

SAFETY, HEALTH AND ENVIRONMENTAL MANAGEMENT SUMMARY

The review period was characterised by progress in safety, health and environmental (SHE) issues. While celebrating our achievements, however, we are always mindful of our goals of an injury-free working environment and zero tolerance for non-compliance or unsafe behaviour. Our focus in environmental management remains on ensuring the rights of stakeholders to an environment – now and in future – that is not harmful to their health and well-being.

Kumba is a mining company: as such, we aim to continuously improve SHE performance and management systems in all our operations as an integral part of our commitment to sustainable development. An important element of our compliance with all relevant SHE legislation and international obligations is our commitment to consult with stakeholders, achieve high standards of environmental performance, and implement internationally-accepted standards for occupational health, safety and environmental management.

The Kumba board has overall responsibility for SHE monitoring and performance, exercised through the SHE committee and consulting forums at corporate level and each division. Policies and standards cover all operational aspects and activities that could affect the safety and health of people and the environment: a duty of care that covers the life cycle of each division, from exploration and planning to operation, closure, decommissioning, remediation and rehabilitation and post-closure care that focuses mainly on ensuring that environmental sustainability is achieved.

Developed in consultation with relevant stakeholders and mandatory for all Kumba operations, SHE policy and management standards aim to:

- Provide a risk-based SHE management system, consistent with national legislation, the Kumba SHE policy, ISO 14001, OHSAS 18001, and other internationally-recognised standards that support the implementation of SHE best practice across all Kumba operations
- Provide a Kumba-wide framework to effect SHE legal compliance
- Ensure the progressive development and implementation of more specific and detailed SHE management systems at all levels of Kumba operations
- Provide performance criteria against which SHE management systems across Kumba can be measured
- Provide a basis from which to drive SHE continuous improvement
- Integrate SHE elements into all relevant existing Kumba policies and practices.

The SHE management process is largely driven by well-established risk management principles. Processes and working areas are broken down into units, assessed for baseline risks and then issue-based risks. All operational teams are trained to apply risk assessment on new projects and tasks. Control measures to reduce risk are implemented systematically according to the following risk parameters:

- Engineering design
- Engineering control and SHE systems
- Early warning systems
- Administrative control (eg procedures, training and inspections)
- General protective mechanisms and processes.

OHSAS 18001 AND ISO 14001

All operating business units were certified for ISO/OHSAS management systems (ie to OHSAS 18001 and ISO 14001 standards) during the period. Some, such as Tshikondeni and Kumba FerroAlloys, have fully-integrated SHE risk management systems, with ISO/OHSAS management tools combined in a single system to avoid duplication, resource wastage, and fragmented solution options and decision making.

SAFETY AND HEALTH

The focus in health and safety management is on minimising major occupational risks in the work environment including:

- Self-propelled mobile equipment
- Fire and explosives
- Fall of ground
- Electricity and other sources of energy
- Human behaviour
- Noise exposure

- Airborne pollutant exposure, particularly silica dust
- Radiation and ventilation.

In line with the International Labour Organisation (ILO) code of practice and South African legislation and selected industry parameters, occupational safety and health incidents and trends are reported to the relevant authorities. Monthly and biannual incident analysis helps determine contributing factors; lessons learned and proactive measures implemented are shared throughout the group to prevent further incidents.

As part of the ISO/OHSAS certification process, all business units are subject to legal assessment and have a legal register. No legal action for non-compliance occurred during the review period.

Where possible, Kumba keeps disabled employees in service, including alternative positions.

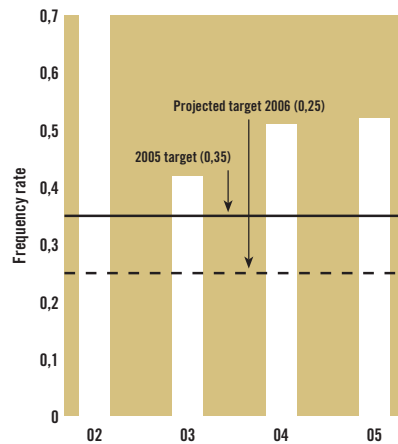
Safety

Four fatalities were recorded in 2005 and we mourn with the families and friends of these lost colleagues. Our target is zero fatalities and any loss of life is unacceptable. The lost-time injury frequency rate (LTIFR) for the 12 months ending 31 December 2005 was 0,52 against a 2005 target of 0,35.

