

KUMBA IRON ORE LIMITED

RESPONSIBILITY REPORT 2010

Delivering Real Excellence



Real Mining. Real People. Real Difference.

ABOUT THIS REPORT

This report, in line with the recommendations of the King Code of Governance Principles for South Africa 2009 (King III), is the first step on our journey towards developing a fully integrated report. It addresses and highlights Kumba Iron Ore Limited's (Kumba) performance in 2010 in terms of its well-developed business strategy and its performance against a comprehensive set of factors: financial as well as social, environmental, governance and other relevant business-impacting factors. Kumba has produced its Annual Financial Statements for 2010 and Responsibility Report for 2010 separately. By reading all three documents, the reader will gain a comprehensive understanding of Kumba's results across all aspects of the business.

EXPORT SALES VOLUMES

up **6%**
to 36.1 Mt



REVENUE

up **106%**
to R14.3bn

HIGHLIGHTS

- Dingleton relocation enters feasibility stage
- Comprehensive disease management programme in place
- Skills audit across the entire company completed
- Revised energy strategy and management programme adopted
- Total energy consumption increased
- Sishen Mine rehabilitation strategy approved by the Department of Mineral Resources (DMR)
- Significant effort directed at addressing historical contamination issue

VCT UPTAKE

5,570
(89%)



KEY NOTES



Read more

D R

Board of Directors' Annual Report 2010

F S

Annual Financial Statements 2010



MISSION

People making a difference in a company making a difference.

SOCIAL AND COMMUNITY DEVELOPMENT SPEND

R134m

ACCOMPLISHMENTS

- Winner of the National Business Awards for Environment, Sustainability and Governance
- Best Mining Company to Work For
- Top Performing Company of the Year
- Top Businessman of the Year – Chris Griffith, CEO
- Member of the JSE Socially Responsible Investment Index
- Excellent rating in Ernst & Young Excellence in Sustainability Reporting Awards (2009)



VISION

Kumba is a leading value-adding iron ore supplier to the global steel industry.

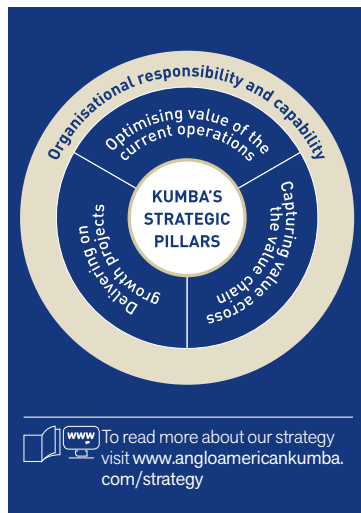
RESPONSIBILITY REPORT 2010

CONTENTS

4	Overview
8	Governance and management
12	Chief Executive Officer's statement
14	S&SD Committee chairman's perspective
16	Priority issues
18	Safety performance
20	Dingleton relocation
24	Dewatering and pollution
26	Food security
30	Safety review
32	Health review
34	Employee review
38	Economic review
44	Social and community development review
50	Environmental review
63	Assurance report
62	Compliance, certification and incidents
64	Mining Charter scorecard
65	Environmental scorecard
66	GRI index
IBC	Kumba Iron Ore administration



LTIFR increased
71%
to 0.12



FATALITIES DURING 2010

THREE

A COMPANY OF NATIONAL IMPORTANCE

Kumba, a member of the global Anglo American plc Group, is a leading value-adding supplier of seaborne iron ore. In 2010 Kumba exported over 36.1Mt of superior iron ore to customers in a range of geographical locations around the globe including China, Japan, Korea and a number of countries in Europe and the Middle East.



IRON ORE



WHERE WE OPERATE

○
CORPORATE OFFICE
Pretoria (South Africa)

MINES

- Sishen Mine
- Kolomela Mine
- Thabazimbi Mine

PORT OPERATIONS

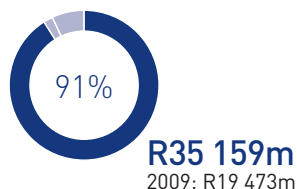
● Saldanha (South Africa)
● Qingdao (China)

Key factors

SISHEN MINE

- Annual production: 41.3Mt (2010)
- Life-of-mine: 20 years
- Ore reserves: 576.3Mt (proved)

Revenue contribution



Responsibility factors

- 4 215 employees and 4 217 contractors
- HIV/AIDS prevalence rate 5.8%
- Employment equity:
 - HDSAs in management: 42.4%
 - Women in core disciplines: 10%
- Social and community spend: R77.4 million

KOLOMELA MINE

- Waste material mined in 2010: 18.6Mt
- Full production in 2013: 9Mt per annum
- Life-of-mine: 28 years
- Ore reserves: 118.5Mt (proved)

Initial production: towards the end of the first half of 2012

- 830 employees (at full production)
- Employment equity:
 - HDSAs in management: 51.3%
 - Women in core disciplines: 19.5%
- Social and community spend: R36.4 million

NORTHERN CAPE PROVINCE PROFILE

The bulk of Kumba's iron ore production comes from Sishen Mine, which is located at the mining town of Kathu, in the Northern Cape province of South Africa. The Northern Cape is rich in minerals, with the country's major diamond pipes found in the Kimberley district. Sishen Mine is the biggest source of iron ore in South Africa, while the copper mine at Okiep is one of the oldest mines in the country. Copper is also mined at Springbok and Aggenys. Other minerals found in the province are asbestos, manganese, fluorspar, semi-precious stones and marble.

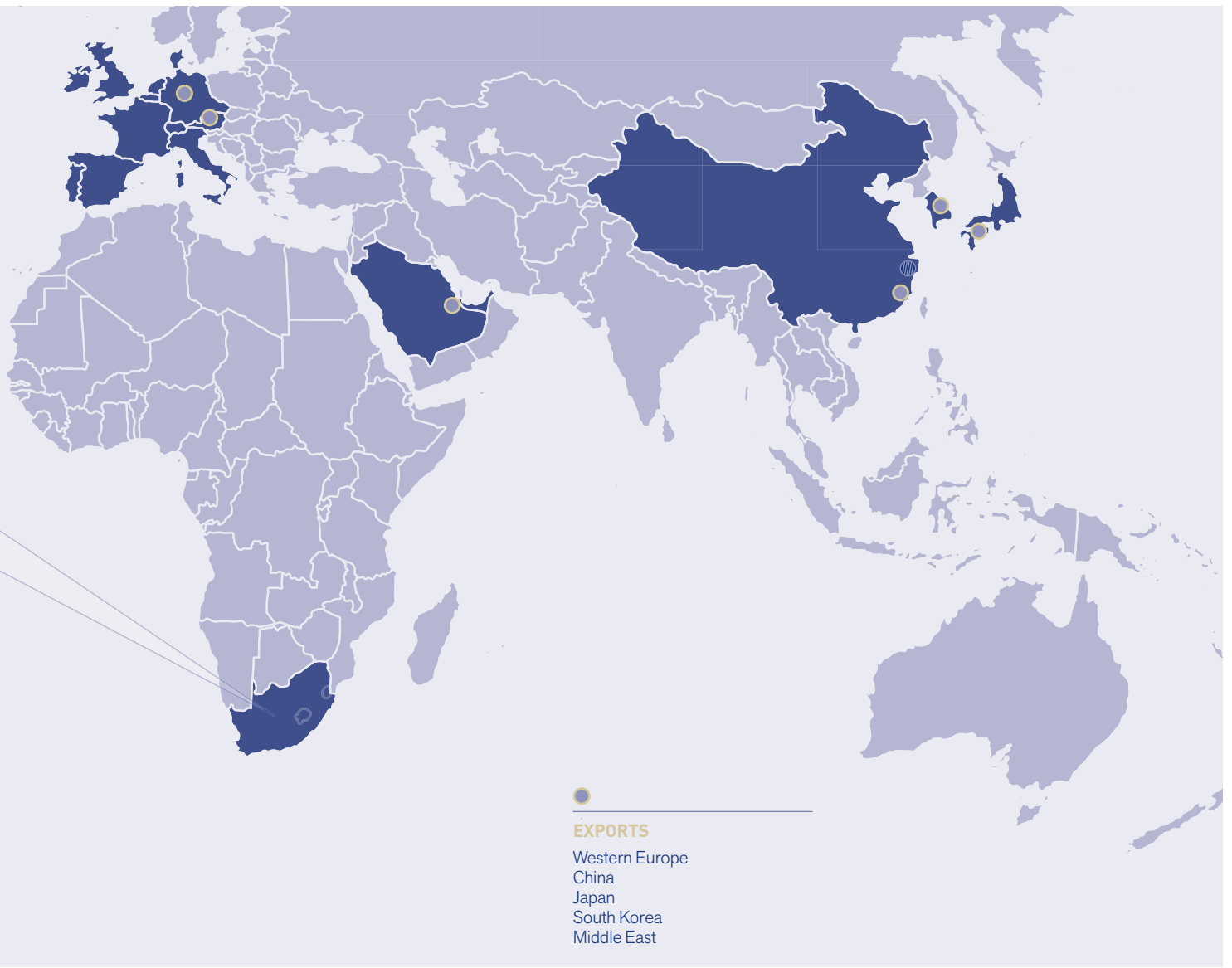
The province has fertile agricultural land and is experiencing growth in value-added activities such as game-farming. Food production and processing for the local and export market is also growing significantly with a focus on the beneficiation and export of sea products.

Key statistics

Largest province in South Africa (372 889km²)

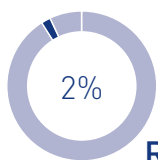
Capital:	Kimberley
Languages:	68% Afrikaans, 20.8% Setswana, 2.5% English
Population:	1.1 million
HIV/AIDS prevalence rate:	16.1%
Total labour force:	398 000
Employed:	308 000
Employed in mining sector:	15 000
Unemployment rate:	23%
Share of SA population:	2.3%
Share of total SA area:	30.5%
Population density:	3 people per square kilometre
Gross regional product:	R29.7 billion
Share of total SA GDP:	2.4%

Source: Stats SA



THABAZIMBI MINE

- Annual production: 2.0Mt (2010)
- Life-of-mine: 6 years
- Ore reserves: 9.0Mt (proved)



R666m
2009: R543m

- 806 employees
- HIV/AIDS prevalence rate: 13.8%
- Employment equity:
 - HDSAs in management: 49.3%
 - Women in core disciplines including the general manager: 7.4%
- Social and community spend: R10.4 million

LIMPOPO PROVINCE PROFILE

Thabazimbi Mine is near the town of Thabazimbi in the Limpopo province of South Africa. Limpopo, South Africa's northern most province, shares borders with Botswana to the west, Zimbabwe to the north and Mozambique to the east. Its rich mineral deposits include platinum group metals, iron ore, chromium, high- and middle-grade coking coal, diamonds, antimony, phosphate and copper, as well as mineral reserves like gold, emeralds, scheelite, magnetite, vermiculite, silicon and mica. Base commodities such as black granite, corundum and feldspar are also found. Mining contributes to over a fifth of the provincial economy. The province exports primary products and imports manufactured goods and services. It has a high potential for development, with resources such as tourism, rain-fed agriculture, minerals and abundant labour offering excellent investment opportunities.

Key statistics

The fifth largest province in South Africa (125 755km²)

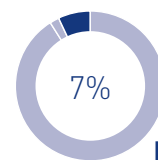
Capital:	Polokwane
Languages:	52.1% Sesotho, 22.4% Xitsonga, 15.9% Tshivenda
Population:	5.4 million
HIV/AIDS prevalence rate:	18.5%
Total labour force:	1 260 000
Employed:	880 000
Employed in mining sector:	45 000
Unemployment rate:	29.5%
Share of SA population:	10.8%
Share of total SA area:	10.3%
Population density:	43 people per square kilometre
Gross regional product:	R81.3 billion
Share of total SA GDP:	6.7%

Source: Stats SA



LOGISTICS AND SHIPPING

- Railed to port: 36.5Mt
- Volumes loaded at the Port of Saldanha: 36.7Mt
- Shipped on behalf of customers: 18.7Mt



R2 879m
2009: R3 392m

OVERVIEW

Kumba is one of the largest companies in terms of market capitalisation listed on the JSE, majority owned by Anglo American plc. Trusted by government and society with the extraction and preliminary processing of iron ore, Kumba takes this responsibility seriously. Its duties as a responsible miner span mitigating its environmental impact, making the workplace safe and enhancing the socio-economic benefits created through its work.

This report is one of three publications produced by Kumba representing an integrated overview of its performance for 2010. This publication deals explicitly with safety, occupational health, environment, economic value add, community development and human resources. It provides a comprehensive overview of performance in these areas as well as outlining the focus for 2011.

REPORT COVERAGE

The information contained in this report covers those operations which Kumba operates, as follows: Kolomela Mine, Sishen Mine, Thabazimbi Mine, and the corporate office in Centurion. Data presented in this report is for the period 1 January 2010 to 31 December 2010.

Safety data incorporates Kumba's contractors working at the aforementioned locations. Environmental incidents also include contractor actions. These are the only two areas where contractor performance is included in the report. We do discuss the supply chain and sustainable development initiative, which is currently focused on the empowerment status of our suppliers (page 42).

This report does not discuss corporate governance in detail other than for safety, environment and sustainable development; for a complete discussion on governance, please refer to the 2010 Board of Directors' Annual Report.

Guidance for reporting is sought from the GRI's G3 Guidelines, including aspects of the GRI Mining and Metals Sector Supplement (refer to the

GRI Index Table on page 66). In the forthcoming report (2011) Kumba will be disclosing performance in relation to the International Council on Mining and Metals' (ICMM) ten principles for sustainable development (<http://www.icmm.com/our-work/sustainable-development-framework>).

REPORT CONTENT

What we report is distilled using three overlapping processes:

1. Risk management
2. Stakeholder engagement
3. Material issues which surface during the course of business operation.

This report focuses on material issues where these are concerned with safety, occupational health, environment, economic value add, community development and human resources (see performance summaries at the end of this report). For financial, legal and mining specific issues please refer to the 2010 Board of Directors' Annual Report and the 2010 Annual Financial Statements. The issues we report on are those which can affect our growth, value creation opportunities, our reputation and our licence to operate.

This year, in addition to the regular matters we discuss, we have selected four issues which we believe require attention:

- Safety – the three fatalities warrant an upfront discussion on what we are doing to address safety concerns at Kumba.
- Dewatering and groundwater pollution at Sishen Mine – this has received media coverage and we would like to clarify the issue and explain what we are doing.
- Proposed relocation of the Dingleton community – this will involve the relocation of a large number of people from Dingleton to Kathu. As relocation is stressful for those moving and costly for those funding the exercise, it requires painstaking attention to detail.

- Food security – we could have chosen to disclose our efforts at addressing education or community health, but we have chosen a very topical issue and discuss our efforts to address food security concerns in areas surrounding our operations.

ASSURANCE

Certain predetermined management processes and data are assured by PricewaterhouseCoopers (PwC) (refer page 63). PwC's auditing process takes place in November comprising visits to all operations, interviews with selected personnel and the review of data and reports. PwC also endorses the level of compliance this report has with the GRI, in this case a C+ reporting level.

We acknowledge that not all of our systems, processes and resultant data are subject to this assurance process, but we intend refining the scope of the assurance process gradually. All recommendations provided through the assurance audit are reviewed and remedied according to defined action plans.

We recognise the transition towards integrated reporting in the sense of the King III Report on Corporate Governance and from 2011 will be adopting an integrated reporting process in the sense described in the King III Report. This will have an impact on our assurance process and we will, with PwC, discuss the matter and resolve an appropriate methodology. We will also be reviewing the process whereby criteria are identified for assurance.

PROVIDE US WITH FEEDBACK

Please email your comments to Anel Marais
Manager Social and Community Development
Email: 2010KumbaRespReport@kiold.com
Telephone: +27 (12) 683 7203



Kumba's support for agriculture is designed to address food security issues

SETTING THE HIGHEST STANDARDS FOR CORPORATE GOVERNANCE

GOVERNANCE

page 8

Kumba's high standards of corporate governance are applied to the leadership provided by the board in respect of safety and sustainable development, the focus of this report. The Safety and Sustainable Development Committee, the structure through which this guidance is provided, ensures that Kumba's strategies and performance are in line with company policy and meet the high standards the company subscribes to.

MANAGEMENT

page 10

The management of safety and sustainable development is implemented by focusing on the key risks facing the company. The management of risk is critical to Kumba's success and effective management thereof supports the delivery of Kumba's strategic safety and sustainable development objectives.



Kumba's intensive development
paves the way for the Northern
Cape's prosperity

GOVERNANCE AND MANAGEMENT

Key aspects of the governance and management of non-financial issues are discussed below.

GOVERNANCE

This year, for the first time, we include a review presented by the chairman of the Safety and Sustainable Development (S&SD) Committee of the board (refer to page 14). This committee, chaired by Dolly Mokgatle, an independent non-executive director, meets four times per year and comprises three members (Dolly Mokgatle, Allen Morgan and Peter Matlare) of the board. The CEO and executive head of S&SD attend by invitation but are not members of the committee.

The committee:

- sets the overall direction which Kumba takes with respect to safety and sustainable development
- oversees the development of policies and guidelines for safety and sustainable development issues
- reviews the policies and performance of the group
- monitors performance in relation to key indicators
- considers the implication of international regulatory and technical developments, and
- facilitates participation, cooperation and consultation on key issues.

The committee involvement in Kumba's public reporting process will increase over the next few years. Two key issues that the committee will be focusing on are PwC's audit recommendations, and discussing report content with the committee at an early stage in the reporting process.

For a discussion on corporate governance at Kumba, please refer to page 78 of the Board of Directors' Annual Report. In particular, our codes of conduct and approach to ethics,

corruption and bribery, and stance on donations to political parties, are discussed.

A number of structures have been constituted to manage sustainable development within Kumba, as follows (please refer to page 6 of the 2009 Sustainable Development Review for further information):

- Sustainable Development Steering Committee
- Environmental Steering Committee
- Transformation Steering Committee
- Safety and Health Steering Committee
- Water and Energy Steering Committee
- Gamagara Steering Committee
- Dingleton Resettlement Steering Committee and Working Group
- Operational forums.

Audit

Kumba produces a number of reports regarding its non-financial performance. These are submitted to the executive committee and the board. Internal controls such as audits and checks assist in assuring the accuracy of content. For example, during 2010, all mines benchmarked themselves against the Anglo Social Way.

Further assurance is provided by Anglo Business Assurance Services (ABAS), which is contracted to provide audit services to ensure that all headline risk actions and control measures are implemented and attended to. Kumba is routinely visited by ABAS.

On an annual basis, Kumba provides Anglo American plc with a letter of assurance concerning its performance on a range of sustainable development indicators.

For a full discussion of Kumba's internal audit function, please refer to page 84 of the Board of Directors' Annual Report.

Risk

Kumba's risk management processes are described on page 26 of the 2010 Board of Directors' Annual Report.

The following key risks are relevant:

Safety

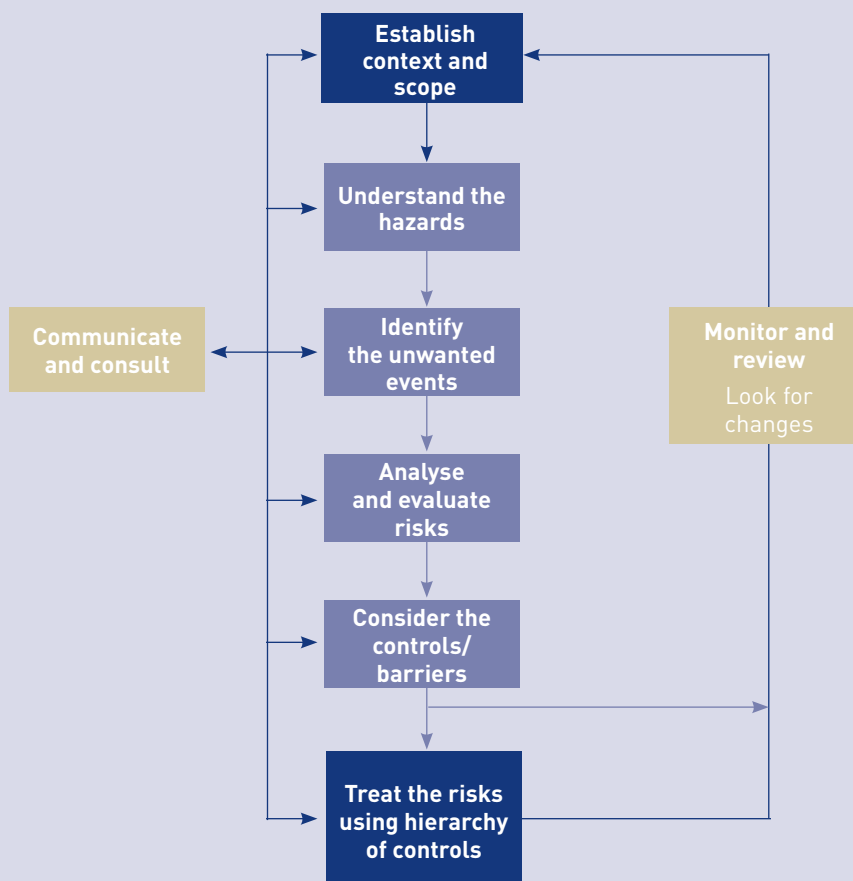
Kumba continues to pursue its vision of zero harm and is committed to promoting safety as a value. A significant growth in mining and production volumes and a consequent increase in employee and contractor numbers across the group increases the risk of injuries. Failure to adopt high levels of safety management could result in a number of negative outcomes; including harm to employees and communities that live near Kumba's mines, fines and penalties, reputation damage, poor morale, liability to employees and third parties for injury. As a result, Kumba has committed the required financial, technical and human resources to deliver on its intentions. Efforts to improve safety performance are defined and focus areas agreed periodically and the effectiveness of interventions reviewed continuously. Refer to pages 18 and 30 for further discussion.

