

TRANSFORMATION  
REPORT 2013

# FOCUSED ON DELIVERY





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# LIVING OUR VALUES

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



## Safety

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



## Care and respect

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



## Integrity

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



## Accountability

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



## Collaboration

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



## Innovation

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

## Combined total investments of Anglo American in South Africa's entities in 2013

### HUMAN RESOURCE DEVELOPMENT (HRD) EXPENDITURE ON HISTORICALLY DISADVANTAGED SOUTH AFRICANS (HDSAs)

(6.1% of HDSA payroll)

**R1.05bn**

### SOCIO-ECONOMIC DEVELOPMENT INITIATIVES

**R671.7m**

### HOUSING

**R1.18bn**

### EXPENDITURE WITH HDSA BUSINESSES

(excluding goods and services procured from state-owned entities)

**R32.4bn**

### HDSA REPRESENTATION IN MANAGEMENT

**60%**

|    |   |
|----|---|
| 01 | Overview  |
| 02 | Foreword  |
| 03 | Introduction  |
| 04 | Anglo American's contribution to South Africa   |
| 06 | Operating safely, sustainably and responsibly   |
| 07 | Safety  |
| 07 | Health  |
| 09 | Environment   |
| 10 | Achieving equity in our workforce   |
| 18 | Investing in our skills base  |
| 22 | Improving housing and living conditions   |
| 28 | Developing mine communities   |
| 34 | Diversifying ownership to promote a more equitable society                                |
| 36 | Promoting socio-economic development through local procurement and enterprise development |
| 42 | Facilitating beneficiation  |
| 48 | Glossary  |

This report covers the business units that operate in South Africa, namely: Coal; De Beers Consolidated Mines (De Beers); Kumba Iron Ore (Kumba); and Anglo American Platinum (Platinum). The report also includes (where applicable) Anglo American's Corporate Division (ACD); Anglo American's EMEA Shared Services in South Africa (AAESS); and Anglo American's enterprise development initiative, Zimele (Zimele).

Where aggregate figures are used in the report, incorporating data from all or some of the entities listed above, they are represented under Anglo American South Africa Limited (AASA).

#### Cover image

An RC (Reverse Circulation) drill rig in the Western Leeufontein pit at Kolomela iron ore mine. The rig is taking ore grade control samples to aid the Leeufontein pit expansion. Pictured are Gladwill Gaitswe, Godfrey Montsha and Issac Mongale

#### Opposite

Kgaligelo Jantjies is a female drilling assistant on one of the SKL 1 Blast hole drill rigs on level 7 in the Leeufontein pit





**Khanyisile Kweyama**  
Executive director  
Anglo American in South Africa

**Anglo American is consistently identified as a significant contributor to the transformation of the South African mining industry.**

The year 2014 is a milestone for the transformation efforts of the mining industry and Mining Charter. It is also a milestone for South Africa's mining industry and for the South African economy as a whole. In the 20th year of our democracy, we face an operating environment that is both challenging and complex. Despite significant achievements and progress, the context remains framed by a persistent mix of legacy issues, political and inter-union rivalries, dissatisfaction with basic service delivery, high levels of inequality and indeed a need for reflection on the pace and focus of our own policies and practices.

The five-month strike in the South African platinum belt, which ended on 23 June 2014, catapulted these tensions to the fore. While we acknowledge and support the mutual dialogue and collaboration that resulted in an agreement, the process has exacted a significant toll. Estimates suggest that it will take five years for returning employees to recoup their lost wages; Anglo American has lost approximately R11.28 billion in revenue; and economic growth has slowed, as the country battles credit ratings downgrades and a decline in investor confidence.

While we are confident that we, together with the government and labour unions, will find a way to address these challenges, it is against an intense and difficult backdrop that our work on our transformation targets continues.

The timeframes set out to achieve the transformation targets of the revised Mining Charter of 2010 are now drawing to a close. It is critical that we measure the tangible progress made by the sector on the key pillars of transformation – from ownership to employment equity, procurement and mine community development.

Despite significant challenges, the mining sector has come a long way in transforming itself over the past decade, since the introduction of the Mining Charter in 2004. As the backbone of South Africa's economy, the sector is pivotal to the task of redressing historical and social inequalities. Recent research produced by the Chamber of Mines of South Africa (COMSA) indicates that the industry employs some 525,000 people, with another 841,000 people employed indirectly in supplying goods and services

to the mining sector. Based on the assumption that each person employed in the mining industry supports on average another nine people, close to a quarter of our population depends on the mining industry in one way or another.

Anglo American is consistently identified as a significant contributor to the transformation of the South African mining industry. We seek to deliver sustainable benefits and to improve lives through a creative range of partnerships and initiatives. In the Top500: South Africa's best-managed companies – an annual publication of high esteem in corporate South Africa – we were ranked the leading company in the diversified mining sector in 2013.

Yet, ongoing systemic challenges remain deeply rooted in this country's history and in the legacy of the migrant labour system. These are reflected in poor housing conditions in mining areas, inadequate levels of education among mine workers and high level of indebtedness coupled with the need to support multiple households. We continue to tackle these issues as an industry, together with our stakeholders and the country as a whole.

As the mining sector continues to face the economic headwind, these and other concerns about social cohesion and volatile labour relations emphasise transformation as a business imperative. We understand the key role of Anglo American and the broader mining sector in moving South Africa from where it was, to where it needs to be.

### Engagement and collaboration

For Anglo American, there is no doubt that transformation is far more than simply a compliance requirement. Our approach to promoting social and economic transformation is informed by the needs and expectations of all those affected by our business – our employees and their families, local communities, government and trade unions.

At the heart of transformation lies a common vision for a better, more equitable and participative society. We know this can only become a reality through collective stakeholder efforts. Underpinning our collective success is the need to maintain trusted relationships between mining companies, government, trade unions and local communities.

Despite some challenges, a particular highlight this year has been the constructive developments achieved through frank and open engagement between industry and government. It has been a year of significant regulatory developments, with amendments made to the primary law governing mining, the Mineral and Petroleum Resources Development Act (MPRDA), as well as revisions to the Broad-Based Black

Economic Empowerment (B-BBEE) Act, and the B-BBEE Codes of Good Practice.

As the sector continues its engagement with government and other stakeholders, we commit ourselves to further our efforts in finding ever more collaborative solutions to transformation challenges.

### Looking ahead

On the eve of the Mining Charter performance review process, we are assessing the alignment between the various regulatory structures and conducting a performance analysis against compliance requirements.

Deepening the transformation conversation within the organisation requires ongoing attention, as we seek to address the fears and aspirations among our employees. We acknowledge and manage both of these with the aim of achieving positive outcomes for everyone and the organisation overall. In 2011 we launched a diversity initiative within the corporate division, to create awareness and draw out a common understanding of the business case for diversity. This year we held dialogues to activate the process in other parts of the business. We have also expanded the transformation conversation with our suppliers, engaging with key suppliers to ensure that they achieve historically disadvantaged South Africans (HDSA) compliance during the next reporting cycle.

We believe in measuring impact. This requires us to ask the beneficiaries of our socio-economic development initiatives whether they are indeed benefiting in a way that adds real value to their lives. The last two years have brought into sharp focus the need for us to improve our understanding of community needs and what it means to address them. We are reviewing our approach and have initiated a social impact assessment and baseline survey in our neighbouring mine communities, to better understand the strengths and weaknesses in our performance. This is being managed through Anglo American's Chairman's Fund – one of the dedicated entities through which we channel our corporate social investment spend.

Through partnership, we will ensure that South Africa's mineral wealth continues to support the country's social and economic transformation imperatives. Our transformation journey allows us to learn from experiences along the way, and to seek opportunities to share our experience with others, as we move towards our destination – that of a fully transformed society.

**Khanyisile Kweyama**  
Executive director  
Anglo American in South Africa

**We understand the key role of Anglo American and the broader mining sector in moving South Africa from where it was, to where it needs to be.**



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

**Key pillars driving value in our sector are health and safety, environmental management, the quality of our relationships with host communities and all tiers of government, the calibre of our people, production costs, and overall financial returns.**

2013 was a challenging, though rewarding, year in Anglo American's transformation journey. It highlights both how much we have done, and how much further we still need to go. I believe we can achieve our transformation objectives; however, this will require us to think creatively and to recognise the need to adapt and improve.

Today, at Anglo American, we are developing a different, and more strategic model of engagement. Aligned to our new Driving Value initiative, the approach is focused on revitalising the business and its value contribution. Key pillars driving value in our sector are health and safety, environmental management, the quality of our relationships with host communities and all tiers of government, the calibre of our people, production costs, and overall financial returns. The intersection with transformation thinking could not be clearer.

### Our progress

Our progress in advancing transformation has been encouraging, and we are committed to constant evaluation of our achievements, as well as challenges and new opportunities. With this report, we aim to demonstrate how we have delivered positive benefits to our employees and our local communities. Under certain elements of the Mining Charter we need to increase the pace of change, and we are focusing our attention on identifying and delivering on opportunities to do so.

I am pleased with our track record of consistently meeting (and in some cases exceeding) the Mining Charter's targets. In 2013, our South African operations' investment in training and development totalled R1,046.4 million, representing 6.1% of HDSA payroll, and surpassing the Mining Charter's 2013 target of 4.5%. We are focusing on ensuring that those skills developed are being used optimally within our business.

We are meeting most of our employment equity targets. At year-end, 60% of Anglo American's management were HDSAs

(an aggregate of employees from Coal, Platinum, Kumba, De Beers South Africa, Anglo American's EMEA Shared Services [AAESS] and Anglo American's Corporate Division [ACD]), consistent with our results in 2012. HDSA employees represent more than 80% of our total workforce in South Africa. Women make up 16% of our workforce, account for 13% of core mining jobs and hold 23% of management positions. The recruitment and retention of highly sought-after skilled HDSAs, particularly women, nonetheless remains a challenge, as the widespread lack of skills in South Africa has resulted in extreme competition for suitable candidates.

Our business units have already achieved the Mining Charter's 2014 minimum target of 26% HDSA ownership and we are ambitiously moving beyond regulatory compliance, pursuing innovative opportunities to extend and distribute the benefits of ownership to employees and host communities. A focus this year has been on reviewing and rethinking the structure of our employee share-ownership programmes.

Anglo American is on track to meet the Mining Charter's housing and living conditions requirements and continues to steadily decrease the level of occupancy in our converted hostels, particularly in our Platinum business. We have ambitious housing development projects in progress and an increasing number of employees are seeking to own their own homes.

Our investments in housing are supported by our expenditure on community development projects. In 2013, our operations invested R671.1 million on initiatives to support job creation, education, infrastructure (such as roads and schools), and community health and welfare. Many of these only become a reality through the joint efforts of multiple stakeholders.

Targeted enterprise development has the potential to boost small business and, through its multiplier effect,

to address the triple challenges of poverty, unemployment and inequality. An ongoing drive is to rely upon our core business to support local and HDSA businesses through preferential procurement, supplier development and enterprise development. In 2013, our operations spent a total of R32.4 billion with HDSA businesses (excluding goods and services procured from state-owned entities), accounting for more than 60% of aggregated expenditure across the business units. All the business units met or exceeded the Mining Charter's procurement requirements for 2013. Progress is also on track to achieve 2014 targets, though the target for services remains a challenge for some operations. Further work is required to transform certain principal services suppliers if we are to meet our 70% target.

I am proud of our commitment to collective thinking and to working together to find creative and practical solutions. I thank all our employees, and our partners, shareholders, contractors and suppliers, for their substantial contributions to supporting our efforts to create sustained value and a more prosperous and equitable society.

A special thank you to all my colleagues who made invaluable contributions to the compilation of this report. Ningadinwa.

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

# ANGLO AMERICAN'S CONTRIBUTION TO SOUTH AFRICA

## COMMITMENT TO THE SOUTH AFRICAN PEOPLE

**99,522**

NUMBER OF PEOPLE  
EMPLOYED IN SOUTH  
AFRICA  
(2012: 96,521)

**73,015**

FULL-TIME  
EMPLOYEES  
(2012: 70,468)

**26,507**

CONTRACTORS  
(2012: 26,830)

**4**

NUMBER OF  
BUSINESS UNIT  
CEOs BASED IN  
SOUTH AFRICA  
(2012: 4)

**4**

NUMBER OF  
BUSINESS UNITS  
MANAGED FROM  
SOUTH AFRICA  
(2012: 4)

## KEY INDUSTRIAL COMPANIES ANGLO AMERICAN HAS DIVESTED FROM

| COMPANY<br>NAME     | AECI        | LTA         | SCAW<br>Metals | Mondi       | Highveld<br>Steel | Columbus<br>Stainless | Hulamin     |
|---------------------|-------------|-------------|----------------|-------------|-------------------|-----------------------|-------------|
| Date of acquisition | <b>1924</b> | <b>1951</b> | <b>1964</b>    | <b>1967</b> | <b>1969</b>       | <b>1989</b>           | <b>1996</b> |
| Date of divestiture | 2001        | 2000        | 2012           | 2012        | 2007              | 2005                  | 2009        |

## PRESENCE IN SOUTH AFRICA

**43%**

REVENUE IN RSA  
(2012: 45%)

**32%**

OPERATING  
ASSETS IN RSA  
(2012: 35%)

**63%**

OPERATING  
PROFIT IN RSA  
(2012: 54%)

## STRATEGIC ASSETS IN SOUTH AFRICA % OWNED

### Assets 2013

|                         | %    |
|-------------------------|------|
| Anglo American Platinum | 79.9 |
| Kumba Iron Ore          | 69.7 |
| Thermal Coal            | 100  |
| De Beers                | 85   |
| Samancor Manganese      | 40   |
| Exxaro                  | 9.7  |

## KEY PARTNER WITH SOUTH AFRICA'S STATE-OWNED ENTERPRISES

# R4.2bn

AMOUNT SPENT WITH ESKOM  
(2012: R3.5bn)

# R6.3bn

33,6 MILLION TONNES, COST OF COAL DELIVERED TO ESKOM  
(2012: R5.8bn/33,7m tonnes)

# R6.5bn

AMOUNT SPENT WITH TRANSNET  
(2012: R6.7bn)

### INVESTOR IN SOUTH AFRICA

## R203.6bn

(2012: R188.3bn)  
Amount invested in Capex in South Africa since 1999

### CONTRIBUTOR TO SOUTH AFRICAN FISCUS

## R14.1bn

(2012: R18.7bn)  
Amount borne in direct and indirect taxes

### CONTRIBUTOR TO SOUTH AFRICAN FOREIGN EARNINGS

## R115.4bn

(2012: R94.2bn)  
Export revenues generated

### CONTRIBUTOR ON THE JSE (together with controlled companies)

## R572.8bn

(2012: R361.1bn)  
Market capitalisation on the JSE incorporating Plc, Kumba and Platinum  
\*(includes Treasury shares)



# OPERATING SAFELY, SUSTAINABLY AND RESPONSIBLY

## THE ISSUE

Our ability to have a transformative impact in building socio-economic value is dependent on us maintaining a sustainable, healthy business. For Anglo American, this means meeting our commitments to stakeholders and seeking to operate to the highest standards of safety, health, environmental and community development practices.

