

#GrowSouthAfrica

SOUTH AFRICA
TRANSFORMATION
PERFORMANCE
REPORT 2019

RE-IMAGINING
MINING TO
IMPROVE
PEOPLE'S LIVES

SCOPE OF THE REPORT

The South Africa Transformation Performance Report provides an overview of the performance of Anglo American South Africa (AASA) against the Broad-Based Black Socio-Economic Empowerment Charter for the South African Mining and Minerals Industry of 2018 (Mining Charter III), which was published by the Minister of Mineral Resources and Energy in September 2018. This is the first year AASA is reporting against the provisions in Mining Charter III.

The report covers the business units that operate in South Africa, namely: Coal South Africa; De Beers Consolidated Mines (De Beers); Kumba Iron Ore (Kumba); and Anglo American Platinum (Platinum Group Metals (PGMs)). The report also includes (where applicable) Anglo American's Corporate Division (Corporate Division) and Anglo American's Europe, the Middle East and Africa Shared Services in South Africa (Shared Services).

Key data illustrates our performance against Mining Charter III's pillars of ownership; mine community development; procurement and enterprise development; employment equity; human resource development; housing and living conditions; and beneficiation. The sustainable development and growth pillar is not featured in this report, as health, safety and environmental (HSE) management in the South African mining industry is governed by strict and extensive legislation and regulation, and is no longer a feature of Mining Charter III. For information on how AASA has performed in the area of HSE, view the Anglo American Group (the Group) Sustainability Report at: www.angloamerican.com/sustainability

Throughout the report, specific emphasis is placed on Anglo American's wider transformation journey, including the integration of the United Nations' 17 Sustainable Development Goals (SDGs) into the business. The SDGs go hand in hand with the objectives of Mining Charter III, both of which support our purpose of 're-imagining mining to improve people's lives'.

AASA makes significant contributions to the SDGs through its workplace, operations, community and supply chain activities, and is well positioned to play a greater role in South Africa's achievement of the SDGs. Alignment between the SDGs and the pillars of Mining Charter III is highlighted at the end of each chapter of this report, where applicable.

* There has been a material change in the portfolio size of the components of our business and, therefore, year-on-year comparisons are not on a like-for-like basis.

For more information, visit: www.angloamerican.com/reporting

Cover images

1. PGMs has handed over a further 270 hectares of land to the Rustenburg local municipality and the Rustenburg Community Development Trust in support of sustainable land reform in South Africa.
2. Iwan Grobbelaar and Morgan Sasing, both drone operators, using drones to map and survey mine pits at Kumba's Kolomela mine.
3. Phillip Ndimande Secondary School in eMalaheni is one of the 100 schools supported by AASA's Education Programme.
4. Anglo American Zimele has supported small businesses for over 30 years, this is one of the mine community businesses to have participated in Zimele's enterprise development programme.
5. A Kolomela mine employee responsible for a safety inspection ahead of maintenance at one of the shutes.



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ABOUT MINING CHARTER III

On 27 September 2018, Gwede Mantashe, Minister of Mineral Resources, published the final version of the revised Broad-Based Black Socio-Economic Empowerment Charter for the South African Mining and Minerals Industry (Mining Charter III). There are distinct differences between the mandates of Mining Charter II, which was the basis of reporting in 2018 and in previous reports, and Mining Charter III, which is the basis of reporting for 2019 going forward. A summary of the requirements is illustrated below.

	Ownership: Existing mining rights	A minimum 26% BEE shareholding is required affording meaningful economic participation and full shareholder rights.
	New mining rights	New rights require a minimum 30% BEE shareholding comprising a minimum of 5% non-transferable carried interest to each of the qualifying employees and mine communities, and 20% effective ownership to BEE entrepreneurs.
	Renewals and transfers of existing rights	Existing mining right holders' historical BEE transactions will not be recognised for the purposes of the renewal and transfer of existing mining rights and the applicant for renewal or the transferee will likely be required to comply with the BEE ownership requirements applicable to new mining rights. This clause is currently not being implemented pending resolution of Minerals Council litigation.
	Mine community development	Mines must contribute meaningfully towards community development in terms of their approved SLPs and implement locally approved community projects which are aligned to the district and municipalities' Integrated Development Planning (IDPs).
	Inclusive procurement: Mining goods	Minimum spend of 70% of total mining goods on South African-manufactured goods with 60% local content, 44% of which must be spent with BEE-compliant companies. 21% must be spent on goods produced by historically disadvantaged persons (HDPs) and 5% on goods produced by women- or youth-controlled companies. (Aspects of this subject to litigation).
	Inclusive procurement: Services	Minimum spend of 80% on services with South African-based companies, 50% of which must be supplied by HDPs and 10% by BEE-compliant companies. 15% of the services budget must be spent with women-owned and controlled companies, and 5% with youth-owned and controlled companies. (Aspects of this are subject to litigation).
	Enterprise and supplier development	Mining right holders may invest in enterprise development and supplier development to offset procurement obligations.
	Employment equity	Mining rights holders must achieve a minimum threshold of HDPs reflective of provincial or national demographics: <ul style="list-style-type: none"> Board: 50% HDPs with proportional exercisable voting rights, 20% of whom must be women Executive management (Exco): 50% HDPs, 20% of whom must be women Senior management: 60% HDPs, 25% of whom must be women Middle management: 60% HDPs, 25% of whom must be women Junior management: 70% HDPs, 30% of whom must be women Core and critical skills (i.e. science, technology, engineering and mathematical skills, across all organisational levels): 60% HDPs Employees with disabilities must make up at least 1.5% of all employees.
	Human resource development	Mining companies must invest 5% of leviable amount on skills development.
	Housing and living conditions	Mining companies must improve the standards of housing and living conditions for mine workers as stipulated in the Housing and Living Conditions Standard for the Mining and Minerals Industry.
	Beneficiation	Mining right holders can claim a maximum of 11% offset credit against BEE entrepreneur allocation for beneficiation based on a Department of Mineral Resources and Energy (DMRE)-approved equity equivalent plan.


Mining Charter III was welcomed by the industry, including Anglo American, for providing further guidance to the South African mining and natural resources sector, which is widely recognised as being a significant contributor to growth and transformation in South Africa. However, the Minerals Council South Africa expressed concern about:

- The non-recognition of the continuing consequences of previous transactions in respect of renewal and transfer of mining rights
- The practicality of procurement provisions related to local content for goods, the targets for services and the turnover threshold for junior miners
- Certain matters related to the diamond industry.

Mining Charter III is currently the subject of litigation between the Minerals Council of South Africa and the Minister of the Department of Mineral Resources and Energy. Anglo American is supportive of the Minerals Council in embarking on this litigation. As such, this report contains summaries of our best effort initiatives to meet the Mining Charter III targets. None of our efforts should be construed as being in opposition to the legal position adopted by the Minerals Council or as conceding to the disputed content of Mining Charter III.

FOREWORD



We recognise that transformation is far from being a single event or a ‘tick-box’ exercise: it is a lengthy, complex and challenging process of change over a sustained period. 

Nolitha Fakude

Chair of Anglo American's Management Board in South Africa



We have come a long way since our first democratic elections 26 years ago. South Africa is a different – and better – place than it was then. And, as a company whose roots run deep in South Africa, Anglo American is committed to creating an even better future for all South Africans, with mining playing a vital role as it has done for so long.

We realise that this better future for all South Africans depends on our collective commitment to transformation in all spheres of society, and that businesses like ours are a crucial part of that social compact.

At Anglo American, we recognise that transformation is far from being a single event or a “tick-box” exercise: it is a lengthy, complex and challenging process of change over a sustained period. For us, transformation is about building a country where all South Africans can achieve their potential, not only for themselves but for successive generations too – regardless of their race, gender, sexuality or beliefs. We are proud of our longstanding commitment to,

and track record of, advancing sustainable transformation in South Africa.

Our 2019 Transformation Report is not only distinctive from a Mining Charter perspective, it is also unique in that it is the first year in which we are benchmarking our performance against the United Nations' Sustainable Development Goals (SDGs). That said, the SDGs are very familiar to us as they guided the thinking behind our Sustainable Mining Plan that we launched globally in 2018.

The 17 SDGs present us all with a blueprint for achieving a better and more sustainable future for all, and their objectives dovetail well with our Purpose, particularly alongside our industry-leading ‘Social Way’. Essentially, our objectives are the same: to eradicate poverty and contribute to the socio-economic upliftment of our people and the communities they live in. Moreover, given the fact that South Africa is a signatory to the United Nations, it is vital that we, as a longstanding pillar South African organisation, also align our business objectives to the SDGs.

As you will see from reading this report, Anglo American in South Africa is certainly making great strides towards meeting some of the SDGs that apply to the nature of our business.

We are particularly doing well in supporting good health and well-being and providing much-needed services such as clean water and sanitation. However, we acknowledge that there are other areas that need much more attention – such as gender equality, especially in terms of ending gender-based violence, and poverty alleviation. And while we are certainly working with partners to catalyse more sustainable communities, more can be done to promote agricultural initiatives, which will have the effect of enhancing food security and eradicating hunger.

The UN's goal is to achieve these SDGs by 2030, which is now just a decade away. Therefore, if we are to do our part in fulfilling these objectives, as an organisation, we will have to give some serious thought to which additional interventions we put in place over

the next two to three years, to create a truly enabling environment, building on our Sustainable Mining Plan.

We have a singular Purpose; and that is to re-imagine mining to improve people's lives. This purpose takes on a special meaning for transformation in South Africa. The efforts of each of our business units, our Corporate Division and Shared Services will ultimately make a real and lasting positive difference in people's lives.

As South Africa's largest mining company, we have continued to invest in our country's growth and development for more than 100 years. We have done so because, in many

ways, we know that Anglo American's story is deeply intertwined with South Africa's story.

We see South Africa's success as an intrinsic part of our own. Without this great nation, Anglo American would not be what it is today – not only in South Africa, but far beyond.

The preamble of our Constitution contains a moving call to action that I think is worth revisiting. It calls on us all to "improve the quality of life of all citizens and free the potential of each person." Amid our national challenges – which can sometimes overwhelm us – it is important to remind ourselves that our primary task, as ordinary citizens, business people and government

leaders, is precisely this: to "free the potential" of all South Africans, so that we can achieve shared prosperity for all.

We strongly believe that by working together we can turn the possibilities that exist in our great nation into opportunities for everyone. As a company, we will continue to commit ourselves to helping to build an inclusive, transformed and prosperous South Africa, because we know that we only grow when South Africa grows.

Nolitha Fakude

Chair of Anglo American's Management Board in South Africa

COVID-19 RESPONSE

While the information contained in this report refers specifically to 2019, we must acknowledge that the report was compiled during a time of great social and economic upheaval, not only in South Africa, but across the world, with the onset of the Covid-19 pandemic.

The rapid spread of the highly-contagious respiratory disease, particularly in South Africa, has brought with it immense challenges for us as a business, for our employees and our communities. It has wreaked havoc and disrupted the very fabric of our personal and working lives.

But this is a challenge that Anglo American has met squarely and we have prioritised a range of initiatives, through extensive stakeholder engagement, to try to mitigate the impact of the socio-economic upheaval on our employees and our communities.

Our approach has been two-pronged, as we have both supported and protected the

health of our employees and host communities as best we can, while also safeguarding livelihoods. Our WeCare programme – our global response to the pandemic – includes various initiatives, which include the implementation of health awareness and support programmes; mental-wellbeing programmes for employees and community members; action against gender-based and other forms of domestic violence; and our community response which includes the provision of essential medical and food supplies, support measures for our supplier companies, and, where possible, financial assistance.

While Covid-19 brings a multitude of negative consequences with it, it also presents an opportunity for both our organisation and society to rethink our transformation and inclusion objectives. These need to be far more integrative in their approach and strategy. It also

presents an opportunity for us to explore how we can forge new partnerships and contribute towards more inclusive economic growth generally.

These past few months have allowed us more time and opportunity to engage with our stakeholders, particularly employees, communities and government, on how best to achieve such an objective.

History will judge us one day on our response to the pandemic, not only as a corporate leader, but as colleagues, partners and civilians. I believe that future historians will not find Anglo American wanting in this respect. But I am also mindful that the Covid-19 pandemic is a marathon, not a sprint, and we will continue to respond to its challenges with agility and creativity in the years to come, for the benefit of both our organisation, our communities, and South African society as a whole.

OUR CONTRIBUTION TO SOUTH AFRICA



PGMs' Mogalakwena mine in Limpopo.

Anglo American is a leading global mining company, with a world-class portfolio of mining and processing operations and undeveloped resources.

We provide the essential metals and minerals that enable a cleaner, greener, more sustainable world and that meet the growing consumer-driven demands of the world's developed and maturing economies. And we do so in a way that not only generates sustainable returns for our shareholders, but that also strives to make a real and lasting positive contribution to society.



COMMITMENT TO SOUTH AFRICA

Number of employees

45,213

(2018: 47,000)



OPERATIONAL PRESENCE IN SOUTH AFRICA

Head office

- Johannesburg

Anglo American managed operations

De Beers

- Venetia
- Voorspoed (care and maintenance)
- De Beers Marine (DBM)
- DBSSA (Midstream)
- Namaqualand (Rehabilitation)
- De Beers Group Services

Platinum Group Metals (PGMs)

- Amandelbult Complex Tumela and Dishaba
- Mogalakwena
- Mototolo/Der Brochen
- Polokwane metallurgical complex
- Rustenburg processing operations

Iron Ore

- Kolomela
- Sishen

Coal

- Goedehoop
- Greenside
- Isibonelo
- Kleinkopje (Khwezela)
- Landau (Khwezela)
- Mafube (50/50 JV)
- Zibulo

ANGLO AMERICAN'S ECONOMIC CONTRIBUTION TO SOUTH AFRICA IN 2019

R131bn

Total tax and economic contribution*

* As per published Anglo American Tax and Economic Contribution Report 2019, translated at 2019 average FX rate of US\$1:R14.45.



R55 bn

Total procurement



R34 bn

Local procurement



R22 bn

Capital investment



R25 bn

Wages and related payments



R28 bn

Total taxes borne and collected



R700 m

Corporate social investment**



** This CSI figure differs from that reported on page 17 owing to the fact that the business units use different bases for inclusion as "CSI spend" compared to the Anglo American Group Tax and Economic Contribution Report.

SOCIAL INVESTMENT HIGHLIGHTS 2019***

R308.3m

Community development



R213.1m

Education and training



R22.8m

Sports, arts, culture & heritage, and other



R33.9m

Water and sanitation



R99.9m

Health and welfare



R13.7m

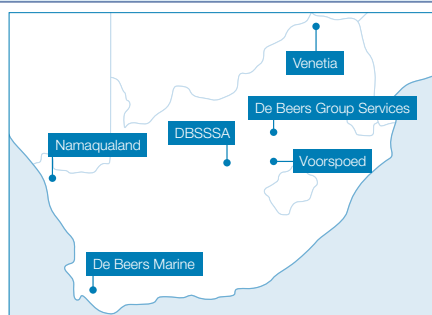
Institutional capacity development



*** Social investment spend excludes De Beers Group Services.

OUR BUSINESS UNITS' CONTRIBUTION TO SOUTH AFRICA

DE BEERS



1 operation and 5 sites 2,373 employees

Social investment **R80.9 m**

SOCIAL INVESTMENT HIGHLIGHTS 2019 ¹

R8.6m
Health and welfare

R1.2m
Environment

R12.5m
Enterprise development

R45.4m
Education and skills development

R13.2m
Other (community development, charitable giving and sport)

KEY VALUE CONTRIBUTORS*



EDUCATION

~40,631

learners supported through education initiatives



HEALTH

~112,508

people benefit from community health programmes



LIVELIHOODS

2,900 jobs

supported through enterprise development and local procurement



WATER

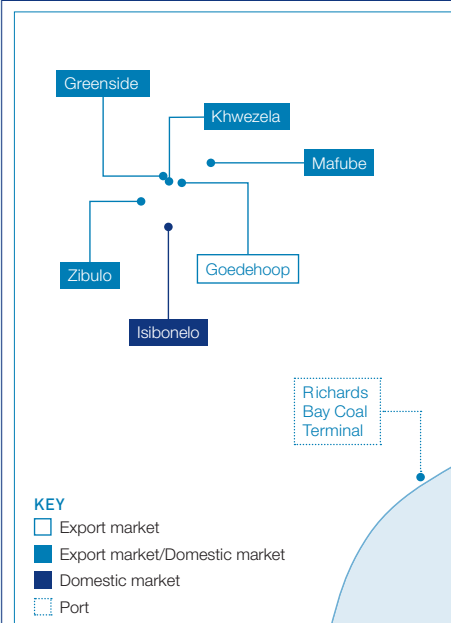
23,000

people provided with water

* Estimated number of beneficiaries from our socio-economic initiatives.

¹ Social investment spend excludes De Beers Group Services.

COAL SOUTH AFRICA



KEY

- Export market
- Export market/Domestic market
- Domestic market
- Port

6 operations 4,894 employees

Social investment **R59.8 m**

SOCIAL INVESTMENT HIGHLIGHTS 2019

R3.6m
Community development

R0.9m
Sports, arts, culture & heritage and other

R23.4m
Health and welfare

KEY VALUE CONTRIBUTORS ²



EDUCATION

~23,100

learners supported through 24 schools



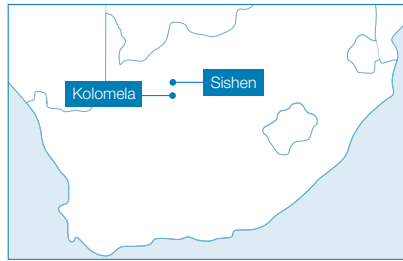
LIVELIHOODS

~12,600

people benefit from jobs, skills development programmes, learnerships, and bursaries

² Estimated number of beneficiaries from our socio-economic initiatives based on projects running at the time of writing.

KUMBA



2 operations **~12,000** employees

Social investment
R171 m

SOCIAL INVESTMENT HIGHLIGHTS 2019

R24.6m

Enterprise development and poverty alleviation

R60.7m

Education and training

R0.8m

Sports, arts, culture and heritage, and other

R32.8m

Infrastructure

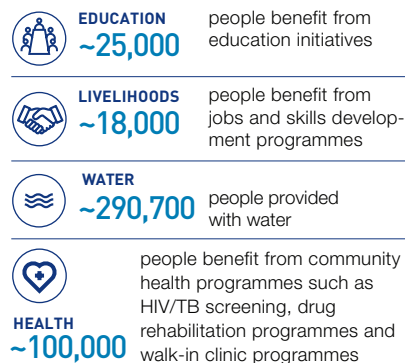
R16.3m

Health and welfare

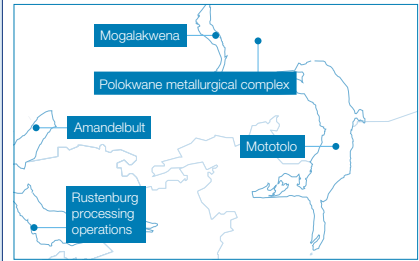
R35.7m

Institutional capacity development and donations

KEY VALUE CONTRIBUTORS ²



PGMs



5 operations **~24,000** employees

Social investment
R609.9 m

SOCIAL INVESTMENT HIGHLIGHTS 2019

R74.4m

Enterprise development

R33.8m

Education and training

R26.6m

Community trusts and resettlement

R79.1m

Infrastructure

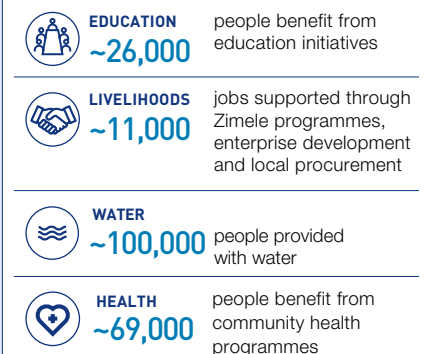
R6.4m

Health and welfare

R389.6m

Community dividends

KEY VALUE CONTRIBUTORS ²



² Estimated number of beneficiaries from our socio-economic initiatives based on projects running at the time of writing.



Coal South Africa - Greenside colliery.

