

TRANSFORMATION AND EMPOWERMENT

MAKING A MEANINGFUL DIFFERENCE



Caption - front cover:

We support the empowerment of women in the mining industry by increasing the representation of women in management levels and in our overall workforce.

Note: All Rand/US Dollar conversions contained in this brochure are based on the exchange rate on 11 January 2011, of US\$1 = R6,848

**REGULATORY COMPLIANCE IS JUST
PART OF A MUCH BIGGER PICTURE.
REAL TRANSFORMATION HAPPENS
WHEN WE TAKE THAT REGULATORY
IMPERATIVE TO HEART AND
INTEGRATE ITS BROADER VISION
INTO OUR BUSINESS VISION, STRATEGY
AND BEHAVIOUR**

AS WITH ALL OUR OTHER TRANSFORMATION INITIATIVES,
ACHIEVING OUR EMPLOYMENT EQUITY TARGET IS NOT A NUMBERS
GAME, IT IS ABOUT CREATING MEANINGFUL OPPORTUNITIES.
WE STRIVE TO FIND, DEVELOP AND GROW PEOPLE WHO SUPPORT
THIS PRINCIPLE AND WHO WILL STAY WITH US FOR THE LONG HAUL

Anglo American is firmly rooted in South Africa – the country where we first started our operations more than 93 years ago. As this country and its people have progressed on their journey of transformation, so too have we embraced the challenge of adapting our business to reflect the social, economic and regulatory changes that have earned this land its reputation as ‘the rainbow nation’.

We believe that a successful business is one that is able to empower all of its people to make a meaningful difference in their work, and in their communities. Empowered people are motivated people – people who work safely, and with pride. Empowered communities are sustainable communities – communities that become significant contributors to a vibrant economy.

At Anglo American, we believe that the sustainability of our business is vested in people and communities, and that ‘real mining’ really does involve making a ‘real difference’. That is why, long before transformation was legislated in the form of the Mineral and

Petroleum Resources Development Act, and more specifically, the Mining Charter, we were working hard to ensure that our enterprise development, social investment, procurement and human resources (HR) practices were all geared to help our operations make this difference.

OUR GOALS AND ACHIEVEMENTS

When it comes to being a good corporate citizen, we prefer to think beyond compliance and to consider where we want Anglo American to be in the years to come. Transformation is not just about legislation. It is about us, and about embracing the challenges South Africans face as individuals and as a nation. We therefore welcome the transformation requirements set out in the Revised Mining Charter of September 2010.

Our progress to date includes the following:

Ownership

We began conducting black economic empowerment (BEE) transactions well before the 2004 Mining Charter was enacted. This translates into R50,7 billion (US\$7,4 billion) in BEE transactions concluded since 1994, including a number of landmark transactions to support the creation of major competitive BEE operators such as African Rainbow Minerals, Exxaro, Afripalm Resources, Mvelaphanda,

A SUM EQUAL TO 6% OF THE PAYROLL IS SPENT ON SKILLS DEVELOPMENT – WELL AHEAD OF THE 2014 TARGET OF 5% STIPULATED BY THE REVISED MINING CHARTER

Shanduka Group and Anooraq. As a result, we have already achieved the 2014 Mining Charter target of 26% ownership by historically disadvantaged South Africans (HDSAs) in all our South African operations.

Linked to this is the issue of mining licences, and we have successfully converted all our licences to new order mining rights. The Department of Mineral Resources (DMR) has granted and executed a total of 38 Anglo American mining rights applications, as well as 77 prospecting rights. This is an important achievement in the local regulatory environment.

Employment equity

Some 46% of our management, in aggregate, comprise of HDSAs, ahead of the original Mining Charter target of 40%. We have also made strong progress in attracting women to the mining industry: women now make up 13% of South African employees, and 19% of management. An increasing number are in core mining jobs, including 2,700 women in Anglo American's Platinum business alone.

Our focus is now on ensuring an improved spread of HDSA representation in various grades, particularly at senior management level. We have an excellent pipeline of talent and are looking very closely at various ways of meeting our senior management targets, including succession planning and fast-tracking.

As with all our other transformation initiatives, achieving our employment equity target is not a numbers game, it is about creating meaningful opportunities. We strive to find, develop and grow people who support this principle and who will stay with us for the long haul.

THE NUMBERS AT A GLANCE

R50,7 billion (US\$7,4 billion) in BEE transactions, creating some major, competitive BEE operators.

26% ownership by HDSAs by 2014, as specified by the Mining Charter, has already been achieved.

46% of our management is drawn from HDSAs, ahead of the original Mining Charter target of 40%.

13% of our South African employees are women; 19% of our management are women.

2,700 women work in our Platinum business alone.