Environment

Mining by its extractive nature has the potential to negatively impact on the environment. Mitigation measures are required for resultant negative impacts. Kumba as a responsible corporate citizen endeavours to minimise, mitigate, ameliorate and where possible reverse negative impacts arising from mining activities. Kumba's environmental impacts are associated with the following:

- Dust generated mainly from the movement of vehicles, transfer stations and blasting
- Hydrocarbon contamination from accidental spillages of oils or fuels

Kumba's risk management process



- Dewatering of groundwater which is required to keep the mine safe
- Utilisation of resources such as land, water and energy which are needed to sustain the business
- Non-mineral waste generation, domestic and hazardous waste
- Land uses on other farms reserved for future mining
- Biodiversity

All Kumba operations have integrated environmental management systems (EMS) based on the requirement of ISO 14001. The systems are spearheaded by a SHE Policy and supporting procedures. The EMS is aligned to the Anglo Environmental Way, Closure Toolbox and supporting guidelines. Annual Environmental

Plans are generated, implemented and reviewed. Refer to pages 24 and 50 for further discussion.

Social

Kumba's mining licences are contingent on it meeting the commitments outlined in its social and labour plans. These plans have a strong social development component and as such Kumba has developed comprehensive processes to enable its business units to effectively manage relationships with local communities and local government and actively fulfil its obligations (over and above the development work it does which is not part of the social and labour plans). Failure to implement these commitments is a breach of

licence conditions and reduces trust between stakeholders and the mines. In particular, and discussed on page 20, the proposed relocation of the Dingleton community requires considerable planning and commitment on the part of Kumba to enable the development of a mutually beneficial solution to issues arising from the community's proximity to Sishen Mine. Kumba is of the opinion that South African mining companies who demonstrate commitment to impoverished rural communities through direct or indirect support for poverty alleviation, education, health and so forth, will be guaranteed the right to mine in the future.

Employee recruitment and retention

Kumba relies on a skilled workforce. The inability to recruit, develop and retain appropriate skills in a labour market characterised by a skills deficit, is of particular concern to the company. Failure to retain skilled employees or to recruit new staff may lead to increased costs, interruptions to existing operations and delays in developing new projects. A number of strategies are implemented to mitigate the employee turnover risk, including attention to an appropriate suite of reward and benefit structures, retention allowances for key skills, a revised housing strategy for existing employees and ongoing refinement of Kumba as an attractive employee proposition. Refer to pages 34 to 37.

Occupational health

Occupational health risk to employees and contractors include noise-induced hearing loss (NIHL), occupational lung diseases and tuberculosis. HIV/AIDS is also a threat to economic growth and development. Exposure to noise and dust are the most significant occupational health risks facing Kumba. HIV/AIDS infections, potential avian or H1N1 flu outbreaks and failure to comply with evolving regulatory health standards and adopt high levels of health management, pose further health-related risks to Kumba. Mitigating these risks involves improved occupational hygiene practice through the allocation of sufficient resources (equipment, competent people, facilities and quality assurance systems), improved medical surveillance

programmes to enable differentiation between workplace noise-induced hearing loss, off-the-job noise-induced hearing loss and other medical factors resulting in hearing loss and implementation of a corporate hearing conservation programme standard. Kumba provides antiretroviral therapy to employees with HIV/AIDS and also undertakes education and awareness programmes to help prevent employees and their families becoming infected or spreading infection. Refer to pages 32 to 33.

MANAGEMENT

Strategic focus

Kumba's overarching sustainable development focus encompasses:

- Employee safety
- Occupational health
- Environmental management
- Social and community development.

Kumba's journey model, described in its 2008 sustainable development report and 2009 sustainable development review (http://www.angloamericankumba.com/sd_report.php), still guides the company's understanding of how it approaches sustainable development.

Kumba aspires to be proactive with regards to environmental management and social and community development, and resilient on safety management. Further discussion of each focus area is presented elsewhere in this report.

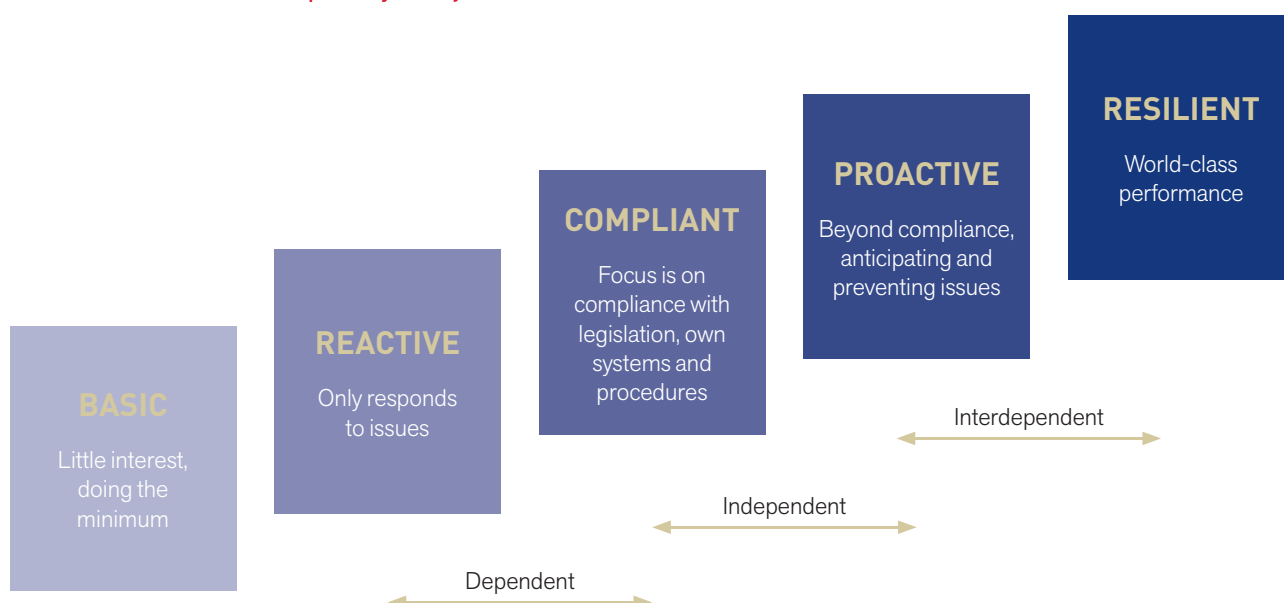
Policy environment

Kumba Iron Ore has a number of policies (available at http://www.angloamericankumba.com/sd_policies.php) which define its S&SD commitments in regards safety and sustainable development:

- Unfair Discrimination Policy
- Human Rights Policy
- Recruitment and Selection Policy
- Business Integrity Principles and Performance Standards
- Business Principles
- Environmental Management in Anglo American Policy
- Climate Change Policy
- The Anglo Environment Way and Performance Standards
- The Anglo Social Way
- Safety, Occupational Health and Environmental Management in Anglo American Policy
- Safety Way, Occupational Health Way and supporting standards and procedures.

Sustainable development is managed by various departments within Kumba. At corporate office, the human resources department, the S&SD department, the social and community development department and the communications and investor relations department are responsible for implementing Kumba's safety and sustainable development agenda. At the operations, similar units manage these aspects, each reporting directly to the general manager and functionally to corporate office departments.

Kumba's sustainable development journey model



The role of the corporate office with regards to sustainable development is to guide and inform management at mine level but also to serve as a link between the mines, shareholders, and stakeholders outside of the provinces where the mines are located. Furthermore, the corporate office is concerned with sharing best practice across the group, establishing common systems and reporting criteria, and for the auditing of performance at the mine level.

An important development at the end of 2010 was the appointment of a safety and sustainable development executive, Mr Alex Mgadzah. Mr Mgadzah is a member of the Kumba executive committee. He was Vice-President Sustainability and Community Affairs at BHP Billiton Energy Coal South Africa before joining Kumba. The appointment is indicative of the increasing importance Kumba places on safety, occupational health and the environment as well as aligning organisational structure with Anglo American requirements.

Another important appointment was that of Ms Anel Marais as the Manager: Social and Community Development, a new position at corporate office with overall responsibility for ensuring the commitments made in the mines' social and labour plans are delivered, as well as for rolling out the company's broader socio-economic development programme. Ms Marais was formerly the sustainable development manager at Sishen Mine.

Management systems and certification

Kumba applies the requirements of ISO 14001 and OHSAS 18001 standards in the development and maintenance of its safety, health and environmental management systems. Kumba ensures that certification to these systems is retained on an annual basis via external appraisal conducted by independent third parties. Corrective actions stemming from these reviews are implemented by the mines to ensure continual improvement. All mines are ISO 14001 certified; Kolomela is in the final stages of developing the EMS and will conduct an internal assessment audit in 2011 to determine and rectify any gaps. External certification is planned for 2012.

Compliance monitoring takes place on a regular basis and includes routine monitoring of potential impacts, independent legal compliance audits, engagement with regulators and engagement at different forums.

All mines have approved EMPRs as required by the DMR. During 2010 both Thabazimbi and Kolomela Mines received water-use licences.

Stakeholder engagement

Explicit reference to stakeholder engagement underscores the importance Kumba places on interacting with its stakeholders. Kumba uses engagement to convey news about the company, solicit views on the company, and as a process to resolve, plan and implement the many facets of sustainable

development. Stakeholder engagement is a critical tool which focuses company action, and clarifies the importance stakeholders place on issues.

Engagement includes regular interaction with stakeholders, with responsibilities for engagement shared across the company. Of course, our stakeholders include employees, with whom we interact through a range of media including the Kumba intranet, publications such as InSite, OnSite, ForeSite, Thaba Junction and Line of Site, CEO and General Manager's briefings, posters, flyers and through various forums at the corporate office and at the mines.

Issues of concern to stakeholders

Key issue	Stakeholder	Reference
Mining rights	Various – media, investors, regulators	Board of Directors' Annual Report page 5 and 11
Iron ore supply to AMSA	Various – media, investors, regulators	Board of Directors' Annual Report page 11
Safety	Employees, regulator	Pages 18, 30
Dewatering and groundwater pollution	Media, farmers, regulator	Page 24
Dingleton relocation	Affected people, Northern Cape government, Gamagara local municipality	Page 20
Recruitment at Kolomela	Tsantsabane local municipality	Page 34 to 37

DELIVERING REAL VALUE TO ALL OUR STAKEHOLDERS



Kumba's excellent operational and financial performance results (headline earnings up 106%) are two excellent reasons to be extremely proud of the company and its employees.

CHRIS GRIFFITH

Chief Executive Officer



Kumba's excellent operational and financial performance results (headline earnings up 106%) are two excellent reasons to be extremely proud of the company and its employees.

SAFETY

On the downside, however, this performance was marred by our disappointing safety record for the year and the significant challenges we face regarding the residual 21.4% of the mining rights of Sishen Mine.

Safety continues to be a priority throughout our group. However, regrettably, we reported three fatalities at our operations in 2010, two of which were caused by highly unusual tyre explosions. Our colleagues that lost their lives were: Mr Moses Machacha of Kolomela Mine and Mr Fanie Ramalapi of Sishen Mine, whose deaths were the result of tyre explosions and Mr Koos Mashango who was fatally injured when the haul truck he was driving went over a berm wall at Thabazimbi Mine.

We once again extend our deepest sympathies to the families of these colleagues and those who were affected by their deaths.

We also did not achieve our lost-time injury frequency rate (LTIFR) target for the year, which increased from 0.07 in 2009 to 0.12 in 2010. This setback on an otherwise exemplary performance was particularly disappointing in light of our ongoing aim of achieving zero harm throughout the group and the 42% reduction in LTIFR we achieved in 2009.

Kumba has invested significant effort in preventing any recurrence of the unusual events which caused two of these fatalities. These lapses in our safety performance are not as a result of any complacency on our part, or a loss of focus on safety. Since 2003 we have achieved a 75% reduction in our LTIFR and over the past year we have invested over R132 million at Sishen Mine alone in engineered solutions to improve safety and the implementation of the fatal risk standards that will improve safety on our mines.

EMPLOYEES

We are mindful of the requirements of the new Mining Charter regarding HDSA representation, and will be focusing our efforts to ensure that we meet all revised

targets. Currently, we exceed the charter targets of 40% HDSA in management and are very proud of the number of women we employ in core disciplines, which increased to 10.85% of the workforce in 2010 (women account for 15.3% of the employee complement). This year we spent R138 million or 6.8% of the salary bill, on employee training and development (excluding the mandatory skills development levy).

We recorded only one case of noise-induced hearing loss, an excellent reflection of our efforts to reduce the ambient noise levels in the workplace as well as our efforts to detect cases early on. Similarly, we continue our efforts to combat the spread of HIV, and to offer those employees who are HIV positive excellent treatment and support.

Dividends amounting to R162.9 million were paid to more than 5 000 employees participating in the Envision scheme (or on average R32 600 per employee).

Among the many indicators I consult to measure employee satisfaction, I am particularly proud of Kumba's low rate of turnover (3.1%) and the company winning the Best Company to Work For in the mining category.

SOCIAL AND COMMUNITY DEVELOPMENT

During 2010 we spent R134 million on implementing our social and community development projects, including our social and labour plan commitments. Our efforts are designed to have an impact and we continue to focus on education, health, poverty alleviation and improving much needed infrastructure in the areas where we work. Underpinning this spend is a coherent strategy informed by research and implemented by dedicated expertise.

The Sishen Iron Ore Company (SIOC) Community Development Trust fully paid for its funding of R458 million, five years ahead of the forecasted period and is now the unencumbered owner of 3% of SIOC. Dividends flowing from this share will be used to further socio-economic development in the areas where Kumba's employees originate.

Our efforts in creating small and medium enterprises are paying dividends. To date we have facilitated the establishment of 37 new businesses, which created 360 permanent jobs, generating R29 million in turnover during 2010.

ENVIRONMENTAL MANAGEMENT

At Kumba, we are committed to minimising the environmental impacts of our operations throughout their lives. Our commitment was recognised when Kumba received an AANBA Environmental, Social, Governance (ESG) award. This award recognised the company's adherence to environmental social and corporate governance policies, its active involvement in promoting ESG policies and the example it sets for other corporations in South Africa to follow.

We systematically seek ways in which Kumba can lessen its environmental impact. Reducing the amount of energy and water we use per tonne of iron ore produced is of key importance in addressing the conservation of natural

resources. During 2010, we continued to engage with the farmers in the vicinity of our operations who are affected by our dewatering programmes. We continue to extract significantly less water than our water-use licence allowance and use less than 50% of the amount we extract, delivering all our excess water to the surrounding communities and the farmers who have been impacted by our dewatering and with whom we have agreements.

Hydrocarbon (primarily diesel) contamination of groundwater and soil is a key concern for Kumba. The challenges we face in this area are due to historical spillages and current operational activities.

Current contamination involves soil pollution, which takes place during the refuelling, washing and servicing of mine vehicles and haul trucks. We have established special facilities for these activities. Previously, contaminated soil was disposed of at an authorised disposal site. As this is not the best environmental option we researched other solutions and having established that bioremediation was the most effective technology, we are applying it at all our sites.

The clean-up of the legacy groundwater contamination at Sishen Mine is due to be completed in March 2011 and we expand further on the ongoing initiatives in place to contain this issue on page 24 of this report. Cut-off trenches have been constructed and natural bacteria have been used to break down the contaminants. As we extract the contaminated water it is transferred to oil water settling ponds where it is treated further. Once the water is free of contaminants it is reused.

WORD OF THANKS

I again thank Kumba's employees for the tremendous effort they made during the year to make Kumba an extremely successful company. Again, my thoughts are with the families of the three men who died.

I am looking forward to another successful year on all fronts, and certainly to an incident free 2011.



Chris Griffith
Chief Executive Officer

DELIVERING ON OUR COMMITMENTS FOR THE LONG TERM

I am satisfied with our efforts during the year, particularly those concerning the resolution of the dewatering and groundwater pollution issues at Sishen Mine.

DOLLY MOKGATLE
Chairman, S&SD Committee



This, my first communication to Kumba's public stakeholders, is intended to give the reader some perspective regarding the role that the Safety and Sustainable Development Committee plays in governing and providing strategic direction to the company in relation to safety and sustainable development.

The committee, comprising three independent non-executive directors, meets three to four times per annum. In addition to the committee members, the CEO, the executive head of S&SD and the executive head of human resources attend committee meetings. At the meetings, a number of Kumba departments are represented including public affairs, human resources, social and community development, the environment, health and safety. Others may attend as required. The committee meets to discuss Kumba's performance and discusses strategies and plans to meet targets and exceed compliance.

I am satisfied with our efforts during the year, particularly those concerning the resolution of the dewatering and groundwater pollution issues at Sishen Mine. I am pleased with the appointment of Alex Mgodzah as executive head of

S&SD. This appointment underscores our commitment to safety and sustainable development. Mr Mgodzah will coordinate the work of the committee to ensure its efficient running.

We are saddened by the death of the three employees in the company. Our sympathies are with the families for their loss. I am concerned at the loss of life and will be overseeing at a board level a concerted effort to bring about the company's zero harm objective.

The committee now has before it a number of proposals to increase the degree to which it participates in reviewing Kumba's reporting process and the end products. This is considered important because it will ensure a greater degree of continuity between what is discussed at the S&SD Committee meetings, what is being implemented by the company and what is then communicated to external stakeholders. This is especially important given the new integrated reporting requirements as discussed in the King III Report on Corporate Governance.

The committee is considering the role it should play in ensuring that Kumba's future integrated reports convey the extent to which safety and sustainable

development are reflected as company strategic priorities, and how the successful management of these contribute to making Kumba a successful company. In order to fulfil its role, the committee will be considering the reports submitted by ABAS and PwC as these pertain to safety and sustainable development.

I endorse the increased role the S&SD Committee will play in Kumba's reporting process. The committee is mindful of the importance that responsible companies like Kumba play in the development of South Africa through the leadership positions they uphold, their socio-economic development spend and the employment and training opportunities they afford thousands of South Africans.

Finally, I am grateful for the efforts and dedication of Kumba's employees and my fellow committee members. I also thank the board for its support and look forward to reporting back to Kumba's stakeholders in the next report.

A handwritten signature in black ink, appearing to read 'Dolly Mokgatle'.

Dolly Mokgatle
Chairman, S&SD Committee



Members of the surveying team at Sishen Mine

FOCUSING ON REAL ISSUES

SOUND RISK MANAGEMENT

PRIORITY ISSUE 1: SAFETY PERFORMANCE

page 18

Safety is Kumba's primary objective, specifically its vision of a zero harm working environment. This section discusses Kumba's safety record for 2010 focusing on fatalities and lost-time injury frequency rate.

PRIORITY ISSUE 2: DINGLETON RELOCATION

page 20

The proposed relocation of the Dingleton community due to the south-westerly expansion of the Sishen Mine pit is a complicated process which affects the lives of a number of people and for which Kumba takes considerable responsibility. The process has entered the feasibility phase.

PRIORITY ISSUE 3: DEWATERING AND POLLUTION

page 24

Kumba is addressing historical contamination of soil and groundwater by implementing a range of measures including bioremediation and water treatment. Its efforts to address the impacts on local stakeholders of dewatering the Sishen Mine pit are also discussed.

PRIORITY ISSUE 4: FOOD SECURITY

page 26

Kumba's social and community development programme is involved in supporting projects that look to address issues of food security in areas where the company operates. Its involvement is in multi-partner projects where impoverished rural communities are seeking to better their lot.



A large shovel at Sishen Mine – Kumba works with big equipment, addresses serious issues and plays a significant role in the economy

SPEND ON SAFETY TECHNOLOGY

R8 million

CAMERA SYSTEMS

R42.5 million

GPS SYSTEMS

R5 million

RADAR SYSTEMS

R1.6 million

BUMPERS

R28 million

FIRE SUPPRESSION

R1 million

EQUIPMENT VISIBILITY

R13 million

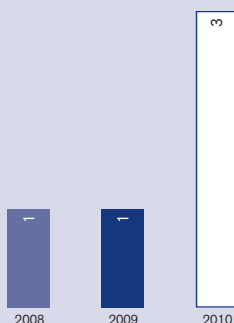
EQUIPMENT ACCESSIBILITY

R55 million

LIGHT VEHICLES

2008 – 2010

FATALITIES (number)



PRIORITY ISSUE 1: SAFETY PERFORMANCE

INTRODUCTION

A review of Kumba's safety performance over the years reveals a steady improvement in performance with a limited number of fatalities. However, performance in 2010 went against this trend: we had three fatalities and our LTIFR increased. This has led to a deterioration in our performance.

In the following sections, we examine the fatalities, the increase in LTIFR and discuss our safety focus for 2011 and beyond. Further information is provided in the safety and health reviews on pages 30 and 32 of this report.

FATALITIES

Pyrolysis

Two of the fatalities at Kumba were caused by the explosion of haul truck tyres. The cause of the explosions was pyrolysis defined as "a thermochemical decomposition of organic material at elevated temperatures in the absence of oxygen. Pyrolysis typically occurs under pressure and at operating temperatures above 430 °C". According to the Queensland (Australia) Mines Inspectorate, Safety and Health Safety Bulletin (No. 47 of 2004) "tyres on trucks, cranes and other heavy vehicles may catch fire under a range of circumstances, with the obvious potential for the tyres to then explode.