R14.9m

Education and training

R13.4m

Water and sanitation

R3.6m

Institutional capacity development



HEALTH

~63,000

people benefit from community health programmes and health infrastructure support such as construction of a TB hospital, clinic and donation of ambulances



WATER

~91,250

people provided with water

OWNERSHIP

We have been leaders in encouraging and facilitating the development of black business ownership since well before South Africa's first democratic elections in 1994.

▼ Tumelo Khumalo (right) is a steel erector at PGMs New Chrome Plant at Amandelbult.



MINING CHARTER III TARGETS

Mining Charter III sets Black Economic Empowerment (BEE) ownership at 30%, split between BEE entrepreneurs, employees and communities for new rights granted after the gazetting of Mining Charter III (new mining rights).

Mining Charter III fully recognises all historical transactions that achieved the 26% BEE ownership target recommended in the previous mining charters (2004 and 2010) for the rights granted prior to Mining Charter III (existing mining rights). However, Mining Charter III does suggest that when existing mining rights are renewed and transferred, targets for new mining rights will apply.



Leonard Motakane (left) and Tsepho Molefe (right) operating a remote ULP drill rig at PGMs' Bathopele mine.

Our performance

We have been leaders in encouraging and facilitating the development of black business ownership since well before South Africa's first democratic elections in 1994. We have made a significant mark on the ownership patterns on the Johannesburg Securities Exchange (JSE) and beyond through more than 40 BEE transactions, worth more than R70 billion.

Since 1994, our BEE efforts have resulted in the creation of several black-owned and -managed South African companies, such as Exxaro Resources, Seriti Resources, African Rainbow Minerals, Royal Bafokeng Platinum, Phembani, Atlatza Resources, Ponahalo, Anglo American Inyosi Coal, and Siyanda Resources.

Most companies that have acquired our assets have flourished, not only in mining, but in their diversification into other parts of the economy.

CASE STUDY

Alchemy – community empowerment and development

Our PGMs community empowerment and development programme (known as Alchemy) was launched in 2011. This pioneering programme promotes thriving communities and sustained local, inclusive community development through and beyond mining, leveraging communities' shareholding in the company through the Lefa La Rona Trust (the Trust). The Alchemy development structures are tools for empowered communities and development partners to participate in and create a sustainable future.

All five trusts and the non-profit company (NPC) that together comprise Alchemy have been established as agents for multi-stakeholder local development, with communities having a direct say in their destiny. The trusts and NPC actively consult with the communities they serve within a 15–50-kilometre radius from Mogalakwena, Amandelbult, Rustenburg and Twickenham mines, as well as the labour-sending areas of Taung in the North West province, OR Tambo district in the Eastern Cape, Lesotho and Mozambique.

For the past financial year (2019), more than R289 million in dividends will be paid to the Trust, which was set up to benefit separate and independent community development trusts in mine communities.

While a portion will be used towards paying off the loan for Lefa La Rona's shareholding, more than R115.6 million in dividends will be available for development projects. These projects are managed by the community development trusts that represent the beneficiaries in the communities surrounding the operations of our PGMs business; and a non-profit organisation representing PGMs' labour-sending areas. The dividends will add significant momentum to the R461 million already received by the Trust from PGMs and invested in community projects over the past seven years.

A flagship project is the roll-out and ongoing provision of a free community WiFi development platform in PGMs' mine communities and labour-sending areas. Having access to WiFi gives community members free access to the internet and social media, as well as a wealth of developmental tools for both learners and adults.

HDP ownership [%]

Actual current shareholding	Kumba	Coal South Africa	PGMs	De Beers
Effective shares held by HDP-controlled entities	9	3	2	26
Entrepreneurs (effective)	6	3	0	7
Employees	0	0	0	13
Community	3	0 ¹	2	6
HDP shareholding via mandated investments	5	6	7	5
Anglo American plc indirect effective interest	4	6	5	4
Direct interests	1	0	2	0
Actual effective shareholding 31 December 2019	14	9	9	30
Portion of business sold to HDPs				
Portion of business acquired by HDP-controlled entities	29	104	49	26
Entrepreneurs	20	94	29	7
Employees	6	3	2	13
Community	3	7	18	6
HDP shareholding via mandated investments	5	6	7	5
Anglo American plc indirect effective interest	4	6	5	4
Direct interests	1	0	2	0
Total HDP interest at 31 December 2019	34	110 ²	56	30

¹ Coal South Africa community shareholding percentage is zero; however, there are a number of community trusts within the BEE consortia. In addition, the Inyosi Coal Community Trust has an effective 4% interest in Anglo American Inyosi Coal.

² Our ownership calculation methodology is derived from Code 100 Statement 102 of the BBBEE Codes of Good Practice issued under the Broad-Based Black Economic Empowerment Act read together with the Mining Charters of 2004, 2010 and 2018. In accordance with that methodology, it is possible for the value of assets disposed of into black ownership to exceed the value of the selling company, thereby producing a recognisable ownership equivalency in excess of 100%.

EMPLOYEE SHAREHOLDERS

In 1988, we pioneered the first employee share ownership plan in South Africa. Since 2004, many Anglo American employees have participated in employee share ownership plans (ESOPs) or similar structures, such as De Beers' Equal Allocation Trust (EAT) units. In total, 90,309 employees have benefited from these schemes.

Most of these schemes have now expired, and we are exploring new models.

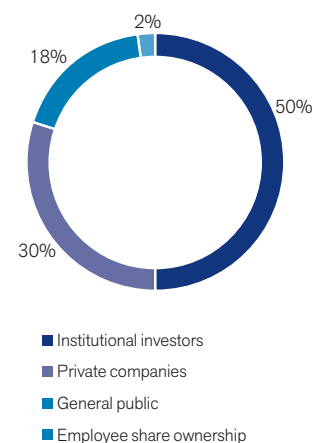


Christina Lekoko is a miner at PGMs' Dishaba mine.

HOW WE MEASURE OWNERSHIP

Anglo American uses a methodology for measurement of our ownership contributions to socio-economic empowerment which is derived from an analysis and interpretation of:

- 1 the measurement approach articulated in the Mining Charter of 2018
- 2 the measurement approach articulated in the Mining Charter of 2010
- 3 the measurement approach articulated in the Mining Charter of 2004
- 4 the measurement methodology stipulated in Code 100 of the Broad Based Black Economic Empowerment Codes of Good Practice.

WHO OWNS ANGLO AMERICAN

EMPLOYEE SHARE OWNERSHIP PLANS

Historical and current ESOPs as at December 2019

Business	Scheme	Tenure	Total (R million)	Employees	Vested benefit per person to 2019 (R'000)
De Beers	EAT, KET 1 and KET 2 ¹	2006–2018	887 ²	14,854 ³	59 ⁴
PGMs	Kotula	2008–2015	433	40,000	11
		Free shares	391		
		Dividends	42		
	ESOP Bonus	2018–2019	251	19,090	9
Kumba	Envision 1&2	2006–Nov 2016	3,506	7,000	498
		Envision 1			
		Capital	2,670		
		Dividends	279		
		Envision 2			
		Dividends	557		
	Karolo	2018–2023	2018/2019 award	±5,500	40
		Free shares	227		
		Dividends	28		
Coal South Africa	Siyaphambili	2008–2019		3,869	11
		Vested shares	43		
		Dividends	3		
Weighted average			5,378	90,309	60

¹ The De Beers EAT, The De Beers Key Employee Trust 1 (KET 1), De Beers Key Employee Trust 2 (KET 2) and Ponahalo Capital RF (Pty) Ltd are shareholders of Ponahalo Holdings RF (Pty) Ltd. As at December 2019, EAT held 0% of Ponahalo Holdings (all underlying shares repurchased by the end of 2018) and KET 1 and KET 2, an aggregate of 50% in Ponahalo Holdings. Ponahalo Capital holds the remaining 50% of Ponahalo Holdings.

² De Beers: 58% of EAT unit holders accepted a voluntary offer to repurchase one-third of their vested units in 2013. The 2013 repurchase was implemented at the prevailing fair value of the time of R3,068 per unit, and a total of R50 million was paid out to EAT participants. The offer was extended to all vested units held by EAT, KET 1 and KET 2 participants and an additional R15 million was paid to KET 1 and KET 2 participants. The repurchase of EAT units over the period 2016–2018 equated to R772 million, calculated based on the prevailing fair value per unit when the EAT unit repurchase was implemented (2013 = R3,068 per unit, 2016 = R13,532 per unit, 2017 and 2018 = R8,408 per unit). This total increases to R872 million should the R50 million for the 2013 voluntary EAT repurchase, as well as the R43 million ex-gratia payment to non-EAT unit holders, be incorporated. The total repurchase equals R887 million for all EAT and KET unit holders. Vested benefit is based on independent annual valuation performed by an independent external auditor, BDO.

³ Approximately 7% of EAT participants were active employees, with the bulk (almost 50%) of the EAT participants being pensioners. The balance represents past employees of De Beers South Africa.

⁴ De Beers: ±R59,000 per person; R872 million/14,854 participants (EAT only): each EAT participant received six EAT units in 2006 for no consideration. Participants who opted to encash their third of EAT units in 2013 had only four remaining EAT units at the commencement of the 2016–2018 repurchase programmes.

Community trusts

	Value of trust transactions	Financial flow into trusts since 2006
Coal South Africa		
Anglo Inyosi Coal Community Trust (which owns 15% of Inyosi Coal (Pty) Ltd, which, in turn, owns 27% of Anglo American Inyosi Coal)	R40 million	R110 million
De Beers		
Ponahalo Women's Trust – effective 8.75% of Ponahalo Holdings	R826 million *	R17 million
Ponahalo Disabled Persons – effective 5% of Ponahalo Holdings		R10 million
Ponahalo Community Trust – effective 8.75% of Ponahalo Holdings		R17 million
Kumba		
Sishen Iron Ore Company (SIOC) Community Development Trust	R458 million	R3.4 billion
PGMs		
Alchemy (which includes Lefa La Rona Trust)	R3.5 billion	R461 million
Rustenburg Community Development Trust		(dividends, safety net and CSI)
Dikuno Tsa Sechaba Community Development Trust		
Zenzele Itereleng Non-Profit Company (NPC)		
Bohwa Bja Rena Community Development Trust		
Ditholwana Tsa Rena Community Development Trust		

* Since the R3.7 billion empowerment transactions were fully funded by debt, the equity value of these trusts was R nil at the 2006 transaction date.






Coal South Africa

All of Coal South Africa's existing mining rights were issued prior to Mining Charter III based on Coal South Africa having achieved the socio-economic transformation objectives of the Mineral and Petroleum Resources Development Act (MPRDA). As such, this report reflects the extent of ownership contributions of Coal South Africa, but is not relevant to AASA's continued entitlements under AASA's existing mining rights.

At the end of 2019, Anglo Operations (Pty) Ltd, of which Coal South Africa is a division, had transferred at least 104% of its attributable production capacity to Historically Disadvantaged Persons (HDP)-owned and -controlled entities.

Three of the key transactions are included in the table below:

SUMMARY OF EMPOWERMENT TRANSACTIONS

Company	Date	Transaction
	2018	Sale of New Largo Project to New Largo Coal, owned by Seriti Resources and Coalzar, both majority-owned and -controlled by HDPs, and the Industrial Development Corporation (IDC)
	2018	Sale of Eskom-tied mines (Kriel, New Denmark and New Vaal) to Seriti Resources
	2007	Sale of 27% interest in Kriel and coal projects to Inyosi Coal, a BEE consortium led by Pamodzi and Lithemba consortia (66%). Thereafter, they jointly developed the Zibulo mine



De Beers

All of De Beers' existing mining rights were issued prior to Mining Charter III based on the company having achieved the socio-economic transformation objectives of the MPRDA. As such, this report reflects the extent of De Beers' ownership contributions but is not relevant to the company's continued entitlements under its existing mining rights.

De Beers is empowered through an ongoing relationship with its empowerment partner Ponahalo, which holds a 26% shareholding in De Beers Consolidated Mines Holdings. The latter company owns De Beers' mining, sorting and selling operations in South Africa and, through De Beers Sightholder Sales South Africa, facilitates the beneficiation of De Beers Group's diamonds in the country.

De Beers' Equal Allocation Trust consisted of about 14,854 current- or ex-De Beers South Africa employees. In 2006, the date on which the transaction became effective, current and former employees owned 35% of Ponahalo Holdings, KET No. 1 held 9% of Ponahalo Holdings, and KET No. 2 held 6% of Ponahalo Holdings. The last EAT trust interest was repurchased from beneficiaries during 2018.

SUMMARY OF EMPOWERMENT TRANSACTIONS

Company	Date	Transaction
DE BEERS GROUP	2006	Sale of 26% of DBCM (South African operations of De Beers) to Ponahalo



Facilitating jewellery design and manufacture is one of De Beers' key beneficiation focus areas.

Kumba

All of Kumba's existing mining rights were issued prior to Mining Charter III based on Kumba having achieved the socio-economic transformation objectives of the MPRDA. As such, this report reflects the extent of ownership contributions of Kumba, but is not relevant to AASA's continued entitlements under AASA's existing mining rights.


In 2006, Kumba completed a BEE ownership transaction at a company level, resulting in 26% HDP ownership.

The ownership consisted of a community trust and the Envision ESOP, each holding 3%. Exxaro Resources, created out of the unbundling of Kumba's iron ore assets in 2006, held 20%. The Envision ESOP schemes matured in 2011 and 2016, respectively.

Exxaro, Kumba's primary empowerment partner, replaced its BEE structure in 2017. Post this transaction, Exxaro is 30% HDP owned.

At the end of 2019, Kumba had transformed at least 34% of its attributable capacity to HDP-owned and -controlled entities. In 2018, Kumba shareholders approved a new ESOP, named Karolo. Under Karolo, some 5,500 employees are awarded R20,000 worth of free Kumba shares on an annual basis for three years, with a three-year vesting period. Participants receive dividends over the vesting period. As at end-December 2019, Karolo owned 0.14% of Kumba.

SUMMARY OF EMPOWERMENT TRANSACTIONS

Company	Date	Transaction
	2006	Exxaro holds 20% of Sishen Iron Ore Company (SIOC) – the result of an empowerment transaction that involved the unbundling of Kumba's iron ore assets and the relisting of Kumba Resources as Exxaro
SIOC CDT	2006	SIOC Community Development Trust holds approximately 3% of SIOC
Envision	2006	The Envision ESOP schemes held 6% of SIOC. These schemes ended in 2011 and 2016



Tsipi skills and civil training centre carpentry instructor, Kgomo Macuecwe taking students through induction.

ALIGNMENT TO THE UNITED NATIONS' SDGs



PRIMARY SDGs



SECONDARY SDG



Current impact

Our approach to ownership includes community and employee elements that promote access to and inclusion of the financial benefits associated with our performance. As such, we are contributing to the reduction of economic inequalities in South Africa.



PGMs














All of PGMs' existing mining rights were issued prior to Mining Charter III based on the company having achieved the socio-economic transformation objectives of the MPRDA. As such, this report reflects the extent of PGMs' ownership contributions but is not relevant to the company's continued entitlements under its existing mining rights.

PGMs' has transferred 58% of its business (measured on attributable production, value of the business transferred and direct shareholding) to HDPs through the sale of assets and joint venture transactions, as well as through the participation of community trusts and ESOPs.



Graduate metallurgists Anthony Machoga (left) and Rudzani Nepfumbada (right) looking at samples at Mogalakwena mine.

SUMMARY OF EMPOWERMENT TRANSACTIONS

Company	Date	Transaction
 ROYAL BAFOKENG PLATINUM MORE THAN MINING	2018	Sale of 33% interest in the Bafokeng Rasimone Platinum joint venture to Royal Bafokeng Platinum
 Siyanda Resources	2018	Sale of Union mine and 50.1% interest in MASA Chrome to Siyanda Resources
 BBMIH	2016	Sale of 26% interest in the Amandelbult chrome plant to Baphalane Siyanda Chrome Company, (Baphalane Ba Mantserre community and Siyanda Resources, through its subsidiary SIMA)
 Alchemy	2011	PGMs shares sold, at a discount, to communities situated around their mines
Kotula Trust	2008	Establishment of an ESOP that owns 1.5% of PGMs (which has now vested). More than 90% of the scheme beneficiaries were HDPs
 wesizwe	2008	PGMs swaps its 37% interest in the Western Bushveld Joint Venture for a 26.6% interest in Wesizwe Platinum
 MVELAPHANDA RESOURCES LIMITED	2008	Sale of 22% share in Northam and 50% share in Booyendal project to Mvelaphanda Resources
 Siyanda Resources	2006	Development of a chrome recovery plant at Union mine with Siyanda Chrome Investments, an HDSA company
 BAKGATLA BA KGAFELA SEDIBELO	2006	Bakgatla Ba Kgafela community exchanged a royalty over certain properties, 15% interest in Union, 26% in the Magazynskraal project and 55% in the Rooderand project
 Atlatsa RESOURCES CORPORATION	2004	Sale to Anooraq Resources (now Atlatsa Resources) of 51% interest of Lebowa Platinum Mine and additional interests in Ga-Phasha, Boikgantsho and Kwanda
 MVELAPHANDA RESOURCES LIMITED	2002	PGMs contributed mining rights to form a joint venture with Mvelaphanda Resources and Bapo-Ba-Mogale
 ROYAL BAFOKENG PLATINUM MORE THAN MINING	2002/ 2010	PGMs and the Royal Bafokeng Nation contributed properties to form a joint venture in 2002. RBP listed on the JSE in 2010 after acquiring the controlling interest in the Bafokeng Rasimone Platinum mine joint venture from PGMs
 ARM African Rainbow Minerals	2001	PGMs contributed mining rights to form the Modikwa mine joint venture with African Rainbow Minerals
 MVELAPHANDA RESOURCES LIMITED	2000	Anglo American and Remgro sold their holdings, of 17.5% and 5%, respectively, in Northam to Mvelaphanda Resources

MINE COMMUNITY DEVELOPMENT

Our approach to mine community development is informed by regulatory requirements, as well as our company Values, Code of Conduct and the Anglo American Social Way, which defines our social performance management system.

▼ AASA's education programme aims to improve learning outcomes for learners.



MINING CHARTER III TARGETS

Companies must target meaningful contributions towards mine community development, including labour-sending areas. Programmes must be aligned with community development needs and with local authorities.

CASE STUDY

Partnership leads the way for AASA's Collaborative Regional Development

The Collaborative Regional Development initiative is our new approach to socio-economic development that seeks sustainable impact not only in immediate communities but also more widely in the regions that host our mining operations. The initiative is also integral to our Sustainable Mining Plan.

Work is centred around partnership in two ways: jointly identifying socio-economic development opportunities; and partnership with other organisations to deliver those opportunities. By gathering, collating and generating information, and then analysing that information, we are able to tell a compelling story: to re-imagine what a region can become. We are able to undertake certain initiatives on a larger, regional scale, to achieve measurable social change and establish diversified and resilient regional economies.

October 2019 marked the launching of the Collaborative Regional Development partnership in Limpopo province between Anglo American, the Council for Scientific and Industrial Research, Exxaro, World Vision, and the Office of the Premier, known as the Impact Catalyst. Since the launch, interest from other organisations has been enormous. One of the businesses to show interest was the

engineering consultancy Aurecon, which has since joined, further strengthening the partnership.

Impact Catalyst projects include:

- Municipal capacity development: this work looks across the municipal delivery value chain from planning, through to programme inception, operation and monitoring and oversight.
- Community-orientated primary care: a joint initiative between the Impact Catalyst and the University of Pretoria's Department of Family Medicine and the Department of Health. The project is looking to improve the health status of more than 24,000 people in the Mogalakwena area through better management of chronic diseases, the identification and management of undiagnosed health risks in homes, enhanced family health and raised awareness and ownership of healthcare.
- Support for the government's Biodiversity Economy initiative through integrated game farming enterprises is seen as a real opportunity across Limpopo province. The Impact Catalyst has established a joint venture between a local community trust and Mogalakwena mine to pilot the project. The initiative is seen as a priority project by the Department of Environmental Affairs, Forestry and Fisheries. In 2019, the project

team worked with the trust and its members on the design of the project.

As with any new and innovative approach, we have learned a great deal. First, we have recognised that the greatest value is achieved when organisational purposes and development plans align. That is why we have looked at our plans and how well they align with those of others, especially those of government – national, provincial, district and municipalities – and if there is more that can be done to make them align even better.

