman Mbazima
CEO, Kumba

I am very pleased to present our Sustainable Development Report for 2013, the first full year in which I have had the privilege of serving Kumba's stakeholders. The changes in leadership and the external environment during the year under review allowed us to assess where we are and to reset our strategy.

CHALLENGES AND ACHIEVEMENTS

In 2013 we operated without a single fatality, and long outstanding legal matters were resolved. It was a year in which we brought Kolomela mine up to full production, exceeding our initial plans. It was also a challenging year in which our principal operation, Sishen mine, did not meet production expectations mainly due to on-going pit constraints and safety stoppages that impacted production. Despite the challenges we faced during the year, we are pleased with the overall results.

SAFETY AND HEALTH

The most important aspect of our work is the safety and health of everyone in our organisation and ensuring they go home unharmed every day. It is pleasing that we had no loss of life during 2013 – each one of us returned home to our loved ones.

However, we were concerned that serious injuries, namely LTIs, increased to 33 from 20 in 2012. We saw improvement in the last quarter of 2013 and are working hard to sustain this in 2014.

We were issued several Section 54 safety notices, mainly relating to the operation of heavy moving machinery. Of particular concern were a few incidents of runaway trucks in the pit. These notices resulted in the temporary closure of Sishen mine during August 2013 and impacted production, especially in September 2013.

We have therefore implemented additional safety initiatives to ensure our drivers remain alert when they operate these vehicles. We are implementing automatic speed control and anti-rollback systems on certain trucks and this should contribute to preventing the most serious accidents.

We share a common objective with the regulator, that of Zero Harm. We will continue our efforts to collaborate with the DMR and to improve our safety performance to make Section 54s, which result in closure of our operations, unnecessary.

Our employees' safe working environment can be affected by an individual's health and, in this regard, we have interventions that ensure access to primary as well as secondary healthcare both at our mines and in our local communities.

Kumba's primary occupational health risks are noise and dust and we continued to focus on reducing exposure to these hazards. We are pleased to report that none of our work areas have noise levels exceeding 110dB(A) and we plan to reduce this further.

We have high levels of participation in the HIV/AIDS counselling and testing programme, and have extended our health risk screening to cover common lifestyle diseases and conditions, such as diabetes, high cholesterol, high blood pressure, and obesity.

Last year I mentioned the Batho Pele health project whose mobile clinics take a range of healthcare to remote communities. People using the mobile facilities can be screened for diseases as well as receive dental and eye care and minor surgery, among other services. In 2013 we contributed R7.2 million to this initiative which provided healthcare to 22,348 people. We continue to focus on having a healthy workforce.

ENVIRONMENT

Our approach to environmental responsibility is founded on the premise that prevention is better than cure. We focus primarily on three environmental concerns: dust, water and our carbon footprint. In addition to these, much work is done at the operations on concurrent rehabilitation to mitigate the impact of our mining activities.

Dust is monitored and closely managed.

Water is a key environmental focal area for various reasons. The first reason is the potential impact of our dewatering activities on our neighbours. We are conscious of the importance of water availability and security in the arid areas in which we operate and work constantly to address matters of concern. We also work with local communities to assist them in gaining access to clean water. The second reason is the volume of water we consume in our operations. In relation to this we recycled 53% of the water used at our operations in 2013, which we then re-used in our mining processes.

Our carbon footprint is generated mostly by our electricity usage and diesel-powered machinery. We manage this footprint by constantly increasing the efficient use of our machinery. For example, we have implemented an energy efficient diesel-management system that monitors all aspects of diesel usage and enables us to take corrective action should inefficient use of fuel be detected. We are reliant on electricity provided by Eskom's coal-fired power stations. We try to reduce our energy use as much as possible, and also seek to reduce our footprint by setting aside land for afforestation. This issue is discussed further on pages 86 to 90 of this report.

Our sustainability is built on a well-earned reputation for open and fair dealings with all our stakeholders

No loss of life

R254 million
COMMUNITY ENGAGEMENT AND DEVELOPMENT

SIOC-CDT RECEIVED DIVIDENDS OF

R523 million

I am pleased to advise that all our mines are now ISO 14001 certified, as Kolomela, our newest mine received its certification in 2013. We did not experience any serious environmental incidents which would be classified as level 3 or higher, during 2013.

CORPORATE CITIZENSHIP

Earning a reputation as a good corporate citizen happens through a wide range of actions. Our sustainability is built on a well-earned reputation for open and fair dealings with all our stakeholders.

We have broken new ground in our housing programme for employees at Kolomela mine. Rather than going the conventional route of offering housing in separate mine villages, we offer employees the opportunity to acquire homes in the local municipality and integrate into their wider community. We also contribute to the development of infrastructure in communities.

Kumba does not have a significant migrant labour complement. Most of our mine employees come from within 50km of our mines.

Our housing strategy is, in part, focused on helping employees acquire homes in their local communities, near the workplace. We provide company housing to attract and retain skills that may not be readily available near our mines. Our older hostels have all been converted to single or family accommodation. In this approach, I believe we have pre-empted many of the social challenges associated with poor housing.

We recognise that the communities in which our mines operate play an important role in our success, especially as we draw the vast majority of our employees from them. We therefore continue to nurture our relationship with our communities, who are also the company's key stakeholders. In 2013 we spent R254 million directly in our communities on education, skills, health and welfare, youth enterprise, and infrastructure development.

I should also mention our interaction with the Dingleton community whose residents will be relocated to facilitate safer and more efficient mining at Sishen mine. Discussions with affected residents on the relocation to improved homes in the better-serviced Kathu municipality progressed well during the year.

Beyond the specifics of Dingleton, and in line with our objective of becoming a partner of choice to our stakeholders through our CSI commitments, we continually engage with our local communities, striving to address their concerns. This is the motivating force behind the SIOC-CDT, which owns 3% of SIOC, and is one of our BEE shareholders. SIOC-CDT is managed by a separate board of trustees to whom we provide assistance when requested. Although SIOC-CDT's community development projects are separate from those of the company itself, we seek to ensure they are complementary and become a partner where necessary.

In 2013 SIOC-CDT received R523 million in dividends from SIOC. With an emphasis on education, especially ECD, skills development and infrastructure projects, SIOC-CDT is a venture that can continue to deliver benefits to the community long after Sishen mine's life has ended. However, it is also a venture whose near-term success depends on iron ore prices, as well as on our company's capacity for generating profits.

STAKEHOLDER ENGAGEMENT

One of the material issues in this report is that of building mutually beneficial partnerships. We exist within the context of communities, the industry and the country as a whole. As a result, understanding our business means understanding the people in and around it too, and that's what we aim to do as we work towards building true, lasting partnerships.

Our primary stakeholders are our employees, the South African government, our investors, suppliers and communities. To start with our employees; this is always a key relationship because people are central to what we do and I am grateful to the people of Kumba for their dedication to the company, particularly in the face of the challenges of 2013. In 2014 I hope to further develop and strengthen a common vision to ensure we can work together towards a future that benefits all our stakeholders. This means ensuring each employee fully appreciates our strategy and their role in it, as well as tightening our safety procedures.

2012 and 2013 were very difficult years for employee relations in the mining industry and this has continued into 2014. However, in Kumba, 2013 saw improved relations with no significant work stoppages, quite different from 2012 when we had a serious unprotected strike at Sishen mine. We negotiate wage increases every two years and will be starting these in the second quarter of 2014 to take effect on 1 July 2014.

In 2013, our employees benefited from substantial dividends through Envision, our employee share scheme.

CEO'S REVIEW CONTINUED

84%

OF EMPLOYEES ARE FROM LOCAL COMMUNITIES

R268 million

ON TRAINING AND DEVELOPMENT OF EMPLOYEES
AND COMMUNITY MEMBERS

ALL NOISE EXPOSURES REDUCED TO LESS THAN

110dB(A)

Part of our interaction with employees in 2014 will be looking forward to 2016 when the second stage of Envision matures. This will include managing employees' expectations and helping them manage the money they will receive from the scheme.

Another key stakeholder is government, who are integral to our licence to operate. We focus on building lasting relationships with government, in particular DMR representatives, so as to understand what is expected from us and proactively address any concerns they may have. We will continue to improve these relationships in 2014.

Our shareholders are also primary stakeholders, our largest being Anglo American plc and the IDC. At present Kumba is a significant contributor to Anglo American plc and the way in which we manage our operations is closely aligned with that of all business units in Anglo American plc. There is an overarching group value system to which we subscribe and adhere. The change in leadership at Anglo American plc during 2013 has been smooth and I look forward to our first full year of working together. In addition to this, we remain committed to protecting the interests of all our shareholders and to delivering value to them in 2014 and in years to come.

As mentioned earlier, we draw the vast majority of our employees from local communities and therefore we continue to nurture our relationship with our communities as key stakeholders.

REGULATORY

In November 2013 SIOC and ArcelorMittal SA entered into a new supply agreement regulating the sale and purchase of iron ore between the parties, which became effective on 1 January 2014. This agreement is contracted until the end of life of Sishen mine. It is in line with our commitment to maintaining cordial, mutually beneficial relations with our business partners.

We support and adhere to GRI. This report has been developed in terms of the GRI MMSS and GRI's G4 Guidelines, reporting 'in accordance' with the 'core' option. It has been checked by the GRI for 'materiality matters'. Key safety, health and environment performance indicators have been assured by independent auditors, PwC.

OUTLOOK

2014 will be all about the execution of the strategy we revised in 2013, improving both our safety and our production performance, optimising our portfolio of operations, and ensuring progress in our growth projects. December 2013 was our best operating month at Sishen mine in terms of both safety and production. We intend to carry this momentum into 2014 to produce 35Mt, and we expect to continue to do well at Kolomela mine. We will make substantial progress in the reconfiguration of Thabazimbi mine to extend its life. We look forward to resolving the previously contested 21.4% Sishen mining right as per the Constitutional Court ruling of December 2013.

We will be negotiating wages in 2014 and will work hard with our employees' representatives to reach an agreement which takes account of the needs of employees as well as those of the company. We will work with everyone to ensure we are aligned in achieving Kumba's goals and that everyone goes home safely every day.

We have delivered very good returns for all our stakeholders in a challenging year and we look forward to working closely with all stakeholders to take this company forward.

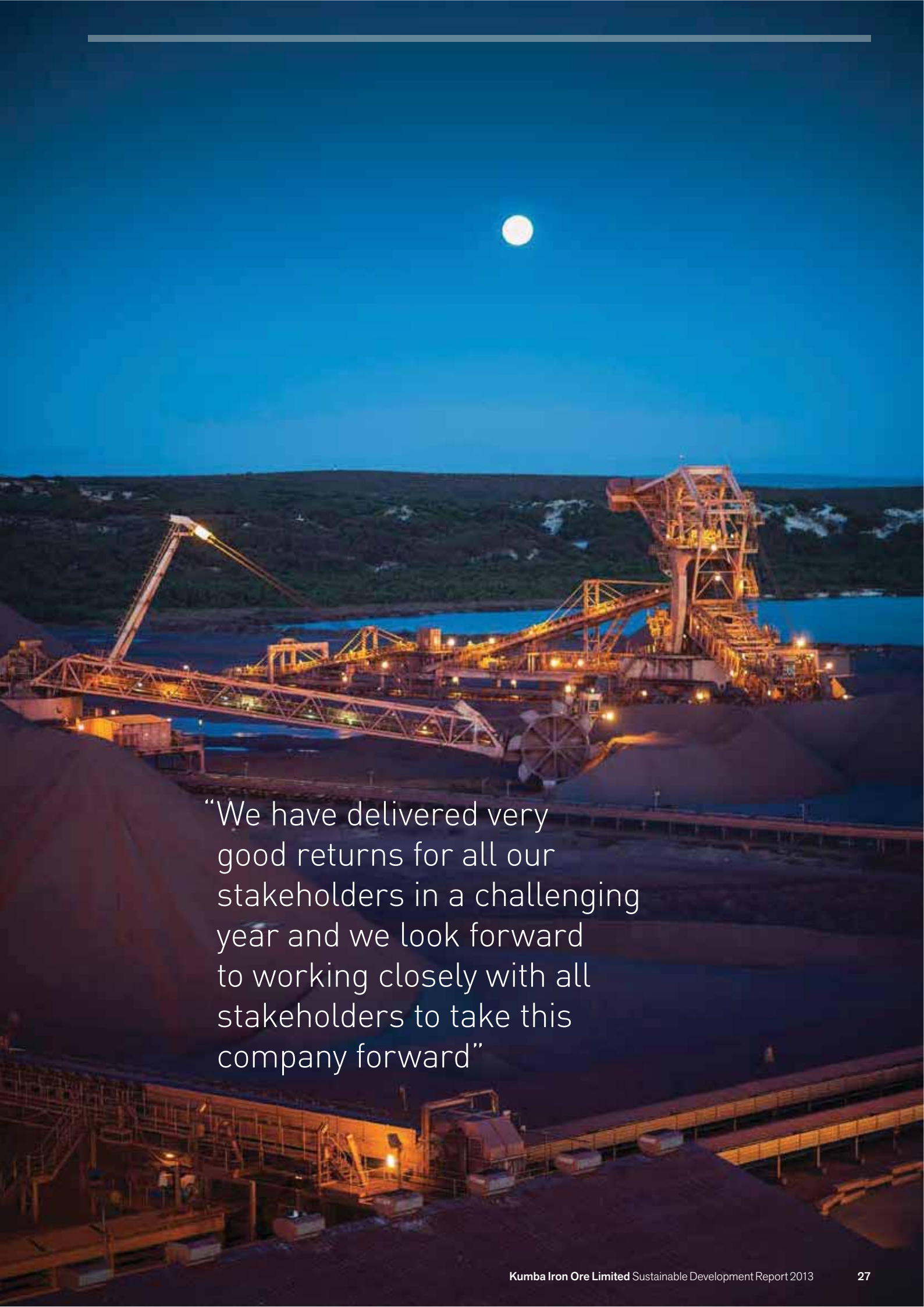
APPRECIATION

I would like to acknowledge the on-going dedication and commitment of all in the company in a challenging year – our employees, the board, Exco and operational teams – as well as the external stakeholders, on whom we rely. My sincere thanks go to all of you. Together we can move into the future confident of better outcomes for us and all our stakeholders.

Norman Mbazima

Chief executive officer

Opposite
The port of Saldanha is Kumba's gateway to the world. In 2013, 39.1Mt of iron ore were shipped from the port.



“We have delivered very good returns for all our stakeholders in a challenging year and we look forward to working closely with all stakeholders to take this company forward”



PROACTIVELY ADAPTING TO A CHANGING LANDSCAPE

WE OPERATE IN AN EVER-CHANGING
LANDSCAPE – FROM CHANGES TO
COMPANY MANAGEMENT TO CHANGES
WITHIN OUR MINES AND TO OUR
EXTERNAL ENVIRONMENT.

We need to understand and anticipate the changes we might face and adapt to them proactively.

PRODUCTION CAPACITY OF KOLOMELA MINE
(2012: 9Mtpa per LoM Design)

10Mtpa from 2014

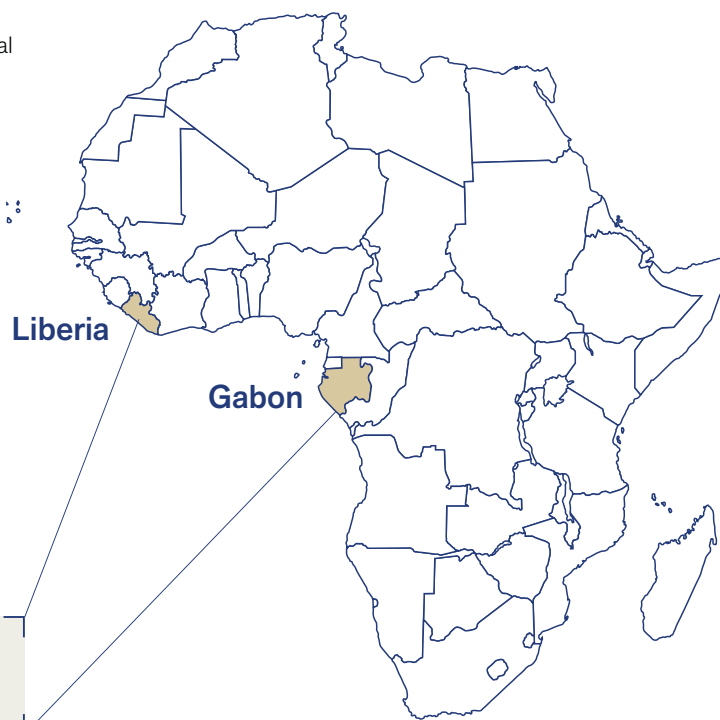
Main

A blast takes place in the south-western part of the Sishen mine pit. The pit is already one of the five largest in the world and is constantly expanding.



Progress on South African projects:

- Phased expansion planned for Kolomela mine – potential additional production of 5Mtpa
- Reconfiguring Thabazimbi mine to produce additional tonnage from low-grade material
- Lower grade beneficiation technologies and processing projects
- Iron ore export channel expansion study underway



Exploration for second footprint in Liberia and Gabon

DETERMINING OUR MATERIAL ISSUES

G4-18

01 The ageing haul truck fleet at Thabazimbi mine has been upgraded with the addition of new Komatsu 730 haul trucks. About to start their shift are Daniel Nong and Issac Malesela, both haul truck operators at the mine.

02 Providing employees and their families with quality housing is one of Kumba's key commitments. Pictured is one of the new housing developments for employees working at the Kolomela mine.

In 2013, Kumba once again embarked on a rigorous and inclusive process to determine our material issues. For this report we were guided by the GRI G4 guidelines' definition of material issues as those that reflect an organisation's significant economic, environmental and social impacts; or those that substantially influence the assessments and decisions of stakeholders. As a company may be faced with a myriad of topics on which to report, the materiality process aims to refine these.

Based on the GRI's principles for defining report content, we once again undertook a systematic materiality determination process to assess the most material issues facing the company. This process started from the ground up as members of Exco engaged with their teams who in turn had engaged with our stakeholders throughout the year to understand their most pertinent issues and expectations.

Once this had been done a materiality assessment workshop was held by Exco (including the CEO, the chief financial officer, various discipline and operational heads and our external auditor, PwC). The key inputs, received in advance from a cross-section of identified internal and external stakeholders, were used to guide a structured materiality assessment process. During the workshop Exco discussed, interrogated and prioritised the broader list of issues which, in 2013, resulted in the identification of four material issue categories.

These were submitted to the board for approval and form the basis of our reporting in 2013, being considered in both our Integrated Report 2013 and in this report.

01



02



OUR MATERIAL ISSUES

G4-19

G4-20

Enhancing valuable partnerships



Kumba's business does not exist in isolation; rather it depends on a number of key partnerships that influence good corporate citizenship, our licence to operate and performance optimisation. These include relationships with employees, contractors, unions, local communities, the South African government (including the regulator), customers, suppliers, the investment community, Transnet and Anglo American plc. These relationships are crucial to our ability to create value both now and in the future. As a company we want to ensure that our relationships result in mutually beneficial partnerships. We acknowledge this might not always be the case, but dedicate ourselves to conducting all relationships in line with this objective.

Key features in 2013

Stable employee relations.
Dingleton relocation project approved by the board.
Direct social investment in surrounding communities: R253.7 million.
R8.3 billion paid to the South African government: R6.2 billion in income taxes, and R2.1 billion in mineral royalties.

Key risk/opportunity

Risk: Poorly managed relationships can be detrimental to our long-term sustainability.
Opportunity: Well-managed relationships add value not only to Kumba, but also to those impacted by our business.

Proactively adapting to a changing landscape



Kumba operates in an ever-changing landscape – from changes to company management to changes within our mines and amendments to legislation. We need to understand and anticipate the changes we might face and adapt to them proactively.

Key features in 2013

The Sishen mine recovery and optimisation plan to address current pit constraints to improve flexibility and expose ore quicker for the future. Technical studies at Kolomela mine have confirmed its capacity to sustain production at 10Mtpa, 1Mtpa above its original design capacity.
Ensuring compliance with the Mining Charter.
Growth prospects into west and central Africa.

Key risk/opportunity

Risk: If changes are not anticipated and prepared for they can destabilise the business.
Opportunity: To create competitive advantage for Kumba by better understanding our challenges and facing them innovatively.

Resolving our legal matters



Every legal dispute has a potential impact on the business and we always work towards reaching the best possible resolutions as timeously as possible, while protecting our stakeholders' interests.

Key features in 2013

Conclusion of the sale and supply agreement with ArcelorMittal SA in November 2013.
Constitutional Court delivered its judgment in respect of the 21.4% Sishen mining right in December 2013 with a favourable outcome for Kumba and the DMR.

Key risk/opportunity

Risk: The negative impact on-going legal issues can have on our reputation, as well as the financial impact of negative outcomes.
Opportunity: To continue to engage actively with the DMR in respect of 21.4% of the Sishen mining right.

OUR MATERIAL ISSUES

CONTINUED

Delivering a sustainable future



Delivering a sustainable future is fundamental to how we conduct our business and it therefore remains a material issue for the company. To ensure we can create shared value for years to come we need to safeguard our sustainability through growth, social investment and responsible resource stewardship.

This material issue covers:

- How we manage our resources, including LoM, replacement resources, and growth projects into west and central Africa
- What Kumba is doing about financial sustainability, including creating a sustainable margin, dealing with rising costs, Envision, and dividend cover policies
- How we contribute to South Africa and our local communities

Key features in 2013

Progress with research into low-grade resource technology.

Progress on our project pipeline.

Dividend of R40.04/share

Key risk/opportunity

Risk: If a long-term view is not taken, the company may not be able to continue into the future. The licence to operate may be withdrawn with permits and approvals getting harder to obtain.

Opportunity: To create a company that provides shareholders and other stakeholders benefits for decades to come.

01



01 As part of the Sishen Western Expansion Project (SWEP) a new water pipeline had been constructed for Sedibeng Water to provide communities with water from the Vaal River some 200km away.

02 Machell Kiewiets, maintenance dispatcher, directs operations from the Kolomela mine control room.

02



RESPONSE TO OUR MATERIAL ISSUES

In the following sections we address our material issues as they relate to sustainable development. This report should be read in conjunction with our Integrated Report 2013. In our case studies we illustrate how we conduct our business.

01 The company's healthcare centre in Thabazimbi not only provides primary healthcare for Kumba employees, but also for the wider community

02 Caroline and Rebaone Matloko at their new house in Postmasburg. Rebaone is a Komatsu 730 haul truck operator at Kolomela mine

03 Fredah Mokobane is taught the finer points of bricklaying by instructor Motlhari Manye at the Thabazimbi mine skills development centre.



54 ENSURING THE SAFETY, HEALTH AND WELL-BEING OF OUR EMPLOYEES AND COMMUNITIES

62 Case study: 'All in it together' at Kolomela mine

63 Case study: Ben Lubbe – safety above all

74 KUMBA AS A CORPORATE CITIZEN

81 Case study: Harnessing the potential of South Africa's children at Sishen mine

82 Case study: Sweet success – honeybee farming at Sishen mine

83 Case study: Youth development programme

84 RESPONSIBLY MANAGING THE ENVIRONMENT

94 Case study: Integrated air-quality monitoring at Kolomela mine

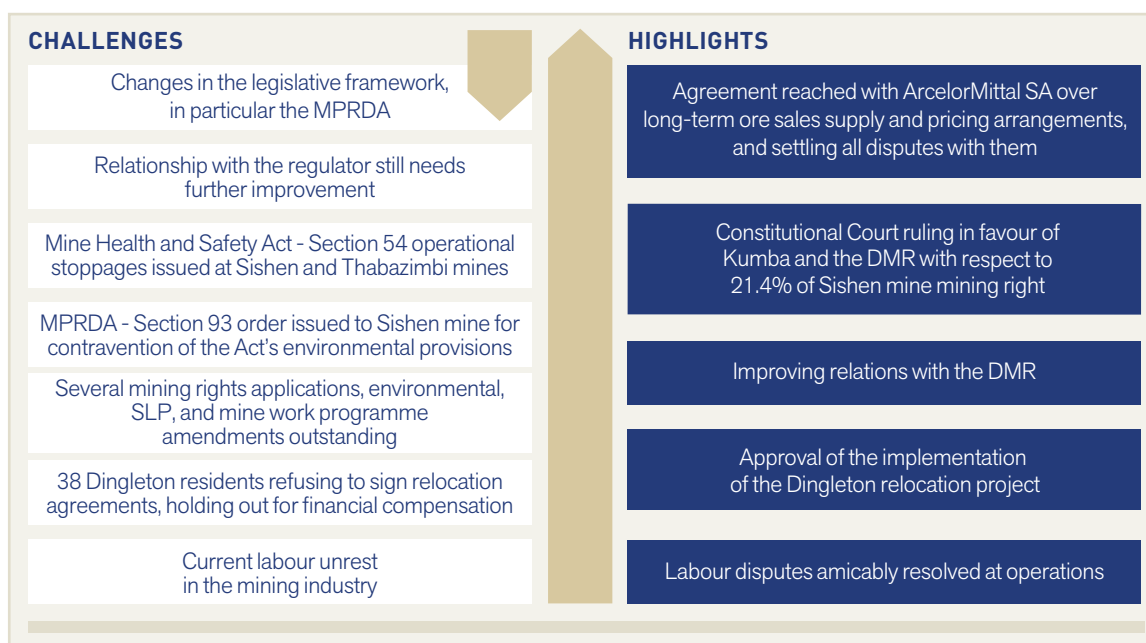
95 Case study: Effective bio-monitoring programme at Kolomela mine

96 Case study: Kolomela mine achieves ISO 14001 certification

97 Case study: Excellence in exploration

For more information, visit
www.angloamericankumba.com

STAKEHOLDER ENGAGEMENT



**MATERIAL
ISSUE 1:
ENHANCING
VALUABLE
PARTNERSHIPS**

G4-26

At Kumba we understand that healthy stakeholder relations make business sense and are core to sustainable mining. As a responsible corporate citizen we proactively manage relationships with our stakeholders. Kumba's philosophy on stakeholder engagement is informed by our corporate values and requires the company to:

- Always demonstrate respect for stakeholders, across all social and professional spectrums
- Make a concerted effort to understand and recognise stakeholder needs, concerns and expectations
- Act with integrity, fairness and good faith
- Seek to always collaborate and to become a partner of choice
- Work to achieve mutually beneficial outcomes with stakeholders
- Act with considered intent, proactively planning engagements to meet specific objectives and evaluating results

Our stakeholder engagement is self-regulated at four levels. As a member of a multi-national company, we voluntarily subscribe to a number of international governance and industry standards. Our stakeholder relations strategy is also governed by a set of Anglo American plc policies and guidelines, as well as a number of Kumba policies affecting the way we engage.

G4-25

G4-24

All these principles, standards, rules and guidelines converge in the Kumba stakeholder management policy, providing focus and simplicity in describing the shared and standardised way Kumba engages with stakeholders and manages our relations with them.

While this governance framework regulates how we interact with stakeholders, the Kumba stakeholder engagement strategy, developed at the end of 2012, spells out what we would like to achieve, how we will attain our goals, and the indicators we will use to annually measure our performance in terms of stakeholder engagement. We aspire to plan for and use our resources appropriately to ensure our stakeholder management efforts achieve the following strategic goals:

- Be valued by the South African government as a partner in development, transformation, sustainable development, and growing the iron ore industry
- Have well-managed strategic business relationships
- Be environmentally compliant, and viewed as responsive to stakeholder environmental concerns by mitigating negative environmental impacts
- Inspire stakeholder confidence in Kumba's ability to execute its vision and strategy
- Ensure our effective participation in public policy development and excellence in compliance and reporting
- Be a preferred employer with an attractive employee value proposition

Our stakeholder landscape consists of stakeholder groups who are important to Kumba and its operations, as well as those impacted by us, or with the potential to impact the company. We have partitioned our stakeholders into six broad stakeholder groups namely civil society, regulatory and political, business and industry, internal, investment community and the media. This landscape plays a part in shaping our stakeholder engagement strategy and is regularly reviewed to account for new stakeholders, as well as those with shifting interests or concerns related to our operations.