Enormous amounts of energy can be released by a tyre explosion, often leading to significant equipment damage, serious injuries or fatalities. Pyrolysis related explosions are unpredictable, and have occurred immediately or up to 24 hours after initiation. An explosion can occur where no fire is visible and the danger area can be up to 300 metres from the tyre."

At Sishen Mine the pyrolysis was caused by the vehicle being driven with a flat tyre which generated heat in the tyre. At Kolomela Mine, the haul truck collided with an overhead power line. In both instances, a massive amount of energy built up in the tyres. The deaths resulting

from the explosions occurred much later while the affected tyres were being repaired and inflated. The pyrolysis was not detected and therefore no danger signs were evident.

Kumba has thoroughly investigated the incidents and is putting measures in place to prevent the recurrence of such incidents. Controlling tyre operating temperature, through correct tyre selection and maintaining the operational pressure below design pressure, and removing tyre damaging conditions will reduce the likelihood of pyrolysis. Sound preventative equipment maintenance, and the removal, rerouting or guarding of any electrical high voltage sources will reduce the likelihood of electrical contact with fixed sources and subsequent potential pyrolysis type fire events. Nitrogen inflation may reduce the likelihood of pyrolysis. Kumba will be piloting tyre temperature and pressure monitoring devices. In addition, the mapping and detection of overhead powerlines through collision avoidance technology is being explored to prevent undesirable contact.

Fatality at Thabazimbi Mine

Regrettably, Mr Koos Mashango was fatally injured when the haul truck he was driving went over a berm wall while tipping waste material at the mine. The investigation revealed that the truck approached the berm wall at an oblique angle instead of perpendicularly as required. Retraining of drivers and supervisors, as well as reinforcement of standards has already taken place. This was Thabazimbi Mine's first fatality in eight years.

LOST-TIME INJURY FREQUENCY RATE

Unfortunately, during 2010 the trend of improving our LTIFR reversed – missing our target of 0.06 and achieving 0.12. Our 2010 TRCFR* is 1.24 (2009: 1.23). The LTIFR, calculated per 200 000 man-hours worked, is as a result of 21 lost-time injuries, 15 of which occurred at Sishen Mine, five at Thabazimbi Mine

and one at Kolomela. A comprehensive summary of our performance is shown in the following graphics.

We attribute the reason for the increase in the rate to an influx of contractors working on the waste stripping at Sishen Mine. This fact has lead us to refocus our efforts during 2011 in ensuring alignment of contractor safety management systems and practices with our own. While this may not be foolproof, it will certainly give us much more comfort knowing that our systems are being used rather than systems which we know little about and over which we have limited control.

We have derived some comfort from a number of LTI-free runs during the year as follows:

- Sishen Mine: > 3.3 million LTI-free man-hours.
- Sishen South Project: 8.6 million LTI-free man-hours.
- Kolomela Mine: 1 calendar year LTI-free.
- Thabazimbi Mine was fatality-free for eight years until 4 Nov 2010.

SAFETY FOCUS AREAS

Kumba has four safety focus areas for 2011:

- Fatality prevention and principle hazard management
- Leadership and engagement
- Contractor management
- Learning from incidents and best practice adoption.

The bedrock of safety management in Kumba is the Anglo Fatal Risk Standards (<http://www.angloamerican.com/aal/development/approach-and-policies/policies-standards-commitments/safety-and-health/>). The standards are designed to address high-level hazards and to eliminate or minimise the risk of fatalities and injuries. They have been developed by examining industry best practice and by utilising the experience of fatal incidents. They establish the minimum performance requirements for managing the identified fatal risks.

Kumba has spent significant amounts of money on implementing and installing technological solutions for safety management. We believe that this money is well spent.

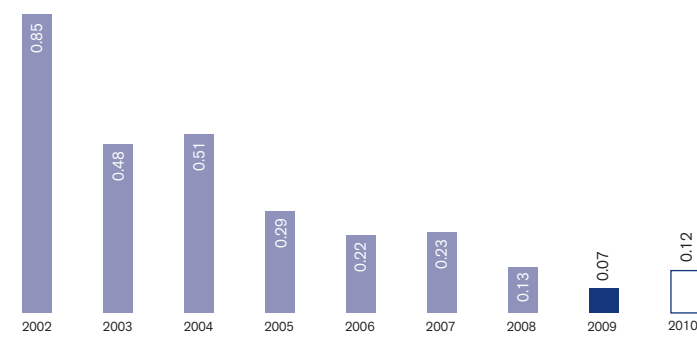
HIGH POTENTIAL INCIDENTS

We measure high potential incidents (HPIs) – which have the potential to result in a fatality but which do not – in order to learn from these such that

eliminating these incidents will reduce the occurrence of fatalities. During 2010 we recorded 56 HPIs at all operations, and mostly due to moving machinery.

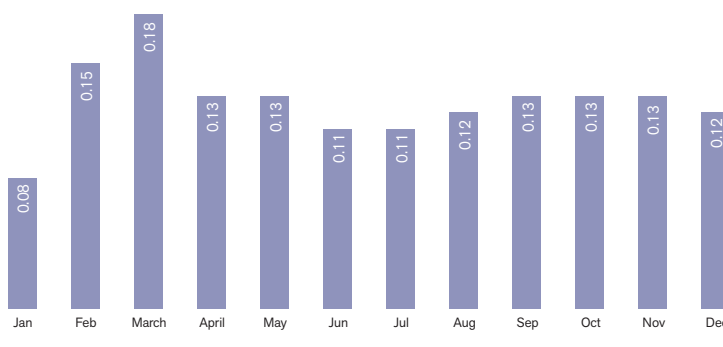
2002 – 2010

LOST-TIME INJURY FREQUENCY RATE



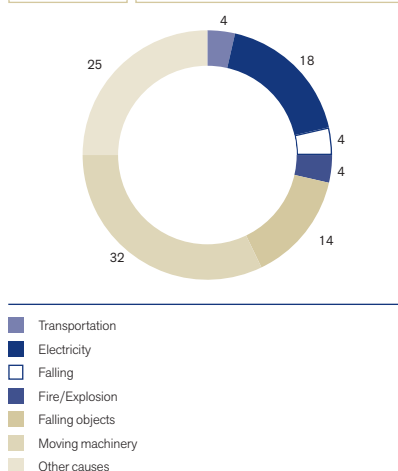
2010

MONTHLY LOST-TIME INJURY FREQUENCY RATE



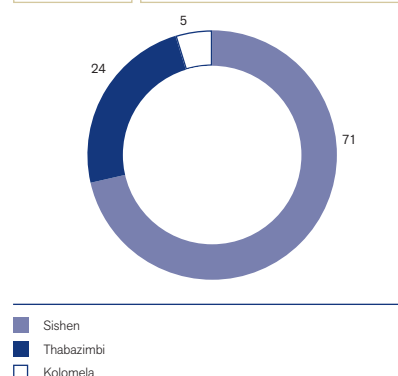
2010

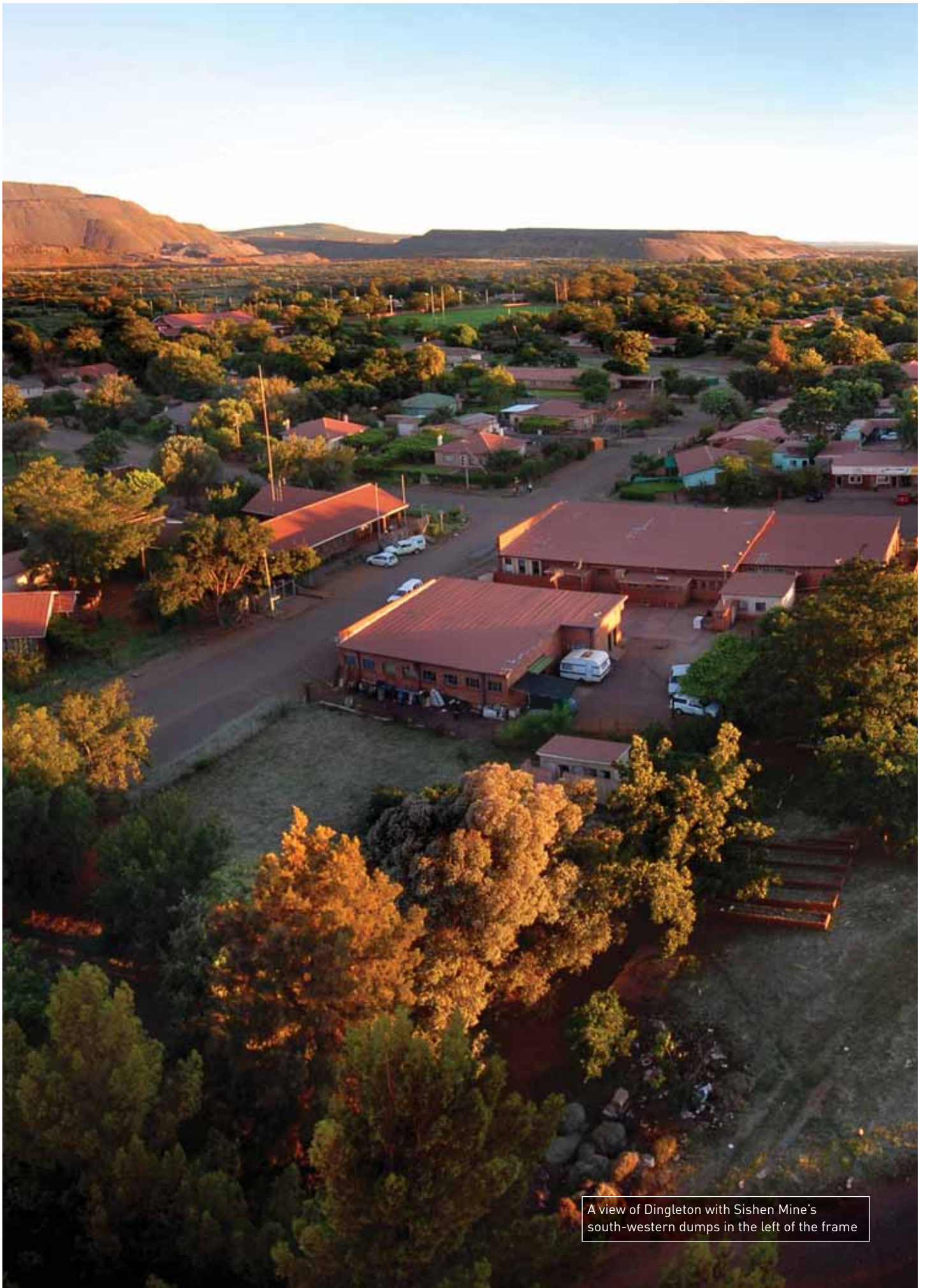
HPIs (%)



2010

LTIs PER SITE (%)





A view of Dingleton with Sishen Mine's south-western dumps in the left of the frame

PRIORITY ISSUE 2:

DINGLETON RELOCATION

OVERVIEW

Kumba's medium-term goal is to increase the iron ore production from its Northern Cape operations to 50Mtpa by 2013. This will be accomplished by the output from Sishen Mine's jig plant (production of 13Mt reached in 2010) and when Kolomela Mine starts production in 2012, ramping up to 9Mtpa in 2013.

At Sishen Mine, this level of production will result in increased mining activity especially in the southern and western areas of the current open-pit. The pit boundary represents the limit beyond which no further mining can occur. Legislation stipulates that no human settlement is allowed within 500m of an open-pit boundary.

The township of Dingleton was constructed in the 1950s by the state-owned mining company Iscor to accommodate Sishen Mine personnel. The houses were sold to individuals in the early 1980s. Currently 80% of the freehold properties are not owned by Kumba.

Mining activities close to the town of Dingleton led to complaints from residents. This discontent raised an unofficially sanctioned expectation that the residents would be relocated. Town infrastructure is old and in disrepair.

During 2007, in response to requests from the Dingleton community, the boards of Sishen Iron Ore Company (SIOC) and Kumba agreed in principle to investigate the feasibility of relocating Dingleton residents and the associated town infrastructure.

The respective boards made it clear that the relocation would only proceed if three key requirements are met.

1. The overwhelming majority of Dingleton residents must be in favour of moving (this has been established – refer to last year's Sustainable Development Review).
2. Local, district and provincial governments must approve the conditions for the resettlement project.

3. Kumba must be convinced that the resettlement project is feasible and complies with best practice for the resettlement of communities.

GO AHEAD, OR NOT

At the prefeasibility stage, Kumba and its partners sought to investigate two options:

- **Option 1:** No resettlement option includes the upgrading of the Dingleton infrastructure and health and safety improvement initiatives.
- **Option 2:** Full resettlement requiring the construction of a new village and associated infrastructure. This option allows for demolishing of the town and the removal of all infrastructure.

A project process was decided upon using the International Finance Corporation guidelines as a basis. At the time of writing, the project is entering the feasibility phase.

During the prefeasibility stage, it was necessary to establish the degree to which the residents of Dingleton would be prepared to resettle, the conditions under which resettlement would appear to be feasible and the costs associated with the resettlement. All the pre-feasibility study requirements have been

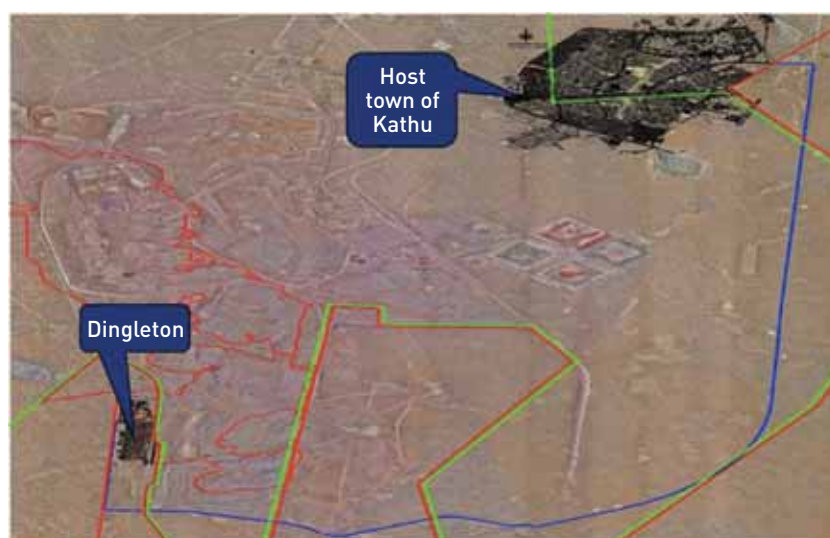
completed, including: social impact baseline assessment, baseline asset inventory survey, environmental impact assessment and an economic impact assessment. These will inform the final Resettlement Action Plan (RAP).

The feasibility phase, which began during the year, will see the RAP finalised and approved. Simultaneously the houses and other structures will be designed and cost estimates will be updated to the required accuracy levels. Final tenders will also be obtained for demolishing the old houses and infrastructure, for the erection of the new houses and other buildings and for moving the households of Dingleton to the new residences.

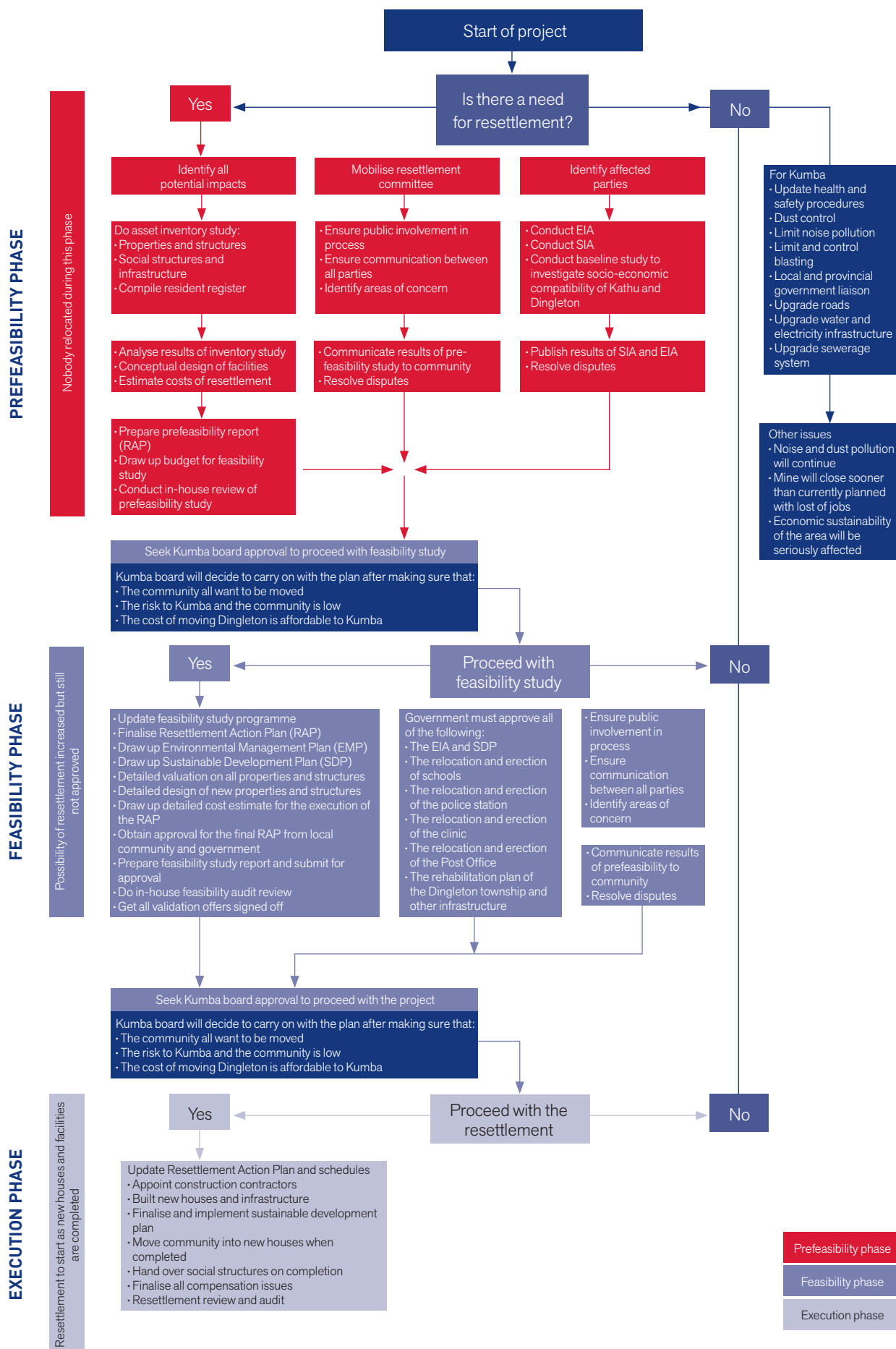
The Dingleton relocation will also be incorporated into the mine's Environmental Management Plan (EMP) and Social Development Plan (SDP).

During the execution phase, the RAP will be updated and the final compensation of all affected persons resolved. The new houses and social structures will be erected and the community will be moved as soon as these structures are ready. The sustainable development plan will be finalised and implemented. The town of Dingleton together with all related infrastructure will be demolished and the area cleared of all rubble.

Dingleton locality map



Dingleton resettlement working group action plan



This plan was agreed upon by the DRWG and Kumba and also by the Northern Cape Government Joint Steering Committee. It was communicated to the community of Dingleton and accepted.

PROJECT OVERSIGHT COMMITTEES

Resettlement Working Group

The Resettlement Working Group (RWG) is the primary consultative forum comprising the residents of Dingleton, the Kumba project team and representatives from local and provincial government. Its purpose is to investigate the feasibility of the resettlement and to produce a resettlement action plan. It is required to provide advice to both Kumba and the Northern Cape government.

All primary stakeholders are represented on the RWG. The RWG is constituted as an advisory panel and its recommendations are not necessarily binding, however, recommendations of the RWG are duly recorded and become a matter of public record.

The RWG consists of:

- Six members from Dingleton (three men and three women)
- At least four members from the municipality (including two ward councillors and a technical manager)
- Three members from provincial government
- Two members from Kumba
- The appointed consultants in an advisory capacity.

Joint Steering Committee

The government, at both municipal and provincial level, has three main responsibilities. The first is that of oversight; the second is to provide access to technical support where available and the third is to facilitate the process.

The committee was formed from representatives of local, district and provincial governments as well as representatives from the RWG and Kumba Iron Ore.

Independent monitoring and evaluation specialist

As part of this process Kumba appointed an independent consulting firm to provide monitoring and advisory support to Kumba's Resettlement Management Committee. The consultant's opinion is that the Resettlement Working Group's governance during the prefeasibility phase was successful and satisfies the principles of free, prior and informed consent.

Resettlement project team

The composition of the project team varies from stage to stage of the process. During the implementation or execution phase, it will comprise those responsible for constructing infrastructure.

