

ANGLO AMERICAN

TOWARDS SUSTAINABLE DEVELOPMENT

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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 forest products, as well as financial and technical strength. The Group is geographically diverse, with operations in Africa, Europe, North and South America, Australia and Asia.

This report, for the calendar year 2002, focuses on the safety, health and environmental performance of our managed operations, their performance with regard to our 'Good Citizenship' principles and the operational dimensions of their social programmes. In addition, we include the economic contributions and corporate social investment for our managed companies and the Group as a whole, which includes 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 worldwide mining and natural resource interests are on pages 10 and 11. A full list of managed operations is in the data tables commencing on page 47.

The scope of our report and our key performance indicators were affected during 2002 by changes in our portfolio and enhancements in data reliability and comparability.

Our key portfolio activities during 2002 were the disposal of our interests in Konkola Copper Mines in Zambia and Cleveland Potash in the United Kingdom, the move of our Cerrejón coal interests in Colombia to an independently managed joint venture following the sale of Interco's stake in the Cerrejón Norte operations, the inclusion of further data from Boart Longyear, and the acquisition of Neusiedler Syktyvkar in Russia, Mondi Packaging in Ireland and certain assets of La Rochette in France, Belgium and the UK, Disputada in Chile, Moura coal in Australia and the Moly-Cop interests. Further, our niobium producer, Mineração Catalão in Brazil, has been moved from the Ferrous Metals division to the Base Metals division.

The material impacts of these portfolio activities and data refinements are explained, where appropriate, throughout the report.

The tables commencing on page 47 provide environmental and production data for individual operations, thereby allowing a comparison of performance over time at the operational level. We have normalised the data per unit of production, where possible. This year's data are more comprehensive and robust and give a more accurate reflection of our environmental performance.

Throughout this report, values are expressed in US dollars using the currency sign \$. The following average exchange rates for the period are applied: SA Rand 10.48, Sterling 0.67, Euro 0.94 and Australian dollar 1.84.

CORPORATE GOVERNANCE AND MANAGEMENT SYSTEMS

The most notable change in the Anglo American board and board committees was the appointment of Sir Mark Moody-Stuart as chairman on 1 December 2002, succeeding Julian Ogilvie Thompson. Sir Mark has a long interest and distinguished record in the field of sustainable development. Three new independent non-executive directors, David Challen, Fred Phaswana and Professor Karel Van Miert, joined the board, replacing one independent director and one non-independent non-executive director. Our board now comprises ten non-executive directors (of whom seven are deemed to be independent) and four executive directors. Further details are available in our Annual Review and Report available on www.angloamerican.co.uk.

We have adopted a formal policy on external auditors' independence. This is designed to achieve integrity, accountability and transparency in the relationship with the external auditors. A comparison of our current practice against the Smith Report on the role of auditors has been undertaken. This highlighted only minor areas of non-compliance, which are being addressed. Changes to the role of certain non-executive directors, in line with the requirements of the Higgs Report, are referred to in the Chairman's Statement in the Annual Review and in the Corporate Governance section of the Annual Report.

The board adopted, and monitors implementation of, the 'Good Citizenship' principles, which set out our values and principles and commitments to human rights. These have now been rolled out across all but our most recently acquired managed operations. Compliance is underpinned by a system of divisional Letters of Assurance. The board reviews the full range of risks faced by our managed operations under its Turnbull Report procedures, and receives a quarterly report on social and ethical issues in addition to the quarterly report submitted to our Safety, Health and Environment (SHE) Committee. The board attaches the highest priority to securing continuous improvement in our safety performance. Its SHE Committee provides assurance and direction on SHE matters. The individual operating companies are responsible and accountable for managing SHE matters associated with their own operations.

Our SHE policy unit provides professional support to the SHE Committee and leadership on policy implementation. Divisional SHE committees, supported by SHE co-ordinators, mirror the corporate structure.

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*
 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
 Sir Mark Moody-Stuart
 A J Trahar
 B E Davison
 R M Godsell
 G Lindahl
 W A Nairn
 Sir David Scholey (with effect from 25 April 2003)

OUR PROGRESS TOWARDS SUSTAINABLE DEVELOPMENT REPORTING

	1999/2000	2001	2002	2003	2004	2005
Introduction of corporate policies and guidelines	SHE Policy and Management Guidelines.	'Good Citizenship': Our Business Principles. Development of climate change policy and biodiversity guidelines.	Safety Golden Rules. Development of occupational health management guidelines and community engagement guidelines.	Development of social assessment guidelines. First set of sustainable development indicators.	Refining of sustainable development indicators.	Integration of sustainable development principles into strategic planning and business decisions.
Approach to public reporting	Reporting primarily against SHE Policy.	Increasing focus on our communities and corporate governance.	First report covering both SHE and our Business Principles.	Increasing integration of financial, social and environmental reporting.	Increased emphasis on public reporting by divisions and operations.	



At Anglo American, we are committed to integrating sustainable development principles into the way we do business. We place great emphasis on safety, health and environment and the governance and value foundation which make aspiring to sustainable development realistic. This report is evidence of the progress we have made and our commitment to further improving both our performance and our dialogue with stakeholders.

In our 2000 and 2001 Safety, Health and Environment (SHE) reports, our 'Roadmap towards Sustainable Development' stated our intention to progress the integration of economic, social and environmental reporting. In this report, we have broadened the scope of our reporting to include reporting against our business principles. In the process, we have taken another significant step towards fully integrated sustainable development reporting.

Our policy commitments now cover most of the key elements of sustainable development which are safety, health and environment issues and include interactions with stakeholders, business integrity and ethics, corporate citizenship, employment and labour rights.

“We have been guided by the emerging standards for sustainable development reporting and, in particular, by the Global Reporting Initiative (GRI) guidelines.”

In producing this report, we have been guided by the emerging standards for sustainable development reporting and, in particular, by the Global Reporting Initiative (GRI) guidelines. We, like many other companies, are still developing the best indicators to provide a succinct reflection of our progress in these areas and will work with the GRI as the reporting standards evolve.

We are committed to transparency and accountability and the need to record and report our performance in a manner that is meaningful to our stakeholders and useful for improving management control. Our divisions and operations are encouraged to publish, for their stakeholders, appropriate reports that cover their specific operations in greater detail.

Regrettably, 25 employees and 22 contractors lost their lives at our managed operations. While the number of fatal injuries reduced by 33%, much remains to be done to reach our goal of zero. We are, however, able to report significant improvement in our safety performance as reflected by the 42% reduction in the lost time injury frequency rate from 1.50 to 0.87. We believe that this improvement is largely the result of a new approach to safety training that began with members of our executive committee and is being disseminated as rapidly as possible throughout our managed operations.

We have improved the quality of our environmental performance data as well as the presentation thereof through some normalisation and risk-based identification of priorities. We believe that this approach will facilitate the tracking of improvements in efficiency and the analysis of impacts in key areas. We have also evaluated our performance indicators to identify those that are most useful for reflecting past performance (lagging indicators) and predicting future performance (leading indicators) and we have set ourselves clear targets in regard to key environmental, safety and health indicators.

“Significant steps were taken towards understanding the role that mining and metals companies must play in the pursuit of increasing sustainable development.”

During 2002, significant steps were taken towards understanding the role that mining and metals companies must play in the pursuit of increasing sustainable development. The three-year industry leadership project, the Global Mining Initiative (GMI) culminated in the completion of the independent Mining, Minerals and Sustainable Development (MMSD) research project and the staging of the multi-stakeholder 'Resourcing the Future' conference in Toronto in May. Three days of lively and constructive debate led to a commitment by industry leaders in the form of the Toronto Declaration.

The engagement, partnerships and research efforts that flowed from these initiatives will continue through the International Council on Mining and Metals (ICMM), the World Business Council for Sustainable Development (WBCSD), other industry associations and in our companies. We are engaged in similar debates in regard to our forestry and industrial divisions, although the timing and pressures differ.

We firmly believe that, when coupled with good governance and sound macro-economic management, the extractive industries can be a significant motor for development and poverty reduction – as the experience of countries like Botswana and Chile shows. In furtherance of this view, the Company has been an active participant in the World Bank's Extractive Industries' Review.

Mining, minerals and metals are important to the economic and social development of many countries. Minerals are essential for modern living.

*Para. 46 Johannesburg Plan of Implementation
World Summit on Sustainable Development*

Through Business Action for Sustainable Development, which was headed by Sir Mark Moody-Stuart, we were active participants in the World Summit on Sustainable Development (WSSD) held in Johannesburg in August 2002. The WSSD highlighted the many challenges to sustainable development that mankind still faces. The Johannesburg Plan of Implementation, which the world's political leaders agreed at the WSSD, acknowledged the critical role our sector

can play, with caveats that environmental, health and safety issues are properly managed, stakeholders engaged, transparency supported and sustainable mining practices are adopted.

We have a real opportunity – and challenge – to make a major contribution to the WSSD poverty-alleviation target by creating wealth and contributing to its equitable distribution. We are developing constructive relations with communities and non-governmental organisations (NGOs) and continue to build additional economic wealth through small and medium-sized business development at our operations and through the empowerment of previously disadvantaged people.

We are building the skills within our organisation to understand and respond to our neighbouring communities. During 2002, we completed our Community Engagement Guidelines and are developing a Rapid Socio-Economic Assessment methodology for use at our existing operations. Community engagement will begin during exploration and the feasibility stage of projects, and must continue throughout the life of our operations.

“Our contribution to sustainable development is through the transformation of non-renewable resources into social, human and manufactured capital and a longer-lasting contribution to the well-being of our society.”

We hope that this approach will help us leave behind communities which will be better off for our having been there and which will have been empowered by their engagement with us. Ours is a long-term business and our contribution to sustainable development is through the transformation of non-renewable resources into social, human and manufactured capital and, thus, a longer-lasting contribution to the well-being of our society.

A team of specialists carried out a worldwide review of occupational health management systems and our own practices. This has culminated in the development of best practice guidelines for our managed operations, which will allow greater awareness in our operations of best practices in the management of occupational health issues today and so prevent or minimise future incidents of occupational disease.

“We announced in August 2002 that our managed operations will extend their existing HIV/AIDS wellness programmes by making anti-retroviral therapy (ART) available at company expense to HIV positive employees progressing to AIDS. We believe that access to treatment is the single short-term initiative that will change the way the AIDS epidemic unfolds and provide hope for the future.”

The severity of the HIV/AIDS epidemic in sub-Saharan Africa is a significant threat to economic growth and development. It is an issue of global concern that requires concerted intervention on the broadest possible scale. Providing access to treatment in developing countries has become a humanitarian as well as an economic and social imperative. Against this background, we announced in August 2002 that our managed operations will extend their existing HIV/AIDS wellness programmes by making anti-retroviral therapy (ART) available

at company expense to HIV positive employees progressing to AIDS. We believe that access to treatment is the single short-term initiative that will change the way the AIDS epidemic unfolds and provide hope for the future. The size and scope of our ART initiative are unique. Extension of these interventions beyond the workplace into the communities associated with our operations is vital to the sustainability of the initiative. Our strategy for community-based initiatives relies heavily on establishing partnerships, particularly with the public sector, but also with trade unions, NGOs and international donor agencies.

“The Mining Charter sets out black economic empowerment undertakings and targets that have shareholder equity, training and education, procurement, affirmative action and community investment components. Anglo American is a leader in a number of areas such as major empowerment deals and procurement.”

A major development in South Africa over the past year has been the agreement on new mining legislation and regulations, which will promote the development of the industry on a sustainable basis. The Mineral and Petroleum Resources Development Act vests all mineral rights in state hands and provides for new 30-year mining rights by mining companies. It is supported by a Mining Charter, which sets out black economic empowerment undertakings and targets that have shareholder equity, training and education, procurement, affirmative action and community investment components. I believe the agreements now reached, after an unfortunate initial leak of early positions caused damage to investor confidence, can be sensibly implemented within the five- and ten-year time frames set out. Anglo American has made considerable progress and is a leader in a number of areas such as major empowerment deals and procurement.

While we are mainly in the business of adding value to natural resources, we recognise that the patterns of use will change in a sustainable future. Recycling will play a major role in determining demand for new metals and forest products. Life-cycle analysis, materials and technology choices and product stewardship are clearly part of the path to sustainable development and our provision of information on resource use and emissions (in many cases per unit of production) is a substantial contribution to this decision-making.

Investor interest in, and commitment to, companies that are ethically and socially responsible is rapidly increasing. Our strategy is to develop our capacity for including social, environmental and political considerations into our business decision-making. As our 'Good Citizenship' principles make clear, we will reflect local priorities, sustainability and cost-effectiveness in our decisions, while striving to set Group norms that respond to global challenges and needs.

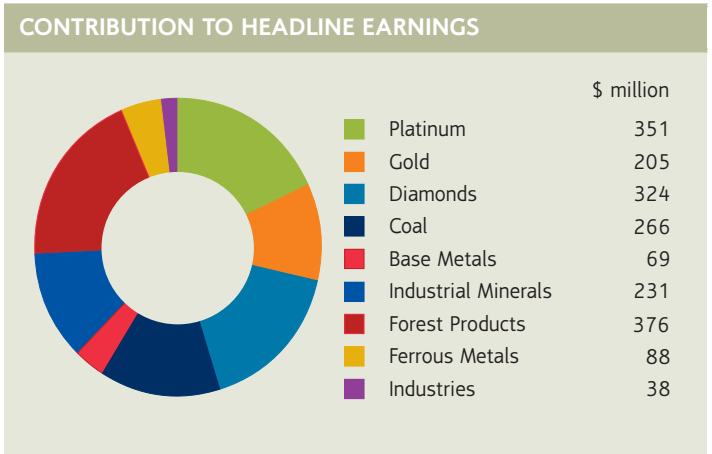
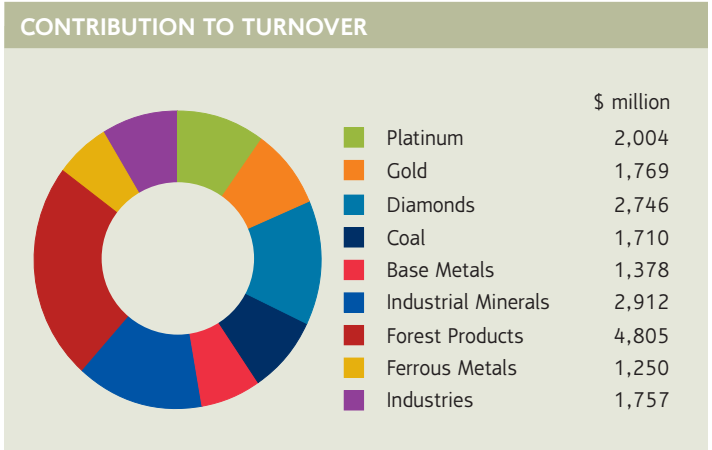


Tony Trahar
14 April 2003

BUSINESS PRACTICES AND PERFORMANCE

Financial highlights*

- Group and share of turnover of joint ventures and associates increased by 6.3% to \$20,497 million
- Headline earnings increased by 4.6% to \$1,759 million
- Capital expenditure by subsidiaries amounted to \$2,139 million
- \$855 million was provided for in company taxes



* These financial data are derived from the audited Anglo American plc Annual Report and Accounts for the year ended 31 December 2002, 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.

For more information on our financial data, refer to our website <http://www.angloamerican.co.uk> or to the 2002 annual report.

Contribution to wealth creation

In the maps of operations on pages 10 and 11 we provide a view of our contribution to wealth creation in the major regions of the world. Supporting data are on page 53.

Certification and audits

- Between 38% (Coal South Africa) and 100% (Platinum) of our divisions by turnover have undergone third party audits of their safety management systems against NOSA, OHSAS 18001 or the BSI CAP standards.
- Third party audits for occupational health management systems have been undertaken in all our divisions. The coverage, by turnover, ranges from 35% (Mondi Europe) to 100% (Coal Australia).

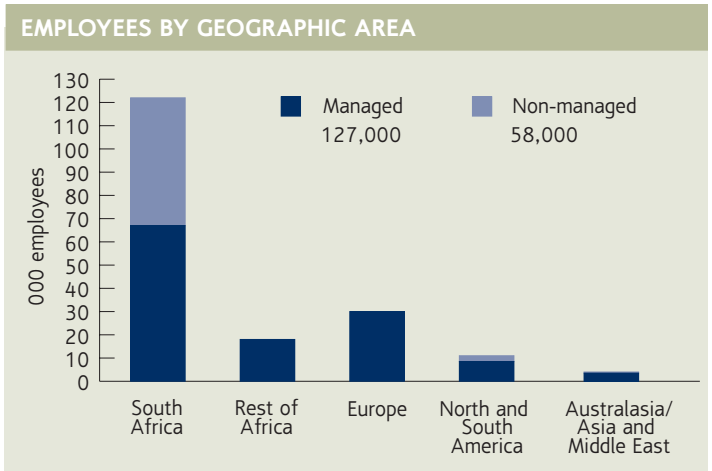
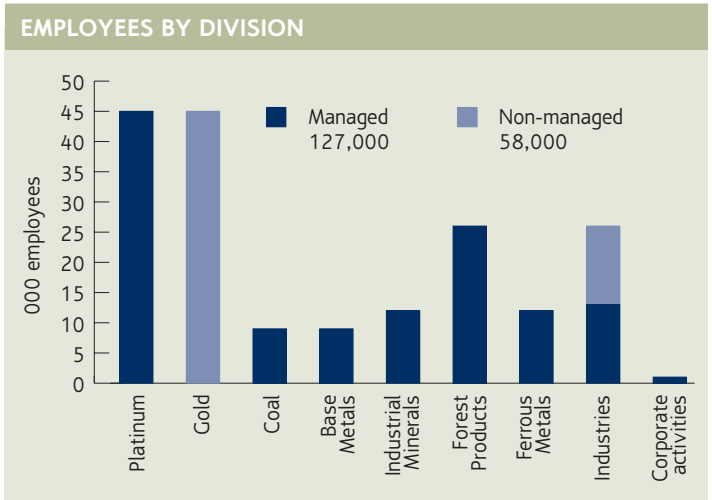
WORKPLACE

Safety

- Our safety focus is delivering encouraging results, with the lost-time injury frequency rate (LTIFR) dropping 42% to 0.87 for 2002, from 1.50 in 2001.
- The fatal injury frequency rate (FIFR) declined by 39% to 0.020.
- We report with regret that 25 out of a total of 127,000 employees, and 22 of our contractors, died in incidents at our managed operations.
- Falls of ground, at 26%, remain the main cause of fatal injuries, with moving machinery and transport-related incidents significant contributors at 17% and 15% respectively. There was one security-related murder.
- The main hazards relating to injuries have been identified as materials handling, falling, falls of ground and moving machinery. These areas of high risk have been addressed through the development of Safety Golden Rules.

Health

- In August 2002, we took an important leadership position and announced that we will provide anti-retroviral therapy to HIV-positive employees who have progressed to AIDS. We continue our substantial education and prevention programmes to ensure that the large majority of our employees who are HIV-negative remain so. Our focus in prevention is to have everyone know their own HIV status. Voluntary counselling and testing (VCT) for HIV is linked to wellness programmes for those infected with the virus. The number of people coming forward for VCT will be a key indicator of the success of our HIV/AIDS interventions. The early feedback from the programme is gratifying.
- Occupational Health Management guidelines were developed to assist all managed operations, and implementation is now under way.
- Our main occupational health challenges continue to be exposure to noise and dust.



ENVIRONMENT

Our environmental performance data have improved in quality. We have had significant portfolio activity over the reporting period and this poses a number of challenges to data comparability.

In line with international trends, we are increasingly using a variety of normalised indicators where they assist in comparisons of year-on-year performance. Business units are normalising data according to criteria that are of management significance to them, and we report on specific business unit performance in the body of the text. Where aggregation of this bottom-up approach adds value, the totals of our managed operations are included.

Water consumption

- Primary activities at all managed operations used 395 million m³ of water.
- Water used for primary activities at mining and smelting operations decreased by 16% to 127 million m³ for a total of 87 million tonnes of coal mined, 189 million tonnes of ore and waste rock mined and 66 million tonnes of ore milled/processed.
- Forest Products operations used 222 million m³ of water, an increase of 29%, mainly as a result of acquisitions in Europe.
- Industrial Minerals used 42 million m³ of water, down 48% from last year, as a result of an improved understanding of the definition of primary water use, as well as more rigorous measurement and reporting.

Energy, CO₂ emissions and sequestration

- Total energy used amounted to 200 million Gigajoules (GJ), up from 2001 mainly as a result of new acquisitions in Europe.
- Net CO₂ emissions after forestry sequestration amounted to 13 million tonnes from processes and fossil fuels consumed. Of this, our mining and smelting operations contributed 7.2 million tonnes. The net CO₂ emissions from processes and fossil fuels increased from 2001 by 12%. Approximately 6% was due to portfolio changes, with the remaining increase as a result of operational changes.
- Our South African forestry operations are essentially carbon-neutral. With an estimated carbon stock of 15 million tonnes, our forestry operations sequestered approximately 790,000 tonnes of carbon dioxide in 2002, compared with 770,000 tonnes of CO₂ sequestered in 2001.
- The electricity that we purchased contributed a further 13.2 million tonnes of CO₂ emissions, up 10% from 2001. This increase resulted from a refinement of the CO₂/MWh factor reported by the South African electricity generator.
- We emitted the equivalent of 3.1 million tonnes of CO₂ (2001: 3 million tonnes) in the form of methane gas from our coal mining operations. The methane emissions equate to 36 kg of CO₂ per tonne of coal mined, compared with 34 kg of CO₂ per tonne of coal mined in 2001.

Land use

- Total land used by mining, quarrying and smelting operations was 63,619 hectares (2001: 53,770 hectares). The change was largely due to data improvements.
- Total land managed by Forest Products division was 538,980 hectares (2001: 531,570 hectares).
- Total land afforested was 319,873 hectares (2001: 310,713 hectares), all with Forest Stewardship Council certification.

Legal compliance and environmental incidents

- 281 incidents involving the regulatory authorities were reported.
- Fines paid in 2002 were \$64,705 for safety and \$7,000 for health. Environmental fines totalled \$90,466, which included payments for negotiated permit exceedances resulting from higher production. In 2001, there were 336 incidents, and \$120,135 and \$66,662 was paid for safety-related and environmental fines, respectively.

SOCIETY

Community Health

- Our priority community health risk remains the HIV/AIDS pandemic in sub-Saharan Africa. In conjunction with our commitment to provide free anti-retroviral therapy to our employees where it is indicated, we are working to extend our HIV/AIDS programmes beyond the workplace, to build community and public-sector capacity to assist in tackling the pandemic. Our strategy for community-based initiatives relies on establishing partnerships with the public sector and with trade unions, NGOs and international donor agencies.

Corporate governance and social initiatives

- Our Chief Executive signed the World Economic Forum joint statement in January 2002. This recommends a framework within which leading companies will address the corporate social responsibility and accountability agendas.
- Anglo American played a leadership role in the GMI, demonstrating commitment to stakeholder dialogue and the promotion of sustainable development.
- In April 2002, the roll-out of our 'Good Citizenship' principles, in over 20 languages, commenced across our managed operations.
- In May 2002, Anglo American became only the third FTSE 100 company to hold a dedicated presentation on social and environmental issues for investment analysts.
- In August 2002, we published 'Good Neighbours', which reported on our interactions with local communities.
- Good progress was made in rolling out three-year Community Engagement Plans.
- We became a global sponsor of the International Business Leaders Forum's ENGAGE campaign, which promotes employee volunteering and capacity building in local communities.
- We played an active role in the debate about the contribution to development and poverty reduction of the extractive sector. We contributed to the World Bank's independent Extractive Industries Review and supported the UK government's Extractive Industries Transparency Initiative.
- With other corporate partners, we supported the South African government in hosting the WSSD in Johannesburg in August and September 2002 and their objective of ensuring that poverty alleviation and the development agenda remained a key focal point of the Implementation Plan.
- A special edition of 'Optima', the Anglo American journal, was published to contribute to the debate about sustainable development at the WSSD. Leading international authors contributed perspectives on various aspects of sustainable development.
- To date, Anglo American has been associated with more than \$1.34 billion in black economic empowerment deals. Of this, some \$1 billion was for partnerships with new empowerment companies to develop or mine big deposits that are beyond the reach of small and medium-scale entrepreneurs.
- Our South African business development unit, Zimele, has 21 investments in companies ranging from oil regeneration, mine safety equipment, engineering, health, waste management and Information Technology, which collectively employ over 1,000 people and generated a turnover of \$16.5 million in 2002, a 19% improvement on the previous year. The cumulative procurement turnover figure for the Group's SME spend in 2002 was \$229 million.
- In 2002, Anglo American and our subsidiaries voluntarily committed 0.9% of pre-tax profit to voluntary community investment and charitable causes.

BUSINESS PRACTICES AND PERFORMANCE

	What we said	How we did	Targets for the future
Certification and audits	<ul style="list-style-type: none"> • All operations to have environmental management systems consistent with ISO 14001 implemented by the end of 2003. • All operations to be certificated to ISO 14001 by the end of 2004. 	<ul style="list-style-type: none"> • During 2002 the percentage of managed sites certificated to ISO 14001 increased from 37% to 51% (by turnover). 	<ul style="list-style-type: none"> • All managed operations to have environmental management systems consistent with ISO 14001 implemented by the end of 2003. • All managed operations to be certificated to ISO 14001 by the end of 2004.
Management and reporting	<ul style="list-style-type: none"> • Continue with the five-year verification plan to establish the balance of internal and external sources of verification and our most important key performance indicators. • Full implementation of the SHE Corporate Management System by the end of 2003. • Key business units and operations to move progressively towards the publication of their own SHE reports. 	<ul style="list-style-type: none"> • We are in the third year of the five-year cycle, with the scope of external verification having been expanded to include a review of the internal verification process. • See page 57 for the list of reports produced by business units and operations. 	<ul style="list-style-type: none"> • Continue with the five-year verification plan to establish the balance of internal and external sources of verification and our most important key performance indicators. • Full implementation of the SHE Corporate Management System by the end of 2003. • Key business units and managed operations to move progressively towards the publication of their own SHE reports.