Kumba's stakeholder engagement governance framework

Commitments, international standards, and other voluntary 'soft law' measures

- King III
- ISO 9001
- ISO 14001
- OHSAS 18001
- AA 1000 SES
- IFC environmental and social performance standards

Group policies and guidelines on stakeholder engagement

- Anglo citizenship and business principles
- Anglo social way
- Socio-economic assessment toolbox (SEAT)
- Business integrity policy
- Government relations handbook

Kumba policies with stipulations on stakeholder engagement

- Human rights policy
- Safety, health and environment (SHE) policy

Kumba stakeholder management policy

In 2013 we concentrated our efforts on the implementation of the stakeholder engagement strategy with particular focus on the management of the company's priority issues. This is an important element of the stakeholder engagement strategy as the prioritisation of top stakeholder issues aligns our engagement strategy with the company's business objectives. The main criterion used to identify these issues is the extent to which, if not properly managed and monitored, an issue would affect the achievement of the organisation's business objectives. Our priority issues were:

- The Dingleton relocation project
- Efficiencies and availability of the IOEC
- Obtaining and retaining our licence to operate
- Enabling legislation (amendments to the MPRDA)
- Implementation of South Africa's mineral beneficiation strategy
- Sishen mine's performance
- Post-strike labour relations at Sishen mine and the current levels of labour unrest in the industry

In addressing these issues Kumba also takes cognisance of the operating complexities and stakeholder concerns (see the Changing environment section on this page and the Stakeholder needs and concerns table on page 36). The relevant stakeholders for each of these issues were identified and mapped to guide our engagement plans.

In addition, training interventions were developed to build the organisation's capacity to have effective engagements with the relevant stakeholders in order to manage these issues.

In 2014, we aim to:

- Continue with the management of the company's priority issues
- Refine our stakeholder management policy to strengthen the governance of stakeholder engagement in Kumba
- Continue with stakeholder engagement training interventions at all operations, as well as at our corporate office
- Continue monitoring emerging issues and their impact on the company, and develop plans to address them

THE CHANGING ENVIRONMENT

Globally, the mining industry operates in an increasingly complex environment with the industry's social issues, such as community and government relations, as well as environmental management, receiving more scrutiny from society. The South African mining industry, which is among the largest producers in the world, is no exception. The fact that the country faces social and economic development challenges of poverty, inequality and unemployment, also contributes to the complexities that shape the content of our engagements. Principal among those operating complexities are:

- Increasing demands for changes in the sharing of the benefits mining delivers and for more societal inputs into how those benefits are distributed
- Rising demands for improvements in environmental management
- Evolving employee relations
- Constraints in essential infrastructure, particularly electricity and rail capacity

STAKEHOLDER ENGAGEMENT CONTINUED

- Limits to municipalities' capacity to provide, maintain and manage infrastructure and other service delivery needs
- Changes in the legislative framework, in particular the MPRDA
- The distressed global economy, particularly its impact on the economies of our main export markets
- Escalating costs
- Changes required of our products

It is therefore important that we take these into consideration when planning our stakeholder engagement interventions.

COMMUNICATION AUDIT

In addition to the management of our own performance against the goals and objectives in the stakeholder engagement strategy, we commissioned an independent communication audit to provide reliable confirmation of the effectiveness of our communication and engagement as experienced by our stakeholders, seeking views on the following:

- The effectiveness of Kumba's communication
- Stakeholders' satisfaction with Kumba's communication
- The performance of specific engagement platforms and communication channels

The results of the survey indicated that, irrespective of the goodwill deficit suffered by the mining industry in South Africa, Kumba was viewed by most of its stakeholders as a responsible iron ore producer, with a positive impact on a sustainable future. Stakeholders agreed that Kumba deserves its right to mine, based on adherence to our licence conditions, and on how we improve the lives of communities around our operations.

The results also showed that our communication is most effective among suppliers, investors, and employees. However, significant differences of opinion were revealed by specific stakeholders such as some Sishen mine employees and Dingleton community members, who gave notably lower scores on Kumba being a partner of choice. We are particularly concerned about the low ratings received from Dingleton community members in view of their planned relocation. In this regard we have developed a number of action steps and interventions to address their negative sentiments, examples of which are to get a better understanding of their concerns prior to the relocation and to implement a social plan that is likely to increase procurement opportunities on one hand, and give them portable skills (those that may be used outside the individual's current employ), which should make them employable.

G4-27

STAKEHOLDERS - THEIR NEEDS AND CONCERNS

In order to understand and acknowledge our stakeholders' material concerns and to respond as best as we could, we tracked concerns raised during our interactions and through the socio-economic assessment toolbox (SEAT).

Stakeholder	Stakeholder concerns	Impact on Kumba	Impact on stakeholder	Kumba's response or action
Government, regulatory and political (national, including the DMR, DWA and DEA; provincial and local government, parliament, political role players)	Safety and environmental impacts	Safety-related operational stoppages and environmental compliance findings by the DMR impact negatively on production	Increasing safety and environmental investigations	Communicate Kumba's measures to mitigate environmental impacts Continue working on our technological innovations to enhance safety
	Compliance with regulatory requirements	Lack of compliance will result in loss or suspension of mining rights	Government unable to meet its transformation objectives by bringing entrants into the mining industry	Maintain compliance Continue demonstrating excellence in compliance and reporting.
	Domestic supply and pricing of iron ore and Kumba's support for government's beneficiation strategy	Kumba seen as a partner of choice in developing alternative beneficiation technology	Government unable to meet their industrialisation objectives	Demonstrate Kumba's role in local supply at a domestic price as in the ArcelorMittal SA supply agreement Partner with government in beneficiation technology and skills development Partner with the DMR to co-create investor-friendly legislation
	Kumba's role in community development projects Capability of municipalities to provide for the needs of the communities and the growing local industry	Unstable, undeveloped communities causing unrest Capacitated municipalities delivering service and enabling Kumba to deliver on its SLPs	Pressure exerted by local mining operations on basic infrastructure Lack of development Increased activism by communities and possible social instability	Demonstrate our commitment to developing communities Partner with municipalities to build capacity and assist with their delivery on developmental projects

Stakeholder	Stakeholder concerns	Impact on Kumba	Impact on stakeholder	Kumba's response or action
Civil society (impacted communities, farmers, development partners and unions)	Kumba not providing opportunities for employment and skills development	Low relationship satisfaction among these stakeholders affects the company's social licence to operate	Communities not benefitting from the mineral resources mined in their areas	Implement high-impact developmental projects identified
	The impact of mining operations on the environment	Potential for reputational damage	Potential impact on farming livelihood	Ensure responsiveness to stakeholder enquiries and concerns and effectively manage complaints and grievances through existing mechanisms Put mitigations in place
	Benefit sharing Financial compensation for the Dingleton community	Scrutiny by regulators and potential suspension of licences Some homeowners refusing to move Potential litigation	Prolonged exposure to dust, continued stay in a town with no service or municipal infrastructure Missed opportunities for new modern houses close to amenities Missed opportunities for skills development and employment	Demonstrate the benefit of moving to the new host side, such as new and modern houses, proximity to amenities and job opportunities Demonstrate that they received fair compensation
Business and industry (customers, suppliers, business partners, mining/ steel/ construction industry, local businesses)	Expansion of the Iron Ore Export Channel	Availability of rail to export ore through Saldhana port	Transnet achieving its strategic objectives	Continued engagements on achieving this expansion in an efficient manner
	Lack of procurement opportunities for local suppliers	Not giving local suppliers opportunity causes instability, which affects production	Additional revenue from the expanded rail infrastructure Local businesses not able to thrive Support by multinationals towards local supplier development	Approved BEE and local procurement policy and supplier-development programme
Customers	Product quality Pricing Security of supply	Retain customers Retain niche market	Loss of customers if not happy with price or product	Customers assurance of product profitability achieving their goals, business continuity
Investment community (analysts, financiers, shareholders including BEE shareholders)	Sishen mine constraints	Loss of confidence in the company	Loss of revenue	Initiatives for cost containment and asset optimisation
	Costs, growth and sustainability of the company	Good revenue from dividends	Investors choice	Implement growth strategy, Sishen mine turnaround plan
	Dividend cover	Decline in investment, share price and market capitalisation	Value erosion	Continue improving stakeholder relations
	Progress on mining rights			Stabilise labour relations
	Other regulatory issues Litigations and labour relations			
Employees	Post-strike labour relations at Sishen mine	Low productivity levels	Job dissatisfaction	Address identified issues
	Higher wages	Safety compromised	Injuries	Demonstrate that they are remunerated appropriately
	Progression opportunities	Labour unrest	Loss of income during strikes	Reassurance that safety is a priority
	Developments in the company	Strained relations		Improve communication
Media	The company's operational and financial performances	Reputation and brand enhanced or negatively affected	Publishing of good or negative news depends on our performance against these concerns	Ensure communication of positive stories
	Good corporate citizenship			Ensure that our stakeholders become our ambassadors
	Labour relations Regulatory and legal issues		Transparent engagements	
	Transparency			

STAKEHOLDER ENGAGEMENT CONTINUED

KEY ENGAGEMENT PLATFORMS AND COMMUNICATION CHANNELS

The table below illustrates the most prominent engagement platforms and communication channels used for key strategic stakeholders.

G4-26 Channel categories and specific channels	Employees				External stakeholders					
	Sishen mine	Kolomela mine	Thabazimbi mine	Corporate office	Communities	The media	Suppliers	Investment community	Government, regulatory and political	Customers
Leadership/management communication										
Face-to-face communication between employees and management focusing mostly on operational matters										
Operational leadership teams (GMs and HODs)	X	X	X							
Kumba executives (CEO and Exco)	X	X	X	X						
Direct manager/team leader/supervisor	X	X	X	X						
Visible felt leadership (VFL)	X	X	X	X						
Caucus meetings	X	X	X	X						
Sishen Safety Indaba	X									
Training shift meetings	X	X	X							
Newsletters										
Convey company-wide or operation-specific news, as well as human interest stories										
InSite	X	X	X	X						
Boswa Ba Rona	X	X	X	X	X	X				
Line of Site	X									
Dingleton Resettlement News					X Sishen					
Digging Deeper		X								
Thaba Junction			X							
Electronic communication channels										
Quick, paperless distribution of news and content can be tailor-made for specific employee subgroups										
Kumba website	X	X	X	X	X	X	X	X	X	
Electronic notice boards/public display screens	X	X		X						
The Source (Anglo American intranet/ My Workspace)	X	X	X	X						
Sishen Blitz	X									
Bulk email/communication mailboxes	X	X	X	X						

Channel categories and specific channels	Employees				External stakeholders					
	Sishen mine	Kolomela mine	Thabazimbi mine	Corporate office	Communities	The media	Suppliers	Investment community	Government, regulatory and political	Customers
Printed communication channels										
Reports focused on sharing details of Kumba's financial and social performance.										
Posters and flyers used to convey information to a broad base of employees in a concise and clear manner										
Integrated Report						X	X	X	X	X
Annual Financial Statements						X	X	X		
Sustainable Development Report					X	X			X	X
Let's Connect	X	X	X	X					X	
SEAT Report					X	X				
A Magazine				X						
Posters	X	X	X	X						
Flyers	X	X	X							
Mobile and social media										
Used to distribute information or to respond to issues or enquiries in a quick and efficient manner										
SMS	X	X		X						
Anglo American Facebook page	X	X	X	X	X	X	X	X	X	X
Anglo American Twitter feed	X	X	X	X	X	X	X	X	X	X
Other communication channels										
Special purpose events used as engagement platforms with key stakeholders										
Media lunch						X				
Stakeholder day	X		X		X					X
Results presentations						X		X		X
Mine visits						X		X	X	X
Workshops									X	
Presentations									X	X
Press releases and press conference	X	X	X	X	X	X	X	X	X	X

STAKEHOLDER ENGAGEMENT CONTINUED

SUPPORT FOR EXTERNAL INITIATIVES

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

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

01 Following an intensive process of consultation, the green light was given for the relocation of the Dingleton community to Kathu to allow for the expansion of the Sishen mine pit.

02 A tourist information centre being built by locally sourced builders for the municipality in Thabazimbi. The project is part of Thabazimbi mine's sustainable development plan.

01



02



OUR SUSTAINABILITY STRATEGY

Built on our fourth strategic pillar – organisational responsibility and capability – Kumba's sustainability strategy supports the organisation's commitment to create and leave a positive legacy in the communities in which we operate; to operate safely and in a manner that seeks to eliminate harm to people and to the environment; to continue with our CSI commitments; and to becoming a partner of choice to a broad range of stakeholders. Sustainability forms a fundamental part of our business and is integrated into the way we operate. The following is a summary of results of our sustainability initiatives:

	<p>Leaving a positive legacy – enhancing valuable partnerships</p> <ul style="list-style-type: none"> • Infrastructure projects implemented • Holistic education interventions • Training and development of employees and members of local communities • Significant recruitment from local communities, including women • Payments to government (royalties and taxes) • Payments to employees and shareholders (salaries and dividends) • Local procurement and BEE procurement • Endeavouring to comply with all applicable legal requirements and striving to establish harmonious relationships with regulatory authorities and other stakeholders
	<p>Proactively adapting to a changing landscape</p> <ul style="list-style-type: none"> • Continually enhancing efficiency and working at lowering production costs • Exploring opportunities for future expansion into other parts of Africa • On-going research and development to support current and future product offerings • Investment in safer and more efficient technology and equipment
	<p>Resolving our legal matters</p> <ul style="list-style-type: none"> • Endeavouring to resolve legal and other disputes expeditiously
	<p>Operating safely and preventing harm to people and the environment</p> <ul style="list-style-type: none"> • Our pursuit of Zero Harm • Continually researching and implementing safer and more environmentally friendly ways to work, including the use of modern technology and equipment • Implementing recognised safety, health and environmental management systems and benchmarking our performance against international best practice • Prevention of loss of life • Concurrent rehabilitation and systematic land-management processes • Industry-leading carbon disclosure performance

GOVERNANCE OF SUSTAINABILITY



MATERIAL ISSUE 3: RESOLVING OUR LEGAL MATTERS

Kumba's value system may be expressed simply: we work with the aim of being an efficient miner of iron ore while carrying out our business sustainably and responsibly, and delivering value to our numerous stakeholders.

Our approach to corporate governance is rigorous and dynamic. While we subscribe unerringly to a range of fundamental value precepts, we are also sensitive and adapt to changes in our operating environment and in the perceptions and needs of all our stakeholders. Our relationships with our stakeholders are based on the trust that we strive to engender throughout our company and in our interactions beyond our mines' premises.

Engagement with our stakeholders is a continual process, formally and informally. Depending upon the stakeholder or those with whom we are engaging, communications take on many, often overlapping forms: face-to-face; annual and special meetings; releases of results, reports and corporate developments on our corporate website and through a variety of media; road shows; our suite of integrated reports; and the proxy forms available to shareholders to exercise their voting rights.

We determine our material issues by evaluating our economic, environmental and social impacts; feedback from our stakeholders on their expectations and concerns; as well as other issues that may have an effect on our business. We then communicate our response to these issues to our stakeholders. These are not one-way communications and we welcome and encourage input and feedback from our stakeholders and take their views and suggestions on board.

Relating to our stakeholders using the appropriate means remains central to the evolution of our approach to governance. In April 2013, ahead of the annual general meeting (AGM) on 10 May 2013, our chairman and the chairmen of our board committees engaged with our major shareholders – including the IDC, PIC, Blackrock Investment Management and JP Morgan Asset Management – to discuss governance and strategy-related matters.

These discussions and subsequent discourse at the AGM led to requests for clarity on the issue of alignment of short-term incentives to performance. The process was explained at the AGM and shareholders seeking further clarification were offered the opportunity to pose follow-up questions.

Our approach to corporate governance is discussed in further detail on pages 116 to 126 of our Integrated Report 2013.

RISK MANAGEMENT

Risk management at Kumba is the responsibility of the board of directors and the management team, who are fully accountable for it. The board has delegated the function to the risk committee which regularly reviews our significant risks and mitigation strategies. The committee reports on its deliberations to the board. The board, together with the risk committee and through the integrated risk management programme, identify and analyse the key risks to establish how likely they are to occur, as well as their probable consequences and impacts. In addition, appropriate controls and responses to these risks are formulated.

For further discussion on our risk management approach and key risks during 2013, see pages 20 to 28 of our Integrated Report 2013.

PRECAUTIONARY APPROACH

We recognise that our activities impact the environment and continually identify and assess these risks with the objective of minimising our impact through prevention and mitigation interventions. We do this through the efficient use of resources while ensuring the on-going restoration and rehabilitation of the environment throughout the lifecycle of our operations. This is in accordance with our group's safety, health and environment policy, enabling us to fulfil the precautionary approach as referred to in Principle 15 of the Rio Declaration on Environment and Development. For further information on how we responsibly manage the environment see the Responsibly Managing the Environment section on pages 84 to 99 of this report.

BOARD COMPOSITION, COMMITTEES AND LEADERSHIP

Kumba's governance structure takes into account that our main operating subsidiary, SIOC, has a shareholding structure that reflects the empowerment requirements of the Mining Charter and of the MPRDA. As a means of ensuring the requirements of Kumba's and SIOC's disparate stakeholders are adequately addressed, the two entities are legally separate and have separate fully-operational boards with clearly defined responsibilities and authorities.

Kumba has a unitary board comprising two executive and nine non-executive directors, headed by an independent, non-executive chairman, Fani Titi. Six of the non-executive directors are independent and four are black women.

Engagement with our stakeholders is a continual process, formally and informally

Ultimate responsibility for sound governance rests with the company's board of directors, though management of specific issues is devolved to four standing committees:

- The audit committee
- The human resources, remuneration and nomination committee (Remco)
- The social and ethics committee
- The risk committee

While overall accountability for our sustainability matters rests with the board, the social and ethics committee is responsible for them, and for developing sustainable development policies and guidelines to manage social, economic, safety, health and environmental matters. The committee met three times in 2013, and visited the Batho Pele mobile clinics in the Kagung village in the Ga-Segonyana local municipality of the Northern Cape on 13 May 2013.

The committee's main areas of business during 2013 were:

- The management of reports on safety, health and environment, community engagement and development and transformation
- Ensuring our stakeholder engagement strategy implementation
- Overseeing our annual sustainable development reporting process
- Reviewing our HIV and TB policy
- Reviewing the committee's terms of reference, and recommending them to the board for approval
- The Dingleton relocation project

Board composition by age

	%
< 30	-
30 to 50	36
> 50	64

Board composition by gender

	%
Men	64
Women	36

Board composition by role

	%
Executive	18
Non-executive	82

Kumba recognises that directors' performances can be honed by regular individual and overall appraisals. Our approach is aligned with Anglo American plc's requirements that the performances against targets of the board, its sub-committees and their members are appraised bi-annually – a process that also uses external facilitation when required, peer appraisals and self-appraisal.

REMUNERATION AND SUSTAINABILITY

Kumba's approach towards executive directors' and management's remuneration is founded on fixed compensation and performance bonus elements. The latter is based on the company's performance as well as the achievement of individually agreed upon performance targets, including safety targets.

Unlike executive directors who are rewarded in terms of their defined performances, independent non-executive directors are paid fixed fees for their board participation and their membership of individual board committees.

For further information on our compensation policies and practices, including the link between sustainability performance and remuneration, see our Remuneration and performance section on pages 127 to 135 of the Integrated Report 2013.

ETHICS AND ANTI-CORRUPTION

Our good citizenship business principles are aligned with those of our major shareholder, Anglo American plc, and set out the standards that guide the conduct of our business. These can be found on our website at www.angloamericankumba.com/sd_policies.php.

Our approach is uncompromising. We are implacably opposed to corruption. We will neither give nor accept bribes, nor do we permit others to do so in our name, either in our dealings with public officials or with suppliers and customers. We are committed to operate to the same high standard of integrity wherever we work.

The principal laws and conventions that we endorse and with which we comply include:

- The Organisation for Economic Co-operation and Development (OECD) Convention on Combating Bribery of Foreign Public Officials in International Business Transactions 1997 (OECD Convention)
- The United Nations Convention against Corruption 2003
- The Foreign Corrupt Practices Act of 1977 of the US (FCPA)
- The Bribery Act 2010 of the UK (UK Bribery Act)

GOVERNANCE OF SUSTAINABILITY

CONTINUED

As a long-term investor we are committed to contributing to the sustainable development and good governance of the countries where we work. Corruption undermines our objective; erodes trust; drives away investment; undermines the rule of law upon which our investment security depends; and increases the costs and unpredictability of doing business. It also significantly reduces our ability to produce positive developmental outcomes.

Overall responsibility for monitoring ethical behaviour resides with our ethics committee, a sub-committee of Exco, though responsibility is devolved throughout the organisation. The ethics committee is chaired by the company secretary and membership includes the ethics officer, the mines' general managers, heads of security, the head of employee relations and the risk and governance manager.

The committee meets quarterly and meetings are also attended by ethics champions based at each operation, and representatives of our internal audit and supply chain functions. Each of the committee members and meeting attendees received communications on the company's anti-corruption policies during 2013, as well as comprehensive anti-corruption training. The ethics committee reports to Exco, the audit committee and, the social and ethics committee.

Upon joining the company a copy of the company's anti-corruption policies and rules are provided to employees. All employees (at our corporate office, Sishen, Thabazimbi and Kolomela mines, and Saldanha) receive anti-corruption communication during training sessions on the company's anti-corruption programme, as well as frequently throughout the year. A total of 1,236 employees, throughout the company and in various categories received this training during 2013.

While corruption is not considered a major risk in South Africa, the picture is less clear elsewhere in regions the company may target for business opportunities. Accordingly, specific training on anti-corruption was provided to the second footprint team as well as the exploration team in 2013. The training included reference to the UK Bribery Act and made use of a company tool developed by Transparency International on resisting extortion and solicitation in international transactions. Nonetheless, Kumba does face corruption risks and our approach is to evaluate these risks and manage them. All our operations and divisions have been risk-assessed and no significant risks were reported in 2013.

The ethical risk-assessment process was both quantitative and qualitative. The qualitative assessment was performed through discussions and interviews with the appropriate stakeholders. Focus group sessions were held with employees from various departments and interviews were held with contractors and suppliers. A set of standardised questions developed by the Ethics Institute of South Africa was used for the focus groups, contractors and suppliers. The quantitative assessment was based on the outcome of responses to a questionnaire completed by employees.

Prescribed and proscribed

Prescription necessarily forms part of our strict anti-corruption approach.

Our approach to business transactions with suppliers is premised on ethical open behaviour by both parties. Suppliers are required to inform Kumba immediately on their becoming aware that ethical contract terms have been or are currently at risk of being breached.

Suppliers are contractually bound to provide full details and to assist the company in any investigation of an ethical breach. In the case of a breach, Kumba reserves the right to terminate any contract and the company does not hold itself liable for any loss suffered by the supplier or the supplier's personnel. There is a clause in all our contracts that requires our suppliers to promptly inform us of any breaches or if any personnel have been found legally culpable of contravening the anti-corruption laws. To date no anti-corruption or unlawful behaviours of supplier personnel have been reported.

Donations and gifts

There is a substantial difference between constructive contributions that are widely spread across the society we are aiming to assist, and payments to individuals or narrow sectarian interests. Kumba does not make donations in kind or in cash to individual public officials. Kumba also does not make donations in cash or in kind to any political party, whether voluntarily or as a result of solicitation for support. The company made no donations to political parties or to their representatives in 2013.

This excludes the company's CED contributions that promote the sustainable development of the communities in which we operate. We also continue to make charitable donations.

Facilitation payments are not permitted nor are employees allowed to accept gifts that might give rise to conflicts of interest. Annual declarations of interest were completed by all employees in 2013 to ensure that any potential, actual or perceived conflicts were identified and managed. Employees who receive or are offered gifts are obliged to declare them to their immediate line supervisors. Each department throughout the organisation completes gift registers which are provided to the ethics officer monthly.

Insider trading

The company has a policy in place that sets out provisions applicable to trading in its securities in order to ensure compliance with the relevant laws and regulations. All dealings in the company's securities by directors are declared and published on the stock exchange news service in terms of the JSE Listings Requirements. Employees trading in the company's securities are required to obtain prior approval from the company. During closed periods or when directors or employees have access to price-sensitive information, neither they nor their associates may trade in the company's securities.

Whistle blowing

Employees and others are encouraged to report wrongdoing or other concerns through Tip-offs Anonymous. This is a round-the-clock service managed independently and is accessible by phone, email or the Kumba website. Those making disclosures are guaranteed anonymity and protection against victimisation should their disclosures be made in terms of the Protected Disclosures Act.

Despite our stringent anti-corruption rules and management, 49 corruption cases were reported either through our Tip-offs Anonymous line or by direct reports to our security staff in 2013. Of these, 27 cases were related to theft, 11 to HR issues, and 11 to our supply chain.

During the year the company investigated and dealt with two cases of corruption related to contracts with business partners. The two cases resulted in these contracts being terminated.

No cases of corruption were levelled at Kumba or its employees in 2013.

External initiatives and membership of associations

Kumba supports and endorses the Chamber of Mines of South Africa, the principal advocacy organisation for policy positions affecting employers in the mining industry. Kumba's CEO, Norman Mbazima, is a member of the Council of the Chamber while our non-executive director, Khanyisile Kweyama, serves as the council's vice president.

The company is also a member of several local and foreign mining industry associations and is a signatory of the United Nations Development Programme (UNDP) which assists countries in building institutions, policies and resources that enhance populations' well-being. Among the UNDP's focuses are initiatives to protect human rights, to alleviate poverty and to empower women.

Legal issues or fines

Kumba incurred no fines for failing to comply with regulations or laws in 2013, nor was the company involved in litigation over corrupt or illegal practices. Details of our involvement in legal actions of a commercial nature are discussed on pages 86 to 87 of our Integrated Report 2013.

01 Kumba is a leader in the development of women for core mining positions. Haul truck operator Pelonomi Bosman poses proudly with the vehicle she operates at Sishen mine.

02 Neo Seele is a drill assistant in the drill and blast section at Sishen mine. She is yet another of Kumba's many women in core mining positions.



OPTIMISING AND DELIVERING ECONOMIC VALUE

To deliver on our long-term objectives, partnerships with our stakeholders from inception to mine closure are vital

CHALLENGES

Pit constraints at Sishen mine

After-effects of the 2012 strike at Sishen

HIGHLIGHTS

Revenue of R54.5 billion generated

42.4Mt total iron ore produced

Increased headline earnings of R48.08 per share

60.6% of discretionary spend procured from BEE suppliers

R13.7 billion in dividends paid out during 2013



**MATERIAL
ISSUE 2:
PROACTIVELY
ADAPTING TO A
CHANGING
LANDSCAPE**

All of Kumba's stakeholders – including employees, contractors, government, communities and shareholders – depend and rely to varying degrees on our company's economic performance and our progressive renewal. Our performance, now and into the future, depends on a multitude of intrinsic and extrinsic factors.

We acknowledge that to deliver on our long-term objectives, partnerships with our stakeholders are vital from inception to mine closure. Co-operation derives from government providing an enabling environment, and investors' faith that we can deliver acceptable returns on capital, to communities' confidence in a sustainable future even after mining has ceased.

Our South African ore resources are large but finite. To achieve our objective of sustaining a long-term business we need to mine efficiently and generate revenues year-on-year that will allow us to finance extensions to our existing operations as well as explore and develop new ore resources. Simultaneously, our revenues need to be sufficient to allow us to create and distribute value in line with stakeholders' expectations.

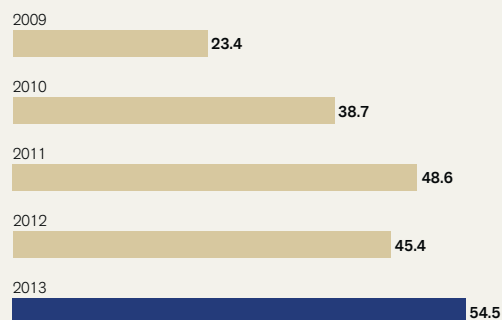
CREATING VALUE

The value we created in 2013 was based on iron ore exports of 39.1Mt which generated export sales revenue of R47.1 billion. These exports were complemented by domestic sales of 4.6Mt worth R3.7 billion.

The value our ore sales created during 2013 was divided across a range of shareholders as shown in the following table.