## OUR VALUE

As a company that exploits a finite resource, we are committed to operating our mines in a way that generates value for our employees and host communities and leaves a positive social and environmental legacy. We strive to realise exceptional operational value by embedding sustainable development in everything that we do – from our systems, risk processes and procedures, to the way in which we consult and work with our stakeholders.

In this chapter we provide an overview of our performance relating to safety, health, and the environmental focus areas of the South African Mining Charter. To access further information on our sustainability performance, please visit our website.

 For more information, visit  
[www.angloamerican.co.za](http://www.angloamerican.co.za)

## Image

Coal – Kriel colliery – Simon Nkambaie (rehab operations officer) inspects the growth of soya beans grown on a rehabilitated area near the current mining area. The soya bean plants will introduce nitrogen to the soil to aid rehabilitation





## SAFETY

### ANGLO AMERICAN'S SAFETY STRATEGY IS FOUNDED ON THREE KEY PRINCIPLES:

A mindset of zero harm

The elimination of repeat incidents

The consistent application of simple, non-negotiable standards

Managing mine safety risks has always been challenging. Our main priority is to prevent loss of life and serious injuries by creating safe and healthy work environments. A safety-conscious and healthy workforce also has positive implications for productivity and efficiency across our business.

Our principal safety risks relate to transportation, rock falls in underground mines (falls of ground) and dangers around handling equipment.

### Our performance

- Any loss of life is unacceptable and we deeply regret that nine lives were lost in 2013: four incidents involved falls of ground, four involved moving machinery, and one fatality was due to falling from a height. Six of these deaths occurred at our Platinum business and three at our coal mines.
- Safety is continuously cultivated through our entrenched and visible zero harm initiatives. We have worked consistently to deepen our understanding of our safety risks, learn from previous incidents and implement risk-mitigating processes, innovative technologies and behaviour patterns.
- Encouragingly, our total recordable case frequency rate, which includes any injury that requires more than first-aid treatment, as well as our lost-time injury frequency rate and fatal-injury frequency rate, have all improved on 2012 (see table on next page).
- Our Tripartite Health and Safety Initiative ensures that risk-management practices are adopted at all levels of the workforce. All of our employees undergo extensive health and safety training, while several also attend our safety, health and environment (SHE) risk-management training programme.
- All business units are on track with implementing the measures under the health and safety pillar of the Mining Charter.



## HEALTH

Our occupational health strategy and management approach are governed through a series of standards, guidelines and assurance processes aimed at preventing harm to our workforce. Our principal occupational health risks relate to noise, inhalable hazards, musculoskeletal disorder and fatigue. We use leading and lagging health performance indicators to track and monitor our performance.

Building on these initiatives is our employee health and wellness programme, which includes a strong emphasis on combating tuberculosis (TB) and HIV/AIDS within our workforce and their families.

Beyond our immediate workforce, we strive to help strengthen healthcare systems in under-serviced rural areas and to build partnerships to improve access to quality healthcare.

### Our performance

- We have continued to drive improvements across our occupational health and community health programmes by focusing on innovation and partnerships.
- While we are recognised leaders for our TB and HIV/AIDS programmes in the workplace and have made good progress (see table overleaf), there are still significant challenges to overcome.
- We have strengthened our health information systems to manage confidential health information. Coal's leading, internally developed, electronic health platform, theHealthSource was successfully implemented at Kumba.
- We continue to work with the provincial health departments in the Eastern Cape, Mpumalanga, Northern Cape and North West provinces, which are associated with our operations or are labour-sending areas, in order to improve health services. A promising proposal is to pilot semi-mobile screening units for diagnosing and treating HIV, TB and silicosis amongst rural ex-mine workers and community members in the Eastern Cape.
- Individual non-compliance with the correct use of personal protective equipment (PPE) remains a significant challenge. The vast majority of employees with hearing loss are rock drill operators at Platinum, where we continue to introduce equipment with improved sound suppression.
- During the year, we provided continuing care and support to the 15 remaining claimants in a lawsuit brought by miners who claimed they contracted silicosis while working for the Company, and settled the longstanding case.
- We experienced a dramatic increase in absenteeism (to 6.8%) at our Platinum operations as a result of labour instability.

## R26 MILLION COMMUNITY HEALTH CENTRE DEVELOPMENT

A partnership between Coal's New Denmark colliery, Lekwa Municipality and the Mpumalanga Department of Health (DoH) will significantly improve the quality of healthcare for around **2,400 households**



## 35,000 COMMUNITY MEMBERS

have received HIV/AIDS education from Kumba's Ulysses Gogi Modise wellness clinic in Kathu, a partnership with the Northern Cape DoH



**Image**

Greenside colliery miners underground in the waiting area at Ke Nako shaft Greenside colliery review a safety poster

### Our health and safety performance data

| Performance indicator  | 2012   | 2013   |
|--|--------|--------|
| Work-related fatalities  | 11     | 9      |
| Fatal-injury frequency rate (FIFR)   | 0.011  | 0.009  |
| Total recordable case frequency rate (TRCFR)   | 1.57   | 1.36   |
| Lost-time injury frequency rate (LTIFR)  | 0.58   | 0.70   |
| Employees potentially exposed to noise-induced hearing loss (NIHL)*  | 36,337 | 38,473 |
| Employees working in environments with inhalable hazards at levels that exceed the individual occupational exposure limits | 9,999  | 11,276 |
| Number of occupational disease cases reported  | 99     | 117    |
| Estimated HIV prevalence rate (%)  | 16.8   | 16.3   |
| Estimated number of HIV-positive employees   | 11,884 | 11,243 |
| HIV counselling and testing participation (%)  | 82     | 75     |
| Number of new cases of HIV   | 527    | 529    |
| Employees on HIV wellness programmes   | 8,361  | 8,407  |
| Estimated HIV+ enrolment in Anglo American HIV wellness programmes (%)   | 70     | 75     |
| Employees on anti-retroviral therapy (ART)   | 5,332  | 5,237  |
| Estimated HIV-positive on ART (%)  | 45     | 47     |
| Number of employee VCT cases   | 57,847 | 51,954 |
| Number of contractor VCT cases   | 37,397 | 40,814 |
| New cases of tuberculosis (TB)   | 677    | 734    |
| TB incidence rate per 100,000 employees  | 958    | 1,066  |
| Multi-drug resistant TB cases  | 29     | 25     |
| Proven TB deaths   | 59     | 63     |

\* These figures are prone to fluctuation owing to the changing nature as the operations change and as the nature of reporting becomes more sophisticated.





## ENVIRONMENT

While the extraction and processing of minerals and metals provide the backbone of South Africa's economy, their associated activities result in the unavoidable disturbance of land, the consumption of resources, and the generation of waste and pollutants.

Growing regulatory and social pressure, increasing demands for limited natural resources, and the changing costs of energy and water all highlight the business imperative of responsible environmental management. In particular, water scarcity and climate change are two of the greatest concerns to our business.

We strive to minimise our environmental impacts and to take advantage of opportunities that deliver long-term benefits to our stakeholders. We implement our strategies through three key areas: driving operational excellence, investing in technology, and engaging and partnering with our stakeholders.

A comprehensive review of our environmental management approach and performance is provided in our sustainable development report, available on our website.



For more information, visit  
[www.angloamerican.co.za](http://www.angloamerican.co.za)

### Our performance

- All our operations manage their environmental risks and activities in line with the mandatory requirements of Anglo American's Environment Way performance standards on mineral residue; non-mineral waste; hazardous substances; rehabilitation; biodiversity; mine closure; water and air quality.
- Environmental management programmes (EMPs) have been approved at our Platinum, De Beers and Kumba operations. Most of Coal's operations have EMPs approved in terms of the MPRDA. Four operations have submitted aligned and updated approved EMP reports, which are being processed by the Department of Mineral Resources (DMR). All business units have closure plans with financial provisioning in place. Closure plans and costs are regularly assessed and liability provision adjusted as necessary.
- In spite of our committed efforts to mitigate our environmental impacts, Kumba received two environmental directives during 2013 relating to insufficient financial provision in respect of possible pit slope failure at Thabazimbi mine. 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. Both mines have responded to the DMR and addressed the issues raised.
- All operations have water-use licences, with the exception of Platinum's Amandelbult mine, which continues to engage with the Department of Water Affairs (DWA) in order to obtain the outstanding licence.
- Our operations generate large volumes of mineral commodity samples for analysis. Our Platinum, Coal and De Beers businesses analysed 100% of samples locally, and Kumba 93%.



#### Image

Hex River, Rustenburg – senior environmental field technician, Edward Masoba takes surface water samples



# ACHIEVING EQUITY IN OUR WORKFORCE

“Employment equity is not a demographic employee count; nor is it about giving unearned opportunities, lowering working standards or reducing job requirements to make it easier to employ women. Employment equity is a way of working together, and it is born of a company and societal culture that recognises the business value of equal opportunity, diversity, respect and the worth that women can add to traditionally male-dominated environments.”

– Khanyisile Kweyama, executive director of Anglo American in South Africa

**Image**  
Sishen mine – employees in the workshop

## THE ISSUE

Establishing a workforce that reflects the country's demographics is a business imperative. That is why, as one of South Africa's biggest private-sector employers, we continually invest in the development and diversification of our workforce.

## OUR APPROACH

Employment equity (EE) legislation in South Africa promotes equal opportunity and universal fair treatment by eliminating discrimination and implementing affirmative action measures. In this way, through a unified approach, we seek to redress the imbalances of the past and build a workforce that more realistically reflects the demographics of the country.

Each business unit has a detailed plan for achieving transformation objectives. In seeking to meet and go beyond the expectations of the Mining Charter and Employment Equity Act, our EE approach focuses on integrating transformation and EE considerations with our talent-management activities, and accelerating the recruitment, development and promotion of designated groups into occupational levels that are under-represented.

We set ambitious internal targets, over and above those set by legislation, including targets to increase female representation, especially at management level. We recognise the pivotal role that women play in the mining industry, especially in the socio-economic environments that surround local mining operations. While women have historically been under-represented in the mining sector, Anglo American believes employing more women will lead to significant and sustainable performance improvement in every aspect of its business.

Our business units implement diversity programmes, which include initiatives aimed at promoting the employment and integration of people with disabilities.

## OUR VALUE

Anglo American embraces diversity and continues to recruit and promote HDSAs, especially in management and core and critical skills categories, as we strive to achieve equitable representation in our workforce.

In this chapter we provide an overview of our approach to achieving equitable representation in our workforce, our progress in 2013, and business unit activities and performance.



# OUR PERFORMANCE

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

We continue to make steady progress in promoting equitable representation across most levels of management and are well positioned relative to our competitors. All business units made good progress in 2013 in achieving, and in some instances exceeding, the Mining Charter EE targets for the year.

At the end of 2013, more than 60% of Anglo American's management were HDSAs (an aggregate of employees from Coal, Platinum, Kumba, De Beers, AAESS and ACD), consistent with our performance in 2012. HDSA employees represent over 80% of our total workforce in South Africa. Women make up 16% of our workforce, account for 13% of core mining jobs and hold 23% of management positions.

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

## HDSA REPRESENTATION IN MANAGEMENT: 2013

| Occupational levels                 | 2013 target | Platinum   | Coal       | Kumba      | ACD        | Technical  | AAESS      | De Beers   | AASA Aggregate |
|-------------------------------------|-------------|------------|------------|------------|------------|------------|------------|------------|----------------|
| *Top management                     | 35%         | 50%        | N/A        | 0%         | N/A        | N/A        | N/A        | N/A        | 25%            |
| Senior management                   | 35%         | 40%        | 37%        | 41%        | 53%        | 20%        | 77%        | 39%        | 38%            |
| Middle management                   | 40%         | 59%        | 55%        | 59%        | 69%        | 50%        | 70%        | 56%        | 58%            |
| Junior management                   | 40%         | 67%        | 65%        | 58%        | 81%        | 87%        | 88%        | 75%        | 67%            |
| Core and critical skills            | 35%         | 83%        | 80%        | 88%        | 0%         | 100%       | 100%       | 99%        | 85%            |
| <b>Aggregate HDSA in management</b> |             | <b>62%</b> | <b>59%</b> | <b>56%</b> | <b>67%</b> | <b>45%</b> | <b>82%</b> | <b>61%</b> | <b>60%</b>     |

## WOMEN REPRESENTATION: 2013

|                           |     |     |     |     |     |      |     |     |
|---------------------------|-----|-----|-----|-----|-----|------|-----|-----|
| *Top management           | 0%  | N/A | 0%  | N/A | N/A | N/A  | N/A | 0%  |
| Senior management         | 13% | 11% | 20% | 39% | 17% | 69%  | 20% | 19% |
| Middle management         | 23% | 25% | 27% | 47% | 30% | 61%  | 26% | 26% |
| Junior management         | 19% | 19% | 14% | 51% | 57% | 68%  | 27% | 21% |
| Total women in management | 20% | 20% | 20% | 45% | 29% | 66%  | 26% | 23% |
| Band 8                    | 20% | 19% | 19% | 70% | 64% | 77%  | 39% | 24% |
| Band 9                    | 9%  | 18% | 15% | 10% | 7%  | 100% | 24% | 11% |
| Band 10                   | 29% | 27% | 26% | 39% | 33% | 0%   | 51% | 29% |

## WOMEN REPRESENTATION IN CORE FUNCTIONS

|  |            |            |            |            |            |             |            |            |
|--|------------|------------|------------|------------|------------|-------------|------------|------------|
| <b>Aggregate women representation</b>    | <b>13%</b> | <b>19%</b> | <b>18%</b> | <b>43%</b> | <b>40%</b> | <b>73%</b>  | <b>28%</b> | <b>16%</b> |
| *Top management                          | 0%         | N/A        | 0%         | N/A        | N/A        | N/A         | N/A        | 0%         |
| Senior management                        | 8%         | 6%         | 12%        | 21%        | 17%        | 77%         | 12%        | 12%        |
| Middle management                        | 18%        | 17%        | 20%        | 27%        | 25%        | 70%         | 20%        | 20%        |
| Junior management                        | 17%        | 13%        | 11%        | 60%        | 53%        | 87%         | 22%        | 17%        |
| Total women in management                | 17%        | 13%        | 14%        | 29%        | 24%        | 99%         | 20%        | 18%        |
| Band 8                                   | 15%        | 14%        | 9%         | 0%         | 39%        | 100%        | 30%        | 17%        |
| Band 9                                   | 7%         | 16%        | 14%        | 0%         | 5%         | 0%          | 20%        | 9%         |
| Band 10                                  | 28%        | 26%        | 23%        | 0%         | 0%         | 0%          | 0%         | 27%        |
| <b>Aggregate women in core functions</b> | <b>11%</b> | <b>15%</b> | <b>13%</b> | <b>29%</b> | <b>25%</b> | <b>100%</b> | <b>22%</b> | <b>13%</b> |

\* Defined in Anglo American as executive directors in our listed entities

## PLATINUM

Platinum continues to improve levels of HDSA representation.

