

ANGLO AMERICAN WORKING FOR SUSTAINABLE DEVELOPMENT

REPORT TO SOCIETY 2003

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FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31 DECEMBER 2003

Sound financial performance based on transparent, ethical behaviour is a cornerstone of sustainable development. It enables the creation of jobs and the contribution to societal aspirations through payments to governments, suppliers, employees and returns to investors.

- Group turnover and attributable share of turnover of joint ventures and associates increased by 22% to \$24,909 million
- Headline earnings decreased by 4% to \$1,694 million
- Capital expenditure by subsidiaries amounted to \$3,025 million
- \$555 million was provided for in company taxes, excluding deferred tax for subsidiaries, joint ventures and associates.

PROFITABILITY AND FINANCIAL FOUNDATION

Headline earnings per share were \$1.20, 4% lower than in the prior year. Strong performances by many of the Group's businesses were offset by the significant impact on the Group results of the stronger South African rand, which appreciated some 28% against the US dollar compared with the prior year average rate. Despite the weakening of the dollar, headline earnings reached \$1,694 million (2002: \$1,759 million) resulting from an outstanding performance by De Beers and strong contributions from Anglo Base Metals, Anglo Industrial Minerals and Anglo Paper and Packaging. Lower earnings were recorded by Anglo Platinum, AngloGold, Anglo Coal and Anglo Ferrous Metals and Industries, due in the main to the impact of the firming of the South African rand against the US dollar. The robust underlying performance reflects the Group's geographical and product diversity, and the successful integration of acquisitions and projects. Profit for the year was \$1,592 million compared with \$1,563 million in the prior year.

Acquisitions of subsidiaries amounted to \$1,469 million. The principal acquisitions included an increase in the Group's shareholding in Kumba to 66.6%. The Group has also increased its interests in Anglo Platinum and AngloGold. Purchases of tangible fixed assets amounted to \$3,025 million, an increase of \$886 million from 2002. The major components of expansion were in Anglo Platinum and Anglo Paper and Packaging.

RETURNS TO SHAREHOLDERS

The total dividend for 2003 amounted to 54 cents per ordinary share, up 6% on the previous year.

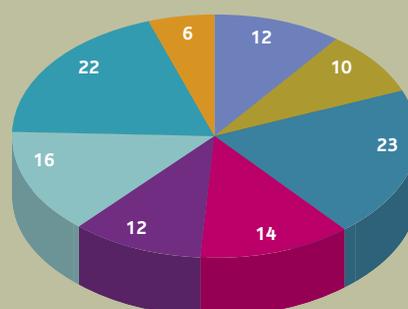
The financial data are derived from the audited Anglo American plc Annual Report and Accounts for the year ended 31 December 2003, and are aggregated from Anglo American plc subsidiaries (together with joint ventures and other interests) using the accounting and consolidation principles of Anglo American plc. SHE data are reported on the basis of managed operations only. Data on business principles and human resources reflect managed companies only unless otherwise specified. For further details see pages 5 and 56.

For more information on our financial data, refer to our website <http://www.angloamerican.co.uk> or to the 2003 Annual Report.

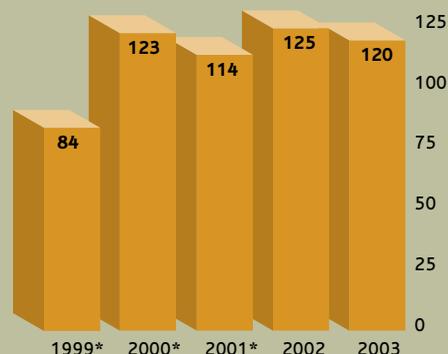
CONTRIBUTION TO WEALTH CREATION

In the maps of operations on pages 6 and 7, we provide a view of our contribution to wealth creation in the major regions of the world.

HEADLINE EARNINGS BY BUSINESS UNIT %

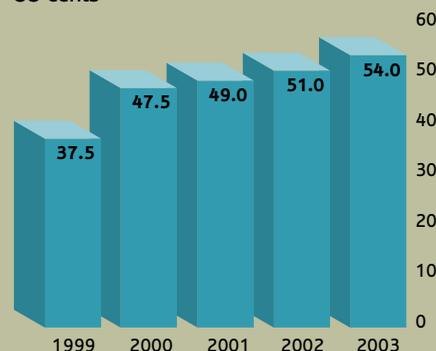


HEADLINE EARNINGS PER SHARE US cents



* Restated for the adoption of the UK's Financial Reporting Standard 19.

DIVIDENDS PER SHARE US cents



A SNAPSHOT OF OUR COMMITMENT TO IMPROVE

OUR GOALS FOR 2003

WORKPLACE

GOVERNANCE, ETHICS AND BUSINESS PERFORMANCE (page 9)

- Certificated ISO 14001 systems at all managed operations by end 2004
- Increase formal certification of health and safety management systems
- Increase SHE/SD reporting by divisions and business units
- Progress with five-year verification plan for key performance indicators

SAFETY (page 11)

- Eliminate all work-related fatalities
- Reduce LTIFR by 26% to 0.64
- Audit the implementation of Safety Golden Rules at all operations

OCCUPATIONAL HEALTH (page 15)

- Implement and audit Occupational Health Management guidelines at managed operations

HUMAN RESOURCES (page 16)

- Increase participation in performance management systems
- Progress towards the South African government's employment equity target of 40% of historically disadvantaged South Africans in management by end 2007
- Improve communications with employees

ENVIRONMENT

ENERGY AND CO₂ EMISSIONS (page 24)

- Explore possibilities for energy savings and reductions in CO₂ emissions
- Implement data systems to record renewable energy used
- Improve baseline for methane emissions in South African coal mines

AIR QUALITY (page 27)

- Reduce SO₂ emissions at Anglo Platinum's Waterval Smelter to less than 20 tonnes per day by end 2004

WATER USE (page 30)

- Set water use targets per unit of production
- Improve systems for measuring and recording use of recycled water

BIODIVERSITY (page 32)

- Develop criteria for characterising the ecological importance of company-managed land
- Report on implementation of biodiversity action plans
- Further develop biodiversity strategy in conjunction with ICMM/IUCN initiative

LAND USE (page 37)

- Review and quantify closure liabilities for all managed operations

SOCIETY

CORPORATE CITIZENSHIP (page 39)

- Continue to build partnership models for tackling social issues
- Promote employee volunteering as an adjunct to community engagement
- Develop policies on security, human rights and resettlement
- Realise objectives of South Africa's Mining Charter

OUR LOCAL COMMUNITIES (pages 39-44)

- Community engagement plans in place at over 90% of significant operations
- Review and roll out of Rapid Socio-Economic Assessment methodology

HIV/AIDS (page 45)

- Provide antiretroviral therapy at all southern African operations
- Report on uptake of voluntary counselling and testing
- Develop metrics for tracking HIV/AIDS impact on operations
- Establish partnerships for communities HIV/AIDS programmes

✔	Target achieved
✘	Target not achieved
↷	Ongoing, work needed

2003 PERFORMANCE	2004 AND FUTURE TARGETS
<ul style="list-style-type: none"> ✔ 63% of operations ISO 14001 certificated ✔ More than 50% of operations have third party safety and health certification ✔ SHE/SD public reports produced by many operations (see page 64) ✔ Verification programme extended to targets for community engagement plans 	<ul style="list-style-type: none"> • ISO 14001 certification complete in 2004, new acquisitions within two years • 75% third party health and safety systems certification within two years
<ul style="list-style-type: none"> ✘ 44 fatal injuries (47 in 2002) FIFR reduced 10% to 0.018 ✔ LTIFR reduced by 26% to 0.64, in line with target ✔ Safety Golden Rules implemented and audited 	<ul style="list-style-type: none"> • Eliminate all work-related fatalities • Reduce LTIFR by 27% to 0.45 (or 0.73 including all restricted work cases) • Ultimately eliminate all work-related injuries
<ul style="list-style-type: none"> ✔ Implementation and auditing of Occupational Health Management guidelines: 80% compliance in self-assessment, half of operations independently audited ↷ The incidence of occupational disease reported for the first time 	<ul style="list-style-type: none"> • Ultimately eliminate occupational disease and health impairment due to workplace health hazards • Complete auditing of Occupational Health Management Guidelines
<ul style="list-style-type: none"> ✔ 49% of employees in managed companies participated in personal development reviews (44% in 2002) ↷ South African managed operations now have 35% HDSA in management positions ✔ Managers briefed on communication survey results, improvement programmes agreed 	<ul style="list-style-type: none"> • Further increase in staff receiving performance and development reviews • Further progress on employment equity targets • Repeat communication survey in Q4 2004 with specific focus areas • Roll out electronic Group information portal
<ul style="list-style-type: none"> ↷ Energy saving and reduction in CO₂ emissions offset by portfolio changes ↷ Anglo Platinum publicly reporting energy consumption per unit of production ✘ Data available on CO₂ emissions from biomass use ↷ Renewable energy figures still to be addressed ↷ Progress on measurement of methane emissions in South African coal mines 	<ul style="list-style-type: none"> • Continue to improve energy efficiency and reduce CO₂ emissions • Determine and report CO₂ emissions from acid consuming processes such as copper heap leaching • Refine data systems to complete renewable energy aggregation • Establish a baseline for greenhouse gas emissions and spontaneous combustion in South African coal mines
<ul style="list-style-type: none"> ↷ Total SO₂ emissions reduced by 48,489 tonnes (15%), due in part to the disposal of Bindura Nickel Corporation in Zimbabwe ✔ SO₂ emissions at Anglo Platinum's Waterval Smelter down 24% on 2002 emissions 	<ul style="list-style-type: none"> • 6% reduction in SO₂ emissions from processes targeted for 2004 • Anglo Platinum's Waterval Smelter to achieve SO₂ emissions of <20 tonnes per day by end 2004 • Develop data on SO₂ emissions from fossil fuel use
<ul style="list-style-type: none"> ↷ Operational management strategies and targets adopted to increase recycling and reduce fresh water consumption 	<ul style="list-style-type: none"> • Derive water usage per unit of production for our major products
<ul style="list-style-type: none"> ✔ Biodiversity action plans in place at 35% of managed operations ✔ ICMM members agreed a ban on mining in existing World Heritage sites ✔ Support provided for international conservation and regeneration initiatives 	<ul style="list-style-type: none"> • Biodiversity action plans in place at all significant sites by end 2004 • Ongoing participation in the IUCN/ICMM dialogue and other key partnerships
<ul style="list-style-type: none"> ↷ Closure liabilities total \$652 million, based on approved and costed closure plans ↷ Financial provision, consistent with national legislation, is in place 	<ul style="list-style-type: none"> • Review and manage closure liabilities for all managed operations
<ul style="list-style-type: none"> ✔ Partnerships delivering results ↷ Local employee volunteering schemes in place ✔ Business principles now available in 24 languages; increasingly included in training and contracts ↷ Policy on resettlement drafted ✔ Procurement of R3.6 billion (\$477 million) of goods and services from black empowerment companies 	<ul style="list-style-type: none"> • Adopt specific policies on resettlement, security and human rights • Support mentoring and volunteer schemes • Develop detailed guidelines on human rights • Further progress towards realising objectives of South Africa's Mining Charter
<ul style="list-style-type: none"> ↷ Community engagement plans in place at 88% of significant operations ✔ Socio-Economic Assessment Toolbox (SEAT) piloted and launched to group companies 	<ul style="list-style-type: none"> • 100% of current significant operations to have community engagement plans • Training in use of SEAT methodology, 20 assessments conducted • Establish community of practice on social issues
<ul style="list-style-type: none"> ✔ Revised Group HIV/AIDS policy ✔ Performance metrics agreed for tracking HIV/AIDS impact on operations ✔ Antiretroviral therapy provided to 1,048 employees ✔ Partnership to extend initiative to communities launched, pilot sites identified 	<ul style="list-style-type: none"> • Substantial increase in the uptake of voluntary counselling and testing • Substantial increase in enrolment of HIV positive employees in wellness programmes • Extend partnerships with governments, NGOs and donor agencies to address HIV/AIDS in communities associated with our operations

ANGLO AMERICAN BUILDING OUR NATURAL, HUMAN AND SOCIETAL CAPITAL

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MESSAGE FROM OUR CHIEF EXECUTIVE

Since 1999, we have been actively refocusing Anglo American as a global leader. We have a long established record of striving to produce lasting benefits for the communities where we work and of corporate philanthropy. We are determined to build on this ethos in addressing the changing expectations of our stakeholders and in entrenching sustainable development principles into the way we do business through the policies that we adopt, the pursuit of best practice, accountability and leadership.

Our business strategy is to achieve world-class performance across all our businesses based on growth through acquisitions, developing new operations, innovation and efficiency and through leveraging our core competencies. Sustainable development principles are central to achieving our business strategy and challenge us to

- improve the management of our environmental and social risks, thereby securing continued access to natural resources and protecting our licence to operate
- create social partnerships to tackle problems like HIV/AIDS
- improve efficiencies and minimise waste and pollution which amount to unproductive resource use
- attract, develop and retain talented staff, stimulate innovation and share knowledge across our business units
- ensure that our values and practices reflect international norms, community and societal expectations, and
- create value where we operate.

This approach will assist us in reducing the cost of capital and operational management and position us as a business partner of choice.

The acquisition trail has taken us into a host of new countries such as China, Mexico, eastern Europe and Russia. Anglo American is now a focused natural resources group, stronger because of its geographic and business diversity.

OUR PERFORMANCE

This report highlights our performance against key indicators and areas of ongoing focus. The statistics and case studies reflect enormous effort, some of which show excellent results and others which highlight where we must continue to improve. I am disappointed by our failure to reduce fatal incidents significantly. We view every death as an avoidable tragedy and examine each fatal incident in depth to ensure that lessons are learned. Eliminating fatalities remains an absolute priority that we are tackling through programmes such as visible, felt leadership, zero tolerance towards unsafe working practices and target zero for fatal injuries (OTTO) and behaviour-based safety initiatives. Progress has been made in improving our injury figures. Our lost-time injury frequency rate (LTIFR) reduced from 0.87 in 2002 to 0.64 in 2003. Challenging targets for further reductions remain in place.

We are committed to engage in the sustainable development debate at international, regional and national levels, and are doing so increasingly with the International Council on Mining and Metals (ICMM) and a wide range of other industry associations. In addition, our business units are firmly engaged with their local environments and communities. I am well aware that we are not yet in a position to present aggregate Group targets for the key environmental indicators. There is a clear awareness at site level, and I am confident that our technology strategy will help identify longer-term Group goals within two years.

In 2003, Anglo American was included in the Dow Jones Sustainability Index for the first time. We are delighted with this

recognition of our efforts. We are committed to transparency and reporting and have used the Global Reporting Initiative as a guideline in the formulation of this report.

MILESTONES

At the end of 2002, we acquired the Disputada copper assets in Chile and have made excellent progress in integrating them into the Group. During 2003, we also acquired a controlling stake in Kumba Resources, thereby realising a long-term strategic aim of establishing a presence in the iron ore market. The \$454 million Skorpion Zinc mine and refinery in Namibia were opened in 2003 and we made significant acquisitions in Europe, the Czech Republic, China, South Africa and Mexico. Our project pipeline is currently \$6 billion, with a broad geographic and commodity spread.

TAKING A LEAD

During the past 18 months, we have been actively involved in the Extractive Industries Transparency Initiative (EITI), which we hope will build accountability and transparency around mineral revenues. Once again we are reporting regional flows of corporate payments to governments and other stakeholders to illustrate the economic value of our operations. Over the past year, we have continued to work with leading business organisations, governments and NGOs, as well as directly as a company, on a range of core issues including climate change, biodiversity, water management and community development.

A major challenge for the extractive sector is to ensure that we work in harmony with local communities and that our operations are acknowledged as good neighbours. This requires regular engagement with local people and a commitment to maximising the social and economic contribution which we make during the lifetime of our operations so that they contribute to sustainable development. Almost all of our significant

IN CONJUNCTION WITH GOVERNMENTS AND OTHERS, WE MUST BUILD A SHARED VISION OF THE FUTURE AND WORK IN PARTNERSHIP TOWARDS IT

operations now have a community engagement plan in place. We have also developed a socio-economic assessment toolbox. This is a major investment in building skills at a site level to ensure dialogue with key stakeholders, to forge partnerships, to develop local business and training initiatives, and to manage social investment projects more effectively. I believe we have taken a leadership position in this area.

Central to both our business strategy and our approach to sustainable development is a focus on people. We are actively working to attract and retain the best staff through skills development and training as well as an innovative talent management programme. In addition, in 2003, we launched an anonymous whistle-blowing service, *speakup*, to provide employees with a means of reporting unethical or inappropriate business practices.

Our people are working at many different levels to give effect to our sustainable development commitments and to ensure the thinking is fully integrated into the way we do business. The World Summit on Sustainable Development highlighted the need for public private partnerships to reduce poverty and tackle the global sustainable development challenges. We have a number of collaborative programmes to address these issues. In particular, we are extending our HIV/AIDS programme beyond our employees into the community through strategic partnerships.

In 2002, we decided to make available antiretroviral therapy to those of our workforce presenting with AIDS. With an estimated 33,000 HIV positive employees, the challenge of funding and providing treatment is significant. I am now even more convinced it was the right decision. During 2003, 1,048 employees were prescribed antiretroviral therapy and 94% of them are back at normal work. Many of these employees would have been dead today without access to treatment. Their families would have been deprived of a parent and breadwinner. We would have lost skills and loyalty that have taken years to develop.

We have enrolled in wellness programmes some 3,300 HIV positive employees who know that effective treatment will be available when they progress to AIDS. We are beginning to break the silence and to make progress in confronting the epidemic.

PARTNERSHIPS FOR CHANGE

In October 2003, we announced a major new community HIV/AIDS partnership, which will accelerate the provision of comprehensive HIV/AIDS services in South African government clinics. Over and above the funding assistance, our operations will

commit considerable time and expertise to working with *loveLife* (an NGO working to fight AIDS) and other partners to help build capacity in public sector primary health care clinics.

The HIV/AIDS challenge is enormous. In tackling it, like so many other sustainable development challenges, the most important thing is to make a start. In conjunction with governments and others, we must build a shared vision of the future and work in partnership towards it.

I hope you will find this report of interest. It is only a snapshot of a diverse and dynamic group and further information is available on our website. I am conscious of the risk of information overload and would welcome your guidance on issues about which you would like to hear more. The reader reply card can be used for this purpose, as can the enquiry facility on www.angloamerican.co.uk.

Tony Trahar
30 March 2004

Right: Tony Trahar presenting the Anglo American Group financial results from London through video and audio conferencing to employees worldwide



OUR APPROACH TO SUSTAINABLE DEVELOPMENT



Although as a company we have a long track-record, our individual operations are not of themselves sustainable. Our commitment to sustainable development is therefore to use our revenues, expertise and business skill to protect and build the natural, human and societal capital through

- being an efficient, ethical and value-creating business
- creating meaningful employment in safe, healthy environments
- reducing our environmental footprint and contributing to biodiversity management
- innovation, technology and process improvement
- contributing to building more adaptable societies.

We are linking these, where possible, with the focus areas that emerged from the World Summit on Sustainable Development: poverty alleviation, water, energy, health, agriculture (land use) and biodiversity.

We recognise that neither the manmade nor the natural environment is unchanging and that our operations are catalysts for further change, with both positive and negative effects. 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.

This report, which was prepared using the GRI 2002 guidelines, is part of our commitment to transparency and accountability (see our website for the GRI index). Our report discusses some of the many initiatives that are taking place within

the Group and at community, national and international levels. To aid readers in finding specific material, it is divided into a number of key sections: Workplace, Environment, Society and Economic Contribution. However, the growing integration of these approaches will be apparent, as all the initiatives outlined have multiple impacts and benefits. A number of special features detail our approach to strategic challenges.

We are members of the ICMM, the World Business Council for Sustainable Development, the International Business Leaders Forum, the World Coal Institute and a variety of other business associations. We work through these organisations as well as within the Group to make progress on sustainable development challenges. One of the most powerful developments in this regard over the past two years has been the development of strong partnerships between ourselves, NGOs, governments and industry partners to tackle various challenges.

After publishing our 2002 Report to Society *Towards Sustainable Development*, we embarked on extensive engagement with stakeholders in London and Johannesburg to improve our reporting and to align it with their expectations of transparency and accountability. Our hope is that the participants in the feedback sessions and the many others who submitted unsolicited feedback will see in this 2003 report a more user-friendly document, one which communicates material aspects of our past performance and which sets out more clearly our view of strategic sustainable development challenges. Hopefully, it will promote further engagement and partnership building.

Above: Anglo American employees with nine-month-old HIV positive Noma at the presentation of a cheque to the Lambano AIDS Sanctuary. The money was raised by Johannesburg staff through an inter-divisional challenge, and was matched by the Johannesburg corporate office

SCOPE OF THIS REPORT

Anglo American plc, with its subsidiaries, joint ventures and associates, is a global leader in the mining and natural resource sectors. It has significant and focused interests in gold, platinum, diamonds, coal, base metals, ferrous metals and industries, industrial minerals and paper and packaging, as well as financial and technical strength. The Group is geographically diverse, with operations in Africa, Europe, North and South America, Australia and Asia.

The report highlights our contribution to sustainable development by our managed operations, focusing on our performance in a number of key areas: the safety, health and development of our people; environmental management; the building of a sound, ethical, business which adds economic value; and our community development and investment programmes. We also include the economic contributions and corporate social investment for our independently managed subsidiaries AngloGold and Tongaat-Hulett. Our independently managed associate, De Beers, is excluded from the scope of this report.

Maps of our Group interests are on pages 6 and 7. A full list of managed operations is in the data tables commencing on page 58.

Reporting for the year 2003 is influenced by a number of changes to the Group resulting from acquisitions, disposals, new production capacity and the movement of some assets into the managed category. We report this year for the first time on a full year's operation at Anglo Base Metals' Los Bronces, Chagres and El Soldado in Chile, Anglo Coal Australia's Moura colliery,

Right: The view to the east from Anglo Base Metals' Las Tórtolas tailings impoundment in Chile, some 40 kilometres north of Santiago, looking across the semi-arid scrub common to the central part of the country to the vineyards in the Peldehue valley and the mountains in the distance

Anglo Paper and Packaging's Syktyvkar in Russia and Anglo Industrial Minerals' Mavike in Spain. Performance at Anglo Platinum's Polokwane smelter is included from May 2003. Hippo Valley in Zimbabwe is now categorised as a managed operation and its performance is reported as part of Anglo Industries. Amzim Gold and Iron Duke operations in Zimbabwe were sold and their performance was not reported in 2003. Bindura Nickel Corporation in Zimbabwe was sold during the year and is included in Anglo Base Metals' statistics for the first half of 2003.

The impacts of the changes in our portfolio on our performance figures are explained throughout the report. The data tables in this report and additional information on

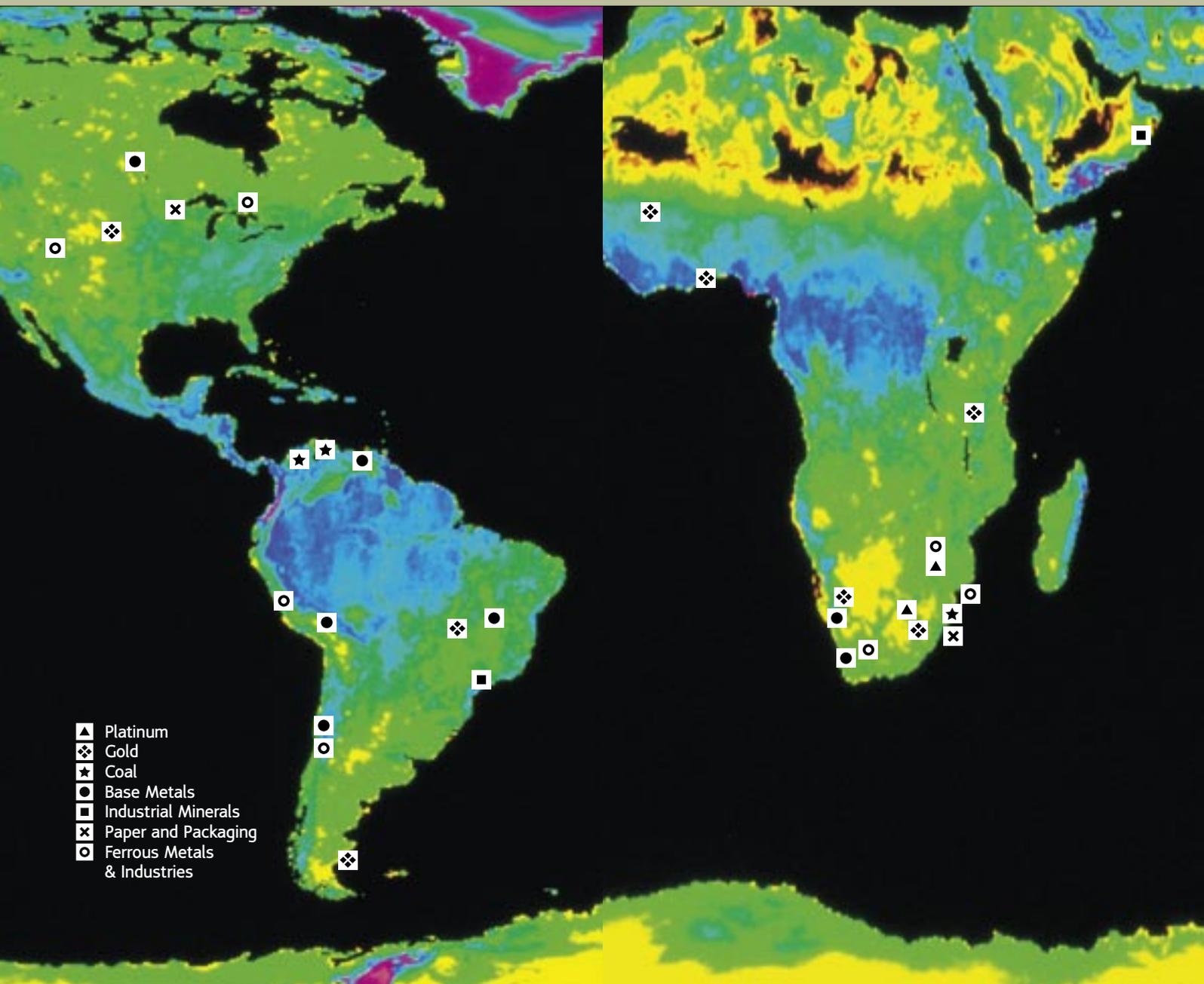
our website provide environmental and production data for individual operations, thereby allowing a comparison of performance over time at the operational level. Where possible, we have normalised the data per unit of production. This year's data continue to be more comprehensive and robust and provide an increasingly accurate reflection of our performance.

