

# PRESENTATION TO SOCIALLY RESPONSIBLE INVESTMENT ANALYSTS

18 JUNE 2013



# AGENDA

- Safety briefing
- Chairman's welcome
- Overview of key issues and Anglo American's approach
- 2012 performance
- Q&A

# **WELCOME**

## **SIR JOHN PARKER, CHAIRMAN**

# **OVERVIEW OF PERFORMANCE**

**MARK CUTIFANI, CHIEF EXECUTIVE**

# SUSTAINABILITY AND MINING

## Responsible mining ever-more important to value generation

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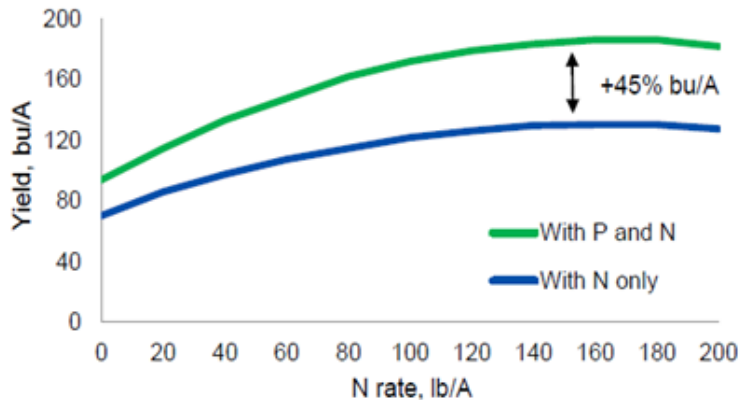
- Mining is one of, if not the, most important industrial activities in the world:
  - Against that measure, footprint is relatively limited at a global level
  - However, impacts at more local levels continue to require a strong focus
- Sustainability issues are at the heart of value delivery in the mining sector
- As an industry we have made much progress in recent years, but the context we are operating in is changing and we need to respond:
  - A growing intolerance of harm of any kind
  - An increasing desire by host communities and countries to participate in the wealth generated by mining
  - Declining tolerance for unethical business practices
  - Expectations for more transparency on a wider range of issues
  - More voices in the governance space: governments, NGOs, investors, academics, customers and consumers
- Vital that the industry continues to engage with external voices on all aspects of our business:
  - Vatican engagement: dialogue with the Pontifical Council on Justice and Peace
  - Kellogg Innovation Network: mining company of the future project



# IMPACT OF PHOSPHATE FERTILISERS

Phosphate fertilisers use significantly increases agricultural productivity and reduce land take

- Phosphate is required by all organisms to live
- It is one of three essential ingredients to fertilisers used at the agribusiness to improve crop quality and meet increasing food demand
- Phosphate Fertiliser is a key factor for increase on crop yields (45% productivity increase)



Productivity Benefits



Without P fertiliser

With P fertiliser

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# ANGLO AMERICAN'S APPROACH TO RESPONSIBLE MINING

## Initial impressions

Examples of Excellence	Anglo American's Approach
<ul style="list-style-type: none"><li>• Strong commitment to safety, underpinned by industry-leading management systems</li><li>• A leader on health:<ul style="list-style-type: none"><li>– HIV/AIDS and TB</li><li>– Broader community interventions</li></ul></li><li>• Strong expertise in community development<ul style="list-style-type: none"><li>– Local procurement</li><li>– Enterprise development</li><li>– Municipal capacity development partnership with Development Bank of Southern Africa</li></ul></li><li>• A focus on strong environmental management<ul style="list-style-type: none"><li>– ECO2MAN and WETT tools for energy, carbon and water efficiency delivering financial and environmental benefits</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Strong focus on risk and opportunity management across all relevant functions</li><li>• High degree of business relevance for the sustainability initiatives identified</li><li>• The company is aware of and is responding to external expectations</li><li>• An understanding of how responsible mining benefits the bottom line:<ul style="list-style-type: none"><li>– Risk management</li><li>– Operational efficiencies</li><li>– Partner of choice</li></ul></li><li>• Natural tendency to engage, and to work with a wide variety of partners<ul style="list-style-type: none"><li>– NGOs, academics, governments and business partners</li></ul></li></ul>

