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Mining and Corporate Social Responsibility

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Thank you Paulo for those kind introductory remarks, and good afternoon everyone. It's good to be back in Belo, at the heart of one of the world's great mining regions. It is a privilege to speak at such an important event in the mining calendar.

Before I turn to my topic for today, some of you may not be too familiar with Anglo American, so let me first give you a snapshot – and remind you of the strong and longstanding relationship we have with Brazil.

We are a leading global mining company; we operate on six continents, with more than 90 per cent of our operations in emerging countries. We are focused on iron ore, metallurgical and thermal coal, copper, nickel, platinum and diamonds. We employ around 150,000 people, including contractors, and we have a current market capitalisation of around \$50 billion.

Anglo American made its first investments in South America, here in Brazil, almost 40 years ago. This country is critical to Anglo American's future. It is the home of three of our eight business units – Iron Ore Brazil, Nickel and our Catalão niobium and Copebrás phosphates businesses. We employ over 17,000 people in Brazil today, including the contractors building our major projects.

We have four big current projects – and two of them are also here. That is the Barro Alto nickel project, which we commissioned earlier this year and is now ramping up. And our Minas-Rio iron ore development, which is the biggest of all our projects. These two projects account for almost \$7 billion of inward investment, and beyond those, we have further exciting opportunities.

You see why Brazil is important to us.

Brazil is blessed with many advantages. The sound economic strategy put in train under Presidents Fernando Henrique Cardoso, Lula, and now Dilma Rousseff has



stimulated tremendous levels of economic activity. Today, Brazil has a \$2 trillion-plus economy that is still growing at around four per cent a year.

Brazil has a huge internal market which now exceeds 190 million people, a large pool of skilled labour, and a rapidly growing middle class. We all have the World Cup and the Olympics to look forward to in Brazil. And, of course, you have vast natural resources, especially in the agriculture, mining and oil & gas sectors.

You know why we all love Brazil.

My topic for today is “Mining and Corporate Social Responsibility”. CSR is a much talked about and often misunderstood area, but it is something that I am absolutely committed to and that is deeply embedded in the DNA of Anglo American.

Just to set my thoughts in context, mining has a long history and the challenges the industry faces today are very different from those of twenty years ago, let alone centuries ago.

Just as an example, as current ore bodies become depleted, we are looking to new frontiers to supply commodities for future generations. That is our responsibility, but it is also a major challenge. Out of necessity, we are going to increasingly remote areas to access new resources. Those remote areas tend to present us with complex operating environments, whether relating to safety, water, energy, the natural environment or communities, to name a few.

In a world where scrutiny and expectations of mining activities are ever higher and operating standards become globalised, we as an industry must do more if we are to secure and retain our licences to operate from our host governments and communities.

I am a fervent believer that mining is an industry with the power to exert significant positive change. But mining companies are not all the same. We must work together as an industry to raise standards across the board – from safety to all aspects of sustainability – to deliver that positive change. I don’t believe that we are doing that effectively enough today.



This is not only about actions, it is also about perception and it is not only in new frontiers where we face challenges. In recent months we have seen numerous examples of governments seeking to increase their revenues from the mining industry. Whether it is the damaging carbon tax proposal in Australia, or thoughts of resource nationalism in its many guises, it is clear to me that we need to work harder to articulate the total contribution that modern and responsible mining can bring.

When we think about CSR at Anglo American, we actually think about partnerships. By working hand in hand with governments, unions and local communities from the outset, we can help to close the expectation gap and deliver the real and lasting difference that is rightly expected.

For us, corporate social responsibility is not just about the way we manage our impact on society; it is integrated into our business planning from the earliest stage of a project's life. It is not only the right thing to do; it also makes good business sense. It is at the heart of our licence to operate.

So let me tell you how we do this at Anglo American.

First, we are a significant contributor to our host economies. In addition to the employment we create, the wages we pay, our payments to suppliers, and the returns we provide to our investors, our own operations generated \$4.5 billion dollars in taxes and royalties for host governments in 2010 – with 75 per cent of that paid in emerging markets.

On top of that, we invested \$138 million in training and education...and committed \$111 million to community-development initiatives.

We know that mining businesses create a significant impact on the lives of those around where we operate – and we want that impact to be a positive and lasting one.

