



# Focusing on a sustainable future

- **Engaging**
- **Integrating**
- **Performing**
- **Growing**



**ANGLO  
AMERICAN**

**REPORT TO SOCIETY  
2007**

# Anglo American aims to be the leading global mining company.

We are committed to delivering operational excellence in a safe and responsible way, adding value for investors, employees, governments and the communities in which we operate.

**1. About Anglo American**

- 01 At a glance
- 02 Regional focus
- 03 Core businesses

**2. Sustainable Development**

- 04 Chairman's foreword
- 05 Chief executive's statement
- 08 Strategic developments
- 10 Sustainable development programme
- 12 Reporting
- 14 Targets

**3. Economic Value**

- 16 Governance
- 20 Taxation
- 22 Economic value
- 24 Enterprise development

**4. Human Capital**

- 25 Safety
- 26 Safety improvement plans
- 28 Occupational health
- 30 Developing human resources
- 33 HIV and AIDS
- 35 Housing

**5. Social Capital**

- 36 Engagement
- 37 Socio economic assessment
- 38 External review
- 40 Indigenous peoples
- 43 Corporate social investment
- 45 Community development

**6. Natural Capital**

- 46 Environmental overview
- 48 Water
- 50 Biodiversity
- 53 Energy & greenhouse gas emissions

**7. Manmade Capital**

- 58 Innovation
- 58 Waste management
- 60 Extending responsibility

**8. Data and Assurance**

- 62 Assurance statement
- 64 Data tables
- 70 Glossary
- 72 Contact information

# At a glance

Underlying earnings\*

**\$5.8 bn**

Operating profit\*

**\$10.1 bn**

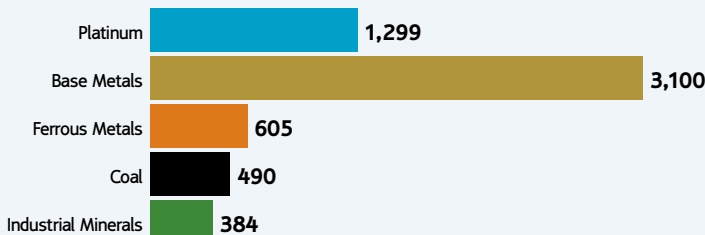
Earnings per share

**\$4.40**

- Record total Group operating profit of \$10.1 billion, up 9% on 2006, with strong performances from Platinum, Base Metals, Ferrous Metals and Industrial Minerals
- Successful mergers and acquisitions and project delivery fuelling growth

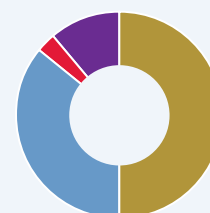
## UNDERLYING EARNINGS

By managed business unit US\$ million



By region %

- Americas 51
- South Africa 36
- Europe 3
- Rest of the world 10

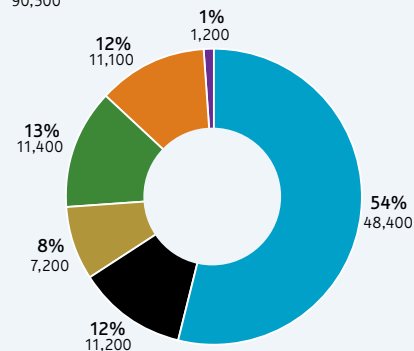


\*Underlying earnings represent Group underlying earnings from continuing operations unless otherwise stated. Basis of calculation of underlying earnings is set out in note [11] to the financial statements in our Annual Report. Operating profit represents Group operating profit from continuing operations and includes share of associates' operating profit (before share of associates' tax and finance charges) and is before special items and remeasurements unless otherwise stated. EBITDA is EBITDA from continuing operations and is operating profit from continuing operations before special items, remeasurements, depreciation and amortisation in subsidiaries and joint ventures and share of EBITDA from continuing operations is reconciled to cash inflows from operations in the financial statements below the consolidated statement of recognised income and expense.

Throughout this report 2002 and 2003 are presented under UK GAAP. 2004, 2005, 2006 and 2007 results are presented under IFRS. Unless otherwise stated, throughout this report '\$' and 'dollar' denote US dollars. Exchange rates used throughout this report are based on a yearly average rate of ZAR7.05 to the \$, £4.99, to the \$, €7.29 and Aus\$1.19 to the \$.

## PERMANENT EMPLOYEES

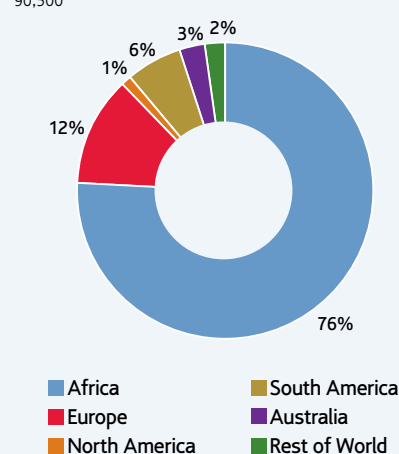
BY MANAGED BUSINESS UNITS  
90,500



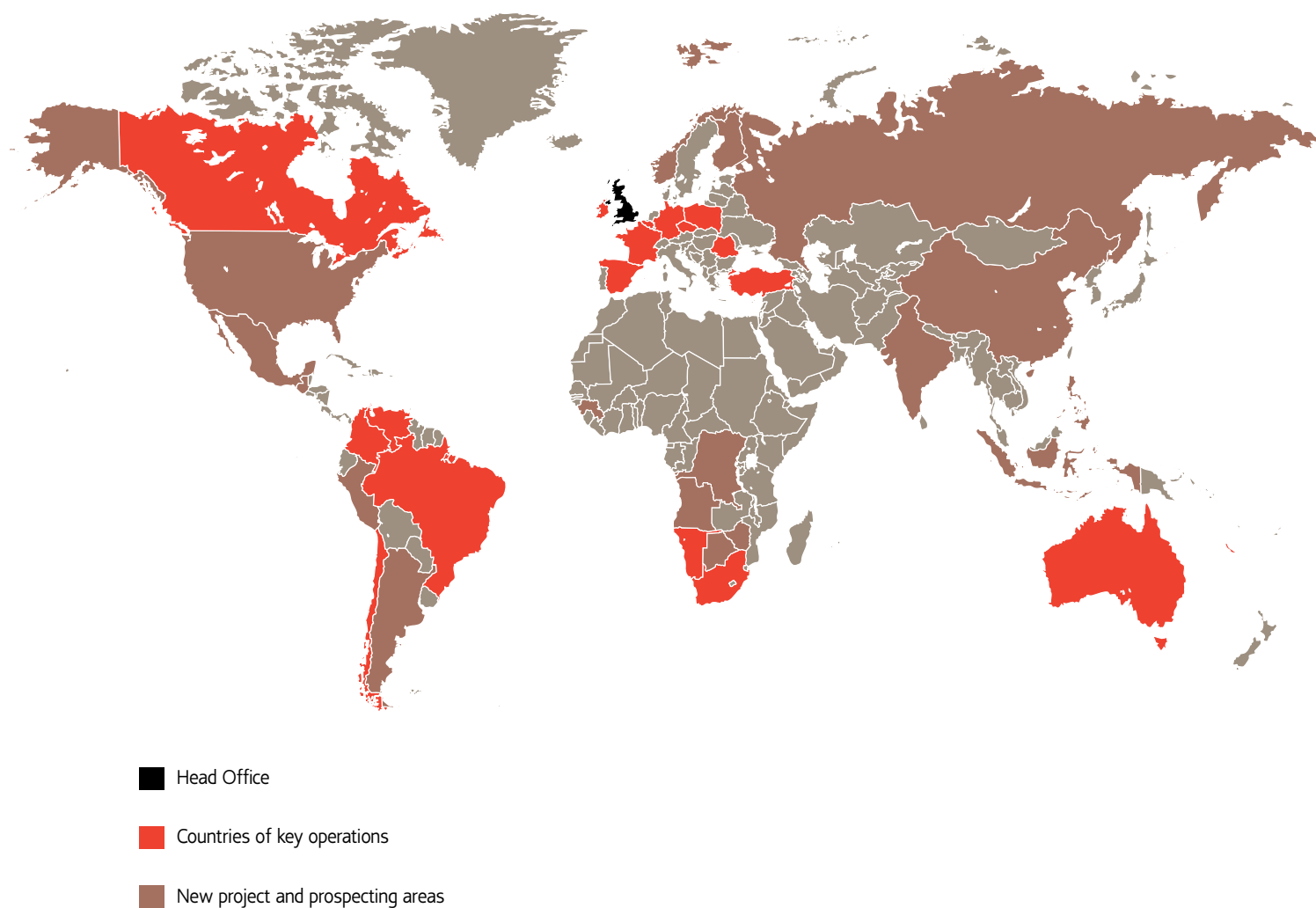
- Industrial Minerals
- Base Metals
- Coal
- Ferrous Metals & Industries
- Platinum
- Head and Regional offices, exploration

## EMPLOYEES BY REGION

MANAGED BUSINESS UNITS  
90,500



## Regional focus





# Core businesses 2007



## PLATINUM

### Business profile

- The world's largest primary producer of platinum, accounting for around 37% 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



## BASE METALS

### Business profile

- Comprises primarily copper, nickel, zinc, phosphates, niobium and mineral sands operations
- Operates in South America, southern Africa and Ireland

### 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



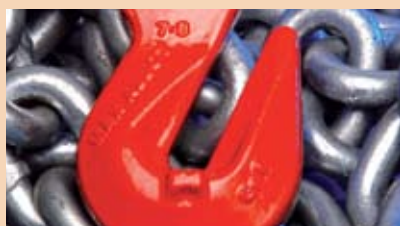
## COAL

### Business profile

- Anglo Coal is one of the world's largest private sector coal producers and exporters
- Its operations are in South Africa, Australia, Colombia, Venezuela and Canada

### Products and uses

- About 40% of all electricity generated globally is powered by coal
- Around 70% of the world's steel industry uses coal and it is also an important fuel for other industries



## FERROUS METALS

### Business profile

- Operations are mainly in South Africa, South America, Canada and Australia
- Iron ore, manganese and steel products used in mining and infrastructure sectors

### Products and uses

- Iron ore is the basic raw material used in steel production
- Manganese is a key component in steelmaking
- Steel products used in construction and most industries



## INDUSTRIAL MINERALS

### Business profile

- Tarmac is the No. 1 UK producer of aggregates and asphalt and a leading producer of ready-mixed concrete
- Its operations are primarily in the UK, Continental Europe and the Middle East

### Products and uses

- Tarmac is involved in the production of crushed rock, sand, gravel, concrete and mortar, lime, cement and concrete products



## EXPLORATION

### Business profile

- Anglo American is currently prospecting in 25 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. During 2007, \$283 million was spent on exploration

## Chairman's foreword

If we are to find solutions for some of the most pressing global challenges – those of climate change, of increasing water shortages and of poverty alleviation – business must take brave, bold steps. The kind of innovation and action we need is most likely to occur when the market sends out strong signals and the regulatory framework is clear.

One of the most important requirements for coherent action to mitigate climate change is the establishment of a price for carbon through trading mechanisms. This will drive the commercial development of technologies such as carbon capture and storage. To make real progress, business urgently needs the opportunity to learn from practical demonstration projects.

### Innovation

Anglo American has been involved in a number of projects of this kind, such as Monash Energy and the FutureGen Alliance. In Australia we are exploring – with Shell – the commercial feasibility of converting brown-coal-to-liquids in combination with carbon capture and storage. We also joined FutureGen to learn more about power generation using clean coal technology. In both cases the current commercial case seems uncertain. Furthermore, while the high prices for liquid fuels will assist commercial viability and are helpful to the economics, the global escalation in the costs of major projects will not.

One can see why it appears that much-needed new technologies are not progressing fast enough. But, if business had good regulatory

frameworks and clear price signals the feasibility might look different. The current uncertainties, combined with rapidly increasing cost in major projects, are a deterrent.

Unless commercially-viable mechanisms are found to capture, sequester and store carbon from coal-fired power generation, and our customers invest in more thermally-efficient generating sets, then the inevitable use of coal to meet growing global energy demand will have a serious impact on the climate.

### Good governance

The issue of regulatory frameworks is of course bigger than both climate change and the corporate sector. They are needed for orderly societal function. As a responsible corporation Anglo American continues to play an active part in voluntary initiatives such as the Extractive Industries Transparency Initiative, the Global Compact, the Voluntary Principles on Security and Human Rights, the Kimberley Process, the Global Reporting Initiative and others.

They are an appropriate response to many of the problems such as corruption, security and human rights and the sometimes bitter past experiences of developing countries at the hands of western companies and developed countries.

Frameworks that have been developed in cooperation with international agencies, labour, NGOs and government seem to have a greater degree of relevance. By proactively working this way, on societal problems and issues, industry is able to inform national approaches and find successful solutions.

### Changing world

In recent years we have seen the emergence of many new resource-focused multinational companies from developing countries. We should welcome the competition. It is good for developing countries. However, all players (old and new) should work within governance frameworks and adopt the voluntary standards hammered out with civil society – so that we don't have repeats of those past events.

As a Group which now has an established reputation for contributing to more sustainable futures for the communities around our operations, we are welcomed into many less familiar geographies with the expectation that we will bring best practice with us. Our approach to tax governance is one aspect of this best practice. We are transparent about all the payments we make to governments and do not enter into what we consider to be aggressive tax

planning but generate shareholder value while upholding our commitments to sustainable development and our business principles.

### Business and development

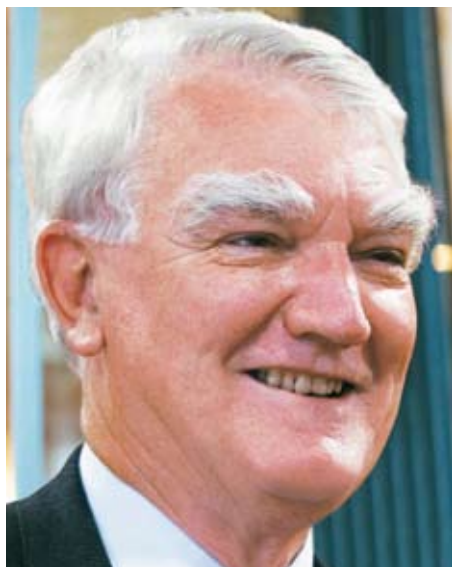
One of the major challenges we still face as a company and a global society is that of poverty, and the need to create meaningful and lasting jobs. Anglo American, and companies like it, can make a major contribution to the development of other enterprises in their areas of operation. This meets one of the most pressing social needs expressed by communities.

Companies need to look at growing opportunities out of the supply chain, and indeed beyond their supply chains. This is not aid, not paying for services, but assisting in generating economic activity which can be self-sustaining after the closure of the operation. It is definitely moving away from community hand-outs to more sustainable enterprise development. We are doing this with Anglo Zimele in South Africa and similar initiatives in South America and are encouraged by the results.

Part of the sustainable development challenge is the need to create stable operations which maximise local employment. To achieve that we are building on our system of scholarships, on-the-job training, bursaries for tertiary study and other methods of improving – at a very practical level – the employment potential for people from neighbouring communities.

There is a very sound business case for this. It reduces resentment and improves both our own business and the supply chain through creating strong local companies capable of competing for opportunities.

Water is the next major issue to which we must respond. For all our operations in South America, Australia and Africa water is a strategic challenge. At new and existing operations we are looking at imaginative ways to reduce water consumption and address the risks related to global climate change and water stress. It is important to demonstrate that we can use it efficiently and enable its reuse after our mining operations. Getting it right will be an essential part of earning our future licences.



Sir Mark Moody-Stuart

A handwritten signature in black ink that reads "Mark Moody-Stuart". The signature is written in a cursive, flowing style.

Sir Mark Moody-Stuart.

# Chief executive's statement



Cynthia Carroll

The *Report to Society* is one of the most important documents produced by Anglo American. It reflects where we have come from as a Group and, even more importantly, where we hope to go in the future, particularly in the broad field of safety and sustainable development.

Our sustainable development programme touches on every aspect of our business.

The *Report* highlights what we are doing to care for and develop our workforce, the way we engage with communities, and the responses we are making to global challenges like climate change, the energy supply crises, biodiversity, water as well as HIV/AIDS and skills shortages.

Anglo American's financial strength provides the underpinning for this programme. In 2007, total Group operating profit reached a record \$10.1 billion, while underlying earnings were up 9% to \$5.8 billion. Moreover, we have a substantial reserve and resource base, complemented by one of the strongest and highest-quality project pipelines in world mining, with projects already under way or approved amounting to \$12 billion, and a further \$29 billion's worth under consideration.

Looking back on my first year as chief executive, I have gained an appreciation of the tremendous sense of values and passion shown by our employees across the Group for taking forward the sustainable development agenda. It is a genuine desire to do the right things and to acknowledge these issues as central to our ability to do business. And, more than that, it is evidence of a "can do" mindset and a willingness to pioneer and break into new territories.

I am hoping that the initiative we call 'One Anglo' will take us even further. 'One Anglo' is not just an empty slogan; it represents a break with the past, where employees operated in discrete business, functional and geographical areas, with little interaction across the business units. Today, we are bringing people closer together and, by doing so, are helping them to share resources and best practices and to develop stronger working relationships to the benefit of the business as a whole.

Core to the future of our Group will be how well we manage our relationships with the multiplicity of stakeholders that are connected in one way or another with our business. This is demanding a much deeper, and more enduring,

level of engagement with governments, communities and other stakeholders around the world. What we are striving for in reaching out to these various constituencies is to achieve 'win-win' solutions for all parties – not just over the lifetime of a mine, but far beyond.

We are now seeing the benefits coming through from our stepped-up approach to government and community engagement. In South Africa, as a result of a number of significant transactions with black owned and managed companies, our procurement spend with black economic empowerment companies and real progress in recruiting black management into the Group, all of our mining licences are expected to be converted to new order mining rights. Anglo Platinum, in particular, has made steady progress in improving its relations with the local communities close to its operations, particularly over the thorny issue of resettlement at the PPRust expansion.

In 2007, we added two significant acquisitions to our copper business – at Pebble in Alaska and Michiquillay in Peru. We are making good progress in establishing a dialogue with the Native peoples and other stakeholders in Alaska, and are encouraged by the positive





*Cynthia Carroll with Archie Myezwa, head of smelting, Anglo Platinum, at the Waterval smelter*

reception we have received from the communities and the government of Peru. Moreover, this kind of engagement is being replicated in other areas of the world such as India and the Democratic Republic of Congo, where we have recently opened representative offices.

In an important new development, we have entered into a Memorandum of Understanding with China Development Bank. The long-term aim is to jointly identify and develop a pipeline of sustainable, natural-resource projects, principally in China and Africa.

Our principles and values are being recognised and teamwork rewarded. Anglo American won a number of awards in 2007 for work in sustainable development, which are described in the *Report*. These awards help reassure us that we are on the right track.

### **Safety**

Improving the safety of our employees, and contractors, in the workplace and while on company business, remains an overriding priority for the Group. I have now visited many sites in the Group, from Alaska to Australia, and been impressed by the efforts that are being made in the safety field.

While there are undoubtedly pockets of excellence – our overall safety record remains deeply disappointing, with the deaths of 40 people at our operations last year.

Safety is in my mind a leading indicator of overall business performance. It is representative of a rigour, discipline and mindset that are essential if we want to achieve outstanding business performance.

### **Performance**

An awful first half in 2007 saw 29 people being killed, with a further 11 deaths in the second half of the year. In response we held two safety summits in 2007, attended by over 100 top managers from across the Group, in an endeavour to try and achieve a real, and lasting shift in mindset that will be reflected in improved safety performance.

Following these summits, we did see real improvements in safety in the second half of the year. We now have significant initiatives to retrain executives and employees, improve risk assessments and implementation of safety standards. In September we achieved our first Group-wide fatality free month in many years.

We are doing everything we can to ensure there are further, sustained, improvements in 2008. We are also reducing the exposure of employees to occupational illness through a variety of technology improvements which reduce noise, dust and vibration.

As a concrete example of this higher profile being adopted on safety, and following a number of fatal incidents, Anglo Platinum took the very significant step of shutting down shafts at the Rustenburg operations. This tough stance on safety caused the Group lost production and revenue – though I am reassured by how much support we have received from stakeholders, including the South African government. The shutdown has allowed Group employees and management, as well as trade unions and the government, to understand just how serious we are about improving safety standards in the Group, and has contributed to all stakeholders in the country's mining industry working more effectively together on safety.

We are working in a global environment and only global standards are acceptable. It is going to be demanding but I am confident that Anglo American will rise to the challenge.

### **Sustainability and strategy**

During 2007 we made significant progress in delivering our strategy to become a more focused global mining company. Mondi was demerged from Anglo American and listed on the London and Johannesburg exchanges in July. We also disposed of our residual shareholding in Highveld Steel, reduced our investment in AngloGold Ashanti to 16.6% by year-end and announced our intention to sell Tarmac.



see also

p10

## ICMM Principle 1

Implement and maintain ethical business practices and sound systems of corporate governance.

## ICMM Principle 2

Integrate sustainable development considerations within the corporate decision-making process.

In addition, we have made significant acquisitions: Minas-Rio iron-ore project in Brazil, Michiquillay copper project in Peru, Pebble copper, gold and molybdenum project in Alaska and the Foxleigh coal mine in Australia.

What we do in the field of sustainable development really matters and is embedded in the company's strategy. As a result of our focus on engagement, relationships and on demonstrating very clearly what we stand for, we are being invited by a number of governments to take up projects in their countries. Governments need companies who are ready to be part of the solution, who will help change the current unacceptably slow progress in reducing global poverty and inequality as well as addressing the health and welfare of the planet and the growing world population. One of the ways Anglo American contributes is through the regular payment of taxes into local economies and the creation of jobs – both directly and by stimulating additional economic activity. We work within a Board-approved tax strategy and are a leader in evaluating and reporting the value we generate through our operations.

**Key challenges**

We start 2008 with new policy frameworks for safety, health and environment and are making good progress with strategic work on water and energy efficiency. We will be reviewing our performance and setting new targets as a result. Increased transparency, higher performance standards and attracting and retaining skilled people are essential to achieving these ever more challenging targets.

The global climate is changing and, with it, an increased likelihood of impact on our operations and increased tensions around water supply and use. It is now urgent and evident that it must be a consideration in everything we do. We operate in some of the world's most arid areas – in the Atacama desert in Chile, in Australia and in the western regions of southern Africa. As a result, we must compete for water resources and account for the full social and environmental costs. To do so successfully means we must be technically innovative and contribute to wider environmental and social solutions such as those we have reported at eMalahleni and Isibonelo in South Africa, in Australia's Hunter Valley and at Mantos Blancos in Chile.

**New approaches**

We continue to take a proactive leadership role in the development of a number of new initiatives designed to ensure that sustainable development principles are part of our

decision-making. Tools have been developed which can incorporate sustainable development thinking when designing and evaluating projects, when planning new mines and preparing for successful closure. These, in addition to the second, more demanding, version of our Socio-Economic Assessment Toolbox (SEAT2) which has received international endorsement, place us in a strong and differentiated position.

**Setting boundaries**

As the sustainable development challenges increase, there is a growing tendency for governments to look to companies to do more and more. There are limits to what we can do. We cannot deliver sustainable development on our own and we will be looking at how we can stretch our contribution to the fullest through partnerships with others. It is not all about Anglo American, it is also about governments and stakeholders and about thinking of our footprint for generations to come. We need to work with communities to help them visualise where they want to be in the future, following the end of life of our mines.

Extending our contribution revolves around the issues of wider economic development. It goes beyond beneficiating raw materials into higher-value products in producer countries and developing supply chains and ensuring a stream of new and empowered employees. We need to make sure, for example, that unskilled women can enter the mainstream economy. And, in our own company, although we have made significant progress in attracting and retaining employees from all groups, we must do much more to bring women into the organisation at every level.

Anglo American has signed and is committed to operating within the International Council on Mining and Metals framework for sustainable development and reporting our performance using the Global Reporting Initiative's G3 guidelines. We are signatories to the UN Global Compact and the Extractive Industries Transparency Initiative and the Voluntary Roundtable on Human Rights and Security.

I believe passionately that Anglo American will become the leading global mining company. We will achieve this by operating in an integrated way as 'One Anglo', by working to maximise value to a range of stakeholders and by delivering industry-leading performance in everything we do.

Our focus on water, energy, employment and supply-chain diversity, on community engagement and social and economic development are all parts of our ongoing licence to operate and are highlighted in the *Report*.

I hope you enjoy reading the *Report* and would welcome your feedback.



Cynthia Carroll  
31 March 2008



Cynthia Carroll with Claudia Gálvez, the first female miner operator at Los Bronces

# Strategic developments

## Strategy

**We continue to pursue the strategy announced in 2005 that the Group will focus on mining and minerals processing in those commodities in which we hold a material market position.**

A major step forward was taken in April with the sale of Highveld Steel. In July, Mondi was demerged from Anglo American and listed as a company on both the London and Johannesburg exchanges. Mondi shares were from that time separately tradable. We now have neither a significant shareholding in Mondi nor any form of management contract.

Key performance indicators for Mondi and Highveld are reported up to their departures from Anglo American. To assist the reader in understanding performance trends we will indicate Group performance with and without these two companies.

It is the intention to sell Tarmac, our UK-based industrial minerals producer, when market conditions are suitable. Until that time it will be reported as usual.

The proposed sale of Namakwa Sands, in which we have a 100% shareholding, to Exxaro has not yet been finalised. As part of the same deal we will sell 26% of Black Mountain and Gamsberg, while retaining the majority of the shares and management control.

During 2007 we further reduced our shareholding in AngloGold Ashanti and at year end held 16.6% in that company.

## Acquisitions

2007 was a year for acquisitions - in Brazil, Peru, Alaska and Australia - and one in which we saw significant progress in a number of projects.

### Peru

In April, Anglo American won the \$403 million privatisation auction for the Michiquillay copper project in Peru. The tender process dedicated the first year to reaching agreement on the development with the community.

### Brazil

Then in July, we purchased a 49% stake in the Minas-Rio project, which will involve the development of an integrated iron ore system, including a mine, a slurry pipeline, and an export terminal, the Port of Açú. A full sustainable development assessment was conducted of the Minas-Rio project.

In January 2008 Anglo American entered into exclusive talks with MMX's majority shareholder to acquire control of the Minas-Rio project and the Amapá iron ore mine in northern Brazil. The deal was agreed in March.



*Kumba Iron Ore's Sishen mine in South Africa's Northern Cape province is currently being expanded. The first expansion project will increase production by 13 million tonnes per annum (Mtpa). Other major projects under consideration could further expand output by 9 Mtpa*

see also

p36

**ICMM Principle**

1

Implement and maintain ethical business practices and sound systems of corporate governance.

**ICMM Principle**

2

Integrate sustainable development considerations within the corporate decision-making process.

**Alaska**

A subsidiary of Anglo American became a 50% partner with the Canadian Northern Dynasty Partnership in a limited partnership with equal interests in the Pebble project in Alaska. To retain its 50% interest, Anglo American will make a staged cash investment of \$1.425 billion. Pebble is one of the world's largest undeveloped copper, gold, molybdenum deposits and, after four years of environmental baseline studies, is still currently the focus of an extensive scientific research programme to gather the technical, environmental, social and cultural information necessary to develop the project responsibly. The deposit has two distinct sections – one of which is suitable for open pit mining, the other for underground methods.

The project aims to complete pre-feasibility studies at the end of 2008, and begin the extensive permitting process in 2009. The target is for commercial production by 2015 at the earliest.

Though on State land designated for mineral resource exploration and development, the Pebble project has attracted the attention of a well-funded opposition campaign on the back of fears that the mine could impact on the area's world class salmon fisheries.

During a visit to Alaska and the Pebble project, chief executive Cynthia Carroll met many Native Alaskans, including residents from the nearby village as well as the Governor, state legislators and business people. She listened to their concerns about potential pollution and the potential impact on the salmon fisheries at Bristol Bay.

Carroll made clear that if the mine cannot be planned in a way that provides proper environmental protections, it should not be built. She gave out a consistent message that the Pebble Partnership's progress would be based on intensive stakeholder engagement and independent expert scrutiny. Pebble will prioritise the recruitment of Alaskans to manage, run and work for the company. The Partnership is now setting up a \$5 million independently-run sustainability fund in collaboration with stakeholders to support community-led initiatives, with a particular focus on the vital issue of fisheries.

**Australia**

In December, Anglo American acquired a 70% interest in the Foxleigh coal mine joint venture in Queensland, Australia. The current joint venture partners, the Korean steel company POSCO and



*Work is well underway on Anglo Coal Australia's Lake Lindsay project, which represents an important phase in the development of the German Creek mine complex at Middlemount in central Queensland. The Lake Lindsay deposit was purchased in 2003 as part of Anglo Coal's strategy to expand the German Creek complex. The project will extend mine life from 2016 to at least 2030. German Creek currently incorporates three underground operations, a coal handling and preparation plant and open-cut operations*

the Japanese trading and mining investment company ITOCHU will hold 20% and 10% interests respectively. The mine adjoins Anglo Coal's Capcoal (German Creek) operations.

**Project developments**

A number of projects that will either extend the life of mines or increase production have been approved. The \$1.5 billion Barro Alto nickel project, reported previously, is on track for production by 2010. The \$1.7 billion expansion of Los Bronces copper mine in the Chilean Andes was approved in November.

The Quellaveco Project in Peru is currently the subject of a revised feasibility project, which is likely to be submitted for Board approval in 2008.

The \$505 million Zondagsfontein coal project in South Africa was approved in December. It is the first major project for Anglo Inyosi Coal (AIC), a black economic empowerment company jointly

owned by Anglo Coal (73%) and Inyosi (27%). The project will deliver 6 million tonnes per annum over 20 years, half of which will be thermal export coal and half for the domestic market. A washing plant will be a 50/50 joint venture between AIC and BHP Billiton. Construction will start early in 2008, with production in 2009. The project will create employment for more than 1,000 people when completed.

A \$837 million expansion of Anglo Platinum's Twickenham project was approved in January 2008. It will expand the existing mine and develop operations on the UG2 reef.