At the end of 2013, using Mining Charter measures, HDSA representation was:

**50%**

**TOP MANAGEMENT**  
(2012: 50%)

**40%**

**SENIOR MANAGEMENT**  
(2012: 40%)

**59%**

**MIDDLE MANAGEMENT**  
(2012: 57%)

**67%**

**JUNIOR MANAGEMENT**  
(2012: 65%)

Platinum continues to accelerate the involvement of women in mining through fast-tracking programmes for women in engineering and mining occupations, as well as through targeted recruitment and improvements in the working environment.

At the end of 2013, women made up:

**13%**

**FEMALE WORKFORCE**  
(2012: 12.7%)



**20%**

**REPRESENTATION ACROSS  
MANAGEMENT LEVELS**

**11%**

**IN THE CORE DISCIPLINES OF  
MINING, ENGINEERING, PROJECTS  
AND METALLURGY**

### TOP WOMEN IN BUSINESS AND GOVERNMENT 2013



**Image**

Rahab Serepong, head of human resource development and transformation, accepts the Anglo American Platinum award

For the third consecutive year, Platinum was judged one of the top five gender-empowered companies in the resources sector by Top Women in Business and Government 2013. The company was also certified as a Top Employer in 2013.



## COAL

Coal has set ambitious internal targets that exceed Mining Charter requirements. Diverse initiatives are implemented to nurture and develop HDSA talent.

**Image**  
New Vaal colliery – a geologist checks and programs a mobile pit wall stability radar device



HDSAs represent 80% of the workforce and Coal continues to make progress in target areas.

At the end of 2013, HDSA representation reached:

**37%**

**SENIOR MANAGEMENT**  
(2012: 35%)

**55%**

**MIDDLE MANAGEMENT**  
(2012: 53%)

**65%**

**JUNIOR MANAGEMENT**  
(2012: 64%)

This year saw a

**7%**

**INCREASE IN BOTH AFRICAN MALES AND FEMALES INTO MANAGEMENT POSITIONS**



**59%**

**AGGREGATE HDSA PARTICIPATION IN MANAGEMENT**  
(2012: 57%)

As a result of a preferred recruitment strategy, combined with HDSA learnerships and trainee positions which are providing greater numbers of qualified candidates, we are now seeing an increase in the number of HDSAs at junior management level.

To strengthen the pool of talent for the future, a key focus is building a stronger female pipeline in technical and operational disciplines, where the total number of women at year-end had reached:

**1,174**

**OR 15% OF THE CORE WORKFORCE**  
(2012: 1,085)



The percentage of women in management positions was at year-end:

**11%**

**SENIOR MANAGEMENT**

**25%**

**MIDDLE MANAGEMENT**

**19%**

**JUNIOR MANAGEMENT**

The number of women employed increased from 18% in 2012 to 19% in 2013, achieved through affirmative action measures, including fast-tracking programmes in engineering and mining occupations.

As part of our longer-term strategy to increase the number of HDSAs, particularly females, in technical roles, we are working with selected schools to improve maths and science competency.

## KUMBA IRON ORE

HDSAs made up 84% of Kumba's workforce and 56% of management positions by year-end.  
(2012: 53%)

HDSA representation improved across all levels of management, reaching:

**41%**

**SENIOR MANAGEMENT**  
(2012: 37%)

**59%**

**MIDDLE MANAGEMENT**  
(2012: 56%)

**58%**

**JUNIOR MANAGEMENT**  
(2012: 55%)

Female representation accounted for:

**18%**



**FEMALE WORKFORCE**  
(2012: 17%)

**13%**

**CORE MINING POSITIONS**  
(2012: 13%)

**20%**

**IN MANAGEMENT**  
(2012: 19%)

To advance succession pipelines for HDSAs, Kumba has implemented several internal career development initiatives. Talent pipelines are also yielding promising results.

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. Kumba has also held career exhibitions, at several targeted schools near its operations, that focus on mining careers for women.

The company has also developed and implemented a diversity-management programme. Kumba is committed to implementing measures to facilitate greater employment of individuals with a disability, despite the physical human requirements associated with mining.

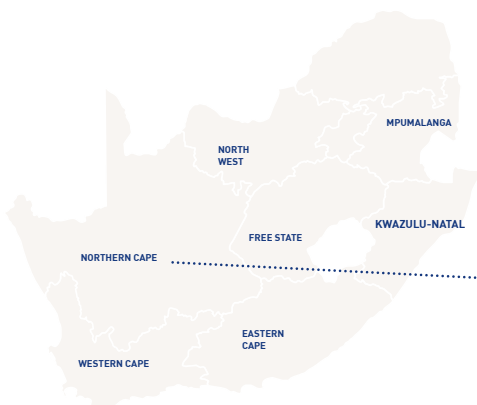
### Image

Female haul truck operators from left to right: assistant foreman, Boitumelo Mosala, with Tshegofatso Loeto and Keiimmetse Tsele in front of a giant Caterpillar haul truck at a park area at the Sishen iron ore mine



### Northern Cape

Kumba has committed to ensuring that at least **84% of its employees** are local to the Northern Cape, where the majority of its operations are based.



**Image**

The Phola process plant washes coal from Zibulo colliery ready for export. Pictured are metallurgist, Boniswa Dladla and Zibulo opencast manager, Ernest Mandere

**HDSA DEVELOPMENT INCLUDES:**

Talent reviews  
Succession plans  
Focused recruitment  
Structured development plans

HDSA employee representation in 2013 reached:

**77%**

**SENIOR MANAGEMENT**  
(2012: 73%)

**70%**

**MIDDLE MANAGEMENT**  
(2012: 66%)

**88%**

**JUNIOR MANAGEMENT**  
(2012: 96%)

**82%**

**AGGREGATE HDSA REPRESENTATION IN MANAGEMENT**  
(2012: 92%)

Concerted efforts to recruit HDSA candidates with relevant skills and experience have improved gender diversity at middle management and senior management levels.



AAESS has maintained a high level of women in mining, despite a decline in female representation. At the end of 2013, women represented 73% of employees (2012: 75%) and occupied an aggregate 66% of management positions (2012: 74%):

**69%**

**SENIOR MANAGEMENT**  
(2012: 71%)

**61%**

**MIDDLE MANAGEMENT**  
(2012: 59%)

**68%**

**JUNIOR MANAGEMENT**  
(2012: 77%)

**Progress is supported by AAESS's diversity programme.**

Initiatives aimed at developing skills to equip talented HDSA employees to take on significant roles in the organisation include: talent reviews; succession plans; focused recruitment; and structured development plans.



## DE BEERS

At the end of 2013,  
De Beers' HDSA  
representation was:

**39%**

**SENIOR MANAGEMENT**  
(2012: 35%)

**56%**

**MIDDLE MANAGEMENT**  
(2012: 53%)

**75%**

**JUNIOR MANAGEMENT**  
(2012: 74%)

**61%**

**AGGREGATE PERCENTAGE OF HDSA  
PARTICIPATION IN DE BEERS'  
MANAGEMENT STRUCTURES**



**Image**  
Launch of the Venetia mine  
underground project – Sod turning  
ceremony – 2013

Through people development initiatives including a formal fast-tracking and a Professional Management Development Programme, De Beers is creating a healthy pipeline of HDSA candidates. Promoting gender diversity is a focus of De Beers' transformation programme, with encouraging progress achieved.



**FEMALE PARTICIPATION IN MANAGEMENT  
STRUCTURES INCREASED TO**

**26%**

(2012: 21%)  
at the end of 2013, with 20% in technical positions

Several structures and processes have been established to accelerate the integration of women into the workplace. These seek to address the challenges and barriers that women face, targeting recruitment, talent planning and focused development initiatives, in order to increase the attraction, retention and promotion of women in the mining industry. In conjunction with the focus on gender diversity, emphasis is also being placed on the employment of people with disabilities.



**Image**  
Senior sorter Letitia Makapela  
inspects a diamond on the sorting  
floor at HOH in Kimberley





# INVESTING IN OUR SKILLS BASE

## THE ISSUE

Having a skilled, motivated, diverse and productive workforce is fundamental to delivering our business strategy. Human resource development (HRD) is a vital strategic tool, to ensure continuous employee engagement, high performance and quality service delivery. It is also an integral part of social transformation in the workplace.

## OUR VALUE

To attract and retain the best talent, we seek to offer meaningful and stimulating work, provide opportunities for personal development, pay people competitively, recognise and reward excellence, and encourage diversity. We strive to align the organisation to strategic objectives, ensuring that we have the right people, with the right attitude and aptitude, in the right roles.

In this chapter we provide an overview of our approach to managing talent and skills development, and our performance this year, with business unit highlights.

## OUR APPROACH

Anglo American's investment in HRD at all our business units is aimed at developing potential and current employees, with a strong focus on women and HDSAs. Our approach includes employee training, specific career development interventions, performance management and development, coaching, mentoring, succession planning, and high-potential employee identification and fast-tracking. This is essential, both to develop employees for potential future roles and to achieve our HDSA targets.

While informed by the regulatory framework, our training programmes are designed to meet business imperatives and employee needs. These programmes vary across the business units and include health and safety training, learnerships, leadership programmes, mentorships, portable skills training, career progression plans for HDSAs, bursaries and study assistance, adult basic education and training (ABET) and our professionals-in-training (PIT) programme.

Our approach is underpinned by our human resources (HR) standards, management systems and processes. Training initiatives are aligned to the Anglo American People Development Way, a global capability framework that defines the competencies required for the development of its business leaders.

We evaluate whether we are matching the right people to the right development programmes, to ensure that training investment is effective. Measures of success include enhanced employee retention, promotions and permanent employment of graduates.

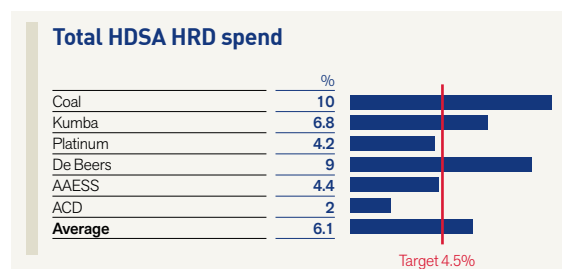
Development initiatives are geared towards supporting transformation objectives and include training for community learners, thereby enhancing skills levels within local communities.



# OUR PERFORMANCE

The Mining Charter requires that mining companies invest a percentage of annual HDSA payroll (excluding the mandatory skills development levy) in essential skills development activities reflective of the country's demographics. Our business units have made significant progress against the requirements of the Mining Charter.

## HRD AT A GLANCE

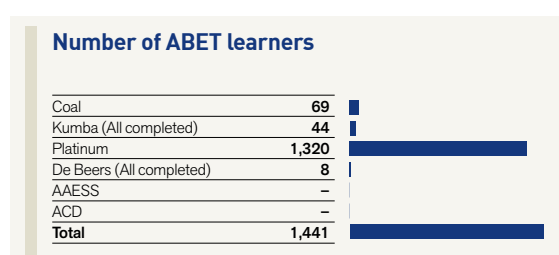
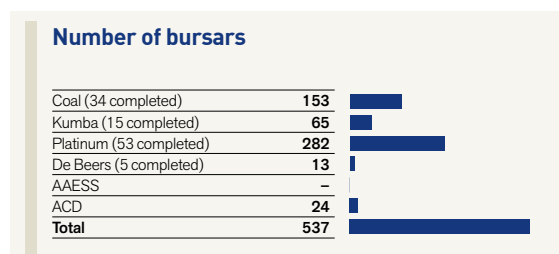
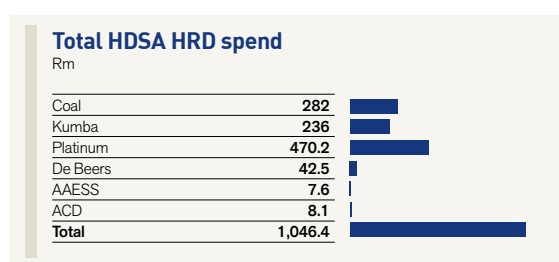


By year-end 2013, when the target stood at 4.5%, Coal had invested 10% of HDSA payroll in its HDSA skills base, Kumba 6.8% and De Beers 9%. Platinum fell short of the target, spending 4.2% of payroll.

