

EMPLOYEE REVIEW



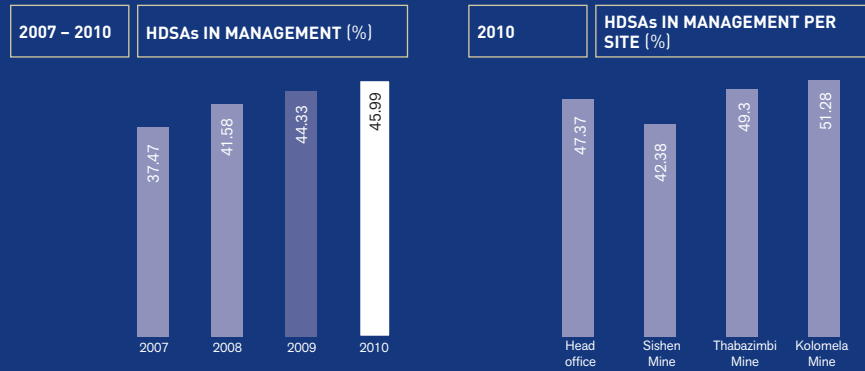
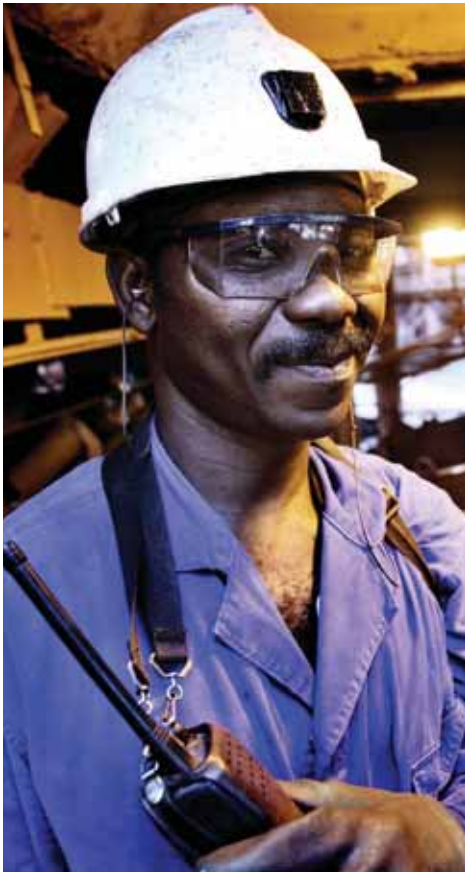
KUMBA'S VALUE OFFERING

Whilst competitive remuneration is part of Kumba's value offering, it is the complete offering that makes Kumba the best mining company to work for. The offering includes training, housing and medical benefits, and personal and professional growth prospects.

The engine responsible for the company's success, Kumba's employees are the heart of the company. As a consequence, Kumba does the following:

- Expends considerable effort in recruiting employees, including a focused drive to attract and recruit employees of colour
- Ensures that employees remain at the company by offering them competitive remuneration packages, a range of training and development opportunities
- Affords learners at secondary and tertiary education institutions the opportunity to complete their studies on Kumba's account thus providing Kumba with the best talent from a young age

These points are discussed in the following sections:



HOUSING

Following the approval of the company's housing strategy by the board, KPMG was commissioned to conduct a study on the current operating framework and propose recommendations on an effective model to execute the company housing strategy. The conversion of hostels at Sesheng (Kathu) is on track for final completion in 2014. Four hostel blocks were converted in 2010 according to plan. Six are planned for conversion in 2013 and four blocks for conversion by 2014. The company has established temporary housing to accommodate employees during the hostel conversion process. Kolomela Mine will start with a process to relocate employees temporarily residing in the Blinklip Hostel to shared houses, to enable the mine to accommodate one employee per room as per the requirements of the Mining Charter. There is a critical shortage of accommodation in Postmasburg and surrounding areas and Kumba is doing its utmost to find suitable temporary accommodation as well as to expedite the construction of 781 houses. At Thabazimbi Mine potential housing shortfalls are avoided via rentals. Renovations to 35 of the targeted 127 company owned Ipelegeng houses was completed in 2010. The remaining Ipelegeng houses will be renovated in 2011.