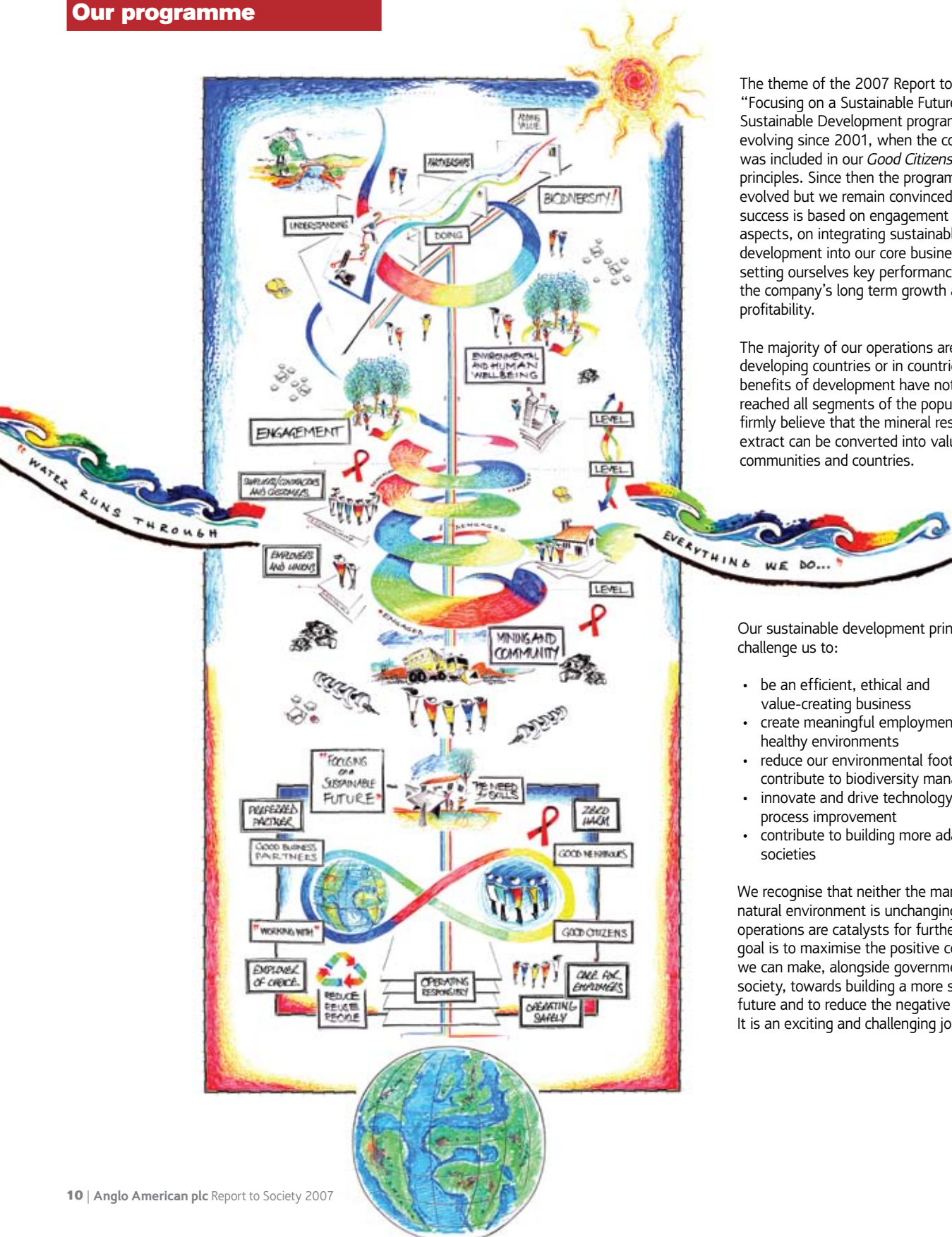
**Xiwan**

Anglo Coal's most advanced project in China is Xiwan, in Shaanxi Province. Approval for the project was received in 2006, after three years of exploration. A prefeasibility study is being conducted into the development of a 12 million tonnes per annum open-cut mine and associated chemical conversion park. Anglo Coal has established a co-operative joint venture (CJV) to conduct the development of the project.



# Sustainable development programme

## Our programme



The theme of the 2007 Report to Society is "Focusing on a Sustainable Future." Our Sustainable Development programme has been evolving since 2001, when the commitment was included in our *Good Citizenship* business principles. Since then the programme has evolved but we remain convinced that its success is based on engagement over key aspects, on integrating sustainable development into our core business practices, setting ourselves key performance targets and the company's long term growth and profitability.

The majority of our operations are in developing countries or in countries where the benefits of development have not uniformly reached all segments of the population. We firmly believe that the mineral resources we extract can be converted into value for these communities and countries.

Our sustainable development principles challenge us to:

- be an efficient, ethical and value-creating business
- create meaningful employment in safe, healthy environments
- reduce our environmental footprint and contribute to biodiversity management
- innovate and drive technology and process improvement
- contribute to building more adaptable societies

We recognise that neither the manmade nor the natural environment is unchanging and that our operations are catalysts for further change. Our goal is to maximise the positive contributions we can make, alongside governments and society, towards building a more sustainable future and to reduce the negative impacts. It is an exciting and challenging journey.



see also

p37

**ICMM Principle 2**  
 Integrate sustainable development considerations within the corporate decision-making process.

**ICMM Principle 10**  
 Implement effective and transparent engagement, communication and independently verified reporting arrangements with our stakeholders.

## Reporting on Sustainable Development

The Anglo American Group structure includes a range of wholly-owned or controlled interests, an increasing number of joint-ventures and partnerships and a number of significant investments in natural resources companies. Our shareholding in subsidiary interests, and our ability to impact on those companies, varies significantly.

For the purposes of managing and reporting our sustainable development programme, our focus is on those companies in which we are the owner or majority shareholder and where we hold a management contract. The boundary protocol we use is in line with the GRI.

This report is prepared in accordance with the Global Reporting Initiative's G3 guideline and the mining sector supplement.

### What's in

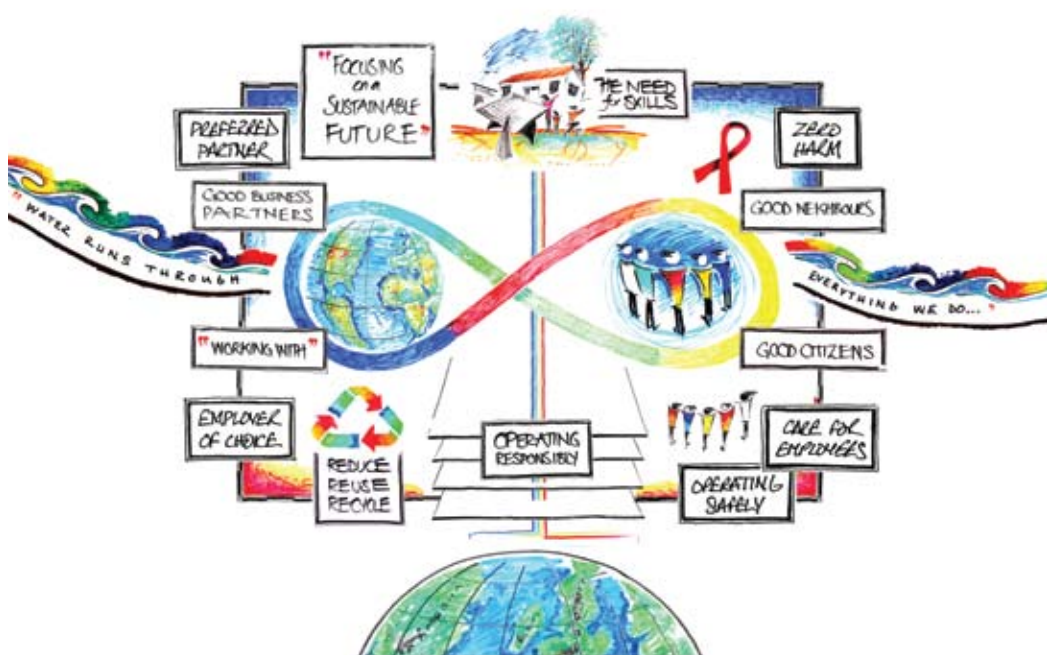
This Report to Society therefore provides a detailed view of policy, strategy, management approaches and the performance of our wholly-owned or majority owned companies:

- Anglo Base Metals
- Anglo Coal
- Ferrous Metals and Industries, which includes Scaw Metals and Vergelegen
- Anglo Industrial Minerals (Tarmac)
- Anglo Platinum (76% shareholding)
- Kumba Iron Ore (63.4% shareholding)

Companies we sell are reported on until their departure from the Group. New acquisitions are reported on from the point of acquisition but are given a grace period during which to align their systems. Exploration and project sites report on key indicators such as safety from the outset and are fully incorporated from the start of production.

### What's not

The contributions of investments, associates in which we have neither a controlling share nor a management contract (AngloGold Ashanti, De Beers and Hulammin) are incorporated only into financial numbers – in accordance with the International Financial Reporting System guidelines. When material issues, related to the sustainable development agenda, are raised about companies with which we are associated we will, however, provide a narrative account of the issue, even when we are neither the managers nor the controlling shareholder.



Both AngloGold Ashanti and De Beers produce sustainable development reports, which are available on their websites.

### Purpose and audience

The Report to Society is our primary response to multiple codes of practice and expectations from stakeholders. It demonstrates our commitment to the International Council on Mining and Metals' sustainable development framework, is a key demonstration of our work in addressing the principles of the Global Compact as well as our work within the Extractive Industries' Transparency Initiative and the Voluntary Principles on Security and Human Rights.

The target audience is varied but includes managers from around the Anglo American Group, a significant number of academics and students who use the report regularly, shareholders, interested and affected members of the public, opinion formers and analysts from the sustainable development and investment communities. Operation-specific reports provide a more detailed overview for local communities.

### Engagement on reporting

We engage extensively with a variety of stakeholders on our Report to Society to ensure we meet the requirements of materiality, responsiveness to stakeholder concerns, balance and completeness.

During 2007, these engagements included the annual meeting of the Anglo American chairman, chief executive and senior decision-makers, with analysts to discuss the sustainable development programme and report. Around 35 analysts attended the briefing in London with more joining the session via a live webcast.

Analysts asked questions about the safety programme, our plans, the potential impact of technology upon human resources requirements and the cost of the sustainable development agenda.

We receive regular written feedback from readers, from students at various institutions that use our report as part of their study material, and through engagement and feedback from a variety of indices such as the Dow Jones Sustainability Index, the Business in the Community Index in the UK and the Johannesburg Securities Exchange's SRI index. We are one of very few companies that have consistently been ranked a top performer by the SRI index.

In addition, we engage regularly with NGOs and opinion leaders, participate actively in the work of the Global Reporting Initiative and hold regular focus groups and dedicated sessions in which we invite feedback and participation. Opinion leaders in the social field in London,

# Reporting

for example, requested more focus on new projects. They also challenged us to provide more analysis of critical issues without overburdening the reader with excessive length. They raised the issue of demonstrating engagement down to community level and of engaging effectively on global concerns.

The risks we face and the issues of major concern to stakeholders do not change dramatically from year to year although, of course, new issues and concerns surface over time. This has seen this report evolve from a typical safety, health and environment report to one which includes governance, ethics, human rights issues, a greater focus on the company strategy and future projects.

In the past we have participated in the ground breaking study of Mining Minerals and Sustainable Development. We previously conducted our own year-long internal assessment of sustainable development risks and opportunities.

## Self declaration

In our own assessment we have achieved an A+ level of compliance with the GRI G3 reporting guidelines, and had this checked by a third party. Our report also reflects our compliance with the ICMM Framework Principles and the Global Compact. A reporting index will be published on our website.

## Assurance on this report

PricewaterhouseCoopers were contracted to provide assurance on this report. Their brief was to provide us with reasonable assurance on selected safety, health, environment, and social indicators. Their view is based on visits to key sites during the third and fourth quarters, a review of our sustainable development database, our internal electronic information portal and conversations with responsible staff at operational, divisional and corporate levels. Their letter of assurance, which details the sites visited and the indicators examined as well as the methodology they employed, is published on page 62.

## Policy update

A number of important policies were updated in 2007, and have been formally linked to management systems and performance standards in safety, health and the environment. A similar document setting out social policy and standards and an overarching sustainable development framework will be published in 2008. Our energy policy is currently being reviewed and a process to develop a water strategy is underway.

In addition, the Group continues to work in close collaboration with bodies such as the International Council on Mining and Metals and the World Business Council on Sustainable Development to create dialogue around key issues and develop forward looking tools and methodologies that enable us to promote and contribute to sustainable development.

Those policies and guidelines that are in the public domain will be made available through the Anglo American website.

## Safety, Occupational Health and Environmental Management in Anglo American

### SAFETY

### OCCUPATIONAL HEALTH

### ENVIRONMENTAL MANAGEMENT

#### OUR VISION



Our vision is to achieve Zero Harm through effective management of safety in all our managed operations.

We believe our people are our key asset and we do not accept that it is necessary for people to be injured whilst working for us. All employees should be able to return home fit and well at the end of each shift.

We believe that one injury is one too many.

Our vision is to achieve Zero Harm and a healthy and productive workforce through the effective management of occupational health risks in all our managed operations.

We believe our people are our key asset and we do not accept that it is necessary for people to be made ill whilst working for us. All employees should be able to return home fit and well at the end of each shift.

Our vision is to minimise harm to the environment by designing, operating and closing all of our operations in an environmentally responsible manner.

#### OUR PRINCIPLES



All injuries and occupational illnesses are preventable

All occupational illnesses are preventable

We shall apply the mitigation hierarchy of avoiding, minimising and mitigating environmental impacts arising from our activities, products and services



All necessary steps are taken to learn from incidents in order to prevent recurrence

Learn from our monitoring of exposure and surveillance of disease incidence and use this information to prevent the occurrence of occupational disease

All necessary steps will be taken to learn from environmental impacts, incidents, audit findings and other non-conformances, to prevent their recurrence



Safety standards and rules are consistently applied throughout the Group

Health standards and rules are consistently applied throughout the Group

Common, non-negotiable Environmental Management and Performance Standards and procedures shall be applied throughout the Group as a minimum requirement

see also

p37

**ICMM Principle 2**  
Integrate sustainable development considerations within the corporate decision-making process.

**ICMM Principle 4**  
Implement risk management strategies based on valid data and sound science.

**ICMM Principle 9**  
Contribute to the social, economic and institutional development of the communities in which we operate.

## Planning Sustainable Outcomes

In recent years we have developed a number of ground-breaking methodologies to assist us in contributing to sustainable development. We want to enable all employees to support our commitments to sustainable development daily through their normal function – whether that is financial, planning, designing or managing operations.

For us sustainable development encompasses:

- the natural capital which we extract and process, the land, landscapes and biodiversity we manage and any natural resources we use or transform
- the human capital of our employees, their development, their health and their safety
- the social capital of neighbouring communities, countries and society
- the manmade capital which we contribute to through research and development, infrastructure, technology, manufacturing and delivering products that are needed by society
- the financial capital we generate by being a profitable and sustainable business, by employing people, paying taxes and creating wealth

In addition to the Socio-Economic Assessment Toolbox (SEAT) which was developed some years ago and enhanced in 2007, we have developed a set of project design and evaluation tools to enable triple bottom line decision making at either project or technology level, an integrated sustainable development planning process and a mine closure toolbox both described below.

### Design and evaluation of projects

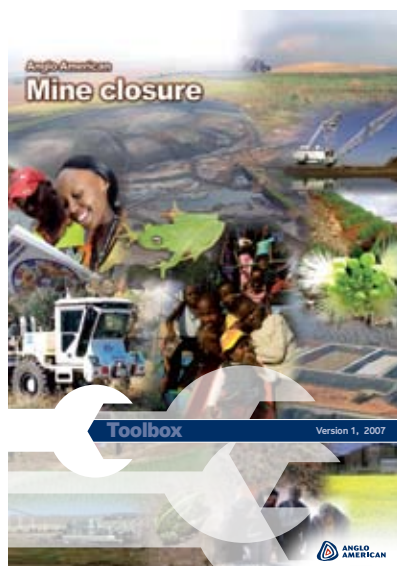
One of the key challenges for project designers is to know from the outset how social and environmental considerations could affect the bottom line or change a design. We have worked with world-class engineering consultants to develop this approach and have now trained about 50 engineers in its use. This provides project planners with the tools to enable qualitative and quantitative information to be factored into feasibility and investment proposals in a way that is graphic and powerful.

### Integrated planning

Mafube colliery is Anglo Coal South Africa's newest mine. It was established in 2004 as a 50/50 joint venture with Eyesizwe Coal, now part of Exxaro. It is currently supplying

1.2 million tonnes per annum (Mtpa) to Eskom's Arnot power station, and is being expanded to enable production of a further 3Mtpa of export coal. It has also become the pilot site for a new style of mine planning which incorporates sustainable development considerations in the design phase.

Because of the real benefits of addressing sustainable development issues early, specialists from Anglo Technical Division working with the corporate sustainable development team, have created an integrated sustainable development planning approach which will guide management from planning through to closure.



The aim of the planning process is to enhance the contribution a mine can make to sustainable development by looking both at the specific location as well as the opportunities and challenges presented by the wider region.

The departure point is a State of the Environment Report that describes the wider context within which the mine is located. It also reviews the objectives contained in existing local economic planning documents developed by authorities. An expert panel then guides the selection and prioritisation of those sustainable development objectives of most relevance to the mine.

The whole process provides a framework for specific action plans to address key challenges so that the mine can begin contributing from the outset to a more sustainable local future.

The Sustainable Development planning approach is being refined based on the experience gained from the pilot at Mafube and elsewhere. During 2008 a guidance document will be published and the process rolled out.

### Mine closure

Even before its official launch, Anglo American's ground breaking Mine Closure Toolbox is being used by 15 operations to help them with the challenge of preparing for effective mine closure.

Proper closure planning helps to reduce clean up liabilities and to ensure that economic development that flows from mining activity is sustained into the long term. It is also essential because past and current performance impacts on our success in gaining future access to land and permits to operate.

Mining has long played an important part in human development. Sadly, though, what many people outside of the industry remember most is its history of unrehabilitated mines, environmental pollution and social problems. This is not the way we do business and we have worked with other industry leaders to champion responsible practice.

The innovative Mine Closure Toolbox was developed by Anglo Technical Division in conjunction with the Anglo American sustainable development programme. It is designed to be used from the outset of mine planning so that as we plan to open a mine we simultaneously plan for successful closure. But, it can also be used for existing mines.

The outcome is a properly documented closure plan that can be adapted as circumstances change, working iteratively towards a fully costed plan as closure draws nearer.

Successful closure can be measured. It means the company will know in advance and be able to plan for its residual financial, social and environmental liabilities. The mine will have an action plan that leads to a closure permit that allows us to close responsibly and not leave a negative legacy. The outcome must be acceptable to authorities and communities. It must provide sustainable and workable solutions, suited to the area and the local capabilities.

The Mine Closure Toolbox is designed to be used with other Anglo tools, such as the stakeholder engagement and socio-economic assessment tools contained in SEAT2.

## Targets

Focus	Our goals for 2007		Our performance	2008 and future targets
<b>Safe work environments</b> <b>Page 25</b>	<p>Work without fatal injuries and minimise work related injuries</p> <p>Reduce LTIFR by 40% to 0.94 (200,000 manhours)</p>	<p>✗</p> <p>✗</p>	<p>40 people died in our operations during 2007 (44 in 2006) - 25 employees and 15 contractors. Safety improved significantly in the second half of the year</p> <p>LTIFR for core businesses was 1.26, 20% down from the 1.58 in 2006, but less than the target reduction of 40%. The figures for the first and second halves of the year were 1.47 and 1.05 respectively</p>	<p>Our target must remain at zero. All businesses have renewed Safety Improvement Plans to drive towards Zero Harm</p> <p><b>0.84</b> This represents a 35% improvement on the levels achieved during 2007</p>
<b>Healthy work environments</b> <b>Page 28</b>	<p>Ultimately eliminate occupational disease and health impairment due to workplace health hazards</p>	<p>✗</p>	<p>177 new cases (856 in 2006). The occupational illness rate is much reduced at 0.14/200,000 manhours (0.66 in 2006) largely as a result of a Group-wide re-basing of noise induced hearing losses in 2005 and 2006</p>	<p>Implementation of the Anglo Occupational Health Way. Reduce exposure at source, and define, record and report health exposure 'incidents'. Ultimately eliminate occupational disease and health impairment</p>
<b>HIV and AIDS</b> <b>Page 33</b>	<p>70% counselling and voluntary testing in high disease burden countries</p>	<p>✓</p> <p>⚠</p>	<p>The average uptake of HIV testing across all business units in southern Africa was 71%</p> <p>69% of HIV positive employees in high risk countries estimated to be enrolled in care, support and HIV disease management programmes</p>	<p>The VCT target for 2008 is 75% in high disease burden countries</p> <p>Enroll 75% of the estimated HIV cases in our HIV disease management programmes in 2008</p>
<b>Diversity</b> <b>Page 31</b>	<p>Progress towards greater diversity Group-wide. 10% women in mining target for South Africa diversity</p>	<p>✓</p>	<p>42% HDSA's in South African management – 17% women. Group-wide 15% of managers are women. Progress in Brazil and Chile and Australia beyond legal requirements</p>	<p>Establish, achieve or exceed various national goals. Go beyond compliance</p>
<b>Local procurement and enterprise development</b> <b>Page 19</b>	<p>Progress towards national targets and extend activity to other countries</p>	<p>✓✓</p>	<p>R17,3 billion (\$2.5 billion) spent on BEE procurement in 2007 (\$1.8 billion in 2006) in South Africa. Enterprise development programme in Chile</p>	<p>Achieve or exceed various national goals. Extend enterprise development programmes in South America. Set targets for local procurement</p>
<b>South African Mining Charter</b> <b>Page 19</b>	<p>Meet Mining Charter targets ahead of 2009 deadlines</p>	<p>○</p>	<p>We are awaiting final confirmation that conversion to new order mining rights has been granted ahead of the 2009 deadline</p>	<p>We intend to meet and exceed compliance</p>
<b>Communication and corporate climate</b>	<p>Repeat Group communication survey in 2007</p>	<p>✗</p>	<p>Progress made in relation to safety but further work to be undertaken in 2008</p>	<p>Communication survey held over until 2008 pending completion of branding strategy</p>
<b>Sustainable development integration into business model through guidelines and practices</b> <b>Page 13</b>	<p>Complete Mine Closure Toolbox Closure plans for all managed operations will be regularly updated and fully costed</p> <p>Sustainable Development guideline for planning capital projects and appraisal of investment proposals</p> <p>Integrated Mine Planning Framework</p> <p>Focus on implementation for REACH and roll out material stewardship approaches</p> <p>Hold supplier workshops and capacity building within procurement teams</p> <p>Review policies and guidelines, specifically including environmental standards for air quality and water. Create integrated sustainable development framework</p>	<p>✓✓</p> <p>✓</p> <p>○</p> <p>○</p> <p>○</p> <p>✓</p>	<p>Mine Closure Toolbox completed, piloted on 15 sites</p> <p>Design and evaluation tools complete. Training given to 20 engineers</p> <p>Being trialled at two mines</p> <p>All business units have undertaken risk assessments and have engaged with their customers and other members of the commodity value chain</p> <p>Platinum pilot programme conducted and reviewed along with commodity focused scorecards. Supply chain segmentation model developed</p> <p>New policy statements and management frameworks for safety, health and environment completed. Social framework underway</p>	<p>Ensure appropriate provision is made for planned and premature closure. Extend use of all tools to further sites</p> <p>Refine investment appraisal guideline for use in acquisitions and roll out</p> <p>Complete framework</p> <p>Finalise participation in commodity consortia and manage risks and opportunities for registration phase appropriately</p> <p>Progress from segmentation model to Group-wide implementation</p> <p>Publish final version of Environment Way, performance standards and supporting guidance documents. Finalise the Social standards</p>



✓ Target achieved	○ Ongoing
✗ Target not achieved	✓✓ Exceeded target
	△ New target

Focus	Our goals for 2007		Our performance	2008 and future targets
<b>Transparency reporting and corruption prevention</b> Page 16	Raise profile of Speakup and reactivate in France and Germany	✓	Speakup has been reintroduced to Tarmac operations in France and Germany	Ensure quality of follow-up on Speakup issues. Speakup will be subject of a promotional campaign during 2008
<b>Corporate citizenship and community issues</b> Page 36, 43	Finalise human rights policy and guidelines  Support implementation of security and human rights guidelines where appropriate  Formalise and continue SEAT application. Evaluate impact of SEAT implementation. Carry out assessments at 10 operations	✗  ✓	Continued with implementation programme in 2007  Active participation in international round-table process. Human rights added to SEAT2 tools  SEAT1 implemented at 55 sites by end 2007. Independent evaluation undertaken. 200 people trained and SEAT2 launched. SEAT assessments now required every three years for all businesses	Finalise human rights policy and guidelines. Reinforce understanding and implementation. Provide further training  Continuously improve use and content and test outcomes
<b>CO<sub>2</sub> emissions and energy efficiency</b> Page 53	A 15% improvement in energy efficiency by 2014 from 2004 baseline  A 10% reduction in carbon intensity - CO <sub>2</sub> emissions per unit of production - will be delivered by 2014  Finalise definitions, reporting boundaries and determine the CO <sub>2</sub> relating to transport	○  ○  ✗	New methodology developed and piloted to improve energy management and reporting   2005 emissions related to the transport of product and air travel were assessed and reported in 2006. No further assessment undertaken	Analyse and improve metric, performance and methodology for monitoring and measurement. Review targets  2008 transport emissions, including air travel, to be reported. Determine materiality and risk
<b>Water</b> Page 48	Site specific water efficiency targets to be set in water stressed areas	○	Site specific examples in the Report. Progress made on water strategy and quantitative management model	Ongoing development of water balances and performance management metrics. Set clear targets in 2008 and finalise water strategy
<b>Biodiversity</b> Page 50	Ten sites to be reviewed in 2007. Continue to integrate biodiversity into ISO 14001 management system  Review Group exposure to protected areas	○  ○	Two Tarmac quarries were not reviewed in 2007 as a result of due diligence exercises. Only eight sites were therefore reviewed. A third party review was completed by FFI at Codemin  In 2005/6 we completed a detailed assessment of the extent to which our work might affect protected areas	Ten sites to be reviewed in 2008  This is due to be repeated in 2008, and every two years thereafter
<b>Waste management</b> Page 58	Manage against 2006 baselines  Complete and apply expanded tailings guideline document to include waste rock, heap leach pads, backfilling and slag disposal	○  ○	Site specific waste management and reduction targets in place for non-mining waste and reported as case studies  Substantial progress	Study waste streams at Group operations and set appropriate Group recycling and reduction targets. All sites to segregate waste streams and set recycling targets  Finalise in 2008 and publish as a performance standard in the Environment Way
<b>Management systems and reporting</b> Page 25, 28, 46	All mining, quarrying, minerals processing and industrial sites maintain certification	✓	93% of sites have OHSAS 18001 certification 94.5% of sites have ISO 14001 certification (equates to full certification due to new sites)	It remains our policy that all our operations have S, H and E management systems that are certified to international standards. New acquisitions and operations are required to be certified within two years
<b>Air quality</b> Page 46	Inclusion of SO <sub>2</sub> and other emissions from fossil fuels in Group reporting	○	A level of significance linked to the Europe Pollutant Release and Transfer Register (E-PRTR) of 150 and 100 tpa has respectively been adapted for SO <sub>2</sub> and NO <sub>x</sub> . The number of significant sites have dropped from 29 to 14 following disposals in 2007	Determine reporting protocol as emissions are not materially significant for the Group, but locally important for specific operations

# Governance and transparency

## Corporate Governance

**Anglo American is fully compliant with the UK's Combined Code of Corporate Governance and reports in accordance with several international norms, including the International Financial Reporting System and the UK Generally Accepted Accounting Practice.**

The Board is chaired by Sir Mark Moody-Stuart. There are seven independent non-executive Board members and two directors - Nicky Oppenheimer and Bobby Godsell, former head of AngloGold Ashanti - who are not independent in terms of the Combined Code. The two executive directors are Cynthia Carroll, who took over from Tony Trahar as chief executive on 1 March 2007, and Rene Medori, the finance director. Dr Mamphela Ramphele is the only female independent non-executive Board member. Both Dr Ramphele and Fred Phaswana are from South Africa. The Board composition is fully described in the Annual Report and on our website.

During the year former chief executive Tony Trahar, David Hathorn, Simon Thompson and Ralph Alexander left the Board. Bobby Godsell will retire at the AGM in April 2008 when Sir CK Chow will be proposed as a new member. Sir CK was knighted in 2000 for his contribution to industry. He is a member of several boards including Standard Chartered plc. He is the non-executive chairman of Standard Chartered Bank (Hong Kong).

The Board met seven times during 2007 and visited Chile, South Africa and Australia. On these occasions Board members visit key operations and are given the opportunity to

understand the key challenges and opportunities, to meet with operational staff and to engage with stakeholders.

The Board has subcommittees responsible for Audit and Reporting Integrity, Remuneration and Nominations as well as Safety and Sustainable Development. The Safety and Sustainable Development subcommittee, chaired by Dr Chris Fay, met four times. The members and their attendance in 2007 were:

- Sir Mark Moody-Stuart (all)
- Bobby Godsell (all)
- Mamphela Ramphele (3)
- Peter Woicke (2)
- Ralph Alexander (2, retired in 2007), and
- Cynthia Carroll (2, following appointment).

Other governance structures include the chief executive's committee (CeCom) which is the primary coordinating management body. It implements strategies, monitors results, establishes best management practice and prioritises the allocation of resources. It consists of Cynthia Carroll, Rene Medori, Russell King, head of human resources and business development, and Tony Redman, technical director.

The CeCom is joined by the heads of business units to form an executive committee. This has taken over the role of the Sustainable Development Council, which met previously to provide strategic leadership to the function.

A Sustainable Development Forum of professionals representing each business unit and key corporate functions, meets four times a year to inform strategy, recommend targets and policy and share knowledge.

### Governance and compliance

All employees and regular or significant suppliers must comply with our Good Citizenship Business Principles. Each year business unit leaders provide the chief executive with letters of assurance on performance, risks and opportunities in sustainable development and adherence to the business principles.

In addition, we provide an independently run, global, "speak up" whistleblowing facility to support compliance. In 2007 we undertook a Group-wide internal audit of the enforcement mechanisms and awareness of the business principles. This reached positive conclusions about the links between the principles and policies. A wide range of internal and external stakeholders is currently reviewing the principles.



Ben Magara, head of Anglo Coal South Africa, left, explains the technology of the eMalahleni water treatment plant to Board members David Challen, Sir Rob Margetts, and Sir Mark Moody-Stuart

see also

p37

**ICMM Principle 1**  
 Implement and maintain ethical business practices and sound systems of corporate governance.

**ICMM Principle 3**  
 Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities.

**ICMM Principle 4**  
 Implement risk management strategies based on valid data and sound science.

### Blowing the whistle

During 2007 we received 230 alerts (167 in 2006\*) via the independently run 'speak up' whistle-blowing facility, which is available in appropriate languages in every country where we operate. The system was inadvertently disconnected for a period in Chile in 2007, but has been restored. The legal concerns in 2006 about operating an anonymous facility in France and Germany have been resolved and we now, once again, have global coverage.

Many of the 2007 alerts are attributable to a misunderstanding about the rules for a profit share allocation at our Copebras Brazilian phosphate company. More than 180 alerts have been closed following investigation. Of these, 110 were either not proven or proved to be false and 28 resulted in management action. Examples of the issues raised include a human resources manager engaging in irregularities in respect of appointments, which resulted in his dismissal, theft, fraud, misuse of company accommodation, assault, and concern about reckless driving.