WORKPLACE

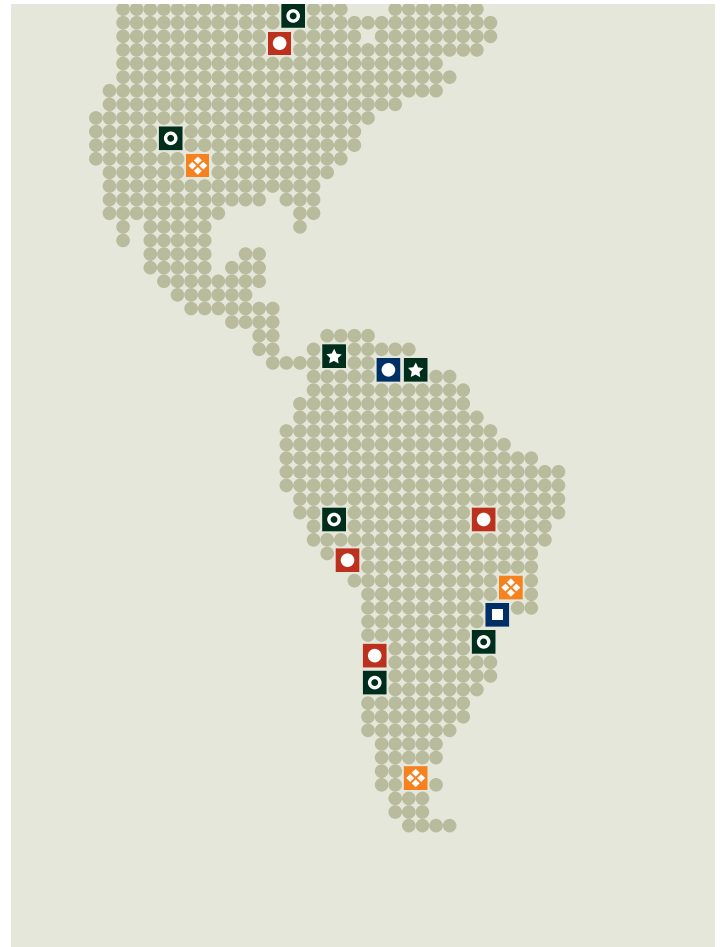
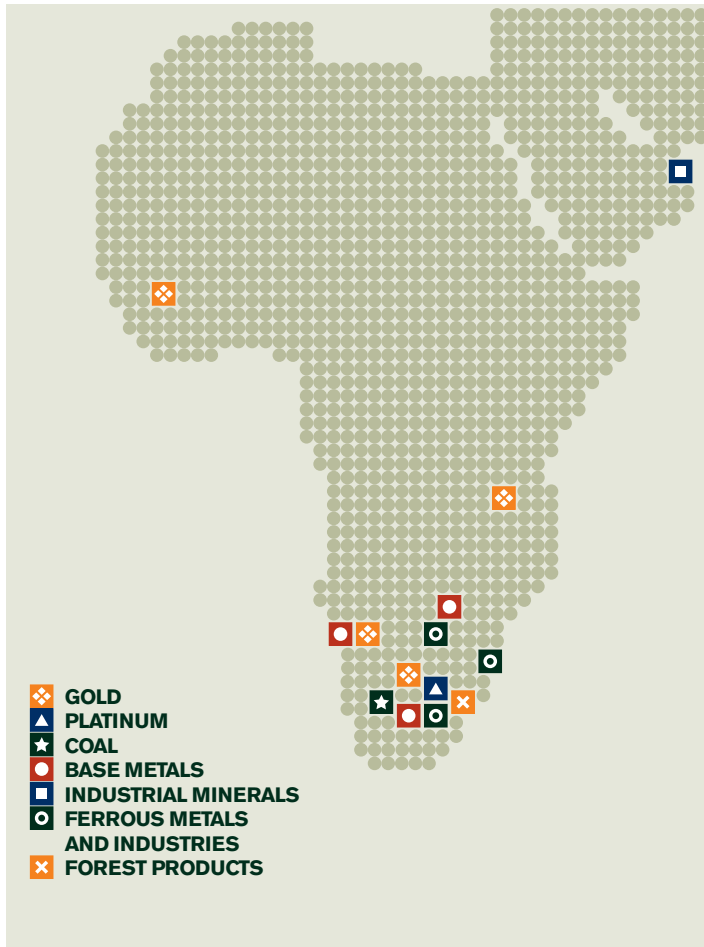
	What we said	How we did	Targets for the future
Safety	<ul style="list-style-type: none"> • Zero fatal injuries. • A further 33% reduction in LTIFR to <1, with a continuing reduction in subsequent years. • While further improving safety management systems, increase the focus on behaviour and the management of unsafe acts during 2002. 	<ul style="list-style-type: none"> • 47 fatal injuries (33% reduction). • LTIFR of 0.87, a 42% reduction over 2001 total of 1.50. • Over 25% of our managed operations now certificated to internationally recognised safety management systems. All other sites have third party audits. • All divisions report good progress on implementation of behaviour-based safety approach, including senior executive leadership training and task-based observation training. • Development of Safety Golden Rules and auditable standards. 	<ul style="list-style-type: none"> • Our goal remains zero fatal injuries. • A further 26% reduction in LTIFR to 0.64. • Implementation of Safety Golden Rules at all business units to be audited.
Occupational health	<ul style="list-style-type: none"> • Complete the Occupational Health Management guidelines in 2002. 	<ul style="list-style-type: none"> • Occupational Health Management guidelines distributed. 	<ul style="list-style-type: none"> • Implementation of the Occupational Health Management guidelines at all managed operations, including focus on leading indicators. • Develop audit processes. • Our aim is to prevent or minimise health impairment due to workplace health hazards.
HIV/AIDS	<ul style="list-style-type: none"> • Extend the wellness programmes and voluntary HIV/AIDS counselling and testing at all operations. • Encourage voluntary counselling and testing (VCT) for HIV infection in our local communities. • Continue with HIV/AIDS peer education programmes. 	<ul style="list-style-type: none"> • Announcement of company-sponsored provision of anti-retroviral therapy (ART) for all employees with AIDS. • VCT available at all managed operations in southern Africa. • HIV/AIDS prevention programmes, including peer education initiatives, maintained at all operations. 	<ul style="list-style-type: none"> • Roll-out of ART implementation at all southern African operations. • Report on VCT uptake. • Develop a reporting framework for tracking the impact of the HIV/AIDS epidemic on operations. • Seek to establish pilot ART sites in communities associated with our operating companies, in partnership with government, NGOs and donor agencies.
Human resources	<ul style="list-style-type: none"> • Increase focus on performance management and personal development. • Establish a five-year plan to achieve 40% of management in South Africa being historically disadvantaged South Africans by the end of 2007. • Work to improve diversity of workforce, especially in southern Africa. • Improve talent management. • Review employee communications systems. 	<ul style="list-style-type: none"> • More than 44% of all staff now participate in performance management and review processes. • Around 22% of management in South Africa are historically disadvantaged South Africans. • Talent management systems were introduced. • Survey of employee communications conducted in 2002. 	<ul style="list-style-type: none"> • Increase proportion of staff participating in performance management systems. • Meet the South African government's employment equity target of 40% historically disadvantaged South Africans in management by the end of 2007 and promote diversity across the managed operations. • Improve employee communications practice.

ENVIRONMENT

	What we said	How we did	Targets for the future
Energy and CO₂ emissions	<ul style="list-style-type: none"> • Implement our climate change policy and strive to reduce greenhouse gas emission intensity. • Set energy efficiency targets. • Improve quality of data in 2002. • Measure methane emissions at South African coal mines. • Continue to develop our greenhouse gas inventory. 	<ul style="list-style-type: none"> • Preliminary investigation completed into risks and opportunities associated with future GHG emission constraints and other related policies. • Energy efficiency targets set. • Greenhouse gas inventory improved by updating emission factors and undertaking a gap analysis against the GHG protocol. • Total methane emissions of 147,139 tonnes. • Total greenhouse gas emissions amounted to 29.98 million tonnes. 	<ul style="list-style-type: none"> • Implement our climate change strategy by exploring possibilities for energy savings and reductions in CO₂ emissions. • Implement data gathering systems for recording the quantity of renewable energy used. • Improve the baseline for methane emissions in South African coal mines.
Air quality	<ul style="list-style-type: none"> • Focus on reducing SO₂ emissions. 	<ul style="list-style-type: none"> • Total recorded emissions of SO₂ from managed operations amounted to 330,612 tonnes in comparison with 345,000 tonnes in 2001. 	<ul style="list-style-type: none"> • New ACP plant at Anglo Platinum's Waterval Smelter to reduce SO₂ emissions by 55,000 tonnes by the end of 2004.
Water use and discharge	<ul style="list-style-type: none"> • All operations to improve the verifiability of water consumption baseline data. 	<ul style="list-style-type: none"> • There has been a significant improvement in data quality reported by business units. • Water reduction targets set. 	<ul style="list-style-type: none"> • Where water resources are a material risk, operations to set water use targets on the basis of unit production levels. • Improve systems for measuring and recording the use of recycled water.
Land use	<ul style="list-style-type: none"> • Review quality of closure plans for mining and quarrying operations. 	<ul style="list-style-type: none"> • The closure plans at all our managed mining and quarrying operations have been reviewed. • Waste reduction targets set. 	<ul style="list-style-type: none"> • Review and quantify closure liabilities at all managed operations.
Biodiversity	<ul style="list-style-type: none"> • Refine biodiversity strategy and develop operational action plan in 2002. 	<ul style="list-style-type: none"> • Our biodiversity strategy and operational guideline was completed and distributed. 	<ul style="list-style-type: none"> • During 2003, 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.

SOCIETY

	What we said	How we did	Targets for the future
Our local communities	<ul style="list-style-type: none"> • Develop Community Engagement guidelines. • Develop community relations strategies at operations. • Improve management of our social and economic impacts on local communities. 	<ul style="list-style-type: none"> • Community Engagement guidelines published. • Published 'Good Neighbours' report on our work with communities. • Initial roll-out of Community Engagement plans. • Three pilot projects for new Rapid Socio-Economic Assessment methodology. 	<ul style="list-style-type: none"> • Over 90% of our significant operations to have Community Engagement plans in place by end of 2003. • Complete review of Rapid Socio-Economic Assessment methodology and roll-out for operational use.
Corporate citizenship	<ul style="list-style-type: none"> • Accelerate economic opportunities for those who have suffered historical disadvantage. • Build partnerships between operations and surrounding communities. 	<ul style="list-style-type: none"> • Good progress in small and medium enterprise development and black economic empowerment transactions in South Africa. • Built support for international ENGAGE campaign. • Continued to develop successful HIV-related community projects. • Publication and roll-out of 'Good Citizenship' principles. 	<ul style="list-style-type: none"> • Realise objectives of the Mining Charter in South Africa. • Continue to build partnership models for tackling social issues. • Promote greater employee volunteering as an adjunct to our commitment to community engagement. • Develop policies on security and human rights and resettlement.



Managed operations  Non-managed operations 

OPERATIONS IN AFRICA

OPERATIONS IN NORTH AND SOUTH AMERICA

Value added*  \$2,133 million  \$978 million

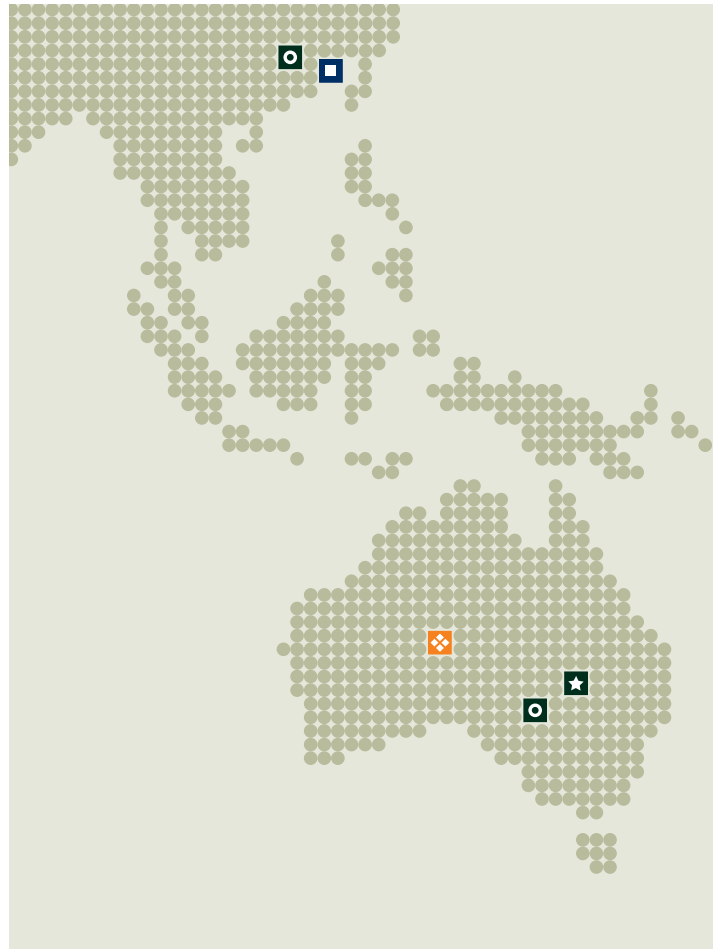
Value added* \$550 million  \$270 million

Employees  85,000  55,000

Employees 8,500  2,500

Payments to governments† \$403 million  \$229 million

Payments to governments† \$101 million  \$38 million



OPERATIONS IN EUROPE AND MIDDLE EAST

OPERATIONS IN AUSTRALIA AND ASIA

Value added*	\$2,259 million	\$9 million
Employees	30,000	<100
Payments to governments†	\$796 million	\$0.6 million

Value added*	\$436 million	\$115 million
Employees	3,500	500
Payments to governments†	\$141 million	\$17 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. We intend to improve the accuracy from estimates of payments to governments for future reports.

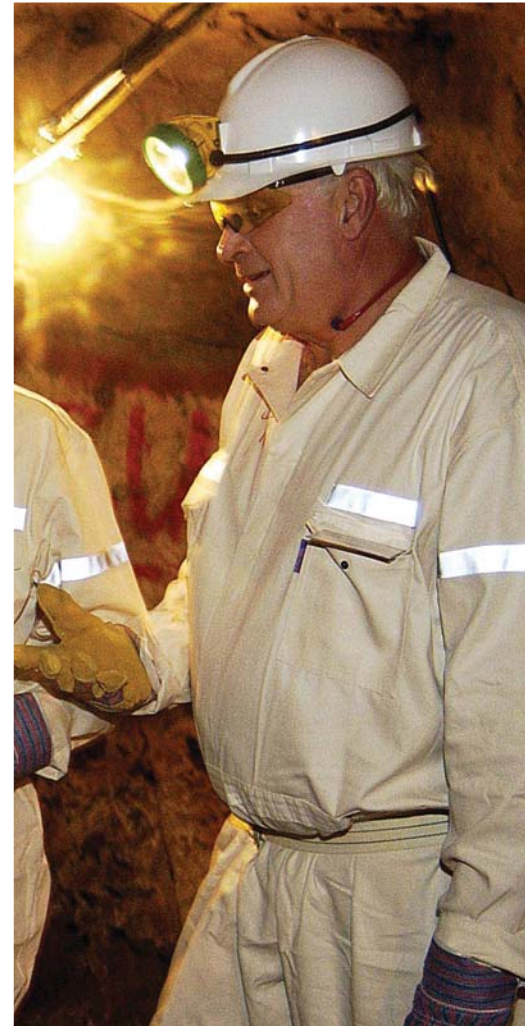
BUSINESS PRACTICES AND PERFORMANCE



SIR MARK MOODY-STUART
CHAIRMAN



TONY TRAHAR
CHIEF EXECUTIVE



DR CHRISTOPHER FAY
CHAIRMAN OF THE SAFETY, HEALTH
AND ENVIRONMENT COMMITTEE

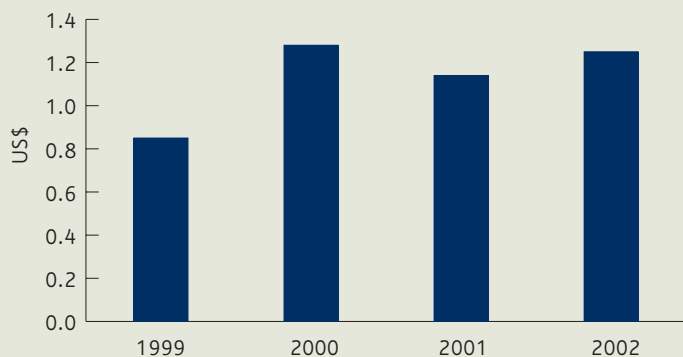
Our primary responsibility is to our investors. We will seek to maximise shareholder value over time. We believe that this is best achieved through an intelligent regard for the interests of other stakeholders including our employees, the communities associated with our operations, our customers and business partners.

A reputation for integrity and responsible behaviour will underpin our commercial performance through motivating employees and building trust and goodwill in the wider world.

We will ensure full compliance with relevant laws and rules. We are committed to good corporate governance, transparency and fair dealing.

Good Citizenship: Our Business Principles

ANGLO AMERICAN PLC HEADLINE EARNINGS PER SHARE



Profitability and financial foundation

In 2002, we achieved headline earnings of \$1,759 million, 4.6% above those for 2001. Headline earnings rose 10% to 125 US cents per share, reflecting both higher earnings and the cancellation of 163 million shares received as part of the De Beers transaction. Profit for the year was \$1,522 million lower because of the scale of exceptional items primarily associated with the De Beers transaction in 2001.

Against a background of difficult economic conditions, the contribution to headline earnings made by Forest Products, Base Metals, Industrial Minerals, Ferrous Metals, Gold and by the investment in De Beers all increased. Cost savings and efficiency initiatives across the Group amounted to \$279 million.

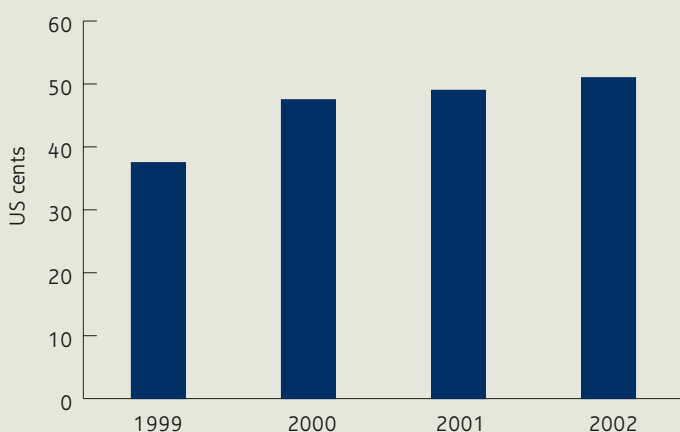
Good progress was made during the year in growing the business, including expenditure of \$3.7 billion in acquisitions. Most notable of these were the acquisition of Chilean copper producer, Disputada, an increased stake in Anglo Platinum and a controlling stake in Russian paper mill, Syktyvkar. We have a well-balanced capital project portfolio totalling \$5.8 billion.

We achieved strong cash generation. EBITDA (operating profit before exceptional items, plus depreciation and amortisation of subsidiaries and share of joint ventures and associates) amounted to \$4.8 billion.

Returns to shareholders

The total dividend for 2002 amounted to 51 cents per ordinary share, a 4% increase on the 2001 total dividend.

ANGLO AMERICAN PLC DIVIDENDS PER SHARE



Our business principles

We are committed to securing the adoption of comparable standards of conduct by our business partners, joint ventures and associate companies. A contractual requirement is being introduced for contractors and significant and regular suppliers to adhere to the standards set out in our 'Good Citizenship' principles. Monitoring of supplier compliance is, initially, being performed on a reactive basis, but failure to comply with the required standards has already led to suppliers being required to change their behaviours and, in some instances, to the cancellation of contracts.

Integrity

We are implacably opposed to corruption. We will not offer, pay or accept bribes or condone anti-competitive practices in our dealings in the marketplace and will not tolerate any such activity by our employees.

Good Citizenship: Our Business Principles

We have long-established policies prohibiting the payment of bribes. Divisional Letters of Assurance for 2002 confirmed that no bribes were offered or paid to any public officials. Our policies are underpinned by tight internal audit checks and procedures. As a result, a number of employees were dismissed during 2002 for offences of dishonesty including fraud and improper dealings with suppliers. We intend to improve and extend our range of 'whistle-blowing' facilities in managed operations.

At the World Summit on Sustainable Development, the British prime minister Tony Blair launched the Extractive Industries Transparency Initiative to promote greater transparency about the payments made to host governments by oil, gas and mining companies. Anglo American has been supportive of the proposal. We see the honest and accountable use of revenues generated by natural resources as likely to result in better governance and reduced scope for the siphoning-off of revenues, thereby leading to improved development impacts and more stable and prosperous host countries.

We are active corporate members of Transparency International and welcomed the UK government's reform of its anti-corruption laws to give effect to the Organisation for Economic Co-operation and Development Convention on bribery.

WORKPLACE



**TAPPING FURNACE MATTE AT
RUSTENBURG PLATINUM MINES**



**IN THE WOODYARD AT MONDI
RICHARDS BAY**



**CONTINUOUS UNDERGROUND MINING
OPERATION AT GREENSIDE COLLIERY**

SAFETY

We aim to prevent or minimise work-related injuries to employees and contractors.

Our Policy on Safety, Health and the Environment

Overview

We are committed to zero tolerance towards unsafe working practices and target zero for fatal incidents. In line with this, our focus on safety issues throughout our managed operations in 2002 has been unprecedented. We are addressing the factors which cause unsafe behaviour and our senior executives are reinforcing the emphasis on safety through regular visits to and interaction with our operations. We call this approach visible, felt leadership. Our Safety Golden Rules clearly define priority hazards and direct each operation to develop appropriate workplace rules to address them. This approach has been implemented at the operations by leadership training, active dissemination of information on safety risks and by interactions with peer companies.

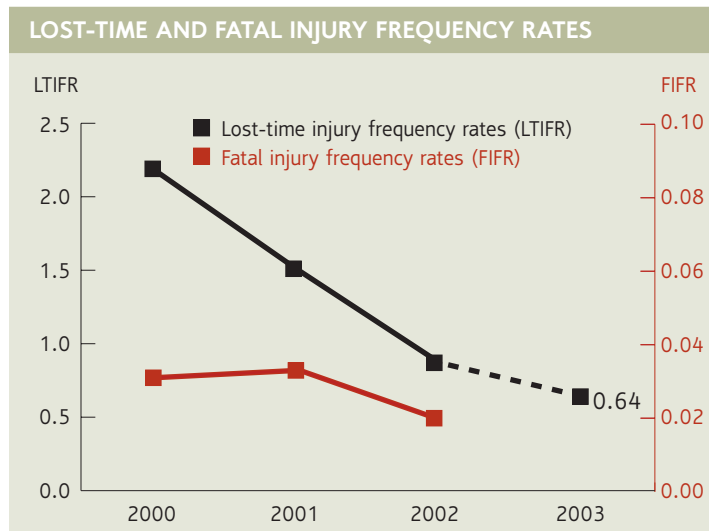
Substantial improvements have been achieved through this focus on safety and the clear demonstration that improved performance and adherence to high standards by every member of the workforce are critical.

Fatal injuries

Although the improvement is encouraging, we remain a long way from our ultimate goal of operating without any fatal injuries. During 2002, 25 employees and 22 contractors lost their lives at our managed operations. We regard every fatal injury as entirely unacceptable and preventable.

The fatal injury frequency rate declined by 39% from 0.033 in 2001 to 0.020 in 2002. Falls of ground, at 26%, remain the primary cause of fatal injuries, followed by moving machinery (17%) and transport-related incidents (15%). One of these fatal incidents was the murder of a security guard.

Seven of our business units have undertaken their own studies related to vehicle incidents to determine points of learning from these. Our Technical Division will review this material in order to compile a best-practice document in 2003 for use as a resource throughout our managed operations.



	Work-related fatal injuries*		Lost-time injury frequency rate*/200,000 manhours	
	2001	2002	2001	2002
Platinum	22	26	2.55	1.24
Coal	4	5	0.64	0.46
Industrial Minerals	1	3	2.11	1.19
Base Metals	21	6	0.67	0.52
Ferrous Metals	6	2	1.13	0.54
Industries	0	1	1.02	0.67
Exploration	1	0	1.60	1.09
Forest Products	10	4	1.19	0.67
Technical and other	5	0	0.73	0.41
Total	70	47	1.50	0.87

* Employees and contractors in managed companies

Lost-time injuries

We report a significant drop in both lost-time injuries (LTI) and the lost-time injury frequency rate (LTIFR). The 2,028 LTIs represent a 53% improvement over those reported in our first public report in 2000, and a continuation of the downward trend that we saw in 2001. The LTIFR mirrors this progress, with a 60% improvement over our 2000 figures, and a 42% improvement over 2001 levels. The main hazards associated with lost-time injuries are materials handling (20%), falling (15%), falls of ground (12%) and moving machinery (10%). A further improvement in LTIFR, to 0.64, has been targeted in 2003.

Changes in LTI definition

To date, our definition of LTIs has excluded restricted work cases (RWCs). From 2003, we will be including RWCs in LTI definitions and reporting against this, to match international practices.

This will allow us to move towards calculating a total recordable case frequency rate (TRCFR), an indicator that is more comparable across different industries and activities, thereby facilitating benchmarking. The TRCFR will comprise the sum of fatal injuries, lost-time injuries, restricted work cases and medical treatment cases.

Fines

We incurred \$64,705 in safety-related fines compared with \$120,135 in 2001.

Use and reporting of leading indicators

Numbers of fatal injuries, LTIs and non-LTIs, whilst useful, are lagging indicators. Our business units are focusing on identifying leading indicators such as near-hits, task-based observations, audit programmes and follow-up, leadership visits, training, reporting of unsafe conditions and review of hazard identification and risk-assessment processes.

As a further contribution towards our commitment to leading indicators, our divisions were requested in 2002 to report on SHE training. The response indicates that this amounts to some 2% of total working days throughout our managed operations.

SAFETY

Management commitment

- Senior managers across all divisions have undergone safety leadership training.
- Each divisional CEO is required to include a personal SHE target in his annual Letter of Assurance addressed to the Chief Executive.
- Safety performance is an integral part of executive performance-related remuneration.
- Divisional CEOs report to the Group Executive Committee on all fatal injuries.

Risk awareness

The internal control requirements of the Combined Code on Corporate Governance (Turnbull) have been implemented throughout our Group, with a specific scoring mechanism developed for SHE matters. This process is linked to hazard identification and risk assessment (HIRA). On a quarterly basis, each division reviews safety, health, environmental, social, financial and reputational risk assessments and the appropriate management responses to the associated hazards.

Safety certification and audits

- All managed sites have third party safety audits, and 35% hold formal NOSA or OHSAS 18001 certification. Our focus in 2003 will be to increase the number of operations holding formal certification.
- All business units will audit compliance with the Safety Golden Rules in 2003.

Safety highlights

The following managed operations, each employing more than 200 people, achieved a year without any lost-time injuries:

- Anglo Zimbabwe Gold
- Anglo Coal South Africa Service Departments
- Anglo Platinum Precious Metals Refiners
- Codemin
- Exploration Philippines
- Highveld Steel Mapochs
- Hudson Bay Mills
- Mondipak Brakpan and Pinetown
- Namakwa Sands Minerals Separation Plant
- Neusiedler Szolnok
- Zimbabwe Alloys.

Safety Golden Rules

Our Safety Golden Rules set clear, high, auditable standards for working in confined spaces and at heights, for machinery isolation, surface vehicle operation, lifting and materials handling, and also require specific business unit standards to be set to address critical mining hazards such as falls of ground.

Corporate SHE management system

The management systems questionnaire is used as a self-assessment tool by operations to determine the extent to which our SHE policy and management systems have been implemented. Our target is that all managed operations will be fully compliant with this system by the end of 2003. All major divisions indicate over 80% compliance with the safety policies and requirements.

The Chief Executive's safety awards

Large business units

- Bindura Nickel Corporation in Zimbabwe won both the gold award and the crystal floating trophy for the best safety performance. Factors that contributed to its achieving 2.6 million shifts without a fatal injury include Bindura's leadership, its commitment to zero tolerance towards unsafe working practices and target zero for fatal injuries (OTTO), and its constructive trade union relations.
- Anglo Coal Australia's German Creek operation won the silver award, and the Frank business area of Anglo Platinum's Rustenburg Platinum Mines West Region came third.