A further challenge is convincing other stakeholders, including our own staff and local communities near our mines of the missed opportunities if we focus our activities solely on socio-economic development closest to the mine. We need to achieve a much wider area of impact, but must ensure our stakeholders understand this.

Finally, as collaboration evolves, we and our partners are discovering that projects delivered in partnerships tend to be longer. We as a company need to think slightly differently and both respect and accept that co-designing projects and working together to deliver long-term and sustainable socio-economic development may take longer to implement. However, while it may take longer, working in partnership brings value that compensates for extended timelines.



Local farmers who form the Baphuduhucwana Production Incubator project, North West province.

Our performance

The Anglo American Social Way, as well as regulatory requirements, requires us to manage our social impacts and risks, to demonstrate respect for human rights, engage meaningfully with our local stakeholders and create an environment in which communities can prosper.

Each business unit develops and implements Social and Labour Plans (SLPs) in accordance with national legislation and executes SLP projects that form part of local Integrated Development Plans (IDPs).

As a Group, we know how important it is to partner with government and other organisations to deliver high-impact community-development projects. Teams from each operation participate in community engagement forums led by local government and engage regularly with municipalities.

Mine community development expenditure (R million)

	Coal South Africa	De Beers	Kumba	PGMs	AASA
SLP	52.9	27.8	68.7	231.2	380.5
CSI	6.9	20.0	102.2	378.7	507.1
Total	59.8	47.8	170.9	609.9	888.4

Mine community development expenditure per focus area (R million)

Focus area	Coal South Africa	De Beers	Kumba	PGMs	AASA
Health and social welfare	23.4	3.4	16.3	6.4	49
Education and skills development	14.9	26.6	60.7	33.8	132.4
Infrastructure	13.4	0 *	32.8	79.1	125.2
Enterprise development	0	12.5	24.6	74.4	11.5
Institutional capacity development	3.6	0	35.7 ***	0	35.7
Other	4.5	5.3	0.8	416.2 **	427.6
Total	59.8	47.8	170.9	609.9	888.4

* De Beers infrastructure spend is included in education and skills development spend.

** PGMs other spend includes Alchemy, Interfaith programme, Land donation and other donations.

*** Kumba's institutional capacity development spend includes donations.

CHALLENGES AND ACTIONS

Delivering successful community projects and building communities that can prosper long after mining activities have been completed are made possible by strengthening the service-delivery capacity of municipalities within mine communities.

We have a Municipal Capacity Development Programme in place so that our mining operations can engage with local municipalities on joint projects to improve service delivery.

A major focus of our community investment is building and maintaining infrastructure. Projects of this nature are inherently complex and require expertise to manage them. Partnerships with government go a long way to assist in managing these projects, but require intense engagement and agreement between all stakeholders to make sure projects can be implemented successfully.

We have learned that it is important to support organisations based in mine communities, as these organisations know the communities and are able to implement projects effectively.



Goitshasewang Setlogelo during a routine check-up at Batho Pele mobile clinic in Kagang village, near Kumba's Sishen mine.



Coal South Africa

Coal South Africa's aim is to transform the relationship between its mines and the surrounding communities by engaging with and contributing positively to society. The company's key principles for community development include:

- Delivering initiatives and projects to maintain their social licence to operate
- Making a positive and sustainable impact in neighbouring communities
- Partnering with stakeholders to leverage resources and maximise benefits
- Being cognisant of changing needs and responding accordingly.

Building on significant investments and stakeholder engagements in infrastructure projects through the IDPs, Coal South Africa has identified further areas for investment such as education, job creation, entrepreneurship and enterprise development. During the year, the company spent R59.8 million on mine community development, a 26.4% reduction on 2018's R81.2 million. The decrease is attributable to a number of infrastructure projects having been completed or which were at their final stages of completion.

Investment was focused on health-related projects (R23.4 million), education (R15 million) and water and sanitation (R13.4 million).

Notable health projects included building the Sikhululiwe clinic and Mpungwe hospital in partnership with the Department of Health, and providing four ambulances to the department. In the education field, projects included funding tertiary education for 34 students living in mine communities and supporting the incubator programme, which every year identifies 150 local grade 10, 11 and 12 learners to receive intensive supplementary support through Saturday and holiday classes. Completing the Lebohlang sewer project in partnership with Govan Mbeki Municipality and Sasol accounted for the bulk of Coal South Africa's infrastructure spend.

CASE STUDY

Improving access to basic health care

In 2019, Coal South Africa's Mafube mine built and equipped a clinic to serve the Sikhululiwe agricultural village and surrounding farming communities outside Middelburg in Mpumalanga. It was completed in partnership with the Department of Health (DOH) and represented an investment of R14.3 million.

The clinic serves residents who previously relied on monthly visits from the DOH's mobile clinic, while more immediate care necessitated a 35, 42 or 51-kilometre drive to the nearest healthcare facilities.

The Sikhululiwe clinic features several consulting and counselling rooms, a dental and emergency wing, a labour ward, pharmacy, mother and baby room, ample waiting areas and administrative accommodation. The mine also provides an ambulance and all essential clinic equipment and furniture.

The clinic is open between 07:00 and 16:00, five days a week, and provides a long list of services. These include emergency care, treatment for chronic illnesses, childhood illness management and immunisations, ante-natal and post-natal care, sexual and reproductive health services, HIV/TB management, and mental health care.



■ Sikhululiwe clinic was built by Coal South Africa in partnership with the Department of Health.

DE BEERS FUND

In 2019, De Beers took the decision to dissolve the De Beers Fund, but to retain the function of the De Beers Trust. Looking ahead, there will be many opportunities for the Trust to increase its impact – especially in funding education programmes.

The new strategic direction aligns with Anglo American's commitment to investing in education. The De Beers Fund invested R30.1 million in 2019 (R24.8 million in 2018) and implemented 14 projects, nine of which are in education and training, focusing on De Beers' mine communities across Limpopo, Northern Cape and the Free State provinces.

The changing focus provides an important opportunity to concentrate resources and co-ordinate efforts to maximise impact in communities around Venetia mine and commitments relating to the De Beers Building Forever programme.

schools to reduce the number of learners per class. During the year, De Beers invested R7.9 million in the programme.

Likewise, De Beers invested R2.1 million in the rural schools programme in 2019. Through this programme, the company, in partnership with provincial governments in Limpopo and the Free State, is focused on building infrastructure at rural schools.

In support of the establishment of Sol Plaatje University in Kimberley, De Beers made its final contribution of R10 million towards the construction of a library at the university.

The Anglo American South Africa Education Programme continued with projects at selected schools in Musina and Blouberg. All 25 of these schools completed empowerment retreats. An early childhood development (ECD) situation analysis was also completed and ECD centres were selected for additional projects.

Despite the increase in overall expenditure, SLP (2018–2022) spend for Venetia mine was postponed as a result of a delay in its approval.

The year was not without challenges for De Beers, which experienced an increase in the number of concerned groups in Musina and Blouberg. They raised issues regarding local procurement and employment, and highlighted the need to work more closely with community stakeholders and increase their voice in the process of developing socio-economic development plans.

To address this, Venetia mine is establishing a Community Engagement Forum with representatives from these towns. The aim of the forum will be to address issues of under-representation and to provide information on local procurement and employment opportunities to community members.



Kumba collaborates with mine-community stakeholders to develop sustainable livelihoods. The company's approach is to:

- Transparently share information to align expectations and build resilient, trusting relationships
- Promote participatory accountability
- Partner with stakeholders to maximise local benefit

- Apply clear and consistent processes for socio-economic benefit distribution.

In 2019, Kumba spent R170.9 million (2018: R160 million) on community development initiatives, including SLP and CSI projects initiated in partnership with like-minded developmental organisations and government. Education and skills development remained the most important focus area, taking up 36% of total expenditure and increasing to R60.7 million (2018: R36.8 million).

The company awarded 31 bursaries, 71 internships were granted at various public institutions, and training for 41 young people was facilitated through a road-construction project.

The Anglo American Education Programme supports 26 schools in John Taolo Gaetsewe (JTG) district and Tsantsabane local municipalities, benefiting 16,450 learners. School infrastructure continues to pose a great challenge, including the maintenance of ageing structures.

To create conducive environments for learning, Kumba spent R8 million in upgrading and adding classrooms at existing schools in Postmasburg, in the Tsantsabane Local Municipality. In its continued support to the development of Sol Plaatje University in the Northern Cape, Kumba also donated R10 million to the institution for its student resource centre and library.

Kumba put considerable effort into aligning projects with local authorities to develop a shared vision for the communities in which they operate and to improve service delivery. This work will continue through the Collaborative Regional Development initiative

With regards to looking after the health of mine communities, Kumba's Kolomela mine continued with infrastructure enhancements at the Postmasburg Primary Health Centre in Tsantsabane and upgraded the health centre's operating theatre in partnership with the Department of Health, with a spend of R6.7 million for 2019. Sishen mine supports the Batho Pele mobile health clinics in delivering primary health care services to rural communities within the JTG district.

In total, Kumba spent R16.3 million on health and welfare projects during 2019. Kolomela mine concluded engagements with the municipality on SLP projects and submitted a 2020–2025 SLP to the DMRE.



De Beers continues to invest in and implement programmes that address the current and future socio-economic landscape of the country and the communities where its operations are based. The company invested R47.8 million in projects within local communities during 2019. The company invests in:

- Education programmes
- Infrastructure development
- Job creation and enterprise development.

Education was again the focus of De Beers' investment spend. The company works in partnership with regional and provincial stakeholders from the Department of Basic Education, taking a 'whole school' approach, with interventions ranging from investing in school infrastructure, to teacher development workshops and mentoring and, in particular, focusing on building the capabilities of teachers and governing bodies.

This is where the teacher subvention programme in Musina fits in: the programme provides additional educators at selected



PGMs

PGMs' approach to mine community development is to collaborate with role players in the areas where we operate in order to identify, prioritise and deliver initiatives that offer lasting impact. Beneficiaries participate from the start and are part of the delivery structures of all the projects, which are linked to the overall plans of the municipalities and provincial governments where PGMs operates.

In 2019, PGMs spent R609.9 million on mine community development projects (2018: R457 million). Expenditure increased following contributions to the Anglo American South Africa Education Programme, the land being donated in Rustenburg, and the payment of community dividends through the Alchemy Trust.



70,000 people are provided with drinking water, daily, around PGMs' Mogalakwena mine. The company has sewage water initiatives in place with the municipalities of Mokopane and Polokwane to reduce its usage of fresh water in the region.

To date, 44 of PGMs' 74 SLP projects have been completed and handed over to the relevant beneficiaries. The remaining 28 are in various stages of implementation. The company is working closely with the DMRE to assist in identifying the special project to be undertaken in the Waterberg District following the launch of the One District plan by President Ramaphosa.

In addition to SLP projects, PGMs has several initiatives in place to support community development. In 2019, the company completed the construction of a community bridge for the Ga-Mawela community living on the St George's farm near Der Brochen mine. The bridge connects communities to nearby amenities and allows learners to get to school safely during the rainy season, without risk of being washed away by the river.

Solar streetlights were installed in six villages across PGMs' operations, improving the safety of communities and especially for vulnerable groups such as women and the elderly.

The water project in Mapela that began in 2018 has now been completed, meaning that 42 villages around Mogalakwena mine and more than 70,000 people now have access to clean water. The project has created more than 80 jobs, which will be maintained for 10 years.

Providing decent sanitation facilities in schools is one of the priorities in the National Development Plan (NDP), and PGMs is committed to ensuring that schools around their operations are supported. To date, the company has built flushing toilets in some 12 schools in the communities around the Amandelbult, Mogalakwena and Twickenham mines. In 2019, facilities were completed at five schools. Taking a further look at support provided to schools, PGMs believes in focusing on whole-school development in order to support an environment conducive to learning and teaching. PGMs undertook nine school infrastructure projects during the year, to reduce overcrowding and to provide

facilities such as administration blocks, computer and nutritional centres. These projects have created in excess of 200 jobs for the local communities. Overall, 9,000 learners have access to improved facilities, 6,500 have access to clean water and flushing toilet facilities. More than 5,000 matriculants are supported, and over 8,000 reached in total, through PGMs' moral regeneration programme. Pass rates have improved from 37% up to 60% and the Modise School in the Moses Kotane circuit achieved 100%. All education projects and programmes are implemented in partnership with the Department of Education.

Access to primary healthcare, reduction of mortality rates, and limiting the spread of HIV/AIDS and other diseases such as TB remain critical issues both for the country as a whole and our own PGM operations. Limpopo, a province where PGMs has operations, has ageing infrastructure, and rural people still have to walk long distances to healthcare facilities – a situation exacerbated by poor public transport and road infrastructure, while ambulances (if they are available) often cannot reach people in time.

Through PGMs' support, over 10,000 community members now have access to primary healthcare, while 5,000 can be reached by the mobile Voluntary Counselling and Testing units and now know their HIV status and have access to medication. Two ambulances have been donated to the Limpopo Department of Health (DOH) in the Sekhukhune area and can reach people needing transport to nearby hospitals. During the year, more than 7,000 learners participated in a hygiene programme. Over 90 home-based care givers have been trained to provide home support to vulnerable members of communities with chronic conditions and to do follow-ups with clinics around the operations. The projects are being undertaken in collaboration with the Collaborative Regional Development initiative, the University of Pretoria, Lifeline, and the DOH in the Limpopo and North West provinces.

The Anglo American Foundation

In 2019, we combined the operations of the Anglo American Chairman's Fund and the Anglo American Group Foundation, our respective foundations in South Africa and the UK, to create the Anglo American Foundation.

The new foundation will promote sustainable development in our mine communities by supporting effective solutions to social, economic and environmental issues. It will also contribute to public policy on sustainability matters that are relevant to our industry and value chain. We have aligned the Foundation's aims with our Sustainable Mining Plan.

As a result of the merger, the following name changes have been instituted: the Anglo American Chairman's Fund trust, is now known as the Anglo American Foundation Trust and the Anglo American Chairman's

Fund Educational Trust is now known as the Anglo American Foundation Fund Trust.

Under the new strategy, the Foundation will pilot a capacity development programme to support local non-profit organisations and community-based organisations around our mines. The Foundation will continue work on the Ambassadors for Good programme – Anglo American's employee-led *pro bono* volunteering initiative – and to support strategic social investments such as the Anglo American South Africa Education Programme. At the time of writing, the new strategy was expected to be implemented from July 2020.

Prior to the merger, the Anglo American Foundation, South Africa undertook a responsible exit strategy in respect of all of our partners. With early communication, partners were able to plan for the upcoming

final exit grants, which were unrestricted grants awarded on a case-by-case basis and guided by pre-determined exit criteria. Overall, the transition process has been met with appreciation, as well as acknowledgement of the Anglo American Chairman's Fund's significant contribution, over many years, to the socio-economic development of South Africa.

A total of R 71.4 million was spent by the Foundation in 2019 excluding employee volunteerism (Ambassadors for Good), grantmaking accounted for R68.2 million (2018: R50.2 million).

A total of 129 grants (124 in 2018) were approved, excluding the Ambassadors for Good programme.

AASA contribution to the Anglo American Foundation and De Beers Fund (R million)

Rm	Kumba Iron Ore	Platinum	De Beers*	Anglo Operations Limited**	AASA
Contribution to the Anglo American Foundation	8.0	7.5	–	37.0	52.5
Contribution to the De Beers Fund			15.0		

* De Beers contribute to the De Beers Fund which is independent of the Anglo American Foundation.

** Contribution includes Coal South Africa.

Corporate social investment expenditure: Anglo American Foundation and De Beers Fund (R million)

Expenditure	2019	%
CSI Anglo American Foundation	68.2	67
CSI De Beers Fund	30.1	30
Employee value proposition (EVP)	3.2	3
Total	101.5	100

Corporate social investment expenditure per focus area (R million)

Focus area	2019	%
Health and social welfare	42.1	41
Education and skills development (includes infrastructure for schools)	52.7	52
Infrastructure	2.1	2
Other livelihoods	4.6	5
Total	101.5	100

CHANGING LIVES THROUGH EDUCATION

In early 2019, AASA launched its most ambitious education programme to date: a five-year programme, in partnership with the Department of Basic Education, to fundamentally change learning outcomes at schools around its mining operations across South Africa. Around 70,000 learners and 2,300 teachers at 109 schools, and more than 100 ECD sites, are set to benefit from the programme.

The programme is a core part of Anglo American's Sustainable Mining Plan and has set ambitious learner-focused stretch targets:

- 90% of learners aged five achieving the minimum requirements for school readiness
- 90% of Grade 3 learners passing with at least 50% in numeracy and literacy
- 75% of Grade 6 learners passing with at least 50% in mathematics and English first additional language
- 65% of Grade 9 learners passing with at least 50% in English first additional language
- 90% matriculation pass rate, with a 50% university entrance
- 65% of Grade 12 learners passing with at least 50% in mathematics.

This programme is driven almost entirely by the business units. The efforts of each of the business units will make a real and lasting difference to the lives of learners in mine communities.

Business unit	No. of schools selected	No. of educators in selected schools*	No. of learners in selected schools*	Total expenditure (R million)
PGMs	26	424	13,498	5.9
Coal South Africa	24	743	23,137	7.1
De Beers	25	564	18,108	6.1
Kumba	26	584	16,458	7.2
Corporate	n/a	n/a	n/a	0.8
AACF/AGF	n/a	n/a	n/a	8.2
SIOC-community development trust	8	45	1,448	1.4
Total	109	2,360	72,649	36.7

* Data source: school principals, September 2019.



100 Schools Education Programme – Phillip Ndimande Secondary School in eMalahleni.

CHANGING LIVES THROUGH EDUCATION (CONTINUED)

PROGRESS IN 2019 INCLUDED:

- A situational analysis was completed in the final 19 schools.
- Empowerment and Transformation retreats were held for 86 schools (2018: 23) to develop clear plans of action to improve the functioning of schools.
- Interventions to strengthen school functionality, leadership and management commenced in May 2019, with principals and school management teams trained and coached in school planning, leadership and curriculum management.
- School administrators were trained in the use of information management systems to support the quality and accuracy of data that schools input into the South African School Administration and Management System.
- Educator Development for Foundation Phase teachers at 76 primary schools commenced in Term 4. The focus is on English First Additional Language, Home Language and Mathematics.
- The sourcing of service providers for Educator Development culminated with a rigorous due diligence of the service providers for various grades and subjects.
- Learner assessments were undertaken with a sample of learners in each school in Grades 3, 6 and 9 for Mathematics and English First Additional Language to measure the baseline.
- For diagnostic purposes, educator assessments were administered to all Grade 1, 2, and 3 educators in the participating schools.
- An ECD situational analysis was completed for 203 sites, with 138 sites provisionally shortlisted.
- Engagements with stakeholders continued and, at national level, meetings were held with the Minister of the Department of Basic Education, as well as the Director-General; the South African Democratic Teachers Union (SADTU) General Secretary; and the MECs of Education in Northern Cape and Mpumalanga, with a meeting scheduled for the first quarter of 2020 with the Limpopo MEC. Regular engagements continue with District and local-level stakeholders. All stakeholders remain supportive of the programme.



100 Schools Education Programme – Phillip Ndirande Secondary School in eMalahleni.

ALIGNMENT TO THE UNITED NATIONS' SDGs



PRIMARY SDG



SECONDARY SDGs



Current impact

Our approach to MCD is primarily about developing and supporting the mine communities around our operations. In fulfilling this responsibility, we create impact through focusing on programmes that improve health, education, access to water and electricity and promote the infrastructural development of our communities.

PROCUREMENT, ENTERPRISE AND SUPPLIER DEVELOPMENT

Inclusive procurement helps to build thriving and sustainable communities. Promoting inclusive procurement is fundamental to our transformation drive.

▼ Mokete Ledwaba at Mogalakwena's Zimele Hub.

MINING CHARTER III TARGETS

Mining Charter III emphasises the need to increase the inclusion of Historically Disadvantaged Persons (HDPs), women, and youth in procurement opportunities, in addition to the Mining Charter II requirements around spend on BEE-compliant businesses.

There is a strong drive to create South African manufacturing capability through the inclusion of local-content requirements in the procurement targets for mining goods. According to these requirements, mining companies should focus on purchasing mining goods with local content of at least 60% and, after an initial two-year grace period, all goods supplied in the mining supply chain should carry a local-content certificate, issued by accredited service providers.