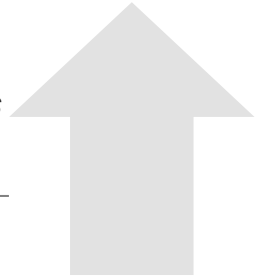


# EARLY THOUGHTS ON WAYS FORWARD

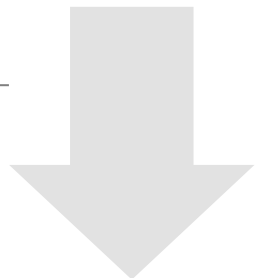
Initial work has identified four cross-cutting themes that will yield value

Anglo American has been actively addressing SRI issues for many years. Strategy work has found scope to further improve performance and value-add from sustainability initiatives

Thematic areas	Potential medium to long term strategic imperatives
<b>Showing Care and Respect to Stakeholders and the Environment</b>	<p>Ensuring that we do no harm to our stakeholders and the environment, and that we respect human rights</p> <ul style="list-style-type: none"><li>• <i>Example: Enhanced focus on risk assessment and management across all sustainability dimensions</i></li></ul>
<b>Social Development Initiatives</b>	<p>Focussing our efforts to spread the benefits of mining, and to use our resources and expertise for greater societal benefit, including to the benefit of the most vulnerable in our host countries</p> <ul style="list-style-type: none"><li>• <i>Example: Scaling-up local procurement, enterprise development and local institutional capacity development programmes</i></li></ul>
<b>Effectiveness and Efficiency</b>	<p>Ensuring that we make the most efficient use of the considerable resources we devote to sustainable development within Anglo American</p> <ul style="list-style-type: none"><li>• <i>Example: Reviewing the level at which we make decisions on social investment</i></li></ul>
<b>Portfolio and Governance Issues</b>	<p>Reviewing the businesses we invest in, and the policies and standards we operate our business by</p> <ul style="list-style-type: none"><li>• <i>Example: Exploring options for a responsible mine certification programme</i></li></ul>



Ongoing and broad-based engagement underpins and informs all activities



# SAFETY

## Safe production is our number one priority

Group Safety Leadership Summit, Apr 2012:

- Focus on leadership and accountability

South Africa Contractor Health and Safety Summit, November 2012:

- Improve safety standards
- Extend focus of contractor engagement to broader welfare issues

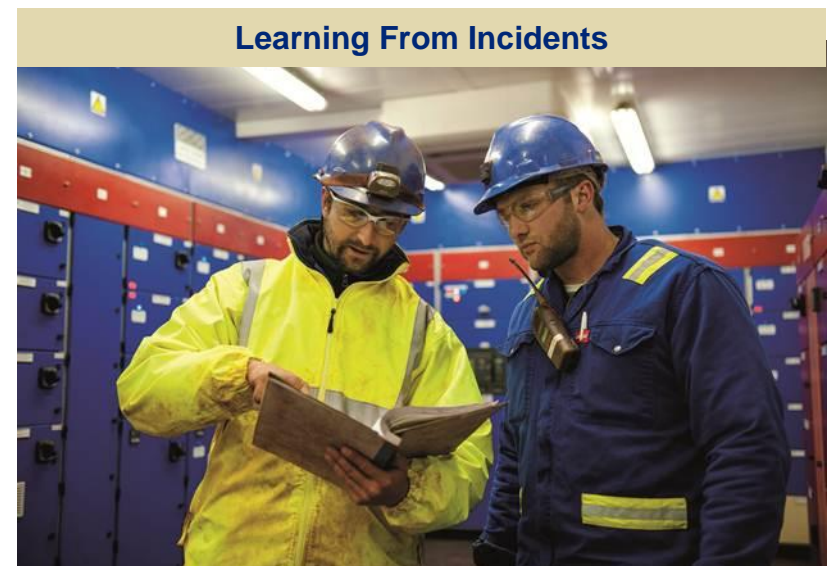
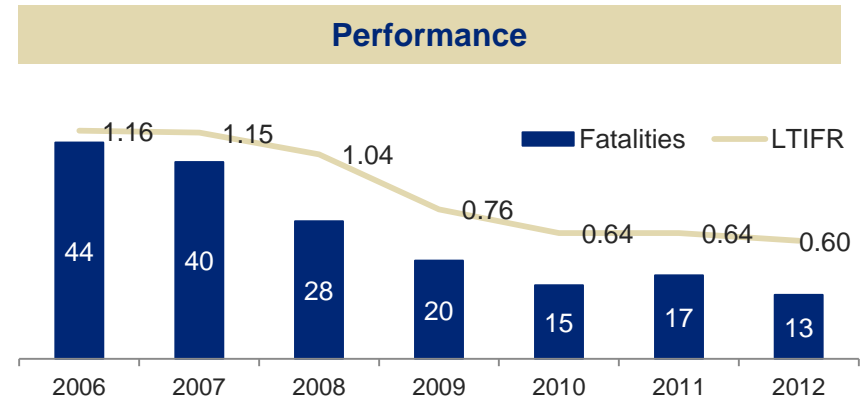
In 2012, 13 people lost their lives as a result of work-related activities (2011: 17):

