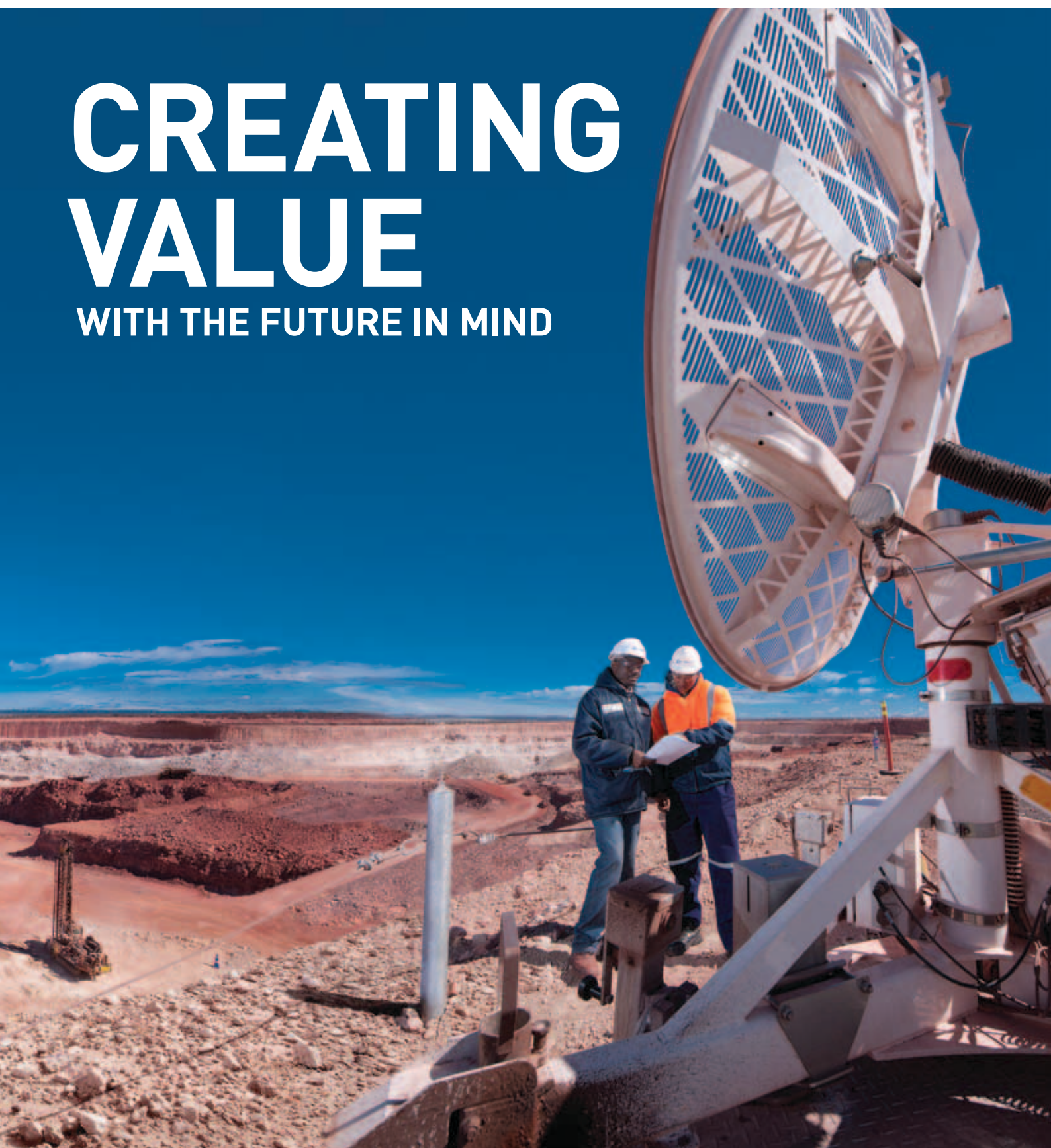


CREATING VALUE

WITH THE FUTURE IN MIND



AT A GLANCE

Anglo American’s portfolio of mining businesses spans bulk commodities – iron ore and manganese, metallurgical coal and thermal coal; base metals – copper and nickel; and precious metals and minerals – in which we are a global leading producer of both platinum and diamonds.

NORTH AMERICA

EMPLOYEE WAGES

\$45m

TAXATION

\$20m

EMPLOYEES

583

WATER STEWARDSHIP

As one of our most recent start-up operations, we designed and built Barro Alto with an emphasis on best practice water stewardship.



➔ For more information see page 59

SOUTH AMERICA

EMPLOYEE WAGES

\$616m

SUPPLIER SPEND

\$4,829m

TAXATION

\$1,997m

EMPLOYEES

31,319

AFRICA

EMPLOYEE WAGES

\$2,910m

SUPPLIER SPEND

\$7,279m

TAXATION

\$1,816m

EMPLOYEES

97,298

●
Headquarters
London, United Kingdom

○
Corporate and representative offices
Beijing, China
Belo Horizonte, Brazil
Brisbane, Australia
Johannesburg, South Africa
Kinshasa, Democratic Republic of Congo
Luxembourg
Maputo, Mozambique
New Delhi, India
Rio de Janeiro, Brazil
Santiago, Chile
São Paulo, Brazil
Singapore
Ulan Bator, Mongolia

● ● ●
North America

● ● ● ● ●
South America

● ● ● ● ●
Africa

● ●
Australia and Asia

● Iron Ore and Manganese
● Metallurgical Coal
● Thermal Coal
● Copper
● Nickel
● Platinum
● Diamonds
● Other Mining and Industrial

EUROPE

EMPLOYEE WAGES **\$671 m**
TAXATION **\$394 m**
SUPPLIER SPEND **\$334 m**
EMPLOYEES **396**

MAKING A POSITIVE DIFFERENCE

Our commitment to positive change is reflected in our significant investment in social development initiatives. By the end of 2012, Zimele businesses had created or sustained about 25,000 jobs in South Africa.



For more information see page 34

MANAGING METHANE

By capturing methane from the mines, the power stations at Moranbah North and Capcoal mines prevent 2.5 million tonnes of CO₂ equivalent emissions from entering the atmosphere each year.



For more information see page 63

AUSTRALIA/ASIA

EMPLOYEE WAGES **\$534 m**
TAXATION **\$605 m**
SUPPLIER SPEND **\$2,419 m**
EMPLOYEES **6,723**

On this map:
Human resources figures include contractors, but exclude non-core businesses, and De Beers. All other figures include Scaw Metals up until point of divestment and De Beers figures from date of acquisition.

Taxation reflects the total of taxes borne and collected.

WITH THE FUTURE IN MIND

At Anglo American we know that we will only achieve our ambition to be the leading global mining company if we make good decisions today that deliver value, in both the short term and long term, for all our stakeholders.

Our Kolomela mine in South Africa was officially opened in 2012, with an outstanding safety record, a strong commitment to benefiting local communities and to protecting the environment. After all, we expect to be here well into the future.

Cover For Anglo American, safety is the first priority. At Kumba Iron Ore's Kolomela mine, technicians Dave Makumbila (left) and Thabo Makhorole inspect the slope stability radar, which protects employees by giving advance warning of any impending land slips on the pit sides.

01 The Kolomela project achieved a record 29 million lost-time injury- and fatality-free hours between March 2010 and October 2012 with innovations such as this mobile safety trailer, which provides video safety demonstrations at the workplace.

02 The Batho Pele Project mobile health clinic, funded by Kumba, provides much-needed primary healthcare to rural villages in the Northern Cape.

03 The mine will provide 840 permanent jobs when it reaches full production in 2013, with more than 80% of the jobs to be filled by local people.

04 The mine has invested over \$7 million in community initiatives to date. The Skeyfontein community organic honey bee farm is one example of partnering to create long-term jobs.

05 Kumba Iron Ore has built 619 houses to accommodate employees and their families, with 99 more to come. 400 of these are at the Boichoko Housing Project featured here.



01



02



Other sources of information



Our reporting centre provides additional information on our sustainability performance, including separate reports from individual companies and operations, our GRI indicator list and Carbon Disclosure report.

More information on our financial performance and corporate governance, including our Annual Report, can also be found here.

For more information visit www.angloamerican.com/reportingcentre

- Anglo American news feeds
- /AngloAmerican
- @AngloAmerican
- /AngloAmerican
- /AngloAmerican
- /AngloAmerican
- /company/Anglo-American



05



04



03

ABOUT THIS REPORT

Mining projects are typically large-scale and have long time horizons; the life of a single mine can easily exceed a hundred years from discovery to closure and rehabilitation. Sustainable development similarly takes a long-term view, seeking to meet existing needs while also sustaining societies and the environment for generations to come. With this understanding in mind, this year's report focuses on how we incorporate long-term thinking into our decision making and actions.

This is Anglo American's 12th annual sustainable development report. It provides a review of our sustainable development performance for 2012. The report is aimed at stakeholders who have an interest in the sustainability of Anglo American, including employees, local communities, NGOs, investors, customers and governments. It focuses on our most material sustainability issues – those that could affect the achievement of our business strategy and that are of significant interest to our stakeholders.

The report covers Anglo American companies, subsidiaries and joint ventures over which we have management control; it does not include independently managed operations such as Cerrejón and Samancor. De Beers, which had been an associate, but became part of the Anglo American Group in August 2012,

is reported on in an ad hoc manner. De Beers data for the final four months of 2012 are included where possible. We report in line with the requirements of the Global Reporting Initiative (GRI) G3 guidelines and Mining and Metal Sector Supplement. This report achieved an A+ GRI application level. We also align our commitments, management systems and reporting with the International Council on Mining and Metals (ICMM) Sustainable Development Principles and reporting framework, as well as with the principles of the United Nations Global Compact.

PricewaterhouseCoopers (PwC) have provided independent assurance of key performance elements of this report including our A+ application level.

 For more information see page 68

LIVING OUR VALUES

To achieve our ambition of becoming the leading global mining company, we have identified six values that guide how we behave and interact with others. Our approach to living these values is reflected throughout this report:



Safety

This is always first on our agenda. We truly believe that all injuries are preventable and that by working together we can make safety a way of life, inside and outside the workplace.



Care and respect

We always treat people with respect, dignity and common courtesy – regardless of their background, lifestyle or position.



Integrity

This means taking an honest, fair, ethical and transparent approach in everything we do. It is not about being popular; it is about always doing the right thing.



Accountability

We take ownership of our decisions, our actions and our results. We deliver on our promises and acknowledge our mistakes. Above all, we never pass blame.



Collaboration

We are one company with a joint ambition – all working together to make decisions and get things done more effectively.



Innovation

Challenging the way things have always been done is a key priority for us. We do this by actively developing new solutions, encouraging new ways of thinking and finding new ways of working.

Overview

- 02 Chairman's statement
- 04 Chief Executive's statement
- 06 Our strategy and business model
- 08 Our strategic commitments

Our approach

- 10 Sustainability context
- 12 Identifying our material sustainability issues
- 14 Building relationships with stakeholders
- 18 Governance and management for sustainable development

Creating value for society

- 24 Creating value for society
- 26 Creating value for host countries
- 32 Creating value for host communities

Investing in our people

- 38 Investing in our people
- 40 Human resources
- 44 Safety
- 48 Health

Managing our impact on the environment

- 54 Managing our impact on the environment
- 56 Water
- 60 Climate change and energy
- 64 Land stewardship and biodiversity
- 66 Waste management and air quality

Data and assurance

- 68 Assurance statement
- 70 2012 data

CHAIRMAN'S STATEMENT

The role of big business in society has rarely been under such close scrutiny. Greater transparency and accountability, and continuing to maximise the contribution of our activities to the societies where we operate, are how we can demonstrate our commitment to being a responsible corporate citizen.



Sir John Parker

I believe that we should play our part, along with other stakeholders, in formulating a new informal 'social compact' for business.

In recent times, big business has come under increasing pressure to play a stronger role in society, demonstrating greater solidarity in what have been difficult economic times. We need to be responsive to these concerns, which we see play out across the countries in which we operate. Of course we need to continue to make the case for the unique role of the private sector in generating wealth, combating poverty and promoting development. But as a company, unique among our peers, with 86% of our activities in emerging economies and nearly a century's operating experience, we need to demonstrate this commitment in the way we run our business and through our actions on the ground.

This report sets out our approach: how we go beyond job creation, payment of taxes, royalties and dividends – all important wealth drivers in their own right – to leverage our supply chain, nurture entrepreneurship, develop human talent and capacity in and around our operations, contribute to healthier and better educated communities, foster local economies and work to eliminate, minimise or mitigate the disturbance our activities can sometimes cause.

Some of the concerns that people have about the role of business in society stem from a lack of trust. To combat this, I believe that we should play our part, along with other stakeholders, in formulating a new informal 'social compact' for business that encourages greater transparency, better governance, a shared understanding of the role and value of business to society, and accountability for our actions – of which this report forms part.

DELIVERING BENEFITS TO SOCIETY

As a mining company, our presence and activities create valuable products that make people's lives better and which are crucial for the world's ongoing development and, with it, poverty reduction. Our large footprint in the developing world means our capacity to contribute to the social and economic development of vulnerable communities beyond mining, is significant. The sustainability of our business is inextricably linked to the sustainable development of the communities around our operations.

To be able to make meaningful change, we have to be prepared to engage, and understand what really matters to people living near our operations. For many years we have worked to improve the way we operate so we can respond to our stakeholders' needs. We have led the way in such areas as: small and medium-sized business creation; community engagement and development using our internationally acclaimed Socio-Economic Assessment Toolbox (SEAT); and healthcare through our leading workplace health and wellness programmes to combat HIV/AIDS and TB.

Recent initiatives in countries like Brazil, Chile and South Africa are helping to build municipalities' capacity to deliver improved services to their citizens; while other initiatives support partner-led interventions to strengthen community healthcare in under-served areas, particularly in South Africa and Brazil.

We seek to improve the health of developing nations through our support of the Global Alliances for Vaccines and Immunisations (GAVI) and the Global Fund to Fight AIDS, TB and Malaria, to which we have pledged \$6 million over three years.

TRANSPARENCY AND ACCOUNTABILITY

We are taking a leading role in promoting greater accountability and transparency in the mining sector. We are driving a debate around certification currently taking place within the industry which aims to ensure that mining products are seen to have been sourced responsibly. We believe it is both necessary and beneficial to work responsibly with concerned stakeholders to achieve this.

At the same time as seeking to push the boundaries, we remain firm supporters of existing initiatives such as the Extractives Industry Transparency Initiative, the UN Global Compact, the Voluntary Principles on Security and Human Rights, and contribute to sustainability in mining through our involvement in the International Council on Mining and Metals.

STRONG BOARDS

The Board is the custodian of good governance and the steward of company values; as such, it is responsible for ensuring an organisation acts at all times and in all places with consistency, integrity and high ethical standards.

Our own Board believes that, to be successful, sustainability considerations need to be integral to all areas of our business, such as in the design and evaluation of our projects, mine planning and decommissioning, and the ways in which capital is allocated to fund our projects.

01 Board members (left to right) Sir John Parker, Jack Thompson and Peter Woicke at an Anglo American-funded community training centre near the

Minas-Rio iron ore project in Brazil. Jack Thompson is to succeed Peter Woicke as chairman of the S&SD Committee of the Board in April 2013.

02 At a viewing point overlooking Minas-Rio, Sir John Parker (left) in discussion with beneficiation plant implementation director Marcos Milo and operations director Rodrigo Vilela.