Revenue

R billion



Value distributed 2013

	R million
Employees	3,674
Providers of finance	278
Government	8,782
Community spend	254
Shareholders	13,707
Value re-invested	2,506
Value retained	6,593

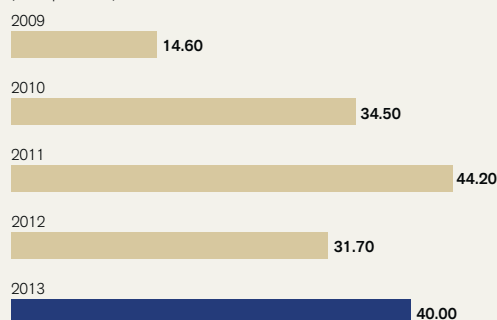
VALUE-ADDED STATEMENT

	2013		2012		2011	
	R million	%	R million	%	R million	%
Value added						
Value added by operating activities	35,677	99.7	29 532	99.7	37,702	99.4
Revenue	54,461		45,446		48,553	
Less: Cost of material and services	(18,784)		(15,914)		(10,851)	
Value added by investing activities						
Interest income	117	0.31	102	0.3	241	0.6
Total value added	35,794		29,634		37,943	
Value distributed						
Distributed to employees	3,674	10.3	3,466	11.7	2,777	7.3
Salaries, wages, medical and other benefits	3,039		2,709		2,408	
Share-based payments	635		756		369	
Distributed to providers of finance	278	0.8	329	1.1	99	0.3
Finance costs	278		329		346	
Finance costs capitalised					(247)	
Distributed to the state	8,782	24.5	6,272	21.2	8,908	23.5
Income tax	6,625		4,186		5,344	
Secondary tax on companies	–		959		1,802	
Mineral royalties	2,157		1,127		1,762	
Distributed to communities						
CED	254	0.7	276	0.9	191	0.5
Distributed to shareholders	13,707	38.3	18,006	60.8	17,912	47.2
Dividends to owners of the company	10,500		13,428		13,742	
Dividends to non-controlling interests	3,207		4,578		4,170	
Value reinvested	2,506	7.0	2,836	9.6	3,670	9.7
Depreciation, amortisation and impairment	2,039		1,535		997	
Deferred stripping costs capitalised	(832)		(518)			
Net discounting finance cost	118		76		59	
Share of losses of associates and joint ventures	46		0		0	
Deferred taxation	1,135		1,743		2,614	
Value retained / (distributed)	6,593	18.4	(1,551)	(5.2)	4,386	11.6
Attributable to owners	4,946		(942)		3,300	
Minority shareholders' interest	1,647		(609)		1,086	
Total value distributed	35,794		29,634		37,943	

OPTIMISING AND DELIVERING ECONOMIC VALUE CONTINUED

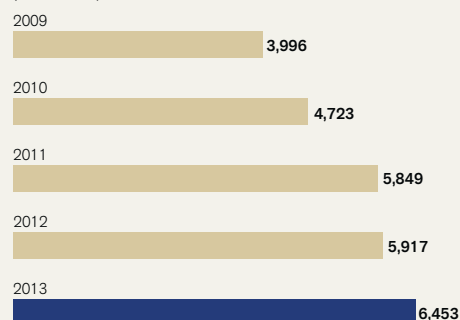
Dividends declared

(Rand per share)



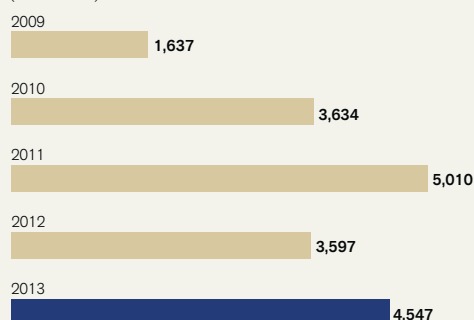
Capital expenditure

(Rand million)



Dividends declared by SIOC to BEE shareholders

(Rand million)



PROCUREMENT AND SUPPLY CHAIN

2013 saw a range of achievements in Kumba's BEE procurement activities as well as a number of improvements to the company's procurement policies to meet Mining Charter requirements. During the year we made significant advances in reaching and even surpassing most of the 2013 targets required by the Charter.

At 37.8%, the Sishen mine spend was however 2.2% below the 40% target. The 2014 target is however expected to be easier to achieve, since our strategic suppliers are also implementing transformation plans.

Kumba's procurement policies are not simply motivated by legal requirements. Achieving appropriate procurement practices and targets are a material consideration for Kumba, not simply because they lead to compliance with the terms of the Mining Charter, but also because they contribute to securing the company's social and legal licences to operate.

Kumba's procurement and supply chain teams engaged with a total of 2,978 suppliers over the course of 2013. 97% of these suppliers are South African-based entities, and 15% of the total suppliers are based in and around the host communities within which we operate. The largest number of suppliers that we engaged with are those who supply us with consumables, while the highest value spend remains on the procurement of capital equipment. Services are procured through labour brokers, consultants and general service providers.

During 2013 total payments made to suppliers amounted to R23.7 billion, a 20% increase on the 2012 spend. It is pleasing that 47% of the total spend and 61% of the discretionary spend was procured from BEE partners.

Our BEE procurement targets

Fundamental to Kumba's proactive intervention in the allocation of business contracts in terms of the Mining Charter is doing it in a manner that positively supports our host communities and small and medium enterprises (SMEs). To provide perspective, while our supply chain policy is reviewed annually, our minimum BEE procurement targets for 2014 remain unchanged:

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

Transforming procurement

At the beginning of 2012 our supply chain department was concerned about reaching that year's targets as well as those for 2013. We had realised that, without positive intervention, we could face future difficulties in achieving the Mining Charter's targets for all purchases including those of services. Exceptions to the favouring of suppliers owned by HDSAs were permissible provided they were approved by the head of Kumba's supply chain management.

In anticipation of this, in 2013 we extended reviews of our procurement policy to determine ways of enhancing BEE exposure to our purchases so as to ensure full compliance with the Mining Charter. The outcome has been the implementation of a new preferential procurement policy which started towards the end of 2013.

The approach to focus on BEE services suppliers, which started in 2012 and included specific transformations plans, also comprised contract clauses and is the reason for the increase in the services spend for 2013.

Another measure of our commitment to supporting local communities is apparent from the proportion local purchases make up of our mines' totals. Our internal target had been set at 16%, but in 2013 the overall proportion was running at 18%, with 22% achieved at Sishen mine, 41% at Thabazimbi mine and 12% at Kolomela mine, where purchasing patterns reflect the mine's developmental stage.

BEE spend in 2013

Rand million	Consumables	Capital	Services	Total
Corporate	9.3	474.7	879.2	1,363.2
Saldanha	–	–	18.8	18.8
Sishen mine	3,070.0	1,482.4	2,595.4	7,147.8
Kolomela mine	875.8	307.2	982.9	2,165.9
Thabazimbi mine	302.7	19.5	116.0	438.2
Group	4 257.8	2,283.8	4,592.3	11,133.8

BEE spend in 2013

% of total discretionary spend per site	Consumables	Capital	Services	Total
Corporate office	26	59	63	61
Saldanha	9	–	30	30
Sishen mine	62	38	75	58
Kolomela mine	82	50	72	71
Thabazimbi mine	59	76	77	64
Group	65	43	71	61

Group BEE procurement*

%	Consumables	Capital	Services
2010	37	35	63
2011	47	44	46
2012	58	62	61
2013	65	43	71
2014 target	50	40	70

Procurement performance summary

Rand billion	2013	2012	2011	2010	2009
Total payments	23.7	19.8	17.3	12.3	12.5
Discretionary payments	18.4	15.1	13.2	9.5	8.6
BEE payments	11.1	9.0	6.0	3.9	3.2
BEE as a % of discretionary spend (%)	61	60	46	41	37

* 2009 data is not presented as the reporting data was not maintained then and insufficient information is available to make this assessment retrospectively.

OPTIMISING AND DELIVERING ECONOMIC VALUE CONTINUED

Our overall strategy had already, in 2012, included an initiative to identify and individually engage with our leading non-BEE service suppliers, communicating the importance of transformation and, in certain instances, negotiating contract clauses to ensure a supplier's transformation within a set period. This initiative was pursued vigorously in 2013. For example, Kumba's purchases of services increased from an average of 46% BEE procurement in 2011 to 71% in 2013, well above the Mining Charter's BEE guidelines.

On the larger scale of capital spending, in 2013 our revised purchasing policy particularly and deliberately targeted multi-national original equipment manufacturers of capital goods to encourage their own outsourcing to HDSA-owned local manufacturers. Still in this sector, the target purchasing figures differ at each of our three mines: 50% at Kolomela, 47% at Thabazimbi and 39% at Sishen.

Our experiences and successes in persuading original equipment manufacturers to outsource to local manufacturers have been shared with our major shareholder, Anglo American plc, and with the DMR. We believe that more might be achieved and our focus on this continues.

Another initiative in 2013 was to hold discussions with the Chamber of Mines and other South African mining groups on how to best encourage multi-national suppliers to contribute to Kumba's social fund. There were no contributions in 2013, but we expect to see a lot of movement in 2014.

The major fundamental change to our preferential procurement policy has been to set aside a large part of our business for BEE SMEs. On the occasions when they are not price competitive, we enter into post-tender negotiations as a means of assisting the BEE companies to improve their competitiveness. Throughout 2013 we underwent a process of introducing sub-contracting clauses into our standard tender documents. The objective is to ensure that successful tenders are based in part on the tenderer's sub-contracting to local suppliers.

Discussions with SMEs and local suppliers have revealed that cash flow can be a significant challenge facing many of them. While our standard payment terms are 30 days from receipt of invoice or statement, preferential procurement means that we will consider favourable payment terms and conditions to alleviate cash-flow constraints where appropriate.

Local procurement

Local procurement forms a crucial part of Kumba's overall preferential procurement policies. This reflects our policy of improving the well-being of our host communities, thereby underpinning our social licence to operate. The policy is mutually beneficial – for the community and the company. Although our procurement policies are aimed at promoting local procurement, we will not lose focus on our governance standards. We shall continue to work in close partnership with local suppliers to help them achieve the high governance standards we set for ourselves.

Throughout our entire supply chain there exists opportunities for local procurement stretching from the exploration stage to the post-closure stage of our operations. The opportunities, too, extend from small to large multi-national suppliers.

LOCAL PROCUREMENT COMMITMENTS

We and our parent company, Anglo American plc, have firm commitments for enhancing local procurement and will ensure our guidelines and standards will be firmly embedded in the workplace. We will:

- Allocate appropriate resources to build internal capacity to enable local procurement
- Clearly articulate the mutual benefits of local procurement and our standards and requirements of suppliers
- Ensure that our payment terms accommodate SMEs' needs
- Continue to support commercially viable local businesses
- Continue to expect suppliers to work with us to improve procurement outcomes across our supply chain
- Set targets for local procurement, and measure and report our progress

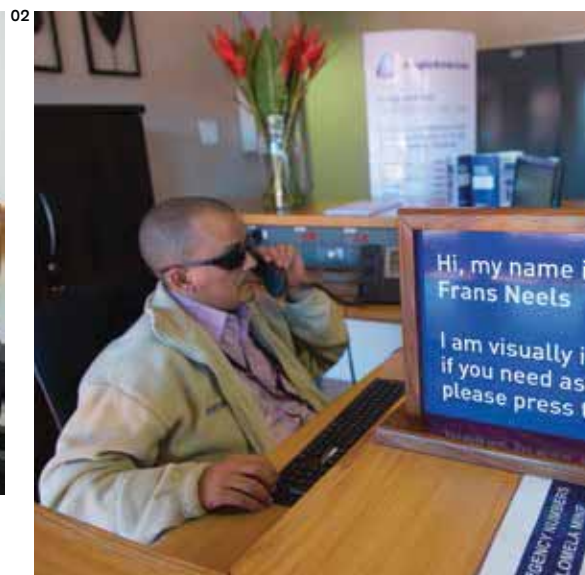
THE SUPPLIER SUSTAINABLE DEVELOPMENT CODE

Kumba's commitments to responsible sourcing and supply chain management are aligned with the supplier sustainable development code established by our parent, Anglo American plc, for its suppliers worldwide. This code is founded on five pillars that govern the suppliers' own sustainable development behaviour:

- 1. Employment and labour rights:** Our suppliers shall commit to fair labour practices and ensure that their conditions of service comply with all applicable laws and industry standards. Specifically, suppliers shall not make use of exploitative child labour; shall not tolerate forced, bonded or involuntary prison labour; and shall not tolerate inhumane treatment of workers. Suppliers shall respect workers' rights to freedom of association; operate fair and appropriate terms of employment; eliminate unfair discrimination and ensure that, where provided, workers' accommodation is clean, safe and supplies basic needs.
- 2. Safety and health:** This includes having appropriate policies to protect the safety and health of the supplier's workforce, and striving to eliminate work-related fatalities, injuries and health impairment towards the Zero Harm vision. Apart from the requirement to comply with all appropriate legislation, suppliers working on company sites must comply with our safety standards as well as with standards consistent throughout the Anglo American Group detailed in The Anglo Safety Way, The Anglo Fatal Risk Standards and The Anglo Occupational Health Way. We also encourage suppliers to collaborate with us in identifying opportunities for improving safety and minimising occupational health impacts.
- 3. Environment:** We expect suppliers to strive to achieve best practices and materials stewardship. This includes having appropriate environmental policies; complying with all legislation and regulation when providing services to the company; and, when supplying services on a group site, complying with the appropriate standards set out in The Anglo Environmental Way.
- 4. HIV/AIDS:** Suppliers are encouraged to join the company in the fight against HIV/AIDS in areas where the disease is prevalent. This shall include striving to eliminate any stigma attached to the diseases; having clear policies for addressing HIV/AIDS issues; and having prevention and treatment initiatives.
- 5. Ethics and corporate citizenship:** We require that suppliers be good corporate citizens within the communities in which they operate. This includes supporting the principles of the Universal Declaration of Human Rights. Suppliers are encouraged to respect human dignity and individual rights in their communities; contribute to the economic, social and educational well-being of their communities; have regard to the impacts on communities of employment practices; recognise and sympathetically handle indigenous communities' cultural heritages and traditions; and conform to the Voluntary Principles on Security and Human Rights.

01 The e-learning centre at Thabazimbi mine uses programmed computer-based training to prepare haul truck operators for the real thing. Johanah Mataboge, senior instructor, shows John Motshabi, haul truck operator, how the system works.

02 Frans Neels, receptionist, is one of a number of disabled people employed at Kolomela mine.



OPTIMISING AND DELIVERING ECONOMIC VALUE CONTINUED

We collaborate with and enjoy the benefits of the Anglo American Group's centralised in-house and outsourced auditing of suppliers' sustainable development. Suppliers are regularly fully informed of our group's standards.

Audits carried out in 2013 identified eight prospective suppliers as having unacceptable labour practices. They will undergo further screening in 2014. However for 2013 as a whole, no contraventions of the supplier sustainable development code were noted among our existing suppliers.

Kumba has held discussions on its preferential procurement policies with approximately 100 of its lead suppliers. A central part of these discussions was on collaborative approaches and, by the end of 2013, we were evaluating the suppliers' inputs ahead of possible implementation in 2014.

COMMUNITY DEVELOPMENT

Kumba's approach to CED is founded on the principle of developing and leaving behind economically vibrant, sustainable communities in the areas that we operate. For further information on our CED projects see page 76 to 81 of this report.

In 2013, Kumba's CED expenditure amounted to R253.7 million (2012: R276 million) and covered SLP commitments.

We recognise that the communities in which our mines operate play an important role in our success, especially as we draw the vast majority of our employees locally. In 2013 Kumba and SIOC-CDT together spent more than R500 million on our communities; R254 million from Kumba and R333 million through 63 new projects approved by the SIOC-CDT.

The SIOC-CDT has more than 361,000 beneficiaries in five communities. It holds a 3% shareholding in SIOC, which is valued at about R5.6 billion, with dividends declared to the trust from SIOC amounting to R523 million in 2013 (2012: R414 million paid) for its community development projects.

Since its establishment the SIOC-CDT has received R2.5 billion in dividends (including the final 2013 dividend of R261 million to be paid in March 2014) and has funded 203 projects in local communities to the value of R1 billion.

Kumba's employee share ownership empowerment scheme, Envision, continues to give employees the opportunity to share in the success of the company. In terms of the scheme rules, qualifying employees are allocated units in Envision and receive dividends twice a year.

The second five-year phase of Envision commenced in November 2011 and will mature in 2016. Employees will have access to further financial training during the next few years in preparation for this.

During 2013 Envision made dividend payments of R48 million in March and R95 million in August, which translate to a cash payment of approximately R19,100 per participating employee after tax.

Envision will receive a further dividend of R268 million from the final SIOC dividend in March 2014, out of which a cash distribution of R94 million will be paid to about 6,800 participating employees.

TECHNOLOGY DEVELOPMENT AND BENEFICIATION

It is important to note that Kumba is the world's only major iron ore producer that beneficiates and upgrades its ore prior to sale.

We have overcome the problem of producing a saleable product from previously discarded B-grade ore from the deeper Sishen pit by building and operating the jig plant. Our next challenge is to extend this to the C-grade ore and we are currently testing ultra-high dense medium separation (UHDMS) technology at Sishen and Thabazimbi mines. Once the technology is proven we will be in a position to move forward to the project feasibility stage at both mines.

Most countries would like to nurture their steel and downstream industries as these have significant economic benefits including employment, technology development, skills development, and availability of a variety of locally produced goods supporting infrastructure development and consumers. South Africa is no exception and government is keen to encourage this industry. Through our supply agreement with ArcelorMittal SA, we will continue to contribute to sustaining and developing the local steel industry. In addition we will continue to carry out research and support other research activities aimed at economic utilisation of the various types of iron ore available in this country, using less electricity, and using the types of coal available here to make steel.

PAYMENTS TO AND FROM GOVERNMENT

Our approach to tax is important to many of our stakeholders who have a particular interest in the taxes we pay, the governments to whom these payments are made and ultimately what happens to those tax revenues. We believe that our approach to tax should reflect a balance of stakeholder expectations, from investors and governments to communities and NGOs. Our approach, combined with our business principles and desire to be the development partner of choice, inform our group tax strategy which, in turn specifically supports the principles of transparency and active engagement with our stakeholders.

Mining remains a relatively high-risk, long-term investment, requiring significant capital outlay. In the globally competitive environment in which we operate there is a need for governments and companies to take a holistic approach to balancing the risks and rewards of responsible investment.

Maintaining this balance is particularly challenging at times when the mining sector is under pressure from lower commodity prices and rising costs. The tax regime forms an important part of this equation, and it influences the domestic and international competitiveness of the mining sector, particularly in a capital constrained world.

South Africa, through the Davis Tax Committee, is evaluating the tax regime and will make recommendations for tax reform. We are heartened to see that the committee's terms of reference specifically identify, as key considerations, the challenges facing the mining sector and the need to remain competitive to secure growth and job creation.

In terms of transparency, in recent years we have seen a move from voluntary tax disclosures to mandatory requirements such as the European Union Accounting Directive of 2013. We support the principle of transparency, the Extractive Industries Transparency Initiative and other new transparency requirements when they are measured, meaningful and meet a clear objective around improving the ability of stakeholders to understand the value generated by our businesses, and how that value benefits our stakeholders. More information on Anglo American plc's approach to taxation can be found in the Anglo American Sustainable Development Report 2013 at www.angloamerican.com.

We believe that our approach to tax should reflect a balance of stakeholder expectations

PAYMENTS TO THE SOUTH AFRICAN GOVERNMENT

Kumba's payments to the South African government include corporate income tax, mineral royalties, duties on imports and exports, payroll taxes and dividend payments withholding taxes.

The company pays a skills levy equivalent to 1% of our employees' pay to the South African Revenue Service who distributes the amount to the relevant sector education and training authorities (SETA) and to the government's training initiative, the Skills Development Fund.

Payments made and collected on behalf of the South African government in 2013 (R million)

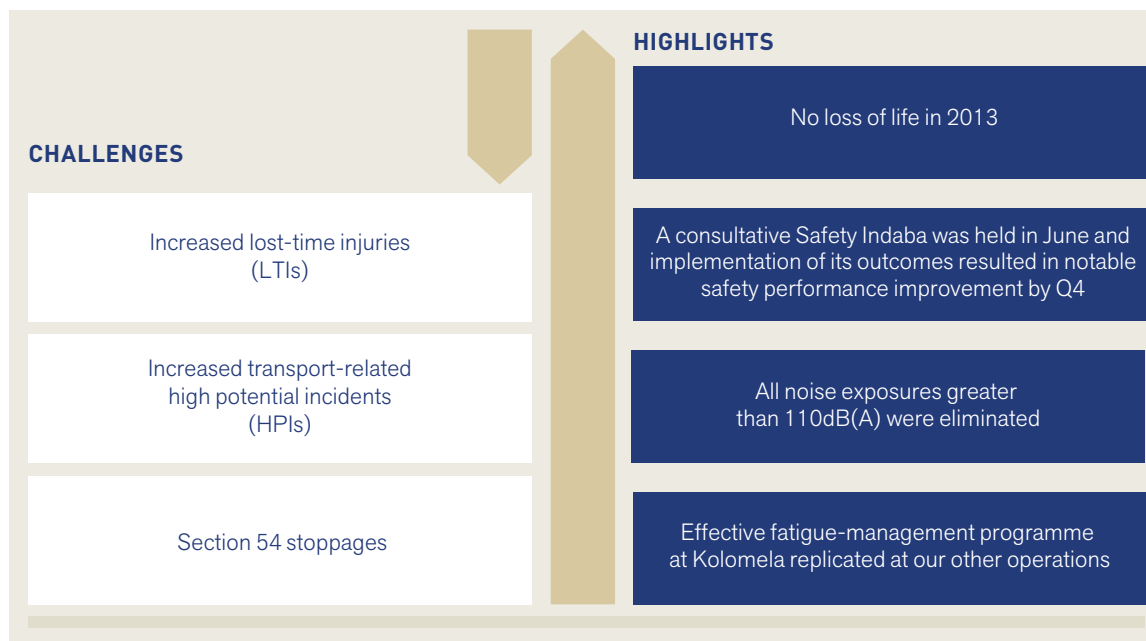
Corporate income tax	6,272
Mineral royalties	2,073
Payroll tax	1,020
Skills levy	31
Other	7
Total	9,403

Global taxes borne and collected in 2013 (R million)

Taxes borne	Corporate income taxes, mineral royalties, import and export duties, and other taxes which are a cost to the group	8,820
Taxes collected	Payroll taxes, withholding taxes and other taxes that are collected and remitted to government, but are not a cost to the group	1,033
Total		9,853

ENSURING THE SAFETY, HEALTH AND WELL-BEING OF OUR EMPLOYEES AND COMMUNITIES

We also aim to promote individual responsibility for safety throughout the organisation



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SAFETY

Kumba's vision of Zero Harm commits us to ensuring the safety of our employees and contractors. Our operations continue to expand, with the new Kolomela mine continuing to ramp up production; Sishen mine developing into progressively deeper ore; and Thabazimbi mine embarking on projects to extend its life. In light of this expansion, taking up the challenge to pursue Zero Harm becomes even more important and calls for vigilance from all of us.

While we comply with safety regulations and put in place the necessary systems and standards, we also aim to promote individual responsibility for safety throughout the organisation. Our engagement with both the unions and the DMR through tripartite consultative forums which are in place at all our mines is a key factor that underpins our performance improvement.

Safety performance

The 'real safety begins with me' theme continued through 2013 and was expanded towards the end of the year to 'Plan to be safe. Plan to deliver. Plan together'. With a focus on the importance of everyone's contribution to team effort, this places the responsibility on each employee to ensure they and their colleagues return home safely at the end of each shift.

We are pleased to note there were no fatalities at our operations during 2013 (2012: 2).

2013 however saw a disappointing increase in LTIs in comparison to 2012. While the increase in injuries is a concern, it should be noted that the bulk of these were of low

severity and presented minimum risk to the lives of our employees. In keeping with our Zero Harm philosophy, all injuries are subject to investigation with the objective of eliminating the causes. Efforts to prevent repeats and improve our overall safety culture continue.

Materials-handling incidents resulting in injury to fingers and hands comprised 45% of total injuries. 2013 also saw a rise in back and neck injuries arising from truck and shovel loading activities. This challenge has been flagged as an emerging health risk.

Reporting of high potential incidents (HPIs) has been entrenched. HPIs are incidents which could have resulted in serious injury or death but did not.

The DMR has increased its mine inspections with a view to increasing safety and awareness. In 2013 we received twelve Section 54 safety notices with the most significant relating to the operation of heavy moving machinery at Sishen mine resulting in total closure of the mine for 7.5 days (15 shifts) in February and August. Five of the Section 54 notices were issued to Thabazimbi mine, several of them also relating to specific surface mobile machinery incidents and one relating to precautionary isolation of equipment in the plant. These only affected parts of the mine and the most serious production impact was five days (10 shifts) at one of the pits. This shows an increase in comparison to 2012 when there was a seven-day stoppage at Kolomela mine and no stoppages at Sishen mine.

Safety performance 2013

	Fatalities	LTIs	LTIFR	LTISR*	HPIs	TRCFR**	Shifts lost due to injury (days)
Sishen mine	–	20	0.21	81	42	1.03	924
Kolomela mine	–	6	0.20	37	10	0.65	143
Thabazimbi mine	–	3	0.14	17	14	0.61	46
Projects	–	3	0.14	10	3	0.33	27
Corporate office	–	1	0.10	1	1	0.41	1
Geosciences	–	–	–	–	4	2.49	–
Saldanha	–	–	–	–	–	1.08	–
Group	–	33	0.18	49	74	0.82	1,141

*Lost-time injury severity rate

**Total recordable case frequency rate

During 2013 our operations recorded 33 LTIs and 74 HPIs. 64% of all HPIs were transport related. In response, we are working on improving engineering controls on haul trucks which includes speed control and anti-rollback technologies. The LTIFR for the year was 0.18 (per 200,000 hours worked), a deterioration on the rates of 0.10 reported in 2012 and 0.08 in 2011.

Safety initiatives

We have established that one of the most effective ways of improving safety performance is thorough investigation and analysis of incidents. In contrast to the increase seen in injuries, the number of HPIs decreased from 2012. Efforts have been directed at encouraging the reporting of both actual incidents and situations or conditions that could lead to incidents. We have also decided that the reporting and management of high-potential hazards would be introduced as a leading indicator to form part of our 2014 incentive scheme as these can be reported by all employees at all levels.

The undesirable rise in injuries early in 2013 called for concerted action and led to the holding of a Safety Indaba in June 2013. The Indaba brought together all the relevant safety and operational individuals as well as union and contractor representatives.

Analysis of HPIs in 2013

	Analysis of HPIs (%)	Number
Transportation	64	47
Falling objects	13	10
Falling	1	1
Material handling	–	–
Fire/explosion	6	4
Electricity	6	4
Pneumatic energy	1	1
Moving machinery	1	1
Other energy sources	6	4
Other causes (fall of ground)	2	2

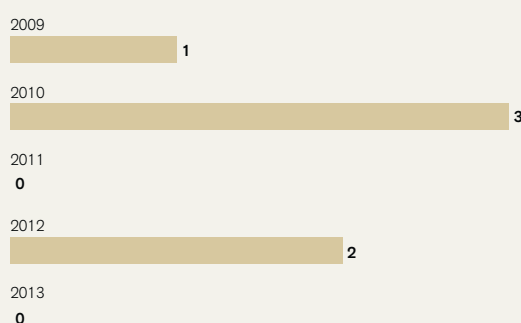
Following careful appraisal of the safety trends at this multi-stakeholder event it was established that 'business as usual' would not lead to safety improvements. A holistic approach was called for, including near- and longer-term interventions.

To deal with the near-term challenges we introduced appropriate, narrowly focused safety campaigns directed towards safe materials handling and on minimising hand injuries.

Safety messages are deliberately kept simple and are reinforced by visible felt leadership interventions that have the double benefit of contributing to enhancing trust. Visible felt leadership encourages safe production, placing the value on the individual, and is considered a critical illustration of management's commitment to safety. Leaders at all levels regularly undertake site visits to observe people at work, as well as to discuss operational and safety issues.

At each mine we have joint management-worker health and safety committees in which the entire workforce is represented. We engage in meetings with union representatives monthly to discuss concerns and to develop joint health and safety solutions and interventions. We also participate in tripartite forums that include representatives of the company, the unions and the DMR.

Fatalities



ENSURING THE SAFETY, HEALTH AND WELL-BEING OF OUR EMPLOYEES AND COMMUNITIES CONTINUED

Apart from our employees, contractors are also engaged at regular safety meetings and focused workshops throughout the year. Contractor representatives participate in management reviews twice a year and also other events such as the Safety Indaba.

Fundamental to longer term and progressive safety improvements is the restoration of trust, commitment and accountability through continual engagement and building of relationships.

Safety objectives for 2014

In order to focus our limited human and financial resources effectively, three safety focus areas have been prioritised for 2014. We believe that if we address these areas effectively, we can bring about continual improvement in safety performance.

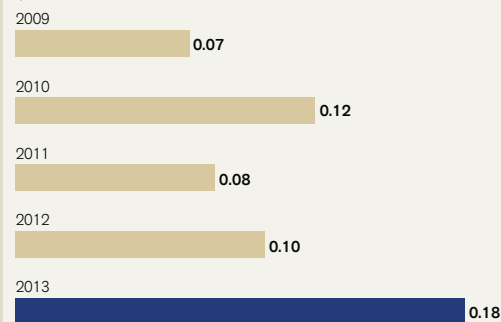
Risk management focuses on fatality prevention. Following our interventions to improve hazard identification in 2013, the focus will now move to those hazards that could cause fatal incidents and to embedding the critical controls required to manage them effectively. The incident management process developed in 2013 will be rolled out by coaching facilitators, who have already received training, until they become competent to work independently. In keeping with our risk profile, proportional efforts will be directed towards improving controls around surface mobile equipment.