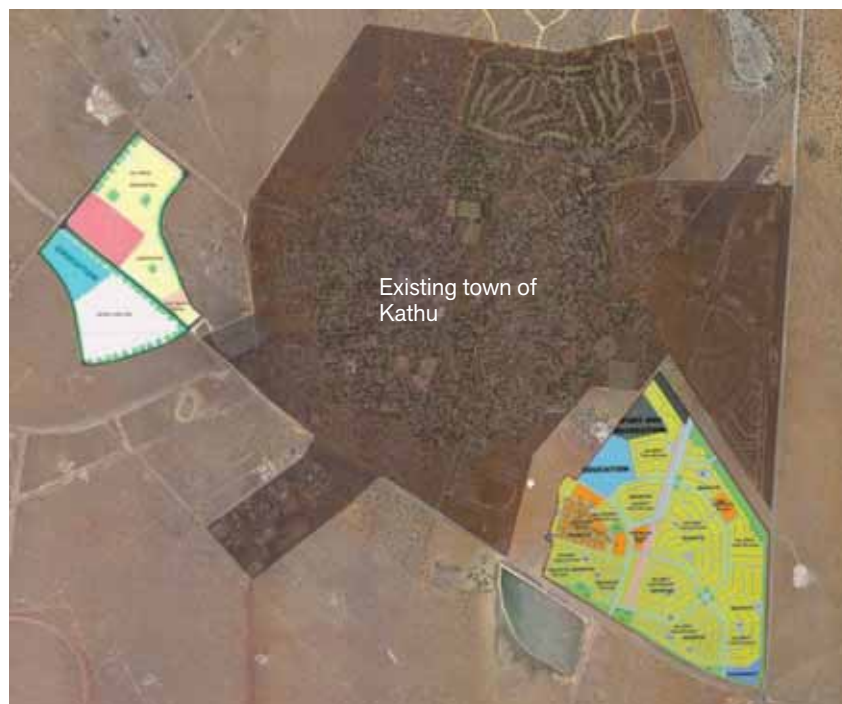
PROPOSED NEW SETTLEMENT SITES

Two new sites have been identified for resettlement. Both are in the town of Kathu. The preferred site (1 on the photograph) is to the south east of Kathu, alongside the Postmasburg – Kuruman road. Dingleton residents subsequently voted for a preferred site; the majority indicated a preference for site 1.

CURRENT WORK

Kumba is busy with the appointment of a number of consultants to assist with the compilation of the scope of the technical work for the relocation: town planner, architect, surveyor, electrical engineer, civil engineer and demolition contractors. In addition, financial and legal advisors to assist residents with decision-making are in the process of being appointed.

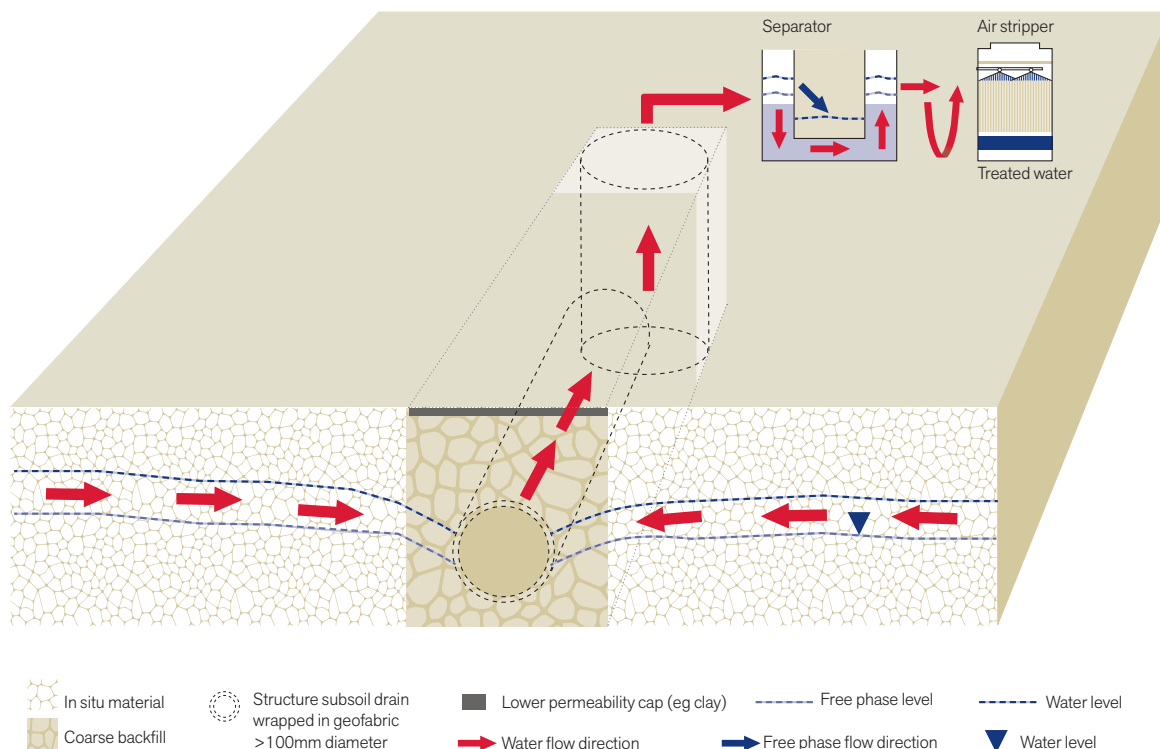
Dingleton – proposed new settlement sites



PRIORITY ISSUE 3:

DEWATERING AND POLLUTION

Schematic showing the groundwater treatment process



WHAT ARE THE ISSUES?

There are three concerns we want to address in this section:

1. Dewatering at Sishen Mine, its impact on local farmers, the studies commissioned to clarify the issue and the support we provide to affected farmers.
2. Historical contamination of soil and groundwater at Sishen Mine.
3. Dewatering and groundwater pollution.

DEWATERING

Mining and dewatering go hand in hand. The mine's environmental management plan and water-use licence cater for and allow for dewatering. The dewatering activities result in a cone of depression around the dewatering wells and thus a lowering of the water levels in the immediate area. This impacts negatively on some landowners within the cone of depression as water levels in boreholes drop such that farmers are not able to cultivate and water their livestock. Some

of the farmers around Sishen Mine have been impacted and these are being compensated in the form of a grazing subsidy and provision of water from alternative sources.

Kumba has appointed a full-time member of staff to liaise with the affected farmers – Kumba recognises that as much as this issue is about dewatering and its impacts, it is also about people's livelihoods, their sense of security and the manner in which Kumba conducts itself. Kumba acknowledges that while the facts may be correct, if they're communicated in an inappropriate manner, then their meaning is lost. The Environmental Forum was established to deal with the issue and comprises affected farmers, Sishen Mine personnel, the Tshiping Water Users Association, consultants and the Provincial Government Department. This forum in turn established a technical subcommittee to focus on the technical issues and report to the larger forum. Kumba is of the view that the majority of affected farmers now understand the issue and are comfortable with the

water and grazing provided by the mine to address the issue. There are still two discontented farmers with whom Sishen Mine is engaging.

The water pumped from the pit is used for mining activities as authorised by the water-use licence. Excess water is given to the farmers, the local municipality and Sedibeng Water. In addition to the water provided to affected farmers, Sishen Mine also provides two farmers with grazing land and the other farmers are provided with a winter grazing subsidy for their livestock. During 2010, new agreements on grazing and water provision were negotiated.

SOIL AND GROUNDWATER CONTAMINATION

There are two aspects to this that need to be understood. Firstly, there is minor soil contamination which results from the routine cleaning and servicing of our vehicles and moving equipment. While this is not an ideal situation, and all our mines have prevention systems in place, some contamination is

unavoidable. Soil contaminated by these activities are removed and treated using bioremediation technology.

With regards to current soil contamination, Sishen Mine implemented a polluter pays principle to deter contaminating the environment as part of the overall strategy of pollution prevention. National Environmental Management Act underpins the intention of this approach. With the polluter pays principle every department/section and contractor responsible for contamination is required to pay for the soil to be removed and treated.

The second, and more important aspect, is what we refer to as historical contamination referring to soil and groundwater contamination which took place at Sishen Mine as a result of a fuel pipeline which burst spilling diesel along the pipeline route. This contamination does not result from the washing and servicing of vehicles.

To deal with the pollution, the contaminated soil was removed and treated using bioremediation. For those

parts of the shallow contained aquifer which are polluted, we constructed a series of subterranean drains designed to collect contaminated water. This water is then pumped and treated. The treated water is then reused in the plant. To deal with residual soil contamination, in situ treatment is applied where naturally occurring bacteria in the soil are used to breakdown and feed on the remaining residues. The schematic diagram, opposite page, indicates the system implemented to clean-up latent groundwater contamination.

At Sishen Mine there are two distinct aquifer systems – the shallow aquifer (ranging from five to approximately 30 metres below surface in some areas) and the deeper aquifer (about 120m in some areas). The two aquifer systems are separated by various geological formations which include a thick clay layer which serves as a barrier between the two. The limited contamination of the shallow aquifer has not spread to the deeper aquifer due to the underlying geology separating the shallow aquifer from the deeper one.

In 2010 we made substantial progress in addressing these issues. Although more than R25 million was spent on remediation of contaminated soils over the last few years, additional resources are being spent on the investigation and implementation of remedial actions on the remaining extent of the historical diesel spillages. We expect to make substantial progress on this in 2011.

DEWATERING AND GROUNDWATER POLLUTION

There is no link between the pollution of the shallow aquifer at limited and isolated locations within the Sishen mining right area and the dewatering issue. There is also no pollution of boreholes belonging to those farmers affected by dewatering. Sishen Mine uses an independent company to monitor the water quality of boreholes around the mine including selected boreholes on neighbouring farms. The results from tests of the boreholes indicate no hydrocarbon contamination.



PRIORITY ISSUE 4:

FOOD SECURITY

INTRODUCTION

The United Nations identifies the food crisis as one of the primary overarching challenges facing the international community, and nowhere is it more pressing than in southern Africa. There is also an increasing awareness that no single roleplayer can meaningfully address food insecurity if acting in isolation. The complex interactions within and between social, economic and natural systems that characterise food value chains call for better communication and collaboration between roleplayers in the state, business and civil society sectors. According to a recent United Nations report, more attention ought to be given in particular to the role of the private sector: "While

government leadership is crucial for addressing the implications of the food crisis, business also has a vital role to play in partnership with others to develop and implement innovative responses."

Kumba's Social and Community Development (SCD) Department is responsible for implementing the community development aspects of the mines' social and labour plans, legally binding commitments required by the Mineral and Petroleum Resources Development Act. The department's mandate extends beyond attending to the social and labour plans – it supports socio-economic development in the areas where Kumba's Mines are located, and in labour-sending areas, beyond that which is required by the social and labour

plans. Kumba's interventions focus on improving local infrastructure, facilitating the establishment of small and medium enterprises, improving education and health services, increasing community safety and alleviating poverty. Kumba's holistic approach to socio-economic development is founded on a solid strategy and supported with research. It believes that a concerted effort targeting all aspects of development is to improve the livelihoods of local people.

Poverty alleviation is a key focus of Kumba's SCD Department. There are a number of reasons as to why food security is an issue in the communities where Kumba's operations are located, and in the labour-sending areas. These include poor infrastructure, remoteness,



Members of the Kromdraai Gardening Project near Thabazimbi

lack of access to credit, unemployment, drought, inferior soil for agriculture, for example. Any of these aspects act in concert, thereby significantly exacerbating the issue.

Kumba is involved in the establishment of interventions that specifically address issues of food security in rural communities. These interventions are designed to address food security through the creation of home vegetable gardens and through the establishment of small scale agricultural businesses which address food security issues. Kumba's intervention in other areas also mitigates the risk of food insecurity.

MANYEDING CULTIVATION PROJECT

The Manyeding cultivation project is a fairly large-scale project situated to the east of Kuruman. Initially conceived as a small-scale food garden project, it now involves some 159 households who live on state-owned land and work collectively. Kumba is working in partnership with national and local government, the latter keen to use this project as a rolemodel for the roll out of similar projects nationwide. The first harvest took place during the year.

In September 2009, Kumba, government and the Manyeding community identified the need to establish an enterprise development initiative in the Manyeding area, the aim being to create a sustainable agricultural business that will benefit the broader community through employment, skills development and economic empowerment. The community decided that the initiative would consist of two key phases, namely:

- Pilot phase: establishment of a vegetable production unit for trial cultivation and training purposes.
- Commercialisation phase: expanding the initiative into a commercially sustainable agribusiness.

OrganiMark, a consulting company, was briefed by the project stakeholders to compile a business plan for the pilot phase and manage the implementation thereof. OrganiMark was appointed to start the business planning process in

June 2010 and implementation thereof started in mid July 2010. Since the start of work the main aim of the project team was to establish vegetable production trials in at least five hectares of open field irrigation. In order to achieve this, the following was accomplished:

- Installation of infrastructure
- Purchasing of equipment
- Soil preparation and planting
- Hiring of labour

Based on the trial cultivation results, the project team also believes that the findings provide valid and reliable intelligence to serve as basis for the commercialisation of the endeavour. The project team strongly believes that successful commercialisation will require an independent legal entity based on strict commercial business principles. Discussions with potential commercialisation funding partners indicated that the project must be housed in a private company to enable funders and operating partners to take up equity in the project if so required. The Manyeding community will own a majority share in the entity.

The land will be used to cultivate a range of vegetables, fruits, nuts, herbs and spices.

KROMDRAAI VEGETABLE GARDEN PROJECT

The project was started in 2007 with assistance from the Limpopo Province Department of Health and Social Development. The project is located on a farm which the beneficiaries accessed through the land reform process. The project comprises ten family members who all reside on the farm.

Kumba began supporting the project in 2009. It contributed funds for the purchase of farming equipment and for upgrading the storage facility. The farm produces pumpkins, butternuts and sweet potatoes. The farm also has a few cattle, sheep and goats which are sold at various auctions to supplement income.

Currently Kumba is looking at implementing a strategic plan such that the project can become self-sustaining, moving from a subsistence initiative to a small commercial venture.

SKEIFONTEIN HYDROPONIC VEGETABLE FARMING PROJECT

The project is situated in a rural part of the Tsantsabane Local Municipality and focuses on a community who, as part of the South African government's land reform process, were relocated to Skeifontein. Most of the young economically active population, particularly men, migrate in search of employment opportunities, leaving young children and the elderly behind.

The project was started by a group of eight women who started crop farming on land made available to them by the community property association. Their aim was to grow vegetables to provide food to families but due to a lack of support, it was done on a subsistence basis and no income was derived from their endeavours.

Kolomela Mine, as part of its social and labour plan, sought to assist these women by providing them with additional support to progress the project beyond the subsistence level. It was jointly decided to use hydroponic farming methods to boost production and increase the likelihood of the project's success. The new approach was implemented in November 2008.

The project beneficiaries have been trained extensively on how to go about managing the project and growing produce based on local demand. The project has had many successes and the women were able to supply local retailers with some of their fresh produce. In 2010 the Department of Agriculture came on board as a key partner. The project also won two very prestigious awards: Best Horticulture project in the Northern Cape and Best Water Usage Project in the Siyanda District Municipality.

Implementation of the project was completed at the end of 2010. This means less involvement on the part of Kolomela Mine and the municipality and more independence on the part of the beneficiaries. The Department of Agriculture will assign a representative to mentor the beneficiaries and will offer future support through their various programmes. The project and all assets will be officially handed over to the cooperative in 2012 once the project realises its full commercial potential and the ability to sustain itself.

SAFETY, HEALTH AND EMPLOYEE REVIEW

SAFETY REVIEW

page 30

This section describes Kumba's safety management process and summarises its focus areas for 2011.

HEALTH REVIEW

page 32

Noise-induced hearing loss is the primary occupational health risk which Kumba's employees and contractors are exposed to. In addition, HIV and AIDS is a key risk to the company and its employees, and is covered in some detail.

EMPLOYEE REVIEW

page 34

This section captures the key drivers of Kumba's human resources strategy and related performance. This review includes transformation, skills development and employee wellness.



MV Ramela, T Thubakgale and MD Peter
- employees at Thabazimbi Mine

SAFETY REVIEW

THE KUMBA SOLUTION

Safety performance will be improved by behavioural changes, procedural changes and innovative technological solutions.

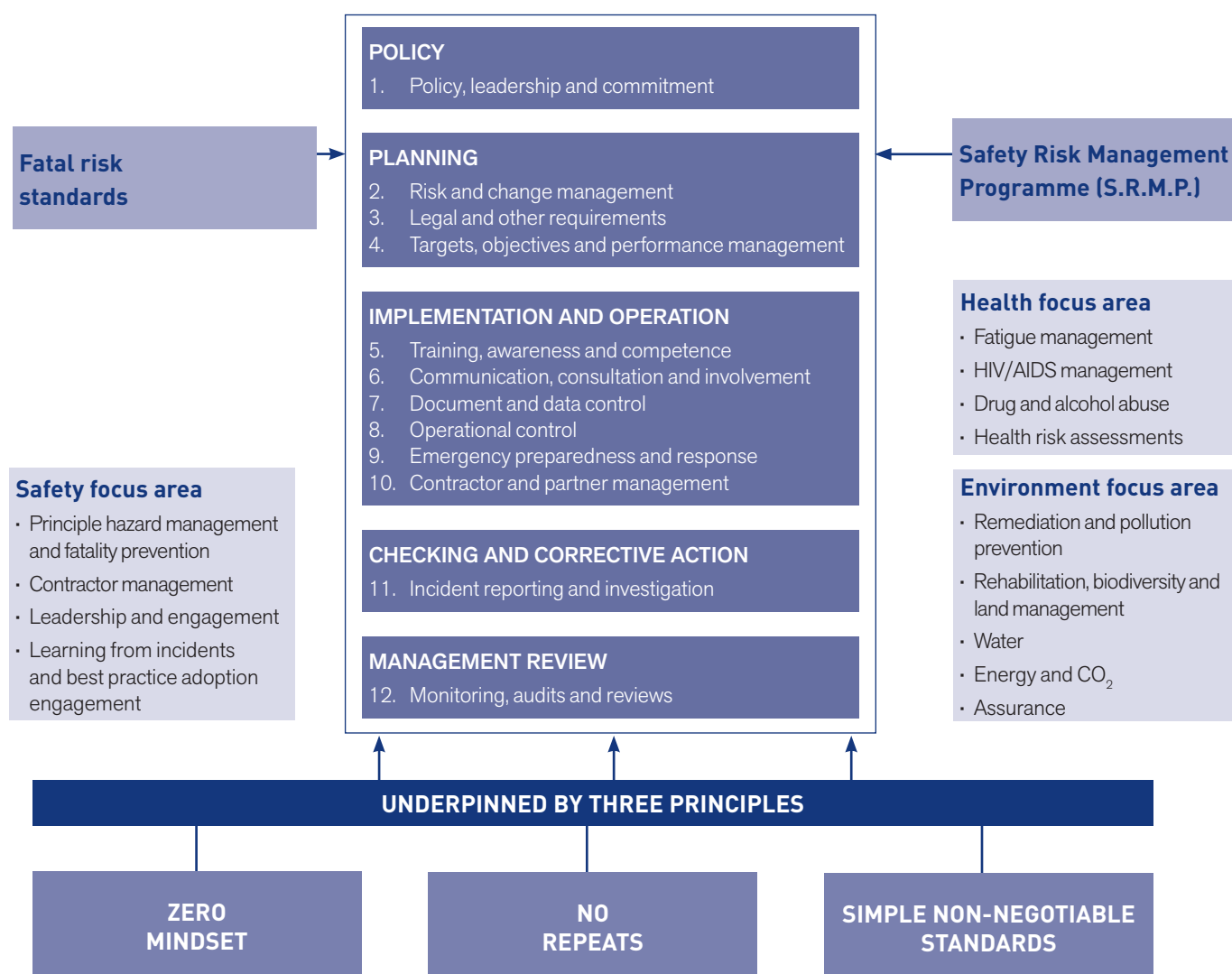
ZERO HARM

Our safety performance reflected in fatalities, LTIFR and the number of high potential incidents is discussed earlier in this report (refer to Priority issue 1: Performance – fatalities and LTIFR, page 18). We continue to focus on improving the systems, behaviour and technology we use to reduce and preferably eliminate safety risks. Our safety and health management system, as illustrated below, captures the fundamental systems we have in place to manage safety. Kumba began implementing the Anglo American risk management programme in 2010. As part of this process, a significant number of employees were trained in basic risk management and assessment, the aim of which was to improve hazard awareness and identification.



ELIMINATING FATAL RISKS BY APPLYING SIMPLE NON- NEGOTIABLE STANDARDS





Kumba conducted Anglo Safety Way and Anglo Fatal Risks Standards (AFRS) self-assessments, the results summarised as follows:

Safety self-assessments conducted during 2010

Site	2010 Safety Way		2010 AFRS	
	Target	Actual	Target	Actual
Sishen	75	75	100	88
Thabazimbi	75	76	100	66
Kolomela	75	73	100	87
SSP	75	67	100	67
VIU	75	37	100	98
HQ	75	98	100	40
Saldanha	75	79	100	62
Exploration	75	68	100	82
Projects	75	70	100	59

The table indicates a range of scores indicating the extent of implementation of the Anglo Safety Way and the Anglo Fatal Risk Standards.

Looking ahead, Kumba's major efforts in reducing risks will be through focusing on vehicle safety management, ensuring that contractors' safety management is aligned with Kumba, that lessons are learned and shared, and that a culture of safety leadership is embedded throughout the organisation.

HEALTH REVIEW

WELLBEING

Employee health and wellbeing needs to be considered holistically. Recognising that employees' workplace behaviour is potentially influenced by many factors outside of the workplace, is an element in Kumba's approach to human resources management.