CAREER PLANNING

Individual development plans, based on a comprehensive skills audit, were compiled for all employees at Sishen Mine during 2010. The other operations are scheduled to roll out individual development plans during 2011 onwards. Kumba is one of the first commodity units within Anglo American plc where career planning is undertaken for all employees, irrespective of level or skill. During 2011 these plans will be discussed with individual employees.

TRAINING AND DEVELOPMENT

Kumba is the premier trainer of mining personnel in the country. Training spend for 2010 was R138 million or 6.8% of the total wage bill (2009: 5.3%; 2008: 6.0%). This amounts to R19 300 per permanent employee or R11 240 per employee if contractors are included. On average, each employee received 5.8 days (46 hours) of training during the year.

A wide range of training is provided catering for all employees from the executive level through to administrative and support positions. Of particular importance is the adult basic education and training (ABET) provided to employees. During 2010, 95 (42 at Sishen Mine and 53 and Thabazimbi Mine) employees were enrolled on Kumba's ABET programme – ahead of target. Portable skills training was provided to 175 employees during the year, against a target of 144.

As shown in the table below, Kumba supports a number of training programmes, whether at its own facilities or at other tertiary learning institutions. The support provided includes the following:

- Professionals in training (PIT): the name given to all of Kumba's graduate and diploma trainees participating in the PIT programme. The PIT programme ranges from 24 to 36 months depending on the professional's discipline and qualification. The programme is structured according to the requirements of different professional bodies such as the Engineering Council of South Africa (ECSA) to ensure that PIT training is relevant and discipline specific. Non-technical skills are also developed within the training period with a focus on report writing, personal development and management skills training.
- Learnerships: this is the name given to technical vocational training. During the year 143 students were declared as competent technical artisans. Of these 82% were trained on behalf of Kumba, and the remainder for neighbouring mines. During the year, there was a noticeable increase in the number of female learners, who represent 20% of the learnership pool.
- Bridging school: part of Kumba's social development initiative awards young talent with the opportunity to improve maths and science. A total of five students were sponsored for 2010.
- Bursaries: 55 students were funded through Kumba's bursary scheme for various degrees at tertiary institutions. 25% of the bursaries offered were to learners from labour sending areas near the mines.
- Community training and development: a number of short courses are offered at the Tshipi (Kathu) and Itereleng (Thabazimbi) training centres.

Training and development statistics (2010)

Key programme	Total	HDSA incl WF	Female	White male
Professionals in training (PITs)	45	33 (73%)	9 (20%)	12 (26%)
Bursars	70	55 (79%)	23 (33%)	15 (21%)
Engineering learnerships	356	273 (77%)	70 (20%)	83 (23%)
Other learnerships	126	118 (94%)	32 (25%)	8 (6%)
Bridging school	5	5 (100%)	1 (20%)	0 (0%)
Students receiving technical/commercial exposure	24	20 (83%)	15 (63%)	4 (17%)
Total	627	504 (80%)	152 (24%)	123 (20%)

