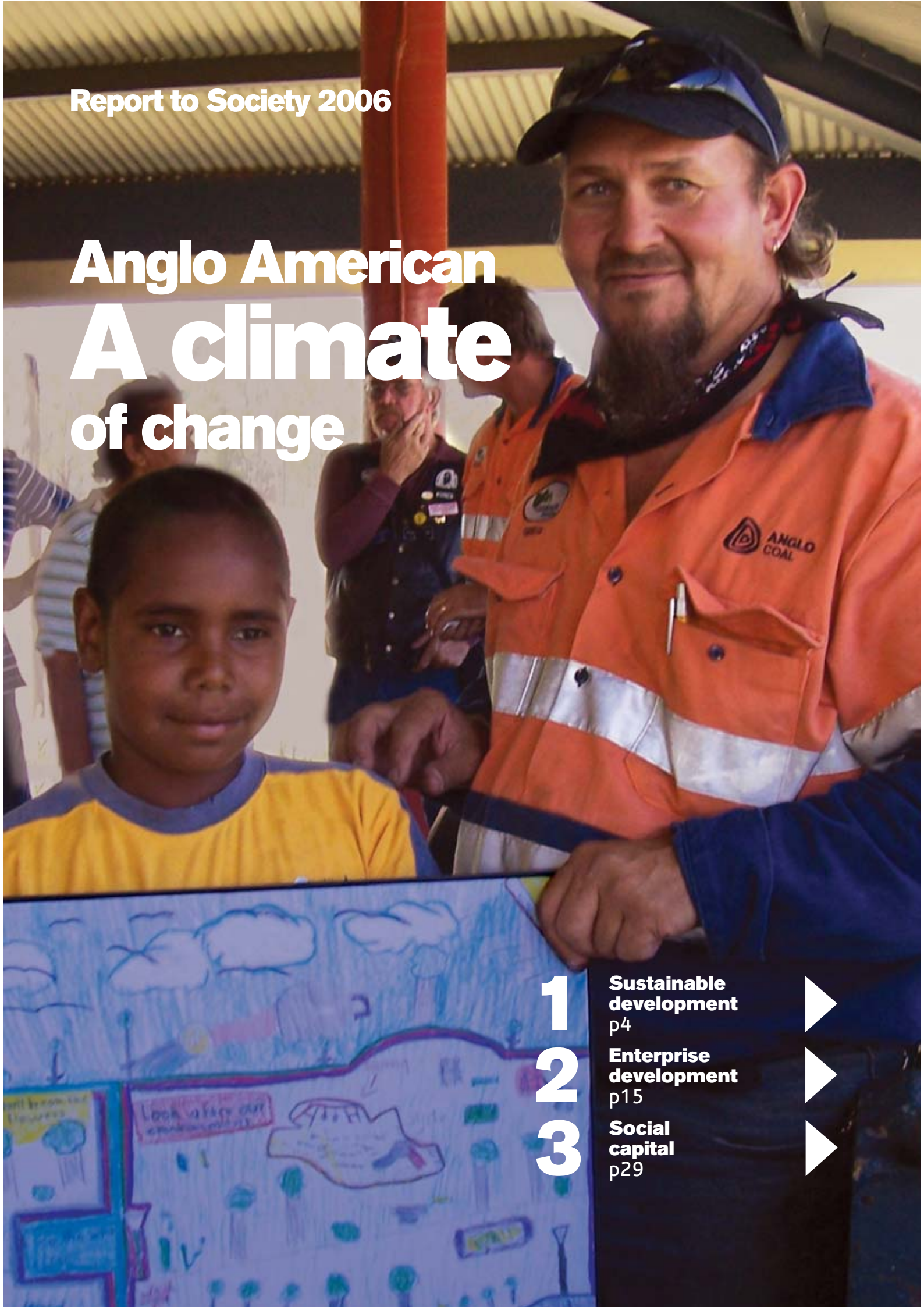


Report to Society 2006

Anglo American A climate of change



1

**Sustainable
development**
p4



2

**Enterprise
development**
p15



3

**Social
capital**
p29



Highlights of 2006

UNDERLYING EARNINGS

\$5.5bn

Record underlying earnings of \$5.5 billion, a 46% increase over 2005

OPERATING PROFIT

\$9.8bn

Operating profit increased to \$9.8 billion, up 54%, with record production levels for platinum group metals, nickel, zinc, coal and diamonds

EBITDA

\$12.2bn

Cash generation at a record level: EBITDA of \$12.2 billion, up \$3.2 billion. Net debt down 33% to \$3.3 billion

OPERATING PROFIT

\$583m

Cost pressures continue offset by cost savings and efficiencies of \$583 million

UNDERLYING EARNINGS

By business unit

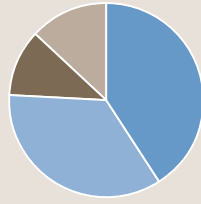
\$m

By region

%



- Platinum 1,265
- Diamonds 227
- Base Metals 2,647
- Ferrous Metals and Industries 583
- Coal 640
- Industrial Minerals 266
- Paper and Packaging 274
- Other 178

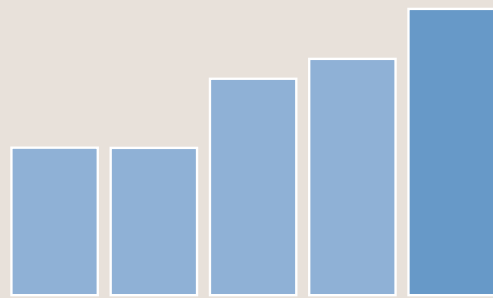


- Americas 41
- South Africa 35
- Europe 11
- Rest of the world 13

EBITDA

US\$m

4,792 4,785 7,031 8,959 12,197

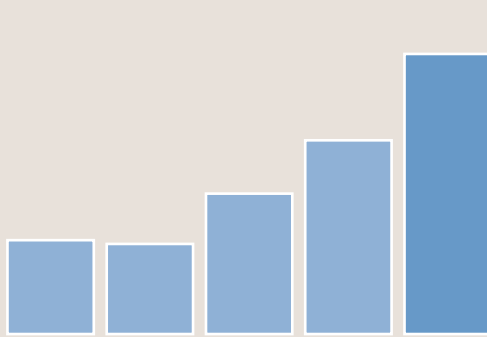


02* 03* 04 05 06

UNDERLYING EARNINGS PER SHARE

US\$

1.25 1.20 1.87 2.58 3.73

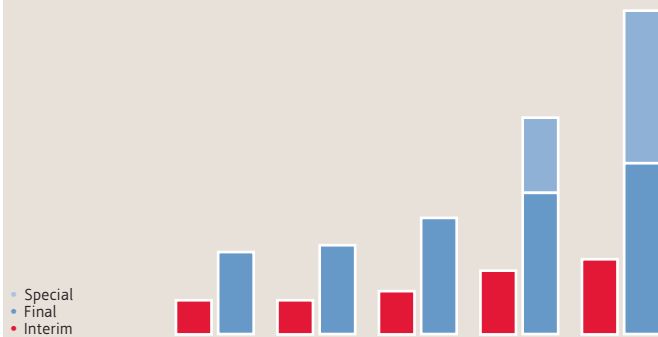


02* 03* 04 05 06

DIVIDENDS PER SHARE

US cents

15 36 15 39 19 51 28 62 33 67



- Special
- Final
- Interim

02 03 04 05 06

*UK GAAP

Throughout this report unless otherwise stated, operating profit includes share of associates' operating profit (before share of associates' tax and finance charges) and is before special items and remeasurements. See Annual Report page 92, footnote 1 to the key financial data for the basis of the calculation of underlying earnings. See footnote 2 for definition of EBITDA.

Anglo American at a glance

Anglo American is a global leader in mining, focused on adding value for shareholders, customers, employees and the communities in which it operates.

The Group has a range of high quality, core mining businesses covering platinum, diamonds, coal base and ferrous metals and industrial minerals. We report on the Group's managed business units described below.

CORE BUSINESSES

Platinum

Business profile

- The world's largest primary producer of platinum, accounting for around 40% of the world's newly mined platinum output.

Products and uses

- Primarily used in autocatalysts and jewellery.
- Also used in chemical, electrical, electronic, glass and petroleum industries and medical applications.

Locations

- South Africa.

Base Metals

Business profile

- Comprises primarily copper, nickel, zinc and mineral sands operations.

Products and uses

- Copper is used mainly in wire and cable, as well as in brass, tubing and pipes.
- Zinc is chiefly used for galvanising.
- Nickel is mostly used in the production of stainless steel.

Locations

- Chile, Brazil, Venezuela, South Africa, Namibia and Ireland.

Ferrous Metals

Business profile

- Businesses produce iron ore, manganese and steel products for the mining sector.

Products and uses

- Iron ore is the basic raw material used in steel production.
- Manganese and vanadium are key components in steelmaking.

Locations

- Southern Africa, South America, Canada and Australia.

Coal

Business profile

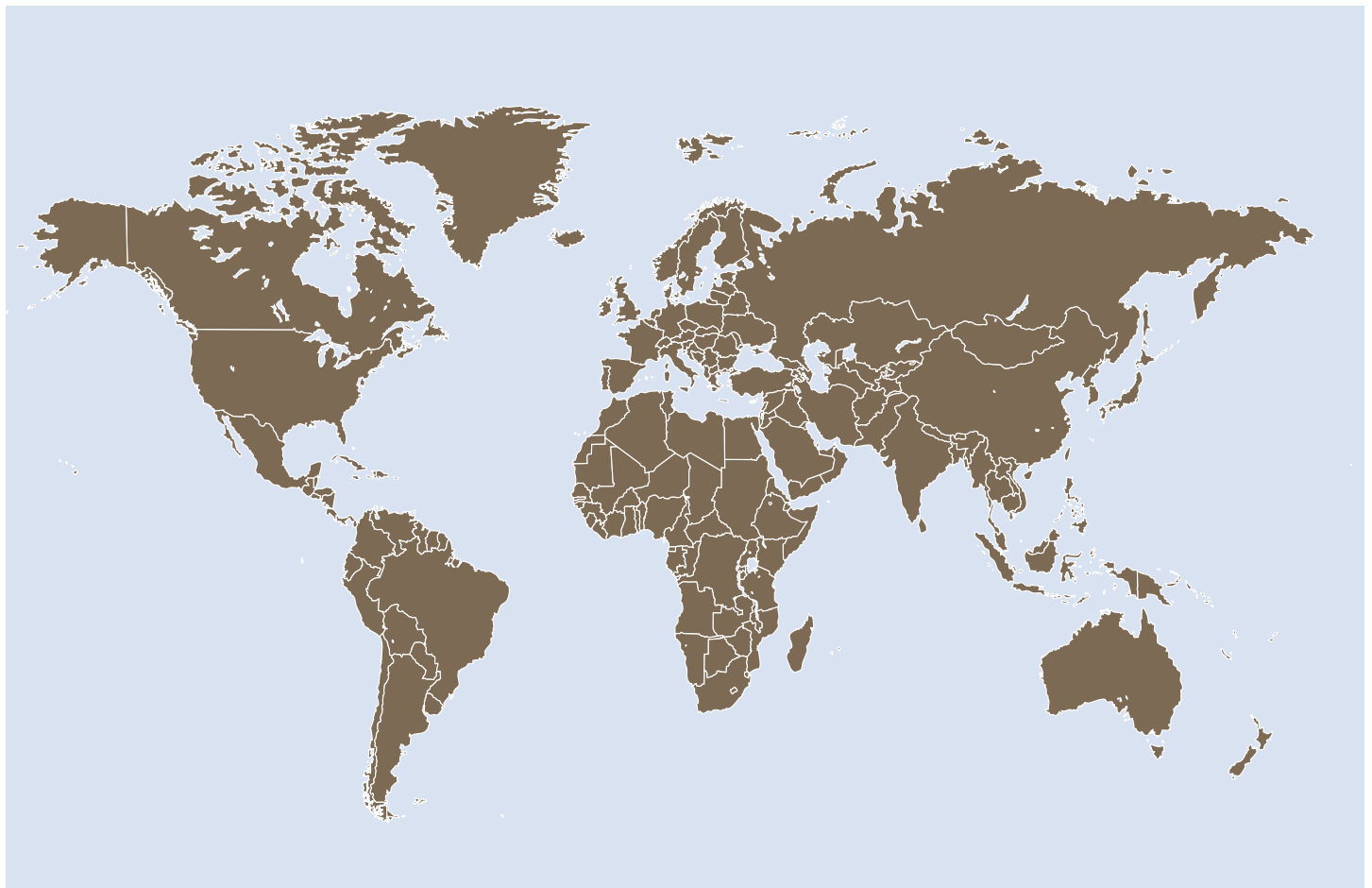
- Anglo Coal is one of the world's largest private sector coal producers and exporters.

Products and uses

- About 40% of all electricity generated globally is powered by coal.
- Around 66% of the world's steel industry uses coal and it is an important fuel for other industries.

Locations

- South Africa, Australia, Colombia and Venezuela.



EXPLORATION

Industrial Minerals

Business profile

- Tarmac is the No.1 UK producer of aggregates and asphalt and a leading producer of ready-mixed concrete.

Products and uses

- Tarmac is involved in the production of crushed rock, sand, gravel, concrete and mortar, lime cement and concrete products.
- Copebrás is a Brazilian producer of phosphate fertilisers.

Locations

- UK, continental Europe and the Middle East.

Exploration

As one of the major diversified mining groups, Anglo American's exploration activities cover many parts of the globe. In its constant search for minerals, Anglo American is currently prospecting in more than 30 countries. In addition to its focus on areas surrounding its existing mining operations, Anglo American is now looking at relatively unexplored new frontiers, including in the Arctic region through an arc stretching from Alaska to the Russian far east. During 2006, \$300 million was spent on exploration – \$53 million on base metals, \$42 million on platinum, \$33 million on coal and \$8 million on ferrous metals.

OTHER OPERATIONS

Paper and Packaging

Business profile

- Mondi is an integrated paper and packaging group.








Products and uses

- Mondi makes packaging and office papers, board, converted packaging and newsprint.

Locations

- Worldwide including continental Europe, Russia and South Africa.

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MESSAGE FROM THE CHIEF EXECUTIVE

Delivering our strategic goals for a sustainable future

Since our founding almost 90 years ago, we have established a proud tradition of not only delivering market-beating returns for our shareholders, but of benefiting the broader communities in the countries in which we operate.

It is very pleasing to note that our market capitalisation has tripled in the last seven years. I am sure that under my successor, Cynthia Carroll, the Group will grow even further. We have one of the strongest project pipelines in the industry and I believe Anglo American employees and shareholders can look forward to a sustainable future.

The Group delivered record results for the fourth year in a row. Our profit before tax rose 54% to \$9.8 billion and profits after tax and interest rose 46% to \$5.5 billion. These results reflect not only record commodity prices but also the dedication of management and employees. The Group delivered ongoing efficiencies and cost savings of \$583 million, despite upward pressure on costs. Production volumes also increased for all our main commodities.

After several years of steady improvement, our safety performance in the last quarter of 2006 was marred by a significantly higher incidence of fatal incidents. In October and November, we suffered a number of multiple deaths – including three deaths from lightning strikes.

Anglo American employees, the Board of Directors and I know that, in this respect, some of our current performances are not good enough. Despite areas of excellence in all the business units, our overall safety record needs to improve. We are doing everything we can to

understand safety and address the causes of incidents and to renew our emphasis on improving behaviour and ensuring that processes and procedures are fully implemented. My sincere condolences go to the families and friends of those employees and contractors who died.

We believe that every injury is preventable and we must learn the lessons from these fatal incidents to ensure that there are no repeats. We will do this by better shared learning and the consistent application of standards, processes and the right behaviour.

One issue that dominated the news media in 2006, and was debated regularly in our boardroom, was global change. Awareness of climate change – the costs, the opportunities, the pressures and the expectations – reached an all-time high. We were proactive in showing the Oscar-winning documentary, *An Inconvenient Truth*, at our corporate offices and have launched numerous programmes and projects to reduce energy consumption and carbon dioxide emissions.

Energy is a critical issue for us. We are big energy consumers and are devoting intense effort to reduce our consumption. We are also one of the world's biggest coal producers and believe that, whatever the future holds, coal will be a part of the energy future – because it is widely available at a reasonable cost and is able to provide energy security to many



At a glance:

- **Excellent financial performance**
- **Addressing energy and climate change at a strategic level**
- **Safety improvement remains a cornerstone**

developing nations. We are involved actively in a number of clean coal and carbon dioxide capture and storage projects in order to learn how to use coal in the cleanest possible way. This is why we are examining the Monash energy project in Australia. If approved, the project would convert very low grade coal into low sulphur diesel, with the resulting carbon dioxide being pumped into depleted oil wells in the sea bed in the Bass Strait some distance away.

We believe that the energy market for coal will grow and we see significant commercial reasons for energy efficiency, both for ourselves and for our coal customers. The capturing and use of coal-bed methane has become an important aspect of our business in Australia, and the pilot project we have run for two years in the South African Waterberg area is promising. At our corporate offices, we are also regularly re-examining energy and water use. Energy security is now a major concern in many parts of the world and our own efficiency projects are backed by programmes to ensure our business is not disrupted by power failures.

Sustainable development has been part of our corporate strategy for a number of years and will remain so into the future. For Anglo American, it is as much about the sustainability of the company as ensuring that communities and governments realise a benefit from our operations and view us as a responsible and worthwhile business partner. Many of our operations are in arid parts of the world and compete with communities for access to water. We have ongoing programmes to ensure that we use it wisely and

efficiently. Our socio-economic assessment toolbox (SEAT) is one of the many tools we use in engaging communities to achieve mutually accepted outcomes.

Eighteen months ago, we announced a new corporate strategy which is unlocking real value for our shareholders and many other players. We have progressed far down the implementation path:

- During 2006, Kumba Resources was split into two: Exxaro, which was listed on the Johannesburg Securities Exchange (JSE) as the largest black empowered mining company in South Africa, and Kumba Iron Ore, an Anglo American subsidiary in which we hold a 64% share, also listed on the JSE.
- We have now received permission from the South African authorities to pursue a dual listing in Johannesburg and London for Mondi, our pulp and paper business. This should take place by mid-2007.
- European competition authorities have cleared the purchase of Highveld Steel by Evraz. The deal will be finalised when South African approval is obtained.
- Our shareholding in AngloGold Ashanti was reduced to 42% in April 2006 and will be reduced further over time on a value-adding basis.
- The unbundling of Tongaat-Hulett's aluminium business to shareholders and simultaneous introduction of broad-based black economic empowerment in both Tongaat-Hulett and Hulett Aluminium will occur

during the second quarter of 2007. This will reduce Anglo American's interests in Tongaat-Hulett to 38% and in Hulett Aluminium to 39%.

- We have returned \$7.5 billion to shareholders through share buybacks totalling \$6 billion and special dividends totalling \$1.5 billion, and have recently announced a further \$3 billion share buyback for 2007.

This is changing the shape of Anglo American. It has presented us with some challenges in the preparation of this report and the need to retain useful comparisons with past performance.

Although diversity issues have become closely associated with the economic transformation process currently underway in South Africa, there are broader principles at stake. Throughout the Anglo American Group, we have to make ongoing progress with regard to racial and gender diversity and opportunities for disadvantaged people.

As a Group, we have become signatories to a number of international initiatives which, we believe, make a major contribution to building more sustainable futures. These include the Global Compact and the Extractive Industries Transparency Initiative, the International Council on Mining and Metals (ICMM) and the World Business Council for Sustainable Development.

I hope you enjoy reading this report, which has been prepared in accordance with the guidelines of the Global Reporting Initiative and emphasises our commitment as a member of the ICMM. The

report provides our Group's response to calls for transparency and accountability and is a reflection of the progress we have made in addressing the sustainable development agenda over the past year. It also sets out targets and directions for the future. This is a broad and complex field and one in which Anglo American is proud to be a leader. As always, we will welcome any feedback from you on the report and on our sustainable development programmes. A reply-card is provided for this purpose.

In closing, I wish Cynthia Carroll every success as chief executive. She will, I know, provide active leadership in this field, as in all others.

Tony Trahar
Chief Executive
28 February 2007

CHAIRMAN'S VIEW

Companies cannot isolate themselves from the challenges of the world around them

About 70% of our operations are in developing countries and have significant environmental and social impacts which must be carefully managed. In many of these countries, government capacities are limited or lacking, social institutions are weak and poverty is a major challenge.

Mining involves the extraction of a non-renewable natural resource and, therefore, presents distinct challenges in relation to sustainable development. During the lifetime of a mine, our aim is to balance the depletion of a natural resource through growing the stock of social, human and manmade capital. This is not too difficult where there is an effective State that makes good use of tax revenues or which facilitates wider development but that is not always the case.

Local communities often feel that they do not benefit from tax paid to central governments. As our assets are immobile and our investments long-term, we have a clear incentive to manage relations with stakeholders in a way that minimises conflict and promotes stability and prosperity.

These distinctive challenges mean we must manage a wide range of increasingly salient social and political risks. These issues are fundamental to our continuing access to land and resources and to our ability to attract investors and the best talent.

The role of stakeholders

I believe that the pursuit of sustainable development is good business practice for all those mining companies which aspire to a global reach. Communities across the world have become a great deal more assertive and empowered.

The internet and 24-hour media have played a role, but it goes deeper than that. The implied

bargain, through which a new mine generates tax revenues for governments, profits for companies and jobs for local people, has become harder to deliver as more technologically advanced mines need fewer and better qualified people. To operate we need the consent of the people who live in the vicinity of a new mine. To ignore them risks delay and reputation damage and is a breach of our principles.

We must therefore find ways to maximise local economic linkages and benefits through, for example, supply chain initiatives or investment in social and physical infrastructure. Countries like Chile and Botswana demonstrate that a resource endowment, when well used by a country, can lead to prosperity.

The evidence – especially that produced through a recent collaboration between the International Council on Mining and Metals (ICMM) and the World Bank – suggests that good governance and careful management of social and environmental impacts are key elements in preventing poor development outcomes from mining, oil and gas.

Over the last five years, the extractive sector has worked with governments and representatives of non-governmental organisations (NGOs) and other civil society groups initiatives to improve governance and standards. Joint initiatives against corruption or against possible human rights abuses by security forces are gaining wider acceptance and delivering improved results on the ground.

We are active members of the Global Compact, the Extractive Industries Transparency Initiative (EITI), and the round table on

the Voluntary Principles on Security and Human Rights and are also working to be a force for development through the Investment Climate Facility, Business Action for Africa, the ICMM and the World Business Council for Sustainable Development (WBCSD).

Climate Change

Many developing countries are understandably reluctant to take on obligations for reducing their carbon emissions when the current crisis is largely caused by emissions from developed and much richer countries. However, we are all in this together since we have to share a global environment – as is implied by the Kyoto Treaty's concept of 'common but differentiated responsibilities'. Carbon trading and initiatives such as the Clean Development Mechanism are essential to encourage investments to be made where most effective and transfer capital and technology to fast growing developing economies.

Anglo American's energy use is significant, so we are looking at a range of tools including energy efficiency and biofuels, to reduce our carbon emissions and energy intensity. As a leading coal producer, we believe that coal will continue in the energy mix but we must advance the clean coal technologies we describe in this report.

Business and the creativity released by competition in markets can bring improved performance and technologies, but there is no doubt that clear regulatory and fiscal frameworks are required to guide the market in the direction and with the speed needed. These will require businesses to work with governments to develop effective frameworks and then show leadership in supporting them.

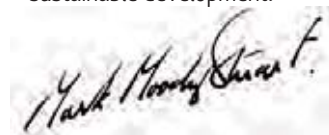
Engagement

Our industry has learned the hard way of the need to engage with our critics and to understand their perspectives and concerns. Others often see our responsibilities extending into areas which are the job of governments. While we should resist this, where governance systems fail we must join with others to rebuild them. We have a role in supporting the better governance and fairer distribution of the revenues which we generate. This requires us to work in partnerships built on the trust that flows from the demonstration of good social performance and good environmental stewardship, and reporting openly on what we are doing and what challenges we face. That is the object of this report.

Leaders from the WBCSD have signed a statement of intent for doing business with the world. It is as an invitation to government and civil society leaders to work with us to create an environment of mutual advantage where business success goes hand in hand with successful societies the world over. (See www.wbcsd.org.)

Welcome to the new CE

We are delighted that our newly-appointed chief executive, Cynthia Carroll, has a strong track record in the safety and sustainable development field as well as a reputation for improving operational performance and transforming culture. We are confident she will lead the organisation in its continuing commitment to sustainable development.



Sir Mark Moody-Stuart
Chairman

Making sustainable development principles core to doing business

At a glance:

- Embedding sustainable business practice
- Working in partnerships
- Updating policies

Our sustainable development programme has become more deeply embedded in the company ethos during 2006.

Capacity to address this challenging topic is increasing at operational and corporate levels and the understanding of what is needed to create value simultaneously in the social, environmental, economic and financial spheres is growing.

Safety remains a primary focus and this message is at the forefront of all aspects of our sustainable development programme.

We believe that we have put in place the right foundation on which much improved safety performance can be based.

Meaningful progress was made in the fields of energy, biodiversity and water management as well as in the social arena where human rights and socio-economic assessment took centre stage. Materials stewardship, international management of chemicals and the need to extend responsibility and accountability beyond operational boundaries have impacted on how we work with our economic partners.

Climate change was, perhaps, the newsmaker of the year. We are working at many levels to address this challenge, particularly through international partnerships that will push the development of

cleaner technologies and the capture and storage of carbon.

This report is focused around the key challenges and risks identified by the Group and of concern to stakeholders.

Embedding sustainable development

The key to sustainable development is the uptake of its principles into every aspect of the way we do business. It is, therefore, essential to build the understanding of professionals in many disciplines within the Group.

During 2006, we gave further training to project and design engineers to equip them with additional skills in assessing the impacts of less quantifiable sustainable development criteria on a project's return on investment. The methodology also compares the potential returns of a project which would be constructed incorporating the principles of sustainability, against a benchmark technology, process or location. Engineers in South Africa and Chile have already been trained. We hope to conduct two sessions in Australia in 2007, further sessions in South Africa and provide web-based support for engineers who have already been trained.

We have made excellent progress in developing and testing tools to assist in planning mines with an eye to a sustainable future, enabling us to close them on time, leaving behind opportunity and reduced liability.

An introductory programme was developed for professionals from other disciplines and newcomers to the Group who need to understand the principles, challenges and opportunities associated with sustainable development. This is in addition to specialised training on security and human rights and the use of our socio-economic assessment toolbox.

Policy update

We are in the process of reviewing our sustainable development policy framework to ensure consistency and ease of application across the Group.

Partnerships

We work in a number of partnerships with communities, NGOs, international agencies and governments to contribute to building effective and efficient responses to many issues. In 2006, close collaboration was undertaken with Business Action for Africa, the ICMM and the WBCSD on a variety of projects, from those

promoting international policy change to those developing best practice norms. These projects include:

- continuing to press for delivery of the commitments made by the G8 governments at Gleneagles in 2005, including a successful outcome to the Doha 'Development' trade round
- developing and testing the ICMM's resource endowment project, and
- working with other members of the WBCSD on collaborative projects on development, measuring development impact and small business development.

At regional and local levels, we play an active role in complementing the development objectives of government and forming focused partnerships with state bodies, other companies and community-based organisations.



Left: Acting chief executive of Anglo American South Africa, Philip Baum, took the lead in the corporate office's HIV testing drive.