- 7 losses of life recorded at Platinum, a 42% improvement on 2011
- LTIFR dropped to 0.60

124 sustainability site audits / reviews completed in 2012

Key programmes to drive continued improvement:

- Visible Felt Leadership
- Learning From Incidents
- Operational Risk Management



# HEALTH

## Zero harm to health

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### Occupational health

- Focus on health risk management and reducing exposure to health hazards.
- Emphasis on control effectiveness, health incident reporting and health improvement plans
- Ensuring contractor compliance with Anglo American occupational health standards.
- Occupational disease incidence declining

### Health and wellness

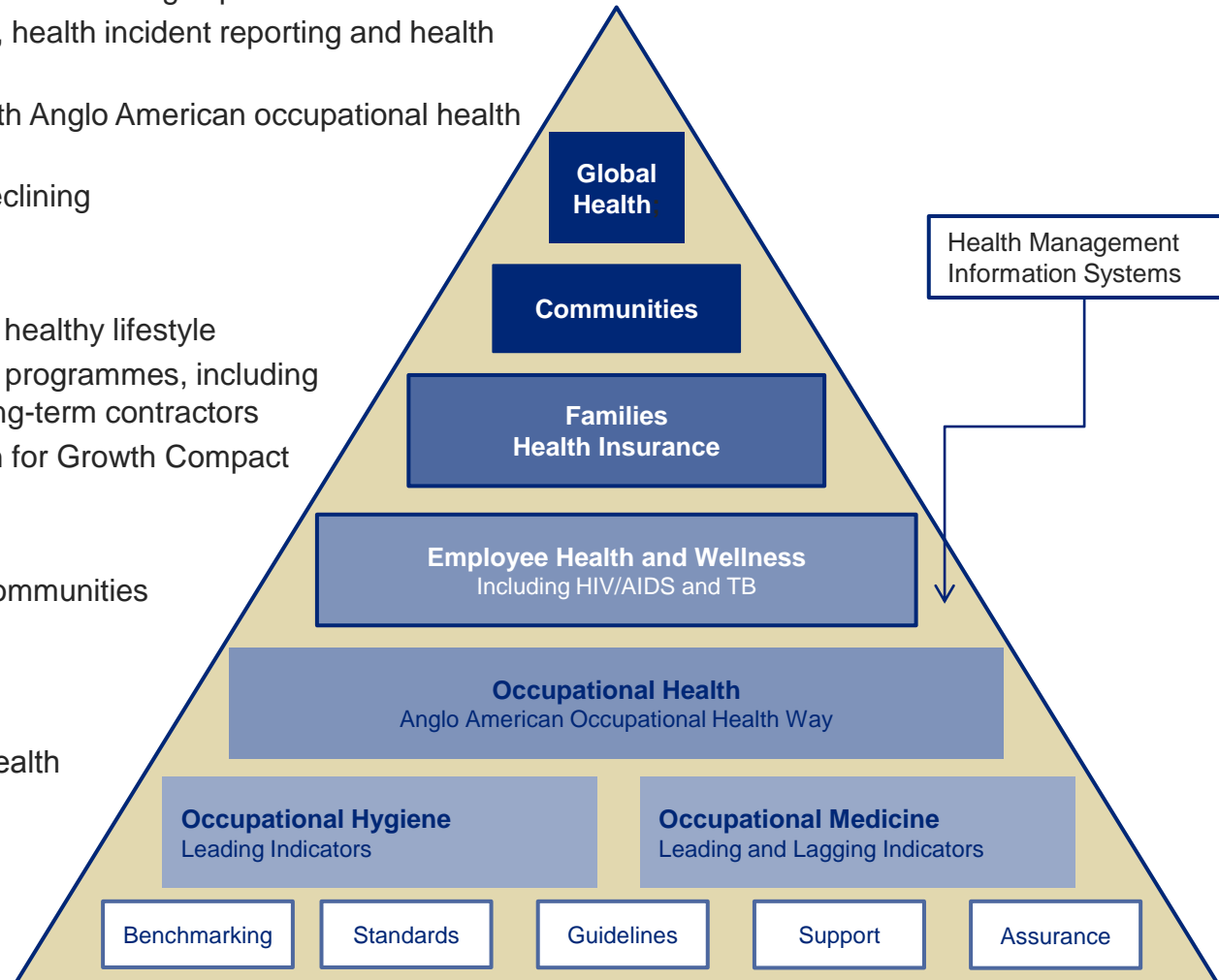
- Health screening and supporting a healthy lifestyle
- Extending our health and wellness programmes, including HIV and TB management, to all long-term contractors
- Pledged to join the Global Nutrition for Growth Compact