In 2007, 567 employees, of which 37 were managers, were dismissed for breaches of the business principles (compared with 540 in 2006). A further 1,341 were the subject of disciplinary action, of which 48 were managers. We terminated the contracts of 99 suppliers or contracting companies for breaches of the principles (compared with 175 in 2006 and 15 in 2005). We are encouraged that the system appears to be working and will be reinforced by other supply chain initiatives currently underway.

### Political donations

No political donations were made in 2007. Anglo American has an established policy of not making donations to any political party.

### Corruption and transparency

Anglo American continued to play an active role in the Extractive Industries Transparency Initiative (EITI). It is one of two mining sector representatives on the Board. Our chairman and our chief executive have both been involved through advocacy.

Company employees were subjected to substantive pressure to pay bribes to public officials in one country in Latin America and two in Africa.

### Government relations

Common themes for our interaction with governments in 2007 included equitable levels of tax and royalties, maximising the development impacts of mining, infrastructure bottlenecks and the need for science-based environmental protection. Mining taxation continues to be an important issue in many countries.

There has been intensive engagement around the South African Mineral and Petroleum Resources Royalties Bill in South Africa. The royalty rates for iron ore and the potential for

double royalties being payable - to traditional owners and the government - still require resolution. However, there is now a more workable proposal which will result in higher payments when prices are high and reduced payments at the bottom of the cycle.

A Group Government Relations Council was established late in 2007 to improve how we engage on public policy issues and manage political risk. It consists of a senior representative from each business unit, from each of our major countries of operation and from key corporate functions.

#### POLICY-RELATED INTERACTIONS WITH GOVERNMENTS IN 2007

Argentina	Unilateral expansion of parklands in Mendoza Province
Australia	Carbon capture and storage; climate change; potential pipeline projects over mining properties, clean coal levy and infrastructure issues
Brazil	Mining royalty, environmental compensation arrangements for new projects, Minas-Rio project
Canada	Climate change and First Nations issues
Chile	Amendments to labour law relating to contract workers, promotion of women in mining, enterprise development, Los Bronces expansion
China	Improvements to investment climate for mining relating to the Investment Catalogue, the draft Mining Law, HIV/AIDS, tax issues
Colombia	Mining and sustainable development (Exploration), taxation on export coal (Cerrejón)
EU	Implementation of REACH, Waste Incineration Directive, EU IPPC Directive review, climate change/emissions trading
Germany	African development issues (G8)
Guinea (Conakry)	Establishment of exploration venture
Namibia	Royalties regime
Peru	Legal framework and structure of social trust funds (Fideicomisos), Michiquillay Transfer Contract Agreement, changes to mining laws, ICMM resource endowment study
Philippines	Access to exploration properties in military reserve, operation of Financial and Technical Assistance Agreements
South Africa	Conversion of mineral rights and requirements of Mining Charter, draft bills and amendments on beneficiation, royalties, mining rights, Black Economic Empowerment Codes of Good Practice, land restitution, water and energy issues, enterprise development, maths and science teaching, science and technology
UK	EU Mine Wastes Directive, Substitute Fuels Protocol, emissions trading, EITI, proposed planning gain supplement, building regulations
USA	Pebble Project (State of Alaska and the US Federal government)
Venezuela	Alleged breach of mining concession conditions
Zimbabwe	Reform of Mining Laws, development of Unki project

(\*Number restated following an internal review)



*From left: Dr Chris Fay, Dr Mamphela Ramphele and Peter Woicke, all members of the Safety and Sustainable Development Committee. Dr Fay chairs the committee*

At an international level, we work with other companies through the ICMM, commodity associations and groups such as Euromines and Eurometaux. During 2007 we directly approached the German Presidency of the G8 and the G20 meeting in South Africa on issues relating to African development and the extractive sector. We made presentations on beneficiation and the investment outlook for mining to the Inter-Governmental Forum on Mining, Minerals and Metals and Sustainable Development, hosted by UNCTAD.

### **Litigation**

In South Africa, former mine workers launched 11 separate court actions for personal damages allegedly sustained from the lung disease, silicosis, against Anglo American South Africa. Anglo American denies that it is liable to any of the claimants and is defending the claims. 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.

Our former subsidiary, AngloGold Ashanti, is currently involved in a case which is testing the validity of legislation that precludes employees who are entitled to statutory compensation from claiming damages from their employers.

### **Employee share options**

During 2007 it was agreed that employee share option programmes, for those employees not currently receiving shares through executive schemes, would be finalised for Anglo Platinum, Anglo Coal South Africa and the Johannesburg corporate centre. Although the details differ to accommodate staff numbers and share pricing, the principle behind the schemes is consistent. They are designed to build loyalty and retain staff and to create a direct link between individual reward and company performance. The schemes will be launched during the first quarter of 2008.

### **Business risks**

In January 2008, severe power shortages affected operations and corporate offices in South Africa. Anglo American which is both a large customer of and a supplier to Eskom, is working with the utility, the South African government, the National Union of Mineworkers and the Chamber of Mines of South Africa to urgently identify and implement solutions for the short and long term to guarantee the integrity of electricity supply. Actions include energy efficiency measures and the acquisition of new generating capacity. See page 53.

### **Mining Charter**

Anglo's progress on black economic empowerment (BEE) has been rewarded with the conversion of its 'old order rights' into new order mining rights for all its South African mining operations, subject to the completion of outstanding documentation by 31 March 2008.

The South African government has conditionally agreed that Anglo's empowerment transactions have met its criteria for the granting of the new rights. If finalised the conversion to new order rights will be for all of the South African operations.

The announcement was made at Anglo's 2007 results presentation to investment analysts. To mark the historic occasion, a delegation from the South African government travelled to London. The party included Deputy Minister of



see also

p24

## ICMM Principle 1

Implement and maintain ethical business practices and sound systems of corporate governance.

## ICMM Principle 3

Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities.

## ICMM Principle 4

Implement risk management strategies based on valid data and sound science.

Finance, Jabulani Moleketi, Director General of the Department of Minerals and Energy (DME), Sandile Nogxina and Director General of the Department of Public Enterprises, Portia Molefe, each of whom took to the podium. They were joined by the High Commissioner to London, Lindiwe Mabuza.

Cynthia Carroll is delighted with the progress that has been made. "This is a landmark achievement for the Group and for the many black-empowered businesses with which we are partnered. It provides our business with greater certainty in South Africa and enables the Group to continue to make a strong contribution to South Africa's prosperity and economic growth."

Sandile Nogxina, Director-General of the DME, added: "Anglo American is the largest mining company in South Africa and has been at the forefront of creating sustainable black economic empowerment over many years. I welcome the strong spirit of cooperation between Anglo and the DME and look forward to a continued relationship which is both positive and productive."

### Progress against Mining Charter

The Mining Charter became a legal requirement in 2004 for mining companies operating in South Africa. A scorecard was developed and mining companies must annually report their progress. Under the Charter companies must develop their human resources, protect foreign migrant labour from discrimination, develop mine and rural communities, improve the housing and living conditions of workers, and procure goods, services and capital equipment from black-owned and managed companies.

In addition, companies must meet targets for employment equity and ownership by historically disadvantaged South Africans.

### Economic empowerment

The South African business units spent R17.3 billion (\$2.5 billion) on consumables, services and capital from black-owned and managed small and medium-sized enterprises. This was a 41% increase over the 2006 figure of R12.3 billion (\$1.8 billion) and amounts to 37% of total available spend (excluding goods and services from parastatals and municipalities).

The cumulative BEE procurement spend since 1993 by Anglo American companies has reached about R54,5 billion (\$7.7 billion). The contributions of joint ventures and investments are equity accounted in line with financial reporting standards. AngloGold Ashanti, which is now a 16.6% owned investment, contributed R226 million (\$32 million), which is Anglo American's share. Independently managed subsidiaries and associates contributed R2.3 billion (\$325 million).

Mondi and Highveld Steel contributed a total of R795 million (\$112 million) before their departures from the Group, compared to R1,728 million (\$246 million) in 2006.

In addressing the performance in procurement from BEE companies Cynthia Carroll says that "South Africa continues to punch above its economic weight on the world stage, not only because companies like Anglo American and the likes of Anglo Platinum and Kumba boost the Johannesburg Securities Exchange through their continued presence, but because through the BEE process Anglo is contributing to widening the economy as a whole."

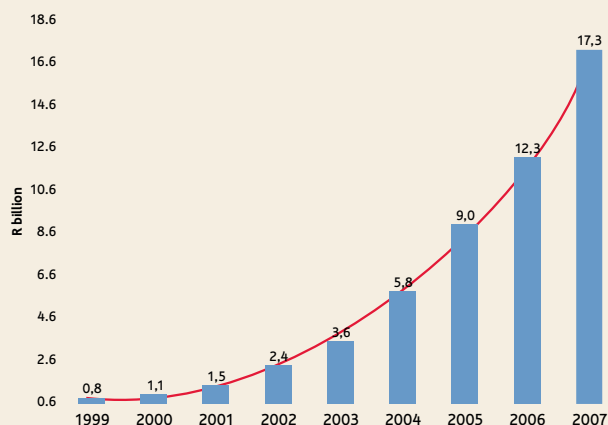
### BEE PROCUREMENT SPEND BY BUSINESS UNIT

	2006	2007	\$Millions
Anglo Platinum	4,801	7,428	1,054
Anglo Coal	1,685	2,916	414
Kumba Iron Ore	1,308	1,813	257
Johannesburg Centre	160	250	36
Scaw Metals (South Africa)	143	222	32
Namakwa Sands	181	210	30
Black Mountain	142	158	22
Vergelegen Wines	6	7	1
<b>TOTAL Core business**</b>	<b>8,426</b>	<b>13,004</b>	<b>1,844</b>

**GROUP TOTAL** 12,297 17,302 2,454

\*\* Excludes contributions from non-core subsidiaries and AGA and divested companies

### BEE PROCUREMENT AND BUSINESS DEVELOPMENT SPEND



The cumulative BEE procurement spend since 1993 by Anglo American companies is about R54,5 billion (\$7.7 billion)



From left: Chairman of Mvela Resources Lazarus Zim, joint acting chief executive of Anglo Platinum Norman Mbazima, Cynthia Carroll and Anooraq Resources chief executive Tumelo Motsisi at the signing of the Anglo Platinum BEE deal. Anooraq Resources and Mvela Resources, are now the third and fifth biggest platinum companies in South Africa

# Payments to governments

## Tax Strategy

### Group tax strategy

The Group has a tax strategy which has been reviewed and endorsed by the Group's Board of Directors. It is aligned with our long-term business strategy and our *Good Citizenship* business principles.

This strategy is central to our tax governance, management of reputational risk and to ensuring that the appropriate amount of tax is paid in each jurisdiction.

Our investment in the countries in which we operate is reflected in a combination of social, infrastructure and economic benefits – and those economic benefits include taxes.

The taxes we pay as a company and those we collect from employees on behalf of government are important contributions to the creation of wealth and well-being in those countries. We endorse the principle of transparency in our business dealings and are signatories to the EITI, which promotes reporting on taxes by companies and the countries in which they are paid.

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 otherwise not exist. We do not report the taxes resulting from these ancillary businesses. However, on page 22 we investigate the wider impact of the Landau colliery.

Over \$2,867 million was paid directly to governments in taxes as a result of our operations in 2007 (\$3,119 million in 2006). The reasons for this decline at a time of increased earnings are given below. This included company

taxes, employer taxes, royalties, transaction and other taxes. In addition, we indirectly contributed some \$943 million in valued-added tax (VAT) and employee taxes, which we collected on behalf of governments and paid over to them. The regional breakdown is shown on page 21\*.

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 collectable tax revenues.

Extractive industries require significant investment for exploring and developing mineral resources before production – and therefore revenue generation – starts. During these initial phases, which can last for many years, the tax footprint consists of directly paid taxes and those that the operation collects on behalf of government. In addition, there are taxes paid and collected by contractors working for the Group. During the production phase the tax footprint expands to include taxes on profits, royalties and other similar taxes.

Because governments recognise the significant benefits which can accrue to an economy through the responsible extraction of natural



Los Bronces in Chile

### TAXES PAID DIRECTLY TO GOVERNMENTS BY MANAGED OPERATIONS, BY COUNTRY†

\$ MILLION

	Borne	Collected	Total
South Africa	936	411	1,347
Chile	912	49	961
United Kingdom	333	255	588
Brazil	169	61	230
Australia	133	70	203
Venezuela	189	-	189
France	35	28	63
Switzerland	41	-	41
Ireland	34	5	39
Poland	16	20	36
Namibia	29	5	34
Canada	12	12	24
Others	28	27	56
<b>Total</b>	<b>2,867</b>	<b>943</b>	<b>3,810</b>

† Unaudited amounts payable as a result of our operations (borne) and employee taxes and net value-added tax (collected).

see also

p22

**ICMM Principle 1**

Implement and maintain ethical business practices and sound systems of corporate governance.

**ICMM Principle 9**

Contribute to the social, economic and institutional development of the communities in which we operate.

resources, many provide incentives to attract investment. These can be in the form of grants, special allowances, tax credits or tax holidays. Governments offer these to facilitate the import of foreign capital and technology and the transfer of technical and industrial skills. They recognise that the incentives, which are also offered to other industries, indirectly diversify the local economy, increase the contribution of the manufacturing sector to job creation and increase the country's gross domestic product. The tax impact on the Group of these benefits is reflected in the tax numbers included in this report.

The total of \$3,810 million paid to governments was split between developed countries (27%) and developing countries (73%). Many other indirect tax benefits arise as a result of our operations as our customers and suppliers also pay company, employee and other taxes.

The total tax borne, collected and remitted by the Group exceeds the corporate tax charge shown in the Income Statement. The main reasons are that the tax numbers disclosed in this report reflect the total tax contribution including some transactional taxes and taxes borne by employees which are collected by the Group and remitted to government but which are not reflected in the Income Statement.

Anglo American actively engages with governments on matters of tax policy and proposed changes to legislation. We believe that this not only allows us to voice any concerns we might have about proposals which could impact on the Group, but also provides positive proactive ideas and support to policies which are in line with our strategy and business principles.

Our aim is to have a constructive relationship with tax authorities on an ongoing basis. This can result in the more timely resolution of any disputes and, in some cases, prevent disputes arising by ensuring that tax authorities are aware of the facts surrounding a potential issue well in advance of the statutory filing and enquiry process.

The corporate tax charge in the Income Statement for the year was \$2,981 million (including an equity share of associates' tax\*). The effective rate of corporate taxation paid decreased to 31.8% in 2007 (from 33% in 2006), largely as a result of the net impact of reduced levels of tax on distributions, changes in statutory tax rates, prior year adjustments and the availability of enhanced tax depreciation on certain assets.

**TAXES PAID DIRECTLY TO GOVERNMENTS BY CATEGORY AND REGION**

\$ MILLION

	Africa	Europe	N&S America	Australia Asia	Total
Profits	861	216	1,173	14	2,264
Transactions	1	-	4	-	5
Labour	34	90	23	32	179
Royalties and environment	28	144	51	77	300
Other	38	36	34	11	119
<b>Total taxes borne</b>	<b>962</b>	<b>486</b>	<b>1,285</b>	<b>134</b>	<b>2,867</b>
Taxes collected and remitted	416	332	123	72	943
<b>Total taxes</b>	<b>1,378</b>	<b>818</b>	<b>1,408</b>	<b>206</b>	<b>3,810</b>

In future periods, it is expected that the effective tax rate, adjusted for associates' tax, will remain at or above the UK statutory rate. This reflects the profile of rates at which the Group's profits are taxed.

The cash tax paid by the Group was \$2,886 million (2006: \$1,926 million), which is significantly different from the tax included in the Income Statement. This results from deferred tax, which reflects future tax impacts, and the timing of payments, which varies between authorities and which can have a notable impact in periods where profits change dramatically, such as the high commodity price cycle currently being experienced.

\* Associates (e.g. De Beers) are not reported on elsewhere in this report, except in financial earnings.

**2007 STATUTORY TAX RATES ON A FULLY DISTRIBUTED BASIS\*\***

	%
South Africa	35.45
Chile	37.5
United Kingdom	30
Brazil	34
Australia	30
Venezuela	34

\*\* The statutory tax rate applicable in the jurisdiction on the basis of all profits being distributed out of the country by way of a dividend.



Site of the Quellaveco Project in southern Peru



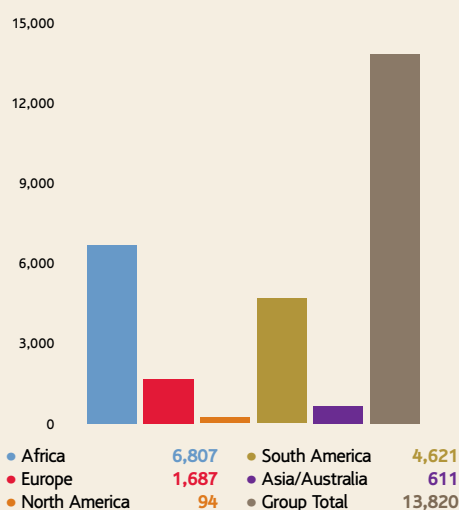
# Assessing true value

## Value Added

**The value we generate as a Group is widely distributed across the regions in which we operate.**

### VALUE ADDED REGIONALLY

(MANAGED COMPANIES)  
\$ MILLIONS



The benefits of mining extend way beyond direct jobs and taxes. It acts as a broader economic stimulant and can be illustrated by the way in which it is distributed to a range of stakeholders and in the indirect economic effects.

In 2007 the total direct value added by the total Group\* was \$14,118 million. This is measured as turnover and other income minus payments to suppliers and indirect taxes and royalties.

The value distributed directly by the total Group in 2007 was \$3,695 million to employees for wages and related costs, \$406 million to the providers of capital, \$5,245 million paid in interest, \$3,015 million paid to Anglo American and outside shareholders and \$2,287 million paid to governments in taxes. Royalties amounted to \$300 million. Reinvestment in the Group was \$1,588 million.

For the Group's managed companies the total value added was \$13,820 million and the total value distributed was \$12,445 million. The regional breakdown of the value addition and distribution can be seen in the graphs.

The indirect benefits of Group activities are less easy to calculate but can be illustrated by the accompanying study of Landau colliery in South Africa, which was undertaken internally using the ICMM resource endowment

methodology. This follows on a study conducted at Lebowa platinum mine reported last year. Fuller reports of these studies can be found on our website.

\* Includes the contributions of independently managed companies not reported elsewhere in this report. Only the contributions of managed companies are reflected in the graphs.

## Landau study reveals mining value

Measuring the true value of natural resources to a country or a community is not a simple task. But, using a methodology we co-developed with the ICMM, we have undertaken a second case study to test whether we can develop a truer picture and communicate the results. An independent study of Lebowa platinum mine's impact was published in the *2006 Report to Society* and is available on our website.

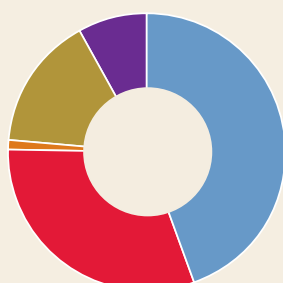
In 2007 a study was conducted at Landau colliery in the Witbank area of South Africa's Mpumalanga Province, an area rich in coal. Mining in the Landau colliery area began in 1895 and the current mine has been operational since 1990. It produces 4.1 million tonnes of saleable coal annually, 90% of which is exported. The mine has an anticipated life of another 16 years and has 493 permanent employees. The mine contributed R5.6 million (\$794,255) to training, representing 5.9% of payroll, as well as on-the-job training (this value could not be determined in this study).

### SHARING OF ECONOMIC BENEFITS (MANAGED COMPANIES)\*\*

\$ MILLIONS

\*\*EXCLUDING HIGHVELD, TONGAAT AND MONDI

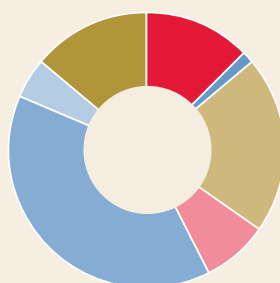
#### Suppliers



**Suppliers:** total 11,042

- Africa 4,921
- Europe 3,399
- North America 138
- South America 1,698
- Asia/Australia 886

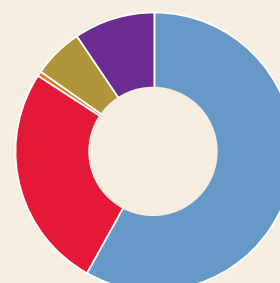
#### Value Distribution



**Value Distribution:**

- Employees 3,574
- Providers of capital (interest) 402
- Dividends 5,905
- Company taxes 2,264
- Suppliers 11,042
- Depreciation 1,373
- Capital expenditure 3,879

#### Employees



**Employees:** total 3,574

- Africa 2,083
- Europe 934
- North America 16
- South America 213
- Asia/Australia 328



see also

p24

**ICMM Principle 1**  
Implement and maintain ethical business practices and sound systems of corporate governance.

**ICMM Principle 2**  
Integrate sustainable development considerations within the corporate decision-making process.

**ICMM Principle 3**  
Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities.

Almost 99% of the employees are local residents and 78% are historically disadvantaged South Africans. The mine currently exceeds the required 10% target for women in mining. In addition to benefits associated with income gains, this has delivered positive social benefits through increasing communication about HIV, increasing the uptake of HIV testing and promoting safer sex, which is frequently linked to the economic empowerment of women.

### Employment

Payments to employees in 2007 totalled R107 million (\$15 million). Landau is responsible for 4,615 employees through direct, indirect and induced employment. Indirect employment was calculated using a sampling approach to determine indirect employees created through the supply chain and social provision; and induced employment was calculated using a multiplier based on an average number of 12.18 induced jobs created per R1 million of GDP.

### Infrastructure

Since 2002, Landau has paid over R49 million (\$7 million) to social and infrastructure development projects as well as providing substantial management time. It is anticipated that an additional R19 million (\$2.7 million) will be spent between 2008 and 2011. The most notable contribution to infrastructure is the mine's 10% (R30 million or \$4.3 million) contribution to the eMalahleni Water Treatment Plant which treats, and restores to potable



*Landau colliery*

standards, the mine water from several local mines. The water is sold back to the local authority. This will contribute to long-term water security in the area as well as reduce the mine's environmental risk.

The success of community development depends on effective collaboration between the mine, government and local communities. Community engagement has improved in recent years but there is room for better collaboration between the mine and government.

### Enterprise development

The mine, through Anglo Zimele and other initiatives, has contributed to local business development. A significant contribution is made through procurement where 52% of procurement spend is on local suppliers representing an annual spend of R165.8 million (\$23.5 million) in 2006/2007.

### Payments to government

The mine contributed R214 million (\$30 million) to national revenue in 2007. Concerns have been raised that the full benefits of this contribution are not being realised locally and there is a need to engage more with government to ensure the funds are well spent. Landau also contributes R266 million (\$35 million) to the national economy (measured as value added less flow of money that leaves the economy) and represents 0.25% of the country's export earnings.

The study identified strategies to improve the mine benefits. These included increased collaboration between the mine, government and NGOs on monitoring and measuring development indicators, improving local governance and undertaking projects relevant to the local skills and focusing on sustainable projects.



*Piet Skhosana and Mapule Mokoena examine a booklet which explains the new shift system and assists employees with life-change management at Landau colliery in South Africa*



*The Blackhill Schoongezicht primary school was donated to the community by Landau colliery*



Sean O'Connor, Modikwa Mine business leader, with Margaret Mahlangu, Masaku Mohale, of Anglo Platinum and David Mahlangu, owner of the Mahlangu Bus Services which will transport mine employees



(Left to right) Nick van Rensburg, managing director of Anglo Zimele; Godfrey Gomwe, chairman of Anglo Zimele; and Harry Calver, chairman of the Anglo Khula Mining Fund



Miguel Angel Durán, CEO Anglo Chile; Michelle Bachelet, President of the Republic of Chile; Karen Ponichick, Minister of Mines at the ceremony to award Anglo American Chile a Bicentennial Seal

### Enterprise Development

The collective turnover by the 42 companies in Anglo's South African enterprise development initiatives – Anglo Zimele and the Anglo Khula Mining Fund – amounted to R1 billion (\$142 billion) compared to R919 million (\$130 million) in 2006. During 2007, Anglo Zimele invested in nine new companies while its junior mining investment arm, Anglo Khula Mining Fund, invested in four new mining ventures.

The new Anglo Zimele empowerment ventures are in industries such as the manufacture and repair of dragline buckets and other mine equipment, the testing of underground roofbolts, and bus transport for mine employees as well as the general public. In addition, they have added a water bottling plant, and the beneficiation of platinum for jewellery and dental alloys.

Anglo Zimele has also been proactive in promoting the development of micro, small and medium-sized businesses as a means of building a more sustainable future for impoverished communities. We have lobbied international governments to facilitate the creation of small business and have created a variety of opportunities within the Group to support small businesses through the procurement chain and more recently through creating small business development hubs.

#### Start-up Fund

In 2007, our enterprise development unit in South Africa, Anglo Zimele, set up the Small Business Start-up Fund to assist entrepreneurs in communities that host our operations. The aim is to create opportunities for these communities to own and grow sustainable business ventures.

To support this initiative, we will establish Small Business Hubs in at least 10 of these communities in 2008. Local entrepreneurs can visit these hubs for help to develop their business plans and to access administrative facilities. They can also apply for funding through the Small Business Start-Up Fund. The fund provided more than 24 loans to local entrepreneurs from two hubs late in 2007, and plans to approve another 150 in 2008. The fund has so far helped to establish a bus company, a safety sign manufacturer, a sewing and embroidery business, and a digital photographic laboratory. The 24 companies employ 240 people and have a current turnover of R16 million (\$2.3 million) a year.

In November 2007, the South African Enterprise Development Awards recognised Anglo Zimele for its work to empower entrepreneurs and small and medium-sized enterprises. It won two major awards: Best Internal Corporate Enterprise Development Programme and Most Outstanding Overall Enterprise Development Programme. Anglo Zimele currently supports 42 black empowered businesses which collectively employ more than 4,160 people (excludes the Start-up Fund).

#### Seal of approval

Anglo American in Chile has been awarded a Bicentennial Seal by the Chilean government for its commitment to fostering the development of small and medium enterprises.

Anglo Chile's Emerge programme supports entrepreneurs that live or work in provinces surrounding the company's operations in Los Bronces, Chagres, El Soldado, Mantoverde and Mantos Blancos. Since it started in 2006 it has helped more than 900 small entrepreneurs and 20 medium-sized businesses to grow.

The Emerge programme was inspired by Anglo Zimele's successes in South Africa and was launched in 2006. The programme linked up with non-profit organisation Fondo Esperanza to provide micro-credit to small businesses using Nobel prizewinner Muhammed Yunus' Grameen Bank method of community banking. Medium-sized entrepreneurs are backed through capital contributions, training courses and assistance with creating and implementing their business plans. Chilean entrepreneur Ismael Maturana, whose company Tecnoseal manufactures and maintains hydraulic and pneumatic components for machinery, was one such recipient of this help.

By 2010 the programme's reach will expand, making loans available to more than 6,000 small businesses across the country. The support for entrepreneurs in medium-sized businesses is also growing. Twenty entrepreneurs have already been assisted and a further 100 fledgling companies will join the programme by 2010.

Only seven seals were created by the Chilean government to celebrate 200 years of the country's independence in 2010. They are to recognise initiatives that will create a more socio-economically equitable country by then. Inequity is considered the biggest threat to socio-economic stability in Chile.

# Safety is our priority

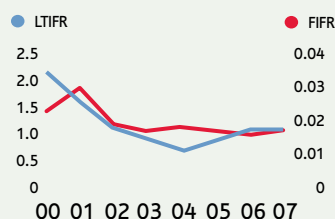
## Safety

### Key indicators

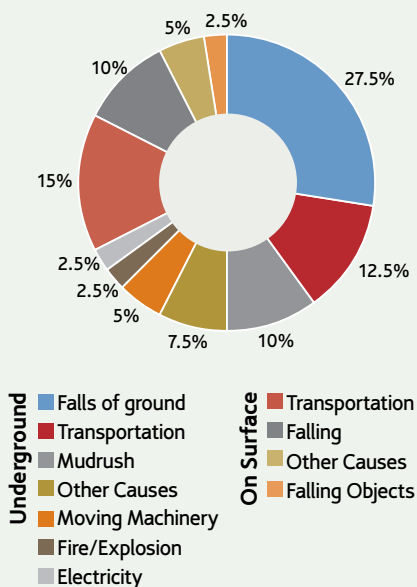
- FIFR 0.018
- LTIFR 1.15 for Group
- Legal costs and fines of \$190,712 incurred in 2007
- 93% of operations OHSAS 18001 certificated

### Fatal incidents at Anglo American operations remain a major concern.

LTIFR AND FIFR\*



FATAL INCIDENTS



### Performance

During the first six months of 2007, 29 people died on our operations. This triggered significant executive response, including the temporary closure of a number of shafts at Anglo Platinum's Rustenburg mines and the launch of a new strategy supported by safety improvement plans.

The improvement in the second half of the year was significant. Tragically, however, a further 11 deaths occurred, bringing to 40 the number of deaths at our operations in 2007. In 2006, 44 people lost their lives.

During the second half of the year, both the lost time injuries (LTIs) and the number of fatal incidents decreased. However, because of the poor first six months the lost time injury frequency rate (LTIFR) remained flat at 1.15 (or 1.26 for the core businesses following divestments). We are aiming to reduce the LTIFR during 2008 to 0.84. This is based on a 35% improvement over the 2007 performance.

Falls of ground were linked to 11 deaths underground during the year. Transportation related incidents resulted in five deaths underground and six on surface – including the death of four workers in a staff vehicle in Oman after a collision with a camel.

### Leadership summits

At half-year and again in October the chief executive called 120 of the Group's top executives to re-examine our approach to safety and create a strategy for a safer way forward. All business units were asked to develop and implement safety improvement plans.

Cynthia Carroll believes that the improved second half performance – the best ever for the Group – shows what can be done. "Optimally run businesses have good safety records," she says, "and while the second half performance was the Group's best ever it is highly regrettable that any deaths occurred."

### Setting a new course

The shutting of Anglo Platinum's Rustenburg shafts followed a spate of incidents and the death of 12 people in the first half of 2007. The actions taken are reported as a case study. This drastic response and indeed responses taken across the Group was galvanised by a real belief that safety must be a corporate and operational priority.

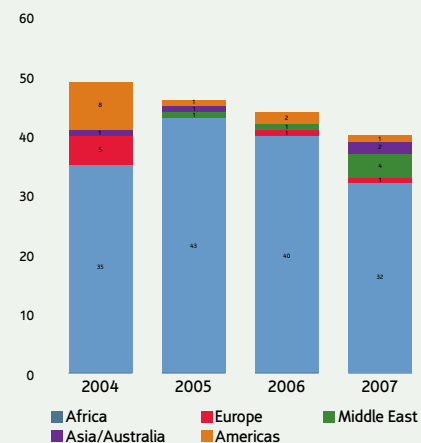
The new strategy which was launched mid-year focuses on the role of leadership and the need

for a sound and comprehensive risk management strategy. It evaluated the results of our own safety peer reviews conducted during the year and incorporated the results of a detailed audit at a mine that had gone for almost two years without a lost-time injury and then suffered three fatalities.