When we contemplate a major mining project, we know that it will be for the long term and that it will cost billions of dollars. It will be several years before it earns any revenue. It may well be in operation not for five years or 20 years, but for generations.



And we want to make sure that, even after the mine gate closes, the economic sustainability of the community is assured.

I believe the work our company does in this area is unique. In 1989, we launched an enterprise development initiative in South Africa. It's called Zimele and this is how it works. We give both funding and support to entrepreneurs around our operations. We lend development finance, and we give training, mentorship, and advice. We help them join companies' supply chains. We explain how to win tenders on a competitive basis. We don't just throw money around: we help build profitable, commercially viable and sustainable businesses. And we are the only global mining company that was asked to respond to the United Nations' Call to Action where we committed to creating and supporting 25,000 jobs by 2015.

This is a model we are bringing to our other host countries. Our Emerge programme in Chile now supports well over 7,000 small and medium sized businesses and entrepreneurs and we are establishing a new initiative in Peru.

And here in Brazil, we are growing our enterprise-development work and today we are already supporting thousands of jobs.

In partnership with SENAI, an organisation that promotes vocational training, Anglo American is investing in a professional qualification centre in the region of Conceição do Matto Dentro, where the Minas-Rio mine site and beneficiation plant will be located, to train people in such key skills as plumbing, carpentry, brick-laying, welding and electrical work.

In Minas Gerais, we take part in the Local Suppliers Integrated Development Program developed in partnership with the state's federation of industries and local commercial associations. So far, more than 150 suppliers have participated.

Different projects require innovative solutions. Our Minas-Rio iron ore project presented a particular challenge in terms of safety and health training. The project includes the construction of a pipeline of more than 525km, spanning two states and



33 municipalities, with thousands of workers employed across the stretch of that pipeline.

In partnership with Camargo Correa and the union, we developed a smart way to reach our people. We are using an adapted bus as a 30-seat, fully equipped mobile training unit, taking the training directly to the work sites.

At Barro Alto, we work with CARE International, a well-known and respected NGO, and have put in place a three-year programme to support the town of Barro Alto and the surrounding area. It involves working with CARE Brazil and a number of other NGOs on a range of projects. We're involved in everything from capacity building and support for local entrepreneurs, to lessons on sexually transmitted diseases. We support female empowerment; we're helping local farmers increase milk and honey yields. Similar work is taking place, too, at Conceição do Matto Dentro.

The Barro Alto programme is intentionally diverse to focus on the region's various priorities. Anglo American has invested more than \$5 million in social and community infrastructure, including schools, water and sanitation. We've built a technical training institute and we've provided a new hospital. And we've worked with CARE to deliver refresher training for teachers, micro-credit loans, capacity building for the local municipality and support to hundreds of local entrepreneurs and schoolchildren.

Other NGOs are playing their part, too. Fauna & Flora International – with whom we also have a formal partnership – has completed a detailed survey of the Barro Alto area's biodiversity. There have also been important contributions from Agenda Publica – which is helping to focus on the Millennium Development Goals – and Repro Latina, which has been supporting efforts to increase awareness around HIV and other sexually transmitted diseases.

And, elsewhere, more than \$15 million is being invested in certain of Minas Gerais' municipalities to improve the health infrastructure within our host communities.

That's the big picture of what some of our strong partnerships are achieving in Brazil.



Of course there are also some incredible human faces behind our approach to CSR.

One is Silvia Almeida, who leads the HIV/AIDS programme at our Nickel business. She has been living with HIV since 1994. Sylvia has made it her mission to win her personal battle while helping those in a similar position.

She has spearheaded diverse initiatives, partnering with NGOs, government bodies, churches and various organisations in a bid to minimise sexually transmitted disease infection and ensure the fair treatment of HIV carriers.

Sylvia has become a champion in raising the awareness of HIV and assisting those who are HIV-positive. Hers is a remarkable story of going beyond the call of duty, of really living out Anglo American's values in the wider community.

And just last night in Santiago, Chile, we held our annual "Applaud Awards". They recognise employees who have made an exceptional contribution to our business. At that event, we praised Osiani Ephina, our community relations analyst at Amapá iron ore in northern Brazil. Osiani played a key role in Amapá being given recognition for achieving the greatest improvement in social performance across the Anglo American Group globally.