Expenditure on fuel is no longer included in the overall calculations, which has a significant impact on the scores of larger mines and/or opencast operations.

Mining Charter III now categorises all spend in two categories – mining services and mining goods.

CASE STUDY

Working hand in hand to develop and transfer skills

Ravhuyani Construction & Projects is carving out a unique market in the construction space in the Musina area. Its founder, Polite Mbedezi, has used her entrepreneurial spirit and passion for construction and infrastructure to develop a business that has been operating since 2006.

In 2018, Worley Parsons, a contractor partner in De Beers' Venetia mine underground project, awarded the company a contract for the construction of the Heat Tolerance Testing (HTT) building at the mine.

The HTT project was identified by De Beers as an opportunity to collaborate with a mine-community-based contractor, as this particular project would require a broad range of skills, which could be developed as part of the execution. Skills development is essential to ensure sustainable businesses in mine communities, building a future and legacy for their families and future generations.

Following Worley Parsons' commercial bidding process, with various local contractors submitting bids, the contract was awarded to Ravhuyani on 29 June 2019. The project called for a full

construction and management team that would be required to deliver the building on time and on budget.

In the second half of the year, Ravhuyani began construction work to erect the building, together with related services and landscaping in the area. As part of the project, the company is required to compile a construction schedule; manage sub-contractors; develop health, safety, quality and environmental plans; and ensure the project is completed to standard within the allocated time.

Johan Swart, Commercial Manager at Worley Parsons, says that the Worley Parsons team was, at the time of writing, working closely with Polite and her team to develop and transfer skills that would set them up to deliver the project on time and on budget – a process which should enable the Ravhuyani team to compete for tenders outside of the Anglo American Group as they continue to grow their enterprise in a sustainable way.

While Worley Parsons is assisting Ravhuyani on the technical development and enablement, business development support is being provided through the De Beers Zimele Hub – a real-life example of how collaboration can lead to success.



Ontiretse Letsholo, an intern in Kumba's Kathu Zimele Hub, on her way to visit an entrepreneur supported by Zimele.

Our performance

Inclusive procurement helps to build thriving and sustainable communities. In 2019, President Cyril Ramaphosa outlined 10 value-creating principles for mining companies to achieve a modern, successful and productive industry. The principles are founded on the belief that mining companies have an opportunity to create broader social value. Our inclusive procurement ambitions align closely with these principles and are embedded in the way we do business. Promoting inclusive procurement is fundamental to our transformation drive.

Our focus is on creating an inclusive supply chain that generates shared and sustainable

prosperity in the communities and regions where we operate. Our operations in South Africa are mainly in remote areas, where an inclusive approach to procurement is critical to deliver benefits that support thriving communities.

Our local and inclusive procurement approach provides guidance for our business units in designing and implementing initiatives aimed at integrating and increasing expenditure with economically marginalised groups.

In 2019, AASA (including De Beers) made a significant investment with South African and host-community-based suppliers. This supports diversification of the supply base, while enhancing the positive economic impact AASA continues to make in its mine communities.

IMPLEMENTING PROCUREMENT PLANS IN LINE WITH MINING CHARTER III

These plans are the cornerstones of building a truly inclusive and transformed supply chain and are supported by integrated demand-planning processes and clear, deliberate supplier development plans, driven by both the business units and the central inclusive procurement team.

When assessing our performance against Mining Charter III, it became apparent that we are particularly challenged when it comes to expenditure concerning business entities owned by women and younger people. We are often constrained by a

shortage of skilled women- and youth-owned suppliers, and every effort is being made to assist their development through our supplier development programmes and other direct interventions.

During the year, significant emphasis was placed on the design and implementation of systems and processes that can track the progress of the changes we are making in line with Mining Charter III. The aim is to be able to do this in an automated and centralised way, ensuring accurate and near-real-time information to guide our decision-making in the area of

transformation. The areas of research and development and sampling, now included in the Procurement Scorecard, have not been included historically in the scope of the supply chain, and substantial work is being undertaken to obtain visibility of and influence on such expenditure. This work is ongoing and will be a key focus area for improvement in 2020.

In terms of verifying local content, we have partnered with the South Africa Bureau of Standards (SABS) and other industry forums so we can assist our supplier base in implementing these processes.

AASA procurement contribution

%	2019 target	Coal South Africa	De Beers	Kumba	PGMs
70% of mining goods to contain 60% local content	21% HDP	37	34	46	40
	5% women/youth	8	9	2	7
	44% BEE-compliant	54	48	72	49
80% of mining services to be with South African-based companies	50% HDP	64	64	53	38
	15% women	9	0	7	8
	5% youth	6	1	6	5
	10% BEE-compliant	71	80	68	39

Research and development (R million)

	Coal South Africa	De Beers	Kumba	PGMs
Annual research and development expenditure on SA-based entities	2	13.4	22.9	These are new measurements that required changes to PGMs Enterprise Resources Planning Software (ERP) and reporting systems and will be reported from 2020
Total annual research and development spend	2	13.4	23.7	
% spent on SA-based entities	100	100	97	

Processing of samples

	Coal South Africa	De Beers	Kumba	PGMs
Annual sample analysis spend in SA	13.1	3.6	269.9	These are new measurements that required changes to PGMs' ERP and reporting systems and will be reported from 2020
Total annual sample analysis spend	13.1	3.6	269.9	
% spent on SA-based entities	100	100	100	



Khele Mining Solutions Director, Tau Mojalefa, one of Kumba's suppliers.

CHALLENGES AND ACTIONS

Matching and connecting interested suppliers with appropriate opportunities requires focused efforts as the level of readiness of suppliers wanting to do business with our mines varies greatly. We do not compromise, however, on quality, delivery, service, safety, health and environmental considerations, or on risk management or any other technical requirements, as we focus on helping new suppliers achieve these standards, through supplier development and enablement. Through this initiative (which now includes technical skills training), we hope to unlock the potential of our mine communities and local suppliers. We also look to partner emerging suppliers with existing suppliers so that the former can build up their capabilities.

Many mine-community businesses are dependent on our mines as their single customer. This limits their potential and puts them at risk from any supply chain disruptions the mines may face. We encourage small and medium-sized enterprises (SMMs) to diversify their service offerings and their range of customers as far as possible, as well as assist them through creating market-access and -expansion opportunities. Moreover, through Zimele, we continue to address the issue of inadequate funding for mine-community suppliers.

Our business units have also worked to address challenges flagged by local SMMs, and specifically access to opportunities and funding. Our Request for Information (RFI) process has been amended to communicate opportunities in a transparent manner, thereby increasing access to opportunities. In terms of funding, efforts have been made to link SMMs to external funders such as the Industrial Development Corporation (IDC), National Empowerment Fund, Small Enterprise Finance Agency and Small Enterprise Development Agency (SEDA).

Although a combined and more standardised approach has been identified as the most effective way of achieving our objectives, creating alignment between the business units, each with several operations, has been challenging. Through the new approach, work completed during 2019 will form an excellent base, with many opportunities for improvement being created for the future.

The RFI process has provided helpful learnings to support SMMs during tenders. Learnings include:

- Training SMMs on pricing
- Providing support in preparing contract packs
- Partnering with original equipment manufacturers (OEMs) for finance and capital equipment
- Partnering with experienced suppliers for technical support
- Ensuring the RFI process is simple and transparent – making sure we leverage the opportunities of improved access and visibility offered by technology, specifically mobile interfaces.

All of Coal South Africa's samples were processed by a South African-based company, at a cost of R13.1 million. In addition, R2 million was spent on African-based research and development with South African-based companies.

De Beers

De Beers is focused on developing small businesses to increase their capacity, capability and market opportunities, with an emphasis on local, black-owned, and black-women-owned businesses.

The company's expenditure with BEE entities amounted to R3.5 billion during 2019, 78% of the company's total discretionary spend of R4.5 billion. Goods made up R153 million of this, with services accounting for R3.3 billion.

Supplier development is an important aspect of De Beers' strategy. In 2019, seven suppliers graduated from the supplier development programme, while five SMMs joined. The objectives of the programme remain to increase the capacity and capability of mine-community suppliers to support the company's operational requirements where procurement opportunities exist, as well as accessing opportunities for them outside of De Beers, in order to strengthen their longer-term sustainability.

De Beers has expanded the programme to include community-based SMMs who are not directly linked to its supply chain. During the year, 38 SMMs, collectively supporting

Coal South Africa

To drive inclusivity, Coal South Africa continues to identify and link transformed companies to supply chain opportunities, while Zimele provides funding, coaching and mentorship support.

During the year, the company strengthened its efforts to roll out RFIs within mine communities in order to allow black-women- and youth-owned companies to express their interest in procurement opportunities.

In 2019, Coal South Africa's total discretionary spend amounted to R10.9 billion, with its mines accounting for R8.1 billion, or 74% of this total. Expenditure with BEE-compliant suppliers was R5 billion, while HDP, women and youth spend amounted to R4.1 billion, R567 million and R346 million, respectively. Overall, the company met and exceeded the Mining Charter III targets. At an

individual level, however, some mines found it difficult to meet the youth and women targets. This struggle was compounded by a lack of ownership information, as well as lower participation of women-owned companies in its top-tier services.

Contract opportunities were shared at business forums, Zimele Hubs and municipal offices. Coal South Africa spent a total of R1.3 billion with Mine-community suppliers in 2019 a 35% increase from 2018. A total of 39 contracts with an annual spend of over R130 million were awarded by Coal South Africa; 90% of the companies are 100% black-owned. Most of these suppliers have received mentoring support from Zimele Hubs based in eMalahleni and Middelburg, while others have been granted loans to deliver the current contracts. Coal South Africa achieved the above through an intentional request for information process for host community supplier.

475 jobs, participated in enterprise development programmes through Zimele Hubs.

In addition to developing suppliers for its own needs, De Beers continues to expand markets for mine-community SMMEs, challenging them to diversify the services and goods that they offer. For example, a youth-owned business in the construction industry recently started doing work for Tiger Brands. This business also registered the first 'Mr Delivery' service in Musina and now delivers food from restaurants and take-away services in the town. Another supplier at Venetia mine has expanded its offering from cleaning only the plant to also cleaning furniture, carpets, vehicle engines and seats.

De Beers' Accelerating Women-Owned Micro-Enterprises (AWOME) programme, which started in 2018 in partnership with UN Women, resulted in the graduation of 450 women-owned micro enterprises in 2019. Feedback from the participants on the programme continues to be very positive. As part of the programme and to continue to build their capacity, UN Women also sponsored two women with agricultural businesses from Musina and Blouberg in Limpopo to attend the African Agri Investment Indaba in Cape Town. In Musina and Blouberg, 59 SMMEs received training on the global entrepreneurship programme from Empre Tech, overseen by the United Nations Conference on Trade and Development. The programme is part of a three-year collaboration programme with Small Enterprise Development Agency (SEDA).



Kumba's supply chain has taken decisive steps in recent years to transform processes, with a focus on procuring from businesses that have a structure of 51% or more black ownership and are based in host municipalities. In line with the target to create three indirect jobs for every on-site job by 2025, targets have been set to dramatically increase spend with mine-community businesses. Kumba also encourages major suppliers to partner with and procure from mine-community suppliers.

During the year, Kumba spent R2.6 billion (R2.4 billion direct spend and R198 million spend by major suppliers as sub-contracts) with host suppliers against a target of R2 billion. The company aims to increase such expenditure to R3 billion in 2020. This target is supported by the growing number of eligible mine-community suppliers that have been onboarded on to the database. Their number has almost doubled, from 162 in 2017 to 318 in 2019. Of the 318, Kumba procured with 276 suppliers and this has created approximately 2,800 jobs. To achieve this, the company has focused on:

- Eliminating barriers to entry
- Setting clear targets
- Developing enterprises, suppliers and youth through training programmes, technical skills and funding opportunities
- Increasing collaboration with partners such as Zimele
- Ring-fencing opportunities for mine-community suppliers.

In both the mining goods and mining services category, Kumba exceeded the target spend with BEE companies and HDPs. As with other business units, expenditure on women- and youth-owned companies tracked slightly behind target – though the below-par performance primarily reflects a lack of available data, as recording women and youth ownership was previously not mandatory. AASA is leading the initiative to standardise and extract the required data.

As with all AASA's business units, Kumba invests in upskilling business owners in mine communities and helping entrepreneurs build small businesses. The company is working closely with Zimele to create a more integrated approach to enterprise, supplier and youth development (see Zimele insert).

Since the roll-out of Zimele's programmes in the second half of 2019, 26 suppliers have started the supplier development programme and 18 suppliers have received project management training. Partnerships with other stakeholders contributed to the development of 86 mine-community suppliers in various competencies, while 170 suppliers received capacity-building training through the Anglo American Responsible Sourcing programme.

In addition to external partnerships, Kumba has an internal technical enablement team to support mine-community suppliers at an operational level. In 2019, the team reported 1,876 engagements with these suppliers.



PGMs has adopted a collaborative approach to inclusive procurement and engages with internal and external stakeholders to address issues and risks, solve problems, and to make a tangible and positive impact on mine communities. The company aims to accelerate economic growth and empower local businesses by working with the Anglo American Group's wide range of available resources, such as the Supply Chain team, Zimele, and the Social Performance teams.

PGMs' mine-community spend increased from R3.9 billion in 2018 to R4.2 billion in 2019. The company also reported spending R334 million with second-tier suppliers in its mine communities (these are indirect



Aglobal Safety Day at Kumba.

payments made by PGMs' suppliers to mine-community companies for sub-contracted work).

To address any gaps identified in meeting Mining Charter III requirements, five-year implementation plans have been developed, with a renewed focus on expenditure with women- and youth-owned entities, as well as the promotion of South African-based manufacturing.

PGMs awarded several big contracts to mine-community suppliers during the year, one being a load and haul contract awarded to Hans Masebe at its Mogalakwena mine, and another mining contract awarded to Zizwe JV at Amandelbult. The company also successfully unbundled two major capital contracts at Mogalakwena to provide community suppliers an opportunity to get involved in the work. These initiatives mean that local suppliers will be capacitated and gain skills and knowledge to be successful in the future.

PGMs has harnessed the benefits of inclusive procurement and supplier development to increase the participation of youth-owned businesses in its supply chain. For example, at its Rustenburg Base Metals Refinery, the company has worked with black- and youth-owned community business Bolegari Trading and Projects (Pty) to expand its road and plant cleaning project. Bolegari Trading has gone on to secure contracts with other mining companies in the area. PGMs will continue to emphasise partnerships with host community suppliers in its negotiations with its larger suppliers to create and secure further opportunities.



Selby Manganye, owner of Ramatlaohle (Pty) Ltd, a beneficiary enterprise at the Zimele Supplier Development Programme in Mogalakwena.



Cynthia Mashaku, Youth Development Programme peer advisor in Mogalakwena.

ALIGNMENT TO THE UNITED NATIONS' SDGs

PRIMARY
SDG



SECONDARY
SDGs



**SUSTAINABLE
DEVELOPMENT
GOALS**



Current impact

Our procurement spend is the single largest lever we have to influence SDG contributions in South Africa. Beyond the economic support provided to various value chains through our procurement of goods and services, the knock-on effects of our spend on various interconnected SDGs creates employment and financial flows into local communities.

ZIMELE – LEADING SUPPORTER OF SMALL BUSINESS FOR 30 YEARS

Over the past 30 years, Zimele has funded more than 2,300 SMEs and supported more than 50,000 jobs. Since its establishment, Zimele has been helping people stand on their own feet, and is continuing with this single-minded aim. Its repositioned strategy is attuned to South Africa's economic challenges, with a greater emphasis on mentorship, while focusing on youth, supplier and enterprise development.

Zimele's initial goal was to develop emerging black businesses, empower entrepreneurs and facilitate job creation and, as result, enable black South Africans to participate in the economy. Zimele has played a pioneering role in stepping-up the pace of change in South Africa's SME market, mainly through funding.

However, current unemployment levels in South Africa mean that providing funding is no longer sufficient for economic development and participation by mine communities. The current approach focuses on mentorship as much as enabling funding, in order to build sustainable SMEs that can grow their businesses and, in turn, create and sustain jobs.

The three key programmes that underpin Anglo American Zimele's strategy are:

- Enterprise development – greater mentorship to increase the pace of economic development around Anglo American's mining operations
- Supplier development – leveraging on Anglo American's existing inclusive procurement spend to help mine-community suppliers and enterprises access new markets
- Youth development – youth from mine communities are trained in skills that make economic opportunities more accessible for them.

The work at Zimele's physical business hubs – which are located in mine communities – is multi-functional and incorporates all three of these key elements.

As a demand-led programme, Zimele not only offers development and access to funding, but has also invested in partnerships that assist entrepreneurs and youth to gain access to markets that are both within the mining value chain and beyond it. This is an enabler for job creation in that it supports participants in the programmes with tools and networks that will help them in their personal or business journeys.

In 2019, Zimele managed and operated seven business hubs spread across Coal South Africa (eMalahleni and Middelburg), Kumba (Sishen and Kolomela), and PGMs (Mogalakwena, Rustenburg and Amandelbult).

A total of 535 suppliers and enterprises and young people participated in the development programmes, resulting in the support of 2,024 jobs. The beneficiaries received 2,781 mentorship sessions that enabled their enterprises to access contracts to the value of R821 million, about R521 million of which was from AASA. At least 21 programme beneficiaries received AASA-funded loans to the value of R13 million.

Participation in Zimele programmes in 2019

Programme	Beneficiaries	Jobs supported
Supplier development	113	1,351
Enterprise development	302	606
Youth development	120	67
Total	535	2,024

Loan funding

Taking into account that under normal lending conditions banks use the applicant's strength of balance sheet and underlying security as a basis for their decision to lend, Zimele has developed a partnership with Absa for a loan-funding approach that allows for lending to SMMEs based on the business's ability to generate future cash flows.

This funding can be used for short-term working capital, as well as finance for transactions up to R5 million over a maximum period of 60 months at a beneficial interest rate of 6% per annum. Through the Absa partnership, Zimele has been able to reduce its impairments to about 7,4% of the book value for the year ended December 2019 and to 4% of the loans granted since inception in 2018.

Zimele concluded 46 loan transactions and provided R65.3 million in funding for 41 businesses in 2019. This supported an estimated 977 jobs in the mine communities, with the businesses generating a total of almost R200 million in revenue. Forty-two per cent of businesses supported included female ownership, and a further 36% included youth ownership.

Summary of Zimele's loan performance 2019

Number of transactions	Jobs supported	Turnover (R million)	Funding (R million)	Female entrepreneurs supported	Youth supported
46	977	199	65.3	42%	36%

EMPLOYMENT EQUITY

We strive for a workforce that reflects the country's demographics. Employment equity allows us to harness the rich diversity of ideas and perspectives of South Africa's people.

▼ An employee at Kumba's Kolomela mine Safety Day.



MINING CHARTER III TARGETS

Mining Charter III stipulates that a mining right holder must meet the following minimum threshold requirements of Historically Disadvantaged Persons (HDPs), reflective of the provincial or national demographics, at different levels of employment:

- Board: 50% HDPs with proportional exercisable voting rights, 20% of whom must be women
- Executive management (Exco): 50% HDPs, 20% of whom must be women
- Senior management: 60% HDPs, 25% of whom must be women
- Middle management: 60% HDPs, 25% of whom must be women
- Junior management: 70% HDPs, 30% of whom must be women
- Core and critical skills (i.e. science, technology, engineering and mathematical skills, across all organisational levels): 60% HDPs
- Employees with disabilities must make up at least 1.5% of all employees.

CASE STUDY

#AskAnEngineer workshop

De Beers has committed to substantially increasing the number of women in core functions, as well as achieving parity in the appointment of women and men into leadership roles. To realise this objective, the company understands that it is not only essential to encourage young women to take an interest in STEM (Science, Technology, Engineering and Mathematics) subjects at an early age, but also to expose them to alternative mining careers.