HEALTHIER WORKPLACE



SUBSTANCE ABUSE

Kumba will be working earnestly to address substance abuse in the workforce. Very often caused by stresses outside the work environment, substance abuse is ubiquitous and is a major cause of absenteeism and certainly increases the risk of safety incidents, especially if the employee is under the influence at work. Through the Independent Counselling and Advisory Services (ICAS) programme, employees now have a service they can use for advice and support.



Kumba's health management system is founded and operated according to the same principles as its safety management system (see previous schematic). Health management also focuses on processes, behaviour and technological innovation; however, employee health is a very broad term and encompasses the physical and emotional wellbeing of Kumba's employees. Ensuring that employees are healthy in the broad sense of the word requires interventions at a number of levels and brings together the human resources, safety and occupational health departments.

A HOLISTIC VIEW OF EMPLOYEE WELLBEING

Fitness for work, and susceptibility to occupational health risks and diseases in general, is more than just about reducing noise and dust levels. Kumba embraces a holistic view of employee health and believes that all spheres of an employee's life need to be considered when discussing an employee's ability to perform his or her task. This highlights the overlap between the safety and occupational health function, and the human resources function within Kumba. Both departments are working in concert to address employee wellbeing from all angles. Kumba's common sense view is that if all facets of an employee's life are functional, then the risk of that employee becoming ill, or being injured, is significantly reduced.

OCCUPATIONAL DISEASES

Occupational health risks stem primarily from noise and dust, with the noise being the primary hazard. Kumba has specific systems in place to reduce dust and noise levels – this year we report only one case of noise-induced hearing loss (2009: five cases) – and to detect cases of NIHL early on. This achievement was made possible through the introduction of compulsory noisebans (a noise reducing device placed in ear) for all employees working in areas with high noise levels and the implementation of the Anglo American Guidelines on the proactive identification and management of NIHL. Thabazimbi Mine successfully rolled out the hearing conservation programme in 2010 to bring noise awareness to the workforce.



HIV AND AIDS

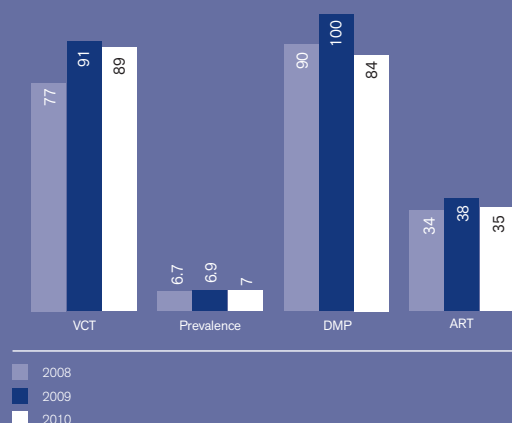
HIV/AIDS affects close to 8% of Kumba's workforce. Although not an occupational disease, HIV/AIDS affects the workforce directly and indirectly, and consequently our business. We have an extensive programme designed to identify those who are HIV positive, a voluntary counselling and testing (VCT) programme, as well as a comprehensive wellness programme for those employees who are HIV positive. Altogether 89% (5 570) of our employees were tested during 2010.

84% of those employees who are HIV+ are enrolled on a disease management programme (DMP); all of the 35% HIV positive employees with low CD4 counts, are receiving antiretroviral (ARV) treatment (148 employees).

The Ulysses Gogi Modise (UGM) Wellness Clinic in Kathu continues to provide a vital service to the people of the Gamagara Local Municipality. The clinic provides testing and counselling services, and ARVs. The new private community clinic in Thabazimbi is ready for occupation – Kumba financed the conversion of the building into a clinic and will fund the running of the clinic for the foreseeable future. The clinic will be managed by the same company which runs the UGM clinic in Kathu.

2008 – 2010

HIV/AIDS MANAGEMENT DATA (%)



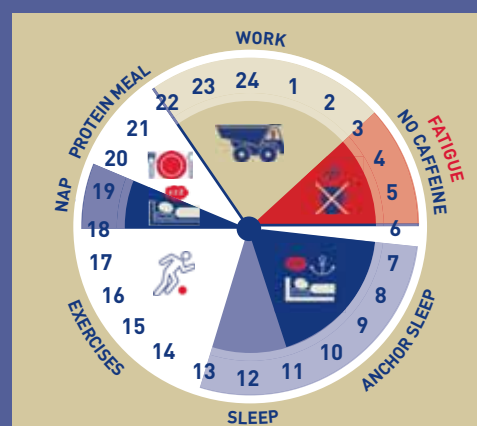
FATIGUE MANAGEMENT

Employee fatigue is a major risk, especially for those employees working late shifts. As diurnal mammals, human beings are not hardwired to stay up all night. Thus those employees working through the night require extra monitoring and support to ensure that they are not fatigued, and that if they are, that there are early warning systems which alert management to the fact and thus prevent accidents.

Kumba has several programmes in place designed to reduce fatigue and detect fatigue, as follows:

- Presence on all shifts of occupational health practitioners at Sishen Mine to advise employees on when they should nap, what they should eat or drink and to watch for signs that employees are fatigued. These practitioners also talk to employees about what's going in their lives outside of work such that employees have the opportunity to offload and receive guidance
- Sleeping facilities
- Programmes for night shift employees advising them when to sleep and what to eat
- Revised Bio-Roster for employees and lifestyle planners.

NIGHT SHIFT



SELF-ASSESSMENT

The results of Kumba's self-assessment against implementation of the Anglo Health Way, hearing conservation standards and fatigue management requirements indicate that some operations have some way to go in terms of implementing these requirements completely.

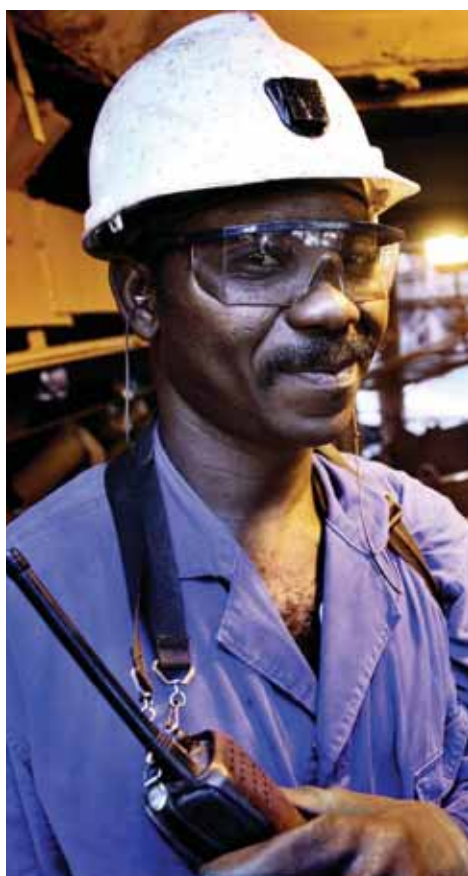
Health self-assessments conducted during 2010

Site	2010 Health Way		2010 Hearing		2010 Fatigue	
	Target	Actual	Target	Actual	Target	Actual
Sishen	75	60	75	33	75	44
Thabazimbi	75	61	75	32	75	82
Kolomela	75	43	75	60	75	54
SSP	75	76	75	100	75	70
VIU	75	35	75	0	75	8
HQ	75	88	75	95	75	14
Saldanha	75	95	75	54	75	80
Exploration	75	52	75	96	75	74
Projects	75	30				

EMPLOYEE REVIEW

KUMBA'S VALUE OFFERING

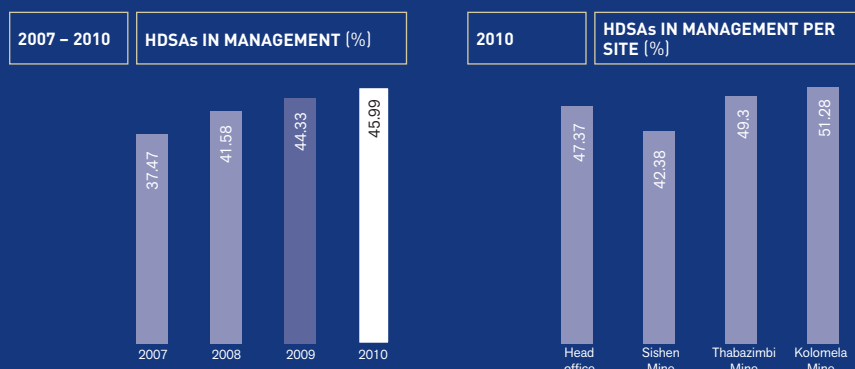
Whilst competitive remuneration is part of Kumba's value offering, it is the complete offering that makes Kumba the best mining company to work for. The offering includes training, housing and medical benefits, and personal and professional growth prospects.



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 at 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

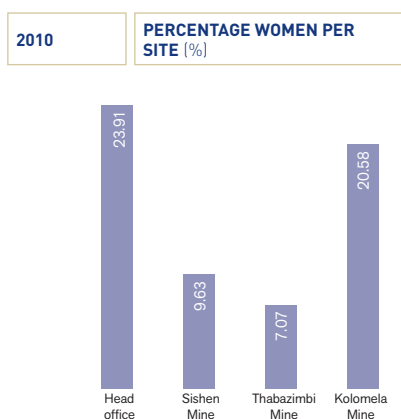
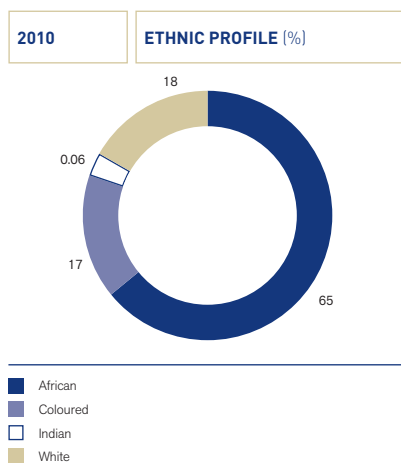
CASES REFERRED TO THE CCMA

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.

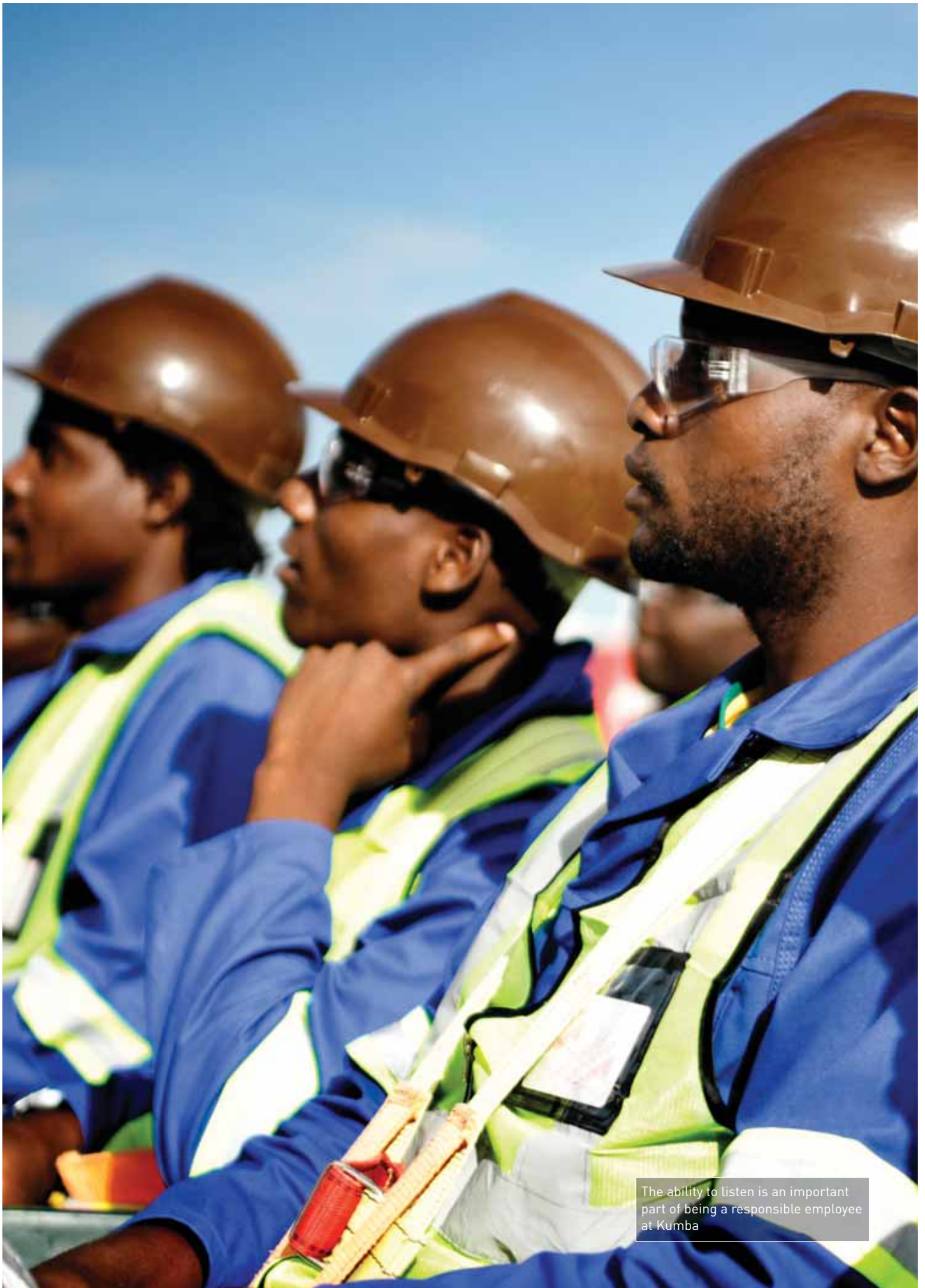
LABOUR RELATIONS

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

ECONOMIC REVIEW

VALUE ADDED

page 40

As one of the largest companies in South Africa, Kumba creates substantial value for a number of stakeholders including employees, the government, shareholders and service providers.

PROCUREMENT

page 42

Developing suppliers is one of Kumba's priorities. Kumba has a number of programmes in place designed to train local and HDSA suppliers such that they can take advantage of opportunities to supply Kumba.

ENTERPRISE DEVELOPMENT

page 42

Kumba's Social and Community Development Department coordinates the company's enterprise development initiative in conjunction with Anglo American Zimele. The initiative is designed to support small and medium enterprises with funding, mentoring and other relevant guidance.



The primary crusher
at Sishen Mine

ECONOMIC REVIEW

VALUE CREATED IN 2010

Kumba is a key employer, trainer, generator of revenue, profit and taxes and contributor to socio-economic development especially in the Northern Cape province, but also in the Limpopo province and South Africa as a whole.

In this section, the socio-economic reach of Kumba is described. This ranges from the group's value add, to black economic empowerment (BEE), including preferential procurement and HDSA ownership.

Some R28.5 billion (2009: R15.7 billion; 2008: R15.6 billion; 2007: R7.6 billion) of value has been created for stakeholders during this year. Our stellar financial performance in 2010, as demand for iron ore was driven by world crude steel production exceeding pre-2008 levels, together with continued progress in our capital projects and a sustained focus on operational efficiencies should ensure future growth is sustained for all our stakeholders.

Cost control remains a major focus of the group as we face the challenges of the cost of increased waste mining as we mine deeper. Cost management,

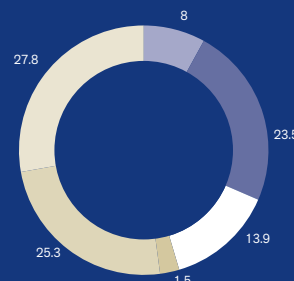
operational efficiency and revenue enhancement initiatives stemming from our asset optimisation programmes contributed to containing costs at our operations, which together added R1.9 billion to operating profit and increasing revenue in 2010.

This value was derived from:

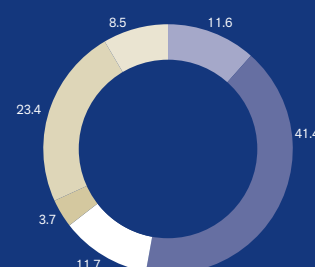
- the Start of Bokamoso transformation programme at Sishen Mine which delivered mining operational efficiency gains by limiting mining cost increases (R340 million);
- asset optimisation initiatives which saw the jig plant produce in excess of design capacity and mitigated production challenges experienced at the DMS plant (R1.2 billion); and
- our development of niche lump ore products which command premium prices in the market and professionalising our shipping operations (R368 million).

An additional R687 million in procurement benefits was realised from participation in the Anglo American Supply Chain procurement organisation

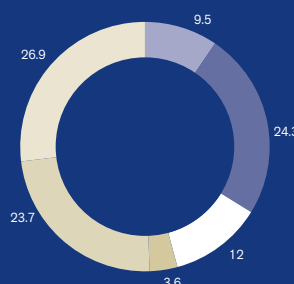
2010 VALUE CREATED (%) R28.5 billion



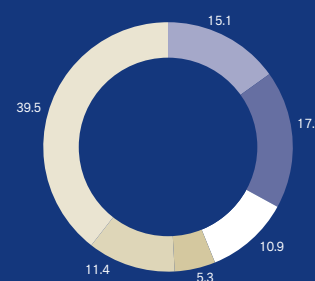
2009 VALUE CREATED (%) R15.7 billion



2008 VALUE CREATED (%) R15.6 billion



2007 VALUE CREATED (%) R7.6 billion



- Employees (including employees' tax)
- Shareholders of Kumba Iron Ore
- Minority interests
- Providers of loan capital
- Governments – direct taxes
- Reinvested in the group



A successful taxation system balances government's need to raise revenues for its citizens, with the desire to attract and maintain investment, generate jobs, wealth and an entrepreneurial spirit. It is important to note that our contribution goes beyond the corporate income tax paid by a company on its profits. A company's tax footprint includes corporate income tax, royalties, withholding taxes, payroll taxes, VAT, import and export duties. The taxes and royalties borne by Kumba amounted to R8.4 billion in 2010, including normal tax and secondary tax on companies of R7.0 billion, an increase of 97% over 2009. In addition, there are taxes which arise as a result of our operations which, although not a cost to Kumba, are collected by us and remitted to government. These include payroll taxes and VAT. In 2010 this amounted to R784 million, giving a total tax footprint for the year of R9.2 billion.

The group continued to generate substantial cash from its operations, with R25.6 billion generated during the year. These cash flows were used to pay the taxation, new mining royalties of R1.4 billion, aggregate dividends of R8.6 billion (representing a 24% return to shareholders for 2010) and capital expenditure of R4.7 billion during 2010.

The development of Kolomela Mine is well advanced in terms of key deliverables. Overall project progress is at 81% with the project remaining on budget and on schedule to deliver initial production at the end of the first half of 2012, ramping up to full capacity of 9Mtpa in 2013. To date, 22.6Mt of waste material has been pre-stripped. 18.6Mt of this material was stripped during 2010 at a cost of R793 million which has been capitalised. R8.5 billion capital expenditure was approved for the development of the Kolomela Mine, of which R5.3 billion of capital expenditure has been incurred to date and a further R1.2 billion had been committed as at 31 December 2010. The project is already providing employment for some 555 employees (2009: 262 employees) increasing to over 1,000 as the project ramps up.

The cost of goods, materials and services purchased for the year amounted to R7.3 billion, a 28% increase over the R5.7 billion spent in 2009.

During 2010, we paid R2.3 billion in salaries and other benefits:

Salaries and other benefits

	2010 Rm	2009 Rm	% change
Sishen Mine – Northern Cape	1 399	1 135	23
Kolomela Mine – Northern Cape	109	44	148
Thabazimbi Mine – Limpopo	227	267	(15)
Corporate and offshore	549	412	33
Total	2 284	1 814	26

Salaries and benefits were made up as follows:

Breakdown of salaries and benefits

	2010 Rm	2009 Rm	% change
Salaries and wages	1 883	1 508	25
Pension and medical	195	164	19
Share-based payments	206	142	45
Total	2 284	1 814	26

As part of the unbundling from the then Kumba Resources Limited in 2006, Kumba implemented various transactions in which 26% ownership in SIOC was transferred to Exxaro Resources (20%), SIOC Community Development Trust through a SPV (3%) and Envision, our broad-based employee share participation scheme (3%). These parties, along with Kumba, participate in the dividend declared by SIOC.

The following dividends have been declared since 2006:

Dividends

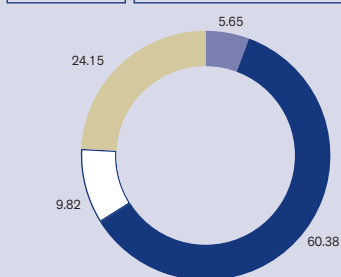
Rm	Total 2006 to 2010		Total dividend			
	2010		2009	2008	2007	2006
Dividend declared by SIOC	32 939	13 982	6 295	9 040	3 266	356
Kumba	24 376	10 348	4 658	6 690	2 417	263
Exxaro	6 585	2 796	1 259	1 808	653	69
SIOC Community Development Trust	989	419	189	271	98	12
Envision	989	419	189	271	98	12

The group's strong cash flow generation enabled the consistent payment of an interim and final dividend since its listing on the JSE Limited in November 2006. The capital and substantial dividend cash returns has resulted in the SIOC Community Development Trust being able to use the dividends it received from SIOC to pay for its 3% interest in SIOC in full during the third quarter of 2010, six years earlier than originally anticipated. Based on Kumba's share price of R425 on 31 December 2010 this shareholding is valued at over R5 billion. All future dividends earned by the trust's shareholding will be available for community development.