Left: Anglo Platinum received a number of international accolades for its non-financial reporting in 2006. Ralph Havenstein, chief executive, received the Association of Certified and Chartered Accountants (South Africa) award from Professor Gill Marcus.

SCOPE OF THIS REPORT

Setting the boundaries

It has always been our policy in this Report to Society to focus on those companies in our portfolio in which we have a majority shareholding and a controlling interest.

OVERVIEW OF THIS REPORT

Anglo American plc	
Report to Society	Managed companies (see fold-out)
Material exceptions only	Independently managed companies and joint ventures
Not in report	Associates

By exception we report on issues of public concern which affect our independently managed subsidiaries and associates but recommend that the reader obtains a fuller account of these issues from the reports issued by those companies.

We announced in October 2005 that the Anglo American plc Group of companies would be undergoing a strategic realignment which would focus on mining as the Group's core business.

Group structure

Since then we have made significant progress in implementing this strategy. However, some elements are not yet complete and this has presented us with challenges in this report. To provide a transition for the reader we have, as far as possible, given a reflection of any performance indicators for the core businesses (those that will remain in the Group following this strategic realignment) and the Group totals.

The split of Kumba Resources into Exxaro and Kumba Iron Ore has been well documented. We report on Kumba Resources up to the transaction date. Thereafter, we report only on Kumba Iron Ore, in which we have a 64% shareholding. Exxaro will buy Namakwa Sands – we will report on it until the transaction is final. We will sell 26% of Black Mountain

to Exxaro, but will retain the majority of the shares.

The dual listing of Mondi, our Paper and Packaging division, is scheduled to take place during 2007. The sale of Highveld Steel to Evraz has been approved by the European competition authorities and will be finalised when the South African approval is received. Both are included in this report.

Until March 2006, we held more than 50% of the shares in AngloGold Ashanti, but although we held the majority of the shares it was not fully reported as it was independently managed. We have reduced our shareholding to 42% and it is now an associate company, on which we will not report in future unless issues also have a material impact on Anglo American.

We do not report on our independently managed associate, De Beers, except in the annual financial statements. Our value-added numbers reflect managed subsidiaries and an equity-share of joint ventures in line with the International Financial Reporting Standards.

The Tongaat-Hulett group has not been reported in detail previously although we had a majority share, as it was independently managed. Tongaat-Hulett will be unbundled and Hulett



Left: Anglo Coal Australia's Moranbah North operation is helping to improve safety and benefit the environment by capturing methane and selling it to the local pipeline network.

Aluminium will be listed on the Johannesburg Securities Exchange. A simultaneous broad-based black economic empowerment deal will reduce our interests in Tongaat-Hulett to 38% and in Hulett Aluminium to 39%, which means they will not, in future, be included in this report. During 2006, Hippo Valley, the Zimbabwean sugar estate, was sold. It is included until the date of the transaction but will not, in future, be reported on.

The core businesses

The core businesses are: Anglo Base Metals (excluding Namakwa Sands which will be sold to Exxaro), Anglo Industrial Minerals, Anglo Coal, Anglo Platinum, Anglo Ferrous Metals and Industries which includes Kumba Iron Ore but will exclude Highveld Steel, Hippo Valley and the Tongaat-Hulett group once those transactions are complete. We will report on joint ventures, such as Cerrejón in Colombia, when the issue is material. We also report on our exploration, technical and research functions as appropriate. From 2006, Copebrás data are reported under Anglo Base Metals and not under Anglo Industrial Minerals. Yang quarry in China will, in future, report under Anglo Coal.

Comparability of the data is affected by changes to the structure of the Group, by refinements in the methodology for determining certain data and

improvements in data collection systems. The main changes during the year were the following:

- Eskom, the South African electricity utility, restated the factor it uses for calculating CO₂ emissions relating to electricity purchased – affecting the Group total.
- Anglo Coal South Africa has captured CO₂ emissions from explosives and spontaneous combustion for the first time.

Areas for improvement

- Our definition of noise-induced hearing loss will be revised during 2007 to improve consistency.
- HIV/AIDS reporting continues to evolve.
- Water remains a strategic and limited resource. Ongoing improvements in understanding our use of water, areas for reduction and recycling and pollution management continue to be targeted.

Assurance strategy

During 2006, in addition to focusing our assurance strategy on core businesses, we worked with KPMG to make progress towards a number of our future targets for assurance.

- A significant amount of preparatory work and an initial review have identified key areas of focus to enable us to begin reporting meaningfully on

CO₂ emissions from transport.

- We will be implementing a number of the findings from this review in 2007 to enable us to meet our commitment to the ICMM's sustainable development framework, the UN Global Compact and the Voluntary Principles on Security and Human Rights.
- We have started to rationalise the data reported externally to further align our sustainable development strategy with core businesses. We will also be improving the accuracy and efficiency of managing key sustainability information.

In addition to its external assurance report on pages 52-53, KPMG provides Group management with a report summarising its findings and recommendations for improvement in these areas as well as those for which external assurance is given.

Reporting

We are committed to reporting in accordance with the Global Reporting Initiative (GRI) guidelines and, with effect from the annual report for 2007, to reporting in accordance with the ICMM's framework for sustainable development using the GRI's Mining and Minerals Supplement.

Stakeholder engagement

Stakeholder engagement already plays a part in our activities. We elicit and receive feedback and views from a wide variety of opinion formers, employees, stakeholders, regional and national governments, NGOs, investors and socially responsible investment analysts.

The Five Capitals model of sustainable development is used as an organising framework for this Report to Society, as it is for our programme. The transformation of ores through extraction and processing into human, social, natural, financial and manmade capital is core to our belief that we can, and do, add value at many levels in the communities in which we operate.

Scorecards, indices and additional material

The following documents will be accessible on our website from 20 April 2007:

- GRI index and self-assessment
- Global Compact reporting index
- ICMM sustainable development framework
- South African Mining Charter reporting index
- Additional case study material will also be available
- An interactive map of our major impacts (far left)

www.angloamerican.co.uk



Left: A safety peer review team receiving an on site briefing. Peer reviews have become essential to sharing good practice across the Group.



Left: Juvenile giant bullfrog found on Scaw Metals' Rietfontein rehabilitation site.

TARGETS

	Focus	Our goals	Our performance in 2006	2007 and future targets
Human capital	Safe work environments	Work without fatal injuries and minimise work-related injuries	✘ 44 fatalities (down from 46 in 2005). FIFR stable at 0.017	Integrate peer review findings and experience from others to reinforce the safety strategy. The focus will be on risk management
		Reduce LTIFR by a further 35% to 0.5 Review contractor selection and integration into our safety programmes	✘ LTIFR for 2006 was 1.16 (23% higher than 2005). Anglo American's core business going forward recorded an LTIFR of 1.58	An LTIFR target of 0.94 is set for 2007, representing a 40% improvement target for the new core businesses of Anglo American
	Healthy work environments	Control workplace health hazards to avoid new cases of occupational disease and health impairment	✘ 856 new cases (1,003 in 2005). The occupational illness incidence rate is up to 0.66 (from 0.65 in 2005) per 100 employees based on manhours worked	Focus on reducing exposure to potential industrial hygiene hazards in order to minimise new cases of occupational illness
		Certification to third party health and safety systems will be at least 75% complete by the end of 2005	✔ 86% of Group companies certified to OHSAS 18001, AS 4801 or ISRS	All material businesses will maintain certification
	Merit-based and empowering culture	All managers/professionals have individual performance and development reviews (a large proportion of our workforce is subject to team-based targets and reviews)	✔ Performance reviews for more than 50% of all Anglo American employees, of whom 8.7% are managers	Ongoing focus – key method of providing direction and development for our employees
		Progress towards employment equity targets in South Africa	✔ 43% achieved in 2006 – exceeds compliance target of 40%	Continue transformation programmes and exceed the South African target
		Conduct Group communication survey	✔ Ongoing improvement in employee communication and sharing of knowledge	Repeat Group communication survey in 2007
		Evaluate and extend Group Information Portal programme	✔ Coverage of information portal (thesource) increased to 13,500 PC users. Growth in numbers of communities of practice and Group-wide access to information	Coverage in all divisions. Continuous reinforcement of content and use of collaborative tools including specifically increasing the visibility of career opportunities across the Group
	HIV and AIDS	50% VCT by the end of 2005 and 75% by 2007 in sub-Saharan Africa	✔ VCT take-up of 63% exceeding the revised 2006 target	70% VCT (long term 100%) in high disease burden countries
		Work in partnership with NGOs, governments and donor agencies	✔ Launched community health centre in Bushbuckridge with multiple partners Various other community HIV/AIDS initiatives and programmes	Sustain regional community HIV/AIDS initiatives, specifically those with external partners
Markets and economics	Sustainable development integration into business model	Sustainable development appraisal of investment proposals	○ Ongoing	All qualifying projects are routinely reviewed
	Guidelines and practices	Develop sustainable development toolbox for engineers	○ Training undertaken in South Africa and Chile	Training to be undertaken in Australia and toolbox to be published in 2007
		Develop sustainable development guideline for planning capital projects	○ The initial guideline has been piloted on expansion and greenfield projects	Refined guideline will be published in 2007
		Develop integrated mine closure guidelines	○ The mine closure toolbox has been pilot-tested	Further revisions undertaken. Publish in 2007, commence rollout and training
		Raise focus on product stewardship and recycling	➤ REACH awareness raising complete Guidelines on material stewardship distributed	Focus on implementation for REACH and roll out of materials stewardship approaches
		Engage key suppliers on sustainable development and business principles, practices and targets	○ Working drafts in circulation. Divisional tools being developed. Further methodologies and tools being considered	Supplier workshops and capacity building within procurement teams
		New target		Review policies and guidelines, specifically including environmental standards for air quality and water. Create integrated sustainable development framework
Governance and ethics	Transparency and reporting	Increased stakeholder engagement on external reporting	➤ Extensive engagement through ICMM and GRI conducted. Research conducted on stakeholder perceptions	Formal survey of public report stakeholders
	Corruption prevention	Ensure quality and follow-up on <i>speakup</i> reports	✔ 181 calls received. Service suspended for legal reasons in France and Germany. Board involvement in implementation of EITI	Raise profile of <i>speakup</i> and reactivate in France and Germany. Continued close involvement in EITI implementation

-  Target achieved
  Interim target achieved, ongoing
-  Target not achieved
  More work required

	Focus	Our goals		Our performance in 2006	2007 and future targets
Social capital	Corporate citizenship	Finalise resettlement policy following international review of IFC safeguard policies		SEAT tool on resettlement produced	Apply the tool where appropriate Progress the adoption of formal policy
		Implement training programme on security and human rights		Group level training provided in 2005, BU training taken forward in 2006 with increasing coverage of security contractors	Support implementation where appropriate
		Develop human rights guidelines		Participated in the work of the UN Special Representative on Business and Human Rights and led ICMM's work in the area	Finalise human rights policy and guidelines
	Community issues	Community engagement plans in place and improve the quality		Community engagement plans in place at over 95% of significant operations. Quality improved at those sites which have carried out initial SEAT assessments	Continuous improvement of CEPs and encouragement of increased use of stakeholder forums to monitor progress and maintain dialogue
		45 SEAT assessments conducted		SEAT has now been conducted at 40 sites in 16 countries (a further 10 in pipeline). Consultation undertaken on SEAT enhancements in 2006	Evaluate impact of SEAT implementation. Carry out SEAT assessments at 10 operations
Natural capital	Systems	Full ISO 14001 certification for material businesses		86% certification – by turnover. No certification has been lost. All new operations are required to be certified within two years of joining the group	All material businesses to maintain certification
	CO ₂ emissions and energy efficiency	A 15% improvement in energy efficiency and a 10% reduction in CO ₂ emissions per unit of production (emissions intensity) by 2014		All businesses have targets in place to achieve this goal. More than 1,000 projects underway	Continue to drive the process Improve accounting and measurement
		Establish definitions, reporting boundaries and determine the CO ₂ relating to transport by 2006		Initial results under review. Ongoing refinement of data required	Will finalise in 2007
	Air quality	Development of data on SO ₂ emissions from fossil fuel use to be completed in 2005		Completed – data on SO ₂ emissions from fossil fuels obtained by using internationally reputable sources	Included in numbers
	Water efficiency	Efficiency targets in water-stressed areas		All business units have set targets appropriate to their businesses and sites	These will remain site-specific objectives
	Biodiversity	Biodiversity action plans (BAPs) to be integrated into ISO 14001 systems at significant sites Peer review of 10 BAPs		A further 14 sites were reviewed through the peer review programme. Integration into ISO 14001 systems achieved at most operations	Ten sites to be reviewed in 2007 Continue to integrate biodiversity into management systems
		Continue working with ICMM and leading conservation organisations		ICMM involvement ongoing. Engagement with, among others: Fauna and Flora International, Business and Biodiversity Offset Programme, Conservation International, Earthwatch	Continue with partnerships at all levels
		Assess the Group's exposure to protected areas		The Group has a low-risk, well-managed exposure to protected areas. Based on the 2005 assessment, it was decided to reduce the frequency of the assessment	Review in 2008
	Responsible land use	Closure plans for all managed operations will be updated regularly and fully costed		Due to exclusion of non-core businesses, provision for closure liability has been reduced to \$747.5 million at the end of 2006 from \$1,088 million in 2005. No reduction in remaining core businesses	Ongoing
	Waste management	Group tailings risk assessment for high volume waste management		Risk report produced annually	Continue managing high-impact, low-likelihood risk
Expand tailings guideline document to include waste rock, heap leach pads, backfilling and slag disposal			Work on heap leach pads, waste rock and backfill is to continue. No start has been made on slag disposal	Project to be completed and guideline to be applied	
Establish baselines for all waste volumes in 2006 and reduction targets in 2007			Most baselines established, focus on targets and reduction	Baselines have been set and targets will be managed	

DELIVERING OUR STRATEGIC GOALS

Governance and transparency

Anglo American is committed to operating in a profitable, sustainable and responsible way. We complied fully with the UK's Combined Code on Corporate Governance in 2006.

The Board is chaired by Sir Mark Moody-Stuart. Tony Trahar, who has been chief executive since 2000, retires at the end of February 2007. He will be succeeded by Cynthia Carroll, previously president of Alcan Primary Metal. The balance on the Board between executive and non-executive members meets the norms of the Combined Code. The Board sub-committees are chaired by non-executive directors. The Board met nine times, and the Safety and Sustainable Development (S&SD) Committee met five times. The chief executives of business units and the heads of functions participate in a Sustainable Development Council which oversees strategy, targets and resource allocation.

An integrated risk management system, which includes sustainable development issues, is in use to identify and manage key risk areas.

Whistle-blowing and compliance

The Group uses an independently-run *speakup* facility in 45 countries, in 27 languages. This enables employees and external stakeholders to report breaches of our business principles. During 2006 181 alerts were

received. Two-thirds of these have already been investigated and closed (247 alerts in 2005). Disciplinary action was taken in 11 cases and in seven cases controls will be improved. In comparison with 2005, fewer alerts were related to safety or health, or appeared to have been submitted with malicious intent. Human resource-type issues, such as allegations of inappropriate appointments and discrimination, increased to 39% of total alerts (25% in 2005). The proportion of supplier-related alerts, which include issues such as conflict of interest and fraud, also increased from 11% in 2005 to 23% of total alerts in 2006.

We suspended our *speakup* service in France and Germany following rulings on employment and privacy law obtained by other companies. We hope to resume the service in 2007.

In our managed operations, more than 540 people, including 27 managers, were dismissed or resigned following breaches of the business principles (874 dismissals, including 22 managers, in 2005). These include conduct likely to bring the company into disrepute, those involving fraud, corruption, other acts of dishonesty, discrimination,



Above: Chief executive, Cynthia Carroll, was formerly president and chief executive officer of Alcan Primary Metal, the largest division of the Canadian aluminium producer. Carroll holds an MBA from Harvard and an MSc in Geology (Kansas). She is strongly committed to improving safety in the workplace and has a track record of working with communities in addressing sustainable development challenges.

harassment, violence or unsafe acts. An additional 1,127 employees received lesser disciplinary sanctions. We terminated the contracts of 175 suppliers and contracting companies or removed them from lists of approved suppliers for breaches of our standards.

We cannot be certain of the reason for the scale of the increase, from 10 and 15 in previous years, but it seems likely to flow from improved surveillance and monitoring of supplier and contractor performance.

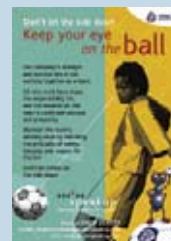
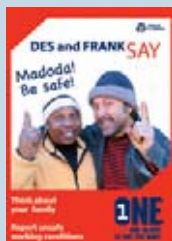
Political donations

In line with our policy, no political donations were made during 2006.

Corruption and transparency

We are committed to fighting corruption and are aware, through the letters of assurance from executives on our business principles, that in one country management successfully resisted pressure to give bribes to public officials. Bribery and fraud within the private sector are also causes for concern.

The Extractive Industries Transparency Initiative (EITI) makes it easier to expose corrupt use of revenues by government officials. It provides an opportunity for mining companies to explain the contribution which they make to host economies and helps to build the institutions and capacities which hold



Board Safety and Sustainable Development Committee	Independent in terms of Code	S&SD (five meetings)
Sir Mark Moody-Stuart	N/A	All
A J Trahar	No	All
C B Carroll ¹	No	N/A
C E Fay (Committee Chairman)	Yes	4
R M Godsell	No	3
M S Bastos Marques ²	Yes	1
M Ramphele	Yes	All
A E Redman ³	N/A	All
W A Nairn ³	N/A	4

Notes

1. Cynthia Carroll was appointed with effect from 15 January 2007.
2. Dr Marques retired from the Board in April 2006.
3. By invitation, not members of the Anglo American plc Board.

governments accountable for their use of revenues from extractive projects which are there for a limited time. Anglo American was one of the first mining companies to commit to the process.

The EITI has still to prove itself, but over 20 countries have declared their intention to implement the initiative. We represented the mining sector on the International Advisory Group which produced recommendations that were ratified in Oslo in October 2006. Agreement was reached on a framework for validating implementation by countries and companies. There was progress on extending transparency to the flow of revenues between the national and regional levels and initiating moves to secure the endorsement of the UN General Assembly. Anglo American now serves on the EITI Board.

We are currently involved only in country-level implementation in one country, Peru, but have voluntarily declared our payments to governments for a

number of years and regularly promote wider participation in the EITI.

Government relations

Governments are one of our key stakeholders. They set the regulatory framework and it is, therefore, important that we maintain a regular dialogue. In the interest of trust and transparency, our important interactions with governments in 2006 are summarised here.

Issues of concern

Higher commodity prices have also increased the incentives for artisanal and illegal mining and for the theft of copper wiring from our operations. These, together with the security responses they require, can heighten tensions. Our associate companies, De Beers, through the Diamonds for Development Initiative, and AngloGold Ashanti were both involved in initiatives during 2006 to create more constructive relations with small-scale miners and address the poor safety and environmental practices associated with such mining.

Policy interactions with governments	
Australia	Regime for carbon capture and storage (Monash Energy project) Rail and port infrastructure in Queensland Occupational health and safety issues in New South Wales
Brazil	Mining in border zones Potential revision of mining taxation
Chile	Environmental regulation, especially in relation to water and rock glaciers Use of mining royalty revenues
China	Investment climate, regulation of mining
European Union	REACH legislation Mine waste and waste incineration directives Toxicity of metals
Namibia	Royalties and potential introduction of BEE legislation Work permit issues
Philippines	Regime for foreign controlled mining companies
Senegal	Faleme project
South Africa	Conversion of mineral rights; requirements of Mining Charter Draft Royalties Bill Beneficiation Impact of land claims on forestry operations and draft Forestry Charter
United Kingdom	Litigation under EU law relating to the taxation of foreign controlled subsidiaries Extractive Industries Transparency Initiative Planning policy issues Implementation of various EU directives, including those on mining waste and waste incineration
Zimbabwe	Reform of mining laws Land reform

Tension over resources

Anglo Platinum experienced several incidents in 2006 which highlighted tensions around access to land and resources and the relative status of property rights which resulted in police presence and, in one instance, armed intervention.

In June 2006, 100 members of the Banareng tribe from a village adjacent to the Modikwa platinum mine (a 50%, independently managed joint venture) in the Limpopo province in South Africa, were involved in a confrontation with police after they illegally

DELIVERING OUR STRATEGIC GOALS

assembled at a drilling site and allegedly intimidated contractors. It is alleged that police fired shots during the incident. As the crowd dispersed, five people were slightly injured. Four community leaders were arrested but were released the following day.

In another ongoing dispute related to Anglo Platinum's R4,6 billion (\$679 million) expansion of the Potgietersrust Platinum Mine (PPRust), a R613 million (\$91 million) relocation of the Ga-Puka and Ga-Sekhaolelo communities has been challenged. Richard Spoor, a lawyer acting on behalf of some members of the two communities, has been quoted as saying: "This is an application in terms of the Protection of Informal Land Rights Act, which determines that such land rights cannot be sold without proper permission or proper compensation."

Anglo Platinum undertook extensive engagement prior to planning the relocation and believes it has adhered to current international norms.

Anglo Platinum is also spending R412 million (\$61 million) on more than doubling Polokwane's water storage capacity to ensure that the city will be able to supply waste water for use by PPRust. Water shortage is the greatest physical constraint on mining platinum in the Mokopane district. Only

waste water will be used for the mining operation. The relocation and the water project are two key aspects of Anglo Platinum's programme to enlarge PPRust from its present production capacity of 200,000 ounces of platinum a year to 435,000 ounces.

Spoor is being sued for libel by both Anglo Platinum and its joint venture partner African Rainbow Minerals (ARM) with regard to defamatory statements made by him concerning the companies (see also page 32).

Engaging stakeholders at Obuasi

We held a 51% share in AngloGold Ashanti until April 2006, when we reduced our shareholding to 42%, which is the status at the close of our financial year. The gold producer has always been excluded from the scope of this report as it is an independently managed listed company which produces its own Report to Society.

This summary case study outlines one of AngloGold Ashanti's key challenges in 2006. It received both media and NGO attention and highlights the steps taken to engage stakeholders in finding solutions. A workshop of interested parties identified the need for better stakeholder engagement and the need for economic development opportunities.

Mining has been taking place, in one form or another, at the Obuasi site in Ghana for more than 100 years and AngloGold Ashanti has to deal with significant environmental and social legacies, including those associated with artisanal and small-scale mining.

AngloGold Ashanti is in discussions with NGOs regarding joint investigation of legacy issues and current and future areas of concern. These include environmental issues, such as those related to water management, rehabilitation plans, arsenic management, final closure estimates and a legacy programme.

During 2006, the government of Ghana undertook an exercise to remove illegal artisanal miners from the property as they were causing safety and health problems and were sabotaging company property, leading to disruptions in production and human rights issues. This exercise took place without violence.

The company is balancing its obligation to protect its assets with the recognition that small-scale mining can be a legitimate means of earning a livelihood in a gold-rich area. It has applied to become a signatory to the Voluntary Principles on Security and Human Rights and has sought to adhere to the Principles. It is currently reviewing its policies and practices and standardising human rights training across the group.

During 2006, AngloGold Ashanti formally became an organisational supporter of the EITI. While an active supporter of the initiative since its inception, both via the company's membership of the ICMM and individual corporate action, it was considered time to state the company's support unambiguously.

As a matter of principle, AngloGold Ashanti has established a practice of disclosing all payments made to governments via its annual

Report to Society, regardless of whether the country is a formal supporter of the EITI (see www.anglogoldashanti.com for Reports to Society).

Furthermore, in countries where governments have indicated a desire to be a part of the process, AngloGold Ashanti is actively involved in contributing to the success of the initiative. These countries include Ghana, Guinea, Mali and the Democratic Republic of Congo.

Silicosis

In South Africa, 19 separate court actions for personal damages allegedly sustained from the lung disease, silicosis, were launched against Anglo American South Africa by former mine workers. Anglo American denies that it is liable to any of the claimants and is defending the claims, 11 of which have been struck out of court. Statutory compensation schemes in South Africa, to which gold mining and other companies are legally required to contribute, make provision for the payment of compensation for occupational diseases through a process administered by government.

Miners affected by silicosis, particularly former miners living in rural areas, appear to experience practical difficulties in obtaining examinations, treatment and statutory compensation benefits.

Sensitive to these issues, representatives of the mining industry, trade unions and the government are working together to find practical and sustainable solutions to overcome these difficulties. This approach is likely to result in a speedier and more equitable outcome for all miners affected by silicosis than protracted and expensive litigation.



Above: Cynthia Carroll, centre, on an underground visit with Anglo Coal South Africa's chief executive officer Ben Magara and head of underground operations John Standish-White and a team from Goedehoop colliery.

A solid economic foundation

Our products play an essential role in underpinning the quality of life of millions of people around the world. This was shown by record demand for commodities in 2006, which translated into record earnings for the Group. The value generated through the sales of these products is distributed principally to suppliers, employees, providers of capital and governments.

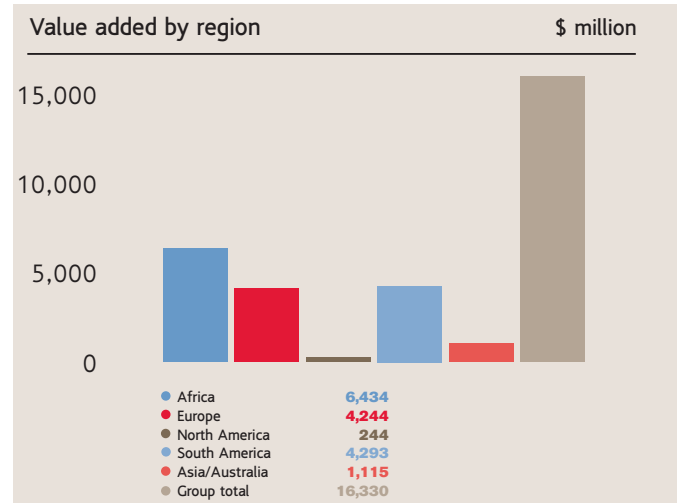
In this report, we give a picture of the value distributed by region by the Group as well as the key beneficiaries. The Group value-added numbers reflect managed subsidiaries and an equity-accounted share of joint ventures. Similar distributions take place at each of our operations. To provide a better picture of localised value, we are working with the ICMM to develop a methodology which would reflect accurately the benefits of a natural resource endowment to a local community. To test the methodology, we commissioned a survey of the Lebowa platinum mine in South Africa and provide a brief overview of the findings.

Measuring economic impacts

Anglo Platinum's Lebowa mine in South Africa makes a significant contribution to the local economy by creating jobs, supporting local suppliers, paying taxes and funding social projects.

A study by a postgraduate student was commissioned by Anglo American in 2006 to trial a methodology for assessing the economic impact of a mine, for use across the business.

The study was conducted in accordance with the ICMM guidelines. Assessments of individual mines will contribute to wider research by the ICMM, which aims to draw more



general conclusions about the economic contribution of mining as an industry. Lebowa was selected as a case study because it is a mature mine in a developing country and relatively isolated from other sources of economic activity.