Small business units

- Anglo Industrial Minerals' Swinden Quarry won the gold award and received the crystal floating trophy for the best safety performance.
- Anglo Base Metals' Hudson Bay Mining and Smelting underground mine at Konuto Lake shared second place with Anglo Forest Products' Great Yarmouth operation in Norfolk, England, part of Mondi Packaging Europe.

Communications

- We have increased our focus on sharing best practices through the inclusion of safety in internal communications such as 'AngloWorld', 'SHE News', workshops and other discussion forums. A web-based knowledge management system is also available.
- We are developing and implementing best-practice guidelines. Our Anglo Technical Division, acting as an information resource for our operations, has compiled a number of guidance documents on best practice in various risk areas. Ten safety bulletins addressing high-risk issues, new developments and control requirements were issued during 2002.



Dr Leonard Chimimba (right), CEO of Bindura Nickel Corporation in Zimbabwe, accepted the Gold Safety Award for Large Business Units from Tony Trahar



Swinden Quarry in the UK achieved the Best Safety Performance in the Small Business Units category. Tony Trahar presented the award to quarry manager, Andrew Bate

Coal

New Denmark colliery in South Africa has introduced a unique safety initiative as part of its behaviour-based campaign to change and positively influence the attitudes of employees and contractors towards a culture of safety on the mine. Supported by the antics and appearances of a lively mascot named SMARTY (an acronym for Safety Must Always Relate To Yourself) which has become a well-known figure not only on the mine but in the surrounding community as well, the campaign has seen a very positive decline in lost-time injuries, from 55 in 2001 to 16 in 2002. Further efforts to improve discipline, standards, training, risk assessments and audits are continuing in order to ensure sustainability of this initiative.

Platinum

Anglo Platinum is implementing programmes to reduce risky behaviours at all of its operations. This process, which supplements sound systems and procedures in the workplace and skills development, focuses on the critical behaviours related to every task and the elimination of factors in the workplace that cause individuals to behave unsafely or overlook obvious safety hazards. Teams identify the critical behaviours of every task they have to perform, and through a process of behaviour modelling, observation and feedback, the required safe behaviour becomes a habit among the team members. Initially applied at Rustenburg Platinum Mine and now being rolled out throughout the company, the early benefits are already apparent in numerous critical areas. By focusing on the ratio of safe to unsafe behaviours (by routine observations), it is possible to gauge how the process is evolving and to highlight areas requiring intervention. It is estimated that it will take some three years or more to see the full benefits of the behaviour-related process, but already the company has been able to demonstrate a significant overall reduction in LTIFR, with pockets of excellence in the business units.



Safety mascot, SMARTY, at Anglo Coal South Africa's New Denmark colliery



The SMARTY campaign features in all safety signage at New Denmark colliery



Safety training underground at Bafokeng Rasimone platinum mine outside Rustenburg



Signage at Anglo Platinum operations reinforces the zero tolerance – target zero (OTTO) safety campaign to eliminate fatal injuries

HEALTH

We aim to prevent or minimise health impairment of employees and contractors.

Our policy on Safety, Health and the Environment

Overview

Occupational health is concerned primarily with the prevention of ill health arising from exposure to hazards in the workplace and is founded on the two disciplines of occupational hygiene and occupational medicine.

In contrast to occupational safety, where changes have immediately measurable results, health risks cannot be managed by reporting on the incidence of disease, which may have a long latency period. It is, therefore, important that the focus is on the management and reduction of exposure to workplace health hazards.

Our most significant potential occupational risk exposures are noise-induced hearing loss (NIHL) and pneumoconiosis. Programmes to address and reduce exposure to noisy and dusty environments began many years ago and are being improved continuously through, for example, equipment muffling and increased focus on tailor-made personal protective equipment.

Our improving risk assessments are also giving a clear picture of those employees who may be exposed and for whom targeted occupational health checks are indicated.

Our ultimate aim is to prevent or minimise health impairment resulting from workplace health hazards. Towards this end, we are focusing our efforts on the consistent application of best practice in three areas:

- **Occupational hygiene:** assessing and minimising the risks to our employees and contractors from workplace health hazards, and training them to recognise the risks.
- **Occupational medicine:** risk-based health monitoring programmes to detect early signs of any undue exposure or, indeed, of lifestyle issues that suggest the necessary action to prevent later illness. This includes wellness programmes and may extend to advice on lifestyle.
- **Employment records:** linking where people work to their exposure and medical surveillance data.

Occupational Health Management guidelines

In line with this focus on proactive measures and leading indicators to manage the health of our employees, a team of health specialists was appointed to develop innovative and comprehensive occupational health management guidelines for our managed operations.

Work on the project was completed at the end of 2002, and the Anglo American Occupational Health Management guidelines were distributed to all managed operations and business units.

The guidelines provide key performance indicators and contain measurable outcomes that may be used for audit purposes. During 2003, each operation will analyse its performance against these criteria and set targets for improvement. We will report on progress with this programme in our next report.

A tripartite committee comprising the UK Health and Safety executive, industry and trade unions is currently reviewing the guidelines, alongside other documents for possible wider use.

Case studies

Ferrous metals

As part of its process to meet OHSAS 18001 requirements, Moly-Cop in Peru is working to reduce noise in the plant at Arequipa. One of the measures taken was the design and implementation of a special cover (external metallic structure with a fibreglass cladding that resists temperatures up to 800° C) on the up setter's machine on the forge line. Installed at a cost of some \$3,000, this cover achieved a decrease in noise levels from around 114dB to 96dB.



Operator German Mamani Cutipa at the noise cover over the up setter's machine on the forge line at Moly-Cop in Peru



Samuel Dikoebe, a registered nurse at Scaw Metals in Germiston, South Africa, performs an audiometric test on Jackson Khutlo as a routine check to determine possible noise-induced hearing loss



Dr Alpheus Ndzandzeka Ohna examines chest X-rays in the medical centre at Mondi Merebank in South Africa

HEALTH

AIDS in the workplace

HIV/AIDS is one of the most significant business and humanitarian issues facing companies with operations in southern Africa and seems likely to become an increasingly significant factor in China, India and Russia. In the 1990s, we were one of the first companies to develop a comprehensive strategy designed to minimise infection amongst our employees through prevention initiatives aimed at education and awareness, combating denial and stigma; promoting the use of condoms and enhancing access to treatment for sexually transmitted infections. In recent years, additional emphasis has been placed on conducting large-scale anonymous HIV-prevalence surveys, evaluating the impact of HIV/AIDS on companies and communities and devising appropriate interventions to mitigate the impact of the epidemic.

With the advance of the epidemic in southern Africa, the importance of linking care and support to the existing prevention initiatives has become increasingly apparent. It is widely accepted that the link mechanism is individual voluntary counselling and testing for HIV, commonly known as VCT. The importance of every sexually active individual being aware of his/her HIV status is a message that has been prominently promoted in all our workplaces.

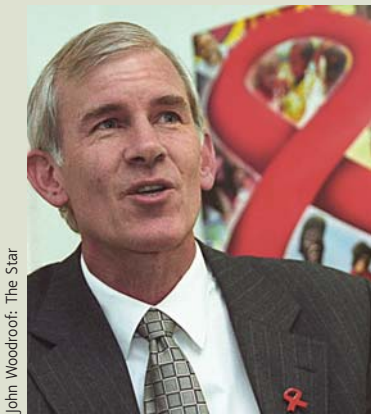
One of the barriers to VCT is a lack of care, support and treatment for people who are HIV-positive or who are progressing to AIDS. Group companies have sought to provide this care and support through HIV 'wellness' programmes that focus on understanding the disease, ensuring good nutrition, encouraging a healthy lifestyle, preventing and treating opportunistic infections and by providing access to anti-retroviral therapy (ART) for those progressing to AIDS.

In August 2002, we announced our intention to make ART available, at company expense, to HIV-positive employees who have progressed to a stage of infection where ART is clinically indicated. We estimate that approximately 23% of our employees in southern Africa are HIV-positive and that in any one year, between 10% and 15% of these may progress to a stage of their disease where treatment is indicated (the onset of AIDS).

This ambitious treatment programme is unique in its size and scope. Our Group companies are contracting with Aurum Health Research (a wholly owned subsidiary of AngloGold) to manage the implementation of ART through company-owned and -operated health care facilities. Detailed protocols for the safe delivery, monitoring and evaluation of ART have been developed. Standardised treatment regimens will be used with the following benefits:

- Simplified training and education of providers and patients
- Simplified monitoring for toxicity
- Predictable patterns of resistance
- Predictable and standardised sequence of drug combinations, assisting mass procurement and prescribing
- Limited number of drugs to procure and manage.

A detailed health economics evaluation of the ART initiative is being carried out alongside the implementation. The information will be used by Group companies to further evaluate the impact of HIV/AIDS on their operations and to establish the cost/benefit of the ART intervention. By the end of 2002, 11 company sites had been registered for the delivery of ART by Aurum Health Research and approximately 100 employees were receiving treatment. The initial results have been very encouraging, with most employees on treatment being back at work with minimal side-effects.



John Woodroof: The Star

Dr Brian Brink, senior vice president: health, who is leading the implementation of Anglo American's HIV/AIDS initiative



Anglo American Chairman's Fund CEO, Margie Keeton, discusses the AIDS pandemic with members of staff in Johannesburg



Left to right: Chief operating officer Philip Baum, executive vice president human resources Rob Lloyd and group technical director Bill Nairn participate in voluntary unlinked HIV prevalence testing in the Johannesburg corporate office with the assistance of professional nurses Sarah Jane Slotow and Charlotte Thokoa of AIDS Management and Support, the company that conducted the survey for Anglo American



Anglo Coal South Africa staff in the Johannesburg office made the largest donation to our World Aids Day 'Live and Let Live' fundraising drive. Anglo American matched the total contributions by staff and \$5,248 was presented to the Lambano Sanctuary for HIV/AIDS babies. Here, Anglo Coal staff, posing with Melanie Streicher (front right), executive director of the Lambano Sanctuary, and baby Noma, proudly display the winning trophy

HUMAN RESOURCES

We 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

Overview

Our objective is for Anglo American to be the employer of choice in all the sectors in which we operate. The human resources function in our managed operations is largely decentralised – a reflection of the diversity of countries, and businesses in which we are involved. The 'Good Citizenship' principles establish a framework within which our managed operations will develop their policies and practices. We believe that there is limited utility in aggregating some employee-related information across so many geographies. Further work is needed to ensure comparability and robustness of the figures.

Industrial relations

We believe in constructive dialogue with our employees to avoid conflict in the workplace. We share with our employees an interest in the continued profitable existence of our operations and co-operative relationships are encouraged to further strengthen this commonality.

We are committed to freedom of association. Approximately 70% of employees in our managed entities are members of trade unions. There were no major industrial disputes during 2002.

Conditions of employment

Our managed companies employ 127,000 people in widely differing businesses in over 50 countries. We support the principles underlying internationally accepted fundamental labour rights and empower our country and local management to establish terms and conditions of employment for their employees in accordance with local legislative requirements and in a way that is appropriate to the industry in which they operate. Local managers take a number of factors into consideration in setting conditions of service. These include benchmarking pay and conditions against country norms and in relation to comparable industries so that they can attract and retain high quality employees.

Diversity

Approximately 10% of employees at all levels in managed operations are women. The percentage varies considerably from over 43% in our London corporate office, Tarmac administration and Europapier to 3% at Anglo Platinum. The proportion of women in managerial positions across our managed operations is difficult to confirm, given the decentralised nature of human resources data systems, but is calculated at 15% at large operations, rising to 38% in Świecie in Poland, a Mondi Europe operation. Further refinement of these data will take place in the future, particularly with the focus on equity and empowerment in South Africa, where five- and ten-year targets have been set.

Diversity and employment equity are important objectives wherever we work. Fair and non-discriminatory employment policies are a critical factor in how we run our businesses. In South Africa, we have long been committed to the principle of employment equity, with the first initiatives having commenced in the early 1970s. All our South African operations are compliant with the Employment Equity Act of 1998, submitting reports detailing employment equity plans and targets and reporting annually against these. In terms of the Mining Charter agreed in 2002, the industry committed to achieving a target of 40% of its management ranks being occupied by historically disadvantaged South Africans (defined as African, Coloured and Asian people, women and people with disabilities) within five years of the implementation of the new minerals legislation. Currently, around 22% of our South African management are historically disadvantaged South Africans.

All our South African managed operations have been tasked with the development of a five-year plan to reach the 40% target, which we believe is attainable, though challenging. Key to these initiatives is our vocational scholarship scheme. Of the current 400 university and 180 technikon students sponsored by Anglo American Group companies, over 60% comprise historically disadvantaged South Africans. Acquisition of skilled candidates, and the retention and development of existing individuals, remain core goals.

HUMAN RESOURCES

Developing our people

We have placed a strong emphasis in the past two years on creating a performance-focused culture through a system of performance management and development contracts. This now involves more than 44% of employees at all levels.

We have also developed and implemented a talent management programme to ensure that high-potential individuals have better-managed career opportunities and that their potential is realised. We expect the coverage of this programme to be extended progressively over the coming years.

Training

Our managed companies spent some \$612 per employee on training in 2002, or 2.2% of total employment-related costs. At least 11% of direct training costs relate to Safety, Health and Environment issues.

We believe that these figures significantly underestimate the true value of the commitment since they fail to capture data for indirect training. This unquantified investment ranges from pre-employment subsidies of formal education through bursary schemes, to induction sessions, on the job training, day to day coaching and experiential learning through participation in projects and job rotation schemes.

Training expenditure is generally much higher in start-up operations, where substantial investment is necessary to train inexperienced workers. The ratio between training and total employment costs ranges between divisions, from 1% in Anglo Industrial Minerals, which is predominantly based in developed-country markets, to 2.7% in Anglo Coal and 3.5% in Anglo Base Metals.

Staff turnover

During 2002, 11,171 employees (8.8% of the total staff complement) left employment with Anglo American managed operations. Of these, 3,405 (30.5%) resigned, 2,068 (13.5%) were retrenched or made redundant, 1,948 (17.4%) were dismissed and 3,750 (33.6%) left for other reasons, including ill health and retirement.

Employee share ownership

We believe in the benefits of broad-based employee share ownership. Regrettably, there are only a limited number of countries where tax arrangements make such schemes attractive and efficient to administer. We have made representations in South Africa to encourage the government to view the promotion of such routes to equity participation as an element in their empowerment strategies.

There are 1,708 participants in the Anglo American executive share options scheme, and 6,806 and 1,712, respectively, in the UK-based Save as You Earn and Share Incentive Plan ownership schemes.

Employee communication

Many of our operations carry out employee surveys at local level. During 2002, a global survey was conducted to determine managers' attitudes across our managed operations. A task team was established to address any shortcomings and to consider the potential for improved communication. The survey revealed a very high level of energy and goodwill towards the company and awareness of being part of a global group. Improvements to our internal communication processes will help us ensure that this enthusiasm is well focused and purposeful. Some 90% of managers saw the company as 'committed to safety as a top priority', 'environmentally responsible', 'world class' and 'performance driven'. Businesses have been asked to consider improvements in communications with employees, and to implement these during 2003.

Case studies



Staff in training in all aspects of Safety, Health and Environment at Namakwa Sands



Visitors from the Anglo Platinum Schools project on an orientation tour of Rustenburg Platinum Mines' Klipfontein training centre



Chris Freer (standing), group training manager Occupational Health and Safety for Valley Longwall Drilling, Anglo Coal Australia, assists Dartbrook contractors to develop standard operating procedures

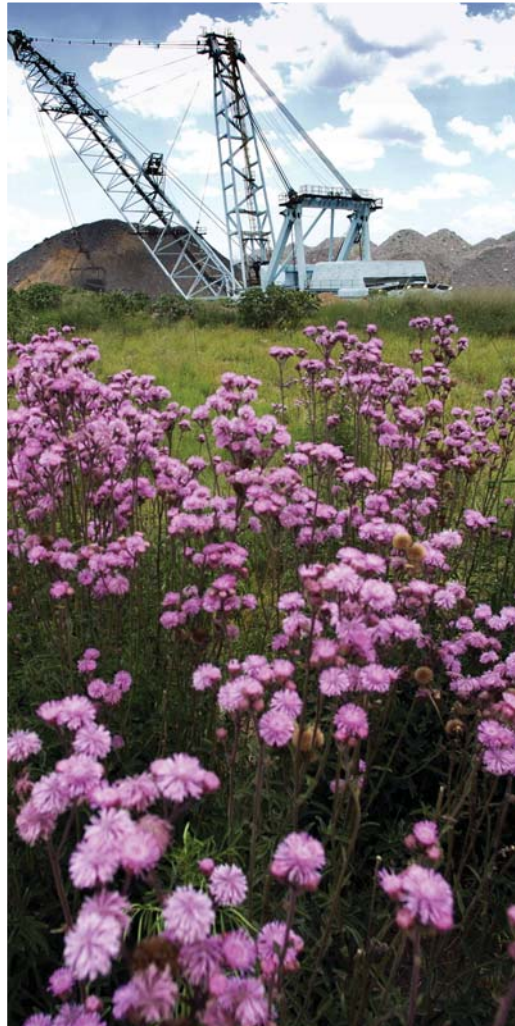


Therese Swanepoel, training co-ordinator at Rustenburg Platinum Mines, provides assistance to Francois Potgieter on the Edu-touch multi-dimensional on-line safety training programme

ENVIRONMENT



WATER SAMPLING AT ANGLO COAL SOUTH AFRICA'S VRYHEID CORONATION COLLIERY



FULLY REHABILITATED LANDS ADJOINING OPENCAST MINING AT ANGLO COAL SOUTH AFRICA'S KLEINKOPJE COLLIERY



AIR QUALITY MONITORING AT RUSTENBURG PLATINUM MINES' WATERVAL SMELTER

We aim to conserve environmental resources; prevent or minimise adverse impacts arising from our operations and demonstrate active stewardship of land and biodiversity.

We hold senior executives and line management within each division and company accountable for environmental issues and will allocate adequate financial and human resources to ensure that these issues are dealt with in a manner that reflects their high corporate priority.

Our policy on Safety, Health and the Environment

Overview

In the year under review we have made significant progress, particularly in three dimensions which were focal points of the debate at the World Summit on Sustainable Development – energy, water and biodiversity.

A Group workshop on mine closure provided an opportunity to reassess our benchmarks for good practice in planning for post-mining land use.

We believe that good environmental management at every site coupled with sound business performance and transparent interaction with our local communities constitute the foundation for a successful contribution to sustainable development.

While we continue to report some aggregated totals for our managed operations, the portfolio changes make comparisons misleading. We have, therefore, started reporting consumption and emission quantities per production unit. Given our wide range of products, this reporting of normalised data, and indeed the setting of targets for improvement, focuses on the more material products or business units. The data for all the managed business units are included in the tables commencing on page 47.

Our Technical Division is developing six virtual centres of excellence to assist in developing and implementing best practice in environmental management, energy, water, air quality, tailings management and sustainable development.

Environmental incidents

Type of incident	Brief description	2000	2001	2002
Level 1	Minor impact, short-term effect	387	1,642	4,000
Level 2	Moderate impact, medium-term effect	21	34	70
Level 3	Significant impact, extensive or long-term effect	0	0	0

Our incident reporting systems have continued to improve, in particular with respect to the reporting of minor incidents. The upward trend in level 1 incidents is primarily as a result of improved recording rather than deteriorating performance. The significant increase from 2000 to 2001 was also due to the wider scope of reporting from 2001 onwards.

Environmental fines

During 2002, we paid fines totalling some \$90,466 for environmental incidents. We believe that the implementation of systems compliant with ISO 14001 throughout the managed operations will contribute to improve performance. Risk management approaches also include review of regulatory risk.

Division	Description of incident	Cost
Mondi Europe	Exceeding permissible emission levels for SO ₂ and other constituents. This includes negotiated permit exceedances due to increasing production.	\$50,938
Industrial Minerals	Release of contaminated water, exceeding maximum discharge levels, and unpermitted abstractions.	\$39,528
Total		\$90,466



Paddy Waters (centre), Anglo American's exploration manager in the Philippines, with Jerry Brimo of Philex and the Philippines Mines and Geosciences Bureau director, Horacio Ramos, at the presentation of the Presidential Mineral Industry Environmental Award (PMIEA)

Case studies

In November 2002, Silangan Mindanao Mining Corporation, a joint venture between Anglo American Exploration Philippines and Philex Gold, was recognised for its outstanding safety record, community relations programmes and environmentally responsible mineral exploration at the Boyongan project in Surigao del Norte, Philippines.

Paddy Waters, our exploration manager in the Philippines, accepted the Presidential Mineral Industry Environmental Award (PMIEA) on behalf of Anglo American in November 2002 during the 49th annual national mine safety and environment conference in Baguio City.

ENERGY CONSUMPTION AND GREENHOUSE GAS EMISSIONS

Our climate change policy

We recognise that climate change is a real international and community concern and Anglo American commits itself to contribute to finding and implementing solutions to the challenges it poses.

Among other actions, Anglo American will:

- Monitor and participate in international processes to consider ways of meeting the challenges of climate change;
- Seek to understand stakeholder concerns about climate change;
- Collaborate in research and development programmes to address the challenges of climate change;
- Strive for efficient use of energy and reduce greenhouse gas emission intensities at its operations;
- Incorporate climate change considerations in its business planning and foster co-operation between its operations in managing greenhouse gas emissions;
- Explore opportunities for the use of the market-based emissions reduction mechanisms proposed in the Kyoto Protocol.

Overview

During 2002 we undertook to:

- implement our climate change policy and strive to reduce greenhouse gas emission intensity
- set energy-efficiency targets
- measure methane emissions at South African coal mines
- continue to develop our greenhouse gas inventory.

Energy consumption

Total energy used amounted to 200 million Gigajoules (Gj). Of this, 32% was electrical energy purchased and 68% was fossil fuel burned at our own operations. These figures exclude off-site transportation, energy generated from biomass and charcoal, and from waste steam or heat. We will continue to refine our methodology, particularly to enable realistic estimation of energy from renewable energy sources. As an example Copebrás, our Industrial Minerals operation in Brazil, uses biomass as a fuel source.

Focus on energy efficiency

During 2002, we increased our focus on energy efficiency rather than on total energy consumption for our managed operations, since the total is greatly influenced by changes in the composition of our portfolio of assets. By reporting normalised energy consumption figures, individual business units can set targets and benchmark against similar companies. As a start, many of our significant energy consumers have set energy-efficiency targets (refer page 51).

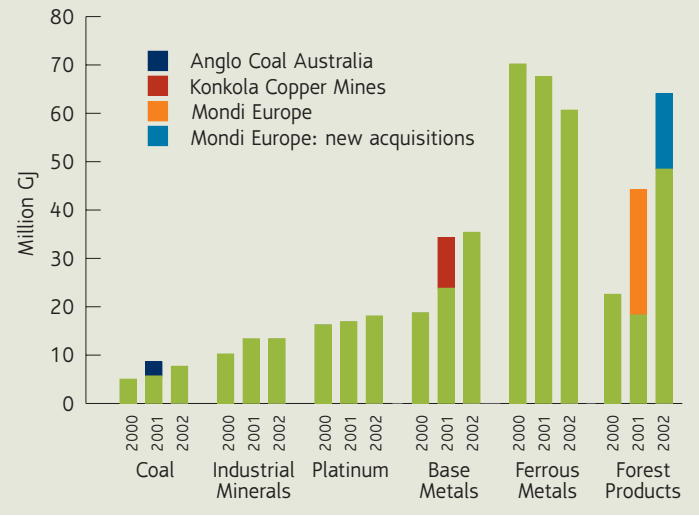
The impacts

The absolute quantity of energy used is not directly correlated with the magnitude of the impacts. For electricity, the source (e.g. hydropower or fossil fuels) is a major determinant of the environmental 'burden' associated with its use.

We have considered the CO₂ burden of 11 of our major electricity consumers by using CO₂ emission factors published by the International Energy Agency and national organisations. These are based on the mixture of energy sources employed to generate electricity in different countries.

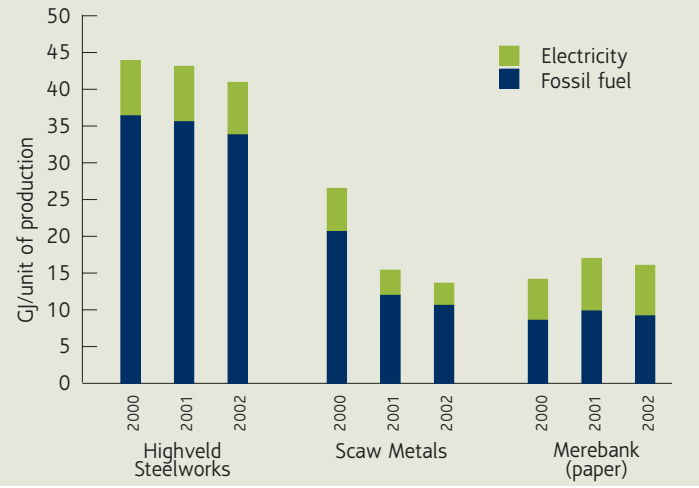
Highveld Steel in South Africa carries a high CO₂ burden for electricity used, with an emission factor of 0.89 tonnes of CO₂ per MWh, since the electricity purchased is generated primarily from fossil fuels. By contrast, Hudson Bay Mining and Smelting in Canada has a CO₂ emission factor of only 0.011 tonnes of CO₂ per MWh, since its prime source of electricity is hydro-electric power.

ENERGY USED BY DIVISION

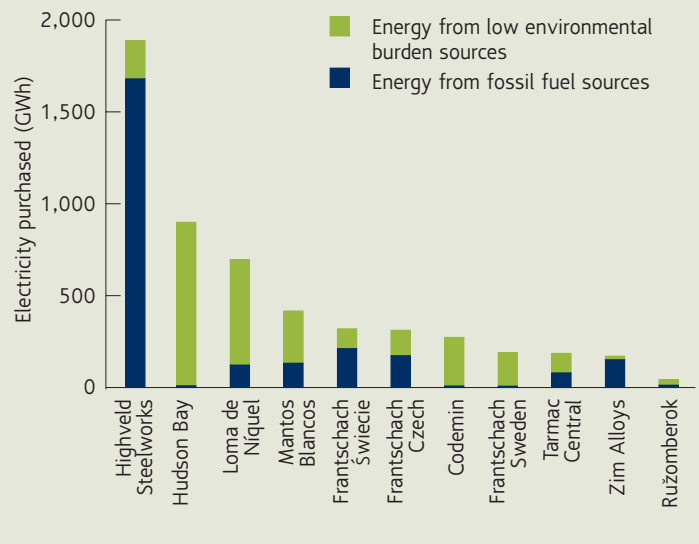


ENERGY CONSUMPTION RATE

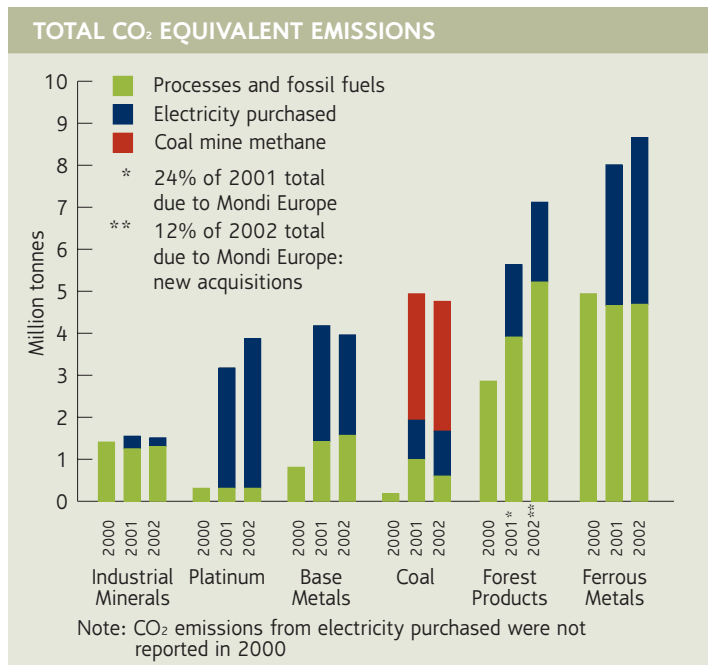
(MAJOR USERS: 34% OF TOTAL IN 2002)



ELECTRICAL ENVIRONMENTAL BURDEN (EEB)



ENERGY CONSUMPTION AND GREENHOUSE GAS EMISSIONS



CO₂ emissions and sequestration

We continue to use the tools and guidelines developed by the Greenhouse Gas Protocol for reporting our greenhouse gas emissions.