The SIOC Employee Share Participation Scheme (or Envision as it is commonly known) was implemented to provide (i) an incentive and retention initiative to employees who are permanently employed by SIOC in South Africa and who do not participate in the other share schemes of the group and (ii) for the promotion of black economic empowerment through an increase in broad-based and effective participation in the equity of SIOC by historically disadvantaged South Africans. The acquisition of the 3% interest in SIOC by Envision was funded by Sishen Iron Ore Company in terms of a contribution agreement. The scheme will have a first term of five years and contemplates a second term on the same basis as the first term, starting on the expiry of the first term. Envision holds SIOC shares for the benefit of employee beneficiaries, who in turn have been allocated units notionally linked to the SIOC shares (underlying shares). Employee beneficiaries of Envision receive a portion of all dividends received by Envision from SIOC in respect of the underlying shares (totalling R988 million since inception of the scheme in November 2006) and the remainder used to settle the original acquisition funding. To date R215 million of the total dividends has distributed to employees to date and R773 million utilised to repay the original funding and interest thereon. A capital distribution will be made to employee beneficiaries at the end of the first term (five years). Each employee will be entitled to receive Kumba shares which will be swapped for the SIOC shares using the specific price earnings ratio of Kumba and the most recent earnings of SIOC at the end of the first term, alternatively to receive the cash value of the Kumba swapped shares.

Kumba generated its revenue through the sale and transportation of iron ore to customers in the following regions:

2010 HSDA DISCRETIONARY SPEND PER MINE (%)



Head office
Sishen Mine
Thabazimbi Mine
Kolomela Mine

ENTERPRISE DEVELOPMENT DATA

26

NUMBER OF BUSINESSES
ESTABLISHED 2008 – 2009

11

NUMBER OF BUSINESSES
ESTABLISHED 2010

316

JOBS CREATED

R10.7 million

LOANS PROVIDED 2008 – 2009

R4.8 million

LOANS PROVIDED 2010

R54 million

SMALL BUSINESS TURNOVER
2008 – 2009

R28.6 million

SMALL BUSINESS TURNOVER
2010

R5,8 million

LOANS REPAYED

Breakdown of revenue (2010)

	2010 Rm	2009 Rm
Total revenue	38 704	23 408
Domestic	2 874	1 359
Export	35 830	22 049
China	23 112	16 770
Rest of Asia	7 465	3 128
Europe	4 896	2 151
Middle East	300	–
South America	57	–

Kumba achieved record revenues of R38.7 billion in 2010, up 65% year-on-year. This increase in revenue was driven by: Kumba realising a 92% weighted average increase in export iron ore prices for the group; the sale of 33% of our exports at index prices; and the move to the negotiation of prices on a quarterly basis. In addition, we increased our export sales volume by 6% or 1.9Mt on which these higher prices were realised.

Our domestic sales remain dependent on the off-take requirements of ArcelorMittal.

PROCUREMENT

Of the R13.7 billion Kumba spent during 2010, R9.4 billion was discretionary of which R3.6 billion or 39.10% was spent with BEE suppliers. This is an increase from the previous two years both in absolute and proportional terms. This increase is in line with our policy which recognises local procurement as of strategic importance to the company. It plays a key role in securing and maintaining the right to mine, developing thriving communities, creating efficiencies in the supply chain and ensuring reliable access to supplies.

Key procurement data

	Total payments	Total discretionary payments	BEE payments	% BEE of discretionary
2008	9 011 364 572	5 980 401 982	2 154 532 983	36.03
2009	12 535 484 593	8 577 336 577	3 160 601 934	36.85
2010	13 765 397 014	9 401 107 477	3 675 679 142	39.10

In order to strengthen its preferential procurement drive and exceed its mandatory obligations, Kumba has a number of initiatives in operation. These include the implementation of a local supplier development strategy and a concerted effort to verify the BEE status of existing suppliers. By 2014, Kumba aims to procure 40% of its capital requirements, 50% for consumables and 70% of its services from BEE suppliers. Furthermore, Kumba is establishing a preferential procurement transformation committee which will monitor progress in terms of meeting the targets. Kumba will be advertising some of its tenders on the DMR website. These will be ringfenced and only open to HDSA suppliers.

SUPPLY CHAIN AND SUSTAINABLE DEVELOPMENT

Preferential procurement is a significant component of the supply chain and sustainable development policy. However, there are other factors including safety, health and environmental issues which contractors need to be aware of. Kumba will be attaching a questionnaire to tenders such that potential service providers can provide Kumba with information on their SHE management practices, in addition to questions relating to BEE. This ultimately forms part of a broader supplier development strategy.

ENTERPRISE DEVELOPMENT

Coordinated by Kumba's Social and Community Development Department, in collaboration with Anglo American Zimele (the small business development arm of Anglo American www.anglozimele.co.za), enterprise development is regarded as an important component of creating viable local economies, increasing employment, and helping people to achieve their goals by providing funding for the establishment of small and medium businesses, advice on business planning and ongoing mentoring.

Over the last few years, 37 new businesses were established which created 360 permanent jobs, and generated R29 million in turnover during 2010 (see data on opposite page). Through Kumba's mentorship programme, 340 small and medium enterprises were assisted and advised. Much of Kumba's enterprise

development activities are driven out of the small business hub at Kathu but increasing activity is expected from Postmasburg, where Kolomela Mine is located, once the mine ramps up to full production.

Kumba's enterprise development programme fits well with its vision for the post-mining landscape. It anticipates that the efforts expended in enabling the creation of these businesses will last beyond the life of its mines.

Some of the new businesses established include the following:

- Butterland Bakery in Thabazimbi.
- Hydroponics farming supported by Kolomela – the project received a recognition award in the district for best agricultural project in its category.
- Commercial Poultry Farming.
- Upgrade at Boichoko Bakery.



Employees of Kalahari Verspreiders, a small enterprise supported through Kumba's enterprise development programme

SUCCESS STORIES

SISHEN MINE

Tenders were issued in September 2010 for the construction of caucus rooms for the mining operations section. Boo! Holdings, a black-owned local supplier, was awarded the tender beating five other suppliers for the job.

Another tender for the construction and expansion of offices for the mining production division was issued in October 2010. Ekhayalitle Construction, a local black-owned supplier, was the successful tenderer.

Tsimo Gardens, a nursery and gardening business in Kathu, whose establishment was

facilitated by Sishen Mine's Social and Community Development Department and Anglo American Zimele, was awarded a contract to provide gardening services to Sishen Mine.

KOLOMELA MINE

In collaboration with Kolomela Mine, the Tsantsabane Local Municipality identified the need for a complete change-house service which includes laundry services and the cleaning of ablution facilities. This project was included in the Kolomela Social and Labour Plan. The municipality provided the building, identified the beneficiaries while Kumba provided the funding to renovate

the building, purchase equipment and consumables. Kumba also appointed a consultant to assist the newly formed company with their business plan.

Kolomela Mine's procurement section entered into negotiations with Dirt Friends to provide the abovementioned services at market related prices. After negotiations, Kolomela Mine entered into a two-year contract with Dirt Friends. A company with 100% BEE credentials were created and established through this initiative.

SOCIAL AND COMMUNITY DEVELOPMENT REVIEW





Children at an early childhood development centre which Kumba supports

SOCIAL AND COMMUNITY DEVELOPMENT REVIEW

STAKEHOLDER SANCTION

Kumba has long known that its social and community development programme is a core pillar of its strategy. The sanction of local people, businesses and government is extremely important to the company.



A MULTI-PRONGED APPROACH

Kumba's social and community development interventions focus on improving local infrastructure, facilitating the establishment of small and medium enterprises, improving education and health services, increasing community safety and alleviating poverty.



Social and community development (SCD) is coordinated by Kumba's SCD Department. Previously, SCD was managed by a combined environment and SCD department. During the year, the two were separated, with environmental again combining with safety and falling under the leadership of the new safety and sustainable development executive. A corporate manager for SCD was appointed, reporting to the public affairs executive.

The SCD Department is responsible for meeting Kumba's social and labour plan commitments, specifically local economic development in the sense of the Mining Charter (the revised charter calls for the company to "conduct ethnographic community consultative and collaborative processes to delineate community needs analysis" which will be measured by the implementation of community approved projects). In addition to being directly responsible for local economic development at the operational level, the SCD Departments at each mine are responsible for ensuring that each mine meets its SLP commitments by engaging with the relevant departments. In other words, the SCD departments are the custodians of the SLPs at each mine.

The SCD function extends beyond the compilation and execution of social and labour plans. In fact, much of Kumba's development work is not guided by the SLP. Kumba chooses to regard its SCD programme, whether SLP or not, as part of the same commitment to South Africa, irrespective of whether the budget is for SLP or not. Furthermore, the way in which Kumba decides what projects to support is the same irrespective of who or what the project is for. Kumba is committed to supporting development programmes and projects that are based on good research and that are suitable and necessary for the people and areas for which they are intended. Support is provided for education, skills development, enterprise development (discussed in the economic review section, page 38), infrastructure and health and welfare. The SCD Department is also closely involved with the Dingleton relocation (refer to page 20).





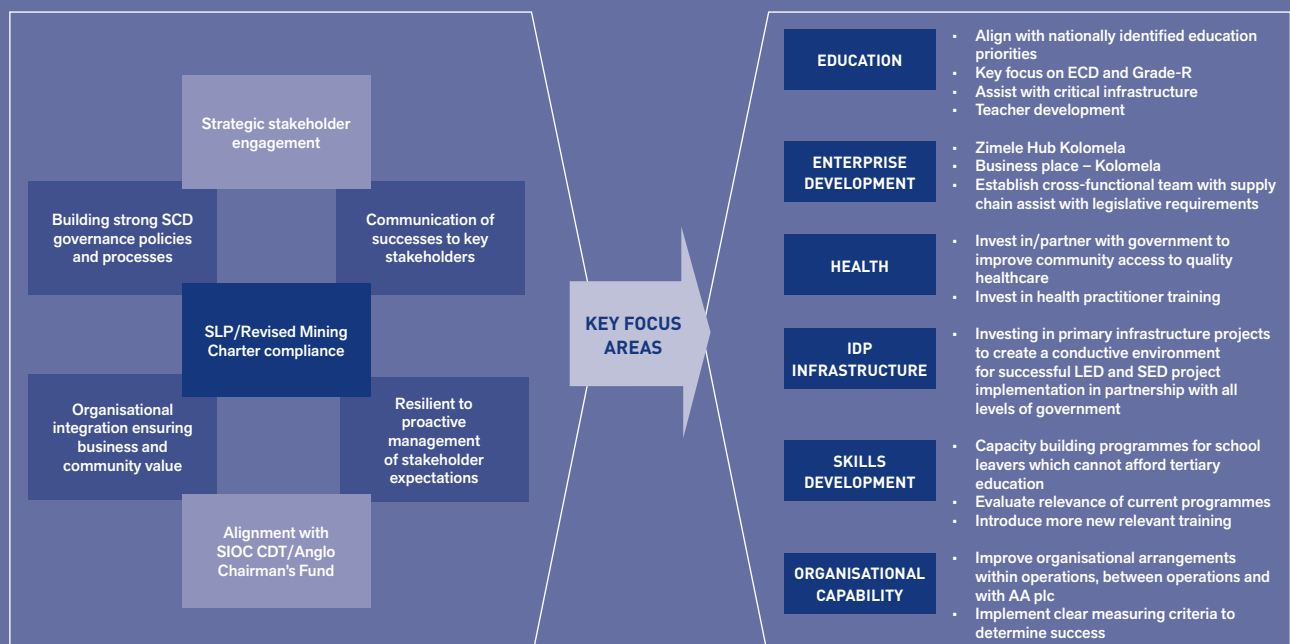
STRATEGY AND MANAGEMENT

The SCD Department improved the process whereby projects are identified and supported.

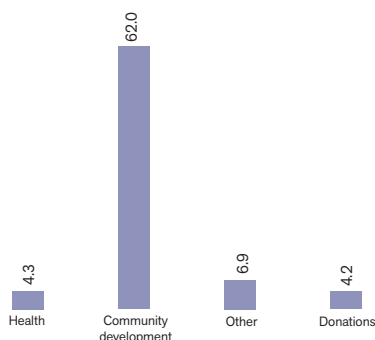
The revised process consists of six steps, as follows:

- Strategy development, target setting and business planning: new opportunities will be assessed in line with legislative requirements, IDP requirements and internal guidelines. Input into projects will be sought from relevant business units within Kumba as well as from the Anglo American Social Performance Unit. The strategy will be approved annually and individual projects subject to approval by the appropriate approval authority.
- Planning and budgeting: projects will be identified at various forums e.g. educational, LED, SLP negotiation, environmental, skills development, etc. Projects which fit with Kumba's strategy will then be formally registered for further investigation.
- Project review: the SCD project review committee will meet monthly to review all project plans for approval and further action.
- Approval and release of funds: recommended projects will be forwarded to designated signatories for final approval and release of funds.
- Project implementation: this phase deals with the implementation of the approved project plan and requires the establishment of a performance framework. The project will be reviewed, monitored and evaluated on an ongoing basis.
- Project closure: the project is handed over to the beneficiaries at a formal launch or handover function. After sufficient time has elapsed, the project should be assessed to determine whether the benefits were delivered and what the project impact was. Lessons learnt should be captured for future reference and shared with other operations.

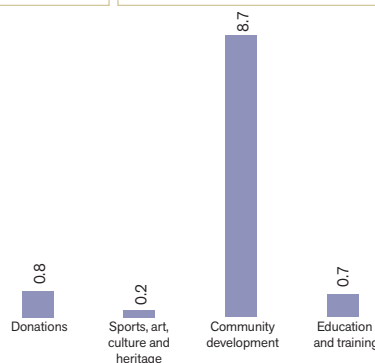
Kumba's social and community development strategy and focus areas:



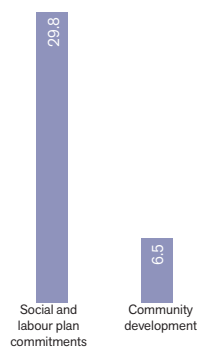
2010
SOCIAL AND COMMUNITY DEVELOPMENT SPEND SISHEN MINE (R million)



2010
SOCIAL AND COMMUNITY DEVELOPMENT SPEND THABAZIMBI MINE (R million)



2010
SOCIAL AND COMMUNITY DEVELOPMENT SPEND KOLOMELA MINE (R million)



THE ANGLO SOCIAL WAY

During the year, ABAS conducted audits at Sishen and Thabazimbi Mines to determine compliance with the Anglo Social Way.

Results from the self-assessment and the ABAS review performed indicated that Sishen and Thabazimbi Mines have processes in place to assist in addressing compliance in line with the Anglo Social Way. Overall, Kumba received a moderate rating as there were some non-compliances at the operations.

Moderate non-compliance issues included contractor social impact management processes not being fully implemented at both operations and Thabazimbi Mine's community engagement plan not being fully aligned to the Socio-economic Assessment Toolbox (SEAT). It was recommended that more vigorous cost control measures regarding CSI spend should be implemented at the Thabazimbi Mine.

All three operations will be undergoing SEAT II processes due to commence in May 2011.

SOCIAL AND LABOUR PLAN REVIEW

Sishen and Thabazimbi Mines will be preparing new social and labour plans for the period 2012 – 2016. Sishen Mine has already updated and completed a

draft of the plan which is being reviewed internally. Projects identified in Sishen Mine's updated SLP will first be pre-approved by a special mining sector subcommittee of the JTG District Municipality. Sishen Mine, and other local mining operations, commissioned a widespread LED and SMME review of operations of the Northern Cape. The research, which has been submitted to the committee, will aid in the identification of suitable projects for local mines to support. This means that the identified projects in the SLPs will be supported by a clear need on the ground. Of course, all SLP reviews will take into account the requirements of the revised Mining Charter.

SPEND

Kumba's combined SCD spend for the year was R134 million. This figure includes monies spent on infrastructure projects.

PROJECTS

Kumba supports a range of developmental interventions – local infrastructure, facilitating the establishment of small and medium enterprises, improving education and health services, increasing community safety and alleviating poverty. Kumba's flagship projects are shown below.

Category	Project
Infrastructure	- Paving and tarring of Regorogile Ext 5 road (Thabazimbi Mine) - Upgrade Khuting Stormwater (Kolomela Mine) - Construction of Stasie Street (Kolomela Mine) - Upgrade of bus and taxi terminus (Kolomela Mine)
Community development	- Organic Honey Bee Project at Dibeng (Sishen Mine) - Alternative Energy: Zinc Air Fuel Cells Pilot Project (Sishen Mine) - Schools Sport Development Programme (Kolomela Mine) - Business Simulation Hub (Sishen Mine)
Education and training	- Mabogopedie Science Laboratory (Thabazimbi Mine) - Marakele Environmental Education Centre (Thabazimbi Mine) - Simba Kleuterliefies Early Childhood Development Centre (Sishen Mine) - EQUIP: Sishen Intermediate School (Sishen Mine)
Health and welfare	- Mobile health clinics in Kathu (Sishen Mine) - Ulysses Gogi Modise Wellness Clinic (Sishen Mine) - Dingleton Soup Kitchen (Sishen Mine) - Thabazimbi Wellness Clinic (Thabazimbi Mine)



Tending to a vegetable field – an agricultural enterprise supported by Kumba

LOOKING AHEAD 2011 – 2016

Kumba's focus for the next five years is summarised as follows:

Enterprise development

- Implementation of Zimele Hub in Postmasburg
- Implementation of the Business Place franchise in Thabazimbi

Education

- Alignment with national education priorities
- Key focus on Early Childhood Development (ECD), Grade R and primary schools, including ECD and Grade R teacher development programmes
- Addressing infrastructure

requirements to make institutions of quality early learning available to all children in the communities where Kumba operates, including labour-sending areas

Skills development

- Capacity building programmes for school leavers who cannot afford tertiary education
- Assess current programmes offered in areas where the mines operate to determine where improvements are required

Health and welfare

- Investing in health infrastructure (clinics, mobile clinics and hospitals) to improve access to quality healthcare
- Investigate possible investment in healthcare practitioner training to assist with capacity constraints

Primary infrastructure

- Investing in primary infrastructure projects to create a conducive environment for successful LED and SED project implementation

ENVIRONMENTAL REVIEW

ENERGY

page 55

Using less energy in absolute terms – fuel and electricity – and using energy efficiently are the central tenets of Kumba's energy management programme.

WATER

page 58

Kumba's water management programme focuses on using less in absolute terms and on water-use efficiency. Kumba's water management systems will be reviewed along the lines of the new energy management programme.

LAND AND REHABILITATION

page 60

Considerable effort has been put into reviewing and revising Kumba's waste rock dump rehabilitation strategy. Kumba's land management strategy is now being implemented – we are committed to leaving behind legally compliant and environmentally sustainable landscapes.



Kumba's environmental management programme looks to minimise the use of natural resources and to conserve them – in this case soil

FOCUSING ON OUR ENVIRONMENT

CARING FOR OUR FUTURE

USING LESS

Environmental management entails reducing the consumption of resources, limiting wastage, and preventing pollution and other forms of degradation. This is accomplished with the aid of technology.

UNPOLLUTED ENVIRONMENT



LAND MANAGEMENT

Kumba owns substantial tracts of land, the management of which is an important part of its environmental management strategy.

LAND STEWARDSHIP



This section reviews Kumba's environmental performance. For a discussion on dewatering and groundwater pollution, refer to page 24.

Kumba aims to minimise and mitigate the environmental impact of its operations by taking a systematic and disciplined approach and applying comprehensive risk-based techniques that directly inform its strategic initiatives and plans. During 2010, Kumba focused on the management of the following environmental aspects: energy and CO₂ emissions; water; land, with specific focus on farms reserved for future mining, remediation of historical contamination, and waste rock dump rehabilitation; and compliance to legal and other requirements (refer to page 62).

ENVIRONMENTAL MANAGEMENT PROGRAMME

Sishen, Thabazimbi and Kolomela mines have approved Environmental Management Programme Reports (EMPRs) issued by the Department of Mineral Resources (DMR). As and when activities are changed or new activities added, the EMPRs are amended and submitted to the DMR for approval. In order to satisfy the requirements of Regulation 55 of the Mineral Petroleum and Resources Development Act (MPDRA, 2002) and Regulation GN 704, the mines undertake annual performance assessments against commitments made in the EMPRs for submission to the DMR. As part of mine closure plans, extensive physical and financial assessments are conducted to address requirements of the MPRDA in relation to financial provisioning for mine closure.

A comprehensive rehabilitation strategy for Sishen Mine was developed in 2010. The strategy considers possibilities for concurrent rehabilitation, the issuing of a bank guarantee to DMR for Sishen Mine, the provision of Thabazimbi Mine's shortfall into the Kumba Rehabilitation Trust Fund as agreed with DMR, and the acquisition of an integrated water-use licence for Thabazimbi Mine.

Environmental management is an integral part of the way we operate and is not confined to a single department within the company. For example, energy and water consumption and efficiency, plus greenhouse gas emissions, are championed by the Technical Department.



STRATEGIC CONSIDERATIONS

Kumba believes that a well-conceived and executed environmental strategy provides a competitive advantage. The environmental strategy aims to position the company as a proactive responsible corporate citizen which acts beyond legislative compliance. In 2010 we identified five priority areas using a risk-based approach and global trends, for management attention. Our strategic approach compels us to invest more in pollution prevention technologies, strategic partnerships, collaboration with government and other key stakeholders, and less on clean-up technologies.

There are some areas, for example acquiring the applicable licences for certain activities affected by recent changes in legislation, where we are still working towards the achievement of full legal compliance.