Throughout this report, values are expressed in US dollars using the currency sign \$. Where local currency values are used, the approximate US dollar value is given, based on average values for 2003. The following average exchange rates for the period are applied: SA Rand 7.55, Sterling 0.61, Euro 0.88, Australian dollar 1.53 and Russian rouble 30.66.



A GLOBAL BUSINESS LOCAL CHALLENGES

OPERATIONS IN NORTH AND SOUTH AMERICA			OPERATIONS IN AFRICA		
	MANAGED	INDEPENDENTLY MANAGED		MANAGED	INDEPENDENTLY MANAGED
Value added*	\$850 million	\$280 million	Value added*	\$2,150 million	\$1,150 million
Employees	8,000	3,000	Employees	77,000	58,000
Payments to governments†	\$135 million	\$44 million	Payments to governments†	\$426 million	\$221 million

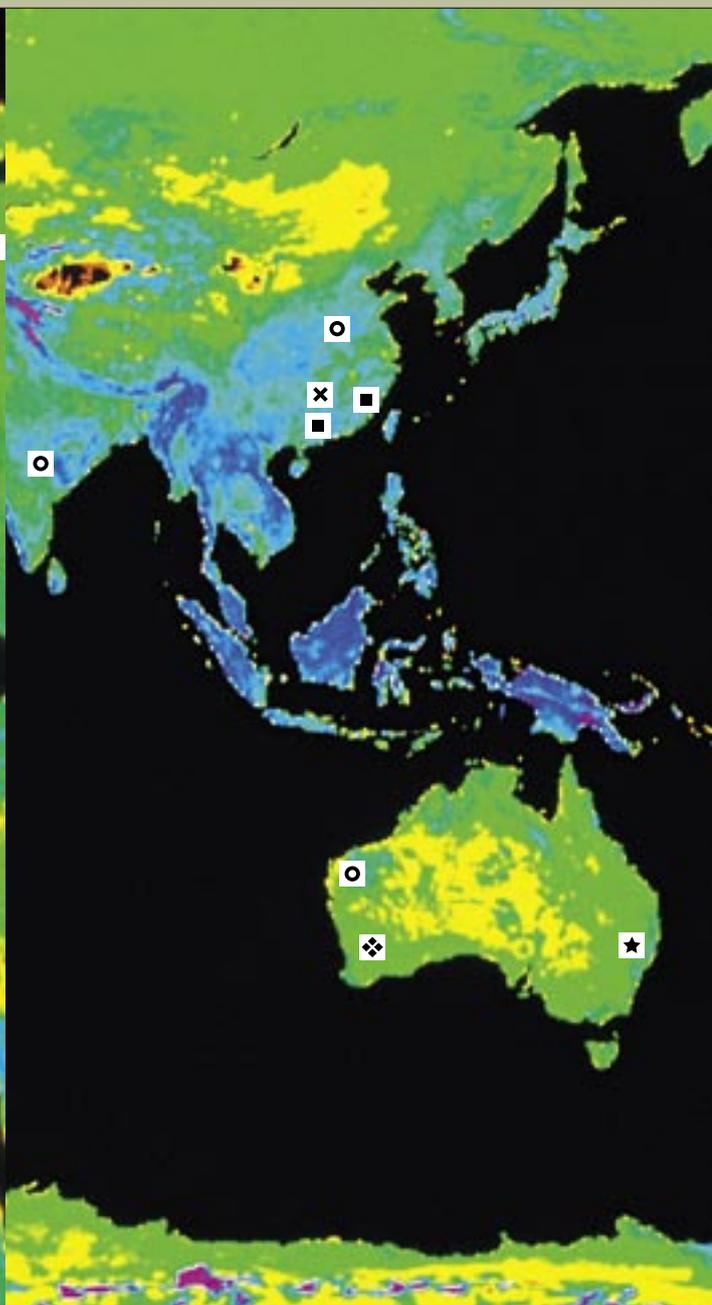
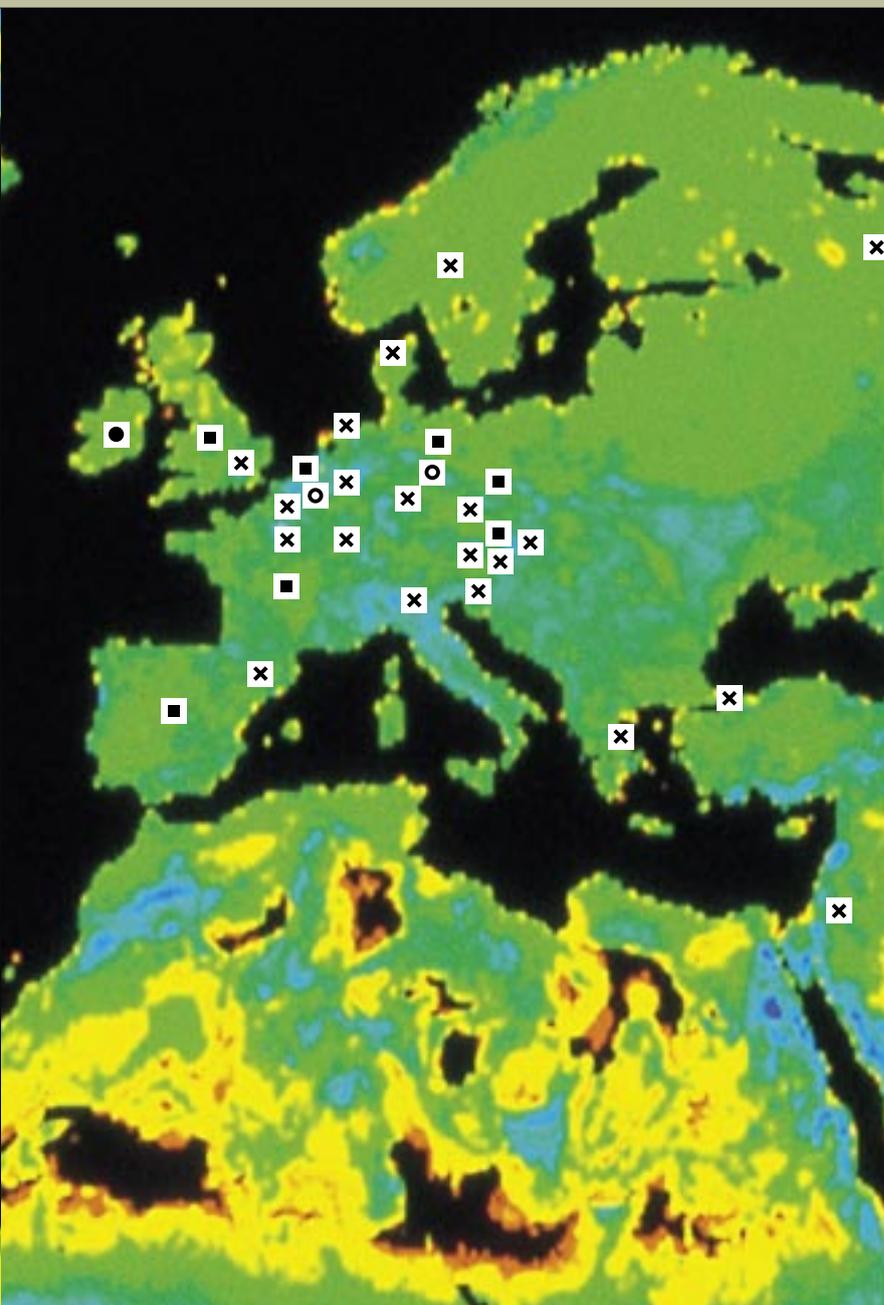


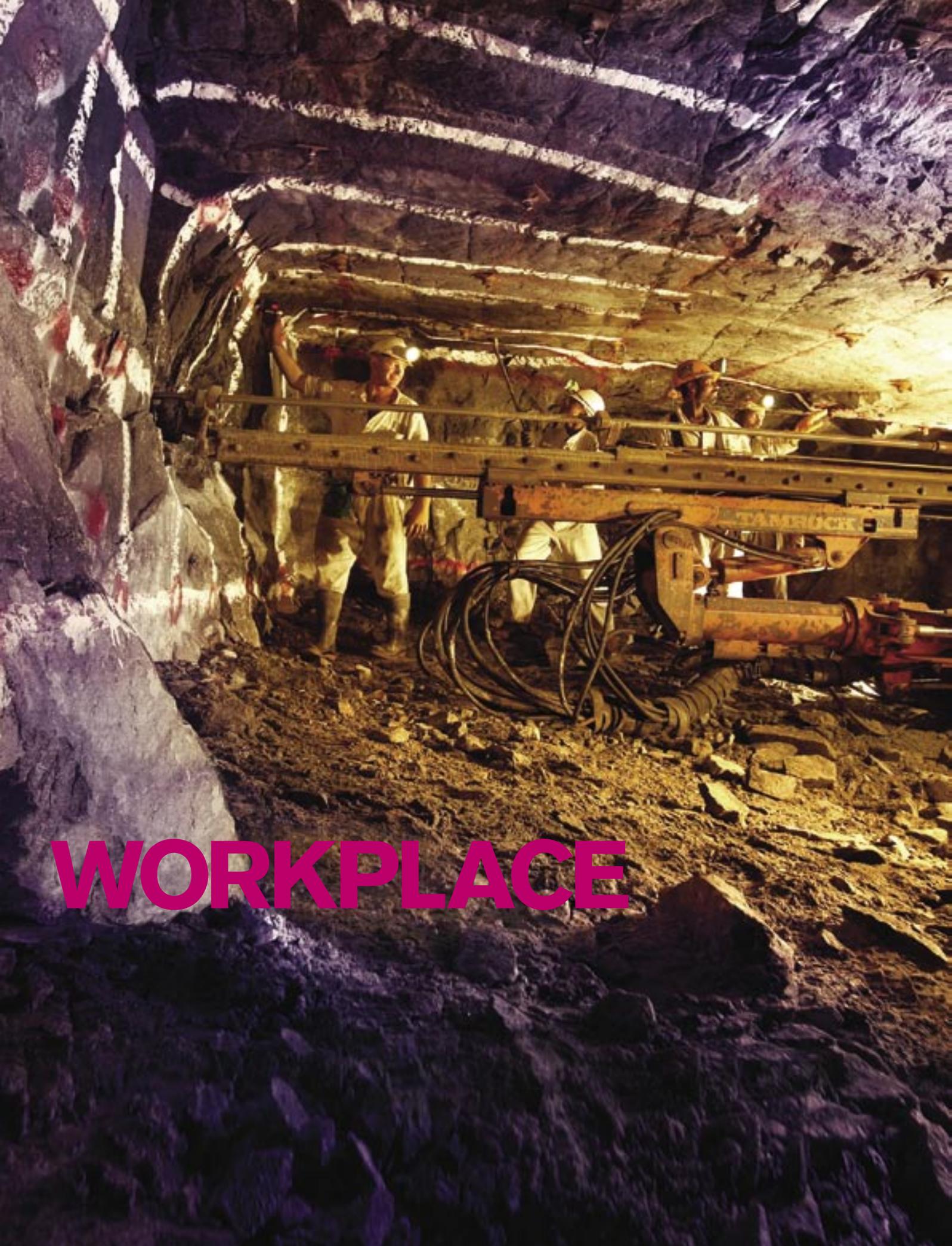
- ▲ Platinum
- ◆ Gold
- ★ Coal
- Base Metals
- Industrial Minerals
- × Paper and Packaging
- Ferrous Metals & Industries

OPERATIONS IN EUROPE AND THE MIDDLE EAST			OPERATIONS IN AUSTRALIA AND ASIA		
	MANAGED	INDEPENDENTLY MANAGED		MANAGED	INDEPENDENTLY MANAGED
Value added*	\$2,740 million	0	Value added*	\$510 million	\$110 million
Employees	43,000	0	Employees	4,000	<250
Payments to governments†	\$673 million	0	Payments to governments†	\$236 million	\$8 million

* Value added includes turnover from subsidiaries and other financial income, minus payments to suppliers for materials and services as well as indirect taxes and royalties.

† Payments to governments include corporate tax, taxes on dividends, withholding taxes, transfer and stamp duties, import and export duties, VAT and sales taxes, turnover taxes, royalties, employee taxes and social security contributions, environmental taxes and permit costs, other taxes and payments. A questionnaire survey was used to gather this information. The figures are likely to be underestimates and should be seen as indicative only.





WORKPLACE

GOVERNANCE, ETHICS AND BUSINESS PERFORMANCE

During 2003, our governance structures were adjusted to ensure full compliance with the United Kingdom's Higgs' Review of the role of non-executive directors. Excluding the chairman, half the Board now comprises independent non-executive directors. A system of performance assessment of the Board, its sub-committees, directors and the chairman has been instituted.

Anglo American's key sustainable development risks are managed through both the Turnbull risk management system and annual letters of assurance flowing from *Good Citizenship: Our Business Principles* and the Group's safety, health and environment policy.

To ensure that performance matches the standards set out in the Business Principles, programmes were instituted in 2003 to build capacity in relation to interactions with communities, to improve employee communication, to facilitate whistle-blowing, to improve staff development and to ensure compliance on anti-trust issues.

Briefing on the terms of the Business Principles is routinely given across managed operations when inducting staff. Most divisions mandate compliance as a condition of doing business with all regular and significant suppliers. During 2003, 857 employees were dismissed for breaches of the Business Principles standards (offences involving violence, dishonesty, harassment, discrimination and disregard for safety) and 10 supplier contracts were terminated because of such breaches. The main focus is, however, to promote higher standards among staff and suppliers.

We are seeking to build local recruitment targets into our supply chain practices. At Richards Bay in South Africa, for example, Mondi has engaged a consultancy, with the approval of the surrounding community, labour unions and contractor organisations, to run an off-site recruitment centre to provide unskilled and semi-skilled labour to sub-contractors. As a result of this process, 64% of the labour force of 1,708 on site are local to the Richards Bay/Empangeni region

Left: Mechanised (trackless) underground mining at Anglo Platinum Rustenburg Section's Bleskop shaft

Right: Dr Maria Silvia Bastos Marques was appointed to the Board as a non-executive director

Far right: Lazarus Zim was appointed deputy chief executive of Anglo American Corporation of South Africa

and a further 14% are from the remainder of KwaZulu-Natal.

Mondi Europe's Neusiedler Syktyvkar has been acknowledged as the company with the best reputation in the Russian forest products industry by *Expert*, a leading business magazine in the Russian Federation. *Expert* took into consideration ethics in relation to external and internal business partners, management efficiency, products, services, quality and the reputation of top managers.

NEWCOMERS

During 2003, we made two important new appointments. Dr Maria Silvia Bastos Marques joined Anglo American as a non-executive director – the first woman appointed to our Board. Dr Marques has an impressive record of financial transformation in companies and the city of Rio de Janeiro. She served as the President of the Brazilian Steel Institute from 2001 to 2002 and was Chief Executive of Companhia Siderurgica Nacional (CSN), Latin America's largest integrated steel company, from 1999 to 2002. She holds a PhD in economics.

Lazarus Zim has been appointed deputy chief executive of Anglo American Corporation of South Africa and serves as a director of a number of Group companies. He is driving transformation in the South African operations in accordance with the requirements of the South African Mining Charter (see page 14) and other policies. He was most recently chief executive of a leading South African company and developed significant business opportunities throughout Africa.

POLITICAL DONATIONS

We have a policy of not making donations to political parties or organisations, but an exception has been made for the 2004

BOARD OF DIRECTORS

Sir Mark Moody-Stuart* – Chairman
A J Trahar – Chief Executive
D J Challen*
B E Davison
Dr C E Fay*
R M Godsell*
A W Lea
G Lindahl*
R J Margetts*
Dr M S B Marques*
W A Nairn
N F Oppenheimer*
F T M Phaswana*
Sir David Scholey*
Professor K A L M Van Miert*
*Non-executive

SAFETY, HEALTH AND ENVIRONMENT COMMITTEE

Dr C E Fay – Chairman
B E Davison
R M Godsell
G Lindahl
Dr M S B Marques (from 2004)
Sir Mark Moody-Stuart
W A Nairn
Sir David Scholey
A J Trahar

South African general election. R6 million (\$0.8 million) will be donated to political parties contesting the election, in recognition of the critical juncture in the country's democratic process. A Board sub-committee headed by our chairman, Sir Mark Moody-Stuart, recommended allocations. Our independently managed subsidiaries and Kumba will also be making contributions based on advice from their respective boards of directors. Further information is available in our Annual Report and on our website.



SYSTEMS APPROACHES

Sound corporate governance and systematic approaches to business practice are driving the adoption of management systems and standards in our business units.

Anglo Platinum has created a corporate governance compliance committee to oversee the implementation of the Business Principles, policies and procedures and ensure legal compliance. The committee is supported by an electronic business management system (EBMS) which has, for example, replaced traditional safety, health, environment and quality (SHEQ) procedure manuals and aims to simplify adherence to the wide range of business standards and procedures.

At Base Metals' Codemin and Catalão operations in Brazil, comprehensive systems development started with ISO 9001 quality certification in 1996, followed by ISO 14001 environmental management in 2001 and OHSAS 18001 safety and health certification in 2003.

Loma de Níquel in Venezuela adopted an integrated risk assessment approach. Key safety, health, environment and quality risks were prioritised and management strategies developed. This simplified the process

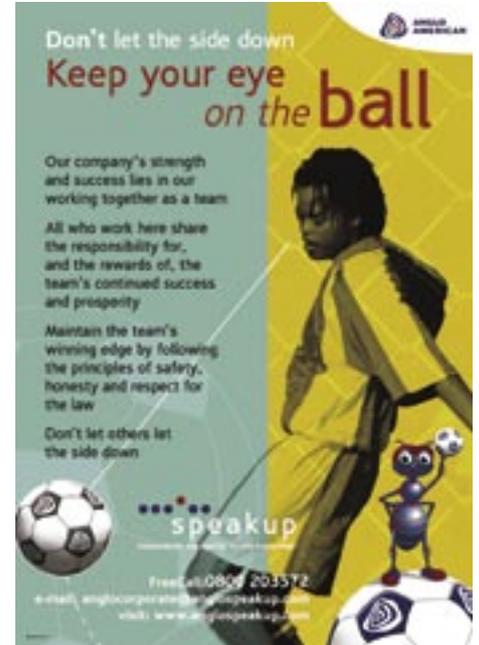
of generating appropriate management protocols, reduced development time and accelerated progress to full certification. In December 2003, Loma de Níquel achieved simultaneous certification to ISO 9001, 14001 and OHSAS 18001.

EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE

Anglo American was actively engaged in the discussions surrounding the development of the Extractive Industries Transparency Initiative (EITI). We are committed to the EITI as a means of increasing stakeholder confidence, reducing opportunities for embezzlement and stimulating debate around how revenues are allocated most effectively in resource-dependent economies.

WHISTLE BLOWING

In 2003, a confidential, independently managed, whistle-blowing facility known as *speakup* was launched to enable employees to report violations of the Business Principles or any legal or ethical concerns. Employees have the right to remain anonymous and will not be prejudiced for raising concerns. Most southern African operations are already participating in this facility. It will be rolled out to the Group in 2004.



Above: One of the *speakup* posters publicising the whistle-blowing facility to report violations of the Business Principles or any legal or ethical concerns

Left: From left, Sir Mark Moody-Stuart in discussion with Pat Lowery, former general manager of Loma de Níquel, general manager Walter de Simoni and Anglo American's head of group human resources and business development, Russell King, at Loma de Níquel



SAFETY

SAFETY REMAINS A KEY FOCUS OF OUR RISK MANAGEMENT EFFORTS ACROSS THE GROUP

We have instituted programmes for leadership training, active dissemination of information on safety risk management, the setting of clear high standards and encouraging safer workplace behaviour. The benefits are apparent, and we remain committed to the programmes to bring our ultimate goal of zero injuries much closer. We still, however, have a long way to go.

TARGETING ZERO FATAL INCIDENTS

It is with great regret that we report the deaths of 27 employees and 17 contractors in our managed operations. While this represents three fewer fatalities than 2002 and a 10% reduction in the fatal injury frequency rate (FIFR) from 0.020 to 0.018 per 200,000 manhours, we are determined to make OTTO (zero tolerance towards unsafe working practices and target zero for fatal injuries) a reality. The hazards in our operations that were most often implicated in fatal incidents in 2003 were moving machinery (27%), falls of ground (27%) and transport (14%). This is the first time that these numbers have not been dominated by underground falls of ground. However, we remain convinced that all fatal incidents are preventable and continue to strive to eliminate all work-related fatalities.

Our lost-time injury frequency rate (LTIFR) has been reduced by a further 26% from 0.87 to 0.64. The trend in reducing injuries remains encouraging and we have achieved a 58% improvement over the past three years. The main hazards relating to lost-time injuries, namely materials handling (19%), falling (15%), moving machinery (13%),

falling objects (10%), transportation (8%) and falls of ground (8%) are also covered by our Safety Golden Rules, which we expect to help drive further improvement.

In 2003, we included some restricted work cases (RWCs) in our calculations of LTIFR. In 2004, we see the culmination of this process. We have set ourselves the challenging LTIFR target of 0.45 (or 0.73, in which all RWCs will be included). The graph on page 12 shows how safety key performance indicators have been trending downwards, even when estimated RWCs are included, and the new target represents a further 27% reduction. The change now brings us fully into line with leading practice, and the result is much in line with our peers in the industry.

SPREADING BEST PRACTICE

Our Safety Golden Rules have been implemented and audited, in some cases by third parties. This is one cornerstone of our OTTO safety campaign, and is complemented by leadership and employee awareness training and empowerment to work safely. Compliance with these safety standards is generally high, with some specific exemptions where additional time and investment are necessary for full implementation. These exemptions were reduced in 2003, and by the end of 2004 all operations will be fully compliant. Safety bulletins on the management of major hazards are distributed across the Group to disseminate learning points and highlight best practice. Safety training for all levels of staff remains a priority.

	WORK RELATED FATAL INJURIES*		LOST-TIME INJURY FREQUENCY RATE* PER 200,000 MANHOURS	
	2002	2003	2002	2003
Platinum	26	24	1.24	0.74
Coal	5	7	0.46	0.55
Industrial Minerals	3	1	1.19	0.85
Base Metals	6	6	0.52	0.78
Ferrous Metals	2	1	0.54	0.65
Industries	1	2	0.67	0.34
Exploration	0	0	1.09	0.49
Paper and Packaging [‡]	4	2	0.67	0.47
Technical and other	0	1	0.41	0.45
Total	47	44	0.87	0.64

* Employees and contractors in managed companies

‡ Previously Forest Products

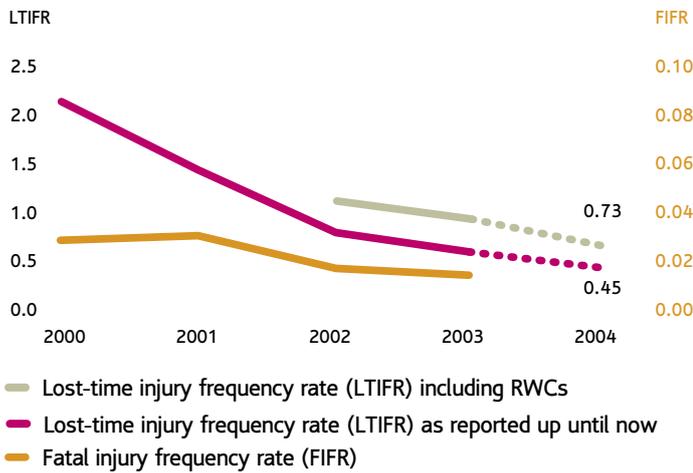
MANAGEMENT SYSTEMS

Sound management systems contribute to safe work practices. Our operations are increasingly being certificated to the ISRS, NOSA or OHSAS 18001 international management system standards for health and safety. Certification increased by 18% in 2003 to a total of 53% (by turnover) of Group companies.

Plans are in place to increase such certification to 75% within two years.

Despite this focus, some systems failures have occurred. Legal actions taken against Group companies for breaches of safety legislation resulted in fines of \$235,236.

LOST-TIME INJURY AND FATAL INJURY FREQUENCY RATES / 200,000 MANHOURS



RECOGNISING SAFE PERFORMANCE

The chief executive's safety competition entered its third year in 2003, with every division being encouraged to submit nominations for the large and small business categories. The winners of the 2002 large business category awards were Anglo Coal South Africa's New Denmark colliery (gold), Anglo Base Metals' Codemin in Brazil (silver) and Anglo Industrial Minerals' Tarmac Western in the United Kingdom (bronze). In the small business category, Mondi Europe's Long Crendon plant in the United

Kingdom won the gold award, and Anglo Coal South Africa's Central Workshops the silver.

Some of our operations continue to prove that OTTO is achievable. The most notable of these are Namakwa Sands' Mineral Separation Plant and Mondipak Brakpan. Both operations have more than 200 employees and have operated for the past three years without a lost-time injury. Of our 212 reporting entities with more than 100 employees, 33 (16%) have operated for at least the past year without a lost-time injury.



Right: Ben Magara, general manager of Anglo Coal South Africa's New Denmark colliery, holds aloft the crystal floating trophy won by the mine for the best performance in the Group's annual safety competition

A BUSINESS CASE FOR IMPROVED SAFETY

Anglo Coal South Africa's New Denmark colliery has achieved a remarkable turnaround in its safety record, at the same time achieving marked improvements in coal quality, productivity, customer relations, organisational culture and return on capital employed through a focused strategic process involving mine management, employees and trade unions.

This revival has been personified in two mine mascots, SMARTY (Safety Must Always Relate To Yourself) and Tsoseletso (a Sotho word meaning revival). Buy-in from the trade unions and all employees has been fundamental to this comprehensive turnaround.

Performance highlights in 2003 include ISO 14001 certification, a 71% reduction in lost-time injuries since 2001, a 60% productivity improvement with a corresponding improvement in coal quality, and return on capital employed up from 24.7% in 2001 to 43.2% in 2003.

Anglo American chairman Sir Mark Moody-Stuart notes: "I have been using New Denmark as an example of how team effort, creativity and discipline, which deliver results in safety, health and environmental performance, also deliver results in other areas."

EMPLOYEE-DRIVEN SAFETY PROGRAMME

In October 2001, Zimbabwe Alloys launched its behaviour-based safety (BBS) campaign to improve employee interaction with co-workers and management, encourage ownership of the safety programme by employees and give them substantial control over the system.