01



02

Our Board Safety and Sustainable Development (S&SD) Committee scrutinises all aspects of our sustainability performance. In recent years, the committee has invited our NGO partners, and other third parties with S&SD expertise, to offer their evaluation and advice on key issues. In 2012, the committee welcomed presentations from CARE International on its health and education work in partnership with Anglo American, the ICMM on mining's contribution to sustainable development and from PwC on the results of their annual audit of our Group's SD reporting.

Our newly strengthened risk processes not only ensure that a standard approach to risk identification and reporting is adopted, but also that significant operational-level risks are assessed by the Board's S&SD and Audit committees as appropriate, and the full Board as required. Such a connected approach ensures that the Board is fully apprised of key issues.

SAFE, RESPONSIBLE MINING

The mining industry is one that has many inherent risks, and as well as maximising the positives that can accrue from mining, we also need to manage and mitigate these risks.

A significant risk area for mining (especially deep-level operations such as our own) and one that is of the highest importance to us, is safety. We retain an unerring focus on safety and I, as chairman, make sure it is the first item on the agenda at every Anglo American Board meeting. I am proud of the progress we have made in recent years. We have

come a long way in a short time, though we recognise there is still a lot of work to do to deliver on our vision of zero harm. It is of great credit to our outgoing chief executive, Cynthia Carroll, and her senior leadership team that they led the safety agenda in such a way as to bring about real and lasting change in the way we approach safety. I know that our new chief executive, Mark Cutifani, is also determined to take a personal lead on this most fundamental of issues.

Being a responsible miner also means taking a serious approach to environmental stewardship. It is our responsibility to minimise and mitigate potential environmental risks that could affect our business or stakeholders.

With so many of our operations in water-stressed regions, water and climate change are two of the greatest concerns to our business. Our unique partnership approach enables our host communities and local authorities, together with NGOs, business and other stakeholders, to benefit from our activities. Our Eastern Limb water project will provide almost two million people in South Africa's Limpopo province with safe water and our eMalahleni water reclamation plant will supply 50 megalitres of potable water to the local municipality in the near future. I am pleased to report that operational excellence in water management is being embedded across the Group, with 72% of our water requirements being met by recycling and re-using water. We are also seeking to reduce dependency on high-quality water by switching to the use of lower-water-quality grades where this is practicable; potable water now accounts for only 18% of our total water needs.

We continue to engage in the global debate around climate change and how carbon-pricing mechanisms can be used to reduce carbon emissions, while, on the ground, we remain invested in clean coal research and development and the commercialisation of fuel cells in South Africa. In our own business, we are developing a framework for new projects to implement climate-change adaptation strategies.

WITH THE FUTURE IN MIND

At Anglo American, we are deeply aware of the extractive industry's unique capacity to make a transformative impact in building national wealth, especially in the many areas of the globe where extractive companies are often the only significant economic actor. This is a duty we take very seriously and for which we are prepared to explore new areas where we can take the lead. I believe that it is through such constant pushing of boundaries that our industry will be able to continue to deliver to the optimal benefit of all our stakeholders into the future.

Sir John Parker
Chairman

CHIEF EXECUTIVE'S STATEMENT



Cynthia Carroll

REDUCTION IN LIVES LOST ON COMPANY BUSINESS SINCE 2006

70%

➔ For more information see page 44

REDUCTION IN THE NUMBER OF NEW CASES OF OCCUPATIONAL DISEASES SINCE 2006

80%

➔ For more information see page 48

PROPORTION OF WATER REQUIREMENTS MET BY RECYCLED WATER IN 2012

72%

➔ For more information see page 56

THE VALUE OF A SUSTAINABLE BUSINESS

Managing a sustainable mining business means keeping the future in mind at all times. Improving our own performance and continuing to engage with our stakeholders to understand their needs will help secure a positive future for our business.

Mining is all about long time horizons. It takes many years of exploration, continual engagement with stakeholders, and construction to bring a new mine on stream. A mine's life runs for several decades, which means the decisions and choices we make about how we manage our business today have repercussions for future generations.

My primary role as chief executive is to protect and enhance the sustainability of the business. This means ensuring that we remain competitive and profitable, and that we avoid decisions that deliver short-term gain today, but limit opportunities for the business and its stakeholders in the future.

Without a sustainable, healthy business, we are less able to ensure that every ounce of value is extracted from mining and shared among our stakeholders whether in the form of wages, supply contracts, dividends, taxes and royalties, or through our investment in entrepreneurs, community infrastructure, healthcare and education.

Looking back over 2012, our key material sustainability issues remain safety and health, water and energy security, climate change and community relations. More recently, we are increasingly experiencing challenges with regard to securing permits and, more broadly, resource nationalism.

STRIVING FOR ZERO HARM

When I joined Anglo American in 2007 the company had suffered the loss of 44 employees the previous year and this concerned me greatly. I wanted to lead an organisation that was totally committed to safety and so I made improving the safety of our

workplace and workforce the company's first priority.

As well as addressing the underlying processes and standards critical for improving our safety performance, in 2012 we continued to instil a safety mindset by hosting our first Global Safety Day for employees. Today, each one of our people clearly understands their contribution to safety.

We have come a long way, achieving a 70% reduction in lives lost on company business since 2006, while our lost-time injury frequency rate has also gone down and the severity of the injuries declined.

In 2012, however, 13 employees lost their lives – and although that represents the lowest level ever for our Group, it is still 13 lives too many. Our focus now is to prevent repeats by ensuring we learn from incidents; promote collaboration and consultation; and empower our people through training to stop unsafe work situations.

More and more, we are addressing the safety, health and well-being of our people together, to create a workplace experience that strives to deliver zero harm. Occupational health is now embedded in operational management, in the same way as safety, and we are moving from responding to lagging indicators of exposure to leading indicators of our controls. In 2012, we implemented new Group Technical Standards for dust and noise alongside a comprehensive engagement and communication campaign.

Our work to tackle HIV/AIDS and tuberculosis (TB), particularly in southern Africa continued in 2012. We tested about 95,000 people for HIV and provided anti-retroviral drugs to more than 5,000 employees. I am very pleased to say that there were 25% fewer new HIV infections in 2012 and an increasing proportion, now 45%, of estimated HIV positive employees receiving treatment. The number of employees suffering from TB in our southern African workforce continues to fall and our TB incidence rate remains below the national and industry average. We achieved an 80% reduction in the number of new cases of occupational diseases since 2006.

Without a sustainable, healthy business, we are less able to ensure that every ounce of value is extracted from mining and shared among our stakeholders.



01 Cynthia Carroll addresses a meeting of the Tripartite Health and Safety Initiative, a collaborative effort between Anglo American, labour unions and South Africa's Department of Mineral Resources.

Last year, we achieved the highest score in the mining industry in the Dow Jones Sustainability Index, having featured in the index for 10 consecutive years.

Where possible, we try to use our core business to add value, for example, by nurturing and supporting local suppliers. In 2012, we initiated some exciting new partnerships with NGOs and local governments in Brazil and South Africa to help improve the delivery of municipal services to citizens. Globally our enterprise development initiatives in Chile, Brazil and South Africa continue to deliver outstanding results. Close to 65,000 jobs have been created and more than 40,000 businesses supported. Around half of these businesses are run by women or young people in rural areas.

A BRIGHT FUTURE AHEAD

As I reflect on my six years as Anglo American's chief executive, I am proud to say that the organisation has made significant progress to embed sustainability into its core practices and decision-making processes.

This is reflected in the continuing levels of external recognition for our work. Last year, we achieved the highest score in the mining industry in the Dow Jones Sustainability Index, having featured in the index for 10 consecutive years. We were commended by the Carbon Disclosure Project and entered the Carbon Disclosure Leadership Index for our carbon disclosure information and actions to reduce carbon emissions, and were among 30 leading UK companies and the only mining group to secure platinum status in the Business in the Community's 2012 Corporate Responsibility Index – the UK's leading voluntary benchmark of corporate responsibility.

I believe our organisation has some of the most outstanding, focused and entrepreneurial people in the global mining industry. I am confident that, as I pass the baton to my successor, Anglo American will continue to take the lead in responsible mining, setting the tone for the wider mining sector.

Cynthia Carroll
Chief Executive

01

We tailor our health programmes to meet specific local needs. For example, in Brazil we continued to run our successful sexual and reproductive education programme with Reprolatina aimed at preventing HIV infection in young women in particular.

SECURING WATER AND ADAPTING TO CLIMATE CHANGE

Preparing for climate change is essential for protecting the future of our business. We are finding new ways to reduce our energy usage, working with experts to understand the implications of climate change in our key locations, and investing in innovative technologies to cut carbon emissions.

With more than 80% of our operations and planned projects in water-stressed areas, we must also find ways to secure our own water needs without compromising the resource for others. Four of our operations – Copebrás Catalão, Barro Alto, Mogalakwena, and Waterval smelter – now recycle more than 90% of their water. Across the Group, 72% of the water we use is recycled – saving the equivalent of an Olympic swimming pool of water every two hours, every day.

Our water target-setting tool, WETT, and our energy management tool ECO₂MAN rolled out last year are delivering results. Our investment in 60 water-savings projects achieved a saving of 6.8% against our projected water usage. On the energy front, 223 low-carbon and energy savings projects yielded \$75 million worth of energy savings. We also saved 3.3 million tonnes of carbon dioxide equivalent emissions as a result of these projects and methane management programmes at Metallurgical Coal in Australia – the equivalent of removing 630,000 cars off the road.

ENGAGING WITH COMMUNITIES

No business operates in isolation and our ability to create a sustainable business is inextricably linked to our stakeholders – most directly with our employees and the communities around our operations, but equally, with the stakeholders who indirectly affect or are affected by what we do, including governments, shareholders, as well as partners and suppliers.

If we are to genuinely embed sustainability into our business, we must understand their needs, concerns and aspirations, as well as the sustainability risks affecting our business, and consider them in our decision-making processes as we develop new mines and continue to improve our existing operations.

Our aim is always to seek to listen and build trust with our stakeholders through open channels of dialogue so that people are free to ask questions about our activities. Like most relationships, it's not always smooth sailing, and we don't always get it right, but we remain committed to keeping the channels open and the dialogue going.

The industrial unrest we saw in South Africa last year, that took such a tragic toll on communities in Rustenburg and broader society, highlights the fragility of this process. It is imperative that all of us in the South African industry – mining companies, government and trade unions alike – renew our efforts with the utmost vigour to find a better way of doing things in the future. I believe that if the mining industry tackles social issues with determination, partnering with our stakeholders, we can increase the pace of change, eventually achieving lasting prosperity and making a positive difference to the communities around which we operate.

OUR STRATEGY AND BUSINESS MODEL



FIND

Our exploration teams discover ore deposits in a safe and responsible way to replenish the reserves that underpin our future success.



SECURE

Gaining and maintaining our social and legal licence to operate, through open and honest engagement with our stakeholders, is critical to the sustainability of our business.

Anglo American aims to become the leading global mining company – the investment, the partner and the employer of choice – through the operational excellence of world class assets in the most attractive commodities, and through a resolute commitment to the highest standards of safe and sustainable mining.

As our business model illustrates, mining is only part of the story. Our sector-leading exploration teams strive to find the resources we will mine in the future and we engage with a broad range of stakeholders – from governments to local communities and NGOs – to secure our right to mine those resources. Many of the commodities we mine are processed and refined further before we apply our market knowledge to deliver a quality product our customers value.

We believe we can achieve our aim of becoming the leading global mining company through our four strategic elements:

- Investing** in world-class assets in those commodities that we believe deliver the best returns through the economic cycle and over the long term – namely, iron ore, metallurgical coal, thermal coal, copper, nickel, platinum and diamonds.
- Organising** efficiently and effectively to outperform our competition throughout our value chain.
- Operating** safely, sustainably and responsibly, in the belief not only that this is fundamental to our licence to operate, but also that this is an increasingly important source of competitive advantage. The safety of our people is our key core value and we are relentless in striving to achieve our goal of zero harm.
- Employing** the best people. We recognise that attracting, developing and retaining the best talent is essential to achieving our ambition.

Our strategic elements are put into action across our business model.

OPERATING



The LT-SQUID has been employed by our field teams to help search for so-called blind deposits that have no visible expression on the ground. This technology is helping us find ore deposits faster, more safely and with significantly less environmental impact than the more traditional drill and blast approach.

➔ See page 54 for more on managing our environmental impact

INVESTING

Government approval to build our own power line for our Minas-Rio project in Brazil means we will reduce our impact on the local ecosystem. Our line will be 27 kilometres shorter than the one planned originally, saving \$30 million in costs and 15 months in construction time.

➔ See page 54 for more on managing our environmental impact

OPERATING



Securing our licence to build and operate a mine depends on winning the trust of many stakeholders. We participated in an extensive, structured 'dialogue table' with local and national stakeholders in our Quellaveco copper project in Peru, which helped us to reach agreement with the local community and regional government to develop the project.

➔ See page 14 for more on engaging with stakeholders



MINE

We apply more than 95 years of opencast and deep-level mining experience along with unique in-house technological expertise to extract mineral resources in the safest, most efficient way.



PROCESS

We generate extra value by processing and refining many of our commodities.



MOVE

Whether providing innovative haulage solutions within a mine, or coordinating global cargo deliveries, we offer efficient and effective transport of our commodities.



SELL

We collaborate with our customers around the world to tailor products to their specific needs.

INVESTING



Our Kolomela iron ore mine is proof that you can build and operate a world-class mine on time and in budget and not compromise safety. The project and operations achieved a combined 29 million LTI- and fatality-free man hours between March 2010 and October 2012.

➔ See page 44 for more on how we manage safety

ORGANISING



The technical team at our Phosphates business proposed an innovative solution to re-use phosphate waste in the fertiliser production process. The technique was put into full-scale production during 2012, with 40% of phosphate waste being re-used in the year, resulting in lower production costs and a significant environmental benefit.

➔ See page 66 for more about how we manage waste

ORGANISING



The flexible conveyor train (FCT) at Greenside colliery is a continuous haulage system that replaces the use of shuttle cars to move cut coal underground. This train has reduced the need for people and vehicles to come into contact with each other, improving safety as well as productivity.

➔ See page 44 for more on how we manage safety

ORGANISING



As part of our move to a new commercial operating model, we are introducing bespoke development programmes to increase commercial acumen and ensure our marketing and sales people have the skills and capabilities needed to succeed in an increasingly dynamic and competitive marketplace.

➔ See page 40 for more on how we develop people

EMPLOYING



Our Nickel business is addressing the shortage of qualified people at its operations in Brazil by tailoring a graduate trainee programme to develop the businesses' future engineers and leaders. On successful completion, the trainees will be ready to start their career at Anglo American.

➔ See page 40 for more on how we develop people

OPERATING



Our Barro Alto project in Brazil re-uses 85% of its water – around 10% higher than levels achieved at equivalent older mine operations – an achievement recognised by local environmental bodies.

➔ See page 56 for more on how we manage water

OPERATING



Working with the aerospace industry, Sishen developed a unique collision-avoidance system for mining vehicles, dramatically reducing vehicle-related accidents at the mine.

➔ See page 44 for more on how we manage safety

OUR STRATEGIC COMMITMENTS

OUR VISION FOR THE FUTURE

In 2010, we identified six key sustainability areas – water, health, safety, community development, climate change and operational excellence – that not only represent risks to be managed, but also significant opportunities for us to create value for society. By striving to meet these commitments, we seek to differentiate ourselves from our competitors, contribute to the sustainability of our business and make a real and positive difference to people's lives.