Our 2011 environmental management priorities and focus area are summarised as follows:

Priority 1: Energy and CO₂ emissions management

- Monitoring, measuring, reporting and target setting in line with outcomes of the Copenhagen Conference and the Anglo American strategy
- Gap analysis using the Anglo American Group Technical Standard for energy and greenhouse gas emissions as a benchmark
- Implementation of energy saving and energy efficiency projects

Priority 2: Water management

- Monitoring, measuring, reporting and target setting
- Gap analysis using the Anglo American water technical standard as a benchmark
- Implementation of water saving and water efficiency projects

Priority 3: Assurance

- Licensing of listed activities and compliance to obligations
- Stakeholder management
- Audits, reviews and self-assessments
- Monitoring and reporting

Priority 4: Remediation and pollution prevention

- Remediation of historical impacts
- Training and awareness
- Gap analysis on pollution prevention
- Preventing pollution

Priority 5: Land management and biodiversity

- Implementation of approved land uses on Kumba-owned farms
- Updating closure costing and closure plans
- Implementation of biodiversity action plans
- Physical rehabilitation of waste rock dumps

ENVIRONMENTAL STRATEGY

The environmental strategy aims to position the company as a proactive and responsible corporate citizen which acts beyond legislative compliance.



PLAN-DO-CHECK-ACT

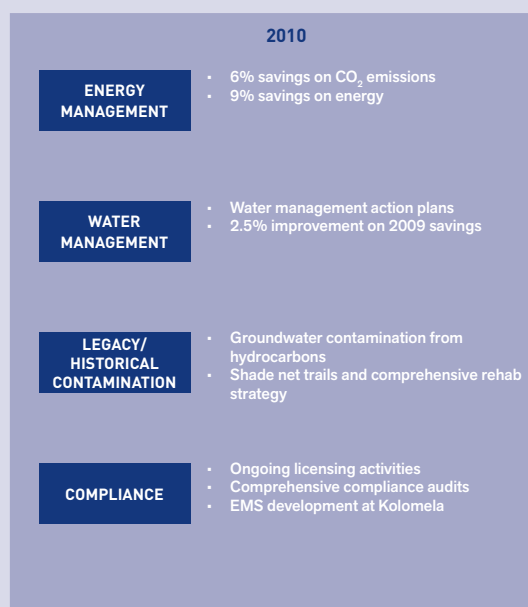
Kumba's environmental management systems are based on ISO 14001 and are certified accordingly. The system's plan-do-check-act logic informs the implementation of Kumba's environmental management programme.





Significant quantities of energy are used during blasting

Kumba's environmental management strategy and focus areas



ENERGY

CHANGE IN APPROACH

Kumba is realigning its energy management programme to align with Anglo American's revised requirements. Kumba originally committed to different savings targets with regards to energy efficiency incorporating targets set by the Energy Efficiency Accord, by Eskom and targets set internally. The main target was determined by the Energy Efficiency Accord, as follows: energy and CO₂ targets are reductions of 1.5% and 1% per annum respectively over a 10-year period based on 2004 energy consumption.

These targets were set without taking changing mine conditions into consideration. Intensity targets meant if consumption increased through factors other than increasing final product, the targets could not be met. The operations tried to manage this by introducing baseline modifications using the footprint model. The model was used to modify consumption by adding factors of production and uncontrollable variables (e.g. haul distance, stripping ratio, yield). Efficiency improvements became demonstrable.

Unfortunately the model had disadvantages:

- It needed to be constantly adjusted to factor in changes at the operational level
- The model only allowed for one uncontrolled variable per operational area
- The above resulted in savings being lost when too many operational changes took place

Based on these and other factors, Anglo American decided to develop a clear policy and strategy on energy and climate change. Initial focus will be on performance improvement, followed by innovation in order to reduce consumption and emissions.

The first phase of the strategy is focused on becoming disciplined and includes the following elements:

- Roll out of a metering, monitoring, reporting, target setting and verification programme that will determine carbon and energy performance management standards and will be used to set targets
- Ensuring that the cost of carbon informs business decisions
- Using regional climate models to identify key site adaptation requirements
- Evaluating value-added services, including synergy and product market risks and opportunities
- Cooperating with government and industry to examine responsible carbon policies.

The next phase – the proactive period – is the medium term focus of the strategy where piloting inroads on carbon and energy savings should become the norm. Therefore the focus will be on new techniques and new technologies. Key elements of this period will be:

- Use of carbon markets to minimise cost of compliance
- Factoring of climate adaptation measures into business plans
- Formation of low-carbon technology partnerships with key stakeholders
- Implementation of carbon offset projects
- Investing in energy and carbon saving projects.

The final phase, building resilience, is the long-term focus of the strategy where breaking new ground will take place. Key elements are as follows:

- Partnering with stakeholders on carbon reducing projects
- Embedding carbon and energy savings culture in the workforce
- Investing in low carbon technology innovation.

NEW APPROACH

The new programme is used to develop "bottom-up" site energy and carbon targets. A business as usual (BAU) baseline is established looking at energy consumption/carbon emissions from the present with a forecast to 2020. This BAU baseline must take into consideration factors such as the life-of-mine plan, increase in production and increase in activities that will result in higher energy consumption/emissions.

The site carbon abatement cost curves must be established taking into account opportunities in:

- energy efficiency
- asset optimisation and supply chain
- new technology and synergy projects
- carbon offsets

These results can then be used to determine what savings will be possible and the cost implications thereof and the information can be used to set a realistic site specific target.

If energy and emission savings targets are set from the top down, the new programme can be used to:

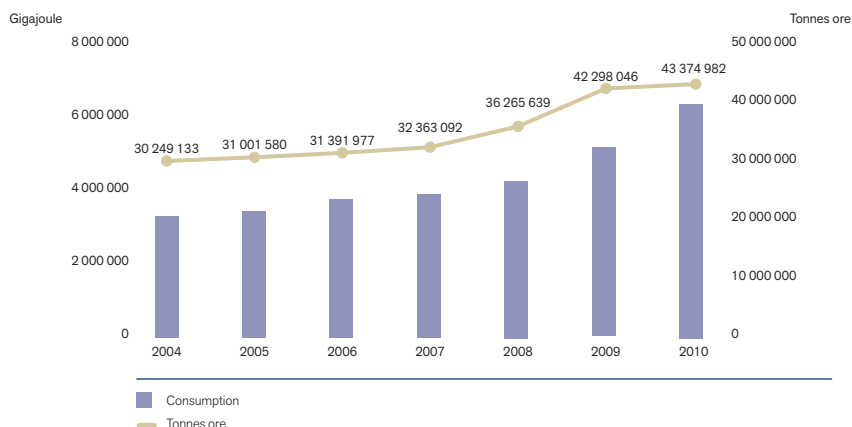
- determine the least cost option to meet
 - (a) the site targets and
 - (b) the group's indicative carbon target
- determine the site and BU cost implications and/or incentives required to achieve targeted energy and carbon savings

Energy consumption data 2009 and 2010

Operation	2009		2010		2010
	Fuels consumed	Electricity purchased	Fuels consumed	Electricity purchased	Total energy use
Sishen	3 128 572 GJ	1 526 461 GJ	3 781 282 GJ	1 704 514 GJ	5 485 796 GJ
Thabazimbi	300 397 GJ	108 315 GJ	420 383 GJ	101 174 GJ	521 557 GJ
Kolomela	0	0	336 372 GJ	21 553 GJ	357 925 GJ
Total	3 428 969 GJ	1 634 776 GJ	4 538 037	1 827 241	6 365 278

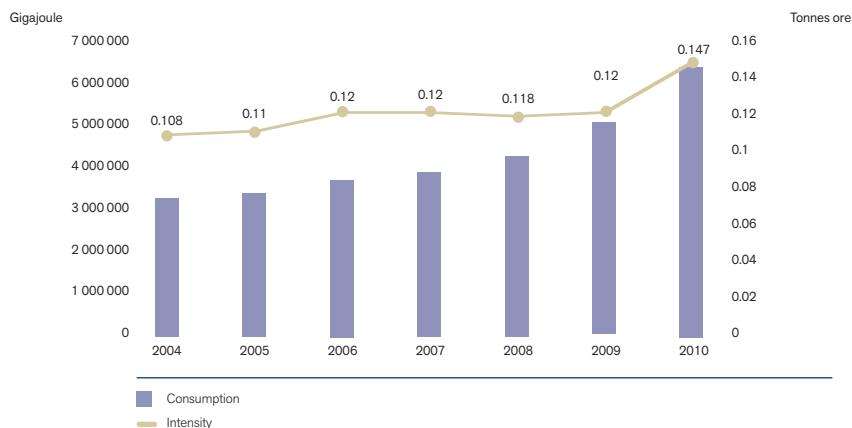
2004 – 2010

ENERGY CONSUMPTION (GJ) AND TONNES ORE PRODUCED



2004 – 2010

ENERGY CONSUMPTION (GJ) AND ENERGY INTENSITY (GJ/TONNES ORE)



Performance

The total amount of energy consumed by Kumba in 2010 is higher than that consumed during 2009. The total absolute consumption increased during the year. This increase is due to the increase in waste stripping which took place at all three operations. Thabazimbi Mine is in the process of opening a new pit and Kolomela Mine was included in the energy performance reporting for the first time in 2010. Energy efficiency for the year was 0.147 gigajoule per tonne of ore produced (2009: 0.120).

ELECTRICITY SAVING INITIATIVES

Dust suppression

Installation of a new dust suppression system started in early 2010 at Sishen Mine. Altogether 83% of the anticipated electricity savings from this project were realised by the end of the year. The savings were as a result of the new suppression system having smaller motors than the old extraction system. The final units will be fully commissioned by the end of January 2011. Upon verification of the savings, Kumba will receive up to R2 million of funding from Eskom as part of its demand-side management programme.

Solar water heating

Sishen Mine is installing solar water heaters (SWH) as part of its hostel conversion process. A total of 77 units were installed during the second half of 2010. Energy savings realised from the installation do not accrue to the mine, but the carbon emissions saved will be offset from the mine's carbon footprint. Eskom will recognise the energy savings when negotiating for electrical supply for growth projects as they recognise savings achieved outside of the mine environment. The calculated savings have not been verified but are estimated to be about 140 525kWh per annum or 144 740 tonnes of CO₂ per annum.

Heat pumps

Installation of heat pumps at the Thabazimbi Mine change houses was completed during the year. Measurement and verification of the savings will be done in early 2011. Eskom agreed in a meeting held in December 2010 to partially fund heat pumps at the Sishen Mine change houses. This project will start in 2011.

LED lighting

LED lights were investigated in 2008 but high capital cost and poor light output resulted in a decision not to continue with this technology. Due to improvements in LED technology, a decision was made in 2010 to look at it again. LED lights from two different manufacturers were installed in offices at Sishen Mine for testing. Evaluations showed that the new generation LED lights supply adequate lighting. Eskom agreed to provide partial funding for the installation of LED lighting.

Dense medium separation (DMS) plant simplification

In 2009 the standard lump ore DMS flow line of the plant at Thabazimbi Mine was simplified by combining the dense medium and densifier lines and by removing some equipment from the diluted medium line. A unique arrangement was used to feed the densifier by gravity. This has reduced ferrosilicon consumption, water consumption and energy consumption. The same modification is currently under way in the fine ore line in the cyclone plant. Possible savings will be quantified.

Diesel savings initiatives

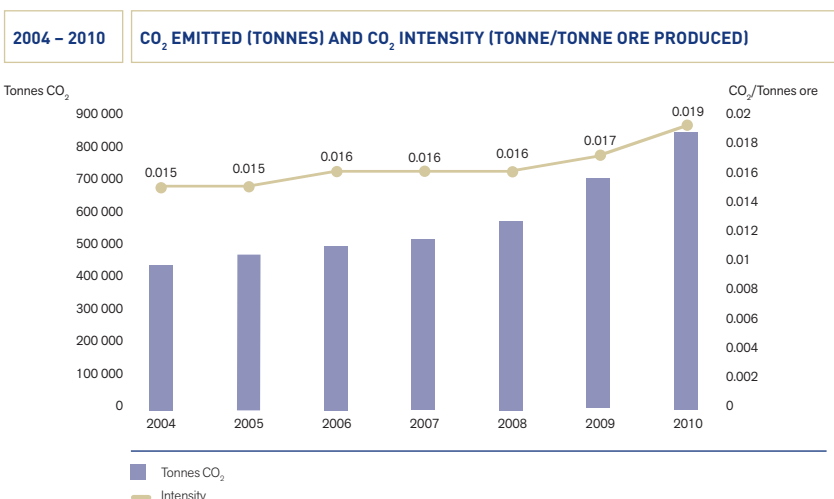
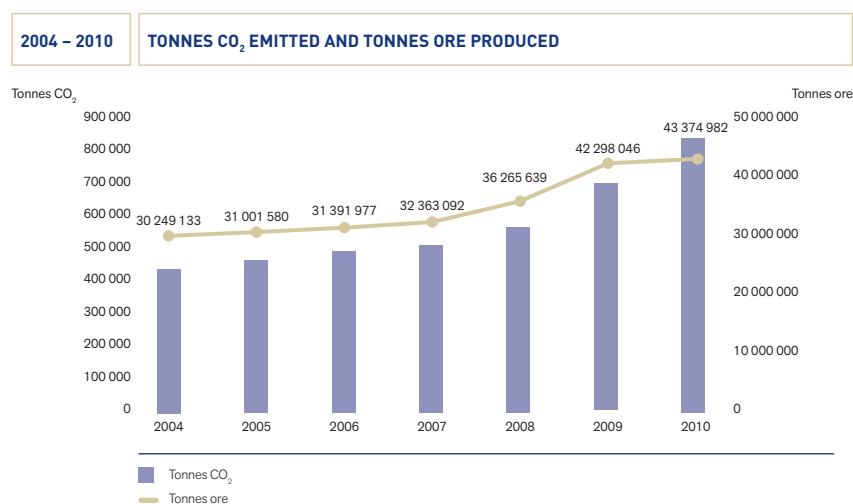
The Diesel Energy Efficiency Management System (DEEMS) contract was renegotiated and renewed in 2010. The system was used during 2010 to track diesel performance and to log and track interventions. The DEEMS system is reporting a saving of 1 494 693 litres for the year 2010.

GREENHOUSE GAS EMISSIONS

Performance

Greenhouse gas (GHG) emissions increased at Kumba in 2010 mainly as a result of the increase in waste stripping and the resultant increase in energy consumption. GHG intensity increased marginally from 0.017 tonne CO₂/tonne in 2009 to 0.019 tonne CO₂/tonne during 2010.

Operation	CO ₂ from fossil fuels	CO ₂ from electricity purchased
Sishen Mine	265 353.79	487 680.28
Thabazimbi Mine	29 483.51	28 946.95
Kolomela Mine	23 613.60	6 166.54
Total	318 450.90	522 793.77



WATER

Kumba's water management strategy is informed by the intention to ensure all operations practice locally responsible water stewardship. While aligned to Anglo American's overall and long-term goals for water stewardship, local and incremental saving targets will be built bottom up, taking into consideration the presenting catchment water stress conditions. Apart from efficiencies or water-use intensities, consideration is given to reusing, recycling and water harvesting.

SISHEN MINE

Sishen achieved the previous year's water use intensity target. At the beginning of 2010, a target was set to achieve a saving of 2.5% improvement on the previous year's water-use efficiency. The target for Sishen translated to 175 ℓ/t on average and during 2010, the mine performed at 169 ℓ/t. The mine achieved its target with an average intensity of 169 ℓ/t for the year. The total water consumption for mining and beneficiation purposes was in the order of 7,48 giga litres, amounting to an average use of 20,5 Mℓ per day.

A number of water savings initiatives are under way at the mine, including the following:

- Installation of automated water meter loggers to provide extra information about water flows in the pipe network.
- Improvement of dust suppression methods on mining haul roads
- Construction of a dirty water reservoir – prefeasibility stage.

- Construction of a clean water reservoir – conceptual stage.
- Additional water storage for process water – conceptual stage.

THABAZIMBI MINE

Thabazimbi Mine received its water-use licence in October 2010.

The 2010 target of 540 ℓ/t was not achieved with average water-use intensity for 2010 being measured at an average of 802 ℓ/tonne. Thabazimbi's disappointing water intensity was attributed to old infrastructure, lower than planned production, challenges with slimes density and associated return water facilities. The mine is in the process of implementing measures to reduce water consumption and improve efficiencies.

The total water consumption at Thabazimbi Mine for 2010 was in the order of 2,06 giga litres (or an average use of 5,6 Mℓ per day).

Several projects are under way to reduce water consumption at Thabazimbi Mine.

These include:

- Upgrading of water metering systems
- Slimes dam return water system upgrade
- Upgrade of plant water recovery system
- Installation of auto shut-off valves in the washing and screening plant

- Improvement of controls on the density of slimes being pumped to the slimes dams
- Improvement in the efficiency of drying bins
- Infrastructure for making increased use of treated effluent from municipal waste water treatment works

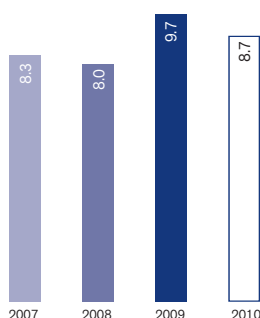
KOLOMELA MINE

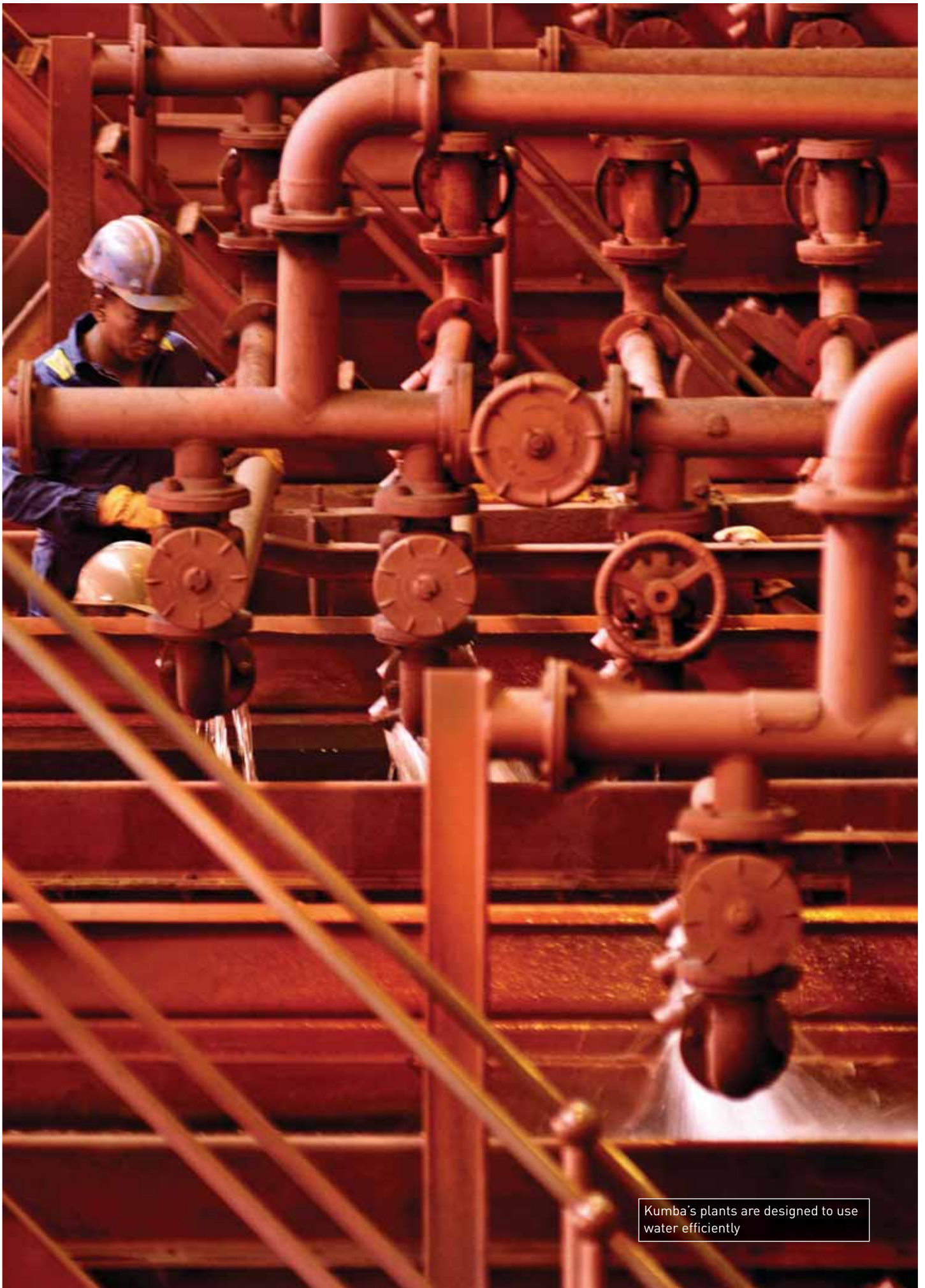
The dewatering infrastructure at Kolomela Mine is in the final stages of commissioning. During the year 1 226 000 m³ of water was exported by the mine to the Sedibeng Water Board. The water was extracted as part of the mine's dewatering programme.

All of Kumba's operations have approved integrated water-use licenses in place.

2007 – 2010

PRIMARY WATER CONSUMPTION
(million m³)





LAND AND REHABILITATION

Land management at Kumba encompasses three interconnected elements: waste rock dump rehabilitation, the management of land other than that used for mining, and closure planning and financial provision.