## THE COMBINED INVESTMENT OF OUR SOUTH AFRICAN OPERATIONS TOTALLED

# R1.05bn

representing 6.1% of the HDSA payroll



**Image**  
Kumba's Thabazimbi mine – metalwork trainees at the skills development centre



**Image**  
Training in progress at underground amphitheatre – Platinum school of mines – Rustenburg

# BUSINESS UNIT PERFORMANCE HIGHLIGHTS IN 2013

## PLATINUM

# R470.2m

**HRD EXPENDITURE FOR HDSAs**

(4.2% of HDSA payroll)

**EACH EMPLOYEE RECEIVED AN AVERAGE OF**

# 79hrs

(2012: 84 hours) of training

### ABET

Access to ABET was provided to 1,320 employees, 87 contractors and 408 community members (2012: 1,663 employees, 142 contractor employees and 617 community members).

### Engineering training schemes

354 learners participated in various engineering training schemes (86% were HDSA candidates and 25% women), and 196 learners qualified during the year (91% were HDSA candidates and 13% women).

### National auto electrician qualification

The national auto electrician qualification was completed by 13 learners.

### Engineering learnerships

Of the 273 candidates on engineering learnerships who qualified, 169 were Platinum employees, 30 were members of communities and 74 were external clients.

### Trades-related short courses

1,511 learners participated in six specialised trades-related short courses. The engineering skills training centre has addressed new operational requirements by introducing additional sophisticated machinery.

### Bursaries

Bursaries were provided to 282 people (2012: 315), of whom 82% were HDSAs and 30% females.

## COAL

**EACH EMPLOYEE RECEIVED AN AVERAGE OF**

# 50hrs

of training

# R282m

**HRD EXPENDITURE**

(10% of HDSA payroll)

### ABET

Access to ABET was provided to 69 employees and 157 community members.

### Learnerships

Through the learnership programme, 306 learners were trained across various disciplines, including auto electricians, boilermakers and fitters and turners.

### Bursaries

Bursaries were awarded to 153 students, of whom 69% were HDSAs and 48% women.

### High school learners

Coal has launched various initiatives to improve mathematics and science among local high school learners, to attract bursars from the areas around its operations.

### SHE RMP

Employees attended Anglo American's safety, health and environmental risk management process (SHE RMP) refresher training, providing employees with the knowledge and practical skills to perform job safety analysis risk assessments and make evaluations. The programme has three modules: the first is for all employees; the second is for managers (86% of the target population has been trained); the third, the flagship Safety Leadership Programme, had 69% of the target population participating in 2013.

### Mentorship 101 programme

More than 600 employees attended Coal's Mentorship 101 programme, and further sessions will be held in 2014.

## KUMBA IRON ORE

### Average training hours

Kumba employees each received an average of 72 hours of training at a total cost of R276.7 million (2012: R224.2 million), equivalent to 8.1% of the total payroll.

### HDSA training expenditure

86% of total training expenditure was for HDSA employees, and 29% for women.

### ABET

44 employees participated in ABET, and 46 in PIT.

### KUMBA SPENT

# R83.1m

on learnerships

The following learners trained in engineering disciplines:

# 194

**MECHANICAL**

# 123

**ELECTRICAL**

# 41

**CIVIL**

# 199

**MINING METALLURGY**

**In total, 557 participants were acknowledged as proficient in the skills acquired, while 114 artisans were trained during the year.**

### Bridging school

Kumba sponsored 10 learners from the community to attend bridging school.

### Study assistance

Study assistance sponsorship amounting to R9.8 million was provided to 65 students.

### Trades-related courses

423 community members attended trade-related courses: 132 in welding; 89 in bricklaying; 68 in plumbing; 72 in carpentry, 52 in sewing; and 10 in upholstery.

### Internships

40 graduates from John Taolo Gaetsewe began their 18-month internship at various departments of Sishen mine as well as at other participating operations.



## AAESS

# R7.6m

**HRD EXPENDITURE FOR HDSAs**  
(2012: R6.7 million)

### Leadership forum

A quarterly leadership forum, introduced in 2012, was attended by 110 people managers in 2013, including 87 HDSA employees, of whom 71 were females.

### PMT

The third iteration of the practical management training (PMT) programme was attended by 38 people managers, of whom 33 were HDSA employees and 27 women. PMT aims to provide managers and supervisors with the basic skills required to manage and lead their teams more effectively.

### Anglo American's leadership development

During the year, eight employees completed Anglo American's leadership development programmes, of whom 87.5% were HDSAs and 50% females.

### Financial study assistance

In keeping with the commitment to improve employee academic qualifications, financial study assistance was provided to 45 employees, of whom 44 were HDSA employees and 37 women.

## ACD

# R8.1m

**HRD EXPENDITURE FOR HDSAs**

### High potential graduate programme

ACD has a high potential graduate programme, which has been voted "most aspirational graduate programme in South Africa" for the last two years. In 2013, an additional 10 people were brought onto the programme. Of the 28 participants in 2013, 50% are HDSAs and 40% are female. Graduates, for all disciplines, are recruited into the organisation and offered the opportunity to fulfil three different roles across two continents over five years, with the aim of fast-tracking a senior leadership position. Since its inception eight years ago, 95% of the graduates recruited, remain in the organisation.

### Bursaries

ACD awarded 24 bursaries in 2013 and nine individuals participated in PIT. The PITs are seconded to business units to gain operational exposure and professional qualifications.

### Group leadership programmes

Group leadership programmes were once again delivered in South Africa, with good representation from all business units, providing Group-wide exposure to business imperatives. A total of 70 people attended the achiever programme (TAP) and 135 people attended the programme for management excellence (PME). These programmes have a 30% international attendance, which provide for excellent learning opportunities for local employees.

A total of R0.35m was spent on a part-time education scheme for 19 employees to further their education and gain additional qualifications relevant to their areas of employment.

## DE BEERS

# R42.5m

**HRD EXPENDITURE FOR HDSAs**  
**REPRESENTING 9% OF HDSA PAYROLL**  
(2012: R37.2 million)

# R52.9m

**TOTAL EXPENDITURE ON TRAINING**  
**AND DEVELOPMENT OF ALL**  
**EMPLOYEES REPRESENTING 5.5% OF**  
**TOTAL PAYROLL**

### Learnerships

In line with developments in the skills development arena and the of the quality council for trades and occupations (QCTO), all employees selected for learnerships will complete the required foundational learning certificate (FLC) before commencing technical training. In 2013, R0.8 million was spent on FLCs for 19 learners, who started and completed the programme.

### Technical and non-technical learnerships

Technical and non-technical learnerships to the value of R29.5 million were offered to 160 learners (of whom 74 completed their courses) in fields including apprenticeship, supervisory and operative learnerships.

### Professional management development programme

De Beers has developed a professional management development programme in partnership with the Professional Management Institute. In 2013, 16 employees completed this programme of whom 69% were HDSA candidates and 26% females. Nine employees are registered for the 2014 programme.

### Tertiary institution assistance

Assistance amounting to R0.66 million was given to 125 permanent employees registered at tertiary institutions throughout South Africa. These are typically awarded for disciplines that are aligned to business requirements.

### Financial study assistance

De Beers has 58 learners enrolled in its financial study assistance scheme at a total cost of R0.38 million. The scheme is linked with the government's National Student Financial Assistance Scheme (NSFAS), as a potential qualification.





# IMPROVING HOUSING AND LIVING CONDITIONS

## THE ISSUE

We want all our employees to enjoy decent housing and living conditions. In South Africa, where there is a dire shortage of affordable formal ('adequate') housing and long waiting lists for units being built, this is a particular challenge. Decent living conditions are part of the foundation for developing long-term stable and empowered communities that will continue to prosper long after our mines have closed.

## OUR APPROACH

Our housing policy is in line with the Mining Charter, which requires that by 2014, mining companies must have converted or upgraded hostels into family units/single accommodation, achieved single occupancy per room, and facilitated home-ownership options for all mine employees in consultation with organised labour.

Our business units engage in developing properly serviced land to facilitate housing development in areas where services are inadequate or do not exist. We collaborate with reputable developers to encourage and promote affordable home ownership among employees at all levels. Where possible, land is donated to the municipality to facilitate the rehousing of communities residing in informal settlements. We also engage with the Chamber of Mines and with organised labour to address issues and options for home ownership.

We aim to provide a range of housing options that cater for the diverse circumstances and preferences of our employees. For instance, we create opportunities for our employees to rent or buy company-owned housing stock and newly built homes.

Anglo American promotes home ownership in order for employees to acquire a valuable asset which also helps reduce the company's involvement in this area. Employees can participate in home-ownership schemes through housing allowances, which are complemented by programmes to educate them on the responsibilities of buying, owning and maintaining their own homes.

## OUR VALUE

In partnership with local and provincial government, we are helping to address the shortage of affordable housing. We are dedicated to improving the housing and living conditions of our employees and making it possible for them to rent or buy their own homes near our mining operations.

# OUR PERFORMANCE

We continue to make encouraging progress towards meeting all the Mining Charter's housing and living conditions requirements. We have made great strides in moving away from the traditional mining hostels to today's single-room bachelor flats and family units and are steadily decreasing the level of occupancy in our converted hostels. At year-end, we had 1,370 employees in our Platinum business sharing a room and we are working hard to meet the Mining Charter's target occupancy of one person per room by 2014.

We have ambitious housing development projects in progress and an increasing number of employees are seeking home ownership.

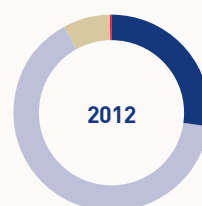
## R1.18bn

Combined total spent by business units on housing (2012: R1.41 billion)

Our social housing projects incorporate the provision of bulk services and portable skills training, and generate job opportunities for mining communities.

### Housing expenditure

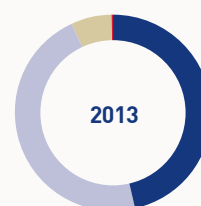
Rm



2012

386 • Coal  
918 • Kumba  
110 • Platinum  
0.24 • De Beers

**R1.41 billion Total**



2013

550 • Coal  
552 • Kumba  
81 • Platinum  
0.9 • De Beers

**R1.18 billion Total**

### Houses built

Rm

|  |       |
|--|-------|
| Coal (facilitated 143 building packages in 2013) | 203   |
| Kumba Iron Ore (413 in 2013)                     | 3,401 |
| Platinum   | 1,300 |
| De Beers   | N/A   |



## EMPLOYEE ALLOWANCES

### COAL

## R5,714



### HOUSING ALLOWANCE

(For the 75% of the workforce who live in their own accommodation)

## 6,279

### EMPLOYEES IN THEIR OWN ACCOMMODATION

## R3,114

**FOR SKILLED EMPLOYEES WHO ARE PROVIDED WITH ACCOMMODATION**  
(R5,714 less monthly rental charge of R2,600)

## 942

### SKILLED EMPLOYEES IN MINE ACCOMMODATION

## R1,356-R3,051



### KUMBA HOUSING ALLOWANCE

(5,373 employees qualified)

## R1,840



### PLATINUM LIVING-OUT ALLOWANCE

(27,562 employees)

## R2,725-R5,178



### PLATINUM HOME OWNERSHIP ALLOWANCE

(6,635 employees)

## R800-R1,200



### DE BEERS WATER AND ELECTRICITY ALLOWANCE

(940 employees)

### Image

Housing development in Postmasburg, built for employees of Kolomela iron ore mine

## COAL

Coal completed all necessary hostel conversions before 2010 and concentrates today on facilitating, in consultation with organised labour, home-ownership options for all mine employees.

Coal's vision is to have the majority of its employees living in viable communities close to its mining operations. By 2018, we estimate that 80-90% of employees will be residing in urban areas.

**Image**  
Spring Valley housing estate in eMalahleni



# 2,093



## EMPLOYEES LIVING IN MINE-OWNED ACCOMMODATION

(approximately 25% of Coal's workforce at year-end)

Coal has 560 existing company-owned houses in urban areas. An additional 661 Eskom-owned houses in urban areas are used to provide accommodation for Coal employees at the collieries serving Eskom power stations.

## COAL EXPENDED

# R550m

(2012: R386 million)  
on housing (including the housing allowance) in 2013

### TO DATE, 203 HOUSES HAVE BEEN BUILT FOR SALE:

77 units at Aloe Ridge for officials and management

60 units at Hlalamnandi for skilled employees

66 units at Kwa Mthunzi Vilakazi for all employees

### COAL HAS MADE 183 AVAILABLE FOR SALE TO EMPLOYEES:

67 have been sold

35 are in the process of being sold

81 are secured with rent-to-buy agreements, while employees arrange finance for the purchase

In 2013, Coal facilitated the development of 83 houses (as building packages) as part of the Kwa Mthunzi Vilakazi housing project and 60 units in the Spring Valley housing project, in Mpumalanga. Funding for these units is through employee housing allowances. Allowances for skilled employees are R5,714 per month, making home ownership affordable to even the lowest level employee. This housing allowance gives these employees the opportunity to afford an entry-level house.



## KUMBA IRON ORE

Kumba's housing strategy places an emphasis on accelerating home ownership while continuing to provide support to employees in the form of housing allowances and subsidies. The business aims to achieve home ownership for all aspirant employees by 2019.



**Image**  
Housing development in Postmasburg, built for employees of Kolomela iron ore mine

# 3,962

**EMPLOYEES RESIDING IN MINE-OWNED ACCOMMODATION**  
(at year-end)



At Sishen, where around 1,900 employees reside in mine-owned accommodation, all 18 hostel blocks have been converted into single-unit accommodation since 2012. Kumba is also building 476 two-bedroom, free-standing family houses for employees who cannot be accommodated in the converted flats.

The company has budgeted a total of R2.3 billion to build 1,581 houses for current and future housing needs.

**IN 2013, KUMBA SPENT**

# R552m

on housing developments and completed the building of 413 houses

**THE 413 HOUSES COMPLETED DURING 2013 COMPRISED:**

103 company housing stock for Kolomela and 310 houses for Sishen

181 of these were facilitated stock, of which only 33 were sold and transferred to employees in 2013 and the balance of 129 was company stock which is not sold

Kolomela mine received the 2013 Govan Mbeki Award from the Department of Human Settlements for an integrated housing project in the non-subsidy category at both provincial and national levels. The housing development has created a community of 840 employees from across every employment grade and has set a new industry standard for employee living conditions. By the end of 2013, 718 homes for employees were completed. Though differing in size, the houses are uniform in quality and finishes. An additional 320 houses will be built and occupied in 2014. These company houses are currently rented out to employees and will be made available for sale from 2018.