Leadership and behaviour will focus on safety leadership at all levels. Interventions are planned to improve the quality of our VFL interactions, equip leaders to be good safety leaders and expand on the successful coaching model that was introduced during the project phase of Kolomela mine.

Simple non-negotiable standards aim to build a solid foundation for compliance with the basics through good operating discipline (the right people doing things right all the time), and efficient close-out of meaningful actions. All the focus areas will be supported by our contractor engagement process to ensure consistent application. Leading parameters have been selected to monitor the progress and effectiveness of our safety improvement plans throughout 2014.

LTIFR

(per 200,000 hours worked)



01 Kagiso Matlhomano, artisan fitter, takes feed-flow readings at the UHDM pilot plant at Sishen mine.

02 Fitters Laura Zuba and Bahny Motshabi work on a diesel engine in the newly completed vehicle workshop for mega class equipment at Sishen mine.





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HEALTH

With respect to workplace exposures, Kumba's primary occupational health risks remain noise and dust. In 2013 our operations embarked on a number of initiatives to address these exposures, ranging from engineering to administrative interventions.

The 2013 health improvement plans identified four focus areas:

- Noise and dust exposure reduction
- Fatigue management
- Wellness
- Diseases management

Our approach to noise and dust exposure reduction is to:

- Inspect and, if necessary, reject equipment before using it
- Reduce emissions at source
- Ensure new equipment is 'quiet' and generates minimal dust through our procurement criteria
- Schedule preventative maintenance of moving and fixed equipment
- Engage with contractors on noise and dust control measures
- Ensure the reporting of environmental incidents specifically related to noise and dust at our sites

Each operation assessed the integrity and effectiveness of door seals and air conditioners on drills and surface mobile equipment, especially during processes such as loading, hauling and dumping.

Kolomela mine installed dust-extraction systems at the scalping screen and secondary crusher. In addition, the site initiated investigations on dust-suppression methods at the buffer stockpile. Sishen mine, on the other hand, continued with the installation of the fogger system started in 2012 at the tertiary and quaternary crushers. Dust-extraction systems were also installed on contractor owned and operated drill rigs.

Other activities that continued to be prioritised in 2013 include watering of roads; roll-out of noise and dust training material; demarcation of noise and dust zones; placing stickers with sound pressure levels on noisy equipment; and issuing of customised hearing protection.

Recent research has indicated that the concentration of machine operators subject to whole-body vibration is an emerging health risk, and a number of complaints have been recorded at Sishen mine. As a result, during 2013, a focus in our occupational-health initiatives has been on reducing this effect on our mobile machinery operators.

HEALTH PERFORMANCE

In 2013 we received three Section 55 notices relating to health, hygiene and medical surveillance from the DMR; one at Sishen mine, and two at Thabazimbi mine. Corrective actions are being addressed through the implementation of the HealthSource database tool, which integrates hygiene monitoring and medical surveillance.

Noise

In 2013 Kumba continued to focus on noise exposure reduction. For example, in certain areas extraction fans were replaced with spraying systems. New pumps and grinders were also installed. Sishen mine tested the use of new material for the gouging process and also introduced a valve to regulate pressure. After these installations, occupational hygiene exposure surveys measured a noise reduction from 116dB(A) to 101dB(A) around gouging activities.

There are no employees exposed to personal noise levels above 110dB(A). The number and magnitude of exposure is expected to decrease further during 2014.

In 2013 Sishen mine identified six new cases of noise-induced hearing loss (NIHL), while Kolomela mine reported one. All cases have been investigated and corrective action implemented as appropriate. Measures are in place to ensure that critical controls are effectively implemented and monitored. These cases were all submitted for compensation.

Noise-induced hearing loss (NIHL)

	New cases of NIHL identified		Cases of NIHL submitted for compensation	
	Men	Women	Men	Women
Sishen mine	6	–	6	–
Kolomela mine	1	–	1	–
Thabazimbi mine	–	–	–	–
Group	7	–	7	–

NIHL performance

	2013	2012	2011	2010
NIHL cases identified	7	3	17	1

ENSURING THE SAFETY, HEALTH AND WELL-BEING OF OUR EMPLOYEES AND COMMUNITIES CONTINUED

All our mines supply customised hearing protection devices (HPDs) where required.

By year-end our programme of labelling all noisy equipment was nearing completion. Unlike fixed equipment such as crushers, for which zoning the area is adequate, mobile equipment is repaired at workshops. Labelling helps by warning mobile machine operators, or those in close proximity to it, that they may be exposed to excessive noise levels and may therefore be required to use HPDs. At Kolomela mine, a plant-noise survey for noise-zoning purposes was underway at the end of 2013 using noise-area monitoring results equal to and above 85dB(A) as a base. Noise zoning was completed at Thabazimbi mine during the year, but is work in progress at Sishen mine where it is influenced by revisions in baseline and issue-based monitoring.

Dust

Although dust is one of our primary health risks, silicosis is not a health risk factor at Kumba's operational sites, with no history of reported cases. This does not, however, detract from our strategies for controlling dust, medical surveillance for silicosis and implementation roll-out.

Results from continual monitoring during 2013 indicated significant reductions in dust levels in the sample homogenous exposure groups.

Additional preventative measures were installed by the end of 2013.

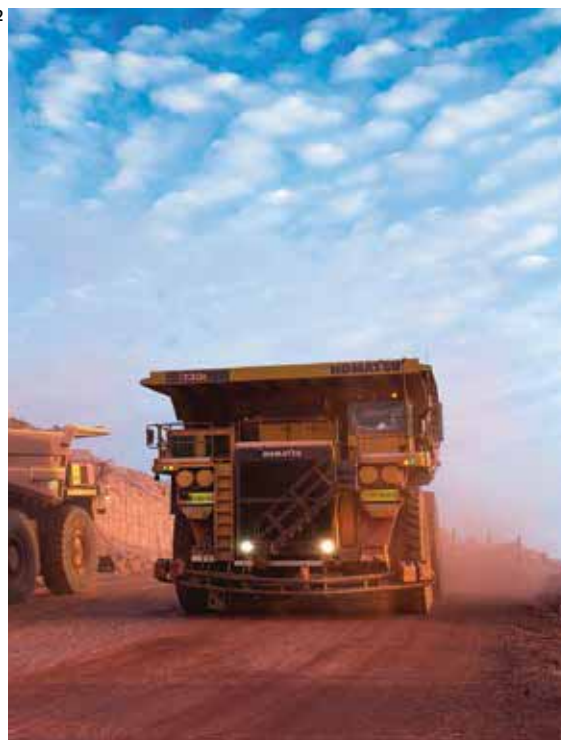
Fatigue management

Fatigue impairs the effective execution of physical and/or mental activities. The inherent risks associated with mining, such as the use of surface mobile equipment and shift work, escalate the risk of serious injury and equipment damage. To minimise safety incidents related to transportation, Kumba focuses on collision avoidance, separation of pedestrians from vehicles and fatigue management.

Kumba follows a programmatic approach to the management of fatigue which covers risk-assessment, controls, education and training, monitoring and evaluation, and continual improvement. To implement a successful programme requires a multi-disciplinary team and approach, as well as individual ownership on the part of every employee. In 2013 Kumba's operations continued to implement interventions aimed at enhancing fatigue management and site-specific plans focused on people, systems and technology.

01 Mining is conducted in shifts round the clock. The fatigue centre at Kolomela mine has a canteen, games room, and medical centre allowing employees respite from their taxing routine.

02 Load and haul operations underway at the western ramp area of the Leeuwfontein pit at Kolomela mine.



Kolomela mine is one of the leading mines when it comes to fatigue management and has been nominated by the Northern Cape Tripartite Health and Safety Committee to lead its fatigue management workstream. Being a relatively new operation, the Kolomela team started introducing fatigue-related interventions as early as 2009. The interventions included:

- **People:** This portion focuses on training, housing, nutrition and hydration, and workplace infrastructure. The training covers awareness, lifestyle planning, sleep hygiene, nutrition, and tips on managing fatigue. The operation started with the training of shift workers and the introduction of bio-rosters and lifestyle planners. This initiative was then extended to office workers and contractors, and subsequently to family members. The family education programme rolled out to schools was identified as best practice within Anglo American plc and won the Gold Quill International Communications Award. In 2013 Kolomela mine completed the construction of its fatigue centre which is located inside the mine. The fatigue centre has been designed to offer appropriate facilities for fatigue breaks.
- **Systems:** The systems portion focuses on the development of policies, processes and procedures. Key activities include conducting risk assessments, developing a fatigue-management plan, designing shift rosters, and conducting formal and informal audits.
- **Technology:** The technology portion focuses on the implementation of the predictive risk intelligent safety module (PRISM) and an advisory system for tired drivers. PRISM monitors and identifies individuals' fatigue-risk at clock-in and predicts fatigue risk for the shift. 2013 enhancements focused on training the trainers and supervisors; adding PRISM to the induction process; developing procedures; and addressing computer network connectivity issues. A PRISM benefit-realisation survey was conducted in the second half of 2013. The report concluded that the implementation of PRISM resulted in a 28% reduction in the high-fatigue risk hours worked by members of the engineering team.

In 2013 the Anglo American safety and sustainable development risk and assurance function conducted fatigue-management audits at Sishen and Kolomela mines. The audit protocol covered policy; leadership and commitment; risk assessment; education and training; controls; monitoring and evaluation; and reporting and

record keeping. The auditors confirmed that the sites have assessed the risk and continue to regard fatigue as a significant risk and have introduced technology, training and education, and other measures to mitigate its impact. Areas for improvement included the need for better interaction with the HR department and monitoring the effectiveness of controls.

Health objectives 2014

Our focus in 2014 will be on cementing the achievements we have made to date, specifically in the following areas:

- Exposure reduction – focusing on further reducing employees' and visitors' exposure to noise and dust, including silica
- Wellness and disease management – focusing on increasing employee participation and behaviour change through prevention initiatives (such as increased involvement of peer educators, and partnerships with government and other stakeholders), and improved access to continuity of care
- Fatigue management – focusing on the implementation of site-specific risk-based and integrated fatigue-implementation plans
- Musculo-skeletal conditions – focusing on improving the prevention, assessment and management of back and neck injuries.

HIV/AIDS AND TB

HIV/AIDS and TB are the main public health challenges in South Africa. Reports on the burden of diseases are also pointing to a rise in lifestyle diseases. Kumba is noticing the same trend among its employees and contractors. The focus on health promotion, health-risk screening, and treatment and care remains a priority for Kumba and the company will continue to pursue innovative ways of improving participation in prevention, treatment and care, and support programmes.

With respect to health awareness and education, the communication messages at our operations focused on the same messages promoted by the Department of Health (DoH). For example, for World AIDS Day our theme was: 'Get wise. Get tested. Get circumcised.' In order to encourage dialogue, our operations also invited people living with HIV/AIDS to tell compelling stories about how they are living positively with the disease.

ENSURING THE SAFETY, HEALTH AND WELL-BEING OF OUR EMPLOYEES AND COMMUNITIES CONTINUED

The National Strategic Plan on HIV/AIDS advocates that all South Africans should be tested for HIV at least once a year. HCT forms part of prevention and is the entry point to care, treatment and support. Consequently, our workplace programmes continue to prioritise HCT and access to counselling and testing is facilitated via wellness campaigns, occupational health surveillance services, and primary care services.

By the end of 2013, a total of 6,966 employees (86% of the workforce) and 8,413 contractors had participated in our HCT programme. During 2013, 93% of Sishen mine's workforce participated in the HCT service, 76% of Thabazimbi's and 64% of Kolomela's. Overall, HIV testing disclosed 139 new cases among our employees, taking the total number of employees known to be living with the disease to 557 (7% of our workforce). Among contractors, 435 new cases of HIV were diagnosed.

At the end of 2013, 478 employees (2012: 432) were enrolled in our HIV/AIDS disease management programme, with 127 receiving anti-retroviral treatment (ART) (2012: 177). Employee enrolment in our disease management programme and numbers registered for ART throughout 2013 are a tribute to the awareness campaigns carried out at all our sites.

It should be noted that these numbers exclude employees who access ART and HIV/AIDS disease management assistance through their private medical aid providers.

A total of 360 contractors were enrolled on the company's HIV/AIDS disease management programme at the end of 2013, of whom 255 were on ART.

Treatment for Sishen mine employees, contractors and the surrounding community living with HIV/AIDS is provided at the Ulysses Gogi Modise (UGM) clinic in Kathu. UGM is a collaborative initiative with Kumba paying the running costs, and providing staff and maintenance; the DoH providing ART medication and medical consumables; and the local municipality providing land, water, electricity and services.

Given the close relationship between HIV/AIDS and TB, we integrated the management of TB into our HIV/AIDS programme and provided the equipment and funding needed by UGM to manage its new responsibilities. Insofar as TB is concerned, we have been challenged by employees' reluctance to participate in TB testing and treatment. There were 27 new cases of non-work related TB recorded in 2013, 25 pulmonary and two non-pulmonary.

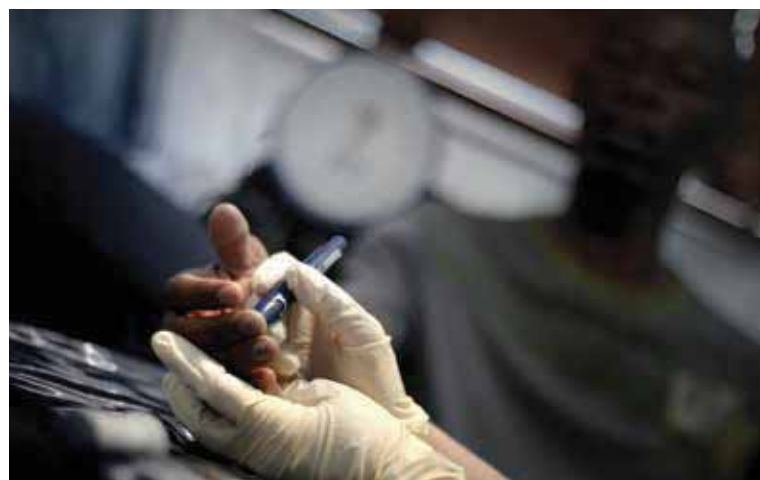
Lifestyle conditions managed at our site and local clinics during 2013 included diabetes, obesity, hypertension, fatigue, and stress (work and non-work related).

Drugs and alcohol

Alcohol screening at Kumba sites continued in 2013. All employees involved in serious incidents undergo drug and alcohol testing. Our contractor companies have similar alcohol and drug abuse policies. No entry is allowed to any individual testing positive for alcohol and, in the case of employees and contractors, disciplinary action is taken. Drug and alcohol rehabilitation and counselling opportunities are available for all employees.

01 The fatigue centre at Kolomela mine has a fully equipped medical centre to care for employees' needs.

02 Shift workers taking a break at the fatigue centre at the Kolomela mine.



HIV/AIDS performance in 2013

	Estimated HIV prevalence %	Number of AIDS-related deaths	Number of HCT participants	HCT as % of workforce	Number of employees on disease management programme	% of HIV+ employees on disease management programme	Number of employees on ART	% of disease management programme participants on ART
Sishen mine	7	–	5,311	93	363	99	113	31
Kolomela mine	5	–	729	64	43	74	–	–
Thabazimbi mine	16	–	622	77	66	52	12	18
Group*	7	–	6,966	86	478	86	127	26

* Includes employees from exploration, the corporate office, Saldanha Bay and other small sites.

Healthcare in 2013

	2013	2012	2011	2010	2009
HCT	6,966	6,546	6,856	5,570	5,258
ART	127	177	178	148	260
Disease management programme	478	432	273	371	442

Outcomes of drug and alcohol testing in 2013

	Number of warnings	Number of dismissals
Sishen mine	42	3
Kolomela mine	4	–
Thabazimbi mine	20	–
Group	66	3

Group occupational health performance

	2013		2012	2011
	Men	Women		
New cases of NIHL identified	7	–	3	17
New cases of occupational lung disease identified	–	–	3	2
New cases of TB identified	27	–	19	16

ENSURING THE SAFETY, HEALTH AND WELL-BEING OF OUR EMPLOYEES AND COMMUNITIES CONTINUED

'ALL IN IT TOGETHER' AT KOLOMELA



Trainee operators Nattie Groenewald, left, and Florencia Bekend, seated, being trained to operate a drill rig at Kolomela mine, with senior instructor Enos Dladla looking on.

With a simple shift in the group's approach to safety through the 'all in it together' mindset, the Kolomela mine team accomplished the remarkable achievement of nine-million injury-free hours and 31.4 million fatality-free shifts at Kolomela – and cut costs at the same time.

Driving the safety message home at Kolomela mine involves more than just posters, hard hats and reflective vests. Role models are seen living the safety ethos instead of just policing employees.

Each member of the safety team and line management jumps in to lend a hand anywhere and everywhere on site instead of confining themselves to their assigned responsibilities – and they spread the safety message to employees and contractors through the example of their actions.

"This approach has changed the safety mindset on the mine," says Aart van den Brink, Kolomela mine's general manager. "It is no longer an onerous obligation but a collaborative effort that gets everyone home safely every day."

Among the positive spin-offs, people working at Kolomela mine now have a better understanding of the effects their actions in one area of the mine can have on all its other areas. This 'all in it together' approach has opened channels of communication from the lowest levels of the workforce right up to management. Aart confirms: "It is critical to the success of our safety team."

Kolomela mine has thus taken the VFL strategy further than the training workshops and presentations, which affirms management's commitment to safety.

"If success is measured by the people you inspire, then Kolomela mine has a safety team of winners," says Aart. "Our safety record and dedication have influenced a number of employees to complete safety training courses, and to go on to work as safety officers at other operations."

For more information, visit www.angloamericankumba.com

BEN LUBBE – SAFETY ABOVE ALL



The team of operators and engineers responsible for the new UHDMS pilot plan at Sishen mine. Construction of the plant was completed in 2013.

The criteria for recognition in the safety category of Anglo American plc global Applaud Awards are clear: the award recognises outstanding achievements in improving safety processes, performance and culture.

Ben Lubbe, head of Sishen mine's lifting machinery inspection (LMI) workshop, was a worthy recipient of a gold award at Kumba's 2013 Laurel Awards. He is a safety role model who clearly displays real enthusiasm for this most important aspect of the mine's operations, and he has made a measurable difference to improving safety at the mine.

Lifting tackle (including slings, shackles and eye bolts) and lifting machines (mobile cranes, forklifts, overhead cranes and lever hoists) are combined in different ways to carry out specialised load-lifting tasks at the mine. The manner in which these pieces of equipment are used must adhere to numerous South African National Standards and ISO standards governing lifting operations.

When the law governing lifting machinery changed in 2005, the new legislation set limits on the useful life of lifting equipment. This had potential cost implications for the mine and could have led to lost production time when equipment was removed from the operation. Initially Sishen mine appointed contractors to perform the load tests on all machinery and inspectors had to examine the installation and all working parts of each lifting machine each time a machine was dismantled and re-erected. Thereafter, examinations were mandatory every three to six months to ensure safe operation of the equipment.

At Ben's suggestion, it was decided to do this testing and maintenance in-house as the contractors were extremely costly and not readily available. The LMI workshop, a first for Kumba and for Anglo American plc, was introduced in 2012 as a new section headed by Ben, who implemented and guided the change. The LMI team, under his leadership, also devised a work instruction and lifting standard for the entire mine. Not only does Ben's hard work and dedication ensure that Sishen mine employees have the peace of mind of knowing their equipment has been through a stringent safety inspection, but the LMI team has increased their knowledge-base of the machinery, thereby lifting standards and safety at the mine even further. What's more, the on-site testing and repairing performed in the LMI workshop is reducing lost production time resulting in annual cost savings in excess of R6 million.

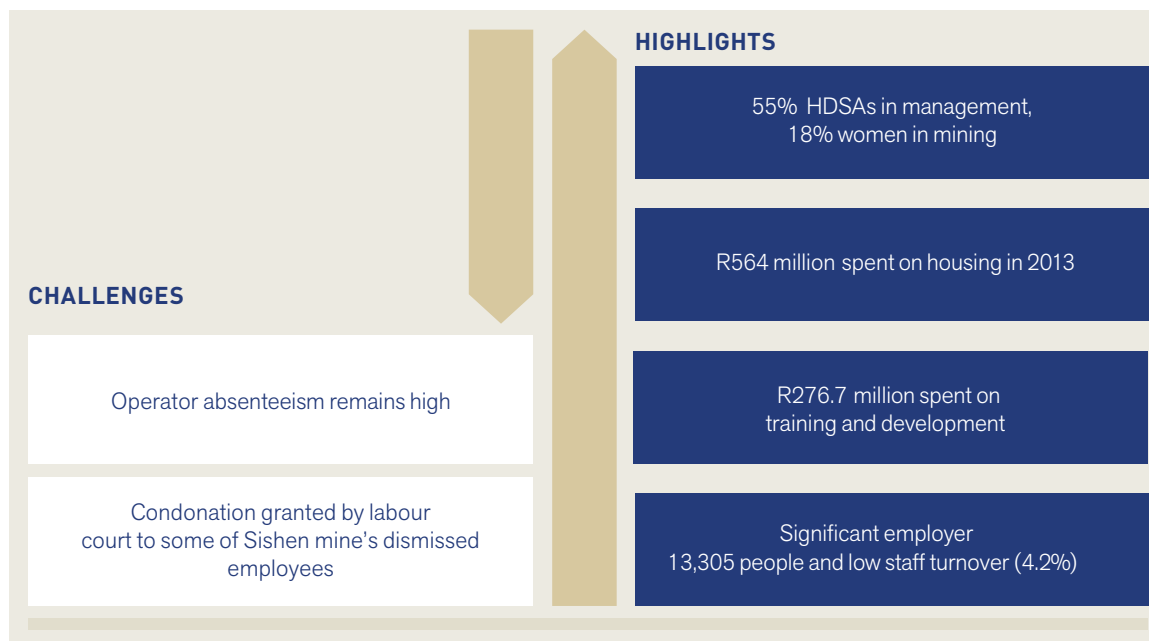
Ben can be justly proud of his and his team's achievements as the guidelines and standards devised by the LMI team are used not only at Sishen mine but also by all suppliers to the mine. Ben's safety programme has also been implemented at Kolomela mine and at mining operations outside the Anglo American Group. It will be rolled out at other Anglo American Group operations in 2014.

Ben Lubbe exemplifies the company's Zero Harm policy.

For more information, visit
www.angloamericankumba.com

SEEKING TO BE THE EMPLOYER OF CHOICE

Our employment practices prioritise the attraction, retention and development of our people



MATERIAL ISSUE 4: DELIVERING A SUSTAINABLE FUTURE

In 2013 Kumba employed 13,305 people, slightly more than in 2012 (11,773). In addition 3,492 fixed-term project contractors were employed on Kumba's construction projects.

While the number of people employed may not be large in comparison with other labour-intensive mining operations, in the regions in which we operate the company is a significant employer, both directly and indirectly.

Kumba's HR strategy centres around employee relations. We believe our employees are at the heart of our success and, as such, our employment practices prioritise the attraction, retention and development of our people. These priorities determine our approach to ensuring competitive remuneration, providing accommodation, offering accredited training and development opportunities, and to fairness in our dealings with each other. In 2013 we also refined our competency approach with a focus on having the right people in the right jobs.

We recognise that, where we operate, we have become a central part of the lives of community members and these communities play an important role in our success. It is this understanding of our interdependence that motivated, by way of example, our decision at Kolomela mine to integrate employees' housing into the local community rather than creating separate mine villages.

2013 saw Kumba operating under challenging conditions, externally in our marketplace and in the regulatory environment, and internally in the fields of labour relations and safety.

There were no significant changes in the benefits for full-time employees.

Kumba's labour practices are based on fundamental human rights and sound labour relations. Accordingly, a thorough investigation was carried out to establish the root causes of the 2012 strike so that appropriate corrective measures could be identified.

Formal grievance procedures for labour practices are in place at Kumba. Employees are encouraged to report any grievances to their immediate line managers or, if necessary, to the next highest managerial level.

In 2013 one labour-practice grievance was registered. Three earlier grievances were also addressed during the year, and two of them have been resolved.

RECRUITMENT AND EMPLOYMENT

Our workforce is relatively stable and our employee turnover is low. Kumba's labour turnover decreased slightly in 2013 to 4.2% (2012: 4.4%), well below the industry benchmark of 8.2%, as reported by the widely recognised benchmarking publication, PwC Remchannel. We operate in regions where unemployment is relatively high – according to Statistics South Africa, in the first quarter of 2013, Northern Cape unemployment among working-age people was estimated to be 29.6%.

In total the company recruited 962 new permanent employees during 2013. We seek to be the employer of choice in the regions in which we operate, and focus on employing local people rather than migrant employees.

Employees and contractors in 2013

	Full-time, permanent		Full-time, contractor	
	Total	Women	Total	Women
Corporate office	146	98	1	–
Sishen mine	5,104	771	3,099	164
Kolomela mine	1,065	263	1,649	88
Thabazimbi mine	791	123	269	5
Technical services	115	37	10	1
Projects	113	55	9	2
Saldanha Bay and other	99	12	–	–
Group	7,433	1,359	5,037	260

New employees recruited in 2013

	Full-time, permanent		Full-time, contractor	
	Total	Women	Total	Women
Corporate office	107	43	7	–
Sishen mine	708	92	1,075	79
Kolomela mine	123	38	901	61
Thabazimbi mine	24	12	37	2
Technical services	–	–	–	–
Projects	–	–	–	–
Saldanha Bay and other	–	–	–	–
Group	962	185	2,020	142

Age profile of employees (%)

	Sishen mine	Kolomela mine	Thabazimbi mine	Corporate office	Group
< 30	19.2	6.4	1.1	1.4	28.1
30 to 50	37.3	7.3	4.6	4.3	53.4
> 50	12.0	0.6	5.0	1.0	18.6

New employees recruited in 2013 by age

	%
< 30	50
30 to 50	47
> 50	3

New employees recruited in 2013 by location

	%
Corporate office	11
Sishen mine	74
Kolomela mine	13
Thabazimbi mine	2

SEEKING TO BE THE EMPLOYER OF CHOICE

CONTINUED

Staff turnover by operation (%)

	All employees	Women
Corporate office	6.3	1.3
Sishen mine	4.2	1.1
Kolomela mine	3.8	0.4
Thabazimbi mine	3.8	0.7
Group	4.2	0.6

Staff turnover across the group (%)

	All employees	Women
2010	3.1	0.3
2011	3.1	0.3
2012	4.4	0.8
2013	4.2	0.6

EMPLOYEE RELATIONS AND COLLECTIVE BARGAINING

We recognise and uphold the right to freedom of association and collective bargaining. Collective bargaining with representatives of recognised unions regulates conditions of employment for most employees. Recognition agreements with certain unions govern relations with employees and organised labour.

In 2013 84% of our employees were represented by a recognised trade union (2012: 85%). This includes all employees catered for by an agency shop agreement. An agency shop agreement is a type of collective agreement that requires employers to deduct an agreed agency fee from the wages of workers who are not members of the trade union.

The aim of an agency shop is to ensure that non-union workers who, nevertheless, benefit from the union's bargaining efforts, make a contribution towards those efforts.

Family responsibility leave applications

	Male	Female
2012	1,803	471
2013	1,828	487

Union membership (%)*

2009	74
2010	74
2011	86
2012	85
2013	84

* Includes all employees catered for by an agency shop agreement.

Union membership in 2013 (%)

	NUM	Solidarity	Agency shop	BAMCWU	Non-unionised
Corporate office	2	7	–	–	91
Sishen mine	49	23	13	9	6
Kolomela mine	50	19	–	–	31
Thabazimbi mine	63	23	4	–	10
Group	47	21	10	6	16

There were no changes to the agreements governing the company's relations with employee unions during 2013, although management was approached by AMCU for recognition at Sishen mine. However, in terms of existing recognition agreements, AMCU has not yet achieved the requisite level of representation to be recognised for bargaining rights.

Wage agreements are negotiated with representative unions once every two years and the agreement reached in 2012 governed wages and increases during 2013. The 2012 agreement awarded a total cost-to-company increase of 8.5% for the period 1 July 2012 to 30 June 2013 and a 9% increase for the 12 months beginning 1 July 2013. This agreement runs until 30 June 2014.

The effects on operations of the October 2012 unprotected strike at Sishen mine persisted into 2013. The strike report indicated that employee morale had suffered greatly while productivity and safety standards had fallen. Action plans to remedy the situation were introduced in 2013 and, while some were completed by the end of the year, other programmes are scheduled to continue to the end of 2015. The action plans included motivational interventions; team building; reinforcements of safety standards; the initiation of business training to assist employees to better understand business imperatives; and the investigation of employees' grievances.