Net CO₂ emissions after forestry sequestration were 13 million tonnes from processes and fossil fuels consumed. Of this, 7.2 million tonnes were from our mining and smelting operations, down from last year primarily as a result of portfolio changes.

Our South African forestry operations are essentially carbon-neutral. With an estimated carbon stock of 15 million tonnes, our forestry operations sequestered approximately 790,000 tonnes of carbon dioxide in 2002, compared with 770,000 tonnes of CO₂ sequestered in 2001.

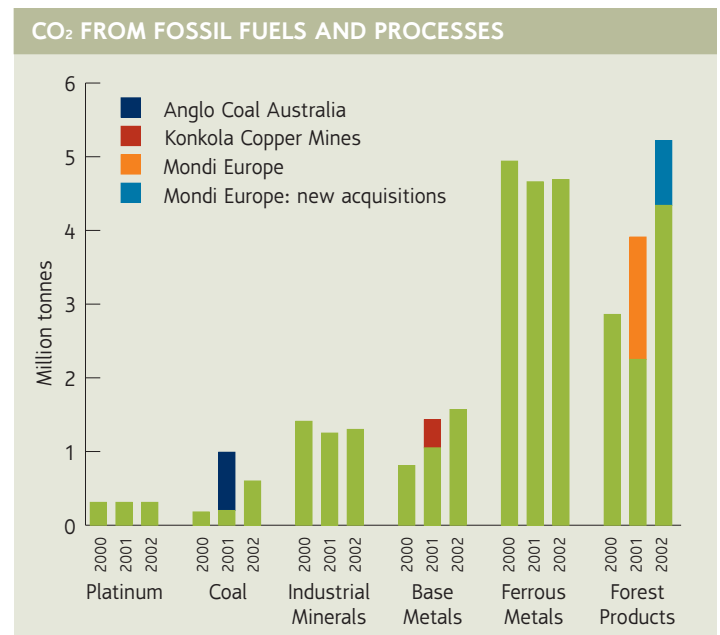
We emitted the equivalent of 3.1 million tonnes of CO₂ (2001: 3 million tonnes) in the form of methane gas from our coal mining operations. The methane emissions equate to 36 kg of CO₂ per tonne of coal mined, compared with 34 kg of CO₂ per tonne of coal mined in 2001. We have undertaken measurements of methane gas

emissions at our South African coal mining operations. On the basis of these measurements, we initially estimate our emissions from these operations to be 31,232 tonnes of methane, or 0.66 million tonnes of CO₂ equivalent in its greenhouse effect. This is included in the total 147,139 tonnes of methane, or 3.1 million tonnes of CO₂ reported. We will continue to refine these estimates following completion of methane measurement studies in our South African opencast mines.

Other improvements made to the inventory are refinement of the factors for calculating CO₂ from the purchase of grid electricity and CO₂ from fossil fuels.

The electricity that we purchased contributed a further 13.2 million tonnes of CO₂ emissions, up 10% from 2001 and accounting for 45% of the total greenhouse gas emissions. This increase resulted from a refinement of the CO₂/MWh factor reported by Eskom, the South African electricity generator.

For a detailed breakdown of the greenhouse gas inventory, please refer to page 52.



Peter Drnyk, a senior operator and worker member of the joint health and safety committee at Hudson Bay's Zochem plant in Canada, tends one of the new furnaces



André Engelbrecht (left) of Highveld Steel and Tony Scheckle of Mondi South Africa qualified as Certified Energy Managers during 2002

Case studies

Base Metals

At Hudson Bay's Zochem in Canada, unit energy consumption has declined by almost 30% since 1999 as a result of improved energy recovery equipment, the installation of a new, more energy-efficient furnace, and a change in operating practice that takes furnaces off-line before they drop significantly in energy efficiency. The decrease in unit energy requirements is worth about \$1 million per year at current energy prices and production rates.

Certified Energy Managers

At the first Certified Energy Manager (CEM) awards in southern Africa in August 2002, 12 energy experts were accredited by the Association of Energy Engineers in the United States as CEMs following a comprehensive training course and examination. Tony Scheckle, Mondi South Africa's environmental manager, and André Engelbrecht, section engineer at Highveld Steel, are two of the 12 who join a distinguished group of 7,000 energy professionals worldwide.

AIR QUALITY

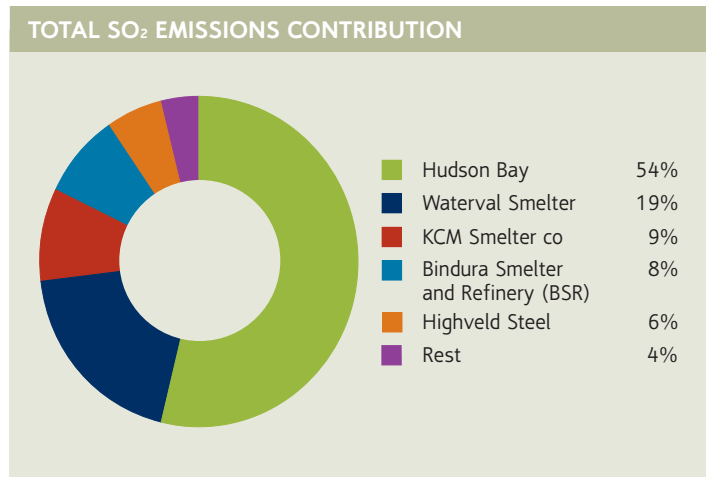
Overview

The emission of sulphur dioxide (SO₂) generally falls into the category of local and regional issues, rather than global concerns. However, as part of our air quality management programme, we collate and aggregate SO₂ emissions data for our managed companies.

Recorded emissions for 2002/2001

In 2002, total recorded emissions of SO₂ from managed operations amounted to 330,612 tonnes in comparison with 345,000 tonnes in 2001. The reduction was primarily due to the divestment of KCM, for which no data were recorded after September 2002.

Forest Products produced 6,233 tonnes of SO₂, approximately 1.8% of our total, down from 6,658 tonnes produced in 2001.



Hudson Bay Mining and Smelting (HBMS) operations are regulated by federally and provincially issued environmental licences, which include limits on SO₂ discharges. HBMS has maintained its annual discharges well below the regulated limits for the past 10 years.

Discharges, which ranged from 250,000 to 300,000 tonnes of SO₂ emitted per year from 1991 to 1994, have been kept below 200,000 tonnes per year from 1995 onwards.

HBMS completed a \$19 million upgrade of the copper smelter in 2000, which included installation of new water-cooled converter hoods. The project has resulted in a 90% reduction in SO₂ fugitive emission occurrences.



Measurement of air quality at Rustenburg Platinum Mines' Waterval Smelter



A Kleinkopje colliery dust bucket for determining dust fall out from the open cast mining operations, part of a comprehensive emissions monitoring system

Case studies

Platinum

Commissioning commenced during 2002 at the Anglo Platinum Converting Process (ACP) project at its Waterval Smelter near Rustenburg in South Africa. One of the aims of this project is to reduce the SO₂ emissions of the smelter by 55,000 tonnes by the end of 2004 from the 2002 level of 63,756 tonnes. Monitoring stations have been measuring ambient SO₂ concentrations at five locations placed at various distances from the Waterval Smelter since 1995. Ambient climatic conditions, topography, location of residential areas and the impact zone from the smelter were taken into account when the locations of the monitoring stations were determined. The results of these measurements are used in real-time models to predict air quality conditions under various production scenarios. There were 66 exceedances of the hourly average South African SO₂ guideline (300 parts per billion) during 2002, of which 47 registered at the Waterval Village monitoring station. During 2001, there were 90 exceedances, of which 57 registered at this monitoring station. The poor performance of the acid plant (which is being replaced with a new one as part of the ACP project) at the smelter was to blame for most of the exceedances. Although the ambient monitoring is done by Anglo Platinum, other sources in the area also contribute to increased levels of in the Rustenburg region. It is expected that the performance will be in line with international ambient guidelines once the project is fully commissioned.

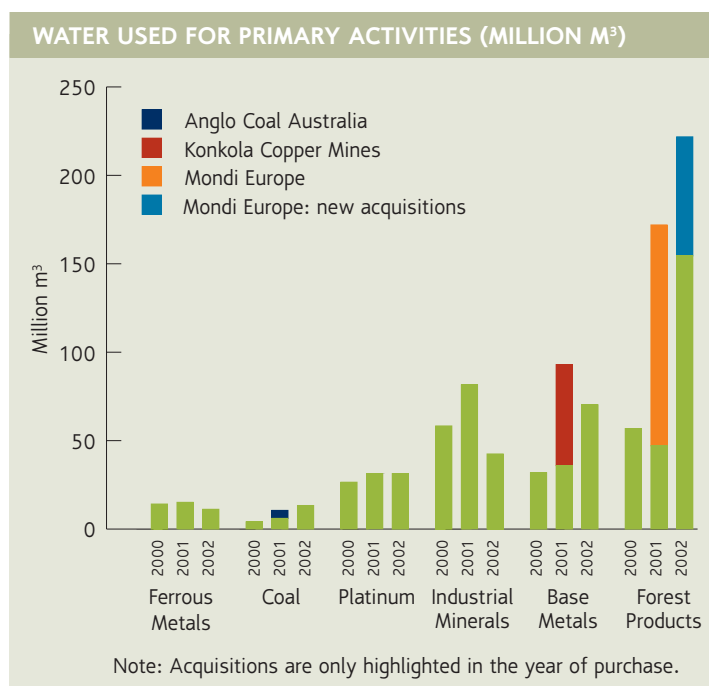
Forest Products

Mondi Paper's Merebank mill in South Africa is currently involved in a project to install a new boiler, which will utilise biomass (residual process material) from the papermaking process, consisting of bark, pulp sludge, sawdust and ash to generate steam and electricity for the mill. This new boiler will include state-of-the-art emission-control features and will allow Mondi Paper to decommission two oil-fired boilers. Limestone injection will be used to control SO_x emissions and a temperature profiling system will limit NO_x emissions. The boiler will have a bag filter to reduce particulate emissions to less than 20mg/Nm³. The decision by authorities to approve the new boiler was based on an environmental impact assessment, undertaken early in 2002, which estimated a 12,5% reduction in SO₂ emissions. As the residual process material currently goes to landfill, waste disposal to landfill will be reduced by almost 75% from some 200,000 tonnes per year to less than 50,000 tonnes per year, and the emissions from the trucks previously used to transport this waste will be eliminated. Community groups have appealed against the project on the basis that the development will increase emissions in the area. Mondi is engaged in consultation with interested and affected parties to convey all the facts relating to the proposed boiler and its mitigating effect on emissions to the environment.

Coal

In October 2002, Anglo Coal's Kleinkopje colliery in South Africa completed the first phase of an emissions inventory pilot study which identifies and quantifies all sources of emissions to air in the vicinity of its operations. The second phase, consisting of dispersion modelling, is currently under way. This applies site-specific conditions such as weather, wind direction, geology, topography, and the position of towns and villages in relation to the sources of emissions in order to determine the impact of these on the receiving environments.

WATER USE AND DISCHARGE



Overview

During the World Summit on Sustainable Development, water quality and availability featured prominently as fundamental requirements for progress towards sustainable development. Governments committed themselves, through the Johannesburg Plan of Implementation, to halve the proportion of people without access to safe drinking water by 2015. As major water users, we are committed to the efficient extraction and use of water, particularly in semi-arid regions, and the safe discharge of used water.

Water consumption and efficiency

Total water used for primary activities for all reporting operations amounted to 395 million m³. Of this, 127 million m³ were used for the primary activities at our mining and smelting operations, down from last

year primarily owing to data refinement and the disposal of Konkola Copper Mines in September 2002, which is evident in the Base Metals figure. The decrease in Industrial Minerals' water consumption results from adopting our standard definitions.

As part of our drive towards continual improvement, checks on data quality have led to better understanding of data reporting definitions in 2002. Whilst this makes comparisons with historical data problematic, it increases the opportunity for future, more accurate, benchmarking and the setting of realistic targets.

In 2002, we increased our focus on the efficiency of water use by business units rather than the total from managed operations, since the total is greatly influenced by changes in the composition of our managed operations.

Many of our operations, especially those in arid and semi-arid areas, have been focusing on reducing water consumption for many years, and hence the scope for improvement may be limited.

Focus on efficiency of water use

Four of our operations have proved to be highly innovative and efficient in their water-use strategies:

- Lisheen in Ireland has achieved 100% recycling rates
- Namakwa Sands on the arid west coast of South Africa has used sea water as a replacement for fresh water at the mine site, with a consequent 71% saving in fresh water
- Mantos Blancos in Chile's Atacama Desert has stabilised the fresh water consumption rate in the processing of sulphides at 0.45 m³/tonne of ore treated, while in the oxide plant the consumption rate has levelled at about 0.15 m³/tonne treated. The total (weighted average) consumption of fresh water is about 0.30 m³/tonne of ore treated. Figures for comparable processes elsewhere in the world are around 0.7–1.0 m³/tonne of ore treated.
- Mondi Paper in KwaZulu-Natal, South Africa, has reduced its water costs by 44% by replacing all fresh water used in the production process with recycled waste water.

Waste water discharge

The possible impacts of waste water discharges and the management measures required to minimise these impacts are considered at the operational level, since they are highly dependent on the characteristics of the receiving water and other site-specific factors.

Forest products

Mondi Paper in KwaZulu-Natal has reduced its water tariff by 44% by replacing all fresh water used in the production process with recycled waste water. The reclaimed sewage water project is a public-private partnership (PPP) which uses highly specialised water-treatment technology to produce water which meets and exceeds 95% of the South African potable water guidelines as defined in SABS 241:1999. The fresh water that was previously drawn by industrial consumers such as Mondi Paper is now available for supply to an additional 220,000 households in the greater Durban area, without the need for new bulk water supply and treatment infrastructure.

Coal

Anglo Coal is looking to treat acidic saline mine water with bacteria. Acid mine drainage (AMD), caused by the actions of air, water and bacteria on sulphide minerals in the coal wastes and exposed surfaces in mines, is characterised by water with a low pH and high concentrations of sulphate and metals. Sulphates in AMD have a negative impact on the aquatic environment. Landau colliery near Witbank, in South Africa, has been engaged in intensive studies and piloting of water-treatment technologies. This led to the decision to construct a \$2 million 3 ML/day sulphate reduction demonstration plant (SRDP) at the colliery's Navigation plant. Sulphate-reducing bacteria are used to reduce sulphates from 3,000–5,000 mg/l to acceptable levels of about 200 mg/l, to increase the pH to >7, to precipitate any metals such as iron and aluminium, and to neutralise acid waters by generating large amounts of alkalinity and producing elemental sulphur. The bacteria use ethanol as a carbon and energy source and grow optimally at 30°–35°C. Construction of the SRDP started in July 2002 and commissioning is expected to start in 2003.

Case studies



The sulphate reduction demonstration plant at Landau colliery



Experimental lands irrigated with treated mine water

STEWARDSHIP OF LAND AND BIODIVERSITY

Overview

During 2002 we finalised our biodiversity strategy and operational guidelines and distributed these to all managed operations for implementation and further specific development at site level. This strategy provides the framework and direction for biodiversity management at these operations.

Biodiversity

We are working in conjunction with other stakeholders to develop improved techniques for the management of biodiversity. We are, in particular, working in conjunction with ICMM which, with the IUCN, has started an initiative to create dialogue between communities, corporations, NGOs and governments to establish the best balance between the protection of important ecosystems and the social and economic importance of mining. IUCN and ICMM are committed to discussing a full range of issues with the objective of enhancing the contribution of the mining industry to biodiversity conservation and sustainable development.

Land Use

	2001	2002
Mining, quarrying and smelting operations		
Total land used/disturbed	53,770 hectares	63,619 hectares
Forest Products operations		
Total area of managed land	531,570 hectares	538,980 hectares
Total land afforested, all with Forest Stewardship Council certification.	310,713 hectares	319,873 hectares

All our mining and quarrying operations have formal, costed rehabilitation and closure plans in place. During 2002, these plans were reviewed.

Mondi Forests in South Africa sets aside suitable areas as national heritage sites that are registered with the Department of Environmental Affairs and Tourism and which form an important part of the national biodiversity programme. Over 100 red data (ecologically important) species are formally protected in these natural heritage sites. Mondi is also committed to the rehabilitation of all wetlands on properties that it owns or manages. A comprehensive land-use plan is compiled before any new land is afforested by Mondi in South Africa. This identifies and sets aside all indigenous forests, wetlands, riparian areas and archaeological and historical sites. Where wetlands are recognised as providing significant habitat or functional roles, these are left undisturbed where this is possible. Should wetlands be affected by forestry or other operations, these will be rehabilitated once operations have ceased in that area or compensatory wetlands will be developed.

Biodiversity operational strategy

Operations will implement the measures below in order to put our policy into practice. The implementation will be undertaken within national biodiversity frameworks, where these exist. Operations will:

- At the feasibility and/or exploration phase, conduct baseline studies appropriate to the level of activity and of potential impact, to establish existing conditions (including biodiversity), to identify environmental risks and to assess potential impacts at the planning stage of projects.
- Undertake environmental impact assessments (EIA) for new operations (or major changes to existing ones), in which an environmental risk assessment is included, that takes into account risks to and associated with biodiversity.
- Include biodiversity as part of their environmental management programme or plan (EMP) based on and appropriate to the level of risk identified. That part of the management/action plan pertinent to biodiversity will be built on a baseline study of the biodiversity and will be developed in consultation with interested and affected parties, including communities and governments.
- Monitor the implementation of the biodiversity aspects of the management programme by regular review of the biodiversity vital signs, the frequency of which review will depend on the level of risk. Biodiversity status, management methods and desired outcomes will be reviewed in light of the monitoring results, and with the provisions of the environmental management plan.
- Consider the effects of their activities on biodiversity in terms of:
 - Species loss
 - Habitat loss and/or degradation
 - Soil and land capability
 - Water quality, quantity and availability
 - Air quality
 - The services that biodiversity and the ecosystem provide for indigenous and other affected communities
 - Resilience of the local ecosystem and the nature of its interactions with larger, more extensive ecosystems
 - Representivity of biodiversity in the region (or globally in the case of unique systems).
- Where appropriate, as part of the environmental management plans, implement training, awareness raising and education programmes for management, employees, communities and government regarding biodiversity.
- Where initial studies indicate the need, make use of an appropriately qualified specialist to determine if biodiversity loss represents a high risk and to assist in the development of the biodiversity component of the EMP.
- Include biodiversity considerations in closure plans, including the determination of post-closure land use, to be decided in consultation with relevant stakeholders.
- Report internally and externally on biodiversity risk management as an integral part of overall management.



Norman Neave/Nyalazi Conservancy

As part of a world-first relationship between commercial plantation forestry and a World Heritage Site, 9,000 hectares of the SiyaQhubeka lease area in South Africa will be included in the Greater St Lucia Wetland Park, allowing for freer movement of animals in this important ecosystem



With winter rainfall that averages only 150 mm per annum, the use of topsoil as a seed bank and shade cloth as windbreaks has significantly aided the rehabilitation process at Namakwa Sands, on the arid west coast of South Africa

STEWARDSHIP OF LAND AND BIODIVERSITY

Coal

Landau supports the protection of species and the enhancement of species diversity through the following initiatives:

- Species trials on rehabilitated land where indigenous grass seeds are planted to establish a diverse grassland that is more stable and sustainable.
- Eight indigenous tree species have been planted on rehabilitated land as a pilot project.
- The natural seed bank in soil stripped for rehabilitation is protected and allowed to compete for germination space in rehabilitated areas.
- Introduction of indigenous game species into rehabilitated areas to improve the utilisation regime of the grassland system, and aid nutrient cycling.

Biodiversity Rapid Assessments are undertaken to determine species diversity on rehabilitated areas.

Industrial Minerals

A major environmental project, among the largest of its type in the United Kingdom, has been completed at Tarmac's Durnford Quarry near Bristol. Some 5.6 hectares of meadowland, including wild flowers such as green-winged and common spotted orchids, broomrape and yellow rattle, were moved from one side of the quarry to the other. The project started in September 1998 and involved lifting more than 20,000 pieces of turf up to 2.35 metres long. Today the meadow is home to a thriving variety of flora and fauna and forms part of a 10-year research project on habitat creation by a team from the School of Applied Sciences at the University of Wolverhampton led by Prof. Ian Truman. Wildlife taking advantage of the site include deer, hare, buzzards and skylarks, with communities of badgers and foxes living alongside the field.

Forest Products

Mondi is participating with the Kenya Gatsby Charitable Foundation, the Kenya Forestry Research Institute and various collaborating state and non-governmental organisations to alleviate deforestation and forest degradation in Kenya, where 93% of rural household energy needs are met from wood fuel. The Tree Biotechnology Project addresses the need for extensive tree planting through the use of public-private partnerships to introduce a vigorous, fast-growing and drought-tolerant hybrid eucalyptus, developed by Mondi Forests in South Africa, and to speed up the production of seedlings through tissue culture and clonal technology. A central clonal nursery, established outside Nairobi, is currently producing 500,000 seedlings annually, with plans to expand production to 3 million a year by the end of 2005. This initiative will contribute towards poverty alleviation by making wood fuel and timber more widely available to poor rural and urban people at an affordable price. The project aims to create a self-sustaining production and dissemination system, driven by private enterprise, in which donor support is necessary only for the first phase.



Mondi Forests' advanced eucalyptus clonal programme which captures superior traits for both the forestry operations and downstream processing



Giraffe are among the 40 species of game in Anglo Platinum's Amandelbult reserve in South Africa, created to conserve and promote biodiversity

Platinum

Areas to conserve and promote biodiversity have been created at Anglo Platinum's Union and Amandelbult Sections in South Africa. The total area of these parks is over 2,000 hectares and will be increased in future. At Amandelbult Section, over 40 different trees species occur in the area. The mountain aloe, which is classified as endangered or rare, also occurs on the property. Nearly 40 species of small and big game have been documented in the reserve. Nearly 200 species of birds have been observed and the call of the fish eagle can be heard regularly along the Bierspruit, which flows through the property. Feasibility studies are being conducted to establish whether a proclaimed conservancy can be established in the Der Brochen area in partnership with the Mpumalanga Parks Board. This would encompass an area of over 8,000 hectares.

Exploration

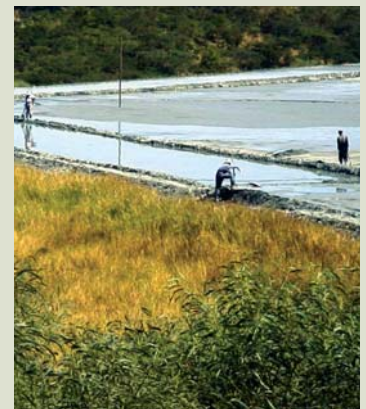
Anglo American Base Metals Exploration (Ambase Exploration) has been active in the environmentally sensitive Sperrgebiet in southern Namibia since the beginning of construction of the Skorpion Zinc mine in 2000. Activities include various types of geological and geophysical surveys as well as extensive drilling operations, all conducted under strict environmental management programme obligations and bi-annual external audits. Ambase has employed and trained a rehabilitation team that is fully dedicated to rehabilitating areas disturbed by drilling and surveys, both past and present. The team levels all disturbed ground by hand and with agricultural harrows; thereafter, plant species from the surrounding areas are replanted into the formerly disturbed areas and watered over a period of time. The excellent results surpass Skorpion's official environmental commitments, as specified in the environmental impact assessment, and have been favourably received by botanists from the Southern Namib Restoration Fund. This has resulted in a very good working relationship between the Ambase Exploration team and local representatives of the Namibian Ministry of Environment and Tourism, who have chosen to endorse Ambase Exploration's rehabilitation as the new standard for exploration activities by all mining companies in the Sperrgebiet.

Base Metals

More than 600 hectares of tailings dam surfaces are currently undergoing revegetation at Bindura Nickel in Zimbabwe. The system also provides jobs to members of the community, who receive training from the mine. The strategy is to vegetate the sides of a dam during its active life, and to plant the entire top as soon as possible after deposition ceases. The dam is then monitored until the vegetation is permanently established and a self-sustaining ecosystem has evolved. Bindura Nickel has two operating mines and two that have been permanently closed. Since the closure of Epoch Mine in September 1998, the top surface of its tailings dam, some 18 hectares in area, has been fully covered with indigenous grasses. More than 40,000 indigenous trees have been planted, and there is evidence of an evolving, self-sustaining ecosystem.



Exploration drilling in the environmentally sensitive Sperrgebiet in southern Namibia



Up-to-date revegetation on the tailings dam sides at Bindura Nickel in Zimbabwe

PRODUCT STEWARDSHIP

Overview

At present, our contribution to the broad topics of product stewardship and life cycle analysis is in three areas:

- socially and environmentally responsible production
- increasing availability of environmental information with our products, and
- recycling.

The first two are addressed in this report, and our recycling activities can be summarised as follows:

Recycling

With the exception of coal, virtually all the commodities and products that we produce are, to a very considerable degree, recyclable. We support and initiate schemes aimed at improved recycling in general through our involvement with industry associations and our own programmes.

Take-back schemes are mostly not appropriate for our activities since, in their final applications, our materials cannot easily be distinguished from those produced by others.

- In our Industrial Minerals division, Tarmac Recycling produces 1.5 million tonnes of recycled construction aggregates. The acceptance of recycled aggregates is being promoted through a quality control protocol agreed between key UK government agencies, professional and industry associations.