At Thabazimbi mine, hostel conversions were completed in the 1990s and potential housing development projects are being investigated.

**FOR 2014, IT IS ANTICIPATED**

# R630m

will be expended, with another 737 houses completed.

## PLATINUM



**Image**  
Northam extension 6  
housing project

All hostels have been converted, with Platinum today focusing on developing family units within communities close to the operations.

Some 8,700 employees reside in converted hostels, but this number is steadily decreasing. In most cases, single-room occupancy has been achieved, thereby exceeding the 2013 Mining Charter target of

**75%**  
**CONVERSION**

Around 6,260 company-owned homes in total are leased to employees in higher job categories.

A substantial challenge relates to the >27,000 employees who receive a living-out allowance, many of whom live in informal settlements or backyard accommodation in the villages around the mines. The living-out allowance is R1,840 per month, yet most employees spend a fraction of this on accommodation, with the balance used for other expenses.

Home ownership options are encouraged through various projects.

**1,300**



**UNITS BUILT SINCE 2010**

**THE HOUSING DEVELOPMENT MODEL INCLUDES THE PROVISION OF WATER SUPPLIES, SEWERAGE, ELECTRICAL RETICULATION, ROADS AND STORM WATER SYSTEMS**

Approximately 1,000 of the units form part of the Seraleng social housing project in Rustenburg in North West province

The other 300 form part of a project in Northam in Limpopo province, launched in 2011, which was the second housing project to be delivered under this business model

De Beers is making progress with implementation of the Framework Accommodation Agreement, signed in 2004, aimed at creating a conducive environment for home-ownership. The company regularly engages with stakeholders on issues including affordability, indebtedness and barriers to acquiring ownership, for semi-skilled employees.

286

**SKILLED EMPLOYEES AT VENETIA MINE RESIDING IN COMPANY PROVIDED ACCOMMODATION**



De Beers does not provide accommodation to semi-skilled employees, as employees are recruited from the local communities around the mines.

**ASSISTANCE IS GIVEN TO SEMI-SKILLED EMPLOYEES IN THE FORM OF:**

Subsidies

Housing allowances

Allowances for water and electricity costs

Electricity costs, and access to low interest revolving loan facilities

In line with industry initiatives and the requirements of the MPRDA, De Beers will be launching a scheme focused on facilitating home-ownership. in the new or secondary market, the building of a new home, or completion of a partially built home on a serviced site.

600

**NUMBER OF EMPLOYEES ACROSS THE DE BEERS THREE OPERATIONS WHO WILL BENEFIT FROM HOME OWNERSHIP SCHEME**

To this end, rather than pay allowances, De Beers will provide a once-off capital contribution towards either the purchase of a home in the new or secondary market; the building of a new home; or completion of a partially built home on a serviced site.



**Image**  
Construction of building 5 at the Venetia underground project, Musina village site





# DEVELOPING MINE COMMUNITIES

## THE ISSUE

In South Africa, the need for sustainable community development is recognised as a commercial and social imperative. Many of our operations are in rural areas characterised by low levels of formal economic activity and inadequate provision of infrastructure and services. The sustainability of our mining activities depends on our ability to contribute to the well-being and prosperity of our host communities.

## OUR VALUE

We seek to help alleviate poverty and unemployment and develop host communities, by building local capacity, providing infrastructure for healthcare, education, housing and sanitation, investing in education, enterprise and skills development, and promoting local procurement and supplier development. Many of these programmes are undertaken in partnership with NGOs, communities and local government.

## OUR APPROACH

At Anglo American, we place emphasis on integrating social considerations into each stage of the mining life cycle, as well as on enhancing the expertise of our social and community development specialists and the social awareness of line managers. All operations follow social and community improvement plans, developed in 2009, that provide roadmaps aimed at ensuring full compliance with the 24 requirements of the Social Way – the standard for managing our social performance.

Our primary means for enhancing the development outcomes and capacities of host communities is through our industry-leading socio-economic assessment toolbox (SEAT). We use SEAT to improve operations' understanding of their socio-economic impacts, enhance stakeholder dialogue and the management of social issues, build our ability to support local socio-economic development, and foster greater transparency and accountability. Engagement with local stakeholders is central to the process.

Our in-house community development peer-review process draws on internal expertise, as well as external partners to assess current activities and identify opportunities to ensure that our investments are as effective as possible. Most opportunities to boost benefits to local communities rely on using core business activities, such as procurement and recruitment, rather than more traditional social investment approaches.

Respecting human rights is fundamental to all our activities and we have a longstanding commitment to the United Nations Universal Declaration of Human Rights. In conjunction with our strategic partner International Alert, we have conducted a gap analysis against the Voluntary Principles on Security and Human Rights (VPs) at our Platinum, De Beers, Kumba and Coal businesses, and will be implementing an initial action plan to further embed the VPs. Human rights are a consistent thread throughout the Social Way and our SEAT, and are incorporated into our supply chain sustainable development code and supplier audit programme.

The Anglo American Chairman's Fund is a dedicated entity through which Anglo American makes its social investment on a national scale in South Africa. Its mission is: to remain the leading corporate donor in South Africa, through partnering and growing an informed understanding of the country's developmental challenges; and to apply the resources at its disposal to maximum effect in supporting and adding value to practical interventions and communities, creating new opportunities and addressing urgent social needs.

# OUR PERFORMANCE

Every operation has a social and labour plan (SLP), which is developed through a consultative process with local municipalities as well as through regular interaction with host communities. In South Africa, poor capacity in municipalities potentially jeopardises our ability to deliver on SLP commitments and promote broader social stability. We have supported initiatives aimed at building the capacity of our host municipalities since we signed a Memorandum of Understanding with the Development Bank of Southern Africa (DBSA) in 2010.

IN 2013, OUR BUSINESS UNITS SPENT  
A COMBINED TOTAL OF

## R671.7m

(2012: R694 million)

on socio-economic development initiatives. These initiatives contribute directly to progressing our SLP commitments at all our operations, which are aligned to municipal integrated development plans (IDPs).

## AASA MINE COMMUNITY DEVELOPMENT (MCD) EXPENDITURE: 2013

### Total MCD expenditure

Rm

|                |              |  |
|----------------|--------------|--|
| Coal           | 162.2        |  |
| De Beers       | 51.5         |  |
| Kumba Iron Ore | 254          |  |
| Platinum       | 204          |  |
| <b>Total</b>   | <b>671.7</b> |  |

Note: SLP expenditure is included in the total MCD expenditure

### SLP expenditure

Rm

|                |            |  |
|----------------|------------|--|
| Coal           | 79         |  |
| De Beers       | 33.2       |  |
| Kumba Iron Ore | 58.7       |  |
| Platinum       | 55.2       |  |
| <b>Total</b>   | <b>196</b> |  |

### Net profit after tax (NPAT)

|                | %           |  |
|----------------|-------------|--|
| Coal           | *           |  |
| De Beers       | 4.78        |  |
| Kumba          | 1.4         |  |
| Platinum       | 13.6        |  |
| <b>Average</b> | <b>6.59</b> |  |

\* Coal made a net loss of R386 million

## ANGLO AMERICAN'S CHAIRMAN'S FUND

For the past nine consecutive years, Anglo American's Chairman's Fund has been voted the top corporate social investment fund in South Africa by leading CSI research organisation, Trialogue.

IN 2013, THE CHAIRMAN'S FUND  
SUPPORTED 193 ORGANISATIONS  
AND INVESTED A TOTAL OF

## R82.3m

nationally.

The emphasis is on supporting projects in provinces that are less well-funded and in rural corners of the country where the poverty burden is highest.

### Contributions to the Chairman's Fund: 2013

Rm

|                                  |             |  |
|----------------------------------|-------------|--|
| Anglo American South Africa      | 42          |  |
| Platinum                         | 10          |  |
| Kumba                            | 15          |  |
| Epoch and Optima education trust | 5.2         |  |
| <b>Total</b>                     | <b>72.2</b> |  |

#### Image

Construction of the R37 flyover at Polokwane smelter, which was partially funded by Platinum, and greatly improves road safety

# BUSINESS UNIT PERFORMANCE HIGHLIGHTS

## KUMBA

### MCD expenditure

Rm

|  |            |
|--|------------|
| Education and skills development                             | 40         |
| Health and welfare   | 33         |
| Enterprise development and poverty alleviation               | 10         |
| Infrastructure   | 88         |
| Other  | 37         |
| Institutional capacity development, staff time and donations | 46         |
| <b>Total</b>   | <b>254</b> |

### TOTAL MINE COMMUNITY DEVELOPMENT EXPENDITURE

# R254m

### Education

- Kumba and the Sishen Iron Ore Community Development Trust have committed to contributing R46 million and R20 million respectively towards the establishment of the Sol Plaatje University, in Kimberley, Northern Cape. Together with De Beers, Anglo American's total contribution to the university will be R96 million, including the proposed development of a Centre of Excellence focused on courses related to the mining industry.

### Healthcare

- Kolomela mine invested R8.8 million in building a primary healthcare clinic and donated two mobile units to the Department of Health.
- R7.2 million was invested in fully equipping Batho Pele mobile clinics, serving more than 22,000 members of the community at John Taolo Gaetsewe district municipality. This facility was a runner-up in the Nedbank Sustainability Business awards, and earned Kumba a National Business Award for corporate citizenship and investing in people.
- R5.7 million was invested in the Ulysses Gogi Modise wellness clinic at Kathu, Northern Cape, which is providing much-needed health care services to the community, employees and many local contractors.

### Infrastructure

- R37 million was spent on building nine early childhood development (ECD) centres in partnership with the Northern Cape Department of Education, and an additional R4.5 million for ECD centres in Gamagara.
- R57.2 million was spent on constructing and repairing roads.
- In the Thabazimbi municipality, R24 million was invested in water infrastructure and R17 million on infrastructure, municipal support and recreation projects.
- R10.9 million went towards the development of a Supplier Park near Kathu – a partnership between Kumba and the Industrial Development Corporation (IDC).

### Resettlements

- Following board approval in 2013 to implement the Dingleton community resettlement project in the Northern Cape, Kumba reached agreement with 261 of the 308 residential owners, to relocate to Kathu, as it expands its Sishen mine. Kumba will continue to work with Gamagara municipality and provincial government to ensure that renters in Dingleton are not displaced following the resettlement, and will intensify socio-economic development initiatives.

### Enterprise development

- The Saldanha business hub opened in the first half of 2013. For the year as a whole, Kumba provided loans totalling R14.2 million for 44 businesses in the Sishen, Kolomela and Saldanha Zimele hubs, in the process creating 443 jobs.
- Kumba achieved Level 4 B-BBEE verification, scoring maximum points in the socio-economic development and enterprise development categories.
- R1.4 million was spent on relocating the Heuningpot beekeeping cooperative bee farm to an area more appropriate for organic operations.
- In partnership with the National Development Agency and government, R1.2 million was spent towards the Manyeding agricultural cooperative. The project has 159 beneficiaries from surrounding villages under the Ga-Jatjie Traditional Authority.
- R1.9 million was spent on a bamboo plantation and vegetable farm that supports the Thabazimbi mine local community and offers Kumba the opportunity to earn carbon credits.

Image  
Sol Plaatje university site







## PLATINUM

### MCD expenditure

Rm

|   |            |  |
|---|------------|--|
| Education and youth development           | 15.6       |  |
| Infrastructure                            | 107.2      |  |
| Chairman's Fund                           | 10         |  |
| Other; includes:                          | 71.1       |  |
| • Community trusts                        |            |  |
| • Enterprise development                  |            |  |
| • Farmer (agriculture) support            |            |  |
| • Discretionary funds and other donations |            |  |
| <b>Total</b>                              | <b>204</b> |  |

### TOTAL MINE COMMUNITY DEVELOPMENT EXPENDITURE

# R204m

#### Education and capacity-building

- R10 million was invested towards enhancing municipal staff financial management skills and revenue-collection systems. The company also invested in youth development and education programmes that have contributed to developing non-mining portable skills at community level. In addition, ABET training was provided to 428 community members.

#### Healthcare

- Through funding community health and wellness initiatives, Platinum ensured that more than 16,500 community members received primary healthcare services from mobile clinics in partnership with the Department of Health.

#### Infrastructure

- Platinum collaborated with the South African government to provide 1.9 million people with clean water through the Lebolelo Water Scheme and the Flag-Boshielo and De Hoop dams in Limpopo province.
- Platinum works with other development agencies to build schools, crèches, clinics and community halls.

#### Enterprise development

- Platinum operates nine small-business support hubs as part of Anglo American's Zimele initiative. In 2013, the company provided R94 million in funding to emerging entrepreneurs, supporting 1,020 new companies and 1,377 existing companies, with 1,020 loan transactions concluded.

#### Resettlements

- At Platinum's Twickenham mine, seven families are likely to be voluntarily relocated in 2014, and at Mogalakwena mine relocation planning is under way for the relocation of seven families from Motlhotlo who did not move earlier. The land from which the remaining Motlhotlo residents are to be relocated is planned for use as a rock-dump for Mogalakwena. In terms of an agreement reached in 2012, 153 households eligible for relocation assistance have now agreed to move, which will provide an additional rock-dump area of some 700 hectares, required to prolong the life of the mine.

#### Image

Construction at De Hoop dam in the Steelpoort River Valley



# BUSINESS UNIT PERFORMANCE HIGHLIGHTS

## COAL

### MCD expenditure: 2013

Rm

|  |              |  |
|--|--------------|--|
| Education and skills development               | 10.9         |  |
| Health and welfare                             | 14.2         |  |
| Enterprise development and poverty alleviation | 33.1         |  |
| Infrastructure                                 | 48.1         |  |
| Institutional capacity development, staff time | 34           |  |
| Other  | 21.9         |  |
| <b>Total</b>                                   | <b>162.2</b> |  |

### Image

Harry Gwala multi-purpose centre in Zamdela, Free State



### TOTAL MINE COMMUNITY DEVELOPMENT EXPENDITURE

# R162.2m

### Education

- Coal launched a community scholarship scheme, aimed at learners from schools near its operations. Each of the 10 operations has awarded five scholarships to develop scarce and critical skills.
- Learner and educator interventions continue to deliver positive results. Three of the seven schools participating in Gooedehoop's maths and science project achieved an 80%-100% pass rate in 2013. New Vaal's Star Schools project maintained its 100% pass rate achieved the previous year.
- Greenside Colliery and capital equipment supplier Joy Global completed a R6 million upgrade and extension of Khayaletu Combined School in Lynville, eMalahleni. Twenty youth community members involved in the construction activities obtained accredited training.