OPERATIONAL EXCELLENCE

REALISING EXCEPTIONAL OPERATIONAL VALUE BY MANAGING SAFETY AND SUSTAINABLE DEVELOPMENT RISKS AND IDENTIFYING VALUE-CREATING OPPORTUNITIES



WATER SECURITY

PROVIDING WATER SECURITY FOR OUR OPERATIONS AND THE COMMUNITIES WHERE WE OPERATE

Be a water steward. To maximise the long-term value of water while seeking to achieve no long-term net harm to the environment or communities where we operate. We want our new mines to be water-neutral by 2030.



BENEFITING COMMUNITIES

ENABLING SUSTAINABLE ECONOMIC AND SOCIAL DEVELOPMENT OF COMMUNITIES WHERE WE OPERATE

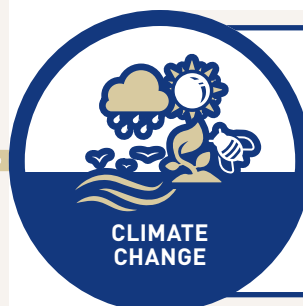
Treat all stakeholders respectfully, fully observe human rights and create a lasting, positive legacy in all our host communities and countries.



ZERO HARM

CREATING AND INSTILLING A COMPANY AND INDUSTRY CULTURE THAT PROTECTS PEOPLE FROM HARM AND IMPROVES THEIR HEALTH AND WELLBEING

Zero harm to people during their working life.



CLIMATE CHANGE

ENABLING OPERATIONS AND LOCAL COMMUNITIES TO ADDRESS AND ADAPT TO THE CAUSES AND EFFECTS OF CLIMATE CHANGE

Achieve the maximum economically sustainable energy and carbon savings in our business and in the use of our products and to run cost-efficient, low-carbon – if not carbon-neutral – mines by 2030.



COMMUNITY HEALTH

FACILITATING TANGIBLE HEALTH IMPROVEMENTS IN LOCAL COMMUNITIES AND A POSITIVE INFLUENCE ON HEALTH IN DEVELOPING COUNTRIES

Have a positive and lasting legacy on the health of our host communities and host developing nations as a result of our presence. Play a part in strengthening health systems.

WHAT WE HAVE DONE SO FAR

Developed a water-saving strategy and policy that outlines a three-stage, 10-year journey.

Issued a new mandatory technical standard to manage water.



Tool: Developed water saving targets and projects using water efficiency target tool (WETT).

WHERE WE ARE TODAY⁽¹⁾**6.8% SAVING**

60 water projects achieved a 6.8% saving against projected water usage.

72%

Percentage of operational water requirements were met by recycling/re-using water.

OVER 90%

Four sites recycle more than 90% of their water.

WHERE WE ARE GOING NEXT

Implement additional water savings projects.

Increase the amount of water we recycle and re-use.

Complete construction of the desalination plant at Mantoverde copper mine in Chile and complete phase two of the eMalaheni water reclamation plant in South Africa.

Developed a social performance strategy.

Implemented KPIs and peer-review process to measure the success of community development.

Rollled out a Group-wide local procurement policy.

Established an online, Group-wide complaints and grievance procedure.



Tool: Updated SEAT with our NGO partners and made it freely available to other organisations.

64,927

Jobs created or sustained through enterprise development initiatives.

40,217⁽²⁾

Businesses supported through enterprise development initiatives.

\$1.54 BN

Spent with suppliers in host communities.

1 MILLION

More than one million people benefiting from community development projects.

Deliver on partnerships with host municipalities to improve basic services (see case study on page 31).

Implement country- and theme-specific enterprise development programmes using a new Group-wide, best-practice model.

Roll-out a local procurement toolkit (modelled on SEAT).

Continued to drive our safety strategy.

Issued new mandatory technical standards for managing dust and noise.

Trained 5,175 people on the Zero Harm Commitment Programme through the Tripartite Health and Safety Initiative in South Africa.

Continued to run leading workplace programmes on HIV/AIDS and TB, as well as sexual and reproductive health.

DOWN 54%

54% reduction in lives lost in the past five years.

95,000

About 95,000 employees and contractors tested for HIV/AIDS and more than 5,000 HIV-infected employees treated in southern Africa.

14% FEWER

Occupational disease cases compared with 2011.

TB RATES DOWN

TB rates at South African operations below national and industry average and decreasing.

Eliminate fatal injuries.

Continue to learn, particularly from high potential incidents to prevent repeats and enhance investigation capability.

Increase use of global 'leading' indicators for safety and health.

Developed a climate change strategy and policy that outlines a three-stage, 10-year journey.

Revised energy and carbon reduction targets.

Issued new mandatory technical standards to deliver energy and greenhouse gas emissions savings.



Innovation: Rolled out energy/carbon management programme (ECO_MAN) to identify savings and set targets.

\$75M SAVED

223 projects saved \$75 million and nearly 3.6 million GJ.

3.3 MT OF CO₂

Nearly 3.3 million tonnes of CO₂e saved from energy projects and methane management programmes.

Implement additional low-carbon and energy-saving projects.

Continue to invest in and implement leading-edge, energy-efficient and low-carbon technologies.

Engage on emerging climate mitigation policy.

Advance understanding and implementation of climate change adaptation measures.

Supported models for HIV/AIDS testing and treatment in under-served rural communities.

Supported the fight against TB in southern Africa by sharing our workplace TB control experience.

Provided sexual health and reproductive rights education in Brazil with NGO Reprolatina.



Innovation: Developed a comprehensive health information and management system, *theHealthSource*.

EXTENDED PROGRAMME

Health and wellness programmes, including HIV and TB, being extended to long-term contract employees in South Africa.

\$6 M PLEDGED

\$3 million pledged, over three years, to each of the Global Fund to fight AIDS, TB and Malaria; and the Global Alliance for Vaccines and Immunisation (GAVI), from 2011–2013.

Implement *theHealthSource* in our own businesses and pilot it in primary healthcare settings in under-served rural areas in southern Africa.

Continue to enhance our health and wellness programmes and share them throughout host communities.

⁽¹⁾ All figures for 2012 unless otherwise stated.

⁽²⁾ This figure differs from the Anglo American Annual Report (17,598), which went to print before all figures became available.

SUSTAINABILITY CONTEXT

The backdrop against which we strive to deliver value for our stakeholders is constantly changing. While some sectors might struggle to articulate the business case for addressing sustainable development, it affects everything that we do.

Our business model involves large-scale projects that require significant investments in operations over long time periods. Our responsibilities extend from the earliest stages of exploration to well beyond the life of a mine itself. We are committed to meeting the challenges of sustainable development across all stages of our business model and to meeting the increasing expectations of our stakeholders for sustainable and responsible mining.

SECURING OUR LICENCE TO OPERATE

Perhaps more than any other industry, we are reliant on the goodwill of our stakeholders. We mine resources that belong to sovereign states for shared national and commercial profit, and we often impact resources used by communities around our operations. We employ local people, but also attract workers from other regions and countries. These factors can create tensions among stakeholders in our communities, potentially jeopardising our social licence to operate and the stability needed to operate successfully. We must have an effective strategy if we want to succeed in this complex landscape.

NAVIGATING UNCERTAINTY IN A CHANGING WORLD

The time horizons of our business and individual operations significantly outlive the highs and lows of economic cycles. But our reserves are finite and finding and securing the minerals to underpin our future success is becoming increasingly challenging. Yet-to-be-discovered resources are likely to be found in more remote, more environmentally sensitive and technically and logistically demanding locations, and possibly in countries with uncertain political and regulatory situations.

SHARING SCARCE RESOURCES

Mining and processing can have significant environmental impacts, using large amounts of energy, creating waste that requires containment and treatment, and literally reshaping the landscape. Our need for water is particularly critical and solutions to achieving an equitable sharing of resources require effective partnerships. We generate greenhouse gas emissions that contribute to climate change, which itself creates great uncertainty in terms of its potential impact on our operations and the neighbouring communities. Finding ways to share scarce resources requires research, investment and the development of innovative solutions.

These are some of the strategic and operational issues that inform our approach to sustainability. Our ability to successfully manage these issues has a direct bearing on ensuring the viability and competitiveness of our business over the long term.

VALUE OF SUSTAINABILITY PROJECT

Our Sustainability Valuation Approach (SVA) is ensuring we raise the right questions at the right time in the development of our major capital growth projects. The methodology aims to determine the financial value of sustainability considerations in our projects and to drive for more robust data and information to achieve a more balanced decision-making process.

Since being rolled out across the Group and handed over from our sustainable development professionals to our business units and Group Projects team, the SVA has prompted a significant change in behaviour and culture. The methodology is providing greater rigour and commitment in the way decisions are explored and ultimately implemented – decisions that may sometimes conflict with a natural instinct to achieve optimum economic returns for an operation in the short term.

At our Thermal Coal business, the SVA was applied to five large capital (greater than \$50 million) projects at the pre-feasibility stage in 2012. Mafube, Landau, Kriel and New Vaal collieries' life extension projects and Elders greenfield project all used the methodology to help tackle unique challenges around sustainability.

From influencing the decision to change the mine plan at Mafube in order to overcome permitting challenges, to reinforcing the decision to go from an opencast mine to an underground mine at Elders to reduce the environmental impact on surrounding wetlands, the SVA is already providing value in the decision-making process.

Environmental Impact Assessment (EIA) practitioners are also involved in the process. The SVA requires them to quantify data differently so that project options that are not chosen are still fully investigated. Information on project alternatives is required of the EIA by law and SVA therefore actually benefits the permitting process.

By bringing all the necessary disciplines together early on in a project, the SVA gets people to see the broader picture; sustainable development professionals start to understand operational issues better and, equally, operational personnel gain a better understanding of sustainability issues and their economic impact. Ultimately, this collaboration will facilitate the development of a proper, well-thought-out mine plan that truly has sustainability at its heart.

RESPONDING TO THE CHANGING SOUTH AFRICAN CONTEXT

South Africa is a country that has overcome significant historical challenges to become a democratic and inclusive society – one with the courage and grace to address the inequality of the past.

However, in 2012 the platinum industry experienced unprecedented levels of labour unrest characterised by violence, intimidation and inter-union rivalry. This presented all parties with significant challenges for using long-established labour relations channels to seek resolution and has brought to light the critical importance of maintaining trusted relationships between mining companies, government, trade unions and local communities.

THE STRATEGIC SIGNIFICANCE OF SUSTAINABLE DEVELOPMENT

The events of 2012 highlighted the complexity of societal challenges and have clearly demonstrated the business imperative of sustainable development. As a business, we cannot grow successfully in isolation of our broader community. Issues such as the provision of housing and community health, economic empowerment and stakeholder management cannot be seen as discrete elements of a business's 'social responsibility' programme, but as fundamental to a mining company's licence to operate.

As the mining company with the most assets and employees in South Africa, and with roots that are firmly South African, our exposure and response to this unrest has come under particular scrutiny. We have faced calls by international investors to divest, while there has been pressure from other stakeholders to maintain operations in the country regardless of their financial viability. Managing these competing stakeholder expectations, and balancing the roles and responsibilities of business and government in addressing developmental issues, reflects the challenges at the heart of the business response to sustainable development.

THE COMPLEXITIES OF SOUTH AFRICA'S CHALLENGES

The strikes of 2012 had profound costs – for the company, the mining sector, our stakeholders and the country as a whole. Already in a vulnerable state, the platinum sector suffered severe financial losses, significant disruption in production and a damaged reputation. Many of our employees and host communities were exposed to extreme violence and intimidation. The strikes cost South Africa more than \$1 billion in lost mine output and half a percentage point off the country's economic growth, and contributed to a significant loss in investor confidence.

It is widely accepted that the situation is complex; the underlying systemic challenges that face South Africa as a whole need a multi-stakeholder response.

It is clear that we need to intensify our efforts to build trust and enable more effective communication – between management and mine employees at mine level, between union members and their leaders, and between union leaders and business leaders.

We must also work with stakeholders to ensure that the collective bargaining process is effective in meeting the needs of all those involved.

Addressing these challenges will not be easy. It will require business, government and labour to work together as partners for social development, building on successes such as the Tripartite Health and Safety Initiative and the Mining Industry Growth, Development and Employment Task Team. In working together, we will need to acknowledge the vital contribution that each party provides in meeting the country's developmental priorities – including mining's significant positive contribution as a mainstay of the South African economy (contributing 9.2% of its GDP, directly employing more than 500,000 people and indirectly responsible for a further 840,000 jobs).

We will also need to examine how all the contributions from the resources sector, including procurement, training and organisational capacity development, can be harnessed to support the objectives of the country's National Development Plan. At the same time, each of us – business, government and labour – needs the honesty and humility to recognise our individual and collective failure in addressing some of the underlying systemic causes of the labour unrest in 2012.



Khanyisile Kweyama
Executive director,
Anglo American
South Africa

Within Anglo American, for example, we have to redouble our efforts to ensure that all of our employees have access to decent housing. Doing so will require leadership, and a willingness to take bold decisions aimed at challenging normal business thinking, and transforming the nature of some of our existing relationships.

COMMITTED TO DEMONSTRATING LEADERSHIP

Anglo American employees have always tried to make a real difference – with our work on safety, on health, on housing, on education, on the environment and on job creation. We played an active role in contributing to the transformation in South Africa in the early 1990s – from facilitating the CODESA negotiations that ended apartheid, to running the world's largest and most respected workplace HIV/AIDS testing and treatment programme which has been used around the world as an example of how business can improve society.

Our commitment to positive change is reflected in our significant investment in social development initiatives. Zimele has already created around 25,400 jobs, and we are looking to increase that number considerably over the next five years. In 2012, our total spending with black economic empowerment (BEE) suppliers totalled some \$3 billion. Across South African businesses, we are committed to building tens of thousands of houses for employees and to convert our remaining hostel accommodation to single-person occupancy by 2014. In 2012, we invested \$95 million in community development initiatives to support job creation, health, education, infrastructure (such as roads and schools), and community health and welfare.

Our approach and solutions therefore need to go beyond the normal business thinking. We need to take responsibility for this breakdown in trust and appreciate that, as leaders, we need to ask ourselves: while we have done a lot, have we done enough and with enough depth? In answering this question, we are committed to working together – with our business partners, our employee representatives and with government – to find solutions that make a real difference.

IDENTIFYING OUR MATERIAL SUSTAINABILITY ISSUES

To deliver successfully on our business strategy, we must identify and respond to the material risks and opportunities that impact our business. In the context of growing societal challenges, this requires a good understanding of emerging environmental, social and governance trends.

DETERMINING OUR MATERIAL ISSUES

Our material sustainability issues are safety, health, environmental, social and governance issues that could affect our ambition of becoming the leading global mining company, or have a material impact on our key stakeholders. We identify these material issues using the findings of our internal risk management process and the outcomes of engagements with our stakeholders.

This materiality assessment process, conducted annually, helps us focus our management efforts and enables us to report effectively. We regularly evaluate the effectiveness of our materiality process. We intend to improve external review and validation to further enhance and refine our identification of our material sustainability issues.

OUR INTERNAL RISK MANAGEMENT PROCESS

As a mining business, a good understanding of emerging safety, health, environmental, social and governance trends forms a critical input to our integrated risk management process. This process combines a strategic long-term approach to identifying and managing sustainability risk with tactical risk management at a site level. Our suite of operational risk management (ORM) tools helps operational managers and front-line employees to identify, prioritise and control the risks that impact on their objectives. These include, but are not limited to, sustainability issues. ORM also ensures that our risk management approach is implemented down the line from site management through to supervisors and front-line employees.

The four distinct stages in our assessment of strategic, operational and project-related risks are illustrated in the graphic on page 13.