38 Anglo American mining rights applications have been granted.

A LITERATE EMPLOYEE IS A SAFE EMPLOYEE, AND THAT IS WHY EVERY SINGLE BUSINESS UNIT IN SOUTH AFRICA HAS AN ADULT BASIC EDUCATION AND TRAINING (ABET) PROGRAMME IN PLACE

Housing

We have committed more than R2 billion (US\$292 million) to employee housing initiatives to be implemented by 2014 (including construction and conversion projects, housing allowances, and similar). But being the employer of choice means providing more than just finance. Therefore, we strive to provide holistic home ownership solutions that include educating employees on how to be responsible, proud and financially astute home owners.

Skills development

A literate employee is a safe employee, and that is why every single business unit in South Africa has an Adult Basic Education and Training (ABET) programme in place. These programmes are supported by campaigns to encourage employees to participate, along with mentoring and career pathing initiatives.

More than 5,700 of our employees, contractors and community members are currently enrolled in ABET programmes, and some 2,600 people have received portable skills training to be employable outside the mining industry.

Besides ABET, we run artisan training programmes linked to developing core and critical skills, with the goal of ensuring that 40% of core positions are held by HDSAs.

Our total spend on skills development as a percentage of payroll at the end of 2009 stood at 6%, comfortably ahead of the 2014 target of 5% stipulated in the Revised Mining Charter.

Mine community and rural development

We have enjoyed a number of critical successes in terms of enterprise development and corporate social investment, in some cases even covering projects that would normally be considered municipal responsibilities. This is thanks largely to the comprehensive social and labour plans that every operation has in place, and which outline the development initiatives that each mine is driving not only in surrounding communities but also in labour-sending areas.

These plans are developed through a consultative process with local municipalities and take into account their own integrated development plans. They are also based on interaction with communities to ensure that identified projects are sustainable and in line with their needs.

THE FACTS

The eMalahleni water reclamation plant near Witbank purifies 25 megalitres of water daily, mostly used by the local community.

The Anglo American Zimele small business hubs provide finance, support and mentoring to local entrepreneurs countrywide.

R342 million (US\$50 million) was spent in 2009 through the Anglo American Chairman's Fund on HIV/AIDS, healthcare, education and entrepreneurial development programmes.

WE ARE THEREFORE LOOKING BEYOND OUR OWN PERFORMANCE TO FIND WAYS OF DRIVING IMPROVEMENT IN OUR PEERS, FOR EXAMPLE, THROUGH CONSULTATION AND SHARING OF BEST PRACTICES

Highlights include projects such as Thermal Coal's new maths, science and information communication technology centre near Witbank. When its doors opened at the beginning of 2010, the centre had already created more than 60 jobs and will educate between 15,000 and 20,000 learners and community members every year. Another example is the Anglo American Zimele business hubs, which are based close to our operations as well as in some labour-sending areas, and which provide finance, support and mentoring to local entrepreneurs.

Procurement

Group BEE spend and business development has grown significantly in the past decade, from R911 million (US\$133 million) in 2000 to more than R19,2 billion (US\$2,8 billion) to the end of 2009.

In 2009, close to 40% of our total available procurement spend was directed to HDSA businesses. Much of our procurement efforts are channelled through Anglo American Zimele's Supply Chain Fund, which helps procurement departments identify appropriate suppliers

and channel business opportunities to black-empowered small and medium enterprises (SMEs).

Effort is now being channelled towards the stretch targets of the Revised Mining Charter.

LOOKING FORWARD

Our performance is only part of a much bigger picture. The South African government's DMR does not measure individual businesses when evaluating Mining Charter compliance, but rather the industry as a whole, and while some mining companies have taken the principles of the charter to heart, overall the industry is not measuring up.

We are therefore looking beyond our own performance to find ways of driving improvement in our peers, for example, through consultation and sharing of best practices.

We realise that there is still much to be done, and we are committed to achieving that by working alongside government, unions and

peers. We are engaging more formally with BEE partners and other stakeholders, for example, by seeking a more active role in the various forums and engaging government and trade unions on transformation issues, based on the successful model established through the Tripartite Safety Initiative.

As an industry leader that has walked with South Africa on each step of the journey of growth, we have lived this country's history. We are now helping to create a new one by building a company and working environment that reflects our future, not our past, and which makes sense to the new generation of South Africans.

Caption - back cover:

It is real people who make our business work, and because of that, real mining involves making a real difference.

CORPORATE OFFICE

CORPORATE COMMUNICATIONS AND BRANDING – SOUTH AFRICA

44 Main Street
Johannesburg
2001

P.O. Box 61587
Marshalltown
Johannesburg
2107

T +27 11 638 9111

www.angloamerican.co.za