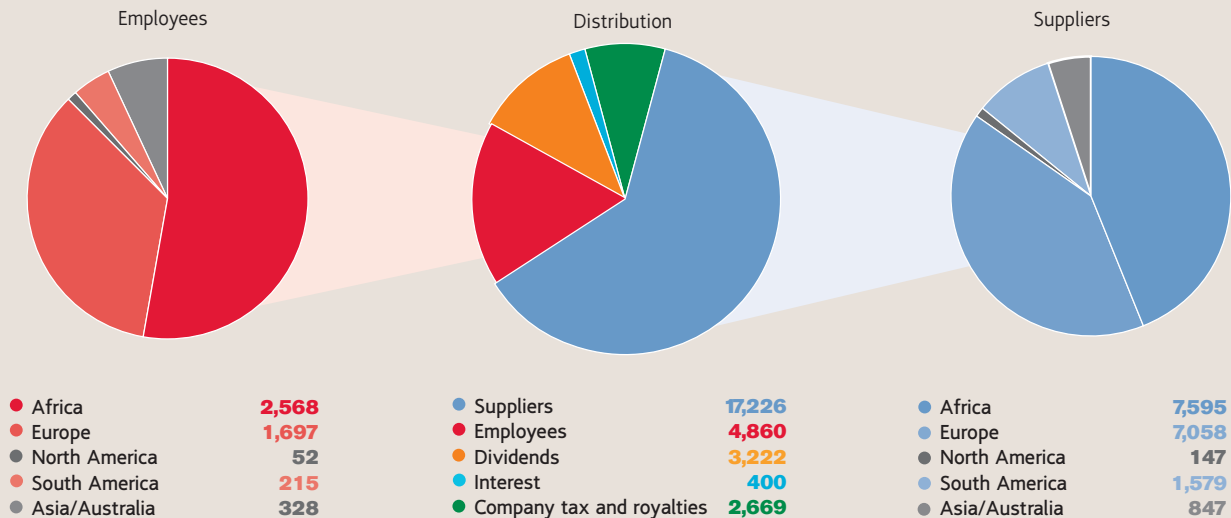
The Lebowa area suffers from high levels of poverty and has an unemployment rate of 68%. The mine employs 2,138 people, more than 80% of whom are local residents.

Their combined wages total R288 million (\$42.5 million) a year. A further 2,680 people currently work for the mine as contractors and an estimated 2,635 people are employed by its suppliers.

Anglo Platinum offers training for local suppliers to help them tender for higher-value skilled projects. This helps to build entrepreneurial skills in the region.

Sharing of economic benefits

\$ million



DISTRIBUTING ECONOMIC BENEFITS

Contributing to national wealth

In addition to the R83 million (\$12 million) paid in taxes in 2005 (of which R35 million (\$5 million) was income tax collected on government's behalf from employees), significant tax payments are made by suppliers and contractors. Lebowa mine also contributes to the local economy through social development projects. Anglo Platinum has invested R8.4 million (\$1.2 million) to build and maintain 14 local schools in partnership with the Limpopo province's Department of Education. It also contributes to healthcare services, development of infrastructure and projects that improve access to electricity and water.

The Lebowa study helped to identify some gaps in the data, which will be addressed as the methodology is used on another Anglo American mine in 2007. A more detailed summary is available on our website, www.angloamerican.co.uk.

Distributing benefits

Sustainable societies need strong foundations – built on law and order, health, housing and education, infrastructure, communications and a well-protected biophysical environment. All of this takes money, which is usually derived from companies and individuals in the form of taxes and is, ideally, redistributed for the benefit of the whole society.

The taxes we pay as a company and those we collect from employees on behalf of government are, therefore, important contributions to the creation of wealth and wellbeing in the countries in which we operate. We fully endorse the principle of transparency in our business dealings and we are signatories to the EITI. This UK-sponsored initiative encourages the reporting of taxes and monies paid by companies active in

Taxes paid directly to governments by country* \$ million	Borne	Collected	Total
South Africa	1,034	551	1,585
Chile	1,032	10	1,042
United Kingdom	235	325	560
Australia	234	57	291
Austria	48	90	138
Brazil	85	48	133
Russia	83	20	103
France	44	39	83
Venezuela	77	1	78
Canada	5	56	61
Poland	46	14	60
Others	196	125	321
Total	3,119	1,336	4,455

* Unaudited amounts of taxes payable directly to governments as a result of our operations (borne) and amounts collected and remitted to governments, such as employee taxes and net value-added tax (collected).

the extractive industries and by countries receiving revenues from the extractive industries.

Over \$3,119 million was paid directly to governments in taxes as a result of our operations in 2006 (\$2,063 million in 2005) – the increase is a result of both increased revenues and improved reporting. Total tax payments include company taxes, employer taxes, royalties, transaction and other taxes, with the broad aggregates, split on a regional basis, as shown in the table.

In addition, we indirectly contributed some \$1,336 million in valued-added tax (VAT) and employee taxes,

which we collected on behalf of governments and paid over to them. We believe that this wider tax footprint is a valid reflection of the tax contribution that results from our activities. In many developing countries this is a particular concern as, in the absence of our operations, there would be few alternative sources of income and therefore of tax revenues.

In many countries, the Group's operations form a fundamental part of the local economy and the socio-economic impact of the Group spreads significantly wider than the operations and their employees. In many cases, there are businesses ancillary to the Group's operations which would not otherwise exist.

The figures included in this report do not reflect the taxes generated or collected by these ancillary businesses, although their impact could be seen to be as a direct result of the Group's operations.



Left: A study of the economic benefits resulting from the Lebowa Platinum Mine has been undertaken to test the Resource Endowment methodology.

Taxes paid directly to governments by category and region					\$ million
	Africa	Europe	N&S America	Australia/Asia	Total
Profits	948	178	1,140	91	2,357
Transactions	28	35	13	0	76
Labour	30	172	24	39	265
Royalties and environmental	55	136	32	89	312
Other	23	61	10	15	109
Total taxes borne	1,084	582	1,219	234	3,119
Taxes collected and remitted	562	596	121	57	1,336
Total taxes	1,646	1,178	1,340	291	4,455

The total of \$4,455 million paid to governments was split between developed countries (36%) and developing countries (64%). Many other indirect tax benefits arise as a result of our operations as our customers and suppliers also pay company, employee and other taxes.

It can be seen that the total tax borne, collected and remitted by the Group exceeds the corporate tax charge in the Income Statement. There are a number of factors causing this, but the main reasons are that the cash tax numbers disclosed in this report:

- Include taxes and other payments to government in addition to the corporate tax reflected in the Income Statement of the Group, such as some transactional taxes.
- Include taxes and other payments to government not included in the Income

Statement of the Group at all, such as taxes borne by employees of the Group, collected by the Group and remitted to government.

- Reflect a range of different tax payment regimes in the countries in which the Group operates. These regimes vary widely and can result in a significant timing difference between the recognition of taxes in the Income Statement and the cash payment being made.

Taxation

The corporate tax charge in the Income Statement for the year was \$3,132 million (including share of associates' tax). The effective rate of corporate taxation paid increased to 32.7% in 2006 (from 26.5% in 2005), largely as a result of the December 2005 tax rate

benefiting from the one-off impact of a reduction in the statutory tax rates in South Africa and Ghana. These figures include the share of associates' tax. Associates (e.g. De Beers) are not reported on elsewhere in this report, except in financial earnings. In future periods, it is expected that the effective tax rate, adjusted for associates' tax, will remain at or above the UK statutory rate of 30%.

Tax compliance and planning

The Group has a tax strategy which has been reviewed and endorsed by the Board of Directors of Anglo American. Central to this strategy is that the Group's "Good Citizenship" business principles are followed in pursuing our tax planning and in dealing with tax authorities globally, and that the tax strategy is aligned with the Group's long-term business strategy.

Resources for the future

The Group has one of the largest project pipelines in the industry and an exploration programme that is active in 33 countries.



Left: In western China, an Anglo Platinum drill rig is used in the search for platinum group metals.



Above: Anglo Base Metals' Barro Alto nickel project in Brazil was approved in 2006. An average of 36,000 tonnes of nickel, as ferronickel, will be produced per annum over the 25-year life of the mine.

EMPOWERMENT THROUGH ENTERPRISE

Building economic well-being

Around the world, leading companies are working to ensure that communities and disadvantaged people are able to build sustainable futures off an economic foundation. The Group established Anglo Zimele in 1989 to promote economic participation and has used the experience gained to respond to the Mining Charter in South Africa and development challenges in Chile.

Transformation

The transfer of a share of the ownership, management and benefits of the South African mining industry into the hands of people previously excluded from the economy is a government priority. This has been closely linked to the conversion of mining licences under new minerals legislation enacted in 2004.

A number of applications for the conversion of old order mining licences filed by Group companies are still outstanding, but we are optimistic that they will be achieved soon, without the need for legal challenges. Our associate, AngloGold Ashanti, has received a number of conversions. We have achieved significant success in that the majority of prospecting permits have been granted, especially within Anglo Coal.

Group companies completed a number of significant black economic empowerment (BEE) deals, including the award-winning Kumba deal, which saw the company split into Exxaro, now the largest black-owned and managed mining company listed on the JSE, and Kumba Iron Ore, an Anglo American subsidiary, which also listed on the JSE.

To date, Anglo American has undertaken BEE transactions to the value of R49.6 billion (\$7.3 billion) – in real 2006 money

terms – since 1994. With the transactions currently under negotiation this will ensure that Anglo American's BEE ownership exceeds the 26% target set for 2014.

The Mining Charter sets a number of criteria against which mining companies are measured. These include employment equity, human resource development, procurement, ownership, migrant labour, housing and communities, beneficiation, mine community and rural development.

Non-mining South African based companies with an annual turnover of R5 million or more are subject to measurement by the broad-based black economic empowerment codes which came into effect in February 2007. Smaller companies have lesser requirements. These codes encompass equity ownership, management control, employment, skills development, procurement, enterprise development and corporate social investment. For a transitional period of a year enterprises that are not yet fully compliant will be measured only on their ownership and management elements.

The Mining Charter promotes corporate action in improving housing and living conditions.



Above: Signing of the Heads of Agreement for the Anglo Coal and Inyosi Coal BEE transaction.

Given the critical shortage of housing in many areas, Group companies have created a number of schemes to ensure employees are well housed. Employees in Group companies are encouraged to own their own homes and live within family structures. Mortgage bond subsidy schemes are available to most employees. Anglo Platinum has set itself a 2009 target of reducing to zero the number of employees living

in informal settlements. Its housing development schemes have created local benchmarks. Progress was also made on employee share ownership plans (ESOPs) with the launch of the Mondi plan early in 2006. Guided by the transformation leadership structures within the Group, subsidiary companies are establishing ESOPs which go beyond the South African government's 2014

Employee Share Ownership Plans (ESOP)

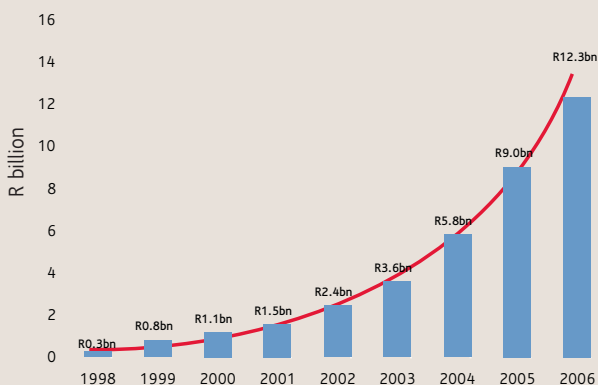
Anglo American is committed to ensuring that employees are an integral part of its transformation strategy. ESOPs are being implemented across the Group as specific circumstances dictate:

- Mondi's ESOP enables employees to participate in 4% of Mondi Shanduka Newsprint and 5% of Mondi Packaging in South Africa
- De Beers' HDSA empowerment deal includes a 13% share ownership by employees and pensioners
- Kumba's HDSA empowerment deal includes a 3% ESOP in Exxaro and Kumba Iron Ore
- AngloGold Ashanti's HDSA empowerment deal includes a 1.4% ESOP
- Tongaat-Hulett's HDSA empowerment deal includes a 7% ESOP
- Hulamini's HDSA empowerment deal includes a 5% ESOP
- Anglo Platinum is currently considering a 1.5% ESOP
- Anglo American is considering an ESOP for South African employees, including those from Anglo Coal not included in other schemes

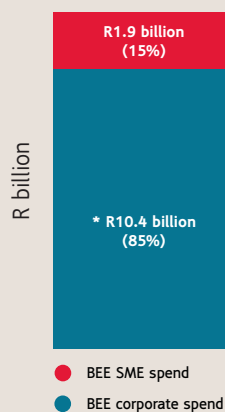
At a glance:

- Focused on adding economic value
- Employees participating in transformation
- Building business value in Chile

Anglo American's BEE procurement and business development spend since 1998 (excluding De Beers)



Analysis of BEE spend



value adjustment of R4.4 million (\$0.6 million). In 2005, this was R26.3 million/\$3.9 million and R22.6 million/\$3.3 million respectively. Income is re-invested, providing an ongoing source of revenue for Anglo Zimele.

Anglo Zimele focuses on procurement, business development and, through the Anglo Khula Mining Fund, facilitates the entry of commercially viable junior mining ventures into the mainstream of the sector. On the enterprise development front, the collective turnover of current investments of both Anglo Zimele and the Anglo Khula Mining Fund was R919 million (\$135.7 million) compared with R777 million (\$114.8 million) in 2005. In addition, Anglo Zimele advises other Anglo American regions and international organisations, such as the World Bank, on best practice in this field (case study on Chile page 17).

The Anglo Zimele team interacts closely with the Group's divisional procurement departments and in South Africa assists with identifying suppliers that meet BEE criteria, to participate in our supply chains.

Anglo Zimele also supports start-up or expanding businesses which exhibit commercial viability and growth prospects. Many of these

transformation deadline and provide for share ownership by employees currently outside of the executive schemes.

Procurement

About 26% or R11.4 billion (\$1.7 billion) of South African procurement was from black-owned or managed enterprises compared with R8.2 billion (\$1.3 billion) in 2005. Of this, 15% was from small and medium-sized enterprises with a less than R25 million (\$3.7 million) turnover. The cumulative procurement from black-owned or managed companies since 1989 (real 2006 rands) is R38.4 billion (\$5.7 billion).

Anglo American companies in South Africa are making good progress towards achieving the

requirements of the Mining Charter. In addition to ownership, employment equity by historically disadvantaged South Africans (HDSA) is another key element. At 31 December 2006, Anglo American had already achieved an overall equity position of 39% against a 40% HDSA management target, which is required by 2009 in terms of the Charter. Challenges in fulfilling the required diversity targets in respect of gender and senior management are being addressed.

The rest of the elements of the Charter are being progressed in the Social and Labour Plans, which are produced for each operation or mining location. These form the basis of mining licence conversions.

Anglo Zimele

Empowerment and economic development through enterprise are the cornerstones for Anglo Zimele's activities. During 2006, a total of R34.4 million (\$5.1 million) was invested in 18 new South African companies, across various sectors, which collectively employed more than 3,090 people in 2006 (2005: 2,522).

This brings the total number of current investments to 37. Of the total investment during 2006, R18.4 million (\$2.7 million) was in equity (2005: R39.6 million/\$5.8 million) and R16.0 million (\$2.4 million) was in loans (2005: R28.3 million/\$4.2 million). Total income derived from the investments was R10 million (\$1.5 million) inclusive of a fair



Left: The fitment of pre-engineered ceramic tiles into a pipe at Kram Engineering's Sebenza operation.

companies find it very difficult to raise loans from commercial banks. Through the minority equity stake which it acquires, Anglo Zimele is able to work with the small or medium-sized enterprise's board of directors and provide strategic guidance and skills transfer, including advice on business principles, corporate governance, strategy and providing loan finance.

Business development in Chile

Inspired by Anglo Zimele's experience in South Africa, Anglo American Chile has launched an initiative to use local business development to improve economic and social conditions in the areas surrounding its operations.

The SEAT process, undertaken by the Casa de la Paz Foundation in 2004, highlighted social concerns about income inequalities in Chile. According to the Planning Ministry, 20% of the poorest families live with average monthly incomes that are lower than \$215, while 20% of the wealthiest families earn monthly average incomes in excess of \$3,000.

Experience has shown that many projects to support business development in some of Chile's poorest sectors have not been able to move entrepreneurs beyond subsistence level or to a level at which they can successfully access the financial markets. With this in mind, the focus is on working in partnership with existing institutions where some success has been achieved.

An agreement has been signed with the Fondo Esperanza to extend their micro loans programmes to neighbouring communities. This is based on

the methodology developed by Muhammad Yunus for which he won the Nobel Peace Prize in 2006. This project could benefit more than 1,800 entrepreneurs in poor communities over the next two years, with an investment of about \$500,000. Depending on the success of the initial phase, the proposal allows for an expansion that would reach more than 4,700 entrepreneurs in three years, with an investment of about \$2 million.

An additional methodology for supporting entrepreneurs who have moved beyond subsistence and require more advanced assistance is being developed. Anglo American Chile and the Casa de la Paz Foundation have identified a portfolio of more than 20 projects, which are currently under consideration.

Jewellery boosting local economies

Thousands of women from African countries take part in the Face of Africa contest every year and the winner is rewarded with a top modelling contract. Local jewellery designers showcase their products and fashion designers use selected pieces to inspire dress designs for the contestants.

Anglo Platinum co-sponsored the competition in 2006 as part of its broader programme to promote platinum jewellery and boost sales, create jobs and enable small businesses to grow in South Africa.

The company sponsors the annual PlatAfrica Jewellery Design competition to promote local jewellers. It also supports the Platinum Trust of South Africa, formed in 2003 to help address the socio-economic challenges facing the country. The trust plans to open a

platinum training and production centre at Orbit college in the North West province of South Africa in 2007. The centre will manufacture high-quality platinum jewellery for local and export markets. This will create jobs and increase expertise in the area.

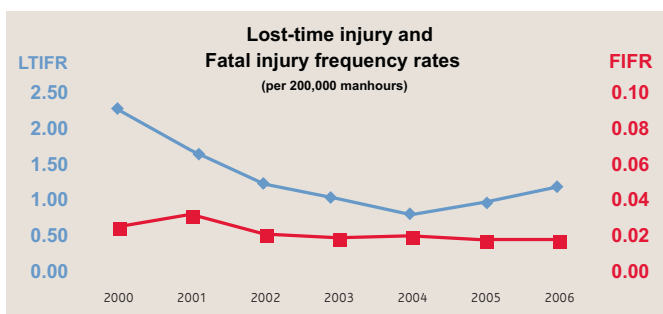


Above: Anglo Platinum is supporting the development of the platinum jewellery industry as an additional means of creating value for local entrepreneurs and artists.

SAFETY

Safety is our first priority

Safety is our biggest challenge. We began a radical rethink of our approach to safety management in 2005.



This process saw some major improvements and achievements in 2006. Much effort has been focused on executive, management and supervisory safety training, communications with all our people, and on the implementation of a custom-designed peer review system to share learning and spread good practice. It is still too early to see the expected outcomes and, tragically, the Group recorded 44 deaths (29 employees and 15 contractors) in 37 incidents during 2006.

The Group experienced what can only be described as a very poor fourth quarter when 20 people died, reversing significant improvements in the early part of the year. We extend our sincere condolences to their families, friends and colleagues.

All incidents are investigated by the business unit concerned

and the relevant authorities and are analysed to establish both cause and remedy.

During 2006, the safety principles were incorporated into a new framework for the management of safety in the Group, and we believe that we now have in place the key foundations for us to make a fundamental difference in the months and years ahead.

The safety framework includes a best practice set of Safety Management Standards – the Anglo Safety Way – a revised set of Safety Golden Rules and a much enhanced safety peer review programme, which engages both professionals and line managers in safety audits of other business units across the Group. Fifteen sites were reviewed during the year and the lessons learned will help us shape our plans for 2007 and beyond. The peer reviews challenge existing systems and

operating practices and help us to improve identification of key risks. More than 50 people were trained as peer reviewers.

In 2006, in support of the new safety framework, we followed up the 2005 executive training and embarked on a major training programme for managers and supervisors. By year end 6,400 managers and supervisors had been trained, with many more scheduled for refresher training in 2007.

In parallel with this, a major communication campaign was launched in South Africa, using industrial theatre with popular television personalities in order to convey clear messages to the front-line workforce. This has been very well received and will continue as part of our drive for safer operations.

Performance

The LTIFR has shown an overall increase from 0.94 in 2005 to 1.16. This is almost entirely the result of the change in Anglo Platinum’s reporting of restricted work cases (see *Report to Society 2005*). The correct reporting has applied for the whole of 2006 and Anglo Platinum’s LTIFR is therefore higher at 2.52 (2.07 in 2005). For the rest of the Group, the LTIFR has shown a marginal year-on-year increase from 0.37 to 0.40.

For the core businesses of the Anglo American Group (see scope pages 5-6), the LTIFR was 1.58 in 2006. This is the

baseline that we have used for setting our stretch target of 0.94 for 2007 (a 40% improvement).

An analysis of fatal incidents shows that 52% of fatal incidents occurred on the surface and 48% were underground. The major causes were surface transportation (27%) and falls of ground (20%). Explosions, ore scraper winches and ore pass incidents each accounted for 9%. Unusually, lightning strikes killed three people and we have re-issued clear guidance on how this threat can be better managed.

A number of reviews were conducted at Mondi, Tarmac, Anglo Base Metals and at Ferrous Metals and Industries operations to ensure that the root causes of incidents had been identified and that responses were effective and lessons could be shared across the Group to ensure no repeats.

Following the spate of surface vehicle incidents, drivers will be retrained and more rigorous, comprehensive vehicle management plans implemented. Fit-for-purpose collision-avoidance technology will now be fitted to all mine vehicles, unless a thorough risk-assessment shows this to be inappropriate.

Six people died in two distressingly similar collisions between haulage trucks and passenger vehicles. One of



Left: Managers at Kumba’s Sishen iron ore mine identified the potential risk that a worker could fall into the primary crusher during inspections and maintenance. In order to provide proper support during these tasks, a life-line with a roller impact lock-system, similar to car safety belts, has been developed and tested by the South African Bureau of Standards.



Left: A foreman and two operators at Sishen, who investigated the risk to personnel repairing conveyor belts, have developed an overhead hook-up system which can be attached to any conveyor structure.

At a glance:

- **Safety vision: zero harm**
- **Principles**
 - zero injury mindset
 - no repeats
 - follow the rules

these was at Glen Douglas, a mine now part of Exxaro. In each of three other incidents, two people died:

- A fall of ground at Tshikondeni (Exxaro)
- A steam explosion at Hippo Valley
- A lightning strike at Hippo Valley.

A total of \$38,431 was paid in safety-related fines, of which \$35,129 resulted from criminal cases.

CE safety awards

Despite the number of fatalities, many sites continue to report excellent safety figures. Twenty-four operations with more than 100 employees ended the year without lost-time injuries.

In 2006, 23 sites were nominated for the chief executive's safety awards which recognise excellent and improved performance by large and small operations.

Winner of the award for the best large operation was Anglo Coal's Goedehoop colliery in South Africa. Anglo Base Metals' Las Tortolas concentrator at Los Bronces in Chile won the award for best small operation.

Awards for safety improvement were won by Anglo Industrial Minerals' Tarmac South in the UK and Anglo Base Metals' exploration project in Peru.

Continuous improvement

The Safety Golden Rules were reviewed, incorporating lessons learned from an analysis of previous fatal incidents. The latest version focuses on the life-saving decisions within the control of all employees and seeks to define these in simple, understandable terms. In 2007, we will be supplementing our Golden Rules with much more explicit and mandatory equipment, systems and performance requirements to address very specifically the circumstances in which most of our serious incidents occur.

Technical innovations

Anglo Platinum has committed to minimising the risks associated with the interface between man and machine through better technology, enhanced monitoring and enforcement, as well as through training and raising awareness.

The programme includes installing proximity devices to warn locomotive drivers of approaching vehicles. Guards in locomotives will be seated in well-constructed cars at each end of the train at all times, and will be able to use a sound signal to get the driver to stop. This programme will be completed in 2007 at a cost of R51 million (\$7.5 million).

Lack of or inadequate visibility is a key cause of man and machine collisions and a new system is being piloted. Winch safety will be improved by the

completion of a R150 million (\$22 million) project enabling any individual to signal the operator to stop the winch.

Many other safety initiatives are being tested and implemented, each addressing one of the main causes of injury.

Lightweight superbout protects workers' feet

A new lightweight safety boot to protect the feet of all its front-line employees has been developed by Tarmac.

Whether it's tackling road surfaces or other potentially bruising encounters in the construction industry, Tarmac's boot will keep accident rates down and workers on the job.

"The traditional option has been a heavyweight and uncomfortable safety boot. This is a lightweight alternative that is both comfortable and protective," said Tarmac's National Contracting sustainable development manager, Ken Bradley.

These boots incorporate the same material as flak jackets to protect the top of the feet from falling objects. They can withstand temperatures of up to 300°C and have mid-sole protection to prevent penetration by nails and sharp objects. They also boast a quick-release system similar to that of a ski boot.

Enforcing contractor safety

Safety, health, environment and community (SHEC) were the key criteria when our Anglo Base Metals' Exploration division replaced the drilling contractor for its project in Namibia.

Despite an induction, training and regular safety meetings, the previous contractor failed to improve its attitude on SHEC issues. When the rate of environmental and safety incidents remained unacceptable and a more serious incident seemed imminent, the contractor was replaced.

The recruitment process for a new drilling contractor included site visits to evaluate potential drillers and detailed SHEC expectations within the tender document, supported by a more binding contract.

Safety and environmental incidents have been reduced significantly since the new contractor began work and the operation runs much more reliably, with improved production and sample quality.



Left: Simon Thompson and Peter Smith of Anglo Base Metals accept the special award for the business unit's safety performance from chief executive Tony Trahar.



Left: Terry Last of Anglo Industrial Minerals' Tarmac South accepts the chief executive's safety award for most improved performance by the operation over the past three years.

Our vision for occupational health is zero harm

We are committed to the prevention of occupational disease in all its forms at our operations. Our focus is on reducing exposure at source and, where possible, re-engineering processes or equipment to eliminate exposure to risk. Occupational health is part of overall employee wellness and we will be intensifying our efforts in the areas of general health and wellbeing.

In 2002, we issued the Anglo American Occupational Health Guidelines, which are aimed at promoting best practice in occupational health throughout the Group. In 2007, the occupational health programme will be strengthened through the publication and implementation of the Anglo Health Way, a framework similar to that developed for safety. This framework will further define our policy, clearly define roles and responsibilities and will include a process of regular peer-review audits throughout the Group.

The key risk areas are exposure to noise, dust and vibration and these continue to receive attention.

The numbers of cases of occupational disease reported during the year are shown in the table and rates are calculated on the same basis as the LTIFR for ease of comparison. This is in contrast to previous years, where rates were reported per 1,000 workers exposed. Cases are reported on the award of compensation. Efforts to reduce exposure to



Above: Dust is a key risk factor for many workers, including those unloading phosphate ore in Brazil.

noise in the workplace have continued through a variety of programmes involving the use of new technology, mufflers and personal protective equipment for the residual risk from noise. Monitoring and medical surveillance of potentially exposed employees assist in ensuring vigilance over behavioural aspects. In a similar vein, Tarmac has continued its programme to replace hand-held impact breakers with machinery that separates the operator from the vibration.

Disease risks

Drug-resistant tuberculosis has emerged as a potential risk in the South African mining operations and, while this is

not specifically an occupational disease, it does have a potentially severe impact in a situation where tuberculosis is common for other reasons. Best-practice precautions have been implemented at all mine hospitals and surveillance is in place for the condition.

The threat of pandemic influenza has become a concern over the past 12 months, largely brought about by the increased number of human cases of H5N1 avian influenza reported internationally. The H5N1 strain does not readily infect humans but the possibility of it mutating to a form which can be transmitted between humans is of real concern.