While we were extremely disappointed to have missed our safety target for the year, several divisions recorded exceptional performance:

- Tshikondeni was awarded the Millionaire Shield by the Department of Minerals and Energy and the Mine Health and Safety Council's Safety Achievement Flag for coal mines
- Thabazimbi mine has been fatality-free for three years
- Glen Douglas, Saldanha, Research and Development and Sishen South had no lost-time injuries in 2005 while Tigor's Hillendale operation reached this milestone just after the year end
- Sishen recorded three million lost-time-injury-free hours for the first time since Kumba's establishment.

LTIFR rate per 200 000 man-hours: 2005



Note: Kumba is standardising the reporting of man-hours across the group.

A major initiative during the year was the launch of the *I Care rules* to improve hazard identification and risk awareness of employees at all divisions. In line with Kumba's aim to achieve an injury-free work environment and exceeding legal compliance standards, the rules are non-negotiable and focus on safety in confined spaces, working at heights, energy and machine isolation, vehicle safety, lifting and handling of material and site-specific rules. The *I Care rules* augment other safety rules by spotlighting hazards in specific high-risk areas. The implementation of this programme is producing encouraging early results.

Independent corporate safety audits are being conducted at all divisions. Focusing on corporate requirements, the primary objective is to analyse the application and effectiveness of selected corporate imperatives at operational level. SHE managers have been trained as internal integrated auditors and are registered with the South African Auditor and Training Certification Association (SAATCA).

As part of the drive to manage safety awareness across the group, a proactive index is being developed which considers positive and negative safety performance

to develop leading indicators that will ultimately guide future behaviour. The first concrete example of this approach is a guide to managing operator fatigue, developed with input from all divisions and sister companies in the Anglo American group. This guide is available on the Kumba intranet.

The following safety targets and objectives have been set for 2006:

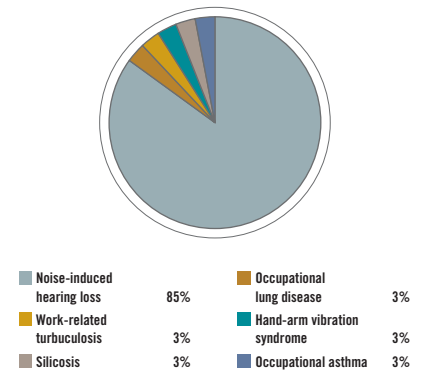
- Kumba aspires to a zero-injury rate at all its activities. To reach that goal, we aim for zero fatalities and a 30% improvement on the 2005 lost-time injury target of 0,35
- Complete safety audits at all business units and monitor corrective action to ensure sustainable safety standards. Conduct regular follow-up audits
- Entrench and monitor the culture of incident management
- Establish best practice in contractor management
- Manage safety with foresight through leading indicators.

Health

In line with sectoral developments, the focus during the review period was on risk reduction and implementing proactive indicators to support the elimination of two key occupational health risks – noise-induced hearing loss by 2008 and silicosis by 2013.

There were 34 suspected occupational disease cases reported in 2005 compared to 41 reported in 2004. There were 29 cases of noise-induced hearing loss (NIHL); one case of occupational lung disease; one of work-related tuberculosis; one case of hand-arm vibration syndrome; one case of silicosis; and one case of occupational asthma. These cases have been submitted in terms of the Compensation for Occupational Injuries and Disease Act to Rand Mutual Assurance and the Compensation Commissioner for evaluation. The silicosis, occupational asthma and six cases of NIHL were submitted to the Namibian Social Security Commissioner.

Occupational disease cases reported in 2005



All occupational health targets are regularly reviewed against legislation and other industrial commitments to meet the following targets for future reporting periods:

- Air quality index of <1 for 80% of exposed employees by 2006
- Risk-based medical surveillance to be performed by December 2006. Kumba business units have already introduced risk-based medical surveillance. Hygiene measurements are used to classify and quantify employee risk and the periodicity of medical examinations for each employee
- By December 2008, 95% of all exposure measurement results below the occupational exposure limit for respirable crystalline silica of 0,1mg/m³
- After December 2008, hearing conservation programmes implemented by industry must ensure there is no deterioration in hearing greater than 10% among occupationally-exposed individuals
- After December 2013, using present diagnostic techniques, no new cases of silicosis will occur among previously unexposed individuals
- By December 2013, total noise emitted by all equipment installed in any workplace must not exceed a sound pressure level of 110dB (A) at any location in that workplace.