### Families and communities

- Health systems strengthening in communities associated with our operations

### Health information systems

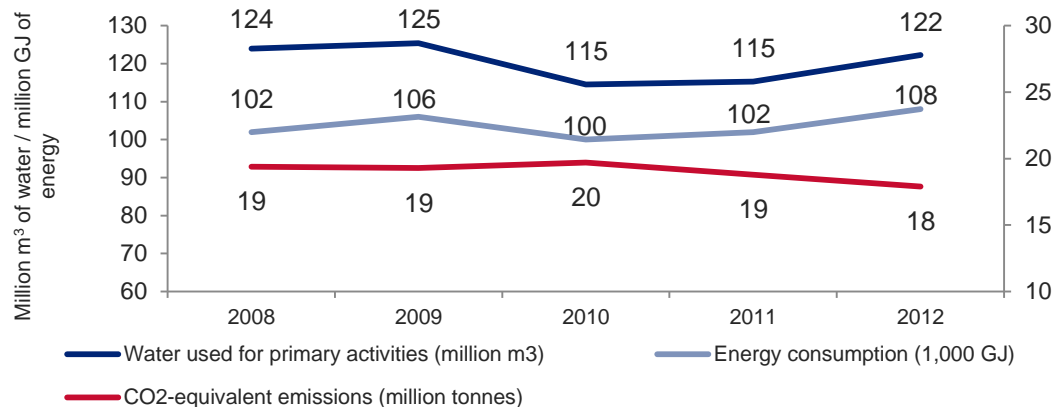
- The “glue” ensuring continuity of health care
- “theHealthSource” commended at the Global Business Coalition on Health *Business Action on Health Awards* May 2013



# ENVIRONMENT

## A focus on operational excellence, technology and partnership

- Substantial progress towards environment targets set in 2011:
  - 5% energy savings, generating cost savings of \$75m
  - 2015 carbon target almost achieved with 3.3 Mt CO<sub>2-e</sub> emissions savings
  - already halfway to 2020 water target
- Water recycling rate increased to 72%
  - Four operations recycling at over 90%
- Achievement of the best mining performance score in the Carbon Disclosure Project in 2012:
  - Anglo American and Anglo American Platinum are the only mining companies in the Global 500 Leadership Index