- At Scaw Metals, in our Ferrous Metals division, 441,200 tonnes of scrap iron combined with direct reduced iron from iron ore is converted annually into 530,000 tonnes of steel.
- Mondi Limited products have a combined recycled and renewable (Forest Stewardship Council certified) content of up to 90%.
- Mondi's Felixton Mill uses only waste fibre that would otherwise have been burnt or landfilled. Each year, 100,000 tonnes of bagasse, 50,000 tonnes of waste paper and 1,000 tonnes of waste wood fibre are used to make fluting for corrugated packaging.
- Mondi Kraft division finds beneficial uses for residual materials, such as the re-use of pith residue as a growth medium and the binding of waste ash with cement to create an aggregate for the production of concrete building blocks.
- Mondi Recycling, with a 39% market share, is the largest recycler of paper in South Africa. The company recycles 300,000 tonnes per annum, recovering paper through various successful pick-up programmes. One of these is a network of 82 buy-back centres that collects 58,000 tonnes of waste paper annually, for which Mondi Recycling pays \$2.77 million. The network has created 22,100 jobs and Mondi Recycling has installed equipment worth \$334,000 at these buy-back centres. More than 1,000 schools and 800 charities provide a further extension of Mondi Recycling's community programmes.

Case studies



Recycled demolition waste at Tarmac Recycling in Wolverhampton, United Kingdom



Scrap iron for recycling at Scaw Metals' Germiston plant in South Africa



Mondi Recycling in South Africa has given over 400 barrows to local hawkers to assist them in transporting waste paper to buy-back centres



Mondi Recycling's mascot, Ronnie Recycler, deposits magazines and newspapers into a paper bank

WASTE MANAGEMENT

Process waste disposal (excluding waste rock)

	2001	2002
Total number of process waste disposal facilities	120	113
Number of facilities in active use	65	58
Total area occupied by facilities (ha)	6,579	7,702
Total number of audits	166 ^a	124 ^b

^a third party and in-house

^b third party and Anglo Technical Division

Overview

The most visibly intrusive waste management challenge we face is the storage of tailings and waste rock. This is managed in accordance with statutory codes of practice and in some instances waste rock and tailings accumulations are being returned to mined-out open pit and underground stope areas. Studies have indicated a low safety risk on our storage facilities for mine tailings, slag and other large-volume residues.

Coal

Anglo Coal's Goedehoop colliery in South Africa, which traditionally supplies coal for the export market, has been crushing and re-washing coal discards or waste from the washing plant at a rate of 40,000 tonnes per month (tpm) since 1992. This process liberates additional coal from the discards. Crushing capacity was increased in September 2002 to treat all the discards from the washing plant at a rate of 90,000 tpm with an increase in coal recovery from the washing plant of 1.5%. This re-washing of process material will reduce discard volume by some 40% as the lower quality coal is suitable for local power generation. Until recently, the ultra-fine (-0.1mm) fraction of the coal fed to washing plants has not been recovered because of technology limitations. This fine-coal fraction consists of approximately 6% of the coal mined and is currently discarded as waste. Recent improvements to flotation and de-watering technologies have prompted Anglo Coal to construct a flotation plant at Greenside colliery, scheduled for commissioning in October 2003, to recover the export fraction from the fine coal. This will increase plant recoveries by approximately 3%.

Ferrous Metals

An environmental risk was identified at the phenol dam at the Highveld Steelworks in 1998. Both gas plants at the steelworks were producing phenols at that stage at a rate of 80-200 m³ per day. In 1996, trials on phenol incineration were initiated, and in 1999 an engineered phenol incineration system was introduced to the Iron Plant 1 kilns. Subsequently, the gas from the producer stacks was tested for phenolic compounds and it was found that incineration is complete, with no phenols being released into the atmosphere. Five kilns were converted to increase phenol incineration, which started formally in December 1999. Since the start of incineration, the gas plants responsible for the phenol generation have been closed and no additional phenols are being produced. At the present rate, all phenols remaining in the dam should be incinerated by the end of 2004 and trials are in hand to close and rehabilitate the site.

Platinum

Anglo Platinum has changed a landfill problem into a success story through a partnership with Go-Awaste Management Services, a newly created black empowerment company initiated by Zimele, Anglo American's business development unit in South Africa. The landfill site serving Rustenburg Section, which had been used for the past 20 years, was operating at a sub-standard level and

The following managed companies have set quantifiable waste-reduction targets:

- Tarmac (Industrial Minerals) has set quantified reduction targets, ranging from 0.45% to 10%, for defined categories of waste for most of its operations
- Frantschach (Forest Products) has set a target of a 30% reduction in waste to landfill by end 2003.

Waste from mining processes

During 2001, a full risk review was conducted on all our storage facilities for mine tailings, slag and other large volume residues. The results indicate a low safety risk and some potential acid mine-drainage risks that are being controlled by sound management processes and plans for the future. Additional audits and reviews during 2002 have confirmed the 2001 findings.

Hazardous and non-hazardous waste

In addition to tailings and waste rock, our operations also generate far smaller quantities of general domestic and industrial waste. Our objective is to minimise the generation of waste through, for example, process design, internal recycling, salvage operations, equipment selection and stock control. Where the generation of general or industrial waste is unavoidable, we aim to separate the waste at source to maximise the potential for recycling and to ensure appropriate disposal. Where disposal is unavoidable, waste is sent to facilities that are designed and operated in accordance with legal requirements.

people were scavenging through the waste on a daily basis. Go-Awaste found accommodation for the scavengers, who have been converted to reclaimers and function as business partners of Go-Awaste. The amount of material being recycled has increased by over 200%, with the reclaimers enjoying the benefits of improved income at the buy-back centre established by Go-Awaste on site.

Essential engineering has been carried out to remedy various shortcomings at the site. Gate control was instituted to monitor all waste coming onto the site and to ensure that no undesirable material was deposited. A composting facility was established and all other wastes placed into a two-cell system. At the end of each day, all non-recoverable waste is compacted and covered with soil. Simultaneously, areas where the landfill has reached its final height are being systematically rehabilitated. The final step will be to obtain a permit for the site, which is operating in accordance with the requirements of the Department of Water Affairs and Forestry.



The coal discards washing plant at Anglo Coal South Africa's Goedehoop colliery has achieved an increase in coal recovery of 1.5%



The Go-Awaste project at Rustenburg Platinum Mine landfill site where members of the local community sort waste for recycling

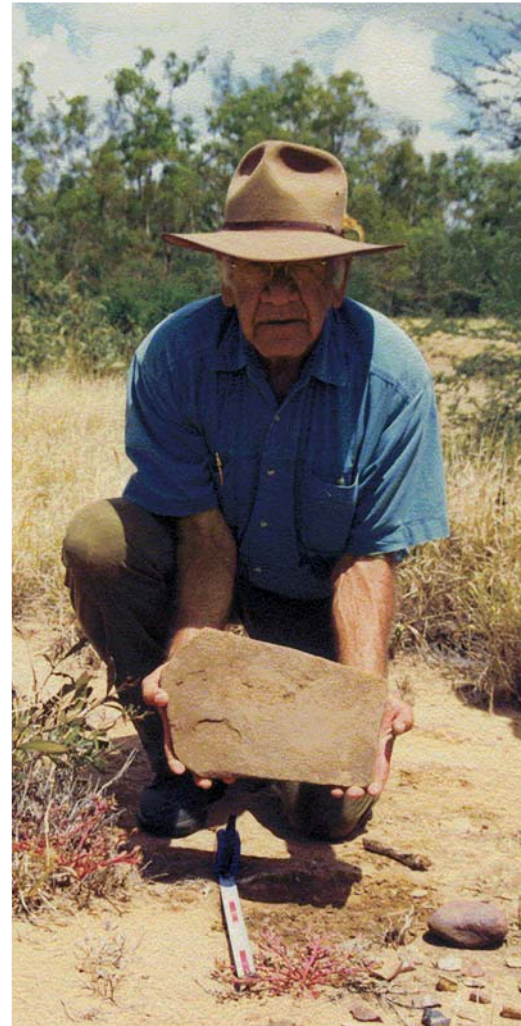
SOCIETY



COMMUNITY REPRESENTATIVES AT THE OFFICIAL HANDING OVER BY MONDI SOUTH AFRICA OF OWNERSHIP OF LAND TO THE RUSTPLAATS COMMUNITY IN PIET RETIEF FOR DEVELOPMENT



AS PART OF THE ONGOING RESTORATION PROGRAMME AT TARMAC'S LANGFORD QUARRY IN ENGLAND, MEMBERS OF THE LOCAL COMMUNITY ASSIST IN PLANTING THE FIRST 10,000 REEDS TO CREATE A BIRD SANCTUARY



ABORIGINAL TRADITIONAL OWNER, FRANK BUDDY, EXAMINES A GRINDSTONE ARTEFACT DURING A RECENT FIELD SURVEY AT ANGLO COAL AUSTRALIA'S MORANBAH NORTH MINE

COMMUNITY HEALTH

Overview

Because poverty creates the conditions in which HIV/AIDS, malaria, tuberculosis and childhood infectious disease spread more easily, it is important to recognise the role of economic and social development in improving health indicators. In turn, there is increasing recognition that tackling health problems is a key element in the fight against poverty.

Community health is a vital component of sustainable development and deserves greater prominence in the spectrum of social, economic, environmental and development policy.

Given the scale of the health care delivery challenge in developing countries, effective partnerships between business, civil society organisations, governments and multilateral agencies will be necessary to address these problems. With our significant presence in developing countries, we can make a material contribution to their economic development and the improvement of health.

The Global Fund to fight AIDS, tuberculosis and malaria is a recently formed public-private partnership specifically created to tackle, with a renewed sense of urgency, these epidemic diseases that are devastating developing countries. We are directly involved in the private sector constituency supporting the work of the Fund.

HIV/AIDS

The full impact of HIV/AIDS has not yet been felt, and experts predict it is going to get much worse. However, the devastation caused by AIDS is not inevitable and the impact can be reversed if action is taken now. It cannot be business as usual. New ideas and new strategies are needed which take into account and learn from society's failure to contain the epidemic in sub-Saharan Africa. We are playing our part by providing effective prevention programmes linked to care, support and

treatment for employees with AIDS, and also by extending our influence and expertise beyond the workplace into the communities associated with our operations. We have given a high priority to working with local communities on projects to:

- broaden awareness
- encourage condom use, including amongst sex workers
- promote treatment of sexually transmitted infections
- involve traditional healers in combating the epidemic, and
- create income-generating schemes that provide women, in particular, with the means to alleviate poverty.

Where the AIDS epidemic is at an advanced stage, we believe that voluntarily counselling and testing for HIV and access to anti-retroviral therapy (ART) are the two essential interventions that will make a difference in turning the epidemic around. We have taken a lead in piloting treatment access programmes in resource-poor settings.

The greatest impact of the HIV/AIDS epidemic is on the economically active segment of the population. If the already fragile economies of developing countries falter, the small gains in closing the divide between rich and poor nations will be lost.

We will work with national and provincial governments and local authorities, international donors and appropriate non-governmental organisations and communities. It is essential that the public sector capacity is created in southern Africa to extend ART delivery beyond the workplace to the broader community, including dependants of employees and those employees who have left our service for whatever reason. With leadership and planning, the epidemic can be managed and businesses can flourish to the benefit of shareholders and of the three-quarters of the adult population in southern Africa who are still free from HIV infection.

Case studies

Chairman's Fund AIDS initiatives

The Anglo American Chairman's Fund provides assistance for community initiatives in all fields of development in South Africa. Support for projects providing care and assistance to victims of HIV/AIDS and their dependants has grown in recent years as the epidemic tightens its grip across the country. During 2002, the Chairman's Fund provided assistance to over 30 different projects working in various ways to bring relief and hope to people and communities carrying a disproportionate share of the burden of AIDS. This represented some 7% (\$410,000) of the Fund's total spend. Among the organisations receiving larger grants were care and hospice facilities at the Tapologo Project in Rustenburg, the National Association of Child Care Workers for an innovative project piloting community care for AIDS orphans in Limpopo Province and the Cape Town-based Caring Network that trains and supports care-givers for people with AIDS. In the coming year, the Fund will review its formal AIDS policy, first developed in 2001, to direct its funding to projects and programmes best placed to help ordinary people develop the capacity, courage and resources to become effective agents of change in their own communities.



A key element in combating HIV/AIDS is the use of anti-retroviral drugs to prevent mother to child transmission of the virus



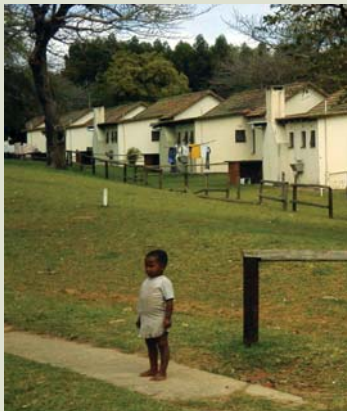
Mothers in a community clinic are counselled about the HIV/AIDS epidemic

Case studies

Forest Products

Mondi Kraft has donated a \$190,840 property for pioneering the HIV/AIDS initiative in KwaZulu-Natal in South Africa. Amangwe Village, on the outskirts of Kwambonambi, has been donated to the Zululand Chamber of Business Foundation for conversion to an holistic, co-ordinated system of care and prevention of HIV/AIDS infected children and adults. It is envisaged that the centre will become the flagship resource centre for HIV/AIDS interventions in Zululand. The Amangwe Village property includes an existing clinic, crèche and recreation hall, and 52 cottages. The buildings are being renovated in stages to accommodate the expansion of the existing Ethembeni Care Centre (founded by six local companies, including Mondi Kraft) from a 17-bed to a 45-bed sub-acute hospital facility. There will also be a 16-bed paediatric ward, an education and training resource centre, a day-care centre and counselling facilities. The cottages will serve as temporary places of safety for the most desperate children, offer foster and respite care and provide office space for various social service organisations. The village will maintain a database of orphans and vulnerable children and, through key partnerships, their needs will be monitored and addressed. While business partnerships are essential to the effective running of the Amangwe Village centre, it will be a community-owned and community-based model.

Another beneficiary of Mondi Kraft's social investment programme is the Siyabonga shelter in Richards Bay, which has worked tirelessly in the area for many years, taking on the responsibility of caring for orphaned and abandoned street children and AIDS orphans, as well as abused women. Working closely with local structures such as welfare organisations and the police, the shelter offers the children the opportunity for rehabilitation and reintegration into their families and the community. Mondi Kraft is currently contributing, with other companies in the area, to the purchase of a new house for the shelter. The company also identified an opportunity to assist the women in the shelter to help themselves. Six sewing machines were donated, and the local Women's Institute provided sewing lessons to the women in the surrounding area, thus empowering the women to create their own employment and contribute funds to the shelter. The Zululand Chamber of Business Foundation, Mondi Kraft and other companies have been actively involved in the upkeep and maintenance of the shelter, with annual financial donations and *ad hoc* contributions towards schooling and clothing.



Part of the Amangwe Village in South Africa, which is being converted to an holistic, co-ordinated HIV/AIDS centre



The Siyabonga shelter in South Africa cares for orphaned and abandoned street children, AIDS orphans and abused women

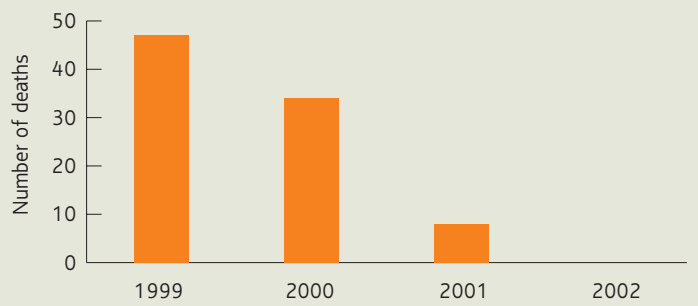
Malaria

The residual spraying programme for the prevention of malaria at Konkola Copper Mines resulted in the number of cases of malaria being reduced by a further 23% in 2002. This represents a 63% reduction of incidence since the initiation of the programme in 2000. More importantly, 2002 was the first year on record in which there were no deaths from malaria at the Konkola and Nchanga mine hospitals. The progressive reduction of deaths since 1999 is testimony to the success of the intervention. In past years, 60% of these deaths were children below the age of five. Malaria is no longer the leading cause of admission to hospital. The public hospital at Nchanga has also reported a dramatic reduction in the number of malaria cases.

Some 33,000 housing units were sprayed at a cost of \$5.80 per dwelling per year, within programmes that control and manage environmental risks. The population reached by this intervention is approximately 330,000 people. This is an extremely cost-effective malaria prevention initiative that, on account of its remarkable success, has been adopted into the Zambian national malaria prevention programme. The programme has continued under the aegis of the Zambian government and international agencies, since our departure from the Zambian Copperbelt.

As the largest funder of the Business Trust, we have also been indirectly responsible for the Trust's southern African anti-malaria programme. An initial Business Trust investment of \$480,000, which subsequently increased to \$1.72 million, has to date catalysed further investment of \$3.14 million from government and other sources to combine the work in South Africa, Mozambique and Swaziland. The Business Trust seed funding has now also resulted in the commitment of a further \$24.8 million from the global fund to fight AIDS, tuberculosis and malaria. Following the spraying of 200,000 dwellings, the parasite prevalence of malaria has declined from 63% to 38%. With funding secured for the continuation of the programme over five years, this prevalence should drop to some 2%.

KCM MALARIA DEATHS



COMMUNITIES

We aim to promote strong relationships with, and enhance the capacities of, the communities of which we are a part. We will seek regular engagement about issues that may affect them. Our support for community projects will reflect the priorities of local people, sustainability and cost-effectiveness. We will increasingly seek to assess the contribution our operations make to local social and economic development and to report on it.

We aim for constructive relations with relevant non-governmental organisations. Their input may lead to better practices and increase our understanding of our host communities.

Good Citizenship: Our Business Principles

Overview

Major extractive or industrial operations can have profound implications for surrounding communities. They can generate significant job opportunities and result in the economic and social upliftment of an area. They can also be disruptive of traditional lifestyles and fragile social systems and can generate adverse environmental impacts. In the great majority of cases, local communities are supportive of the opportunities that such operations can create. However, we understand the need to proceed with sensitivity and for there to be regular dialogue with local people in order to maximise the mutual benefits from our investments.

The stability and prosperity of the communities associated with our operations is of real importance to us. We see a clear business case for engagement with them.

During 2002, we adopted Community Engagement Guidelines and, at a local level, our significant managed operations have started the process of putting in place three-year rolling Community Engagement Plans. We intend that, by the end of 2003, over 90% of our significant managed operations will have Community Engagement plans in place.

Maximising social and economic benefits

Our objective, through the life of an operation, is to enhance the human capital of the local community and to seek to nurture a sustainable alternative base for economic viability post-closure. Planning for closure means strategically augmenting each community's social, economic and human capital to balance the depletion of mineral or natural resources.

As an illustration, the new Skorpion zinc mine, which is due to open in 2003, will have a 93% Namibian workforce despite local skills shortages. At our niobium mine at Catalão in Brazil, a partnership has been established with the New Life Foundation, an organisation committed to providing training and support to young underprivileged people. Since 1998, the mine has sourced its wooden pallets from the Foundation and provided financial support and business expertise to underpin the venture. Some 65 families are benefiting from the mine's annual purchases. The mine also sources other purchases from the Foundation and helps with transportation.

Environmental Impact Assessments have for some time been accepted best practice in Anglo American. Significant progress was made during 2002 in developing a Group methodology for Social Impact Assessments. This will be finalised in 2003 and implemented at all new projects.

Rapid socio-economic impact assessments

We have also been developing a methodology to assist mature operations that have not previously conducted a Social Impact Assessment to review and manage their positive and negative impacts. This Rapid Socio-Economic Assessment is designed to map stakeholder concerns and to identify benefits flowing to the local and regional economy, key features of local human capital, and opportunities for improving local developmental effects. It will also serve as a benchmark to assist the social dimensions of mine management and long-term mine-closure planning. Three initial projects were completed in 2002 to test the methodology – at Mondi Forests in South Africa, Catalão in Brazil and the German Creek coal mine in Australia. We intend to validate the methodology during the first half of 2003 and then roll it out to our managed operations as a key management tool.

Case studies

Base metals

The town of Leaf Rapids, located 800 km north of Winnipeg in Canada was constructed by the Manitoba provincial government in 1972 as a support community for Ruttan mine, which was subsequently acquired by Hudson Bay Mining and Smelting (HBMS). Over the years, the community grew to a population of some 1,500 people. Mine production ceased in 2002 and, to mitigate the impact of the closure, a number of steps were taken by the parties involved. Communication of the actual closure decision was done immediately after the decision to close had been made, and to as many employees at the same time as possible. The union co-operated in alterations to the collective agreement and facilitated flexibility in the workforce, thus ensuring that a skilled workforce was on site in the months prior to closure. This co-operation was reflected in the safe work performance and productivity that, in spite of depressed metal prices, earned all employees an individual bonus of up to \$6,000 during the last few months of the operation. The most critical component of life after Ruttan was the Ruttan Worker Adjustment Committee which set up the Leaf Rapids Resource jointly funded by the Province of Manitoba and HBMS. The Resource Centre was directed by a steering committee with union, management and government representatives, and was staffed by competent personnel, some with previous experience of industry shutdowns and others who were passionate to the cause of helping workers adjust to a different life. The Committee assisted the vast majority of the workforce to locate to new positions in the same or similar industry settings.

Just as workers were going through an adjustment period, so too was the town of Leaf Rapids, both from a population and tax revenue point of view. HBMS had provided in excess of 60% of the town's operating budget through a grant in lieu of taxes, which was extended to December 2002. A Leaf Rapids Adjustment Committee, set up with HBMS providing \$150,000 over three years, included representation by the general manager and the personnel superintendent. The Adjustment Committee met weekly and published weekly communications to the residents of Leaf Rapids. One of the programmes generated through this Committee was a care and maintenance programme for the housing infrastructure to protect the houses from deterioration over the winter and allow an aggressive marketing programme to sell them. This was an 18-month programme to which HBMS committed \$300,000. In addition, HBMS has committed a further \$975,000 to community transition, with \$300,000 due in 2003 for usage not yet defined and \$675,000 for 2004–2006 towards the town's operating budget. The provincial government is also contributing \$1,250,000 for community adjustment. The closure of the mine certainly can be viewed as a disappointment, but there are valuable lessons to be learned from a successful mine-closure programme.

COMMUNITIES

Empowerment through enterprise

We have active small and medium enterprise (SME) development programmes in South Africa and Zimbabwe. Our South African SME unit, Zimele, has developed internationally respected small business generation and support methodologies. Zimele (the name is derived from the Zulu and Xhosa words meaning 'to be independent') has as its objective the creation of sustainable, commercially viable businesses driven by people with passion and entrepreneurial spirit and assisting the successful integration of people from previously disadvantaged communities into the mainstream economy of South Africa through the creation and development of sustainable and sound businesses.

Zimele assists companies with potential for success to access outsourcing opportunities from our managed operations. It takes a transitional minority stake and makes available management mentoring and specialist expertise such as advice on tax and legal issues. Many of the SMEs in which Zimele is involved have developed from outsourcing opportunities at the mining operations. Zimele's 21 investments in companies which range from oil regeneration, mine safety equipment, engineering, health, waste management and

IT and which collectively employ over 1,000 people, generated a turnover of \$16,5 million in 2002, a 19% increase on the previous year.

To date, we have been associated with in excess of \$1.3 billion in black economic empowerment deals and have been recognised for our dual approach, which focuses on both procurement and major investments. Almost \$1 billion of this amount was recorded in empowerment transactions through entering into partnerships with new empowerment companies such as African Rainbow Minerals and Mvelaphanda to develop or mine big deposits that are beyond the reach of small and medium-scale entrepreneurs.

Procurement policies have been a key route for increasing the stake of historically disadvantaged communities in the South African economy, and the approach has become a fundamental part of our black economic empowerment thrust. In South Africa, each major operation has a business development officer who works with Zimele to assist in identifying opportunities and providing support for local business development.

Case studies

Forest Products

Social profiling and the engagement of local rural communities have been in progress at Mondi South Africa for a number of years. One of the main aims of the programme is to mobilise resources at the appropriate level. These include national and provincial government departments, Mondi, NGOs and international funding agencies. The appointment of 17 social development facilitators, who link the forest operations to local and neighbouring communities, reflects the resolve of Mondi to engage stakeholders and to participate in the development of the rural communities. These facilitators seek to address community concerns and aid development through identifying under-utilised core business assets that provide income generation opportunities. These include bee keeping on company property, access to grazing, and the provision of surplus wood for cooking, for crafts and charcoal burning. A pilot charcoal project, jointly established with the UK Department for International Development, is already sustaining 125 jobs. The number of fires in the plantations (from honey gatherers seeking to smoke out bees) has declined, and relations with local communities are on a much more positive footing. The Farmers Support Group, an NGO affiliated to the University of Natal, which plays an important role in training and supporting Mondi staff in the process of systematically engaging rural communities and ensuring that community needs and expectations are professionally represented and recorded, is an important neutral partner in Mondi's community engagement programme.

Coal

Sustainable development is the cornerstone of a deal in which three local communities took ownership in August 2002 of land previously owned by Anglo Coal's Vryheid Coronation Colliery (VCC) in KwaZulu-Natal, South Africa. In terms of the deal, the Zamokuhle Residents Association Trust, the Vrede Community Trust and the Mthethwa Tribal Authority Trust acquired more than 2,000 hectares of land on three farms. Anglo Coal, in partnership with the state and the community leaders, will facilitate a process of empowering the communities to utilise the land in a responsible manner so that sustainable practices are entrenched. Communal property associations will be formed for each of the groups to enable them to access state funds to develop the properties. Anglo Coal personnel will work with the communities to assist in building their capacity in forestry and farming initiatives.

Coal

Anglo Coal South Africa's Landau colliery is involved with community members in a vegetable farming initiative as part of its philosophy of developing sustainable projects for its local community. Potable water is being supplied to the farming project until the Department of Water Affairs approves the supply of treated mine water. Fencing was supplied and erected to control access to the area, and the ground was ploughed over. On the more technical side, the mine analysed soil data from the site and recommended liming and fertiliser requirements. The community started planting vegetables (lettuce, beetroot, onions, carrots, and spinach) in early August, creating the hope for a bumper crop at the end of the season and, to date, produce has been of a high quality and is being sold to local greengrocers. From these small but determined beginnings, the aim is for these projects to sustain themselves, and provide healthy meals and incomes. Areas belonging to Landau that are currently not being used, and are not earmarked for mining use, are being identified and assessed for similar agricultural projects.



Mondi Forests' pilot community charcoal project, jointly established with the UK Department for International Development



Waste water from the Navigation Plant at Landau colliery, which is high in sulphates, is used for a flourishing community market-gardening business

COMMUNITIES

Community engagement guidelines

In an age when expectations of accountability have multiplied several times over, Anglo American recognises the importance of engaging with stakeholders¹ – consulting about issues, listening to their perspectives and being prepared to discuss its own positions.

Regular dialogue with the communities² affected by our operations – in which many of our employees may also live – is an important element in minimising the risk of local hostility or disruption to operations. Partnership in local projects is a further element of community engagement³.

The structure and objectives of community engagement are being defined for all our operations, where this is relevant, and clear management accountabilities and success criteria are being identified. Each of our managed operations will, by the end of 2003, have a three-year community engagement strategy in place. These will reflect inputs from a range of local stakeholders.

Stakeholder engagement is an important component of our overall community development and social management system. For the assessment and possible approval of new projects, we give priority to the stakeholder engagement requirements prescribed in the host country's legislation or guidelines. Where the host country's requirements are inadequate or absent, we make use of international guidelines, such as those promoted by the World Bank group.