Occupational hygiene is an integral part of our occupational health management

Meaningful environmental reporting benchmarks now in place

programme to ensure that the work environment supports high health standards. All mandatory codes of practice in terms of the Mine Health and Safety Act (29 of 1996) are in place.

Kumba has formal health committees in place at all operations with management and worker representation. Health managers hold quarterly meetings which provide a platform for sharing lessons and successful interventions.

The following primary health objective has been set for 2006:

- Refining the strategy to meet sector targets by 2013, primarily noise-induced hearing loss and silicosis.

ENVIRONMENT

Kumba has an integrated, enterprise-wide risk management programme in place, which evaluates environmental management risks. All South African sites have approved environmental management plans and environmental management systems in place.

Following the installation of an electronic environmental management system in the prior year to consolidate environmental data and statistics, a specialist has been appointed to manage environmental costs and reporting to stakeholders. This electronic system has now been rolled out to all operations and benchmarked nationally. Believed to be the best of its type in South Africa, it supports ISO 14001 and will enable Kumba to make stakeholder reporting more meaningful and comparable. The benefits of achieving ISO 14001 certification for our divisions are numerous; the most important of these is risk profiling and managing significant risks in a standardised system. In future, comparative results will be published.

A highlight of the review period was the implementation of the environmental scoping project, a comprehensive environmental management improvement process to determine levels of risks, enhance our performance and reporting levels. Pivotal to this strategy was the

launch of an environmental centre of excellence, an integrated management service with three legs: environmental specialist services, land management and rehabilitation. By integrating these functions, Kumba will further standardise policies, strategies and guidelines to ensure consistent compliance with legislation and environmental performance.

During the year, Kumba was a signatory to the energy efficiency accord developed by the Department of Minerals and Energy. The accord is part of a broader national integrated energy initiative focused on planning and management which examines various interventions for optimal energy planning and use. Under this accord, Kumba is committed to reducing energy use by 0,5% per annum (p92).

Kumba welcomes the establishment of the environmental compliance and enforcement inspectorate, which is empowered to enforce environmental compliance from the government's perspective, particularly legislation on biodiversity, protected areas and air quality.

An updated environmental management policy acknowledges all stakeholders' constitutional rights to an environment that is not harmful to their health and well-being. The right of future generations to use the environment to their advantage is continually considered during business planning cycles, including operational, decommissioning and closure and post-closure phases. Kumba is committed to promoting good and open relationships through consultative forums and enhancing capacity in the local communities where we operate.

Land management

Land management data has not changed since the previous reporting period. In line with new GRI reporting indicators for mining companies, Kumba's land for production activities or extractive use is as follows:

- Total land disturbed – 18 045ha
- Total land rehabilitated in period versus agreed end use – 4 532ha.

In 2006, the focus will be on initiatives to minimise land-holding costs and developing

an integrated and proactive rehabilitation strategy to address all closure requirements.

Environmental risks

During 2005, one environmental fine was received for a Ticor truck that accidentally spilled dust.

Rehabilitation

The planned mine-closure rehabilitation activities for 2005 were completed at the Durnacol colliery in KwaZulu-Natal during the review period.

At Hlobane colliery, closure plans for 2005 were carried out as scheduled. The project initiated in the previous year to seal surface fractures has resulted in the Hlobane waterfall flowing again after more than 50 years (p92). This is part of an integrated water management plan to manage decanting mine water volumes and improve downstream water quality. Monitoring of waterflow is ongoing.

Major experiments to enhance rehabilitation slopes are currently being performed at Sishen and Grootegeluk.

All mining operations have updated estimated final closure liabilities as well as immediate closure liabilities (where applicable). Provision for the cost of closure and post-closure liabilities for all mines is managed through an independent rehabilitation trust fund and is externally audited and verified.

ENVIRONMENTAL OBJECTIVES

While some progress regarding energy efficiency was made in 2005, we expect further efficiencies to be achieved in controllable energy use across the group in 2006. This process will be driven as part of Kumba's continuous improvement programme. Typical areas include fixed-energy consumers such as processing plants and buildings. Kumba will develop a robust water-monitoring reporting regime in 2006 that will identify areas to be prioritised for water efficiency. The aim is to bring such consumption to at least below the 2004 water-use baseline.