### Healthcare

- Coal funded the R26 million construction of a community health centre in Rooikoppen, a township south-west of Standerton, managed in partnership with the Mpumalanga Department of Health and Lekwa Local Municipality.

### Infrastructure

- Coal launched the R26 million Harry Gwala multi-purpose centre in Zamdela, outside Sasolburg, Free State province. New Vaal Colliery's facility is aimed at providing sports facilities and bringing vital services closer to the community. The project involves diverse partners and provided over 100 jobs for the local community.
- Kriel Colliery is funding an R18 million expansion and upgrade of the Spongamandla High School in Thubelihle, including construction of a fully equipped science laboratory. The facility is due to be completed in 2014 and will employ about 80 people.
- Coal invested R14 million to complete the last phase of its bulk infrastructure project at Kwa Mthunzi-Vilakazi and Spring Valley. These projects seek to promote home-ownership while integrating employees into established townships.
- The eMalahleni Water Reclamation Plant has gained further international recognition, this time from the World Coal Association.
- Investment in bulk services, electrical, road and stormwater infrastructure in eMalahleni is to date valued at R52 million.

### Enterprise and supplier development

- Coal operates seven small business hubs: five are in the operational areas of Witbank, Middelburg, Sasolburg, Secunda and Phola, and two are situated in Bushbuckridge and Dennenilton, which are our labour sending areas. In 2013, the seven hubs disbursed over R33 million through 37 transactions which created 449 new jobs.
- A highlight is the New Vaal/Vaal University of Technology Entrepreneurship Programme. The R1.6 million partnership project saw 120 entrepreneurs from Gauteng and the Free State trained in business management and financial management.
- Coal initiated the first phase of its supplier development programme. Thirty promising suppliers from host communities have been identified to enrol on the programme.



## DE BEERS

### MCD expenditure: 2013

Rm

|  |             |  |
|--|-------------|--|
| Education and training                                       | 24.6        |  |
| Health and welfare   | 4.1         |  |
| Enterprise development and micro credit                      | 6.9         |  |
| Community development – alternate livelihoods                | 0.27        |  |
| Environment  | 0.02        |  |
| Sport, arts, culture and heritage                            | 3.1         |  |
| Water and sanitation   | 0.29        |  |
| Institutional capacity development, staff time and donations | 0           |  |
| Community development – other                                | 11.8        |  |
| <b>Total</b>   | <b>51.5</b> |  |

### TOTAL MINE COMMUNITY DEVELOPMENT EXPENDITURE

# R51.5m

#### Education

- De Beers Consolidated Mines, through the De Beers Fund, invests in community projects from the company's labour-sending areas. The fund primarily considers projects in the education sector, mainly involving infrastructure development. For 2013, its total expenditure on communities amounted to R20.2 million.
- De Beers annually allocates a budget to each of its operations to spend on CSI programmes and projects, which, while small, are making a significant impact. The funds are allocated at the operation's discretion through a donations structure, the Local Area Committee, which comprises De Beers employees. The focus is on small grants such as learning equipment at an ECD Centre, food parcels at a drop-in centre, and small non-infrastructure educational projects. In 2013, the committee disbursed R0.7 million.

#### Infrastructure

- De Beers expended R33.2 million on projects such as the construction of roads in Musina in Limpopo province, subsidised programmes in local schools, and the construction of school infrastructure through the Rural Schools Development programme.
- As part of 2013 SLP commitments, De Beers Venetia Mine commissioned the installation of an 11kv electrical switchgear to increase electrical distribution capacity in the town of Musina.

#### Enterprise development

- De Beers has five Zimele business development hubs, each operating at full capacity: Venetia, Voorspoed, Kimberley, Kleinzee and Springs. The focus is on providing start-up capital for entrepreneurs. In 2013, the hubs collectively created 718 jobs and distributed R13.4 million in loans. The overall target is to create 3,000 jobs by 2015.
- De Beers has granted R2.3 million over a five-year period to the Galeshewe SMME village, which provides training for local small businesses as well as the development and support of new business for services and light industrial economic activities. Including additional support structures, total investment at year-end was R2.5 million. The Village can accommodate 40 small businesses at full capacity; currently it accommodates 26 small businesses, with two SMMEs having already secured loan funding from the Kimberley Hub.



# DIVERSIFYING OWNERSHIP TO PROMOTE A MORE EQUITABLE SOCIETY

## THE ISSUE

The Mining Charter aims to transform the mining industry by transferring 26% ownership of mining assets to enable meaningful economic participation of HDSAs by the end of 2014.

## OUR VALUE

Our business units have already achieved the minimum target of 26% BEE ownership and we are moving beyond regulatory compliance, pursuing innovative opportunities to extend and distribute the benefits of ownership to employees and host communities.

In this chapter we provide an overview of our HDSA ownership transactions to date, and our principal ownership developments in 2013.

**Image**  
A dramatic Kalahari sunset over the process plant at Kolomela Iron Ore mine



# OUR PERFORMANCE

Anglo American has a long and well-established track record of being an active partner in BEE mining projects.

**SINCE 1994, WE HAVE CONCLUDED BEE TRANSACTIONS WITH AN ESTIMATED VALUE OF AROUND**

## R67bn

**THE ESTIMATED VALUE IN 2014 OF THE PRODUCTION CAPACITY OF COMPANY (%) (Target is 26% ABOUT**

## R108bn<sup>1</sup>

The table below provides an overview of how we have achieved the 26% BEE ownership target set for 2014.

Our B-BBEE partnerships have led to the creation of flagship mining companies, including Exxaro Resources, African Rainbow Minerals, Atlatsa Resources, Mvelaphanda, Royal Bafokeng Platinum, Anglo Inyosi Coal and Shanduka.

Our employee share ownership plans (ESOPs) and community trust initiatives are other vehicles for achieving broad-based economic transformation. Since 2012, all our South African-based employees are members of an ESOP. Structured to support our aspiration to be both an employer and partner of choice, the schemes offer a workable model for ensuring that workers and communities participate in and enjoy the benefits that accrue from our mining activities.

### Summary of HDSA ownership

|   | Coal                 | De Beers   | Kumba      | Platinum             |
|---|----------------------|------------|------------|----------------------|
| <b>Percentage HDSA ownership credits of company (%) (Target is 26% in 2014)</b>                                     | 27%-34% <sup>2</sup> | 26%        | 29%        | 26%-36% <sup>2</sup> |
| <b>South African market capitalisation of company (R million)</b>   | Not listed           | Not listed | 143        | 106                  |
| <b>Total current value of production capacity transferred to HDSAs transactions (R billion)</b>                     | 8                    | 6          | 58         | 36                   |
| <b>Percentage HDSA credits earned through transfer of shares or issue of new shares to following beneficiaries:</b> |                      |            |            |                      |
| a) BEE entrepreneurs  | 7%-10% <sup>2</sup>  | 7%         | 20%        | 4%-10% <sup>2</sup>  |
| b) Employees (e.g. ESOPs)   |                      | 13%        | 6%         | 1.2%                 |
| c) Community interests  |                      | 6%         | 3%         | 1.8%                 |
| <b>Percentage HDSA credits earned through sale of assets to the following beneficiaries:</b>                        |                      |            |            |                      |
| a) BEE company or consortium  | 20%-24%              | 0          | 0%         | 19%-23%              |
| b) Employees (e.g. ESOPs)   |                      | 0          | 0%         | 0%                   |
| c) Community interests  |                      | 0          | 0%         | 0%                   |
| <b>Total % HDSA ownership credits</b>   | <b>27% – 34%</b>     | <b>26%</b> | <b>29%</b> | <b>26%-36%</b>       |

<sup>1</sup> The value of production capacity sold to HDSAs was estimated with reference to the Enterprise Value: Production multiple of the entity that disposed of such production capacity.

<sup>2</sup> Platinum's and Coal's HDSA percentages can be measured by means of production volume transferred to HDSAs or with reference to mineral reserves and resources transferred to HDSAs (the latter of which provides an indication of long-term production potential).

### KEY HDSA OWNERSHIP DEVELOPMENTS IN 2013

#### PLATINUM: RESTRUCTURING OF ATLATSA RESOURCES

Atlatsa Resources forms an important part of Platinum's BEE strategy. The refinancing of Atlatsa Resources, including Platinum's acquisition of R1.7 billion of mineral rights from the Bokoni group (in exchange for the reduction of debt), and the subscription by Platinum for R750 million of new Atlatsa Resources shares, is due to be completed in 2014. Atlatsa's turnaround and refinancing have operationally stabilised its Bokoni mine and will substantially reduce Atlatsa's outstanding debt from R3.4 billion to R1.0 billion.

Platinum lent R464 million to Atlatsa Holdings (the BEE shareholder) to purchase additional shares in Atlatsa from Platinum, thus increasing the BEE shareholding in Atlatsa Resources to 62%.

#### COMMUNITY SHARE OWNERSHIP

Project Alchemy, a R3.5 billion initiative that promotes sustainable socio-economic development in Platinum's mine-community and labour-sending areas, is designed to provide direct participation in the company by local communities. Project Alchemy's initial implementation is being undertaken in four mining areas: Tumela/Dishaba, Rustenburg, Mogalakwena and Twickenham. Good progress has been made in setting up the four development trusts for these areas.

#### DE BEERS EMPOWERS DIAMOND TRADING BUSINESS

De Beers has concluded the empowerment of its diamond trading business De Beers Sightholder Sales South Africa (previously known as the Diamond Trading Company South Africa) with Ponahalo Holdings having acquired 26% of the business, in April 2014. In doing so, De Beers has met its commitments in terms of the Mining Charter, to empower both its diamond mining (achieved in 2006) and its diamond trading business before the end of 2014.

#### DE BEERS AND DBCM SHARE REFINANCING

In 2010, DBCM acquired Ponahalo's class B and C preference shares (R1 billion) from Standard Bank SA (SBSA) and DBSA continues to guarantee the class D preference shares (R1 billion). De Beers and Ponahalo are exploring mechanisms of refinancing the class A preference shares held by SBBSA. As part of the refinancing package, DBCM has agreed to purchase the class D preference shares from SBBSA.

#### RENEWING JUNIOR ESOPs

Our junior ESOPs are due to expire in the next few years and replacement structures are being developed, aimed at increasing HDSA participation in the South African businesses.



# PROMOTING SOCIO-ECONOMIC DEVELOPMENT THROUGH LOCAL PROCUREMENT AND ENTERPRISE DEVELOPMENT

## THE ISSUE

Using our core business to support local and HDSA-owned businesses through preferential procurement, supplier development and enterprise development is an important part of our contribution to promoting transformation. Enterprise development dovetails with our efforts to procure from enterprises close to our operations whenever possible, delivering value for the business and for communities around our operations.

## BEE PROGRESS THROUGH PROCUREMENT

### Management approach

In striving to deliver on our transformation objectives and to comply with the requirements of the Mining Charter, we seek to ensure that we procure goods and services from BEE-compliant companies, and from companies operating in and contributing to the communities in which we operate. We also seek to ensure that the parties in our supply chain act in accordance with our values and standards.

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

Each business unit has initiatives aimed at increasing BEE procurement expenditure and advancing transformation. All have developed local procurement strategies and are measuring and reporting against Mining Charter targets.

In line with the Mining Charter, by the end of 2014 companies are required to source a percentage of capital goods (40%); consumables (50%); and services (70%) from companies which have met the required levels of HDSA representation in their ownership structures.

## OUR VALUE

Our initiatives to support localised procurement and supplier development have a positive impact by contributing to skills development, creating jobs and supporting emerging businesses. Our enterprise development programmes are designed to build resilience within host communities and a more robust and competitive supply chain for Anglo American.

Anglo American's approach and activities to secure and transform our supply chain are focused on exceeding compliance, and in working with stakeholders to bring about meaningful, sustainable change. In this chapter we provide an overview of our approach, activities and performance during the review period.

### Developing suppliers

We contribute to local supplier development by simplifying our terms and conditions and payment policies, and by working with several partners – including our larger suppliers, government agencies, commercial associations, local businesses, municipal offices and local communities – to provide business training to local suppliers.

Supplier-development programmes, aimed at creating better visibility of local supplier capability and assisting in building their capacity, are gaining momentum, especially at our Coal and Platinum operations.

We are also developing 'supplier parks' close to our operations. These clusters will house local suppliers, as well as joint ventures between large Anglo American suppliers and local entrepreneurs. Tenants will enjoy access to training, mentoring and finance through our supplier and enterprise development programmes, as well as access to local shared services.

The Anglo American entrepreneur internship programme offers early-stage entrepreneurs and established business owners the opportunity to work at the company, while being mentored, receiving business development support and gaining industry exposure. In 2013, five interns graduated and 30 new interns were selected to complete the 18-month course. The aim is for the entrepreneurs to start new ventures or expand existing ones and ultimately supply goods or services back into our supply chain and beyond. Our flagship enterprise development structure, Zimele, supports the programme by investing in qualifying businesses, while external business coaches offer expertise in business skills.



# OUR PERFORMANCE

IN 2013, ANGLO AMERICAN SPENT  
A TOTAL OF

## R32.4bn

with HDSA businesses (excluding goods and services procured from state-owned entities), accounting for more than 60% of aggregated spend across the South African business units

All our business units met or exceeded the procurement requirements of the Mining Charter for 2013.

Good progress was made against BEE expenditure targets (see graphs alongside for a detailed breakdown). Progress is on track to achieve 2014 targets, although the target for services remains a challenge for certain operations in the short to medium term. Further work is required to ensure that certain vital services suppliers achieve the required HDSA representation in their ownership structures, if we are to meet our 70% target.

The business units proactively interact with non-BEE suppliers in order to promote compliance. Initiatives include supplier days at all business units as well as a more focused and structured approach to engaging multinational companies. This approach is yielding good results, with several transformation deals concluded during 2013 and others consolidating plans to finalise deals in 2014.

