

Making a Difference – 2008 Sustainable Development Performance

3 June 2009



1 Chairman's Overview

- Sir Mark Moody-Stuart, Chairman

2 Overview of the Year

- Cynthia Carroll, Chief Executive

3 Investment of Choice

- Cynthia Carroll, Chief Executive

4 Partner of Choice

- Edward Bickham, Group Head of External Relations, Gareth Llewellyn, Group Head of Safety and Sustainable Development

5 Employer of Choice

- Gareth Llewellyn, Russell King, Chief Strategy Officer

Chairman's Overview



Sustainable development remains a key priority, irrespective of current economic conditions

- Business climate
- Dividend suspension
- Continuing importance of sustainable development
- Maintaining commitments to communities
- Growing focus on water
- Critical importance of creating local economic opportunities

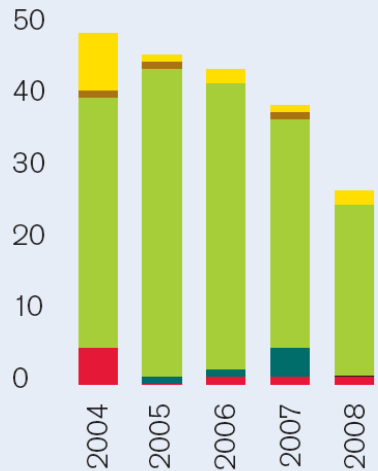


Overview of the Year



Strong and unrelenting focus on safety improvement led to a clear improvement in our performance in 2008

Fatal incidents



- Fatalities down to 27
 - 33 percent improvement over 2007
- LTIFR down to 1.05
 - 17 percent improvement over 2007
- Achievements include 7 million fatality free shifts at Union platinum mine
- Catalysed a major tripartite safety process with government, unions and other companies in South Africa
- We will continue to drive safety until Zero Harm is achieved

Business climate

- Deterioration of the business climate in 2008
- Prospects for a return to growth remain uncertain in the short term
- Fundamentals of our industry remain solid:
 - relatively constrained supply
 - continuing urbanisation of India and China

Strategic developments

- Ongoing disposal of non-core assets
- Supply chain and asset optimisation programmes
- Capital expenditure rationalisation
- Capital raising / balance sheet strengthening
- Growth options retained and delivery of strategic growth projects

Key industry themes different from last year



May 2008

Maximising output

Increased infrastructure constraints

Increased competition for assets

Increased project development constraints

Reduced access to capital/liquidity

May 2009

▶ Managing costs and production

▶ Efficiency focus at existing infrastructure

▶ Limited competition for assets

▶ Reduction in project development

▶ Very limited access to capital/liquidity

Fundamentals of our industry remain solid

Stakeholder engagement

Continuing to deliver on BEE

- Secured new order mining rights

Strengthening relationships with host governments

- Government Relations Council established

Gained extensive recognition:

- Won awards for: the best international company in Africa; gender sensitivity; and the company making the biggest contribution to the MDGs at the inaugural 'African Business Awards'
- Rated as leading Europe-listed miner and large UK company on CR
- Rated as best corporate grant maker in SA for 8th consecutive year
- Won top environmental prize in Brazil
- Chilean national award for community engagement
- Winner of UK Wildlife Trust biodiversity award

Anglo American guiding values



Articulating our values



Safety



Care and Respect



Innovation



Collaboration



Integrity



Accountability

Roll-out programme

- Aimed at building understanding of values and motivation to drive through the organisation
- 61 workshops targeting 5,700 managers:
 - 26 locations
 - 10 countries
 - 5 continents
 - Three languages
- Very positive staff response:
 - Values felt to reflect Anglo and its culture and ambitions
- Now reaching out to all employees through peer educators