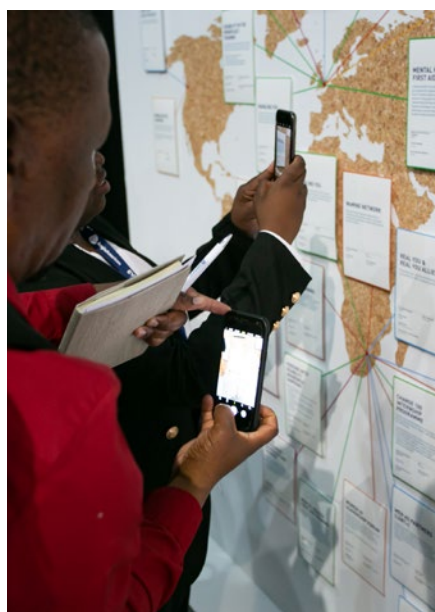
In August 2019, De Beers' Venetia mine, in partnership with the NGO WomEng, brought together more than 200 girls from

schools across the Musina and Blouberg municipal areas, to participate in a focused workshop. Aimed at learners aged 15 to 18 years old, the workshop provided an opportunity to explore exciting career opportunities that exist specifically in the STEM fields. Throughout the workshop, the girls engaged with female engineers from Venetia mine and participated in a hands-on activity to intensify their learning experience.

The workshop was the first of a series of half-day GirlEng #AskAnEngineer workshops targeting 200 girls in schools around De Beers' operations.



Students participating in the #AskAnEngineer workshop held by De Beers' Venetia mine.



Almost 700 colleagues from across our South African businesses came together in Johannesburg to attend Elevate, an inclusion and diversity event.

Our performance

Employment equity has been a feature of South African business for more than two decades. The objective of the policy is, to create workplaces that are more accurately representative of the broader demographics of South Africa. It is also aimed at redressing the historical disadvantages in employment experienced by certain population groups.

The equity targets for the mining industry have been revised a number of times. The most recent amendment has raised employment-equity targets across all levels and includes a clause reserving at least 1.5% of jobs for people with disabilities. A significant feature of Mining Charter III is the focus on women and on increasing the representation of women across the entire workforce.

AASA fully supports the government's employment-equity efforts. Each of our business units is working hard to ensure that we, as a Group, meet the latest targets.

As one of South Africa's largest private-sector employers, we strive for a workforce that reflects the country's demographics. Achieving employment equity is not only a social and regulatory imperative, it also allows us to harness the rich diversity of ideas and perspectives of our country's people. Further to this, we recognise the important role women play in mining and are striving to increase the representation of women at all levels of the organisation.

Over the decades, AASA has made much progress in realising employment equity goals throughout the organisation. While we had achieved and exceeded the Mining Charter 2010 minimum requirements across the entire South African organisation, we acknowledge

that some of our business units and operations fall just short of meeting the new targets. In this light, our approach for 2019 was to continue prioritising a variety of employment equity initiatives to ensure that we will meet the new regulatory requirements and, more importantly, reach our own internal diversity goals.

A collective view of AASA's employment equity performance indicates that the Group generally made good progress in increasing HDP representation at all levels of management and core functions in 2019 and is on track to soon meet all the targets as stipulated in Mining Charter III. From a middle and junior management perspective, all business units far exceeded the new targets, at 80% and 68%, respectively.

All of them, however, fell short of the 60% target for senior management, with a collective average of 52%. While the aggregated average of the four business units met the 50% targets for the Exco and Board, it is acknowledged that Coal South Africa and PGMs need to improve HDP representation at those levels.

With Mining Charter III having a more dedicated focus on women and people with disabilities, these were two main areas of focus for all business units. A significant increase in the representation of women at management level was recorded across AASA, growing to 35% in 2019 from 27% in 2018. Similarly, women employed in core functions almost doubled to 28% in 2019 from 16% in 2018.

One area of concern for the organisation was the inclusion of people with disabilities in the workforce. The aggregated percentage for 2019 was only 0.6%, far below the stipulated minimum 1.5% target. Only De Beers met the target, and actually exceeded it.

From the perspective of the economically active population (EAP) numbers, it was clear that AASA continued to underperform. All business units recorded an over-representation of White males and an under-representation of African females. An under-representation of Coloured females and males was also noted by most business units.

AASA's HDP representation in management and core functions – 2019

%	2019 target	Coal South Africa	De Beers *	Kumba	PGMs	Shared Services	Corporate Division	AASA
Board	50	40	67	67	27	–	–	52
Exco	50	22	71	57	50	–	–	50
Senior management	60	55	58	51	51	50	48	52
Middle management	60	64	59	70	71	82	65	68
Junior management	70	72	81	75	76	96	85	77
Core and critical skills	60	84	85	88	88	–	–	86
Aggregated HDSAs in management	–	67	68	71	72	90	62	71

* The EE figures reported include De Beers Group Services (DBGS) and De Beers Marine (DBM).

AASA's female representation in the workforce – 2019

%	Coal South Africa	De Beers	Kumba	PGMs	Shared Services	Corporate Division	AASA
Women in management	25	30	25	25	67	40	28
Women in core functions	19	20	18	17	0	0	18
Total women in workforce	23	29	23	19	69	37	22

AASA's employees with disabilities – 2019

%	2019 target	Coal South Africa	De Beers	Kumba	PGMs	Shared Services	Corporate Division	AASA
Employees with disabilities	1.5	0.3	2.3	0.6	0.1	0.6	0.4	0.4

CASE STUDY

Men as Partners

In April 2019, PGMs launched a new male-only empowerment initiative called 'Men as Partners'. The focus of this training programme is to empower men from all occupational levels with skills, knowledge and information to understand gender dynamics and be able to address gender-related challenges. It is a unique and bold approach to advancing gender equality across the organisation and achieving a workforce that is inclusive, respectful, fair and safe for employees of all genders.

The purpose of the project, which was presented in the form of one-day training workshops, was to initiate dialogue and discussions around gender norms, values and practices that perpetuate gender imbalances and result in gender-based violence in the workplace. At the end of the workshop, attendees took a pledge to treat all men and women equally and to be ambassadors against gender-based violence.

The project was piloted at the Polokwane Smelter and Johannesburg Corporate office. So successful was the initiative that it was subsequently rolled out to the other operations and, by the end of 2019, more than 1,000 male employees had been through the workshops.



Participants gather at the launch of 'Men as Partners' at PGMs.

Challenges and actions

While AASA has made significant progress in meeting its employment equity targets, the recruitment and retention of HDPs with critical skills and capabilities, especially women, remains a challenge for all business units.

However, our focus on developing our internal HDP talent is proving successful, with an increase in HDP talent at junior management level that will ensure there are competent and qualified people ready to move into middle and senior management positions in the future.

Challenges in attracting women to the traditionally male-dominated mining industry remain, but we are confident that our proactive search for, and career-development focus on, female candidates at all levels of the company will lead to more balanced gender representation in the near term. One of the most significant challenges confronting the entire organisation, however, is the under-representation of people with disabilities. Various initiatives to attract and retain people living with disabilities continued in 2019. Most business units also undertook spatial studies of their working environments to determine their suitability for disabled employees.

**De Beers**

The year proved to be a successful one for De Beers, with the company recording an increase in HDP representation across all levels of management. Representation for Board members rose from 58% to 67%; Exco from 63% to 71%; senior management from 51% to 58%; middle management from 58% to 59%; and junior management from 80% to 81%. The overall HDP representation in core functions remained the same at 85%. In all but senior and middle management, De Beers has far surpassed the new targets contained in Mining Charter III.

While the company has made great strides in HDP representation, its EAP performance continued to be an area of concern. The workforce profile depicted the ongoing under-representation of African females and over-representation of White males, Coloured males and White females. Although there has been some improvement, African females still display the biggest margin of under-representation. De Beers continues to apply a diversity lens and is confident that its endeavours to implement plans aligned to its diversity drive should have a positive effect in changing this profile.

A priority focus has been the representation of women across the workplace. While women in managerial positions increased

slightly from 29% to 30%, women in core functions decreased from 23% to 20%. To accelerate the advancement of women within the company, in 2017 De Beers formed a three-year partnership with UN Women. Through this partnership, De Beers has committed to: achieving parity in the appointment of women and men into senior leadership roles; investing in female micro-entrepreneurs; and STEM (Science, Technology, Engineering and Mathematics) students in its diamond-producing countries and, through its marketing campaigns, ensuring the company's brand is a positive force for supporting gender equality.

The other priority has been the representation of people with disabilities. De Beers has made a concerted effort to attract and retain people living with disabilities, with a specific focus on development and career advancement. These initiatives have yielded good results and, by the 2019 year-end, De Beers had 55 employees with disabilities, representing 2.3% of the workforce. This far exceeds the requirements of Mining Charter III.

Employment equity committees have been established at head office and at operational level. These committees give effect to the provisions of Section 16 of the Employment Equity Act. They advise on policy-related matters to oversee employment equity governance assurance.



Coal South Africa

Coal South Africa's employment equity performance experienced varying degrees of success in 2019. While HDP at Board level remained at 40%, there was a doubling at the Exco level from 11% to 22%. Other management levels recorded increases, with senior management rising from 52% to 55%, middle management from 63% to 64%, and junior management from 71% to 72%. HDP representation in core functions increased from 83% to 84%. Although this was a successful performance overall, it is appreciated that more effort must be made to further increase HDP representation at senior levels of management.

From an EAP perspective, the over-representation of White males at management level, even though their numbers decreased year on year from 32% to 29.7%, is an ongoing concern. Incremental progress continues to be made in respect of African representation, however, with African males at management level increasing from 38% to 39%. African female representation at management level increased from 15% to 16%, though African women remain the most significantly under-represented group and, as such, remain an area of focus.

Female representation, overall, increased from 22% to 23%, females in management positions from 24% to 25% and in core functions from 18% to 19%. Given the importance of increasing the representation of women within the company, Coal South Africa focused its efforts on the appointment and promotion of women.

In addition, the business unit investigated opportunities to recruit employees with disabilities and to ensure the operating environment was conducive for them to perform their duties. Coal South Africa employs 13 people with disabilities, representing 0.3% of the total workforce. This is an area identified for improvement.

The number of migrant workers in Coal South Africa's operations has steadily decreased from 428 in 2011 (4% of the workforce) to 119 in 2019 (2.4% of the workforce).

Coal South Africa has established employment equity forums at all its operations, which consist of a full cross-section of the workforce and trade union representatives. The main function of these

forums is to ensure the company is meeting its employment equity requirements.



PGMs

The combined HDP representation at Board and management level suffered a slight decrease in 2019 in percentage terms owing to the replacement of two HDP members of the Board by non-HDPs. This decreased HDP representation at Board level from 42% to 27%. Representation at Exco level remained at 50%. This was countered, however, by a marginal increase in HDP representation in all other areas of management: senior management increased from 50% to 51%, middle management from 69% to 71%, and junior management from 75% to 76%.

A marginal increase in the representation of women across the workforce was also recorded in 2019. Women in core functions increased from 15% to 19%, while women in management rose from 24% to 25%. In an effort to achieve a target of 33% of women in senior management, a two-year development programme was initiated during the year to prepare and fast-track women for senior management positions.

In terms of the EAP targets, the representation of White males and females remains far above the national levels. African male representation at management level was also above the EAP. African women, and the Coloured and Indian population, remained vastly under-represented in comparison to the EAP and this continues to be an area of a significant concern.

As of the end of 2019, PGMs had 32 employees with disabilities, representing just 0.1% of the workforce. The company has, however, been making progress in this regard. In 2019, the business unit initiated a medical-verification process and an employee self-declaration for existing employees. It has also committed to reaching a target of 2% of people with disabilities of the total workforce by 2024. More work needs to be done, though, with regards to appropriate education and awareness on managing matters relating to persons with disabilities in the workplace.

PGMs has formed a Central Employment Equity and Skills Development Committee, and has established employment equity fora across

its different operations. The purpose of these committees is to consult and advise towards ensuring that employment equity and skills development processes are fair and in line with relevant laws, and achieve and maintain a demographically-representative workforce.



Kumba

Kumba's workforce profile meets all the Mining Charter III targets for management and core levels. In 2019, Kumba progressed HDP representation at most managerial levels except the Board and Exco. Owing to the retirement of one African female, HDP representation at Board level declined from 75% to 67%, while it remained the same at 57% at Exco level. Incremental increases were recorded at senior management level from 50% to 51%, middle management from 67% to 70%, and junior management from 72% to 75%. HDP representation in core skills decreased marginally from 90% to 89%.

While there have been improvements in EAP representation during 2019, Kumba needs to continue optimising the recruitment of Coloured and African females in the Northern Cape, especially at management levels. The representation of White males at senior management levels is significantly higher than the EAP targets.

In 2019, Kumba reaffirmed its commitment to advancing diversity and improved female representation across the business, specifically in core disciplines. The company has set a target to achieve 33% representation of women at management levels by 2023. It aims to leverage new technologies that will benefit women within core mining operations and enable them to perform on the same level as their male counterparts. By the end of 2019, female representation at management levels was 25%, and in core functions 18%.

At year-end 2019, Kumba employed 36 people with disabilities, representing only 0.6% of the workforce. The company, is, however, making a concerted effort to attract and retain people with disabilities. These initiatives include opportunities for leveraging technology, earmarking positions for people with disabilities, and ensuring workplaces are conducive for disabled employees.

Kumba has employment equity forums and a governing terms of reference at each of its

operations. It also has a central employment equity forum with terms of reference to oversee and implement the consolidated employment equity actions and objectives across the company.

Shared Services

At the end of 2019, overall HDP representation for Shared Services remained the same at 95%. HDP representation at senior management increased from 40% to 50%, as a result of the increase in the number of positions at that level. HDP representation at middle management increased from 79% to 83%, while at junior management level it rose from 91% to 95%.

From an EAP perspective, Shared Services recorded positive movements. There was an increase in African male, Coloured and Indian population representation at management levels. As a result, the overall representation of the African, Indian and Coloured populations within Shared Services had reached 79% by year-end. Owing to the under-representation of Coloured employees, the recruitment strategy is focused on actively recruiting new Coloured employees.

Shared Services also performed well in terms of female representation at management levels. At the end of 2019, women occupying management positions had increased slightly to 69% from 68%.

At year-end, Shared Services only had two employees with disabilities, representing 0.6% of the workforce. As the HDP representation already exceeds the stipulated targets of Mining Charter III, a strategic priority is increasing the representation of people with disabilities. Tangible objectives include conducting formal environmental assessments on workspaces, identifying roles suitable for people with disabilities, and indicating a preference for disabled candidates in recruitment drives.

Shared Services established a People Development Governance (PDG) model in 2009 to ensure the implementation of sound people development practices. The PDG is a combination of two forums namely, the employment equity and skills development committees. Through this model the company aims to create an equitable employment environment that supports business performance where individuals are encouraged to develop rewarding careers. Another key objective is to develop and implement a competitive and fair human resource approach that will ensure the

attraction, development and retention of the most suitable talent to support business performance. The approach will focus on defining the key skills, knowledge and competencies required to attain business goals, formulating learning and development activities to grow the skills required and developing plans to source the skills necessary to close any gaps that remain. The approach will include an equally important objective of addressing any existing inequalities or historical imbalances in profiles and organisational practices. Those who have been disadvantaged must be given appropriate support so that they too will be equipped to pursue successful careers within Shared Services. The PDG meets on a quarterly basis to evaluate progress against the people development and employment equity plans.

Anglo American Corporate Division

The Corporate Division predominantly employs professionals who are leaders and experts in their disciplines, providing thought leadership and technical skills to our local and global business operations.

The Corporate Division experienced an increase in the overall representation of HDPs at management level from 57% to 61% in 2019. HDP representation at senior management level increased from 46% to 48%, middle management increased from 59% to 65%, while junior management remained unchanged at 84%.

With a prime focus being on creating more awareness of the need for all forms of diversity, there was a notable increase in the representation of women at management level. Women occupying management positions rose to 40% (2018: 35%).

The increase in overall HDP representation is significant in light of the several realignments and restructurings in the Corporate Division in recent years. These have led to downsizing of some functions, as well as retrenchments in other areas.

From an EAP perspective, however, the Corporate Division continued to underperform in 2019. It remained under-represented in respect of African and Coloured males and females. While White males continued to be over-represented, there was a meaningful year-on-year reduction from 37.3% to 33.4%.

As of the end of 2019, the Corporate Division employed four people with disabilities.

Recognising the need to improve these numbers, a sub-committee was formed in 2019 to focus on all forms of disability.

Corporate Division's Employment Equity Forum was established and still functions with the full recognition that South Africa's apartheid and, gender discrimination legacy continues to negatively impact various professions and in particular, black people, women and people living with disabilities' rights to fair, equitable and non-discriminatory work environment.

The Forum's mandate is to monitor compliance with the company's Employment Equity Plan; eliminate unfair discriminatory employment policies and practices; and provide updates to the Department of Labour.

INCLUSION AND DIVERSITY

Anglo American South Africa strives to promote an inclusive and diverse environment where every employee is valued and respected for who they are and has the opportunity to fulfil their full potential. We are proud of our already diverse workforce but recognise that much more must be done within all our business units to create a truly inclusive organisation. This is doubly necessary on the back of the gazetting of Mining Charter III, which has increased the employment equity targets for women and people with disabilities.

The inclusion and diversity journey we have recently embarked on rests on four key pillars:

- Inclusive leadership – supporting leaders to role-model inclusive behaviours and to seek others' perspectives through open and effective communication
- Bring your whole self – this focuses on embracing people's unique ideas and experiences. People thrive in an environment where they are valued, respected and their differences are acknowledged and celebrated. It is where our people's unique ideas and experiences are invited and valued, and individuals can speak up without fear of repercussion
- Adaptive culture – this aims to create a high-performing culture, within which dynamic work options are available and encouraged. Performance is measured on quality of output
- Safe and accessible workplace – this is about creating an environment that is

respectful and inclusive, where diversity is valued, and people can bring their whole selves to work. It is about developing a workplace which provides equal of opportunity for everyone

In 2019, each of our business units introduced various initiatives to further promote inclusion and diversity within their organisations. These initiatives have focused mainly on facilitating the inclusion of more people with disabilities and promoting greater gender diversity.

Enable You

In July 2019, AASA Corporate Division launched the Enable You colleague network in South Africa, a Group organisational initiative that seeks to support and enable employees living with a physical disability, learning difficulty or mental health issue to reach their full potential. The network is also designed to extend support to those employees who care for someone living with a disability. In addition, the initiative aims to promote general awareness of mental and physical disabilities amongst the workforce.

Real You

Following the launch of the Real You and Real You Ally network in the Corporate Division in September 2018, in 2019, the PGMs Exco established a 'Real You' committee. This committee, which will play a crucial role in ensuring a more inclusive environment, particularly for LGBT+ employees. The committee will also aim to highlight issues affecting the LGBT+ community in the workplace and how these influence HR policies. The mandate of this committee has been aligned to PGMs' transformation strategy.

This aligns to AASA's broader commitment to provide a safe environment, where every individual is comfortable enough to tell their colleagues who they really are.

Living with dignity

In November 2019, AASA launched the 'Living with Dignity' initiative, which aims to address the harrowing effects of gender-based violence (GBV), particularly on mining sites. The initiative not only aims to call attention to all the various forms of violence that prevent women and girls from achieving their potential but, more importantly, entirely stamping out gender-based violence on all our business unit operations. Through our



AASA has launched its Living with Dignity programme, focusing on gender-based violence

Living with Dignity programme, we are calling on men and women to learn more about how they can take a stand against the everyday rape culture that surrounds us. Every operation in South Africa will implement a flagship programme aimed at making our workplaces, communities, homes and schools safer.

The Living with Dignity programme will be rolled out by all the business units and will include packages of interventions in the spheres of work, family, schooling and community. It is proposed that these be framed in a 'Safe Spaces' programme: SAFE Workplaces, SAFE Homes, SAFE Schools.

YOUTHINK

In June 2019, AASA Corporate Division launched YOUTHINK, a forum for millennial employees based at the Johannesburg campus. The objective of the forum is to provide a space for discourse on the measures that could be undertaken to better support young employees in the business.

#WoMine

In May 2018, AASA's Corporate Division furthered its commitment to achieving gender equality and supporting women across the organisation with the launch of the #WoMine Forum. The purpose of this forum is to support female colleagues in achieving their full career potential by means

of mentoring, coaching and personal development initiatives. It also aims to facilitate access to channels and platforms through which women can further grow and learn from each other, share experiences and challenge certain thinking. As this is a pillar scheme of AASA's inclusion and diversity strategy, the forum is open and accessible to all women from across the business at all professional levels.