New cases of occupational disease		
Condition	Cases reported and (rate*)	
	2006	2005
Noise-induced hearing loss	695 (1.06)	629 (1.42)
Pneumoconiosis	67 (1.01)	247 (5.25)
Occupational tuberculosis	28 (0.49)	23 (0.91)
COAD	5†	28†
Occupational asthma	12 (0.25)	20 (0.81)
Musculoskeletal disorders	32 (1.80)	41 (0.7)
Hand-arm vibration syndrome	0	15 (1.29)
Other	17	0
Total	856	1,003
Total occupational illness incidence rate	0.66 §	0.78 §

* per 200,000 hours (100 man-years of exposure)

† rates are not calculated for chronic obstructive airway disease (COAD) as there is no specific risk group

§ total new cases over total employees



Left: Noise is a major occupational risk factor and we are making every effort to reduce this through re-engineering of equipment and processes.

At a glance:

- **Our vision is zero harm**
- **Key risk areas are noise, dust, vibration**
- **Focus on reducing exposure, re-engineering processes and equipment**

Anglo American recognised this risk and has developed a policy and strategy to deal with an epidemic should it occur. It addresses business continuity issues, the threat to all employees and the means to help prevent the spread of infection.

Compensation and legal issues

No fines were paid for health-related claims during 2006. Compensation of \$4,8 million was paid to 714 individuals. Compensation is paid according to the legal requirements of the countries in which we operate. Legal proceedings were initiated with regard to silicosis. See page 11.

Reducing exposure to fumes

With the production of cast locomotive frames being increased at Scaw Metals in South Africa, the decision was made to erect a separate automated paint booth facility. The extraction facilities installed will significantly reduce exposure to paint fumes.

At Proacer in Santiago, Chile, part of the Scaw Metals group, large amounts of scrap metal, high in manganese content, are cut into smaller, manageable pieces to facilitate scrap charging in the furnace. Some of the original pieces are large and require gas cutting.

The manganese steel scrap is placed on a bogie which is then moved to the fixed extraction

unit which removes the fumes. This has considerably reduced fume exposure for scrap cutters.

Reducing noise in the workplace

Anglo Coal's Kriel colliery has implemented a project to reduce noise levels in a production section by silencing machinery and equipment. Work on the dust scrubber has been completed and a 10 dB(A) reduction was achieved. Further work is continuing on vehicles, fans, conveyor belts and continuous miners (underground machines which cut into the coal seam). A baseline survey is conducted and changes are implemented on a single component at a time to determine the effects of the changes.

Control of dust levels

Anglo Coal has set a target to have no person exposed to dust levels above 2.0 mg/m³, the international norm, by the year end. Positive progress has been recorded, with no employees in opencast operations exposed above the target in 2006. In underground operations, the figure is still too high at 14%. Risk mitigation includes the use of personal protective equipment and the withdrawal of personnel from risk areas.

DuraFan project

Anglo Coal has commissioned the development of ventilation fans which achieve energy efficiencies of between

47% and 70%, operate at lower revolutions per minute and reduce maintenance requirements. In addition, the new fans reduce the underground noise from ventilation fans which frequently exceed the critical threshold of 85 dB(A).

Safeguarding employee health in the Middle East

A high prevalence of diabetes has been identified among otherwise healthy employees at Tarmac's operations in the United Arab Emirates and Oman after an occupational health screening – understood to be the first of its kind in the Middle East outside the petrochemicals industry.

Tarmac is developing an educational programme to advise employees on diet and how they can minimise their risk of contracting diabetes.

In the United Arab Emirates and Oman, Tarmac operates eight asphalt plants, two quarries and 14 contracting gangs, employing more than 800 employees. The operations are spread over a wide geographic area where traditionally there has been a lack of knowledge and insufficient medical infrastructure to provide effective occupational health screening.

This proved a challenge when Tarmac was implementing its comprehensive Occupational Health Strategy (OHS) in 2006.

The company put a lot of effort into finding the right service providers who could meet our long-term needs.

It has established a partnership approach with them, providing guidance and examples on how to implement and administer occupational health schemes.

Not all the providers had the relevant equipment to implement the scheme, so Tarmac has assisted in the purchase of audiometers (used to assess hearing) and spirometers (used to measure lung function) at two of the service provider sites. These facilities are now benefiting local people as well as Tarmac employees.

Baseline data for occupational health were completed across our operations in Oman and the United Arab Emirates in 2006.

HIV and AIDS

The Group's HIV and AIDS programmes are reported on page 26-28.



Left: Welding fume exposure is a common industry hazard.



Left: Control of exposure at source requires ongoing monitoring of exposure. A worker is shown here with dust measuring equipment.



Above: Welding often takes place in hazardous locations, combining safety risks with hazardous exposures.

Attracting and developing talent

The Group's human resources strategy focuses on building and developing a talented, skilled workforce working in supportive environments in which excellence is rewarded and innovation can flourish. We have over 125,000 permanent employees in more than 45 countries around the world.

Development

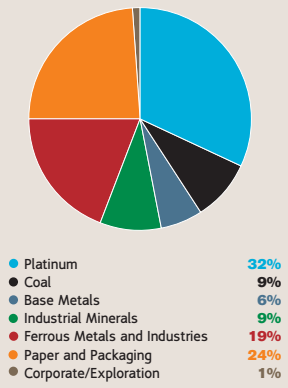
2006 was another significant year in terms of investment in people at all levels within the organisation. Direct investment in training was \$171 million, 4.5% of total payroll costs. Training specifically related to

safety, health and environment amounted to 19% of these costs.

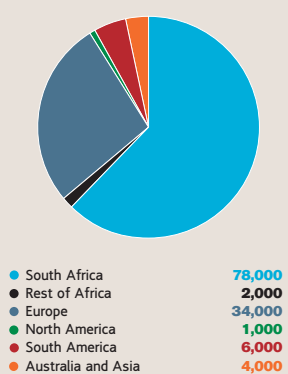
Training statistics generally underestimate the total investment in developing our people, as they exclude learning on the job, coaching and mentoring activities by managers and colleagues and career development moves. The average number of formal training days per employee for 2006 is 2.44 days (down on 2005).

Leadership development was a focus area in 2006, with the launch of two new Group-wide programmes supported by the faculty of the renowned Duke Business School. Multiple divisional and regional initiatives designed to embed our key management competencies were rolled out to existing and emerging leadership groups.

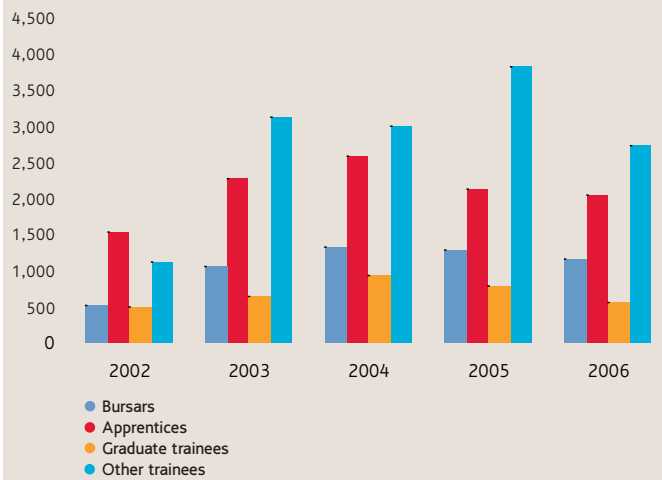
Permanent employees 2006 (excluding JVs and independently managed companies)



Permanent employees 2006 Total 125,000



Education and training 2006



Some of our regional initiatives include Tarmac's Talking Leadership programme, aimed at 200 managers across Europe, which has started to close a significant gap in some of the 'softer' management skills. Anglo Base Metals has continued its deployment of the Learning and Career Management processes in South America to ensure that all employees have learning and development plans. The Anglo Achievers programme, which covers all our divisions

based in South Africa, is gaining momentum with employees in the early stages of their careers. Our investment in bursars, apprentices, graduates and other trainees is designed to find and develop the skilled resources and leaders required for the future.

In addition, we are increasing the potential pool of technical skills within the mining industry. More than 30 northern hemisphere students from mining-related university



Right: Anthea Bath (Platinum), back left, and Vanessa Naicker (Anglo Technical Division) participating in a collaboration exercise during the Chile leg of the Leaders in Anglo programme.

programmes were given work placements across the globe through our student technical experience programme (STEP). We are on track to meet our five-year target to provide development to more than 100 students through this programme. In South Africa, we have also recently embarked on an ambitious programme offering practical one-year work placements to more than 200 technikon students in their penultimate year of study.

Relationships with our employees

Despite the pressures experienced in the mining industry as a whole with regard to skills shortages, our overall voluntary labour turnover rates remain fairly steady and we are seeing the positive results of some of the transformation and change management initiatives such as Anglo Coal's *Yebo Siyaphambili* (Yes, let us go forward together), reported on in previous years.

Anglo Base Metals work climate survey

In June 2006, Anglo Base Metals conducted its second global work climate survey, including Exploration division and Copebrás employees.

The survey tested employees' understanding of the business, their jobs, strengths and areas in which they feel improvement is needed. It also measured progress since Anglo Base Metals' first global work climate survey in 2004 and provided a benchmark for the Exploration division and Copebrás to track future progress in the work climate.

Employees could complete it on-line or on hard copy in English, Spanish, Portuguese or Afrikaans. Some 7,219

employees (92% of the workforce) participated, providing a high level of confidence in the results.

The good news is that 86% of Anglo Base Metals' employees understand the business unit's strategy and objectives, as well as the link to their own jobs and the results expected of them. More than 70% feel they are not discriminated against, have the information to do their jobs well and that there is co-operation in their teams.

As areas for improvement, employees focused on regular feedback on their own performance, reducing bureaucracy and the basis on which promotions and transfers are made. The priorities for 2007 include equipping employees with performance management skills, enhancing leadership skills and behaviour and improving two-way communication.

Consultation with employees

Formal consultation mechanisms with our employees have remained virtually unchanged since 2005, with 86% of employees being represented by unions, works councils and other bodies.

Collective bargaining

Successful negotiations on wages and other terms and conditions in Anglo Coal, Anglo Platinum, AngloGold Ashanti and Scaw Metals during 2005 resulted in multi-year agreements and, as a result, no wage negotiations were conducted in these operations during 2006.

However, a number of disputes were declared in other operations and, with the exception of Namakwa Sands, all were resolved without strike action. The



strike at Namakwa Sands lasted 41 days and was marred by violence and misconduct.

A High Court interdict was obtained by the company to prevent further violence and damage to property. The resulting dismissal of 11 employees has been the subject of arbitration. Five of eight cases have been heard and four dismissals were upheld, with one employee reinstated.

Mondi South Africa was served with a notice of commencement of strike action despite agreement on wages having been reached.

The dispute was over the extension of the Centralised Bargaining Unit. Strikes over this topic are not protected in South African law and Mondi obtained an order from the Labour Court to have the matter referred back for mediation or



Right: Advertising the Anglo Base Metals' work climate survey to employees in Chile.



arbitration. The matter was eventually resolved following extensive negotiations.

In Chile, where the high copper price contributed to higher expectations among employees, proactive steps were taken by our Anglo Base Metals copper operations to recognise these and, as a result, our mines were not subject to the industrial action that adversely affected other copper-producing companies in that region.

Diversity

We are proud to be one of the few companies in the FTSE 100 index which has appointed a female chief executive. This signal of commitment at the highest level is starting to be mirrored by gradual changes in

our gender diversity. We have seen an increase in women employees and managers during 2006.

We are still on track to achieve our transformation targets agreed with the South African government with respect to employment of historically disadvantaged South Africans in management positions. At year end, we had reached 43%, including junior management, (target 40% by 2009) in designated positions.

Both Anglo Coal and Anglo Platinum are making good progress with introducing women into mining and related disciplines. The South African Mining Charter has set a target of 10% women in mining by

2009. At Anglo Platinum, the proportion of women employees increased to 9.1% in 2006, from 5.8% in 2005. Following research, a dedicated champion was appointed to address the obstacles to more effective employment of women. These obstacles include policies and facilities as well as safety, health and environment aspects.

Anglo Coal has already achieved the compliance target, and aims to reach 14% by the end of 2007. Of the 12.5% of women in the Anglo Coal workforce, 6.6% are in technical fields. Women comprise 8% of the management team. Women in Mining committees were established at all collieries. A Code of Good Practice for pregnancy in the workplace – a particular challenge for women in mining teams – has been compiled and will be rolled out in 2007.

Developing key skills

Literacy the foundation

One of the most important building blocks for skills development is ensuring that unskilled workers are functionally literate and numerate. At Anglo Platinum, adult basic education and training (ABET) is achieved through own-time and company-time programmes. A full-time ABET programme aims to provide 10% of illiterate employees in Anglo Platinum with the opportunity to become literate to a level enabling admission to artisan programmes by 2010. A total of 582 selected employees from Rustenburg Platinum Mines' Rustenburg section are part of the programme and are due to complete ABET level 4 by the end of 2009. Selected employees are released from

work on full salary and are paid an ex gratia bonus to encourage them to concentrate on their studies. R179 million (\$26 million) has been allocated to the ABET programme over the next three years.

Simulating tough conditions

Anglo Coal has acquired a simulator designed to instruct and evaluate operators on a range of different vehicles including bulldozers, shovels, haul trucks and draglines. It helps identify common faults and bad driving habits and can be used for both re-training of existing operators or introductory training for new employees. Trainees are taught how to react to a range of challenging conditions, including rain, heavy mist, night driving and slippery driving surfaces, with the topography of the specific mine fed into the simulator. A dragline simulator is being acquired.

Travelling safely

Transport accidents are a major risk for Anglo American Exploration Australia. One of the main concerns relates to employees who do not have knowledge of Australian road rules and driving conditions. To address this a programme focused on establishing core foundation driving skills was developed for all personnel. They then progress to skills in handling a four-wheel drive vehicle in sand or difficult terrain, prevention and recovery techniques, as well as a focus on general care and maintenance of all vehicles.

A light footprint

Preparing for survival in Arctic conditions is an essential aspect of emergency preparedness for exploration teams operating in the far north of Canada.



Left: Bongwiwe Kwetshube, back, and Nofika Mzomba are employed as conveyor belt attendants at Anglo Platinum's Union mine.

A wilderness survival course was held for employees and contractors at the beginning of the exploration season.

The course addressed the unique and challenging work conditions in this climate and included a mock search-and-rescue simulation at night. The course was also an excellent team building opportunity. Two years ago, contractors were lost in the Arctic winter, one of them for over 60 hours. Fortunately, they found a fishing shack in which to take shelter and were found alive but hypothermic.

When the exploration programme in that area is complete, and after engagement with the local Inuit community, the exploration team will set up emergency shelters, equipped with beds, at Lac Chukotat at the West Raglan and Belanger camps. The tents will be of use to local residents who travel through the area in the winter months for hunting and fishing expeditions.

Investing in tomorrow

Promoting the talents of Chilean pupils

Talented schoolchildren from northern Chile are being given the opportunity to improve their life chances by attending an innovative extra-curricular academic course funded by



Anglo Base Metals' Mantos Blancos mine, which is working in partnership with the Fundacion Andes and the Catholic University in Antofagasta.

Students who show outstanding performance in physical, natural or social sciences, the humanities, engineering and technology are eligible for the programme, which also provides opportunities for their parents and teachers to participate.

In 2006, 300 students were selected. A special emphasis is given to the social development of the pupils, including the need for ethical and responsible behaviour.

Building a good foundation

Mathematics and science in South African schools are due to get an annual boost of some R40 million a year (\$6 million), thanks to two new independent trusts established by Anglo American. The Epoch and Optima trusts, which will operate under independent boards of trustees, were set up to disburse funding to further education in mathematics, science and English in South Africa over the next five years.

Competence in these subjects is essential to South Africa's continued economic well-being. Young black pupils, in particular,



Above: Chief executive Cynthia Carroll and Margie Keeton, chief executive of Tshikululu Social Investments at the announcement of two trust funds to support the teaching of mathematics, science and English.

have little opportunity to excel at mathematics and science, given the constraints of schools in poor or rural areas. In 2006, fewer than 5% of matriculants obtained a higher grade pass in mathematics, and only a quarter of these were black pupils.

The funds will be allocated to support a South African government education initiative which supports and sustains the success in schools that have been delivering the best pass rates. The trust funds will also

provide scholarships to private schools for scholars from disadvantaged backgrounds, who have an aptitude for mathematics, science and English. In addition, research into the efficacy of other initiatives will be conducted.

The South African government has hailed the creation of the trusts and the efforts Anglo American has made to date in supporting mathematics and science in disadvantaged schools.

Left and right: Talented pupils from schools in northern Chile on a visit to Anglo Base Metals' Mantos Blancos mine.



The benefits of providing ART outweigh the costs

Our Group response to the AIDS epidemic is centred in southern Africa, where approximately 60% of Anglo American employees were located in 2006.

During 2006, some 111,000 employees based in southern Africa participated in our HIV and AIDS programmes. We estimate that 21%, or approximately 23,500 of these employees, are HIV-positive.

In the past, we have reported on all the divisions and business units which participate in our HIV and AIDS programmes but, with restructuring of the Group's interests, AngloGold Ashanti, Mondi Paper and Packaging, Exxaro and various smaller operations will not be included in future reports (see scope of this report on pages 5-6).

We remain concerned about the emerging HIV/AIDS epidemics in eastern Europe, India and China. We are also trying to re-energise our AIDS response in South America, where the increasing feminisation of HIV and AIDS is a worrying issue.

The central aim of our workplace HIV and AIDS response is to achieve the correct balance between prevention, care, support and treatment. In order to achieve continual improvement, clear and measurable indicators are essential. Many HIV/AIDS programmes focus on processes, such as education, awareness, counselling and

condom distribution, but we find it is more productive to focus on outcomes. Deciding on key performance indicators and then setting targets are crucial to effective action.

Targets

The company has three ambitious overall targets for its HIV/AIDS programme:

- Zero new HIV infections
- Zero employees and family members becoming sick or dying from AIDS
- Zero babies born HIV-positive in employees' families.

We believe that today we have the tools to achieve these targets and if they can be reached, we will actually STOP AIDS. We emphasise constantly that these targets must be achieved within a framework that allows zero tolerance of discrimination, stigmatisation or any breach of human rights.

HIV testing

HIV testing is the cornerstone of Anglo American's AIDS response and is the entry point for both prevention and care. It is critically important for all people to know their HIV status and, more importantly, to check their status on a regular basis. Early diagnosis of HIV infection gives the best prospects for proper care, support and



correctly timed access to treatment. We encourage all employees to have an HIV test on an annual basis. The actual testing is always voluntary, supported by compulsory counselling.

We strive to make testing easily accessible in a confidential, trusting and professionally supportive atmosphere.

We set targets for HIV testing, measure performance and strive for continual improvement. Each year, we start again from zero. Results in 2006 were particularly pleasing, with a dramatic improvement in uptake of HIV testing as reflected in the table below. Through this concerted HIV testing campaign, we have managed to enrol 11,600 employees on

Group uptake of HIV testing	Employees
2003	< 10%
2004	21%
2005	31%
2006	63%

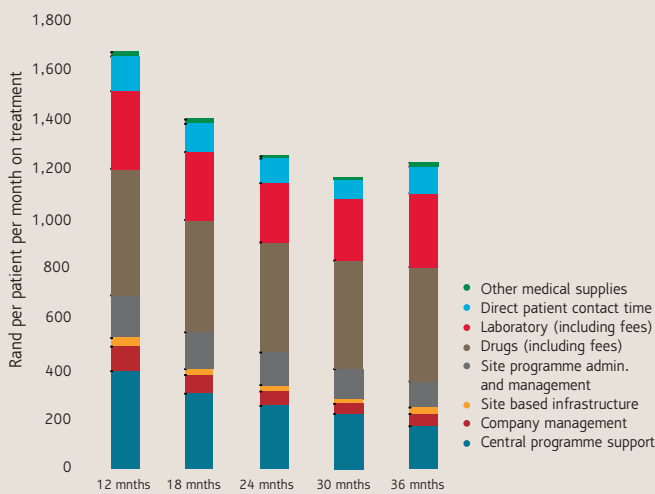


Left: Voluntary counselling and testing is a fundamental element of our HIV and AIDS programme. Tebello Chabana, head of regulatory affairs in South Africa receives pre-test counselling.



Left: Employees at the corporate centre and at operations are encouraged to have an HIV test annually. Karien Williams of the Human Resources team takes the test.

Anglo American Group trends in average cost per employee per month on ART



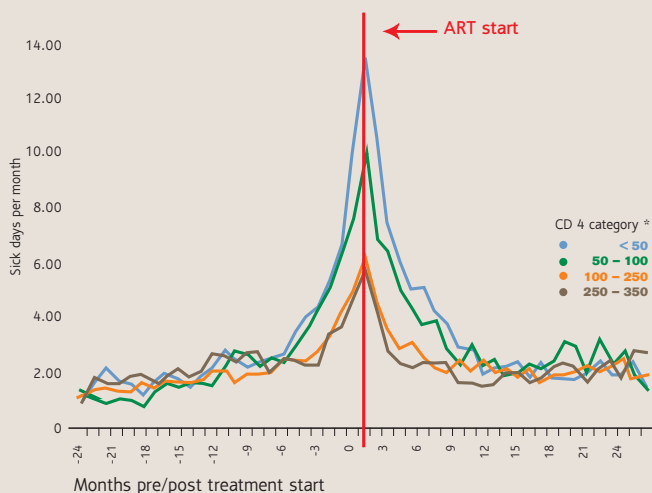
Source: Muirhead D, Kumaranayake L, Charalambous S et al (2007) forthcoming

our HIV disease management programmes. We estimate, therefore, that we have reached 49% of HIV- positive employees in order to provide care, support and treatment where necessary.

Some business units have achieved exceptional results. Anglo Coal, with 8,200

employees, achieved 82% VCT uptake in 2006. Because they repeat this good performance on an annual basis, they are now in a position to measure the incidence of new HIV infections each year. During 2006, there were 80 new HIV infections in employees who had previously tested negative. This is far off the zero mark but there

Trends in sick days pre/post ART by starting CD4 category



* The lower the CD 4 count, the more advanced the HIV disease. Source: Muirhead D, Kumaranayake L, Charalambous S et al (2007)

is now much stronger focus on prevention, with a general understanding among the workforce that much more has to be done to reach the zero target. Furthermore, compared with national averages, Anglo Coal believes that an equal number of HIV infections were averted during the course of the year. Prevention is working, albeit not well enough.

Anti-retroviral therapy (ART)

Most people know that ART is a lifesaving intervention, but it is not widely appreciated that early access to ART is particularly important for preventing illness, especially tuberculosis, in HIV-positive individuals. If treatment is started too late, it is more complicated, less successful and more expensive. Our strong VCT programme helps our medical staff to diagnose HIV infection sooner. Through regular monitoring, we can ensure that employees are started on ART before they get sick. We have clear evidence that early access to treatment leads to a striking reduction in absenteeism, with economic benefits that cover a large portion of the cost of ART.

At the end of 2006, we had 4,600 employees on ART: 95% of these people are well, carrying out their normal work and leading normal lives. We estimate that we have reached 65% of the HIV-positive employees who are in need of treatment.

Our greatest challenge is to ensure strict adherence to treatment and to support employees in their lifelong treatment programme.

One-third of those who have started ART have dropped out for various reasons. About 7.6% have died, 10.5% were

non-adherent to treatment and 8.4% left employment. Deaths are mostly due to treatment being started too late or due to non-adherence. We strive to ensure that individuals leaving our employment continue their treatment in other treatment programmes.

Dependents

Ensuring that dependents have the same access to HIV and AIDS care as employees is an ongoing challenge. Access to comprehensive AIDS care, including ART, for the entire family is available as a prescribed minimum benefit for those employees who choose to participate in health insurance arrangements (co-funded by the company and the employee). However, the majority of employees choose to rely on the national health system for the health care of their families. Although ART is available in this setting, waiting times are long and service provision is patchy. We are investigating ways to encourage many more employees and their families to participate in health insurance arrangements.

Economics

Since Anglo American started providing ART in late 2002, we have been evaluating intensively the economic costs and benefits of the intervention. It takes several years to accumulate reliable economic data, but we are now reaching a stage where we can confidently state that the medium-term costs of providing ART to employees are significantly outweighed by the savings in terms of reduced absenteeism and reduced healthcare costs (where directly provided by the employer). Increased productivity, retention of skilled employees and improved morale are further

At a glance:

- **Estimated 23,500 employees are HIV-positive**
- **11,400 employees on HIV wellness programmes**
- **4,600 employees on ART**

positive consequences of the programme. It is likely that these benefits will increase in the short to medium term as costs come down, and more people accessing a more effective programme means health outcomes improve. The Anglo American experience has shown that private sector action on HIV/AIDS can have positive impacts on health and profits. In high-prevalence settings, it is inaction that poses the greatest threat to business.

Community projects

The Anglo American Community HIV/AIDS Partnership Programme (CHAPP) was launched in 2003. Its aim was to rapidly scale up Anglo American’s involvement in community HIV/AIDS initiatives in South Africa and to build platforms for new projects.

The first priority is youth. Preventing teenage pregnancy and sexually transmitted infections is an important part of the effort to stop HIV infection in the communities in which we work. Therefore, we provide support to individuals and organisations working to prevent HIV in young people.

Anglo American’s CHAPP works in communities around eight of the company’s operations in six provinces. Its first major NGO partner was loveLife, a youth HIV prevention and skills development programme. Through the Anglo American Chairman’s Fund, Anglo American has given loveLife R30 million (\$4.5 million) over a period of four years.

Leadership

Strong leadership is probably the single most important indicator of an effective response to the AIDS epidemic. This applies equally to government, businesses, trade

unions and NGOs. Leadership starts from the top and in our experience it is imperative that the chairman, the CEO and the business unit managers get involved personally. This has certainly been the case at Anglo American and we believe that it shows in the success of our AIDS response.

Supporting community health in rural South Africa

Anglo Coal is part of a public/private partnership to build a community health centre in the rural Bushbuckridge area of South Africa. The partnership includes the US government, Virgin Unite – Virgin group’s charitable arm – and the Ndlovu medical centre.

The Bhubezi community health centre aims to tackle the effect of HIV/AIDS and the devastating impacts of tuberculosis and malaria. Services will be offered free of charge for people suffering from these diseases and treatment for other illnesses will be subsidised through cost-sharing schemes with patients. The R50 million (\$7.4 million) project – launched in October 2006 – will provide X-ray equipment, pharmacy and

laboratory services, and bring doctors to the community. It will serve approximately 70,000 people living in 21 villages in Bushbuckridge. In addition to providing health services, the centre will contribute to local economic development.

Anglo Coal has donated R5 million (\$0.74 million) for infrastructure development and a similar amount will be donated over the next five years towards management support. With many employees in the Bushbuckridge area, the company will share experience from its own HIV/AIDS programme which was commended in the 2006 Awards for Business Excellence from the Global Business Coalition for HIV/AIDS, Tuberculosis and Malaria.

Anglo Platinum supports trial to cut domestic violence rates

Anglo Platinum is sponsoring a ground-breaking trial that has contributed to a 55% drop in domestic rape – a key factor in HIV transmission – among a group of poor women in South Africa’s Limpopo province. The trial provides a group of 850 rural women with business

loans to become economically self-sufficient, and offers gender and HIV education to help them negotiate sexual relationships better and challenge negative attitudes within the community.