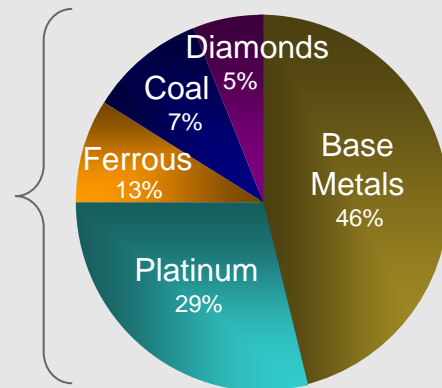
Investment of Choice



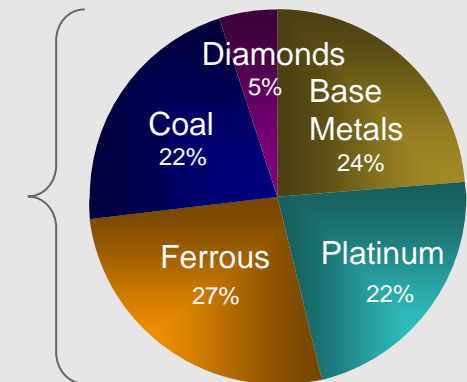
Despite declining prices, capacity growth and efficiencies generated a strong performance over the full year

- More than tripling of operating profit in Coal with record production in all major locations
- Doubling of operating profit in Ferrous Metals and Industries with record production of iron ore and manganese ore and alloys
- Strong financial performance in Base Metals and Platinum despite rapidly deteriorating H2 pricing environment

2007 Split of Operating Profit⁽¹⁾



2008 Split of Operating Profit⁽¹⁾



Delivering \$2bn asset optimisation and procurement initiatives



- \$1 bn operating profit growth from Asset Optimisation 2009 to 2011
- AO embedded throughout organisation
- AO representatives in all mines with specific targets for every mine and every business unit
- Examples of value delivery
 - \$25m annual benefit from reduced shutdown interval at Sishen
 - Increased Grinding Mill utilisation rate at Los Bronces from 91% to 96%, equating to \$20m profit enhancement for 2009

- Supply chain initiatives on track to deliver benefits of \$1 bn by 2011
- Over \$200m delivered in 2008
- Examples of value delivery

Conveyor equipment and services: supplier consolidation (over 100 to 6), will deliver a 13% price reduction

Temporary labour: supplier consolidation South Africa (41 to 3) and Australia (6 to 1), delivering over 10% reduction in labour cost

Anglo has taken necessary actions to be well positioned through the cycle

- Long life, cost advantaged assets largely in Q1 and Q2 of cost curve
- Unique portfolio in precious, bulks and base
- Strengthened financial position
- Internal focus on improving performance, returns and operational excellence
- Strong, well funded organic growth pipeline