Absenteeism

Absenteeism is defined as both approved and unapproved absences that have an impact on productivity. Benchmarks are normally done per industry segment due to the specific working conditions in each industry sector. Kumba's absenteeism rate was 11% for the year. A study was carried out during 2013 to determine why absenteeism was significantly higher at Sishen and Kolomela mines than at Thabazimbi mine, and to help provide guidance on formulating ways of reducing it. Absenteeism tends to peak in the months of July and August when people are more affected by winter illnesses such as colds and influenza. The study identified that high absenteeism is experienced in areas where the working conditions are difficult (that is, with excessive heat, dust and noise), such as loading, hauling and mining. A number of specific interventions were identified to mitigate this risk which included better supervision and discipline and training on wellness.

Absenteeism (%)

	2013
Corporate office	6
Sishen mine	12
Kolomela mine	12
Thabazimbi mine	10
Group	11

A significant year-round factor was reported to be alcohol and substance abuse. Intoxicated employees tend not to report for work for fear of detection and sanction. Another reason for some cases of absenteeism was a shortage of doctors around Kathu, thus people who needed to travel relatively long distances for medical care took more time off work. There are on-going engagements with private medical care providers in the Northern Cape to ensure that adequate services are provided.

EMPLOYMENT EQUITY AND TRANSFORMATION

Kumba is a company of equal opportunity and has a non-negotiable, non-discriminatory employment policy, which encourages racial and gender diversity and which is aligned with the employment requirements of the Mining Charter.

Though occasional mentions of discrimination incidents arose in 2013, no official complaints were received and investigations to verify these incidents did not establish any evidence to substantiate them. Diversity workshops continued during 2013 and we also initiated a sexual harassment awareness campaign.

As part of the 2013 post-strike action plan, an intervention to address allegations of racism was introduced. These were new allegations that arose when employees reported their grievances as part of the investigations into the 2012 strike, resulting in the strike report. A contract is to be awarded for a study to measure the incidence of racism and to define the scope and methodology of a pilot plan to deal with the issue.

Kumba also supports the implementation of affirmative action and focuses on recruiting above the Mining Charter minimum requirements of 40% for HDSAs in management positions and 10% for women in mining. In 2013 HDSAs made up 84% of our workforce and 55% of management (2012: 52%). Women made up 18% of all employees, and 13% of core mining positions. Women made up 20% of management in 2013 (2012: 19%).

We purposefully recruit only locals unless a specific skill is not available in the area. We have committed to ensuring at least 84% of our employees are local to the Northern Cape (2012: 75%). As the Northern Cape is sparsely populated and communities widely scattered, we define local as areas within a 50km radius of our mines. Of the new employees recruited in 2013, 55% were local.

A comprehensive women-in-mining strategy has been developed and is currently being executed. The strategy focuses on critical areas supporting integration of women working in core mining operations. Core aspects of the strategy are:

- Looking at conducive facilities
- Provision of safe and secure working environments
- Development and mentoring opportunities for women

SEEKING TO BE THE EMPLOYER OF CHOICE

CONTINUED

Employment of locals (%)

	2013	2012
Sishen mine	92	88
Kolomela mine	65	56
Thabazimbi mine	67	82
Group*	84	75

* Includes corporate office

HDSAs and women in management in 2013

	Total management		% HDSAs in management		% Women in management		% Management who are local	
	2013	2012	2013	2012	2013	2012	2013	2012
Corporate office	327	246	60	54	35	36	81	98
Sishen mine	875	692	53	50	15	14	97	100
Kolomela mine	208	146	63	49	17	17	93	99
Thabazimbi mine	159	145	50	61	18	16	84	100
Group	1,569	1,229	55	52	20	19	89	99

Women in mining in 2013 (%)

	Women employed	Women in core mining
Corporate office	44	29
Sishen mine	15	11
Kolomela mine	23	21
Thabazimbi mine	16	13
Group	18	13

Full-time employees by gender 2013

	%
Female	13
Male	87

In 2013 each Kumba employee received an average of 72 hours of training (2012: 81 hours) at a total cost of R276.7 million (2012: R224.2 million), which is equivalent to 8.1% of the total wage bill (2012: 5.8%). Of this training expenditure 86% was for historically disadvantaged South Africans (HDSAs) (2012: 89%) and 29% for women (2012: 33.5%).

In 2013 a total of 317 employees (2012: 299) nearing the end of their careers through normal or medical retirement also received portable skills training.

Adult basic education and training (ABET)

A prevalent obstacle to employment and, once employed, to skills development and career progression in South Africa is illiteracy. Assessments have estimated that 95% of Kumba employees are functionally literate. ABET continues to be made available to all employees as well as to some community members on a part-time, voluntary basis with the aim of improving literacy and numeracy. In 2013, 44 employees participated in ABET (2012: 72), 31 at Sishen mine and 13 at Thabazimbi mine; an additional 52 contractors or community members were trained (2012: 21).

TRAINING AND DEVELOPING OUR EMPLOYEES AND PROSPECTIVE EMPLOYEES

The Mining Charter, together with our own programmes, informs Kumba's wide variety of training initiatives. These include legislative training such as health and safety; learnerships; leadership development; youth development; mentorships; portable skills; career progression plans, especially for HDSAs; bursaries; study assistance; adult basic education and training (ABET); and our professionals in training (PIT) programme.

Professionals in training (PIT)

PIT participants comprise technical graduates, technicians, technologists and non-technical graduates. There were 46 participants in PIT in 2013 (2012: 48). The programme length varies from 24 to 36 months.

Non-technical skills are also developed, such as training on report writing, personal development, MS Excel, safety and management skills.

Learnerships

Kumba's learnerships can lead to qualifications recognised by the SETA and the Department of Labour. They also give employees an opportunity to develop their skills through studying and the practical training offered. Kumba spent R83.1 million on learnerships in 2013 (2012: R53 million). The following learners trained in engineering disciplines: 194 in mechanical; 123 in electrical; 41 in civil; and 199 in mining metallurgy. A total of 557 participants (2012: 450) were acknowledged as proficient in the skills acquired and 114 artisans (2012: 138) were trained in 2013.

Bridging school

In 2013 Kumba sponsored 10 learners (2012: 12) from the community to attend bridging school. These were students who had completed secondary school and were offered an opportunity to improve their maths and science marks in preparation for entry into tertiary institutions.

Bursaries and scholarships

Promising employees and learners from labour-sending areas are able to study core mining disciplines at tertiary

institutions through our bursaries and scholarships. These programmes are in line with our employment equity plan and have been running for eight years.

In 2013, 65 students (2012: 69) were sponsored at a cost of R9.8 million (2012: R9.4 million). Each year the achievements of these students are recognised at an annual function.

Community training and development

The Kathu and Thabazimbi training centres, both run by Kumba, offer various short courses to community members and in 2013, 427 community members (2012: 299) attended these courses as follows: 132 in welding; 89 in bricklaying; 68 in plumbing; 72 in carpentry, 52 in sewing; and 10 in upholstery.

Youth development programme

Unemployed graduates from the John Taolo Gaetsewe (JTG) and Gamagara districts in the Northern Cape province were given the opportunity to improve their skills to increase employability after gaps were identified in their skill-set that may preclude them from potential employment opportunities. Forty graduates were selected who, on 1 May 2013, began their 18-month internship at various departments of Sishen mine as well as other participating employers, including Sishen Intermediate Mine School, Family and Marriage Society of South Africa, UGM Wellness Clinic and Kalahari Country Club, where they are currently receiving on-the-job training and experience.

Training and development statistics

Programme	Number of participants		HDSA (%)		Women (%)		Expenditure (R million)	
	2013	2012	2013	2012	2013	2012	2013	2012
ABET	52	72	100	100	48	43	5.7	1.0
PIT	46	48	76	72	32	35	37.7	31.5
Engineering learnerships	358	261	84	76	15	21	40.9	32.6
Other learnerships	244	189	96	96	30	24	42.2	21.1
Bridging school	10	12	100	100	60	25	0.8	0.9
Bursaries and scholarships	65	69	80	78	57	49	9.8	9.4
Community training and development	427	299	100	100	44	24	5.5	4.6
Total	1,202	950	91	89	41	32	142.7	101.1

SEEKING TO BE THE EMPLOYER OF CHOICE

CONTINUED

HOUSING AND LIVING CONDITIONS

Kumba's housing strategy is based on three pillars:

- Promotion of home ownership
- Provision of company housing to facilitate recruitment and retention
- Facilitation of access to accommodation for all employees.

From 2014 we plan to accelerate home ownership using all available resources including government programmes. We hope this will help us achieve our goal of making all Kumba employees home owners by 2019.

In 2013 Kumba built 413 additional employee housing units, bringing the total numbers of houses built by the company since listing to 3,401.

The Dingleton relocation

We continue to engage with the Dingleton community on the subject of relocation due to the planned expansion of Sishen mine.

The company will help move the residents to modern houses in the Kathu urban area which offers better public amenities, such as schools, churches, clinics, sewerage, and water reticulation. The company will pay for the difference in municipal rates for 25 years as well as all capital gains tax that home owners might incur as a result of the relocation.

86% of Dingleton's households have agreed to the move.

Kumba has followed International Finance Corporation guidance in its dealings with the community, which requires that no-one should be worse off as a result of the relocation. In addition to this we engaged extensively with the community and will continue to seek solutions that would be to the mutual benefit of the company and all residents, in a suitable and sensitive manner.

Dingleton also received special attention in terms of our portable skills training and assistance to small- and medium-enterprise initiatives.

01 More than 400 new houses were built for employees in 2013.

02 Kumba is not only providing employees with quality housing, but is striving to establish healthy communities that are representative of the country in all its diversity.



Opposite

One of Kumba's many women in core mining positions – Neo Seele, a drill assistant working in the drill and blast section at Sishen mine.

“AS A RESPONSIBLE
CORPORATE CITIZEN, WE
PROACTIVELY MANAGE
RELATIONSHIPS WITH
OUR STAKEHOLDERS”

OUR RESPECT FOR HUMAN RIGHTS

Kumba's approach to human rights is aligned completely with that of our parent company, Anglo American plc. Our policies and practices reflect respect for the fundamental human rights of our employees, the communities in which we operate and our business partners, including contractors.

01 Mining requires teamwork. Operating one of the massive P&H shovels to mine waste at Sishen mine are Patrick Thulo Gaanakomo, production foreman, Jayson Springbok, maintenance operator, Heinrich Strong, production foreman, Jerome Abrahams, boilermaker, Darrel van Wyk, cable handler operator, Nicholas Links, shovel operator and Daniel Selatwe, dozer operator.

When considering the development of a project we will proceed on the basis of a full assessment of potential impacts and through free, prior and informed consultation and engagement. These may lead us to conclude that we should not develop a project even if it is legally permitted and potentially profitable. We seek to contribute to the economic and social well-being of the communities associated with our operations through, among other things, enterprise development, local procurement and training provision, employment and other opportunities for people from disadvantaged backgrounds.

INDIGENOUS PEOPLES

We recognise the strong cultural and spiritual affinity felt by indigenous peoples for land and the natural environment, as well as the sensitivities created by many indigenous groups' negative experience and perception of mining activities. We therefore commit to engaging with indigenous communities in a spirit of respect and dialogue and to facilitating their participation in the opportunities created by mining.

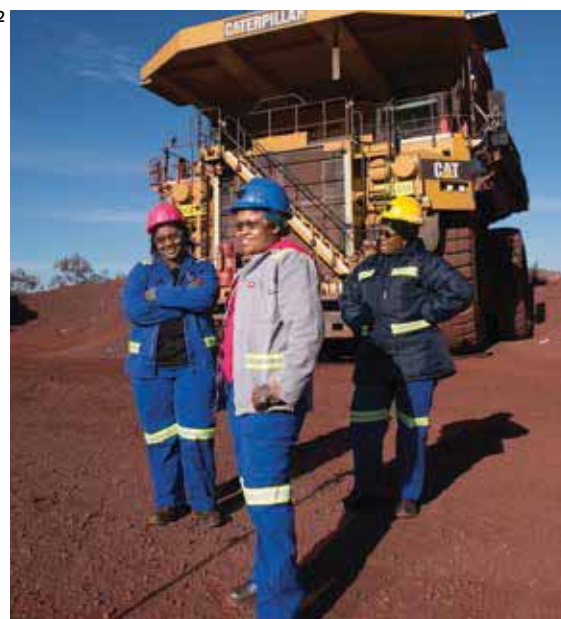
RELOCATION

Where it becomes necessary to consider community relocation we will act in accordance with international best practice. We will proceed on the basis of seeking to avoid relocation; freely conducted negotiation; continuous consultation with credible community representatives; fair compensation; provision for resolving grievances; a presumption of collective resettlement; and, as a minimum, restitution of livelihoods.

CONFLICT

We recognise that our activities may affect the dynamics and power structures in the communities in which we operate. We are committed to understanding and minimising our potential to trigger conflict in local communities, and to working in partnership with others to mitigate and manage both the direct and indirect impacts of our activities.

Formal human rights grievance mechanisms are in place at all our operations and the corporate office. There were no human rights grievances reported at Kumba during 2013.



01



01 Johannes Tau and Boalemang Manankong, both plant operators, work at the UHDMs pilot plant at Sishen mine. In 2013 the company had no strikes or significant work stoppages due to labour unrest.

RESPECT FOR HUMAN RIGHTS

We acknowledge our right and responsibility as a business to make our positions known to governments on any matters that affect our employees, shareholders or the communities associated with our operations. While the primary responsibility for the protection of human rights lies with governments, we recognise the responsibility of business to respect human rights. We will seek to promote the observance of human rights in the countries in which we operate.

Among other relevant legislation, we subscribe to observe and promote the rights and principles enshrined in the following:

- The universally recognised rights entrenched in the Universal Declaration of Human Rights adopted by the United Nations in 1948
- The United Nations Global Compact (UNGC)
- The International Labour Organisation's Declaration on Fundamental Principles and Rights at Work
- The Voluntary Principles on Security and Human Rights
- The Global Sullivan Principles
- The Constitution of South Africa

Internal human rights assessments are conducted twice a year at each of our operations. In 2013 we also conducted various human rights policy awareness campaigns.

Full details of our group policies, in effect since 2007, may be accessed at our website www.angloamericankumba.com/sd_policies.php.

HUMAN RIGHTS TRAINING

Our security structure consists of a small in-house complement and an outsourced complement supported by electronic security systems. The system is reviewed every two years, the last time being in 2012, and the next due in 2014. No changes were deemed necessary in 2013.

No security personnel received formal human rights training in 2013, but all in-house and outsourced personnel received formal training in the company values, which include human rights aspects, as well as the private security industry regulatory authority training courses, which include modules on legal aspects pertaining to human rights as prescribed by the Constitution of South Africa and the Criminal Procedures Act. Kumba's security training requirements apply equally to employees and contractors. At the end of 2013 the corporate office had only one security officer, although additional staff is being sought.

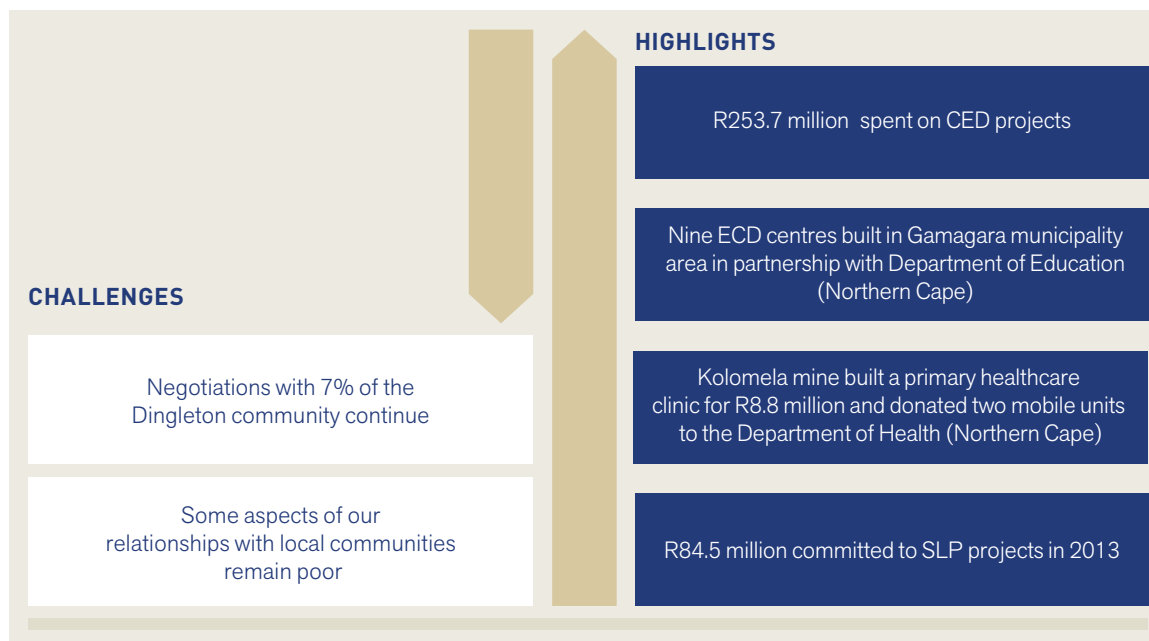
The corporate office's tactical support team of five members has been carrying out specialised security services at head office since 1 March 2013 and are all trained at private facilities. This training includes crowd management (and human rights relevant to this service). Training requirements apply equally to third parties providing security services to Kumba including the guarding contract.

A training course in voluntary principles on security and human rights for Kumba is scheduled to be rolled out from 1 January 2014. A large part of the curriculum is dedicated to human rights. This course will be applicable to all relevant employees as well as our contractors with a specific focus on the following teams:

- Security
- HR
- Investor relations

KUMBA AS A CORPORATE CITIZEN

Ours is a process founded on consensus and honest, transparent interactions



**MATERIAL
ISSUE 4:
DELIVERING A
SUSTAINABLE
FUTURE**

Kumba believes that it needs to be a developmental partner for the communities in which we operate, and our social licence to operate depends on fostering and enhancing these partnerships. It is an interaction that takes full account of the needs, priorities and aspirations of the people in our communities, an interaction that depends on regular meetings where we listen to stakeholders and take on board suggestions and criticisms. We seek to understand and be sensitive to our communities' cultural heritages and their traditional rights.

Our aim is not only to strive to be an employer of choice, but also to minimise and mitigate any adverse social impacts of our activities by collaborating with our communities to create a positive legacy that will last well after our mines have closed. Ours is a process founded on consensus and honest, transparent interactions.

Kumba's CED activity was built on the following five pillars in 2013:

- Contributing to enterprise development at local levels
- Creating and growing educational projects from early childhood development to tertiary level by ensuring young people are taught by competent, qualified teachers with suitable facilities
- Offering portable and technical skills development programmes to young people and people leaving our employ
- Ensuring our communities, our employees and their dependants have access to well-run and equipped health and welfare facilities

- Helping to build and maintain the infrastructure that makes our communities healthy and welcoming places in which to live and to ensure those charged with managing this infrastructure are adequately skilled and have access to the equipment needed to do their jobs

Every year, and in compliance with the Mining Charter, each of our operations prepares and submits an SLP report that clearly indicates ours has been a collaborative enterprise, carried out with open discussions with our communities' representatives. We collaborate with the various municipalities' integrated development plans (IDPs) ensuring that our SLP initiatives mesh seamlessly with theirs and that, in the process, the communities benefit from skills and capacity building. By extension, our SLPs integrate with the country's national imperatives, especially the National Development Plan. In this way our SLPs support our social licences to operate, as well as our official individual mining licences.

Our community engagements align with Anglo American plc's SEAT leadership which offers processes and guidance that ensure our mines effectively manage our environmental and social impacts for the delivery of a comprehensive range of positive outcomes. Our mines' SEAT processes are reviewed every three years – the Sishen and Kolomela SEATs will next be reviewed in 2014 and Thabazimbi's in 2015 – with reviews carried out by our own representatives and those of our employees, local governments and their employees to ensure they are comprehensive. Our social engagement plan, generated by SEAT, is updated annually. Complaints, grievances and issues are reported and feedback given to relevant stakeholders.

The municipalities in which we operate submit project proposals to us in the middle of each year, a system which ensures we prioritise our interventions and that they are aligned with our communities' own objectives. Our aim is straightforward: to deliver what our communities need. R84.5 million was committed to SLP projects in 2013.

Our approach to CED aims to foster partnerships and create a meaningful and sustainable legacy through development of infrastructure, as well as health, social, enterprise, and educational and skills initiatives.

Community engagement and development expenditure

R million	2013	2012	2011	2010
Corporate office	87.8	110.5	71.2	6.2
Sishen mine	105.3	72.3	73.6	72.1
Kolomela mine	51.7	77.9	30.9	38.9
Thabazimbi mine	8.9	14.9	9.2	16.8
Group	253.7*	275.6	184.9	134.0

* Includes R46.0 million spent on institutional capacity development, staff time donations and other related expenditure

Areas of expenditure in 2013

	Amount (R million)	%
Education and skills development	40	16
Health and welfare	33	13
Enterprise development and poverty alleviation	10	4
Infrastructure	88	34
Other	37	15
Institutional capacity development, staff time and donations	46	18
Total	254	100

01 The healthcare centre operated by Kumba in Thabazimbi does not only service employees and their families, but the broader community as well.



KUMBA AS A CORPORATE CITIZEN

CONTINUED

Kumba embarked on numerous CED initiatives under the five pillars during 2013, some of which are mentioned below.

ENTERPRISE DEVELOPMENT AND POVERTY ALLEVIATION

Contributing to the economic development of our communities forms part of our commitment to ensuring their sustainability and viability long after our mines have closed. Our approach is multi-pronged: assisting in the creation of viable, sustainable businesses; training and mentoring community members on their emerging enterprises to enable them to manage their businesses in a sustainable manner; and equipping individuals with portable skills. The local community businesses are assisted and encouraged to provide various goods and services to our mines, although the training we provide also includes skills that can be employed within and beyond those communities.

SOCIO-ECONOMIC DEVELOPMENT

Heuningpot Beekeeping Co-operative

Sishen mine budgeted R1.4 million for the organic honey venture in Dibeng which was spent in 2013, mostly to fund the relocation of the bee farm to an area more appropriate to organic operations. For further information on the honeybee case study see page 82 of this report.

Manyeding cultivation programme

Sishen mine also continued to support the Manyeding cultivation programme spending a total of R1.2 million during 2013 of the budgeted R1.4 million to complete the venture's development in the final quarter of the year. These funds were used for technical support, training and project management. This was done in partnership with the National Development Agency (NDA) and the Department of Agriculture, Land Reform and Rural Development. The project has 159 beneficiaries from surrounding villages under the Ga-Jatjie Traditional Authority.

Thabazimbi mine bamboo plantation and vegetable farm

Thabazimbi mine budgeted R4.8 million for the bamboo plantation and vegetable farm established in 2012 in conjunction with Renewable Energy Solutions and Food and Trees for Africa – a social enterprise that addresses sustainable development by providing extensive training, marketing and business support to rural communities. The bamboo project not only supports the local community in its farming enterprise, but offers Kumba the opportunity to earn carbon credits for carbon offset as, by the time it is three years old, a single clump of bamboo can sequester approximately 950kg of CO₂ the highest rate for any soil-grown plant.

The bamboo plantation and organic farm project is funded by Kumba. R1.9 million was spent in 2013. This included completion of the establishment of a 2ha bamboo farm

01 Thabazimbi mine has helped with the development of a small organic farming co-operative near the mine which produces vegetables for the town. Pictured are beneficiaries Dorah Matjila, Abraham Nakana, Doreen Motaung and Dorah Mothupi.

02 Abraham Nakana one of the beneficiaries of the Thabazimbi organic farming co-operative inspects the tomato crop.



and the simultaneous development of a 4ha organic vegetable farm. The project will help create employment and boost the local economy in the Limpopo province where there is widespread poverty. This project will therefore provide a sustainable livelihood for members of the local community, particularly women, as its main focus is on their empowerment and employment.

Site clearing of the 2ha plot began in October 2012, followed by planting in 2013. Approximately 4,000 Indian *Bambusa balcooa* trees, a non-invasive species approved by the South African National Biodiversity Institute, were planted.

Construction of infrastructure for the vegetable project, which included irrigation systems and the building of 15 tunnels, was completed in 2013. The first crops harvested from the tunnels were sold to local grocery stores in Thabazimbi. A certification audit is scheduled for 2014, so that the project's produce may attain certified organic status.

The project aims to develop a commercial organic vegetable farm for a newly constituted co-operative. To date, the new co-operative has been registered and the farm has been well established with sophisticated infrastructure, including tunnels and a packing area.

Currently the farm is supplying various major retailers and wholesalers such as Pick n Pay, Spar and Cladfresh.

Rekgarathile hydroponic vegetable farm

As part of its SLP commitments, Kolomela mine and the Tsantsabane local municipality identified the hydroponic vegetable farm as an activity that will benefit the community of Skeyfontein in a sustainable manner. The purpose of the project was to create a sustainable development enterprise to create employment in the community. SIOC has agreed to make R2.3 million available to create the infrastructure and to train beneficiaries on the skills required to conduct the enterprise. It was also registered as a co-operative. Kolomela mine fulfilled its obligation in accordance with its 2012 SLP and during 2013 the mine invested R166,625 towards the repair of dilapidated infrastructure and installation of an automated borehole due to limited water access in Skeyfontein. Ownership of the enterprise will be formally handed over to the co-operative members – who are all women – during 2014. The Rekgarathile co-operative received a water award from the Department of Water Affairs and Forestry in 2011.

Produce business simulation hub

At the start of 2013 Sishen mine budgeted to match the 2012 R4.1 million expenditure on the Kuruman business stimulation hub, because of the increasing number of new applications from small businesses for loans. Thirty small businesses were funded in Kathu and Kuruman where 323 people benefited. Seven business developers, a marketing specialist, a financial specialist, a manager and support staff were appointed in 2010 for a period of five years to provide mentoring and support services to these small businesses. All entrepreneurs have access to

professional business development and mentoring free of charge. In total 601 small-, medium- and micro-enterprises received training in 2013, with topics ranging from financial management, managing a start-up, marketing, and HR matters to project management.

EDUCATION AND SKILLS DEVELOPMENT

Education and skills development are focal points of our CED and this is not simply based on training individuals in the skills required at our mines, but as part of a holistic approach designed to ensure that young people in the communities surrounding our mines are assisted throughout their entire educational career, from the foundation level of pre-primary schooling through secondary to colleges of further education and tertiary education for those students who qualify.

Our educational spend targets the communities with the greatest needs – those with the weakest facilities for the populations they serve.

At the start of 2013 we set an overall education and training budget of R34.8 million for the year of which just less than half was directed towards primary and pre-primary schools, ensuring these institutions had adequate facilities and could attract skilled and committed teachers.

Kolomela mine's total educational spend across all levels was budgeted at R11.3 million, Thabazimbi's at R8.5 million and Sishen's at R11.8 million. A further R3.2 million was budgeted for expenditure at Sishen mine, principally to finance students at tertiary institutions.

Kumba and SIOC-CDT have committed to contributing R46 million and R20 million respectively towards the establishment of the Sol Plaatje University for:

- Funding a feasibility study for the establishment of a business and mining school of excellence
- A pledge to donate an administration block or hall
- A bursary scheme (with the R20 million from SIOC-CDT)

Kumba hopes that the business and mining centre of excellence will help the university to assist mines in further developing their expertise, while also addressing other new skills requirements necessitated by the establishment of renewable energy projects and the Square Kilometre Array project in the Northern Cape.

Youth graduate development programme

While we are convinced that funding education is essential, there are extraneous factors that also need to be taken into consideration. A study we carried out in 2009 indicated that there is a significant number of unemployed young people in Sishen mine's surrounds whose qualifications were insufficient to enable them to enter the job market. They face the challenge of having insufficient resources to enable them to become economically productive. Our youth graduate development programme is aimed at redressing this challenge in the JTG district.

KUMBA AS A CORPORATE CITIZEN

CONTINUED

Sishen mine funds a multi-year, on-going programme to increase the skills of these young people to enable them to find positions in the mine's various departments as well as with other local employers. An amount of R0.96 million was spent on this initiative in 2013. For further information on youth graduate development see the case study on page 83 of this report.