Combining the strategic and tactical elements of risk management in an integrated manner allows us to prioritise significant risks and understand how risks relate to one another. We can then identify and test the controls we have in place to gauge their ongoing effectiveness. Through this process we have developed a consolidated sustainability risk register, approved ultimately by the S&SD Committee of the Board (see page 19). This process is completed annually by all operations, with the register and its associated control effectiveness assessments providing a single consolidated framework for understanding and reporting on our internal sustainability risks.

Combining the strategic and tactical elements of risk management in an integrated manner allows us to prioritise significant risks and understand how risks relate to one another.

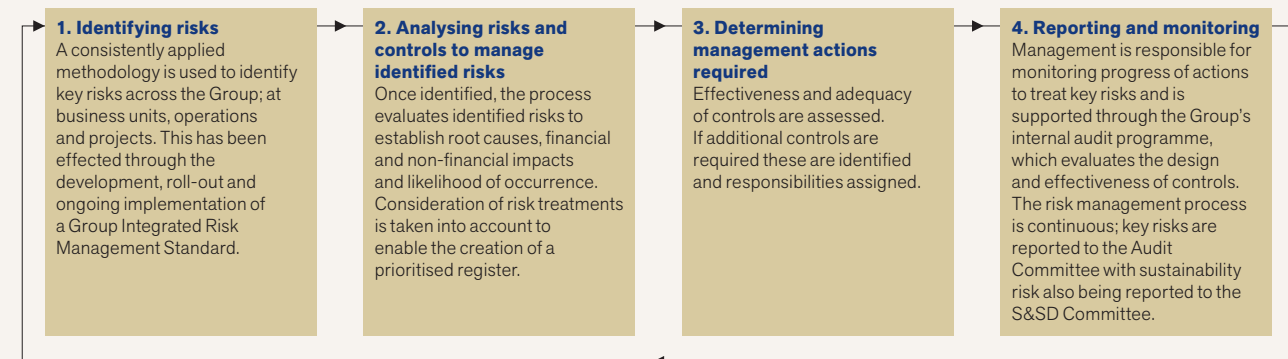
We have identified the following as our main sustainability risks:

- Employee safety (specifically transportation, fall of ground in underground operations, understanding personal and organisational drivers for unsafe behaviours, moving machinery, fire and explosion, slope wall integrity, shaft failure and falling while working at heights)
- Environmental risk (specifically water security, water quality, tailings dams, air emissions and mine closures)
- Energy and climate change (specifically climate change and adaptation, as well as energy price and carbon compliance cost increases)
- Employee health (specifically fatigue, noise, inhalable hazards, alcohol and substance abuse, TB and HIV/AIDS, pandemics and musculoskeletal disorders)
- Socio-political risk (specifically resource nationalism, obtaining and maintaining permits and licences, socio-economic development, social impact management, human rights issues, and responsible business practice).

RESPONDING TO STAKEHOLDERS' INTERESTS

We use multiple mechanisms to understand and respond to the interests of our stakeholders, and to identify the associated risks and opportunities. A comprehensive list of our principal stakeholders – who they are, how we engage them, the significant issues raised and our response to those issues – is provided in the stakeholder table on page 15.

Anglo American assessment of strategic, operational, project and sustainable development related risks



OUR MATERIAL ISSUES

The material issues we have identified from our internal and external processes in 2012 closely mirror those identified and reported in 2011. The principal change is that the relative importance of government and labour relations has grown following events in South Africa during the year. Here, we outline the seven themes that we use to frame and report on our key material issues.

Compliance, permitting and licence to operate

Failure to meet the compliance requirements of a changing and increasingly demanding regulatory environment, or to understand the expectations of government, poses a risk to all parts of our business. Our social and legal licences to operate stem largely from our ability to demonstrate compliance with permitting requirements, responsible environmental management and the equitable distribution of the economic value generated by our operations.

➔ For more information see pages 24–67

Community development

The legitimacy of the mining industry, particularly in developing countries, depends on its ability to contribute to the well-being and prosperity of host communities. Our development solutions must make a positive impact and endure beyond mine closure. The failure to secure or retain support from our

host communities as a result of rapidly changing societal expectations, or through inappropriately managed social, health, human rights or environmental impacts at our operations, could have a material impact on the business.

➔ For more information see pages 24–35

Human rights

Anglo American has a long-standing commitment to the Universal Declaration of Human Rights and we support the UN Guiding Principles on Business and Human Rights. We are conscious that many aspects of our business can impact on human rights – including operational safety, employment conditions, land acquisition, water use, security provision and engagement with Indigenous Peoples. We are committed to identifying and managing these risks.

➔ For more information see pages 32–33

Water

Over the past few years, water has become one of the most critical factors in our social and legal licence to operate. It has been a key point of debate at a number of projects, including our copper projects at Quellaveco (Peru) and Pebble (Alaska). Within our existing operations, the principal risk factors are security of supply, competition with other users, increased unit costs and more stringent water quality legislation.

➔ For more information see pages 56–59

Climate change and energy

New policy measures are leading to increasing energy and compliance costs, including potentially significant costs from carbon pricing. We are witnessing changing expectations from our investors, communities and customers in relation to carbon management. We face increased risks associated with the physical impacts of climate change on our operations and neighbouring communities. Climate change also presents opportunities in the form of environmentally friendly technologies used in our operations and those which use our products, as well as reputational benefits.

➔ For more information see pages 60–63

Employee health and safety

A safe and healthy workforce is an engaged and productive workforce. Effectively managing workplace safety, occupational health, and employee wellness (including the management of diseases such as HIV/AIDS and TB) is a direct investment in the long-term health of the business, its employees and our associated host communities.

➔ For more information see pages 44–51

Workforce management

Meeting our growth objectives depends on ensuring access to the relevant skills necessary to meet our business needs, having the systems in place to develop and retain talent, and maintaining positive relations with all our employees and trade unions.

➔ For more information see pages 40–43

BUILDING RELATIONSHIPS WITH STAKEHOLDERS

Being responsive to the interests and concerns of our stakeholders is fundamental to creating shared value through partnership and forms a critical part of our ambition to become the leading global mining company.

Continuously improving and maintaining positive relationships with our stakeholders is one of our principal priorities and challenges. We believe that establishing relationships built on trust is fundamental to our ability to create value, but recognise that many stakeholders currently have low levels of trust in business generally.

In the table opposite we identify our main stakeholder groups, outline our approach to listening to and engaging each of these groups, and describe the channels of engagement and the principal issues raised. We also briefly review our response to these issues. In addition to these various channels of engagement, we maintain a web-based, Group-wide complaints and grievance procedure to record and respond to stakeholder feedback, providing remedy where appropriate. We also conduct regular reviews of media coverage of the key sustainability issues facing our business, industry sector and stakeholders.

While the specific interests and concerns of our stakeholders typically vary by stakeholder group and region, our dialogue processes during the year highlighted several priority concerns across most stakeholder groups. Issues that received particular attention include:

- The dispute over the Anglo American Sur purchase option with state mining company Codelco in Chile
- The nature of the relationship between mining companies, government and labour organisations in South Africa following the labour disputes and related unrest
- Concerns regarding the platinum mining industry, our exposure to this sector, and our approach to addressing this challenge
- Specific challenges relating to the delivery of the Minas-Rio iron ore project in Brazil
- Changing regulatory and societal expectations regarding the roles and responsibilities of business.

EXECUTIVE SUPPORT FOR SUSTAINABILITY IN THE SUPPLY CHAIN



Anglo American brought senior leaders from more than 50 of its significant South African contracting companies together in November to discuss the safety, health and well-being of contractors working on our sites.

The summit, hosted by chief executive Cynthia Carroll in Johannesburg, was a chance to discuss our new requirements for contracting companies to provide a basic healthcare package for long-term contractors working on our sites. This will include diagnosis, counselling, care, support and treatment for HIV infection and tuberculosis, and will be subsidised by Anglo American and delivered through our extensive network of healthcare facilities.

The CEOs spent time discussing the requirements and identifying ways to implement them. "Looking at the feedback, I believe we met one of the main objectives to engage and inspire people to do things differently," says Linda Wedderburn, Anglo American's global lead for sustainable, responsible supply chain. "Everyone has a clear understanding of what is expected and together we have explored the best way to move forward".

Image
Group director business performance and projects, David Weston, addresses the summit.

Identifying stakeholders' interests

Stakeholder group	Engagement channels	Significant issues raised	Our response
Employees	Ongoing dialogue between line managers and teams. Global themed engagement events (e.g. World AIDS Day, Global Safety Day, World Water Day, World TB Day). Surveys and employee presentations. Two-way engagement via online channels.	Wages and working conditions. Proposed changes to our operations or practices. Opportunities for personal development. Safety, health and well-being. Living conditions (in South Africa).	Our approach to building and maintaining sound relationships with our employees, and to addressing their expectations regarding the work environment, is reviewed on pages 38–43.
Trade unions	Ongoing dialogue through established industrial relations channels. Tripartite Health and Safety Initiative in South Africa.	Wages and working conditions. Proposed changes to our operations or practices. Shaft closures and rationale behind decisions. Safety, health and well-being practices. Core labour rights.	Labour unrest in South Africa during 2012 reinforced the imperative of continuing our approach of open, meaningful and ongoing dialogue with recognised trade unions. Read our response to events in South Africa on page 11.
Governments	Face-to-face meetings with government representatives. Open dialogue and ongoing advocacy work through industry bodies and directly. Tripartite Health and Safety Initiative in South Africa. Participation in inter-governmental and multilateral processes.	Ensuring full compliance with mining licence and related requirements. Contribution to national and international developmental priorities, such as job creation, skills development, public health and (in SA) transformation. Taxation policy, including royalty and carbon taxes. Engagement on restructuring involving job losses. Wider sustainability and development agenda.	A review of our engagement with government is provided in the box: <i>Engaging with governments on public policy</i> on page 16.
Communities	Socio-Economic Assessment Toolbox (SEAT) community engagement sessions run at major operations. Group-wide complaints and grievance procedure, using a standardised, web-based approach for recording stakeholder feedback and classifying the nature of the stakeholder, their complaint and the severity of the issue.	Access to jobs and supplier opportunities. Access to skills development. Quality and availability of public services. Environmental and health concerns. Transparency and engagement. Availability, quality and cost of housing. Distribution of social investment. Tensions within and between community groups.	Through our SEAT process (see pages 32–35) we strive to understand the aspirations of those within our communities, and to work with them in creating the best possible benefits in a manner that reflects local realities. Numerous programmes are in place to address community concerns and to enhance our developmental and economic impact on communities (see pages 32–35).
Shareholders, investors and analysts	Annual General Meeting. Investor meetings and road shows. Annual presentation to socially responsible investors (SRI).	Labour unrest and potential further strikes. Future growth in the platinum market and profitability of platinum operations. Progress of Minas-Rio iron ore project. Safety, health, environmental and social performance.	Our response to issues of interest to general investors is provided in our Annual Report; additional issues of particular interest to socially responsible investors are provided in this Sustainable Development Report.
Suppliers and contractors	Specific supplier events focused on particular topics, for example health and safety (see case study on page 14). Supplier relationship management programme with identified strategic suppliers. Zimele enterprise development hubs (South Africa). Engagement via the S&SD audit programme.	Terms and conditions of contract. Increasing procurement opportunities. Ensuring the safety, health and well-being and human rights of employees of contracting companies and suppliers.	Our activities aimed at building a sustainable and responsible supply chain are reviewed on page 21. A review of our efforts to ensure safety (including of suppliers and contractors) is on pages 44–47. A review of our local procurement and black economic empowerment (BEE) activities is on page 30.
NGOs and civil society bodies Researchers and sustainability practitioners	One-on-one interactions. Various multi-stakeholder initiatives and partnerships.	Transparency and accountability on material sustainability issues. Ensuring responsible governance practices and respect for human rights. Minimising environmental and community impacts. Investing in social and community development initiatives. Economic contribution of mining.	Our approach to addressing the environmental, social and governance issues identified as being of interest to these stakeholders – relating to the performance of Anglo American as a whole – is described throughout this report. We have also entered into formal partnerships with a number of leading NGOs to assist with our performance in this regard.
Customers	Business and industry forums. Direct personal engagements.	Delivery of product on agreed terms. Evidence of environmentally and socially responsible performance and risk management.	Our approach to environmentally and socially responsible performance and risk management is reviewed throughout this report.
Business peers	Engagement through business bodies and initiatives.	Contributing constructively in business initiatives, with the aim of enhancing the collective business interest. General knowledge-sharing on our approach to managing material sustainability issues.	We play a leadership role in various business bodies and sustainability initiatives, such as the International Council on Mining and Metals; the Chamber of Mines (SA); the UN Global Compact; and the Global Business Coalition on HIV/AIDS, TB and Malaria.

ENGAGING WITH GOVERNMENTS ON PUBLIC POLICY

As a mining company, we are subject to extensive regulation, particularly in areas relating to health and safety, concessions and permitting, environmental performance, labour practices, and corporate governance and taxation. Beyond these compliance requirements, our commitment to the communities where we operate drives our interest in broader sustainability issues and public policy areas such as health, infrastructure provision and socio-economic development. We actively engage with governments to help inform public policy relevant to most of these areas. We make representations on behalf of our shareholders, employees and, when appropriate, our communities. This is a critical component of being a safe, responsible and sustainable mining company.

We communicate with various levels of government, including national governments, elected leaders, departmental experts, regional and local officials, and multilateral institutions. We do this either directly, through third parties such as the media, or as part of industry associations, most notably the ICMCM.

We take part in multi-stakeholder debates on public policy issues with organisations and individuals that are both supportive and critical of our policy positions and actions. Such discussions enable us to explain our legitimate commercial interests, share our knowledge and expertise on issues of public concern, and to hear critical perspectives. We believe that effective and sustainable public policy is based on this multi-stakeholder dialogue.

Anglo American does not support any political party and does not make any political donations either through direct funding or assistance in-kind.

Here, we outline the main issues by country that are the focus of our engagement with governments.

Key public policy engagement issues and positions

Issue	Country	Nature of engagement	Our position
Potential nationalisation of mines	Venezuela	Participation in multi-stakeholder taskforces.	Increase understanding of the long-term commitment, expertise and economic contribution that Anglo American provides.
	South Africa	Response to public consultations. Meetings with government officials and those who influence policy.	Discussion of how best to effectively implement ownership sharing initiatives.
Reporting requirements	EU UK	Give industry input to the draft Transparency and Accounting Directive. Support industry awareness-raising campaigns.	Support transparency in a way that is practical for reporting and likely to lead to clear information for external accountability.
Mining permitting, concessions and environmental legislation	All Anglo American countries of operation	Meetings with government officials at national and regional levels to discuss permits and concessions required for mining activity. Participation in public consultations, as required, to contribute to workable effective standards.	Outline our past performance and report on our activity and plans to qualify for legal permits and concessions.
International health policy – HIV/AIDS, malaria, tuberculosis, vaccines and immunisations	South Africa	Board participation and financial support for international health partnerships.	Improve health and wellness education and understanding for our employees and host communities.
	Multilateral institutions UK	Participation in multi-stakeholder events and government consultations. Engagement with government officials at national and regional levels.	Contribute our expertise and systems to support health systems strengthening in developing nations.
Royalties/taxation	Australia	Meetings with various government officials at national and regional levels.	Increase government understanding of the economic contribution and developmental impact of the mining sector.
	Brazil Chile Peru South Africa UK	Public engagement at events with government officials. Response to consultations via industry associations and support of industry awareness-raising campaigns.	Provide feedback to ensure clear, effective legislation that enhances transparency.
Carbon emissions legislation	Australia	Participation in multi-stakeholder events and government consultations.	Communicate our responsibility to take action and contribute to the design of equitable and effective policies.
	Chile South Africa	Support industry awareness-raising campaigns.	Aim to support policies that mitigate carbon emissions while not compromising economic development and jobs. Invest in technology and innovative R&D projects that help the sector cut greenhouse gas emissions.
Post-2015 Millennium Development Goals development agenda	Multilateral institutions UK	Participation in multi-stakeholder events.	Contribute our expertise in enterprise development and community development to ensure that the post-2015 development agenda is as successful as possible in reducing global poverty.
Gender diversity in the workplace	Multilateral institutions	Participation in multi-stakeholder events and consultations.	Provide case studies and Anglo American's experiences to encourage innovative approaches and support the business case for greater gender diversity.