WASTE ROCK DUMP REHABILITATION

Sishen Mine revised its rehabilitation strategy based on the need for a new approach to rehabilitation. Specific focus is placed on the identification of areas that can be rehabilitated before mine closure and the formulation of a methodology that will maximise opportunities for concurrent rehabilitation.

A task group was established during 2010 to investigate the best practicable means of maximising rehabilitation opportunities at Sishen Mine and to develop a comprehensive rehabilitation strategy. Key outcomes of the task team's efforts include a SWOT analysis, a risk assessment, identification of rehabilitation options to be applied to existing dumps and to future dumps, with specific focus on five-year and life-of-mine rehabilitation options.

The revised strategy will be presented to the Kumba executive committee in early 2011. Sign-off of the strategy is vital given the limitations of the current rehabilitation plan and the significant increase in the closure liability costs. The focus for 2011 is to implement the approved rehabilitation strategy.

Thabazimbi Mine's rehabilitation is progressing according to plan. The mine's waste rock dump rehabilitation entailed the planting of between 7 000 and 8 000 trees, shrubs and grasses on the waste rock dumps in the Donkerpoort pit area. Prior to planting, approximately 512 000 tonnes of material had to be moved to prepare the area for rehabilitation. The DMR indicated satisfaction with rehabilitation results during a visit to the mine in August 2010. The focus for 2011 is to continue with the approved rehabilitation method according to plan.

LAND MANAGEMENT

Kumba has developed an integrated approach to identifying potential environmental and social impacts of new projects. The approach is intended to improve consistency and effectiveness in mitigating such impacts. It also applies to projects that seek access to sensitive areas. Thabazimbi and Sishen Mines have biodiversity action plans (BAPs) which were peer reviewed by Anglo American. Both mines are addressing the findings of the peer reviews. At Kolomela Mine, potential impacts on sensitive areas, such as pans, have been identified and mitigation plans have been developed to conserve or restore areas that will be impacted upon.

During the year, Sishen Mine compiled a Biodiversity Action Plan to be used in part to manage those areas of mine land that are earmarked for low intensity game farming. These areas include the mine's eastern farms Lylyveld and Sekgame, approximately 1000 ha in size. All cattle, in excess of 800 animals, and horses previously kept on this land were sold at a public auction in August 2010 in line with the approved land management strategy.

The management and control of alien and invasive species on the mine and on its farms continues as scheduled. Farmworkers previously responsible for livestock management now form part of a team responsible for the eradication of invasive species.

A major biodiversity focus of the mine will be on determining the potential impact the mine has on vegetation especially the iconic camel thorn (*Acacia erioloba*). This issue was raised by stakeholders, auditors and authorities as a concern. The mine initiated a detailed study to evaluate the impact of mining activities on biodiversity. Relevant stakeholders, including the local community, local farmers, research institutions, academia, government and conservation agencies, were identified and approached to form part of the Biodiversity Working Group. The terms of reference for the study was developed by all stakeholders during 2010 and investigations will continue during 2011.

The entire Thabazimbi Mine is located on a farm, part of which is mined and the remainder of which is used for nature conservation purposes. A lodge located within the Ben Alberts Nature Reserve, situated on mine land, is being converted into a tourist facility which will endure post-closure (current life-of-mine extends until 2016). A detailed risk assessment was completed in this regard.

Kolomela Mine is compiling a comprehensive biodiversity management programme for completion during 2011, the outcomes of which will be integrated into the final approved land use plan.

During 2011 Anglo American and Fauna and Flora International will conduct a review of the BAPs of Sishen and Kolomela Mines, due to the sensitivity of some areas within the mine, and to implement and incorporate recommendations from the review into the BAP.

CLOSURE PLANNING AND FINANCIAL PROVISION

Sishen and Thabazimbi Mines developed their preliminary closure plans inline with the Anglo American Mine Closure Toolbox. Kolomela Mine will be developing its preliminary closure plan during 2011.

Detailed closure cost estimates exist at all the mines and are reviewed on an annual basis. Quarterly contributions are made by the mines into the Kumba Rehabilitation Trust. A key 2010 milestone was the provision of the shortfalls for both Thabazimbi and Kolomela Mines, which was deposited into the fund as agreed with DMR, and the issuing of the bank guarantee to DMR for Sishen Mine. The mine's closure cost estimates were audited by KPMG and action plans were developed to address areas of improvement. As at 31 December 2010, the total investment held by the Kumba rehabilitation trust was R372 million. This money is set aside for environmental rehabilitation and decommissioning, as required by law. Further details can be found on pages 36, 37, 40, 48 and 53 of the 2010 Annual Financial Statements.

DUST PARTICULATE EMISSIONS

Kumba's primary concern with regards to air quality is the amount of dust generated by its activities. The main sources of dust are the plants (transfer points, extraction systems, open areas and roads) and mining areas (mine and contractor haul roads). To manage its impacts and to ensure that it fulfils its legal obligations with regards to dust emissions, Kumba has implemented a

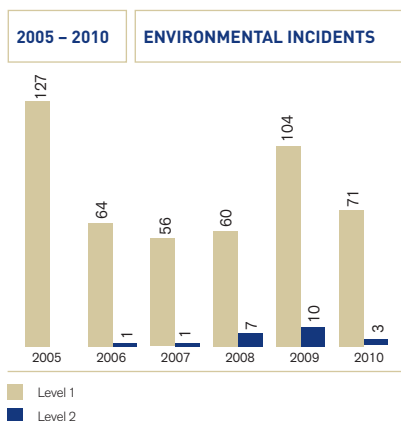
monitoring programme which measures total suspended particulate (nuisance dust) and PM10 (particulate matter not exceeding 10 µg/m³ of inhalable dust). Air quality management plans (AQMP) are in place at all the mines and are implemented on an ongoing basis. Oversight for the implementation of the plans rests with operational Dust Task Teams.

In 2011, the focus will be on optimising the dust control programme in mining areas (water truck utilisation, dust suppressants, etc.), implementing real-time PM10 and 2.5 monitoring (residential areas and in-pit monitoring) and proactively engaging with internal and external stakeholders on the mine's impacts and control measures.



Kumba's land management strategy involves the clearing of the swarthaak (*Acacia mellifera*), a species which encroaches rapidly on grazing and arable land

COMPLIANCE, CERTIFICATION AND INCIDENTS



Compliance and certification

Several internal and external audits (independent environmental legal compliance audit; ISO 14001 certification annual audit; ABAS environmental management systems and governance) raised a number of findings mostly in regard to pending authorisations from the authorities. Most of these findings will be signed off once the licences and record of decisions are issued by the relevant authorities. During the year, Kumba focused on effective close out of agreed corrective actions for the significant findings. The completion status per mine is as follows:

- Thabazimbi Mine 92%
- Sishen Mine 75%
- Kolomela Mine 100%
- Exploration 83.33%
- Saldanha port operations 70%.

An audit team comprising Kumba and Anglo American specialists, plus an independent legal specialist, conducted comprehensive internal audits between May 2010 and September 2010 at all the mines focusing on legal compliance.

Sishen Mine received complaints from local farmers questioning compliance to the mine's own EMS. At the Environmental Forum, the mine together with the farmers appointed a consultant who presented to the stakeholders how the ISO system works and since then the issue has not resurfaced.

At Kolomela Mine, a service provider for the development of the EMS, based on ISO 14001, was appointed. Implementation of the system is planned during the first quarter of 2011. The revision of the existing legal and other requirements register is also planned for 2011 with the view of making it applicable to the mine's activities. Kolomela Mine will conduct internal audits during 2011 to assess the level of compliance of the EMS to ISO 14001 requirements. External certification by an independent body is planned for 2012.

Incidents

During the year there were three level 2 incidents (see table below) and no level 3 incidents.

Details of level 2 incidents (2010)

Mine	Incident details	Date
Sishen Mine	Repeat spillage of sewage (Level 1 incident escalated to Level 2 because of repeated occurrence) – corrective action was effectively implemented.	January 2010
Sishen Mine	About 300 litres of diesel were spilled into the soil. The contaminated soil was removed and the area rehabilitated.	February 2010
Sishen Mine	About 2000 litres of oil were spilled due to the failure of a gauge. The spilled oil was contained in a lined pit.	September 2010



Independent Assurance Report to the Directors of Kumba Iron Ore Limited

Introduction

We have been engaged by the Directors of Kumba Iron Ore Limited ("Kumba Iron Ore") to perform an independent assurance engagement in respect of selected Identified Sustainability Information included in Kumba Iron Ore's Responsibility Report for the year ended 31 December 2010 ("the Report").

Scope and subject matter

The following Identified Sustainability Information was selected for an expression of *reasonable* assurance:

- Number of fatalities (page 18)
- Total Recordable Case Frequency Rate (TRCFR) (page 18)
- Number of New Cases of Occupational Disease (NCOD) (page 32)
- Total CO₂ emissions from processes and fossil fuels in 1,000 tonnes (page 57)
- Total CO₂ emissions from electricity purchased in 1,000 tonnes (page 57)
- Total energy used in GJ (page 56)
- Total number of level 2 & 3 environmental incidents reported (page 62)

The following Identified Sustainability Information was selected for an expression of *limited* assurance:

- Number of employees on anti-retroviral treatment (ART) (page 33)
- Number of employees that took up Voluntary Counselling and Testing (VCT) (page 33)
- Percentage of HIV+ employees enrolled on disease management programmes (page 33)
- Total water used for primary activities in million m³ (page 58)
- Total amount spent on social and community development in ZAR (page 48)
- Total amount spent on enterprise development through loans provided in 2010 (page 42)
- Non-mineral waste (Non-hazardous & hazardous) disposed at authorised landfill (page 67)
- Kumba Iron Ore's assertion that it has achieved an C+ Global Reporting Initiative (GRI) application level (page 4)

Our responsibilities do not extend to any other information.

Responsibilities of the directors

Kumba Iron Ore's Directors are responsible for the preparation and presentation of the Identified Sustainability Information, as incorporated in the Report, in accordance with their internally defined procedures and for maintaining adequate records and internal controls that are designed to support the reporting process.

Responsibility of the independent assurance provider

Our responsibility is to express, to the Directors, an opinion on the Identified Sustainability Information contained in the Report, for the year ended 31 December 2010, based on our assurance engagement.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance engagements other than audits or reviews of historical financial information issued by the International Auditing and Assurance Standards Board. This Standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain assurance on the Identified Sustainability Information as per the terms of our engagement.

Summary of work performed

Our procedures included examination, on a test basis, of evidence relevant to the Identified Sustainability Information. It also included an assessment of the significant estimates and judgements made by the Directors in the preparation of the Identified Sustainability Information.

Our work consisted of:

- reviewing processes that Kumba Iron Ore have in place for determining the Identified Sustainability Information included in the Report;
- obtaining an understanding of the systems used to generate, aggregate and report the Identified Sustainability Information at the sampled operations;
- conducting interviews with management at the sampled operations and at corporate head office;
- evaluating the data generation and reporting processes against the reporting criteria;
- performing key controls testing and testing the accuracy of data reported on a sample basis; and
- reviewing the consistency between the Identified Sustainability Information and related statements in the Report.

Kumba Iron Ore is a member of the Anglo American group and therefore Anglo American's internal corporate reporting policies and procedures (<http://www.angloamerican.com/aal/development/approach-and-policies/policies-standards-commitments/sustainable-development/>) and the Global Reporting Initiative's (GRI) new generation (G3) guidelines were applied as criteria for evaluating the Identified Sustainability Information.

Inherent limitations

Non-financial data is subject to more inherent limitations than financial data, given both the nature and the methods used for determining, calculating, sampling or estimating such data. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgments.

Conversion factors used to derive CO₂ emissions and energy used from fuel and electricity consumed, is based upon information and factors derived by independent third parties. Our assurance work has not included an examination of the derivation of those factors and other third party information.

We have not carried out any work on data reported for prior reporting periods nor in respect of future projections and targets. We have not conducted any work outside of the agreed scope and therefore restrict our opinion to the Identified Sustainability Information.

Conclusion

Reasonable assurance

Based on our work performed, the Identified Sustainability Information selected for reasonable assurance, for the year ended 31 December 2010, is free from material misstatement.

Limited assurance

Based on our work performed, nothing has come to our attention causing us to believe that the Identified Sustainability Information selected for limited assurance, for the year ended 31 December 2010, is materially misstated.

PricewaterhouseCoopers Inc.
Director: Wessie van der Westhuizen
Johannesburg
20 April 2011

MINING CHARTER

SCORECARD

CATEGORY	INDICATOR	TARGET	ACTUAL	PAGE
Human resource development	Adult basic education and training	78 learners	95 learners enrolled	35
	Learnerships	80 learners	118 learners in the system	35
	Career progression	100% of targeted employees on career progression plans	100% of targeted employees on programmes	35
Employment equity	HDSA in management	48.63%	45.99	34 – 36
	Women in core mining	9.45%	10.85	34 – 36
	Women in mining	15.48%	14.41	34 – 36
Housing and living conditions	Employees in hostels	68 of employees to vacate hostels	100% success rate achieved	34
	Local Economic Development (LED) programmes	Comply with SLP commitments	Five-year LED programme on track	42, 46 – 49
	Development forums in major labour-sending areas	Participate at all forums	Sishen, Kolomela and Thabazimbi Mines participated in local development forums and actively engaged with local municipalities and the major labour-sending areas	–
Preferential procurement	Percentage of procurement spend allocated to black-owned or empowered companies	39%	39.10%	42
HDSA ownership	Employee share scheme	3%	3% owned by Envision	–
	Community owned	3%	3% owned by the SIOC Community Development Trust	–
	HDSA owned	20%	20% owned by Exxaro	–
Reporting	Produce public report on performance against Mining Charter	Report to the public	Kumba believes that this report complies with the requirement of the Mining Charter	Refer to previous reports and this report
Beneficiation Kumba initiated a study to understand the current situation and growth opportunities across the steel value chain by inter alia incorporating views of other stakeholders. This information will be used to frame discussions with the relevant authorities. Furthermore, Kumba is supportive of efforts to attract a second steel producer to South Africa and the possible establishment of a pelletising and steel plant at Coega.				

ENVIRONMENTAL SCORECARD

PRIORITIES	INITIATIVES	2010 TARGET			
		Q1	Q2	Q3	Q4
Legacy/ historical contamination	Clean-up of hydrocarbon groundwater contamination (Sishen Mine)				
	Investigate extent of groundwater contamination by nitrates (Sishen Mine)				
	Investigate possible hydrocarbon pollution at Thabazimbi Mine				
	Obtain authorities decision for storage, treatment and reuse of hydrocarbon contaminated soil (Sishen and Thabazimbi Mines)				
	Complete shade net trails (Sishen Mine)				
	Finalise comprehensive rehabilitation strategy (Sishen Mine)				
Compliance: legal and other requirements	Close out 60% of previous audit findings (all operations)				
	Conduct comprehensive audits at all operations to confirm legal compliance status				
	Apply for new licences/permits of all activities not previously licensed				
	Track, monitor and update compliance, especially changes in legislation				
	Ensure project/exploration activities are licensed and complies to licence conditions				
	Develop EMS: ISO 14001 at Kolomela Mine				
Land management: Kumba-owned farms	Finalise land-use options for approval (all operations)				
	Implement approved land-use options (all operations)				
	Appoint land manager (head office)				
Water management	Target: achieve 2.5% saving from 2009 actual saving (14%)				
	Identify and drive water saving initiatives				
	Implement water management action plan				
Energy management	Target: achieve 9% saving on energy and 6% savings on CO ₂ emissions from 2004 baseline				
	Identify and drive energy savings initiatives				

■ Target achieved
■ Target not achieved

■ Progress made; target will be achieved
■ Progress made; target will likely not be achieved

G3 INDICATOR	DESCRIPTION	PAGE/COMMENTS
1.	Strategy and Analysis	
1.1	Statement from senior decision-maker	12, 14
1.2	Description of key impacts, risks and opportunities	8 – 10, DR 27
2.	Organisational Profile	
2.1	Organisation's name	DR 2 – 3
2.2	Major products	DR 2 – 3
2.3	Operational structure and major divisions	DR 2 – 3
2.4	Location of headquarters	Centurion, South Africa
2.5	Countries of operation	DR 2 – 3
2.6	Nature of ownership	http://www.kumba.co.za/reports/kumba_ar07/glance_structure.php
2.7	Markets served including geographic breakdown/sectors served/customers	41, DR 2 – 3
2.8	Scale of organisation including number of employees, net sales/revenues, total capitalisation	2 – 3, DR 2 – 3
2.9	Significant changes during reporting period	Inclusion of Kolomela Mine
2.10	Awards	Accomplishments 3
3.	Report Parameters	
3.1	Reporting period	January – December 2010
3.2	Date of previous report	April 2010
3.3	Reporting cycle	Annual
3.4	Contact point	IBC
3.5	Process for defining report content	4
3.6	Boundary of the report	4
3.7	Limitations on the scope or boundary of the report	4 The shipping of iron ore and the impacts thereof are not addressed in this report nor the social and environmental consequences of Kumba's exploration activities.
3.8	Basis for reporting on joint ventures, etc.	N/A
3.10	Restatements of information	None
3.11	Significant changes from previous reporting periods	None
3.12	GRI Content Index table	66
3.13	Policy and practice for seeking independent assurance for report	4
4.	Governance, Commitments and Engagement	
4.1	Governance structure including committees	8, DR 78
4.2	Indicate whether chair of highest governance body is also an executive officer	DR 80
4.3	Percent of independent directors	50%
4.4	Mechanisms for shareholders and employees to provide recommendations/engaged and their direction to highest governance body	DR 81 Opinions sought through surveys, performance appraisals and via committees and informal discussions. http://www.kumba.co.za/contact_investor.php

G3 INDICATOR	DESCRIPTION	PAGE/COMMENTS
Governance, Commitments and Engagement (continued)		
4.14	List of stakeholder groups	11
4.15	Basis for identification and selection of stakeholders with whom to engage	Stakeholders are engaged with based on their connection to material issues. These include stakeholders who are impacted by the company's activities such as employees, the Dingleton community and others
Economic Performance Indicators		
EC1	Direct economic value generated and distributed	38
EC6	Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation	42
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	34, 36
EC8	Development and impact of infrastructure investments and services provided for public benefit	44 – 49
EC9	Indirect impacts	38 – 43
Environmental Performance Indicators		
EN3	Direct energy consumption by primary source	56
EN4	Indirect energy consumption by primary source	56
EN8	Total water withdrawal	58 Total water figure presented, not disaggregated by source
EN9	Water sources and related habitats significantly affected by withdrawal of water	58 The impacts of the dewatering of the Sishen Mine pit are discussed on page 24. No other water sources are significantly affected by the company's activities
EN12	Description of significant impacts activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	53, 60
EN13	Habitats protected or restored	60
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	53, 60
EN16	Total direct and indirect greenhouse gas emissions by weight	57
EN17	Other relevant indirect greenhouse gas emissions by weight	Kumba does not emit other greenhouse gases
EN21	Total water discharged by quality and destination	Zero
EN22	Total weight of waste by type and disposal	Hazardous waste sent to landfill : 340.49 tonnes Non-hazardous waste sent to landfill: 2713.52 tonnes
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	Kumba does not transport hazardous waste

G3 INDICATOR	DESCRIPTION	PAGE/COMMENTS
Social Performance Indicators		
LA1	Total workforce by employment type, employment contract, and region	2 – 3, 34 – 36 Not reported by employment type, employment contract, and region
LA2	Total number and rate of employee turnover by age group, gender and region	35 Not reported by age group, gender and region
LA3	Benefits	35 – 37
LA4	Percentage of employees covered by collective bargaining agreements	36
LA7	Health and safety rates	18, 32
LA8	Programmes to assist employees, families, or community members regarding serious diseases	32 – 33
LA10	Average hours of training per year per employee by employee category	35 Average of 46 hours of training/employee/year
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	35 – 36
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour Kumba believes that child and forced labour (HR7) do not pose risks to its operations given the protection afforded by the South African legal environment.	Zero
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour	Zero
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	Zero
SO1	Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	20, 26, 42, 44
SO6	Total value of contributions to political parties, politicians, and related institutions	Zero
SO7	Total number of legal actions for anticompetitive behaviour, anti-trust, and monopoly practices and their outcomes	Zero
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Zero
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their lifecycle, by type of outcomes	Zero
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	Zero
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Zero
	DR Board of Directors' Annual Report IBC Inside back cover IFC Inside front cover	

KUMBA IRON ORE ADMINISTRATION

Feedback and queries on this report should be directed to:

Anel Marais

Manager: Social and Community Development

Email: 2010KumbaRespReport@kioldtd.com

Communications: Gert Schoeman

Investor relations: Esha Brijmohan

Employment equity: Kobus Meyer

Employee relations: Marius Mattee

Energy: Christo Oliver

Environment: Rodgers Mundembe

Social and community development: Anel Marais

Occupational health and safety: Alex Mgadzah

Preferential procurement: Susan van der Walt

Skills development: Neels de Jager

Training and talent management: Kobus Meyer

Water: Tom Verbeek

Corporate Office:

Centurion Gate – Building 2

124 Akkerboom Street

Zwartkop Extension 22

Centurion, Pretoria 0046

Republic of South Africa

Tel: +27 (0) 12 683 7000

Fax: +27 (0) 12 683 7009

www.angloamericankumba.com

KUMBA IRON ORE

Centurion Gate 2B
124 Akkerboom Street
Centurion
0157

www.angloamericankumba.com

Real Mining. Real People. Real Difference.