Externally, we drew from the knowledge and analysis contained in the Baker Report on the Texas City explosion. That highlighted the distinction between process and personal safety. We also learned valuable lessons from our peers at the ICMM Safety and Health Conference.

During 2006, we developed an Anglo American Safety Way, which sets out the management systems and safety standards that guide the way we work. These are now supplemented by a set of fatal risk standards and a safety risk management programme.

GEOGRAPHICAL ANALYSIS - FATAL INCIDENTS



### Safety risk management programme

A Group safety risk management programme was set up in 2007 after an analysis of fatal incident investigations. The results from safety peer reviews, which indicated that we could significantly improve our management of risk, also informed the programme.

The programme aims to radically improve workplace safety by ensuring that all our people make the right decisions affecting their own safety, and that of others, all the time. Employees will be better at applying appropriate safeguards in hazardous situations and using appropriate risk assessment tools well.

Anglo American recently endowed a chair in the management of safety risk in the minerals



# Safety improvement plans



*Cynthia Carroll addressing executives at the October safety leadership summit*

industry at the University of Queensland. The incumbent, Professor Jim Joy, supports the development of an Anglo-wide journey to zero harm and the focus on clear linkages to all of the Group's health and safety initiatives. Anglo will partner with universities around the world to create a network of resources and education and training programmes that can be presented to Anglo employees, regulators and other companies. Four different levels of training will be offered focusing on globally appropriate terminology, concepts and models.

A number of pilot programmes have been held and the executive team will test the fourth level of training early in 2008.

## Shutting shafts to improve safety

In the first half of 2007 safety performance deteriorated significantly at Anglo Platinum. Five employees lost their lives at the Rustenburg mine in work-related events in two weeks, bringing the total fatalities there to 12. It was obvious that a dramatic change in approach was needed.

Production was suspended at all the Rustenburg mine's shafts on a staggered basis. During this campaign the then chief executive of Anglo Platinum and executive director of mining visited each of the shafts and met with management. The message was clear. Every employee has to be empowered and enabled to work safely and

must know the rules and adhere to them. Every workplace has to comply.

These management meetings were followed by mass meetings at the Rustenburg Bleskop stadium with between 4,000 and 5,000 miners from specifically targeted shafts in attendance. In total 28,000 people attended these meetings. Industrial theatre was used to drive the safety message across, with actors using four languages to ensure everyone understood. The message was simple. Fatalities are not statistics; every death is the loss of a real person which causes suffering to their families and friends.

Team supervisors also discussed safety issues at a *lekgotla* (a traditional African meeting to sort out local issues), which in typical African-style enabled the miners to raise questions. These reflected a wide range of concerns including material and people shortages, communication and issues such as mutual respect. The questions were answered by the chief executive. Following the meetings the Anglo Platinum management teams formulated short and medium term solutions.

Once the Rustenburg campaign was completed the executive team toured all the other Platinum operations with the same messages. Significantly improved performance was experienced in the second half of the year and the safety improvement plan is now the foundation for the future.

The programme has caused ripples throughout the South African mining industry with government, trade unions and industry increasingly working together to drive improvements in mine safety.

## Computer-based safety training

In 2007, Tarmac introduced interactive computer-based training that helps employees remember its Golden Rules for safe working. The Rules cover all types of hazard, from working at heights to the need for personal protective equipment. If followed, they help prevent unsafe behaviour, accidents and injuries.

Employees take the training a few months after watching an introductory DVD about the Golden Rules, to test their understanding of its key messages. The training features film clips of scenarios relating to each Rule. Employees must identify the unsafe behaviour in each clip, and then choose the correct, safe way of working. If they answer incorrectly they must watch the



*One of the meetings held in Rustenburg to give employees the opportunity to ask questions about safety*



see also

p06

**ICMM Principle 3**  
Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities.

**ICMM Principle 4**  
Implement risk management strategies based on valid data and sound science.

**ICMM Principle 5**  
Seek continual improvement of our health and safety performance.



*Slope stability at Callide mine is monitored by radar*

film clip again and retake the test. Employees can print a certificate when they have successfully completed all the tasks.

Feedback about the training from employees has been positive, and Tarmac plans to roll out similar training packages for other business areas.

### Supervisors mentored on risk

Since 2004, all supervisors at Anglo Coal Australia's Drayton mine have taken part in a mentoring programme designed to improve their risk management skills. Supervisors receive formal training as well as one-to-one mentoring with a risk management consultant. The consultant observes supervisors giving pre-shift briefings and gives constructive feedback on the way they discuss risks with employees. Each supervisor receives at least two feedback and mentoring sessions per year.

Each month, representatives of all Anglo Coal Australia (ACA) operations take part in a video conference to discuss any significant health and safety incidents that have occurred. The video conferences involve members of the ACA executive team, senior site leaders and safety personnel. They discuss the results of incident investigations and measures that should be taken to avoid accidents happening again. They present best practice examples from ACA mines and other organisations to encourage site managers to implement new health and safety controls.

### Planning for target zero

Early in 2007, serious concerns were raised within ACA that 'Target Zero' (zero fatalities and lost time injuries in 2008 and thereafter) would not be achieved unless significant changes to safety and health management occurred.

A 'Target Zero Action Plan' was developed. It addressed the need to increase safety management and leadership, clarify the accountabilities of supervisors, focus on visible felt leadership and define the process for review and follow up of incidents. The message is that safety and health are critical, high-priority business issues that must be regularly reinforced in internal and external communications.

It is still too early to demonstrate results but the focus on safety and health has been elevated and Australian mines have recorded the lowest annual LTI and Total Recordable Frequency rates ever.

One of the requirements was that the Australian operations develop management plans for those risks identified as having a potential for multiple fatalities. These are designed to control the risks associated with high consequence – low probability events. Callide mine initiated a full review of the Strata Control Management systems. This review included a technical review by external and internal geotechnical experts, a fault tree analysis and a review of control mechanisms. A multiple fatality risk management programme and a plan for standardised response to risk triggers were also developed.

### Exploring safely

Exploration geologists have demonstrated that even in countries with no national safety culture, they are able to work safely despite some unusual challenges. The Exploration team working on Quellaveco and Michiquillay projects in Peru achieved 340,000 LTI free hours (the equivalent of four years) by end of December.

In the Andes Mountains mules are often used to transport supplies and equipment to inaccessible areas. In Argentina, the owner of the mules was evaluating a river crossing when he fell from his horse and was washed 50-60 metres downstream. Neither he nor his horse was injured and no equipment was lost. In Chile, a mule carrying the stable master slipped and fell into the snow when working at la Paloma, high in the Andes close to Los Bronces. The rider was able to jump free of the animal. Following these incidents we reviewed the procedure for animal transportation and personnel were retrained in its use. It includes safety at river crossings and prohibits the use of animal transportation over ice and snow on steep slopes.

As a result of incidents created by helicopter downdrafts, including one in which an unoccupied chemical toilet was dislodged, the heliport safety checklist has been extended to include daily checks of all areas within and surrounding the heliport before operations start.



*Safety is priority at Yang quarry in China, where 19 managers and supervisors recently received advanced safety audit training. The quarry has set itself the goal of zero serious safety, health and environmental incidents and has developed an action plan for continual improvement at site. We delivered Visible Felt Leadership training twice for 26 managers and supervisors*

# Looking at long term health

## Occupational Health

### Key indicators:

- 0 legal claims or fines resulting from 2007 performance
- 0.14/ 200,000 manhours occupational disease incidence rate
- 177 new cases of disease reported
- 96% of Group companies are certified to OHSAS 18001 or similar

**During 2007 a new set of occupational health management system standards were published as the Anglo Occupational Health Way, to update and support the Occupational Health guidelines published by the Group some years ago.**

## A new way

The key thrust is to move from reactive response to primary prevention of health impairment through good occupational hygiene practice. Key challenges for the Group remain reducing exposure to noise, to dust, to vibration and to injuries from musculoskeletal strains.

As part of this approach, Anglo American sites will be required to routinely report on leading indicators around exposure – such as numbers of people exposed, details of surveys conducted and health related incidents – from 2008. Case definitions for reporting on occupational diseases have been standardised to industry definitions developed in conjunction with the International Council on Mining and Metals (ICMM) and the International Aluminium Institute. This will enable bench-marking between ICMM member companies in the future. These case definitions have been applied strictly across the Group with the result that some divisions are now reporting more accurately than in the past. This does mean that the number of cases reported in previous years is not directly comparable with this year.

### Policy and systems

To begin rolling out the Anglo Occupational Health Way, Base Metals hosted a workshop in São Paulo for 70 delegates from across Latin America, Ireland, Namibia and South Africa. These included representatives from Anglo Base Metals, Cerrejón Coal and AngloGold Ashanti. It provided an opportunity to share knowledge and experience and consider challenges such as

measuring performance, investigating and reporting on workplace health incidents.

In addition, health issues have been formally added to our safety peer review programme, with the first assessment undertaken at Mantos Blancos in 2007.

Health issues are routinely incorporated into the regular risk assessment programmes conducted by the Group. As a result, pandemic flu was recognised some years ago as a potentially significant threat to the Group given the number of mobile employees.

We have published a Group-wide policy and management guidelines for both medical treatment and business continuity planning. It was decided to provide Tamiflu, the internationally preferred treatment, to all employees and their dependants in the event of a pandemic. Drug stockpiling has started.

### Targets

Our target is to eliminate any new cases or progression of existing cases of occupational disease by controlling exposure at source.

Baseline studies for occupational health were conducted in Tarmac Turkey and Romania. The key health hazards are noise, vibration and dust. In total Tarmac reported six new cases of occupational disease in 2007.

In Base Metals – where noise, dust, UV radiation and altitude are key areas of concern – no new cases were reported in 2007.

During 2007 all Anglo Coal operating sites in Australia, South Africa and Tarmac China were awarded or retained certification to OHSAS 18001 or its Australian and New Zealand equivalent, with the exception of new mines Mafube and Peace River Coal (in Canada). Forty three new cases of occupational disease were reported in 2007. Of these 60% were musculoskeletal disorders reported in Australia. Sites are engaging specialist occupational health and paramedical professionals to help reduce exposure and identify disease early.

The number of new cases of occupational diseases within the Ferrous Metals Division decreased by 43% to 12 during 2007. Ten of these cases were noise induced hearing loss. In addition to preventive measures, management is taking action when employees show early loss of hearing. Engineering solutions to removing sources of noise are being considered.



*Dr Frank Fox, head of occupational health at the 1st Base Metals Occupational Health Workshop in Brazil*



**ICMM Principle 3**

Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities.

**ICMM Principle 4**

Implement risk management strategies based on valid data and sound science.

**ICMM Principle 5**

Seek continual improvement of our health and safety performance.



*A Tarmac employee in the Middle East wearing Personal Protective Equipment*

At Anglo Platinum noise-induced hearing loss remains the biggest occupational health risk. However, there are signs of progress with new cases down to 107 from 778 in 2006. Nickel exposure at the Rustenburg Base Metals Refinery remains a short-term concern. New technology is being installed to bring exposure levels into acceptable limits. The project will be completed in 2008.

Tuberculosis in health care workers at the South African sites has become a concern with nine cases being reported by Anglo Platinum.

### Preventing overexposure to vibration

Tarmac is using two systems to prevent employees becoming affected by hand-arm vibration syndrome (HAVS). HAVS results from damage to small nerves and blood vessels in the fingers caused by the overuse of hand-held vibrating tools, and can cause chronic pain and numbness.

In 2007, Tarmac invested £500,000 (\$1,000,803) in 15 modified mini-excavators, which have built-in, driver-controlled excavation equipment that reduce the need for hand-held jackhammers.

Tarmac has also helped to develop an innovative way of measuring exposure to vibration over the course of a day. Employees attach a small reader to their tools, which measures the length and intensity of vibrations. The reader also warns about the risk of HAVS through a lighting system: green denotes safe working, amber indicates that it is time to stop using the machinery, and red warns of dangerous vibration levels. When they have finished using a tool, they can transfer the reader to another piece of equipment and record their total, cumulative exposure to vibrations. The recorded information is downloaded to a database, which Tarmac uses to identify trends in vibration exposure and monitor the effectiveness of its efforts to reduce HAVS. The vibration monitors will be introduced into the business during 2008.

### Fitness for work

Anglo Coal South Africa launched a new occupational health centre in 2007, as part of its drive for zero workplace harm. The centre, in eastern South Africa, conducts mandatory health checks on all employees and contractors to ensure they are fit enough to work safely and to monitor the effects of exposure to health hazards in the workplace.

The centre uses the best available technology, including state of the art digital X-ray facilities that do not require the environmentally-damaging chemicals traditionally used. Anglo Coal South Africa has installed similar facilities in clinics at its collieries to ensure fast and effective diagnosis of any health problems. The centre also cuts paper use by storing employee health records electronically.

A similar facility is already in place in Anglo Platinum where there is also a functional work capacity assessment and rehabilitation unit.

### Suppressing dust

Dust is both an occupational health hazard and a nuisance to our neighbours. As a result Kumba Iron Ore is using chemical dust suppressants at the Sishen mine's primary stockpile and on the permanent roads.

In early 2008, the company will extend the use of dust suppressants to other areas of the plant, and investigate ways of suppressing dust on non-permanent roads.

### Exploration

Exploration geologists work in remote areas, frequently using animals, airborne equipment or four wheel drive vehicles to gain access. Good procedures and training in first aid and medical response to a variety of crises are essential.

During 2007 emergency response plans were tested in Australia when an employee needed assistance and in South Africa as part of a scheduled drill. All geologists receive first aid training and a Brazilian team was able to render first aid to a local resident who was found lying at the roadside, after he had been injured in a vehicle accident. He was given first aid and transported to the nearest medical facility. Part of the risk management procedure is to ensure that employees use proper protective equipment. In the Philippines it was discovered that the safety glasses being used were fogging up due to high humidity. A new non-fogging brand was tested and is working well.

The Exploration checklist which outlines good practice in safety, health, environment and community interaction was made available to the Post-War Reconstruction and Development Unit at York University in the UK, which is developing planning tools for their humanitarian operations. They liked the practical format.



*Chemical dust suppressants are being used at Sishen mine to reduce exposure to dust and nuisance to neighbours*



# Building the skills for the future

## Human Capital

### Key indicators

- 90,500 employees in our managed companies in around 30 countries
- 5% of payroll spent on training
- > 3,800 bursaries, apprenticeships and training programmes
- 96% of employees represented in collective forums
- 15% of managers are women
- Principles prohibit discrimination and unfair labour practices
- Anglo an active participant at the ILO
- Skills development at every level
- Industrial action on 3 sites in 2007, which was a highly charged year for labour relations in South Africa

**As the Anglo Group has streamlined its portfolio of businesses, our recruitment and development activities have increasingly focused on reaping the benefits of being an integrated mining company.**

## Building human capital around the world

During 2007, Anglo American's Group wide development programmes widened their scope and applicability to cater for increasing numbers of Anglo's leaders. Talented employees at different stages of their careers are targeted for development through our Advanced Management Programme and Leaders in Anglo, as well as regional programmes such as South Africa's Anglo Achievers and the UK's Emerging Leaders.

In 2007, 20 UK-based employees participated in the Emerging Leaders Programme.

The Anglo programmes offer opportunities for participants to assess and enhance their personal and leadership skills and competencies. From 2008, regional foundation Management Development Programmes will be brought under one umbrella based on a common curriculum and identical standards of delivery around the globe.

With over 1,182 bursars, 1,977 apprentices and 656 other trainees Anglo continues its long tradition of supporting grassroots entry level programmes into the mining industry.

Training costs equate about 5% of total employment cost.

### Principles

A set of principles for human resource management was published in 2005. The 14 principles aim to create an environment in which employees can give of their best, be treated fairly and are enabled to develop rewarding

careers. The core principles include commitments to eliminating any unfair discrimination, promoting equality and employing the best person for the role. Employees can expect to be treated with dignity and respect and that intimidation and harassment will not be condoned.

The Group is committed to fair labour practices and freedom of association and in 2007 more than 96% of staff participated in trade unions, other representative bodies or collective bargaining structures.

### e-Recruitment

In 2007, the Group launched a new online recruitment system that enables current and prospective employees around the world to view the full range of available job opportunities at Anglo. We anticipate that the system will help retain our most talented employees, as it is now easier to apply for new opportunities within the Group rather than to go outside. The system also facilitates regional and international external graduate recruitment.

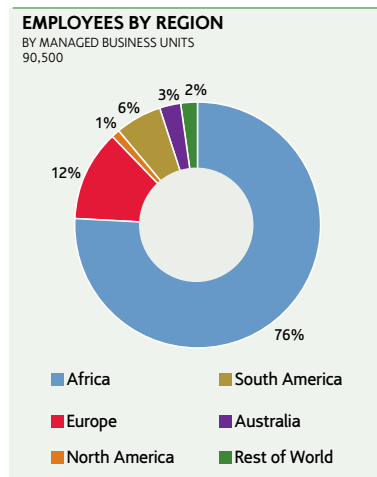
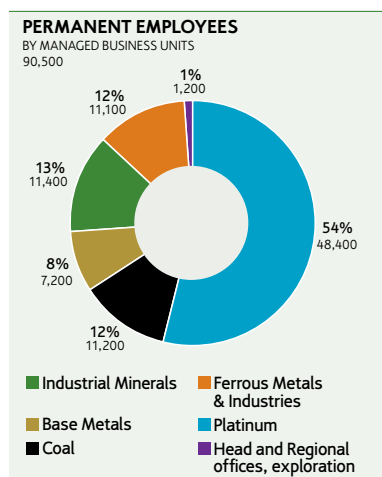
### Leadership across the continents

Anglo Base Metals has developed a leadership programme for all its employees with people management responsibility. The three-year programme will be implemented at all operations and aims to create a more positive work climate. Participants will be trained and assessed on their leadership skills. The programme will also help employees set and achieve personal development targets that align with company goals. Training for senior leaders began late in 2007, and will expand to other managers during 2008 and 2009.

### Coal Cadet Scheme

Anglo Coal South Africa is training its most talented employees to ensure there are sufficient leaders to support the company's expansion over the next five years.

The Anglo Coal South African Cadet Scheme begins with a 10 week course that provides participants (or cadets) with the skills they need to be successful leaders in the future. They receive four months of workplace training, followed by a six-month trial period during which they are given supervisory responsibilities. Anglo Coal monitors the cadets' progress and rewards the best performers with a permanent supervisory role. During 2007, 63 employees completed the first stage. Thirty-nine of the cadets (62%) are from historically disadvantaged communities.

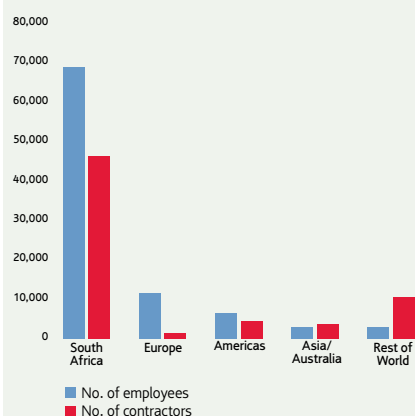


**ICMM Principle 2**  
Integrate sustainable development considerations within the corporate decision-making process.

**ICMM Principle 3**  
Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities.

**ICMM Principle 9**  
Contribute to the social, economic and institutional development of the communities in which we operate.

TOTAL WORKFORCE



The success of the Cadet Scheme means the company is well placed to meet its future management needs, both by training existing staff and attracting new employees. Anglo Coal is considering whether to introduce a similar programme to attract and train university graduates.

#### Literacy training

In addition, Anglo Platinum has committed R179 million (\$25.4 million) to help its illiterate employees learn to read and write by 2010. During the year 3,434 Anglo Platinum employees received ABET training at 18 venues. Anglo Coal has offered adult basic education and training to employees since 1990 and believes that by 2017 all staff members will be functionally literate. Similar programmes are offered in all business units. At the Johannesburg corporate offices 19 employees undertook training and classes have now moved beyond numeracy and literacy to include natural sciences and economic and management science. In 2008 the focus will be on technology.

#### Developing shift leaders

In February 2007, Anglo Platinum began a Shift Leader Development Programme for its Process Division. Shift leaders will improve their technical skills through knowledge-based training, and receive work-based learning to increase their practical abilities.

## Developing future employees

### Graduate development

Anglo Coal Australia (ACA) is providing scholarships to talented university students and employing the best on its Graduate Development Programme.

In 2007, the company invested AU\$819,000 (\$15,966) in scholarships for 117 university students. More than 30% are studying mining engineering, while 42% are studying environmental engineering, geology, mechanical engineering or minerals processing engineering.

Graduates from relevant disciplines can apply for places on a two-year graduate development programme. This provides broad training in various aspects of the business, including technical expertise relating to coal production and management skills. Participants are also given careers advice, including an insight into positions that will be available as well as an understanding of what these roles will require. Eighty-four students took part in the programme in 2007 and another 39 will start in 2008.

Anglo Chile awarded scholarships to 24 mining, civil engineering and geology students in 2007. The students, from universities across the country, were chosen based on their excellent academic performance and potential to be future Anglo Chile employees.

### Promoting mining studies

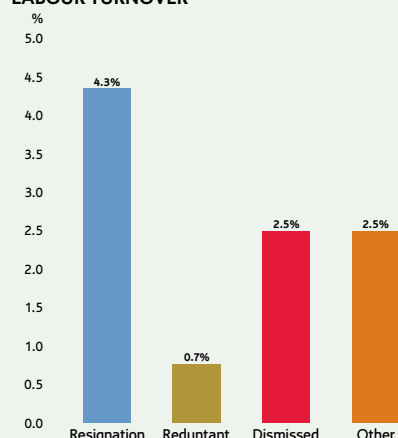
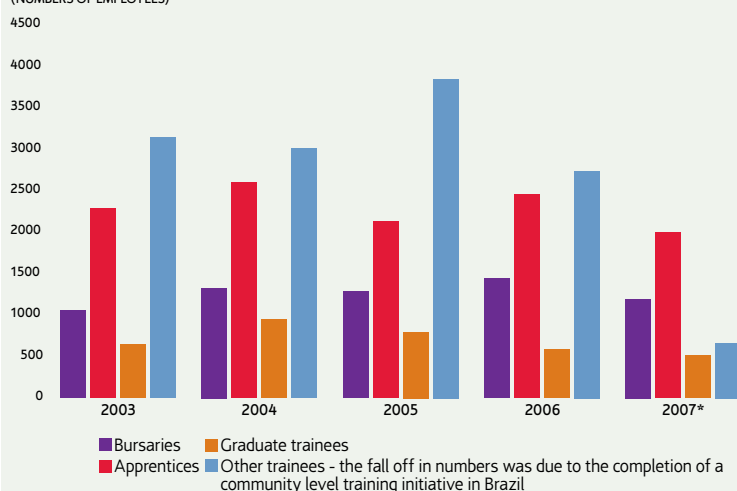
Anglo employees in the UK visit schools and universities to promote study and careers in mining and associated subjects. In 2007, Anglo also donated £8,000 (\$16,013) to a charity that arranges university visits for 16 and 17-year olds to sample mining and minerals engineering degrees. Anglo sponsored two UK mining and engineering students at university in 2007, and plans to sponsor four in 2008.

European students are also given work placements at mining or exploration sites around the world. The programme has dramatically increased in popularity over the past five years, with 210 applicants for 36 placements in 2007 compared with 19 applicants for 10 placements in 2002. Fifteen participants have gone on to become permanent Anglo employees since the initiative began.

### Work experience

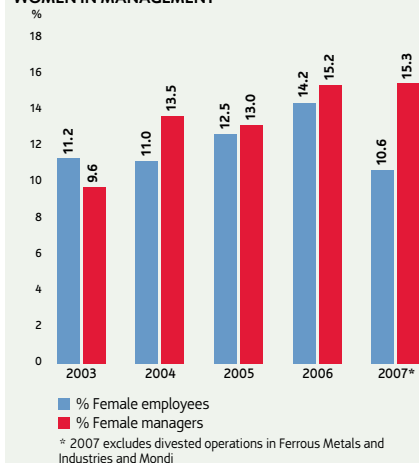
The South African business units are working closely with the government to provide students

LABOUR TURNOVER

EDUCATION AND TRAINING  
(NUMBERS OF EMPLOYEES)

\* Drop in numbers is a result of divestment in past two years, see page 11

## WOMEN IN MANAGEMENT



from technical universities with skills that will help them find work. In 2007, 200 students were invited to Anglo American South Africa for practical training, with another 200 set to attend in 2008.

In 2007, Kumba gave bursaries totalling R7 million (\$992,819) to 48 students, and accepted 20 graduates onto its training programme. Kumba also donated R2 million (\$283,663) to enable 10 disadvantaged young people to attend a year of pre-university schooling. In 2008, Kumba plans to provide 81 students with bursaries totalling almost R18 million (\$2.6 million), and will expand its training programme to support 52 graduates.

## Fast track to equity

In 2007, Anglo Platinum fast-tracked historically disadvantaged South Africans for careers in mining with 354 employees benefiting in 2007 (212 in 2006). A programme designed to train people for senior management posts attracted 48 people, while 4,408 were trained in supervisory skills.

Work began in mid-2007 on Anglo Platinum's new R285 million (\$40.4 million) mine training centre in northern South Africa. This will provide theoretical and practical training for surface and underground operations. Some 1,200 new employees will be trained annually, and the centre will create 200 jobs – 100 permanent roles and 100 temporary construction posts. Anglo Platinum is also extending and upgrading its engineering skills training centre, at a cost of R27 million (\$3.8 million).

## Indigenous people trained

Anglo Coal Australia (ACA) completed its first training programme to encourage indigenous people into the mining industry. Fifteen people took part in the three-week course, held at the Dawson mine. They gained first-hand experience of using mining machinery, and lived with other mine workers in ACA accommodation.

Once the course was completed, ACA employed four of the participants. The company plans to hire a further six indigenous people from the next two training programmes.

## Women in Anglo

ACA aims to increase workforce diversity and become a more attractive employer to female job-seekers. At present, 11% of ACA employees are women. Many women do not consider careers in the mining industry and may not know about the opportunities available.

In 2007, the 'Women in Anglo' project taskforce assessed the opportunities and barriers to women in the Australian workforce.

Their work included benchmarking employment practices with other employers, surveying employees and their partners, and conducting a series of one-to-one interviews. The taskforce will report its findings to ACA in 2008 and make recommendations on how the company can increase representation of women in its workforce.

## TRANSFORMATION IN SOUTH AFRICA

AS AT 31 DECEMBER 2007

	% Women	% HDSA
Top and senior management	10%	20%
Professional and middle management	10%	26%
Junior management	14%	51%
Skilled workers	15%	66%
<b>Total</b>	<b>18%</b>	<b>45%</b>



Anglo Coal Australia provided training to a number of indigenous people from the local community to encourage them to consider mining careers



Marbeli Blanco, first female mine operator at Loma De Níquel



# HIV and AIDS programme growing

## HIV

### Key indicators

Employees in Risk Areas <sup>*1</sup>	74,722
HIV Prevalence rate	19%
Estimated no. of HIV-positive	13,886
VCT Participation	54,081
% VCT Participation	72%
Number on HIV wellness Programmes	9,529
% HIV-positive enrolment on wellness programmes	69%
Number on ART	3,617
% HIV-positive on ART	26%

<sup>\*1</sup> Numbers differ significantly from past years because of divestments from Mondi and Highveld Steel in 2007 and Exxaro and Hippo Valley in 2006. In addition, AngloGold Ashanti HIV and AIDS numbers are no longer included in this report

**Anglo American runs one of the biggest private sector HIV and AIDS programmes in southern Africa and has since 2002 provided free anti-retroviral therapy (ART) to employees.**

## Performance

Some 3,600 employees were receiving antiretroviral treatment (ART) at the end of 2007 and 69% of the estimated 14,000 employees who are HIV positive are enrolled in HIV disease management programmes.

Anglo American is investigating funding and providing ART at its business unit medical facilities for the dependants of all employees in southern Africa who are not covered by health insurance. As many employees have families living in remote rural parts of the country, delivering on this commitment is not without major logistical challenges.

During 2007, the company launched another major campaign to encourage all employees to be voluntarily tested for HIV. Just over 70% of the 75,000 employees throughout southern Africa underwent counselling and voluntary HIV testing (VCT) – thereby making knowledge the major foundation for our programme. If employees know their status they are able to monitor their disease progress and ensure timely access to treatment. We are committed to breaking the cycle of new infections and to ensuring that those employees who are HIV infected are assisted in staying healthy and economically and socially active for as long as possible.

Our assurance providers were not able to provide the level of assurance we would have liked on the numbers of employees undergoing VCT or receiving treatment. This was due to some systems and procedural issues and the challenge

of maintaining patient confidentiality during the audit. We are reassessing our systems as a result.

Early intervention – first through wellness programmes and later through drug therapy initiated before the employee suffers extensive health damage (particularly through tuberculosis) – has proven effective. This increases the potential that the employee will remain economically active and continue to support their families for as long as possible. It has also proven to reduce absenteeism and the costs of treating opportunistic diseases resulting from AIDS. Anglo Coal achieved 84% coverage with its VCT programme thereby increasing the possibility that it will know immediately whether its commitment to preventing new infections is succeeding. The exploration division which has a mobile workforce provided voluntary counselling and testing to 90% of their African-based staff.

By accessing funding from the US President's Emergency Programme Fund for Aids Relief (PEPFAR), treatment is also extended through a network of GPs to contractors working on our sites who do not have access to programmes through their own employers.

The Bhubezi community health centre at Bushbuckridge established and funded by Anglo Coal South Africa, Virgin Unite, and USAID/PEPFAR have enabled us to provide free treatment to over 600 AIDS sufferers in a disadvantaged rural community in Mpumalanga, which has historically been an important source of labour for the mining industry.

Three members of the UK parliament recently committed to work with Business Action for Africa on a best practice guide on the role of the private sector in the workplace and in local communities. This followed a recent fact-finding trip to examine the important role that business has to play in the fight against AIDS – in partnership with government, civil society and donors.

During the visit MPs Lynne Featherstone, David Borrow and Sally Keeble were shown the urban face of HIV and AIDS at Alexandra Township near Johannesburg and also visited the Goedehoop colliery, a centre for good practice within Anglo American. They visited the mine's sustainable development centre, a youth facility which educates young people from the area on a range of social issues – including HIV and AIDS – and were given an opportunity to engage with peer educators. At Anglo Coal's Highveld Hospital in Witbank they were able to



Mandla Mnisi, medical technologist in the HIV laboratory at the Bhubezi community health centre at Bushbuckridge



*Dr Hugo Tempelman with one of the 4x4 vehicles used in the Bhubezi AIDS outreach programme*

participate in an *Asikhulume* or 'lets talk with your permission' session during which 10 employees declared their HIV status and told personal stories of loss, despair and then hope to the group of hospital staff, union leaders and representatives from Anglo Coal's nine collieries.