The company's SHE manager, Neil Malila, explains: "BBS does not try to replace existing controls, engineering conditions, workplace realities or compliance with rules and regulations. What it has done for us is to place ownership of safety into the hands of the 800 individuals who are part of this business. The BBS



process started from the basics and involved a non-threatening review of our activities. All our employees were re-trained through observation and peer education to perform their tasks in a safe way. To date, 125 safety coaches have been appointed and it is these people who have guided our re-training, hazard identification and job observations."

Safety performance improved from an LTIFR of 0.35 in 2002 to 0.24 in 2003. The intensive participation of employees in

the BBS programme has been effective in other areas such as quality improvement and better environmental management, resulting in the achievement of ISO 9001 and 14001 certification in 2003.

BOART LONGYEAR SAFETY ACHIEVEMENTS

- Springs (South Africa) was awarded its fourth NOSCAR and achieved 3 million disabling injury-free man-hours
- North America's Environmental Drilling Division has worked over 2.3 million hours injury-free
- Wuxi (China) and Roodepoort (South Africa) sites worked over 1 million hours injury-free. Chinese authorities lauded Wuxi for its attitude to safety, its business principles and for treating employees as valued resources
- Zimbabwe operations received the gold trophy from the country's National Social Security Authority.



Above: From left, Sir Mark Moody-Stuart, Tony Trahar and Tony Redman (chief executive of Anglo Coal) observe an underground operating procedure being explained by Peterson Zimu, an operator in the longwall mining section at New Denmark colliery

Left: One of the safety coaches (right) guiding re-training, hazard identification and job observations at Zimbabwe Alloys to ensure a safe working environment

THE SOUTH AFRICAN MINING CHARTER

The Mining Charter is a framework for transformation of the South African mining industry. Developed by government in consultation with the industry and accepted by Cabinet in November 2003, it is an adjunct to the Minerals and Petroleum Resources Development Act, which will come into force in May 2004.

Since its launch, public and media attention on the Charter has been related to the requirement that 26% of attributable production in South Africa's mining assets should be in the hands of historically disadvantaged South Africans (defined in law as African, Asian, coloured men, and women).

The objectives of the Charter are to ensure more equitable access to, and benefits from, the mineral resources of the country for historically disadvantaged South Africans. Benefits will accrue through ownership, jobs and skills development. The Charter further aims to improve the welfare of miners, mining communities and those in labour-providing areas and to promote value-adding beneficiation. The Minister of Minerals and Energy believes that all elements of the Charter are equally important and that it will not succeed without all of them being addressed.

The scorecard against which the socio-economic progress will be evaluated has nine elements, including reporting. We address these in terms of our Business Principles and our Group-wide corporate sustainable development commitments. They are reported throughout this report, which forms the primary vehicle for public reporting on all sustainable development and socio-economic issues for the Group. Reporting is therefore not included in this section.

EMPLOYMENT EQUITY

With 35% of our management grouping in South African operations currently drawn from the designated groups as defined in law, we are on track at our managed operations to meet the 2007 target of 40%. However, the challenge to attract sufficient women into all areas of the business is significant and the success rate varies between divisions and disciplines. Plans to achieve targets and statistics are filed each year with the Department of Labour.

HUMAN RESOURCES

Building the skills and personal capacity of staff is a key element of our business strategy and our approach to sustainable development. Programmes range from literacy and numeracy to technical skills development, bursary programmes and a Group-wide talent management programme.

MIGRANT LABOUR

Our business principles promote workplace equity and human rights, and seek to eliminate unfair discrimination of any kind. The issue of foreign and local migrancy highlights a key challenge in tackling sustainable development. The rights of existing foreign migrant workers and the benefits they bring to southern Africa must be balanced against the need to grow jobs in South Africa and distribute benefits into host communities. A long-term challenge for regional governments is to reduce the dependency of neighbouring countries on income from migrant miners.

COMMUNITY DEVELOPMENT

All our operations undertake significant community development initiatives particularly addressing education and health challenges. The Anglo American Chairman's Fund manages extensive initiatives in partnership with operations and other organisations in and around neighbouring communities. One of the most significant of these is the *loveLife* initiative to build community awareness and ability to address HIV/AIDS and increase the capacity of government clinics to deliver comprehensive HIV/AIDS services and the early roll out of antiretroviral therapy.

HOUSING AND LIVING CONDITIONS

Employees' housing conditions and living-out allowances are negotiated as part of a collective bargaining exercise between trade unions and industry representatives. It is, however, company policy to encourage home ownership. Programmes are under way to upgrade existing hostels to meet current norms as not all workers elect to buy their own homes.

PROCUREMENT

We have promoted economic empowerment through procurement policies for over a decade. Group procurement expenditure in black economic empowerment companies in 2003 was R3.1 billion (\$411 million) – R3.6 billion (\$477 million) including AngloGold – and cumulatively R10 billion (\$1.3 billion) since inception.

OWNERSHIP AND JOINT VENTURES

Empowerment transactions to the value of R3.2 billion (\$424 million) were concluded in 2003 – cumulatively over R15 billion (\$2 billion) since 1994.

In addition, the R40 million (\$5.3 million) Anglo Khula Mining Fund was launched in 2003 to promote the entry of black economic empowerment participants into junior mining companies. Three ventures have already been assisted. New tax incentives have been announced to increase equity ownership through employee share schemes for lower income earners. These must be capped and include minimum holding periods.

BENEFICIATION

Product stewardship, innovation and adding economic value through beneficiation of our primary products are areas of ongoing investigation, which will be reported in more detail in future reports.

OCCUPATIONAL HEALTH

Reducing and managing health risks are critical functions at our operations. Auditing for compliance with our occupational health management guidelines, which were developed in 2002, progressed well in 2003 and will serve as a key component of third party health and safety certification across the Group.

Noise-induced hearing loss (NIHL) remains the priority risk for most divisions. Pneumoconiosis, stress, asthma, tuberculosis, gas and fume exposure, hand/arm vibration syndrome (HAVS), malaria and other tropical diseases and excessive exposure to the sun are other occupational health risks that have been identified.

During 2003, business units conducted self-assessments against the occupational health management guidelines. The average audit score was approximately 80%, and plans are in place to address shortfalls. In addition, companies assessed their current performance against the United Kingdom's Health and Safety Executive occupational exposure limits (OELs). No material differences exist between these OELs and our standards.

PERFORMANCE OVERVIEW

Some two-thirds of our employees are potentially exposed to heavy industry occupational health hazards such as NIHL, HAVS and occupational lung diseases. Occupational health management requires identification of hazards, quantification and elimination of the associated risks, followed by measurement and control. Ideally, hazards are engineered out and any residual problems are managed. Monitoring identifies early effects of exposure before these lead to clinical disease. Residual hazard management includes the wearing of personal protective equipment and minimising the numbers of people involved. The management options then include the removal of people

from exposures when early warning signs are detected to allow for treatment, as is the case with occupational asthma and tuberculosis, or preventing further deterioration, as is the case with NIHL and lung diseases. Limiting the progression of the disease depends on prevention or timely intervention. Early signs of exposure effects are therefore crucial to managing occupational health risks.

Despite efforts to reduce exposure, 1,257 new cases of occupational disease were recorded in 2003. Of these, 1,117 cases were NIHL, 55 HAVS, and 68 occupational lung disease. The new cases of NIHL reported can be attributed primarily to new legislation in South Africa. This reduced the threshold and required a baseline audiogram, to be completed by November 2003, from which future hearing loss and therefore compensation can be calculated. As a result, a large number of employees were registered for compensation and were classified as new cases of NIHL.

We are ensuring a consistent approach to the management of occupational health through certification to internationally recognised standards. At the end of 2003, half our operations had independent third party certification for their occupational health management systems. Our target for the next two years is 75% of operations.

ERGONOMICS

The Mondi Forests division of Anglo Paper and Packaging is involved in a major review of the ergonomics of forestry work. A second study will look at the nutritional demands of this work and is aimed at assessing the possible additional demands imposed by HIV infection. The work has already commenced and will continue into 2004. The results will be used to optimise working methods, reduce the physical demands and improve productivity and health.

HEARING CONSERVATION AND NOISE ALLEVIATION PROGRAMMES

Anglo Coal is implementing programmes to reduce noise levels at all its operations. This includes silencing current equipment and working with manufacturers to improve design. Goedehoop and Greenside collieries set up hearing conservation committees in 2003 to determine areas of highest risk and to establish projects to reduce the noise levels through equipment modification.

At Goedehoop, particular focus areas were the underground auxiliary fans, bobcat machines and diesel equipment used at the coal disposal site. Fan noise levels were reduced from

97 dB(A) and 112 dB(A) to 84 dB(A), which is below the level necessitating the wearing of protective equipment. The fitting of acoustic panels has quietened the bobcat from 107 dB(A) to 85 dB(A).

Greenside focused on underground tractors, conveyor belt drives and the introduction of electric drills. The engine compartment of the underground tractor was screened and sealed. Noise levels were reduced from 96 dB(A) to 91 dB(A).

This drive to improve the health and safety of employees has reduced the number of employees exposed to noise by about 10%.



Above: From left, surface electrician Casper Oosthuizen, engineering assistant David Polyinyana and Liska Cronje, ventilation and occupational

hygiene officer, check the noise level from a muffled auxiliary fan prior to installation underground at Anglo Coal South Africa's Goedehoop colliery

HUMAN RESOURCES

We rely on the skills, enthusiasm and commitment of our people to meet the needs of our business and to address appropriately the issues raised by our stakeholders.

We therefore “aim to attract and retain the services of the most appropriately skilled individuals. We are committed to treating employees at all levels with respect and consideration, to investing in their development and to ensuring that their careers are not constrained by discrimination or other arbitrary barriers to advancement. We will seek to maintain a regular two-way flow of information with employees to maximise their identification with and ability to contribute to our business”.

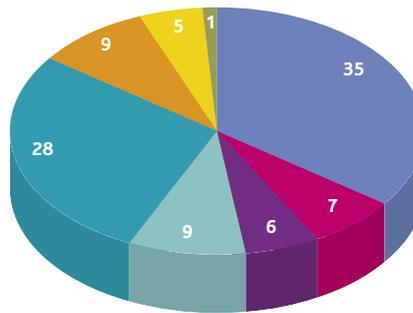
(Good Citizenship: Our Business Principles)

MAJOR EMPLOYER

Anglo American is a major international employer providing permanent work for 132,000 employees and 33,000 contractors in our managed operations. We provide work opportunities in over 55 countries around the world and across a wide range of businesses. These opportunities encompass the full spectrum of educational and industrial development, from semi-skilled positions to complex technical, professional and managerial posts.

Below: The Group’s third Advanced Management Programme was attended by 29 delegates from eight countries

PERMANENT EMPLOYEES %



- Platinum
- Coal
- Base Metals
- Industrial Minerals
- Paper and Packaging
- Ferrous Metals
- Industries
- Corporate and Exploration



TALENT MANAGEMENT

A number of initiatives have been launched to ensure that we find and retain highly talented people capable of delivering at the highest levels. Over the past two years we have been refining a Group-wide talent review and management system for the current and future strategic leaders of our company.

SECURING SKILLS FOR THE FUTURE

We understand that talent management is a long-term business, so we look to a number of means of securing and developing relevant skills to support our industry in the future. Our investment includes broadly-based support for post school education through the award of bursaries and our apprentice, graduate and other trainee programmes (see pages 20-21).

EXPANDING THE TALENT POOL

One of our strategies is to embrace more fully the talents of all sectors of the population, wherever we work. Female employees in our managed operations comprise 12.7% of the total (up from 10.4% in 2001), and currently 9.6% of our managers are women. The challenge of increasing the gender diversity of our profile is real as we operate in sectors that often require heavy, physical labour.

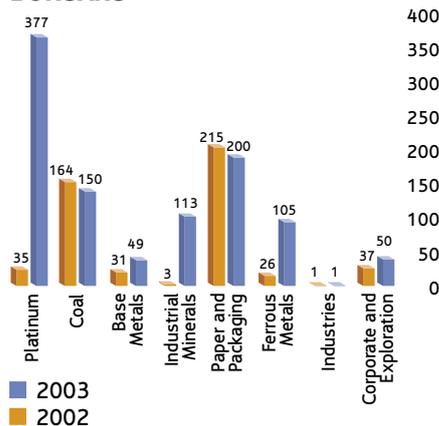
In our South African managed operations we have increased the representation, in management positions, of historically disadvantaged South Africans from 21% in 2002 to 35% in 2003.

DEVELOPING EXECUTIVE TALENT

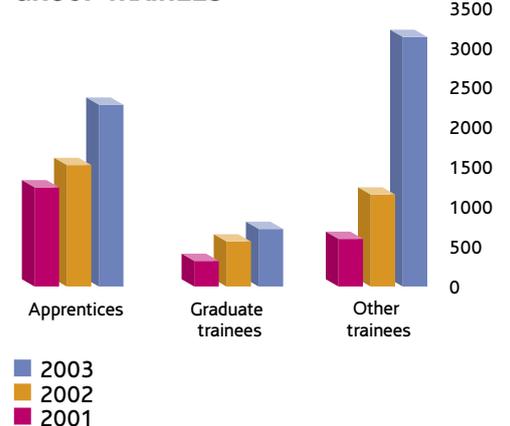
Themba Masondo, mine manager at Anglo Coal South Africa's Bank colliery, joined the company in 1991 and since then has been following a fast-track structured development programme that prepared him for the senior positions he has held in the Group. He has participated in management and executive development programmes at Stellenbosch University and the Gordon Institute of Business in Johannesburg. An Anglo Coal panel, chaired by divisional chief executive Tony Redman, focuses on high potential employees with an emphasis on strengthening the talent and diversity in the Group. Three of Anglo Coal's South African collieries have black managers.



BURSARS



GROUP TRAINEES



INVESTMENTS IN OUR STAFF

IMPROVING COMMUNICATION

In a group as geographically diverse as Anglo American, communication with our employees is a key challenge. Although on average our managerial ratios are reasonably high (one supervisor or manager to every 12 employees), we need to supplement individual briefings with broader communication initiatives. Our 2002 employee communications survey indicated that one of the areas that requires attention is ensuring that our vision and strategy are more fully communicated to all employees. As a result, Tony Trahar has made a number of presentations to our offices around the world, and divisional directors and managers are tasked with placing greater emphasis on communication within and between our businesses.

In the fourth quarter of 2004 we will repeat our communication survey with attention on measuring progress made in increasing the understanding of our strategy, openness to a diversity of views, knowledge-sharing and the climate for enterprise.

Right: Following the strategy meeting of the Board in November 2003, Tony Trahar addressed employees at 57 locations around the world, providing an update on the Group's strategic plan and progress made towards the achievement of targets to date

Below: Moira Phillips, VP human resources, welcomes 35 delegates from 18 Group companies in 15 countries to the 2003 Anglo American European Information Council held in London



ANGLO AMERICAN'S EUROPEAN INFORMATION COUNCIL

Over recent years our European presence has grown significantly. We currently have over 19,000 employees working in the paper, packaging, aggregates, concrete and mining-related industries in the European Union and a further 8,000 in the states that will join the EU in 2004.

In order to incorporate this diverse group and build understanding of the Group's strategy, representatives from these operations meet annually at the Anglo American European Information Council. Simultaneous translation facilities encourage fuller discussions with senior executives from the operating divisions about the performance of the Group and future plans.



OUR EMPLOYEES IN EU COUNTRIES

Austria	2,237
Belgium	648
Denmark	59
Finland	8
France	1,791
Germany	1,828
Greece	58
Ireland	552
Italy	400
Luxembourg	16
Netherlands	126
Spain	556
Sweden	624
United Kingdom	10,576

OUR EMPLOYEES IN EU ACCESSION STATES

Czech Republic	1,276
Hungary	885
Poland	2,953
Slovenia	82
Slovakia	2,527

IMPROVING QUALITY OF LIFE AT SYKTYVKAR

Neusiedler Syktyvkar (NSY) pulp and paper mill is located to the northeast of Moscow in the Ezhva municipality of Syktyvkar, the capital of the Komi Republic in Russia. The mill is a major investor in the social infrastructure of the district and owns several social facilities including a dispensary, sports and recreation centres and five dormitories. In addition, NSY has invested in housing for its employees.

Following the acquisition of Syktyvkar Forest Enterprises by Mondi in 2002, a medical centre was constructed at a cost of 10 million Russian roubles

(\$0.3 million). Other investments included a new building at an existing summer camp for children, a new ski centre and 180 apartments for employees.

Some of the social facilities at NSY are available to all community members. When the mill became a member of the Group, only about 30 of the 14,000 employees could speak English. Now hundreds of employees are attending English lessons and will continue to do so in addition to other development programmes. The company has won an award as the best company in the forest products sector in Russia (see page 23).



Above right: A group of employees at Neusiedler Syktyvkar attending English lessons

Below: Top female achiever in the Polokwane Smelter training programme, Phuti Constance Seopa, accepts her award from July Ndlovu, the smelter's business manager



JOB CREATION AT POLOKWANE SMELTER

In 2002, the project to develop the Polokwane Platinum Smelter in the Limpopo province of South Africa commenced with the recruitment of 160 young people from local communities. None of them had previous working experience. They all underwent training in plant and company-specific skills as well as more generic skills in chemistry, communication, industrial science, mathematics, finance and safety, and received certificates at the end of the year. Although not all the trainees were subsequently offered employment at the smelter, their enhanced technical and business skills have increased their marketability and potential to benefit the regional economy.

Over 3,000 contractors were employed during the construction phase of the smelter, which generated a number of direct and indirect employment opportunities in the region, many of which still exist today:

- a local cafeteria continues to provide food for employees and contractors

- cleaning services for the smelter are provided by a locally-owned company that employs members of the community
- staff houses are maintained and serviced by small businesses in the area
- local recruitment agencies have been used to find employees and contractors
- the contract for the laundry and change house has been awarded to a community joint venture
- tenders for personal protective equipment, security, tree planting, landscaping and gardening will be granted to local service providers.

The smelter currently has 159 employees, 80% of whom have been recruited from the local community.

BUILDING OUR PEOPLE



Training and developing our current and potential workforce are cornerstones of our strategy. In addition to ensuring a pool of motivated, skilled employees, building individual capabilities contributes fundamentally to more sustainable societies.

Development programmes vary according to local needs and priorities. They include adult basic education in South Africa, encouraging Brazilian workers back to high school, offering English lessons to Russian and Slovakian workers, programmes for graduates and skilled artisans, and broadly-based safety training. The focus is on developing transferable skills. Throughout the Group, companies are investing in their employees and local communities as illustrated by the following examples.

GRADUATES

Tarmac's graduate training scheme develops participants for their first management role through building leadership and team skills and focusing on the delivery of a major strategic project. A greater focus on management skills is helping to attract more women and people from diverse ethnic backgrounds into this traditionally white male-dominated industry.

Anglo Platinum's bursary scheme feeds well-qualified

young South African graduates into the professional ranks to cater for the company's future succession needs in mining-related and financial disciplines. In 2003, there were 337 bursars in the scheme, which focuses particularly on developing black graduates.

A global decline in talented school leavers choosing to study mining-related subjects at universities prompted the Group to provide opportunities for practical field experience in addition to its traditional sponsorship of selected universities and mining schools outside South Africa. This had the dual benefit of allowing students to see first-hand what opportunities existed and to demonstrate their talents

Above left: Participants in Tarmac's graduate training scheme

Above right: Prince Molusi, an Anglo Platinum bursar, conquered all odds to achieve his dream of becoming an accountant. A BComm graduate and currently a project accountant at Anglo Platinum, he has commenced his MBA studies at the University of the Witwatersrand

Right: The training simulator at Anglo Coal Australia's Callide mine is used to improve operator skills and reduce transport-related incidents

to geographically dispersed operations. In 2003, 16 students from nine universities in Canada, Chile, Finland, the Netherlands, Poland and the United Kingdom were offered placements in Australia, Brazil, Chile, Ireland, Namibia, Peru, Poland, South Africa and Sweden.

SAFETY

Transport-related incidents are among the most significant risks for our employees. A critical vulnerability in mining operations is the mix of light and heavy vehicles. To improve the operational and technical skills of current operators and introduce inexperienced

personnel to new equipment, Anglo Coal Australia's Callide mine introduced a training simulator that allows for replication of the pit layout, buildings, landscape and topography. It also enables analysis of each operator's performance and specific aspects of safety, efficiency, proficiency and the impacts of distances, loads and materials moved. Anglo Coal Australia has bought a transportable model that can be used at its four open cut sites. The programme will be closely tracked to evaluate the effects of this innovative training on driver-related safety incidents.



From 1998 to 2001, Mondi Forests experienced an unacceptable rate of fatal incidents with 19 employees and contractors losing their lives. To entrench safety as a way of life rather than mere compliance with the law, a behavioural safety programme called Phepha (a Zulu word meaning safety) was introduced in February 2002. The programme, which is based on extensive research into various incident trends, has resulted in a significant reduction in the number of unsafe incidents. It uses an animated computer-generated personality, Phepha, which characterises the safety-conscious, ever-vigilant employee who always wears the correct protective clothing.

APPRENTICE SKILLS DEVELOPMENT

Scaw Metals is the only decentralised trade test centre in South Africa to conduct assessments in industrial pattern-making. It has 10 of the 12 indentured pattern-making apprentices in the country and is the first company in South Africa to offer pattern-making for casting products as a career for women. Over the past

15 years, Scaw has enrolled 656 apprentices despite a general decline in apprentice training. Qualified artisans have a wide scope of career opportunities and can progress as senior technicians or move to production and general supervisory roles.

ADULT EDUCATION

In 2003, 32 students successfully completed Mondi Kraft's adult basic education and training (ABET) programme, which includes entrepreneurship and financial management as core subjects. Once the course has been successfully completed, students are able to apply for the General Education Diploma that enables them to start tertiary education. The programme is registered with the South African Independent Examination Board.

Also in South Africa, a cost-sharing partnership with the Department of Education in the Esikhawini township near Richards Bay extends the ABET programme to the community, which includes many Mondi dependants. The Paper and Recycling divisions of Mondi also have ABET programmes



and ten employees are currently enrolled in each.

In Brazil, a five-year Back to School programme introduced by Anglo Industrial Minerals' Copebrás in 2000 is paying dividends in business and personal development terms through higher qualifications, greater self-confidence, self-esteem and improved interpersonal communications. The programme ranges from basic literacy through elementary and high school. At Catalão in Goiás state, 115 of the 211 enrolled students have

already achieved high school certificates and a further 61 are currently attending classes. Forty-five students dropped out of the programme due to fatigue and the significant demands of returning to school after many years' absence. In Cubatão near São Paulo, 34 of the 64 students have achieved their high school certificates and a further 30 are currently enrolled. Human resources staff at both operations provide mentoring and encouragement as well as working with wives and families to build support for the programme.



Above: From left, Michael Pakhati, Bernard Sibetha, Bheki Zulu, Alfred Mdladla and Gerion Khuzwayo of Mondi's Merebank mill, with Hettie Willems, Mondi Kraft's adult basic education and training teacher

Left: First-year millwright apprentices Sibusiso Dlamini (left), Khazamula Shuma and Mmalegodimo Mathole try out their newly-issued personal protective equipment as they prepare to start their first hand tools task in the Scaw Metals training centre in Germiston, South Africa



ENVIRONMENT

ENVIRONMENTAL OVERVIEW

Energy, water and biodiversity continued to be the focus of attention in our environmental management efforts in 2003. Targeted action was undertaken within the framework of ISO 14001-compliant management systems, which we have been implementing throughout the Group. In our 2002 report we listed a large number of energy, water and CO₂ targets set by operating companies. In general, these were met or are in the process of being met. A similar range of business-specific targets has again been set and these are summarised on our website.

The diversity of our businesses and our strategy of growth and acquisition pose real challenges for the meaningful presentation of aggregated, Group level, key performance indicators. Our divisions are, therefore, increasingly focusing on resource consumption and emissions data per unit of production, as illustrated by the Anglo Platinum 2003 Sustainable Development Report.

POLICY IMPLEMENTATION

Protection of biodiversity is an issue of global concern and enjoyed special focus during 2003. A guideline for producing biodiversity action plans (BAPs) was developed and distributed after extensive consultation with divisional representatives, peer companies and the World Wide Fund for Nature (South Africa). Most business units have assessed their systems and/or existing

BAPs against the guideline to give effect to the Group's biodiversity strategy prepared in 2002.

Our Platinum, Coal and Base Metals divisions and Paper and Packaging's South African forestry operations report that the majority, if not all, of their business units have BAPs in place. The few high-risk Group sites which do not yet have BAPs have plans to implement these by the end of 2004. Newly acquired sites will implement them by end 2006.

Forest Stewardship Council (FSC) certification effectively requires BAPs for all Mondi forests in South Africa. The forests in the Komi Republic in Russia, where we hold logging rights or manage the forestry operations, are also pursuing FSC certification. Our paper mills and packaging plants do not usually require BAPs as they are located primarily on industrial land.

INCIDENT REPORTING AND FINES

As certification to ISO 14001 increases, we are noting an increase in the reported number of minor environmental incidents (Level 1). There have been no Level 3 incidents (significant impact with extensive or long-term effects) reported since the inception of public reporting in 2000. Three air quality incidents are reported on page 27. Group companies incurred fines totalling \$40,000 in 2003 (\$90,466 in 2002).

ENVIRONMENTAL CERTIFICATION

Certification of operations to ISO 14001 or equivalent has increased year on year by 10% to 61% (as a percentage of Group turnover) and we expect that 93% of companies will be certificated to ISO 14001 by the end of 2004. While the Group target is for all business units to be certificated, the difference is attributed to recent acquisitions that are progressing to certification and to small, non-material business units with no high environmental risks.

MONDI EUROPE ACHIEVEMENTS

- The Russian Environmental Movement awarded Neusiedler's Syktyvkar mill an honorary diploma for the Environmental Protection of Russia in October 2003. The award is presented for outstanding achievements in environmental performance. Syktyvkar was also awarded the World Wide Fund for Nature Panda Award for their initiation of the Forestry Stewardship Council (FSC) certification process in forests in the Komi Republic.
- Frantschach Swiecie (Poland) was awarded the prestigious annual Baltic Sea Water Award (see case study pg 31).

Type of incident	Brief description	2001	2002	2003
Level 1	Minor impact, short-term effect	1,642	4,000	6,660*
Level 2	Moderate impact, medium-term effect	34	65‡	125
Level 3	Significant impact, extensive or long-term effect	0	0	0

* Anglo Platinum accounted for 45% of the total incidents due to improved reporting linked to the roll out of ISO 14001

‡ Restated: changes due to incorrect inclusion of 5 incidents by Scaw

Left: The discharge water canal at Anglo Paper and Packaging's Syktyvkar in Russia

ENERGY CONSUMPTION AND GREENHOUSE GAS EMISSIONS

PERFORMANCE

Total energy use (fossil fuel, processes and electricity) amounted to 211 million GJ in 2003, 5% higher than in 2002.

