



### Local business development

Anglo American's business focus is global. But when it comes to sourcing, our commitments are firmly local. And if we can't find what we need there initially, we work with local suppliers willing to develop their goods and services in ways that will ultimately meet our requirements. This can stimulate additional new business and employment opportunities in the process.

Anglo American's determination to work with local businesses is integral to our values. Increasingly, local business development initiatives are also consistent with government policy.

In South Africa, for example, the Mining Charter sets a number of criteria against which mining companies like ours are measured. Among them is procurement, with particular emphasis on black-owned small to medium sized enterprises (SME). For Anglo American, this is nothing new. We started our first SME development initiatives in South Africa in 1989.

In 2006, we procured about a quarter (\$1.7 billion or R.11.4 billion) of our goods and services in South Africa from black-owned or managed enterprises – 25% higher than in 2005. Of this, 15% was from SMEs.

To ensure that our procurement from local businesses continues to grow, we have established innovative programmes that involve investing in and mentoring local start-up businesses.

### **Case study: The independent way to prosperity**

The Zulu word for independence is 'zimele'. So when we launched an enterprise development and empowerment initiative in South Africa, Anglo Zimele proved to be an apt name.

Anglo Zimele invests in the small and medium enterprise sector across a wide range of industries. Its aim is to build, sustain and grow each venture. In 2006, Anglo Zimele invested a total of \$5.1 million (R34.4 million) in 18 new South African companies, collectively operating in 18 sectors and employing more than 3,090 people. Anglo Zimele has helped well over 100 local companies get off the ground. And many are still flying. According to an independent report, those businesses that receive Anglo Zimele support are up to three times as likely to succeed in the long term as other SMEs in the region.

Anglo Zimele's influence extends beyond South Africa as well. As a recognised authority in SME investment and capacity building, the organisation is now spreading best practice to other operations within the Group and externally to international bodies such as the World Bank.

### **Case study: Hydraulics Company gets a lift in Chile**

In order to be able to expand into serving the mining sector, Tecnoseal, a small company in Chile that manufactures and maintains hydraulic and pneumatic machinery components, must increase its capacity and expertise.

Anglo Chile is helping to make that happen – and is also providing support for as many as 20 other small- and medium-sized enterprises – in an effort inspired by the Anglo Zimele initiative in South Africa.

Tecnoseal, which has already proven its ability to grow with the help of a micro loan from the Chilean government, will now benefit from a \$30,000 investment from Anglo Chile. In addition to the equity involved, the company will also provide Tecnoseal with hands-on management and business planning support.

Looking to support business development in the poorest parts of the communities around their operations, Anglo Chile has also formed a new alliance with Fondo Esperanza, a non-profit organisation that provides micro-credit for more than 10,000 clients in Chile using the Nobel-prize winning Yunus method of community banking.