Two years into the three-year trial, results show the women’s economic well-being and self-confidence have improved. They also have more influence over household decisions and feel more able to challenge traditional gender norms. Their experience of physical or sexual violence in the past year was halved compared with women from nearby villages who did not take part in the trial.



Right: Ben Magara, CEO Anglo Coal South Africa, centre left, Sir Richard Branson, fourth from right, Eric Bost, US ambassador, third from right, celebrating the construction of the Bhubezi community health centre at Bushbuckridge, which has been made possible through a public/private partnership.

CONTRIBUTING TO DEVELOPMENT

Maintaining our social licence to operate

Understanding and responding to the concerns and priorities of local communities are significant elements in building trust and maintaining a social licence to operate, as well as securing continued access to land and resources.

As a contribution to the sustainable development of the countries, regions and communities where we have a significant presence, we work at national level and at local levels on issues such as anti-corruption, transparency, the investment climate, enterprise development, training, social investment and capacity building. Our operations are not development agencies but they play a significant development role with a sometimes unique ability to mobilise skills and capacities in their areas of influence.

No aspect of sustainable development can be dealt with in isolation and our programme is designed to see the reduction of negative impacts and an increase in opportunities across the spectrum (see page 4), so there are close linkages between community engagement, environmental projects (pages 46-48) and economic development (pages 15-17).

The need to increase employment rates is one of the key issues around the world and the socio-economic assessments we conduct also regularly identify this. Yet,

as mining has become more technologically advanced, we are often unable to meet all the expectations about direct employment, particularly for unskilled workers.

We use supply chain opportunities and enterprise development schemes (pages 15-17) to maximise the local economic benefits of our operations. We are also increasingly looking at new models for sharing with local communities the benefits flowing from our operations.

Community engagement

All our significant operations are annually required to review their community engagement plans. These plans have a three-year time horizon and identify stakeholders, the channels to be used for engagement, key issues and the impacts to be managed. They require management to assign accountabilities and resources. These plans ensure that operations are more accountable to neighbouring communities for their impacts on the community and the environment and that mutual understanding of concerns improves. Community

engagement plans are now in place at 130 of 134 significant sites (108 excluding Mondí, Highveld and Hippo Valley).

Some 250 Anglo American partner organisations have been trained in the use of our socio-economic assessment toolbox (SEAT). The quality of engagement has increased markedly in those operations. Since we began using SEAT, 40 assessments have been completed at 42 of our larger operations. Twelve are in an advanced stage and another 10 are in the planning stage.

The most commonly occurring issues of concern to communities to emerge from SEAT implementation include:

- access to jobs and

- procurement opportunities perceived or actual environmental and health impacts
- road safety and impacts related to transport of product and supplies
- the need for improved communication and transparency, and infrastructure, public services and, in some situations, in-migration.

Lack of effective communication is often the root cause of distrust and capacity building is often a prerequisite for establishing durable partnerships. The community's perceptions are their reality and we must address them. We are also learning that the inter-relationships and rivalries between stakeholder groups are



Above: Community members view core samples at the Goldbrook exploration camp in northern Canada. Site visits are an important aspect of building community trust.



Left: Maria Jácome dos Santos, centre, participating at a Barro Alto SEAT consultation.



Left: Greg Blain, centre left, explains an exploration drilling programme to Australian community members.

External stakeholders	Key channels for engagement in 2006
Investors	Results presentations and road shows, annual presentations, sustainable development presentations, bilateral meetings and surveys
Governments	Direct engagement and through industry associations, national partnerships, international partnerships
International organisations	Membership of UN Global Compact, ICMM, WBCSD and Global Business Coalition on HIV/AIDS, EITI, Voluntary Principles on Security and Human Rights. Dialogue with the International Finance Corporation, the World Bank and UN
Communities	Community engagement plans, SEAT, various public forums and meetings, impact assessments, complaints procedures and whistle-blowing
Contractors and suppliers	Commercial interactions, tender and compliance processes, open days, safety inductions
Customers	Commercial relationships, complaints procedures, surveys
NGOs	Engagement on specific issues, involvement in partnerships (e.g. on transparency, biodiversity, human rights or HIV), memberships, social investment

perceptions of the positive and negative impacts of the mines resulted in more formalised community engagement programmes and immediate benefits for the operations.

The issues identified included job security (Níquelândia), lack of infrastructure (Barro Alto), and health and water resources (Catalão). In Cubatão, where the municipality is launching a local Agenda 21 project, the engagement enabled discussion of strengths, weaknesses, opportunities and threats.

A new 'Interchange' communication channel was created and a new set of criteria for community investment developed. In addition, an NGO with extensive experience in local capacity building was appointed to assist with building partnerships which would have local economic benefits.

The company is looking for creative partnerships or projects with NGOs to generate resources and make a difference. Projects being evaluated include technical support for small-scale farmers' local and regional associations, skills development for school teachers and principals, and development of small-scale businesses for a 300 year-old religious organisation so that individuals can earn money while maintaining their traditions.

Some specific partnerships on environmental education were initiated during various communication sessions. At Barro Alto, the community outreach occurred before the approval of the new mine project, paving the way for positive engagement and fruitful partnership.

rarely static and can have as big an impact on the operation as its own relationships with any one group.

Based on the feedback received from the first 40 implementations (27 in core businesses), from external partners and independent experts and from other emerging examples of good practice, SEAT has been undergoing revision. SEAT II will be launched in 2007.

The new version maintains the same structure but will consist of some 30 tools, including new guidance on issues such as conflict identification, prevention and management, grievance procedures as well as the community dimension of emergency planning and resettlement. In addition, there will be a number of tools to support our responses in areas such as community health, leveraging donor resources, microfinance and water and energy projects. Further information and the SEAT executive summary can be found on our website.

Stakeholder engagement

Regular engagement strengthens our business through ensuring that we understand the perspectives of others, and improves our ability to develop strategy through increasing our understanding of national and international trends, developments and concerns. We encourage it at all levels in the organisation from site to the corporate level, including through initiatives to improve employee communication (see page 23). Some key examples are highlighted below. More information is on our website.

Consulting with communities

Anglo American's Exploration division consulted local residents in February 2006 before beginning a geophysical survey to explore potential mining opportunities in the Stavelly project in Victoria, Australia.

Around 40 landowners attended a meeting where the Exploration personnel explained what

impact the survey (using non-disruptive methods) would have on them and what it aimed to achieve. This initial meeting has opened a dialogue with the community and gave residents an opportunity to raise concerns. Issues raised by the pastoralists included the manner in which the notification of entry was delivered by the company, compensation amounts, the company's public liability insurance, bushfires, timing of work related to lambing and crops, the length of the agreement and means of future communication with the company. All these issues were resolved or followed up with individuals, where appropriate.

Brazilian consultation

Since 2003, Anglo American's Brazilian operations have been actively identifying, mapping and interviewing stakeholders in the neighbouring municipalities of Níquelândia, Barro Alto, Ouvidor and Catalão, as well as the industrial town of Cubatão, as part of the SEAT process. Improved mutual understanding of community priorities, expectations and their

CONTRIBUTING TO DEVELOPMENT

Human rights

A principled approach

Anglo American's *Good Citizenship* business principles commit the Group to upholding the values enshrined in the Universal Declaration on Human Rights. This has become an inherent part of our daily practice, through our business principles, and in our work with local communities. In support of that commitment and to address the key risk we have been focused on the training of security personnel, contractors and joint venture partners.

Security and human rights

In January 2005, we were admitted to the round table which supports the implementation of the Voluntary Principles on Security and Human Rights. The Principles provide a best practice benchmark in a variety of situations going beyond conventional political conflict situations to include the handling of community disorders and tense industrial relations situations. We have developed and widely distributed an implementation manual within the Group, including to colleagues in AngloGold Ashanti.

In 2006, the Voluntary Principles were rolled out to all Anglo Platinum operations, including joint venture partners. Risk assessments were undertaken and training was given to 1,300 security

personnel. At Anglo Coal South Africa, security personnel were briefed on the Principles. At Highveld Steel, Black Mountain and Namakwa Sands, contracts with security providers were amended to include provisions on the Principles. At Anglo Chile, 95 security personnel were trained on the Principles and they were included in the contracts of the two leading security contractors. At Loma de Níquel in Venezuela, an NGO was engaged to increase security contractor and police awareness of the key tenets of the Voluntary Principles.

Correjón focuses on human rights

Anglo American affiliate, Correjón, is working in partnership with the Red Cross to raise awareness of human rights in its Colombian coal mining operations. Correjón signed an agreement with the Colombian Red Cross in 2006 to run a series of courses on human rights and international humanitarian law for a range of community and national organisations. These included the Colombian army and police force.

This agreement builds on Correjón's human rights programme which provides training for employees, community leaders and public and private security forces around its own operations. The company's policies are consistent with the United Nations Declaration on Human Rights and the extractive

industries' Voluntary Principles on Security and Human Rights. Continuing its efforts to uphold human rights and ensure the wellbeing of its employees and communities, Correjón has established a Social Labour Responsibility Policy. This policy is designed to meet Social Accountability International's SA 8000 standard for management of labour practices for employees, suppliers and contractors.

Contributing to global debate

We have contributed to the work of Professor John Ruggie, the UN Secretary General's Special Representative on Business and Human Rights. Our contribution in 2006, through the ICMM, urged greater attention to spreading good practice and more full-hearted support from governments including their support for voluntary initiatives. It mooted the convening of new multi-stakeholder processes on indigenous peoples' rights and artisanal mining.

Indigenous people

Our aim is to work with indigenous people around the world on the basis of consent, recognising their historical disadvantages and specific cultural norms. Our exploration division and operations have won praise for their approach (see case studies below and cover page story on page 34).

Exploration agreement with Sami people

At the exploration phase, the most intensive exchanges occurred with the Sami people in Finnmark, northern Norway. The Sami economy is based on a direct relationship with nature and natural resources, particularly reindeer herding and fishing. Careful explanation of the impacts involved in exploration and of Anglo American's commitment to observing recognised indigenous rights has led to our being granted permission to work in the area – the first major mining company to be granted a licence.

Bright designs boost community business

Brightly-coloured aboriginal artwork emblazoned on the chests of Anglo Coal leaders was the unexpected but colourful image of their 2006 summit held in Australia.

The leaders were wearing T-shirts designed and produced by Woorabinda artists, part of a local aboriginal population of about 1,200 people living in the area close to the Dawson mine. The T-shirts were the result of one of a number of commercial contracts and partnerships between the mine and local people, established as part of Anglo Coal's community investment programme. These were identified following the use of the SEAT, to guide a rigorous consultation process to



Left: An aboriginal artist at work in Woorabinda, Australia.



Left: Chagres smelter in Chile has an active engagement programme underpinning its development projects.



Above: Woorabinda aboriginal artists have received an economic boost and commercial contracts following a SEAT exercise.

assess the needs of individual communities. Discussions with local people helped identify their priorities and appropriate programmes have now been put in place.

In Woorabinda, employment opportunities are scarce and traditionally the people have had to rely on government funding for survival. It was not money they needed, but practical help. The Woorabinda community had plenty of business ideas but lacked both the expertise to set them up and the commercial knowledge to ensure their success.

Anglo Coal's employees were able to provide this assistance and helped the community devise a business plan.

Resettlement

Among the most difficult issues for a company to handle in its relations with local communities is the occasional need to resettle communities. In undertaking resettlements, we work on the basis of informed consent and only where there is no realistic alternative.

We observe the World Bank Guidelines and the IFC Safeguard Policies and aim to ensure that, where resettlement occurs, the community facilities are enhanced. We also need to ensure that other players, such as local government, follow through with their responsibilities.

These are difficult processes. Agreement is needed on the basis for compensation, on accurately determining property rights, on suitable, comparable, resettlement sites and ensuring that social networks and capital are not destroyed. Two case studies highlight the problems, one below and one on page 10.

Successful relocation to Tutungeni township

In 2001, when Anglo American commenced construction of the Skorpion Zinc mine about 25 kilometres to the north of the Rosh Pinah Zinc Corporation (RPZC), it reached agreement with RPZC to extend the mine town of Rosh Pinah and utilise common facilities for employees of both mines, with a joint venture, RoshSkor, undertaking the administration.

An informal settlement, known locally as the Sands Hotel, had established itself among a series of hills on RPZC's mining lease and dangerously close to the mine's waste rock dumps. The informal settlement in this isolated and underdeveloped area grew rapidly as people flocked to the area looking for economic opportunities. In June 2002, there were 506 houses with a population of 3,036 inhabitants in the Sands Hotel settlement. By December 2005, there were 1,010 houses with a population of 6,050, representing a 100% increase in 3.5 years.

Because of safety concerns, the informal settlement had to be relocated. Planning commenced in 2002 and the relocation was undertaken in 2006. Five sites were identified initially using biophysical data, social acceptance, observation and experience. The choices were narrowed down to two sites, after which residents were consulted (through a residents' council) and open days held for site visits.

Town planners demarcated 1,010 residential properties and an additional 32 business sites. A survey was conducted and site allocation was controlled to keep households and neighbourhoods in the same groupings as they had been in the Sands Hotel settlement.

Both Skorpion Zinc and Rosh Pinah Zinc mines provided support in the form of vehicles and labour for the relocation process which took place between February and October 2006. Residents have re-erected their houses on the 300 m² allocated sites. Skorpion Zinc and Rosh Pinah Zinc Corporation each contributed N\$1 million (\$147,710 each – a total of \$295,420) to the water supply and reticulation project. The current water reticulation system includes a pump house, pumps with associated valves, switch gear and manifold for metering water, 2,200 metres of supply pipes, 40,000 litre mounted tanks and electricity supplied by a 25 KVA pole-mounted transformer. Residents pay for water usage and waste removal administered by the RoshSkor residents' council.

Forty dry composting ablation facilities were erected. These are cleaned daily and septic tanks are emptied at regular intervals as part of the waste removal service. (See also pages 10-11.)



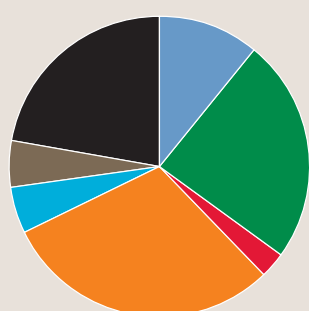
Above: A close-up of one of the aboriginal designs.

CONTRIBUTING TO DEVELOPMENT

CORPORATE SOCIAL INVESTMENT

Global spend by cause supported

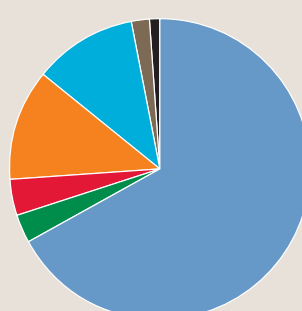
\$ million



Cause	\$ million	%
Health/HIV	\$5.7	11
Education and Youth	\$12.0	24
Environment	\$1.6	3
Community development	\$14.8	30
Arts, culture and heritage	\$2.6	5
Housing	\$2.6	5
Other	\$11.0	22

Global spend by region

\$ million



Region	\$ million	%
South Africa	\$33.7	67
Rest of Africa	\$1.3	3
United Kingdom	\$2.1	4
Rest of Europe	\$5.9	12
The Americas	\$5.4	11
Australia/Asia	\$1.3	2
Other	\$0.7	1

Corporate social investment

In 2006, Anglo American and its managed subsidiaries contributed \$50.3 million in social investment (including cash donations, gifts in kind and staff time devoted to community benefit projects). This declined from 2005 when the Group contributed \$56.7 million.

The most significant factor for the apparent decline is that the Group has changed. In April 2006, AngloGold Ashanti ceased to be a subsidiary and since that date its contributions are no longer included in the Group's social investment figures. In addition, sustained high commodity prices meant profits were at record levels, so social investment as a percentage of profit before tax fell to 0.55% in 2006 from 1% in 2005 (1.1% in 2004 and 1.5% in 2003).

To mirror the widely admired work of the Anglo American Chairman's Fund in South Africa, Anglo American plc established a Foundation in 2006 to channel charitable giving to projects in the United Kingdom and other parts of the world where the Group operates. Among the causes supported by the Foundation in its inaugural year were an educational scholarships programme initiated by Mondi, CARE, Engineers without Borders, Children of the Andes, the HIV and AIDS charity Starfish and UK homelessness charities Centrepoint and the Connection at St Martin-in-the-fields in London.

Applying business skills to boost education

For the eighth successive year, students from Thomas Telford school in the West Midlands, UK, have kept their school at the top of the government's league tables across both state and independent sectors for

general certificate of secondary education results.

Their record is particularly impressive because the school accepts students of all abilities in an economically deprived area. This extraordinary success has been built with Tarmac's help. It has provided facilities and also guided the school in applying a business-like approach to education.

The school was originally founded as a City Technology College established by the government. Accountable directly to the Department for Education, these specialist schools have a particular emphasis on science, mathematics and technology, as well as close links with business and industry.

Four senior Tarmac employees sit on the school board. They encourage the school to think and work differently. The school only teaches two subjects a day

to allow teachers to develop ideas in class. There is no separate staff common room (to encourage an inclusive attitude) and high standards of dress and behaviour are required. Tarmac provides workplace opportunities for students to learn about business and Tarmac staff provide career advice at the school.

Community development

Since 2005, employees at the Chagres Smelter in Chile have been working with the local community, one of the poorest in the region, to improve the leadership capability. Groups of neighbours were formed to assist the leaders of the various community organisations in turning ideas into concrete projects.

The ideas were identified in a socio-economic assessment exercise carried out in 2004 as well as in more recent surveys. Some projects, such as the Catemu Goat scheme and Apicultural Agricultural Farm were implemented, but trust remained low.

The community development teams are in charge of designing and implementing projects which assist the community – on the condition that they participate by donating voluntary time, material or financial resources. The results have been good. Trust is improving and knowledge about the operation's role in community well-being has improved.

Community development teams recently had an opportunity to learn about the scope of the plan and attend a conflict resolution workshop, which they described as enriching for both their community work and their personal lives.

Dawson employees visit Woorabinda

In describing his vision of a transformed Woorabinda community – one in which children would study, find jobs and return home in shiny new vehicles of their own – Steve Kemp, the co-ordinator of the Community, Development, Employment Program (CDEP) in Woorabinda set in motion innovative community interaction. Woorabinda is a community faced with issues such as low employment, domestic violence, alcoholism and drugs, all of which have a negative effect on the children.

At the Dawson Leadership Summit, Kemp told the participants about the positive spin-offs brought to the community by a Shared Responsibility Agreement (SRA). The SRA was signed by Anglo Coal with the Woorabinda Council and the Federal Government of Australia.

Among the many examples he mentioned were the 140 hand-painted T-shirts that Anglo Coal ordered in

May 2006 to celebrate the relationship that was building between the company and the community. The project gave the local artists an opportunity to demonstrate their skills, as well as gain confidence in their ability to meet tight deadlines and produce high quality products. It provided an opportunity for 140 leaders in Anglo Coal Australia to learn some of the cultural ways of aboriginal life and participate in providing practical help.

Kemp's vision sparked ideas and a few weeks later Greg Lang, Lindsay Lang, Greg Woolard, Marc Johnson, Adrian Pennett and Wayne Dufty, from our Dawson mine, were planning a trip on their Harley Davidsons to Woorabinda state school in a bid to inspire students. The growl of the Harley Davidson motorcycles and the message of hard work and making dreams come true were a big hit with the whole town. The bikers returned to the Woorabinda high school in mid-February with more of their Dawson colleagues to continue their engagement with the community.



Above: Aboriginal children from Woorabinda turned out to hear the message, from Australia's Dawson mine employees, of rewards for hard work.

home and develop income-generating projects such as sewing and beading.

Continued support from Anglo American, including a series of donations over the past five years totalling over R50 million (\$7,4 million) from the Chairman's Fund, has helped the centre improve its facilities and the quality of life for the children.

Volunteering in the community

In his spare time, Themba Sibisi, a former Anglo American security guard, has run a monthly soup kitchen in Nomzamo Park, an informal settlement in Soweto, South

Africa, since 2000. His personal initiative and leadership have attracted the help of Anglo American's employees in Johannesburg who realised that a monthly soup kitchen was simply not enough to tackle the deprivation in the area.

After visiting the community and discussing the needs of local people, the volunteers started a number of new, more sustainable projects. One of these involves helping residents to grow their own vegetables.

A competition was launched for the best-kept vegetable garden, with children and unemployed women given a helping hand to

Helping HIV-positive children

Employees from Anglo American's corporate office in Johannesburg raised R96,000 (\$14,180) for Cotlands' Soweto home-based care project through the World AIDS Day *Live and Let Live* challenge in December 2006.

Cotlands provides a care centre for abused or abandoned HIV-positive and terminally-ill children. The centre helps around 2,000 children every month through residential care and outreach programmes. The money will help create a food garden, renovate the Soweto



Left: Employees at Anglo American South Africa donated \$14,180 to the Cotlands home-based care project on World AIDS day.



Left: Employees from the Australian Dawson mine used their passion for motorcycles to inspire local children to work hard at school and eventually have their own vehicles.

CONTRIBUTING TO DEVELOPMENT

start the gardens. One resident has had such success that she is now able to sell some of her excess produce.

In 2006, local women raised concerns about AIDS. In response, an Anglo American nurse and HIV-positive AIDS counsellor spoke at a community meeting. This has led to plans to provide more information from health professionals. Volunteers have also contributed blankets, toys and crayons to a day care centre for children which was established by a local resident. Sixty-five babies are now cared for every day.

Kumba Iron Ore teaches skills to boost local development

Sishen's Tshono leather craft and tannery project has progressed within a few years from a subsidised, struggling, start-up operation to a self-sustaining private business with money in the bank.

Launched in 2002, in partnership with the Sishen mine in South Africa's Northern Cape province, it is one of many local economic development projects run by Kumba Iron Ore.

Local women were given training in leather making to create new job opportunities in the area. After initially struggling to make a profit, their big break came when the crafts were exhibited at South Africa's largest interior décor show,

Decorex. Demand soared. The women showed considerable business talent, from design to manufacture, and there are now plans to extend the business. Sishen has handed over the Tshono project to the crafters.

Skills development is the key philosophy behind Kumba's community projects. The Itereleng skills centre has been set up near the Thabazimbi mine to help train local people in skills ranging from computer literacy to construction and pottery. This is helping local people gain the necessary know-how to start up new businesses which can stimulate economic development in the area.

Socio-economic engagement at Dawson mine

Better housing and health services and more open communications are top of the issues list for the community close to Dawson coal mine in Queensland, Australia.

Their concerns are shared by mine management as accommodation constraints make it difficult for the mine to attract and retain skilled staff as a result of the global resources boom in all sectors. As a result, the Moura joint venture, which runs the mine, is going to be working closely with the community and government to develop solutions.

A socio-economic assessment conducted at Dawson enabled

community stakeholders to raise the need for better regional infrastructure, services and facilities. As a result, the mine plans to increase its use of local businesses and liaise with state and regional government to address the broader community support issues. They will support community improvement programmes through education and training and education opportunities and targeted funding for the local community.

A set of key performance indicators has been developed to monitor the social and economic health of the community and provide the information needed for communicating with stakeholders.

The mine obtained important feedback from stakeholders and also learned that it required improved data collection and better communication between departments.

Becoming part of the community in the Philippines

Community development workers in Anglo American Exploration's joint venture in the Philippines are determined to make the community their partners in development programmes.

To ensure that they understand their needs and concerns, they all immerse themselves in the community as house guests of different families.

In this way, the community workers develop first-hand knowledge, which ensures the joint venture contributes to the well-being of local people while also tackling any concerns about company operations.

The community development programme covers education, infrastructure, capacity building, health and environment management, and sports and cultural activities. The emphasis on partnership and full consultation in all activities ensures that the company-funded projects are in line with what the community wants and needs.

A community centre has been established to provide a venue for community meetings and activities. It has information materials about the company and offers the free use of computers for research to support the different community projects. The centre offers a central point where local people can visit if they have questions or concerns about company activities.



Left: A flourishing vegetable garden in the Nomzamo informal settlement in Soweto, South Africa.



Left: Phillip Mungadi and Themba Sibisi showing community members in Soweto, South Africa, how to plant potatoes in a tyre to make best use of limited garden space.

At a glance:

- Responding to community needs
- Voluntary initiatives
- Developing economic connections

Kumba Iron Ore's Sishen housing project

In many of our operational areas there is a critical need for housing and the Group has promoted schemes to enable employees to own their own homes. Kumba Iron Ore's Sishen mine was one of the first businesses in South Africa's Northern Cape province to implement this approach. The business has invested R5 million (\$0.7 million), which was made available to the Gamagara local authority for the development of additional low-cost housing to meet community needs in the local town of Kathu. Approximately 250 houses have been completed to date, and Sishen is planning to extend the scheme to include an additional 600 houses.

Raising environmental awareness in the community

Well cared for and tidy land surrounds the many schools close to the Union section of Rustenburg Platinum Mines in South Africa. But it was not always this way. Mine workers noticed the general environmental neglect of the area and decided to do something about it.

In partnership with the tribal and local authorities, Union mine works with local school children to teach them to care for and value the environment around them.

Every year, students from more than 20 schools are taken to the nearby Pilanesberg national park. They are taught about basic environmental principles and nature conservation in workshops and discussions. The students are required to carry out environmental projects at their respective schools and communities, and these are later judged in a competition.

This scheme has successfully encouraged young people to get involved in solving environmental problems in their community. There is now an anti-litter campaign in the area to which the mine contributes waste bins, signs and gloves used by volunteers who collect litter.

Union mine spends approximately R100,000 (\$14,771) each year on these community programmes. Not only has this raised environmental awareness among young people in the area, but it has also helped improve relations between the mine and surrounding communities.

Promoting education and careers in South Africa

Mondi has established a permanent education and career development centre in Piet Retief in the Mkhondo region of South Africa, following the overwhelming success of its three-day career fair in 2004. The centre provides a one-stop learning facility designed to meet the needs of young people and adults in the community. It is managed in partnership with the Mpumalanga province's Department of Education, the Mkhondo municipality and other mining businesses.

A key focus is to inspire interest and improve performance in science and mathematics by providing support for teachers and students. Around 35,000 young people each year will be able to explore possible careers through the facility's Career and Life Skills Centre, where the emphasis is on skills for job-searching and self-employment.

The Further Education and Training Skills Development Centre promotes entrepreneurship, providing much-needed



Above: Anglo Platinum has a programme to raise environmental awareness in school pupils from schools close to its operations.

training and support for those setting up small businesses.

Highveld Steel funds social and environmental projects

Highveld Steel funds a number of projects to improve the quality of health, education and the local environment in the South African communities where it operates.

The company operates a reward scheme to encourage schools to improve the quality of their teaching. In addition, a wide range of equipment – from photocopiers to prefabricated classrooms – was donated to local schools in Witbank and Roossenekal in 2006.

Highveld Steel is contributing R180,000 (\$26,588) to an NGO, Food and Trees for Africa, which runs environmental awareness workshops and encourages schools to monitor their environmental impacts. Highveld is working in partnership with Anglo

American Chairman's Fund and the Mpumalanga Department of Health to build a primary healthcare clinic near Witbank. This is part of a R700,000 (\$103,397) initiative to combat HIV/AIDS, cancer and drug abuse in the area.

Winning trust through rehabilitation

The fragile Arctic environment repairs very slowly and on the advice of an environmental specialist better sidewalks were constructed at the West Raglan camp to keep people off the tundra and protect it from further damage. Recovery is clearly in progress. Inuit leaders who visited West Raglan have expressed gratitude at the responsible attitude being shown by Anglo American teams. At the end of the exploration programmes, all the remaining food from the camps will be distributed to needy people in the local community.