Since its launch, a #WoMine Steering Committee has been established, with active sub-committees operating within each of the business units. This committee has actively pioneered a number of female-orientated initiatives across AASA. Some of these include:

- An active education and promotion campaign to grow the number of women pursuing careers in the fields of science, technology, engineering and maths (STEM), which will improve employment equity within AASA in the future
- The introduction of a lactation room for the corporate head office building, which is a private, safe and clean space for nursing mothers on campus
- The hosting of Master Classes and workshops to mentor and coach female colleagues. One such Master Class was hosted by Ziyanda Masiza who spoke on de-mystifying gender bias in the workplace

ALIGNMENT TO THE UNITED NATIONS' SDGs

PRIMARY SDGs



SECONDARY SDG



Current impact

Our focus on creating an inclusive and diverse workplace brings into sharp focus SDGs 5 and 10, thereby contributing to a workplace that thrives and challenges the inequalities inherent in our society.

HUMAN RESOURCE DEVELOPMENT

By enhancing the skills, knowledge and abilities of individuals, HRD serves to improve people's productivity in their areas of work.

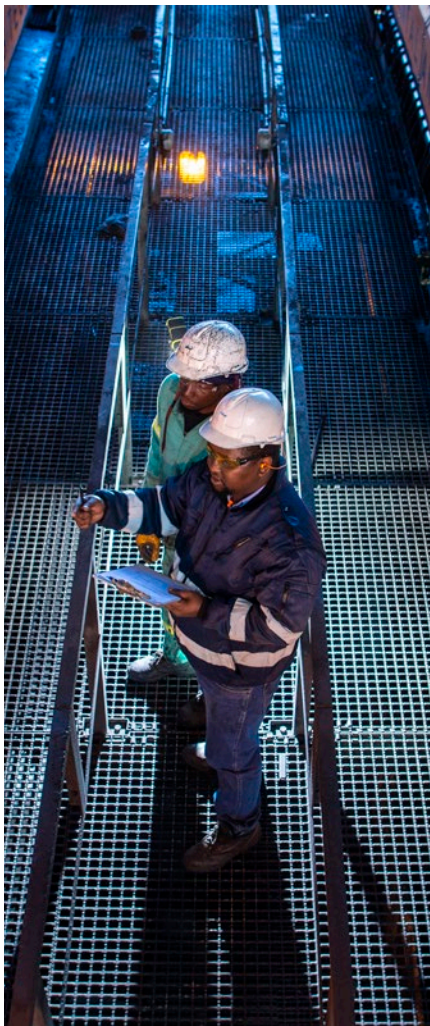
▀ Monareng Forster is a Safety manager at Amandelbult mine.



MINING CHARTER III TARGETS

Mining Charter III requires companies to spend 5% of their total payroll on the essential skills development of employees and communities.

Areas of focus can include science, technology, engineering and mathematical skills, graduate training programmes, as well as research and development initiatives. This 5% contribution, however, must reflect provincial or national demographics – whichever is most relevant to the mining right holder.



Njabulo Zuma, Metallurgical Engineer, and Musa Maquni, Plant Assistant, inspecting a filter press machine at Greenside colliery.

CASE STUDY

Bentley Park

A crucial aspect of Venetia mine's transition journey from an open-pit to an underground mining operation is the preparation and training of employees to equip them with the skills required for that new working environment. To this end, the first group of employees from the mine commenced formal theoretical underground training at the Murray & Roberts Training Academy at Bentley Park in July 2019. Bentley Park is Africa's premier mining-related training facility, offering a range of theoretical and practical courses to miners.

This first group included 36 Venetia mine employees, who had all indicated a willingness to – and who had been medically screened and approved fit to – work underground. It included 18 mining operators who had undergone basic underground and machine training, three mining foremen, one diplomate (a young African female with a diploma in mining engineering) for the learner miner programme, and four senior mining foremen for the learner miner course and later progression to shift boss. A group of 10 engineering operatives (qualified artisans) was also trained to do maintenance work underground.

At Bentley Park, the trainees received both theoretical and practical training in underground induction, processes and procedures, including, among others, Competent B and BA certification, mining production assistant (MPA), and underground machine training.

The instructors took a blended-learning approach that incorporated e-learning, virtual reality training (immersive 3D and 4D), instructor-led training and coaching, simulations, mock-up training and capability assessments, and workplace integrated learning and competence assessment.

Given the nature of underground mining, trainees must first be familiarised with the new underground environment and ways of working on their return to the mine. They will therefore continue their training underground and work as MPAs for between six and nine months, integrated with the Murray & Roberts crews.

On successful completion of this underground training programme, trainees will be eligible to be appointed to an underground role.

Our performance

In the South African context, human resource development (HRD) is about far more than providing opportunities to employees to achieve their full skills potential. It is a social and business imperative to address the dire skills shortage in the country, and to tackle the legacies of skewed educational training and opportunities experienced by many South Africans.

It is for these reasons that mining right holders play a critical role in developing both the skills profiles of their workforces and the skills potential of the communities affected by their operations.

At AASA, we view HRD as the means to develop and maintain the right skills to support our overall business strategy.

Training our employees in the best and most useful skills, using the latest practices and methodologies, is how we ensure that we meet our business objectives, now and in the future. Moreover, HRD is an essential mechanism through which we can further our diversity and transformation objectives by focusing on HDP, female and disabled employees.

HRD spans the whole skills development spectrum – from safety training, to developing qualified professionals in core mining disciplines, and to building more general skills that can be used in order to get a job or start a business outside of the mining environment. Training is offered through formal interventions and in less structured ways, such as regular briefings at our business units and their operations.

While the total number of employees participating in various training and skills development initiatives across AASA experienced a slight decline to 40,564 in 2019, from 43,866 in 2018, these numbers belie fundamental changes in the HRD landscape in certain business units.

Both De Beers and Coal South Africa increased their training efforts, though there was a significant decline in the number of employees trained at Kumba. This will be elaborated on below.

HRD expenditure across the organisation remained relatively consistent at R1 billion. This reflects AASA's unwavering commitment to creating a highly skilled and diversified workforce.

With the introduction of Mining Charter III, it has become necessary to report on HRD expenditure for non-employees, who predominantly live in our mine communities. A total of 7,537 non-employees participated in various skills development programmes in 2019, ranging from bursaries to internships and work-integrated learning. Kumba has pioneered the way in this regard, with 5,889 people participating in its various programmes.



■ Zibulo colliery work management team.

AASA's human resource development expenditure on historically-disadvantaged persons

Year	2019	2018	2017	2016	2015
HRD expenditure (R million)					
Shared Services	2.2	1.6	2.1	2.1	4
Corporate Division	34.2	41.3	62.4	75.0	5
Coal South Africa	116.5	135.5	211.8	202.9	199
De Beers	60.5	84.8	92.2	106.7	94
Kumba	225.6	241.0	161.9	211.3	223
PGMs	563.8	500.5	493.7	671.1	411
AASA	1,002.8	1,004.7	1,024.1	1,269.1	936

HRD expenditure as a % of total payroll

Shared Services	2.0	1.0	1	1	1.9
Corporate Division	4.0	6.0	6	7.4	0.9
Coal South Africa	3.6	6.0	6	5	5.5
De Beers	7.7	10.0	8.2	12.2	10.5
Kumba	6.0	10.3	5.8	4.6	4.9
PGMs	7.9	7.2	6.2	6	4.3
AASA	5.1	7.5	6.6	11.3	4.8

AASA summary of human resource development for employees – 2019

	PGMs	De Beers	Coal South Africa	Kumba	Shared Services	Corporate Division	AASA
Bursaries	157	9	25	57	7	41	296
Internships	–	6	9	4	–	–	19
Learnerships	133	56	82	12	–	–	314
Learnerships or apprenticeships	–	11	–	34	–	–	1,348
Work-integrated learning	1,271	974	1,530	6,636	–	45	10,660
Informal training/short courses	14,818	2,119	2,857	228	429	829	19,795
Informal training	825	5,155	100	2,052	–	–	8,079
Total	17,204	8,330	4,603	9,023	436	915	40,511

AASA summary of human resource development for non-employees – 2019

	PGMs	De Beers	Coal South Africa	Kumba	Shared Services	Corporate Division	AASA
Bursaries	97	31	93	38	–	5	264
Internships	53	–	332	105	–	–	490
Learnerships	213	–	60	165	–	–	438
Learnerships or Apprenticeships	–	28	–	348	–	–	376
Work-integrated learning	506	83	162	5,271	–	–	6,022
Total	869	142	647	5,927	–	5	7,590

Challenges and actions

Anglo American's skills requirements are changing as new technology is adopted at our operations, and we recognise that the employees of the future will need different skills. For this reason, we endeavour to expose our employees to the latest technology and training methodologies in order to equip them with the most advanced skills required for their field.

Attracting and retaining skills is especially difficult in remote areas, where many of our operations are based, and this makes it essential for our business units to train people already living in communities around the mines. Community HRD interventions include identifying bursary recipients and graduates from surrounding communities, running foundational learning-competence programmes, offering financial assistance, and supplementing formal schooling through English, mathematics and science classes. Running meaningful community programmes in remote areas is difficult and, despite introducing the above-listed interventions, all of which are accredited, the impact on communities is not always evident. We are working hard to get community members ready for employment through satellite technical and vocational education and training.

As mines move closer to the end of their lifespans, it becomes increasingly important to prepare employees and communities for a post-mining environment by developing skills that can be used outside mining, especially in economies that are typically over-reliant on mining for job creation. In many instances, the take-up for this kind of training has been relatively low – especially by the mines' own employees. Our business units are intensifying their efforts to encourage employees and community members to take advantage of portable skills training. Business units ensure that skills programmes and learnerships comply fully with the National Qualification Framework and that all training centres retain their full Mining Qualifications Authority (MQA) accreditation and International Organization for Standardization (ISO) certification.

De Beers

During 2019, De Beers spent a total of R60.5 million on HRD initiatives, which represented 7.7% of the R784 million expended on the HDP payroll for the year. This contribution, however, was substantially lower than the R85 million spent in 2018. This was principally due to the closure of the Voorspoed mine, as well as the sale of the Engineering Training Centre in Kimberley.

Recognising the importance of having a skilled workforce as a vital component of achieving its strategic and operational objectives, De Beers continued to prioritise learnerships and learning programmes in 2019. A total of 67 employees participated in learnerships covering supervisory leadership, metallurgy, business administration and artisanal trades, while a further 974 learners participated in work-integrated learning programmes.

Considering the difficulty in attracting and retaining skills in remote locations, De Beers has invested significant resources in the training and development of individuals in its surrounding communities. Community HRD interventions include: continuing to source bursars and graduates from these communities; running a second full-time Grade 12 class; offering financial-assistance study programmes; and supplementing formal schooling through additional English, mathematics and science classes. The Vhembe TVET College opened its Musina campus doors in September 2019 and Venetia mine is actively supporting community learners with their study fees.

This relationship will continue through a Service Level Agreement to meet the future skills needs of Venetia mine.

To this end, De Beers provided nine bursaries in 2019, two of which were given to women. It also assisted 14 community learners to complete their Amended Senior Certificate programme, while another 28 learners participated in artisan learnerships.

Through these initiatives, De Beers achieved most of the HRD commitments in its SLP.

Coal South Africa

HRD expenditure maintained a downward trajectory in 2019. By the end of 2019, Coal South Africa had spent R116.5 million on HRD compared with R135.5 million the previous year. This represented 3.6% of the company's 2019 payroll. The decline in spending was attributable to 20%–25% of operational trainer costs not being included in the overall spend.



Stanley Ross, Work Management Planner, Sinclair Mnisi, Resource Coordinator and Reabetswe Mabe, Business Improvement Specialist, are part of the operating model team at Coal South Africa's Greenside colliery.

Coal South Africa's HRD priorities focused on improving productivity, safety and regulatory compliance, employee capability and skills development. To this end, 82 employees participated in learnerships, 1,530 employees undertook work-integrated learning initiatives, and 2,957 completed formal training in the workplace. A significant percentage of this training was geared towards engineering and technical skills. In addition to this, Coal South Africa implemented the MQA skills programme to further enhance the technical capabilities of its workforce.

In an effort to enable fatality and injury-free operations, Coal South Africa completed training for all of its front-line supervisory leaders in 2019. The objective of this programme was to equip these leaders with the knowledge to lead their teams in driving the achievement of the operational key performance indicators in support of the overall Coal South Africa strategy.

The challenge of an inconsistent application of training that had been experienced in previous years was addressed through the standardisation of training material and reporting criteria through the introduction of the Anglo American Group Learning Management System in 2019. Not only has this standardised training content across all mines, it has the added benefits of increased accuracy and ease of both internal and statutory reporting.

Coal South Africa maintained its skills development commitments to its mine communities. In 2019, a total of 647 community members benefited from various training-programme initiatives, which included 93 bursars and 332 interns. African females made up 59% of all beneficiaries of these programmes.



Expenditure on skills development at Kumba shows a downward trend in 2019, with the company spending R225.6 million on HRD initiatives compared to the R241 million, as reported in the 2018 Transformation Report. This represented 6% of Kumba's R3.9 billion payroll for the year.

The HRD expenditure indicates an amplified focus on employee development



Electrical advanced training taking place at one of PGMs' mines.

programmes through bursaries, short courses, external training and other related skills programmes. In 2019, a total of 9,023 employees participated in various HRD initiatives, which included 57 bursaries, 6,636 work-integrated learning programmes, and 2,052 informal training courses. This reflected a 10% year-on-year increase compared with Kumba's planned training interventions as submitted in its Workplace Skills Plan.

Kumba continued to provide essential skills and occupational training to local communities, particularly in terms of artisanal trades. To this end, 513 learners (consisting of 165 learnerships and 348 apprenticeships) from local communities were trained. In addition, 38 bursaries and 105 internships were provided to community members. Participation in these programmes allows beneficiaries to acquire essential skills and expands their potential for employment in Kumba and other mining companies. Furthermore, this also enables them to be active participants in wider economic activities such as entrepreneurship in local communities, and expands career growth opportunities for employees.

A notable feature of the 2019 performance was the uptake of unemployed women into Kumba-funded training programmes, with a 5 percentage points increase from 14% in 2018 to 19% in the total number of female learners in the 2019 programme.

Through these various development initiatives, Kumba exceeded its SLP targets, in most instances by more than 100%, in all essential areas.



PGMs' spend on HRD in 2019 totalled R563.8 million, which represented 7.9% of the annual payroll as of end December 2019. This was a more than R60 million increase on that for 2018, and is reflective of a consistent rise in spending on skills development over the past few years.

This upward trend in expenditure is in line with PGMs' strategy to take into account the impact of the 'fourth industrial revolution', to modernise and mechanise its mines and to prepare its employees for different kinds of work in the future. That future of work, specifically through the PGMs lens, indicates that it will involve:

- deploying digitally enabled hardware tools to perform or improve activities which have traditionally been carried out manually or with human-controlled machinery
- using connected mobility, as well as virtual and augmented reality to empower field, remote and centralised workers in real time
- linking operations, IT layers and devices or systems that are currently separate
- leveraging algorithms and artificial intelligence to process data from sources

in and beyond the traditional value chain, to provide real-time decision support and projections

The introduction of these new mining technologies will inevitably, require employees who are highly-skilled and technologically competent. The new skills set required by PGM employees has fuelled the introduction of a digital talent and learning capability strategy. Based on the development of the strategy, the key areas of implementation began in the latter part of 2018 and continued throughout 2019 to enable and pioneer the modernisation of Amandelbult mine.

This implementation has focused on two outcomes:

- Phase 1 – roll-out the modernisation conversion programme using traditional learning tools to support the conversion of specific sections at Amandelbult in the short term (2019)
- Phase 2 – develop a set of digital learning tools (virtual reality, augmented reality, games, videos and e-learning material) to be ready to implement the digital-enabled modernisation conversion programme in 2020

In terms of training at the broader level, 14,818 employees participated in formal training programmes in 2019, a majority of whom completed focused and MQA-accredited skills courses. Some also participated in fast-tracking programmes, designed to address the under-representation of HDP employees in technical fields, particularly focusing on supervisory and management categories. A further 133 employees and 213 community members were engaged in engineering learnerships to mitigate the skills shortages in the artisanal skills field.

Recognising the need to strengthen its leadership pipeline, PGMs continued to drive leadership development programmes, with a specific focus on HDPs and women. During 2019, various leadership courses were run, including a junior management programme (attended by 36 employees), a senior leadership development programme (attended by 38 employees), the Anglo American Sustainability Management programme (attended by seven employees), and

specific supervisory-level development programmes (attended by 459 employees).

To ensure a ready talent pool for future skills requirements, PGMs continued with its Young Professionals scheme in 2019, supporting 97 bursars, 75% of whom were HDPs. In addition, PGMs supported 53 internships, which provided training for individuals from local communities in specific job skills that could be required by the mining and minerals-processing industry.

Shared Services

In 2019, Shared Services introduced its Learning and Development Strategy, a new development initiative that focuses on building new skills capability within its organisation. The strategy focuses on five areas: foundational technical skills, customer service, data analytics and automation, business improvement, and people-management skills. Following the implementation of this strategy, there was a substantial increase in training volumes during the year. Shared Services spent a total of R2.2 million on HRD initiatives, an increase

of R600,000 over 2018. This represented 2% of the total payroll of R142 million for the year.

Leadership development for HDP employees was also a strong focus. Almost a quarter of the budget was spent on six HDP future leaders, of whom five were African candidates and two were female.

While positive steps were recorded in the development spend, this was countered by the reduction in Shared Services' skilled workforce. The attrition rate for the year, in terms of headcount, was 26%, brought about mainly from Section 197 transfers and voluntary separations owing to the relocation of employees from the Rustenburg office to Johannesburg. As a result of this, many skilled and experienced employees exited the company. A dedicated plan to upskill new talent is now in progress.

Anglo American Corporate Division

The Corporate Division experienced a significant shift in its HRD strategy in 2019 through the introduction of a new group performance management process.

CASE STUDY

Simulator training for Coal South Africa

In the final quarter of 2019, Coal South Africa achieved a significant milestone in its skills-training endeavours with the purchase and installation of its very first underground machine simulator. This is one of the most recent examples of how Anglo American is implementing and practising its FutureSmart Mining™ strategy to ensure that its workforce is equipped with the best and most advanced skills in an increasingly technology-driven world.

The machine, which was installed at Coal South Africa's Learning and Development Centre in eMalahleni, is designed to provide novice operators with the opportunity of gaining 'real' underground machine operating experience in simulated conditions. Experienced machine operators are also able to undertake training exercises on the simulator to improve and close any

performance gaps they may have in terms of operating machinery.

The objectives of this new initiative are to enhance the safe and effective use of underground mining machinery, and to reduce overall training costs by ensuring high-level operator competency. Increasing competency will result in a marked reduction in machine downtime or breakdowns that occur from the ineffective use of machines. The introduction of simulator training not only ensures that training at Coal South Africa is now more relevant, but that the quality is enhanced.

The new simulator-training modules include a theory component linked to operational machine standards and components, and practical elements simulating real-life production and scenarios. The shuttlecar, roofbolter, tractor, CM 12HM 37 and LHD LS 190/ED10 are all machines that have been included in the simulator-training modules.

The objective of this was to move from an individual to a team-based performance management process, which allows for continuous feedback on development and performance. This was an important change for the organisation, requiring much internal training and discussion to support and facilitate the new approach. Team members and managers were also given tools to guide them through the new process.

In 2019, the Corporate Division spent R48.7 million on HRD, of which R34.2 million was spent on HDPs. This represented 4% of the R774 million payroll for the year. This was a decrease from the figure for 2018, as the focus then had been on introducing a new performance management process, as well as online and on-the-job-training initiatives.

A total of 829 Corporate Division employees undertook informal training in 2019. This was related to training on the new performance management process, but also included mandatory skills training in safety, business integrity, and the Code of Conduct. A total of 75 employees from the Group attended the leadership programmes in 2019, of whom 47% were women. The Corporate Division also introduced training courses covering areas such as bullying, harassment, victimisation and mental health as part of its inclusion and diversity drive.

Part-time education for employees continued to be a key development initiative and the Corporate Division provided 41 employees with part-time tertiary education support. An additional five bursaries were awarded to non-employees. Twenty-one of these combined bursaries were awarded to women, a strategy that is aimed to support the organisation's long-term employment equity aspirations.