SUPPORTING DIALOGUE AT QUELLAVECO



01

In 2011 we launched an intensive stakeholder dialogue process at our Quellaveco copper project in the south of Peru. It was established in order to address civil society concerns about potential negative impacts of the project, in particular on water in what is an arid region. We are pleased to report that, after 18 months of detailed negotiations, the dialogue was successfully concluded in July 2012 with agreement on a series of commitments by Anglo American.

Key undertakings we have made include:

- Additional infrastructure works to deliver a significant increase in water availability for agriculture
- Major changes to the mine closure plan
- Local hire, local training, supplier and enterprise development initiatives
- Environment programmes to better understand and protect local wetlands, fauna and flora
- Joint monitoring, with civil society and local government representatives, of compliance with our commitments.

Perhaps the most important feature of the 'dialogue table' was the readiness of all participants to take time to listen to the concerns of others, and the much deeper understanding that ensued:

in local communities about the transformational opportunities that such a major investment offers for local development; and of how risks can be effectively managed in a modern mining operation. And, just as importantly, a better understanding within Anglo American of community interests and concerns.

Though difficult at times, the dialogue built considerable trust between stakeholders. This is a positive start for Quellaveco and a unique experience for a mining project in Peru – a country that has seen much controversy around the extractives sector. We at Anglo American are proud of the positive difference we are making. But we are equally conscious that there will be bumps along the road as we move towards development of such a major project. Robust implementation of our commitments and ongoing, open dialogue with our stakeholders will be crucial.

Images

01 Copper's infrastructure manager in Peru, Eduardo Serpa, was Anglo American's chief negotiator.

02 Process manager Gonzalo Manrique shows a model of the proposed mine and processing facilities to dialogue table representatives from the local Moquegua community.



02

DEVELOPING COLLABORATIVE PARTNERSHIPS

We believe that finding solutions to the increasingly complex societal challenges will require meaningful collaboration between business, government, civil society, labour and research bodies. We thus place a very strong emphasis on developing partnerships with a broad range of stakeholders. Some examples of current partnerships include:

- *Tripartite and MIGDETT*, a collaboration on health and safety between business, organised labour and the Department of Mineral Resources in South Africa
- *The International Council on Mining and Metals*, to improve our sustainable development performance and that of the wider mining sector
- *Endeavour and Fondo Esperanza*, to build the capacity of small and medium enterprises and suppliers in Chile
- *CARE International*, on developmental issues
- *Fauna & Flora International*, to help us understand and address biodiversity challenges
- *International Alert*, to promote and implement conflict-sensitive business practice
- *Initiative for Responsible Mining Assurance*, to explore ethical certification options for mining operations
- *The University of Queensland's Sustainable Minerals Institute*, on safety, risk management and education on social performance issues
- *The University of Cambridge Programme for Sustainability Leadership*, to provide education on social performance issues and research about leadership in the field of sustainability
- *Inter-American Development Bank*, to explore cooperation in areas of enterprise development and community development in Latin America
- *The Development Bank of Southern Africa*, to build municipal capacity in South Africa.

Through these and other partnerships we seek to identify practical opportunities aimed at ensuring mutually beneficial outcomes.

GOVERNANCE AND MANAGEMENT FOR SUSTAINABLE DEVELOPMENT

We operate to the highest standards of corporate governance, in accordance with the UK Corporate Governance Code. Our approach to business is underpinned by our core values, in particular those of accountability and integrity.

One of our stated strategic objectives is to operate safely, sustainably and responsibly as a key part of our aim of becoming the leading global mining company. Our governance structures relating to sustainable development support this aspiration, providing clear lines of responsibility from the operational level through to the Board, as shown in the diagram on page 19. Full details on our corporate governance are contained within our Annual Report.

MANAGING SUSTAINABLE DEVELOPMENT

Our investment decisions, how we plan and implement projects, and the way in which we manage our operations and mine closure are governed by a set of Group Technical Standards, as well as the Anglo American 'Ways'. These set out mandatory performance requirements, as well as the vision, principles, policies, frameworks and management system requirements for managing our core sustainability risks and opportunities. All service providers acting on Anglo American's behalf are expected to adopt and follow our Group standards and policies. We also promote comparable standards in joint ventures and associate companies.

Audit and assurance

The S&SD risk and assurance team is responsible for auditing and providing assurance on the compliance of operations with our Group standards and, where relevant, legislative requirements, as well as for the process of identifying and assessing S&SD risks throughout the Group. The team works with Anglo American's business assurance services, which is responsible for Group-wide integrated risk management, business integrity,

Integrity and accountability are core values for Anglo American... Living up to these values is essential for earning and maintaining trust with our stakeholders. It is also fundamental to the success of our business.

internal audit and assurance services. Sustainability audits are led by professional audit managers and supported by experienced personnel drawn from across the organisation. Audit reports that identify elements of best practice and areas for improvement are shared with site and business unit leadership teams and discussed at the S&SD Committee of the Board.

In addition to these internal audits, third-party audits are conducted at operations for the ISO 14001 and OHSAS 18001 certification processes and also as part of providing assurance for our annual Sustainable Development Report.

ENSURING BUSINESS INTEGRITY

Integrity and accountability are core values for Anglo American. Along with a commitment to transparency and engagement, living up to these values is essential for earning and maintaining trust with our stakeholders. It is also fundamental to the success of our business.

Our commitment to integrity and accountability and zero tolerance of corruption is given effect through our business integrity policy and our Good Citizenship Business Principles. The policy and principles apply to every business we manage and to everything we do, regardless of where we operate or procure from.

Corruption significantly reduces our ability to contribute to development in the countries where we operate. It undermines good governance, erodes trust, weakens the rule of law, drives away investment and increases the costs and unpredictability of doing business.

For this reason we actively engage in the fight against corruption by supporting international frameworks such as the UN Global Compact and the Extractive Industries Transparency Initiative (EITI) and report annually on the tax and royalty payments we make in our significant countries of operation (see pages 26–29). We are committed to working with stakeholders in government, business and civil society to promote good governance and the responsible use of mineral wealth, and to prevent corruption.

Business integrity policy

Our business integrity policy makes it clear that we will neither give nor accept bribes, nor permit others to do so in our name, either in our dealings with public officials or with our suppliers and customers.

The policy sets out the standards of conduct required at every level of Anglo American, including our subsidiaries, joint ventures and associates, in combating corrupt behaviour of all types. It also sets out the requirements of those with whom we do business and those who work on our behalf.

The policy is supported by 11 performance standards that cover: the giving or receiving of gifts and/or entertainment; conflicts of interest; political donations; the use of company assets; facilitation payments; working with intermediaries; interactions with government officials; charitable donations; social investment; sponsorships; and mergers, acquisitions, joint ventures and associates. The standards require that our employees perform their duties honestly and avoid conflicts of interest. They must abide by our policies and procedures with regard to giving or receiving gifts and hospitality, act in a transparent manner, and ensure that they do not seek any improper advantage when conducting business or in their dealings with public officials. The standards prohibit the company from making donations to any political party or politician.

The business integrity policy and performance standards have been translated into all the main languages that we use at our operations.

CORPORATE AND SUSTAINABILITY GOVERNANCE

Our governance structures provide clear lines of accountability from the Board through to the operations. Our open reporting lines allow issues that are encountered at an operational level to be communicated back up through the organisation.

Certain Board committees have responsibilities in relation to sustainable development issues:

- The **Safety and Sustainable Development (S&SD) Committee** meets quarterly under the chairmanship of non-executive director Peter Woicke. It provides strategic oversight on sustainability issues, reviews the Group's performance on managing material risks and the implementation of our policies, and monitors relevant national and international regulatory and technical developments.

- The **Audit Committee** reviews and monitors the effectiveness of the Group's internal controls and risk management systems, which has a direct impact on how we identify and manage S&SD issues.

- The **Remuneration Committee** reviews and sets the safety improvement targets included in the directors' annual performance contracts. A significant portion of their remuneration is directly linked to successful delivery against these, as well as other business and sustainable development targets. In 2012, this was increased to reflect the growing importance of sustainability-related performance to the business.

Sustainable development is also within the remit of our executive committees and management functions:

- The **Group Management Committee (GMC)**, which meets every two weeks, and the **Executive Committee (ExCo)**, which meets at least every two months for a two-day session, are

Our governance structures provide clear lines of accountability from the Board through to the operations.

responsible for developing strategy for consideration by the Board, and for developing and implementing Group-wide policies, programmes and best practice standards.

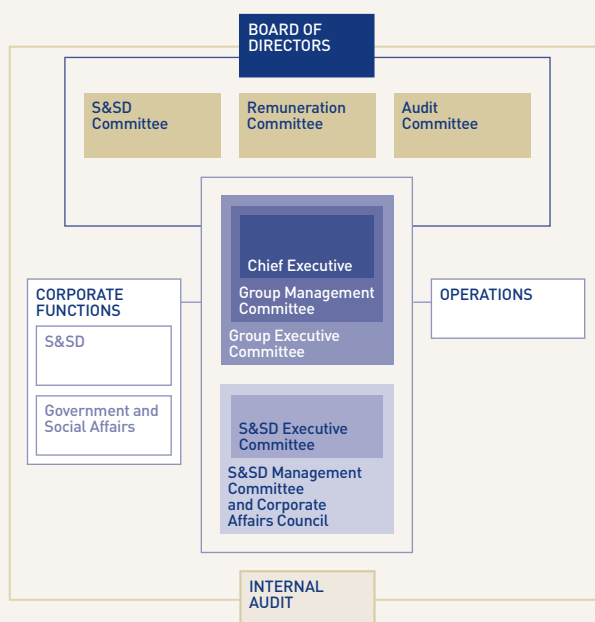
- The **S&SD Management Committee** is responsible for setting standards, policies and the strategic direction on safety and sustainability issues, as well as for talent management and succession planning in this area. It also conducts an internal assurance role. The committee, which meets regularly, includes members from the Group S&SD Executive Committee, and the business unit heads of S&SD, as well as representatives from Supply Chain, Mining & Technology, Government and Social Affairs and Human Resources.

- The **Corporate Affairs Council** is responsible for establishing, monitoring and reviewing our business principles, social performance standards and procedures relating to government relations.

- At the functional level, the **Group S&SD and Group Government and Social Affairs (GSA)** functions provide specialist expertise and are responsible for developing and driving relevant Group-wide strategies, requirements, guidelines and tools, and for monitoring, reporting and assuring the operations' performance against these requirements. They are assisted by various communities of practice, consisting of experts and practitioners that meet regularly to share good practice, identify issues to be addressed, and coordinate programmes and initiatives.

- **Operations**, as part of our business units, are responsible for implementing safety and sustainable development policies and procedures.

Sustainable development governance structure



Two dedicated business integrity managers, who operate within a broader risk management and business assurance team, oversee implementation of the policy by working with senior managers in our business units and corporate functions and assisting them in putting in place adequate procedures for managing corruption risks.

Corruption risk assessments are an essential aspect of the Group's procedures. The Group's business units and corporate functions are required to periodically conduct corruption risk assessments using an internally developed risk assessment tool. Through a series of questions, the tool assesses the internal and external risks associated with the location and nature of an operation and the internal controls in place to manage the identified risks. When a risk is determined to be unacceptably high, an action plan is developed to strengthen the internal controls to manage the risk.

In line with our commitment to high standards of business assurance, the risk assessment process and action planning are audited annually by our internal audit team.

The adequacy of our policy and procedures are under continual review to provide reasonable assurance that we consistently meet our commitment to tackling corruption in all its forms, and remaining in full compliance with all relevant anti-corruption legislation, including the UK Bribery Act which came into force in July 2011.

Anti-corruption communication and awareness

The key aspects of our business integrity policy are included in our induction programmes across the Group.

We provide specific business integrity training to all employees who may be exposed to corruption risks owing to the nature of their work. This includes an online training course and a three-hour workshop, both of which are designed to raise awareness of our business integrity policy and provide employees with the opportunity to discuss and apply the performance standards to business integrity dilemmas that they may face. By the end of 2012, more than 3,500

Significant progress has been made integrating sustainability factors into the decision-making, planning and development process for major capital projects.

employees, including senior managers of business units and corporate functions, had taken part in over 180 training sessions⁽¹⁾ and more than 2,800 employees had completed the online refresher course. During the training, participants are advised of where to go for advice and how to report any business integrity concerns, including through our whistleblowing system.

Facilitating whistleblowing

Our employees are required to report any breaches, or potential breaches, of our Business Integrity Policy. Our independently managed SpeakUp facility is a confidential and secure way for our employees, contractors, suppliers, business partners and other external stakeholders to report concerns about conduct that is contrary to our values and integrity standards. SpeakUp is available 24 hours a day, seven days a week and provides telephone, email and website contacts in the regions in which Anglo American operates.

We do not tolerate any form of retaliation against employees raising concerns in good faith. Any allegations of harassment or intimidation by others as a result of contacting SpeakUp is investigated and, if required, appropriate disciplinary action is taken, which can include dismissal of those responsible for reprisals.

During 2012, we received 285 alerts (2011: 299). Every alert is evaluated and, where appropriate, investigated. The largest proportion of reports in 2012 related to human resource issues (138), followed by a range of other matters including procurement, accounting, and health and safety. In total, 195 alerts were closed following investigation, of which 55 resulted in management action. Disciplinary proceedings, including termination, are instituted where employees are found to have behaved contrary to our principles. In 2012 there were no criminal cases regarding bribery brought against Anglo American or any of its employees.

INTEGRATING SUSTAINABILITY INTO OUR WIDER BUSINESS

To help embed sustainability requirements into our business processes and decision-making we established a sustainability integration team in 2010.

Sustainability considerations now play a bigger role in strategic planning and due diligence processes for mergers and acquisitions, as well as business improvement processes and reviews at operations. However, the most significant progress has been integrating sustainability factors into the decision-making, planning and development process for major capital projects.

Last year, we reported for the first time on our Sustainability Valuation Approach (SVA), a robust methodology which applies a financial and non-financial value to the sustainability drivers that could impact on the successful delivery of major projects. By understanding, characterising and then factoring in the value of sustainability considerations early on in a project's development, we gain a better understanding of how the sustainability factors impact on the project's outcomes in the long term. (See case study on page 10.)

In 2012, we moved from the concept and pilot phase to embedding the SVA into our project evaluation process. The new process will be mandatory for all business units from the end of the first quarter of 2013.

Group sustainability representatives take part in multi-disciplinary acquisition and investment reviews across the project development life cycle, providing information to assist in investment decision-making. During 2012, the Group completed 65 reviews.

⁽¹⁾ These statistics reflect training sessions facilitated by the Group's business integrity managers only. Some employees may have attended sessions more than once. A number of business units have conducted their own workshops using dedicated trainers, resulting in an additional 1,000 employees and contractors having been trained.