### Increasing our treatment capability

It is critical to increase the skills level of physicians, nursing staff and counsellors to ensure the long term success of the Anglo American HIV and AIDS programmes. During 2007, Aurum Health Care offered a variety of programmes to medical staff. Aurum has in recent years advised Anglo on drug and treatment protocols in addition to undertaking an independent health economics assessment of our HIV programme. Three doctors and 17 nurses were trained in treatment using antiretroviral therapy and a further 22 doctors went through refresher training. Five counselling courses were held. These included a five-day programme on VCT training, and programmes on adherence to ART, counselling for couples and for children and on preventing mother-to-child transmission as well as the disclosure of HIV status. Nurses were also trained on treating TB.

### Women's rights top of AIDS agenda

The emphasis on women's health issues is an increasingly important component in Anglo's HIV/AIDS strategy. Women are particularly vulnerable to HIV infection, according to Dr Brian Brink, Anglo American's Group Medical Consultant. Anglo American is playing a leading role in ensuring gender equality and improving women's access to sexual and reproductive rights and health.

The new infection rate for young women in developing countries is four to five times higher

than for men of the same age, because of their physical and physiological vulnerability, inadequate reproductive health services and because they typically have little control over their sexual and reproductive lives.

Brian says it is critical that women are offered the female condom and are provided with comprehensive health care services in the communities in which we operate. These should include information, testing and counselling, as well as family planning and maternity care, and treatment for sexually-transmitted infections.

Needy young women are often coerced into sex by older men either in exchange for gifts or on a commercial basis which means underlying problems of poverty and job creation must be addressed. It is critical to provide economic alternatives, as well as to address violence against women. But, Brian insists that, bringing about a change in attitude in men is as important as empowering girls and women.

### Digital pen improves data capture

Scaw Metals and the Aurum Institute have been testing a digital tool that helps ensure that data about HIV treatment for employees is stored quickly and accurately.

A digital pen and paper – similar to that used by traffic officers in the UK – is used to enter data about each patient and their treatment. It is immediately captured in electronic format and

sent remotely to the database for capturing, verification and analysis. This reduces the amount of administrative time needed for each patient and reduces the administrative burden on clinical staff. The tool has proved to be cost-effective and reliable with over 95% of data submitted being detected correctly.

### Community based wellness centre

To coincide with World AIDS Day in December 2007, the Premier of the Northern Cape opened a new community wellness centre sponsored by Kumba Iron Ore's Sishen mine. Known as the Ulysses Gogi Modise Wellness Centre and situated in Kathu township, it is the only privately-sponsored clinic in the Northern Cape. The services provided to the local community include education, counselling and HIV testing as well as access to antiretroviral treatment for AIDS.

The venture is a partnership between Kumba, the Gamagara Municipality and the provincial Department of Health and it is managed by Calibre Clinical Consultants. It will integrate and complement local private and public health services to improve community health. Kumba sponsored the cost of establishing the wellness centre and will also pay all operational costs for the next three years at a cost of R17.2 million (\$2.5 million). In the long-term it is envisaged that the ownership and management of the facility will be handed over to the Department of Health.



*Dr Gilbert Khosa reading a digital X-ray at the Bhubezi community health centre at Bushbuckridge*



# Housing for employees



*Lanquedoc village in the Western Cape has addressed one of the primary needs of employees - that of affordable housing*

## Employee housing developments

Many of our operations are finding that housing supply has not kept up with demand in the areas of our mines. And, in order to appropriately house employees, which is often key to attracting and retaining skilled staff, they have to get involved in providing housing.

Anglo Coal Australia is committed to the sustainable design, construction and maintenance of company accommodation. The company has developed a sustainable housing policy and standard, outlining its requirements and providing guidance on how to develop and build sustainable housing. It includes an online tool that enables employees to compare conventional housing designs with those incorporating sustainability features such as energy and water saving measures.

In South Africa, Anglo Platinum is working with stakeholders and the Rustenburg municipality to develop sufficient housing. It launched a home ownership scheme to assist low-earning employees who have traditionally struggled to access housing finance from financial institutions. The scheme encourages employees who are renting accommodation to switch to home ownership. This will assist many employees in upgrading from informal housing to properly constructed homes.

A training programme is being conducted and making available information about what the houses will look like and affordability levels. Show houses have been built at Sraleng in Rustenburg and at Northam. Construction will start in 2008.



*Inside one of Thabazimbi mine's upgraded hostel blocks*

Kumba Iron Ore is improving workers' living conditions in Thabazimbi by converting a hostel originally built in the 1940s into units which these employees can buy at subsidised prices. Over the past three years, the company has divided the hostel's dormitories, which previously housed up to 12 people, into one-, two- and three-bedroom units, with bathrooms, suitable either for single employees or families. Kumba Iron Ore completed nine units in 2007, at a cost of more than R3.3 million (\$470,547).

Employees are happier in the new units, and as a result Kumba Iron Ore (KIO) has seen better productivity and staff retention. To date 386 Thabazimbi employees have bought housing.

## Lanquedoc housing

Anglo American has been helping its employees in South Africa to become home owners since 1998. Anglo American Farms (AAF) has contributed a total of R36.4 million (\$5.2 million) to set up the Lanquedoc Housing Association – a government-approved land reform project - providing land, houses and resources to develop the area.

In the process, the village of Lanquedoc in the Western Cape has been developed to nearly four times its original size, providing 615 homes to the company's employees and ex-employees at no cost to the new home owners. The project evolved from a review process that started in 1990 in order to identify the strategic direction for the company in the 21st century. The uppermost social issue identified was that of housing and in particular the home ownership aspirations of the workforce.

In 2007, AAF helped fund improvements to resurface Lanquedoc's roads and upgrade its storm water drainage systems. A R1.1 million (\$156,014) project to landscape the area is due for completion in December 2008.

The project has received national and international recognition for enabling members of a historically disadvantaged community to own a home. The South African government's Department of Land Affairs recognises the Lanquedoc Housing Project as one of the most innovative housing schemes in the country. It won the South African Housing Federation's special merit award in 2006.

In 2003 Anglo American sold its interests in the historic Boschendal wine estate which employed many of these workers.



# Engagement is the foundation

## Building on Engagement

### Key indicators

- First round of SEAT assessments completed
- Enhanced SEAT published
- Third party review finds international best practice
- Over 200 staff trained to use SEAT2
- Original SEAT manual available on our website for use by others

**Deepening local stakeholder engagement and improving the beneficial socio-economic impacts of our existing operations are key priorities within the Group.**

### Stakeholder engagement

Our long-term business success is dependent on creating value for shareholders, and on the goodwill and consent of a number of key stakeholders. We have created structured programmes for engaging with these priority groups and evaluating the impact of these programmes.

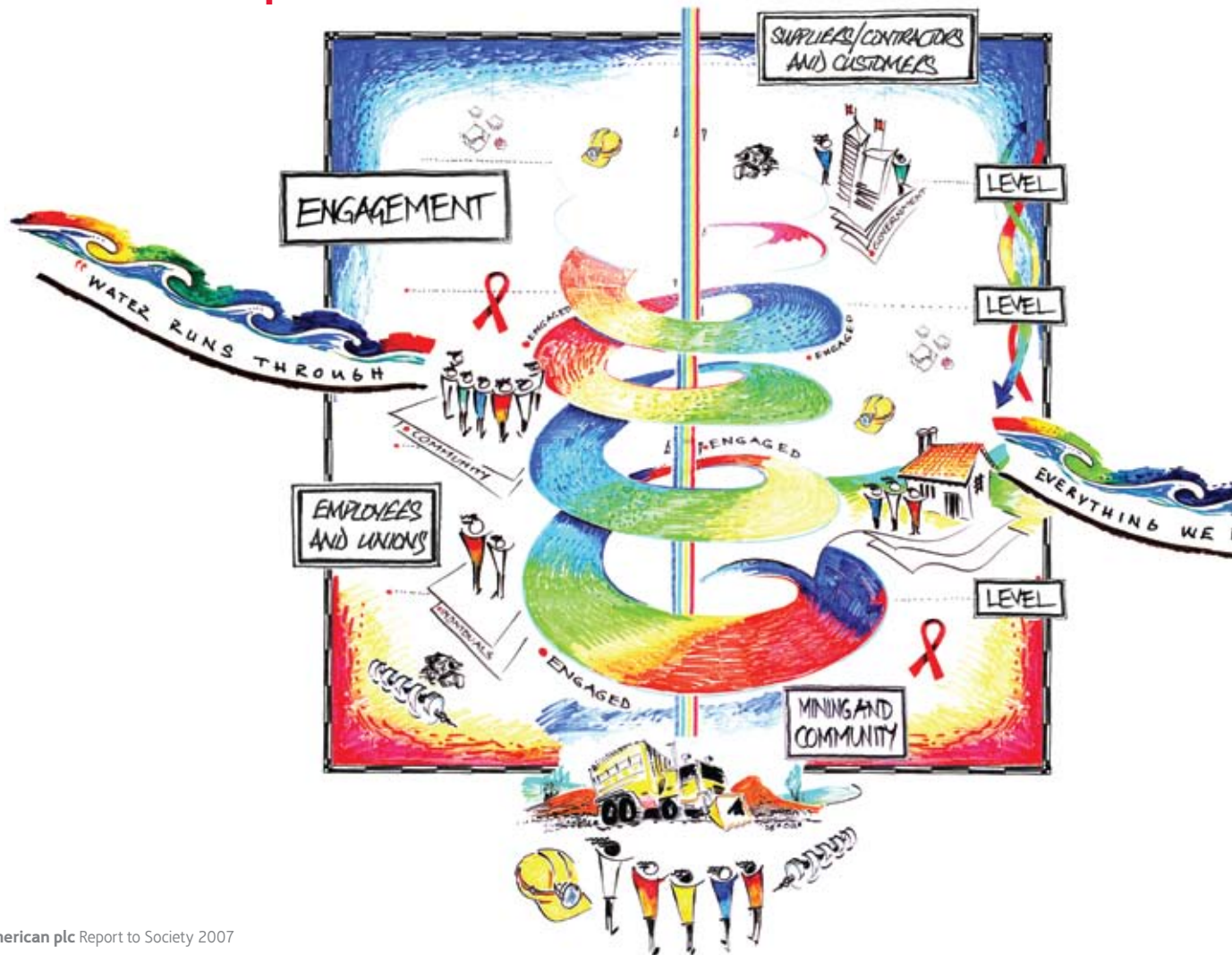
### Social forums

Two hundred senior managers met at two regional forums to discuss social and community development issues in 2007. One was held in São Paulo, Brazil and the other, the third of its kind, was held in South Africa. There the focus was on resettlement issues, developing black owned and managed small businesses (BEE) and ways of tackling poverty. Speakers also underlined the importance that Anglo places on employee and contractor safety, and heard labour union representatives speak about their concerns.

Chief executive Cynthia Carroll highlighted the way in which Anglo's performance in sustainable development has become a positive area of competitive differentiation for the Group. She reiterated our desire to work in partnership with governments and other stakeholders on targeted development and community projects. She also set an ambitious agenda to improve the quality of future SEAT reports so that managers are fully involved in the process and the reports include precise targets for socio-economic development.

### Strategic partnership

Anglo American and Care International UK's chief executive Geoffrey Dennis signed a Memorandum of Agreement in December to work together on alleviating poverty and promoting improved development outcomes. Anglo American has supported CARE projects in Zimbabwe and Brazil for a number of years. CARE has more than 60 years' experience in tackling the deep-seated root causes of poverty.



see also

p09

**ICMM Principle 3**  
Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities.

**ICMM Principle 9**  
Contribute to the social, economic and institutional development of the communities in which we operate.

Strategy sessions are currently underway to determine the focus for joint initiatives and how to build the capacity of local communities and improve our ability to respond to the rights and needs of these communities.

## Socio-Economic Assessment Toolbox

An enhanced version of our Socio-Economic Assessment Toolbox (SEAT) was published in 2007. Since its launch in 2003, SEAT has been implemented at almost 60 sites – ranging from mines to forest plantations – in 16 countries from Chile to China.

SEAT assessments look at how the community hosting an operation is affected by our work, and what social and economic benefits we can offer them in return. We will run a SEAT assessment at each of our significant operations every three years.

The new version of SEAT has more tools and provides a wider range of guidance on topics such as complaints procedures, identification and prevention of conflict, community engagement in emergency planning and resettlement. Enhanced guidance is also provided on how Anglo operations can support community development, including new tools on initiatives such as micro-credit, alternative livelihoods, sustainable energy and water projects, community health and institutional capacity development. In 2008, new tools on contractor management and issues related to relations with indigenous peoples will be added to the toolbox.

### Expanded training programme

Over 200 senior managers were trained in the new edition of SEAT at five workshops in Australia, Brazil, Peru and South Africa. Further workshops are scheduled for 2008. A growing number of exploration and project development staff participate in workshops, supporting community development from the earliest stages of exploration activity. The Anglo Exploration SHEC List, which is used to ensure that exploration teams observe best practice in their interactions with local communities, will be revised during 2008.

### Performance

Operations that published SEAT reports in 2007 include the Capcoal and Dawson coal mines in Australia, and the Rustenburg Platinum mine and Isibonelo colliery in South Africa. The latter commenced production in 2006. Management measures resulting from the Capcoal SEAT

report, for example, include establishing a mentoring programme at the local school to transfer skills and motivate children to enter higher education. Capcoal will also refurbish all company-owned accommodation (mine employees and their families account for the majority of the population in the neighbouring community of Middlemount).

At the Rustenburg Platinum mine, the SEAT process was used to reassess the mine's wide-ranging socio-economic development plan. The mine now provides assistance via a small business development programme; community development initiatives – including providing infrastructure in informal settlements and sponsoring of mobile clinics – and educational initiatives. The latter includes school refurbishments, teacher training, scholarships and initiatives to support 2,000 students in maths, science, technology and literacy.

Effective engagement with stakeholders is essential to understanding the world around us and to understanding their legitimate expectations of us. Thus, whilst our new Value Based Management system emphasises the key corporate goal of creating value for shareholders, this is within the context of our long term priorities as a business whose success is dependent upon the goodwill and consent of a number of key stakeholders. We have structured programmes for engaging with our priority stakeholder groups and for evaluating the impact of these programmes.

Stakeholders	Key channels for engagement during 2007
Investors and providers of capital	Results presentations and roadshows, investor conferences, sustainable development presentations, interaction with Equator Principles banks
Governments	Engagement directly and through industry associations, national initiatives, international partnerships; presentations Commercial interactions, tender and compliance processes, open days, safety inductions, enterprise development initiatives
International organisations	Involvement in UN Global Compact; ICMM, WBCSD and Global Business Coalition on HIV/AIDS, Extractive Industries Transparency Initiative, Voluntary Principles on Security and Human Rights; Investment Climate Facility for Africa, dialogue with World Bank and UN institutions
Communities	Community engagement plans, SEAT, consultative public forums and meetings, impact assessments, complaints procedures and whistle-blowing
Contractors and suppliers	Commercial interactions, tender and compliance processes, open days, safety inductions, enterprise development initiatives
Customers	Commercial relationships, complaints procedures, surveys
NGOs	Engagement on issues, involvement in partnerships (e.g. on transparency, biodiversity, human rights or HIV), memberships, social investment, global relationships
Employees	Climate surveys; newsletters; enterprise information portal (theSource); line manager briefings; performance contracts/reviews; CEO briefings; trade union interactions; European Information Council



## External review

### Independent evaluation

We commissioned Business for Social Responsibility (BSR) – North America’s leading corporate responsibility organisation – to evaluate the first round of SEAT implementations. The objective was to assess stakeholder perceptions and identify ways to improve the implementation. BSR conducted about 200 interviews with academics, local and regional governments, host community members, implementing partners and industry groups. Benefits arising from SEAT assessments include enterprise development, housing, health and educational initiatives. BSR found SEAT to be an international best practice initiative and most successful where there is direct senior leadership involvement. BSR recommended we ensure that action plans contain clear milestones, create linkages to mine closure plans and move towards evaluating our impacts rather than rely on input key performance indicators. The BSR evaluation is available on both the BSR and Anglo American websites.

*“We believe SEAT represents an international best practice and is an important contribution to the extractives sector and corporate community development activities more broadly.”* Business for Social Responsibility.

SEAT also received praise from academic researchers in 2007. A book by academics from the Judge Institute at the University of Cambridge, for example, found that SEAT was “potentially ground-breaking” and that its adoption “is revolutionising Anglo American’s relationship with its operations’ neighbouring communities.”

BSR also recommended that the first version of SEAT should be made available publicly to further reinforce Anglo American’s reputation as a global leader in sustainable development. In response to this, it has been published on the Anglo American website for use by other organisations.



Community engagement workshop with the Comunidad Campesina de la Encañada - a small village near the Michiquillay site

### Resettlement

Our policy is to avoid unnecessary and involuntary resettlement whenever possible and to follow international best practice when it is unavoidable. Best practice requires that we continuously engage with legitimate stakeholders, have conflict resolution mechanisms as well as fully understand the needs and aspirations and local political dynamics of the affected communities.

During 2007 we held an internal workshop to learn from our experiences in resettling communities. This reinforced the need for management to give sustained leadership and the need to treat resettlements as development and poverty alleviation opportunities and not as property development or engineering projects. In some countries, government bodies take responsibility for the resettlement. This provides operations with the added challenge of remaining closely involved to ensure that high standards are achieved.

During 2007, professional archaeologists moved 1,648 graves from an area adjacent to Anglo Coal’s New Vaal colliery. Meticulous attention was paid to cultural customs and family preferences and was well received by the families.

The Dingleton community, near the Sishen mine in South Africa’s Northern Cape, will be relocated at the request of the community who are concerned about noise and dust levels. Dingleton was built to serve the mine in the



see also

p13

**ICMM Principle 3**  
Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities.

**ICMM Principle 9**  
Contribute to the social, economic and institutional development of the communities in which we operate.

1950s and while environmental standards are met, by modern standards the town is too close to active mine areas.

### Motlhotlo relocation

By year-end a total of 539 families had relocated from Ga-Sekhaolelo and Ga-Puka villages to the new Motlhotlo village, some 10 kilometres from the PPRust North mine expansion, in South Africa's Limpopo province. A further 418 families will move in 2008. The resettlement process has been guided by the World Bank Guidelines on resettlement. Consultation started in 2001.

In addition to the families that have already moved, four new schools, businesses and churches are now operational in the new area.

Shortly after it started in May 2007, the resettlement was put on hold by a small group of community members. A task team was established, under the guidance of the provincial Premier, to address the issues raised by this group. The task team included the concerned community group, the South African Council of Churches, the Premier's office and officials from the Departments of Land Affairs, Minerals and Energy as well as Economic Affairs, and representatives of the not-for-profit companies which had been established to manage the exercise.

In June, this locally driven, multi-stakeholder task team agreed that the resettlement should continue and the move has been progressing since then. The remaining families are scheduled to move in 2008. However, it appears, from



*As part of Anglo Platinum's resettlement process for the Ga-Puka and Ga-Sekhaolelo communities near Makopane (Potgietersrust) in South Africa, socio-economic development projects ensured that the community benefited from job opportunities and capacity building*

legal correspondence received in 2007, that about 13 families may choose not to move to the new location.

Community-based local enterprises were used to construct the new village, which is expected to be completed by the end of May 2008. Many local residents were trained for construction jobs and the bricks were sourced from a brickyard created for the purpose and which is run by local residents.

Various post-relocation initiatives are already underway. These include handing the brickyard over to the community for their continued

benefit; ensuring that village service contracts which empower community members are put in place; providing preferential bursaries for local students' tertiary educations; and providing community members with employment opportunities.

### Cerrejón review

Cerrejón Coal in Colombia normally falls outside our reporting boundaries. The mine is a joint venture which is independently managed. However, as concerns have regularly been raised about Cerrejón's relocation and legacy issues this information is included in the interests of completeness and transparency.

In 2007, Cerrejón commissioned an independent panel to conduct a review of its social impacts and programmes. The panel included Salomon Kalmanovitz, a former Board member of the Colombian Central Bank and Dean of Economics and Business Administration at the Jorge Tadeo Lozano University; Elena Serrano of the Chilean Casa de La Paz Foundation; and Nick Killick of International Alert, a UK-based NGO focused on conflict prevention. The group was chaired by Dr John Harker, President of Canada's Cape Breton University.

Cerrejón accounts for 6% of national exports. It annually pays about \$250 million in taxes and royalties, has created more than 10,000 direct and indirect jobs and invests millions of US dollars annually in sustainable development programmes such as health, education and HIV/



*A family taking occupation of their new home during the Motlhotlo Relocations*

# Indigenous peoples

AIDS projects. There is a significant indigenous population near the mine.

In a report to Cerrejón and its shareholders - Anglo American, BHP Billiton and Xstrata - the panel found that because the government lacks resources to provide services to the local communities, significant parts of the population look to the company to resolve issues. It says the coal mining industry does not enjoy a positive image but Cerrejón has sought to raise performance standards.

The panel made a number of recommendations on steps that might be taken to resolve outstanding issues relating to the relocation of the village of Tabaco in 2001. While this predates the current joint venture, the company seeks to promote reconciliation between the groups who have, on the one hand, accepted the relocation and those who have to date refused to accept compensation. The panel also suggested ways of:

- Redressing the relative disadvantages of the Wayuu indigenous people;
- Encouraging a wider array of civil society organisations in the region;
- Promoting greater regional transparency around royalty and tax flows;
- Initiating a more transparent complaints

procedure, including for handling security issues; and

- Increasing local economic development and the linkages between the operation and local communities.

## Human rights

During 2007 Anglo American operations continued to promote the Voluntary Principles on Security and Human Rights internally and in external forums. The principles were made a contractual requirement for private security companies used in Namibia, Venezuela and Chile, where 127 guards employed by us were also trained.

More than two-thirds of Anglo Platinum's security providers have now been trained in the Principles and the company donated R1 million (\$141,831) to the South African Police Service to fund the development of a policing and human rights course.

A small exploration camp in northern Luzon in the Philippines was attacked by unidentified gunmen in January 2007. Tents and some equipment were damaged but no one was hurt. It is not believed to have been a militia attack but was reported to the Voluntary Roundtable on Security and Human Rights.

## Constructive engagement

A UK review of allegations made in 2002 about Anglo American conduct in Zambia during the process of privatising the mines and while it operated the Konkola Copper Mine concluded last year without making recommendations. The UK National Contact Point on the OECD Guidelines complimented both the company and the NGO complainant, RAID (Rights and Accountability in Development), on the manner in which they shared information and constructively engaged around the issue.

## Indigenous peoples

Our involvement with indigenous groups from Alaska to Australia increased in 2007 as a result of acquisitions and exploration activity. We believe in engaging indigenous groups early, and with respect, and are sensitive to traditional hunting, harvesting or fishing activities.

In south-west Alaska, Native Americans make up the majority of the population. The Pebble Partnership is launching an independently facilitated stakeholder dialogue to address economic development and environmental issues relating to the Pebble project.



Anglo Coal Australia's employees participated in an event to raise awareness and fight racism



see also

p09

**ICMM Principle 3**  
Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities.

**ICMM Principle 9**  
Contribute to the social, economic and institutional development of the communities in which we operate.

The Chiispaya project in the Tacna region of Peru is another example of where continued, patient engagement with the local community has resulted in the granting of a social licence to conduct exploration activities, despite there being a strong level of anti-mining activism in the region.

In the Philippines, we have continued to negotiate access to land for exploration purposes in the Cordillera region. In one area of our Manmanok exploration lease we were unable to secure broad community consent and, as a result, are not exploring there. However, elsewhere on our lease we were able to secure the free prior and informed consent of 52 out of 54 representatives of the Buaya Tribe and Tega Clan, and the support of the municipality and four districts. We are now working there.

In Scandinavia and Finland, we have built strong relations with the indigenous Sami peoples,

### Recognising the special circumstances of indigenous groups

While we engage respectfully with all stakeholders, the cultural and historical context of indigenous peoples in many countries often requires an enhanced degree of sensitivity. This is especially so because there are often cultural and religious beliefs and ceremonies associated with land and other natural resources that may be impacted by exploration or mining activities.

Indigenous groups have often been historically marginalised by their governments and have had limited say in the management of their own lands and development, usually with detrimental socio-economic consequences.

Cultural differences between indigenous and outside groups are expressed in many ways. Our intent is to respect traditional or customary approaches to justice, particularly dispute resolution and adjudication procedures. Indigenous people have, or may claim, distinct legal rights. This requires carefully planned engagement to also stay in line with national requirements.

Many indigenous groups protect their distinct cultural, religious or linguistic characteristics and may be threatened by an influx of outside workers. We are sensitive to their traditional activities, such as seasonal hunting.



*The Kulgoodah Spirit Dancers at ACA's Dreamtime Ball which raised funds for community development projects at Woorabinda*

including the Sami parliament, through measures such as early consultation, ongoing dialogue, support for community safety and cultural initiatives, and by designing exploration activities to avoid disrupting traditional herding activities.

### SEAT tool for indigenous issues

We have commissioned a new SEAT tool that focuses on indigenous issues, and this will be ready in mid-2008. This will provide guidance on culturally appropriate engagement approaches and opportunities for indigenous people to participate in Anglo exploration, development and mining projects. We have also included elements of a human rights assessment in the SEAT2.

### Award for Woorabinda programme

Anglo Coal won the 2007 Queensland Multicultural Award for Large Business for its development work with the Woorabinda community, training programmes for indigenous people and efforts to eradicate racism.

The community in Woorabinda lacks employment opportunities, and Anglo Coal has supported artwork, furniture and nursery

businesses. Its week-long Cattle Camp developed local students' leadership skills and helped them appreciate the differences and similarities between indigenous and non-indigenous cultures.

Under Anglo Coal's Shared Responsibility Agreement with Woorabinda and the Federal Government, the company aims to create job opportunities for the community and improve the prospects of its children. In 2007, Anglo Coal invited Woorabinda students to visit its Capcoal surface mine. The children learned about mining and career opportunities at Anglo Coal and were encouraged to consider joining the company in future.

In 2007, Anglo Coal also held its first training programme for indigenous people from central Queensland. The company was also praised for supporting an international soccer game that promoted action against racism.

### Enhancing benefits from the start

As a result of our project pipeline and recent acquisitions, the focus in 2007 turned to enhancing socio-economic benefits to communities from the outset of any project.



*The Woorabinda cattle camp was designed to improve leadership skills in youth*



The mine development phase is lengthy and is increasingly taking place in remote, often sensitive, locations. We undertake rigorous impact assessments for all new projects. Gathering the data for impact assessment, feasibility studies, design work and permitting can take years – even before the start of construction. As a result large teams can be in the area for several years before an operation starts up, causing a growing need for sustained community engagement.

### Enhancing stakeholder engagement

At Michiquillay, Peru, we are engaging extensively with stakeholders before undertaking any field exploration work. Under the privatisation arrangements for this project about \$200 million will flow to local communities, in the form of an endowment, if a mine is built.

In Alaska, we have worked with our partners in the Pebble Partnership as well as stakeholders to instigate an independently facilitated, multi-stakeholder dialogue process for the Pebble project. This is being led by the Keystone Center, a US mediation and stakeholder dialogue organisation with an international reputation. The dialogue process will be governed by the participants themselves, not the Pebble Partnership. It will be able to commission research, which will be selected and supervised by all stakeholders, including those who have expressed concerns about the development of the project.

### Early social investments

At the Quellaveco copper project, also in Peru, we have been working with indigenous communities in the high Andes. Following extensive stakeholder engagement designed to help local people to articulate their own vision of development, educational and agricultural programmes are already beginning to provide lasting benefits to the region. Initiatives have included increasing the quality of Alpaca herds and teaching Aymara-speaking communities the skills necessary to help them process Alpaca wool efficiently.

At Anglo Platinum's Unki Platinum project in Zimbabwe, which is currently under construction, we have been addressing pressing local development needs by supporting local schools and clinics, and have also provided food aid to communities. As construction progresses we will take the unusual step of doing a SEAT study before operations begin to enable us to develop an integrated programme of development assistance to local communities.

### Exploration SHEC-List

For four years our exploration teams have been using a unique guidance manual to manage a range of safety, health, environment and community issues. In 2008 we will be updating our Exploration SHEC-List to reflect new guidance within Anglo (such as SEAT2) and to incorporate experiences of using the manual to date.



*A community engagement session in Peru.*

# Investing in society

## Corporate Social Investment

### Corporate responsibility

Like many other London-based companies we regularly report our corporate social investment as a percentage of pre-tax profit. In 2007, the contributions from managed subsidiaries and joint ventures increased to \$60.5 million or 0.7% of pre-tax profit (\$50.3 million or 0.5% of pre-tax profit in 2006). Over time we will be focusing to a greater extent on the outcomes of that investment.

The 2007 investment figure includes cash donations, gifts in kind and staff time dedicated to delivering community benefit programmes. In addition, we endowed two independent trusts, Optima and Epoch, with a view to raising some R40 million (\$5.7 million) a year to raise standards of mathematics and science teaching in South African schools. The trusts were funded through a share buy-back programme.

### Chairman's Fund

In 2007, the Anglo American Chairman's Fund in South Africa received the Investing in Education Award at the inaugural Making Corporate Social Investment Matter conference in Johannesburg. The Fund was also voted by NGOs and its peers as South Africa's best corporate donor for the seventh consecutive year. With a budget of R70 million (\$9.9 million), it supported 300 projects in 2007.

The Chairman's Fund is responsible for South Africa's largest corporate investment in education infrastructure, having built 16 schools in the north of the country since the mid-1970s.

Nearly half of the 2007 budget went to education initiatives, including R1.5 million to complete four new classrooms and an ablution block at a successful but poor school near Goedeheop colliery. The school was started in 1960 and has operated from the old Goedeheop hospital since the 1980s. The school enrolls around 467 pupils from preschool to the eighth year of formal schooling. With the addition of new facilities, the school can now add a further grade. Pupils are mostly from local farms and informal settlements around the Goedeheop colliery but include the children of some employees.

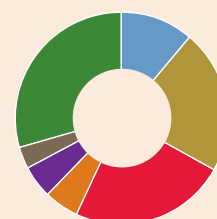
The Chairman's Fund donated another R12.3 million (\$1.8 million) to HIV/AIDS organisations, including care programmes and training for nurses and community care workers. A four-year, R30 million (\$4.3 million) partnership with South African youth HIV-prevention organisation, loveLife, was completed in 2007. This partnership developed eight youth centres close to Anglo American operations to try and empower young people to fight AIDS. The Fund also gave a two-year grant of R6 million (\$850,898) to the organisation that manages our employee antiretroviral treatment programme, to help build research capacity and improve treatment.

The remaining funds went to health and welfare projects, as well as programmes to improve business skills and help empower communities economically. Smaller amounts went to arts and environmental initiatives.