ENVIRONMENTAL OVERVIEW

Good environmental management is essential for success

During 2006, Group companies worked to entrench environmental management systems and ensure that we have the means to deliver against our targets. Activity focused on energy efficiency, reducing energy intensity, improving water management and continuing to evaluate operational biodiversity action plans.

At a policy level, the Group has been engaged, both internally and through collaborative partnerships, in developing and testing new thinking on biodiversity offset programmes, developing norms for mine planning and closure, which have sustainable development principles at their core, and working on tools to create water inventories.

Regulatory environment

The pace of regulatory and legislative change continues to be a concern in many of the regions in which we operate. In South Africa, a number of operations are waiting for water-use licences to be issued. Forthcoming changes in UK waste legislation have implications for Tarmac's quarry waste. In addition, the effect of a number of new EU directives will have to be investigated.

Environmental incidents

All operating companies report annually the number and severity of environmental incidents. Level 1 incidents have only minor impacts or short-term effects and form the bulk of those reported. They are a useful indicator that our environmental management systems are functioning effectively. In 2006 9,313 Level 1 incidents were recorded (9,169 in 2005). These are managed at operational level.

The Group recorded 176 Level 2 incidents in 2006 (174 in 2005), with 137 of these in core businesses. Many of these, throughout the Group, were water-related and are discussed in more detail on pages 44-45. We have not experienced any Level 3 incidents, which have significant impacts or long-term effects. Our business units set

internal targets and introduce controls to reduce the likelihood and consequences of future incidents.

Legal actions

During 2006, Group operations paid over \$42,000 (\$29,292 in 2005) in environment-related fines and recorded a number of warnings and legal actions. Anglo Industrial Minerals paid fines for exceeding noise levels in China, for dust problems in Poland and the Czech Republic and for late response to issues raised during an official inspection (\$3,302). In the UK, a number of warnings and enforcement actions were issued. Anglo Base Metals recorded 19 minor environmental legal actions for the reporting period and paid fines of \$24,888.

Certification

About 86% of the Group, measured by turnover, is certified to ISO 14001 (or equivalent such as the Forest Stewardship Council). The remaining Tarmac operations will be certified by December 2007. New operations are required to achieve certification within two years.

Awards

A number of business units received awards for environmental performance during 2006:

- Anglo Coal South Africa's Isibonelo colliery and Anglo Platinum both won Nedbank Green Mining Awards.
- Vergelegen won two *Mail & Guardian* Greening the Future awards for improved environmental practice and its work on water. It has also been recognised by the wine industry as a biodiversity champion.
- Anglo American Chile and Mondi's Richards Bay mill won energy efficiency awards (see page 42).
- Mondi Business Paper received a WWF Panda Award for its efforts to certify more than one million hectares of forest in Russia to the Forest Stewardship Council standards.

Competition for resources

Anglo Platinum has formed a partnership with the South African Department of Water Affairs and Forestry and other mining companies active in the eastern limb of the Bushveld

Anglo Platinum's PPRust mine is currently involved in a biodiversity offset pilot project, which is assisting international NGOs and ecologists develop a robust methodology for mitigating impact on biodiversity in one area by investing in conservation elsewhere. Three areas close to the mine were identified as potential offset areas. These are among the few examples of Savannah biome left in the area. Much of the surrounding area has been degraded through wood collection, grazing and crop production.

The objective of this offset programme is to establish a community-owned reserve to maintain and, where necessary, improve the diversity and functioning of the system and provide an income from breeding threatened species of game, promoting tourism and by the establishment of a training centre. Unresolved land claims exist on portions of the offset areas, but it is believed that the claimants could be integrated into the management of the offset areas, with benefits beyond the life of the mine.



At a glance:

- Investing in new thinking
- Investing in performance improvement
- Focusing on future energy challenges

complex in Limpopo province, to secure essential water resources for its operations. The De Hoop dam will service some 21 mining companies and approximately a million people in several towns and rural communities including Polokwane and Mokopane.

Construction will commence in April 2007 on the R5 billion (\$0.7 billion) dam. Costs will be borne by the South African government and recouped over 20 years from users. Approval was granted by the Department of Environmental Affairs and Tourism in October 2006, after a lengthy appeal process focused mainly around the impacts of damming on downstream users and ecosystems. It is, however, understood that not all stakeholders have accepted the decision and further appeals are possible.

Construction is expected to be completed within four years, with the dam fully operational by 2014. As a result of projected water shortfalls prior to 2014, Anglo Platinum is considering the construction of a dam on the Richmond farm to source the additional water. The Environmental Impact Assessment (EIA) process has commenced and focus group meetings with stakeholders have been planned to ensure that all concerns and impacts are appropriately managed.

Air quality

Emissions of sulphur dioxide (SO₂) from processes amounted to an estimated 136,000 tonnes in 2006 due to the inclusion of estimates of emissions from fossil fuels. Without the inclusion of fossil fuels, the process emissions would have increased from

60,198 tonnes in 2005 to 67,056 tonnes in 2006. Emissions related to fossil fuels arise from 24 operations. Meaningful emission reduction targets will be set at site level.

Anglo Platinum's Waterval Smelter, previously the largest emitter of SO₂ in that business unit, further reduced its emissions by 24% to 16 tonnes per day (21 tonnes per day in 2005) which is within compliance requirements. Seven stationary monitoring stations record SO₂, particulate matter and meteorological data on a continuous basis. There were only three exceedances of the hourly SO₂ guideline of 135 parts per billion.

Anglo Platinum's Paardekraal and Mfidikwe monitoring stations recorded most of the high particulate matter concentrations. The most significant sources of these emissions at Paardekraal are the tailings dam, unpaved roads, crushers and domestic coal burning, while the key source at Mfidikwe appears to be domestic coal burning during early mornings and late evenings in winter.

Anglo Platinum has invested R45 million (\$7 million) in a wet scrubber to further control boiler emissions and improve local air quality.

Land use management

Land used by operations for mineral extraction, processing, infrastructure and industrial use was 86,203 hectares at year end. This total excludes land used by Hippo Valley and Exxaro, both of which had by then left the Group. Mondi had 1,9 million hectares of land under company charge

in its South African forests and the logging area in the Komi Republic in Russia. Anglo Platinum owns large tracts of land but is presently using a relatively small section for mining and infrastructure.

Land rehabilitation is an ongoing activity and all operations are required to review regularly and update their closure plans, which must be costed. A mine closure toolbox, which integrates social, environmental and economic aspects of closure, is being tested at operational level. Anglo Coal has fully rehabilitated 1,780 hectares of the 15,807 hectares disturbed for mineral extraction. A rehabilitation project at Goedehoop colliery was completed and downstream water quality and the surrounding flora and fauna are being monitored.

At Anglo Base Metals' Loma de Níquel site in Venezuela, various restoration techniques are being tested to speed up the regrowth of vegetation on land disturbed by its nickel mining operations. Revegetation is particularly challenging on steep slopes, where young plants are easily washed away in heavy rain. The techniques being tested include using mesh over the topsoil and compost to hold young plants and grass seed in place and, on very steep slopes, the plants are grown in bags of soil which are anchored for stability.

Loma de Níquel sources plants for rehabilitation from a community nursery which it helped to establish.

Environmentalists are studying natural biodiversity and indexing species for their importance in reforestation.



Above: Anglo Coal South Africa has an active land rehabilitation programme. Ecologist Johan van der Walt inspects a rehabilitated pit area at Kriel colliery where grass species have started to diversify.

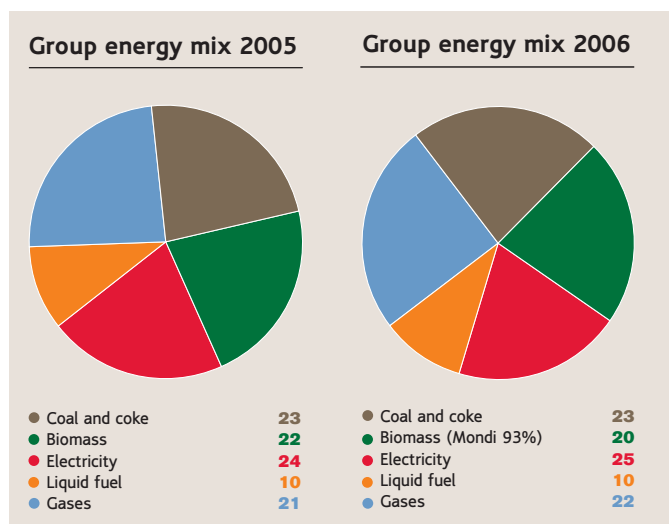


Left: Venezuelan environmentalists have devised several techniques to ensure revegetation of steep slopes disturbed by mine operations.

ENERGY USE AND CLIMATE CHANGE

Energy is a key strategic risk and opportunity

Since 2003, when a Group-wide energy efficiency training programme and a pilot project were conducted, there has been an increasing focus on efficiency, energy security, the cost of energy and the reduction of carbon emissions.



Total energy use by the managed companies in the Group amounted to 304 million GJ (2005: 298 million GJ), including 58 million GJ of biomass – due to increased production. Excluding Mondi, the Group used 168 million GJ.

With the implementation of the Group strategy which will see significant energy users leave the Group in the first half of 2007, the energy usage and energy mix is likely to change significantly in the future. (Data tables pages 54-57.)

Energy management

Two energy days were held to share experiences and focus the Group on carbon mitigation, efficiency and successful energy reduction interventions by suppliers. Key recommendations summarised by our chairman, Sir Mark Moody-Stuart, included the need for Group-wide reviews of electrical energy

supply and security and an increased need to make capital available for energy-efficiency projects.

Interaction with other leading companies on their experience of energy management has provided valuable insight into how to speed up the energy efficiency improvement programme.

Internally, focus groups work closely with the procurement, engineering and mining functions to ensure the integration of energy efficiency into daily business.

Targets

Group companies reaffirmed their commitment to the voluntary South African Energy Accord when the new Minister of Minerals and Energy was appointed. This accord formally commits South African operations to a 15% energy

saving against a business-as-usual baseline. Anglo American has a similar target for 2014.

The measurement of energy efficiency to a common standard is proving to be a challenge in a changing and evolving organisation. Project management software to monitor and focus this process will be tested.

Electricity supply

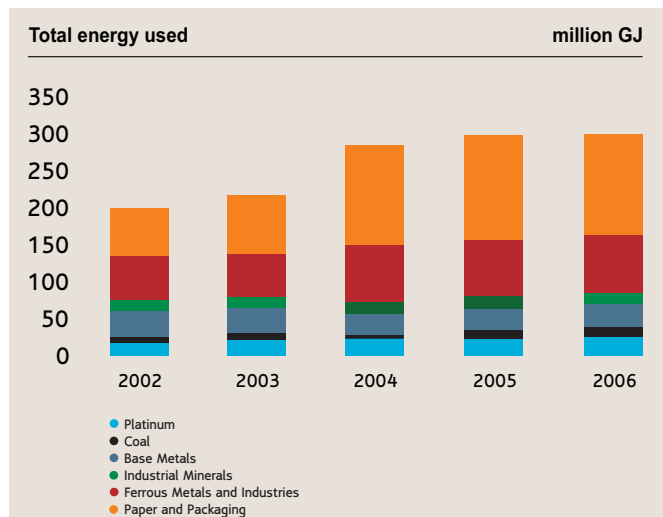
The South African electricity industry is straining under the burden of increasing growth in demand, a lack of significant recent investment in capacity and problems resulting from the restructuring of the electrical distribution system.

The Group is monitoring the associated risks including those related to the installation of new and rebuilt power stations in South Africa and the shortage of reserve capacity. The availability of skills to support energy generation and the shortage of generator-set manufacturing capability are concerns. Anglo American's South African companies are significant players in national electricity supplier Eskom's Demand Side Management

programme. Current proposals submitted to Eskom amounted to R345 million (\$51 million) in savings at year end. In addition, the Group has benefited from participation in the demand market through which unused energy contractually supplied to Namakwa Sands, the Rustenburg platinum smelters, Highveld Steel and Mondi Richards Bay is offered back to the electricity market at peak rates during crisis periods.

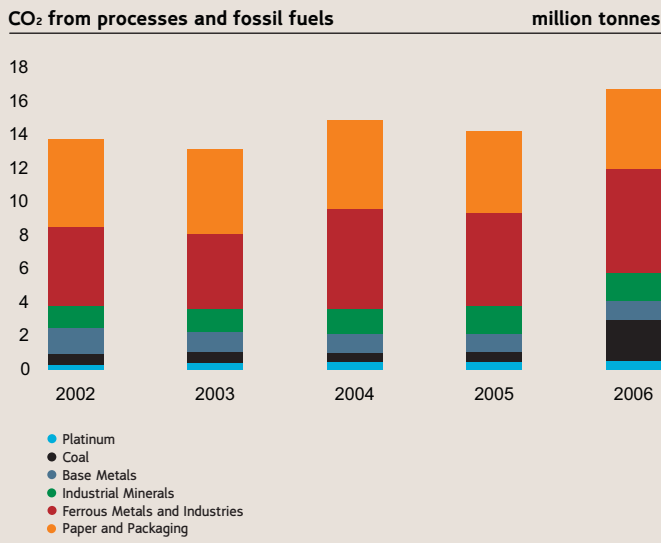
Climate change

In 2006, the Group generated greenhouse gas (GHG) emissions of 36 million tonnes of direct and indirect CO₂e, including 3 million tonnes of CO₂e from coal mine methane (30 million tonnes excluding Mondi). This represents an increase of 11% on the 32 million tonnes of GHG emissions generated in 2005, of which 1.25% is attributed to a change in the factor for CO₂ from electricity purchased in South Africa. CO₂ emissions from spontaneous combustion and the use of explosives by Anglo Coal South Africa were reported for the first time.



At a glance:

- Energy efficiency drive
- Reducing CO₂ emissions through key projects
- Building clean coal partnerships



Anglo Coal has begun engaging more directly with customers who use the thermal coal for power generation (89% of total sales) to promote a better understanding of sustainable development, clean coal technology and CO₂ mitigation. During 2007, Anglo Coal will initiate work to quantify lifecycle CO₂ emissions associated with its coal production.

A 2003 assessment of our likely direct financial exposure from climate change policy indicated only minor potential impacts from compliance requirements and moderate potential impacts on product sales in the period to 2012 as our operations in developing countries do not have emissions-reduction targets.

As part of our commitment to work responsibly wherever we operate, all investment proposals are required to factor in a cost of carbon to raise awareness and support efforts to reduce emissions. We recognise the risk that current policies on carbon emissions may increase the cost of energy.

Clean energy from coal

During 2006, our strategic focus was on identifying and developing carbon abatement opportunities. The Monash Energy clean coal-to-liquids project in the state of Victoria, Australia, is the first in a clean coal energy alliance formed by Anglo American and Shell in May 2006.

In the initial concept phase, which is expected to conclude during 2007, Monash Energy in conjunction with technical advisers from the

two investors will carry out a study of the commercial and technical aspects, including carbon capture and storage. If successful, this study will form the basis for the feasibility phase and demonstration activities.

The Monash Energy project will involve the gasification of Anglo American's brown coal from Victoria's Latrobe valley for further conversion into clean transportation fuels, principally ultra low sulphur synthetic diesel. The process will use Shell's proprietary gas-to-liquids technology. A number of locations under the Bass Strait, between Australia and Tasmania, have been identified as potential sites for the storage of CO₂ from the process.

Should the feasibility of the project be proved and we continue with Shell to construct the plant, a highly significant step would be taken to demonstrate the commercial viability of synthetic fuel processes with geological storage of CO₂. Our project could also play an important role in providing the infrastructure for other

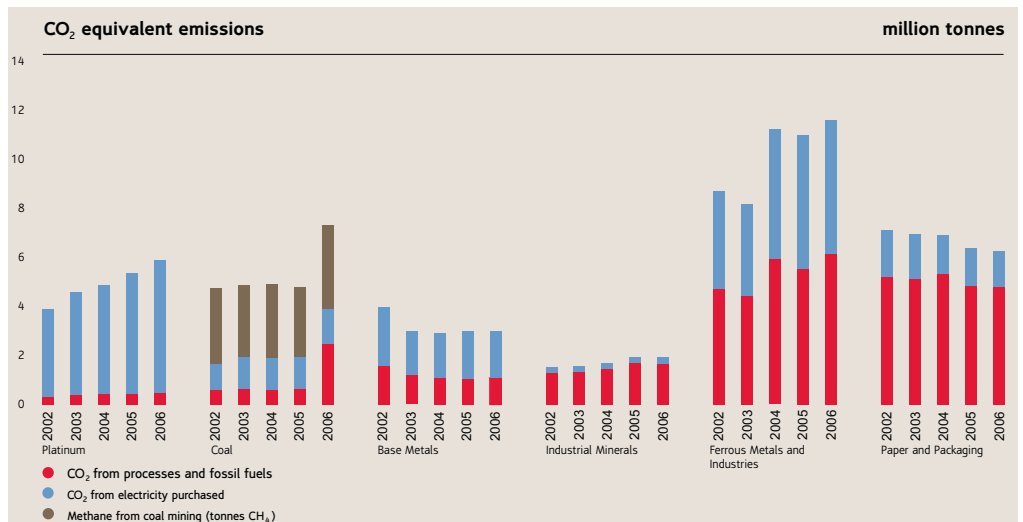
industrial processors in South Victoria to transport their CO₂ to long-term storage sites.

Two coal mine methane abatement projects in Queensland, Australia, were commissioned. These will reduce our GHG emissions by as much as 2 million tonnes of CO₂e over 12 months.

A number of important relationships are developing with other stakeholders in order to help make a reality of clean coal technologies. These can be classified as those related to industry bodies, those that are project or technology focused and those that are political.

In 2006, we signed up as members of the FutureGen Alliance led by the US Department of Energy. This aims to produce coal-fired power with near-zero emissions of sulphur, nitrogen, particulates and carbon, but at a cost no greater than 10% above the cost of conventional coal-fired power generation.

The alliance includes 12 international coal mining and power generating companies



ENERGY USE AND CLIMATE CHANGE

- At a glance:**
- Investments in new technology
 - Pursuing CDM projects
 - Spreading awareness

and is likely to constitute the most advanced clean coal power generation project under development.

Future focus

Mining is vulnerable to the effects of climate change. Extreme weather events and changing patterns in water distribution leading to floods or prolonged droughts and water shortages could be of great significance. Mining and ore processing operations are large users of water, although it is possible to reduce these volumes (see pages 44-45).

We are considering an investigation, based on meteorological models, of the possible physical impacts of climate change on our operations. If commissioned, we would use the results of this assessment to judge the degree to which our operations might be affected and to consider changes in the design and layout of our mines and facilities to minimise possible disruption.

We published our Climate Change Policy in 2002 and have used it to guide our actions to date. All policies will be reviewed during 2007.

The likelihood of operating in a carbon-constrained future has been built into our strategic thinking. A post-2012 Climate Change Policy Scenarios exercise was conducted in June 2006 with inputs from a range of international experts. The scenarios have helped inform our business decisions.

At the heart of our strategic considerations has been the investigation of ways in which the widespread use of coal in the future can be made compatible with sustainable development.

We recognise that climate change will be a reality for the rest of this century and beyond, despite our ability to advance the mitigation of future emissions from our operations and those that arise from the use of our products.

Transport emissions survey

In 2004, we committed to estimate the emissions that arise from air travel and the transportation of our products by land, sea and air to final customers. This proved challenging and a number of assumptions had to be made:

- road transport data were sometimes available only as kilometre totals. The average truck loading was assumed to be 20 tonnes
- generic emissions factors, obtained from the Greenhouse Gas Protocol developed by the World Resources Institute and the WBCSD, were used as we do not have detailed information on vehicle types and sizes used by contractors
- return journeys were not included
- approximations were made for the location of customers and at what point our responsibility for emissions ended
- the boundary issue requires further work

- emissions from air travel in 2005 were estimated at about 13,000 tonnes of CO₂ – based on 102 million longhaul kilometres and 13.7 million medium-haul kilometres flown between London and Johannesburg.

Given the assumptions and, in some instances, best guesses made in producing these estimates, the results must be taken as indicative only. KPMG reviewed the methodology and we are confident that the final figures identify those products and modes of transport where our emissions are most material.

Unsurprisingly, in view of its bulk and the distances travelled, more than 80% of these emissions arise from the transport of coal.

Engagement on energy

We are active in the debate about energy at industry, project and political level. Critical engagement takes place through the World Coal Institute, the International Energy Agency’s Coal Industry Advisory Board and Clean Coal Centre, as well as organisations in South Africa and Australia.

Project-focused engagement has been through the Australian CO₂ Co-operative Research Centre (CO₂CRC), the Carbon Sequestration Leadership Forum, the International Emissions Trading Association, the South African National Energy Research Institute and Coaltech 2020 in South Africa.

At a political level, this has involved South African, Australian and EU energy and environment ministries and the Globe Legislators for a Balanced Environment.

Clean Development Mechanism (CDM)

Group companies have a number of projects nearing completion of CDM project registration and the Group is positioning itself to increase involvement in this area now that the processes are becoming more transparent. Long-term progress in this area is premised on a continuation of some form of Kyoto Protocol-style mechanisms beyond 2012.

In August, the methodologies used by Highveld Steel’s Transalloys energy efficiency project (estimated reduction of 98 kilotonnes of CO₂e) and Mondi Richards Bay’s biomass fuel switch project (estimated reduction of 122 kilotonnes of CO₂e) were approved by the CDM executive board, which represents a critical stage on the road to obtaining project registration.

In South Africa, we have also identified potential projects in the Waterberg area and at New Denmark colliery (coal mine methane), Scaw Metals (fuel switch from producer gas to natural gas) and at a number of our platinum mines (substitution of electric for pneumatic rock drills).

Namakwa Sands saves energy

Following a local energy supply crisis during which energy users were required to restrict peak usage, Namakwa Sands conducted a comprehensive energy audit.

The continuous production process and customer obligations meant that periodic switch-off was impossible for Namakwa Sands. However, the operation found ways to reduce demand quickly by cutting its non-essential use of electricity. This included switching off

Estimated 2005 product transport CO ₂ emissions	tonnes				
	Rail	Road	Ship	Air	Total
Anglo American plc					
Totals	777,000	313,000	3,301,000	2,000	4,400,000

office lights, air conditioning, plant lighting and motors running unnecessarily during peak periods.

High-energy consumption pumps were used only during off-peak hours. A substantial saving was also achieved at the smelter by using only one ladle heater during off-peak periods. The total energy reduction of 2.5 megawatt hours per day translated into a financial saving of R4.5 million (\$665,000).

The success of the project has prompted a closer look at all power usage and further initiatives are planned, including focusing on the need to save energy to prevent outages and as a way of tackling climate change. Large power-usage information display boards are being erected at the plants to increase awareness and encourage further savings.

Alternative energy – biodiesel trial

Anglo Coal Australia is exploring alternative renewable fuels for use in on-site machinery and equipment.

A biodiesel blend has been put to the test at Callide mine since June 2006 as part of an Anglo American management development programme project on alternative fuel solutions.

Preliminary results showed no significant reduction in power output or increase in the fuel burn rate of the machinery.

Additional equipment will be tested. Work is continuing on the estimations but external studies report greenhouse gas emission reductions of 16% when using a 20% biodiesel blend.

If the tests are successful, Anglo Coal Australia will explore the potential for a local biodiesel plant run on methane gas for its opencast operations.

Upstream and downstream benefits are anticipated, including reduced greenhouse gas emissions, reduced transport emissions, local job opportunities and the supply of surplus biodiesel to neighbouring communities and mine sites.

Climate change: getting the message across

Anglo Coal Australia hosted an evening to show the Oscar-winning documentary about climate change, *An Inconvenient Truth*, to customers, suppliers, government departments and mining industry representatives including John Wallington, chief executive officer of Anglo Coal and Anglo American's head of energy, Roger Wicks.

Rachel Mitchell, environmental advisor at Anglo Coal's Moranbah North site in Australia, was selected by Al Gore's Climate Project to spread the word about climate change. She is one of 75 Australians trained to deliver this presentation on climate change.



Above: Anglo Coal Australia's Capcoal power plant at German Creek mine, is one of Queensland's first electricity generators to be fuelled by coal seam methane.

The Australian Conservation Foundation will support the training programme, working closely with Climate Project staff in the US. Mitchell will now take the presentation to local communities around Moranbah and central Queensland.

Saving energy at Anglo Platinum mines

Anglo Platinum is installing an automatic system that will optimise the use of air compressors to reduce energy consumption and cut costs at its South African mines.

Compressed air is a major source of energy in underground mines. It is used to power drills, pumps and other mechanical equipment. Up to 15 megawatts of power is needed to drive compressors.

The new system will ensure the optimum number of compressors is in use at any one time. Off-peak electricity will be used where possible. Savings of up to 75,978 GJ and R3.2 million (\$0.5 million) could be achieved.

The system will be working at Anglo Platinum's Rustenburg mine in early 2007, and is being installed at Amandelbult and Lebowa mines.

Chilean innovation

As a contribution towards combating climate change, Anglo American Chile has set a target of decreasing CO₂ emissions by 10% by 2008 (against a business-as-usual baseline) as well as reducing energy and fresh water consumption. The 2014 goal is 15% saving in energy use.



Left: Mondi's Richards Bay mill received the *eta* award for improved industrial energy efficiency and energy cost savings in 2006. The mill achieved a 44.3% reduction in energy purchased following its expansion project and the implementation of energy saving measures. Operations manager Riaan Swart and environmental engineer Ciska Terblanche received the award from Minister of Minerals and Energy Affairs, Lindiwe Hendricks.



Left: Miguel Angel Duran, left, and CEO Pieter Louw of Anglo American Chile received the 2006 National Energy Efficiency Award in the field of mining from Chile's Confederation of Production and Commerce (CPC) chairman Hernan Sommerville. This annual award is presented by Chile's Ministry of Economy, the CPC and the Country Energy Efficiency Program.

ENERGY USE AND CLIMATE CHANGE

Anglo American Chile also has an initiative to introduce modified hybrid vehicles into its fleet. These vehicles have significantly lower fuel consumption and generate half the emissions of conventional vehicles. This agreement also makes provision for cheaper finance to employees through salary advances, thereby encouraging the purchase of hybrid technology vehicles and reduction of the energy use and CO₂ emission profiles of employees.

An energy committee has defined a 2003-2013 energy consumption and emissions framework and a campaign to promote responsible energy usage by all employees, at work and at home.

A standardised measurement methodology, which uses specific control indicators to enable comparison against a business-as-usual baseline, was established. This is necessary due to changes in the operations where new projects might mask energy efficiencies that have already been achieved.

The methodology enables the determination of certified reductions, potential reductions and required reductions, which are internally certified. Potential reductions are the reduction opportunities still to be implemented, while the others are required to achieve the targets that have been set.

Anglo American Chile is also working with Chile's country-wide energy efficiency programme to share experiences. More than 2,400 leaflets in support of the campaign were distributed to the company's employees and a further 600 to the communities around the five operations.



Above: In Victoria, Australia, Monash energy engineers (Matt Pietsch and Greg Eagle) examining cored material.



Left: An energy audit identified an opportunity for Namakwa Sands' mineral sands operation in South Africa to reduce energy consumption by changing conveyor belt lights to day-night switches.



Left: To save energy during off-peak times, the Namakwa Sands smelter uses only one ladle heater.