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

IN 2013, OUR BUSINESS UNITS  
PROVIDED GUIDANCE TO ALMOST

## 50

Small, medium and micro enterprises (SMMEs) on accessing opportunities in order to become part of Anglo American's supply chain.

This has raised levels of understanding about process and requirements, though there is scope to improve communication with potential suppliers with regard to our expectations of them.

## OUR PERFORMANCE SUMMARY

### Capital goods target – 30%

|                | %  |  |
|----------------|----|--|
| Platinum       | 49 |  |
| Coal           | 39 |  |
| Kumba          | 43 |  |
| De Beers       | 71 |  |
| AASA aggregate | 51 |  |

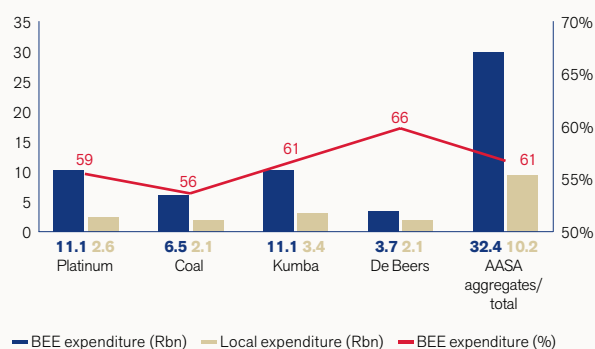
### Services target – 60%

|                | %  |  |
|----------------|----|--|
| Platinum       | 64 |  |
| Coal           | 60 |  |
| Kumba          | 71 |  |
| De Beers       | 71 |  |
| AASA aggregate | 67 |  |

### Consumables target – 40%

|                | %  |  |
|----------------|----|--|
| Platinum       | 62 |  |
| Coal           | 61 |  |
| Kumba          | 65 |  |
| De Beers       | 56 |  |
| AASA aggregate | 61 |  |

### BEE expenditure



### BEE expenditure

|          | % aggregate | (R billion) | Local (R billion) |
|----------|-------------|-------------|-------------------|
| Platinum | 59%         | 11.1        | 2.6               |
| Coal     | 56%         | 6.5         | 2.1               |
| Kumba    | 61%         | 11.1        | 3.4               |
| De Beers | 66%         | 3.7         | 2.1               |
| AASA     | 61%         | 32.4        | 10.2              |

Image  
New Vaal entrepreneur training  
programme at Vaal University of  
Technology

# BUSINESS UNIT PERFORMANCE HIGHLIGHTS

## COAL

In 2013, Coal initiated the first phase of its supplier development programme.

Thirty promising suppliers from host communities were identified to enrol on the programme. Supplier development programme sessions were held, business diagnoses conducted, and individual and customised SMME capability building plans developed for each, including signed development agreements.

IN 2013, THE BUSINESS UNIT ACHIEVED A TOTAL OF

# 56%

expenditure (R6.5 billion) on BEE procurement, representing a 7% increase on the total for 2012.

Coal continued to make progress against BEE expenditure targets, achieving:

# 39%

ON CAPITAL GOODS

# 60%

ON SERVICES

# 61%

ON CONSUMABLES

IN 2013, LOCAL PROCUREMENT EXPENDITURE INCREASED BY

# 4%

over the previous year

## PLATINUM

The labour unrest experienced at the mines in 2013 had a big impact on Platinum's supplier-development expenditure.

In spite of this challenge, by developing and supporting BEE vendors, particularly those located close to its operations, Platinum made substantial progress in meeting and, in some cases exceeding, Mining Charter objectives.

IN 2013, PLATINUM SPENT

# R19.3bn

(2012: R20.6 billion)  
on procurement

# R11.1bn

WAS SPENT WITH BEE-COMPLIANT COMPANIES

(2012: R11 billion)

BEE PROCUREMENT EXPENDITURE REPRESENTED

# 59%

(2012: 53.4%)  
of total discretionary procurement expenditure

Performance against the Mining Charter targets was:

# 49%

ON CAPITAL GOODS

# 64%

ON SERVICES

# 62%

ON CONSUMABLES

OUT OF THE TOTAL BEE PROCUREMENT EXPENDITURE IN 2013

# R2.6bn

(23%)

was spent in the provinces where the procuring operations are located.

Platinum has been focusing on enhancing procurement opportunities in neighbouring communities and in labour-sending areas. A strategic engagement and dedicated empowerment programme for local suppliers is being developed. In 2013, a procurement steering group was formed, with community members participating in the local procurement strategy and supplier development strategy development process.



## KUMBA IRON ORE

During 2013, Kumba's BEE procurement activities continued to deliver value and a number of improvements were made to the company's procurement policies in order to meet Mining Charter requirements.

### TOTAL PAYMENTS TO SUPPLIERS INCREASED TO

# R23.7bn

(20% over 2012)

Of that total, 61% of discretionary expenditure was procured from BEE partners.

### EXPENDITURE ON BEE SUPPLIERS AMOUNTED TO

# R11.1bn

(2012: R9 billion)

## 43%

ON CAPITAL GOODS  
(2012: 62%)

## 71%

ON SERVICES  
(2012: 61%)

## 65%

ON CONSUMABLES  
(2012: 57%)

The improvement in services is largely related to targeted engagement with leading non-BEE service suppliers and, in certain instances, to negotiating contract clauses to ensure a supplier's transformation within a set period.

Kumba's procurement and supply chain teams engaged with a total of 2,978 suppliers over the course of the year. The vast majority (97%) of these suppliers are South African-based entities, and 15% of the total suppliers are based in and around the host communities. In promoting preferential procurement, Kumba will consider favourable payment terms and conditions to alleviate cash-flow constraints where appropriate.

## DE BEERS

De Beers' preferential procurement programmes seek to stimulate growth in other sectors and help offset historical economic inequalities.

The business has well-established initiatives in South Africa aimed at supporting development through value-adding downstream diamond-related activities, such as diamond processing and jewellery manufacture, through partnerships with government and industry partners.

De Beers has a procurement progression plan to enhance the identification, procurement from and subsequent management of, BEE entities. Levels of procurement from BEE entities continue to increase each year.

### IN 2013, DE BEERS SPENT

# R3.7bn

on BEE suppliers through the procurement of:

## 71%

ON CAPITAL GOODS

## 71%

ON SERVICES

## 56%

ON CONSUMABLES

### PROCUREMENT FROM LOCAL BEE ENTITIES IN THE PROVINCES IN WHICH DE BEERS OPERATES WAS

# 38%

of the expenditure.



# ENTERPRISE DEVELOPMENT

Enterprise development (ED) is one of the most effective means of ensuring that the benefits for host communities arising out of mining activities will be sustainable.

Our Zimele enterprise development programme, established in South Africa in 1989 to empower black entrepreneurs through the creation of SMEs, is well known and frequently cited as best practice.

Zimele initiatives have been a catalyst in the development of emerging black businesses, helping to build sustainable, commercially viable enterprises, and empowering entrepreneurs to operate in the mainstream economy through a combination of financial support and mentorship.

The model hinges on enhancing capability and opportunities by linking ED programmes to our core business. About a third of the businesses currently funded and supported by Zimele are directly linked to our supply chain.

## ZIMELE CONSISTED OF FIVE SEPARATE FUNDS:

- Supply Chain Fund
- Anglo American sefa Mining Fund
- Community Fund
- Green Fund
- Sebenza Fund

Launched in partnership with the Development Bank of Southern Africa, the Sebenza Fund plans to create 30 new business hubs across South Africa and create 8,000 new jobs through sustainable employment in areas with high unemployment.

## IN 2013, ZIMELE

provided

# R177m

in funding to emerging entrepreneurs;

supported

# 225

new companies; and

undertook

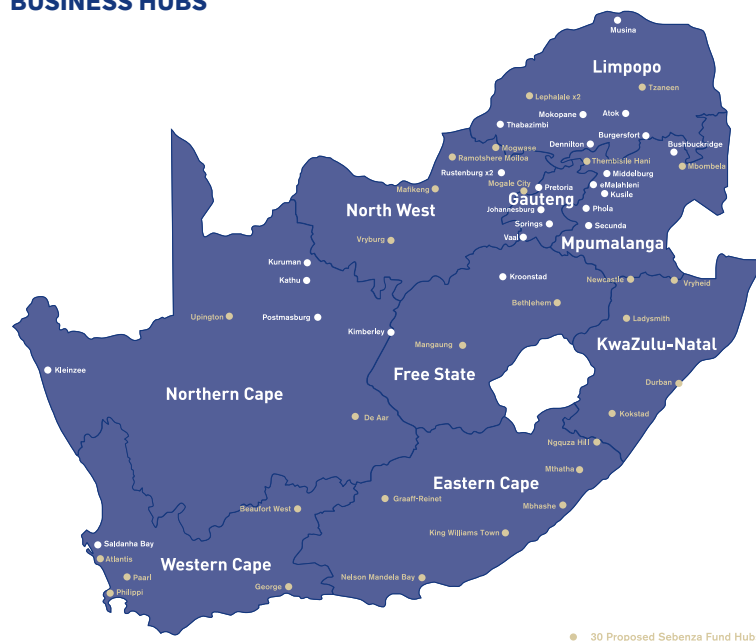
# 383

loan transactions

Since 2008, Zimele has concluded 2,358 transactions to support 1,377 companies and has provided R921 million in funding for businesses that employed 30,092 people, with a combined turnover of R4.5 billion.

|   | Total<br>December<br>2012 | Total<br>December<br>2013 | Supply<br>Chain Fund | Anglo<br>American<br>sefa<br>Mining Fund | Community<br>Fund | Green<br>Fund | Sebenza<br>Fund |
|---|---------------------------|---------------------------|----------------------|--|-------------------|---------------|-----------------|
| Number of transactions                      | 500                       | 383                       | 3                    | 2  | 366               | 2             | 10              |
| People employed                             | 6,713                     | 8,296                     | 3,603                | 197                                      | 3,712             | 57            | 727             |
| Turnover – R million                        | 1,068                     | 933                       | 121                  | 165                                      | 627               | 12            | 8               |
| Funding – R million                         | 150                       | 177                       | 7                    | 37                                       | 112               | 9             | 12              |
| Female entrepreneurs supported              | 49%                       | 41%                       | 100%                 | 0%                                       | 40%               | 0%            | 78%             |
| Youth supported                             | 36%                       | 37%                       | 0%                   | 50%                                      | 37%               | 50%           | 44%             |
| *Companies                                  | 318                       | 225                       | 1                    | 2  | 211               | 2             | 9               |
| Repeat transactions with the same companies | 182                       | 158                       | 2                    | 0  | 155               | 0             | 1               |
| <b>Total</b>                                | <b>500</b>                | <b>383</b>                | <b>3</b>             | <b>2</b>                                 | <b>366</b>        | <b>2</b>      | <b>10</b>       |
| Cost per job – R                            | 22,345                    | 21,336                    | 1,942                | 187,817                                  | 30,172            | 157,895       | 16,506          |
| Average loan repayment rate                 | 75%                       | 83%                       | 70%                  | 90%                                      | 84%               | 87%           | 70%             |

## NATIONAL NETWORK OF ZIMELE SMALL BUSINESS HUBS



## BUSINESS UNIT ED HIGHLIGHTS

### PLATINUM

Platinum operates six small business support hubs – Rustenburg, Mogwase, Atok, Burgersfort, Mokopane and Thabazimbi – as part of the Zimele initiative. Through these, this year 96 financial transactions were approved. The total loan value of R28.7 million was provided to emerging entrepreneurs, supporting 36 companies with a combined annual turnover of R232.5 million, creating 644 new jobs and sustaining 486 jobs. At the Zimele Annual Awards, the Rustenburg hub was awarded second place in both the 'best performing hub' and 'best performing hub manager' categories.

### DE BEERS

De Beers has five Zimele business development hubs, each operating at full capacity: Venetia hub, Voorspoed hub, Kimberley hub, Kleinsee hub, and the Springs hub. The focus is on providing start-up capital for entrepreneurs. In 2013, the hubs collectively created 718 jobs and distributed R12.3 million in loans. The overall target is to create 3,000 jobs by 2015.

### KUMBA

Kumba achieved maximum points in the Enterprise Development category of the B-BBEE scorecard. Kumba's Saldanha business hub opened in the first half of 2013. In 2013, the Sishen, Kolomela and Saldanha Zimele hubs funded 44 businesses, totalling R14.2 million in loans and creating 443 jobs. For project-specific examples of ED, please refer to the Mine Community Development chapter of this report.

### COAL

Coal operates seven small business hubs: five are in the operational areas of Witbank, Middelburg, Sasolburg, Secunda, and Phola, and two are situated in Bushbuckridge and Dennilton, which are our labour sending areas. In 2013, the seven hubs disbursed over R33 million through 37 transactions which created 449 new jobs.



Image  
Supplier day at  
Sishen mine

# FACILITATING BENEFICIATION



## THE ISSUE

Mineral beneficiation – the transformation of a mineral (or a combination of minerals) to a higher value product, which can either be consumed locally or exported – has become one of the major drivers in advancing the empowerment of historically disadvantaged communities in South Africa. It also presents opportunities for the development of new entrepreneurs in downstream and sidestream industries.

## OUR VALUE

Anglo American provides access to raw material for downstream value addition and creates an environment conducive for local beneficiation through enterprising initiatives and technological research and development. Another focus is transforming mining and industrial process by-products into commercially viable resources, with positive environmental, social and economic impacts.

In this chapter we provide an overview of the focal beneficiation activities and performance highlights of each business unit during the review period.

### Image

Jig plant at Kumba's Sishen mine, Northern Cape



## DE BEERS

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

### DE BEERS' BENEFICIATION STRATEGY IN SOUTH AFRICA IS PRIMARILY FOCUSED ON FACILITATING BENEFICIATION IN THE FOLLOWING AREAS:

#### JOB CREATION

De Beers supports sustainable employment opportunities through the consistent supply of more than 40% of its local production by value to South African beneficiaries. De Beers draws on its global production to supply local clients with categories of rough diamonds that are not produced in South Africa, but can be sourced and included for local sale. This approach is pivotal in sustaining existing jobs within the local diamond industry.