The principal contributory factors are the inclusion of Syktyvkar in Anglo Paper and Packaging for a full year's operation as well as a 16% increase in energy

consumption at Anglo Platinum as a result of the expansion programme.

These increases have been offset by decreases at Anglo Ferrous Metals, where Highveld Steel and Scaw Germiston have switched from the use of low calorific producer gas to higher calorific gas from commercial sources.

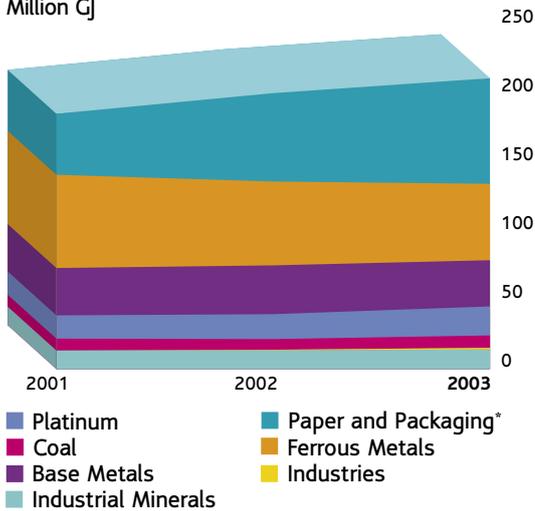
Portfolio changes at Anglo Coal Australia (Moura acquisition) and Anglo Base Metals (disposal of Konkola and acquisition of El Soldado, Los Bronces and Chagres), account for most of the remaining changes in the use of energy.

In managing the impacts of energy use we consider not

only the absolute quantity of energy used but also the burden associated with its primary source. In the electrical energy burden graph we illustrate how much energy was purchased and whether it carries a high environmental burden, such as fossil fuel-based energy, or a lower burden through being based on a renewable source.

ENERGY USED BY DIVISION

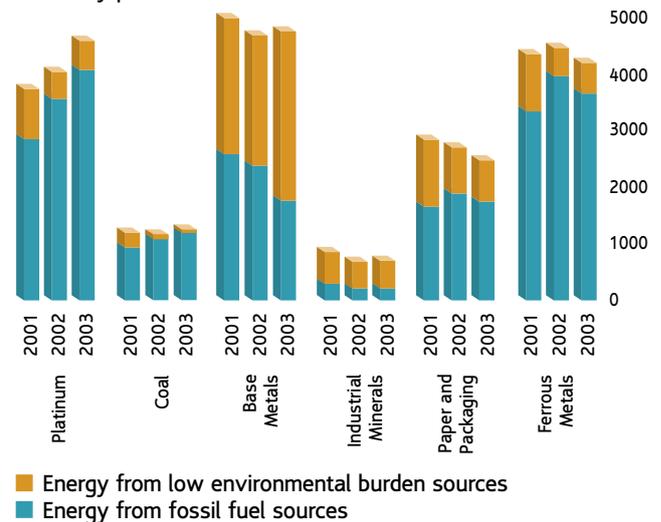
Million GJ



* Paper and Packaging is affected by the full year reporting of Syktyvkar

ELECTRICAL ENVIRONMENTAL BURDEN (EEB)

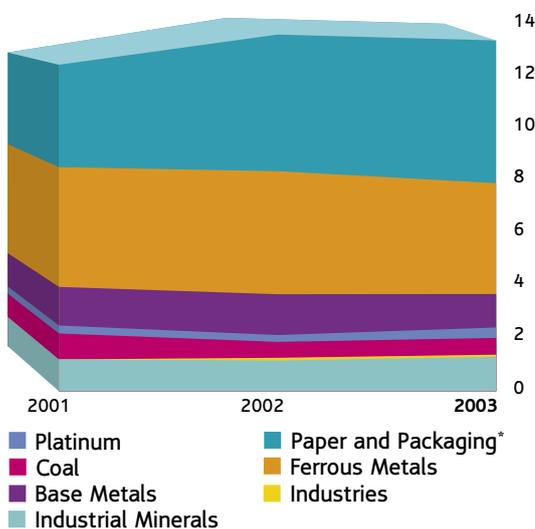
Electricity purchased GWh



Energy from low environmental burden sources
Energy from fossil fuel sources

CO₂ FROM FOSSIL FUELS AND PROCESSES

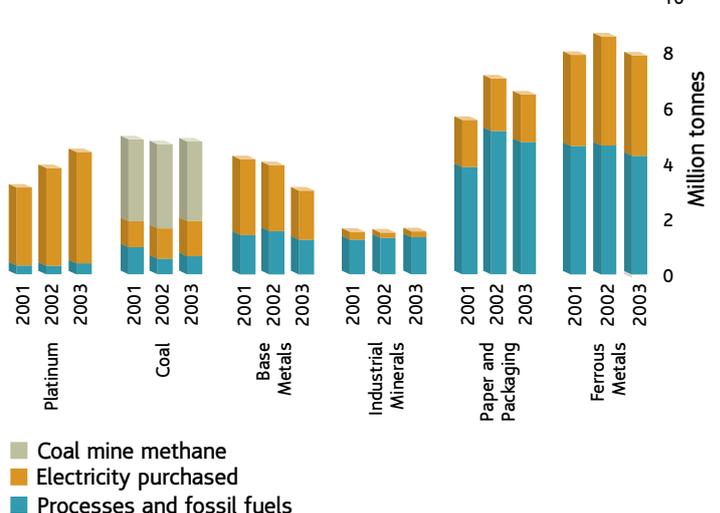
Million tonnes



* Paper and Packaging is affected by the full year reporting of Syktyvkar

CO₂ EQUIVALENT EMISSIONS

Million tonnes



Coal mine methane
Electricity purchased
Processes and fossil fuels

Greenhouse gas (GHG) emissions totalled 29 million tonnes of CO₂ equivalent (CO₂(e)). Of this, 13 million tonnes of CO₂(e) were from electricity purchased, 8 million tonnes were from fossil fuels, and 5 million tonnes were from processes. This represents a 3% decrease in CO₂(e) emissions since 2002. Three million tonnes of CO₂(e) can be attributed to CO₂ from coal bed methane (CH₄) emissions.

The changes in GHG emissions are due mainly to the changes in energy use as a result of production increases and portfolio changes. The reduction in emissions at Anglo Base Metals reflects the use of power from hydroelectric sources at Los Bronces, El Soldado and

Chagres that have replaced, in the divisional total, the carbon-intensive power supplies used by Konkola.

MEASUREMENT

During 2003, Anglo Coal South Africa completed a third-party sampling exercise to quantify emissions from underground collieries. The project will assist with the selection and installation of monitoring equipment to obtain real-time emissions data from the mine shafts.

Biomass constitutes an estimated 43% of total energy used in our pulp mills. We treat this energy source as GHG-neutral in our reporting, in line with the World Business Council for Sustainable Development's GHG reporting protocol.

MANAGING CARBON RISKS

Government regulation of GHG emissions is rapidly becoming a reality and this poses certain risks for us as our operations are significant emitters of GHGs. These risks are managed through an internal carbon working group that brings together expertise on climate change and energy efficiency and serves to disseminate best practice across the Group.

The carbon working group commissioned consultants to survey our expected GHG regulatory risks. The consultants estimated that in the period to 2010 there could be a negative impact on sales revenue, mainly as a result of lower coal sales to the European Union, offset by the possibility of increased sales of platinum group metals (PGMs) for use in fuel cells.

Based on a range of permit prices for greenhouse gas emissions (measured in carbon dioxide equivalents, CO₂(e), to enable comparison), the survey also concluded that possible compliance costs per annum for our operations in the period to 2012 would amount to approximately 1% of 2003 operating profit. Given likely permit prices, we expect that actual compliance costs will be less than this. Most of our operations are located in countries that will not be imposing binding emissions constraints in the period to 2012.

Our 2003 emissions of CO₂ and CH₄ (from processes, fossil fuels and from purchased electricity) in countries that have agreed to implement emissions targets under the Kyoto Protocol (the European

Union including the accession countries, and Canada) amounted to 3.9 million tonnes of CO₂(e). In addition, emissions in Australia amounted to 3.4 million tonnes of CO₂(e) and in Russia to 1.6 million tonnes of CO₂(e). Our exact financial exposure arising from emissions in the European Union will become clearer only after the allocation of emission permits has been made later in 2004.

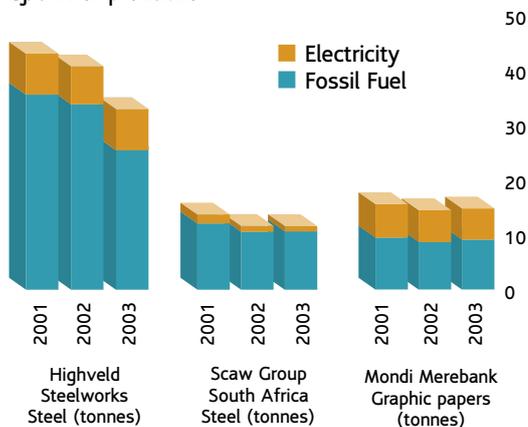
Our response to the challenge of climate change has to date focused on energy efficiency and project-based emission reduction possibilities.

ENERGY EFFICIENCY

Many of our operations are very energy-intensive and we believe that considerable potential efficiency gains exist. Anglo American's Technical Division has instituted an energy efficiency centre of excellence to provide guidance to operational management on the identification of cost-effective efficiency improvements and to facilitate the sharing of best practice. Energy efficiency targets set by a number of our operations for 2003 have provided an incentive for management to pursue some of these opportunities.

Representatives from all our divisions attended an energy workshop in December and an energy-efficiency pilot project is scheduled for completion by the middle of 2004. The Rocky Mountain Institute has been commissioned to assist in the process of funding and demonstrating cost-effective energy efficiencies and it will focus on a portion of the mine-to-market value chain within Anglo Platinum.

ENERGY CONSUMPTION RATE (MAJOR CONTRIBUTORS: 24% of total 2003)
GJ/unit of production



USING CDM PROJECTS TO ACHIEVE EMISSIONS REDUCTIONS

The Kyoto Protocol provides for a number of flexible mechanisms, including the Clean Development Mechanism (CDM), which can be used by businesses to commission projects that will contribute to sustainable development in developing countries. A number of potential CDM projects are being investigated across the Group.

- Codemin is proposing to reduce by about 72,000 tonnes per year from the current emissions of 94,000 tonnes of CO₂(e) per year through increasing energy efficiency in the calcining process and switching reductant from charcoal to woodchips sourced from sustainably managed plantations
- Richards Bay currently emits about 1.9 million tonnes of CO₂(e) per year, of which 60% is derived from biomass. By a partial fuel switch from coal to wood waste that is currently landfilled, CO₂(e) emissions could be reduced by approximately 61,000 tonnes per year.

TURNING PROBLEMS INTO PROFITS

Moura Mine, a joint venture managed by Anglo Coal, is the first operation in Australia to establish a commercial seamgas business alongside its coal mining operations. Moura coal is high in CH₄ and the seamgas operation has the potential to make overall greenhouse gas emissions savings equivalent to 2.8 million tonnes of CO₂ per annum and improve the safety of future coal mining.

Traditionally, methane was released to the atmosphere as a safety measure. However, concern over the loss of this potential energy source, together with the effect that CH₄ may have on the global climate, has initiated the collection of this gas for commercial use. Gas is extracted via horizontal wells drilled up to 1,500 metres into the seam and piped to the processing plant where the gas is dewatered, filtered, compressed and dehydrated to Queensland State gas specifications.

Methane-related research was undertaken between 1989 and 1994 at a cost of A\$8 million (\$5 million). The capital cost was an estimated A\$37 million (\$24 million). Capture and sale of coal bed methane began in 1996. Over the next two years the operation will expand from the current 6,000 GJ per day to 18,000 GJ per day.

SOLAR AND WIND ENERGY

Anglo Base Metals is investigating the viability of solar and wind energy generation for its operations. Project manager Mick Furman explains: "I have selected the Namakwa Sands operation at Brand se Baai on the South African west coast as the pilot site as we have good wind data for this site going back to the pre-feasibility days 12 years ago. Working with the Council for Scientific and Industrial Research, we will develop a model to test the technical and financial viability for the generation of solar and/or wind energy to supplement the use of fossil fuel-based electric power at Namakwa Sands. Then, using global wind data, the model will be run for all the Base Metals operations to establish the viability of wind power at each of them."

The next step in the study is to transform the wind data at Brand se Baai for use by the wind turbine manufacturers, to size the installation and provide the estimated capital costs. The financial model will then be developed to compare the capital and operating costs of wind generated power with that supplied by the national electricity supplier. The study will be completed in mid-2004.

Besides the potential cost savings of using wind power where grid power is expensive, wind energy reduces the burning of fossil fuels for conventional power generation. The carbon credits that will accrue to sustainable power generation will play an increasingly important role in our ability to secure environmental permits for our new mining operations.



Right: Jenny Reagan, seamgas manager at Anglo Coal Australia's Moura mine, completes a daily inspection of the gas extraction plant with a colleague

AIR QUALITY

Air quality is a high-risk issue at a number of sites across the Group. Ongoing research and improvement are our responses to a number of instances of public concern which were recorded by the media in 2003.

Total recorded emissions of SO₂ from managed operations reduced by 15% in 2003 to 282,123 tonnes. The reduction was due mainly to the disposal of Bindura Nickel Corporation in Zimbabwe. With the commitments currently in place, the group should achieve a further decrease of 6% in 2004. SO₂ emissions figures do not yet include fossil fuel consumption, and this will be addressed in 2004.

MEREBANK MILL

Anglo Paper and Packaging's Mondi Paper is currently applying for approval from authorities and discussing an agreement with the South Durban Community Environmental Alliance (SDCEA) for a project which includes a new multi-fuel boiler, flue gas desulphurisation on its existing coal fired boilers and decommissioning of its heavy fuel oil boilers. This project would bring down SO₂ emissions from the Merebank mill by 66% over the next two years. The waste that will be used in the multifuel boiler (bark, ash, sawdust and sludge) will be independently tested to ensure that there are no substances present that would give rise to unacceptable emissions. European standards will be used and emissions will be tested independently. The capital cost for the emissions reduction project will be R330 million (\$44 million) on top of a R1.1 billion (\$146 million) expansion of the paper mill.

HIGHVELD STEEL

Two complaints were received by Anglo Ferrous Metals' Highveld Steel, one of which was from a government minister who reported excessive stack emissions to the Pollution Control department at the Department of Environmental Affairs and Tourism. The Chief Air Pollution Control Officer is reportedly satisfied with the company's explanation. The other was a written complaint on the emissions from the Steelworks. This was received from a community leader from the Rustenburg area. The complaint has been comprehensively addressed in a letter from the Highveld chief executive. Highveld is examining the possibilities for further emissions abatement.

WATERVAL SMELTER EMISSIONS

The Anglo Platinum Converting Project (ACP) plant at the Waterval smelter attracted the attention of the media during the course

of 2003. While ramping up towards full production at the R1.6 billion (\$212 million) new converting plant, excessive SO₂ emissions were caused by a break-down in the old acid plant. These contributed to high levels of air pollution over the neighbouring town of Rustenburg.

An emissions reduction schedule has since been renegotiated with South Africa's Department of Minerals and Energy and arrangements are in place for measuring the plant's progress in meeting this. These arrangements include:

- continuous liaison with relevant provincial and local authorities
- daily monitoring of ground-level SO₂ concentrations by an independent monitor, who compares them with international standards
- provision for Anglo Platinum to take immediate remedial action if it contributes significantly to concentrations in excess of specified limits
- regular communication with the Rustenburg community regarding progress of the ACP plant, including 24-hour hotlines and frequent public meetings.

The investment in the innovative new technology was committed by the Anglo Platinum board in 2000 following 10 years of research and development. The aim is to fix, into slag, matte or acid, 98% of the sulphur contained in the process input materials and reduce emissions of SO₂ into the atmosphere to below 20 tonnes per

day, a level that will result in community air quality which meets the World Health Organisation's standards. Ralph Havenstein, chief executive of Anglo Platinum, says he is confident that "the new technology ACP plant will be fully commissioned by the end of 2004" and that "SO₂ emissions will have been reduced to completely acceptable levels".

AIR QUALITY IN WITBANK

Communities in the vicinity of the Witbank coal mining district in South Africa often lodge complaints about air quality with mining companies. As a result, Coaltech 2020, a collaborative South African research programme between industry, government, research institutions and labour, is developing a methodology to characterise the air emissions for the industry and the air quality in surrounding areas. Coaltech 2020, the Scientific Industrial Research and Development Centre in Zimbabwe and the United Nations Industrial Development Organisation in Austria are drafting a proposal for a public private partnership to address community issues. This framework has been supported by NEPAD, the African development initiative, and will be used to adapt the methodologies developed by Coaltech 2020 to address air quality issues in areas outside the industry's responsibility. A viability assessment has commenced.

OZONE-DEPLETING COMPOUNDS

Very few ozone-depleting compounds remain in use across the Group and plans are in place to phase out equipment, such as refrigerators and air conditioners, that are reliant on these. No ozone-depleting compounds are used in processes.

Right: The Anglo Platinum Converting Project (ACP) plant at the Waterval smelter in Rustenburg, South Africa



CLEANER ENERGY FROM COAL

The need for cleaner, affordable energy is a major global concern. GHG emissions from a world hungry for energy to drive economic progress and social development are the focus of both increasingly stringent environmental legislation and international efforts to find ways of reducing anthropogenic (man-induced) GHG emissions. In addition, there is pressure to reduce localised impacts on air quality, water and land.

Anglo Coal and others in the coal industry (producers, consumers, equipment suppliers) are working to ensure that coal meets future environmental standards while remaining an economically viable source of energy. This is essential as large developing economies such as China, India and South Africa continue to use relatively lower cost and abundant coal resources as a primary source of energy.

Positioning coal as a cleaner energy source requires the application of clean coal technology over the coal life cycle (exploration, extraction, beneficiation, utilisation/conversion). This includes retrofit equipment that improves the performance of existing processes as well as new technology that offers significant performance and environmental advantages. Anglo Coal's initiatives range from mitigating CO₂ in operational process activities to working with regional and international research and industry organisations.

PROCESS ACTIVITIES

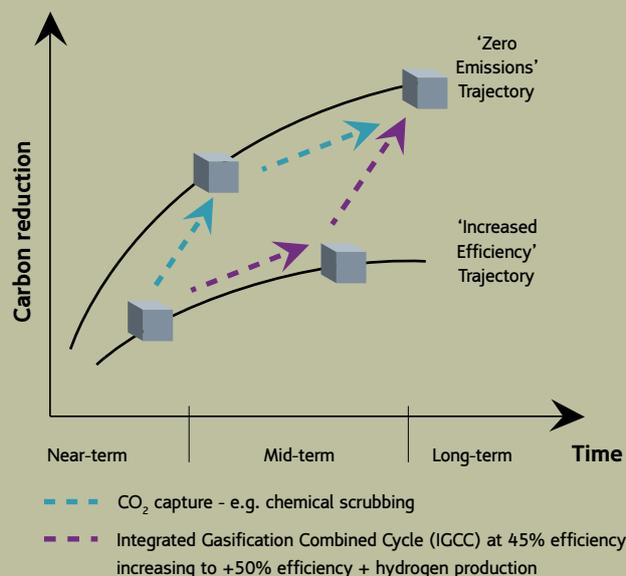
Most notable of the initiatives is the methane gas collection at Moura colliery in Queensland, Australia (see case study on page 26). Similarly, other company sites with high methane concentrations are examining various mitigation options, including small-scale power generation from gas.

Another initiative is improvement in the run-of-mine coal beneficiation process to increase recovery of the previously discarded ultra-fine coal fraction at Anglo Coal South Africa's Goedehoop, Kleinkopje and Greenside collieries.

PRODUCT STEWARDSHIP

Anglo Coal has recently joined the International Energy Agency Clean Coal Centre, providing an opportunity to engage with industry stakeholders on coal utilisation research. Through the World Coal Institute (WCI), in which Anglo Coal has a leadership position, the coal industry has commenced engagement with policy makers. Among other issues, the WCI is looking to increase funding for research, development and deployment of clean coal technology. The Carbon Sequestration and Leadership Forum (CSLF), launched in June 2003, is a 10-year project to facilitate international collaboration on separation, capture, transportation and storage of CO₂. The CSLF has a membership of 15 countries including Australia, China, the European Commission, India, South Africa, the United Kingdom and the United States. Anglo Coal participates in South Africa's deliberations on the CSLF.

CLEAN COAL TECHNOLOGY PATHWAYS TO ZERO EMISSIONS



Source: Advanced Power Generation Technology Forum

CLEAN COAL TECHNOLOGY

Clean coal technology describes a range of technology-based efforts to reduce the environmental impacts in the coal extraction, utilisation and conversion processes for producing electrical energy. Coal is one of the most widely distributed and economically viable sources of energy and continues to play a critical role in the economic transformation of many developing countries.

Significant advances have already been made in the combustion process, for example the implementation of flue gas control technology, which has achieved substantial reductions in SO₂, NO_x and particulate emissions. The roadmap to near-zero emissions highlights conventional technologies that encompass short to medium-term objectives and provide an economic technology base for the long-term target of near-zero emissions.

CONVENTIONAL CLEAN COAL TECHNOLOGY

This refers to technology improvements in power generation that deliver incremental gains in net efficiencies and reduction in emissions (see flow diagram on page 28).

Thermal efficiency on new pulverised coal combustion power generating plant could increase to 45% and on a longer time-frame, using ultra supercritical pulverised coal combustion plant, to 50-55%. Advanced Integrated Gasification Combined Cycle (IGCC) plant efficiency could increase to in excess of 50%.

NEAR-ZERO EMISSION PLANTS

Conventional clean coal technology delivers substantial reductions in SO₂, NO_x and particulate emissions as well as increasing thermal efficiency. For zero or near-zero emissions, the remaining environmentally harmful gases such as CO₂ will need to be captured and stored permanently. This encompasses a wide range of technologies in separation and storage. The United States Department of Energy and industry partners have embarked on a 10-year, \$1 billion initiative known as *FutureGen* (see below) to research, design and develop a coal-based zero emission plant. On completion, this plant will use coal to generate electricity and produce hydrogen, while eliminating SO₂, NO_x and mercury, with capture and sequestration of CO₂ emissions.

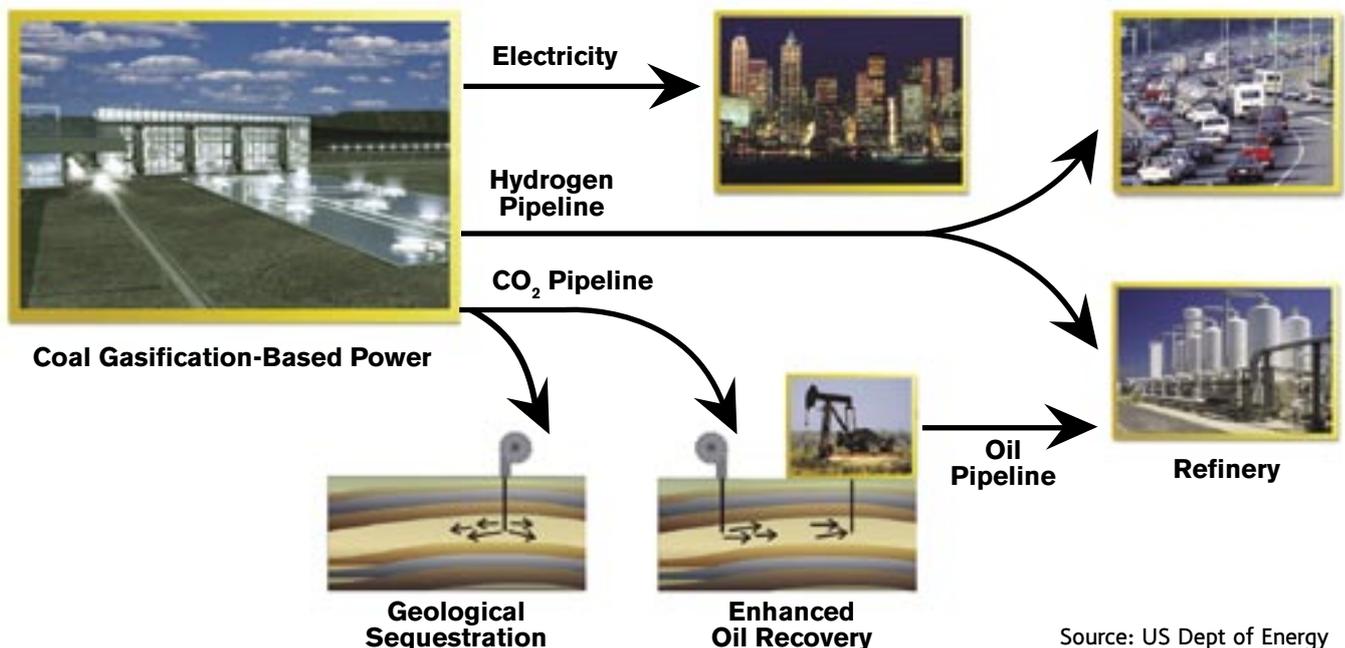
CO₂ CAPTURE

CO₂ separation can be carried out by chemical scrubbing of CO₂ rich flue gas or using membranes, metal-based sorbents and other separation technologies. However, research and development is required to counter the significant reduction in efficiency (or energy penalty) incurred in the separation process.

CO₂ STORAGE

Storage of CO₂ is a comparatively lower-cost activity. Sequestration options range from specifically identified geological formations to depleted oil and gas reservoirs and perhaps un-mineable coal seams. These geological formations provided natural storage for crude oil, natural gas and brine for hundreds of millions of years. In some instances CO₂ sequestration into depleting oil or gas reservoirs or un-mineable coal seams could facilitate enhanced recovery of oil, gas or coal bed methane. CO₂ storage is already undertaken on a commercial scale, an example of which is the Sleipner gas field of Norway where Statoil sequesters the CO₂ in an underground saline reservoir.