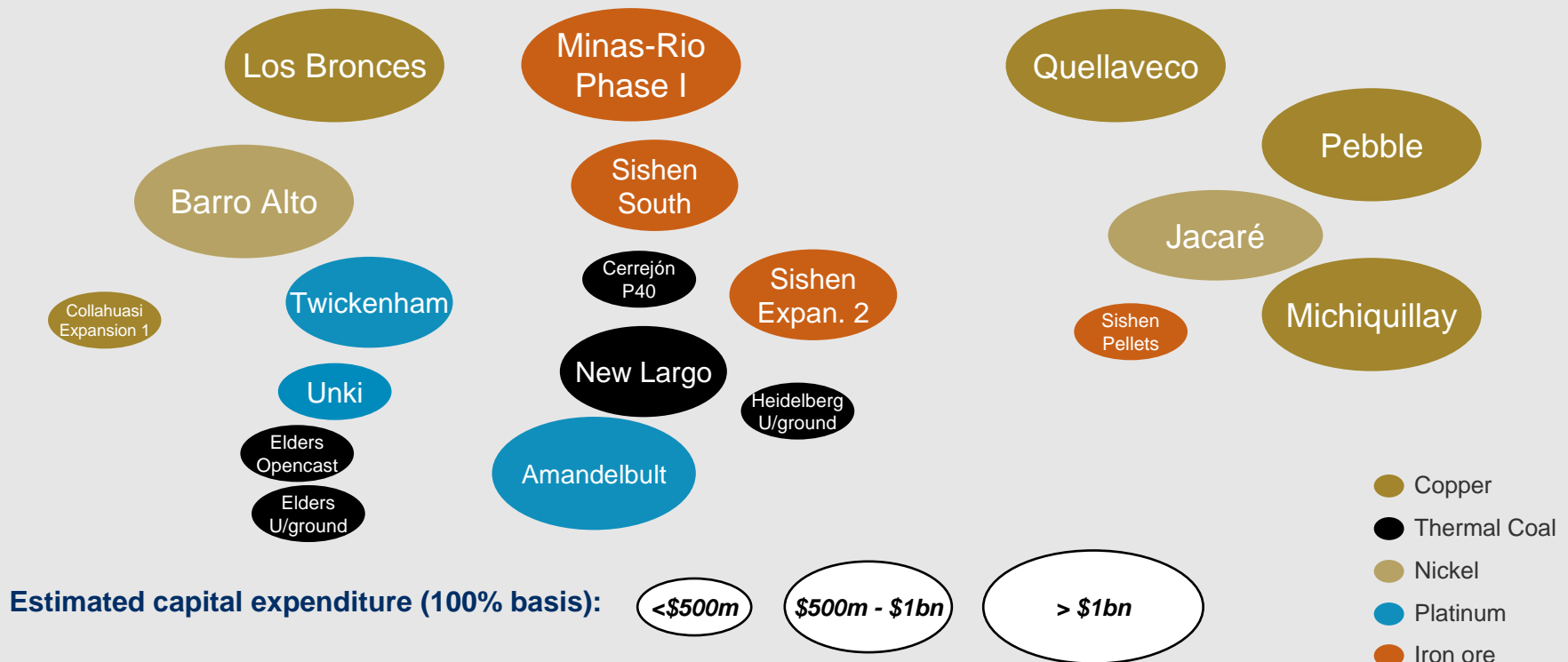
Strong project pipeline preserved



2010 / 2011 ▶

2012 / 2013 ▶

2014 and beyond ▶



One of the largest industry growth pipelines

*Selected future approved and unapproved projects, dates show first production

Focused on delivering substantial value throughout the cycle, leveraging our world class asset base and building our \$50bn growth pipeline

- A unique world-class portfolio of precious, bulks and base metals well positioned at lower end of cost curve in attractive markets
- Major restructuring initiatives at Anglo Platinum and De Beers
- \$2 billion Asset Optimisation and Supply Chain programmes
- Balance sheet: no further refinancing required over the medium term
- Three major projects under development – well timed to enter production from 2011

Partner of Choice

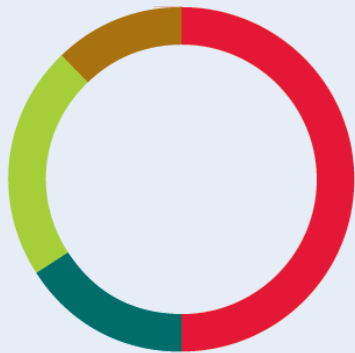


Economic contribution

Geographic distribution of economic benefits, 2008 (managed companies). Total taxes paid of \$4.2 billion, value added of \$13.2 billion

Analysis of taxes borne and collected between developed and developing countries

%

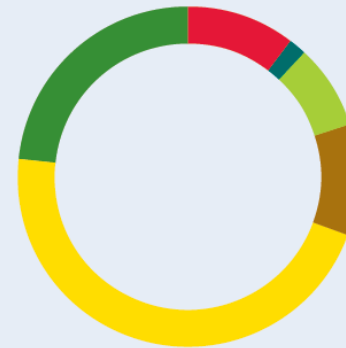


| | |
|----------------------------------|----|
| Developing countries (borne) | 50 |
| Developing countries (collected) | 16 |
| Developed countries (borne) | 22 |
| Developed countries (collected) | 12 |



Group value distribution

\$ million



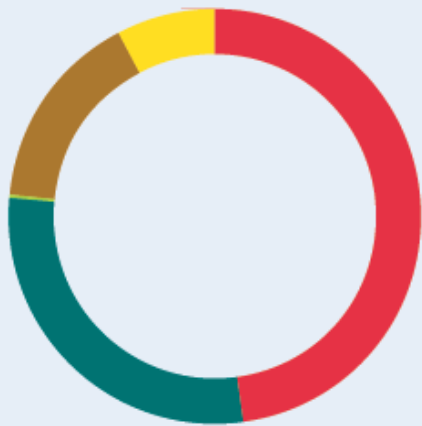
| | |
|---------------------------------|--------|
| Employees | 2,947 |
| Providers of capital (interest) | 519 |
| Dividends | 2,334 |
| Company taxes | 2,986 |
| Suppliers | 13,204 |
| Reinvested in the Group | 6,652 |