Electricity, diesel, gas consumption and water use per business unit: 1 January 2005 to 31 December 2005

| Business unit | Electricity (Gj) | Diesel (l) | Diesel (Gj) | Gaskor Gas (Gj) | Water (m ³) | Total energy use (Gj) | Product (kt) | Energy per tonne | Electricity per tonne | Diesel per tonne | Water per tonne |
|----------------------------|------------------|-------------------|------------------|-----------------|-------------------------|-----------------------|-------------------|------------------|-----------------------|------------------|-----------------|
| Iron ore | 1 141 068 | 57 770 750 | 2 212 909 | 0 | 8 647 291 | 3 353 977 | 31 217 996 | 0,11 | 0,04 | 1,85 | 0,28 |
| Sishen | 1 009 238 | 49 829 634 | 1 908 724 | 0 | 5 904 818 | 2 917 963 | 28 687 650 | 0,10 | 0,04 | 1,74 | 0,21 |
| Thabazimbi | 131 830 | 7 941 116 | 304 184 | 0 | 2 742 473 | 436 014 | 2 530 346 | 0,17 | 0,05 | 3,14 | 1,08 |
| Coal | 1 033 740 | 24 189 024 | 926 561 | 0 | 2 103 983 | 19 574 538 | 19 574 538 | 0,10 | 0,05 | 1,24 | 0,11 |
| Grootegeeluk | 836 791 | 17 286 120 | 662 145 | 0 | 1 848 705 | 1 498 936 | 17 241 936 | 0,09 | 0,05 | 1,00 | 0,11 |
| Tshikondeni | 138 394 | 1 251 209 | 47 928 | 0 | 178 408 | 186 322 | 412 400 | 0,45 | 0,34 | 3,03 | 0,43 |
| Leeuwpan | 58 554 | 5 651 695 | 216 488 | 0 | 76 870 | 275 042 | 1 920 202 | 0,14 | 0,03 | 2,94 | 0,04 |
| Industrial minerals | 46 933 | 3 213 051 | 123 076 | 0 | 1 957 954 | 170 009 | 1 363 672 | 0,12 | 0,03 | 2,36 | 1,44 |
| Glen Douglas | 46 933 | 3 213 051 | 123 076 | 0 | 1 957 954 | 170 009 | 1 363 672 | 0,12 | 0,03 | 2,36 | 1,44 |
| Base metals | 1 750 428 | 2 503 282 | 95 888 | 0 | 2 625 348 | 1 846 316 | 256 069 | 7,21 | 6,84 | 9,78 | 10,25 |
| Zincor | 1 606 579 | 823 355 | 31 539 | 0 | 1 394 132 | 1 638 118 | 102 090 | 16,05 | 15,74 | 8,06 | 13,66 |
| Rosh Pinah | 143 849 | 1 679 927 | 64 350 | 0 | 1 231 216 | 208 198 | 153 979 | 1,35 | 0,93 | 10,91 | 8,00 |
| Heavy minerals | 1 995 607 | 1 915 850 | 73 387 | 398 001 | 8 199 102 | 2 466 995 | 299 583 | 8,23 | 6,66 | 6,40 | 27,37 |
| Ticor SA | 1 995 607 | 1 915 850 | 73 387 | 398 001 | 8 199 102 | 2 466 995 | 299 583 | 8,23 | 6,66 | 6,40 | 27,37 |
| Total | 5 978 388 | 90 023 401 | 3 448 346 | 398 001 | 23 569 904 | 9 824 735 | 52 711 858 | 0,19 | 0,11 | 1,71 | 0,45 |

* Kumba totals include smaller operations not listed on the table. The operations are Hlobane, Durnacol and Kumba FerroAlloys.

** Total energy figures comprise electricity, diesel and Gaskor gas

Environmental incidents: 1 January 2005 to 31 December 2005

| Business unit | Level 3 | Level 2 | Level 1 |
|----------------------------|----------|-----------|--------------|
| Iron ore | 0 | 0 | 192 |
| Sishen | 0 | 0 | 146 |
| Thabazimbi | 0 | 0 | 46 |
| Coal | 0 | 0 | 482 |
| Grootegeeluk | 0 | 0 | 302 |
| Tshikondeni | 0 | 0 | 44 |
| Leeuwpan | 0 | 0 | 136 |
| Industrial minerals | 0 | 0 | 35 |
| Glen Douglas | 0 | 0 | 35 |
| Base metals | 0 | 4 | 126 |
| Zincor | 0 | 4 | 101 |
| Rosh Pinah | 0 | 0 | 25 |
| Heavy minerals | 0 | 39 | 284 |
| Ticor SA | 0 | 39 | 284 |
| Total | 0 | 43 | 1 119 |

Level 1

Environmental incidents not covered in Level 2 and Level 3.