01 Anglo American Board visit to Minas-Rio in October 2012: Cynthia Carroll chats to workers at the CRCA (Cultural and Environment Centre), which houses specialist information in the fields of archaeology, biodiversity and water.



01

02 Viewing the project's progress from the Fazenda Jardim helipad.



02

03 Touring the Brazilian National Service of Industrial Learning (SENAI) training centre in the nearby town of Conceição do Mato Dentro.



03

Ensuring responsible mine closure

An important aspect of our approach to integrating sustainability into our wider business, is our commitment to responsible mine closure.

To ensure that we leave a positive legacy when our mines come to the end of their operational lives, we have shifted the traditional focus of mine-closure planning from financial provisioning for rehabilitation and physical closure, to planning for sustainability over the long term. Our aim is reduce long-term risk and liabilities from an environmental and socio-economic perspective, and ensure that mining is a foundation for a better future for surrounding communities.

Closure planning is best conducted as early in the life of an operation as possible. Our Anglo American Projects Way includes a set of requirements for mine closure, ensuring that mines are planned, evaluated and designed with closure in mind. All projects must now have a closure plan included as part of the project development and investment evaluation process. In 2012, all of our operating mines had formal closure plans in place.

Our Mine Closure Toolbox provides us with a structured approach to closure planning and management, ensuring that the full spectrum of opportunities, risks and liabilities is effectively identified, that plans are fully costed and that provision is made both for extended life of mine or accelerated closure.

During 2013, the S&SD risk and assurance team plans to conduct reviews to understand any potential legacy issues from closed or old operations.

Promoting sustainability in our supply chain

In addition to integrating sustainability within our business over the full project life cycle, we also strive to promote responsible behaviour throughout our sphere of influence, most notably in our supply chain. We expect and encourage our suppliers to act in a safe, sustainable and responsible manner. This expectation is given effect through our policy on sustainable development in the Anglo American supply chain and our Supplier Sustainable Development Code. The code details the mandatory standards that suppliers must achieve – and those that we strongly encourage – in relation to safety, health, labour rights, business ethics, environmental management, human rights and community relations. The code is available in all the main languages used at our operations, and Mandarin, and our approach and standards are integrated within our procurement systems.

We take a risk-based approach to supply chain sustainability, identifying the higher-risk suppliers with whom proactive engagement is needed. These suppliers are required to submit a self-assessment questionnaire based on the code. Where necessary, we conduct site visits and commission independent safety and sustainable development audits, carried out by an independent third party, to verify compliance with the code. Based on the audit findings, suppliers may be required to develop and implement improvement plans to address areas of concern or non-compliance. In addition, we work collaboratively with suppliers to identify opportunities to develop and implement safer and more sustainably effective products and solutions.

Our activities aimed at promoting sustainability in our supply chain, are complemented by our commitment to promoting local procurement throughout our mining life cycle, from exploration, through to beyond mine closure. Our approach to procurement is reviewed in more detail on pages 30–31 and 33.

DEVELOPING PARTNERSHIPS

WITH THE FUTURE IN MIND



To be the partner of choice we must maintain a positive relationship with the host communities around our operations. Working with local government, NGOs and community representatives, together we can deliver substantial economic and social value.

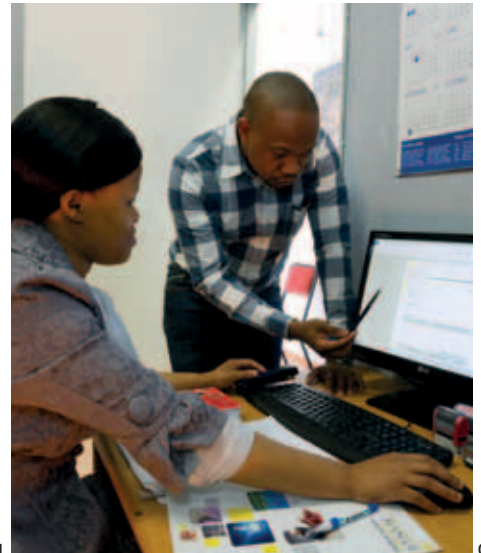


1.1 million

NUMBER OF COMMUNITY MEMBERS
BENEFITING FROM COMMUNITY
DEVELOPMENT PROJECTS.



01



02

Main We invest in community infrastructure such as new schools. In 2012, our Platinum business built and handed over the Tlhabane West Primary School in Rustenburg to the local education authority, and is building two more in 2013.

01 Supporting local businesses means understanding their unique needs. Kumba Iron Ore has funded this irrigation system for the Manyeding cultivation project, a community-owned and -operated organic farm, in South Africa's Kalahari Desert.

02 For more than 20 years, our Zimele enterprise development initiative has helped small businesses like Masedi Electrical, which is run by Seitebatso Rakgokong, to survive and thrive. Here, Seitebatso is in discussion with Zimele finance officer Relebogile Modisane.

03 We invest in cultural and educational programmes to support the development of children and adolescents in communities. This is the aim of the PAES project in Niquelândia, Brazil, which is supported by our Nickel business.

04 We work with many partners to develop non-mining jobs in communities. In Brazil, our Iron Ore business is working with the mayor's office in Pedra Dourada, and has donated equipment and machinery to establish this clothes-manufacturing workshop near the Minas-Rio project.



03



04

CREATING VALUE FOR SOCIETY

To be the partner of choice, it is essential that we maintain a positive relationship with the communities around our operations. It is through their goodwill that we are able to gain and maintain our social licence to operate.

EMPLOYEES AND PARTNERS WHO HAVE PARTICIPATED IN OUR ADVANCED SOCIAL MANAGEMENT PROGRAMME

254

MANAGERS PROVIDED WITH SEAT TRAINING, TO DATE

800

The needs and concerns of all our stakeholders inform and guide our approach to doing business. Our mining activities deliver substantial economic value, through the commodities we mine and process, the people we employ, the suppliers we support, and the revenues we generate. We plan our mining operations with the aim of ensuring that the value we create through our activities results in a positive social and environmental legacy once they close. We believe that effective management of social issues is a necessary element of sound overall operational management and that our leading management systems are a source of competitive advantage.

Principal risks and opportunities

Our most significant social risks fall into two categories: the risks that our activities present to our host communities and society more broadly; and the risks to our business from problematic situations within communities themselves. These risks may be historically rooted and present complex long-term social challenges, as the legacy of apartheid does in South Africa. Our social risks are predominantly associated with developing new operations, resettling communities and retrenching employees. If we fail to account for our actions and do not engage appropriately with our communities, we risk undermining our reputation and jeopardising our licence to develop and operate projects.

OUR STRATEGY AND MANAGEMENT APPROACH

Anglo American's social strategy is informed by our values and business principles, and is implemented

through a comprehensive set of social performance standards that are detailed in the Anglo American Social Way. The strategy focuses on leveraging our core business to support long-term social development through local procurement, workforce development and responsible supply chain management. We place considerable emphasis on integrating social considerations into each stage of the mining life cycle, as well as on enhancing the expertise of our social and community development specialists and the social awareness of line managers.

All operations follow social and community improvement plans, developed in 2009, which provide roadmaps aimed at ensuring full compliance with the 24 requirements of the Social Way. The requirements of the Social Way are integrated into the stage-gate reviews of our new capital projects and our due-diligence procedures for mergers and acquisitions. Social experts work with project teams at key stages in the development of a mine to determine whether the teams are compliant with technical, financial, environmental and social requirements. This process facilitates the earlier identification and management of potential risks, better preparation in terms of permitting requirements, and greater understanding of community concerns and expectations.

Socio-Economic Assessment Toolbox

Our industry-leading Socio-Economic Assessment Toolbox (SEAT) is the primary means by which we enhance the development outcomes and capacities of host communities. We use SEAT to improve operations' understanding of their socio-economic impacts (both positive and negative), enhance stakeholder dialogue and the management of social issues, build our ability to support local socio-economic development, and foster greater transparency and accountability. Engagement with local stakeholders is central to the process.

If we fail to account for our actions and do not engage appropriately with our communities, we risk undermining our reputation and jeopardising our licence to develop and operate projects.

Overarching social performance objectives

Manage socio-political risks to our projects and operations

Ensure we utilise the resources we have available for social performance activity

Create opportunity for Anglo American by becoming a partner of choice, in particular through delivery of enhanced socio-economic benefits

01 The Manyeding cultivation project is an organic farm funded by the Sishen community development fund. Central to the establishment of this farm are this dam and pumping system provided by the fund.

We update SEAT as our social performance capability improves and stakeholder expectations evolve. The third version of SEAT, published during 2012, was developed with key inputs from our NGO partners. It provides new guidance on conflict assessment, human rights, resettlement, and low-cost housing, and puts renewed emphasis on using our core business to drive development, for example through local procurement. SEAT has now been made available publicly, as a leading-practice resource for other companies to use.

Operations must undertake a SEAT assessment every three years to ensure that any significant changes in the operation and community are reflected, and that management measures set out in the previous SEAT report have been implemented and evaluated.

Education and training

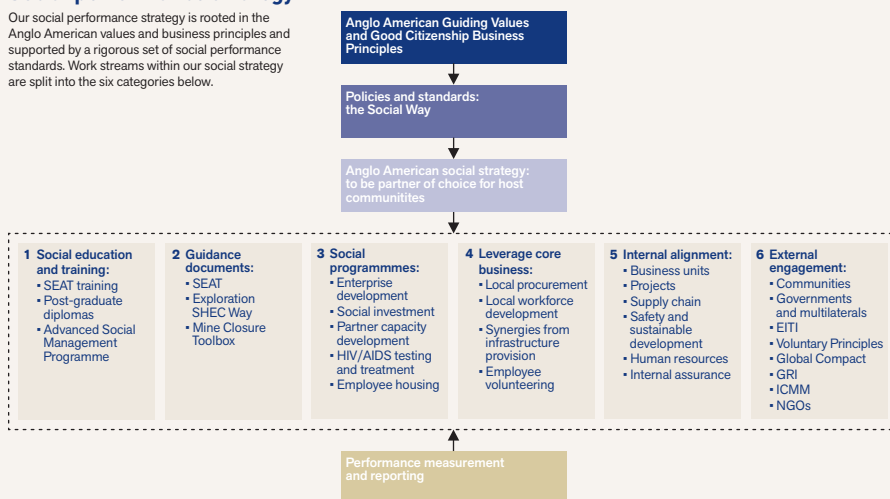
We have various initiatives aimed at raising levels of understanding among our social and line managers on how to manage core business activities in a way that reduces social risk, delivers local benefits and leads to community and government support. These include providing training in SEAT to more than 800 managers to date. A key initiative is our Advanced Social Management Programme, aimed at senior managers and delivered by the Universities of Cambridge and Queensland. Now in its fifth year, over 250 Anglo American participants have attended. Another way in which we share learning and develop our understanding of key social issues is through our Group-wide peer learning groups (such as the Resettlement Working Group) that convene to share experiences and challenges.



01

Social performance strategy

Our social performance strategy is rooted in the Anglo American values and business principles and supported by a rigorous set of social performance standards. Work streams within our social strategy are split into the six categories below.



CREATING VALUE FOR HOST COUNTRIES

THE ISSUE

The changing expectations of national governments and local communities about how the economic benefits generated by mining should be shared.

TOTAL VALUE DISTRIBUTED
BY ANGLO AMERICAN IN 2012

\$29,558 m

PERCENTAGE OF OUR
EMPLOYEE, TAX AND
SUPPLIER EXPENDITURE IN
DEVELOPING COUNTRIES

80%

OUR ECONOMIC VALUE ADDED

Mining is a key driver of economic growth and can enable people to transform their lives in a positive way. As an industry that extracts a non-renewable resource, we have a duty to be especially vigilant in ensuring that we mine responsibly, engender trust and deliver a fair share of the benefits, during the lifetime of our operations, to host governments and communities, leaving them with a firm foundation for a sustainable future. Most of our operations are located in emerging economies, many of which have low levels of socio-economic development. As a major global mining company, this raises particular expectations. To ensure a lasting positive legacy, we supplement the value generated through our core activities, with initiatives designed to develop host communities in the long term, including investments in health facilities, jobs, skills and infrastructure.

It is through our core business activities – employing people, paying taxes to governments and procuring from host communities and countries – that we make our most significant positive contribution to national and local economies.

The value distributed directly by Anglo American in 2012 amounted to \$29,558 million. This figure includes:

- \$14,861 million paid to suppliers
- \$4,776 million to our employees through wages and related expenditure
- \$3,568 million in taxes and royalties to governments
- \$2,236 million paid to Anglo American and outside shareholders
- \$705 million to providers of capital
- \$3,412 million that was reinvested in the Group.

Approximately 80% of our total supplier, employee and tax expenditure was in developing countries. Through the multiplier effect, the positive economic contribution of our operations extends significantly further than these direct forms of value distribution.

Further details on the nature of our economic value added are provided in our Annual Report.

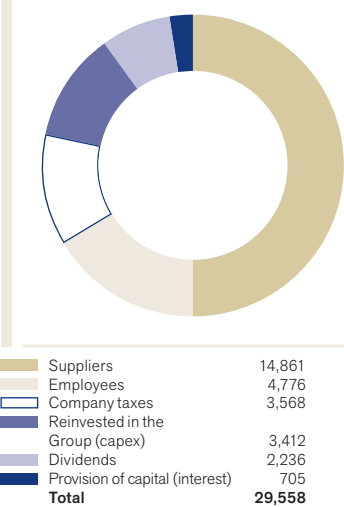
There is a need to balance the risks and rewards of responsible investment and the development of non-renewable resources.

APPROACH TO TAXATION

We understand that tax revenues generated from our activities form an important element of our economic contribution to the communities and countries in which we operate. This is reflected in our approach to our tax affairs and is framed by our tax strategy, our support for the principles of transparency and the nature of our approach to engagement with stakeholders. We are keen to engage constructively with governments and other policymakers on issues such as transparency or the design of taxation regimes.

The mining industry operates in an increasingly financially constrained world, where there is not the capacity to invest in all financially viable projects at any one time. Decisions to invest in, develop or expand operations must be considered on their merits and are not made lightly. Mining is a high-risk, long-term business and new projects being developed today are typically highly capital-intensive with relatively long lead times before returns are generated once mines go into production. The capital investment and commitment we make to host countries reflect that.

Economic value distribution
\$ million



Includes De Beers data from date of acquisition at the end of August 2012.

01 Making on-site hydraulic repairs to an earth-digging machine is just one of the many tasks routinely carried out by the 24-hour mobile field service of Kutting Mpumalanga, a company supported by Zimele's Supply Chain Fund.

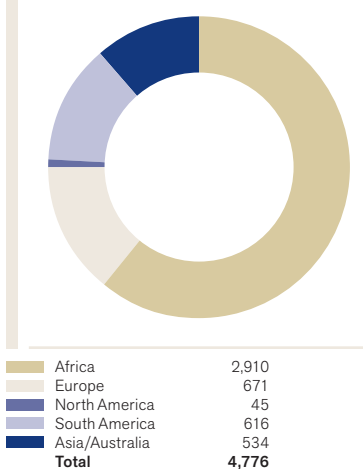
02 Meruka Mining: geologist Dzingisai Chinodakufa, chairman Archie Rantao and director Ido Lekota surveying for iron oxide and gold with assistance from the Anglo American Khula Mining Fund.



01

Employees

Share of economic benefits: \$ million



02

We believe that being transparent helps to demonstrate to our stakeholders the important economic contribution that Anglo American makes to the communities and countries in which we operate.