Over the past three years, more than 7,000 people have benefited from the 22 social projects Osiani runs. They range from sports, literacy, fish and bee farming, sewing and improvements in infrastructure. She has also facilitated income generation in the local community.

This is an incredible achievement and a clear example of the deeply held values of our people and the way we do business at Anglo American.

So our partnerships are thriving in Brazil and around the world.



If we look at our global supply chain, we spend well over \$10 billion a year on procuring goods and services, around three-quarters of that from developing countries. Working in partnership with our suppliers is not only good for communities. It is also good for us.

In creating new suppliers, located close to our mines, and by bringing existing suppliers closer to our sites, we achieve significant cost efficiencies and we can ensure an operating ethos that is aligned with our own while creating supportive communities that help us to retain and enhance our existing mining assets, and bring new projects on stream in line with demanding project schedules.

The prosperity of a community is a positive for everyone.

A responsible supply chain, and a commitment to development are only part of the quest to meet the Millennium Development Goals. But they are areas in which the business community has the power to make a real difference in eliminating poverty.

To give you an idea of scale, the amount that we spend each year in procurement from emerging market economies is comparable to the aid budgets of the UK, or France or Germany. It's a huge sum of money, and a massive development opportunity.

And finally, I must mention our efforts in relation to water and its efficient use. We have reduced our water usage at our nickel operations in Brazil by 25 per cent since 2008, and at our new nickel operation we will reduce water usage by a further 11 per cent.

In fact, all of our nickel operations have reticulating water systems so that we are capturing virtually all of the water we use. Given that Anglo American's operations are located in water stressed areas, we are actively looking at ways to enhance water conservation and providing more water to our communities.

What we are doing at our Greenfield Barro Alto project is a good example of how we are enhancing the environment and people's lives. As a result of our work, Barro Alto city with a fast growing population of 11,000 will become the first city in Goiás state to



be planned entirely around sustainability. The town's water, sewage and waste will be entirely self contained.

These are not just words, rather a good example of a company like Anglo American making a real difference for the people of Barro Alto, to the environment and to Brazil.

And there are few more important areas in which to make a real difference, we provide Brazilian women with the opportunity to reach their full potential. Increasing the number of women in mining is critical to securing the skills we need as a company to grow.

At our Iron Ore Brazil operations women now account for 21 per cent of the workforce. In this world where skills shortages are significant – how can we ignore half the population?

That is why we have set ourselves a target of 25 per cent women workers at our Minas-Rio project, the largest mining development in Brazil and of the five largest in the world. We will do this by employing as many women from neighbouring communities as possible and attracting women from outside the mining industry.

You will have gathered that I am very proud of Anglo American's commitment to safety, to sustainability and to partnership.

Our company motto is real mining, real people, real difference. It sums up perfectly who we are, what we stand for and where we're going.

I strongly believe that we do make a real and positive difference to the countries in which we do business.

Safety, sustainability and partnership are at the core of our values and central to how we think about life and how we conduct our business every day... but I call upon the industry as a whole to raise the bar.



We all know that the mining industry has a historical legacy. Not all miners have acted responsibly in the past. If we are honest, there are still elements of the industry that do not act responsibly today.

As responsible mining companies we need to show leadership.

We need to demand the highest standards.

We need to make sure that the reputation of the responsible many is not damaged by the actions of the irresponsible few.

As miners, we exploit a finite, non-renewable resource. We must make a fair and lasting contribution.

I believe that true corporate citizenship should go far beyond the taxes we pay to governments and the direct jobs we create – and far beyond the time when the mine gate finally closes.

The recipe for truly successful sustainable mining is for us all to recognise that, wherever we operate, we need to forge genuine, lasting partnerships.

Partnerships with communities.

Partnerships with suppliers.

Partnerships with NGOs.

Partnerships with governments.

We are all in this together. Only together can we effectively address such challenges as water availability, energy security, healthcare and education.

I am proud to be a miner – and proud of the long-term benefits we can bring.



Above all I am proud to lead a 17,000 strong workforce of Brazilians who are committed and passionate about being part of a company striving to make a real difference for their communities and for Brazil.

Thank you. I now look forward to any questions you may have.