Improving stewardship of water

At a glance:

- Building better understanding of consumption
- Improving reporting
- Focused on solutions

Water crises beset the globe. Water is a strategic resource for the Group. Without it we can't operate. Too much of it can impact on safety and production. Water is also a primary concern of communities around us. Water costs are rising and pollution and inadequate supply can lead to conflict, fines and clean-up costs.

Performance

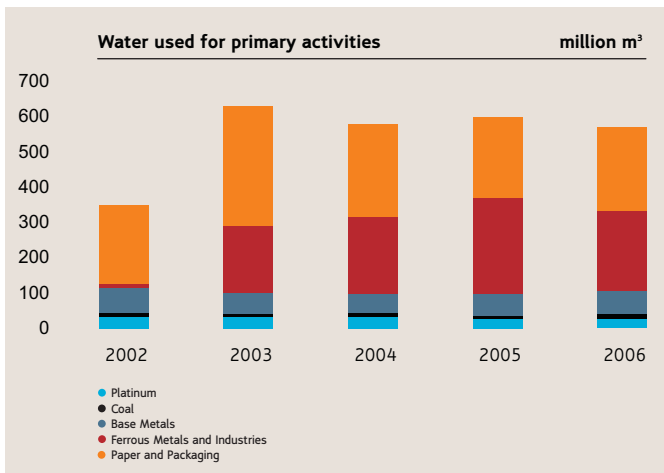
During 2006, we used 582 million m³ of water (616 million m³ in 2005) for primary activities. The Group was affected by extremes. In Australia, prolonged drought remains a point of major concern and at Collahuasi, in water-stressed northern Chile, the authorities have imposed a limit on water consumption. In southern Africa, summer rains affected coal production and platinum mining in some areas while others experienced significant water constraints.

Consumption is likely to be notably reduced in 2007, following the sale of Hippo Valley sugar estate in Zimbabwe to our independently-managed subsidiary, Tongaat-Hulett, as part of our strategic focus on the core mining businesses. Hippo Valley consumed 194 million m³ of water in 2006. However, future

water consumption numbers may vary due to procedures to ensure more systematic reporting of all uses, both primary and secondary.

As a result of monitoring constraints, Anglo Platinum's consumption figure of 28 million m³ includes its full allocation of waste water from the Rustenburg sewage works, even though this was not fully used. The business unit is exploring further means to use waste water in its production processes.

Anglo Coal's water efficiency targets were not met in Australia nor in South Africa as more water was lost to evaporation and used for dust suppression. Audits of the water management systems were carried out at Australia's Drayton and Moranbah North mines during 2006. Anglo Industrial Minerals has achieved



a progressive reduction in the use of potable water, with a 3.7% reduction in 2006 off a 2004 baseline.

Incidents

Many of the Level 2 environmental incidents reported in 2006 were water-related. Business units are required to implement remedial and preventive actions following a Level 2 incident.

At Anglo Platinum's Amandelbult mine in South Africa, sewage seeped through containment dams and flowed into a stream after a breakdown at the pump station. Dilution of the contaminated stream was achieved by diverting excess mine discharge water to the area. New containment dams were built and a programme has been initiated to investigate all sewage pump stations.

At Anglo Base Metals' operations, most of the 90 Level 2 incidents were related to emissions or potential

emissions to water. Most of these refer to a small number of repeat problems which are monitored and reported monthly until solutions have been implemented. The Lisheen mine in Ireland has been working with authorities to resolve a local water pollution problem. Some revision of the licence requirements by the Environmental Protection Agency is expected.

Mondi reported 11 Level 2 incidents. In Austria, there was a release of 25 litres of oil into the Ybbs River following a technical problem. Swift response prevented further flow into the river and the spread of the oil, thereby ensuring no material damage to the environment. In Slovakia, the company was fined for not having the required chemical storage tank containment system. At Frantschach, 10 m³ of black liquor leaked in the mechanical waste water treatment plant, resulting in total chemical oxygen demand (COD) levels exceeding permissible levels for one day. The Syktyvkar mill in Russia reported eight water-related Level 2 incidents.



Left: A mist trap for harvesting water at Chanaral in Chile's Atacama desert.

WATER USE

Capital expenditure projects have been proposed to resolve these problems.

Improvement

The continuing focus is on driving improvement in water management systems and procedures and ensuring that all business units have updated water balances and information systems. Anglo Technical Division is assisting operations and developing capacity. A global shortage of specialists with water management skills gives cause for concern.

Extensive negotiations with stakeholders and authorities on the implementation of the South African legislation on water discharge charges, demand and efficiency strategies and the catchment management agencies were undertaken. Water-use licence applications for a number of operations have not been processed by the authorities.

Progress was made with the mine-water treatment plants which are an essential long-term management requirement at operations.

During 2006, further research was undertaken by Anglo Research and Anglo Technical Division into water use in

mineral processing plants. The Group will be working with the International Network for Acid Prevention (INAP) on the development of a Guideline for Acid Rock Drainage, which will be released through the ICMM. Contributions are also being made to a Global Water Inventory Tool being developed by the WBCSD.

Looking forward

During 2007, all water definitions and policies will be revised in line with emerging best practice and reporting guidelines. Guidelines to produce integrated mine water management plans will be rolled out across the Group.

Further changes will be needed to improve the accuracy of total water use numbers and water efficiency numbers, in line with the current global drive towards better stewardship of water resources. Estimates for calculating recycled or reused water, according to approved methodologies, will have to be introduced.

An analysis of the operations' impact on water catchments will also have to be undertaken.

Mantoverde mist traps

At Chañaral, a community close to the Mantoverde copper mine

in Chile's Atacama desert, ingenuity has contributed to overcoming poverty and a lack of resources.

A project, which started in 1998, is harvesting water from mist traps and using it to grow vegetables and provide purified water to promote tourism in this arid zone. Water is currently piped 180 kilometres from the city of Copiapó. The perception of many local people is that the quality of the piped water is not good and bottled water is consumed by those who can afford it.

Staff from Mantoverde worked with a local anthropologist, environmental organisations, the borough council and the Australian embassy to study the mist and the potential to harvest it to grow produce. The methodology involves installing a series of vertical mesh curtains. The mist settles on these and the droplets of water are collected in catch-troughs and pipes.

Using grants from the private sector and the government, water storage tanks and other equipment, such as black mesh, were purchased. Members of the community built the mist traps and access roads. Further mist traps will be built in 2007

and the existing traps repaired and maintained.

Rainwater used at Tarmac

Tarmac is saving 40,000 litres of water and up to £50 (\$93) a day by using rainwater to suppress dust at its Chatburn site in the UK.

Dust from handling products such as sands, gravels and stone can become a nuisance in dry weather. Rainwater running off the site's buildings is collected and stored in plastic containers. It is then used on dry days to tackle dust raised by heavy vehicles.

The containers of rainwater are raised on to one of the site's forklift trucks. The water is spread through a specially designed sprayer, replacing the need for a water tanker to provide the service.



Above: A forklift is used to distribute rainwater collected off the buildings at Tarmac's Chatburn, UK, site with a saving in water and costs.

WATER RESOURCE MANAGEMENT AND REPORTING FRAMEWORK



- Inflows
- Surface water
- Ground water
- Precipitation
- Pipelines
- Run-off
- Other facilities
- Infrastructure

- Recycle or re-use
- Physically or chemically treated or re-used without treatment, e.g., dust suppression or re-used with treatment

- Outflows
- Clean run-off
- Dirty discharge
- Seepage
- Discharge to water bodies
- Discharge to pipeline, etc.

Effective management of biodiversity

Biodiversity conservation has been a cornerstone of our sustainable development strategy. A large number of biodiversity initiatives are undertaken across the Group, many of them in partnership with conservation bodies.



Above: Biodiversity in Bushmanland's Succulent Karoo, in South Africa's Northern Cape province, will be protected under a Memorandum of Understanding between Anglo Base Metals and the Botanical Society of South Africa.

Since 2004, the focus has been on developing biodiversity action plans for significant sites and ensuring that these meet pre-defined international good practice. During 2006, 13 sites in Australia, the UK and South Africa underwent peer review, building on the work initiated in 2005 when 14 sites were reviewed.

The process enables the sharing of knowledge across the Group and ensures that biodiversity management is properly incorporated into ISO 14001 systems and into the Group's Integrated Risk Management system. All the operations reviewed in 2006 demonstrated understanding of the impact on biodiversity and had included this into risk management, policy documents and management tools. Tarmac's Northumberland region was

considered to be meeting its commitment of a net positive contribution to biodiversity.

Further improvement is needed in terms of governance structures for biodiversity management, improved monitoring against pre-defined indicators and greater leadership in tracking emerging biodiversity risks and opportunities.

Restoration at Rietfontein Remediation by Scaw Metals at the Rietfontein landfill site is showing excellent progress with even the giant bullfrogs, classified as a near-threatened species in South Africa, showing their approval in two rare sightings.

Following a pilot study, the site was fully planted in 2006 with trees and plants specially selected for their tolerance of adverse conditions and their ability to contain or neutralise pollutants.

An aerial survey and monitoring work by researchers from the Witwatersrand and Tel Aviv universities have found no mineral contamination of the planted areas around the site.

Working to protect endangered species

Anglo Platinum is working with bird-watchers to protect the yellow-throated sandgrouse – an endangered bird species found in the Northam area of the Limpopo province in South Africa.

Research began in July 2006 to assess changes in the

population of sandgrouse, compared with a 1992 study, and to investigate the impact of any significant changes in habitat, farming practices or water supply. The Witwatersrand Bird Club will also establish whether the birds are breeding successfully.

Biodiversity protection in Bushmanland

Bushmanland is one of the nine priority areas of the Succulent Karoo Ecosystem Programme (SKEP) where, to date, an astonishing 854 plant species have been found in this desert landscape. Of these, 41 species are endemic. It is the only priority area in the internationally renowned Succulent Karoo biodiversity hotspot to have no land under formal conservation protection.

As the legal regime for declaring protected areas is still under development in this region, Anglo Base Metals and the Botanical Society of South Africa have signed a Memorandum of Understanding (MOU) to work in partnership to secure and protect this area's biodiversity. The MOU assigns roles and responsibilities and details commitments and expectations of the parties.

Reversing erosion in Australia

Anglo Coal is working in partnership with the New South Wales State government to restore natural habitats in the Hunter Valley area which had been eroded after decades of poor agricultural practice.

BIODIVERSITY



Above: Rehabilitation work is being undertaken to repair the severely eroded Australian Hunter Valley.

Communities had expressed concern that erosion of Saltwater creek, a tributary of the Hunter river, might affect local wildlife and water supplies. The erosion was being accelerated by high rainfall events. Water supplies were reduced as natural ponds were destroyed and vegetation around water courses was degraded, further extending the erosion.

Over time, this caused a decline in food, water and shelter for local wildlife and biodiversity was decreasing.

The project will build up the banks of the creek to prevent further erosion. Once completed, indigenous trees and shrubs will be grown on the earth banks to provide natural habitat for wildlife.

Endangered Chilean trees propagated

The 8,000 hectare El Soldado mine property is located in the Cordillera El Melón mountain range, which Chilean environmental authorities classify as a priority area for the conservation of terrestrial ecosystems. Anglo American Chile is working to improve the scientific knowledge and build community awareness of the natural heritage of this ecosystem, which is characterised by diverse Mediterranean forests with endemic fauna and flora.

Since 2002, the company has worked with the Christa Mock agricultural high school from Nogales to research the propagation methods for native forest species that are threatened or vulnerable.

More than 20,000 native plants such as the Belloto del Norte (*Beilschmiedia miersii*), Guayacán (*Porlieria chilensis*), Naranjillo (*Citronella mucronata*), Temu (*Blepharocalyx cruckshanksii*) and Lingue (*Persea lingue*) have been propagated to date, with a further 60,000 plants destined for use in or around Anglo American Chile's properties in the region in the next three years.

Small landowners in the communities close to El Soldado have also signed agreements to grow an additional 20,000 plants for use by the company in afforestation projects.

Biodiversity conservation plan at Copebrás

Copebrás is in Cubatão, an industrial centre in the Brazilian Atlantic rain forest region, one of the world's most diverse ecosystems. The Atlantic rain forest is also home to 70% of Brazil's population and human impact has been significant, with less than 7% of the original ecosystem remaining.

The company has, therefore, chosen to focus its social responsibility activities on contributing to the understanding and conservation of the country's unique natural heritage.

Brazil has the world's largest floral diversity, the largest number of mammals, amphibians and freshwater fish

and ranks third for birds and fifth for reptiles. Many of the species are, however, not properly recorded. Brazilian authorities estimate that only 10% or 200,000 species are fully described.

Copebrás is subsidising research and conservation projects through small private companies, research institutions and NGOs. It has funded a major inventory and monitoring programme in an area connected to the Serro do Mar mountain range which is now among the last 7% of the Atlantic rain forest biome.

A study, conducted monthly over two years, found:

- 341 species of plants, 21 classified as threatened with extinction
- 27 mammal species, including 12 threatened species such as ocelots (*Leopardus pardalis*), oncillas (*Leopardus tigrinus*) and agoutis (*Dasyprocta sp*)
- 163 species of birds, of which three are near extinction on a world level
- 24 amphibian species and several endemic species of reptile, and
- 2 species of amphibians and invertebrates considered new to science.

A control area with a similar environment, but without such significant human impact, will now be identified. There is also a proposal to develop a rehabilitation area for illegally-



Left: Propagating endangered trees in Chile.



Left: Tree frogs from the Brazilian Atlantic rain forest biome are being studied with the support of Copebrás.

Photo: Samuel Betkowski.

At a glance:

- **Active biodiversity protection projects**
- **Linking conservation and local economic development**
- **Involving communities in conservation**



Above: The president of SOS Mata Atlantica Foundation, Dr Roberto Klabin, right, received the 2006 Copebrás Environmental Award, from Dr Cristiano Melcher, centre. Pictured here with San Martín, Copebrás environmental consultant. The company presents the annual award – a model of the Scarlet Ibis (*Eudocimus ruber*) bird – to organisations and personalities who work to protect the environment.

Klabin took the opportunity to launch a preservation programme for the Brazilian coast and marine zone at the event. This is a pioneering campaign to preserve and restore the Brazilian coastline, which Klabin said was one of the most degraded regions of the world.

captured animals and a nursery to generate seeds and saplings for use in rehabilitation work.

Protecting the Brazilian cerrado

Catalão, Barro Alto and Niquelândia are located in the Brazilian cerrado in the state of Goiás. The cerrado biome includes fields, savannas and forests, and is considered one of the 25 most threatened

biodiversity hotspots with several species threatened with extinction. Recent estimates show that 50% of the native vegetation has been destroyed and less than 5% of the total area enjoys conservation status. Human occupation has modified the natural environment and caused an accelerated biodiversity loss. Exploration in this mineral-rich part of the world has brought economic

gain but serious problems of erosion, environmental degradation and biodiversity loss.

Anglo American companies are contributing to the preservation of the fauna and flora in the area. Niquelândia is one of 22 areas chosen by the Environmental Agency in 2005 as of interest for cerrado biodiversity conservation as it is a corridor to the Paraná valley and Chapada dos Veadeiros national park and is critical to biodiversity and ecological processes.

Scholarships for graduate and postgraduate students have been awarded and 16 academics and students are studying three areas inside the Anglo American properties. The area has laterite and saprolite nickel deposits, with high concentrations of nickel, magnesium and iron and low concentrations of important nutrients for the flora, such as calcium and potassium. There are a number of endemic species with a notable ability to selectively accumulate the nickel.

The areas managed by Codemin are diversified and well preserved and initial work consisted of identifying and monitoring amphibians, reptiles, birds and mammals.

At Barro Alto, after an environmental impact assessment in 2000 and ahead

of the viability stages of the new project, four campaigns were run to monitor the fauna. The campaigns will continue with the provision of transport, community education programmes, initiatives to stop hunting and exclude dogs from the conservation areas, and the ongoing collection of poisonous snakes to prevent safety problems. A study of the flora will also be carried out.



Left: *Pyriglena leucoptera*, a bird endemic to the Brazilian Atlantic rain forest biome.

Photo: Rogne de Gaspari.



Left: *Caryocar brasiliensis* from the Brazilian cerrado biome close to Niquelândia.

Photo: UFG/Funnape.

MATERIALS STEWARDSHIP

Using innovation to reduce impact

Mining has a big impact on the manmade environment through its products, the infrastructure that it builds, the technology applied and, of course, the waste products it generates. In line with our commitment to embed sustainable development in our business processes, we have worked at numerous levels to reduce our footprint and increase the benefits to the countries in which we operate.



Above: ExplorHEM system in operation during an exploration programme in Russia.

We have done this by extending the boundaries of our sustainable development programme to include the supply chain, working in collaboration with industry partners and others on concepts of materials stewardship – which encompasses both process and product life cycles – and on finding ways to innovate and derive additional future business value from product and waste streams.

Materials stewardship

During the past 18 months, collaborative work on materials stewardship was undertaken by the ICMM. The resulting guidance document has been adopted for use by Anglo American. This systematic framework aids in identifying risks and opportunities presented by both process and product.

Supply chain guidelines

Progress has been made in introducing sustainability thinking into the supply chain. Guidance notes, based on the UK government's framework, checklists and draft policies, are available to build understanding of the specific issues and provide a framework within which these should be approached. The guidelines assist each business unit or operation to focus on suppliers and issues that are material, determined either by value, critical nature of the service or product or the potential risk to the Group's reputation.

The approach is issue-specific. For example, adherence to the Anglo Safety Way is non-negotiable and must be built into service contracts. This allows us to engage with suppliers on specific issues and work together to achieve the sustainable results we are seeking.

REACH

Late in 2006, following extensive and complex negotiations and amendments, Europe adopted new chemicals legislation. From June 2007, any chemicals being imported into, used or manufactured in the EU are subject to REACH (Registration, Evaluation and Authorisation of Chemicals) regulation.

Anglo American Group companies participated in

a variety of international working groups to assess the potential impact of the legislation and lobbied extensively for pragmatic, risk-based approaches. Ores and concentrates (including coal) are excluded from the registration processes but may require authorisation – and, with it, the need to consider potential substitute products – in the unlikely event that they are classified as priority substances.

Work continues within the Group and between the Group and importers and users of our products to ensure minimal disruption to the markets.

Research and development

Securing the future

Group technical specialists have the important task of ensuring best operating practice and finding solutions for the future – from process and safety improvements to cutting-edge research and development.

In 2006, Anglo Research was, once again, a finalist in the South African Technology Top 100 Awards programme for its leadership in managing research, development of people and for its technology strategy. It was a joint winner of the award in 2005.

Some notable research and development achievements



Left: Recent MagSQUID tests in South Africa to find and characterise buried orebodies.

At a glance:

- **Extending the boundaries of our approach**
- **Investing in innovation**
- **Finding economic opportunities in waste**

include the world's deepest single-drop mine shaft and the air-borne Spectrem exploration tool, a superconducting quantum interference device (SQUID) which is used to find and characterise buried orebodies. Other developments include the application of more energy-efficient comminution technologies, ore upgrading tools, a novel titanium production process and optimisation of flotation and milling processes.

In line with the Group's focus on safety, work is being undertaken to redesign and re-engineer equipment and processes to reduce risk. In 2006, following a spate of transport-related incidents, particular focus is being given to designing and evaluating collision-avoidance systems and warning devices for use by individuals.

The Group is exploring coal-to-chemicals and coal-to-liquids projects as well as carbon capture and storage to ascertain how best to engage in the development of future cleaner coal technologies.

Innovation in water treatment

The Emalahleni water treatment plant, in which polluted mine water from Anglo Coal South Africa's Greenside, Kleinkopje and Landau collieries will be purified and sold back to the local municipality for domestic

and industrial use, is being built at a cost of R296 million (\$44 million).

Commissioning starts in March 2007 and by the end of June output will run to 20 million litres a day, with over 99% recovery of water.

A public/private partnership was created to treat the water and supply it to the Emalahleni public water works. It will meet some 20% of the local municipality's daily water requirements. In addition, 5 million litres a day will be supplied to the adjacent Anglo Coal mines for their domestic consumption, which means that the mines will become self-sufficient in their water requirements. This innovation has transformed a key environmental liability into a strategic opportunity.

A demonstration plant has been running for over a year and refinements during this time have significantly increased the lifespan of the evaporation disposal pond for the liquid salty waste (brine) and the water recovery from 97% to 99%.

The dewatered solid waste (gypsum) which results from the process will be disposed of on mine land. Commercial re-use solutions are also being sought. Brine will be pumped into an on-site evaporation disposal pond. Some 700



Above: Construction of the Emalahleni water treatment plant nearing completion.

temporary jobs and up to 30 permanent jobs at the contract operator have been created by this project.

Waste management

Commercial use for waste products

As pressure grows to reduce the amount of waste being landfilled, Anglo's Technical Division is working with a number of business units and entrepreneurs to find commercial solutions for waste products such as slag, gypsum, rubber and weathered coal. A number of product prototypes

have been developed and are being subjected to tests for strength and durability. If successful, they could soon be launched on the South African market for use in the construction industry.

Our most significant waste stream is mining waste which is stored on site and inspected regularly for compliance with Anglo American's waste management guidelines. Waste facilities on our properties conform to local requirements.



Left: Emalahleni Oil Collections collects used oil from Anglo Coal South Africa collieries and delivers it to a single site where it is processed for re-use.



Left: Fatima Ferraz of Anglo Technical Division is leading research into potential commercial uses for waste products. Seen here with Mike Tyson.

MATERIALS STEWARDSHIP

Waste facilities	2005	2006	Core businesses
Total number of process waste disposal facilities	174	168	121
Number of facilities in active use	96	91	68
Total area occupied by facilities (hectares)	9,454	7,340	5,698
Total number of audits (third party and in-house)	124	121	80

Alternative fuel at Tunstead

In the UK, more than 50 million tyres are removed from vehicles each year. While some can be re-used, retreaded or recycled, the disposal of the balance remains a problem.

New legislation forbids disposal of tyres in landfill sites. Buxton Lime Industries, part of the Anglo Industrial Minerals business unit, has been conducting a trial to use tyres as an alternative to fossil fuels in its Tunstead cement plant.

Tyres could replace up to 25% of fossil fuels used by the cement plant at Tunstead, helping society to deal with a waste problem and simultaneously reducing Tunstead's CO₂ emissions.

After extensive consultation, the UK's Environment Agency gave permission for a trial in September 2006. The Agency requires strict adherence with its Substitute Fuels Protocol. A £2.3 million (\$4 million)

tyre storage, handling and delivery system was installed at the plant and, after a commissioning and set-up period, the use of tyres as an alternative fuel began in November 2006.

The tyres are sorted and chipped by a company in Yorkshire before being transported to Tunstead by lorry. Chipping the tyres optimises their use. As one tonne of tyre chips replaces one tonne of coal, the total lorry movements to the site remains the same.

The tyre chips are completely combusted in the 1,450°C process, so there is no smoke or odour and no waste is produced.

Dr Martyn Kenny, technical and environmental director for Buxton Lime Industries, says the company is optimistic about the success of the trial and sees it as the first step in its alternative fuels programme.

Recycling benefits local community

Mantos Blancos, near Antofagasta in Chile, has found a socially beneficial business solution to reducing the environmental liabilities created by the giant tyres used by haulage trucks. The operation is selling the tyres to recycling companies which strip the steel wire from the tyre core and reduce the rubber to pellets. This frees up space currently used as a waste dump and will reduce the cost of transferring and handling the tyres, with potential energy savings. The resources earned will be donated to the local community to improve their facilities and projects. About 350 of the giant tyres have been sold.

Lead recycling

Lead anode wastes and slimes containing lead from the electrowinning process at Mantos Blancos mine near Antofagasta, Chile are now being recycled.

About 30,000 kilograms (kg) per annum of solid waste lead is generated from the electrowinning anodes once they are scrapped at the end of their useful lives. Recycling of this material is expected to achieve a significant 20% reduction in the annual cost of anodes.

A further 25,000 kg of lead is contained in the residual slimes that collect, over time, at the bottom of the electrowinning cells. These slimes have been stockpiled in a purpose-built containment area for the past decade. Reprocessing began in 2006 to extract the lead in this residue material for which Mantos Blancos receives a rebate from the anode manufacturing company when new anodes are purchased.



Left: Hasan Bobat, fuels development engineer at Tunstead, standing next to the conveyor belt.



Left: The batteries used for powering the safety lamps on hard hats are disposed of in an environmentally friendly manner when they are no longer rechargeable.



Left: All used and spilled oil is collected into these containers before being sent away for recycling.



INDEPENDENT ASSURANCE REPORT TO ANGLO AMERICAN PLC

Anglo American plc ('Anglo American') engaged us to review selected sustainable development performance indicators and targets ('sustainable development criteria') in its Report to Society 2006 ('the Report') and its assertion that the report has been prepared "in accordance" with the Global Reporting Initiative 2002 Sustainability Reporting Guidelines ('the GRI Guidelines').

This report is made solely to Anglo American in accordance with the terms of our engagement. Our work has been undertaken so that we might state to Anglo American those matters we have been engaged to state in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than Anglo American, for our work, for this report or for the conclusions we have reached.

Respective responsibilities of directors and reviewer

Anglo American's directors are responsible for the preparation of the Report and the information and assessments contained within it, for determining the Group's objectives in respect of sustainable development performance and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

Our responsibility is to express our conclusions to Anglo American on the findings of our review, based on the work referred to below. We also report if, in our opinion, any of the relevant disclosures are misrepresented or inconsistent with our findings, if we have not received all information and explanations we required to conduct our work, or if we became aware of additional information, the omission of which may result in the selected sustainable development criteria in the Report, or the assertion that the report has been prepared "in accordance" with the GRI Guidelines, being materially misstated or misleading.

Basis of our work

Anglo American applies its own Safety, Health and Environmental Reporting guidelines, Community Engagement guidelines and Socio-Economic Assessment Toolbox for reporting ('Anglo American's sustainable development guidance'). The Glossary on pages 61-62 of the Report gives further information on specific definitions.

We conducted our work in accordance with the International Standard on Assurance Engagements 3000: *Assurance Engagements other than Audits or Reviews of Historical Information* issued by the International Auditing and Assurance Standards Board. Our work was carried out by a multi-disciplinary team of safety, health, environmental, stakeholder engagement and assurance specialists.

Work performed

We selected the following sustainable development criteria for review, drawing on an understanding of the risks associated with reporting sustainable development performance and the systems and processes in place to mitigate these risks during the period of review. We conducted our review of sustainable development criteria on Anglo American's future core businesses, as defined on page 6 of the Report. We also reviewed Anglo American's Report to Society in the context of the requirements of the GRI Guidelines.

We selected 22 sites for visit and review by considering the risks and issues that may influence reporting in a geographically and operationally diverse organisation like Anglo American.

Human Capital

- total work-related fatal injuries set out on page 59 of the Report
- total lost-time injury frequency rate including restricted work cases set out on page 59 of the Report
- total new cases of occupational disease set out on page 59 of the Report
- total HIV prevalence, total number of employees who received VCT during 2006, total number of employees on HIV disease management programmes and total number of employees taking ART set out on page 60 of the Report. HIV data are reported and therefore assured for southern Africa only.

Natural Capital

- total energy used and total CO₂ emissions from processes, fossil fuels and electricity purchased set out on page 54 of the Report
- total number of Levels 2 and 3 environmental incidents set out on page 37 of the Report
- total coal mine methane CO₂ equivalent emissions set out on page 54 of the Report
- total water used for primary activities set out on page 54 of the Report
- total number of waste facility audits set out on page 51 of the Report.