Postmasburg High School teacher accommodation project

The purpose of this project is to address challenges faced by Postmasburg High School in attracting and retaining skilled teachers by funding a housing development project for its teachers. Kolomela mine and Postmasburg High School entered into a two-year donation agreement in 2012 to improve the school infrastructure in the first year and to establish a technical section in the second year, based on a feasibility study conducted. However the school's governing body (SGB) and the Department of Education could not agree on how the technical section model is to be implemented. This new project came about after the SGB assessed and identified that housing in Postmasburg is unaffordable for most teachers due to mining activities in the area leading to an increased demand on housing which in turn leads to escalated property and accommodation rental costs. This project

also responds to key findings within the Kolomela mine SEAT report, which identified similar problems with accommodation costs in that area. Kolomela mine funded R6 million towards the teacher's housing development in 2013.

This project also presented a business case for Kolomela mine as it can be an indirect retention strategy for employees who have concerns about the quality of education in the area. Therefore, the provision of accommodation for educators will help the school retain and attract qualified teachers and Kolomela mine will benefit by being able to attract employees because of quality education in the area.

The Postmasburg High School SGB is managing the funds and a steering committee has been established to manage the project. Kolomela mine's public affairs project manager forms part of the steering committee to ensure good governance according to the signed donations agreement.

Early childhood development centres

Sishen mine spent R37 million building nine ECD centres in partnership with the Northern Cape Education Department in 2013. There is still a huge need for more ECD centres and Sishen mine is funding the Gamagara municipality with R4.5 million for a project to build additional centres.

01 The Batho Pele mobile health clinic that provides primary healthcare to rural communities is just one way in which Kumba meets the needs of the people of the Northern Cape province.

02 Early childhood development is a priority for Kumba. The company is establishing and equipping ECD centres in host communities around its mines to provide in the educational needs of preschoolers.



Tsantsabane teacher training project

A parallel R2.5 million three-year CED project funded by Kolomela mine that will run through 2014 in the Tsantsabane municipality is aimed at improving teachers' skills and equipping them with teaching tools. In 2013, 20 ECD practitioners received the National Qualifications Framework (NQF) Level 4 training to improve their capacity, while learning resources were distributed to 16 ECD centres in line with the training the ECD practitioners received. The practitioners are also receiving first-aid training, as well as training to participate in ECD management committees. An advocacy programme to persuade parents of the benefits of ECD is being rolled out in the community with completion due in 2014.

HEALTH AND WELFARE PROJECTS

Our commitment to helping provide communal health services is founded partly on the concept that community health provision helps ensure fit and well employees, who are, in turn, more productive and motivated. Our commitment continued by tackling a range of non-occupational diseases and maladies affecting our communities.

The comparative remoteness of our mines makes attracting doctors and clinicians to communities that face significant

financial challenges difficult. We counter this by providing salary subventions when necessary.

Kumba's spend on community healthcare projects amounted to R33 million in 2013.

Batho Pele health project

Among our innovative interventions is the Batho Pele health project that utilises fully equipped mobile clinics to take healthcare to people in remote rural areas where transport to larger centres is difficult and expensive. In conjunction with the JTG municipal district, people using the mobile facilities can be screened for diseases and receive dental, ophthalmic and surgical interventions. Sishen mine spent R7.2 million on the project in 2013 and 22,348 members of the community benefited from the service.

Ulysses Gogi Modise (UGM) wellness clinic

At the Sishen mine, the UGM wellness clinic assists employees and community members affected by lifestyle and other diseases ranging from HIV/AIDS, hypertension and diabetes to TB and cancer. The mine spent R5.7 million on the project in 2013.

Other healthcare projects

Kolomela mine spent R8.8 million to build a wellness clinic and purchased medical equipment, furnished the clinic and fenced the facility in 2013.

Ulysses Gogi Modise wellness clinic visits

Operation	Employees	Contractors	Community
Sishen mine	5,671	4,570	1,423
Kolomela mine	1,121	1,766	65
Thabazimbi mine	812	1,145	80
Head office	150	0	0
Value-in-use	0	0	0
Total	7,754	7,481	1,568

The Batho Pele health project statistics for 2013

Gender classification	Dental unit	Eye-care unit	General practitioner unit	HCT unit	Mobile unit	Total visits
Female: younger than 5 years	51	31	354	18	1,549	2,003
Male: younger than 5 years	58	43	354	8	1,423	1,886
Female: ages 5 to 60 years	1,289	747	1,870	881	5,774	10,561
Male: ages 5 to 60 years	916	362	930	312	1,707	4,227
Female: older than 60 years	169	335	493	40	1,301	2,338
Male: older than 60 years	93	244	281	49	666	1,333
All patients	2,576	1,762	4,282	1,308	12,420	22,348

KUMBA AS A CORPORATE CITIZEN

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INFRASTRUCTURE PROJECTS

Among the more serious challenges faced by our communities is the availability of resources to develop municipal infrastructure as well as to maintain and manage infrastructure already in place. Many municipalities either have poor revenue collection and management capacity and, often, municipal managers are ill-equipped to handle the daily challenges they face. In addition to providing the funding necessary for various projects we also provide skills and management training to local municipal officials.

Sishen spent a total of R57.2 million in 2013 on constructing and repairing roads. This included R18.9 million for roads and storm water drainage at Mapoteng and Olifantshoek, and R38.3 million for building and upgrading rural and other roads serving our communities in the JTG district.

Thabazimbi mine funded similar projects, including R24 million for water infrastructure in the Thabazimbi municipality – a project scheduled for completion in the first quarter of 2014 – and R0.25 million for upgrading the town's roads.

At Kolomela mine R17 million was spent on infrastructure, municipal support and recreation projects in 2013. This included repairing roads, upgrading recreational facilities, supporting town managers, supporting cultural and sports activities, and extending safety infrastructure to the entire municipality. The national emphasis is on the provision of basic services such as water, sanitation and electricity, but in reality the rural communities place more emphasis on youth

unemployment and better road conditions. Poor capacities at municipalities are not helping the mines, who are forced to assist by delivering core services such as water, better roads and housing.

Kumba and the Development Bank of South Africa entered into a partnership to collaborate on the municipal capacity building and support programme. The aim of the programme is to identify and prioritise critical capacity and service delivery gaps through the assessment process and to prioritise intervention strategies to strengthen the targeted municipalities where Kumba operates. The project builds the requisite capabilities to enhance the ability of these municipalities to provide the required basic services and combat the growing poverty in South Africa. This initiative was motivated by the general lack of capacity within municipalities which results in major impediments to service delivery. The key driver of this partnership consists of the following strategic elements:

- Build technical capacity and transfer skills for municipal officials to implement operations and maintenance of municipal infrastructure
- Build technical capacity to implement poverty alleviation projects within selected municipalities
- Identify and strengthen revenue-enhancement projects

Kumba has provided R16 million to kick-start this programme and expects to spend approximately R10 million of this amount in 2014.

01 Susan Mashimbye, a student plumber, learns valuable new skills at the Thabazimbi mine skills development centre. With her is instructor Motlhoki Manyee.

02 Itumeleng Tshekedi, a millwright at Kolomela mine and his cousin Lapologo Tshekedi at their Kumba-built house in Boichoko, Postmasburg.



HARNESSING THE POTENTIAL OF SOUTH AFRICA'S CHILDREN AT SISHEN MINE



Kumba's investment in ECD centres in the Northern Cape is creating valuable learning opportunities for pre-school children.

South Africa remains challenged by educational shortfalls – both as a result of legacy issues and the scarcity of resources. Many children are often ill-prepared for formal schooling and would benefit from being enrolled in school readiness programmes, of which there are too few. At Sishen mine, we recognised the role ECD could play in underpinning the education of our children and, in 2011, widened the focus of our community development initiatives to include provision of ECD centres at a pilot group among our communities' schools. Prior to this initiative our emphasis tended to be on matric-level education, where general outcomes are far from favourable. However, we realised that if we did not intervene at the foundation phase of education the problem of poor outcomes would persist.

Government declared ECD a national priority in 2004 and published its ECD plan in 2005. Since then it has put directives in place for municipalities to include ECD planning in their IDPs.

Together with the provincial educational departments, government has prepared five-year plans to fulfil the educational needs of the country. However, in many cases, these plans do not cover ECD. In the Northern Cape, budgetary constraints precluded the introduction of ECD facilities. The sustainable development department at Sishen mine had intended to simply fund the programme, but not the bricks and mortar of school premises.

However, it quickly became clear that the province's education department could not afford to build the facilities, so we chose to step in directly. For this reason the building and enhancement of ECD centres has become one of Sishen mine's foremost community initiatives.

During 2013 Sishen mine contributed R37 million to educational infrastructure development by funding the building of ECD centres. Having been approached by several local school principals, we liaised with the provincial government to ensure that any intervention by the mine would not overlap with or duplicate government's own plans. The province gave the mine a list of 60 schools that would benefit from ECD centres. The mine identified nine primary schools of the 42 within our district for development in 2013. At each school two classrooms, a sheltered play area and a playground were built to date for Grade R pupils (children in reception classes). Sishen mine also equipped the classrooms with the necessary educational equipment and toys. By the end of 2013 approximately 720 children had been enrolled.

Sishen mine's ECD initiatives will continue into 2014 with an additional centre being planned at the Omang primary school in the Dithakong Township, as Kumba continues to contribute to the cognitive development of pre-school children.



For more information, visit
www.angloamericankumba.com

KUMBA AS A CORPORATE CITIZEN

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SWEET SUCCESS – HONEYBEE FARMING AT SISHEN MINE



Die Heuningpot organic honey bee co-operative outside Dibeng manages a certified organic honey farm supported by Kumba.

Honey is among the oldest sustainable natural products used by man. Bees are industrious and comparatively easily managed while the sweet product of their labour finds ready markets. It was with this in mind that, in 2009, a beekeeping enterprise, the Heuningpot Beekeeping Co-operative was initiated in Dibeng, one of the most deprived communities within the Sishen mining district, in the Northern Cape.

The project's objective is to stimulate the community's economy as well as help address youth unemployment. Kumba partnered with the NDA to initiate this project. Back in 2009, 12 people were selected to receive training from AgriSETA and Skills for Africa. All of the participants completed the course, received a certificate in animal production (an NQF level 1 qualification) and were ready to embark on their careers as organic bee farmers to produce raw honey. The farmers have developed valuable skills while the co-operative has given them renewed purpose and a sense of accomplishment as they strive to make a success of the venture and improve their ability to contribute to their families' financial support.

The enterprise is, however, not without its challenges. Bees are very sensitive to irritants and would prefer to abandon their hives, relocating to more pleasant conditions. During 2013 the co-operative's hives needed to be relocated as water pipeline was run through the co-operative's farm with the expansion of Sishen mine, and the movement of the railway line interfered with the bees' habitat. The level of noise and increased people traffic would have also disturbed the bees, and they may either have abandoned their hives or become a

danger to the beekeepers and construction workers.

The 177 hives were moved onto a larger farm, though this called for extensive renovation work at a cost of R0.9 million that was paid by Kumba. The new farm is larger than the old one with the potential to house a further 600 hives.

Heuningpot Raw Organic Honey is a certified organic product. The bees collect nectar from indigenous plants and their harvest area is free from artificial impurities. The honey is extracted cold to preserve its natural goodness and no bees are killed during harvesting – all of which helps ensure that the farmers receive a premium price for their honey. During the past year the farmers produced 1,000kg of raw, organic honey but have the capacity to bottle six-million jars or 3,000kg.

To date Kumba has spent R5.2 million on the project, with R1.3 million being spent in 2013. The co-operative is not yet breaking even, but this is expected within the next five years. The farmers received help with the development of a business plan as well as with the marketing by developing ethical supply chains between the farmers and their retailers.

Unquestionably the Heuningpot Beekeeping Co-operative has the potential to develop into a sustainable, profitable venture with the support it receives from Kumba as well as the dedication and unremitting effort of the beekeepers.



For more information, visit
www.angloamericankumba.com

YOUTH DEVELOPMENT PROGRAMME



Metalwork trainees Mossma Jacob and Dineo Mphela are being skilled for a better future.

Kumba is committed to the development of young talent, especially in the field of mining, and to this end initiated the youth development programme. Unemployed graduates from the JTG district municipality were given the opportunity to improve their skills and their employability.

Employers and the youths themselves identified gaps in their skill-set that may preclude them from potential employment opportunities, such as lack of self-confidence, lack of drivers' licences and poor computer literacy.

Sixty young people were chosen from the community to embark on the programme at a cost of R0.96 million to Kumba in 2013. The following stakeholders were engaged during the project implementation to ensure they were aware of and supported the project:

- National Youth Development Agency – Northern Cape
- Joe Morolong Local Municipality
- Gamagara Local Municipality
- Ga-Segonyana Local Municipality
- Gamagara Development Forum
- Department of Social Development
- Department of Labour
- Kurara FM
- Eskom

Some of these stakeholders also provided lists of unemployed graduates from their databases. Other unemployed graduates applied by responding to the advertisements in local newspapers, on radio stations and posters distributed throughout the district. All applicants were evaluated through a rigorous interview processes to obtain the initial 60 individuals to be enrolled in the programme.

The initial phase was completed at the end of April 2013 when these youths were given the opportunity to present themselves to an audience of possible employers. This ensured they received maximum exposure to prospective employment opportunities and other business prospects.

Forty graduates were further shortlisted and on 1 May 2013, began their 18-month internship at various sections of Sishen mine and other participating employers including Sishen Intermediate Mine School, Family And Marriage Society of South Africa, UGM Wellness Clinic, Kalahari Country Club and Trioplus, where they are receiving on-the-job training and experience.

By the end of their internship it is expected that these youths will have acquired the skills and experience necessary to make them permanently employable. Interns are given various tasks at their sections to fully expose them to as much practical work as possible. On completion of the programme the interns may be offered employment at Sishen mine or at the other employers depending on the requirements at the time. The proposed budget for 2014 for the continuation of the programme to completion at the end of October 2014, including the interns' stipends, is R1.2 million.

According to the surveys carried out in 2013 most of the interns have indicated that since the internship their personal skills, such as communication, punctuality and ability to tackle challenges, have significantly improved. A significant improvement has also been noted with regards to capacity building on their technical and career-related skills. This positively correlates to the professional work environment and support from other colleagues when interns carry out their respective duties.

So far two interns have been offered full-time employment at Sishen mine and at Kalahari Country Club respectively. Only one intern resigned from the internship programme for personal reasons.

The success of the youth development programme will be reviewed in October 2014 and a decision made on its continuation.

The youth development programme fits strategically into the Kumba, and specifically Sishen mine's, focus area of delivering high-quality, positive youth development.



For more information, visit
www.angloamericankumba.com

RESPONSIBLY MANAGING THE ENVIRONMENT

Comprehensive environmental improvement plans were put in place for each of our three mines

CHALLENGES

Delays of critical environmental authorisations

Non-aligned regulations on wetlands protection

Sishen mine issued with a Section 93 environmental management directive

HIGHLIGHTS

All mines
ISO 14001 certified

Achieved savings in energy consumption of 74,091 GJ and greenhouse gas emissions of 13,632tCO₂e

Concurrent rehabilitation prioritised with more than 40ha shaped

Kumba admitted to the Global 500 and JSE Top 100 Carbon Disclosure Leadership indices



**MATERIAL
ISSUE 4:
DELIVERING A
SUSTAINABLE
FUTURE**

Kumba recognises that, by their very nature, mining operations affect the environment. Our approach to minimising our impact is based on prevention and mitigation: prevention through ensuring that our operations are efficient and careful users of input resources, and that we minimise our physical footprint; and mitigation by ensuring that rehabilitation and restoration of our environmental surrounds are performed regularly throughout our mines' lives and after their closure.

In January 2013 comprehensive environmental improvement plans were put in place for each of our three mines establishing focus areas and strategic objectives within them. The focus areas were:

- Climate-change, energy and resource management
- Land management: biodiversity, land use and rehabilitation

We strive to comply fully with environmental regulations and report fully and voluntarily on the environmental impacts of our operations.

Our efforts did not go unrecognised in 2013. For the first time since 2009 when we first participated in the Carbon Disclosure Project's Climate Response Programme, we achieved inclusion in the Global 500 and JSE Top 100 Carbon Disclosure Leadership indices. Kumba achieved a 98% score (2012:88%).

MANAGEMENT AND COMPLIANCE

Environmental compliance is material to Kumba and we have EMPs approved by the DMR, and integrated water use licences (IWULs) are in place at all of our operations. The IWULs for Thabazimbi and Kolomela mines are in the process of being amended to include new activities. As part of these EMPs we carry out internal audit processes on a continual basis to ensure our compliance with all relevant legislation and regulations.

At the end of 2013, 21 business-critical environmental authorisations were awaiting approval by various government departments. We continue to engage with the DMR and other government departments in that regard.

Kumba received two environmental directives during 2013, but no fines for non-compliance were issued. At Thabazimbi mine the DMR asked for an increase in financial provisions in respect of possible pit slope failure, necessitating a reduction in the slope angles of the pit wall. The ultimate result is an increase in the ratio of waste to ore mined and a related increase in mine operating costs. Sishen mine was also issued with an MPRDA Section 93 environmental directive towards the end of 2013, which raised a number of environmental non-compliance issues. The mine has responded to the DMR and addressed the issues raised.

ISO 14001 CERTIFICATION

Kolomela mine was awarded its ISO 14001 certification in July 2013, while Sishen and Thabazimbi mines retained their ISO 14001 certification in 2013.

We aim to ensure that we retain our certification and continually improve our environmental management performance.

INCIDENTS AND INCIDENT REPORTING

At Kumba, protecting the environment is uppermost among our operating considerations. Our environmental reporting mechanisms are aligned with those of the ISO 14001 management system, an alignment that serves us well in raising environmental awareness at all our operations.

We classify environmental incidents in line with guidance provided by our major shareholder, Anglo American plc. In increasing order of severity, environmental incidents fall into five classification levels:

- Level 1: Insignificant, with very little or no impact
- Level 2: Of minor significance or impact and able to be addressed by internal personnel
- Level 3: Of moderate or medium impact and confined to the individual mine's lease area. These are incidents that may call for external assistance in cleaning up
- Level 4: Major, high-impact incidents that extend beyond the mine's boundaries and which call for extensive clean-up operations requiring external help and resources
- Level 5: Catastrophic incidents with the potential to cause extensive and long-lasting environmental damage with clean-up requiring considerable external assistance

There were no level 3 to 5 environmental incidents at Kumba's mines in 2013. A total of six level 2 incidents were,

however, reported throughout our operations. These involved localised spillages of hydrocarbons, a burst tailings pipeline, and the destruction of protected trees. All these incidents were investigated and appropriate corrective and preventive actions were implemented.

CONSERVING RESOURCES

Though extensive, our principal resource, the ore we mine, is not unlimited. Apart from the absolute physical limits to our ore bodies there are also environmental and financial limits. We cannot continue to mine if our costs exceed our revenues – but we obviously cannot continue to mine if our operations contribute to excessive environmental degradation.

Conserving and optimising the use of our primary process materials is therefore an essential component of our operations. These are the materials consumed in the production process that do not constitute part of our final product.

While we seek to minimise the absolute size of our environmental footprint we are expanding our ore production – an expansion into deeper extensions of our ore bodies that calls for an increasing ratio of waste stripped to ore produced. More overburden or waste has to be removed for every tonne of ore mined with an associated increase in the intensity of usage of process materials. Their careful use therefore forms part of our operating strategy as well as being one of the measures used in setting performance contracts and in determining the responsible employees' and managers' remuneration.

During 2013 Kumba was driving and monitoring the group-wide ECO₂MAN programme that not only helps to set CO₂e emission and energy reduction targets but also provides enhanced understanding of our energy use and the potential for energy savings.

01 Load and haul operations around the Western ramp area of the Leeuwfontein pit at Kolomela mine.



RESPONSIBLY MANAGING THE ENVIRONMENT CONTINUED

Rock mined and ore processed

Mt	Total tonnes mined			Waste mined			Final product		
	2013	2012	2011	2013	2012	2011	2013	2012	2011
Sishen mine	208.8	171.6	165.0	167.8	133.5	119.0	31.0	33.7	38.9
Kolomela mine	67.5	43.5	34.6	54.3	33.5	30.3	10.8	8.5	1.5
Thabazimbi mine	27.2	32.2	45.9	26.4	31.1	44.2	0.6	0.8	0.9
Group	303.5	247.3	245.5	248.5	198.1	193.5	42.4	43.0	41.3

Process materials used

	Diesel (Ml)			Explosives (000t)		
	2013	2012	2011	2013	2012	2011
Sishen mine	163.1	123.4	113.6	61.0	57.0	—*
Kolomela mine	33.8	24.5	16.8	41.7	16.6	—*
Thabazimbi mine	10.9	10.9	11.6	6.1	7.5	—*
Group	207.8	158.8	142.0	108.8	81.1	—*

* Values not recorded

Process materials used

	Lubricants (000l)			Tyres (t)		
	2013	2012	2011	2013	2012	2011
Sishen mine	6,095.0	4,830.3	7,280.7	1,890.0	1,785.0	1,896.0
Kolomela mine	500.3	165.9	103.6	241.0	234.8	144.0
Thabazimbi mine	173.5	305.1	160.9	146.6	23.5	192.0
Group	6,768.8	5,301.3	7,545.2	2,277.6	2,043.3	2,232.0

ENERGY CONSERVATION A PRIORITY

Kumba is aligned with the Anglo American Group's energy and climate-change strategy that emphasises improvements to energy performance and the reduction of energy consumption and associated direct and indirect greenhouse gas (GHG) emissions. We continue to manage the short-term strategy and the risks associated with climate change in a phased approach. In the short term Kumba continues to focus on implementing and improving energy and GHG emissions management through the ECO₂MAN process. The group policy is that of reducing energy consumption against a business as usual (BAU) baseline. The projected BAU baseline has been calculated from 2011 to 2020 taking into consideration factors such as LoM plans and growth projects. The BAU projection assumes no efficiency improvement in energy usage.

Our approach, however, does not focus exclusively on direct mining operations but extends into the non-mining parts of our operations and into our communities. The homes we provide to employees are equipped with solar water-heating equipment.

Kumba had installed a total of 2,333 domestic solar water heaters by the end of 2013 in the towns of Kathu and Postmasburg. This is a carbon offset initiative (approximate carbon emission saving of 5,262tCO₂e) with an estimated average energy saving of 6kWh per installation per day for the occupants, and contributes towards energy reduction targets for the national electricity grid.

Several new energy-efficiency initiatives were identified during 2013 at our mines through the ECO₂MAN programme.

An initiative with long-term impact on productivity and asset optimisation was identified at Sishen mine. The project involves amendments to the programmable logic controller program to monitor and control clarified water pumps, screens and conveyor belts, depending on the status of vibrating feeders and incoming ore feed. This will reduce unnecessary running of equipment.

Kumba also completed the implementation of 15 energy-saving projects between Kolomela, Sishen and Thabazimbi mines during 2013, as detailed on the next page.

Energy saving initiatives undertaken or completed during 2013

Location	Project	Energy saving potential (GJ/year)	Carbon emission saving potential (tCO ₂ e/year)	Project status
Sishen mine	Diesel energy and emissions management system	27,632	2,050	Implemented Diesel savings due to mining interventions and operational efficiency at Sishen mine.
Sishen mine	Optimisation of quaternary crusher operation with variation in feed stockpile levels	2,044	585	Implemented
Sishen mine	Compressed-air leak detection	586	168	Implemented
Sishen mine	Optimise process module operation	2,673	765	Implemented
Sishen mine	Reduce power requirements for the water supply for the direct reduction/direct reduction shipping plant	155	44	Implemented
Sishen mine	Control the spray water on the coarse and fine lines (gravity feed)	15,888	4,546	Implemented
Sishen mine	Solar water heaters for houses in town	6,524	1,867	Implemented
Sishen mine	Stop conveyor belts running empty at jig dewatering bunkers	1,362	390	Implemented
Sishen mine	Load delivery vehicle replacement programme (fuel saving)	5,779	429	Implemented
Sishen mine	Quaternary screening house control optimisation	2,727	780	Implemented
Sishen mine	Removal of bypass from distribution boards	660	189	Implemented
Sishen mine	Efficiency improvement for new offices/building	88	25	Implemented
Kolomela mine	Solar water heaters for houses in town	5,676	1,624	Implemented
Thabazimbi mine	Hot seat swapping – shift change	270	20	Implemented
Thabazimbi mine	Diesel fleet replacement – haul trucks	2,027	150	Implemented

01 Thabazimbi mine is assisting a group of community farmers in growing bamboo to offset the mine's carbon footprint. Pictured are two of the beneficiaries, Dorah Mothupi, and Ivan Mphela.

02 The bamboo will be sold to manufacture a variety of household products sustainably.



RESPONSIBLY MANAGING THE ENVIRONMENT

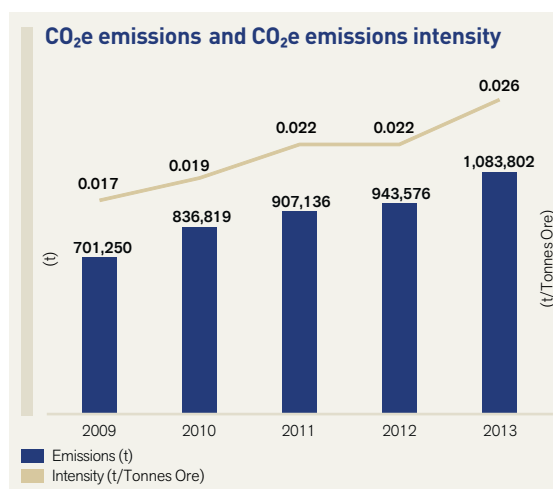
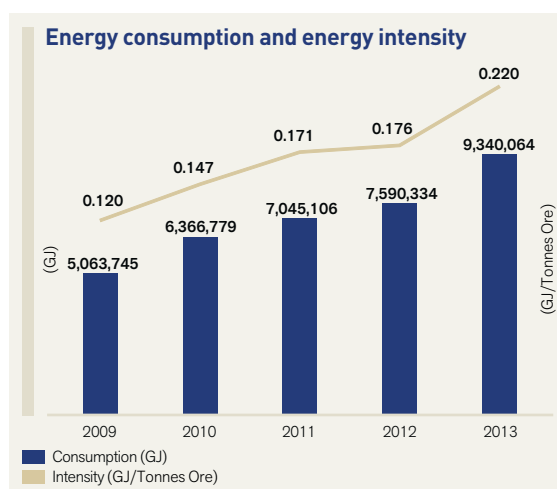
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Kumba's targeted savings for 2013 were 271,834GJ of energy and 39,549tCO₂e of GHG emissions. Between 2009 and 2013 completed energy-saving initiatives resulted in total savings of 133,394GJ of energy and 30,574 tCO₂e, of which annual savings of 74,091GJ and 13,632tCO₂e were achieved in 2013. Achievable savings have been forecast in terms of completed and approved projects as well as opportunities still at the conceptual stage.

Kumba contracted specialist measurement and verification (M&V) companies at Sishen, Kolomela and Thabazimbi mines to verify energy savings from implemented projects. Each Kumba mining operation has appointed an energy champion or engineer who leads a multi-disciplinary site energy team that manages and tracks progress on M&V plans, implements energy-saving projects, reviews BAU projections, and raises energy efficiency and climate-change awareness through targeted communication campaigns for employees.

Energy consumption

Million GJ	2013	2012	2011
Energy consumed from fossil fuels (Direct)			
Sishen mine	5.92	4.51	4.16
Kolomela mine	1.23	0.89	0.64
Thabazimbi mine	0.39	0.39	0.42
Group	7.54	5.79	5.22
Energy consumed from electricity purchased (Indirect)			
Sishen mine	1.52	1.53	1.64
Kolomela mine	0.18	0.16	0.07
Thabazimbi mine	0.10	0.10	0.10
Group	1.80	1.79	1.81
Total energy consumed (Direct and indirect)			
Sishen mine	7.44	6.04	5.80
Kolomela mine	1.40	1.05	0.72
Thabazimbi mine	0.50	0.50	0.53
Group	9.34	7.59	7.05



GHG emissions totalled 1,083,802tCO₂e in 2013, an increase of 15% on 2012's 943,576tCO₂e. The total energy consumed by Kumba rose by 23% in absolute terms from 7,590,344GJ in 2012 to 9,340,064GJ in 2013, mainly as a result of a 25% increase in total waste stripping across the group as well as ramp-up at the Kolomela mine. The intensity of CO₂e emissions was 0.026 tonnes per tonne of ore produced, and the intensity of energy consumption was 0.220GJ per tonne of ore produced in 2013. Other GHGs such as methane or CFCs (aerosols) are not emitted as a normal part of our operations.

Our focus areas for 2014 will include the review of BAU projections; implementation of planned energy efficiency projects across the three operations; tracking and monitoring energy and carbon performance against targets; M&V of implemented energy-saving projects through specialist companies and internal reporting procedures; and identification of new energy and GHG emissions saving initiatives.