# GOVERNMENT RELATIONS

## Increasing expectations beyond business-as-usual contributions

- Continuing to embed government relations planning processes across all key geographies
- Policy debates around the governance of the extractive sector have remained very active, at national and international level
  - Dodd Frank and EU Accounting Directive
  - G8 revenue transparency and beneficial ownership initiatives
- Successful resolution of the Anglo American Sur negotiations in Chile
- Secured lifting of injunctions affecting Minas Rio project
- Strong government support for Quellaveco following successful conclusion of dialogue table
- Working with government in South Africa
  - Positive investment climate
  - Enhancing developmental outcomes from mining

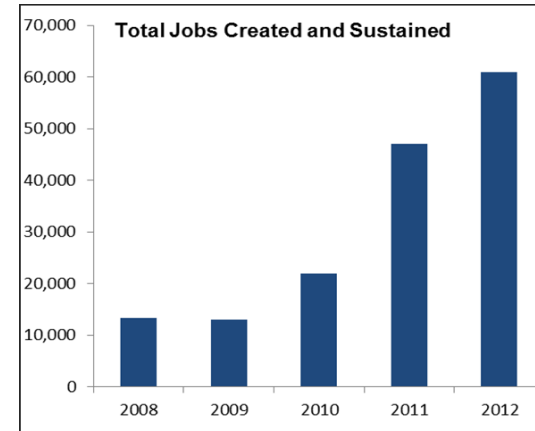


# SOCIAL PERFORMANCE

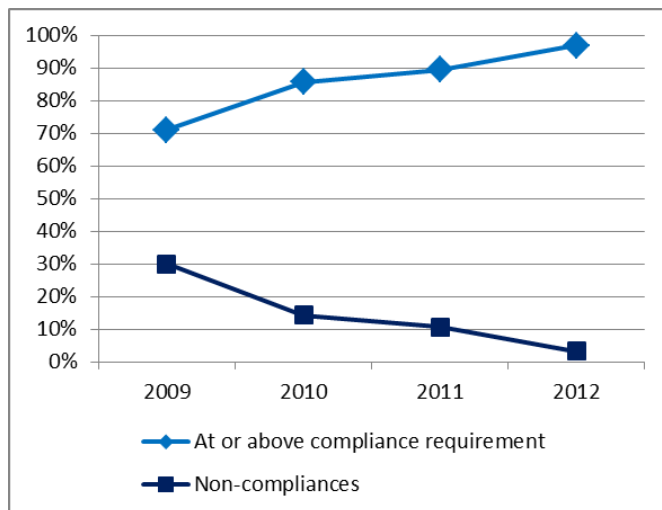
## Continued improvement in key programmes

- SEAT v3 won IAIA's 2012 "Corporate Initiative Award"
- Strong early results from local procurement programme: share going to communities rose from 9.5% to 11.3% of our \$14 billion procurement budget
- Enterprise development programmes expand further:
  - New initiatives launching in Botswana, Brazil and Peru and further growth in South Africa
- Further increases in compliance with Anglo American Social Way

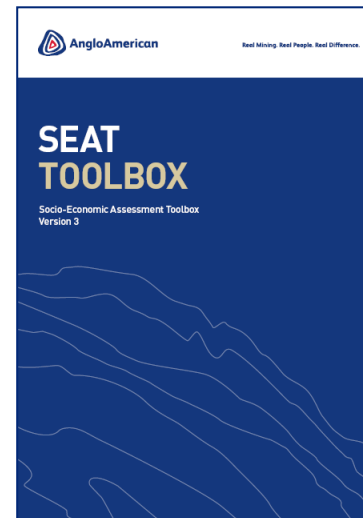
## Enterprise development programmes



## Nearing full compliance with the Social Way



## SEAT 3 finalised and made freely available



- SEAT v3 reflects developments in business and human rights, and focuses on core business role in development
- Inputs from Partner NGOs CARE, FFI and International Alert
- Freely available on Anglo American website in English, French, Portuguese and Spanish

# Q&A