FUTUREGEN COAL-BASED ZERO EMISSIONS ELECTRICITY AND HYDROGEN PLANT



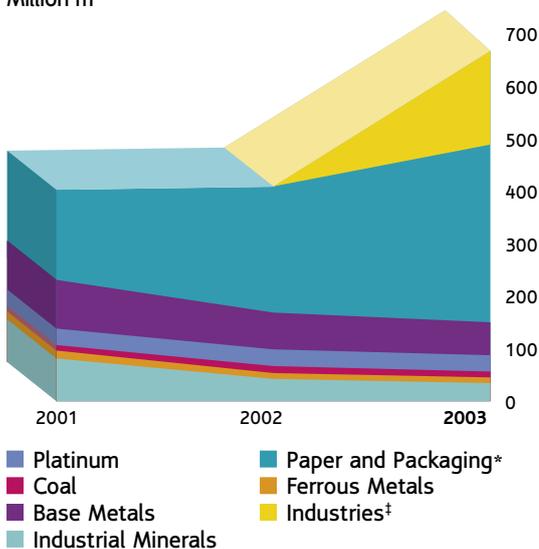
WATER USE AND DISCHARGE

Water availability, consumption and contamination present key risks at sites throughout the Group. In response, Anglo American's Technical Division has embarked on a programme of water reviews and audits and the creation of water balances at specific sites to identify problem areas and provide solutions. This will also encourage meaningful reductions in water usage per unit of production, the most useful measure of efficiency given our frequent portfolio and production changes.

Total water used for primary activities for all reporting operations amounted to 672 million m³ in 2003, an increase of 63%. This is due largely to the full year of reporting by Anglo Paper and Packaging's Syktyvkar in Russia. Improved reporting and an increased understanding of the boundaries of reporting led to a restatement in 2002 of 5% at Frantschach Czech. Anglo Industries' Hippo Valley in Zimbabwe was included for the first time as a managed operation and accounted for 27% of the Group's water use.

WATER USED FOR PRIMARY ACTIVITIES

Million m³



* Paper and Packaging is affected by the full year reporting of Syktyvkar

† Industries is affected by the addition of Hippo Valley

USING GEOPHYSICS TO IDENTIFY POTENTIAL SEEPAGE

Geophysics is playing an important role in the effective management of seepage at Anglo Base Metals' Las Tórtolas tailings impoundment in Chile.

Ore from the high-altitude mine at Los Bronces is piped to the Las Tórtolas site, some 40 km away, for processing. The metal concentrates, copper and molybdenum, are separated and the residual material is deposited in a tailings impoundment. A line of boreholes has been drilled across the potential direction of flow of groundwater to collect for recycling any seepage from the impoundment.

Due to the complex flow patterns, the well-field curtain of 13 boreholes that had previously been drilled provided variable interception of seepage water. Detailed geophysical studies were carried out across the existing well-field location to determine the most likely flow channels. This survey identified two potentially major flow paths and the operation is now drilling two large-diameter boreholes



in these areas to intercept potential seepage.

Other anomalies have been identified that may indicate the presence of deep-seated aquifers and these are being assessed using drill-holes to investigate whether there may be additional locations where seepage could move from the tailings dam into the surrounding aquifers.

INNOVATION TO OVERCOME SUPPLY RISKS

The Namakwa Sands smelter, located on the arid west coast of South Africa, is operating within its water consumption permit of 547,000m³ per annum (some 1,500m³ per day) and is targeting a 6% reduction in water use in 2004.

Water-saving initiatives are continuously pursued throughout the operation and daily water consumption information is circulated to senior management to maintain a constant focus on the trends. Monthly water use in excess of calculated permit limits is reported as a Level 2 environmental incident and investigated to prevent recurrence.

A planned expansion of the plant, which would have required an increase in water supply of 1,000 m³ per day, caused a rethink at Namakwa Sands. Clarified sewage water from the Vredenburg sewage works was identified as a potential alternative source of water for the smelter processes. This is strongly supported by the local municipality and the Department of Water Affairs and Forestry, and permission was granted for its use. While the project has been placed on hold due to the postponement of the expansion, the benefits associated with the future use of clarified sewage water, both for Namakwa Sands and for the economic development of the region, have been recognised.

Above: To ensure that any seepage of water from the Las Tórtolas tailings impoundment in Chile is collected for recycling, a line of boreholes has been drilled across the potential flow direction

UPGRADING EFFLUENT MANAGEMENT AT RICHARDS BAY MILL

Mondi will be spending R195 million (\$26 million) on an upgrade of the effluent treatment facilities at its Richards Bay mill to meet the European Union best available technology recommendations and satisfy the 'Paper Profile' eco-labelling requirements. The discharged effluent will meet the requirements in terms of total suspended solids, biological oxygen demand, chemical oxygen demand, nitrogen, phosphates, absorbable oxygen, temperature and colour. The new plant utilises an activated sludge reactor process. The process is likely to marginally increase energy consumption. However, within the context of the current upgrade of the mill, there will still be an overall decrease in energy consumption per tonne of air-dried pulp.

SWIECIE WINS INTERNATIONAL AWARD FOR WATER MANAGEMENT

During the World Water Week in Stockholm in August 2003, Frantschach Swiecie SA was honoured for its outstanding efforts over the past 10 years

to reduce both its overall water consumption and its pollution discharge to the Vistula River, which drains directly into the Baltic Sea. Swiecie, one of the largest pulp and paper producers in Poland, doubled its production in the same period.

Frantschach Swiecie has modernised its production technology and upgraded the wastewater treatment plant with a new floating biological bed with advanced mixing technology. The discharge from the plant, at 4 kg of chemical oxygen demand (COD) per tonne of produced pulp, is already below the future goals for the European Union. Capture of suspended solids in the biological treatment plant increased from 11% in 1995 to 88% in 2003. Indicators for biochemical oxygen demand (BOD) and COD reduction efficiencies improved to 90% and 97% respectively in 2003. In 1999 the viscose plant, which used chlorine in its bleaching process, was closed down. A combination of new technology and conservation efforts has enabled Frantschach Swiecie to reduce its freshwater consumption by 53% over the last decade.



Below: Mary-Anne Murray, environmental advisor at Anglo Coal Australia's German Creek mine, and technical services manager, Richard Holland, test the saline water in the mined-out open cut pit used for storing the excess water from underground mining operations

Above: (Left to right) Mrs Viveka Bohn, Sweden's Ambassador in the Ministry of the Environment, with Krzysztof Sédzikowski, chief executive of Frantschach Swiecie in Poland and Maciej Kinda, production director, at the presentation of the 2003 Swedish Baltic Sea Water Award for excellence to Swiecie



WATER MANAGEMENT AT GERMAN CREEK MINE IN AUSTRALIA

Anglo Coal Australia's German Creek mine is located in the Bowen Basin of Central Queensland. As the area was once an inland sea, mine water from this area is highly saline and unsuitable for release into the surrounding watercourses. Accordingly, management of water at the mine is extremely important.

German Creek mine retains all excess water from open cut and underground workings

on site in mined out, open cut pits. The saline water is also recycled through the coal handling preparation plant, used for dust suppression on internal haul roads, and supplied to a neighbouring mine for use in its operation. Other options to reduce the quantity of excess water or to utilise the saline water are being investigated through various research initiatives. In order to ensure that downstream water quality is not affected by the mining operations, German Creek operates an extensive water-monitoring programme.

CONSERVING BIODIVERSITY

We are committed to the wise use of environmental resources and the active stewardship of land and biodiversity.

This global view requires specific action on the ground. Our approach is characterised firstly by an assessment of the risks that our operations might pose for local species and ecosystems and secondly, where there is a material identifiable risk, the development of Biodiversity Action Plans (BAPs). In 2003, we requested all our operations that have significant biodiversity risks to produce BAPs and 35% have now done so. These BAPs require partnerships with experts and local communities, and adherence to our biodiversity strategy and guidelines. Biodiversity is now broadly defined as the diversity of living organisms and ecosystems, as well as the interactions between humans and nature.

Local BAPs, however, need to be seen in the context of regional and national initiatives and a part of our strategy calls for site-specific plans to be integrated with those of the region. In the United Kingdom, Tarmac works closely with English Nature and, in southern Africa, Anglo Base Metals' participation in the Succulent Karoo Ecosystem Programme (SKEP) demonstrates this in practice.

At the international level we are committed to work in partnership with others to realise the global objectives of the Convention on Biodiversity, which was agreed by over 150 governments in 1992 at the Rio Earth Summit.

*Above right: The succulent *Conophytum burgeri* (Burger's onion), which is endemic to the Black Mountain area*

Right: The semi-arid area around Black Mountain which forms part of the Succulent Karoo biome

As a member of the ICMM, we were part of the first industry group to state unequivocally that we will not explore or mine in existing World Heritage sites. We will continue to work with the World Conservation Union (IUCN) to try to find a way to access land and realise mineral economic potential, as well as preserving and, in some cases, enhancing biodiversity potential, under clear and equitable rules consistently applied. We believe that, by using the most modern technology and seeking imaginative solutions, our industry will be able to borrow land and return it to suitable alternative land use.

INTERNATIONAL BIODIVERSITY INITIATIVES

- Ten-year support for the Kew Millennium Seedbank
- Five-year partnership with the United Nations Environment Programme's World Conservation Monitoring Centre (UNEP/WCMC) to develop an integrated global biodiversity database
- Partnership with the Global Centre for Post-Mining Regeneration at the Eden Project, to address the challenges of orphaned and abandoned mines, and mine closure.

THE SUCCULENT KAROO ECOSYSTEM PROGRAMME (SKEP)

The Succulent Karoo biome is an extraordinary global biodiversity treasure that ranges from southern Namibia through Namaqualand to the southern Karoo in South Africa. With over 6,000 plant species, 250 species of bird, 78 species of mammals, 132 species of reptiles and amphibians and an unknown number of insects, it is the world's most diverse arid environment. Over 40% of these species are unique to this area and nearly 60% of the biome needs to be protected in some way.

Despite low human population densities, there are many

challenges for conservation in the region. Agriculture, prospecting and mining have impacted on the Succulent Karoo landscape. This fact, combined with the potential impact of climate change, prompted the desire to develop a regional strategy which would integrate conservation into existing land uses and build on existing government and civil society initiatives. The Succulent Karoo ecosystem programme (SKEP) evolved as a bi-national initiative to develop conservation as a land use rather than in place of land use. The Critical Ecosystem Partnership Fund has a R60 million (\$8 million) investment strategy to support civil society conservation activities in the Succulent Karoo hotspot in the initial phases of the programme.

Three Anglo Base Metals mining operations (Namakwa Sands, Black Mountain and Skorpion Zinc) are located within key biodiversity priority regions of the Succulent Karoo. Namakwa Sands is located in the central Namaqualand coast area, Black Mountain is located in the Bushmanland Inselberg area, and Skorpion Zinc is adjacent to the Sperrgebiet in Namibia. Staff from all three operations



and from Anglo Base Metals' head office participated in the ecosystem programme planning process that culminated in a number of specific initiatives.

Namakwa Sands is actively participating in the SKEP advisory committee. The company will assist in refining biodiversity restoration guidelines in areas under greatest land-use pressure. Its own effective rehabilitation activities and the experience it has gained will benefit all



participants in achieving the SKEP vision. Similarly, Namakwa Sands' interaction with the SKEP implementation process will assist the company in refining its own biodiversity and post-mining land use restoration objectives.

Through Black Mountain, Anglo American is involved in the Bushmanland Conservation Initiative, a project in which a variety of stakeholders are working to establish a 60,000 hectare protected area, as well as to pilot local economic development activities. Mark Botha, co-director of the Botanical Society of South Africa's conservation unit notes: "Although the Bushmanland Conservation Initiative is still in its infancy, the Botanical Society is extremely encouraged by the support for and commitment to this project shown by Anglo American personnel. Moreover, this support comes from all levels within the organisation, a sure sign that the relationship is a balanced one. Although both parties will obviously need to maintain their independence as the dialogue on mining and biodiversity matures, the mutual trust that has been built bodes well for rational resolution of any difference of opinion as well as for exploiting the obvious synergies that are being generated."

ACTIVE STEWARDSHIP OF LAND AND BIODIVERSITY AT POTGIETERSRUST PLATINUM MINES

Potgietersrust Platinum Mines (PPRust) was instrumental in identifying and funding research into a previously unidentified plant species during a multi-party programme to eradicate invader species and protect indigenous plants.

Members of the local community were employed and trained to assist in identifying and removing invader species, in particular the wild tobacco and prickly pear plants which are declared weeds. They also

assisted with the relocation of 14,000 indigenous aloes from the mine's new Zwartfontein South area ahead of the soil stripping and mining programme. Some of these aloes were donated to a conservation centre in the local town of Mokopane, others to members of Operation Wildflower (an NGO committed to saving indigenous vegetation) and the balance was re-established on the mine's waste rock dumps which are in the process of rehabilitation. The success of the operation was based on partnerships with authorities and communities.

During the course of the environmental impact assessment conducted for the expansion project at Zwartfontein South, a new species of the genus *Corchorus* was recorded. Anglo Platinum funded an extensive search to determine the occurrence of the species in this area and elsewhere in South Africa. During this time, the design of the proposed pit was changed to accommodate the preservation of the plants, and the plant population was fenced off and monitored. In March 2003, following the discovery and formal documentation of the species in other parts of the country, government authorities gave permission to PPRust to continue mining in the area.

Above: Calvin Shiburi and Piet Makletji, members of the local community who were employed and trained by Anglo Platinum to assist in the search for more populations of *Corchorus micranthus*

Right: Mondi's extensive wetland rehabilitation programme in South Africa is creating suitable habitats for the critically endangered Wattled Crane



MONDI ACHIEVES GAINS IN WATTLED CRANE POPULATION

The critically endangered Wattled Crane is a discerning bird that needs healthy wetlands on which to breed. There are only 82 known breeding pairs in South Africa so it is a real compliment that they are choosing rehabilitated wetlands on Mondi's commercial plantations in the north eastern Cape and

in KwaZulu-Natal. Since 1990, three new pairs have taken up residence on Mondi land in the North East Cape Forests, joining the three in KwaZulu-Natal that have been in residence for far longer. Another pair is showing real interest in a newly-rehabilitated wetland, also in KwaZulu-Natal. The Wattled Cranes are monitored monthly.



PRODUCT STEWARDSHIP AND INNOVATION

While incremental change is important in ongoing management and reduction of environmental and social burdens associated with our products and processes, innovation is needed to build a more sustainable future. Various projects were launched throughout the Group to create an environment that would foster innovation and build effective knowledge-sharing across the Group.

INNOVATIVE PRACTICES AT BASE METALS OPERATIONS

Anglo Base Metals launched a number of initiatives in 2003 designed to stimulate innovation and knowledge sharing and realise continuous improvement in all dimensions of performance. A review of technology trends was undertaken to develop understanding of technologies that, in the next 20 years, could change the way Anglo Base Metals does business or cause significant changes in the metal pricing structures. Specific focus areas were water and energy use, emissions prevention and management, land use and alternative sources of power. As a result, 34 technological trends are being actively investigated by the Anglo Base Metals technical teams based in Johannesburg and Santiago.

Tapping into the creative resources and the experience of the entire workforce to identify innovations in practice is an approach being tested at Lisheen Mine in Ireland and Namakwa Sands in South Africa, with a formalised process for collecting, recording and driving ideas to action. Ideas that could contribute to the profitability and sustainability of the operations have already been evaluated. In Chile another novel approach is being tested. The managerial role normally filled by a supervisor is being divided, by the team, into six leadership roles. Each operator undertakes a part of the leadership role in



addition to normal duties. This has required extensive training and the acquisition of computer and management skills by team members who have experienced personal as well as work benefits.

GROUNDWATER POLLUTION CONTROL

Boart Longyear's environmental division in the United States is using a revolutionary method to collect water samples from polluted aquifers and apply remedial measures to purify the water. With the use of sonic drills, casings and core barrels are vibrated into the ground using harmonic wave energy, with a distinct advantage. The diameters of the casings provide ample room for sinking pipes to several different levels to recover multiple samples from one borehole. The combination of continuous soil samples and groundwater chemistry has given environmental scientists a far greater understanding of how contamination moves

through aquifers. For the past seven years, Boart Longyear has been contracted as a third party supplier to apply this technology to subsurface investigations and remedial work on a contaminated aquifer at Cape Cod.

Investigations commenced in the 1980s into the extent of contamination of this fast-flowing sole source aquifer that provides fresh water to several hundred thousand residents. Remediation work started in 1996, and sonic drills were selected over other drilling methods due to their unique qualities of penetrating difficult soil conditions, speed and cleanliness. To date, over 200 wells have been drilled to varying depths. The data gathered from the soil and water profiling have enabled environmental scientists to understand the complexity of the aquifer and design effective remediation strategies to restore the quality of the water.

Above: Boart Longyear's sonic drill rig collecting soil and groundwater samples for analysis by environmental scientists

TARMAC'S RECYCLED ASPHALT PROJECT AT THE PORT OF TYNE DOCKS

Sustainability factors have become an important part of Tarmac's business. When the Port of Tyne Authority in the United Kingdom needed paving and ancillary works for a 49-acre parking site for 8,000 cars at the car import terminal, it was a Tarmac subsidiary company that won the tender. Alston Limestone Company (ALCO) offered an innovative cold-mixed asphalt using recycled blast furnace slag in place of virgin aggregates, a significant reduction in road usage for the transport of material to the site, and a reduction in CO₂ emissions from the asphalt manufacturing process.

The 26,000 tonnes of blast furnace slag, a steel industry by-product, were transported to the site in ten shiploads from Tarmac's Teesport works 50 kilometres away. This led to a significant reduction of road vehicle movements and the avoidance of potential traffic congestion. The asphalt plant was less than one kilometre

from the project site, further reducing vehicle movements. Reductions in energy use and CO₂ emissions were achieved with the cold-mixed asphalt manufactured and supplied by Roadstone Recycling (a Tarmac joint venture company). The aggregate does not require heating to high temperatures as is the case with conventional hot-mixed asphalt. The project met the aims of the Tarmac environmental policy to *"demonstrate the efficient use of energy, water and raw materials, taking appropriate opportunities to minimise waste and to re-use and recycle"*.

There were no significant obstacles encountered during the project until nature intervened in June 2003. A nesting Kittiwake laid a clutch of eggs in the centre of the project. This meant that surfacing work had to continue around the nesting site. The job was completed once the eggs had hatched and the young birds had flown the nest. The contract was completed in August 2003, on schedule.



Above and left: Sustainability factors led to Tarmac winning the tender to pave this 49-acre car import terminal at the Port of Tyne docks in the United Kingdom. Tarmac's cold-mixed asphalt, which was used to pave the car parking site, achieves reductions in energy use and CO₂ emissions

WASTE MANAGEMENT



Globally, our business units manage 97 large volume process waste facilities, 16 fewer than in 2002, due primarily to divestments. Of these, 52 are in active use. The facilities occupy an area of 5,088 hectares, a reduction in area of 34% year on year.

Waste reduction and recycling initiatives exist at most operations. A number of these have turned the problem into a business opportunity, as illustrated by the examples alongside.

EXTENDING RECYCLING TO COMMUNITIES

Anglo Platinum's Potgietersrust Platinum Mines (PPRust) has implemented a waste management system to deal with both hazardous and domestic waste and limit the impact on the environment. Twenty waste collection and recycling facilities were established across the mine site and employees are being trained to separate materials into the designated bins and skips. The mine is currently introducing recycling initiatives into the surrounding communities.

The mine has employed and trained two members of the local community to work at its landfill site to prevent recyclable material from being thrown away and to ensure that any industrial and hazardous waste is re-routed to the appropriate collection sites.

SMALL BUSINESS RECYCLING INITIATIVE

Scaw Metals in South Africa has found an economic alternative to a sizeable waste problem. In 2003, 8,700 tonnes of mill scale, which in the past would have been sent for disposal, was separated on site and sold to a company trading in polymers, chemicals and associated products. The mill scale is blended with various minerals for sale to the metallurgical industry.

SLAG REPROCESSING SUCCESS

Over a period of some forty years, ferroalloy production at Zimbabwe Alloys accumulated nearly eight million tonnes of waste in the form of process slag. In the early 1990s, Zimbabwe Alloys examined the feasibility of reprocessing the slag and a metal-from-slag plant was commissioned in 1994. Between 1995 and 2002, four million tonnes of slag were reprocessed, generating \$38 million of saleable alloy. The reprocessing of the old slag was completed in April 2002 and slag from the high carbon ferrochrome operation is currently being processed.

The slag dump area has been completely cleared and is being transformed into an internal wetland into which all wastewater and effluent from the operation will be directed for ponding and subsequent treatment to eliminate the potential for any pollution of downstream water systems.

PROCESS WASTE FACILITIES (MINE TAILINGS, COAL FINES, SLAG)		
	2002	2003
Total number of process waste disposal facilities	113	97
Number of facilities in active use	58	52
Total area occupied by facilities (hectares)	7,702	5,088
Total number of audits (third-party and in-house)	124	111

Above: Two members of the community at Anglo Platinum's Potgietersrust Platinum mine have been employed and trained to ensure that waste is correctly sorted for disposal at the mine's landfill site

STEWARDSHIP OF LAND

The legacy of mine closure was in the past often one of environmental degradation and high unemployment. To avoid this, planners currently work from feasibility stage to minimise environmental damage and to create rolling rehabilitation that reduces costs at a time when the mine is less financially viable. Creative ways are sought to avoid the development of totally dependent communities and to stimulate direct and indirect economic activity. Community development activities around operating mines are increasingly geared to building the capacity of the community to maintain an acceptable standard of living after closure. This is, however, relatively new thinking and practical solutions are still being sought for old problems.

We are currently providing \$652 million against future closure liability, of which \$493 million are for restoration and rehabilitation and the balance for decommissioning.

During 2003, 58,024 hectares were used in mining and smelting operations worldwide, down 10% from 2002. Total land managed by Mondi Forests is 516,252 hectares, of which 293,994 is afforested. A further 102,410 hectares owned or managed by Mondi are grasslands or wetlands.

A Group land management policy has been drafted and will be finalised and disseminated in 2004. It will provide the framework for drawing together the management of diverse legal and environmental risks.

BREAKING THE CYCLE OF DEPENDENCY AT CLOSED COLLIERIES

During the early 1990s when coal mining in Northern KwaZulu-Natal was already declining, the Vryheid Coronation Colliery (VCC) closed. Unemployment increased and many of the mineworkers who were retrenched struggled to break their dependency on the mine. Access to land was identified as a hurdle facing employees struggling to establish alternative livelihoods. In addition, the former employees needed help in the development of small-scale businesses as alternative employment was not available.

Anglo Coal South Africa announced in November 2002 that land would be donated by the company to the three communities

Right: The replanted reed bed, a diminishing habitat in the United Kingdom, and one of the new bridges at Berwick Woods, which was transformed from a derelict quarry following restoration by Tarmac

established around the VCC mining areas and that it would facilitate business development in the region in conjunction with Zimele, the Anglo American small business development initiative. A community census and a soil survey were carried out on the three farms to determine the potential for small to medium-scale sustainable farming projects. An important aspect of this project is that it will be integrated with a passive water treatment process to be established at the Vrede section of VCC.

A Swiss company is establishing a R150 million (\$20 million) project at VCC. The old coking coal plant site is set to become a food processing plant and aims to export organically grown beans to Switzerland. Water will be supplied from the Boulder dam that was built for the colliery, and the electricity supply that was removed following closure of the washing plant will be reinstalled by Anglo Coal. The plant is under construction and the project involves the Abaqulusi municipality, commercial and emerging farmers and local communities situated in a 100-kilometre radius from the plant. Scheduled for completion in April 2004, this development will assist in reviving the regional economy through the creation of some 400 permanent jobs.

FROM DERELICT QUARRY TO NATURE HAVEN

By the end of its life as a sand and gravel quarry in the late 1970s, little restoration had taken place at the derelict East London quarry in Essex, save that achieved by natural regeneration. When this site was taken over by Tarmac in the early 1980s, it was being used as an unauthorised dumpsite for old cars and other waste materials. Working closely with the local community and NGOs, Tarmac transformed

the quarry, now renamed Berwick Woods, into a community woodland and nature haven. A total of 12,000 trees and shrubs were planted, existing reed beds – a diminishing habitat in the UK – were extended, and a pond created with a safe dipping platform for local children. The attractions to nature were enhanced through advice from English Nature and the London Borough of Havering. Berwick Woods now has London's largest area of wet woodland. Some 2,000 metres of surfaced pathways, a bridleway and a car park were also built and a large area of open grassland established. Two new bridges across the Ingrebourne river link the communities of Rainham and Hornchurch.

The local community was consulted from the outset and a 'friends' group was established in 1998 to act as caretaker and stakeholder in the future of the site. Quarry manager Steve Wallis notes: "The key to the site's success is the involvement of the local people. The greatest reward for us was working with the community, getting them involved and knowing the enjoyment they will get from this site in the future."

The project won the premier award from the Quarry Products Association (QPA), which represents over 90% of the United Kingdom's quarrying industry. The judges' report commented: "This scheme demonstrates how an urban community can be successfully involved in a restoration project which has very strong nature conservation objectives." Simon van der Byl, director-general of the QPA said: "Berwick Woods deserves our highest congratulations for its outstanding restoration. It represents the most excellent example of land being returned to the community in wonderful condition after quarrying."





SOCIETY

BUILDING SOCIETAL CAPITAL

OUR GOAL IS TO MAXIMISE THE POSITIVE CONTRIBUTIONS WE CAN MAKE, ALONGSIDE GOVERNMENTS AND SOCIETY, TOWARDS BUILDING A MORE SUSTAINABLE FUTURE

The nature and extent of interactions between major mining or industrial operations and their neighbouring communities have changed significantly in recent years. Increasingly, companies have become aware of the complexity of their direct and indirect impacts on the environment, social structures, cultures and livelihoods. Alongside national and provincial governments, local communities are key stakeholders for any major resource-based project.

Communities have also become more assertive and have a legitimate expectation of consultation on issues that affect them. We understand the need to build trust and demonstrate good stewardship at all our operations. It is particularly important in mining, from the start of exploration to planning for the social challenges of eventual mine closure.

In developing and maintaining engagement with local communities, we strive to achieve the following objectives:

- Awareness and mitigation of any adverse impacts
- Understanding the needs and priorities of local people
- Promotion of the long-term sustainable development of local communities through partnerships, capacity building, local business development, community investment and training initiatives.

To assist our operations in realising these objectives and to maximise the effectiveness of their community interactions, we have introduced a requirement that all significant operations have an annually-reviewed three-year community engagement plan in place. Elements in guiding classification as a significant business unit include numbers of employees, environmental impacts, economic impact relative to the vicinity and licensing/planning issues. Using these criteria, 134 managed sites have been designated as significant, of which 118 (88%) had community engagement plans in place at the end of 2003.