The community engagement guidelines focus on our approach to ongoing stakeholder engagement throughout the operational phase rather than to the initial stakeholder engagement process, which is part of the development of new projects. These operational phase guidelines are of relevance to:

- operations, with community engagement strategies in place, that are seeking to benchmark and, if necessary, to refine and formalise their strategies
- operations that are seeking to develop community engagement strategies, possibly as a component of their Community Development/Social Management plans
- new projects seeking guidance on developing community engagement strategies for the operational phase, usually as a component of their Community Development/Social Management plans.

All our managed operations are encouraged to formalise their community engagement strategy by preparing a community engagement plan. The plan defines a rigorous and culturally appropriate approach to community engagement. The scope and level of detail of the community engagement plan vary according to the context, nature and scale of each operation.

Typical objectives of our community engagement strategies are to:

- maintain open dialogue with the local community and other stakeholders
- respond to communications from stakeholders
- enhance the capacity of the local community
- contribute to sustainable local social and economic development
- inform local communities about changes to an operation
- plan for significant future events, such as closure of the operations
- inform communities of the onset of environmental and social impacts
- identify underestimated or unanticipated impacts as they arise
- assist affected people in adapting to change
- monitor the effectiveness of management initiatives.

¹ Our stakeholders are those individuals or groups that have an interest in or may be positively or negatively affected by our operations.
² We usually define 'communities' to be those individuals or groups that may be directly affected by our operations.
³ 'Engagement' is the overarching term that we use to capture the various ways that we interact with our stakeholders.

Engagement

An increasing number of our operations are working through Community Forums or Liaison Committees. In Anglo Industrial Minerals, for example, of 138 significant operations, 88 already have a consultation forum in place. At Loma de Níquel in Venezuela, the mine has monthly meetings with its two nearest neighbourhood associations. In Australia, mines that have a settled community independent of the mine, such as at Callide, Dartbrook and Drayton, formal Community Liaison Committees have been put in place. The goal of regular engagement is set, but each operation and its associated community will evolve a model which best fits local circumstances.

As part of our commitment to engagement and capacity-building, our exploration team in Udaipur in India has been working with local non-governmental organisation, Seva Mandir. We sponsored Seva Mandir's participation in the Federation of Indian Mineral Industries (FMI) round table on community development. This led to Seva Mandir's involvement in writing the FMI's guidelines for community development for small, medium and large mining companies.

Volunteering

We are a global sponsor of an international campaign, ENGAGE, which is being co-ordinated by the International Business Leaders Forum to encourage companies to work more closely with local communities. The intention is to strengthen ties between business and communities and to help companies to mobilise some of their capacities to help the neighbourhoods in which they work.

Specifically, the campaign aims to stimulate an extra million days of employee volunteer effort annually. This commitment to aiding communities finds an echo at many of our operations. Prominent among those running volunteering programmes are Namakwa Sands, which recorded nearly 4,000 volunteering hours in 2002, and New Denmark colliery in South Africa, the London corporate office and Codemin in Brazil. We believe volunteering schemes also have benefits for employees in terms of broadening perspectives and enhancing morale and team building.

Case studies

Industrial Minerals

At Copebrás in Brazil, integration with the community is embodied in their Hand in Hand projects which seek to improve the quality of life and education of young children, teenagers and the spouses of company employees, and encourage a positive understanding of the work undertaken by the company. The projects include visits to the plant, organisation of community festivities, and the fostering of cultural, social and educational activities. A community consultative panel encourages interaction between all affected parties on matters relating to safety, health and environmental issues.



The children's orchestra at Codemin in Brazil is sponsored as part of the Hand in Hand programme with the community

HUMAN RIGHTS

We support the principles set out in the Universal Declaration of Human Rights.

Good Citizenship: Our Business Principles

We have long accepted the importance of upholding human rights in our operations on issues such as equal opportunities, freedom of association and ensuring safe and decent working conditions. That responsibility extends to ensuring that our operations minimise their environmental impacts and contribute to the realisation of social and economic progress in local communities.

As a capital-intensive investor, we do not have the option of an easy or quick withdrawal from territories if there is a sudden deterioration in the political or human rights situation. Moreover, such withdrawals often damage not only investors but also employees and local communities. We have to take a long-term view and will generally maintain a presence for as long as it remains possible to continue to operate in accordance with our business principles. These require that 'we will seek to promote the observance of human rights in the countries where we operate' and to seek to improve social and economic conditions within the Company's sphere of influence.

The country where human rights performance caused greatest concern during 2002 was Zimbabwe. Company employees were subjected to political violence and food shortages. A number of employees were also subjected to intimidation. The perpetrators of these acts were not brought to account and confidence in the rule of law is at a low ebb. The Company made representations to the authorities in response to such incidents and sought to alleviate the impact of food shortages in its area of operations. Regrettably, conditions remain difficult.

During 2003, the Company intends to develop detailed guidelines for operations on human rights. It will also review its procedures with a view to adhering to the Voluntary Principles on Security and Human Rights. These were adopted initially by a group of companies in the extractive sector in late 2000 under the chairmanship of the US and UK governments.

INDIGENOUS PEOPLES

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.

Good Citizenship: Our Business Principles

Our strong commitment to upholding human rights and to combating discrimination includes affirming the rights of historically disadvantaged and indigenous groups.

The scope of traditional land rights has been strengthened and clarified in a number of countries in recent years. Moreover, a significant amount of exploration work and a number of new mines have been established in the traditional territories of indigenous groups. We lay stress on proceeding on the basis of respect for their customs and heritage. Wherever we operate, we seek to do so with the co-operation and informed consent of local communities.

In 2002, the Anglo Exploration team wished to drill in the vicinity of Suggi Lake in Canada, a significant fish habitat, but has held off from doing so until it has addressed the concerns of the local indigenous community.

In Australia, Anglo Coal's operations have established relationships of up to 10 years' standing with the Aboriginal traditional owners of the areas in which they operate. These relationships are based on a clear policy framework and on the collaborative management of cultural heritage issues. They are progressively being formalised in cultural heritage agreements and plans. This is now a routine aspect of environmental management at all Anglo Coal Australia's sites.

During exploration and in established operations, we seek to ensure that employment opportunities are created for local people, including those from historically disadvantaged or indigenous groups.

Case studies

Base Metals

From inception of the Skorpion Zinc project, the archaeology of the area in which the mine and refinery are situated has been treated with the greatest respect. Adopting a precautionary approach in line with world best practice and pending Namibian legislation, an archaeologist was commissioned to undertake an archaeological survey of the area in 1997, followed by a study and excavation of the sites to be affected by the mine and refinery. In particular, a cave that had been found on a ridge south of the project site and to the west of the Skorpion airfield proved to be of considerable interest, as an inspection of the cave floor revealed a high concentration of stone artefact waste, pottery, bone, ostrich shell shards and beads, and a large number of *Trigonephrus* snail shells. Excavation was carried out in 2001, and the results were published in 2002 in the research journal of the National Museum of Namibia. The archaeological work undertaken has contributed significantly to an understanding of the Early to Late Stone Ages of the area, and Skorpion Zinc is now ranked as the Namibian benchmark for best practice on the integration of archaeology into project development.



Archaeological work carried out in this cave south of the Skorpion Zinc project in Namibia contributed significantly to understanding of the Early to Late Stone Ages of the area

CULTURE AND HERITAGE

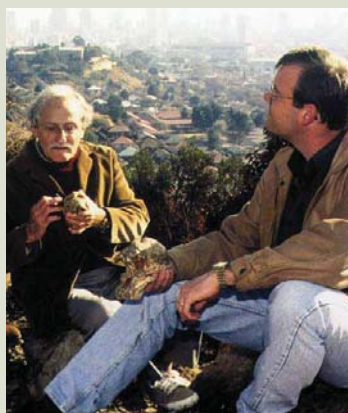
Case studies

Technical division

The Cradle of Humankind, a listed World Heritage site in the Sterkfontein Valley landscape in the Gauteng and North West provinces of South Africa, is the world's richest hominid (human and pre-human) site. Comprising a band of important palaeo-anthropological sites, this area has produced the remains of hominids from over 2 to 3,3 million years ago: the early Stone Age, the middle Stone Age, the later Stone Age, the early and late Iron Age and up to the present day. Thousands of fossils have been discovered here, and it is estimated that there may be up to 25 more sites in the area worth excavating. Anglo American's technical division has assisted the University of Witwatersrand's Palaeo-anthropology and Earth Sciences Department in acquiring airborne thermal scanner imagery over the Cradle of Humankind. Interpretation of the data has revealed evidence of a much more complex network of compartments within the dolomitic rock, which could lead to further interesting discoveries of ancient human remains.

Industrial Minerals

As part of the company's support for archaeology, Tarmac sponsors one of the British Archaeological Awards (BAA) named the Tarmac Finders Award for the best archaeological find by a non-archaeologist in the normal course of his or her work. In 2002 the Tarmac award celebrated the discovery of a 4th-century Roman mosaic pavement of geometric patterns, featuring a series of images including wine cups, fish and dolphin, at Lopen in Somerset. The find has been described by the British Archaeological Association as a nationally significant discovery.



Prof Phillip Tobias and his successor as director of the unit for research and exploration in palaeo-anthropology at Witwatersrand University, Dr Lee Berger, contemplate some of the earliest specimens of humankind from fossil sites near Johannesburg



Somerset county council archaeologist, Alan Graham, confirmed the well-preserved remains of a previously unrecorded 4th-century Roman mosaic at Lopen in the United Kingdom

SOME CHALLENGES

During 2002, we addressed a number of difficult issues at a country level, each of which involved some degree of national or international controversy.

Zambia

One of the most difficult decisions for the board during 2002 was whether to commit further funds to Konkola Copper Mines (KCM) in Zambia. We had acquired a controlling stake in KCM as part of the privatisation of Zambia's copper mines in 2000. The assets were in a poor state and the acquisition preceded a period of low copper prices. Over the two years following the acquisition, we made a capital investment of some \$190 million to refurbish the assets to bring them into compliance with environmental standards and to reduce production costs. Sadly, by Autumn 2001, it became clear that the proposed development of the Konkola Deep Mining Project – the strategic rationale for our involvement in Zambia – was not financeable.

In the face of unsustainable losses (\$108 million in the 21 months up to December 2001), the board concluded in January 2002 that it could not justify further investment beyond the sums committed in the initial investment agreement. Thereafter, we worked with the Zambian government to keep the existing mines open whilst options were being studied, and injected an additional \$95 million during this period to maintain the mines on a 'going concern' basis. In September 2002, under the terms of an agreement with the government of Zambia, we exited KCM, having provided an additional \$30 million in funding to KCM and the company's capital having been restructured to leave it debt-free. We then provided a further \$26.5 million in loan funding to KCM. In total, we wrote off some \$386 million in relation to our involvement. During our stewardship, there were substantial improvements in the technical and environmental performance of KCM's mines and a number of important social programmes were initiated, including HIV/AIDS initiatives. The 'roll back malaria' campaign, ensured that there were no deaths from malaria reported in the vicinity of the mines last year.

Congo

In September 2002, the United Nations Special Panel on the looting of the mineral resources of the Democratic Republic of Congo (DRC) submitted its report. After a detailed account of individuals and companies who were accused of serious offences, the Report concluded – without further explanation – with a list of 85 companies, including Anglo American, which it suggested were guilty of breaking the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises. Despite attempting to establish why we had been cited for contravening OECD Guidelines, we have received no elucidation of the allegations against us and have drawn the Panel's attention to the fact that Anglo American has not had any significant operations in the DRC for more than 20 years. We believe that at all times in our dealings in the DRC we have complied with international legal norms.

Colombia

In January 2002, Anglo American, together with BHP Billiton and Glencore, acquired the Cerrejón Zona Norte coalmines in Colombia. Cerrejón Zona Norte was amalgamated with the adjacent Carbones del Cerrejón, which we had managed. The new combined entity has an independent management in which we have a one-third interest. Shortly before the acquisition, the village of Tabaco had been relocated. Whilst wholly in accordance with national law, the relocation had met with some criticism. The shareholders and the management of Cerrejón Coal have reviewed procedures and resolved that any future relocations will be conducted in accordance with the World Bank Guidelines on Involuntary Resettlement.

CORPORATE SOCIAL INVESTMENT

Our support for community projects will reflect the priorities of local people, sustainability and cost-effectiveness.

Good Citizenship: Our Business Principles

In 2002, Anglo American and our subsidiaries voluntarily invested 0.9% of pre-tax profit, or \$28.8 million, in support of community projects and other charitable purposes. This figure includes gifts in kind and an allowance for attributable staff time. This was a significant increase on the levels achieved in 2001. For managed companies alone, the corporate social investment commitment amounted to \$24.4 million.

Community projects, which reflect the priorities of local people and national or international goals and which are sustainable, are prioritised. Regular review of focus and approaches is undertaken.

Among the major priorities identified for donations at the corporate level are international development charities and educational initiatives. In the former category, we supported:

- SightSavers International in a scheme to prevent blindness amongst almost one million people in Mali
- the development in the UK of Starfish, a charity to help children whose lives are affected by HIV/AIDS in South Africa
- the development of a new charity in the UK, Engineers without Borders, to twin the skills of engineering students and recent graduates with the needs of communities in developing countries, and
- BookAid's Christmas book deliveries in Zambia and Zimbabwe.

Among the educational initiatives supported were ongoing funding for Kew Gardens' Millennium Seed Bank, the establishment of the Merensky Ore Demonstration Room at the Natural History Museum in London and support for Rockwatch, an initiative to encourage interest in geology amongst young people in the UK.



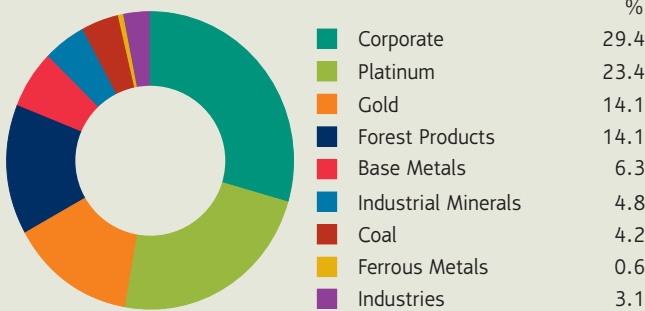
Our largest conduit for corporate social investment is the Anglo American Chairman's Fund in South Africa, which has 30 years of practical experience as a dedicated and professionally managed social investment fund (www.angloamerican.co.uk/social/chaifund.asp). It works in partnership with a strong network of civil society organisations that rise to the challenges posed by the realities of poverty.

In line with the international trend towards tri-sector partnerships between government, business and society to address sustainable development challenges, our corporate office in South Africa and Anglo Platinum have together contributed \$2.7 million per year to the \$95.4 million Business Trust. South African businesses, with government and other stakeholders, created this fund, now in the fourth year of its five-year lifespan, to jointly address poverty and crime through education and job-creation initiatives. The Business Trust has committed itself to verifiable targets in key areas of human capacity development and job creation, namely primary school repeater reduction, secondary school quality of results, the Technical Colleges' Collaboration Fund, tourism marketing, training and enterprise development and crime reduction.

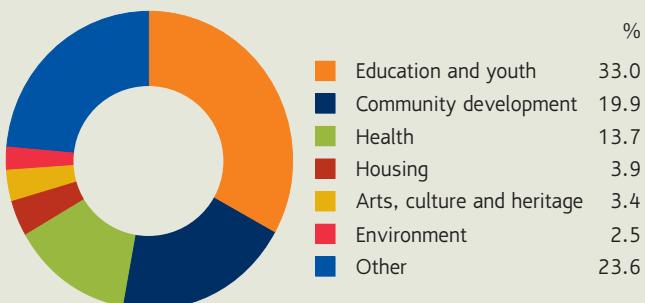
A key issue for our operations in South Africa is to work in partnership with local government and civil society to combat the spread of HIV/AIDS. Company operations have been at the forefront of multi-stakeholder initiatives at Carletonville on the goldfields, in the coal mining and power generation belt in Mpumalanga province, in KwaZulu-Natal and in the Western Cape. At a national level, the Company continues to contribute to vaccine initiatives and prevention programmes. An issue of emerging importance is the care of those who become ill with AIDS and their dependants – whether they are themselves infected or not.

Similarly, in Zimbabwe, we are working with civil society on a major initiative to create places of safety where orphans and others affected by the pandemic can be nurtured. In addition to chairing the Trust and providing some cash resources, Anglo American Zimbabwe will donate the housing and administrative infrastructure from five former mine villages. The initiative will be officially launched in April 2003.

GROUP SOCIAL INVESTMENT BY DIVISION



EXPENDITURE BY CAUSE



CORPORATE SOCIAL INVESTMENT

Chairman's Fund

One of the beneficiaries of the Chairman's Fund in South Africa is the Bophelo Impilo Community Association in Johannesburg, which received a grant of some \$382,000 for the construction of the Bophelo House hostel complex in Mayfair, Johannesburg. The community association was established in 1984 as a body through which employment and social upliftment community projects could be channelled. The Bophelo School, opened in 1989, is one project run by the Association and, in many ways, is the operational headquarters of many of its other initiatives. At present the school has an enrolment of 496 pupils and a high percentage of these are homeless: street children, destitutes, orphans and over-aged pupils. In view of the acute need for boarding facilities, the community association approached the Anglo American Chairman's Fund for assistance. The new building includes dormitories for 120 girls and 120 boys, full canteen facilities and an industrial kitchen.

Anglo Zimbabwe

Hawk Ventures, the vehicle through which Anglo American Zimbabwe supports SME initiatives, is providing support for guar bean production in the Zambezi valley. Small-scale farmers in this agricultural region of Zimbabwe are concentrating on this alternative cash crop, which thrives well during drought and in areas with little rainfall. The guar bean, which is a leguminous plant that is less labour-intensive and cheap to grow, is widely used in various industrial applications. It is used particularly in the mining sector as a depressant in the flotation of nickel, platinum and gold minerals, and Bindura Nickel currently buys the entire production, providing a ready market to the farmers.

Industrial Minerals

Anglo Industrial Minerals' Copebrás operation in Goiás State in Brazil was engaged in a number of major social projects in 2002. Prominent among these is support for establishing an Integrated Women's Health Centre for poorer women in the town of Catalão who may otherwise be denied ready access to care. The centre will include 25 maternity beds.

Base Metals

At Anglo Base Metals' new Loma de Níquel mine in Venezuela, the Company has been active in a range of projects, including: improving transport and power infrastructure; training of small entrepreneurs; donating equipment for the water supply of a local community as well as supporting a range of school, health and training initiatives.

Platinum

Anglo Platinum's flagship social investment programme is its schools project, now entering its twelfth year. The objectives are to develop centres of excellence in schools around all its operations, develop pupils for recruitment purposes, and build capacity at provincial, regional and district office levels. In 2002, \$573,000 was invested in the project, which reaches some 17,000 pupils, 600 teachers and four specific district offices. It continues to show good improvement in the quality of matriculation results, the managerial capacity at school level and access to competent youth for recruitment purposes. Contributions and initiatives from Anglo Platinum in the past year include inputs to programmes for early childhood development and early learning, primary school training, leadership development and mentorship for teachers, support for school management, the establishment of four computer centres, sponsorship of mathematics and science projects and support for outcomes-based education training projects. Additional investment was made to assist some 15 rural schools with construction and extensive renovations to provide pupils with an opportunity for a better education and future.

Coal Australia

In April 2002, Anglo Coal Australia announced that in partnership with the Queensland Investment Corporation (QIC) and the Public Trustee of Queensland, it committed support to the Queensland Community Foundation (QCF), a charitable trust established to provide a permanent funding source for Queensland charities. QCF assists community and charitable foundations, which deal with wider community and social issues such as health care, medical research, indigenous Australians, the arts, drug abuse and volunteer support groups.

Coal South Africa

New Denmark colliery is actively involved in community investment projects, contributing financially to several causes, and assisting also by allocating staff to worthy community projects. Two of the most prominent projects currently are the Standerton Community Health Forum, which the colliery initiated in reaction to the Aids threat, and education. Based on a research study completed by the Council for Scientific and Industrial Research, a business summit for the Standerton area has been established, with the mine as the main driving force, to lend impetus to a major self-sustainability initiative for the town.



Pupils at the official opening of the new Bophelo House hostel complex at their school in Mayfair, Johannesburg



Donald Millwood of the Anglo American Chairman's Fund visits one of the new dormitories at Bophelo House



Additional mathematics, science and English lessons during the school holidays form part of the Anglo Platinum schools project



Anglo Platinum's schools project includes the training of teachers. Pictured is a leadership graduation at Witwatersrand University in Johannesburg

OUR CONTRIBUTION TO REGIONAL DEVELOPMENT

Without profits and a strong financial foundation it would not be possible to fulfil our responsibilities to our shareholders, employees, society and those with whom we do business. However, our investment criteria are not solely economic. They also take into account social, environmental and political factors.

Good Citizenship: Our Business Principles

The information contained in this section represents an early stage in the analysis of our economic contribution. We intend, in future years, to provide further details that will show the different ways in which our economic contribution affects the countries and the communities in which we work. In particular, we will analyse the contribution made by suppliers to our operations. We expect that this analytical work will, in time, indicate ways in which our economic contribution may be enhanced. We intend to work with other companies and stakeholders, in particular through the Global Reporting Initiative, to develop the best indicator set for representing company economic contributions.

Economic progress is one of the pillars of sustainable development and, without it, other aspects of development would be difficult or impossible to realise. The economic benefits generated by our operations take a number of forms, but may be divided into the distribution of value added and payments to suppliers. Value added is the difference between the revenues generated by product sales and the expenses required to produce those products. It is distributed between the various parties that make a contribution to its realisation, including governments. Our operations also support a large number of suppliers and contractors.

The total number of people who depend for their livelihoods on our operations is a multiple of the 185,000 employees of Anglo American and our subsidiaries (127,000 employees in managed and 58,000 in non-managed operations). The distribution of the economic contribution made by our companies at the global and regional levels is shown on the right.

Anglo American was formed as a South African company in 1917 and continues to play a prominent role in the economy of that country. Approximately a third of our assets are in South Africa, and in 2001 we accounted for 4.2% of South African GDP, employed 140,000 people (3.1% of the formal sector workforce in South Africa), generated 34% of exports and paid 3.5% of total tax revenue.

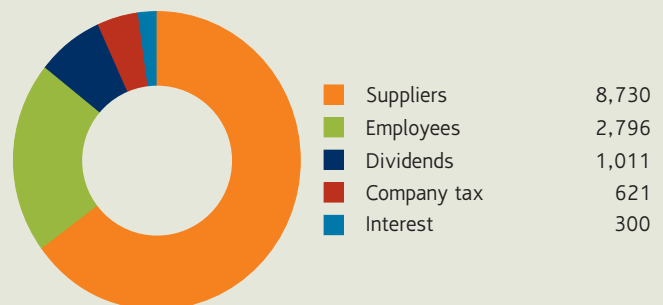
The high proportion of procurement in Europe reflects in part the different business mix in that region: Mondi Europe and Tarmac operate secondary, manufacturing, businesses that, to a greater extent than the rest of our managed operations, process inputs from non-Group companies.

The chart on the right shows the distribution of economic benefits arising from Group company operations. The figures for payments to suppliers, employees and shareholders also include payments made to governments in the form of a variety of taxes.

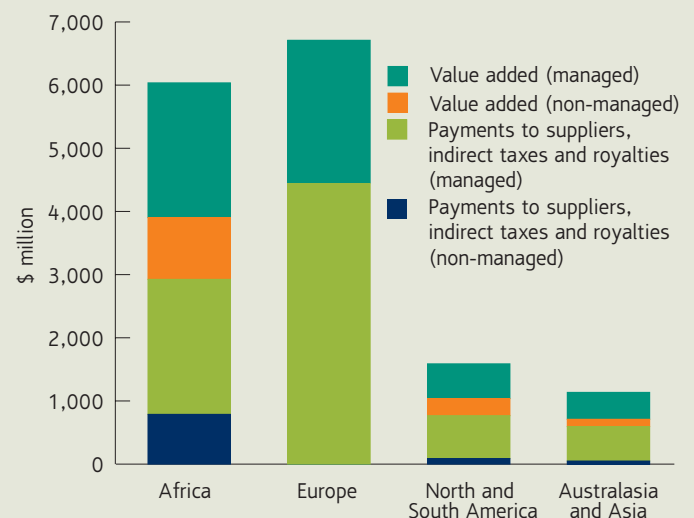
The value added by our operations is distributed principally

- as payments to investors
- as wages and salaries to employees
- as taxes and other payments to governments, and
- the remainder is retained in the business and used for investment.

DISTRIBUTION OF BENEFITS ARISING FROM ECONOMIC ACTIVITY DURING 2002 (\$m)

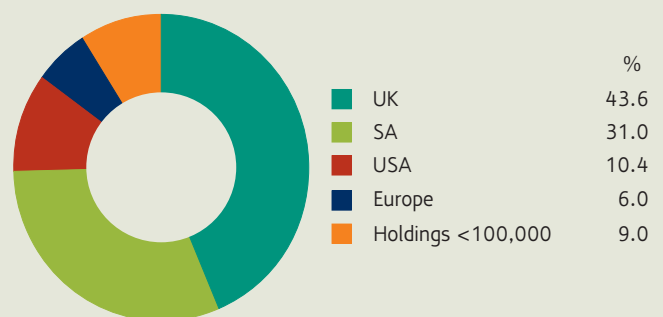


REGIONAL ECONOMIC CONTRIBUTION 2002



SHAREHOLDER ADDRESS BY REGION

Shareholdings in excess of 100,000



OUR CONTRIBUTION TO REGIONAL DEVELOPMENT

Payments to investors

Our operations are capital-intensive businesses. Reflecting this fact, in 2002 we paid \$1,311 million to the providers of capital, split approximately one-quarter as interest and three-quarters as dividends.

Approximately 90% of our shares are held by institutions, with pension funds holding 27%. The economic fortunes of many pensioners and other ordinary citizens depend to some degree upon the success of Anglo American. The geographical locations of the registered addresses of these institutions are distributed in proportion to their shareholdings as indicated in the accompanying graph.

Payments to employees

Our aim is to make a lasting contribution to development in each of the regions in which we operate. Employment is a critical condition for development in the poorest countries of the world, where unemployment and under-employment are chronic.

We are a major employer in southern Africa and 43% of our employee payments are made in that region (out of a total of \$2.8 billion of payments to employees). Many others are employed as contractors. The South African Chamber of Mines has estimated that every mineworker supports on average between seven and ten dependants. This ratio indicates that as many as 1.09 million people are dependent for their livelihood on our mining operations in South Africa.