Minerals Education Trust Fund

The Minerals Education Trust Fund (METF), a registered public-benefit organisation, was founded in 1999 by South African minerals and mining companies to support, promote and advance the interests of minerals education in South Africa, and to help produce graduates with high-level technical skills necessary for the viability and transformation of the country's mineral sector. The Fund helps sustain tertiary education in South Africa by attracting and developing undergraduate teaching staff, creating academic centres of excellence and fostering collaboration between industry and academic institutions. Twenty-seven companies, collectively representing the majority of South Africa's mining industry, contribute to the fund. De Beers, Coal South Africa, Kumba and PGMs are significant contributors to the fund.

In 2019, Anglo American collectively provided R18.5 million to the fund. The breakdown of contributions per business unit include:

- **Coal South Africa** – R6.0 million
- **PGMs** – R4.2 million
- **Kumba** – R3.2 million
- **Technical and Sustainability (T&S)** – R2.9 million
- **De Beers** – R1.9 million

These effectively contributed to the funding of 237 academic staff members at nine higher education institutions. The ultimate beneficiaries of the fund were 5,114 undergraduates registered in Mining, Metallurgical, Chemical Engineering (with Minerals Processing) and Geological Sciences.



▼ Sydney Motsepe (left), an HRD officer at PGMs, conducting advanced electrical training.

ALIGNMENT TO THE UNITED NATIONS' SDGs



PRIMARY SDG



SECONDARY SDG



Current impact

Both within our organisation and in our communities, we have a mature approach to contributing to education and skills that directly contribute to SDG 4. Indirectly, this then contributes to improvements in the workplace as we develop our people and equip them to contribute meaningfully as employees.

HOUSING AND LIVING CONDITIONS

The improvement of the housing and living conditions of the mining workforce is a fundamental requirement to not only fully transform the South African mining industry but to also address the legacies of the past.

One of the Coal South Africa town houses, C lower level.



MINING CHARTER III TARGETS

Mining Charter III reiterates the requirement for right holders to improve housing and living conditions for mineworkers and ensure that accommodation is in line with the Housing and Living Conditions Standard for the Mining and Minerals Industry.

Our performance

The provision of adequate housing and the facilitation of improved living conditions is a basic constitutional right and one of the pillars upon which human dignity rests.

While this is a requirement of Mining Charter III, the standards governing housing and living conditions are stipulated in the Housing and Living Conditions Standard for the Minerals Industry. The latest iteration of these standards was finalised and published in December 2019.

We realise that improving living conditions is a prerequisite for stable and safe communities to be able to prosper long after our mines have closed. We also want our employees and their families to enjoy quality housing and living conditions, and we assist in this by providing various housing options.

CASE STUDY

Sixteen years of progress

Up until the turn of the 21st century, the majority of the mining workforce comprised migrant workers who resided in multiple-occupancy hostel accommodation adjacent to the mines. In some instances, this gave rise to a number of social challenges – not least of which were the lack of any privacy and a general reduction in human dignity while in residence – which had to be endured by many mineworkers. It was for these reasons, amongst others, that the improvement of living conditions for miners was identified as a priority objective. To achieve this, the second iteration of the Mining Charter, implemented in 2010, stipulated that mining companies, as the most basic requirement, needed to convert all mine hostels into single-occupancy accommodation by the end of 2014.

Anglo American South Africa has embraced and led the transformation of the living conditions in the mining sector. By the end of 2014, all traditional mining hostels had been converted to single-room accommodation or family units, and all its operations had achieved the one-person-per-room occupancy requirement. AASA spent more than R5 billion to achieve this. But the company had gone a step further by building more than 4,000 new houses for employees across all four of its business units by the end of 2014.

While each business unit has adopted its own strategy on housing, largely dictated by its unique circumstances, there has certainly always been a collective determination to go beyond the basic requirements as stipulated in the Mining Charter. In essence, the goal has been for all employees to enjoy quality housing and living conditions, on the basis that an environment that fosters respect for human dignity, privacy and family life is essential to achieving real transformation in South Africa.

To this end, a range of different housing schemes and housing allowance arrangements has been implemented across the four business units. Among the most prominent and successful of these have been the facilitation of home-ownership options, competitive housing allowances, and loan subsidies for eligible employees.

This is not to say that there have been no challenges over the years. Amongst the most significant is the issue of employee indebtedness. This is something the company has been working very hard to address, as can be read elsewhere in this report.

While AASA and its business units have made much progress in improving and enhancing the social and economic welfare of mine employees, there is wide recognition that this is a journey that is far from being completed.



■ Mantserre Arts Centre in Limpopo houses multiple start-up arts and crafts businesses.

Our goal is to have all employees living in sustainable accommodation, an objective that will help to shape the future of our mine communities.

We realise that our employees have diverse circumstances and preferences, and we endeavour to cater to their needs by facilitating home-ownership options, providing housing allowances and, in some cases, loan and rental subsidies for eligible employees. We also realise that partnerships with government, organised labour and third parties are essential to successfully implement our housing projects. We work closely with them in this regard. To build thriving communities, our housing projects also consider infrastructure needs and include the provision of roads, electricity, water supplies, and sewerage.

By the end of 2014, all business units in South Africa had met the Mining Charter requirements to convert all traditional mining hostels into single or family units, with a one-person-per-room occupancy rate in single accommodation.

However, AASA realised that a range of housing options was needed to cater for the diverse circumstances and preferences of our employees. The preference of our business units is to promote and facilitate home-ownership options and other competitive housing allowances and, in some cases, loan subsidies for eligible employees.

The encouragement of home-ownership options has yielded good results over the years, partly evidenced by the significant reduction in the number of employees who reside in company-provided accommodation. Over the past five years, the number of employees residing in company accommodation has almost halved to 5,569 by the end of 2019 from 10,430 in 2015.

Challenges and actions

Affordability presents a challenge for many employees interested in home ownership. Many of our employees are heavily indebted and do not qualify for mortgage agreements or rent-to-buy options. We have also encountered a general resistance to home ownership in the current economic environment in South Africa. In light of these challenges, we are working with our employees to improve their finances and offer extensive debt-relief solutions and financial-literacy programmes. To this end,

Our housing performance in 2019

	Coal SA	De Beers	Kumba	PGMs	AASA
Total housing expenditure (including houses and services) (R million)	539	18	484	581	1,622
Number of employees residing in company-provided accommodation	161	450	4,022	3,956	8,589
Number of houses built	0	0	0	0	0
Cumulative number of houses built as at end December 2019	396	0	3628	676	4,700

Improving housing and living conditions – a five-year view

	2019	2018	2017	2016	2015	Total
Number of houses built	0	2	14	33	84	133
Total expenditure (including houses and services) (R million)	1,622	1,505	1,663	1,572	1,912	7,774
Number of employees in company accommodation	8,589	7,777	9,440	9,362	10,430	45,598

we have implemented an employee-indebtedness programme, which is built on four pillars:

- Proactive engagement – a goal of 30% utilisation by employees
- Training – providing financial-wellness education to 30% of employees and induction awareness to 80%
- Communicating – annual and *ad hoc* initiatives
- Housing integration – helping employees whose home-loan applications have been declined owing to poor credit records.



De Beers strives for a reality in which all of its employees are able to own their own homes. Since 2015, it has been pursuing this objective through its Facilitated Home Ownership Programme (FHOP), an initiative through which De Beers assists employees earning less than R35,000 a month to purchase or build a new home, renovate their existing house, or complete a partially built house.

The programme has expanded over the past five years to the extent that, by the end of 2019, 108 employees (2018: 84) were participating in the FHOP. In 2019, De Beers

paid grants totalling R4.8 million to 72 of the endorsed participants. As FHOP was the preferred means of access to home ownership, De Beers continued to exclude housing allowances and water and electricity allowances paid to employees in the bargaining unit from its home-ownership spend. These allowances, which do not necessarily translate to actual home ownership, were included in the annual wage bill and amounted to some R14.2 million during 2019.

In an effort to encourage further uptake of the scheme, the company renewed its efforts to improve access to affordable serviced stands in the municipalities around the Venetia mine complex, and aims to reach its target of 200 participating employees in 2020. De Beers will also address challenges of creditworthiness and indebtedness – two main factors inhibiting participation in the FHOP – by facilitating interventions, including employer-backed loans from a dedicated financial-services provider.

Beyond the FHOP, De Beers continued to provide housing for 450 skilled employees at Venetia, while unskilled and semi-skilled employees were provided for by means of a housing allowance. In 2019, a total of 1,140 employees were supported through a housing allowance.



Coal South Africa

Coal South Africa's housing and home-ownership strategy, which was launched in 2007, has proved so successful that, by year-end 2019, 95% of its employees lived in their own accommodation. This meant that only 161 employees in total continued to live in company-provided accommodation in 2019, a decrease of 119 employees compared with 2018. This decrease was primarily due to the sale of company houses, employees moving into their own accommodation and the demolition of mine villages, in line with Coal South Africa's rehabilitation strategies.

Coal South Africa continued its drive to do away with company accommodation, with a further 15 being houses sold to employees in 2019. Seven of these were sold to employees already in occupation of their houses. However, the sales of houses proved slow, as most employees were heavily indebted and unable to qualify for a regular mortgage agreement or the rent-to-buy option. For that reason, Coal South Africa administered a rent-to-buy option as an alternative to a regular mortgage agreement. In total, 11 employees were approved to participate in this scheme in 2019.

In 2019, Coal South Africa's expenditure on housing, including allowances, amounted to R539 million. This was a reduction of R14 million compared with 2018, and was attributable to the sale of company houses. The number of employees receiving housing allowances totalled 4,723.



Kumba

In the last quarter of 2019, Kumba conducted a housing survey to determine the state of the housing and living conditions experienced by the employees of its Sishen and Kolomela mines. The results indicated an encouraging improvement in living standards in that 94% of its employees were living in formal brick structures in municipal areas in the vicinity of the mines. Only 2% of employees were living in informal conditions, and these were limited to the Kolomela mine. Most employees had access to basic services, including electricity, water and sanitation.

Notwithstanding these results, Kumba believes that the housing and living conditions

of its employees can still be improved and is in the process of transforming its Housing Strategy and Policy for its two mines. This would primarily seek to enable employees to meet their specific housing aspirations in a manner that was affordable for them, and to enable Kumba to meet its own operational needs whereby workers occupy accommodation of reasonable quality close to work. As Kumba employees generally had levels of indicative affordability that would support home ownership, the strategy would consider creditworthiness support to enable those employees who required it to eradicate excess debt and resolve negative credit records, in order to pursue home ownership.

Under its current housing strategy, Kumba's obligations to its employees comprise the payment of a housing allowance, a bond-subsidy assistance scheme, and facilitating access to housing, where possible. By the end of 2019, Kumba had spent R484 million on housing, including housing allowances. A total of 4,516 employees had received a housing allowance and 4,022 were living in company accommodation at the end of 2019.



PGMs

In 2019, PGMs remained committed to its strategy of providing all its employees with the means to live in decent, adequate and sustainable accommodation by 2025. It aims to achieve this by:

- Building enough houses, in the remote areas where the company operates, to attract employees with scarce skills
- Facilitating decent rental accommodation for employees who have a primary home away from the mine
- Converting living-out-allowances into rental allowances for low-income employees so that they can move out of informal settlements into formal accommodation
- Partnering with government to assist in providing housing for mine communities.

The company's total expenditure on housing, including housing allowances, amounted to R581 million in 2019. The number of employees residing in company accommodation was 3,956, an increase of 401 over 2018. A total of 3,961 employees were provided with a housing allowance, while a further 10,146 received a living-out allowance.

As there were no home-ownership bond applications in 2019, the number of cumulative houses built remained the same at 4,850.

The main challenge in 2019 was the slow take-up in the assisted home-ownership scheme in Mokopane Ext 14, in Limpopo province. PGMs is in the process of addressing the concerns of employees and improving its marketing plan, which should result in an increase in signing of offers to purchase by employees in the near future.



Coal South Africa Mafube colliery's community housing project.

EMPLOYEE INDEBTEDNESS

Holistic wellness means wellness in every aspect of an employee's life, including financial wellness. AASA's investment in reducing its employees' debt levels translates to less stress, more productivity and a safer, happier workplace.

AASA's financial well-being programme has evolved considerably over the years from an initial focus on addressing over-indebtedness to the current strategies designed to empower employees to take ownership of their financial future. Such has been the success of this programme that, of all the employees who have required a financial solution resulting from over-indebtedness in the past, 84% of these are now financially stable. This has been achieved through a partnership with the Summit Financial Group.

In 2019, a revised, proactive approach was implemented to ensure that participating employees know their financial status, understand their options and become empowered to improve their financial future. As of December 2019, 87,518 employees across AASA were attending financial-wellness training.

The Financial Well-being programme is rolled out in the various business units under different banners. In PGMs, which has the most need for a financial awareness and relief scheme, it is done

through the Nkululeko programme. This initiative has made substantial improvements to the financial health of its debt-stressed workforce. By the end of 2019, some 17,528 employees, representing 78% of the workforce, had enrolled in the Nkululeko programme. Of these, 3,777, or 24%, had signed up for debt relief.

Similar initiatives are progressing at Kumba, De Beers and Coal South Africa. At Kumba, 2,770 employees, representing 12% of the workforce, have signed up to the company's Bokamoso programme. Of these, 316 have signed up for debt relief. At Coal South Africa, 1,882 employees have enrolled in its Tharolo programme, with 72 having signed up for debt relief. De Beers utilises ICAS to administer its financial well-being programmes. Fifty-seven of its employees have signed up, nine of whom have secured debt relief.

Shared Services utilises the services of Summit Finance and Careways, which have implemented various initiatives to assist employees on their journey to financial wellness. During 2019, 218 employees accessed Summit services. To support employees on the go, a digital platform was introduced in 2019, with more than 68 employees having accessed the service since its launch.

EMPLOYEE INDEBTEDNESS

Business unit	Number and % of employees signed up for this programme	Number and % of employees who signed debt relief solution	Collective saving achieved through reduced debt instalments (R million)	Collective saving achieved through loan audits (R million)	Total amount saved and refunded to employees by auditing administration and garnishee orders for irregularities (incl. reinstatement savings) (R million)	Number of garnishee orders reduced	Number of employees attending financial-wellness training
PGMs	17,528 employees (78.8%)	3,777 employees (24%)	670.3	15.9	13.8	1,957	73,135
Kumba	2,770 employees (12.5%)	316 employees (11%)	112.1	0.5	0.7	940	13,701
Coal South Africa	1,882 employees (8.5%)	72 employees (4%)	11.8	1	0.9	479	682
AAESS	218 (46%)	61 (15%)	6.5	0.4	0.014	7	143
De Beers (through ICAS)	57 employees (0.3%)	9 employees (16%)	4.2	0	0	0	0
Total	22,237	4,174	798.5	17.4	15.5	3,376	87,518

ALIGNMENT TO THE UNITED NATIONS' SDGs



PRIMARY SDG



SECONDARY SDGs



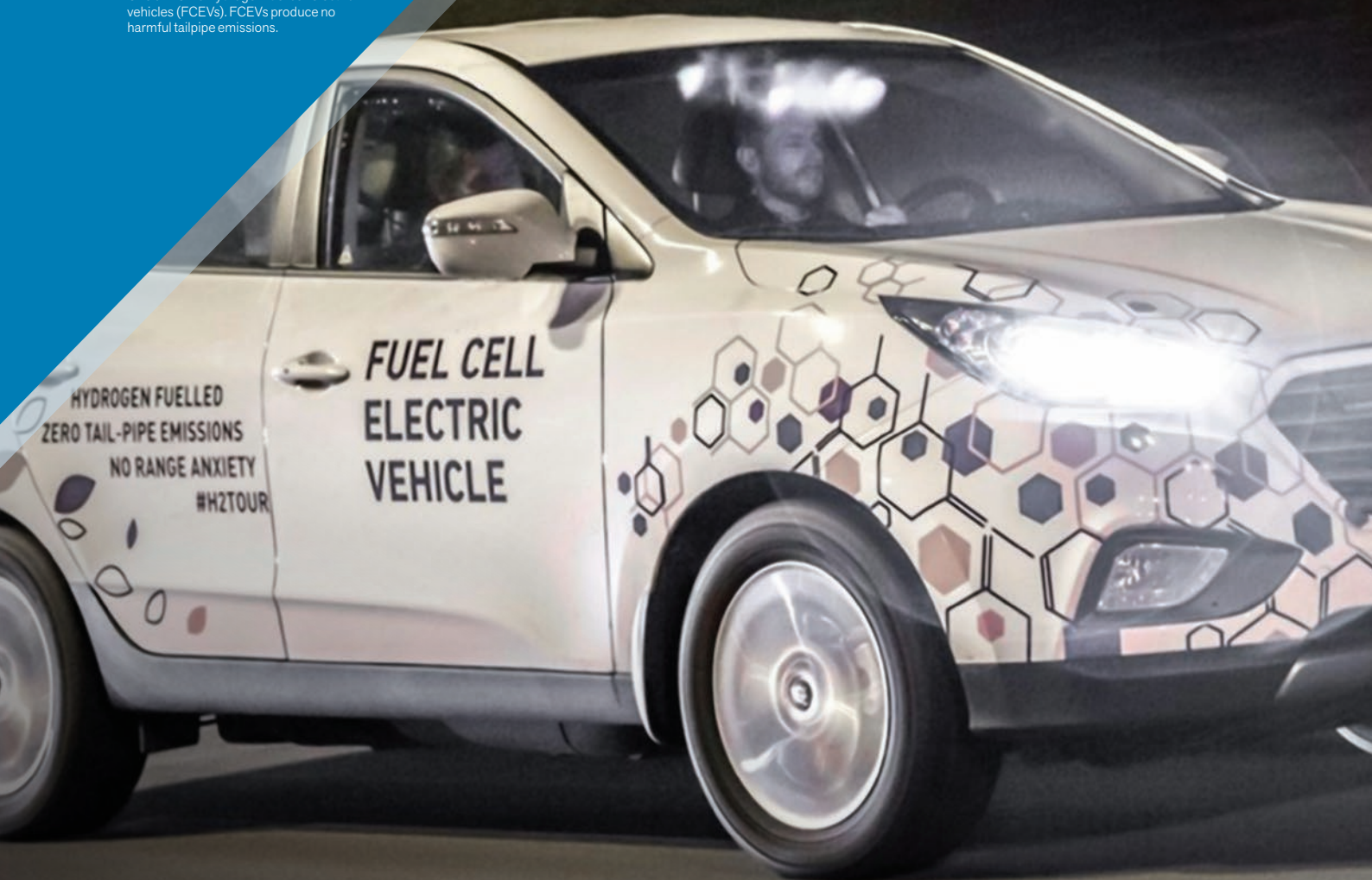
Current impact

Target 11.1 specifies how countries need to ensure access to adequate, safe and affordable housing and basic services. We strive to provide such for our employees through the provision of housing and services.

BENEFICIATION

Minerals beneficiation, by basic definition, refers to the transformation of a primary material that is produced by mining or a similar extraction process, into a more finished product of higher value.

▀ One of PGMs' hydrogen fuel cell electric vehicles (FCEVs). FCEVs produce no harmful tailpipe emissions.



Minerals beneficiation, by basic definition, refers to the transformation of a primary material that is produced by mining or a similar extraction process, into a more finished product of higher value. The term is used interchangeably with 'value addition'.

Each successive level of processing allows the product to be sold at a higher price than the previous intermediate product or original raw material, and adds value at each stage. These value-added products can be consumed locally or exported, but tend to be exported as they fetch far higher export-sale values.

Beneficiation encompasses a range of different activities, including:

- The basic treatment of raw material such as ore to improve the physical or chemical properties in preparation for further processing
- More large-scale, capital-intensive activities such as smelting and refining to create a far higher concentrate mineral product
- Labour-intensive, upstream processes, such as metal fabrication and jewellery manufacture.

South Africa's beneficiation strategy is outlined in the DMRE's policy document published in 2011. It is a strategy that aims to translate the country's comparative

advantage derived from its vast mineral resource endowment to a national competitive advantage. It is aligned to the National Industrialisation Programme and National Development Goals, which seek to grow and diversify the economy, increase the quantity and quality of exports, and promote meaningful job creation. Beneficiation is also championed as a driver for empowerment of HDSAs, enabling the development of new entrepreneurs in downstream and side-stream industries.