Consequently, we made good progress towards achieving our 2003 target of having community engagement plans in place at over 90% of our significant operations. The target for the end of 2004 is for these plans to be operative at 100% of significant operations (excluding any recent acquisitions).

The community engagement plans contain objectives, details of stakeholders, impacts and issues and how these will be managed, details of community investment and socio-economic upliftment projects, complaints procedures and reporting mechanisms, resources and management accountabilities. See also our report *Good Neighbours: Our Work with Communities*.

Left: Young pupils celebrate the opening of a new wing at the Shree Bharat Sharda Mandir school, a Chairman's Fund project in Lenasia, South Africa

Right: One of the social investment projects of Neusiedler's Syktyvkar in Russia is this new building at the Parma summer camp for children of employees and the local community



SMALL BUSINESS INITIATIVES

Anglo American uses procurement and management mentoring to promote the development of new businesses in order to facilitate diversification, skills enhancement and economic sustainability.

This requires us to understand the capacities of potential local suppliers and to ensure that tenders are not all so large and inflexible that they are out of reach of smaller firms. Mentoring is given to promising local entrepreneurs. Our operations play a catalytic role in helping to establish new companies and co-operatives. This expertise is best developed in South Africa and Zimbabwe, but new business development and sustainable livelihoods are important for our operations in many different developing countries.

BUILDING A DIVERSE SUPPLIER BASE

Zimele, our black economic empowerment (BEE) and business development initiative, has been facilitating entry for emerging black businesses into South Africa's economic mainstream for over a decade. It is currently invested in 27 empowerment ventures that collectively employ over 2,000 people and generated turnover exceeding R230 million (\$30 million) during 2003, when it invested in 12 new companies.

Zimele has two key areas of operation - procurement and business development. Through business development officers (BDOs) in the various operating divisions, we direct our purchases towards companies that are black-owned or have majority black shareholding. The BDOs identify opportunities within the divisional purchasing departments and, using an extensive BEE supplier database, approach those suppliers who are able to tender for the supply or service contract.

During 2003, our divisions and operations (excluding independently-managed subsidiary AngloGold) concluded in excess of R3.1 billion (\$411 million) in transactions with black-owned companies and through their various business development initiatives, compared with R2.1 billion (\$278 million) in 2002.

Small BEE companies frequently have problems raising equity. The BDOs assist in putting forward business plans to Zimele for approval. If the venture is viable, Zimele will take a minority equity stake of up to 30% and provide financial support and skills transfer.

Zimele adds further value through the hands-on transfer of business knowledge and skills and provides advice on strategy, markets, finance, systems and corporate governance. It uses an incubator approach to nurture investments and entrepreneurs, matching up partners with business and technical skill, and then gradually reduces their dependence on Zimele.

ANGLO KHULA MINING FUND ESTABLISHED

The R40 million (\$5 million) Anglo Khula Mining Fund was launched in March 2003 by Anglo American and Khula Enterprise Finance (a South African Department of Trade and Industry initiative). This joint venture between Khula and Zimele facilitates the entry of junior mining ventures into the mining sector and concentrates on the financing of the feasibility phase of a project. The maximum investment for any mining project is R5 million (\$0.7 million).

During the year, the fund invested in Leeuw Mining and Exploration's Vaalcrantz colliery (10%), Imbani Coal (15%) and Basfour Dolerite Aggregate Quarry (20%).



- Leeuw Mining and Exploration bought the Anglo Coal KwaZulu-Natal coal assets (an estimated 104 million saleable tonnes) in August 2002 and production at Vaalcrantz commenced in October 2003.
- Imbani Coal, which is focused on the exploration, mining, beneficiation and marketing of coal reserves, acquired prospecting rights from Anglo Coal in the Carolina area of Mpumalanga. Mining commenced in June 2003 and 40,000 tonnes of steam coal were exported by November.
- Basfour Dolerite Aggregate Quarry is involved in the opencast mining and marketing of dolerite, a multi-purpose building and construction aggregate, from deposits near Pietermaritzburg in KwaZulu-Natal.

For further information see <http://www.zimele.co.za>

Above: South African Minister of Minerals and Energy, Phumzile Mlambo-Ngcuka and Tony Trahar at the launch of the Anglo Khula Mining Fund in March 2003

EMPOWERMENT THROUGH ENTERPRISE

PARTNERSHIPS FOR CHANGE

Anglo American is a member of the Business Trust, a R1.8 billion (\$238 million) partnership between South African companies and the government, to which we contribute some R20 million (\$3 million) annually. Michael Spicer, executive vice president corporate affairs, comments: "Anglo American is part of the founding group of the Business Trust. In 1997, I was one of a group of business people who started talking to then deputy president Thabo Mbeki and his office about this concept and the opportunities that such a partnership could create, and the Business Trust was established in 1998."

Skills have been improved for some 15,000 tourism practitioners and 5,000 previously unemployed people who are now engaged in the tourism industry. Small enterprises have been helped to undertake over R700 million (\$93 million) worth of transactions, thereby creating and sustaining some 13,000 jobs. The malaria control programme initiated by the Trust has attracted international funding and reduced the malaria infection rate by over 70% in the region encompassing South Africa's KwaZulu-Natal province, Swaziland and Mozambique, thus improving the lives of millions of people and increasing the attractiveness of this area to tourists and investors.

The efficiency, effectiveness and quality of schooling has been improved by raising the reading ability of a million primary school pupils, enhancing 500 secondary schools (in which mathematics results and university entrance qualifications now exceed the national averages) and supporting the restructuring of the technical schooling sector. The Trust has also assisted in creating efficient integrated systems for the administration of justice. For every \$1.00 invested by the Business Trust's funders, projects worth \$2.50 have been undertaken, \$0.50 has been deductible for tax purposes, and less than \$0.05 has been spent on administration.

South African business and government are now planning to use their combined skills and resources in a second phase of the Trust to address aspects of the challenge of unemployment and skills creation.

Right: Logs being stacked in a charcoal kiln at the Blackgold community project

DEVELOPING MARKETABLE SKILLS

Anglo Platinum supports a number of initiatives aimed at addressing poverty levels in the vicinity of their operations through training programmes to assist in developing marketable skills for out-of-school youths. The Addicted to Business project at Bafokeng-Rasimone Platinum Mine promotes entrepreneurship. Since 2001, over 75 people have been transformed from job seekers to job creators, with visible sustainable change in entrepreneurial behavioural patterns and socio-economic actions. The outcome-based modules include computer literacy, product development, money generation and business theory. They follow an unconventional approach that uses experiential learning and maximum participation. During the six months of training the participants 'earn while they learn'.

BLACKGOLD FOR COMMUNITIES

Blackgold Forest Products, established in November 2002, is a charcoal production venture in South Africa jointly funded by Mondi, the Forestry Industry Education and Training Authority (FIETA) and a British development fund, the Business Linkage Challenge Fund (BLCF). Waste timber is collected from Mondi Forests' plantations and converted into charcoal for sale to local industrial and domestic users. The project has generated an average monthly income of R700,000 (\$93,000) and has created

in excess of 400 jobs. Its production capacity is currently 18,000 tonnes of charcoal per annum. The capital to buy the necessary kilns and equipment was provided by Mondi Forests, FIETA and the BLCF. Mondi Forests also provided office space and other management and technical support resources.

A transparent selection process identified 13 entrepreneurs at a number of different sites. Each entrepreneur directly employs between 25 and 30 people. Accredited training has been provided to 150 people on topics including financial planning, health and safety, kiln operation and forestry. The 13 entrepreneurs own 60% of the Blackgold Forest Products shares, with Mondi holding 30% and the Community Trust 10%. Mondi will transfer 20% of its shares to the Community Trust over the next two years at no cost.

In another development, Mondi is currently working with an international environmental NGO to explore the possibility of introducing clean charcoal technology to rural communities. The use of forest waste and alien weeds for the process presents real opportunities for rural people to be involved in a commercial process that benefits the environment and reduces dependency on non-renewable fossil fuels. It also reduces the risks posed by combustible material at the operations.



COMMUNITY ENGAGEMENT

MANAGING THE IMPACTS OF OUR OPERATIONS

Our operations are significant users of natural resources, many of which are not renewable. To ensure that our operations contribute to sustainable development it is critical that they produce a lasting enhancement of local human and social capital. This may be achieved through traditional routes such as taxes, wages and investing in the skills of our workforce. However, we also seek other ways of maximising the developmental impact of our investments.

While all major new projects or expansions now carry out a social impact assessment, many mature operations have never systematically established what their social and economic impacts are on their surrounding communities. Accordingly, work started in 2002 on a flexible process that would enable sites to:

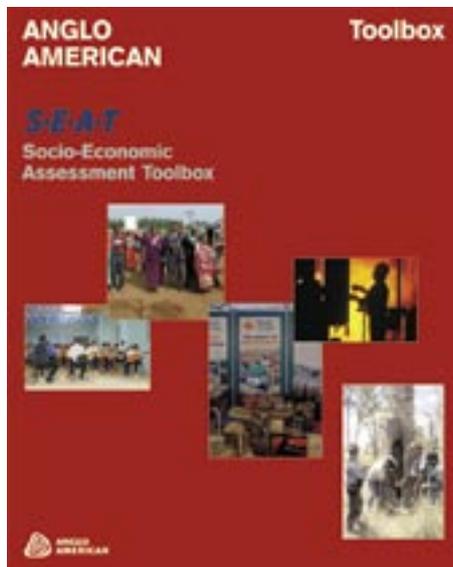
- develop a more structured dialogue with stakeholders
- improve the management of social impacts
- generate uniform social key performance indicators
- build management capacity, and
- support the social dimension of long-term closure planning.

Three pilot projects to develop the methodology were conducted in Australia, Brazil and South Africa in the closing months of 2002. During 2003, extensive internal consultation refined the methodology to yield an array of 22 tools covering topics such as supporting local business development, assessing human capital, evaluating community investment programmes, building partnerships and closure planning.

The development of the Socio-Economic Assessment Toolbox (SEAT) methodology represents a significant investment. Roll

Above: The new Socio-Economic Assessment Toolbox which was introduced to business units in October 2003

Right: Members of the community at the opening of Tarmac's new plant at Swinden quarry in the United Kingdom in August 2003



out of the toolbox started at the end of October 2003. Although not mandatory, business units have responded positively and we expect significant take-up during 2004. We intend to develop a broader integrated assessment toolbox that is applicable to the exploration phase.

LOCAL COMMUNITY AFFIRMS SWINDEN QUARRY'S BEST PRACTICE

In August 2003, chief executive Tony Trahar officially opened Tarmac's new plant at Swinden quarry located in England's Yorkshire Dales national park. The following day more than 1,000 visitors, mostly local residents, farmers and business people visited the plant.



Quarrying of limestone began at Swinden in 1793 and by the early 1990s Swinden's future looked bleak. Its licence to operate was being questioned by a community grown tired of the unsightliness of the place, its night time operations, and the noise and dust generated by the transportation of the limestone aggregates by road.

Following extensive consultation and communication with the local community and the Yorkshire Dales National Parks authority, approval was granted for plans to move the entire plant comprising offices, weighbridge, maintenance and welfare facilities inside the quarry. As a result, the plant is now hidden from view.

The surrounding land has been rehabilitated, there is a permanent ban on night time working and most of the aggregates are moved by rail. A liaison committee was established to discuss 'good neighbour' operating policies, and Swinden is now an example of best practice in the industry. The licence has been extended to 2020, at which time the site will be returned to the national park. The quarry will be allowed to fill up with water, creating one of the largest lakes in the Yorkshire Dales.

The chairman of the parish council of Cracoe, the nearest community to Swinden, stated: "The work Tarmac has recently completed is outstanding. It shows a real commitment to improving our locality, both now and for the future. What is most impressive, though, is the involvement that we've had in every stage of the project. As a community, we've been consulted and our voices listened to and acted upon."

INDIGENOUS PEOPLES

Our approach to sustainable development recognises specific local priorities as well as global issues and universal principles. The historical and political context within which indigenous peoples, cultures and land rights are handled varies between nations and has resulted in significant legal developments in recent years. In order to understand better the key issues involved, representatives from Anglo American's corporate centre, AngloGold, Anglo Platinum, Anglo Base Metals and Anglo Coal attended a workshop in March 2003 facilitated by Business for Social Responsibility and First Nations Worldwide. This has contributed to the evolution of our thinking in this complex area, and has assisted us in giving effect to our business principles which state:

"We recognise the sensitivities involved in addressing issues that relate to the cultural heritage of indigenous communities. We will seek to ensure that such matters are handled in a spirit of respect, trust and dialogue."

ESTABLISHING TRUST IN THE CANADIAN ARCTIC

Our exploration teams begin conceptual planning to minimise potential social and environmental impacts at the same time as they begin geological exploration, and these three aspects are managed in parallel. This is reflected in the exploration programme that commenced in August 2002 at the West Raglan project in the Nunavik area of the Canadian Arctic. The Nunavik area covers 507,000 km² and includes 9,890 people in 16 Inuit villages. Permits are required for establishing a temporary camp and carrying out exploration work.



These permits are obtained from the Kativik regional government after consultation with the village landholding corporations, which control all activities on lands of exclusive rights.

At the outset, our exploration team established contact with the local people. They met with the mayor of Salluit and the director of the landholding corporation to discuss proposed activities with them. Further meetings were held in Puvirnituk, a village some 100 km south of the project. The local people are receptive to the mining industry, as they have experienced the development of a mine and have seen the benefits that mining can bring. Being aware and very watchful of potential environmental aspects, the communities have noted our proactive approach.

During the northern summer of 2003, six people from Salluit worked on the project for a total of 209 man-days. The company used Air Inuit for most travelling and cargo transport between Montreal and Salluit. Provisions for the exploration camp were sourced from the local stores, and community-owned hotels were used.

In August 2003, a visit of local dignitaries, including the mayor of Salluit and senior members of the Qaqqalik landholding corporation in Nuvumiut, was organised to our installations and operations at Lake Chukotat. The exploration team will ensure that active engagement continues to keep village leaders informed of our exploration activities and that we address any concerns promptly.



REACHING AGREEMENT ON CULTURAL HERITAGE

During 2003, Anglo Coal Australia signed a cultural heritage investigation and management agreement (CHIMA) with the Gangulu people, the traditional owners of the Callide and Dawson Valleys, to cover all Anglo Coal Australia's mining and exploration activities at Callide and Moura mines and the northern portion of the new Theodore mine.

Having established contact with the Gangulu people at the inception of the proposed project, Anglo Coal Australia personnel developed a relationship with them in the ongoing process of the CHIMA negotiations. Survey and management work to identify and protect any cultural heritage areas was undertaken by specialists approved by the Gangulu people.

Anglo Coal and the Gangulu people have acknowledged that it is important to co-operate and work together in a manner that respects the needs of each party and their different constitutions and objectives. The agreement is intended to provide a long-term, clear and workable system of cultural heritage evaluation and protection, and to establish future strategies relevant to the management, protection and control of cultural heritage.

Above: Colin Toby (left) and Robert Tory, Gangulu indigenous group elders, at the signing of the Cultural Heritage Investigation and Management Agreement

Left: Inuit dignitaries visiting the West Raglan exploration project in the Canadian Arctic are (from left) Willie Keatainak and Joanasie Owpaluk, of the Qaqqalik landholding corporation, and the 2003 mayor of Salluit, Qalingo Angotigirk

RESETTLEMENT

We have drafted a Group policy on relocation of communities. This is still to be formally adopted but aims to establish a best practice norm in line with guidelines such as those of the World Bank. Key principles include the avoidance of unnecessary relocation, consultation and striving to ensure that living standards are at least maintained and preferably enhanced.

COLOMBIA

The resettlement at the independently managed Cerrejón joint venture on which we reported in 2002 is addressed further on page 51.

GA-PILA

The resettlement of families by Anglo Platinum from the village of Ga-Pila to the residential area of Sterkwater in Limpopo was completed in 2003. The new residential area, built at a cost of R186 million (\$24.6 million), has reticulated water, water-borne sewage and electricity. The provincial premier, Ngoako Ramathodi, officially opened the new Sterkwater village that comprises 798 homes, eight shops, two church buildings, two schools, a clinic and a crèche. The contractors employed some members of the community and the houses were built in accordance with South African building regulations.

TWICKENHAM

Prior to the commencement of the development of Anglo Platinum's Twickenham mine in Limpopo province, it was established that some 119 residences would be affected directly by the proposed mine. The area has extended rural villages with an estimated 40,000 families that fall under traditional authorities headed by nine diKgoshi (chiefs) and their councils. Infrastructure is limited. Only a few villages have electricity and water comes from scattered boreholes. One of the biggest challenges was the management of expectations within these poor communities and in particular within those communities that were not affected by the proposed mine project and who thought that they did not stand to benefit.

After a social impact assessment, an integrated resettlement and development plan was created. A search in the deeds registry identified land, owned by the provincial government and in close proximity to the proposed mine, that had been earmarked for township development. Within a year of agreement with the affected individuals, the township was proclaimed and some 90 houses, two schools and a

community hall were built and occupied at a total cost of some R67 million (\$9 million). Twenty families elected not to resettle in the proclaimed township and chose to remain in existing rural villages without title deeds, electricity or water delivered to their stands.

Independent valuations were carried out and farmers were compensated for the loss of agricultural land. The communities, through a process of nine separate mass meetings, agreed to a surface lease being granted to the Twickenham platinum mine. The Department of Land Affairs agreed that the market-related annual rentals would be paid to the traditional authority for community upliftment.

A lengthy process of adjudicating land claims originating from apartheid era removals is still ongoing. The Commissioner for Land Restitution gave his consent for all land subject to restitution claims to be leased, thereby enabling approval by the Minister of Land Affairs.

Anglo Platinum created a database of job seekers residing close to the mine to identify people for training or employment. A similar database identifies local business people. A business development officer was appointed by Anglo Platinum to assist local businesses to tender for sub-contracts with major contractors.

KRIEL SOUTH

Forty households were identified on land that was earmarked for coal mining at Kriel South, now renamed Isibonelo colliery. Anglo Coal South Africa engaged a specialist consultancy to conduct individual household surveys to gather information about the number of dependants, employment status, relocation preferences as well as the sustainability assessment for each. A consultation process commenced and this culminated in the establishment of a field office to provide on-site support for the affected households. The World Bank's resettlement guidelines were followed. At the end of 2003, relocation agreements were being signed in preparation for the relocation of households in 2004.

The relocation of graves on the affected land commenced in November, following the receipt of permits from the South African Heritage Resources Agency (SAHRA) for graves older than 60 years, as well as the Provincial Department of Health for more recent graves. A registered funeral undertaker was contracted to exhume the remains from each grave and inter these

at the municipal graveyard chosen by the next of kin. The affected householders' perception of the house and grave relocation process remains positive and this has made the process possible.

UNKI

Anglo American in Zimbabwe applied the World Bank policies and guidelines on involuntary resettlement to the second phase of the Unki resettlement exercise in which 20 families were resettled on Rietfontein Farm. The farm was sold to the government of Zimbabwe on a willing buyer, willing seller basis in the early 1990s. Compensation was paid for all losses at full replacement value and land replaced with land. Villagers were provided with transport for their move and were assisted with land preparation, seed packs and fertilisers. Infrastructure and housing were improved and their productive potential has been restored.

TAKING A LEAD ON HIV/AIDS

ANGLO AMERICAN GROUP HIV/AIDS POLICY OPENING STATEMENT

Anglo American recognises the human tragedy caused by HIV/AIDS, particularly in sub-Saharan Africa. We are concerned about the gravity and implications of the epidemic for our operating companies, the Group as a whole, our employees and their families and the communities within which we operate. Our aim is to reduce the fear of HIV/AIDS and to make a contribution towards minimising the social, economic and developmental consequences of this epidemic.

The policy supports the key responses to the epidemic, namely elimination of stigma and discrimination on the basis of real or perceived HIV status, prevention of new infections, care and support of employees infected and affected by HIV/AIDS, and management and mitigation of the impact of HIV/AIDS.

The Group will respond to the human needs of the epidemic in a supportive, positive and non-discriminatory manner, so that people living with HIV/AIDS are able to be open about their HIV status without fear of stigma or rejection.

The Group believes non-discrimination as well as consultation, inclusivity and encouraging full participation of all stakeholders are key principles which should underpin its HIV/AIDS responses.

The magnitude of the health challenge posed by HIV/AIDS is such that individual companies cannot adequately address it alone. A comprehensive and effective response to HIV/AIDS will require a partnership between all stakeholders. Anglo American and its operating companies will, therefore, seek to work with national and provincial governments and local authorities, international donors such as the Global Fund to fight AIDS, tuberculosis and malaria, and appropriate NGOs and communities in order to build capacity for an effective response to the epidemic.

The Group will extend its efforts to publicise Anglo American's responses to the HIV/AIDS epidemic in highly affected countries and to demonstrate that the epidemic is manageable. We expect this to have a positive effect on sentiment towards investment in highly affected countries, particularly in southern Africa. Such investment will help to tackle the root causes of the epidemic, which lie in poverty, poor health, social disruption, poor education and unemployment. We believe that Anglo American's response to the AIDS epidemic is a significant contribution to sustainable development and will help to ensure the continued profitability of our businesses.

HIV/AIDS remains a major focus for all Anglo American Group companies and subsidiaries operating in southern and eastern Africa. Sub-Saharan countries in general are confronted by an advanced epidemic which, if not effectively managed, will have devastating socio-economic consequences. In 2003, we made great strides in the evolution of our HIV/AIDS policy and strategy.

Our Group HIV/AIDS policy was extensively reviewed during the year and published in December 2003. The opening statement of this revised policy is reproduced here. The full statement can be found on our website at <http://www.angloamerican.co.uk/hivaids/ourresponse/policy.asp>.

This policy statement forms the foundation of our HIV/AIDS strategy, which seeks to respond effectively in the workplace, extend the response into the communities associated with our operations and build partnerships with other stakeholders. The brunt of the HIV/AIDS problem for the Group is in southern and eastern Africa and the following report confines itself to activities in this region during 2003.

THE WORKPLACE RESPONSE HIV PREVALENCE

The table below gives our best estimate, through a combination of prevalence surveys, actuarial projections and estimates, of HIV prevalence among employees in Anglo American companies in southern and eastern Africa as at the end of 2003.

VOLUNTARY COUNSELLING AND TESTING

While HIV prevalence surveys give us a good indication of the extent of HIV infection within the workforce, the greatest challenge for the future is to encourage employees to establish their individual HIV status through a process of voluntary counselling and testing (VCT). Knowledge of HIV status is well recognised as being a key intervention for mobilising individuals to take personal responsibility for containing the spread of HIV infection.

Uptake of VCT has been generally disappointing, with fewer than 10% of employees in AngloGold and Anglo Platinum coming forward for testing in 2003. Elsewhere in the Group, there have been some notable exceptions to this rule and in some business units, upwards of 50% of employees have undergone VCT following education and awareness drives. VCT uptake has been identified as a key performance

HIV PREVALENCE IN EMPLOYEES - EASTERN AND SOUTHERN AFRICA 31 DECEMBER 2003

	NUMBER OF EMPLOYEES	HIV PREVALENCE
AngloGold	42,000	29%
Anglo Platinum	46,000	25%
Anglo Coal	7,000	17%
Anglo Ferrous Metals	12,000	20%
Anglo Industries	22,000	26%
Anglo Base Metals	2,300	4%
Anglo Paper and Packaging	7,000	12%
Corporate Centre and Exploration	1,000	5%
Total	139,300*	24%

*Includes employees in Hippo Valley, Zimbabwe, and in independently managed subsidiaries AngloGold and Tongaat-Hulett

indicator of effective HIV/AIDS management and business units will be encouraged to set ambitious targets for improvement in 2004. In order to succeed with VCT we need to create a climate that is conducive to testing with emphasis on confidentiality, non-discrimination, efficiency and caring.

WELLNESS PROGRAMMES FOR HIV POSITIVE EMPLOYEES

Ideally, all employees who test HIV positive should enrol into a programme of care and support which includes:

- understanding the disease through counselling
- encouraging a healthy lifestyle
- offering nutritional supplements where necessary
- immune system monitoring through regular CD4 counts (an immune system indicator)
- preventing and treating opportunistic infections, especially tuberculosis
- providing access to appropriate, affordable and sustainable antiretroviral therapy when clinically indicated.

During 2003, approximately 3,300 employees were enrolled in HIV wellness programmes across the Group. Business units have been asked to set management targets and create an environment that encourages greater uptake of VCT facilities in 2004.

ANTIRETROVIRAL THERAPY

In August 2002, we announced an ambitious programme to provide antiretroviral therapy at company expense to employees with AIDS. Implementation of this programme progressed very well during 2003, with technical support provided by Aurum Health Research (an AngloGold subsidiary). This is recognised as the largest employer-sponsored AIDS treatment programme in the world. The Global Business Coalition on HIV/AIDS (GBC) has commended us for our leadership in this field.

By year end, 1,048 employees were receiving antiretroviral therapy across all Group companies. Approximately one third of these employees presented with advanced (WHO Stage IV) AIDS disease at the start of treatment and it is reasonable to presume that without treatment they would have died from their disease by the time of publication of this report. Instead, most are back at work and leading normal lives. The challenge is to maintain lifelong adherence to medical treatment.

ECONOMIC IMPACT ASSESSMENT

Aurum Health Research is carrying out a comprehensive assessment of the economic impact of HIV/AIDS across all Group companies, in collaboration with the London School of Hygiene and Tropical Medicine. This unique three-year project will seek to determine the extent to which health interventions, particularly antiretroviral therapy, can modify the economic impact of AIDS on business activities. This research

PRELIMINARY ANTIRETROVIRAL THERAPY OUTCOMES

- 94% of employees on antiretroviral therapy back at normal work
- 90% reported adherence to treatment regimen: biological markers of adherence are still being evaluated
- 28% minor side effects
- 2% serious adverse events
- 8% decline offer of treatment
- 10% drop-out rate after starting

will be carried out at the highest level of quality and integrity and we intend that the information will be published in independent, peer-reviewed medical journals of international standing. The outcomes of the research will be shared with other businesses and interested parties as part of our joint contribution to understanding and enhancing the business response to HIV/AIDS. This project is being supported by a research grant awarded by GlaxoSmithKline.

THE COMMUNITY RESPONSE

Our HIV/AIDS response will only be effective if our workplace programmes can be extended into the communities associated with our operations. It is extremely important that we ensure access to HIV education and awareness, VCT and antiretroviral therapy to the dependants and/or partners of our employees. It is also important that we do not create islands of privilege within communities and ensure a broader application of effective HIV/AIDS interventions. No business can take on this burden alone – community outreach requires the building of partnerships with government, other employers, trade unions, NGOs and other community-based organisations (CBOs), faith-based organisations (FBOs) and international donors.