Governments recognise that their countries exist in this globally competitive environment, competing for new and continuing long-term investment. Indeed, today, many countries successfully use their tax system as a means of attracting such investment through building transparent, stable and competitive tax regimes. They recognise the far bigger economic benefits that attracting such investments bring to their country through creating jobs and wealth.

There is a need to balance the risks and rewards of responsible investment and the development of non-renewable resources. For the industry, this means balancing high-risk, long-term capital investment with likely future returns. For government, it means balancing the need to raise tax revenues with a competitive, attractive tax regime and other objectives such as creating employment and poverty alleviation.

That balance relies on the capacity of governments to administer the tax regime in a fair and consistent manner over the long term and governance once those revenues have been collected. We believe that the various initiatives aimed at building capacity and governance are fundamental to ensuring that communities benefit from the significant value generated by our presence.

Our tax strategy

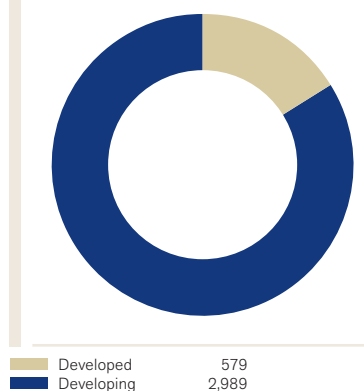
Our approach to tax sits within the context of our long-term business strategy and is determined by our Board-approved tax strategy. This is discharged by a team of professionals acting in accordance with our Guiding Values and Good Citizenship Business Principles. It commits us to optimise and grow shareholder value through the responsible management of the Group's tax affairs in compliance with the law in all areas of tax planning and compliance.

Our tax strategy is split into three pillars:

- Tax governance
- Advisory and engagement
- Compliance and reporting.

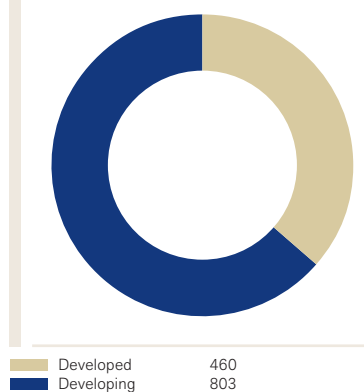
Taxes borne

\$ million



Taxes collected

\$ million



TAXES BORNE AND COLLECTED IN 2012

\$4,831 m

Our tax professionals support our commercial decision-makers. They provide timely tax advice to ensure that we comply with the law and to enable us to proactively engage with tax authorities where appropriate. This forms part of our strategy to seek to maintain a long-term, open, constructive relationship with tax authorities and governments.

Our tax strategy clearly states that all Group companies should comply with their legal obligations and responsibilities in relation to the preparation of the tax computations, returns and payments required by every tax jurisdiction in which we operate, respecting the laws of each country.

Transparency

We provide data to meet the needs of financial markets and other stakeholders, as set out in mandatory disclosures. In addition to this, we make significant voluntary disclosures, such as those in this report.

Mandatory transparency includes that set out by financial reporting standards, stock market listing requirements and transparency requirements such as the Extractive Industries Transparency Initiative (EITI), of which we are a founder member, or those proposed in the EU. The EITI engages government, business and civil society in a tripartite process that involves companies publishing what they pay by way of resource revenues to their host governments, and the governments, in turn, publishing what they receive. Most importantly, the results are reconciled and validated.

We support the principles of transparency, doing this in a practical, readable, understandable and accessible way, and voluntarily publish information on the taxes we pay.

The value of transparency is inextricably linked to its objectives. We believe that being transparent helps to demonstrate to our stakeholders the important economic contribution that Anglo American makes to the communities and countries in which we operate. We recognise, too, the role that transparency can bring in fighting corruption.

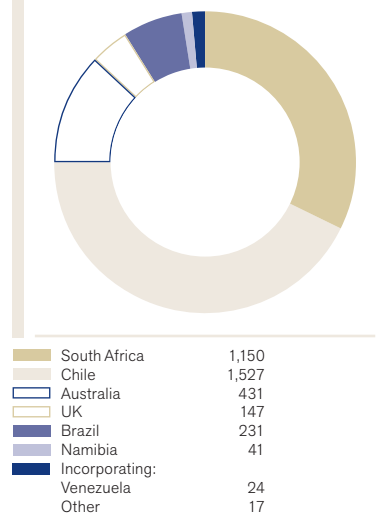


01

01 Loading sheet metal at Hi Tech Transformers, a South African company that installs and repairs industrial transformers. In 2012, Zimele provided loans and equity finance of some \$600,000 to the company, which now employs more than 70 people.

Payments to governments – taxes borne

\$ million



Creating value for society

We have been constructively engaging with European institutions over the past two years around the EU's proposals to introduce new transparency requirement for extractive companies. We support proposals which would lead to a new disclosure regime which, while remaining practical and proportionate, is clearly aimed at tackling corruption by giving civil society the information about the receipts of government, which would allow it to hold governments to account.

Shortly after the foundation of the EITI, we started making voluntary disclosures of our payments to governments on a country-by-country basis. The data for 2012 can be found in the appendix to this report and at www.angloamerican.com.

Engagement

Governments can choose to use certain policies, taxes and incentives to elicit the desired investment and tax compliance responses from business. Such responses will only be forthcoming if businesses respond in a responsible way.

We constructively and proactively engage with a variety of stakeholders on a range of issues relating to tax. In particular, we are part of industry bodies around the world to help to

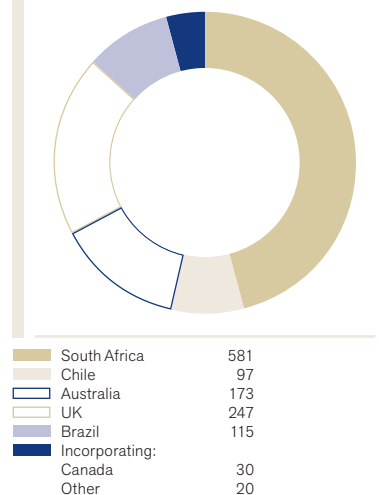
bring commercial understanding and experience into debates about tax policy and governance. Policymakers themselves often ask for industry participation in policy debates as they recognise the benefit this can bring. Two examples of this are the EU tax transparency proposals, where industry was specifically asked to provide input to the process; and our own engagement with governments in relation to proposed changes in mining tax regimes around the world.

Clearly, many factors affect a company's investment decisions, but an important one is the regulatory and fiscal frameworks of a country and their impact on its international competitiveness as a long-term mining-investment destination.

We encourage governments to consider these issues when assessing any proposed tax-regime change for the mining sector. An internationally competitive tax regime should reflect an appropriate sharing of risk and reward between the investor and the government. The long-term nature of our investments means that stability and predictability are very important. We argue that any tax regime changes should be prospective, and such that they do not adversely impact previous investment decisions.

Payments to governments – taxes collected

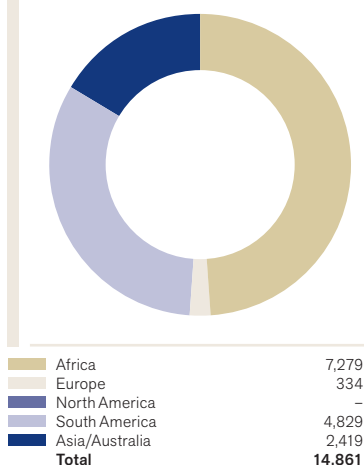
\$ million



Local procurement is a particular priority in our South African operations, forming an important part of our contribution to the country's drive to promote black economic empowerment.

Suppliers

Share of economic benefits: \$ million



We also encourage governments to recognise and balance the impact of the commodity price cycle with the need to make long-term, substantial capital investments in determining their fiscal policy.

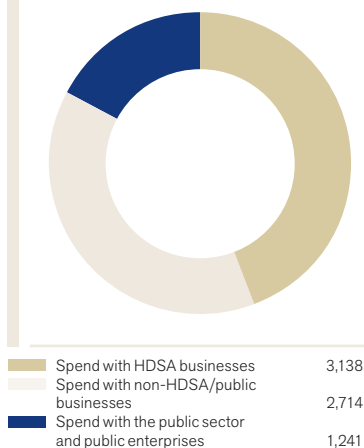
PAYMENTS TO SUPPLIERS

In 2012 we spent nearly \$14.9 billion with suppliers, which accounted for about half our total economic value distribution. Suppliers are thus a significant opportunity to promote a responsible and sustainable value chain which, in turn, has a beneficial impact on broader society.

We are committed to procuring from within the countries we operate and from our host communities; our procurement practices support this. (See pages 31 and 33 for more information on localised spend.) In addition, China is a key customer and strategic business partner and we have a sourcing strategy to build long-term, valuable relationships with Chinese suppliers. This includes identifying Chinese suppliers from which local businesses can source and establish relationships with directly.

Spend with suppliers in South Africa

\$ million



BLACK ECONOMIC EMPOWERMENT PROCUREMENT

Local procurement is a particular priority in our South African operations, forming an important part of our contribution to the country's drive to promote black economic empowerment (BEE). In line with the South African Mining Charter, by 2014 companies are required to source a percentage of capital goods (40%), consumables (50%) and services (70%) from companies owned by 'historically disadvantaged South Africans' (HDSAs). In 2012, Anglo American-managed businesses spent \$3.1 billion (2011: \$3.0 billion) with HDSA businesses (excluding goods and services procured from the public sector and public enterprises). With the exception of Thermal Coal, which missed its services target by 1%, each of our South African business units met or exceeded the procurement requirements of the Mining Charter for 2012. Good progress was made in the areas of capital goods and consumables, although the target for services remains a challenge that is being addressed. Thermal Coal, Kumba and Platinum are focusing on suppliers that provide services, and specific actions and timelines have been set to guide us towards meeting the services targets.

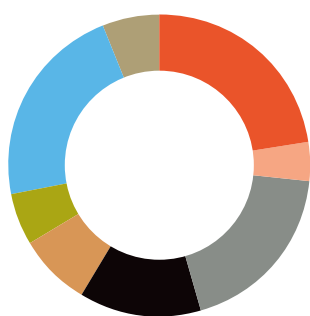
We have been actively involved in commenting on the Broad-Based Black Economic Empowerment (BBBEE) Amendment Bill and also provided detailed submissions to the South African Department of Trade and Industry on the draft revised set of BBBEE Codes of Good Practice. The revised codes, among other provisions, provide for enterprise and supplier development, which has been a longstanding focus for us.

Spend with suppliers based in host communities 2011 vs 2012



Spend with suppliers based in host communities

\$ million



BUILDING STRONG TOWNS IN MINING REGIONS



A lack of municipal capacity in our host communities can have a negative effect on residents and a detrimental impact on Anglo American's ability to operate. Our new partnership approach to capacity building in southern Africa and Brazil aims to offer an effective and sustainable solution to this challenge.

In South Africa, we have teamed up with the Development Bank of South Africa (DBSA) to improve capacity in host mining areas and create the country's first example of a public-private partnership in this field.

"Our aim is to enable municipalities to supply basic services like water and electricity effectively, rather than supplying it ourselves," says Jon Samuel, head of social performance.

Meanwhile, Juliana Rehfeld, sustainable development manager for our Nickel business in Brazil, recognised that limited municipal capacity was likely to be an increasing challenge, especially as mining revenues started to flow into the town from central government.

"We wanted to find a way to prepare both the local government and local citizens to live in a society that would grow," says Juliana. Anglo American has been collaborating with Agenda Pública on this project since 2008.

In both Brazil and South Africa, the projects follow two broad strands: empowerment of communities to enable them to understand their rights and hold the government to account; and training and skills development for public officials to enable them to fulfil their roles and respond to public demand.

Although we provide funding in both cases, our knowledge of the local area, our input into project planning and evaluation, and our local relationships have all proved important elements of the work.

Signs of progress are already apparent. In Barro Alto, the project has strengthened the capacity of the independent city council through the training of councillors and providing them with the skills to carry out their jobs effectively. In South Africa – where work is at an earlier stage than in Brazil – the DBSA has focused on enhancing revenue collection capacity, which will provide the opportunity to improve services in other areas.

Image

Liomar Vidal, an Anglo American community relations officer, at the Professora Maria Siqueira Pinto school, which Anglo American helped to build in Barro Alto.

CREATING VALUE FOR HOST COMMUNITIES

THE ISSUE

The legitimacy of the mining industry, in developing countries in particular, hinges on its ability to contribute to the well-being and prosperity of host communities.

EXPENDITURE WITH SUPPLIERS BASED IN THE COMMUNITIES CLOSE TO OUR OPERATIONS

\$1.54 bn

CORPORATE SOCIAL INVESTMENT EXPENDITURE IN 2012

\$154 m

SOCIAL PERFORMANCE AND HUMAN RIGHTS

Our commitment to respecting human rights forms the foundation of our approach to community engagement and development. Anglo American is committed to implementing the 'Protect, Respect and Remedy' Framework provided in the UN Guiding Principles on Business and Human Rights.

Our first duty is to behave in a way that respects the human rights of employees, host communities and business partners. Human rights best-practice requirements are integrated into the Anglo American Social Way and all other relevant policies, systems and tools throughout the business to ensure that we adhere to this commitment across all our activities. Anglo American is a longstanding supporter of the Voluntary Principles on Business and Human rights. During 2012, nearly 4,000 employees and contractors took part in human rights training – this included nearly 100% of all security personnel at our Platinum business.

We conduct thorough risk assessments, including on issues related to human rights, for all significant investments. Since the Supply Chain Sustainable Development (SD) programme commenced in 2009, we have conducted 195 audits of 179 high-risk suppliers across the world; 65 SD audits were completed in 2012. To date, 45 improvement plans have

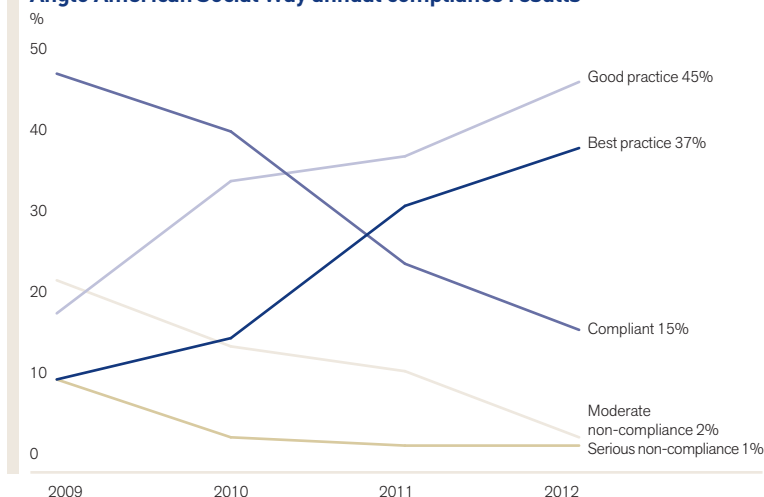
been agreed, with a positive impact on approximately 39,000 supplier employees.

A risk-based approach is followed to identify suppliers to be audited. Of the suppliers audited during 2012, the most common non-compliances with Anglo American's human rights standards related to exceeding legal working hour limits and not paying workers according to legal requirements – especially related to overtime pay. To address these non-compliances improvement plans have been requested from the suppliers. To date, 15 improvement plans have been received and the remainder will be finalised in 2013. No child labour was found in the suppliers audited, although five suppliers did not have proper systems in place to verify the age of workers. A remaining risk in this regard is the extent to which suppliers further downstream meet the standards set out in our Code.