KEY HR FIGURES

11 800

TOTAL EMPLOYEE COMPLEMENT

6 400

NUMBER OF PERMANENT EMPLOYEES

5 400

NUMBER OF CONTRACTORS

45.99%

HDSAs IN MANAGEMENT

31.75%

BLACKS IN MANAGEMENT

10.85%

WOMEN IN CORE MINING

15.30%

WOMEN EMPLOYED

0.80%

DISABLED EMPLOYEES

39

AVERAGE EMPLOYEE AGE

31

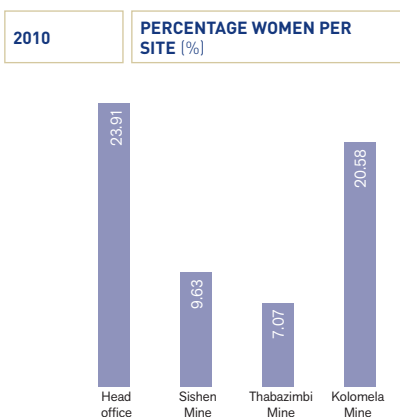
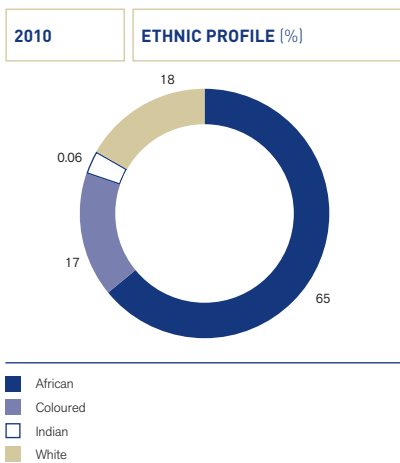
CASES REFERRED TO THE CCMA

460

DISCIPLINARY CASES

3.1%

LABOUR TURNOVER



EMPLOYEE ENGAGEMENT AND WELLBEING

During the year, Kumba's strategic game plan was explained to all employees, covering the four pillars of its strategy as well as the new Anglo American branding and the significance thereof. Kumba's integrated and holistic approach to human resources management necessitates that employees understand where the company is going. This was explained to employees at the corporate office as well as at the operations, such that employees at each operation understand the strategic focus areas globally, locally and at their specific operations. A key objective of the exercise is to allow each employee to understand their purpose and the difference they make to the company, irrespective of the position the employee occupies. Kumba also wants to increase the levels of engagement with employees and the effectiveness of engagement. To this end Kumba is monitoring the success of its engagement strategy with a range of bi-annual company-wide culture, climate and safety assessments.

Accompanying the rollout of the company strategy are questions posed to employees about their lives and the quality thereof. These questions are designed to get employees to examine their purpose in life, the meaning they derive from work and what they would like to change in their lives. This process assists with connecting employees with their working environment and increases the levels of engagement between employees and the company. Engaged employees are better employees. Related to this initiative is Kumba's focus on personal insight and emotional intelligence development. During the year, Kumba ran a number of workshops designed to develop the emotional intelligence of the total workforce.

In October 2010, Kumba signed an agreement with ICAS to provide a comprehensive employee wellbeing service to the company. ICAS will provide a range of advisory services including legal advice, financial advice, psychological advice, assistance with relocating and so forth. Monitoring of the service to date indicates that about 20% Kumba's employees are using the service compared to a market average of around 8%.

ATTRACT, RECRUIT AND RETAIN

The percentage of HDSAs in management increased to 45.99% during 2010 compared to 44.33% in 2009 and 41.63% in 2008 (the Mining Charter target is 40%). The percentage of HDSAs in management, excluding white women, at 31 December 2010, was 31.75%. Despite the steady year-on-year increase in the proportion of HDSAs in management, recruiting, appointing and retaining HDSA candidates remains a huge challenge.

Recruitment of HDSA candidates with experience remains a challenge, more so at the operations for a number of reasons, including the remoteness of the sites. Superimposed on this is the widespread unavailability of skills in South Africa, which leads to competition for candidates and contributes to employees changing jobs frequently.

Our drive to recruit women into mining disciplines (engineering, projects, and mining) is paying off. The percentage of women in mining disciplines increased to 10.85% compared with the 7.6% achieved in 2009 and 5.2% in 2008. Overall, women comprise 15.3% of all Kumba's employees (this includes women in support and administrative roles).

Overall, talent recruitment and retention is an issue irrespective of colour or gender.