Left: Anglo Base Metals' Namakwa Sands, in partnership with community representatives of the Greater Saldanha Bay region, initiated the establishment of the West Coast Community HIV/AIDS Initiative to promote awareness and provide education and support structures for the entire community. This mural, painted by local artist Elton Lesch, depicts the seven sub-forums of the Initiative and the logos of the sponsors

THE ANGLO AMERICAN COMMUNITY HIV/AIDS PARTNERSHIP

In October 2003, we announced an ambitious community HIV/AIDS partnership designed to enhance and accelerate the provision of comprehensive HIV/AIDS services in government primary health care clinics. We chose the NGO *loveLife* as our first strategic partner in this initiative, based on our desire to extend the rollout of their successful National Adolescent Friendly Clinic Initiative (NAFCI) into communities associated with our operations. *loveLife* has an existing partnership with the National Department of Health in South Africa and is also supported by the Kaiser Family Foundation, the Nelson Mandela Foundation and the Global Fund to fight AIDS, tuberculosis and malaria. The Anglo American Chairman's Fund is donating R30 million (\$4 million) to *loveLife* over a period of three years. This co-investment with the Global Fund has enabled us to double the reach of the NAFCI initiative into our communities. We have identified seven communities across six provinces of South Africa. All of these are disadvantaged, in both peri-urban and rural settings. Within these communities we have selected 38 government primary health care clinics for the initial intervention.

Our operations will commit considerable time and expertise to working with *loveLife* and other partners to help build capacity in these public sector primary health care clinics. The overall goal will be to enhance the health sector response to HIV/AIDS at community level. The essential elements of the programme are listed below.

ENHANCING THE HEALTH SECTOR RESPONSE TO HIV/AIDS AT COMMUNITY LEVEL

- Building capacity at primary health care clinics and improving efficiency
- Ensuring easy access to comprehensive HIV prevention services
- Providing voluntary counselling and testing
- Enhancing care and support for those with HIV infection
- Preventing mother to child transmission of HIV
- Preparing the ground for early access to antiretroviral therapy for those with AIDS
- Paying particular attention to the special needs of young people.



THE POWER OF PARTNERSHIPS

We strongly believe that the collective effort is much bigger than the sum of its parts. By working together in partnership, we hope to build on each other's strengths and leverage the initial commitments of a small number of players to produce a significant multiplier effect. As private sector partners in the community HIV/AIDS initiative, we hope to contribute business experience, innovation, efficiency and drive. Our public sector

partners will provide the infrastructure to ensure long-term sustainability. Together with our other partners we hope to build a force in the fight against HIV/AIDS that will secure the future for communities far beyond our initial commitments.

SUMMARY OF ANGLO AMERICAN HIV/AIDS STRATEGY

- Pursue HIV prevention programmes with vigour
- Conduct voluntary, anonymous, unlinked HIV prevalence surveys at all operations on an annual basis
- Set management targets and create an environment for increased uptake of VCT
- Implement wellness programmes for HIV positive employees and set targets for wellness programme enrolment
- Provide access to antiretroviral therapy at company expense when clinically indicated
- Extend workplace programmes into surrounding communities in partnership with government, unions, NGOs and international donor agencies
- Monitor and evaluate programme outcomes.

Above: Dr Brian Brink (left), Anglo American's senior VP health, with Margie Keeton, chief executive of Tshikululu Social Investments which administers the Anglo American Chairman's Fund, and David Harrison, chief executive of *loveLife*, at the launch of the HIV/AIDS partnership project

CORPORATE SOCIAL INVESTMENT

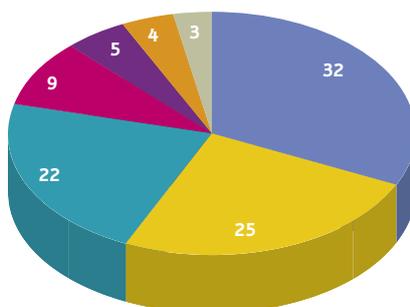
We recognise that our greatest potential to create opportunities for the communities associated with our operations is to run our business ethically and to observe high social and environmental standards. In developing countries there is still a significant role for philanthropic programmes which are aligned with our business and the priorities of our key stakeholders.

In 2003, we contributed some \$38.3 million (1.5% of pre-tax profit) to charitable causes and community social investment. This marked an increase from \$28.8 million (0.9% of pre-tax profits) in 2002. The increase is attributable, in part, to exchange rate factors, especially the strength of the South African Rand, since over half of our corporate social investment (CSI) is in southern Africa. Youth and education are priorities, receiving 24.8% of our CSI funding.

At an international corporate level, priority was given to projects which support capacity building and sustainable livelihoods or good governance. In the former category we supported SightSavers International's projects in Tanzania and Mali, Bees for Development in making their materials available to communities in Latin America, CARE on projects in Brazil and Zimbabwe and BookAid's work in Zambia and Zimbabwe. We also supported a Commonwealth Business Council anti-corruption project in the SADC region, the report of which was presented at the Commonwealth Heads of Government meeting in Abuja. Within the United Kingdom, our support for central London homelessness charities included grants to St Martin's in the Fields' London Connection and to Centrepont which enabled 300 newly homeless young people to access safe accommodation.

Our primary vehicle for charitable engagement in South Africa is the Anglo American Chairman's Fund whose philosophy is to enable people to assume greater control over their daily lives. Over the past decade the Fund has supported over 7,800 projects and contributed over R500 million (\$66 million) to growth and development in South Africa. The Fund supports a range of projects, from small grassroots initiatives to much larger interventions.

ANGLO AMERICAN CORPORATE SOCIAL INVESTMENT
%



- Community development
- Education and youth
- Other
- Housing
- Health
- Arts, culture and heritage
- Environment

Further growth in the Fund's resources in 2003 enabled R73.5 million (\$10 million) to be distributed in 442 grants to organisations and projects. The largest proportion of the Fund's support (51%) is to the education sector, with 210 grants in 2003 totalling R37.3 million (\$5 million). The biggest new commitment entered into by the Fund during 2003 is to the partnership with *loveLife* in support of HIV/AIDS clinics (see page 47).

The Anglo American Chairman's Fund was once again voted the foremost corporate grant maker, achieving top ranking in six out of seven categories of corporate social investment in an annual survey of South African businesses and NGOs.

HOME OWNERSHIP

The majority of social investment is conducted at a local level. Among the largest such projects undertaken in recent years has been the Lanquedoc housing project in South Africa. It is a home ownership scheme at Boschendal wine estate, developed in partnership with the community, local authorities and national government. During 2004, 611 families (including 79 employees) will receive title to their existing or newly constructed homes.

The initial concept for the project originated in the late 1980s following a strategic decision to allow pensioners and widows to continue to live in company houses. The stock of houses for new employees therefore diminished. After consultation with the community the option of a dedicated retirement village was rejected and a Social Responsibility Forum was constituted to examine further the issue of home ownership. The introduction in 1997 of the Extension of Security of Tenure Act made this project a strategic as well as a social issue. An initial, self-funding, project for some 479 houses was accepted by the Anglo American Farms (Amfarms) Board. In the late 1990s, a series of road shows ensured extensive and collaborative consultation with all stakeholders. Effectively this interactive process took two years to complete and another 18 months to refine, resulting in a change of scope that necessitated additional funding.

The lasting legacy of the project will be wider access to home ownership and a role model for collaborative residential developments for agricultural workers.

CHAIRMAN'S FUND SUPPORTS RURAL SCHOOLS

The Chairman's Fund has over 25 years of experience in helping communities in remote rural areas in South Africa build classrooms to improve the learning opportunities for their children. The plight of rural schools, where teaching often occurs under trees or in church halls, has been acknowledged by the authorities, but capacity is required to plan and manage effective building projects.

The Chairman's Fund has learnt a great deal about the harsh realities of rural schooling and the opportunity to elevate its engagement in this area to formal partnerships with provincial governments held the prospect of greater impact and recognition. Two formal public private partnerships have been established with public funding

totalling R10 million (\$1.3 million) to match the Fund's contributions – a first for the Chairman's Fund. The Fund's technical building experience has helped improve aspects of design and delivery that add further value to these special partnerships.

Right: Pupils at the Mamosala high school, a beneficiary of the Chairman's Fund rural schools programme in South Africa's Limpopo province

Below: Young members of the community in traditional folk costume and Mondi Europe executives provide a warm Polish welcome for the visit to the Frantschach Swiecie plant by analysts and fund managers



GOOD CITIZENSHIP IN POLAND

Community engagement is considered to be a critical success factor for Frantschach Swiecie's Good Citizenship programme. Swiecie is a major employer in its region and many of its stakeholders operate or live in the area. The company recognises that its responsibility as a corporate citizen is not only to minimise the adverse impacts of the business on the surrounding community, but also to support the community's development.

A social assessment for the towns of Swiecie and Chelmino and their neighbouring villages included engagement with employees and local community representatives. Key concerns are unemployment, poverty, education, crime and healthcare. Swiecie is focusing its involvement on the needs of disadvantaged younger people and on upgrading local hospital facilities.

Support for disadvantaged young people is provided in the form of hot meals, schoolbooks

and equipment, winter footwear and the opportunity to participate in various sports and activities in their free time. Swiecie has worked closely with the local education office and social care office, providing equipment and training for football, boxing, canoeing, athletics and wrestling, sponsoring junior basketball teams and cheerleaders and financing participation in summer camps. Employees are encouraged to be involved and they arranged a collection of books, games and toys for the children's common room run by the Association of Unemployed Persons.

Equipment for the local hospital, the regional mental hospital and the Neurology hospital in Bydgoszcz was funded, and Swiecie supported programmes to promote the integration of the disabled into the community.

A workshop was held for suppliers, contractors and customers to discuss our business principles and key contractors were invited to participate in community projects.



Above: Karin Ireton, Anglo American group sustainable development manager and Ricardo Pérez, human resources manager at Loma de Níquel, spend time in the classroom with Noemí de Romero, a teacher at Los Bagres elementary school, and her pupils

Below: Hope Tyira (second from right), the environmental co-ordinator at Rustenburg Platinum Mines' Union Section with a group from one of the ten local schools that took part in Anglo Platinum's environmental education programme

LOMA DE NÍQUEL'S COMMUNITY PROGRAMMES

Loma de Níquel (MLdN) is the only large-scale private sector mining operation in Venezuela. During the mine's development in the late 1990s, expectations around job creation and contribution to the rural local community, as well as the nearby towns, were high. The MLdN community engagement plan sets out a strategy to promote sustainable development rather than dependency and reliance on short-term handouts. Core to this strategy was finding a way of meeting local legal requirements

which require mining companies to benefit local communities, as well as entrenching the Anglo American business principles.

Human resources manager Ricardo Pérez explains that prioritised actions are based on supporting social initiatives originated by employees, promoting a project to develop and certificate local artisans, local procurement where possible and development of the health facilities and local road infrastructure, with the long-term aim of handing these back to the community.

After consultation and as one of many initiatives, MLdN constructed an elementary school in Los Bagres, a very poor, rural area close to the mine. The new three-roomed elementary school began its activities in the 2002-3 academic year. Sixty students, from kindergarten to grade six, are currently enrolled. In 2004, a further two classrooms will be built to accommodate students up to the seventh grade, thus ensuring that the children are able to complete their primary education close to home. The school also has kitchen and ablution facilities, a sports field and a small garden. MLdN makes an annual contribution towards salaries and social benefits for the three teachers and a labourer.

With the approval of the regional government, the school facilities will be made available in the afternoons for adult education and senior schooling.

In another small rural village, the company developed an internet centre to develop computer skills that will enhance education and employment potential.

ENVIRONMENTAL EDUCATION PROGRAMME

Rustenburg Platinum Mines' Union Section has established an environmental education programme for local schools in the nearby Pilanesberg game reserve. The programme includes presentations on basic environmental principles, a group discussion session, a game drive and an environmental project undertaken by each participating school to foster greater environmental awareness and promote activities to minimise environmental impacts.



HUMAN RIGHTS AND ETHICS

Our business principles express the Group's adherence to the Universal Declaration on Human Rights and our commitment to making representations to governments when the rights of employees or communities associated with our operations are abused. Human rights are an important factor in considering the non-financial risks of investment decisions.

Being a long-term investor, we can find ourselves with immobile assets in a country where the rule of law and human rights are eroded. In such circumstances, we have to assess whether we can continue to operate in compliance with our own business principles and to consider the impact of our decisions on employees and local communities.

We carried out extensive work to identify the issues to be addressed if we are to adhere to the voluntary principles on security and human rights and drafted a guidance document on best practice for security and human rights.

During the year, Anglo American addressed a number of difficult issues at local, country and international levels.

DEMOCRATIC REPUBLIC OF THE CONGO

In September 2002, the United Nations Special Panel on the illegal exploitation of the natural resources of the Democratic Republic of the Congo included Anglo American in a list of 85 companies accused of breaching the OECD Guidelines for Multi-National Enterprises.

The panel only briefed us on its concerns in May 2003. These were allegations that Anglo American and its joint venture partner had made 'inappropriate payments' to secure the Kolwezi Tailings project on favourable terms. However,

after we explained that we prohibit corrupt payments, that title to the Kolwezi Tailings project had never passed to Anglo American and there had only been a rephrasing of the licence payments attaching to the projects, not an overall reduction, the panel declared the case resolved and removed Anglo American from its list. We have expressed our reservations to the United Nations Secretary General about lack of due process, including not providing an opportunity for misinformation to be corrected.

COLOMBIA

We have, since February 2002, held a one third interest in the Cerrejón Coal operations in Colombia. The operation has an independent management. In 2001, a number of households were evicted, through due process of law, to make way for mining on the site of the village of Tabaco.

Owners of all but 18 of 192 properties had agreed compensation arrangements. These 18 cases are still the subject of appeals to establish the value of compensation that should be paid. A final judgement is expected in the first half of 2004. Cerrejón Coal continues to offer compensation higher than that originally awarded by the court and hopes that these issues can be resolved.

There has, in parallel, been a judgment against the local municipality that it should provide housing and other support for some of the Tabaco families. This process has been subject to significant delays. Cerrejón Coal has, however, contributed land to support the municipality in fulfilling the court ruling.

In relation to human rights issues arising out of the broader political/security situation in Colombia, we have given

support to the actions of local management.

These have included seeking to align the operation's security practices with the Voluntary Principles on Security and Human Rights.

Under the auspices of Cerrejón, an agreement has been reached between the Colombian defence ministry and the Inter-American Institute for Human Rights. This provides for training in human rights and international humanitarian law for local security forces. It includes the development of an operational manual on human rights to guide all military and police units within Cerrejón's area of influence.

Cerrejón Coal continues to invest in projects that benefit the local population, including an investment in developing small business management skills and educational projects. An educational resource centre comprising science and computer laboratories was built in Fonseca to serve schools in seven local municipalities, which have a population of 73,000 people.

APARTHEID LITIGATION

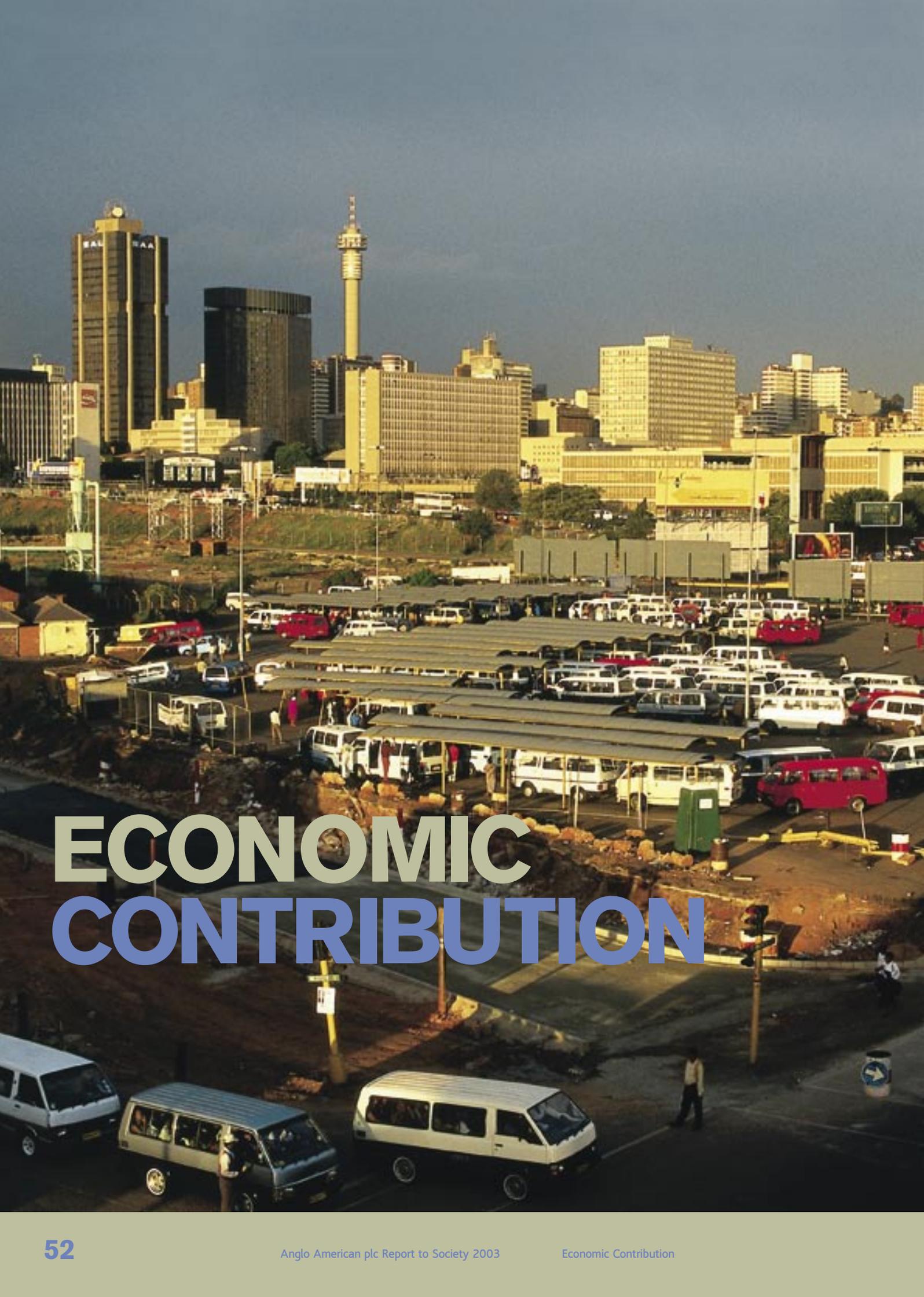
We are one of many international companies named as defendants in some of the dozen or more class action complaints filed in the United States over the apartheid government and related issues in South Africa. The US courts heard arguments in November 2003 but have yet to rule as to whether these cases should come to trial in the United States. The ruling could be subject to appeal, making any conclusive developments before 2005 unlikely. The South African government has stated its belief that these matters would be best resolved in South Africa. We believe these cases are without merit and intend to contest them vigorously.

ZIMBABWE

We have had a long-standing presence in Zimbabwe and a strong commitment to the welfare of our employees and the communities associated with our operations.

Despite reported abuses of human rights and the challenges of working in the country, we remain a positive influence around our operations in the areas of food provision, education and HIV/AIDS programmes.

A dispute arose in respect of ownership of sugar cane delivered to our Hippos Valley operation for processing. This has been the subject of legal proceedings and protracted negotiation involving the original and resettled farmers. It is hoped that an equitable settlement will be reached in 2004.



ECONOMIC CONTRIBUTION

ADDING ECONOMIC VALUE

The economic pillar is central to sustainable development. Yet sometimes a company's economic contribution is equated with financial profitability alone. Profitability is essential and is seen as a measure of the efficiency with which our financial capital is used. However, our economic contribution extends far beyond the profits we generate and can be divided into

- value added in the course of production and the wider effects of these activities (for example, through payments to suppliers and multiplier effects) and through investments in staff development, technology transfer and investment
- the value to society of our products, which are used in the manufacture of goods that underpin our way of life and for which there are few ready substitutes.

Value added consists of the difference between the value we receive for the sale of our products and the cost of the materials required for production. It therefore represents a measure of the value which we have added to these bought-in factors through the process of production. Group value added totalled \$7.8 billion for 2003. We have followed the established practice of including depreciation in our calculation of the value added, which allows for a direct comparison with the gross domestic product of the countries in which we are located. The changes in the regional distribution of value added between

2002 and 2003 (see graph) are principally the result of acquisitions made in Europe (including Russia) and South America, but also illustrate the continuing commitment to the African region. Please refer to the Anglo American Report to Society 2002 and the value added table on our website for further details. Value added is distributed amongst a number of groups:

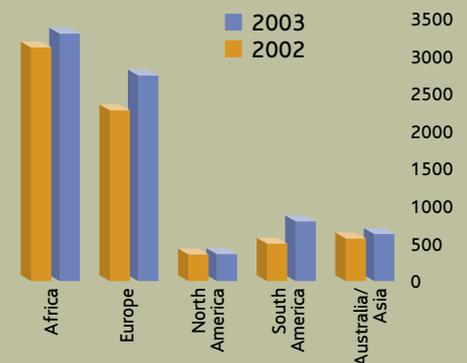
INVESTORS

Dividends and interest on loans represent returns to investors and ensure that financial capital is available to us. Over three quarters of our shareholders are resident in Europe (45%) and South Africa (32%) and the majority of shares is held by institutions, including pension and insurance funds.

EMPLOYEES

Well-paid employment is one of the biggest challenges for developing countries. We employ 135,000 people in Africa and 7,000 in South America out of a total employment of 193,000 people in both managed operations and independently managed subsidiaries. The distribution of benefits graph shows payments for wages and salaries, social security costs, post-retirement healthcare costs and pension plan costs. Further value is added through training, an investment in human capital that benefits both the employer and employees by increasing their scope to find alternative meaningful employment.

VALUE ADDED \$m

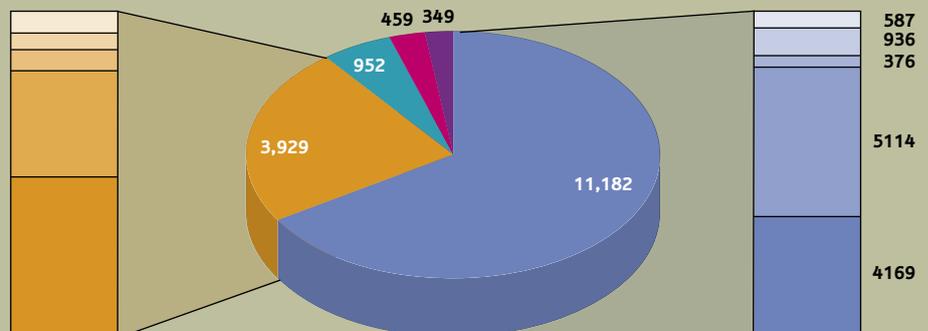


Multinational companies play a critical role in transferring technology to developing countries and their citizens. Training in the use and maintenance of technologically advanced processes and equipment is thus vital to embed technological understanding. Our new zinc mine and refinery at Skorpion in Namibia and our new phosphate plant at Catalão in Brazil illustrate the way in which extractive industry operations can build business and technological capacities in a developing country.

EMPLOYEES \$m

266
199
251
1277
1936

DISTRIBUTION OF ECONOMIC BENEFITS \$m



SUPPLIERS \$m

587
936
376
5114
4169

Left: Adding economic value to the societies in which we operate is central to our approach to sustainable development. This is not only through the processing of natural resources but also through the multiplier effects of wages and taxes, payments to governments and suppliers and returns to investors

- Australia/Asia
- South America
- North America
- Europe
- Africa

- Suppliers
- Employees
- Dividends
- Interest
- Company tax

- Australia/Asia
- South America
- North America
- Europe
- Africa

GOVERNMENTS

Our activities resulted in tax payments of \$1,743 million in 2003, of which approximately 45% was to governments of developing countries. The total includes all taxes, of which the most significant are company taxes, payments for licences and permits, royalties, employee taxes and social security contributions, and customs duties. It is therefore a broader account of payments than that indicated by the payments of company tax alone shown in the pie chart. These taxes make an important contribution to government revenue in countries where we have a significant presence.

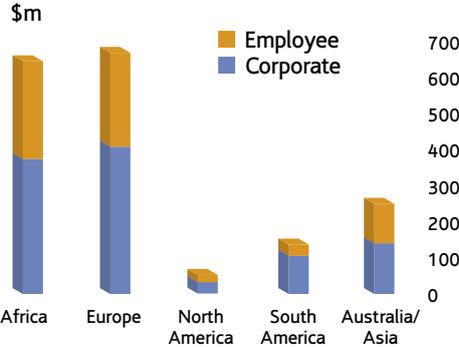
PAYMENTS TO SUPPLIERS

Current payments to suppliers amounted to \$11.2 billion in 2003. The increase in payments to suppliers in Africa reflects both the stronger Rand and the investments being made principally at Anglo Platinum and Anglo Base Metals. Natural resource industries tend to be very capital intensive and many supplier payments are made for sophisticated equipment and productive inputs such as front-end loaders, steel cables, information systems and electrical power. Nevertheless, a significant amount of procurement can be sourced locally or within the country of operation. We actively encourage the formation and development of local suppliers thereby increasing the proportion of value that is retained in the local economy. The development of local productive capacity represents one of the most enduring ways in which our operations can contribute to sustainable development at the local level. Some of our activities in this area are detailed in the Society section of this report (see pages 40-41).

INVESTMENT

In addition to the economic benefits created through the process of adding value, we spent over \$3 billion of new capital in order to continue and expand this process. The pie chart shows the heavy expenditure of capital in Africa, principally on the Anglo Platinum expansion programme. Suppliers benefit from this spending over and above the \$11.2 billion for operating expenses.