CO₂e emissions

Mt CO ₂ e	2013	2012	2011
Total Scope 1 emissions (direct - fossil fuels)			
Sishen mine	0.44	0.33	0.31
Kolomela mine	0.09	0.07	0.05
Thabazimbi mine	0.03	0.03	0.03
Group	0.56	0.43	0.39
Total Scope 2 emissions (indirect - electricity purchases)			
Sishen mine	0.44	0.44	0.31
Kolomela mine	0.05	0.05	0.02
Thabazimbi mine	0.03	0.03	0.03
Group	0.52	0.52	0.36
Total Scope 1 and 2 emissions			
Sishen mine	0.88	0.77	0.78
Kolomela mine	0.14	0.11	0.07
Thabazimbi mine	0.06	0.06	0.06
Group	1.08	0.94	0.91

Scope 3 emissions*

Tonnes CO ₂ e	2013	2012	2011
Source			
Purchased goods and services	300,118	224,205	73,998
Capital goods	20,460	11,780	—**
Fuel and energy-related emissions not included in Scope 1 and Scope 2	179,093	90,955	—**
Upstream transportation and distribution	172	—**	—**
Waste generated in operations	102	187	11,668
Business travel	1,337	2,183	2,234
Employee commuting	8,014	—**	—**
Downstream transportation and distribution	4,006,340	3,866,663	2,573,088
Processing of sold products	100,220,022	101,148,881	23,072,870
End of life treatment	631,486	640,624	—
Total Scope 3 emissions	105,367,144	105,990,704	—**

* Scope 3 emissions not reflected in the table are not applicable

** Not recorded

RESPONSIBLY MANAGING THE ENVIRONMENT

CONTINUED

WATER

Our mines are located in semi-arid areas with scarce water resources. We rely on groundwater abstraction, predominantly from boreholes, in line with our IWULs. Ironically we are a major source of water in the Northern Cape, as our open pits produce water for use by our operations and local communities. Water is, therefore, a crucial environmental consideration and our focus is on water management through careful use, conservation and recycling.

While we are aware of the security issues linked to water availability, at present there are no concerns for our operations. During 2013 our mines drew 16 million m³ of water from boreholes of which 53% was used for our primary activities, representing 203 litres per tonne (2012: 205 litres per tonne) produced.

Through an initiative developed in 2013 we operate aquifer recharge projects at Kolomela and Sishen mines as a means of mitigating any declines in water tables and their effects on agriculture and the biosphere.

Excess clean water derived from dewatering at Sishen and Kolomela open pits is delivered to the local Gamagara municipality to be reticulated to the towns of Kathu, Sesheng, and Dingleton and to Sedibeng Water which supplies the towns of Postmasburg, Olifantshoek, Hotazel and Black Rock as well as the farming community linked to the Kalahari East Water User Association's pipeline. In addition we have well-established agreements with the Thabazimbi and Sishen municipalities to use their treated sewage effluent in our mines' operational processes. Effectively, we take in poor quality water and deliver that of good quality.

Water consumption

000m ³	2013	2012	2011
Water used for primary activities			
Sishen mine	6,145	5,402	5,902
Kolomela mine	1,248	2,276	755
Thabazimbi mine	1,197	1,141	1,521
Group	8,590	8,819	8,178
Water used for non-primary activities			
Sishen mine	1,291	958	633
Kolomela mine	–	–	–
Thabazimbi mine	767	258	305
Group	2,058	1,216	938
Water re-used/recycled in processes			
Sishen mine	4,021	3,491	4,278
Kolomela mine	448	535	197
Thabazimbi mine	124	14	147
Group	4,593	4,040	4,622
Water intensity (water used in primary activities (litres per kilotonne of production))			
Sishen mine	20	16	15
Kolomela mine	12	27	–
Thabazimbi mine	191	139	169
Group	203	205	198
Percentage of water re-used/recycled in relation to water used for primary activities (%)			
Sishen mine	65	65	72
Kolomela mine	36	24	26
Thabazimbi mine	10	1	10
Group	53	46	57

Water abstraction by source

000m ³	Potable water from external source			Non-potable water from external source			Groundwater			Waste/second-class water			Total		
	2013	2012	2011	2013	2012	2011	2013	2012	2011	2013	2012	2011	2013	2012	2011
Sishen mine	36	186	181	1	7	49	7,220	5,555	5,812	1,410	1,369	1,551	8,667	7,117	7,593
Kolomela mine	–	–	209	–	–	–	1,265	1	753	–	–	231	1,265	1	753
Thabazimbi mine	80	61	–	–	–	–	1,111	1,042	1,261	61	91	–	1,251	1,194	1,701
Group	116	247	390	1	7	49	9,596	6,598	7,826	1,471	1,460	1,782	11,183	8,312	10,047

Water-saving initiatives undertaken or completed during 2013

Operation	Projects	Water saving potential (million m ³ per year)
Sishen mine	Dust suppression	5.55
Sishen mine	Improved level control of gland water sump	0.03
Thabazimbi mine	Improvement of relative density of tailings; increased recycling and fill-point improvements	0.17
Kolomela mine	Dust suppression	1.92
Kolomela mine	Recycling of wash-bay water; dual flush toilets; aerated plumbing; and water-wise gardens	0.01
Group		7.68

Dewatering due to mining activities is a concern for local farmers who profess that it lowers the area's water table and affects their grazing and farming activities. Our approach to the issue is non-confrontational and seeks to establish sound neighbourly relations based on allaying the farmers' concerns. As part of a continuing process we have:

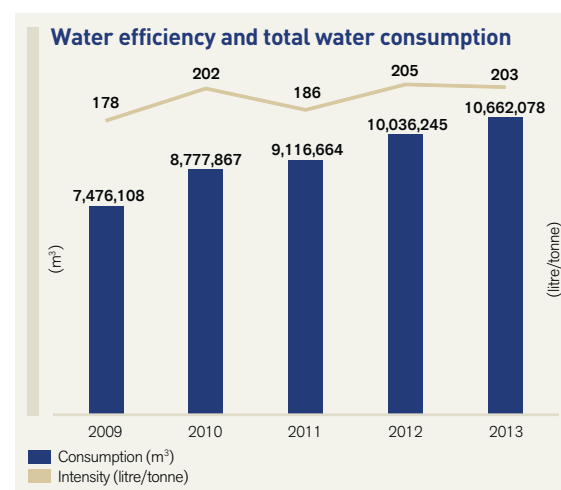
- Provided alternative grazing or grazing subsidies
- Provided infrastructure that allows affected farmers to withdraw water from the Sedibeng Water pipeline
- Drilled and equipped boreholes that feed into existing farm water reticulation systems
- In extreme, temporary cases, trucked water to where it has been needed

While these interventions might be seen as temporary solutions, we have engaged with local farmers regarding scientific approaches to address specific concerns. Among the concerns were claims of impairment of aquifers and of surface water flow in the Gamagara River after heavy rainfall.

Geological evaluation by independent researchers revealed that there were sinkholes, also called swallets, in the river – holes that allow streams to disappear underground. During 2013 we continued to investigate ways in which these swallets could be rehabilitated so as to allow water to flow in the river during rainy periods. We are confident that practical solutions will be found that address farmers' concerns.

We have sent water samples from boreholes suspected of being polluted by nitrates from Sishen mine for testing at accredited laboratories. Permanent monitoring systems are in place to assess the quality of water in and outside the perimeter of our mines.

During 2013 our water-management initiatives gave rise to water savings of 7.7 million m³, against our water savings target of 2.5 million m³. The bulk of the water savings in 2013 resulted from dust suppression-related projects. Water-saving initiatives will continue.



RESPONSIBLY MANAGING THE ENVIRONMENT CONTINUED

RESPONSIBLE LAND MANAGEMENT

Biodiversity

Kumba strives to achieve the highest standards of environmental care to minimise the impact of our operations on the environment as well as the flora and fauna on the 82,086ha of land we had under management at the end of 2013, as well as on land adjacent to our own. This managed area represented an increase from 2012 (64,796ha).

All our mines have biodiversity action plans (BAPs) devised with our parent company, Anglo American plc, in conjunction with Fauna & Flora International. In addition they all have closure plans, the most developed of which is at Thabazimbi where the mine's life expectancy is less than that of Sishen and Kolomela. The closure plans are updated regularly. Thabazimbi mine's closure planning has been modified to take into account the operational life extension programme being implemented.

Kolomela mine's BAP which was completed in the middle of 2013 identified 350 plant, 160 bird and 16 reptile protected species. The mine's major challenge is that of protecting vulnerable wetlands and, during 2013, we worked on strategies to provide offset land. Kolomela mine has been liaising with the Department of Agriculture, Forestry and Fisheries in this regard.

Sishen mine has a specific biodiversity challenge: that of ensuring the Kathu protected forest remains undisturbed and unaffected by mining. There have been claims that our mine dewatering has affected the Camel Thorn trees but research into the matter by the Council for Scientific and Industrial Research has thus far been inconclusive.

Sishen mine has provided approximately 2,600ha of offset land to compensate for that affected by its mining. Fencing of the offset area was completed in 2013 while the re-introduction of various animal species and the eradication of alien and invasive plant species is on-going.

Thabazimbi mine has offset areas that are fenced and where the re-introduction of various animal species continued throughout 2013. This was accompanied by the start of our programme to re-introduce grass cover and to limit bush encroachment.

EFFLUENTS AND WASTE

Effluents are not a material challenge at our mines as we recycle and re-use as far as possible. We do not discharge dirty water into the environment. Our focus is more on management of mineral and non-mineral waste, particularly the mineral waste at our mines' waste-rock dumps and tailings storage facilities.

Our efforts are directed towards minimising the handling of mineral waste and rehabilitating the dumps by planting local species. Among the challenges we faced are those associated with the risk of slope or berm failures at our disposal sites.

Our management of non-mineral waste, particularly that of a hazardous nature, begins with sorting on site then contracting disposal out to specialist waste-disposal operators who are carefully monitored for compliance with all relevant environmental legislation. All our waste is disposed of in South Africa with none being exported.

Oil spillages are a critical factor and, in 2013, we initiated a programme for measuring their quantities and the costs of remediation. In 2013 we experienced a level 2 incident involving spillage of transformer oil and remedial action was taken.

Our mines also contribute towards recycling and the disposal of household and commercial waste generated by local communities.

MITIGATING DUST

The creation of dust is an inescapable consequence of mining in arid areas and we have tried and tested means of limiting and mitigating it. Each of our mines has air-quality management plans that are reviewed and, if necessary, improved regularly.

Each of our mines has dust-monitoring programmes that measure air-borne nuisance dust and PM10 particulate matter – suspended matter with a diameter of less than 10 microns and which is known to have adverse impacts on health. The monitoring not only helps ensure that our mines comply with air quality legislation, but also helps allay the concerns of farmers and other neighbours that mining has given rise to a significant deterioration in air quality.

Land disturbed by mining activities

Hectares	Total land under management in 2013	Land disturbed to date
Sishen mine	46,638	6,193
Kolomela mine	32,793	3,000
Thabazimbi mine	2,655	1,620
Group	82,086	10,813

Water spraying is among the older methods used for controlling dust on roads, but it is not always effective and is costly considering the arid areas in which we mine. After extensive research we now treat our primary roads with a biodegradable bitumen-based emulsion that has a useful life of at least a year. Secondary roads, principally those in our open pits and whose configurations change comparatively quickly, are treated with an environmentally safe dust suppressant that acts as an emulsifier on the road surface.

Apart from roads used extensively by haulage equipment, Kumba's other major sources of dust are the mines' ore and waste transfer points. Where possible, these transfer stations are enclosed to contain dust. Water sprays are also installed to reduce fugitive dust emissions.

For further information on our dust mitigation please see the case study on integrated air quality monitoring at Kolomela mine on page 94 of this report.

Environmental management objectives for 2014

Kumba's environmental management focus in 2014 will be on further enhancing our performance in the following areas:

- Land management, biodiversity management and rehabilitation, with a special focus on concurrent rehabilitation
- Increasing general environmental management awareness among all employees, focusing on improving reporting environmental incidents and the sharing of lessons learned from incident investigations
- Remediation and pollution prevention, focusing on waste management, dust management and the management of legacy issues and cumulative environmental impacts
- Energy and GHG emissions management, focusing on the identification of new energy saving and efficiency improvement opportunities
- Water management, focusing on the identification of new water saving and efficiency improvement opportunities

01 Bowsers spray haul routes with water to combat dust in the mining areas at Thabazimbi mine.

02 Kito Moyo and Amo Hlungwani are electricians working on the construction of the UHDMS pilot plant at Sishen mine. The plant is used to test new technologies for beneficiating products from low-grade ores.



RESPONSIBLY MANAGING THE ENVIRONMENT

CONTINUED

INTEGRATED AIR-QUALITY MONITORING AT KOLOMELA MINE



Dust emissions are carefully monitored in the Leeuwfontein pit at Kolomela mine and strategies are in place to counter excessive dust formation.

Dust is an unavoidable consequence of mining, especially in the semi-arid areas that are home to Kumba's open pits.

Measuring dust

Late in 2010, when the Northern Cape had no full-spectrum dust-monitoring facilities and Kolomela mine was in its infancy, we initiated air-quality monitoring starting with two measuring stations. The intention was to obtain scientific evidence of the region's normal air quality to provide a baseline for determining mining's impact. We were particularly interested in measuring the range of sizes of dust particles, especially nuisance dust that remains suspended in the air and PM10 – particulate matter with a diameter of less than 10 microns that can contribute to pulmonary problems. The measuring programme was also implemented to ensure that Kumba complies with its legal obligations regarding dust emissions, as well as to help manage its effects.

In order to improve the reliability of the information collected, a further three stations were later added with one being erected in collaboration with the DEA. This was the first station in the province to which the department had full access. Kolomela mine provides the DEA with data from its other stations too; this has helped to build confidence between the mine and the department. In 2013 Kolomela mine participated in the training of the DEA staff in monitoring procedures.

Dust suppression

Traditionally water has been the primary way of suppressing dust. However, this is not always a preferred choice in a semi-arid region. Furthermore, using water to suppress dust in our processing plants can have the unintended consequence of blocking some equipment with mud.

The mine's successful solution to dust thrown up by mobile equipment operating on permanent roads outside the pit has been to apply an environmentally friendly product which contains no hazardous chemicals. The product helps to

create a dust-free road and, after its application, the road remains dust- and mud-free for two to three months and is functional in all weather conditions.

There are many benefits to having dust-free roads including better visibility, increased safety, and tyre life extension of up to 30%. Kolomela mine uses approximately 120//m² of water on treated roads compared to 1,500//m² needed on untreated roads annually.

All secondary roads, principally those in the pit, are treated with a product of blended emulsified co-polymers and ionic modifiers. This is water-soluble and, when sprayed onto a road, forms a durable surface by binding small dust particles to form larger, heavier ones that are less prone to becoming airborne. The use of both these products has delivered water savings at Kolomela mine of 1,518,500m³ in 2013 which translates to a R2.2 million cost saving.

Managing other hot-spots

Transfer points, buffer stockpiles and blending areas are particular dust hot-spots. All of them have been enclosed to help contain the dust, while water sprays have been installed to wet the material so as to suppress airborne dust inside the enclosure.

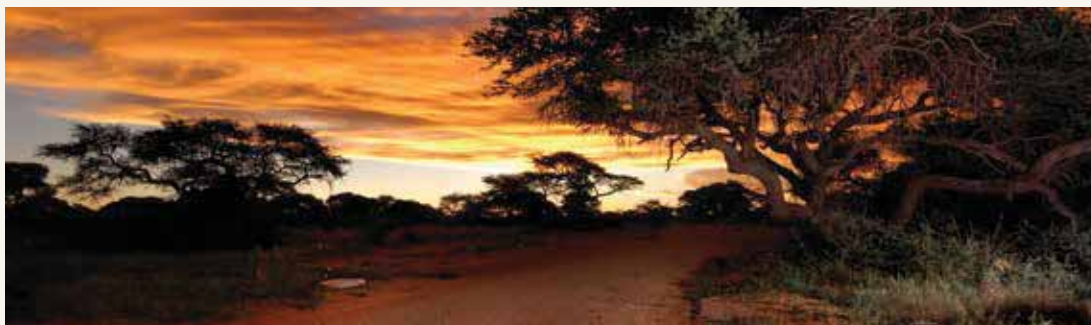
Buffer stockpiles and blending areas that are particularly difficult to cover have dust-measuring gauges and are equipped with chemical sprays and ionising units, both of which bind small dust particles.

We have established that significant dust is also generated from conveyor belts that feed buffer stockpiles and blending beds. Studies and strategies to deal with this dust will continue through 2014. Electronic measuring systems will be introduced throughout the plant in 2014 to provide a more accurate assessment of dust fallout.



For more information, visit
www.angloamericankumba.com

EFFECTIVE BIO-MONITORING PROGRAMME AT KOLOMELA MINE



A magnificent sunset in the Kalahari. Kumba is committed to protecting the biodiversity at its mining sites and has extensive programmes in place to measure the impact of operations on the environment.

Kolomela may be a young mine but when it comes to its environmental legacy, the mine has decidedly long-term strategies. The objective is to mitigate any effects mining may have on the environment during the mine's operational life and after its closure. Kolomela mine is dedicated to leaving behind a positive legacy. This is what motivates its EMP – a plan that demonstrates the mine's commitment to reducing the ecological impacts of its operations.

In 2010 local commercial farmers voiced concerns about the possible effects that dewatering at Kolomela mine would have on their livelihoods. The mine promptly responded and enlisted the help of the University of the Free State to monitor the situation, believing that scientific proof would enable appropriate action plans to be implemented and enable tracing of the environmental impacts of the mine over its life. The independent monitoring plan helped allay the farmers' apprehensions and provided the basic information to enable the mine's management to make informed environmental management decisions.

When Kolomela mine's bio-monitoring programme began in 2010 it covered the following modules:

- Grazing capacity
- Pan health
- Pan invertebrates
- Mammals

Monitoring continued throughout 2010 while Kolomela mine was still under construction. These results were used as a baseline for all further monitoring. During 2011 gaps were identified and we realised the need to improve the bio-monitoring programme.

Bush encroachment – an increase in the number of indigenous trees and bushes due to human interference – was added to the monitoring schedule, as was the monitoring of terrestrial invertebrates, birds and reptiles.

Soil and groundwater studies were also undertaken with 100 soil moisture-monitoring devices being used to measure effects of dewatering. During the monitoring process vegetation samples are sent to the South African National Biodiversity Institute. This allows the national database to be updated accordingly.

Kolomela mine has also developed a constructive relationship with the University of the Free State which co-ordinates the monitoring and has the expertise to carry out the work, aided by access to a complete environmental knowledge-base. Masters students run the monitoring programmes supervised by their professors. This relationship is beneficial both to the students and to Kolomela as the mine receives and can make use of reliable environmental information while the students are able to publish papers based on actual research.

During 2014 the monitoring programme will be extended to include a study that aims to determine a factual water balance for selected vegetation species. Equipment will be inserted into the selected tree species' stems to measure the water flow. This will then be linked to soil-moisture levels, run-off and rainfall data to determine a fairly accurate water balance. This will allow Kolomela mine to better understand the interdependencies of these species in terms of rainfall and deep groundwater resources.

Kolomela mine uses the information gathered to make informed business decisions. The bio-monitoring programme has the support of several government departments.

The bio-monitoring programme used at Kolomela mine to monitor the integrity of the eco-system is not site-specific and can be used at any mining operation.

A large number of protected Camel Thorn trees and Shepherd's trees grow on site. There were also three Namaqualand Fig trees that grew within the mining area. We tried to preserve the three fig trees, 10 Shepherd's trees and 10 Camel Thorn trees by relocating them. Unfortunately, despite our best efforts, only 20% of the Camel Thorn and Shepherd's trees survived the transplant. Many valuable lessons on the relocation of trees were, however, learnt. To our knowledge, Namaqualand Fig trees had never been successfully moved before. This didn't deter Kolomela mine in its efforts to save them. Explosives were used to blast the three Namaqualand Fig trees out of iron ore rock to loosen their roots and the trees were then successfully transplanted.



For more information, visit
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RESPONSIBLY MANAGING THE ENVIRONMENT

CONTINUED

KOLOMELA MINE ACHIEVES ISO 14001 CERTIFICATION



Another day comes to an end with the sun setting over the Kolomela mine production train.

Kolomela mine was awarded its ISO 14001 certification in July 2013. The mine and its people were justifiably proud that during the certification audit only six minor issues requiring improvement were raised. An internal audit will now be carried out at the mine every 12 months, as well as a surveillance audit by the certification body. A full certification audit will take place every three years. Kolomela mine is confident of retaining its certification.

Kumba's internal environmental management demands compliance with ISO 14001 requirements. These were incorporated into all operating procedures. The challenge faced by Kolomela mine was to establish a new culture aligned with the mine's own practices. This process was assisted, to an extent, by the significant number of employees who were already familiar with procedures and management systems.

To establish its own procedures Kolomela mine developed a robust, easy-to-use practical system driven by simple, non-negotiable standards. They are explained in a five-page document that includes a one-page flow diagram that summarises procedures, making for easy reading and comprehension.

Certification is important to Kolomela mine as it demonstrates credible independent third-party endorsement of the mine's efforts towards ensuring the application of procedures and necessitates steady environmental management performance improvement.



For more information, visit
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EXCELLENCE IN EXPLORATION



An exploration team at work in the mountains of Thabazimbi.

For many years Kumba's exploration arm did not have formal safety, health and environmental standards for exploration drilling programmes and for environmental management. Each mine and exploration drilling site compiled their own standards. Although our parent company, Anglo American plc, has established and implemented its Anglo Fatal Risk Standards (AFRS), drill rigs and ancillary equipment for exploration operations were not adequately addressed. Kumba's extensive exploration activities in the Northern Cape province would therefore put the exploration team at risk of injuries on remote sites with little infrastructure and support.

Exploration drilling and associated activities are further complicated by the fact that they are often undertaken on privately owned farms thus heightening Kumba's social and sustainability commitments and responsibilities.

Between 2010 and 2013 the Northern Cape exploration environmental management team compiled and implemented an EMP for top-soil management and rehabilitation of exploration drill holes and sites. The financial and social benefits, as well as values in cost and risk reduction, are evident from the environmental financial quantum's review over the three years. Although the social and sustainable benefits of minimising and mitigating impacts to the surrounding community are a cost that cannot be measured, it is a value Kumba's exploration team considers a top priority. The EMP has been well received by the Department of Water Affairs and the Department of Environmental Affairs, as well as the DMR.

From a safety and health perspective, the increase in drilling-related incidents throughout the drilling industry worldwide spurred the need for a formal drilling safety standard. In 2012 the first Kumba exploration drilling safety standard was compiled. In 2013 Kumba enforced compliance to the drilling safety standard on all its exploration sites. The standard addresses people, systems and equipment requirements, and is aligned with the AFRS strategy. It also includes pre-deployment assessments of drill rigs allowing for modifications to take place immediately. Non-AFRS compliant rigs are not deployed to our sites,

which significantly reduces transportation costs. Pre-mobilisation assessments are conducted once rigs arrive on site further reducing time delays and ensuring that all aspects are addressed and signed off.

Although the initial strategy was to only focus on exploration drilling, this standard has since been adopted for operational drilling (for example, blast-hole drilling) at the three Kumba mines.

Since January 2013, three drilling forums have been initiated, sponsored and led by Kumba's exploration division, to which exploration drilling contractors and owner's teams are invited to review equipment, as well as to consider legal and operational aspects and to ensure continual improvement and benchmarking. These forums were extended to all our mines to promote learning and information sharing. The most recent was the techno-legal forum held in January 2013, which was well attended and set a benchmark of expectation for our exploration efforts.

The drill safety standard and EMP are included in commercial agreements with all contractors. This ensures standardisation for all drilling contractors.

During 2013 exploration safety officers were appointed and deployed for each region and there has been an increase in incident reporting. Improved strategies and plans have since been implemented. There has been a notable shift from a contractor management relationship to business partnership.

Kumba exploration also implemented a formal visible felt leadership process, which focuses on people. The collaboration of structured safety, health and environmental management, management visibility and improved communication has resulted in significant improvements. Not one LTI has occurred since the implementation of these initiatives.



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RESOLVING OUR LEGAL MATTERS

OUR LEGAL MATTERS HAVE THE POTENTIAL TO AFFECT OUR OPERATIONS AND RELATIONSHIPS, DIRECTLY AND INDIRECTLY.

We need to work towards reaching the best possible resolution for current and future possible legal issues, as timeously as possible, while protecting our stakeholders' interests.

SUPPLY AGREEMENT CONCLUDED WITH ARCELORMITTAL SA PROVIDES SECURITY OF SUPPLY AND PRICING OF IRON ORE TO THE DOMESTIC MARKET RELATIVE TO EPP

CONSTITUTIONAL COURT JUDGMENT PROVIDES CLARITY

Main

Beneficiating products from low-grade ore may extend the life of Thabazimbi mine by decades. In front of the UHDMS pilot plant are Samuel Legoale and Judas Magoeni.



INDEPENDENT ASSURANCE REPORT

INDEPENDENT ASSURANCE REPORT TO THE DIRECTORS OF KUMBA IRON ORE LIMITED

We have been engaged by the directors of Kumba Iron Ore Limited (the "Company") to perform an independent assurance engagement in respect of Selected Sustainable Development Information reported in the Company's Sustainable Development Report for the year ended 31 December 2013 (the "Report"). This report is produced in accordance with the terms of our contract with the Company dated 16 October 2013.

INDEPENDENCE AND EXPERTISE

We have complied with the International Federation of Accountants' Code of Ethics for Professional Accountants, which includes comprehensive independence and other requirements founded on fundamental principles of integrity, objectivity, and professional competence and due care, confidentiality and professional behaviour. Our engagement was conducted by a multidisciplinary team of health, safety, environmental and assurance specialists with extensive experience in sustainability reporting.

SCOPE AND SUBJECT MATTER

The subject matter of our engagement and the related levels of assurance that we are required to provide are as follows:

REASONABLE ASSURANCE

- The following sustainable development information in the Report was selected for an expression of reasonable assurance:
 - Total work-related fatal injuries (page 55)
 - Lost time injury frequency rate (LTIFR) (page 55)
 - Total recordable case frequency rate (TRCFR) (page 55)
 - Number of new cases of Noise Induced Hearing Loss (NIHL) reported (page 57)
 - Number of new cases of Occupational Diseases reported (page 61)
 - Total scope 1 emissions (MtCO₂e) (page 89)
 - Total scope 2 emissions in (MtCO₂e) (page 89)
 - Total scope 3 emissions in (tCO₂e) (page 89)
 - Number of level 2, 3, 4 and 5 environmental incidents reported (page 85)
 - Total energy used in million GJ (page 88)

LIMITED ASSURANCE

- The following sustainable development information in the Report was selected for an expression of limited assurance:
 - Company managed land in Ha (page 92)
 - Total amount of water used for primary activities in million m³ (page 90)
 - Total amount of water used for non-primary activities in million m³ (page 90)
 - Number of employees participating in ART (page 61)

- Total community engagement and development expenditure in ZAR (page 75)
- Mining Charter Scorecard: Employment equity (page 68)
- Mining Charter Scorecard: procurement spend from BEE entities (page 49)

We refer to this information as the "Selected Sustainable Development Information".

We have not carried out any work on data reported for prior reporting periods, nor have we performed work in respect of future projections and targets. Our work has not included an examination of the derivation of the conversion factors used to derive non-financial information, which are based on information and factors derived by third parties, nor did it include an examination of any other third party information. We have not conducted any work outside of the agreed scope and therefore restrict our opinion to the Selected Sustainable Development Information.

RESPONSIBILITIES OF THE DIRECTORS

The directors are responsible for selection, preparation and presentation of the Selected Sustainable Development Information in accordance with the criteria set out in the Company's reporting policies set out on page 113 of the Report, referred to as the "Reporting Criteria", and for the development of the reporting policies. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the Selected Sustainable Development Information that are free from material misstatements, whether due to fraud or error.

RESPONSIBILITY OF THE INDEPENDENT ASSURANCE PROVIDER

Our responsibility is to form an independent conclusion, based on our assurance procedures, on whether the Selected Sustainable Development Information for reasonable assurance has been prepared, in all material respects, in accordance with the Reporting Criteria.

We further have a responsibility to form an independent conclusion, based on our limited assurance procedures, on whether anything has come to our attention to indicate that the Selected Sustainable Development Information for limited assurance has not been prepared, in all material respects, in accordance with the Reporting Criteria.

Our responsibility is to express a conclusion to the directors on the Selected Sustainable Development Information contained in the Report for the year ended 31 December 2013, based on our assurance engagement. We consent to the inclusion of this report in the Report to assist the Company's members in assessing whether the directors have discharged their responsibilities by commissioning an independent assurance report in connection with the Report.