Economic contribution



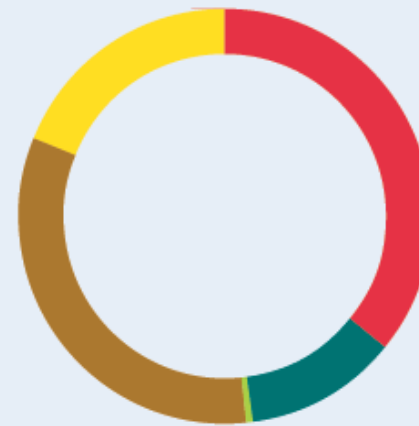
Sharing of economic benefits, 2008 (managed companies)

Suppliers \$ million



| | |
|----------------|---------------|
| Africa | 6,324 |
| Europe | 3,764 |
| North America | 62 |
| South America | 2,058 |
| Australia/Asia | 996 |
| Total | 13,204 |

Taxation \$ million



| | |
|----------------|--------------|
| Africa | 1,076 |
| Europe | 357 |
| North America | 16 |
| South America | 981 |
| Australia/Asia | 556 |
| Total | 2,986 |

Management systems

‘Anglo Social Way’ approved (April 09)

- World-class management standards
- Roll-out in 2009 / 2010
- Greater central oversight over resettlements, complaints and grievance procedures and benefit sharing

Continued development of SEAT in response to site needs

- New guidance on contractor management and indigenous peoples
- 500+ managers now trained in SEAT
- Over 20 implementations in progress

Review of Group social strategy has identified options to enhance development outcomes through:

- Employee volunteering programmes
- Local procurement initiatives

Social performance initiatives

Significant investment in management education

- MBA level social performance programme developed with Universities of Cambridge and Queensland
- Supporting the establishment of foundation programmes for site-base staff in main countries of operation

Enterprise development extended

- New mining community hubs in generating significant growth; now generating over 10,500 jobs in Zimele
- Significant organic growth in Chile
- Introducing new schemes in Brail and Venezuela
- Targeting 18,000 jobs by end 2009

Community energy and construction product initiatives

In 2008 an in-depth review was undertaken of our social performance in South Africa

- Areas of industry leading practice
 - HIV/AIDS, Anglo Chairman's Fund, Anglo Zimele
- Opportunities for enhanced implementation of social programmes
 - SEAT implementation, social investment, HIV/AIDS
- Need to address informal housing situation
 - Anglo Platinum MoU with SA Dept of Housing to facilitate the provision of 20,000 homes
- 'Social Performance Unit' established
- Developing new strategy for social interventions in labour sending areas
- Capacity building and partnerships



Social risks at operations and projects continue to be managed effectively

- **Michiquillay, Peru**
 - Community vote in favour of Anglo proceeding with exploration
- **Pebble Project, Alaska**
 - Potentially damaging ballot initiative defeated. Independent stakeholder dialogue process being established under the auspices of the Keystone Center
 - ‘Pebble Fund’ launched and first grants disbursed
 - Local desire for development but concerns over pollution risks
- **Mothlotlo Resettlements, South Africa**
 - Independent tests have disproved ActionAid water quality allegations
 - SA Human Rights Commission investigation did not support allegations of human rights abuses
- **Cerrejón ‘Third Party Review’ has created basis for the successful resolution Tabaco resettlement and controversy and to improve engagement around future resettlements**

Continued focus on enhancing relationships with key stakeholder groups

- SEAT2 roll-out ongoing
 - Focus on complaints and grievance procedures
- Government Relations Council established
 - Strengthened evaluation of political risks
 - Improved management of public policy agenda
 - Development of a Government Relations Toolbox
- Continued commitment to Extractive Industries Transparency Initiative
- Voluntary Principles on Security and Human Rights
 - South Africa Police Service VPSHR training course
 - Anglo elected to VPSHR Steering Group
 - Anglo is leading ICMM human rights work
- NGO partnerships

Integrated management systems

During 2008 considerable effort was devoted to the continuing development of our management systems