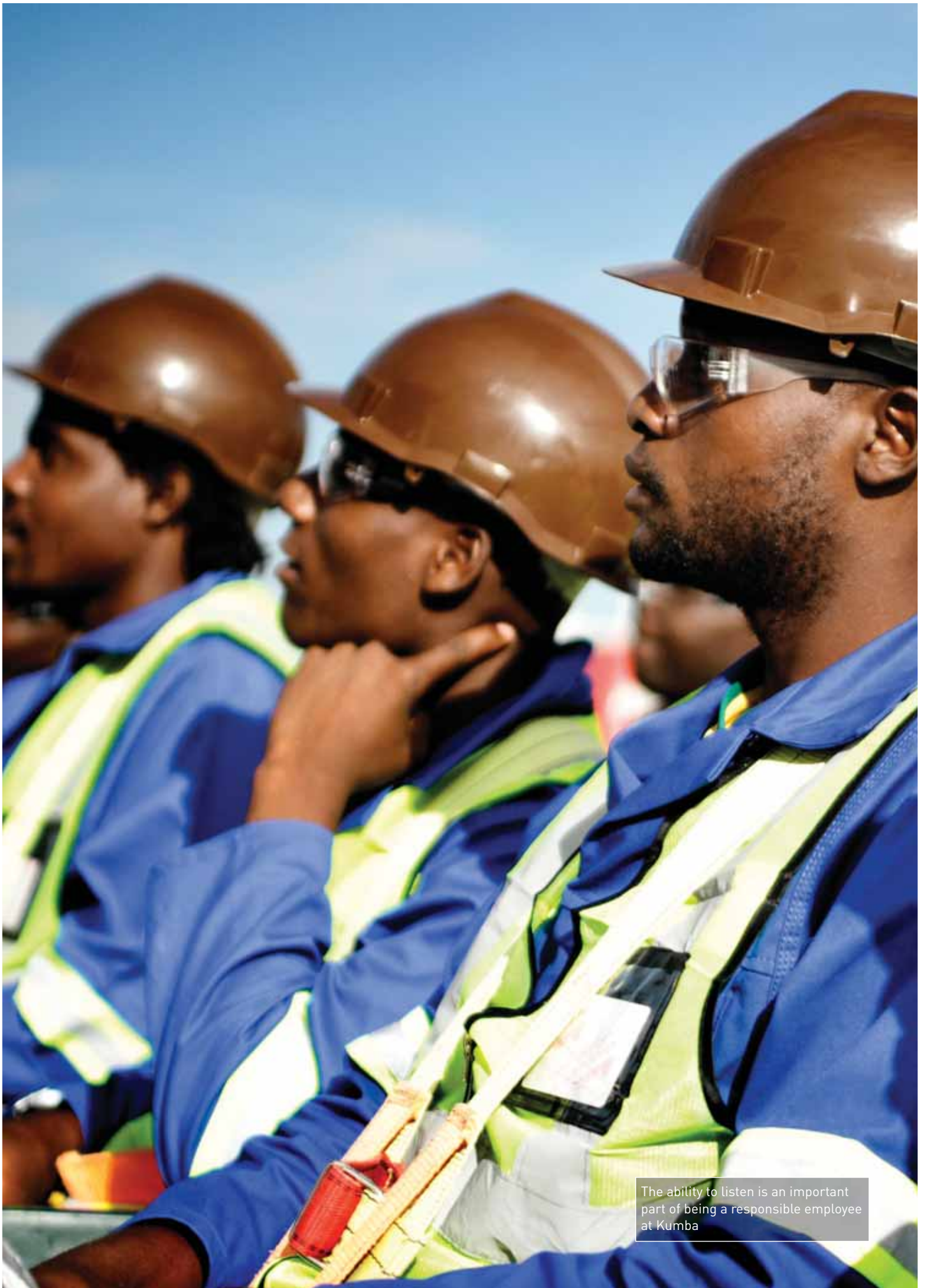
LABOUR RELATIONS

The key development from a labour relations point of view is the signing of a multi-year wage agreement with unions. The agreement is for the period 1 July 2010 to June 2012.

Union membership (2010)

Union membership at Kumba	Agency Shop	Build Allied Mining & Con	MWU Solidarity	National Union of Mineworkers	Total
Number of employees	307	434	866	2 825	4 440
Percentage	6.98%	9.84%	19.50%	63.67%	100.00%

There was no significant labour unrest during 2010 that resulted in production losses. In all instances of standstills, amicable solutions were found with no impact on production targets.



The ability to listen is an important part of being a responsible employee at Kumba