### GLOBAL SPEND BY CAUSE SUPPORTED

\$ (MILLION)

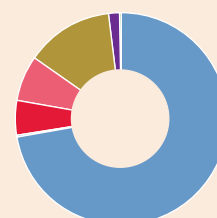
• Health/HIV	5.7
• Education and Youth	11.0
• Environment	12.0
• Community Development	2.6
• Arts, Culture and Heritage	2.6
• Housing	1.6
• Other	14.8



### GLOBAL SPEND BY REGION

\$ (MILLION)

• South Africa	43.7
• Rest of Africa	0.2
• United Kingdom	3.1
• Rest of Europe	4.3
• The Americas	8.1
• Australia/Asia	1.0
• Other	0.1



Small scale farmers at the Dedeni agricultural project checking the health of their livestock

### Anglo American Group Foundation

An Anglo American Group Foundation was established in London in 2006, building on the widely admired social investment work of the Chairman's Fund in South Africa. Whereas the Chairman's Fund is an implementing agency, the Foundation will support projects in the United Kingdom and other parts of the world where the Group operates. The primary objective is to promote capacity in building sustainable projects on health, education, international development and governance. In 2007, we provided funds for projects for Plan International (China); Engineers without Borders; Sightsavers International (Senegal); Children of the Andes; HIV and AIDS charity Starfish; the UK's National AIDS Trust; and the UK homelessness charities, Centrepoin and The Connection at St Martin-in-the-Fields. Staff from our London offices regularly volunteer at The Connection as well as an inner London school.



*Mpho Matjila from Anglo Platinum, second from left, Papillon Motswenyane, fifth from left, and Jakes Letsapa, right, providing insight into careers to students from the City Year voluntary programme*



*A care giver playing with children at the Johannesburg Child Welfare Society which is supported by the Anglo American Chairman's Fund*



*Local residents are trained in construction skills at Kumba Iron Ore's Itireleng centre*

### Volunteering

Anglo American's Johannesburg employees continued working with the residents of the Nomzamo informal settlement in Soweto, supporting a regular soup kitchen, providing information about HIV and AIDS and helping a community-based crèche.

Ongoing support is provided to Mother Theresa's Mission in Johannesburg and the Harriet Shezi paediatric AIDS clinic at the Chris Hani Baragwanath Hospital in Soweto.

Redundant computer equipment was donated to a church in central Johannesburg that provides refuge for thousands of Zimbabweans. The computers are used in a skills upgrading programme.

Professional staff volunteered their time for a two-day career guidance event held in August. They provided high-school students from disadvantaged schools and Anglo-sponsored participants in the City Year volunteering programme with a chance to learn about careers and the educational and personal characteristics necessary for success. We received excellent feedback, which included the news that six of the City Year volunteers had been inspired to find full-time employment.

### Hand crafts a hit in London

Goedehoop's sustainable development initiative, Skills Galore, was put on the international map when it recently shipped 200 kilograms of beautifully hand-crafted items to London.

These were sold at Anglo American's London head office, which hosts an annual art auction in aid of the HIV and AIDS charity, the Starfish Greathearts Foundation. The 2007 auction raised £72,000 (\$144,116).

The four women who run the enterprise were all previously unemployed and are genuinely thrilled that they have not only gained a valuable skill, but that they are able to contribute to their households financially.

Just a year after its inception in 2003, Skills Galore became completely sustainable and does not require ongoing funding from the mine for its day-to-day running. It has created more than 30 job opportunities, and has opened up a world of opportunity that its beneficiaries never believed possible.

### Skills for Down's syndrome sufferers

Tarmac Iberia has contributed €80,000 (\$109,665) per year for more than two years to a programme that provides professional



# Community development projects

development to young people with Down's syndrome. The programme, run by the Prodis Foundation, helps young people to gain the skills needed for employment, and gives the most gifted students a grant to cover their university expenses.

## Indian dental surgery

A new dental clinic was opened in Anandaniketan, in rural north-eastern India, in 2007 thanks to Anglo Coal Australia employees who raised more than AU\$39,000 (\$32,773) at a charity ball. This helped to pay for the building of the clinic and high-quality dental equipment. Discussions are underway to encourage local dentists to volunteer time in the clinic, and with Australian dentists who could make occasional voluntary visits. Australian employees are saving toothbrushes and toothpaste from airlines and hotels to send to the residents of Anandaniketan, to help improve their dental care.



Dr Hackwood (2nd from left), with Anandaniketan's General Manager Mr Subroto Sinha (left), explains the proper sterilisation procedure for the new autoclave

## From crèche to skills development

Kumba Iron Ore sponsors two projects that improve the prospects of children living near its Sishen mine. An Early Childhood Development Centre will prepare 150 children from disadvantaged homes for formal education, and help them develop language skills. Children will have access to educational therapists, a psychiatrist and an occupational therapist who will volunteer at the centre when necessary.

High-school children in the Northern Cape will have the chance to set up their own small business through Kumba's New Horizons Entrepreneurial Programme. Students from 128 high schools have been invited to develop business proposals. The 120 best proposals will receive start-up funding of R5,000 (\$709) and receive training, mentoring and guidance from local business people.

Kumba Iron Ore's Thabazimbi mine donated equipment worth R800,000 (\$113,465) to a skills development centre that provides free training to the local community. The centre has taught more than 650 people since it was established in 2003, 180 (or 15%) of whom are women. The centre offers courses in subjects such as business, carpentry, computer literacy, plumbing and welding. Seventy-eight percent of those trained have since found work.

In mid-2007, the centre began offering training to Thabazimbi mine employees. Fifty-six employees have registered for courses, attending four sessions a week in between their shifts. Plans are in place to train 530 more mine employees over the next five years.

Scaw Metals has a similar project for helping young, unemployed members of their community to obtain basic qualifications and improve their career prospects. Scaw's training school at its Germiston operations in South Africa teaches computer skills, the use of software packages and welding. Scaw Metals has hired several of the former students.

## Market for vendors

Scaw Metals built a market area for local vendors to sell to the 3,000 employees of its Union Junction works. Each vendor has access to an individual space to set up and securely store their stalls. Facilities include hot and cold running water so that food vendors can prepare

meals hygienically. The new market is more sheltered than the narrow roadside that vendors used previously, and is safer for traders and customers because there is no traffic.

Scaw's investment in the new market helps local traders – many of whom are women and their family's sole breadwinner – to continue to earn a living. Market places were believed by the late Norman Reynolds – a force in development economics – to be a distinguishing factor in many successful small communities and critical to the encouragement of entrepreneurship.

## Read Education Trust

Scaw Metals is also funding a literacy project at two high schools that are predominantly attended by Scaw employees' children. The project trains school staff in management and teaching methods, and provides new materials to help the children learn English language skills, as this is often their second language.

## Helping abused children

A Scaw-sponsored initiative, known as BEE Courtwise, helps bring child abuse offenders to justice by providing preparatory and in-court support to children who will testify in court cases against their abusers. BEE Courtwise has set up child-friendly witness preparation rooms in court, to allow young people to testify in a more supportive environment. It also gives trauma counselling to adults and children.



Lerato Sepadi working on a jewellery bench at the Itireleng skills development centre

# Good environmental management is essential for success

## Environmental Overview

### Key indicators

- 96% of material sites ISO 14001 certificated
- 32 legal actions initiated against Group companies
- Fines paid: \$241,740
- 8 internal biodiversity peer reviews conducted
- 1 biodiversity review by international NGO team
- Partnership MoU signed with Fauna and Flora International
- 87 Level 2 environmental incidents reported (down from 176 in 2006)
- 2.34 million hectares under company charge
- 79,103 hectares altered for mineral extraction to date, 9,124 hectares fully rehabilitated in 2007

**We made further progress in a number of critical environmental areas during 2007: energy, CO<sub>2</sub> abatement, water and biodiversity.**



*The small game farm at Landau colliery has been classified as a biologically diverse area*

Given the strategic changes within the Group and the development of new policy and methodologies, 2007 is likely to be viewed in hindsight as a set-up year for future improvements.

The *Anglo American Environment Way* was published as a working draft at year-end and will be finalised during 2008 along with a set of auditable performance standards. This is the first major revision of environmental policy and requirements since 2000.

Key aspects include applying a hierarchy of avoiding, minimising or mitigating all our environmental impacts: learning from environmental incidents to prevent recurrence and adopting simple, non-negotiable standards across the Group.

The *Environment Way* takes into account the Mine Closure Toolbox, SEAT2, as well as Sustainable Development planning guidelines and a set of tools to integrate sustainable development into project design and assessment which have been created in recent years.

### Highlights

A highlight of 2007 was the agreement on a memorandum of understanding with Fauna and Flora International (FFI). This sees us working in partnership to promote better business linkages, improve identification of biodiversity and increase management capability on our sites. The MoU recognises FFI's role as a critical, expert partner.

### Group changes

Significant changes in the composition of the Group, particularly the departure of a number of companies with a large environmental footprint mean that 2006 and 2007 numbers need to be adjusted to enable direct comparisons. This is highlighted throughout the report. In the past two years Hippo Valley Sugar Estates, Exxaro, Highveld Steel and Mondi left the Group.

### Performance

Business units reported a stable number of Level 1 environmental incidents, which indicates that the environmental management systems in place are being entrenched and an appropriate level of environmental awareness is being maintained. Level 2 incidents, which have a medium-term, reversible impact, reduced to 87 from 176 in 2006, due mostly to improved spillage control.

Tarmac paid \$56,000 in fines for environmental breaches in 2007. One was a \$52,440 fine in

Romania, for a pollution incident prior to Tarmac acquiring the sites. Base Metals faces a number of civil claims in Brazil and Chile. These include a challenge to the due process followed in obtaining approval for an expansion some years ago, a claim relating to title to land, and one relating to fish deaths. The potential cost to Base Metals if the actions succeed is more than \$100,000.

A visit by a "green" law enforcement unit to Highveld Steel after its sale resulted in negative media coverage. We provided evidence of a five-year improvement programme, which was launched in 2005 and on which R231 million (\$32.8 million) was spent in the period to June 2007. The new owners are continuing the programme.

### Air quality

Group sulphur dioxide (SO<sub>2</sub>) emissions decreased from 60,260 tonnes in 2006 to 45,607 tonnes in 2007. The most significant decrease came from divestments. Anglo Platinum reported an increase in emissions. However all smelters operated within the permit conditions stipulated for their scheduled processes.

## Green mining awards for Anglo companies

Anglo Platinum, Anglo Coal and our Exploration team were all lauded at the 2007 Nedbank Capital Green Mining Awards, which included nominations from beyond the South African borders.

Anglo Platinum's Amandelbult mine won the Environmental Category for its Environmental Management System, which has been fully integrated into the operation and has been extended to embrace and benefit local communities. This results in more sustainable practices at both the mine and within the community. Outcomes include continuous improvement in risk management, a reverse osmosis water treatment plant, and the fencing off of land to protect and nurture species endemic to the region.

The eMalahleni Water Reclamation Project is a pioneering private-public partnership that includes Anglo Coal, BHP Energy Coal South Africa (BECSA - 15% input) and the eMalahleni Local Municipality. Its primary purpose is to remove and desalinate water from the underground workings of Anglo Coal's Landau,



see also

p50

see also

p53

## ICMM Principle

6

Seek continual improvement of our environmental performance.



Anglo Coal won a Green Mining Award for its programme to reduce smoke in peri-urban areas caused by domestic burning of coal

Greenside and Kleinkopje collieries as well as from BECSA's now defunct South Witbank mine. The potable end product is sold to the water-stressed municipality's final reservoirs.

The *Basa njengo Magogo* (making fire like granny does) alternative fire-lighting project was recognised as an excellent example of a simple, low technology solution to a major health and social issue. High levels of air pollution associated with inefficient household coal burning create severe health and environmental problems during the winter months when coal is used for both cooking and heating. Although it does not sell coal to households, Anglo Coal elected to promote a low-cost coal burning intervention that teaches families to make fires in a healthier, more cost-effective and environmentally friendly way.

Goedehoop colliery provided conservationists with an exceptional opportunity to breed and observe the rare black-footed cat in captivity. This came about when an employee encountered a member of this endangered species on mine property. After a vet confirmed the animal was a black-footed cat and not a cross with a domestic cat, it was taken to the Loskop Dam Nature Reserve where the mine commissioned a large enclosure in which it could be housed. The mine then went to great lengths to find a breeding partner for the animal. The pair will be used for educational purposes.

An exploration team which has been exploring an area of western South Africa since 2004, was the runner-up in the Environmental category for their work with environmental

experts to protect the biodiversity in an area that is one of only two designated high-biodiversity arid areas in the world. It is unique because patches of ground are covered by quartz pieces that provide ideal conditions for rare miniature succulent plants, many of which are not found anywhere else in the world.

Careful planning ensures that roads and exploration areas avoid the most sensitive areas. Drill sites are kept as small as possible, and there are measures to prevent soil from becoming compacted. The exploration team rehabilitates all disturbed areas throughout the exploration process, and relocates rare plants away from drill sites where necessary. They were nominated by an NGO.

### Chinese award

The Yang quarry, owned by Tarmac and operated by Anglo Coal, supplies high quality limestone aggregates to the asphalt industry in eastern China. Yang originally comprised five quarries but was merged into a single quarrying and processing operation. It employs about 130 people and is designed to produce 3 million tonnes per annum.

A key task since 2003 has been to change attitudes to safety. Tarmac brought rigour to safety practices and the operation has received praise from the local police and safety bureau as a model quarry in Zhejiang Province. Yang quarry also pioneered Anglo's Socio-Economic Assessment Toolbox (SEAT) process in China to identify and manage the social and economic impact the quarry has on stakeholder communities.

Yang quarry won the Mining Environmental Protection Award at China Mining 2007. The business uses Anglo American guidelines on environmental stewardship and has invested in systems to reduce diesel consumption, collect and suppress dust and reduce noise. Trees and grasses have been planted around the site area and there is comprehensive use of quarrying by-products to minimise environmental impacts and maximise the recovery of mineral resources.

### Using nature to solve problems

Tarmac is using natural willow matting to help drain silt ponds in an area of its Blashford quarry in Hampshire, UK. The mats cover about two hectares and will help to dry out and restore the area.

Tarmac is one of the first companies in the UK to use willow matting, after seeing it used successfully in Belgium and Holland. The mats are made from live willow rods that take root in the silt and grow to form a wetland forest. Willow thrives in moist ground and will grow even where the mineral content of the soil is poor. First laid in February 2006, the mats at Blashford have already grown to a height of 1.5 metres, helping to make the area drier and safer and to restore it to an eco-friendly state.

As the willow matting grows it also provides a new habitat for local wildlife, adds visual interest and promotes biodiversity. The restored area will either be retained as woodland or laid over with topsoil and replanted as meadowland. In 2007 the willow mats were also introduced to cover silt ponds at Lower Farm quarry in Berkshire.



Willow mats are being used at Blashford quarry to drain silt ponds.



**Water is the central element running through the entire cycle of our lives. We can't live without it.**

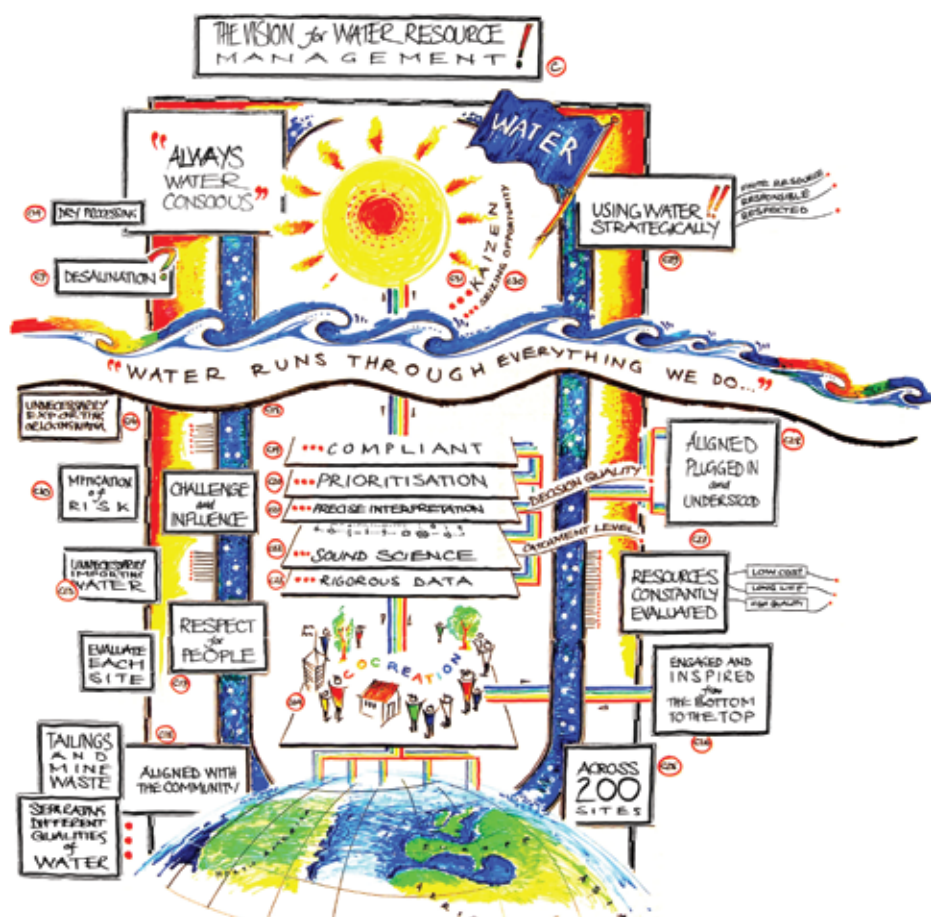
Water consumption in coal production increased by 54% as a result of evaporation losses and a greater need to suppress dust because of the Australian drought. Anglo Platinum's water consumption increased by 8% as a result of an improvement in their water accounting, the introduction of a wet scrubbing system and high

Chief executive Cynthia Carroll told the summit that water is fundamental to our business and becoming a supply constraint to many mining operations. Wise water use considers neighbouring communities and other water users. An increasing opposition to new mining projects because of the potential impacts on water could affect mining licences. Carroll committed Anglo American to becoming best practice custodians of water, technical innovators in water-use efficiency and to understanding the full value of water.

- The challenges and realities in the world of water
- Critical water management imperatives
- A vision for water resource management
- Strategic imperatives
- A roadmap and action plan
- Operating responsibly
- Demonstrable commitments
- The big prize

We are in the process of establishing water monitoring baselines and water balances for significant sites and many of our businesses have made progress in setting operation-specific water efficiency targets.

The strategic action plan for water is focused both on implementing and improving the quality of the mines' water balances. In 2007 we spent R500,000 (\$71,000) testing, at mine level, the application of a probabilistic simulation model to ensure that operations take water risks into account in their future planning.

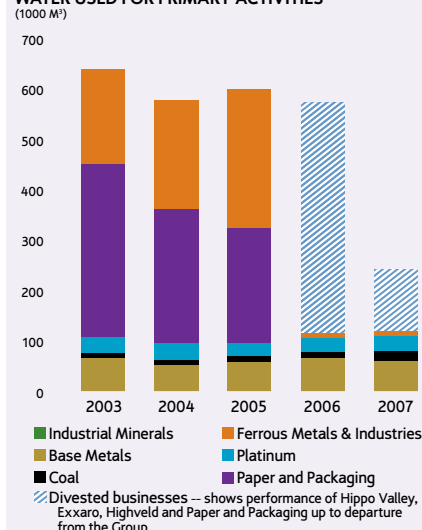


*A graphic representation of one of the pillars of our water strategy*

**ICMM Principle 8**  
Facilitate and encourage responsible product design, use, reuse, recycling and disposal of our products.

**ICMM Principle 6**  
Seek continual improvement of our environmental performance.

#### WATER USED FOR PRIMARY ACTIVITIES



#### 2008 focus

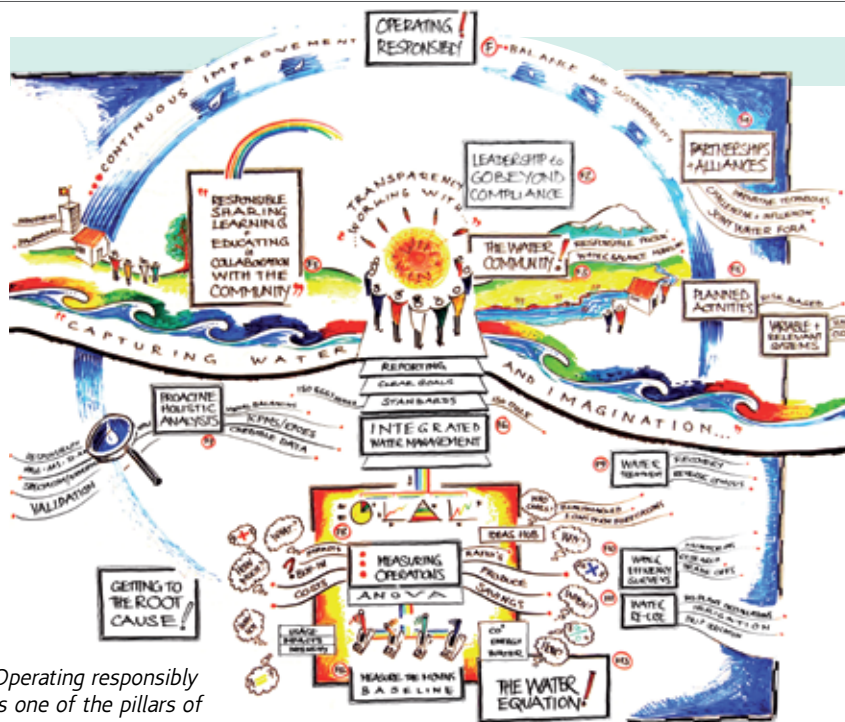
During 2008 water is to be fully integrated into continuous improvement programmes and into models we are developing to monitor and report energy and CO<sub>2</sub>. This will increase the integration of water and energy into business decision-making. A focus in recent years has been on maximising and properly accounting for reuse and recycling of water on site.

#### Operational initiatives

A number of initiatives are currently underway to improve water management. At Kumba Iron Ore's Sishen mine in South Africa, where average annual evaporation is five times greater than annual precipitation, the plant is being redesigned to reduce water use and cut losses from seepage and evaporation in processing. These will be even more important as Sishen expands. Sishen is also enlarging the capacity of feed pipes from the sewage treatment plant to increase the use of recycled water and is



Fred Pierce, internationally renowned journalist and author addressed the summit



*Operating responsibly is one of the pillars of our strategy*

harvesting storm water off roofs and from surface run off. An awareness campaign is targeting all workers. Water quality monitoring is also being improved.

#### Water use efficiency

Water is a scarce – often limiting – resource in many parts of Australia. Anglo Coal is planning to reduce its use of new water by turning worked water, which has already been contaminated by contact with coal, rocks or overburden, into a resource to be reused or recycled. It has set a target to improve its water use efficiency by 10% between 2004 and 2014.

Priorities include reducing new water use in underground mine operations, using worked water to suppress dust on haul roads in open-cut operations, and using recycled water in coal processing. Anglo Coal is investigating ways to control evaporation from surface water storage dams and the potential for storing water in underground areas that have been mined. There were significant increases in water use in Australia in 2007, because of increased evaporation losses and the need to more actively suppress dust as a result of the drought. Computer software developed by the Sustainable Minerals Institute at the University of Queensland, is being used to assess water

management options and make decisions regarding the efficient use of water at a mine site.

#### Repairing riparian zones

The riparian zones alongside water courses are important for environmental balance and house significant numbers of animal and plant species of consequence.

When the river is a source of public water supply, the vegetation significantly reduces the possibility that sediments, fertilizers and pesticide residues can be washed into the river.

Because of these environmental and health benefits, Anglo American Brazil is working with local environmental and education agencies on a WaterAction, or *Aguação* project.

The *Aguação* project aims to protect and revitalise the riparian forests in the catchment area of the Extrema creek, source of the Barro Alto town water supply.

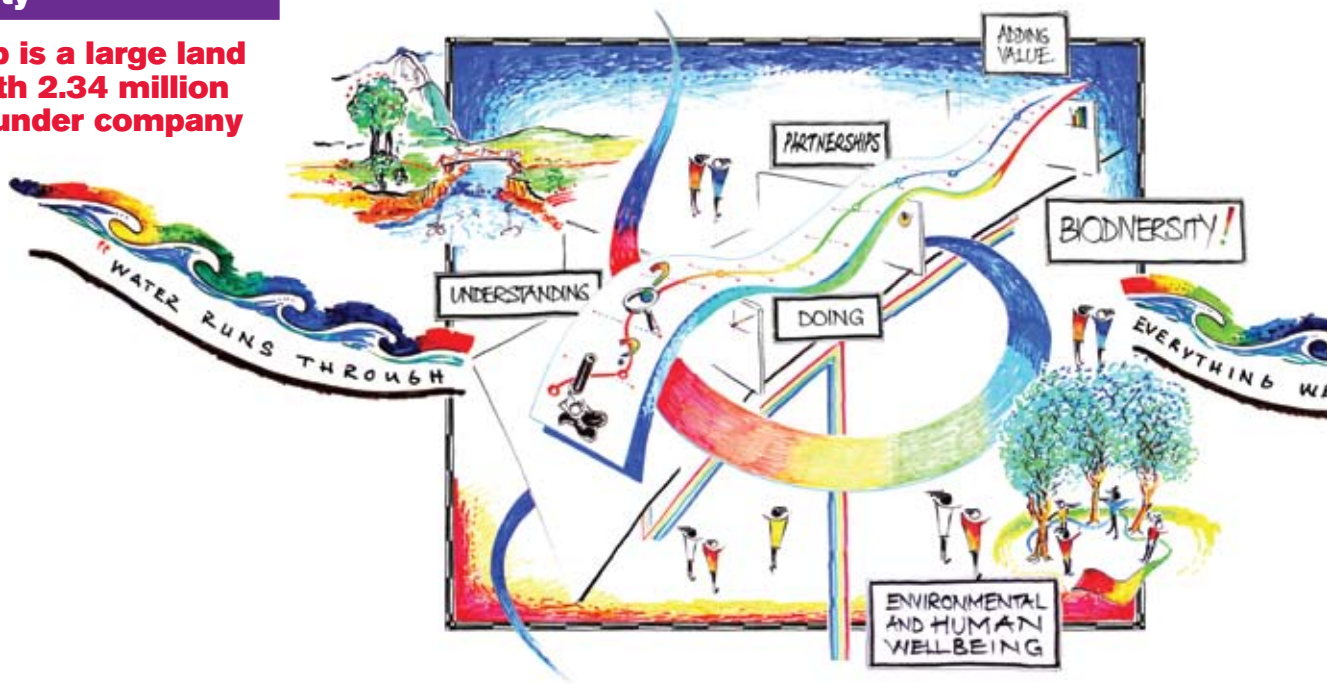
Farming and other intense land usage has significantly impacted on the original vegetation of the Extrema drainage basin. The project will focus on the value of the riparian zone, reforest some of the woodland with 11,000 saplings from the native *Cerrado* biome and control pollution sources, particularly those upstream of the catchment.



# Effective management of biodiversity

## Biodiversity

**The Group is a large land owner, with 2.34 million hectares under company charge.**



As a significant portion of this is in countries such as South Africa and Brazil where there is a high biodiversity index, there is a particular onus on us to manage the land responsibly.

A number of years ago we developed guidelines for Biodiversity Action Plans (BAPs) with input from international NGOs. Since then we have been systematically conducting peer reviews. In 2007, eight sites were internally reviewed, bringing to 35 the sites that have been reviewed in the past three years. In addition to giving us the assurance that the action plans are of an appropriate quality, the system facilitates the exchange of knowledge between environmental experts from different parts of the Group.

In 2007 the concept of third party review by international experts from Fauna and Flora International (FFI) was introduced. Following this, a joint FFI and Anglo American team will draft a biodiversity management performance standard.

### Benefits from biodiversity

Tarmac has long been proactive in working with local authorities, NGOs and the community on biodiversity issues. Now the Northumberland quarries' BAP is being used to engage the public through a schools' biodiversity challenge.

The biodiversity challenge for all Northumberland schools is supported by

teaching aids linked to the national curriculum. The competition will be judged in the European spring of 2008. Schools will be assessing Tarmac's business and biodiversity plans as well as developing a BAP for their own school grounds. The challenge will be extended to other counties in Northern England.

A competition for local schools was judged in January with international expert Dr David Bellamy on the assessment panel.

Tarmac is also seeking biodiversity benchmark accreditation from the Wildlife Trust, which will be a first for the extractive industry. Officials from the Lancashire Wildlife Trust will conduct the assessment.

Simon Phillips, Tarmac's area director, says "I am convinced that the BAP has helped us to show that our business is a major contributor to biodiversity and a good operator, which has an undoubted impact on our future minerals plans and the securing of licences."

### Endangered species conservation

Our Vergelegen wine estate in South Africa has helped to conserve the endangered bontebok antelope. Several bucks were relocated to Vergelegen from overcrowded nature reserves in Cape Town. They were treated for mineral deficiency and parasites before being released on the estate. In 2007 they produced three



Left to Right: Tarmac estates manager Mike Young, Simon Phillips, Tarmac Area Director and conservation expert Dr David Bellamy



## ICMM Principle 6

Seek continual improvement of our environmental performance.

## ICMM Principle 7

Contribute to conservation of biodiversity and integrated approaches to land use planning.

healthy offspring as evidence of their quick recovery. Vergelegen has a history of partnership with a number of academic institutions so researchers are able to study the bontebok's behaviour and health.

### Remediation

Scaw Metals is restoring the Rietfontein landfill site in South Africa, an old clay quarry. Work includes extensive use of plants specially selected for their tolerance to adverse conditions and ability to remove pollutants from land, waste and water.

Vegetation has grown well and wildlife is starting to return. For example, there were numerous bullfrogs at the site in 2007 compared with just two in 2006. Researchers from a number of universities have collaborated on the project. Geohydrological investigations indicate that no groundwater contamination exists.

The project has also created jobs for local people in the nurseries supplying plants for the remediation work. Scaw Metals will complete planting at the site in early 2008.

### Boosting UK biodiversity efforts

Tarmac is working to protect biodiversity on its 3,000 acre site at Tunstead, UK. By following its BAP, developed with advice from an experienced ecologist, Tarmac is helping to conserve natural habitats and species such as the early marsh orchid. Practical work on the BAP began in winter 2007, and will continue for five years.

Quarry employees also make sure they do not disturb a family of peregrine falcons, a protected species, which nests on a rock face on the Tunstead site. In addition, Tarmac is working with UK government body, Natural England, and the British Trust for Conservation Volunteers to clear scrub in the nearby Wye Valley, a site of special scientific interest.