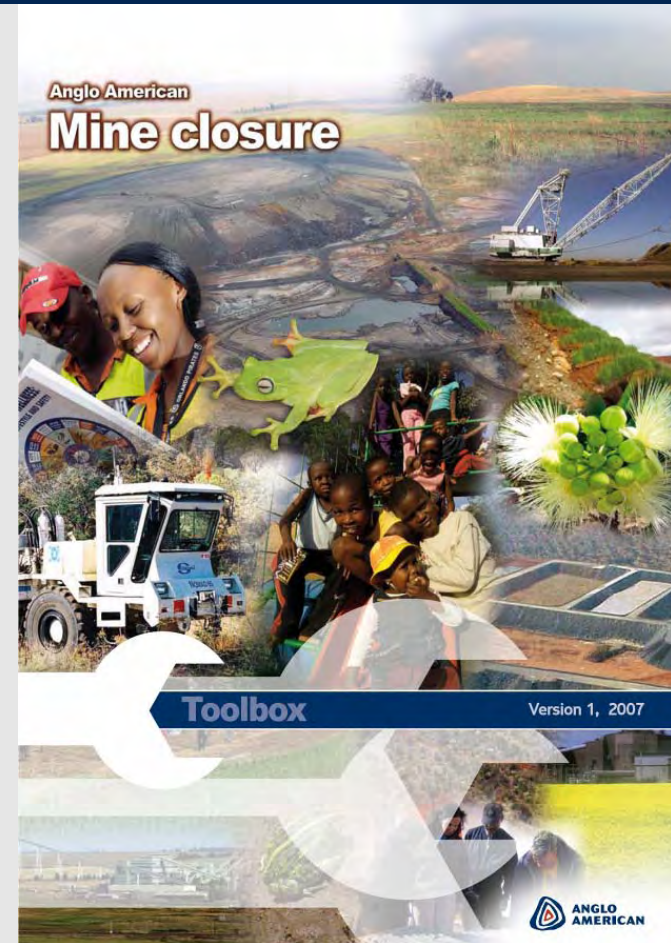
- Completion of the Anglo Way suite of sustainable development management system standards
 - Safety, Occupational Health, Environment and Social
- SD considerations integrated into new supply chain organisation
- Work progressing on developing integrated SD assurance processes
- Developing new guidelines for assessing SD issues during business development and project development



Principal environment issues

One Anglo approach to environmental management

- ‘Anglo Environment Way’
 - Sets our ambition for the way we management the environment
 - Suite of performance standards
 - Climate change is a strategic priority
- Mine closure
 - Designing for mine closure from the start and managing through operational phase
 - Opex and Capex can be carefully planned
 - Regulatory approval for closure
 - Mine Closure Toolbox launched in 2008
- Key risks and opportunities
 - Climate change and energy
 - Water management
 - Biodiversity and land management

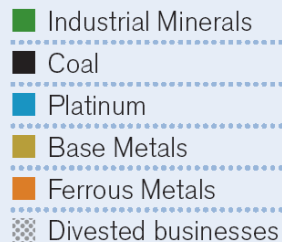
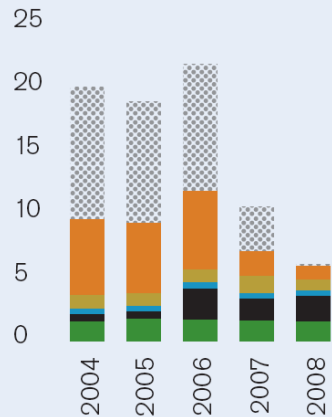


Climate change and energy

Disposal of non-core assets has reduced our carbon footprint. Energy efficiency and generation opportunities offer scope for value creation

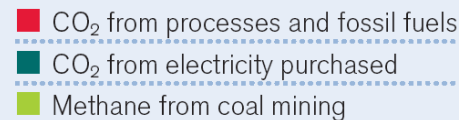
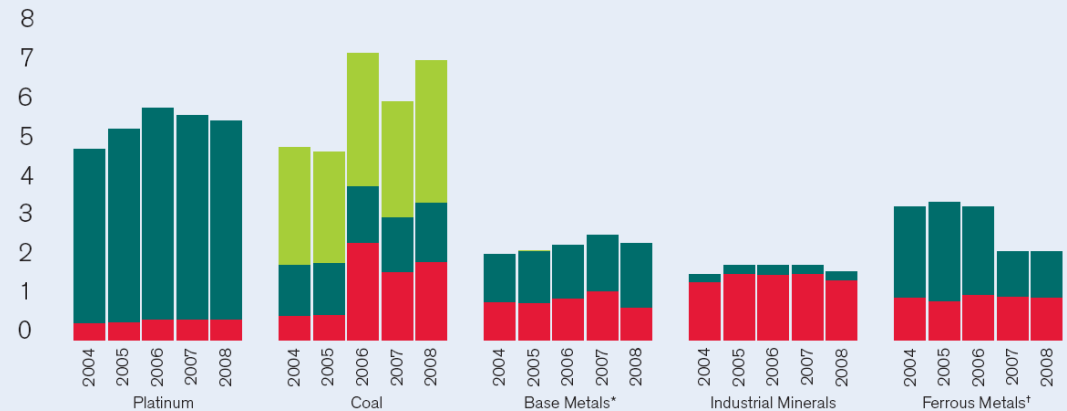
CO₂ from fossil fuels and processes