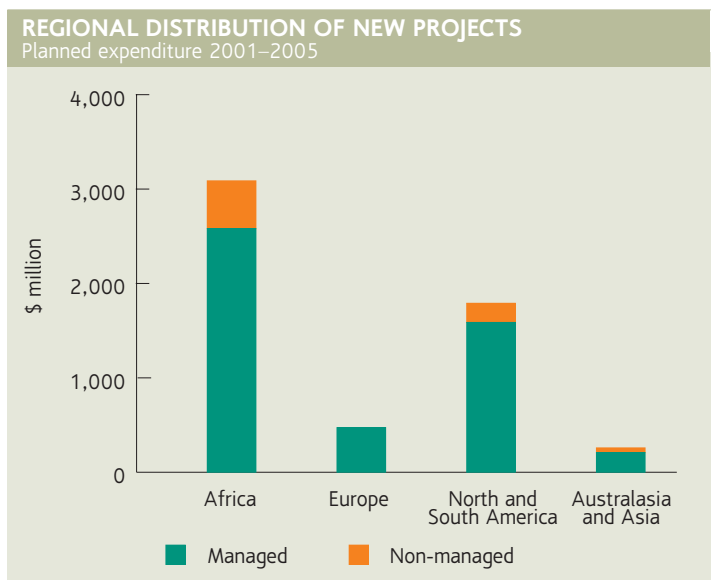
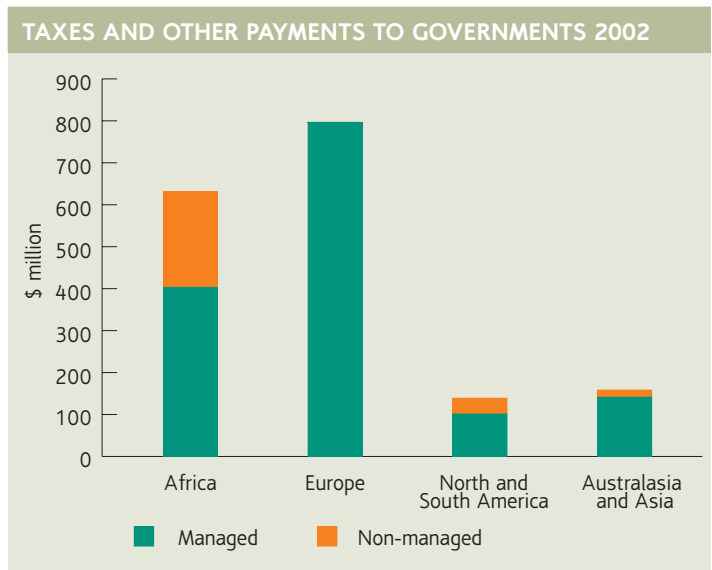
Payments to governments

Our contribution to long-term development is furthered through the taxes and other official payments that we make to governments. These payments are vital to help support development programmes in those countries where there are often few alternative sources of taxable income.

In this graph we have aggregated all the tax payments made to governments as a result of our operations and, therefore, include income taxes paid by employees, taxes on dividends, sales taxes on purchases and others (as listed on page 53) in addition to corporate income taxes. The total amount paid to governments in 2002 was \$1.7 billion, of which \$737 million was paid to the governments of South American and African countries. The difference between the two amounts reflects the generally higher tax rates in developed countries, especially on employee remuneration. In consequence, developed countries provide more infrastructure and a better-educated workforce. In many developing countries our operations provide much of their own supporting infrastructure and education, health and training programmes.

Investment

Investment for the future is an indispensable requirement for sustainable development. We have an active programme of capital expenditure, amounting to \$2.1 billion in 2002, designed both to maintain and to expand our operations. Further out, the distribution of planned project investments to 2005 is illustrated in the chart, which indicates that nearly 80% of these investments will be in Africa and South America. Our largest new investments are the expansion of the platinum group metals (PGM) production facilities in South Africa, where over \$2 billion will be spent between 2001 and 2005. Other significant new investments are mine expansions at Cerrejón (coal operations in Colombia) and Collahuasi (copper operations in Chile) – both non-managed – a new cement plant at Buxton in the United Kingdom and a new mine at Skorpion Zinc in Namibia. Total planned project expenditure for the period 2001–2005 amounts to \$5.6 billion.



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 the inside front cover of this report. The basis used to report our financial data derived from our audited Annual Report and Accounts is outlined on page 4 of this report.

Our managed operations are those in which we have full authority to introduce and promote the Group's SHE Policy and Management Principles and Business Principles.

There were certain exceptions to the basis of reporting on our managed operations during 2002: Disputada (Base Metals), Moly-Cop (part of the Scaw Metals Group), Moura (Coal Australia), Mondi Packaging Ireland and certain assets of La Rochette (part of Mondi Packaging France) were acquired during the year and will report from 2003. Safety data for Cleveland Potash were included until divestment in April 2002, Environmental data for Mondi Packaging UK and France, and Frantschach's packaging and coating operations, are not yet included and will be available from 2003.

The exclusion of data from these operations is unlikely to significantly impact on the presentation of the Group's environmental performance. A list of divisions and companies managed by Anglo American can be found on www.angloamerican.co.uk. We report performance data from managed operations on a 100% basis, even where our financial interest is less.

Presentation

SHE data are collected using the Anglo American corporate SHE database and SHE parameter dictionary, which define the parameters. The tools and guidelines developed by the WRI/WBCSD Greenhouse Gas (GHG) Protocol have been used as the basis for reporting the Group's greenhouse gas emissions.

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 in the main body of the report under the respective SHE performance indicators.

Restatement

During 2002, the following events have led to restatement of the actual 2001 data:

- The calculated CO₂ emissions from the burning of fossil fuels are now based on 100% carbon oxidation, resulting in higher reported CO₂ emissions from fossil fuels. This is in line with the GHG protocol.
- An error in reporting fossil fuels by Amzim resulted in overstating 2001 energy use and CO₂ emissions.
- A transposition error in the reporting of the Namakwa Sands production figure.
- Minor improvements in calculation methodologies.

These events have resulted in the restatements of 2001 baseline data for the following indicators: CO₂ emissions from processes and fossil fuels (reduced by 6% to 12.6 million tonnes), energy used (reduced by 8% to 185 million GJ), and SO₂ emissions from processes (reduced 1% to 345,000 tonnes).

Limitations

This is the third year that we have reported publicly on our SHE performance. Over this time, our SHE management and information systems have been evolving as we continue to improve the reliability and comparability of the SHE performance data. However, there are still a number of limitations that we are working to improve. Certain specific limitations to which our data are subject, include:

- difficulties in identifying all sources of primary water use and determining reliable methodologies to measure water usage at a number of our mine sites that have complex water-use systems, which impact on the accuracy and completeness of the Group's reported water-usage data
- difficulties in determining reliable and accurate methodologies for measuring methane emissions from our opencast mines in South Africa, which impact on the accuracy of the Group's reported methane emissions
- some difficulties experienced in obtaining complete and accurate contractor information, which impact on the accuracy of the Group's lost-time injury frequency rate
- SO₂ emission data are obtained from both mass balances and measurements, generally excluding emissions from fossil fuels, which impact on the completeness of the Group's SO₂ emissions
- more reliable environmental information will be available from new reporters such as Boart Longyear for 2003 and subsequent years
- CO₂ emissions from processes exclude biomass-sourced CO₂ emissions from the pulp and paper mills in Mondi Europe. In South Africa, Mondi Kraft does report on the majority of these emissions sources.

Assurance

We engaged with our external assurance providers, KPMG, to carry out an independent review of the SHE data. The parameters selected by them were fatal injuries, lost-time injury frequency rate, SO₂ emissions, CO₂ emissions, energy consumption, water used for primary activities and environmental incidents. The resulting independent review report from KPMG is found on page 46. We are also in the process of enhancing our assurance framework over our broader social performance, which includes reviewing our current internal assurance processes and considering the options for developing an external assurance programme.

SAFETY MANAGEMENT SYSTEM CERTIFICATION AND THIRD PARTY AUDITS

Division	% of division (by turnover) covered by third party audits in 2002	Future certification to NOSA Integrated 5-star or OHSAS 18001	
Platinum	100	All business units (OHSAS 18001)	End 2003
Coal South Africa	38	All Anglo Coal South Africa operations (NOSA)	End 2005
Coal Australia	70	All Anglo Coal Australia mines (AS 4801: 2001 OH&S)	2004
Base Metals	53	All operations	End 2005
Ferrous Metals	95	Scaw Fibre Products, Scaw Distribution Depot (NOSA)	2003
Industries	55	Boart Longyear Africa Contracting (OHSAS) Boart Longyear Zimbabwe (OHSAS) Boart Longyear Asia Pacific Wuxi (OHSAS) All Boart Longyear Australia operations (AS/NZ 4804 OH&S)	2003 2003 2004
Mondi South Africa	86	Mondi Kraft (Richards Bay, Felixton and Piet Retief) (OHSAS) Mining Supplies (Klerksdorp) Mondi Forests (SiyaQhubeka, Ramanas, Peak and Rocklands) (NOSA)	2003
Mondi Europe	45	Mondi Packaging UK (Chesterfield and Birmingham) (OHSAS) Frantschach Świecie (OHSAS)	2003 2003/2004

OCCUPATIONAL HEALTH MANAGEMENT SYSTEM CERTIFICATION AND THIRD PARTY AUDITS

Division	% of division (by turnover) covered by third party audits in 2002	Future certification to NOSA or OHSAS 18001	
Platinum	80	All business units (OHSAS 18001)	End 2003
Coal South Africa	38	All Anglo Coal South Africa operations	End 2005
Coal Australia	100	All Anglo Coal Australia mines (AS 4801: 2001 OH&S)	2004
Base Metals	53	All operations	End 2005
Ferrous Metals	95	Scaw Fibre Products, Scaw Distribution Depot (NOSA)	2003
Industries	41	Boart Longyear Africa Contracting, Boart Longyear Zimbabwe Boart Longyear Asia Pacific Wuxi All Boart Longyear Australian operations (AS/NZ 4804 OH&S)	2003 2004
Mondi South Africa	70	Mondi Kraft (Richards Bay, Felixton and Piet Retief) (OHSAS 18001)	2003
Mondi Europe	35	Mondi Packaging UK (Chesterfield and Birmingham) Frantschach Świecie	2003 2003/2004

ENVIRONMENTAL MANAGEMENT SYSTEM CERTIFICATION

Division	% of division (by turnover) currently certificated to ISO 14001	Future certification to ISO 14001	
Platinum	5	All operational business units	End 2004
Coal South Africa	31	All operations Bank, Landau, Kleinkopje Greenside, New Denmark, New Vaal	End 2004 2003 2004
Coal Australia		All operations German Creek, Drayton Mine Callide, Moranbah North, Dartbrook and Moura	End 2004 2003 2004
Base Metals	53	All operations	End 2003
Industrial Minerals	71	All UK concrete plants and contracting operations (over 500 individual sites), China and Hong Kong. Tarmac France, Steetley Iberia, Tarmac Central Europe, Copebrás	End 2005
Ferrous Metals	92	Highveld Steel (Transalloys, Mapochs Mine, Steelworks) Scaw Metals (Wire and Strand, McKinnon Chain, Consolidated Wire Industries) Zimbabwe Alloys	2003
Industries	50	Boart Longyear (Poland, Asia Pacific Wuxi, Contractor Drilling Far East Cardiff and Mackay Manufacturing, Norway, Spain, Salt Lake City and North Bay) Wendt (Longyear, Boart France, Diawal Switzerland, Samedi Spain) Anglo American Farms (Boschendal and Vergelegen) Wendt Boart Brussels, Boart Longyear South Africa Ceracast	2003 2004
Mondi South Africa	75	Mondi Cartonboard (Springs), Mondipak (Kuilis River, Pinetown, Nelspruit and East London) Mondipak (Walvis Bay), Mondi Kraft (Felixton and Piet Retief)	2003 2004
Mondi Europe	70	Mondi Packaging UK (Mold and Birmingham)	2003
Exploration		All business units	2004

INDEPENDENT REVIEW REPORT

Anglo American plc
20 Carlton House Terrace
London SW1Y 5AN



To Anglo American plc

Independent reviewer's report to Anglo American plc on their Report to Society 2002: Towards Sustainable Development

Introduction

We have been engaged by Anglo American plc to review selected 2002 Group safety, health and environment (SHE) performance indicators as reported in its Report to Society 2002 (the Report).

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

Scope of review

Anglo American plc instructed us to select the SHE performance indicators for review. We selected the indicators for review by considering the key SHE risks of Anglo American plc and its subsidiary companies (the Group), identifying those SHE indicators most relevant to management and stakeholder decision-making processes and our experience of the associated SHE reporting systems and processes. The 2002 Group SHE performance indicators subject to our review were fatal injuries, lost-time injury frequency rate, carbon dioxide emissions, sulphur dioxide emissions, energy consumption, water used for primary activities, and environmental incidents (levels 1, 2 and 3) (collectively referred to as the selected 2002 SHE performance indicators). Our selection also included the Group's methane emissions. However, as the Group is in the process of developing a measurement methodology for methane emissions from opencast coal mines in South Africa, they are not yet in a position to have these emissions fully reviewed. We selected sites for review based on a range of risks and issues that may influence reporting in a geographically and operationally diverse organisation like Anglo American plc.

Respective responsibilities of directors and reviewers

The directors are responsible for the preparation of the report and the information and assessments contained within it, for determining the Group's objectives in respect of Sustainable Development performance and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived. Our responsibility is to report to you on the selected 2002 SHE performance indicators and associated statements, based on the work referred to below. We also report if, in our opinion, any disclosures in the report relating to the selected 2002 SHE performance indicators and associated statements are inconsistent with our findings, if we have not received all the information and explanations we required to conduct our review, or if we became aware of additional information, the omission of which may result in the selected 2002 SHE performance indicators together with the associated statements being materially misstated or misleading.

Basis of review

There are no generally accepted standards for the reporting or review of SHE performance. Our work reflects emerging best practice for the review of non-financial performance reporting and was carried out by a multi-disciplinary team of SHE and assurance specialists. We applied a risk-based approach in our review, drawing on an understanding of the risks associated with reporting SHE performance and the systems and processes in place to mitigate these risks.

Our work consisted of:

- obtaining an understanding of the systems used to generate, aggregate and report the selected 2002 SHE performance indicators at site, business unit, divisional and Group level;
- conducting nine site visits to review selected 2002 SHE performance indicator management systems and the associated reliability of the selected 2002 SHE performance indicators submitted for central consolidation. Our site visits included assessing the systems and processes the sites have in place to meet the requirements of the Group's SHE Reporting Guidance for the selected 2002 SHE performance indicators;
- conducting interviews with management at the eight sites visited in the previous year to obtain an understanding of the consistency of the reporting processes compared with the prior year and to obtain explanations for SHE performance trends;
- performing a desktop review of the selected 2002 SHE performance indicators submitted for central consolidation by the Group's reporting units and obtaining explanations for SHE performance trends;
- testing the accuracy of the aggregation process for the selected 2002 SHE performance indicators at Group level; and
- reviewing the presentation of the selected 2002 SHE performance indicators and associated statements in the Report, in light of the findings from the site visits, the desktop review and our cumulative knowledge of the industry and the Group's operations.

Our work did not constitute an audit and accordingly, provides only limited assurance on the reliability and comparability of the selected 2002 SHE performance indicators and associated statements. No assurance is given in relation to the SHE performance information not covered by our review.

Considerations

It is important to read the reported SHE performance indicators and associated statements in the context of the basis of reporting and limitations on page 44. The reliability of SHE performance indicators is subject to inherent limitations given their nature and the methods for determining, calculating or estimating such data. Comparative SHE performance indicators included in the SHE report were prepared on the same basis as for the year ended 31 December 2001, except for CO₂ emissions from electricity, water used for primary activities and environmental incidents, with the effects explained on pages 5, 25 and 44. We reviewed certain SHE performance data in the Report for the years ended 31 December 2000 and 31 December 2001 and the scope of our work is set out in our review statements thereon dated 29 March 2001 and 22 April 2002, respectively.

Conclusion

During the course of our review nothing came to our attention to indicate that the information reported about the selected 2002 SHE performance indicators was materially misstated or misleading.

KPMG LLP

Chartered Accountants
28 March 2003

	CO ₂ from processes and fossil fuels ^a	CO ₂ from electricity purchased ^b	Total energy used ^c	Land utilised by operations ^d	Water used for primary activities	Tonnes mined/ Tonnes milled ^e	
	000 tonnes	000 tonnes	000 GJ	ha	000 m ³	000 tonnes	
Anglo Platinum							
Bafokeng Rasimone Platinum Mine	9	195	910	941	2,210	2,491	
Lebowa Platinum Mine	5	158	701	282	3,741	1,547	
Potgietersrust Platinums	60	244	1,804	1,847	2,710	4,375	
Precious Metals Refiners	0	29	123	32	155	na	
RPM Amandelbult Section	8	682	2,874	804	7,570	7,073	
RPM Rustenburg Section	10	984	4,110	2,194	9,150	10,817	
RPM Union Section	30	568	2,651	1,807	5,285	4,562	
RPM Waterval Smelter	65	520	2,839	57	461	na	
Rustenburg Base Metals Refiners	125	184	2,069	145	634	na	
Totals 2002	313	3,565	18,095	8,113	31,928	30,865	
Totals 2001	306 ^f	2,857	16,902	6,851	31,390	26,843	
Anglo Coal							
							000 tonnes
Anglo Coal Australia							
Callide	67	74	1,111	2,026	1,117	10,711	21
Dartbrook	287	45	199	148	282	1,564	378
Drayton	62	29	698	1,060	398	4,697	9
German Creek	61	155	1,030	3,795	3,616	6,663	1,803
Moranbah North	10	82	334	655	1,230	3,955	224
Anglo Coal South Africa							
Bank	3	77	349	660	806	5,098	96
Goedehoop	4	139	618	1,319	869	7,562	173
Greenside	2	40	187	394	372	3,537	17
Kleinkopje	34	103	875	2,267	2,712	7,150	14
Landau	10	65	394	1,409	136	5,684	11
Kriel	17	81	559	1,924	675	9,273	78
New Denmark	4	70	332	3,325	365	3,839	234
New Vaal	41	110	1,004	2,076	749	16,931	33
Totals 2002	601	1,071	7,691	21,059	13,327	86,664	3,090
Totals 2001	991 ^f	938	8,602	20,603 ^f	10,561	92,788	3,010
Anglo Base Metals							
Konkola Copper Mines ^g	293	1,148	8,141	20,020	35,077	7,766	
Mantos Blancos Company	151	132	3,127	2,610	5,656	16,909	
Bindura Nickel Corporation (BNC)	68	299	1,950	869	1,575	1,948	
Codemin	94	9	2,195	1,141	1,984	483	
Loma de Níquel	380	122	8,001	240	2,520	1,094	
Catalão	3	1	116	205	3,784	592	
Namakwa Sands	284	456	3,527	1,627	6,781	14,207	
Hudson Bay	248	11	6,700	3,396	10,252	3,004	
Skorpion	39	8	567	149	495	na	
Black Mountain	8	121	593	934	2,118	1,554	
Lisheen	3	84	469	406	32	1,558	
Totals 2002	1,571	2,391	35,386	31,598	70,275	49,115	
Totals 2001	1,425 ^f	2,764	34,318 ^f	26,243	93,006	50,525 ^f	

^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 In 2001, this was equal only to land altered for mineral extraction, but now this includes land occupied for industrial and office activities.

^e For Anglo Platinum and Anglo Base Metals figures are tonnes milled; for Anglo Coal, Namakwa Sands and Catalão figures are tonnes mined.

^f These data are not the same as reported in 2001 owing to data refinements during 2002.

^g Konkola Copper Mines disposed of in September 2002.

^{na} Not applicable. * Not available. ^{NR} Parameter not reported in 2001.

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

	CO ₂ from processes and fossil fuels ^a	CO ₂ from electricity purchased ^b	Total energy used ^c	Land utilised by operations ^d	Water used for primary activities
	000 tonnes	000 tonnes	000 GJ	ha	000 m ³
Anglo Industrial Minerals					
Copebrás	55	5	1,483	135	5,788
Steetley Iberia	12	3	193	95	3,900
Tarmac (Central Europe)	31	25	635	1,490	439
Tarmac (China)	17	4	242	9	94
Tarmac (France)	5	2	168	181	680
Tarmac (Middle East)	33	9	483	435	259
Tarmac UK (calc)	1,144	165	10,190	9,081	31,311
Totals 2002	1,298	212	13,394	11,426	42,471
Totals 2001	1,250 ^e	304	13,384 ^e	11,399 ^e	81,526
Anglo Ferrous Metals					
Highveld Steel	3,821	3,056	45,879	1,696	8,926
Scaw Metals Group	846	763	13,951	155	1,799
Zimbabwe Alloys Limited	20	151	819	999	463
Totals 2002	4,687	3,971	60,649	2,849	11,188
Totals 2001	4,662 ^e	3,349	67,608	2,149 ^e	15,116
Anglo Industries					
Boart Longyear	11	26	400	71	209
Totals 2002	11	30	416	71	212
Totals 2001	NR	NR	NR	NR	NR
Amzim					
Amzim Gold	4	1	61	213	3,174
Iron Duke	1	4	21	241	270
Totals 2002	5	5	83	454	3,443
Totals 2001	NR	NR	NR	NR	NR

^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 In 2001, this was equal only to land altered for mineral extraction, but now this includes land occupied for industrial and office activities.

^e These data are not the same as reported in 2001 owing to data refinements during 2002.

^{na} Not applicable. * Not available. ^{NR} Parameter not reported in 2001.

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

	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
Anglo Forest Products	000 tonnes	000 tonnes	000 GJ	000 tonnes	000 m³	tonnes
Mondi Limited						
Kraft ^d	1,933	354	9,570	3,631	35,430	984
Paper						
Merebank	432	879	8,311	906	12,279	25
Forests	1	9	43	245	113	89
Mining Supplies	2	3	34	423	8	na
Mondipak	27	25	449	204	231	*
Cartonboard						
Springs	104	100	1,525	170	1,623	105
Mondi Europe						
Mondi Packaging Poland	7	5	99	100	93	73
Neusiedler ^e	1,502	134	27,773	1,748	103,545	1,701
Frantschach ^f	1,214	395	16,277	3,885	68,460	545
Totals 2002	5,222	1,904	64,081	11,311	221,783	3,522
Totals 2001	3,912 ^g	1,723	44,210 ^g	9,716	171,964	2,126

^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 Kraft: Felixton, Piet Retief, Richards Bay, Silvacel (South Africa).

^e Neusiedler: Dunaújváros (Hungary), Szolnok (Hungary), Ybbstal (Austria), Hadera (Israel), Ružomberok (Slovakia), Syktyvkar (Russia).

^f Frantschach: Dynas (Sweden), Patria (Austria), Sepap (Czech), Świecie (Poland).

^g These data are not the same as reported in 2001 owing to data refinements during 2002.

^{na} Not applicable. * Not available. ^{NR} Parameter not reported in 2001.

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

Anglo Forest Products (continued)	Solid waste generated	Waste water discharged	COD in waste water	AOX in waste water	TSS in waste water	Production for 2002 ^a	Production for 2001 ^a
	tonnes	000 m ³	tonnes	tonnes	tonnes	000 units	000 units
Mondi Limited							
Kraft ^b	136,022	30,239	80,308	415	18,659	2,406	1,653
Paper							
Merebank	177,844	10,774	9,236	na	834	518	499
Forests	172	16	*	na	*	138	139
Mining Supplies	2,788	na	na	na	na	417	373
Mondipak	2,113	156	336	na	na	329	296
Cartonboard							
Springs	38,430	1,158	2,215	na	86	132	132
Mondi Europe							
Mondi Packaging Poland	4,015	65	*	*	*	113	73
Neusiedler ^c	58,839	80,358	19,953	na	4,103	1,272	811
Frantschach ^d	47,497	65,547	10,143	16	2,216	1,543	1,436
Totals 2002	467,521	188,313	122,191	431	25,898		
Totals 2001	468,789 ^e	156,832	117,442 ^e	408	23,668		

Anglo Forest Products (continued)	Land under company charge	Total land area planted	Total grasslands and wetlands area
	tonnes	000 m ³	tonnes
Mondi Limited			
Mondi Europe			
Totals 2002	538,980	319,873	85,446
Totals 2001	531,570 ^e	310,713	82,259

^a Products are as follows: Richards Bay – pulp and packaging papers (tonnes); Felixton and Piet Retief – corrugating papers (tonnes); SilvaCel – 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 (1,000 m²)

Mondi Packaging Poland – corrugated packaging (1,000 m²); Neusiedler – pulp, graphic and packaging papers (tonnes); Frantschach – pulp, and packaging papers (tonnes)

^b Kraft: Felixton, Piet Retief, Richards Bay, Silvacel (South Africa).

^c Neusiedler: Dunaújváros (Hungary), Szolnok (Hungary), Ybbstal (Austria), Hadera (Israel), Ružomberok (Slovakia), Syktyvkar (Russia).

^d Frantschach: Dynas (Sweden), Patria (Austria), Sepap (Czech), Świecie (Poland).

^e These data are not the same as reported in 2001 owing to data refinements during 2002.

^{na} Not applicable. * Not available. ^{NR} Parameter not reported in 2001.