Level 2

Environmental incidents and fines for non-compliance with potential liability exceeding R10 000.

Level 3

Environmental-related incidents with a high or potentially high significance (major impact, long-term or extensive effect) and a probable negative impact on shareholder value.

Greenhouse gas emissions from processes prioritised for 2006

Current changes in air quality management legislation have necessitated reviewing performance on air quality. Accordingly, Kumba will initiate air quality baseline studies at business units that fall within the demarcated air quality priority areas, such as Gauteng. This will ensure compliance with the draft ambient air quality standards.

Recognising the environmental challenges facing South Africa and the international community from the negative impacts of greenhouse gases and ozone-depleting substances, Kumba has begun monitoring contributors of CO₂, one of the significant greenhouse gases, within the group. The primary focus has been on CO₂ emissions related to electricity, diesel and Sasol gas as energy sources. Currently CO₂ emissions from consumption of Sasol gas are 18 069,31 tonnes at Tigor SA. Areas

prioritised for reporting improvement in 2006 are greenhouse gas emissions from processes. This will be done through the air quality baseline studies scheduled for some business units in 2006. These baseline studies will indicate the entire noted air quality inventory which will include both greenhouse gases and ozone-depleting substances.

The ecology services expertise available to Kumba through the newly-established environment centre of excellence will be used to drive biodiversity baseline studies needed to comply with new legislation.

Waste management strategies will be developed with the aim of driving down hazardous waste produced per tonne of product at the Zincor, Rosh Pinah and Sishen business units.

The following environmental objectives have been set for 2006:

- Monitoring the implementation of environmental management plan reporting
- Implementing the hydrocarbon strategy of affected centres
- Further developing the centre of excellence to focus on environmental risks
- Finalisation of a group land rehabilitation strategy
- Finalisation of closure plans for in closure mines
- Disposal of inactive properties

CO₂ from electricity purchased (tonnes): 2005

| Business unit | MWh | Tonnes |
|----------------------------|------------------|------------------|
| Iron ore | 316 963 | 305 236 |
| Sishen | 280 344 | 269 971 |
| Thabazimbi | 36 619 | 35 264 |
| Coal | 287 150 | 276 525 |
| Grootegeluk | 232 442 | 223 842 |
| Tshikondeni | 38 443 | 37 020 |
| Leeuwpan | 16 265 | 15 663 |
| Industrial minerals | 13 037 | 12 555 |
| Glen Douglas | 13 037 | 12 555 |
| Base metals | 486 230 | 468 239 |
| Zincor | 446 272 | 429 760 |
| Rosh Pinah | 39 958 | 38 480 |
| Heavy minerals | 554 335 | 533 825 |
| Tigor SA | 554 335 | 533 825 |
| Total | 1 660 663 | 1 637 620 |

CO₂ from diesel (tonnes): 2005

| Business unit | Litres | Tonnes |
|----------------------------|-------------------|----------------|
| Iron ore | 57 770 750 | 155 403 |
| Sishen | 49 829 634 | 134 042 |
| Thabazimbi | 7 941 116 | 21 362 |
| Coal | 24 189 024 | 65 068 |
| Grootegeluk | 17 286 120 | 46 500 |
| Tshikondeni | 1 251 209 | 3 366 |
| Leeuwpan | 5 651 695 | 12 203 |
| Industrial minerals | 3 213 051 | 8 643 |
| Glen Douglas | 3 213 051 | 8 643 |
| Base metals | 2 503 282 | 6 734 |
| Zincor | 823 355 | 2 215 |
| Rosh Pinah | 1 679 927 | 4 519 |
| Heavy minerals | 1 915 850 | 5 154 |
| Tigor SA | 1 915 850 | 5 154 |
| Total | 90 023 401 | 242 163 |

1. Peet Herbst, mining and technical services manager at Glen Douglas, examines growth on one of the rehabilitated slopes at the mine.
2. Silver Monageng, during an inspection at a Thabazimbi mine nursery where indigenous plants are cultivated for use in the mine's rehabilitation programme.
3. Kumba's occupational health management programme includes regular medical check-ups for employees. At Rosh Pinah, Edwin Daniels and Rónel Pretorius monitor Theo Ickua's performance on the ECG test.
4. Dawid Kruger, senior environmental technician at Sishen, directs the planting of indigenous trees at the mine's rehabilitation slope trials.
5. Experiments to enhance rehabilitation are under way at Grootegeluk. Stefan Adamski, senior mining engineer, checks progress on the storage of topsoil at the mine.