Endangered bontebok at Vergelegen



The remediation of Scaw Metals' Rietfontein waste site has seen a return of endangered bullfrogs

## NGO REVIEWS BIODIVERSITY PLAN

Anglo American and Fauna and Flora International (FFI) embarked on a global partnership in 2007 to promote greater sharing of knowledge on biodiversity issues and support the Group's focus on best practice. One outcome has been a review by FFI of the biodiversity action plan at Anglo Base Metals' Codemin operations in Níquelândia in the State of Goiás, Brazil. The objective was to evaluate Codemin's approach to managing biodiversity against the Anglo and ICMM biodiversity management guidelines. The review team consisted of experts from FFI and from Anglo American Technical Division.

The review included land impacted by Codemin's mining and forestry operations and undisturbed land owned and managed by the company. Details of Codemin's Biodiversity Action Plan (BAP) were assessed through document reviews and interviews with individuals responsible for biodiversity management.

The review team concluded that there were areas of good performance that should be shared within the Group. FFI congratulated the site on their BAP and for creating links with local non-governmental organisations and universities to help develop, challenge and implement the action plan. According to FFI the site has a strong foundation from which to manage its impacts on biodiversity and ecosystem services.

FFI recommended a further high-level review of all Codemin's landholdings to determine biologically sensitive areas as well as a comprehensive risk assessment process linking company activities to potential impacts on biodiversity. This will require effective links between the environmental management system and the BAP.

Clearly defined performance indicators will be developed in order to demonstrate effective management of the site's biodiversity impacts. They also recommend:

- bringing internal and external stakeholders together to define the business case for biodiversity and to jointly identify priority areas for action;
- integrating the management of biodiversity and the existing socio-economic assessment process; and
- working with the University of Goiás to develop more practical conservation-focused training linked to Anglo American's requirements.

*"It was encouraging to see that some strong first steps have been taken to identify and manage site level impacts on biodiversity. All too often biodiversity is seen as a bolt onto company management systems. This was not the case in Codemin. Clarifying the link between business risk, opportunity and biodiversity remains a challenge on which Codemin must focus as they finalise their biodiversity action plan."*

Annelisa Grigg, Director of Corporate Affairs, FFI



### Reducing conflict

Anglo American Brazil has sponsored a £12,000 (\$24,019), three year project to reduce conflict between people and wildlife in the Amazon. The project was undertaken in collaboration with Oxford University.

Researchers are studying the relationship between communities in Mato Grosso, western Brazil, and wildcats such as jaguars. Despite being an endangered species, jaguars are seen as a threat to people and their livestock. The project uses education and communication campaigns – including leaflets and posters, radio sketches and school workshops – to help people understand that the animals are important and do not pose a significant threat.



Thabazimbi mine is making progress in rehabilitating its waste rock dumps in line with its approved Environmental Management Plan (EMP). Several experiments have been undertaken over the years to improve the success of the rehabilitation. One recent approach called 'moonscaping' has been adopted to retard runoff water and prevent erosion on slopes. After levelling the ground with excavators and bulldozers, indentations are made in which indigenous trees and clumps of grass are planted. On the flat surfaces trees and grass are planted five metres apart in ripped furrows. Fertilizer is applied annually. The challenge now is to accelerate the establishment of indigenous grasses on a larger scale and improve the success rate on slopes.



# Energy use: both risk and opportunity

## Energy

### Key indicators

- Target 15% reduction in intensity by 2014 and 10% reduction in CO<sub>2</sub> emitted
- 196,4 million GJ energy consumed
- 24,5 million tonnes of CO<sub>2</sub>e emitted

**Energy use is a major cost factor for Anglo American. It is also fundamental to addressing global climate change and is therefore a strong focus for the company.**

During 2007 the Group consumed 196,4 million gigajoules (GJ) of energy (107 million GJ if we exclude Highveld Steel and Mondi). This is a significant decrease in energy consumption from the 300 million GJ (restated) reported at the end of 2006, due mainly to the inclusion of Highveld Steel and Mondi only until the end of April and June 2007 respectively, and the divestment of Hippo Valley and Exxaro in November 2006.

The Group currently includes mining and quarrying operations, minerals processing, and industrial sites such as cement factories and steel making. Given our strategy of aggressive organic and acquisitive growth, and the changing operating circumstances, we are unlikely to see a downward trend in total energy. We therefore need to focus on energy efficiency initiatives which can change the 'business as usual' profile.

In 2004 we set targets for energy efficiency (measured by energy/unit of production) and for reducing CO<sub>2</sub> emissions. We soon discovered that in a Group as diverse and dynamic as ours finding the right metrics is not a simple task. This has not stopped us from trying to improve performance as illustrated by Anglo Coal.

Awareness of energy efficiency rose sharply in January 2008. An electricity supply shortage in South Africa led to the temporary closure of underground operations at many Group mines,

with others having to operate below capacity. Supply shortfalls are likely for the next 5-7 years before new power stations are commissioned. In Chile, too, the energy supply situation in the northern grid is very tight, with the risk of load-shedding, while there is also pressure on electricity delivery in Brazil. Shareholders were informed of the crisis and Anglo American's role in searching for solutions. An internal task team was created to lead the response and step up energy efficiency initiatives as well as secure significant liquid-fuel generators to enable a return to full production.

The energy mix used by the Group (excluding both Highveld Steel and Mondi) shows a 6% decline in biomass, with decreases in use of coal and coke and increases in electricity, liquid fuels and gases over 2006. The electricity supply problems in South Africa and South America indicate that the 2008 profile will show increases in liquid fuels and, potentially, decreases in electricity consumed.

## Improving business efficiency

An example of an active division is Anglo Coal, which has driven energy efficiency at all its sites through projects linked to a programme to continuously improve business performance.

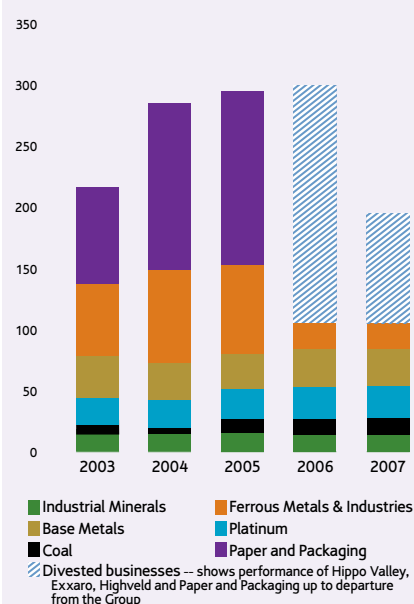
It has invested over \$2 million (R14.1 million) in energy-saving projects at its South African operations. Two-thirds of this went towards energy-efficient lighting and insulation for hot water systems. These changes will save almost 18 gigawatt hours (GWh) of energy annually, cutting carbon dioxide emissions by roughly 12,600 tonnes.

A further three sites are using lightweight excavators and trucks to increase fuel efficiency.

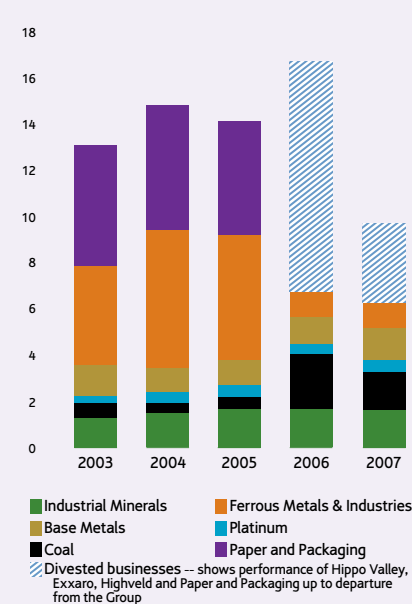
Anglo Coal trained 46 employees in energy efficiency techniques and appointed energy champions at all operations. Regular discussion groups, campaigns and training programmes raise employee awareness of the need to save energy.

All initiatives are recorded in an energy-saving register and, in 2008, Anglo Coal will publish its second energy book, designed to help employees identify energy efficiency opportunities.

ENERGY USED BY DIVISION  
(MILLION GJ)

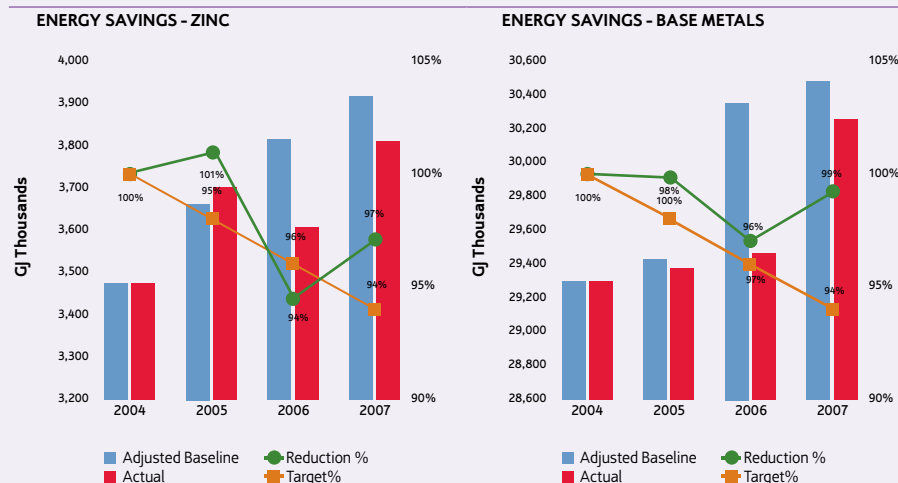


CO<sub>2</sub> FROM FOSSIL FUELS AND PROCESSES  
(MILLION TONNES)





## Accounting for Energy Use



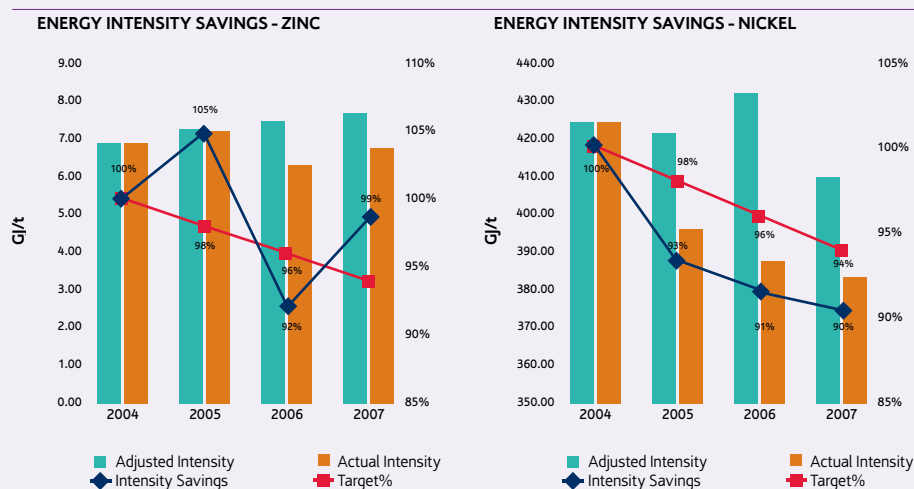
Above: Against the left hand axis the graphs illustrate the GJ of energy consumed annually as an actual figure (red bar), and (blue) adjusted to account for uncontrollable factors, such as deteriorating mining conditions or expanding production. Against the right hand axis the orange line shows the target for reducing energy consumption (%) and the green line shows the actual performance measured against the adjusted (blue) baseline.

For Zinc, one of the commodities in the Base Metals portfolio, actual energy consumption rose but was lower than the adjusted baseline in 2007. Zinc as a commodity is 3% points behind the target. For the Base Metals Business Unit the savings were on track up to 2006 but has moved backwards in 2007 – a trend that needs to be addressed in 2008.

## Base Metals case study

In 2004, Anglo American set itself a 10-year target of improving energy efficiency by 15%. 2004 therefore becomes the baseline year against which energy performance is measured. As a Group our portfolio of assets has changed considerably over time with investments, divestments and expansions. Mining and operating conditions also change with time. Our challenge has been to provide a more accurate measurement of changes in energy consumed as a result of initiatives undertaken in the Group, rather than the changing shape of our portfolio.

In 2007, Base Metals tested a methodology to identify variables and analyse areas that have changed since the 2004 baseline year. This allows management to accommodate variations in production and focus on those energy-saving initiatives with the most potential to improve our performance. Secondary variables, such as changes in mining conditions, can also be analysed.



The energy intensity is measured as energy use in GJ per tonne of product. Savings relative to the 2004 baseline improvements have been achieved in Zinc, but are still behind target, and in Nickel where it has been consistently below the target. Rolling up a common intensity measure across a business unit with multiple commodities has proven problematic and the results are of limited value.

The first assessment has illustrated the challenging nature of the current targets and has also highlighted the challenge of reaching a single energy intensity ratio for the Group. We are therefore looking at intensity ratios for major commodity groups - such as copper, zinc or nickel - however, the end saleable products vary. This further complicates the roll-up to a single intensity indicator. Some operations within a commodity group sell ores, some concentrates and others smelted end products.

The methodology is being applied to all operations in the Group on a test basis and the implementation thereof as a standard, together with our targets, will be reviewed in 2008.

# Greenhouse gas emissions

Altogether, these energy-saving initiatives will cut energy bills by R3 million (\$425,000) or 1.1% each year, as well as help reduce greenhouse gas emissions.

Anglo Coal Australia's energy management advisor, Lyn Staib, says productivity projects are being reviewed to enhance energy savings components.

Anglo Coal Australia has successfully reduced electricity and fuel use through a combination of major energy saving projects and small everyday savings. For example, Capcoal mine has reduced fuel consumption in its vehicles by adjusting tyre pressures and using chemicals to reduce road surface resistance.

Included in the project are improvements to efficiency of heavy mining equipment, upgrading of compressed air systems and improved transport management systems.

## Managing greenhouse gas emissions

Anglo American's core businesses emitted 24 million tonnes of CO<sub>2</sub> equivalents (CO<sub>2</sub>e) in 2007 (36 million in 2006). This decrease is due, predominantly, to the departure of Hippo Valley, Exxaro, Mondi and Highveld - companies that left the Group in 2006 and 2007.

The Group has a target of a 10% reduction in CO<sub>2</sub>e emissions per unit of production against

a 2004 baseline. This was the year in which the target was set.

In recent years the Group has invested in a number of commercial initiatives aimed at reducing CO<sub>2</sub> emissions. In addition, it has actively participated in international projects to advance understanding of clean coal technologies and carbon capture and storage. Where reduction projects are not commercially viable, Group companies have developed CO<sub>2</sub> emission reduction projects to be funded through the clean development mechanism of the Kyoto Protocol. European operations, such as Tarmac and Mondi, participate in the European Trading Scheme.

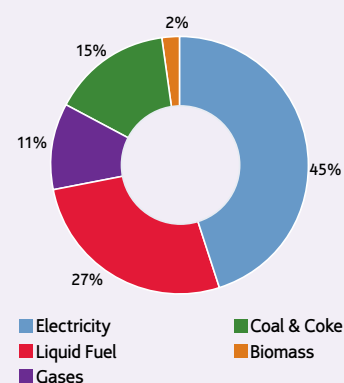
### Impacts and adaptation

We have commissioned a three-year study of the physical impacts of climate change on our operations and projects. We hope that the project will give us a greater understanding of our areas of greatest risk and enable us to consider adaptation options for the operations and projects concerned. The research will be carried out by Imperial College using information in the public domain from the same suite of global climate models used to inform the reports of the Intergovernmental Panel on Climate Change.

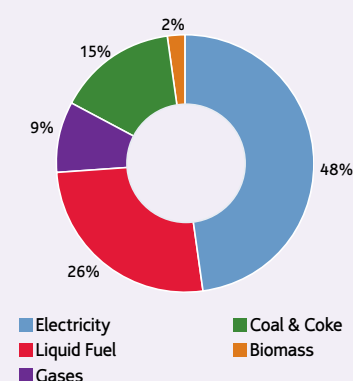
### Putting methane to work

One of the most significant reduction projects has entailed the capture and conversion of coal mine methane into saleable energy.

ENERGY MIX 2007



ENERGY MIX 2006



Some coal seams mined by Anglo Coal Australia contain methane, a highly potent greenhouse gas with 21 times the global warming potential of CO<sub>2</sub>.

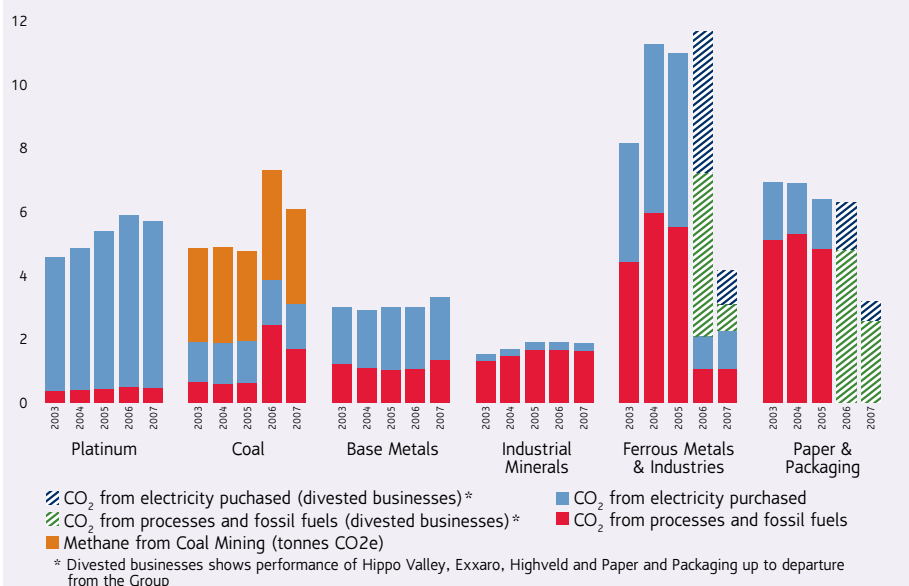
Methane can be explosive, depending on its concentration in air. It therefore presents a major safety risk in coal mines. For many years, to control the risk, air was drawn into mines to reduce the methane concentration below the flammable range so that it would not burn.

Now, Anglo Coal Australia is instead capturing methane from coal seams before it enters the mine vent air and using it to generate electricity, or supply industrial users with natural gas.

These enterprises are profitable (with Australian government financial support for electricity generation) and they significantly reduce greenhouse gas emissions and enhance mine safety.

Capcoal Mining Complex in central Queensland has established an on-site power station, comprising 16 engines fuelled by methane. The

CO<sub>2</sub> EQUIVALENT EMISSIONS  
(MILLION TONNES)



power station generates 32 megawatts (MW) of electricity and cuts greenhouse gas emissions by the equivalent of 1.2 million tonnes of CO<sub>2</sub> which has the same benefit as taking 250,000 cars off the road. The generated electricity is sold into the Australian power grid.

At the Moranbah North underground mine in central Queensland, a 40 MW power station is being constructed to use coal seam methane as gas to generate electricity for sale into the Australian power grid. The plant is expected to be operational by late 2008. In conjunction with an existing project to supply gas from the mine into a commercial pipeline for industrial use, the power station will reduce greenhouse gas emissions equivalent to 1.4 million tonnes of CO<sub>2</sub> each year.

Gas extracted at Dawson mine is also supplied into the local pipeline network rather than being vented or flared.

### Research

In 2007, Anglo Coal Australia continued to participate in a pioneering carbon dioxide capture and storage project run by the Australian CO<sub>2</sub> Cooperative Research Centre. The government of Victoria, Australia, gave approval and funding for a trial that will pump 100,000 tonnes of carbon dioxide into disused under-sea oil wells as a first demonstration of geological storage of CO<sub>2</sub> under Australian conditions. This will serve as a technical, policy and regulatory learning programme for all parties and will inform ongoing work for the Monash Energy Conversion project.

### Monash Energy

Anglo and Shell are working in an alliance on the initial concept phase of the Monash Energy Conversion project in Victoria, Australia. This project is testing the feasibility of converting poor quality brown coal to low-sulphur diesel, in combination with capture and below ocean storage of the CO<sub>2</sub>. This concept work was completed in 2007 and Anglo Coal will use the lessons learned during the trial in ongoing efforts to develop commercially-viable carbon capture and storage methods that meet environmental and safety regulations.

The initial concept phase focused on the technical and commercial characteristics of a base case coal-to-liquids plant incorporating carbon capture and storage. It identified a number of economic challenges. The project has now entered a second phase of concept work that focuses on further enhancing the technical aspects and improving the commercial viability of the project by reviewing possible scale and configuration alternatives.

### FutureGen

Anglo American has also been an active participant in the US-led FutureGen alliance as it appeared to be the most inclusive option for researching the feasibility of a near zero emissions, coal-fired electricity generation unit.

However, early in 2008 the US Department of Environment (DoE) withdrew from the project on grounds that it had become too expensive, had too many masters and that it was trying to address too many problems in a single project.



At Dawson mine in Australia fuel consumption for larger dump trucks was reduced from 0.750 litres/tonne (105 l/hr) to 0.696 litres/tonne (240 l/hr). This represents a 7% improvement



Anglo Coal Australia's Grasree underground mine, part of the German Creek mining complex, supplies coal seam methane to a 32 megawatt power plant owned and operated by Energy Developments Limited. Electricity generated by the power plant is sold into the Queensland grid



see also

p59

**ICMM Principle 4**  
Implement risk management strategies based on valid data and sound science.

**ICMM Principle 8**  
Facilitate and encourage responsible product design, use, reuse, recycling and disposal of our products.



*Methane drained from coal at Moranbah North mine is being sold into a commercial pipeline for industrial use*

Costs had increased from the original \$950 million estimate to \$1.5 billion, driven by inflation.

At the time of the DoE withdrawal work on the initial conceptual design was being completed and work was still underway to develop preliminary designs and costings. A site in Illinois had been selected using a custom-designed methodology that could be used in similar projects.

#### **Clean Development Mechanism**

Anglo is using experience gained at former subsidiaries Highveld and Mondi to investigate possibilities for new Clean Development Mechanism (CDM) projects. The UN's CDM enables developed nations to invest in emissions-reducing projects in developing countries that are not currently commercial or technically feasible.

Several projects are under investigation, including a range of energy-efficient interventions, reforestation and supplementing the energy mix with renewable energy.

Scaw South Africa continued to replace coal with natural gas for cleaner power generation. This project, which began in 2003, results in lower CO<sub>2</sub> emissions and Scaw is in Phase 3 of a process of registering it with the UN CDM.

#### **Putting biodiesel to the test**

During 2007, an Anglo Coal Australia Management Development Programme (MDP) team evaluated the use of about one million litres of a 20% biodiesel blend fuel in five heavy mining machines over an 18-month period.

No adverse effects were observed in the machines, although power output was reduced by around 5%, torque was 4% lower and fuel burn rates were around 10% higher. Greenhouse gas emissions were reduced by about 600 tonnes of CO<sub>2</sub>e during the study. The biodiesel in the blend was made of 30% tallow and canola.

In the light of outcomes from the pilot study, Anglo Coal Australia is evaluating the technical, commercial and environmental aspects of using biodiesel in its operations.

#### **Energy saving in Johannesburg**

During 2006 and 2007 the Johannesburg Corporate Office embarked on a cost and energy-saving drive. The estimated saving for the year to October 2008 is 16.5%, or 3,500,000 kWh per annum at an estimated capital cost of R12 million (\$1.7 million)

Electricity is used for lighting (25%), air-conditioning and heating (50%) and lifts, computers, printers, kitchens and small appliances (25%). The project has fitted occupancy sensors, removed excess lighting and included a lighting retrofit project. Over the past four years we have removed inefficient individual window air-conditioners and replaced them with a significantly more efficient central plant with individual control. Double glazing in many offices now reduces both traffic noise and solar heat gains.

The air-conditioning project began before the current drive and the investment took place from 2003 – 2006 and cost some R8 million (\$1.1 million). The lighting retrofit project entailed retrofitting about 8,900 existing lights

with electronic ballasts so that the occupancy sensors can switch them off when an area is unoccupied and back on again when needed. So far, 2,085 of 2,282 sensors have been fitted around the campus. Emergency lighting is left on at staircases and lift foyers for safety's sake. We are also investigating the possibility of installing occupancy sensors to individually controlled air-conditioners.

We are looking at further short-term energy-saving opportunities and solar water heaters to save on gas consumption for water heating, have been included in the 2008 budget.

A behavioural change campaign is also being designed. Safety is always stressed in any consumption reduction proposals.

#### **Transport emissions**

Commercial air travel and travel in Anglo-owned aircraft undertaken by Group employees in 2007, and tracked by our service providers, resulted in an estimated 17,064 tonnes of CO<sub>2</sub> emissions (16,785 tonnes in 2006 – though the reporting population and resultant travel profile differed). The figure includes travel in corporate fixed wing or rotary aircraft. It does not include chartered aircraft or airborne sensory equipment.

The methodology used is based on the Greenhouse Gas reporting protocol developed by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute. Varying factors are used for long haul, medium haul and short haul flights. Emissions resulting from the transport of our products will be recalculated in 2008.



*Electricity saving initiatives at the Johannesburg offices are delivering excellent results*

# Innovation the key to the future

## Innovation

**The impact of humankind on the environment has been profound. Each day, infrastructure, technology and the products produced and used around the globe significantly affect our environment.**

At Anglo American our material stewardship programmes are growing along with our use of technology to increase the effectiveness of our processes and respond to the key challenges that emerge as societies become more populous and built up.

### Researching technology solutions

Research by Anglo Research is focusing on reducing the energy and water consumed by Group companies. Some projects are showing potential to improve the recovery of valuable materials, reduce capital costs and the use of chemicals, as well as achieve energy savings. Anglo's R&D programme has won several awards in recent years.

### Improving recovery of valuable materials

One of the new technologies being tested will reduce the energy required to crush and grind ores by using high-pressure grinding rolls (HPGR). These promise energy efficiency benefits of between 10-30% depending on the specific ore. The technology will be used at Anglo Platinum's PPL North and new facilities to be commissioned at AngloGold Ashanti's Boddington mine. We are also testing the potential of using HPGR technology in multiple stages and in combination with vertical roller mills. Anglo Platinum is introducing new fine grinding technology to improve recovery efficiencies and simultaneously achieve significant direct and indirect energy-efficiency benefits.

### Reducing costs and chemical use

By successfully removing waste components in the ore, through a process known as pre-upgrading, we can improve processing rates at significantly reduced capital costs as well as reduce the use of chemical reagents. One result will be smaller tailings facilities.

Anglo Research has installed a multi-sensor ore sorting machine to test the amenability of various ores to this pre-upgrading, using optical and other new sensor types. The objective is to identify an economic application in 2008. The largest jigs (or mechanical sorting systems) in the world are being installed in Sishen Iron Ore mine to upgrade waste ore and will enable increased production of 13 million tonnes of iron ore per annum, without increasing the size of mining operations.

Research is also being conducted into microwave irradiation to reduce the energy needed to mill the ores by weakening the rock structure. Exposure to short duration, high-intensity microwave irradiation creates

fractures in ore particles, thereby reducing the energy required by subsequent milling steps.

### Road improvements reduce fuel use

Anglo Coal has reduced the fuel consumption of its haulage operations by improving road conditions at its open-cast colliery in Landau, South Africa. The roads were resurfaced using an aggregate made predominantly of sandstone, a mining by-product that produces stable, high-quality road surfaces. The aggregates were compacted to provide sufficient strength to accommodate the toughest traffic loads. Haulage vehicles can now travel 22% faster to and from the mine, leading to a reduction in diesel consumption of more than R1.4 million (\$200,000), or 288 thousand litres, per year.

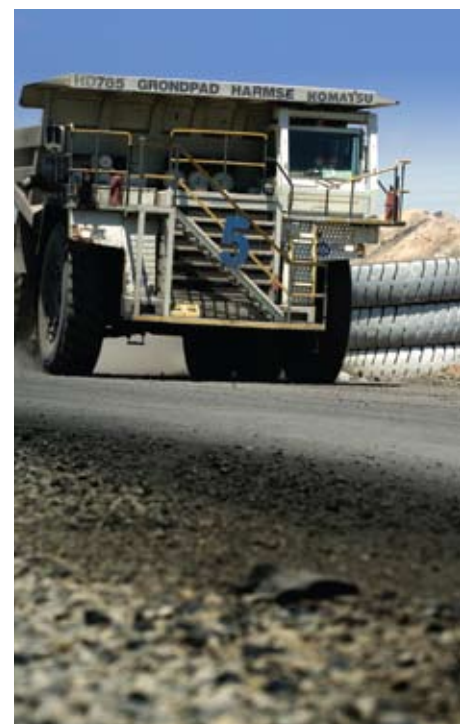
Added benefits of this project are a reduction in dust, which impacts on local communities, and improved safety and visibility for drivers.

### Waste management

In size, significance and potential risks, large volume tailings facilities are our most important waste management challenge. These facilities are characterised in terms of potential risk or hazard ranking (high, medium or low) and as operational, dormant or closed.



Waste rock being crushed for road resurfacing at Landau colliery



Road resurfacing with waste rock at Landau colliery has improved fuel efficiency and reduced dust



## ICMM Principle 6

Seek continual improvement of our environmental performance.

## ICMM Principle 8

Facilitate and encourage responsible product design, use, reuse, recycling and disposal of our products.

Monitoring and reporting are governed by best practice internal protocols and those laid down by relevant authorities. Risk is assessed on the basis of both potential impact and post-control probability. To manage risk, mine or contract operators regularly inspect operational facilities. Formal inspections, involving technical consultants, are held quarterly. Third party audits are carried out regularly with the frequency determined by the risk and activity classification: some are done annually; others every 3-5 years. In the year to February 2008, 11 of the 18 high-potential risk facilities and 29 of the 45 medium-potential risk operating facilities were audited.

Geohydrological monitoring and modelling work has started in Chile to develop mitigation measures for groundwater pollution at two sites. We are monitoring wall stability at Catalao and have commissioned a new residue dam for Namakwa Sands.

Large Volume Waste Facilities	Group	Core Business
	2006	2007
Process waste disposal facilities	168	127
Facilities in active use	91	73
Total area occupied by facilities (hectares)	7,340	5,934
Total number of audits (third party + internal)	121	92

### Reducing waste to landfill

There are initiatives around the Group to reduce waste being sent to landfill and find commercial uses for recycled material.

Tarmac decreased total waste sent to licensed disposal by 41% to 155,000 tonnes in 2007, exceeding that company's target of a 25% reduction by 2010. Waste sent to recycling has increased by 109%.

Anglo Coal started a waste paper recycling campaign with 36 tonnes of paper recycled. During 2008 the campaign will be extended to aluminium and glass.

Kumba Iron Ore has established a waste volume baseline and will begin monitoring waste volumes against set targets in 2008.

### Unburned coal recycled

Scaw Metals has developed a process to recycle the 17,000 tonnes of unburned coal from its Directly Reduced Iron (DRI) plant each month.

The coal is used as a reductant in the chemical process to produce directly reduced iron.

Magnets are used to remove iron particles and the remaining waste coal is used to manufacture bricks and cement, reducing the amount of waste sent to landfill.