Million tonnes



CO₂e emissions

Million tonnes



* Excludes Namakwa Sands

† Excludes Highveld Steel and Hippo Valley

We continue to seek market and technology solutions to the challenges posed by energy security concerns and climate change

- **Energy efficiency programme**
 - Changing mining conditions are challenging efforts to improve energy efficiency
 - A greater focus on measurement and reporting is aiding performance
- **South African electricity security of supply**
 - Economic downturn has provided some relief but system reserve margin still thin
 - Contingency plans in place and emergency generation installed at sites
 - Continue to engage with stakeholders and review additional generation options
- **Emissions trading**
 - Assessing the impacts of current trading schemes on our business and customers
 - Discussing with customers their view of the impact of trading schemes
 - Supporting technological developments which reduce emissions from coal

Water strategy developed and rolling out across the Group

- A scarce resource and a valuable one
- Principles
 - Understanding what we have
 - Being self-sufficient
 - Adding value to our business
- Actions
 - Water balances
 - The economic value of water
 - Emalahleni
 - Climate scenarios
- Benefits
 - Financial opportunity: reducing cost, realising value
 - Stakeholder opportunity: understanding and supporting community water supply
 - Operational opportunity: security of water supply, license to operate, remain in business



Land stewardship integrates biodiversity and social issues

- **Performance Standards**
 - Mineral and non-mineral waste
 - Rehabilitation
 - Biodiversity
- **Biodiversity Management**
 - Every significant site has a biodiversity action plan
 - 10/12 sites are peer reviewed annually
 - Offset programmes are a focus
- **Partnership**
 - Fauna Flora International



Platinum – private nature reserve to protect sensitive biodiversity



Rehabilitated land at Kleinkopje Colliery

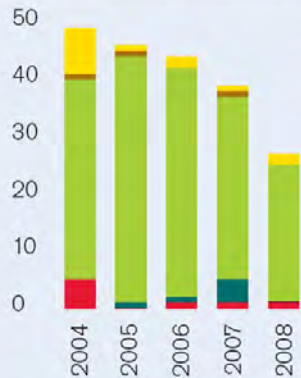
Employer of Choice



2008 saw a major improvement in our safety performance. We remain of the view that anything less than Zero Harm is unacceptable

Geographical location of fatal incidents (2004-2008)

Fatal incidents



- Europe
- Middle East
- Africa
- Australia
- Americas

Types of fatal incidents in 2008

Number



- Transportation 7
- Falls of ground 6
- Falling 4
- Moving machinery 4
- Electricity 2
- Fire and explosions 2
- Mud rush 1
- Other causes 1

LTIFR and FIFR (2004-2008)

Frequency rates per 200,000 manhours worked



- LTIFR: lost-time injury frequency rate
- FIFR: fatal injury frequency rate

The basis for reporting LTIs became more inclusive in 2004 and included restricted work cases.

Building on safety successes to date

- Long term safety strategy developed, reflecting different levels of safety maturity across the group
- Safety priorities 2009-2014:
 - Safety leadership and culture
 - Risk management
 - Competence and development
 - Learning (both from incidents and outside)
 - Assurance
- ExCo has embraced their collective role in creating the enabling environment for managing the business safely.
 - Individual sponsorship roles for each ExCo member to support One Safe Anglo
- Working with University partners to provide risk management training not just for Anglo and our contract partners, but also for our industry peers, regulators and unions
 - Part of our Tripartite commitment to raising safety performance industry-wide

Zero Harm mindset being embedded into health management. Anglo Health Way and Management Guidelines produced and rolled-out