ASSURANCE WORK PERFORMED

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements 3000 – Assurance Engagements other than Audits and

Reviews of Historical Financial Information', and having regard to International Standard on Assurance Engagements 3410 – 'Assurance Engagements on Greenhouse Gas Statements', issued by the International Auditing and Assurance Standards Board ("ISAE 3000"). These standards require that we comply with ethical requirements and that we plan and perform the assurance engagement to obtain either reasonable or limited assurance on the Selected Sustainable Development Information as per the terms of our engagement.

Our work included examination, on a test basis, of evidence relevant to the Selected Sustainable Development Information for reasonable assurance. It also included an assessment of the significant estimates and judgments made by the directors in the preparation of the Selected Sustainable Development Information for reasonable assurance. We planned and performed our work so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence on which to base our conclusions.

Our work included the following procedures:

- reviewing processes that the Company has in place for determining material Selected Sustainable Development Information to be included in the Report;
- obtaining an understanding of the systems used to generate, aggregate and report data at the sampled operations;
- conducting interviews with management at the sampled operations and at Head Office;
- applying the assurance criteria in evaluating the data generation and reporting processes;
- performing a controls walkthrough;
- testing the accuracy of data reported on a sample basis for limited and reasonable assurance;
- reviewing the consolidation of the data at Head Office to obtain an understanding of the consistency of the reporting processes compared with prior years and to obtain explanations for deviations in performance trends; and
- reviewing the consistency between the Selected Sustainable Development Information and related statements in the Company's Report.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement, and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement.

The procedures selected depend on our judgment, including the assessment of the risk of material misstatement of the Selected Sustainable Development Information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of the Selected Sustainable Development Information in order to design procedures that are appropriate in the circumstances.

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

INHERENT LIMITATIONS

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining, calculating, sampling and estimating such information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgments. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time.

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

CONCLUSIONS

Reasonable assurance

Based on the results of our procedures, in our opinion, the Selected Sustainable Development Information for reasonable Assurance for the year ended 31 December 2013, has been prepared, in all material respects, in accordance with the Reporting Criteria.

Limited assurance

Based on the results of our procedures nothing has come to our attention that causes us to believe that the Selected Sustainable Development Information for limited assurance for the year ended 31 December 2013, has not been prepared, in all material respects, in accordance with the Reporting Criteria.

Other Matters

The maintenance and integrity of the Company's Website is the responsibility of the Company's management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Report or our independent assurance report that may have occurred since the initial date of presentation on the Company's Website.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: Jayne Mammatt

Registered Auditor

Johannesburg

18 March 2014

GRI CONTENT INDEX



Kumba has adopted the GRI's G4 guidelines, including GRI's MMSS, as the basis for this report, and has reported 'in accordance' with the Core option. This report has been externally assured by PwC – see the independent assurance report on page 98; and also checked by GRI for 'materiality matters' – see GRI 'Materiality Matters' icon on page 110.

SD See the corresponding pages in this report

IR See the corresponding pages in our Integrated Report 2013

GENERAL STANDARD DISCLOSURES

General standard disclosures

		Page	External assurance
STRATEGY AND ANALYSIS			
G4-1:	Provide a statement from the most senior decision maker of the organisation (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability	SD 22 to 24	–
G4-2:	Provide a description of key impacts, risks and opportunities	SD 18 to 19, 28 to 37 and throughout this report IR 20 to 27	
ORGANISATIONAL PROFILE			
G4-3:	Report the name of the organisation	SD 6	–
G4-4:	Report the primary brands, products, and services	SD 6, 10 and 11	–
G4-5:	Report the location of the organisation's headquarters	SD 6	–
G4-6:	Report the number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report	SD 6 to 7	–
G4-7:	Report the nature of ownership and legal form	SD 6	–
G4-8:	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	SD 6, 7, 10 and 11	–
G4-9:	Report the scale of the organisation, including:		–
	a. Total number of employees	SD 6	
	b. Net sales (for private sector organisations) or net revenues (for public sector organisations)	SD 44	
	c. Total number of operations	SD 7	
	d. Total capitalisation broken down in terms of debt and equity (for private sector organisations)	SD 6 and 9	
	e. Quantity of products or services provided	SD 44	

GENERAL STANDARD DISCLOSURES

General standard disclosures		Page	External assurance
G4-10:	Report the composition of the workforce, including:		
	a. Report the total number of employees by employment contract and gender	SD 65	–
	b. Report the total number of permanent employees by employment type and gender	SD 65	
	c. Report the total workforce by employees and supervised workers and by gender	SD 65	
	d. Report the total workforce by region and gender	SD 65	
	e. Report whether a substantial portion of the organisation's work is performed by workers who are legally recognised as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors	SD 64 to 65	
	f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries)	SD 18 and 64	
G4-11:	Report the percentage of total employees covered by collective bargaining agreements	SD 66	–
G4-12:	Describe the organisation's supply chain	SD 48	–
G4-13:	Report any significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain, including:		–
	a. Changes in the location of, or changes in, operations, including facility openings, closings, and expansions	SD 6 to 9	
	b. Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organisations)	SD 6 to 9 and 46	
	c. Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination	SD 48 to 49	
G4-14:	Report whether and how the precautionary approach or principle is addressed by the organisation	SD 42	–
G4-15:	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	SD 2, 42 to 44 and 73	–
G4-16:	List memberships of associations (such as industry associations) and national or international advocacy organisations in which the organisation:		–
	• Holds a position on the governance body	SD 40 and 45	
	• Participates in projects or committees	SD 84	
	• Provides substantive funding beyond routine membership dues	N/A	
	• Views membership as strategic	SD 40	
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17:	a. List all entities included in the organisation's consolidated financial statements or equivalent documents	SD 2 and 6	–
	b. Report whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the report	SD None, 2	
G4-18:	a. Explain the process for defining the report content and the aspect boundaries	SD 2 to 3, 30 and 41	–
	b. Explain how the organisation has implemented the Reporting Principles for Defining Report Content	SD 30 to 41	
G4-19:	List all the material aspects identified in the process for defining report content	SD 16 to 17 and 31 to 32	–

GRI CONTENT INDEX

CONTINUED

GENERAL STANDARD DISCLOSURES

General standard disclosures		Page	External assurance
G4-20:	For each material aspect, report the aspect boundary within the organisation, as follows: <ul style="list-style-type: none"> • Report whether the aspect is material within the organisation • If the aspect is not material for all entities within the organisation (as described in G4-17), select one of the following two approaches and report either: <ul style="list-style-type: none"> - The list of entities or groups of entities included in G4-17 for which the aspect is not material or - The list of entities or groups of entities included in G4-17 for which the aspects is material • Report any specific limitation regarding the aspect boundary within the organisation 	SD 2, 16 to 17, 31 to 32 and throughout this report N/A N/A 2	–
G4-21:	For each material aspect, report the aspect boundary outside the organisation, as follows: <ul style="list-style-type: none"> • Report whether the aspect is material outside of the organisation • If the aspect is material outside of the organisation, identify the entities, groups of entities or elements for which the aspect is material. In addition, describe the geographical location where the aspect is material for the entities identified • Report any specific limitation regarding the aspect boundary outside the organisation 	SD No, 2 N/A N/A	–
G4-22:	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	SD 2 and 9	–
G4-23:	Report significant changes from previous reporting periods in the scope and aspect boundaries	SD 2 to 3	–
STAKEHOLDER ENGAGEMENT			
G4-24:	Provide a list of stakeholder groups engaged by the organisation	SD 34 and 36 to 37	–
G4-25:	Report the basis for identification and selection of stakeholders with whom to engage	SD 34	–
G4-26:	Report the organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and give an indication as to whether any of the engagement was undertaken specifically as part of the report preparation process	SD 30, 34 to 35 and 38 to 40	–
G4-27:	Report key topics and concerns raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns	SD 30, 36, 37, 41 and throughout this report	–
REPORT PROFILE			
G4-28:	Reporting period (such as fiscal or calendar year) for information provided	SD 2	Yes, 100
G4-29:	Date of most recent previous report (if any)	SD 2 to 3	–
G4-30:	Reporting cycle (such as annual, biennial)	SD 2	–
G4-31:	Provide the contact point for questions regarding the report or its contents	SD 2	–

GENERAL STANDARD DISCLOSURES

General standard disclosures		Page	External assurance
G4-32:	'in accordance' option:		
	a. Report the 'in accordance' option the organisation has chosen	SD 102	–
	b. Report the GRI Content Index for the chosen option	SD 102 to 112	
	c. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines	SD 2 and 100 to 101	
G4-33:	Assurance: Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines	SD 2 to 3, 7 and 100 to 101	Selected information, 100 to 101
	a. Report the organisation's policy and current practice with regard to seeking external assurance for the report		
	b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided		
	c. Report the relationship between the organisation and the assurance providers		
	d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organisation's sustainability report		

GOVERNANCE

Governance structure and composition

G4-34:	Report the governance structure of the organisation, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	SD 42 to 43	–
G4-35:	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	SD 43 IR 124	–
G4-36:	Report whether the organisation has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post-holders report directly to the highest governance body	SD 43 IR 124	–
G4-37:	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body	SD 42 IR 119	–
G4-38:	Report the composition of the highest governance body and its committees by:		–
	• Executive or non-executive	SD 43	
	• Independence	SD 43	
	• Tenure on the governance body	IR 112 to 113	
	• Number of each individual's other significant positions and commitments, and the nature of the commitments	IR 112 to 113	
	• Gender	SD 43	
	• Membership of under-represented social groups	IR 112	
	• Competences relating to economic, environmental and social impacts	IR 112 to 113	
	• Stakeholder representation	IR 112 to 113	

GRI CONTENT INDEX

CONTINUED

GENERAL STANDARD DISCLOSURES

General standard disclosures		Page	External assurance
G4-39:	Report whether the chair of the highest governance body is also an executive officer (and, if so, his or her function within the organisation's management and the reasons for this arrangement)	SD 42	–
G4-40:	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including: <ul style="list-style-type: none"> • Whether and how diversity is considered • Whether and how independence is considered • Whether and how expertise and experience relating to economic, environmental and social topics are considered • Whether and how stakeholders (including shareholders) are involved 	IR 117 to 119	–
G4-41:	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum: <ul style="list-style-type: none"> • Cross-board membership • Cross-shareholding with suppliers and other stakeholders • Existence of controlling shareholder • Related party disclosures 	IR 117	–
Highest governance body's role in setting purpose, values, and strategy		SD 43	–
G4-42:	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organisation's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	IR 124	–
Highest governance body's competencies and performance evaluation			
G4-43:	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	IR 124	–
G4-44:	a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organisational practice	IR 119	–
Highest governance body's role in risk management			
G4-45:	a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities	SD 42	–
G4-46:	Report the highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental and social topics	SD 42	–

GENERAL STANDARD DISCLOSURES

General standard disclosures		Page	External assurance
G4-47:	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	IR 21	–
Highest governance body's role in sustainability reporting			
G4-48:	Report the highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material aspects are covered	SD 7	–
Highest governance body's role in evaluating economic, environmental and social performance			–
G4-49:	Report the process for communicating critical concerns to the highest governance body	SD 42	
G4-50:	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	SD 38 and 42	–
Remuneration and incentives			
G4-51:	<p>a. Report the remuneration policies for the highest governance body and senior executives for the types of remuneration below:</p> <ul style="list-style-type: none"> • Fixed pay and variable pay: <ul style="list-style-type: none"> – Performance-based pay – Equity-based pay – Bonuses – Deferred or vested shares • Sign-on bonuses or recruitment incentive payments • Termination payments • Clawbacks • Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees <p>b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives</p>	IR 127 to 135	–
G4-52:	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organisation	IR 130 to 134	–
Ethics and integrity			
G4-56:	Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	SD 43 to 45	–
G4-57:	Report the internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organisational integrity, such as helplines or advice lines	SD 43 to 45	–
G4-58:	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	SD 43 to 45	–

GRI CONTENT INDEX

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SPECIFIC STANDARD DISCLOSURES

Material aspects: Disclosures on Management Approach (DMA) and indicators

		Page	Omissions	External assurance
ECONOMIC				
Economic performance				
		SD		
G4-EC1:	Direct economic value generated and distributed	SD	47	N/A –
G4-EC2:	Financial implications and other risks and opportunities for the organisation's activities due to climate change	SD	86 to 90	N/A –
G4-EC4:	Financial assistance received from government	SD	52 to 53	N/A –
Indirect economic impacts				
		SD		
G4-EC7:	Development and impact of infrastructure investments and services supported	SD	74 to 83	N/A –
G4-EC8:	Significant indirect economic impacts, including the extent of impacts	SD	74 to 83	N/A –
Procurement practices				
		SD		
G4-EC9:	Proportion of spending on local suppliers at significant locations of operation	SD	48 to 50	N/A Yes, 100
ENVIRONMENTAL				
Materials				
		SD		
G4-EN1:	Materials used by weight or volume	SD	86	N/A –
G4-EN2:	Percentage of materials used that are recycled input materials	SD	As a mining company, the potential for using recycled input material is limited. However, we recycle and re-use as far as is possible	N/A –
Energy				
		SD		
G4-EN3:	Energy consumption within the organisation	SD	88	N/A Yes, 100
G4-EN4:	Energy consumption outside of the organisation	SD	Not applicable to Kumba	N/A –
G4-EN5:	Energy intensity	SD	88 to 89	N/A –
G4-EN6:	Reduction of energy consumption	SD	86 to 88	N/A –
G4-EN7:	Reductions in energy requirements of products and services	SD	87	N/A –
Water				
		SD		
G4-EN8:	Total water withdrawal by source	SD	90 to 92	N/A –
G4-EN9:	Water sources significantly affected by withdrawal of water	SD	90 to 92	N/A –
G4-EN10:	Percentage and total volume of water recycled and reused	SD	90	N/A –
Biodiversity				
		SD		
MM1:	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated	SD	92	N/A Yes, 100
G4-EN13:	Habitats protected or restored	SD	92, 93 and 95	N/A –
G4-EN14:	Total number of International Union for Conservation of Nature red-list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	SD	92 to 93	N/A –

SPECIFIC STANDARD DISCLOSURES

Material aspects: Disclosures on Management Approach (DMA) and indicators

			Page	Omissions	External assurance
MM2:	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place	SD	92	N/A	–
Emissions		SD	86 to 90		
G4-EN15:	Direct GHG emissions (Scope 1)	SD	89	N/A	Yes, 100
G4-EN16:	Energy indirect GHG emissions (Scope 2)	SD	89	N/A	Yes, 100
G4-EN17:	Other indirect GHG emissions (Scope 3)	SD	89	N/A	Yes, 100
G4-EN18:	GHG emissions intensity	SD	88	N/A	–
G4-EN19:	Reduction of GHG emissions	SD	86 to 88	N/A	–
Effluents and waste		SD	93		
G4-EN24:	Total number and volume of significant spills	SD	85 and 93	N/A	–
G4-EN25:	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention 2 Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	SD	93	N/A	–
G4-EN26:	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organisation's discharges of water and runoff	SD	92 to 93	N/A	–
Compliance					
G4-EN29:	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	SD	45 and 84	N/A	–
Supplier environmental assessment		SD	51 to 52		
G4-EN32:	Percentage of new suppliers that were screened using environmental criteria	SD	51 to 52	N/A	–
G4-EN33:	Significant actual and potential negative environmental impacts in the supply chain and actions taken	SD	51 to 52	N/A	–
Environmental grievance mechanisms					
G4-EN34:	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	SD	None	N/A	–
SOCIAL: LABOUR PRACTICES AND DECENT WORK					
Employment		SD	64		
G4-LA1:	Total number and rates of new employee hires and employee turnover by age group, gender, and region	SD	65	N/A	–
G4-LA2:	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	SD	64	N/A	–
Labour/management relations		SD	66 to 67		
G4-LA4:	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	SD	67	N/A	–
MM4:	Number of strikes and lock-outs exceeding one week's duration, by country	SD	25 and 67	N/A	–

GRI CONTENT INDEX

CONTINUED

SPECIFIC STANDARD DISCLOSURES

Material aspects: Disclosures on Management Approach (DMA) and indicators		Page	Omissions	External assurance
Occupational health and safety		SD 54 to 57		
G4-LA5:	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes	SD 55	N/A	–
G4-LA6:	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work related fatalities, by region and by gender	SD 54 to 61 and 67	Gender information was not always collated during 2013 and this will be reported by 2015	Yes, 100
G4-LA7:	Workers with high incidence or high risk of diseases related to their occupation	SD 57 to 59	N/A	–
Training and education		SD 68 to 69		
G4-LA9:	Average hours of training per year per employee by gender, and by employee category	SD 68	N/A	–
G4-LA10:	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	SD 68 to 69	N/A	–
Diversity and equal opportunity		SD 67		
G4-LA12:	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	SD 42 to 43 and 65 to 68	N/A	Yes, 100
Supplier assessment for labour practices		SD 51 to 52		
G4-LA14:	Percentage of new suppliers that were screened using labour practices criteria	SD 51 to 52	N/A	–
G4-LA15:	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken	SD 51 to 52	N/A	–
Labour practices grievance mechanisms		SD 64		
G4-LA16:	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms	SD 64	N/A	–
SOCIAL: HUMAN RIGHTS				
Investment		SD 72		
G4-HR1:	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	SD 72	N/A	–
G4-HR2:	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	SD 73	N/A	–
Non-discrimination		SD 67		
G4-HR3:	Total number of incidents of discrimination and corrective actions taken	SD 67	N/A	–

SPECIFIC STANDARD DISCLOSURES

Material aspects: Disclosures on Management Approach (DMA) and indicators

		Page	Omissions	External assurance
Freedom of association and collective bargaining		SD	66 to 67	
G4-HR4:	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	SD	51 to 52 and 66 to 67	N/A –
Child labour		SD	51 and 72	N/A –
G4-HR5:	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour	SD	51, 52 and 72	N/A –
Forced or compulsory labour		SD	51 and 72	
G4-HR6:	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour	SD	51, 52 and 72	N/A –
Security practices		SD	73	
G4-HR7:	Percentage of security personnel trained in the organisation's human rights policies or procedures that are relevant to operations	SD	73	N/A –
Indigenous rights		SD	72	
G4-HR8:	Total number of incidents of violations involving rights of indigenous peoples and actions taken	SD	72	N/A –
MM5:	Total number of operations taking place in or adjacent to indigenous peoples' territories, and number and percentage of operations or sites where there are formal agreements with indigenous peoples' communities	SD	72	N/A –
Assessment		SD	51 to 52	
G4-HR9:	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	SD	51 to 52	N/A –
Supplier human rights assessment		SD	51 to 52	
G4-HR10:	Percentage of new suppliers that were screened using human rights criteria	SD	51 to 52	N/A –
G4-HR11:	Significant actual and potential negative human rights impacts in the supply chain and actions taken	SD	51 to 52	N/A –
Human rights grievance mechanisms		SD	72	
G4-HR12:	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	SD	72	N/A –
SOCIAL: SOCIETY				
Local communities		SD	74	
G4-SO1:	Percentage of operations with implemented local community engagement, impact assessments, and development programmes	SD	74 to 75	N/A –
G4-SO2:	Operations with significant actual or potential negative impacts on local communities	SD	Throughout this report	N/A –
MM6:	Number and description of significant disputes relating to land use, customary rights of local communities and indigenous peoples	SD	71 to 72	N/A –
MM7:	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and indigenous peoples, and the outcomes	SD	71 to 72	N/A –

GRI CONTENT INDEX

CONTINUED

SPECIFIC STANDARD DISCLOSURES

Material aspects: Disclosures on Management Approach (DMA) and indicators		Page	Omissions	External assurance
Resettlement		 71		
MM9:	Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process	 71	N/A	–
Closure planning		 92		
MM10:	Number and percentage of operations with closure plans	 92	N/A	–
Anti-corruption		 43 to 45		
G4-SO3:	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	 43 to 45	N/A	–
G4-SO4:	Communication and training on anti-corruption policies and procedures	 43 to 45	N/A	–
G4-SO5:	Confirmed incidents of corruption and actions taken	 43 to 45	N/A	–
Public policy		 34 and 44		
G4-SO6:	Total value of political contributions by country and recipient/beneficiary	 34 and 44	N/A	–
Anti-competitive behaviour		 43 to 45		
G4-SO7:	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	 43 to 45	N/A	–
Compliance		 84		
G4-SO8:	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	 45 and 84	N/A	–
Supplier assessments for impacts on society				
G4-SO9:	Percentage of new suppliers that were screened using criteria for impacts on society	 51 to 52	N/A	–
G4-SO10:	Significant actual and potential negative impacts on society in the supply chain and actions taken	 51 to 52	N/A	–
Grievance mechanisms for impacts on society				
G4-SO11:	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	 38, 72 and 74	N/A	–

GLOSSARY OF TERMS AND ACRONYMS

ABET	Adult basic education and training
AGM	Annual general meeting
AMCU	Association of Mineworkers and Construction Union
ArcelorMittal SA	ArcelorMittal South Africa Limited
ART	Anti-retroviral treatment
BAMCWU	Building Allied Mining and Construction Workers Union
BAP	Biodiversity action plan
BAU	Business-as-usual
BEE	Black economic empowerment
CDP	Carbon Disclosure Project
CDT	Community Development Trust
CED	Community engagement and development
CEO	Chief executive officer
CEP	Community engagement plan
Company managed land	Area of land under the direct management of the company, and includes “company-owned land”, land managed/mined on behalf of third parties, land leased from third parties, company land leased to third parties, land under servitude, land set aside for biodiversity offsets, etc., as at the end of the reporting period. The parameter excludes “privately/state-owned land above company mineral/mining rights” areas and undeveloped projects/prospects where the land does not yet fall under the direct management or ownership of the company. This also excludes prospecting licences and claims, which are captured under a different parameter.
Community engagement and development (CED) expenditure	The sum of donations for charitable purposes and community investment (which include cash and in-kind donations and staff time) as well as investment in commercial initiatives with public benefit (such as enterprise development)
CSI	Corporate social investment
DEA	Department of Environmental Affairs
DMR	Department of Mineral Resources
DWA	Department of Water Affairs
ECD	Early Childhood Development
EMP	Environmental management plan
Employees participating in ART	Number of employees enrolled in the company-approved anti-retroviral therapy programme(s) on the last day of the reporting period. Employees that have discontinued ART during the reporting period, for whatever reason, must be excluded from this figure.
Exxaro	Exxaro Resources Limited
Fatal injury frequency rate (FIFR)	Number of employee and contractor fatal injuries due to all causes per 200,000 hours worked
GHG	Greenhouse gas
GRI	Global Reporting Initiative
HDSA	Historically disadvantaged South Africans
HPI	High potential incident
ICMM	International Council on Mining and Metals
IDC	Industrial Development Corporation

GLOSSARY OF TERMS AND ACRONYMS

CONTINUED

IDP	Integrated development plan
IFC	International Finance Corporation
IWUL	Integrated water use licence
JSE	JSE Limited, Johannesburg Stock Exchange
JTG	John Taolo Gaetsewe
King III	Code of and Report on Governance Principles for South Africa 2009
Level 2, 3, 4 and 5 environmental incidents reported	Environmental incidents are unplanned or unwanted events that result in negative environmental impacts. A level 1 incident results in minor impact; a level 2 incident results in low impact, a level 3 incident results in medium impact a level 4 incident is considered to be a significant incident, that results in high impact, and a level 5 incident is considered a significant incident that has a permanent impact on the environment.
Lost-time injury frequency rate (LTIFR)	Rate per 200,000 hours of lost-time injuries (LTIs) due to all causes for both employees and contractors. An LTI is a work related injury resulting in the employee/contractor being unable to attend work or to perform the full duties of his/her regular work, on the next calendar day. Restricted work cases are therefore counted as LTIs.
LoM	Life of mine
LTI	Lost-time injury
LTIFR	Lost-time injury frequency rate
LTISR	Lost-time injury severity rate
MENA	Middle East and North Africa
MPRDA	Mineral and Petroleum Resources Development Act
Mtpa	Million tonnes per annum
NDA	National Development Agency
New cases of noise induced hearing loss (NIHL) reported	Number of employees diagnosed with NIHL during the reporting period. New cases of NIHL are counted when the rules for diagnostic criteria for occupational disease in Anglo American plc have been met, there is a pattern consistent with NIHL on the audiogram, the average hearing loss at frequencies 0.5, 1, 2, 3 and 4kHz for both ears is greater than 25dB(A), there has been a 10dB(A) change in the average hearing loss since the pre-placement audiogram recorded on employment with Anglo American plc, and the employee has not previously been counted as NIHL.
New cases of occupational diseases reported	Sum of occupational diseases due to asbestosis, NIHL, silicosis, coal-workers' pneumoconiosis, pneumoconiosis due to other fibrogenic diseases, chronic obstructive airways disease, occupational tuberculosis, occupational asthma, hand-arm vibration syndrome (HAVs), musculoskeletal disorders, dermatitis, occupational cancers and other occupational diseases
NIHL	Noise induced hearing loss

NUM	National Union of Mineworkers
PIT	Professionals in training
PwC	PricewaterhouseCoopers
SALDANHA	Saldanha Bay
Scope 1 emissions	Total CO ₂ emissions from fossil fuels – sum of diesel, petrol, liquid petroleum gas, natural gas, heavy fuel oil, light fuel oil, coal for heat and energy generation, coal for metallurgical processes, coal for directly reduced iron, used oil for combustion, paraffin, petcoke, tailgas and non-renewable waste fuel
Scope 2 emissions	Total CO ₂ emissions from electricity purchased
Scope 3 emissions	Total CO ₂ emissions from purchased goods and services, capital goods, fuel and energy related emissions not included in scope 1 and scope 2, upstream transportation and distribution, waste generated in operations, business travel, downstream transportation and distribution, processing of sold products and end of life treatment
SEAT	Socio-economic assessment toolbox
SIOC	Sishen Iron Ore Company Proprietary Limited
SIOC-CDT	Sishen Iron Ore Company Community Development Trust
SLP	Social and labour plan
SME	Small and medium enterprise
SWEP	Sishen Western Expansion project
Companies Act	The South African Companies Act No 71 of 2008
Total energy used	Sum of total energy from electricity purchased and total energy from fossil fuels
Total recordable case frequency rate (TRCFR)	The sum of the number of employee + contractor medical treatment cases + lost time injuries + fatal injuries*200,000/employee total number of hours worked
UGM	Ulysses Gogi Modise wellness clinic
VAT	Value added tax
VFL	Visible felt leadership
Water used for non-primary activities	Total new or make-up water entering the operation and used for non-primary activities such as community housing or recreational facilities
Water used for primary activities	Total new or make-up water entering the operation and used for the operation's primary operational activities
Work-related fatal injuries	A fatality is a death resulting from a work-related injury

ADMINISTRATION

COMPANY REGISTRATION NUMBER:

2005/015852/06

JSE share code: KIO

ISIN code: ZAE000085346

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FEEDBACK FORM

As we review our sustainable development reporting process, we would greatly appreciate any feedback that you may wish to provide.

1. Personal details (optional)

Name _____

Organisation _____

Telephone _____

Email address _____

Postal address _____
2. What is the nature of your interest/association with Kumba?

Employee ☐

Community member ☐

Journalist ☐

Analyst ☐

Shareholder ☐

Registration ☐

Non-governmental or community-based organisation ☐

Student ☐

Supplier or business partner ☐

Other – please specify ☐ _____
3. How did you become aware of our report?

Delivered or posted to you (printed copy) ☐

Via the company website ☐

Email link sent to you ☐

Through the media ☐

From the Integrated Report 2013 ☐

From the Annual Financial Statements 2013 ☐

Other source – please specify ☐ _____
4. In what format did you view the report?

The web-based report ☐

The printed version ☐
5. Have you been aware of/had access to our previous report(s)?

Yes ☐ No ☐
6. Describe the content of the Sustainable Development Report 2013?

Too detailed ☐

Not enough detail ☐
7. Do you think that we have clearly identified the sustainable development issues of concern to the company?

Yes ☐ No ☐
8. After reading the report, were you able to get a clear/better sense of how Kumba is dealing with these issues?

Yes ☐ No ☐
9. Indicate your main areas of interest:

Stakeholder engagement ☐

Governance ☐

Economic performance ☐

Safety ☐

Health ☐

Employment and employees ☐

Human rights ☐

Community ☐

Environmental performance ☐

Other – please specify ☐ _____
10. Did you read the CEO's review?

Yes ☐ No ☐
11. Does the fact that the report is independently assured provide you with confidence with regard to the accuracy and relevance of information?

Yes ☐ No ☐
12. Do you have any other comments on the report?

Thank you. Please send this feedback form to:

Yvonne Mfolo
Executive head: public affairs

Email: yvonne.mfolo2@angloamerican.com

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