#### PROMOTING SKILLS DEVELOPMENT

The Kimberley International Diamond and Jewellery Academy (KIDJA), a partnership between De Beers and the Northern Cape provincial government, focuses on developing skills in rough diamond cutting and polishing and jewellery manufacturing. Since its inception in 2011, R5.2 million has been invested in the scheme. Of the various courses offered by the Academy 145 graduates (98% HDSA) have been trained, including 24 learners with disabilities.

#### HARNESSING LOCAL TALENT IN DIAMOND JEWELLERY DESIGN AND MANUFACTURING

The bi-annual De Beers organised Shining Light diamond jewellery design competition, promotes the development of South African jewellery design talent and opportunities for skills development and job creation. Since its inception 15 years ago, the competition has attracted an increasing number of participants. Future competitions may be repositioned in order to enhance support structures for competition winners and potential talent.

#### STIMULATING CONSUMER DEMAND

De Beers stimulates consumer demand for diamond jewellery and develops opportunities in jewellery manufacturing, design and retail through its proprietary diamond brand Forevermark. Launched in South Africa in 2012, in partnership with Caratco, the exclusive distributor for South Africa, Forevermark SA jewellery is now 100% locally manufactured.

De Beers continues to supply the State Diamond Trader with up to 10% of its run-of-mine production, as required by legislation. The company also provides technical support and staff training to the state-owned entity, which buys and sells rough diamonds and strives to be the leading catalyst for the transformation of the diamond beneficiation industry.

In 2013, De Beers initiated a collaborative feasibility study into the establishment of a downstream enterprise hub, aimed at addressing challenges facing small beneficiaries, such as access to rough diamonds, access to funding for the purchase of rough diamonds for manufacturing, and establishing a sustainable local and international distribution channel for polished diamonds. A pilot project will be implemented during 2014, in partnership with other industry players.



**Image**  
Diamond cutting and  
polishing training at KIDJA

## KUMBA IRON ORE

Kumba implements a beneficiation strategy and engages regularly with relevant stakeholders regarding beneficiation.

The business invests substantially in downstream value creation and continues to explore novel beneficiation methods to increase the iron content of iron ore products and improve resource utilisation. The company is at an advanced stage of investigating technologies that can increase the value of iron ore by three to four times.

Kumba beneficiates more than 80% of its ore prior to selling. In terms of a long-term iron ore sale and supply agreement signed in 2013, local steel producer Arcelor Mittal SA may purchase up to 6.25 million tonnes of iron ore at a discounted cost price from Kumba.

Saleable products are currently produced from previously discarded low-grade ore using the innovative jig technology plant at Sishen mine.

Kumba invested about R110 million in the construction and commissioning of Sishen's ultra-high dense-medium separation pilot plant, jointly evaluating and developing the technology with Exxaro Resources. The technology proved viable and will be used in life of mine extension and growth projects at both Sishen and Thabazimbi. In addition to sustaining local jobs, concomitant benefits will include generating governmental taxes and revenues for longer.

Sishen mine has invested R27 million in exploring 'value-addition' processes to produce competitive products that may be utilised in steelmaking processes and facilitate the beneficiation of South Africa's mineral wealth. Direct reduced iron (DRI) and pig iron have been successfully produced in trials using locally sourced coal and iron ore.

A project plan is being advanced which if delivered, could see the development of a commercial plant in 2020.

## IN 2013, THE BUSINESS INVESTED

# R175m

in technology development projects aimed at enhancing Kumba's safety and production efficiencies, as well as reducing mining and processing cost and maximising product value.



**Image**  
Inside Kumba's Sishen  
Iron ore Jig plant

## COAL

Image  
Electrical pylons



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

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

### STRATEGIC BENEFICIATION INITIATIVES INTRODUCED IN 2013

- A joint venture has been launched to retreat discarded coal at Greenside colliery, for domestic use.
- A briquetting study is under way at Goedeheop colliery aimed at enhancing an existing waste product that can be used as blend material for an export product.
- The beneficiation of ultrafine materials is under way at Mafube colliery. These have been briquetted for use in domestic markets, including local power generation. R60 million has been invested in the project, which will be expanded to exploit value from the many ultrafines stockpiles in South Africa's coal fields.
- Flotation opportunities are currently under investigation at both Goedeheop North and Phola.
- The process at the eMalahleni water treatment plant has been optimised. Brine production has been eliminated thereby leaving only one waste product from the process.

### RESEARCH AND DEVELOPMENT FOCUSED PROJECTS

Coal is a leader in developing coal-bed methane (CBM) technology in South Africa for potential power generation. Following a successful pilot project to explore the beneficiation of CBM by-products, Coal and Platinum are continuing to work together on piloting a stationary fuel cell at a CBM exploration site near Lephalale, Limpopo.

Gypsum waste produced at the eMalahleni water treatment plant is transformed into gypsum-based building products suitable for constructing quality houses. Following the successful building of 62 houses and walls in Kwa Mthunzi Vilakazi using these products, in 2013 we increased the use of 'waste' products in providing a further 380 serviced stands, for which 317 employees have already applied for mortgage bond approval.

## PLATINUM



**Image**  
Platinum's rural  
electrification project  
in Naledi

Our Platinum business has been investing in market development and beneficiation since 2009.

The marketplace for PGMs is global. Together with various partners, Platinum invests in a portfolio of activities ranging from laboratory-scale research and product development to investments in the early-stage commercialisation of products capable of driving global PGM demand in the longer term. In parallel, Platinum facilitates the stimulation of beneficiation of locally produced PGMs within South Africa. Our activities range from laboratory-scale research and product development, to early-stage commercialisation of products capable of driving global PGM demand in the longer term.

Platinum supports industry and government's efforts to ensure that the current PGM industries in South Africa (the autocatalytic converter and jewellery industries, as well as a fledgling fuel cell industry) are maintained and set on a growth path, with appropriate support. The business also assists in developing new manufacturing and job creation opportunities in the PGM sector.

Platinum invests in market development and beneficiation across four broad areas, as illustrated.



## STRATEGIC INTENT

To contribute to local economic development by facilitating the creation of greater value-add to PGMs in South Africa, over and above securing our licence to operate and retaining our mining rights.

### ACCESS TO METALS

- Commitment to supply legitimate requests for PGMs in SA at market price
- Provision of metal consignment scheme to local jewellers (extended payment terms)

### R&D AND LOCAL SKILLS DEVELOPMENT

- Support university research collaborations in PGM applications
- Investment in fuel cell product development
- Support jewellery training institutions

### ACCESS TO MARKETS

- Co-invest in Platinum Guild International (PGI) to develop local and international platinum jewellery markets
- Invest in developing local fuel cell market

### COMMERCIALISATION OF PGM TECHNOLOGY

- PGM Development Fund to invest in commercialisation of new PGM technologies
- Commercialisation of successful product development

### RESEARCH COLLABORATIONS

Platinum engages with various government departments on the development of PGM technologies in South Africa. The business supports various PGM research programmes aimed at accelerating local product development and creating new applications for PGMs, driving demand in the longer term, and helping to establish new industries in South Africa. In 2013, five local PGM research programmes were concluded, delivering encouraging results.

### DEVELOPING THE PLATINUM JEWELLERY MARKET

Platinum supported five training institutes that help build local platinum jewellery design and manufacturing capacity. The company also supported local jewellery manufacturers through a metal consignment scheme, which allows for extended payment terms and affords jewellers the opportunity to manage price volatility. Last year marked the company's 15th annual PlatAfrica design and manufacture competition, established primarily to give jewellery design students the opportunity to work with platinum metal. More than a hundred entries from professionals, apprentices and students were received.

### DEVELOPING THE FUEL CELL MARKET

A key development area for platinum is the use of fuel cells to provide power, both in stationary (such as residential power) and mobile (e.g. powertrains for vehicles) applications. Fuel cells are efficient, versatile and scalable, and offer several advantages. They have the potential to boost demand for platinum, which is used as a catalyst in the cells. Fuel cells do not require electricity, do not emit noxious gases, and could reduce levels of reliance on coal-fired power plants.

A project under way is the development of a commercial stationary fuel cell home generator, designed to provide efficient, reliable power to rural communities that are not connected to the electricity grid. The aim is to target the South African rural market and to manufacture the fuel cell home generators locally. A field trial is currently under way outside Kroonstad in the Free State; this is a world-first demonstration of a fuel cell mini-grid application for rural electrification.

In addition, Platinum is developing and testing fuel cell-powered mining equipment, including an underground locomotive and dozer. Pending the outcome of underground testing, the business aims to commercialise this technology in South Africa, which would enable local manufacturing and generate jobs and a new skills base.

### DEVELOPING INDUSTRIAL DEMAND THROUGH THE PGM DEVELOPMENT FUND

Platinum established the Platinum Group Metal Development Fund (PGMDF) in 2009 to invest in early-stage businesses/technologies that either support PGM usage or use PGM technologies in their products or processes. PGMDF provides capital to innovators and entrepreneurs during the early-stage development and commercialisation of PGM technology.

This year the Fund invested in a US-based company that has developed a flow battery technology that can store and release energy at utility scale. The technology relies on the lesser-known PGMs, ruthenium and iridium, in addition to platinum.

|                 |   |                 |  |
|-----------------|---|-----------------|--|
| <b>AAESS</b>    | Anglo American EMEA Shared Services in South Africa               | <b>LTIs</b>     | Lost-time injuries                                       |
| <b>AAIC</b>     | Anglo American Inyosi Coal (Proprietary) Limited                  | <b>LTIFR</b>    | Lost-time injury frequency rate                          |
| <b>AASA</b>     | Anglo American South Africa Limited                               | <b>MCD</b>      | Mine community development                               |
| <b>ABET</b>     | Adult basic education and training                                | <b>Mℓ</b>       | Million litres   |
| <b>ACD</b>      | Anglo American's Corporate Division                               | <b>MPRDA</b>    | Minerals and Petroleum Resources Development Act         |
| <b>ARD</b>      | Acid rock drainage  | <b>MQA</b>      | Mining qualifications authority                          |
| <b>ART</b>      | Anti-retroviral therapy   | <b>NGO</b>      | Non-government organisation                              |
| <b>B-BBEE</b>   | Broad-based black economic empowerment                            | <b>NIHL</b>     | Noise-induced hearing loss                               |
| <b>BEE</b>      | Black economic empowerment  | <b>NPAT</b>     | Net profit after tax                                     |
| <b>CBM</b>      | Coal-bed methane  | <b>NPC</b>      | Non-profit company                                       |
| <b>CMSA</b>     | Chamber of Mines of South Africa                                  | <b>NQF</b>      | National qualifications framework                        |
| <b>DBCM</b>     | De Beers Consolidated Mines                                       | <b>NSFAS</b>    | National student financial assistance scheme             |
| <b>DBSA</b>     | Development Bank of Southern Africa                               | <b>OHS</b>      | Occupational health and safety                           |
| <b>DMR</b>      | Department of Mineral Resources                                   | <b>ORMP</b>     | Operational risk management process                      |
| <b>DoE</b>      | Department of Energy  | <b>PGI</b>      | Platinum Guild International                             |
| <b>DoH</b>      | Department of Health  | <b>PGMs</b>     | Platinum group metals                                    |
| <b>DoL</b>      | Department of Labour  | <b>PGMDF</b>    | Platinum Group Metal Development Fund                    |
| <b>DRI</b>      | Direct reduced iron   | <b>PITs</b>     | Professionals-in-training                                |
| <b>DWA</b>      | Department of Water Affairs                                       | <b>PME</b>      | Programme for management excellence                      |
| <b>ECD</b>      | Early childhood development                                       | <b>PMT</b>      | Practical management training                            |
| <b>ED</b>       | Enterprise development  | <b>PPE</b>      | Personal protective equipment                            |
| <b>EE</b>       | Employment equity   | <b>QCTO</b>     | Quality council for trades and occupations               |
| <b>EIA</b>      | Environmental impact assessment                                   | <b>R&amp;D</b>  | Research and development                                 |
| <b>EIP</b>      | Entrepreneur internship programme                                 | <b>S&amp;SD</b> | Safety and sustainable development                       |
| <b>EMEA</b>     | Europe, Middle East and Africa                                    | <b>SADC</b>     | Southern African Development Community                   |
| <b>EMPs</b>     | Environmental management plans                                    | <b>SARS</b>     | South African Revenue Service                            |
| <b>EMPR</b>     | Environmental management programme report                         | <b>SBSA</b>     | Standard Bank SA   |
| <b>EMS</b>      | Environmental management system                                   | <b>SDP</b>      | Social development programme                             |
| <b>ESOPs</b>    | Employee share ownership plans                                    | <b>SDT</b>      | State diamond trader                                     |
| <b>FLC</b>      | Foundational learning certificate                                 | <b>SEAT</b>     | Socio-economic assessment toolbox                        |
| <b>FIFR</b>     | Fatality injury frequency rate                                    | <b>SETA</b>     | Sector education training authority                      |
| <b>GDP</b>      | Graduate development programme                                    | <b>SHE RMP</b>  | Safety, health and environmental risk management process |
| <b>GHG</b>      | Greenhouse gas  | <b>SLP</b>      | Social and labour plan                                   |
| <b>GJ</b>       | Gigajoule   | <b>SMMEs</b>    | Small, medium and micro enterprises                      |
| <b>HCT</b>      | HIV counselling and testing                                       | <b>SRM</b>      | Supplier relationship management                         |
| <b>HDSAs</b>    | Historically disadvantaged South Africans                         | <b>TAP</b>      | The achiever programme                                   |
| <b>HIV/AIDS</b> | Human immuno-deficiency virus/Acquired immuno-deficiency syndrome | <b>TB</b>       | Tuberculosis   |
| <b>HRD</b>      | Human resource development  | <b>the dti</b>  | The Department of Trade and Industry                     |
| <b>IDC</b>      | Industrial Development Corporation                                | <b>VCT</b>      | Voluntary counselling and testing                        |
| <b>IDP</b>      | Integrated development plan                                       | <b>VFL</b>      | Visible felt leadership                                  |
| <b>KIDJA</b>    | Kimberley International Diamond Jewellery Academy                 | <b>VP</b>       | Voluntary Principles                                     |
| <b>LED</b>      | Local economic development  | <b>WHO</b>      | World Health Organisation                                |
| <b>LFI</b>      | Learning from incidents   |                 |  |



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