Zero mindset



- 'Safety' and 'Care and Respect' are core values
- Risk assessment
- Elimination of hazardous exposures through engineering control at source
- Holistic approach to health
 - Risk-based evaluation of fitness for work and medical surveillance
 - Treatment and rehabilitation
 - Wellness
 - Community health

No repeats

- Monitoring and reporting of key health indicators

Simple non-negotiable rules

- Anglo Occupational Health Way
- Anglo Occupational Health Management Guidelines

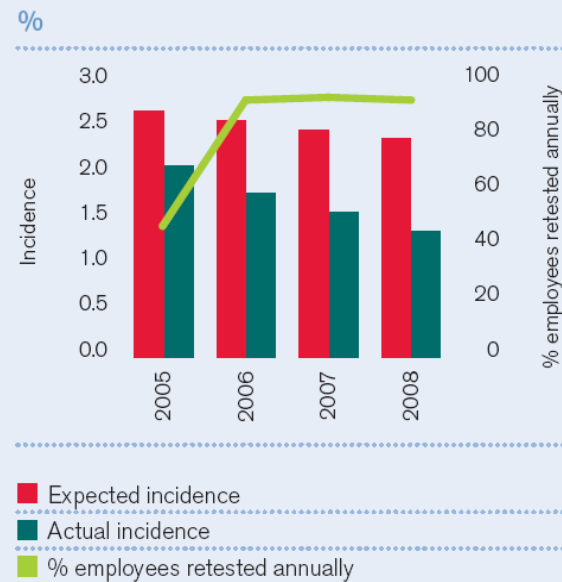
Strengthened commitment

- Increased participation in workplace programmes:
 - VCT uptake 63,817 / 77% in Southern Africa
 - Estimated number of HIV+ employees now at 14,468
 - 51% of HIV+ employees on disease management programmes
- Adopted new HIV/AIDS policy in 2008
 - Extend free ART treatment to employees' dependents
 - Strengthen processes on access to treatment for retrenched workers and prevention of mother-to-child transmission

Encouraging results

- Infections are falling, especially in Anglo Coal, and adherence to treatment programmes has improved

New cases of HIV in Anglo Coal South Africa



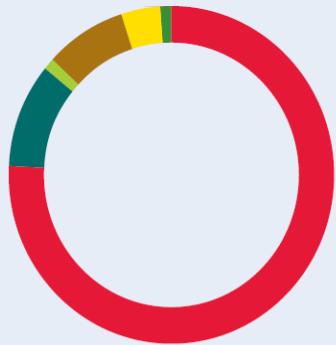
ART losses per cohort at 12 months



In 2008 we appointed a new Group Head of Human Resources and continue to strengthen and integrate HR processes across Anglo

Employees by region

By managed business units %



| | |
|-----------------|----|
| ■ Africa | 76 |
| ■ Europe | 10 |
| ■ North America | 1 |
| ■ South America | 8 |
| ■ Australia | 4 |
| ■ Rest of world | 1 |

- 105,000 employees, 35,000 contractors
- 80 percent of employees represented by works councils, trade unions etc
- 18.6 percent of management now women
- 3,700 bursars, apprentices and trainees
- Graduate and apprentice training costs of \$38 million per annum
- Investments in schools and universities

We are continuing to enhance the diversity of our workforce around the world



- Transformation in South Africa and women in mining remain the biggest issues
- Seeking to transfer our experience from South Africa to other parts of the group to ensure we benefit from our increasing geographic diversity
- Baseline data collected on recruitment and retention issues, in particular for women
- Initially targeting supportive policies and practices
- Feasibility of numerical targets will be considered in due course

We continue to make strong progress on transformation of our workforce and supply chain in South Africa

Transformation in South Africa

% as at 31 December 2008

| | Women | HDSA |
|------------------------------------|-----------|-----------|
| Top and senior management | 12 | 29 |
| Professional and middle management | 19 | 48 |
| Junior management | 15 | 56 |
| Skilled workers | 18 | 70 |
| Total | 12 | 89 |

- Continued progress on increasing HDSA participation in management
- Procurement from BEE businesses up to Rand 24.6 billion (\$3 billion), a 42 percent increase on 2007
- Supporting significant employee housing initiative in partnership with South African government – 20,000 homes over five to ten years

Question and Answer Session