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

Division	Energy	Units Date	Target
Forest Products			
Mondi South Africa			
Kraft Richards Bay	12.0	GJ/tonne product	2003
Kraft Piet Retief	13.0	GJ/tonne product	2003
Kraft Felixton	16.0	GJ/tonne product	2003
Merebank	17.0	GJ/tonne product	2003
Cartonboard Springs	11.4	GJ/tonne product	2003
Coal			
Coal Australia	0.125	GJ/tonne saleable coal	2003
Coal South Africa	3%	red. GJ/tonne moved	2003
Industrial Minerals			
Aggregates	2.9 %	red.usage/unit production	2007
Asphalt	2.8 %	red.usage/unit production	2007
Concrete & Mortar	3.5 %	red.usage/unit production	2007
Concrete Products	2.1 %	red.usage/unit production	2007
Base Metals			
Mantos Blancos	0.22	GJ/tonne processed	2003
Mantoverde	0.14	GJ/tonne processed	2003
Bindura Nickel Corporation	1%	red. on 2002 actual	2003
Codemin	366.72	GJ/tonne Nickel	2003
Loma de Níquel	37.80	MWh/tonne Nickel	2003
Catalão	35.57	GJ/tonne Niobium	2003
Namakwa Sands	0.22	GJ/tonne processed	2003
Hudson Bay	1%	red. on 2002 actual	2003
Skorpion	23.20	GJ/tonne metal	2003
Black Mountain	72.13	KWh/tonne mined	2003
Lisheen	2%	red. on 2003 budget	2003
Ferrous Metals			
Highveld Steel	2.5%	red.usage/tonne	2003
Zimbabwe Alloys Limited	2%	red. from total 2002	2003

Division	CO ₂ equivalent emissions	Units	Target Date
Forest Products			
Mondi South Africa			
Kraft Richards Bay	2.7	tonnes/tonne product	2003
Kraft Piet Retief	1.5	tonnes/tonne product	2003
Kraft Felixton	1.6	tonnes/tonne product	2003
Merebank	0.65	tonnes/tonne product	2003
Cartonboard Springs	0.6	tonnes/tonne product	2003
Mondi Europe			
Frantschach			
Frantschach Dynas	14%	red. kg fossil fuel/tonne paper	2003
Frantschach Świecie	30%	red. tonnes CO ₂ /annum	2003
Coal			
Coal Australia	0.123	tonnes/tonne saleable coal	2003
Base Metals			
Mantos Blancos	19.68	kg CO ₂ /tonne processed	2003
Mantoverde	12.38	kg CO ₂ /tonne processed	2003
Namakwa Sands	43.90	kg CO ₂ /tonne processed	2003
Hudson Bay	1%	red. on 2002 actual	2003
Skorpion	5.47	kg CO ₂ /tonne metal	2003
Black Mountain	64.2	kg CO ₂ /tonne mined	2003
Lisheen	2%	red. on 2003 budget	2003
Ferrous Metals			
Highveld Steel	1%	red. from total 2002	2003

Division	Water	Units	Target Date
Forest Products			
Mondi South Africa			
Kraft Richards Bay	55.0	m ³ /tonne product	2003
Kraft Piet Retief	7.0	m ³ /tonne product	2003
Kraft Felixton	21.0	m ³ /tonne product	2003
Merebank	22.5	m ³ /tonne product	2003
Cartonboard Springs	12.5	m ³ /tonne product	2003
Mondi Europe			
Neusiedler Ružomberok	8	m ³ /tonne product on machine PM18	2003
Neusiedler Szolnok	13	m ³ /tonne product on machine PM8	2003
Neusiedler Szolnok	17	m ³ /tonne product on machine PM9	2003
Coal			
Coal Australia	0.26	m ³ /tonne saleable coal	2003
Coal South Africa	3%	red. on m ³ /run of mine tonne	2003
Industrial Minerals			
Concrete and Mortar	2.5%	red.usage/unit production	2007
Concrete Products	2.5%	red.usage/unit production	2007
Base Metals			
Mantos Blancos	0.37	m ³ /tonne processed	2003
Mantoverde	0.36	m ³ /tonne processed	2003
Bindura Nickel Corporation	3%	red. on 2002 actual	2003
Codemin	0.318	m ³ /tonne Nickel	2003
Loma de Níquel	0.125	m ³ /tonne Nickel	2003
Catalão	1.147	m ³ /tonne Niobium	2003
Namakwa Sands	0.1665	m ³ /tonne processed	2003
Hudson Bay	1%	red. on 2002 actual	2003
Skorpion	51.72	m ³ /tonne metal	2003
Ferrous Metals			
Highveld Steel	5%	red.from tot.ave. 2002	2003
Zimbabwe Alloys Limited	2%	red. from total 2002	2003

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GREENHOUSE GAS INVENTORY FOR MANAGED OPERATIONS IN 2002

(ALL VALUES IN TONNES CO₂ EQUIVALENT/YEAR)

Source		Source Total	Sector Total	Scope Total	GRAND TOTAL
SCOPE 1					
Cross sector					
Fossil fuel combustion					
Coal for heating and energy	2,852,449				
Heavy fuel oil	553,260				
Light fuel oil	25,817				
Diesel	984,059				
Petrol	24,905				
LPG	77,945				
Natural gas	2,137,019				
Gaskor gas	83,815				
Paraffin	5,923				
Used oil recycled to process	98,188				
Total	6,843,380	6,843,380			
Fugitive emissions (methane)					
Methane flared	20,620				
Methane from coal mining	3,089,911				
Total	3,110,531	3,110,531			
			9,953,911		
Sector specific					
Ferrous Metals production					
Coal for producer gas (Highveld)	157,862				
Coal for metallurgical processes	467,632				
Coal for directly reduced iron (Scaw Metals Group)	540,518				
Steel	2,916,104				
Ferrosilicon	230,369				
Silicon manganese	246,507				
Ferromanganese	89,049				
Total	4,648,041				
CO ₂ from other processes					
Cement, lime, pulp and paper, etc.*	2,221,808	6,869,849			
			6,869,849		
				16,823,760	
SCOPE 2					
Electricity purchased		13,152,727			
				13,152,727	
					29,976,487

* To be refined during 2003

\$ million	Africa	Europe	North and South America	Australia and Asia	Group Total
Turnover	5,930	6,545	1,542	1,128	15,145
Less: paid to suppliers for materials and services and indirect taxes and royalties	(2,925)	(4,442)	(768)	(595)	(8,730)
Value added	3,005	2,103	774	533	6,415
Other income	106	165	46	18	335
Total value added	3,111	2,268	820	551	6,750

VALUE DISTRIBUTION

To employees for wages and related costs	(1,194)	(1,008)	(396)	(198)	(2,796)
To providers of capital					
Interest paid	(117)	(156)	(24)	(3)	(300)
Dividends to Anglo American plc shareholders	(315)	(405)	–	–	(720)
Dividends to outside shareholders	(279)	(10)	(2)	–	(291)
To governments for company taxation	(438)	(115)	(34)	(34)	(621)
For capital expenditure to maintain current operations (SIB)	(416)	(191)	(116)	(87)	(810)
For capital expenditure to expand the Group	(741)	(343)	(231)	(14)	(1,329)
Total distributed	(3,500)	(2,228)	(803)	(336)	(6,867)
Total retained/(distributed)	(389)	40	17	215	(117)

The information regarding the geographical analysis contained in this table is unaudited and includes certain assumptions.

ANGLO AMERICAN REGIONAL ECONOMIC CONTRIBUTIONS FOR THE YEAR ENDED 31 DECEMBER 2002

Region	Managed	Non-managed
North and South America		
Value added*	\$550 million	\$270 million
Payments to governments†	\$101 million	\$38 million
Employees	8,500	2,500
Europe and Middle East		
Value added*	\$2,259 million	\$9 million
Payments to governments†	\$796 million	\$0.6 million
Employees	30,000	<100
Africa		
Value added*	\$2,133 million	\$978 million
Payments to governments†	\$403 million	\$229 million
Employees	85,000	55,000
Australia and Asia		
Value added*	\$436 million	\$115 million
Payments to governments†	\$141 million	\$17 million
Employees	3,500	500

* Value added equals 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. We intend to improve the accuracy from estimates of payments to governments for future reports.

Acid rock drainage (ACD)	Contaminated water resulting from oxidation of sulphur-containing minerals in rocks exposed to air and water in a mining environment. The water may be acidic (low pH) with elevated salts and metal concentrations, or neutralised (neutral pH) with elevated salt concentrations such as sulphate, calcium, magnesium and sodium.
ACP	Anglo Platinum Converting Process project.
AOX in waste water	Total quantity of chlorinated organics (AOX) in waste water.
AS/NZS 4801:2001	The Australian/New Zealand Standard occupational health and safety management systems: specifications with guidance for use.
Bagasse	Waste fibre from sugar cane.
BPD	Business Partners for Development, a joint initiative of the World Bank, CARE (a major international development and relief non-governmental organisation) and a number of companies (including Anglo American).
BS 8800	The British Standards Institute's guide to occupational health and safety management systems.
BSI CAP	The British Standards Institute's common audit process.
Coal mine methane	Quantity of methane (CH ₄) generated as a result of coal mining activities.
CO ₂ from electricity purchased	Calculated quantity of CO ₂ emitted in the generation of the electricity purchased by a business unit. Country-specific conversion factors are used in the calculation.
CO ₂ from processes and fossil fuels	Calculated quantity of CO ₂ emitted from processes and from fossil fuel combustion.
COD in waste water	Total quantity of chemical oxygen demand (COD) in waste water.
Fatality	The death of an employee or contractor resulting from a work-related injury.
FIFR	Fatal injury frequency rate – the number of fatalities per 200,000 hours worked.
FSC	Forest Stewardship Council, an international accreditation body. FSC certification encompasses a regular, independent assessment of an organisation's forest management practices, to measure compliance with a range of internationally recognised social economic and environmental standards.
GHG	Greenhouse gas.
GMI	Global Mining Initiative established in October 1998. Founders were Anglo American, BHP, Billiton, Codelco, Newmont, Noranda, Phelps Dodge, Placer Dome, Rio Tinto and Western Mining Corporation.
Greenhouse Gas Protocol	A collaborative effort led by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI).
Hours worked	Total number of hours worked by employees, including overtime and training, excluding leave, sickness and other absences. It includes the total number of contractor hours worked on site during the year.
ICMM	International Council on Mining and Metals.
IPCC	Inter-governmental Panel on Climate Change, a panel of scientific experts convened to advise the parties to the UNFCCC.
IRCA	International Risk Control Africa.
ISO 14001	An environmental management systems standard published by the International Standards Organisation.
ISRS	International Safety Rating System.
Kyoto Protocol	An international protocol, adopted in Kyoto, Japan, in December 1997, to control emissions of greenhouse gases under the UNFCCC.
Land utilised by operations	Area of land under company charge at the end of the reporting period, where the original characteristics have been altered by mineral extraction and ancillary operations, as well as land altered due to industrial activities and office complexes.
Land under company charge	Total land area managed by Anglo American business units.
LTI	Any occupational lost-time injury which renders the person unable to carry out his/her regular duties on the next day, and which results in one or more days away from work.
LTIFR	Lost-time injury frequency rate – 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.

Management control	The full authority for a member of the Anglo American Group of companies to introduce and promote the Group's SHE policy.
MMSD	The Mining, Minerals and Sustainable Development project, an independent analytical study funded through the WBCSD, as part of the GMI.
NGO	Non-governmental organisation.
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.
OHSAS 18001	Occupational Health and Safety Assessment Series (specifications for occupational health and safety management systems).
Raw material used (by Forest Products operations)	Total tonnes of logs, bagasse, chips, pulp, waste paper, and filler used in the manufacturing process to make the product.
Red data species	A global listing, sponsored by the World Conservation Union in Switzerland, of endangered species, including birds, mammals, invertebrates and plants.
Solid waste generated	Non-hazardous solid waste disposed of to a legal landfill site.
SO _x	Sulphur oxides.
Tailings and tailings dams	The fine fraction of waste rock remaining after the mining and on-site processing of mineral resources. This consists of finely ground particles and traces of process reagents and chemical residues. Tailings are piped into engineered impoundments known as tailings dams, which are developed, operated, monitored and maintained to prevent seepage and water contamination both during and after mining operations.
Tonnes milled	Total tonnes of ore processed, including tonnage used for heap leaching.
Tonnes mined	Total tonnes of ore and waste/overburden mined.
Toronto declaration	Statement signed by industry leaders at the Global Mining Initiative Conference in Toronto in May 2002. www.icmm.com
Total energy used	Calculated from electricity purchased and fossil fuels consumed.
Total grasslands and wetlands area	Area of land under company charge identified as grasslands or wetlands.
Total land area planted	Total forested area of land under company charge.
TSS in waste water	Total suspended solids in waste water.
UNEP	United Nations Environment Programme.
UNFCCC	United Nations Framework Convention on Climate Change, presented for signature in Rio de Janeiro in 1992.
Waste water discharged	Total volume of effluent discharged to surface water, for irrigation, to third parties for treatment and to river or ocean.
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.
WBCSD	The World Business Council for Sustainable Development, an association of corporations (including Anglo American plc) that presents the business case for sustainable development.
WEF	World Economic Forum.
WHO	World Health Organisation.
WRI	World Resources Institute.
WSSD	World Summit on Sustainable Development held in Johannesburg, South Africa from 26 August to 4 September 2002.

This index represents our assessment (Yes/Partial/No) of whether Anglo American public reports address the criteria set down in the 2002 GRI Sustainability Reporting Guidelines (www.globalreporting.org) for core performance indicators. Page references are to this report unless indicated otherwise. We have also recorded whether we address the GRI's additional performance indicators (*) where appropriate.

Economic		
<i>Customers</i>		
EC1: Net sales	Y	Annual Review (page 22)
EC2: Geographic breakdown of markets	Y	Annual Report and Accounts (note 2)
<i>Suppliers</i>		
EC3: Cost of materials purchased	Y	Pages 42 and 53
EC4: Percentage of contracts paid by agreed terms	N	-
<i>Employees</i>		
EC5: Total payroll and benefits	Y	Pages 43 and 53
<i>Providers of Capital</i>		
EC6: Distributions to providers of capital	Y	Page 13 and 53
EC7: Change in retained earnings	Y	Annual Report and Accounts (note 25)
<i>Public Sector</i>		
EC8: Total sum of taxes	Y	Page 10, 11, 42 and 53
EC9: Subsidies received	N	-
EC10: Community donations	Y	Page 40
Environmental		
<i>Materials</i>		
EN1: Total materials use	N	-
EN2: Percentage of waste materials used	N	-
<i>Energy</i>		
EN3: Direct energy use	P	Page 24
EN4: Indirect energy use	Y	Page 24
<i>Water</i>		
EN5: Total water use	Y	Page 27
<i>Biodiversity</i>		
EN6: Biodiversity-rich habitats	N	-
EN7: Impacts on biodiversity	P	Page 28 and 29 – Forest Products and Exploration
<i>Emissions, Effluents and Waste</i>		
EN8: Greenhouse gas emissions	Y	Page 25
EN9: Ozone-depleting emissions	N	-
EN10: NOx, SOx and other emissions	Y	Page 26
EN11: Total amount of waste	Y	Page 31
EN12: Significant discharges to water	P	Page 50 – Forest Products
EN13: Significant spills	Y	Page 23
<i>Products and Services</i>		
EN14: Environmental impact of products	N	Page 30 – initial considerations
EN15: Reclaimable product	P	Page 30
<i>Compliance</i>		
EN16: Incidents and fines	Y	Page 23
<i>Additional Indicators*</i>		
EN23: Land used	Y	Page 28
EN28: Red List species affected	P	Page 28
EN30: Indirect greenhouse gas emissions	Y	Pages 47–49 and 52
Social – Labour Practices and Decent Work		
<i>Employment</i>		
LA1: Workforce breakdown	Y	Pages 4 and 10–11
LA2: Employment creation	N	-
<i>Labour/Management Relations</i>		
LA3: Trade union representation	Y	Page 20
LA4: Consultation policy/procedures	N	-
<i>Health and Safety</i>		
LA5: Occupational accidents/diseases	P	Page 15 – accidents only
LA6: Joint Health & Safety committees	N	-
LA7: Injury lost days	Y	Page 15
LA8: HIV/AIDS policy/programmes	Y	Pages 19 and 33; AIDS Crisis in South Africa
<i>Training and Education</i>		
LA9: Training	P	Page 21
<i>Diversity and Opportunity</i>		
LA10: Equal opportunities	Y	Page 20; Good Citizenship: Our Business Principles (page 4); Annual Review (page 9)
LA11: Senior management and corporate governance bodies	Y	Annual Review (pages 12 and 20–21)
Social – Human Rights		
<i>Strategy and Management</i>		
HR1: Human rights policies	Y	Page 38; Good Citizenship: Our Business Principles (pages 3–4)
HR2: Human rights and investment	Y	Pages 13, 38 and 42
HR3: Human rights and suppliers	Y	Page 12; Good Citizenship: Our Business Principles (page 3)
<i>Non-discrimination</i>		
HR4: Non-discrimination policy	Y	Page 20; Good Citizenship: Our Business Principles (page 4)
<i>Freedom of Association and Collective Bargaining</i>		
HR5: Freedom of association policy	Y	Page 20; Good Citizenship: Our Business Principles (page 4); Annual Report (page 11)
<i>Child Labour</i>		
HR6: Policy excluding child labour	Y	Good Citizenship: Our Business Principles (page 4); Annual Report (page 11)
<i>Forced and Compulsory Labour</i>		
HR7: Policy preventing forced labour	Y	Good Citizenship: Our Business Principles (page 4); Annual Report (page 11)
Social – Society		
<i>Community</i>		
SO1: Policies to manage impacts on communities	Y	Page 35
<i>Bribery and Corruption</i>		
SO2: Policies to address bribery/corruption	Y	Page 13
<i>Political Contributions</i>		
SO3: Policies to address political contributions	P	Annual Report (page 11)
Social – Product Responsibility, Customer Health and Safety		
PR1: Policy on customer health	N	-
<i>Products and Services</i>		
PR2: Policy on product information	N	-
<i>Respect for Privacy</i>		
PR3: Policy on consumer privacy	N	-

Anglo American plc

Incorporated in England and Wales
Registered Number 3564138

Anglo American plc website

<http://www.angloamerican.co.uk>

Other related reports published by managed Group companies

Anglo Coal Australia Safety Health Environment and Community 2002
Anglo Coal South Africa Towards Sustainability 2002
Anglo Platinum Sustainable Development Report 2002
Mondi Kraft Sustainable Development Report 2001
Mondi Packaging UK
Mondi Paper
Namakwa Footprint 2002
Neusiedler – Hausmending environmental statement (as part of their EMAS certification)
Scaw Metals Group Safety Health Environment Employment and Communities Report 2002
Tarmac Safety Health Environment Social Report 2002

Useful websites

GRI	http://www.globalreporting.org
ICMM	http://www.icmm.com
IUCN	http://www.iucn.org
MMSD	http://www.iiied.org/mmsd/
NOSA	http://www.nosa.co.za
UNFCCC	http://www.unfccc.int
WBCSD	http://www.wbcsd.org
WHO	http://www.who.int
WRI	http://www.wri.org

Photography by Philip Mostert, Mike Pawley, John Woodroof,
Norman Neave/Nyalazi Conservancy and staff at
Anglo American managed operations

OTHER ANGLO AMERICAN PUBLICATIONS

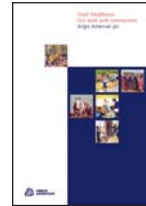
2002
Annual Report



Good
Citizenship:
Our
Business
Principles



2002
Annual Review



Good
Neighbours:
Our work
with
communities



AIDS crisis
in Southern
Africa



Investing in the
future –
Black
Economic
Empowerment



Optima
Anglo
American's
current affairs
journal



Corporate
Social
Investment
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<http://www.angloamerican.co.uk/investor/reqreport.asp>

The aim of this Group is, and will remain, to make profits for our shareholders, but to do it in such a way as to make a real and lasting contribution to the communities in which we operate.

Anglo American founder, Sir Ernest Oppenheimer

VISION

- It is our objective to provide superior returns for our shareholders in a socially and environmentally responsible manner.
- Anglo American, our divisions and companies, will uphold the values of good corporate citizenship and seek to contribute to wider economic, social and environmental well-being in all the countries where we do business.
- In the spirit of Sir Ernest Oppenheimer's statement, we are committed to the principles of sustainable development – which we take to mean 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs'¹ – because we believe it is fundamental to our long-term success. We recognise that the full implications of sustainable development are still being explored by society and we will be part of that process by pursuing practical ways of realising the concept.
- This policy addresses the core challenges of safety, health and the environment that we face as a global business.

¹ 'Our Common Future', Brundtland Report 1987

AIMS

In order to give practical expression to our vision and to measure our progress, we have the following aims:

Safety and Health

- Prevent or minimise work-related injuries and health impairment of employees and contractors
- Contribute to addressing priority community health issues.

Environment

- Conserve environmental resources
- Prevent or minimise adverse impacts arising from our operations
- Demonstrate active stewardship of land and biodiversity
- Promote good relationships with, and enhance capacities of, the local communities of which we are a part
- Respect people's culture and heritage.

MANAGEMENT PRINCIPLES

All our divisions and companies are required to adhere to the following principles in a systematic and comprehensive fashion, and actively encourage implementation by business partners:

- 1. Commitment:** Hold senior executives and line management within each division and company accountable for safety, occupational health and environmental issues. Allocate adequate financial and human resources to ensure that these issues are dealt with in a manner that reflects their high corporate priority.
- 2. Competence:** Ensure workforce competence and responsibility at all levels through selection, retention, education, training and awareness in all aspects of safety, health and the environment.
- 3. Risk assessment:** Identify, assess and prioritise the hazards and risks associated with all our activities.
- 4. Prevention and control:** Prevent, minimise or control priority risks through planning, design, investment, management and workplace procedures. Prepare and periodically test emergency response plans. Where accidents or incidents do occur, take prompt corrective action, investigate root causes and take remedial action. Actively seek to prevent recurrences and disseminate experiences learned.
- 5. Performance:** Set appropriate goals, objectives, targets and performance indicators for all our operations. Meet all applicable laws and regulations as a minimum and, where appropriate, apply international best practice.
- 6. Evaluation:** Monitor, review and confirm the effectiveness of management and workplace performance against divisional and company standards, objectives, targets and applicable legal requirements. Key to this process is a system of appropriate audits and progress reports to divisional management coupled with regular reports to the Board of directors.
- 7. Stakeholder engagement:** Promote and maintain open and constructive dialogue and good working relationships with employees, local communities, regulatory agencies, business organisations and other affected and interested parties, to increase knowledge and enhance mutual understanding in matters of common concern. Report on progress towards the achievement of our aims.
- 8. Continual improvement:** Foster creativity and innovation in the management and performance of our businesses, and our approach to solving the challenges facing our enterprises. Support research and development into safety, health and environmental issues, and promote the implementation of international best practices and technologies where appropriate.

This policy will be reviewed regularly to reflect our commitment to, and growing understanding of, the principles of sustainable development.



Tony Trahar
Chief Executive Officer
April 2003

Anglo American plc and its subsidiaries have an established tradition of community involvement and social investment. We have always seen the objectives of seeking to provide superior returns to our shareholders and shouldering our share of social and environmental responsibilities as complementary. Our business success brings with it obligations of good stewardship and ethical behaviour. Our operations will perform better when the communities surrounding them are stable and prosperous. Conducting business now with an eye to the needs of the future is the essence of sustainable development.

As we enter the era of globalisation we must recognise that many people have fears about the pace of change and the perceived motivations and power of international corporations.

In response, companies need to be transparent and accountable. We need to show that we use our resources and influence in society to the good. 'Good Citizenship' sets out the values and standards which guide us in the conduct of our businesses. Whilst we operate in many countries and in widely differing conditions, our values and principles have universal application. The Statement supersedes the Codes of Ethics, observed over many years, by our predecessor companies.

Our Business Principles apply to every business we manage, everything we do and to every part of the world in which we operate. We will ensure that these principles are properly understood and observed. We will modify and refine the Statement from time to time in the light of experience.

OUR RESPONSIBILITIES TO OUR STAKEHOLDERS

Our primary responsibility is to our investors. We will seek to maximise shareholder value over time. We believe that this is best achieved through an intelligent regard for the interests of other stakeholders, including our employees, the communities associated with our operations, our customers and business partners. A reputation for integrity and responsible behaviour will underpin our commercial performance through motivating employees and building trust and goodwill in the wider world. The following considerations guide our dealings with stakeholders:

Investors

We will ensure full compliance with relevant laws and rules. We are committed to good corporate governance, transparency and fair dealing.

Employees

We 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.

Communities

We aim to promote strong relationships with and enhance the capacities of the communities of which we are a part. We will seek regular engagement about issues which may affect them. Our support for community projects will reflect the priorities of local people, sustainability and cost-effectiveness. We will increasingly seek to assess the contribution our operations make to local social and economic development and to report upon it.

Customers and business partners

We seek mutually beneficial long-term relationships with our customers, business partners, contractors and suppliers based on fair and ethical practices.

Governmental bodies

We respect the laws of host countries whilst seeking to observe, within our operations, the universal standards promulgated by leading intergovernmental organisations. We aim to be seen as socially responsible and an investor of choice.

Non-governmental organisations

We aim for constructive relations with relevant non-governmental organisations. Their input may lead to better practices and increase our understanding of our host communities.

PRINCIPLES OF CONDUCT

Business integrity and ethics

We support free enterprise as the system best able to contribute to the economic welfare of society as well as to promote individual liberty. Without profits and a strong financial foundation it would not be possible to fulfil our responsibilities to shareholders, employees, society and to those with whom we do business. However, our investment criteria are not solely economic. They also take into account social, environmental and political considerations. We will comply with all laws and regulations applicable to our businesses and to our relationships with our stakeholders. We are implacably opposed to corruption. We will not offer, pay or accept bribes or condone anti-competitive practices in our dealings in the marketplace and will not tolerate any such activity by our employees. We prohibit employees from trading securities illegally when in possession of unpublished price-sensitive information. We require our employees to perform their duties conscientiously, honestly and with due regard for the avoidance of conflicts between any personal financial or commercial interests and their responsibilities to their employer.

We will maintain high standards of planning and control to: identify and monitor material risks; safeguard our assets; and to detect and prevent fraud. We will promote the application of our principles by those with whom we do business. Their willingness to accept these principles will be an important factor in our decisions to enter into, and remain in, such relationships. We encourage employees to take personal responsibility for ensuring that our conduct complies with our principles. No one will suffer for raising, with management, violations of this policy or any legal or ethical concern.

Corporate citizenship

We respect human dignity and the rights of individuals and of the communities associated with our operations. We seek to make a contribution to the economic, social and educational well-being of these communities, including through local business development and providing opportunities for workers from disadvantaged backgrounds. We recognise the sensitivities involved in addressing issues which 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. We believe we have the right and the responsibility to make our positions known to governments on any matters which affect our employees, shareholders, customers or the communities associated with our operations. Whilst the primary responsibility for the protection of human rights lies with governments and international organisations, where it is within our power to do so we will seek to promote the observance of human rights in the countries where we operate. We support the principles set forth in the Universal Declaration of Human Rights.

Employment and labour rights

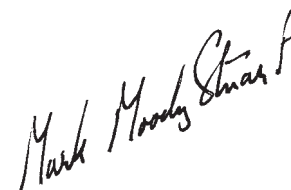
We are committed to the adoption of fair labour practices at our workplaces and our conditions of service will comply with applicable laws and industry standards. We will promote workplace equality and will seek to eliminate all forms of unfair discrimination. We will not tolerate inhumane treatment of employees, including any form of forced labour, physical punishment, or other abuse. We prohibit the use of child labour. We recognise the right of our employees to freedom of association. We will operate fair and appropriate means for the determination of terms of conditions of employment. We will provide appropriate procedures for the protection of workplace rights and our employees' interests. We will provide employees with opportunities to enhance their skills and capabilities, enabling them to develop fulfilling careers and to maximise their contribution to our business.

Safety, health and environmental stewardship

We have adopted a comprehensive Safety, Health and Environment Policy and will report regularly on our SHE performance. We will continue to review and develop this policy. We strive to prevent fatal injuries, other work-related injuries and health impairment of employees and contractors. We recognise the need for environmental stewardship to minimise consumption of natural resources and waste generation and to minimise the impact of our operations on the environment. Senior executives and line management are accountable for safety, health and environmental issues and for the allocation of adequate financial and human resources within their operations to address these matters. We will work to keep health, safety and environmental matters at the forefront of workplace concerns and will report on progress against our policies and objectives.

We recognise the human tragedy caused by the HIV/AIDS epidemic, particularly in sub-Saharan Africa. We have a clear policy for addressing HIV/AIDS in the workplace and are committed to a comprehensive prevention strategy, linked to programmes of care for those with HIV or AIDS. We will strive to eliminate any stigma or unfair discrimination on the basis of real or perceived HIV status. We are committed to the principles of sustainable development, by which we mean striking an optimal balance between economic, environmental and social development. We will strive to innovate and adopt best practice, wherever we operate, working in consultation with stakeholders.

This Statement should be read in conjunction with fuller policy statements such as our Safety, Health and Environment Policy and such other codes and guidance notes which may be issued from time to time.



Sir Mark Moody-Stuart KCMG
Chairman



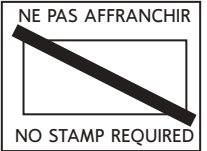
Tony Trahar
Chief Executive Officer

April 2003

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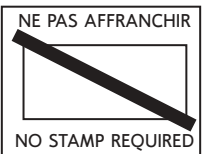


**REPONSE PAYEE
GRANDE-BRETAGNE**

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**REPONSE PAYEE
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Anglo American plc
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Please let us have your views on this report.



Format

Content

Not sufficient detail

Too much detail

Other comment

Name _____

Organisation _____

Address _____

<input type="checkbox"/> Government/Regulator	<input type="checkbox"/> Academic	<input type="checkbox"/> Investor/Shareholder	<input type="checkbox"/> NGO	<input type="checkbox"/> Other
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Anglo American plc
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