INDEPENDENT ASSURANCE REPORT TO ANGLO AMERICAN PLC

Social Capital

- total number of community engagement plans in place and number of Socio-Economic Assessment Toolbox assessments conducted set out on pages 29-30 of the Report.

We planned and performed our work to obtain all the information and explanations that we considered necessary to provide sufficient evidence for us to give reasonable assurance over the sustainable development criteria set out above in *italic* text and limited assurance over the sustainable development criteria set out above in plain text and Anglo American's assertion that its Report has been prepared "in accordance" with the GRI Guidelines set out on pages 5-6 of the Report.

Our work consisted of:

- obtaining an understanding of systems used to generate, aggregate and report information based on Anglo American's sustainable development guidelines and the selected sustainable development criteria at 22 selected sites, business unit and group levels;
- conducting interviews with management at the sites, business unit and group levels and review of relevant supporting documentation to obtain an understanding of the consistency of the reporting processes and explanations of the trends in sustainable development performance;
- performing an analytical review of the sustainable development criteria submitted for central aggregation;
- testing the accuracy of the aggregation process for the selected sustainable development criteria; and
- reviewing the presentation of the selected sustainable development criteria in the report in light of the findings from site visits, business unit and group levels and our cumulative knowledge of the industry and the group's operations.

We reviewed Anglo American's assertions that its Report is "in accordance" with the GRI Guidelines through reviewing whether it:

- includes the numbered elements required in Sections 1 to 3 of Part C of the GRI Guidelines (vision and strategy; profile, governance structures and management systems);
- refers to a GRI content index, which is publicly available on its website as specified in Section 4 of Part C of the GRI Guidelines;
- responds to each core indicator in Section 5 of the Guidelines by either reporting on the indicator or explaining the reason for its omission;
- is consistent with the principles set out in Part B of the GRI Guidelines through assessing how Anglo American incorporates the principles in its reporting process; and
- contains a statement that the Report has been prepared in accordance with the Guidelines which has been signed by the Chief Executive Officer.

CONCLUSIONS

Based on the work described above, in our opinion, Anglo American's sustainable development criteria set out in *italics* text above, under the Work performed section for the year ended 31 December 2006, are fairly stated.

During the course of our work, nothing has come to our attention that causes us to believe that:

- Anglo American's sustainable development criteria set out above in plain text under the Work performed section for the year ended 31 December 2006 are not fairly stated; and
- Anglo American's assertion that its Report has been prepared "in accordance" with the GRI Guidelines is not fairly stated.

KPMG LLP (UK)
Chartered Accountants
London
30 March 2007

DATA FOR MANAGED COMPANIES FOR THE YEAR ENDED 31 DECEMBER 2006

	CO ₂ from processes and fossil fuels ^a	CO ₂ from electricity purchased ^b	Coal mine methane CO ₂ equivalent	Total energy used ^c	Land utilised by operations	Water used for primary activities
	1,000	1,000	1,000	1,000		1,000
Anglo American plc	tonnes	tonnes	tonnes	GJ	hectares	m ³
Core businesses	6,809	10,587	3,394	109,417	84,580	129,095
Totals for 2006	16,724	16,329	3,394	303,688	95,104^d	582,425
Totals for 2005	14,205 ^e	15,464 ^e	2,830	298,542 ^e	93,142 ^e	616,314 ^e

	CO ₂ from processes and fossil fuels ^a	CO ₂ from electricity purchased ^b	Total energy used ^c	Land utilised by operations	Water used for primary activities	Tonnes mined/tonnes milled
	1,000	1,000	1,000		1,000	1,000
Anglo Platinum	tonnes	tonnes	GJ	hectares	m ³	tonnes
Bafokeng Rasimone Platinum Mine	2	299	1,134	949	1,977	2,885
Lebowa Platinum Mine	7	206	864	407	322	1,653
Potgietersrust Platinums	92	301	2,414	2,783	2,589	4,595
Precious Metals Refiners	1	55	214	34	286	0
RPM Amandelbult Section	12	870	3,383	918	4,776	6,974
RPM Rustenburg Section	24	1,556	6,066	3,476	11,390	17,830
RPM Union Section	45	625	2,874	2,911	3,840	5,926
RPM Waterval Smelter	119	864	4,594	57	1,523	0
Polokwane Smelter	44	422	2,023	728	327	0
Rustenburg Base Metals Refiners	150	211	2,444	145	756	0
Totals for 2006	496	5,408	26,009	12,408	27,787	39,863
Totals for 2005	433	4,942	23,795	11,564	25,525	38,402

a CO₂ emissions from processes and fossil fuels consumed are calculated using the WBCSD Greenhouse Gas Protocol calculation tools, and do not include emissions from purchased electricity.

b CO₂ emissions from purchased electricity are calculated using country-specific factors for national grid electricity.

c Total energy used is calculated from electricity purchased, energy generated from biomass and fossil fuels consumed.

d Land utilised by operations for Anglo American plc does not include Hippo Valley and Exxaro.

e These data are not the same as reported in 2005 owing to data refinements during 2006.

Note: Exclusion of data from minor contributors from the list will result in totals for the year not being equal to the sum of listed units.

DATA FOR MANAGED COMPANIES FOR THE YEAR ENDED 31 DECEMBER 2006

	CO ₂ from processes and fossil fuels ^a	CO ₂ from electricity purchased ^b	Total energy used ^c	Land utilised by operations	Water used for primary activities ^f	Tonnes mined/tonnes milled ^d	Coal mine methane CO ₂ equivalent
	1,000 tonnes	1,000 tonnes	1,000 GJ	hectares	1,000 m ³	1,000 tonnes	1000 tonnes
Anglo Coal							
Anglo Coal Australia							
Callide	79	80	1,325	2,391	1,065	9,664	11
Dartbrook	66	39	193	968	139	1,181	263
Drayton	93	34	1,113	1,216	1,360	5,021	6
German Creek	79	162	1,392	5,021	2,961	6,260	1,322
Moranbah North	26	103	474	1,449	1,346	4,463	1,250
Moura	203	161	3,266	7,027	2,705	9,391	49
Anglo Coal South Africa							
Goedehoop	20	239	1,082	1,911	1,008	13,797	201
Greenside	9	53	308	904	128	4,833	81
Kleinkopje	566	125	1,024	2,749	209	6,838	1
Landau	54	84	597	1,860	510	6,609	1
Kriel	15	96	536	2,344	648	12,321	97
New Denmark	2	79	323	2,821	382	5,511	107
New Vaal	1,235	118	1,111	2,349	86	18,209	4
Mafube	14	1	196	182	26	1,336	0
Isibonelo	11	52	334	687	60	4,077	1
Totals for 2006	2,478	1,425	13,278	33,879	12,633	109,512	3,394
Totals for 2005	619	1,352	11,514	31,287	11,062	106,310	2,830
	CO ₂ from processes and fossil fuels ^a	CO ₂ from electricity purchased ^b	Total energy used ^c	Land utilised by operations	Water used for primary activities	Tonnes mined/ ^d tonnes milled	
	1,000 tonnes	1,000 tonnes	1,000 GJ	hectares	1,000 m ³	1,000 tonnes	
Anglo Base Metals							
Mantos Blancos	105	128	1,814	1,888	3,605	41,927	
Mantoverde	104	38	1,436	1,557	3,037	9,502	
El Soldado	58	50	1,697	999	3,197	7,952	
Los Bronces	111	150	4,401	4,710	23,265	20,515	
Chagres	34	28	1,087	40	1,633	582	
Codemin	104	10	3,635	1,243	2,395	519	
Loma de Níquel	390	131	8,472	278	3,723	1,205	
Catalão	4	1	165	217	5,690	795	
Namakwa Sands	121	535	2,623	3,108	1,828	17	
Skorpion	13	609	2,434	521	3,310	7,892	
Black Mountain	7	128	569	910	2,354	1,402	
Lisheen	4	90	516	406	3,752	1,528	
Copebrás ^e	53	6	2,297	755	9,539	5,292	
Totals for 2006	1,108	1,904	31,146	16,632	67,327	99,127	
Totals for 2005	1,068	1,942	29,109	15,549	59,981	70,836	

a CO₂ emissions from processes and fossil fuels consumed are calculated using the WBCSD Greenhouse Gas Protocol calculation tools, and do not include emissions from purchased electricity.

b CO₂ emissions from purchased electricity are calculated using country-specific factors for national grid electricity.

c Total energy used is calculated from electricity purchased, energy generated from biomass and fossil fuels consumed.

d For Anglo Base Metals Namakwa Sands, Skorpion, Mantos Blancos and Catalão, figures are tonnes mined.

e From 2006, Copebrás data are reported under Anglo Base Metals and not under Anglo Industrial Minerals.

f Definitions of water used for primary activities at Anglo Coal will be improved.

Note: Exclusion of data from minor contributors from the list will result in totals for the year not being equal to the sum of listed units.

DATA FOR MANAGED COMPANIES FOR THE YEAR ENDED 31 DECEMBER 2006

	CO ₂ from processes and fossil fuels ^a	CO ₂ from electricity purchased ^b	Total energy used ^c	Land utilised by operations	Water used for primary activities
	1,000 tonnes	1,000 tonnes	1,000 GJ	hectares	1,000 m ³
Anglo Industrial Minerals					
Steetley Iberia	12	5	212	844	603
Tarmac Central Europe	30	43	723	3,554	742
Tarmac China	10	2	157	3	18
Tarmac France	7	2	184	701	143
Tarmac Middle East	49	13	758	346	427
UK Aggregate Products	277	93	4,906	7,397	1,895
UK Building Products	1,276	87	7,713	683	246
Totals for 2006	1,662^g	246^g	14,663^g	13,528^g	4,073^g
Totals for 2005	1,690 ^d	239 ^d	16,735 ^d	13,080 ^d	10,069 ^d

	CO ₂ from processes and fossil fuels ^a	CO ₂ from electricity purchased ^b	Total energy used ^c	Land utilised by operations ^f	Water used for primary activities
	1,000 tonnes	1,000 tonnes	1,000 GJ	hectares	1,000 m ³
Anglo Ferrous Metals and Industries					
Highveld Steel	5,004	3,166	50,323	1,207	8,861
Scaw Group	877	870	16,945	194	2,181
Amfarms	0	1	4	0	9
Hippo Valley ^e	29	14	2,763	1,618	194,418
Kumba	261	1,403	8,971	15,223	20,618
Exxaro ^e	78	1,095	5,211	7,279	12,172
Kumba Iron Ore	183	308	3,760	7,944	8,446
Totals for 2006	6,172	5,455	79,005	18,242	226,087
Totals for 2005	5,530	5,443	75,925	21,179 ^d	274,387

a CO₂ emissions from processes and fossil fuels consumed are calculated using the WBCSD Greenhouse Gas Protocol calculation tools, and do not include emissions from purchased electricity.

b CO₂ emissions from purchased electricity are calculated using country-specific factors for national grid electricity.

c Total energy used is calculated from electricity purchased, energy generated from biomass and fossil fuels consumed.

d These data are not the same as reported in 2005 owing to data refinements during 2006.

e Data was reported up until the end of November 2006 for Hippo Valley and Exxaro.

f Total land utilised by operations for Anglo Ferrous Metals and Industries includes Hippo Valley and Exxaro.

g From 2006, Copebrás data are reported under Anglo Base Metals and not under Anglo Industrial Minerals.

Note: Exclusion of data from minor contributors from the list will result in totals for the year not being equal to the sum of listed units.

DATA FOR MANAGED COMPANIES FOR THE YEAR ENDED 31 DECEMBER 2006

	CO ₂ from processes and fossil fuels ^a	CO ₂ from electricity purchased ^b	Total energy used ^c	Raw material used	Water used for primary activities	Particulate emissions
	1,000 tonnes	1,000 tonnes	1,000 GJ	1,000 tonnes	1,000 m ³	tonnes
Anglo Paper and Packaging						
Mondi Business Paper (MBP)						
MBP Austria	162	90	4,394	496	6,522	0
MBP Hungary	65	46	1,642	138	1,956	0
MBP Hadera	0	76	344	99	1,088	0
MBP SCP Ružomberok	213	67	13,784	1,471	23,596	71
MBP Sytyvkar	2,019	1	52,449	1,322	95,889	1,984
MBP South Africa						
Merebank	437	354	6,574	424	5,494	36
Richards Bay Pulp	292	214	19,309	2,125	25,741	490
Mondi Packaging Paper (MPP)						
Sack Paper Mills						
MPP Frantschach	42	5	6,486	448	9,020	50
MPP Steti	691	96	12,338	1,599	20,586	115
MPP Vaja	11	11	4,500	463	10,194	0
Containerboard Mills						
Cartonstrong	25	20	640	105	2,336	0
Fröhnleiten	50	7	1,123	176	1,172	0
Niedergösgen	5	0	298	176	1,255	0
Raubling	1	27	222	206	4,194	0
Swiecie	375	139	6,003	1,971	22,713	242
United Kingdom	28	18	703	106	523	0
Mondi Packaging South Africa						
Felixton	105	69	1,428	191	2,230	0
Piet Retief	145	83	1,542	143	969	294
Springs	118	109	1,720	148	1,674	122
Totals for 2006	4,804	1,467	135,974	12,061	237,879	3,404
Totals for 2005	4,860 ^d	1,543	141,390 ^d	13,639	228,549 ^d	4,673

a CO₂ emissions from processes and fossil fuels consumed are calculated using the WBCSD Greenhouse Gas Protocol calculation tools, and do not include emissions from purchased electricity.

b CO₂ emissions from purchased electricity are calculated using country-specific factors for national grid electricity.

c Total energy used is calculated from electricity purchased, energy generated from biomass and fossil fuels consumed.

d These data are not the same as reported in 2005 owing to data refinements during 2006.

Note: Exclusion of data from minor contributors from the list will result in totals for the year not being equal to the sum of listed units.

DATA FOR MANAGED COMPANIES FOR THE YEAR ENDED 31 DECEMBER 2006

	Solid waste generated	Waste water discharged	COD in waste water	AOX in waste water	TSS in waste water	Production for 2005 ^b	Production for 2006
Anglo Paper and Packaging (continued)	tonnes	1,000 m ³	tonnes	tonnes	tonnes	tonnes	tonnes
Mondi Business Paper (MBP)							
MBP Austria	147	3,642	3,346	0	199	405	422
MBP Hungary	2,315	932	1,752	0	919	229	180
MBP Hadera	535	2,955	962	0	2,955	126	133
MBP SCP Ružomberok	23,163	28,934	2,648	9	246	880	931
MBP Syktyvkar	8,152	72,757	11,090	321	1,168	1,496	1,478
MBP South Africa							
Merebank	98,782	5,883	4,370	0	889	315	414
Richards Bay Pulp	31,510	21,884	13,852	59	11,494	626	686
Mondi Packaging Paper (MPP)							
Sack Paper Mills							
MPP Frantschach	6,390	6,004	356	0	0	299	300
MPP Steti	23,292	30,899	3,517	16	414	451	471
MPP Vaja	12,513	10,374	2,801	0	878	223	230
Containerboard Mills							
Cartonstrong	4,841	92	1,574	0	92	92	92
Fröhnleiten	0	993	0	0	0	157	164
Niedergösgen	3,043	211	1,049	0	211	141	164
Raubling	0	1,381	0	0	0	181	213
Swiecie	11,492	20,372	2,873	0	708	797	824
United Kingdom	5,097	252	2,526	0	252	95	101
Mondi Packaging South Africa							
Felixton	6,438	0	40,885	0	14,144	114	118
Piet Retief	11,098	680	2,786	0	523	124	126
Springs	19,445	85	2,336	0	85	138	133
Totals for 2006	278,913	208,328	98,863	406	35,176		9,013
Totals for 2005	362,990 ^b	216,992	129,576	439	28,508	9,096 ^b	

Anglo Paper and Packaging (continued)

	Land under company charge
Paper and Packaging	hectares
Totals for 2006	1,878,364^a
Totals for 2005	1,931,272 ^b

a Total land under company charge for Paper and Packaging is only reported for South African forestry and MBP Syktyvkar logging operations.
b These data are not the same as reported in 2005 owing to data refinements during 2006.

The table excludes total land area planted and total grassland and wetlands area as only South African data are available.
Note: Exclusion of data from minor contributors from the list will result in totals for the year not being equal to the sum of listed units.

SAFETY DATA

Safety data

Business unit	Work-related fatalities		Lost-time injury frequency rate		
	2005	2006	2005	2006	
		Core businesses	Due for disposal	Core businesses	
Platinum	24	18		2.07	2.52
Coal	6	7		0.48	0.50
Base Metals		3		0.46	0.36
Industrial Minerals	2	1		0.60	0.84
Ferrous Metals and Industries	9	2	12	0.30	0.25
Mondi	5		1	0.29	
Exploration				0.86	0.90
Technical and other				0.29	0.09
Total managed companies	46	31	13	0.94	1.58
		44			

Causes of fatal injuries

21 (48%) underground

- 9 (20%) falls of ground
- 4 (9%) ore scraper winch incidents
- 4 (9%) ore pass incidents
- 3 (7%) locomotive incidents
- 1 (2%) explosive related

23 (52%) on surface

- 12 (27%) transportation (trucks, forklifts, pedestrian collisions)
- 4 (9%) explosions (2 of steam)
- 3 (7%) lightning
- 2 (4%) falling
- 1 (2%) falling objects
- 1 (2%) moving machinery

Group occupational health

Total occupational illness incidence rate	0.66
Total employees potentially exposed	86,196
Total compensation paid (all diseases)	\$4,838,229
Total new cases of occupational illness (all diseases)*	856
Total number of employees compensated	714
Total number of occupation changes	70
Total number of fatalities from diseases	0
Numbers of exposures as % of workforce	66%

Nature of exposures

Noise-induced hearing loss	76%
Occupational tuberculosis	7%
Hand-arm vibration syndrome	2%
Pneumoconiosis	8%
Musculoskeletal disorder	2%
Asthma	6%

* Core businesses: new cases of occupational illness (all diseases): 815

Health statistics

Number of employees	129,928								
	NIHL	Pneumoconiosis	COAD	Occ. TB	Occ. Asthma	HAVS	MD	Other	Total
No. of employees potentially exposed to risk	65,861	6,664		5,686	4,880	1,327	1,778		
No. of new cases	695	67	5	28	12	0	32	17	856
No. of existing cases	6,605	81	8		33	382	0		7,109
No. of employees compensated	698	0	0	1	1	0	0	14	714
Compensation paid (\$)	4,816,277	0	0	0	20,102	0	0	1,850	4,838,229
No. of occupational changes	65	0	1	4	0	0	0		70
No. of fatalities		0	0	0	0		0	0	0

NIHL: Noise-induced hearing loss
COAD: Chronic obstructive airway disease
HAVS: Hand-arm vibration syndrome
MD: Musculoskeletal disorder
TB: Tuberculosis

HIV statistics

Indicator	Platinum	Coal	Base Metals	Ferrous Metals and Industries	Mondi SA	Corporate centre	Sub total	AngloGold Ashanti	Group total
Employees in high risk areas* (at 31/12/2006)	40,492	8,229	2,338	27,793	5,282	923	85,057	30,821	115,578
HIV prevalence rate	22%	16%	2%	16%	4%	3%	18%	30%	21%
Estimated no. of HIV-positive employees	8,908	1,317	42	4,447	227	24	14,195	9,246	23,442
VCT participation	20,123	6,773	1,639	17,856	3,305	491	50,187	23,383	73,570
% VCT participation	50%	82%	70%	64%	63%	53%	59%	76%	63%
Employees on HIV wellness programmes	4,422	1,069	24	1,399	136	22	7,072	4,531	11,603
% HIV-positive enrolment	47%	81%	57%	31%	60%	92%	48%	49%	49%
Employees on ART	1,999	338	5	688	84	10	3,124	1,474	4,598
% Expected ART uptake (30% of HIV-positive)	75%	86%	40%	52%	123%	139%	73%	53%	65%

* High risk areas: countries with an HIV prevalence rate of >5% of the population.

† Totals for core businesses: HIV prevalence rate 19%, VCT participation 36,375, employees on HIV wellness programmes 5,808, employees on ART 2,443.

GLOSSARY

Term	Description
ADT	Air-dried tonne
AIDS	Acquired Immune Deficiency Syndrome
AOX	Adsorbable organic halides
ART	Anti-retroviral therapy
BAP	Biodiversity action plan
BEE	Black economic empowerment (South Africa)
CAP	Common Agricultural Policy of the European Union
CDM	Clean Development Mechanism
CH ₄	Methane, a highly potent greenhouse gas
COAD	Chronic obstructive airway disease
COD	Total quantity of chemical oxygen demand
CO2CRC	Co-operative Research Centre for Greenhouse Gas Technologies, Australia
CO ₂ emissions conversion factor	Eskom, the South African electricity provider, changed its factor for conversion of electricity used to CO ₂ equivalent emissions in 2005. "This is owing to the use of electricity sold rather than electricity purchased figures to calculate the factor." (Eskom Annual Report, 2005)
CO ₂ emissions from fossil fuels	Carbon dioxide emissions calculated by applying conversion factors to fuel usage volumes
CO ₂ emissions from electricity	Calculated quantity of carbon dioxide emitted in the generation of electricity, which is subsequently purchased by a business unit. Country-specific conversion factors are used in the calculation, unless region or site-specific conversion factors are available
CO ₂ emissions from processes	Carbon dioxide emissions from point or fugitive sources, excluding: <ul style="list-style-type: none"> • carbon dioxide from coal seam gas venting and spontaneous combustion from Anglo Coal South Africa • carbon dioxide from biomass sources relevant to Paper and Packaging • carbon dioxide from the consumption of sulphuric acid in the leaching process relevant to Anglo Base Metals refining processes
CO ₂ e	Carbon dioxide equivalents, which enable the comparison of the impact of various greenhouse gases using CO ₂ as a benchmark, thereby facilitating impact assessment and trading
Contractor	A contractor is any non-Anglo American person who is on Anglo American premises under contract for business purposes or anyone providing materials, personnel or services that directly benefit Anglo American and relate to a contract or sub-contract
Controlled activities	Activities for which the managed operating company can set SHE standards and directly supervise and reinforce their application
CSLF	Carbon Sequestration and Leadership Forum
Currencies	Figures are quoted in both local currency and US dollars, where possible, or in US dollars. Conversions are done at the time of announcing a project or at an average annual rate and are therefore indicative rather than exact
dB(A)	Decibels on the A-weighting scale, a frequency-weighted noise unit widely used for traffic and industrial noise measurement. The A-weighting scale corresponds approximately to the frequency response of the ear and thus correlates well with loudness
DEFRA	UK Department for Environment, Food and Agricultural Affairs
EIAs/SIAs	Environmental impact assessments and social impact assessments
EITI	Extractive Industries Transparency Initiative
Environmental incidents	Environmental incidents are classified as either: <ul style="list-style-type: none"> • Level 1: minor impact, short-term effect • Level 2: moderate impact, medium-term effect • Level 3: significant impact, extensive or long-term effect
Fatal injury	The death of an employee or contractor resulting from a work-related injury
Fondo Esperanza	A Chilean non-governmental organisation (NGO) that grants micro loans and is partnered with Hogar de Cristo, one of the leading NGOs in Chile
FSC	Forest Stewardship Council

Term	Description
GBC	Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria: a business alliance dedicated to combating the global AIDS, TB and malaria epidemics
GHG	Greenhouse gas
GJ	Gigajoules
Global Fund	Global Fund to fight AIDS, tuberculosis and malaria
GRI	Global Reporting Initiative
HAVS	Hand-arm vibration syndrome
HDSA	Historically disadvantaged South Africans – African, coloured and Asian men and women
HIV	Human Immunodeficiency Virus
Hours worked	Total number of hours worked by employees, including overtime and training, excluding leave, sickness and other absences. Includes the total number of contractor hours worked on site during the year
IEA	International Energy Agency
ISO 9001	A quality management systems standard published by the International Standards Organisation
ISO 14001	An environmental management systems standard published by the International Standards Organisation
ICMM	International Council on Mining and Metals
ISRS	International Safety Rating System
IUCN	World Conservation Union
Lost-Time Injury (LTI)	Any occupational injury which renders the person unable to perform his/her regular duties for one full shift or more following the day on which the injury was incurred, whether a scheduled work day or not
Lost-Time Injury Frequency Rate (LTIFR)	The number of lost-time injuries, including restricted work cases, per 200,000 manhours worked
Managed companies	Companies in which Anglo American has management control. These companies are individually responsible and accountable for managing SHE matters associated with their operations
Methane emissions	Quantity of methane generated and emitted to atmosphere from point sources and fugitive emissions, as a result of coal mining activities
REACH	European Union regulation for the Registration, Evaluation and Authorisation of Chemicals
Restricted Work Case (RWC)	An occupational injury which renders the person able to return to work (light duty or light work) but unable to carry out his/her regular duties
SEAT	Socio-economic assessment toolbox
SHE	Safety, health and environment
SHEQ	Safety, health, environment and quality
SO ₂ emissions from fossil fuels	Sulphur dioxide emissions from the combustion of fossil fuels
SO ₂ emissions from processes	Sulphur dioxide emissions from point sources or fugitive emissions
SO ₄ , sulphates	Sulphate is a component of various pollutants such as acid rain and acid mine drainage, generally sourced from the combustion or oxidation of sulphur or substances containing sulphur, e.g. coal or sulphide ores
TB	Tuberculosis
Total energy used	Calculated from electricity purchased, biomass, charcoal and fossil fuels consumed
TSS	Total suspended solids
Value-added	The value added to the materials and services purchased for production
VCT	Voluntary counselling and testing for HIV
Water used for primary activities	Total new or make-up water entering the operation and used for the operation's primary activities. Primary activities are those in which the operation engages to produce its product(s) and include dust suppression within the operational area. This excludes non-contact cooling water used by Mondi
WBCSD	World Business Council for Sustainable Development
Work-related incident	Work-related incidents from controlled activities are reported. An incident is considered work-related if an event or exposure in the work environment caused or contributed to the incident in any way. The work environment includes the employer's premises and any other locations where employees go to perform work-related activities in the interest of the employer

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**Other sustainable development reports that will be published by
Anglo American group companies in 2007:**

Anglo American Chile (Anglo American Chile)	Sustainable Development Report 2006 (April 2007)
Anglo Coal	Reporte de Desarrollo Sustentable 2006
Anglo Coal Australia	Sustainable Coal: Meeting Global Challenges (May 2007)
	Sustainable Coal: Development, Understanding, Practice
Anglo Coal South Africa	Moving Forward Together
AngloGold Ashanti	2006 Report to Society
Anglo Platinum	Sustainable Development Report 2006
Namakwa Footprint	2006 Sustainability Report
Scaw Metals Group	Forthcoming
Tarmac	Constructive Thinking – Report to Society 2006

Reports will be published on the Anglo American website when available or can be located on the websites of the individual companies. Publications can be ordered online at: <http://www.angloamerican.co.uk/investor/reqreport.asp>

Alternatively publications can be ordered from:

Investor and Corporate Affairs Department
Anglo American plc
20 Carlton House Terrace
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Useful websites

Anglo American	http://www.angloamerican.co.uk
GBC	http://www.businessfightsaids.org
GRI	http://www.globalreporting.org
ICMM	http://www.icmm.com
IUCN	http://www.iucn.org
UNAIDS	http://www.unaids.org
UNFCCC	http://www.unfccc.int
WBCSD	http://www.wbcsd.org

Published by Anglo American plc
Designed and produced by Creativity
Printed by Ultra Digital

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