Each of AASA's business units pursues economically feasible beneficiation opportunities that will reap the maximum value-add benefits from our raw materials. They also seek to transform mining and industrial process by-products into commercial resources where possible. Not only does this strategy ensure that we create more value for our shareholders and stakeholders, it also, more importantly, supports the government's National Development Goals and its beneficiation strategy.

Each of the AASA business units has its own beneficiation initiatives, which are primarily dictated by the nature of the raw commodity.

Challenges and actions

Unfortunately, there are a number of challenges inhibiting the realisation of South Africa's

beneficiation strategy. These challenges, which apply to a more or lesser degree to each of AASA's business units, include:

- Inadequate investment in infrastructure such as roads, rail, and energy, which has substantially driven up the costs for current and potential mining companies as beneficiaries
- Skills shortages
- Identification of and access to markets for locally-beneficiated products.

A successful beneficiation strategy requires a co-operative and co-ordinated approach between business and government.

Moreover, there needs to be a concerted effort to create competitive advantage, whereby beneficiating minerals in South Africa is profitable and attractive to investors.

It is in this context that AASA and its business units are constantly engaged in the search for innovative solutions to overcome these obstacles. In particular, enterprise development, training, research and development, new technology, and the building of partnerships feature strongly in AASA's beneficiation drive and strategy.



Coal South Africa

The primary beneficiation focus for Coal South Africa is the development and promotion of a cleaner coal product and the reduction of coal-related carbon emissions from mining and other activities.

At a time when the narratives of climate change and low-carbon economies are increasingly taking centre stage, particularly amongst governments and the investor community, it is vital that we, as a Group, are leaders in the search for, and development of, technologies that reduce the impact that coal consumption has on the environment and society. This research is essential in South Africa, a country that will continue to heavily rely on coal for energy generation for the foreseeable future.

Coal South Africa aids the research into, and development of, clean-coal technologies through its active membership and support of various key organisations.

CASE STUDY

Maximising product value

In an effort to achieve maximum beneficiation potential and, at the same time, extend the life of mine of its two operations, Kumba has adopted a recently proven technology known as Ultra-High Dense Medium Separation (UHDMS). This technology allows for the processing and beneficiation of low-grade material, which typically contains iron (Fe), at a concentration >35%. Historically, owing to limitations in processing technology, low-grade material below 48% Fe content had to be discarded. With the application of UHDMS, not only have the orebody cut-off grades been lowered to now include C-grade material (40%–48% Fe), but a vast quantity of material, formerly regarded as waste, has become available to be reprocessed for its iron content (>35% Fe).

In 2019, Kumba commissioned two UHDMS plants, Sishen mine doubled its UHDMS capacity at the JIG plant and, at Kolomela mine, the current UHDMS plant was upgraded from the original design to incorporate new discard- and material-handling technologies. In the case of Sishen, the UHDMS plant allows for additional product tonnages to be recovered from approximately 90% of JIG plant 'waste', as opposed to 50% before the UHDMS plant was built.

With both units now on stream, Kumba has the capacity to produce 1–2 million tonnes per annum (Mtpa) of high-grade iron ore at each mine. This technology will form the backbone of future projects at both mines to exploit additional resources to extend the life of the operations.

These include the:

- International Energy Agency Clean Coal Centre
- South African Centre for Carbon Capture and Storage
- World Coal Association
- Coal Industry Advisory Board
- South African Carbon Storage Atlas.

While Coal South Africa supports the development of a wide range of clean-coal technologies, the business unit focuses on two particular areas of research: namely, the creation of high-efficiency, low-emission technologies, and carbon capture and storage (CCS). Both technologies mitigate the levels of carbon emissions generated during the combustion of coal for power generation, thus reducing emissions from the downstream use of our product.

Carbon capture and storage

In 2019, a degree of progress was made in advancing the carbon dioxide (CO₂) storage project, which was, at the time of writing, at feasibility stage. This project is being undertaken by the South African Centre for Carbon Capture and Storage (SACCS), of which Coal South Africa is a founding member. SACCS made progress on analysing the geological characterisation for a pilot CO₂-storage project, which could store and monitor between 10,000 and 50,000 tonnes of CO₂ in South African conditions.

While there were some difficulties with some stakeholders in the prospective test-injection area, a main focus for the team has been to seek an amicable resolution for all parties.

Other beneficiation projects

In 2019, Coal South Africa collaborated in a range of other beneficiation research projects through its active participation in the Coaltech research facility. These included a guideline on land rehabilitation for surface mines, upgrading coal with the aid of a Knelson Concentrator, and the dry beneficiation of coal.

Coal South Africa continued with its own unique beneficiation projects. Two projects stood out in 2019:

- The supply of 2,000 tonnes of weathered coal – a potential pollutant – to produce a specialised humic-acid-based fertiliser

- The utilisation of gypsum waste, produced at the eMalaheni water-reclamation plant, in the agricultural industry for soil amelioration.



De Beers

Beneficiation is key to extracting the maximum value from a luxury commodity such as diamonds. It is, therefore, core to De Beers' business model. The Group's beneficiation strategy focuses on the five key pillars of: Sightholder sales; customer development; industry development; consumer and brand confidence; and stakeholder relations.

In implementing its beneficiation strategy in South Africa specifically, De Beers aligns its strategy to the government's priorities of sustainable growth and employment in downstream industries. Unfortunately, diamond beneficiation in the country has, for a variety of factors, been on the decline for many years. It is in this context that De Beers has undertaken as an objective to "implement initiatives that are aligned and are confirmed

by government to be supporting it in addressing some or all of the inhibitors for achieving its beneficiation objectives".

In this regard, De Beers is focusing its efforts on three key areas: namely, training and development; the supply of rough diamonds for local cutting and polishing; and facilitating jewellery design and manufacture.

Training and development

De Beers offers training and skills development opportunities at the Kimberley International Diamond and Jewellery Academy (KIDJA). The Group provides bursaries on an annual basis to disadvantaged learners who register at the KIDJA for diamond cutting and polishing, as well as rough valuation, courses.

Rough diamonds for local beneficiation

De Beers provides a consistent and predictable supply of rough diamonds to its clients, referred to in the market as Sightholders, and accredited buyers. This is core to ensuring the sustainability of local cutting and polishing factories and to maintaining jobs within the local beneficiation



Kay Modise, a De Beers employee, working in the Sorting Office.

sector. Moreover, De Beers continues to supply the State Diamond Trader with up to 10% of its South African production as per legislative requirements.

Jewellery design and manufacture

In 2019, De Beers hosted its annual Shining Light Awards, a beneficiation initiative to create opportunities for jewellery designers in its producer partner countries. The competition extended its reach and impact through the participation of entrants from Canada for the first time, bringing the number of finalists to 12, the most ever awarded in a single competition. The theme 'Heroines and Heritage' reflected De Beers' commitment to standing with women and girls around the world.

Driving beneficiation through enterprise development

Beyond these three initiatives, it is also De Beers' priority to drive beneficiation through enterprise development. It has made great strides in this regard through its Enterprise Development for Diamond Beneficiation Project launched in 2016.

Five HDSA-owned diamond-beneficiation businesses are aligned to the project. Since graduating from the programme, these businesses have recorded an average 217% increase in turnover and have successfully created 24 new jobs. Such has been the success of this initiative that De Beers plans to bring an additional six companies, including some operating in the jewellery sector, into the programme in 2020. This will result in an ongoing investment by De Beers of R5.8 million in business and entrepreneurial training. Further investments will be made to ensure access to markets and funding.



Kumba is one of the world's foremost producers of high-grade lump and fines iron ore. The haematite ore that is mined at its two mines in South Africa requires a degree of refinement and beneficiation in order to create the products for which the company is renowned. Kumba is one of the largest haematite ore producers to beneficiate its run-of-mine material (ROM) before marketing it as a niche high-grade product to the local and international markets. The beneficiation process involves converting the ROM material by upgrading the element that is of interest and removing unwanted 'gangue' (waste),

material before further processing stages. While Kumba has predominantly used Dense Media Separation (DMS) and 'Jigging' (JIG) as the mechanisms for refining the ore, the company has recently embraced a new technology known as Ultra-High Dense Media Separation (UHDMS) to extract the maximum potential from its ore resource, as well as ensure operational longevity. (See case study.)

Each technology is optimised to treat the specific characteristics of its dedicated feed stream. These streams vary in iron content and contaminant grades and, therefore, require unique beneficiation techniques. DMS is used on higher-grade ROM material that accounts for around 70% of total production; while JIG and UHDMS are utilised on the remaining lower-grade material.

The adoption of UHDMS is evidence of Kumba's long-term strategy to utilise the latest technology to not only enhance the beneficiation of its current resource but also to extend the life of mine of its Sishen and Kolomela operations. In 2019, the company spent approximately R330 million on

technology development in processing, beneficiation, automation, mining, and safety-improvement.

Kumba produced 42.4 Mt (2018: 43.1 Mt) of product for the market. The lower production was mainly due to a reduction in the offtake from ArcelorMittal South Africa (AMSA). Owing to operational requirements and the closing of its Saldanha Steel plant, AMSA reduce its offtake by 1.1mt. The total percentage of beneficiated ore, as in 2018, was 69%.



The extraction and refining of ore from its five operating mines in South Africa into a high-quality PGM concentrate is the principal operational focus of our PGMs business. But the business also has a vested interest in the downstream beneficiation of its product; in fact, beneficiation is key to producing the PGMs products that are desired and consumed by the broader market.



▲ Pure platinum grain product at PGMS' Precious Metals Refiners.

PGMs' approach to downstream beneficiation essentially rests on collaboration with, and funding of, leading industry partners to not only market beneficiated products, but more importantly, to find new ways to grow demand for each of the six PGMs. To this end, the company has a broad range of partnerships and programmes that supports and facilitates both near- and long-term demand creation. It focuses on three principal areas of focus for downstream beneficiation and market development: namely, jewellery, investment, and industrial applications.

Jewellery

As China is considered to have the greatest potential for platinum jewellery consumption, and as the purchasing power of Chinese women and millennials continued to grow in 2019, several initiatives were pursued. These included marketing initiatives such as 'Platinum Moment' and 'Authentic Me' aimed at brides, new mothers, and gifting occasions.

The Platinum Guild International (PGI), which works in partnership with our PGMs business, and undertakes all jewellery market developments in China and elsewhere on behalf of the PGMs industry, also partnered with Chow Tai Fook, the world's largest jewellery retailer, to launch its exclusive platinum jewellery range, 'The Angel of Peace' to mark the retailer's 90th anniversary. In October 2019, the PGI opened its first showroom in Shenzhen, China, to showcase leading design trends and to accelerate the manufacture and distribution of new-generation platinum jewellery designs.

The launch of the 'Hello me, Platinum' and 'Platinum Born' fashion jewellery brands in Japan and the United States, respectively, in 2019, bore testimony to the fact that continual innovation of marketing strategies is required even in the world's most mature markets.

Closer to home, PGMs held the 20th annual PlatAfrica Jewellery Design and Manufacturing Competition, an initiative aimed at actively growing markets and developing local skills capacity for platinum jewellery in South Africa. This competition is hosted in partnership with Platinum Guild

India and Metal Concentrators. Metal Concentrators also manages PGMs' metal financing scheme, which allows local jewellery manufacturers access to metal on favourable financial terms.

To help address the lack of innovation in PGM jewellery, at the end of 2019, PGMs negotiated a partnership agreement with OxMet Technologies, an Oxford University spin-out, to build a PGM-alloy computational and experimental engine, and develop, as a start, new platinum alloys for the jewellery sector.

Investment demand

In 2019, the World Platinum Investment Council (WPIC), the industry-funded organisation tasked with creating investment demand for platinum, continued to make

progress, ending the year with an enlarged distribution of insights to more investors globally, and 15 active, ounce-producing product-partnership projects across North America, Europe, China and Japan. Highlights for the year included:

- Together with our PGMs, the WPIC hosted and participated in a hydrogen and fuel cell summit in Shanghai, highlighting the link between the long-term value of PGMs and the hydrogen economy
- The WPIC successfully positioned itself as an important provider of platinum market information in China, attracting key media partners (Wall Street CN, Gold Topnews



▲ A platinum bracelet designed for the annual PlatAfrica Competition.

and Puoke Financial) to disseminate platinum market research and investment content for Chinese investors

- The WPIC trained more than 3,000 managers from the Bank of China and the Agricultural Bank of China to promote platinum investment products to their customer base in 2020
- An educational series developed by the WPIC, and hosted by the Chicago Mercantile Exchange (CME), was launched to help make the investment case for PGMs.

Industrial and other market-development initiatives

Our PGMs business's primary industrial focus is the research, development and commercialisation of hydrogen and fuel cells. To this end, Anglo American invests in early-stage technologies and in commercial demonstrations to accelerate the adoption of hydrogen and fuel cell technologies. Investment in hydrogen-related technology is now largely undertaken by AP Ventures, a venture-capital initiative established by Anglo American and launched in 2018. By the end of 2019, AP ventures had secured several new strategic partners and capital commitments of more than \$230 million.

Understanding the need to create conducive policy environments for such technologies, PGMs continued to be involved in several global advocacy activities in 2019. A highlight of this work included the co-organising of a fuel cell vehicle congress and roadshow in

Rugao, China. The congress attracted thousands of participants over three days, while the roadshow enabled engagement with millions of viewers via the WeChat platform and television broadcasting.

Demonstrating FutureSmart Mining™ in action, Anglo American also announced the development of a commercially viable fuel cell haul truck, which aims to provide sustainable returns while paving the way to create next-generation, zero-emission mining vehicles. In addition to providing energy security in the long term, this project could be

transformational for the hydrogen industry. The project also has potential to benefit surrounding communities through noise reduction, local air-quality improvement and employment opportunities

Other exciting initiatives that were announced during this period included the funding of novel cancer treatment drugs with Warwick University, as well as the launch of LION Battery Technologies. LION aims to accelerate the development of next-generation lithium batteries using platinum and palladium.

CASE STUDY

Growing jewellery demand

Growing the market for PGMs remains a strategic priority for us. As jewellery is one of the most promising growth areas, our PGMs business is constantly finding new ways to grow the demand for each of its metals. In the jewellery sector specifically, the business unit works in partnership with Platinum Guild International (PGI), a marketing organisation which is engaged in developing the global market for platinum jewellery. In India, which has substantial growth potential for platinum jewellery, the marketing activities of the PGI are funded exclusively by our PGMs business.

In 2019, PGI India took a bold and unique approach to marketing PGMs with the launch of a new marketing strategy named

'Men of Platinum'. This brand campaign specifically taps into the self-gifting trend amongst millennial males in India. With a population of roughly 200 million men in this age category, such a marketing approach has wide scope for growth.

On a more theoretical level, this campaign goes far beyond driving up demand for platinum. It seeks to address the rapidly shifting definitions of gender, in which the idea of masculinity is increasingly conflicted. PGI's 'Men of Platinum' seeks to help define a new narrative of masculinity in India, one that speaks to men of character, while simultaneously tapping into an entirely new and unexplored market, with enormous potential.

ALIGNMENT TO THE UNITED NATIONS' SDGs



PRIMARY SDG



SECONDARY SDGs



Current impact

Our approach to beneficiation is, at its heart about contributing to responsible production and consumption. We thereby contribute to SDG 4 and 8 through the education and development of people and suppliers through our value chains, but also in improving efforts linked to climate action (SDG 13) through developing cleaner products with fewer emissions.

IN CLOSING



There has been consistency and a preparedness within AASA for quite a long time in terms of the transformation work we are doing, as well as the thought processes about where we can do more, and what we can do better. ▀▀

Lindiwe Zikhali

Head of Transformation and Regulatory Affairs



In preparing the South Africa Transformation Performance Report 2019, I have been reflecting on the progress we have made as an organisation in this first year since the third iteration of the Mining Charter came into effect.

While it can be said that the Charter has moved things forward, as an organisation we too have moved forward. As a company, Anglo American South Africa (AASA) has been thinking more deeply about the extent of its transformation efforts, and this extends to the mining industry as a whole.

There has been consistency and a preparedness within AASA for quite a long time in terms of the transformation work we are doing, as well as the thought processes about where we can do more, and what we can do better.

This is important because as requirements and targets are stretched, existing processes sometimes require revolutionary change. If, as an organisation, you're not ready to make the step-changes called for, this kind of adjustment can throw you off balance.

For example, if you compare our procurement strategy and efforts from five years ago to now, they are unrecognisable. In 2018, we introduced our inclusive procurement strategy, and our approach to procurement and supplier development in areas where we mine was overhauled. This set us down the right path, before Mining Charter III was introduced.

Another area that requires special mention is employment equity. Too narrow a view of equity requirements might lead to a lack of understanding of the progress we've made. AASA knows that an equitably representative organisation means much more than the quantitative numbers that are reported. We need to talk about qualitative initiatives in place to make this happen. We say to our employees (and future employees): bring your whole self to work. This is one of the fundamental pillars of our Inclusion and Diversity journey.

Of course, this refers to race, gender and disability – the quantitative proof points we currently report on – but it also extends to religion, sexual orientation, age, and so on. An organisation is like a tapestry: to be a complete work of art, our company needs to be made up of multiple layers of diversity. We look and act beyond regulatory guidelines as our benchmark, knowing that not doing so would limit our transformation progress.

This is something we believe attracts people to Anglo American, across generations, and sets us apart as an employer of choice.

But the path of transformation is not without stumbling blocks. Because transformation is an ideal. Therefore, when measuring yourself, you often fall short. This is not a bad thing – it keeps us from becoming complacent. Transformation means an end result so fundamentally different from the status quo, that an organisation will ultimately be unrecognisable from what it once was.

Holding on to what you are familiar with, is an impediment on this journey.

A challenge – or opportunity that we have not quite cracked, is ensuring that our investment in skills development translates to the employment equity outcomes we desire. To tackle this, we may need to ask what we want our organisation to look like over a certain period of time, and what training and development initiatives would be required to get us there. In many instances, this development needs to be nurtured from school level onward. This is one of the reasons we are excited about the AASA Education Programme, which is featured in this report.

I am confident that AASA is headed in the right direction and that our commitment to a South Africa that is thriving is stronger than ever. As passionate as I am about transformation, I am also passionate about being part of an organisation that is acting in such a way that it continues to fulfil its purpose of re-imagining mining to improve people's lives.

Lindiwe Zikhali

Head of Transformation and Regulatory affairs

GLOSSARY

AASA	Anglo American South Africa
BEE	Black economic empowerment
BLAST	Building Leaders and Shaping Talent graduate programme
CCS	Carbon capture and storage
CEO	Chief executive officer
DMRE	Department of Mineral Resources and Energy
DMS	Dense media separation
DOH	Department of Health
EAP	Economically active population
EAT	Equal Allocation Trust
ECD	Early Childhood Development
ERP	Enterprise Resources Planning Software
ESOP	Employee Share Ownership Plan
Exco	Executive committee
FHOP	Facilitated Home Ownership Programme
HDP	Historically disadvantaged person
HRD	Human resource management
HSE	Health, safety and environment
HTT	Heat Tolerance Testing
IDC	Industrial Development Corporation
IDP	Integrated Development Plan
ISO	International Organization for Standardization
JSE	Johannesburg Stock Exchange
KET	De Beers Key Employee Trust
KIDJA	Kimberley International Diamond and Jewellery Academy
KIDJA	Kimberley International Diamond and Jewellery Academy
METF	Minerals Education Trust Fund
Mining Charter	Broad-Based Black Socio-Economic Empowerment Charter for the South African Mining and Minerals Industry

MPA	Mining production assistant
MQA	Mining Qualifications Authority
MPRDA	Mineral and Petroleum Resources Development Act
Mtpa	Million tonnes per annum
NDP	National Development Plan
NPC	Non-profit company
PDG	People Development Governance
PGI	Platinum Guild International
PGMs	Anglo American Platinum Group Metals (PGMs)
PIT	Professional in Training
RBP	Royal Bafokeng Platinum
RFI	Request for Information
ROM	Run of mine
SDGs	United Nations' Sustainable
Development Goals	Socio-economic assessment toolbox
SEDA	Small Enterprise Development Agency
SIOC	Sishen Iron Ore Company
SLP	Social and Labour Plan
SMME	Small, medium and micro enterprise
STEM	Science, technology, engineering and mathematics
UHDMS	Ultra-high dense media separation
UN	United Nations
WPIC	World Platinum Investment Council

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