### Turning waste to profit

We are also looking for new ways to use waste products. Anglo Technical Division, working with Anglo Coal and Anglo Platinum, has developed innovative products to transform waste into commercial commodities, thereby reducing both the environmental impact and the financial cost of managing the waste.

The eMalahleni Water Treatment Plant at Anglo Coal South Africa reclaims 25 million litres of waste water from nearby mines every day.

The water is treated to potable standard and then sold to the local municipality. About 100 tonnes of gypsum are produced daily during this treatment process. Gypsum is a good building material because it is lightweight, sets rapidly, and has acoustic and fire retardant properties. Anglo Coal has funded a R7.1 million (\$1 million) research project to develop uses for gypsum in the building and mining industry.



*Tarmac's FoamMaster system reduces waste by recycling old road surfaces for reuse.*

Similarly, research is being undertaken into commercial uses for the 60,000 tonnes of waste slag produced every month at the Anglo Platinum Polokwane smelter. Slag can be used as a silica replacement in some construction and mining materials.

### Recycling road surfaces

Tarmac is helping to make road construction more sustainable by recycling old road surfaces. Normally, the waste produced when an existing surface is removed is disposed of - often to landfill - and new aggregate is put down. Using the new FoamMaster system, the waste is saved and mixed with other recycled aggregates to form part of the new road surface. FoamMaster is cost-effective and environmentally sound.



*Rubber chips from tyres that can not be retreaded or reused have become an important carbon neutral fuel for the cement kiln at Tunstead*



## Extending responsibility



Scaw Metals' Directly Reduced Iron (DRI) plant



Recyclable coal from Scaw Metals DRI plant

Besides conserving resources by reusing material already on-site, it reduces the number of vehicle journeys needed to deliver the aggregates. In 2007, FoamMaster was used to resurface a motorway under the UK's largest foamed asphalt contract.

### Product responsibilities

The majority of our products are supplied as bulk commodities on long-term contracts to industrial users, or traded internationally on commodities markets. Material Safety Data Sheets are developed and provided to customers when appropriate.

Our approach to material stewardship is based on sound science and in 2007 we contracted several academics to provide geochemical assessments of our products which will inform our responses to the European chemical regulation, REACH.

In addition, we have worked with the International Council on Mining & Metals' (ICMM) materials stewardship programme to develop an industry-wide approach to materials stewardship which is a risk-based approach to process and product stewardship.

### REACH

All of our commodities have undertaken an assessment of their risks and responsibilities to comply with the REACH regulation. We are participating in a number of consortia formed by industry as vehicles to share information and prepare for compliance.



All Anglo American business units have undertaken assessments to determine whether their products are affected by REACH, the new European chemical legislation

### Supply chain

Our supply chain is very large – reflecting our geographic spread, diverse activities and our commitment to creating local economic activity through the supply chain. In 2005, we published internal guidelines for procurement offices to assist them in incorporating sustainable development considerations into their supply chain decisions.

Work completed to date has been on a Divisional basis and included engaging with suppliers using a balanced scorecard which incorporated sustainable development criteria. This approach created a dialogue with suppliers who proved keen to engage around the important issues of sustainable development practices.

During 2007, Anglo Platinum piloted an approach to engage with its suppliers on issues of sustainability. The deliverables included a Platinum Supplier Sustainability Requirements Policy, handouts for suppliers, an open day with major Platinum suppliers and on-site meetings with a few selected suppliers to discuss the importance of sustainable development.

Based on the findings of the Divisional approaches, Anglo has launched a project to develop a structured uniform Anglo American approach. A key objective is to ensure that the supply chain reflects the Anglo American sustainable development values. A supplier engagement model has been developed and we are now pursuing a prioritised risk-based approach that is common across the Group. The sustainable development criteria incorporated into this approach include safety, health, social, governance and environmental risks.

### Waste derived fuels

Tarmac's Tunstead Quarry in the UK is using waste materials as energy sources to reduce greenhouse gas emissions, improve local air quality and beneficially use waste materials that would otherwise go to landfill.

In early 2007, Tarmac completed a trial of the use of tyre chips as fuel in the Tunstead cement kiln. This showed that tyre chips can provide up to 50% of the kiln's energy needs, with no loss of product quality, compared with conventional fossil fuels. Tarmac generated energy from tyre chips equivalent to 180,000 MWh of coal-fired power during 2007. The trial also showed a 15% reduction in nitrogen oxide (NOx) emissions.

## ICMM Principle 6

Seek continual improvement of our environmental performance.

## ICMM Principle 8

Facilitate and encourage responsible product design, use, reuse, recycling and disposal of our products.

Conditions inside the kiln ensure the tyres are fully combusted and no black smoke or unpleasant smell is produced. The trial met all the requirements of the UK Environment Agency, and Tunstead now uses tyre chips to fuel its cement kiln on a permanent basis. The chips are made from car and light van tyres that cannot be reused or retreaded. The equivalent of three million old tyres have now been burned.

Tarmac is also trialling the use of renewable biomass fuels to further reduce Tunstead's greenhouse gas emissions. The cement kiln will trial the burning of meat and bonemeal (MBM) under strict controls.

MBM is a non-hazardous, sterile powder and a by-product of the meat processing industry. It is used in pet food or sent to landfill, but can be burned as a carbon neutral alternative to coal and petroleum coke. Tarmac consulted local residents and found them highly supportive of the plans. The trial is due to end in 2008 and, if successful, could lead to regular use of MBM to replace up to a further 20% of the kiln's heat requirement.

### Organic compost project

Kumba Iron Ore's Sishen mine has launched a project to make organic compost from waste blackthorn trees.

These trees are an invasive species and must be cleared from nearby farms. When the trees are

cut down, around half of the material is used to make firewood and charcoal and 15% is left behind to prevent soil erosion. As of 2007, a local business to empower previously disadvantaged entrepreneurs is combining the remainder with grass, horse manure, and organic municipal waste to create compost.

The business currently employs four full-time workers, and this is set to rise to 20 as the initiative expands. It generates income by selling the compost to a nearby golf course and to the mine. As the project matures and the current employees have undergone all necessary training the project will be redesigned through Zimele processes into a broad based black economic empowerment business.

### Material consumption

We are producers of metals and minerals that are sold as bulk commodities such as ores, concentrates, cathodes and anodes. Our biggest impact results from our extractive and smelting activities and not from purchased inputs. The materials used in our processes vary from site to site but are mainly energy, in a variety of forms, and other primary chemicals and products. For Scaw Metals, however, the use of scrap metal is a significant part of their strategy to reuse, reduce and recycle. The top inputs used by two operating business units are described on the right to illustrate the nature and volume of material use.

### ANGLO COAL SOUTH AFRICA

2007

Material	Units	Volume
Fuel	Million Litres	50.8
Explosives	Thousand Tonnes	50
Lime	Thousand Tonnes	35.7
Magnetite	Thousand Tonnes	49
Conveyor belts	Thousand Metres	143.1

### SCAW METALS SOUTH AFRICA

2007

Material	Units	Volume
Wire Rod	Thousand Tonnes	61.1
Scrap	Thousand Tonnes	457
Alloys	Thousand Tonnes	33.9
Iron Ore	Thousand Tonnes	519.4
Coal	Thousand Tonnes	291.5
Diesel	Million Litres	2.4
Gas	Million GJ	1.2
Refractories	Million Rands	150
Electrodes	Million Kgs	3
Sand	Thousand Tonnes	69



Making organic compost from alien vegetation at Kumba's Sishen mine



Students from Catemu near Chagres smelter were in charge of distributing energy efficient light bulbs to the community in an Anglo Chile project to reduce energy consumption



# Report of the Independent Auditors

To: The Board of Directors and Management of Anglo American plc

## Introduction

We have been engaged by Anglo American plc to conduct an assurance engagement on selected Key Performance Indicators (KPIs) reported in Anglo American plc's *Report to Society 2007*, for the purposes of expressing a statement of independent assurance, for the year ended 31 December 2007. This assurance report is made solely to Anglo American plc in accordance with the terms of our engagement.

The following KPIs were selected for an expression of reasonable assurance:

- Total CO<sub>2</sub> emissions from electricity purchased, from fossil fuels purchased, and from processes
- Total energy used
- Total work-related fatal injuries
- Total amount of Corporate Social Investment (CSI) spend

The following KPIs were selected for an expression of *limited* assurance:

- Water used for primary activities
- Lost Time Injury Frequency Rate (LTIFR)
- New cases of Noise Induced Hearing Loss (NIHL)
- New Cases of Occupational Diseases (NCOD)
- HIV prevalence rate
- Number of employees participating in Voluntary Counselling and Testing (VCT)
- Number of employees participating in Anti retroviral Treatment (ART)
- Number of HIV positive employees enrolled in HIV disease management programmes
- Community Engagement Plans (CEPs) in place
- Number of socio-economic assessments conducted using the Socio-Economic Assessment Toolbox (SEAT)
- Implementation of the reporting requirements of the Broad Based Socio-economic Empowerment Charter for the Mining Sector (the "Mining Charter" and the "Scorecard")
- GRI application level

The evidence gathering procedures for limited assurance are more restricted than for reasonable assurance and therefore less assurance is obtained with limited assurance than for reasonable assurance.

## Directors' responsibility

Anglo American's directors are responsible for the preparation and presentation of the identified selected KPIs in accordance with internal corporate policies and procedures, and the Global Reporting Initiative's (GRI) new generation (G3) guidelines.

## Auditors' responsibility

Our responsibility is to express to the Directors an opinion on the selected KPIs contained in the *Report to Society 2007*, for the year ended 31 December 2007, based on our assurance engagement.

## Work performed

We conducted our engagement in accordance with the International Standards for Assurance Engagements 3000, "Assurance Engagements other than audits or reviews of historical financial information" (ISAE 3000) issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain either *reasonable* or *limited* assurance on the selected KPIs as per our terms of engagement.

Except for the self declaration of the GRI application level, Anglo American plc's internal corporate policies and procedures, as available from Anglo American plc on request, were used as criteria to evaluate the selected KPIs. In terms of evaluating the GRI 'A+' application level, the specific application level criteria as stipulated by the GRI's new generation (G3) guidelines have been used.



Our work consisted of:

- obtaining an understanding of the systems used to generate, aggregate and report data at 18 sampled operations world wide and at the South African corporate office;
- conducting interviews with management at the sampled operations and at Group level;
- applying the assurance criteria in evaluating the data generation and reporting processes;
- performing a controls walkthrough for *limited* assurance, and further key controls testing for *reasonable* assurance; and
- testing the accuracy of data reported on a sample basis for *reasonable* assurance.

### **Inherent limitations**

Non-financial data is subject to more inherent limitations than financial data, given both the nature and the methods used for determining, calculating, sampling or estimating such data. We have not carried out any work on data reported for prior reporting periods, nor in respect of future projections and targets. We have not conducted any work outside of the agreed scope and therefore restrict our opinion to the agreed KPIs.

### **Conclusion - Reasonable Assurance**

On the basis of our *reasonable* assurance procedures, the KPIs selected for reasonable assurance for the year ended 31 December 2007, have been prepared, in all material respects, in accordance with corporate policies and procedures and are free from material misstatements.

### **Conclusion - Limited Assurance**

On the basis of our *limited* assurance procedures, except for the four HIV/Aids related KPIs described below, nothing has come to our attention to believe that the KPIs selected for *limited* assurance for the year ended 31 December 2007, have not been prepared, in all material respects, in accordance with the corporate policies and procedures or materially misstated.

### **Exceptions**

We were not able to express an assurance opinion on the HIV/Aids related KPIs (HIV prevalence, number of employees participating in VCT, number of employees participating in ART, and number of HIV positive employees enrolled in HIV disease management programmes). The confidence levels required by the assurance process could not be achieved for the entire reporting period, as a result of reporting processes requiring further improvement to ensure accuracy of the reported data and confidentiality requirements limiting our access to records required for data verification.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.  
Carmen Le Grange  
Director  
Registered Auditor  
Johannesburg  
25 March 2008

## Data for Managed Companies for the Year Ended 31 December 2007

	CO <sub>2</sub> from processes and fossil fuels <sup>a</sup>	CO <sub>2</sub> from electricity purchased <sup>b</sup>	Coal mine methane CO <sub>2</sub> equivalent	Total energy used <sup>c</sup>	Water used for primary activities
	1,000 tonnes	1,000 tonnes	1,000 tonnes	1,000 GJ	1,000 m <sup>3</sup>
<b>Anglo American plc</b>					
<b>Core Business<sup>d</sup></b>					
<b>Totals for Year 2007</b>	<b>6,368</b>	<b>10,096</b>	<b>2,948</b>	<b>107,311</b>	<b>130,867</b>
Totals for Year 2006	6,809	10,191	3,394	105,964	129,095
<b>Including all non-core businesses<sup>e</sup></b>					
<b>Totals for Year 2007</b>	<b>9,756</b>	<b>11,768</b>	<b>2,948</b>	<b>196,436</b>	<b>250,854</b>
Totals for Year 2006	16,724	15,938 <sup>f</sup>	3,394	300,235 <sup>f</sup>	582,425

	CO <sub>2</sub> from processes and fossil fuels <sup>a</sup>	CO <sub>2</sub> from electricity purchased <sup>b</sup>	Total energy used <sup>c</sup>	Land utilised by operations	Water used for primary activities	Tonnes mined/ tonnes milled <sup>f</sup>
	1,000 tonnes	1,000 tonnes	1,000 GJ	hectares	1,000 m <sup>3</sup>	1,000 tonnes
<b>Anglo Platinum</b>						
Bafokeng Rasimone Platinum Mine	2	282	1,087	949	2,242	2,569
Lebowa Platinum Mine	6	262	1,069	407	284	1,492
Potgietersrust Platinums	125	311	2,951	3,407	3,706	4,187
Precious Metals Refiners	1	50	203	34	296	0
RPM Amandelbult Section	13	836	3,334	1,295	5,054	6,981
RPM Rustenburg Section	22	1,520	6,024	3,476	10,634	15,792
RPM Union Section	45	630	2,925	2,911	3,833	5,610
RPM Waterval Smelter	103	686	3,812	57	1,575	0
Polokwane Smelter	39	374	1,833	728	308	0
Rustenburg Base Metals Refiners	144	193	2,332	145	968	0
Mototolo Concentrator	0	82	310	57	1,014	1,802
Twickenham	1	0	17	1,309	234	0
<b>Totals for Year 2007</b>	<b>502</b>	<b>5,227</b>	<b>25,896</b>	<b>14,775</b>	<b>30,148</b>	<b>38,433</b>
Totals for Year 2006	496	5,408	26,009	12,408	27,787	39,863

a CO<sub>2</sub> 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 CO<sub>2</sub> 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 Excluding Hippo Valley, Exxaro, Highveld Steel and Paper and Packaging.

e 2007 Total includes Highveld (Jan to Apr) and Paper and Packaging (Jan to Jun).

f This data is not the same as the reports in 2006, due to data refinements at our corporate offices.

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 2007

	CO <sub>2</sub> from processes and fossil fuels <sup>a</sup>	CO <sub>2</sub> from electricity purchased <sup>b</sup>	Total energy used <sup>c</sup>	Land utilised by operations	Water used for primary activities	Tonnes mined/ tonnes milled <sup>f</sup>	Coal mine methane CO <sub>2</sub> equivalent
	1,000 tonnes	1,000 tonnes	1,000 GJ	hectares	1,000 m <sup>3</sup>	1,000 tonnes	1000 tonnes
<b>Anglo Coal</b>							
<b>Anglo Coal Australia</b>							
Callide	92	79	1,353	2,511	1,409	10,097	11
Dartbrook	45	8	32	968	274	0	145
Drayton	86	36	1,100	1,192	712	4,691	5
German Creek	77	179	1,508	5,373	2,924	9,092	695
Moranbah North	42	108	505	1,648	1,126	4,363	1,540
Moura	241	183	3,932	7,141	2,117	8,321	42
<b>Anglo Coal South Africa</b>							
Goedeheop	104	196	886	1,911	880	13,054	214
Greenside	9	66	362	904	370	5,614	89
Kleinkopje	507	128	969	2,816	3,774	6,551	2
Landau	58	81	648	1,966	2,656	6,781	2
Kriel	24	87	596	2,414	648	11,214	87
New Denmark	5	79	330	2,919	758	5,141	110
New Vaal	398	127	1,126	2,446	1,538	18,787	4
Mafube	15	1	204	198	25	1,451	0
Isibonelo	12	52	343	745	117	4,990	1
<b>Totals for Year 2007</b>	<b>1,722</b>	<b>1,409</b>	<b>13,953</b>	<b>35,157</b>	<b>19,403</b>	<b>110,146</b>	<b>2,948</b>
Totals for Year 2006	2,478	1,425	13,278	33,879	12,633	109,512	3,394

	CO <sub>2</sub> from processes and fossil fuels <sup>a</sup>	CO <sub>2</sub> from electricity purchased <sup>b</sup>	Total energy used <sup>c</sup>	Land utilised by operations	Water used for primary activities	Tonnes mined/ <sup>e</sup> tonnes milled
	1,000 tonnes	1,000 tonnes	1,000 GJ	hectares	1,000 m <sup>3</sup>	1,000 tonnes
<b>Anglo Base Metals</b>						
Mantos Blancos	323	131	1,989	1,888	3,925	57,130
Manto Verde	193	38	1,445	1,557	2,586	9,124
El Soldado	68	50	1,846	999	3,195	48
Los Bronces	127	156	4,737	4,701	18,435	21,062
Chagres	35	28	1,025	40	1,480	578
Codemin	105	10	3,610	1,259	2,362	520
Loma de Niquel	313	120	7,394	286	3,652	1,072
Catalao	3	1	168	217	5,694	852
Namakwa Sands	133	539	2,729	3,409	1,958	17,994
Skorpion	13	665	2,690	521	3,071	8,676
Black Mountain	6	126	564	910	2,844	1,100
Lisheen	5	100	575	470	3,710	1,495
Copebras	51	6	2,411	1,137	8,968	5,266
<b>Totals for Year 2007</b>	<b>1,376</b>	<b>1,970</b>	<b>31,183</b>	<b>17,394</b>	<b>61,880</b>	<b>124,917</b>
Totals for Year 2006	1,108	1,904	31,146	16,632	67,327	99,127

a CO<sub>2</sub> 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 CO<sub>2</sub> 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.

e For Base Metals Namakwa Sands, Skorpion, Catalao, Mantos Blancos and El Soldado figures are tonnes mined

f This data is not the same as the reports in 2006, due to data refinements at our corporate offices.

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 2007

	CO <sub>2</sub> from processes and fossil fuels <sup>a</sup>	CO <sub>2</sub> from electricity purchased <sup>b</sup>	Total energy used <sup>c</sup>	Land utilised by operations	Water used for primary activities
	1,000 tonnes	1,000 tonnes	1,000 GJ	hectares	1,000 m <sup>3</sup>
<b>Anglo Industrial Minerals</b>					
Tarmac Iberia	12	5	216	665	605
Tarmac Central Europe	29	45	734	3,547	846
Tarmac France	7	2	184	876	167
Tarmac Middle East	54	14	828	346	391
UK Aggregate Products	291	92	5,086	7,671	1,895
UK Building Products	1,277	86	7,349	630	229
<b>Totals for Year 2007</b>	<b>1,676</b>	<b>246</b>	<b>14,735</b>	<b>13,818</b>	<b>4,193</b>
Totals for Year 2006	1,662	246	14,663	13,528	4,073

	CO <sub>2</sub> from processes and fossil fuels <sup>a</sup>	CO <sub>2</sub> from electricity purchased <sup>b</sup>	Total energy used <sup>c</sup>	Land utilised by operations	Water used for primary activities
	1,000 tonnes	1,000 tonnes	1,000 GJ	hectares	1,000 m <sup>3</sup>
<b>Anglo Ferrous Metals and Industries</b>					
Highveld Steel	817	1,057	17,668	0	2,949
Scaw Group	888	874	17,238	224	2,193
Amfarms	0	1	4	510	8
Kumba	190	319	3,909	7,883	8,324
<b>Totals for Year 2007</b>	<b>1,895<sup>d</sup></b>	<b>2,251<sup>d</sup></b>	<b>38,819<sup>d</sup></b>	<b>8,617</b>	<b>13,475<sup>d</sup></b>
Totals for Year 2006	5,530	5,443	75,925	21,179	274,387

	CO <sub>2</sub> from processes and fossil fuels <sup>a</sup>	CO <sub>2</sub> from electricity purchased <sup>b</sup>	Total energy used <sup>c</sup>	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 <sup>3</sup>	tonnes
<b>Anglo Paper and Packaging</b>						
<b>Totals for 2007</b>	<b>2,571</b>	<b>615</b>	<b>71,457</b>	<b>6,311</b>	<b>117,038</b>	<b>1,792</b>
Totals for 2006	4,804	1,467	135,974	12,061	237,879	3,404

	Solid waste generated	Waste water discharged	COD in waste water	AOX in waste water	TSS in waste water	Production for 2006	Production for 2007
	tonnes	1,000 m <sup>3</sup>	tonnes	tonnes	tonnes	tonnes	tonnes
<b>Anglo Paper and Packaging (continued)</b>							
<b>Totals for 2007</b>	<b>150,542</b>	<b>112,598</b>	<b>27,594</b>	<b>66</b>	<b>18,157</b>	<b>9,013</b>	<b>4,403</b>
Totals for 2006	278,913	208,328	98,863	406	42,626		

a CO<sub>2</sub> 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 CO<sub>2</sub> 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.

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		2007	2005	2006	2007
		Core businesses	Due for disposal			Core businesses	
Platinum	24	18		25	2.07	2.52	2.04
Coal	6	7		4	0.48	0.50	0.36
Base Metals		3		2	0.46	0.36	0.30
Industrial Minerals	2	1		5	0.60	0.84	0.66
Ferrous Metals and Industries	9	2	12	3	0.30	0.25	0.21
Mondi	5		1	0	0.29		0.42
Exploration				1	0.86	0.90	0.56
Technical and other				0	0.29	0.09	0.66
Total managed companies	46	31	13	40	0.94	1.58	1.26
		44					

### Causes of fatal injuries

27 (67.5%) underground

- 11 (27.5%) Falls of ground
- 5 (12.5%) Transportation
- 4 (10%) Mudrush
- 3 (7.5%) Other causes
- 2 (5%) Moving machinery
- 1 (2.5%) Fire/explosion
- 1 (2.5%) Electricity

13 (32.5%) on surface

- 6 (15%) Transportation
- 4 (10%) Falling
- 2 (5%) Other causes
- 1 (2.5%) Falling objects

## Health Data

### Health statistics

Number of employees	90,072								
	NIHL	Pneumoconiosis	COAD	Occ. TB	Occ. Asthma	HAVS	MD	Other	Total
No. of employees potentially exposed to risk	48,161	3,136		1,739	1,067	95	1,913		56,111
No. of new cases	131	1	0	10	0	6	26	3	177
No. of existing cases	823	87	25	0	3	291	0	1	1,230
No. of occupational changes	29	0	0	0	0	0	0	0	29
No. of fatalities	0	0	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

### Group occupational health

Total occupational illness incidence rate	0.14/200,000 hours or 100 man years
Total employees potentially exposed	56,111
Total new cases of occupational illness (all diseases)	177
Total number of occupation changes	29
Total number of fatalities from diseases	0

### Nature of exposures

Noise-induced hearing loss	53%
Occupational tuberculosis	2%
Hand-arm vibration syndrome	0.1%
Pneumoconiosis	3%
Musculoskeletal disorder	2%
Asthma	1%



## HIV statistics

Indicator	Platinum	Coal	Base Metals	Ferrous Metals and Industries	Corporate centre	Group total
Employees in Risk Areas*	51,800	8,801	2,485	10,628	1,008	74,722
HIV Prevalence rate	22%	16%	2%	9%	3%	19%
Estimated no. of HIV-positive employees	11,396	1,435	53	971	31	13,886
VCT Participation	36,195	7,415	827	8,749	895	54,081
% VCT Participation	70%	84%	33%	82%	89%	72%
Employees on HIV Wellness Programmes (HIVDMP)	7,281	1,229	27	964	28	9,529
% HIV-positive enrolment (HIVDMP)	64%	86%	51%	99%	90%	69%
Employees on ART	2,940	364	11	276	26	3,617
% HIV-positive on ART	26%	25%	21%	28%	83%	26%

\* High risk areas: countries with an HIV prevalence rate of >5% of the population.

Term	Description
ADT	Air-dried tonne
AIDS	Acquired Immune Deficiency Syndrome
AOX	Adsorbable organic halides
ART	Antiretroviral therapy
BAP	Biodiversity action plan
BEE	Black economic empowerment (South Africa)
CDM	Clean Development Mechanism
CH <sub>4</sub>	Methane, a highly potent greenhouse gas
COD	Total quantity of chemical oxygen demand
CO <sub>2</sub> CRC	Co-operative Research Centre for Greenhouse Gas Technologies, Australia
CO <sub>2</sub> emissions conversion factor	Eskom, the South African electricity provider, changed its factor for conversion of electricity used to CO <sub>2</sub> 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 <sub>2</sub> emissions from fossil fuels	Carbon dioxide emissions calculated by applying conversion factors to fuel usage volumes
CO <sub>2</sub> 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 <sub>2</sub> emissions from processes	Carbon dioxide emissions from point or fugitive sources, excluding: <ul style="list-style-type: none"> <li>• carbon dioxide from coal seam gas venting and spontaneous combustion from Anglo Coal South Africa</li> <li>• carbon dioxide from biomass sources relevant to Paper and Packaging</li> <li>• carbon dioxide from the consumption of sulphuric acid in the leaching process relevant to Anglo Base Metals refining processes</li> </ul>
CO <sub>2</sub> e	Carbon dioxide equivalents, which enable the comparison of the impact of various greenhouse gases using CO <sub>2</sub> 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
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
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"> <li>• Level 1: minor impact, short-term effect</li> <li>• Level 2: moderate impact, medium-term effect</li> <li>• Level 3: significant impact, extensive or long-term effect</li> </ul>
Fatal injury	The death of an employee or contractor resulting from a work-related injury
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

Term	Description
Global Fund	Global Fund to fight AIDS, tuberculosis and malaria
GRI	Global Reporting Initiative
HAWS	Hand-arm vibration syndrome
HDSA	Historically disadvantaged South Africans – women and black, coloured and Asian men
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 Sustainable Development 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
Mtpa	million tonnes per annum
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
SEAT2	Enhanced version of SEAT Toolbox launched in 2007
SHE	Safety, health and environment
SHEQ	Safety, health, environment and quality
SO <sub>2</sub> emissions from fossil fuels	Sulphur dioxide emissions from the combustion of fossil fuels
SO <sub>2</sub> emissions from processes	Sulphur dioxide emissions from point sources or fugitive emissions
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



**For further information,  
please contact**

Anglo American plc  
20 Carlton House Terrace  
London SW1Y 5AN  
United Kingdom

Tel: +44 (0)20 7968 8888  
Fax: +44 (0)20 7968 8500  
[www.angloamerican.co.uk](http://www.angloamerican.co.uk)

Questions, queries and comments to:

**Editor: Report to Society**

**Karin Ireton**

Head of Sustainable Development - Markets  
and Economics  
[kireton@angloamerican.co.za](mailto:kireton@angloamerican.co.za)

**Dorian Emmett**

Head of Sustainable Development  
[demmett@angloamerican.co.uk](mailto:demmett@angloamerican.co.uk)

**Edward Bickham**

Head of External Affairs  
[ebickham@angloamerican.co.uk](mailto:ebickham@angloamerican.co.uk)

**John Holt**

Head of Safety  
[jholt@angloamerican.co.uk](mailto:jholt@angloamerican.co.uk)

**Frank Fox**

Head of Occupational Health  
[ffox@angloamerican.co.za](mailto:ffox@angloamerican.co.za)

**Brian Brink**

Group Medical Consultant  
[bbrink@angloamerican.co.za](mailto:bbrink@angloamerican.co.za)

**Peter Coombes**

Head of Environment  
[pcoombes@angloamerican.co.za](mailto:pcoombes@angloamerican.co.za)

Publications can be ordered through our  
website [www.angloamerican.co.uk](http://www.angloamerican.co.uk)  
or from the Investor and Corporate Affairs  
Department

**Other sustainable development reports published by  
Anglo American Group companies:**

Anglo Platinum	A glimpse beyond – Sustainable Development Report (February 2008)
AngloGold Ashanti	Report to Society 2007 (April 2008)
Tarmac	Report to Society 2007 (April 2008)
Anglo Coal Global	Report to Society 2007 (May 2008) Report to Society 2006
Anglo Coal South Africa	Report to Society 2007 (May 2008) Report to Society 2006
Anglo Coal Australia	Report to Society 2007 (May 2008) Sustainability Report 2006
Anglo American Chile	Sustainable Development Report and Financial Statements (May 2008) Reporte de Desarrollo Sustentable 2006
Anglo American Brazil	Relatório para a Sociedade - 2007 (June 2008)
Scaw Metals	Sustainable Development Report 2007 (May 2008) Sustainable Development Report 2006
Lisheen Mine	Our Impact 2007 (June 2008) Our Impact 2006
Exploration Division	Safety, Health, Environment and Community Relations Report 2007 (May 2008)

Reports will be published on the Anglo American website when available (2006 currently 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>

**Cover images from left to right, top to bottom:** Thandeka Sithole, Norman Barber, Daniel Roux, George Xaba, Ben Magara, Yvonne Mfolo, Justin Gill, Surabhi Singh, Vusi Khumalo, Felix Manyanga, Michelle Crawford, Reza Bahrehvar, Jan Phehla, Cornelius Geel, Sarel van Vuuren, Bertus de Villiers, Martin Rickwood, Richie Pamma, Gert Bosch, Anne Meyers, Billy Mawasha, Mark Moody-Stuart, Pat Lucas, Ted Nohajer, Jaime Toro, Kathy Squire, Patrick Makati, Katya Mishkina, Clement Visagie, Aaron Sadowyj, Pranill Ramchander, Mark Heaton, Graeme Place, Karen Taylor-Smith, Keith van Deventer

**Cover insets from top left:** Brian Barry at Dawson Central, gas extraction plant, see page 56  
Dong Bin, crusher operator, see pages 27 and 47  
Indigenous vegetation being protected by exploration teams on South Africa's west coast, see page 47  
Blackhill Schoongezicht primary school see pages 23 and 43  
Marbeli Blanco, mine operator Loma de Niquel, see page 32

**Graphics pages 10, 11, 36, 48, 49, 50:** John Caswells, Group Partners

Published by Anglo American plc  
Designed and produced by Creativity  
Printed by Ultra Digital

The paper used in this report is totally chlorine-free, made from wood fibre sourced from fully sustainable forests, and 90% of the water used during the manufacturing process is recycled

**Anglo American plc**  
20 Carlton House Terrace  
London SW1Y 5AN  
United Kingdom

Tel +44 (0)20 7968 8888  
Fax +44 (0)20 7968 8500  
Registered number 3564138

[www.angloamerican.co.uk](http://www.angloamerican.co.uk)