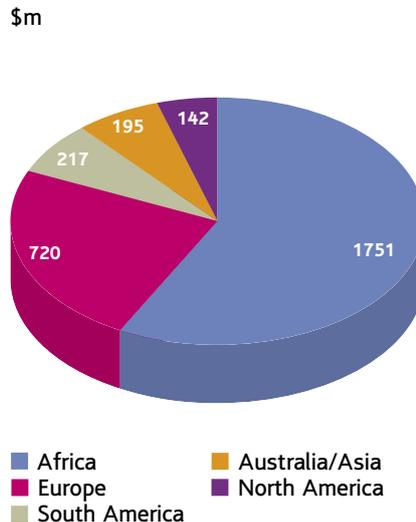
TAXES AND OTHER PAYMENTS TO GOVERNMENT



LARGEST TAX AND RELATED PAYMENTS TO GOVERNMENTS

South Africa	606
UK	383
Australia	231
Russia	94
Brazil	84
France	54
Germany	35
Chile	34
Canada	25
Mali	24
Others	173
Total	1,743

CAPITAL EXPENDITURE



TECHNOLOGY TRANSFER AND SKILLS DEVELOPMENT AT SKORPION ZINC IN NAMIBIA

On reaching full production in 2004, the recently commissioned Skorpion Zinc mine and refinery in Namibia will contribute some 4% to the Namibian gross domestic product. Namibia is an arid country with a population of only 1.7 million and mineral resources constitute its principal source of economic development opportunities. The refinery employs state-of-the-art technologies for processing ore that is not amenable to conventional processing techniques. This technology presents significant human resource challenges in a country with a small pool of technically qualified people. The establishment of a corps of skilled mining and metallurgical professionals and artisans will be key to unlocking the mineral potential of Namibia and for increasing the benefits to the local and national economies. Skorpion has established a comprehensive training programme to meet the challenge. The 2003 training budget of N\$7.5 million (\$1 million) amounts to

N\$12,500 (\$1,650) per employee and represents 11% of wage costs. It includes:

- 22 Namibian students studying engineering at African universities to provide a feedstock of top local engineers to replace expatriates (who currently number 58 out of a total employee workforce of 600)
- 26 vocational scholarships for artisans at the Namibian Institute for Mining and Technology. It is expected that this level of training expenditure will be maintained for 15 years
- Thorough theoretical and practical technical training for all operators and induction into safety, health, environmental and industrial relations procedures. A 1:1500 scale model of the plant was built for training purposes and groups of operators were sent to plants in South Africa and Belgium for good practice operational exposure
- Training for unskilled individuals in activities such as brick making, woodwork, construction, welding and sewing.

Below: The electromechanical laboratory at the SENAI training institution in Catalão, a Copebrás social investment project

Above: Skorpion Zinc production managers Terence van Zyl and Siyanda Khanyeze (left front) with a group of trainee operators proudly displaying the first metal produced in the training plant



GOIÁS PHOSPHATE PROCESSING PLANT CONTRIBUTES TO REGIONAL ECONOMY

In 2003, Anglo Industrial Minerals opened a new phosphate plant at Catalão in Brazil's Goiás State to cater for the growing domestic demand for phosphate fertilisers. In addition to taxes and direct benefits to the regional economy, the project has created direct and indirect employment, raised educational standards and been a catalyst for investment in the local community.

Copebrás were provided with 122,153 hours of theoretical and practical training and 22,618 hours of safety training. A chemical processes operators' course was sponsored through the Brazilian professional development institution, SENAI, to raise technical competencies to the required levels. Of the 160 operators that qualified, 40 are employees and 120 are from the local community.

Educational tours of the plant are encouraged, and over 1,000 visitors have toured the operation since its opening.

The project created jobs for 1,300 indirect employees plus 140 engineers and technicians during the two-year construction and assembly period. A further 228 employees were hired full-time and approximately 700 third-party jobs were created.

The local work force is poorly educated, especially in the technical skills required for the efficient operation of a modern minerals processing plant. As a result, in addition to the Back to School programme (see page 21), the staff and contractors at

Social investment programmes which were financed by BNDES, the National Development Bank, were undertaken at a cost of \$450,000. These included the construction of a day-care centre with capacity for 350 children, an integrated women's health medical centre, and a 12,400m² sports and leisure centre. Equipment was provided for nursing, accountancy and electromechanical courses at educational facilities and assistance was given to an old-age centre.



BASIS OF REPORTING

The basis we use to report our SHE performance indicators, economic indicators, corporate social investment statistics and the operational dimensions of social programmes is outlined on page 5 of this report. We include performance data for managed operations from the date of acquisition, or up to the date of divestment, unless otherwise stated. The financial data outlined on the inside front cover of this report is derived from our audited Annual Report and Accounts.

Our managed operations are those in which Anglo American has full authority to introduce, implement and control the Group's SHE Policy, Management and Business Principles. The following were exceptions to the basis of reporting during 2003 as they only reported safety data: Mondi Packaging in the United Kingdom, Ireland and France; Mondi Recycling; and Scaw Moly-Cop in Zimbabwe, the Philippines and Mexico. They will report environmental data from 2004.

The exclusion of data from these operations is unlikely to impact significantly on the presentation of the Group's environmental performance. A list of our managed operations is found in the data tables at the back of the report. We report performance data from managed operations on a 100% basis, even where our financial interest is less.

PRESENTATION

SHE data are collected using our corporate SHE database. The tools and guidelines developed by the WRI/WBCSD Greenhouse Gas Protocol have been used as the basis for reporting the Group's greenhouse gas emissions. Please refer to our Glossary on pages 62-3 and to references in the body of the report for further information on specific definitions.

COMPARABILITY

The comparability of our SHE data is affected by changes to the portfolio of managed operations, by changes in the methodology for determining certain data and improvements in data collection systems, such as more consistent interpretation of definitions and use of better estimates. Where significant, these impacts are discussed within the main body of the report under the respective SHE performance indicators. In summary, the performance indicators impacted were:

- Environmental incidents: improved awareness of incident reporting and greater clarification of the definition has resulted in better capture of environmental incidents in 2003 compared to previous years
- CO₂ emissions from processes: CO₂ emissions from biomass sources have been excluded in 2003 (please refer to page 25 for our explanation). This results in a 1.2 million tonnes decrease in reported CO₂ emissions from processes at Mondi Kraft.
- The lack of reliable and accurate methodologies for measuring methane emissions from methane venting at Moura in Australia, which impacts the completeness of the Group's reported methane emissions. This is estimated as being 520,000 tonnes
- It is an ongoing challenge to obtain complete and accurate contractor safety information. This has a minor impact on the accuracy of the Group's LTIFR, but not on the trends in safety performance
- SO₂ emissions data are obtained from both mass balances and measurements. Group reported SO₂ emissions exclude emissions from fossil fuels. These will be captured for 2004 onwards
- CO₂ emissions from processes occurring at Mantos Blancos, Los Bronces and El Soldado operations are currently excluded from the data. These emissions occur as a result of the consumption of sulphuric acid in the heap leaching process and are unlikely to represent a material omission from the Group's data reported here.

RESTATEMENT

During 2003, the following events led to restatement of the 2002 data:

- an error in the scope of reporting for Frantschach Czech has resulted in an increase of 18 million m³ of water used for primary activities
- data errors in capturing environmental incidents by Scaw Metals resulted in a reduction of 5 level 2 incidents
- minor improvements in calculation methodologies (details are contained in the footnotes of the data tables on pages 58-61).

LIMITATIONS

Over time, our SHE and Business Principles management and information systems have evolved as we continue to improve the reliability and comparability of our performance data. However, there are still a number of limitations that we are working to improve. These include:

- A number of our mine sites have multiple water sources and significant recycling. Water use is therefore not always reported completely or accurately
- The lack of reliable and accurate methodologies for measuring methane emissions from our open cast mines in South Africa, which limits the accuracy of the Group's reported methane emissions
- CO₂ emissions from coal seam venting and spontaneous combustion from our mines in South Africa are not reported due to the lack of reliable and accurate methodologies, which impacts the completeness of the Group's reported CO₂ emissions from processes

INDEPENDENT ASSURANCE

We asked KPMG to select and review certain of our 2003 Group safety and environmental performance indicators and again they were able to provide an unqualified conclusion. This is the fourth year that KPMG have been asked to do this review and recommendations arising out of this annual assurance process have helped us in our journey towards sustainable development.

KPMG selected the following Group performance indicators to review:

- Fatal injuries
- Lost Time Injury Frequency Rate
- CO₂ emissions from processes, fossil fuels and purchased electricity
- Total energy used
- SO₂ emissions from processes
- Environmental incidents (Levels 1, 2 and 3)
- Water used for primary activities

In making this selection, KPMG considered our key SHE risks, the indicators most relevant to management and stakeholder decision-making processes and used their experience of our SHE reporting systems and processes.

Their initial selection also included our data on methane emissions and sulphur dioxide emissions from fossil fuels. However, as we are in the process of developing a measurement methodology for methane emissions from open cast coal mines in South Africa, they were not in a position to review these. As the majority of our operations were unable to provide full data on SO₂ emissions from the combustion of fossil fuels, KPMG were also unable to review these.

KPMG selected nine sites for review based on a range of risks and issues that influence reporting in a geographically and operationally diverse organisation like ours, and they met with our divisional and Group SHE management on a regular basis throughout the year.

We also asked KPMG to review the reliability of the assertion we have made regarding our Community Engagement Plan (CEP) target to have CEPs in place at over 90% of our significant operations by the end of 2003.

FULL ASSURANCE REPORT

KPMG's independent assurance report, which outlines what they have been asked to do by us, our respective responsibilities, the basis of their work, the scope of their reviews, the work they performed and the conclusions they reach, can be found on our website at www.angloamerican.co.uk/susdev/reports.

DATA FOR MANAGED COMPANIES

FOR THE YEAR ENDED 31 DECEMBER 2003

	CO ₂ from processes and fossil fuels ^a	CO ₂ from electricity purchased ^b	Total energy used ^c	Land utilised by operations	Water used for primary activities	Tonnes mined/ tonnes milled ^d	Coal mine methane, CO ₂ equivalent
	'000 tonnes	'000 tonnes	'000 GJ	ha	'000 m ³	'000 tonnes	
Anglo Platinum							
Bafokeng Rasimone Platinum Mine	5	234	1,021	950	2,160	2,481	
Lebowa Platinum Mine	4	173	762	282	3,628	1,535	
Potgietersrust Platinums	74	268	2,080	1,847	3,334	4,465	
Precious Metals Refiners	1	46	196	32	165	na	
RPM Amandelbult Section	17	566	2,518	825	8,177	6,956	
RPM Rustenburg Section	12	1,105	4,631	2,194	8,157	12,227	
RPM Union Section	36	635	2,992	1,870	3,993	5,882	
RPM Waterval Smelter	96	656	3,728	57	727	na	
Polokwane Smelter	22	197	1,033	728	261	na	
Rustenburg Base Metals Refiners	124	189	2,076	145	520	na	
Totals for 2003	390	4,073	21,052	8,934	31,138	33,545	
Totals for 2002	313	3,565	18,095	8,113	31,928	30,865	
Anglo Coal							
							'000 tonnes
Anglo Coal Australia							
Callide	54	71	905	2,121	662	8,648	17
Dartbrook	293	69	305	734	801	4,094	426
Drayton	61	29	740	1,089	462	5,043	9
German Creek	47	173	848	4,062	3,606	6,232	1,670
Moranbah North	12	89	358	641	1,324	4,714	173
Moura	66	154	1,352	6,121	867	6,962	0 ^f
Anglo Coal South Africa							
Bank	2	68	310	846	560	4,781	94
Goedehoop	4	149	656	1,233	818	7,946	169
Greenside	3	44	226	394	565	4,747	26
Kleinkopje	37	113	961	2,377	204	7,662	15
Landau	10	69	412	1,388	166	5,721	11
Kriel	14	79	514	2,027	561	11,080	80
New Denmark	4	76	366	3,426	334	4,317	192
New Vaal	42	113	1,030	2,146	231	17,059	33
Totals for 2003	650	1,298	8,985	28,606	11,162	99,008	2,915
Totals for 2002	601	1,071	7,691	21,059	13,327	86,664	3,090

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

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

^c Total energy used is calculated from electricity purchased and fossil fuels consumed.

^d For Anglo Platinum and Anglo Base Metals figures are tonnes milled; for Anglo Coal figures are tonnes mined.

^e These data are not the same as reported in 2002 due to data refinements during 2003.

^f Emissions are believed to be approximately 520,000 tonnes. However, data collected are subject to material error and will be refined in 2004.

^{na} Not applicable * Not available

NOTE: In some instances the exclusion of data from minor contributors will result in the totals not being equal to the sum of the listed units.

On page 30, the total for water used for primary activities includes head and regional offices.

Additional tables, including our greenhouse gas inventory and our GRI index, are available on our website www.angloamerican.co.uk/susdev/reports

	CO ₂ from processes and fossil fuels ^a	CO ₂ from electricity purchased ^b	Total energy used ^c	Land utilised by operations	Water used for primary activities	Tonnes mined/tonnes milled ^d
	'000 tonnes	'000 tonnes	'000 GJ	ha	'000 m ³	'000 tonnes
Anglo Base Metals						
Mantos Blancos	74	80	1,893	2,081	3,713	8,762
Mantoverde	49	58	1,309	722	2,656	9,024
El Soldado	42	80	1,469	904	3,335	7,112
Los Bronces	84	211	3,518	4,700	21,728	19,365
Chagres	47	43	1,120	40	1,289	529
Bindura Nickel Corporation	24	123	765	869	847	850
Codemin	93	10	2,372	1,142	2,260	564
Loma de Níquel	464	133	9,524	240	2,652	1,211
Catalão	2	1	122	205	3,743	559
Namakwa Sands	148	540	2,900	2,036	7,461 ^e	14,988
Hudson Bay	209	11	6,162	3,396	9,207	2,129
Skorpion	9	263	1,187	441	1,859	4,638
Black Mountain	8	130	629	929	2,143	1,445
Lisheen	4	89	500	406	36	1,520
Totals for 2003	1,256	1,771	33,472	18,111	62,935	72,698
Totals for 2002	1,571	2,391	35,386	31,598	70,275	49,115

	CO ₂ from processes and fossil fuels ^a	CO ₂ from electricity purchased ^b	Total energy used ^c	Land utilised by operations	Water used for primary activities
	'000 tonnes	'000 tonnes	'000 GJ	ha	'000 m ³
Anglo Industrial Minerals					
Copebrás	66	6	1,760	135	6,245
Steetley Iberia	11	5	191	80	4,152
Tarmac (Central Europe)	10	23	298	1,480	336
Tarmac (China)	16	3	222	9	55
Tarmac (France)	6	2	155	121	708
Tarmac (Middle East)	30	6	429	75	262
Tarmac UK	1,209	166	11,076	9,066	22,733
Totals for 2003	1,348	210	14,131	10,966	34,490
Totals for 2002	1,311 ^f	212	13,564 ^f	11,426	42,471

Anglo Ferrous Metals					
Highveld Steel	3,439	2,821	39,834	1,870	8,705
Scaw Group	833	728	14,488	164	1,971
Zimbabwe Alloys	58	115	1,060	962	174
Totals for year 2003	4,330	3,664	55,383	2,996	10,850
Totals for year 2002	4,696 ^f	3,971	60,777 ^f	2,849	11,188

Anglo Industries					
Amfarms	0	2	9	0	24
Boart Longyear	58	44	1,011	45	352
Hippo Valley	11	10	198	5,221	177,957
Totals for 2003	70	57	1,218	5,266	178,333
Totals for 2002	11	30	416	71	212

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

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

^c Total energy used is calculated from electricity purchased and fossil fuels consumed.

^d For Anglo Base Metals figures are tonnes milled; for Namakwa Sands, Skorpion and Catalão figures are tonnes mined.

^e Water used for primary activities at Namakwa Sands included 67% of sea water.

^f These data are not the same as reported in 2002 due to data refinements during 2003.

^{na} Not applicable * Not available

NOTE: In some instances the exclusion of data from minor contributors will result in the totals not being equal to the sum of the listed units.

On page 30, the total for water used for primary activities includes head and regional offices.

DATA FOR MANAGED COMPANIES

FOR THE YEAR ENDED 31 DECEMBER 2003

	CO ₂ from processes and fossil fuels ^a	CO ₂ from electricity purchased ^b	Total energy used ^c	Raw material used	Water used for primary activities	Particulate emissions
	'000 tonnes	'000 tonnes	'000 GJ	'000 tonnes	'000 m ³	tonnes
Anglo Paper and Packaging						
Mondi Limited						
Kraft						
Felixton	81	56	1,094	158	2,139	0
Piet Retief	130	74	1,673	165	903	353
Richards Bay	581	215	7,347	2,000	31,141	576
Silvace	1	11	59	2,035	170	n/a
Paper						
Merebank	441	862	8,419	920	12,854	26
Forests	0	7	31	46	32	15
Mining Supplies	2	3	32	488	10	n/a
Mondipak	28	28	490	201	220	0
Cartonboard						
Springs	128	103	1,783	176	1,642	130
Mondi Europe						
Mondi Packaging Europe	11	6	159	123	86	99
Neusiedler						
Dunaújváros (Hungary)	0	24	187	68	1,441	0
Szolnok (Hungary)	87	27	1,752	100	2,747	0
Ybbstal (Austria)	175	21	3,508	443	7,412	0
Hadera (Israel)	0	55	249	96	757	n/a
Ružomberok (Slovakia)	336	12	6,119	937	27,017	166
Syktvykar (Russia)	1,632	0	28,908	1,194	143,898	2,284
Frantschach Swiecie						
Pulp and Paper						
Sweden (Dynas)	1	7	616	0	16,944	0
Austria (Patria)	25	3	360	412	29,579	82
Czech (Sepap)	490	108	6,051	1,408	39,773	108
Swiecie	665	132	7,742	1,716	21,427	342
Totals for 2003	4,815	1,756	76,580	12,685	340,190	4,181
Totals for 2002	5,222	1,904	64,081	11,311	240,168	3,522

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

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

^c Total energy used is calculated from electricity purchased and fossil fuels consumed.

^{na} Not applicable * Not available

NOTE: In some instances the exclusion of data from minor contributors will result in the totals not being equal to the sum of the listed units.

On page 30, the total for water used for primary activities includes head and regional offices.

Additional tables, including our greenhouse gas inventory and our GRI index, are available on our website www.angloamerican.co.uk/susdev/reports

	Solid waste generated	Waste water discharged	COD in waste water	AOX in waste water	TSS in waste water	Production for 2003 ^a	Production for 2002 ^a
	tonnes	'000 m ³	tonnes	tonnes	tonnes	'000 units	'000 units
Anglo Paper and Packaging (continued)							
Mondi Limited							
Kraft							
Felixton	74,268	1,670	40,149	n/a	8,423	102	102
Piet Retief	12,864	696	3,497	na	822	129	124
Richards Bay	71,143	26,563	37,917	102	7,833	595	535
Silvancel	23,704	141	n/a	n/a	n/a	2,122	1,648
Paper							
Merebank	180,113	11,263	9,868	n/a	1,112	507	518
Forests	0	0	0	n/a	0	56	127
Mining Supplies	468	n/a	n/a	n/a	n/a	159	143
Mondipak	2,218	162	306	n/a	n/a	298	300
Cartonboard							
Springs	26,790	1,221	2,631	n/a	86	139	132
Mondi Europe							
Mondi Packaging Europe	158	57	0	0	0	153	142
Neusiedler							
Dunaújváros (Hungary)	280	1,444	1,646	0	1,045	85	81
Szolnok (Hungary)	2,933	2,134	1,280	0	240	125	118
Ybbstal (Austria)	416	5,408	2,772	0	234	378	393
Hadera (Israel)	*	771	928	0	2,016	126	122
Ružomberok (Slovakia)	27,594	27,007	3,513	*	259	547	656
Sykytyvkar (Russia)	54,832	77,621	12,561	*	1,025	1,371	719
Frantschach Swiecie							
Pulp and Paper							
Sweden (Dynas)	0	11,403	3,771	0	712	185	196
Austria (Patria)	4,919	37,463	346	0	66	263	254
Czech (Sepap)	17,579	34,001	4,064	17	736	421	302
Swiecie	0	17,591	1,437	0	408	737	690
Totals for 2003	500,279	256,616	126,686	119	25,017		
Totals for 2002	467,251	188,313	122,191	431	25,898		

	Land under company charge	Total land area planted	Total grasslands and wetlands area
	ha	ha	ha
Anglo Paper and Packaging (continued)			
South Africa and Europe			
Totals for 2003	516,252	293,994	102,410
Totals for 2002	538,980	319,873	85,446

^a Products are as follows: Richards Bay – pulp and packaging papers (tonnes); Felixton and Piet Retief – corrugating papers (tonnes). Silvancel – wood chips (tonnes); Merebank – graphic papers (tonnes); Mining Supplies – wood chips and mining timber (tonnes). Springs – packaging board (tonnes).

Forests – lumber (m³) and woodchips (tonnes); Mondipak – corrugated boxes (1000 m³).

Mondi Packaging Poland – corrugated packaging (1000 m³); Neusiedler – market pulp, graphic and packaging papers (tonnes); Frantschach – pulp, and packaging papers (tonnes).

^{na} Not applicable * Not available

NOTE: In some instances the exclusion of data from minor contributors will result in the totals not being equal to the sum of the listed units.

On page 30, the total for water used for primary activities includes head and regional offices.

GLOSSARY

TERM	DESCRIPTION
ABET	Adult basic education and training
AIDS	Acquired Immune Deficiency Syndrome
ART	Antiretroviral therapy
BAP	Biodiversity action plan
BBS	Behaviour-based safety
CBO	Community-based organisation
CDM	Clean development mechanism
CH ₄	Methane
COD	Total quantity of chemical oxygen demand
CO ₂ emissions from fossil fuels	Carbon dioxide emissions calculated by applying conversion factors to fuel usage volumes
CO ₂ emissions from electricity	Calculated quantity of carbon dioxide emitted in the generation of electricity, which is subsequently purchased by a business unit. Country specific conversion factors are used in the calculation
CO ₂ emissions from processes	Carbon dioxide emissions from point or fugitive sources, excluding: <ul style="list-style-type: none"> • carbon dioxide from coal seam gas venting and spontaneous combustion from Anglo Coal South Africa • carbon dioxide from biomass sources relevant to Paper and Packaging • carbon dioxide from the consumption of sulphuric acid in the leaching process relevant to Base Metals refining processes
CO ₂ (e)	Carbon dioxide equivalents, which enable the comparison of the impact of various greenhouse gases using CO ₂ as a benchmark, thereby facilitating impact assessment and trading
Contractor	A contractor is any non-Anglo American person who is on Anglo American premises under contract for business purposes or anyone providing materials, personnel or services that directly benefit Anglo and relate to a contract or sub-contract
Controlled activities	Activities for which the managed operating company can set SHE standards and directly supervise and reinforce their application
CSLF	Carbon Sequestration and Leadership Forum
dB(A)	Decibels on the A-weighting scale, a frequency-weighted noise unit widely used for traffic and industrial noise measurement. The A-weighting scale corresponds approximately to the frequency response of the ear and thus correlates well with loudness
EBMS	Electronic business management system
EITI	Extractive Industries Transparency Initiative
Environmental incidents	Environmental incidents are classified as either: <ul style="list-style-type: none"> • Level 1: minor impact, short-term effect • Level 2: moderate impact, medium-term effect • Level 3: significant impact, extensive or long-term effect
Fatal injury	The death of an employee or contractor resulting from a work-related injury
FBO	Faith-based organisation
FIETA	Forestry industry education and training authority
FSC	Forest Stewardship Council
GBC	Global Business Coalition on HIV/AIDS, an NGO dedicated to enhancing the business response to HIV/AIDS
GHG	Greenhouse gas
GRI	Global Reporting Initiative
HAWS	Hand/arm vibration syndrome
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
ISO 9001	A quality management systems standard published by the International Standards Organisation

TERM	DESCRIPTION
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 on the day 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 per 200,000 hours worked
Managed companies	Companies in which Anglo American has management control. These companies are individually responsible and accountable for managing SHE matters associated with their operations
Methane emissions	Quantity of methane generated and emitted to atmosphere from point sources and fugitive emissions, as a result of coal mining activities
NGO	Non-government organisation
NIHL	Noise-induced hearing loss
NOSA	The international NOSA integrated 5-star system provides an auditing and certification service in occupational health and safety risk management. Star ratings, awarded according to an operation's level of compliance with NOSA standards, range from 1 (fair) to 5 (excellent)
NOSCAR	NOSA's 'Oscar', or top award, judged annually from the ranks of the best performers in industry and mining. These awards are made to NOSA graded companies with excellent occupational SHE standards that have achieved at least 95% of the NOSA 5-star system objectives
NO _x	Nitrogen oxides
OEL	Occupational exposure limit
OHSAS 18001	Occupational health and safety assessment series (specifications for occupational health and safety management systems)
OTTO	Zero tolerance towards unsafe working practices and target zero for fatal injuries
Restricted Work Case (RWC)	An occupational injury which renders the person able to return to work but unable to carry out his/her regular duties (light duty or light work)
SAHRA	South African Heritage Resources Agency
SEAT	Socio-economic assessment toolbox
SDCEA	South Durban Community Environmental Alliance
SKEP	Succulent Karoo Ecosystem Programme
SHE	Safety, health and environment
SHEQ	Safety, health, environment and quality
SO ₂ emissions from fossil fuels	Sulphur dioxide emissions from the combustion of fossil fuels
SO ₂ emissions from processes	Sulphur dioxide emissions from point sources or fugitive emissions
Total energy used	Calculated from electricity purchased, biomass, charcoal and fossil fuels consumed
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
WEHAB	Water, energy, health, agriculture and biodiversity, the focus areas that emerged from the World Summit on Sustainable Development
WHO	World Health Organisation
Work-related incident	Work-related incidents from controlled activities are reported. An incident is considered work-related if an event or exposure in the work environment caused or contributed to the incident in any way. The work environment includes the employer's premises and any other locations where employees go to perform work-related activities in the interest of the employer

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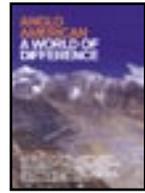
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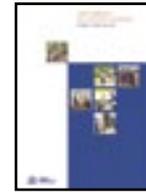
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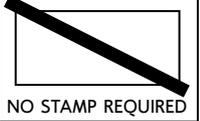
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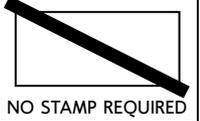
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COVER STORY

Skorpion Zinc, in the south-western corner of Namibia, lies within the Succulent Karoo biome, the only arid to semi-arid region listed in the world's top 25 biodiversity hotspots. The mine and refinery are located on the eastern edge of the Sperrgebiet or 'forbidden zone' that has prohibited access since 1908 when the first diamonds were discovered on the coast near Luderitz. Because of these restrictions on access, the area has remained virtually untouched for the past 100 years. The environmental scientists at Skorpion Zinc have ensured that as much as possible of this incredible biodiversity seed bank and the habitats of the many endemic vertebrates and invertebrates have been preserved for future generations. In particular, this is achieved through careful project development and restrictions on off-road driving.

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