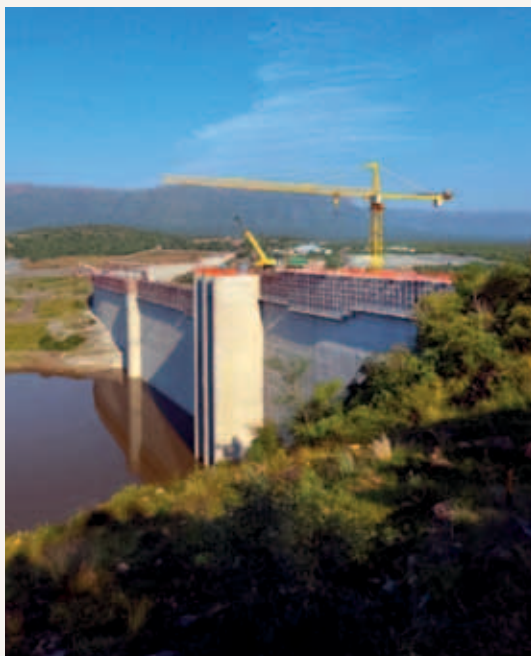
Our businesses measure compliance against the requirements of the Social Way through annual self-assessment. 'Serious non-compliances' against the requirements of the Social Way have almost been eliminated: in 2012, there was only one reported instance throughout the Group, across 24 assessment points (less than 1%). There was also a drop in 'moderate non-compliances' (2%). The remaining 97% of sites comply with, or exceed, Anglo American standards.

Our first duty is to behave in a way that respects the human rights of employees, host communities and business partners.

Anglo American Social Way annual compliance results



INFRASTRUCTURE IMPROVEMENTS IN COMMUNITIES



Anglo American's Platinum business has several operations situated in rural parts of South Africa and in Zimbabwe. For many people living in these areas, whose lives could benefit from improved infrastructure and public services, the mines represent beacons of economic opportunity – as employers and procurers and as supporters of local development.

We aim to work with industry, governments, NGOs and communities themselves to deliver improvements to housing, water, education and health for those people living near to our operations and in the labour sending areas of Lesotho, Mozambique and other provinces in South Africa.

In 2012, Platinum invested \$34 million in community development programmes. This included financial support for the construction of the R37 regional road in Limpopo province and a groundbreaking \$425 million community share ownership initiative, known as Alchemy.

Platinum is facilitating home ownership among its employees, with a commitment to build 20,000 homes by 2017. In 2012 alone, we built 1,000 houses.

Reliable access to safe water is an important area of focus for us. At our Unki platinum mine, the Shungudzevhu irrigation project is under way, designed to improve local food security. Elsewhere, Platinum is part of a partnership with government to provide 1.9 million people with clean water through the Lebolelo Water Scheme and the Flag-Boshielo and De Hoop dams in Limpopo.

In healthcare, Platinum's investments in 2011 included the completion of the Jalamba Clinic for remote communities in the Eastern Cape, in partnership with the Anglo American Chairman's Fund, and the \$1.8 million upgrade of primary healthcare facilities in communities living close to its mines in Limpopo. The Sefikile project, a further clinic upgrade, will be completed in March 2013 at a cost of \$600,000.

In education, we began the construction of two more schools in the Eastern Cape and North West – the Ethridge Combined School and Manthe School – due to open in 2013.

Image
Construction at the De Hoop dam in Limpopo province.

In 2010, we launched a mandatory Group-wide complaints and grievances mechanism, which is designed to ensure openness, accountability and respectfulness in our handling of any stakeholder complaints. The standardisation of the process helps to identify trends and promote the sharing of experiences between sites. During 2012, 1,938 incidents were reported via such mechanisms around the Group, with 46% of these classified as medium-impact level 3 and 4 incidents. The majority of these related to land use, while issues related to community impacts (18%) and business ethics (15%) also featured prominently. Each of these incidents was investigated and has been, or is being, addressed with the relevant party.

COMMUNITY DEVELOPMENT

In 2012, we rolled out an in-house community development peer-review process. Successfully piloted in 2011, the reviews draw on internal expertise, as well as external partners such as CARE International, to ensure that our investments in community development are as effective as possible. Reviews have been undertaken at our Mogalakwena, Sishen, Los Bronces, Minas-Rio and Kriel operations, as well as at the

independently managed Cerrejón associate (in which we have a 33.3% shareholding). Representatives from six business units participated as reviewers. The operations are acting on the findings of the reviews, and best practice learning is shared across the Group in order to maximise benefits.

Our community development activities typically involve local procurement and supplier development, building local capacity, providing infrastructure for healthcare, housing and sanitation, and investing in enterprise and skills development. Many of these programmes are undertaken in partnership with NGOs, communities, and local governments. We estimate that in 2012, community development projects delivered benefits to nearly 1.1 million community members and that our activities improved the livelihoods of about 450,000 people.

Localised procurement and supplier development

Our local procurement initiatives are designed to optimise opportunities to integrate local businesses into our global supply chain. In doing so, we believe we can make a significant socio-economic contribution to our host communities, as well as improving efficiencies in our supply chain by lowering logistics costs and securing access to critical goods and services.

Our leading Group-wide local procurement policy, launched in 2010, is now embedded in all our operations. During the year, all operations made encouraging progress in developing their local procurement strategies and are now measuring and reporting against targets. In 2012, we produced guidance on building local procurement capability within Anglo American. We are also preparing a local procurement toolkit that will provide practical guidance to procurement managers.

In 2012, expenditure on suppliers based in the communities close to our operations was \$1.54 billion (2011: \$1.13 billion). This increased from 9.5% of total supplier expenditure in 2011 to 11.3% in 2012.

Ways in which we contributed to the development of local suppliers have involved simplifying our terms and conditions and payment policies for our suppliers and working with several partners, including our larger suppliers, government agencies, commercial associations, local businesses, mayoral offices and local communities, to provide business training to local suppliers. We are also developing 'supplier parks'. Situated close to our operations, these clusters will house localised suppliers, as well as joint ventures between large suppliers

Enterprise development is one of the most effective means of ensuring that the benefits for host communities arising out of mining activities will be sustainable.

to Anglo American and local entrepreneurs. Tenants will enjoy access to training, mentoring and finance through our supplier and enterprise development programmes, as well as access to local shared services.

The innovative Entrepreneur Internship Programme, which commenced in March 2012, supports accelerated growth of high potential entrepreneurs. The five entrepreneurial interns are now all trading in their newly established businesses, with two providing mining related services to Anglo American business units and a third working on geological modelling with us. A total of 35 additional people have been employed by their new businesses.

Enterprise development

Enterprise development is one of the most effective means of ensuring that the benefits for host communities arising out of mining activities will be sustainable. Since the 1980s, we have been pioneering approaches to building small businesses in South Africa, and have now extended our reach firmly into Chile and Brazil. In 2012, we took a more strategic approach to enterprise development that has involved specifically designing schemes for countries such as Peru, Brazil and Botswana, as well as for important issues such as housing and low-carbon technologies. Our aim is to provide infrastructure and resources to our communities, while allowing them to identify business opportunities, develop and be independent.

Our existing enterprise development programmes have informed a new Group-wide, best practice model that we are using to implement our new country- and theme-specific programmes. By using this approach we aim to reduce costs and leverage experience from across the Group.

Zimele – South Africa

Our flagship Zimele enterprise development programme was established in South Africa 24 years ago to empower black entrepreneurs through the creation of small and medium-sized enterprises (SMEs). Through our commitment to the United Nations Development Programme (UNDP) Business Call

to Action in support of the Millennium Development Goals, we have achieved our target of creating and sustaining 25,000 jobs – well ahead of the 2015 target date. At December 2012, our 1,393 funded businesses employed 25,364 people.

Zimele consists of four separate funds – the Supply Chain Fund, the Anglo American Khula Mining Fund, the Community Fund, and the Zimele Green Fund. While these funds operate on a commercial basis, they are guided by the social purpose of creating economically viable enterprises through the provision of equity/loans, mentoring and access to value-enhancing opportunities. In 2012, these funds concluded 500 transactions and provided \$18.2 million in funding for businesses that employed 6,713 people, with a combined turnover of \$130 million.

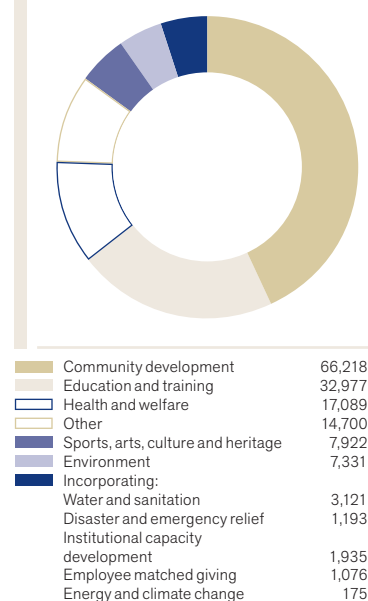
Our newest fund, the Zimele Green Fund, targets investment opportunities that mitigate greenhouse gas emissions, reduce energy and water consumption, and improve waste and emissions management. The fund's current portfolio includes three businesses, which involve waste recycling; the manufacture and sale of organic fertiliser by disabled workers; and the facilitation of subsistence vegetable cultivation among impoverished communities.

Emerge – Chile

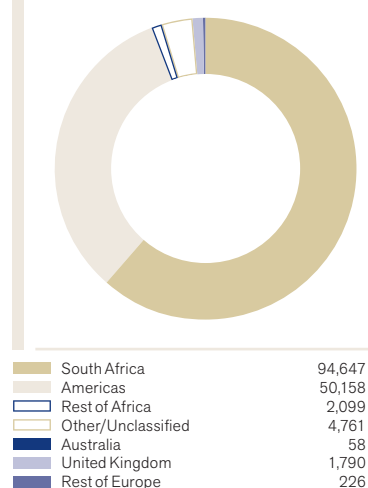
Launched in 2006, our EmERGE programme has surpassed its goal of supporting more than 7,000 entrepreneurs and SMEs in Chile. Since inception, the programme has helped nearly 340 medium-sized businesses and, through a partnership with Fondo Esperanza, over 34,800 small businesses through business skills training and community bank micro-loans. To date, 35,534 jobs have been supported through the programme.

In 2011, EmERGE was expanded through a new partnership with international enterprise development NGO Technoserve. This initiative aims to help medium-sized businesses mature to the point where they are able to access the commercial banking sector. EmERGE's offering is now much more customised to the specific

Global CSI spend by type
\$'000



Global CSI spend by region
\$'000



needs of the different SMEs in the programme, which we hope will attract more participants and improve their performance.

CARE – Brazil

Our Barro Alto nickel project in Brazil has completed the final year of a three-year community development plan in partnership with local NGO, CARE Brazil. Enterprise development forms a strong focus of the partnership, which also included activities to improve public education and social development in the communities surrounding our operation. Through this initiative, local residents had the opportunity to participate in a free training course on entrepreneurial management aimed at developing business opportunities in the region. The third group of small business owners has now completed the course.

Building local capacity

Our capacity development activities focus on strengthening the skills, competencies and abilities of employees and community members to promote robust, self-sufficient local economies long after our mines have closed. This included spending \$1.9 million towards institutional capacity development in 2012, often partnering with local municipalities on projects. In South Africa, poor capacity in municipalities potentially jeopardises our ability to deliver on social and labour plan commitments and promote broader social stability. We have supported initiatives aimed at building the capacity of our host municipalities since we signed a Memorandum of Understanding with the Development Bank of Southern Africa (DBSA) in 2010. In Brazil, our efforts have centred on the Barro Alto city council (see case study on page 31).

In 2012, we provided training to more than 2,638 employees in skills outside the mining sector, such as electrical services, plumbing and carpentry. Anglo American also supported 1,239 employees and community members who attended adult basic education programmes on literacy and numeracy offered by our operations in South Africa.

Working with partners to provide infrastructure is an important way in which we create sustainable value for our host communities.

Social investment output indicators

	2012	2011
Total number of community development projects delivering benefits to communities	1,602	1,380
Total number of businesses supported	40,217	38,681
Jobs created/sustained through enterprise development initiatives	64,927	47,070
Beneficiaries of education projects	256,980	556,033
Beneficiaries of sports, arts, culture and heritage projects	645,211	248,093
Beneficiaries of community development projects	1,065,821	2,132,624
Beneficiaries of disaster and emergency relief projects	43,684	11,100
Beneficiaries with improved livelihoods	448,395	2,481,467

Infrastructure development

Working with partners to provide infrastructure is an important way in which we create sustainable value for our host communities. Our mines are often situated in areas that are underdeveloped and remote, where we can share infrastructure associated with our mines – roads, health facilities and water – with local communities. For example, in South Africa, the construction of a 600 kilometre water supply pipeline to our platinum mines, among others, in Limpopo province will give 1.4 million people access to a reliable source of potable water for the first time. Our eMalahleni water reclamation plant, also in South Africa, treats mine water, which is made available to our mines as well as to the local municipality.

Where our planned or existing infrastructure does not meet an important need, we go beyond leveraging our core business activities, to meet requirements through social investment.

A particular focus is addressing South Africa's acute shortage of affordable formal ('adequate') housing. The country's history of discrimination has left large segments of the population living in informal settlements; and current municipal resources to provide the infrastructure essential for residential development are scarce. (See case study on page 43.)

Developing education and healthcare infrastructure is another priority in creating long-term value. Platinum has built nine community health clinics, while Kumba's Sishen mine's Gogi Modise Wellness clinic, at Kathu township in the Northern Cape province, is providing much-needed healthcare services to the community, employees and many local contractors. Our Nickel business in Brazil has invested \$5 million to date in Barro Alto's infrastructure, including a number of schools and a hospital.

Corporate social investment

Anglo American's corporate social investment (CSI) expenditure in local communities totalled \$154 million, up from \$129 million in 2011. This figure represents 3% of operating profit from subsidiaries and joint ventures, before tax. We have a standardised reporting process for all our social investments, with robust metrics to monitor the level of social performance. This facilitates consistent reporting of outputs, and helps to identify the most effective projects, delivery methods and partners, to try and maximise the value that Anglo American and its host communities get from these investments. We have defined a set of 32 KPIs for the 14 categories of social investment that represent all of the types of projects currently sponsored by Anglo American and its company-funded foundations. These output KPIs are collated for each social investment project and data is tracked from project inception.

PROMOTING WELLBEING

WITH THE FUTURE IN MIND



People are fundamental to our success. We value the development, safety and health of all who work for us and of all those living and working around our operations.



\$98 million
 AMOUNT WE INVESTED IN DIRECT
 EMPLOYEE TRAINING INITIATIVES
 DURING 2012.



Main Our focus on health includes prevention programmes like those delivered, with our support, by Brazilian NGO Reprolatina. Here, Ana Claudia Silva Dias holds one of her regular educational sessions on reproductive health for women and girls in the city of Barro Alto.

- 01** The safety of our people is paramount. Here, operator Roberto Alvarado wears full personal protection equipment (PPE) at Mantos Blancos copper mine in Chile.
- 02** Our workplace programmes in South Africa provide care and treatment for illnesses such as HIV/AIDS and TB. At Thermal Coal's Highveld hospital, Sister Evah Molefe tests plant operator Siphso Mhlabane for TB.
- 03** We run programmes to keep employees healthy and well. Here, Nurse Delova Pokarier carries out a routine health screening at Metallurgical Coal's Dawson mine in Queensland, Australia.
- 04** Investment in primary healthcare for under-served rural villages takes many forms, including the Batho Pele mobile health clinic, featured visiting a village, 80 kilometres away from Kumba Iron Ore's Sishen mine in South Africa.
- 05** Transportation incidents are a major safety risk. Haul truck driver Keitumetse Hynes is featured demonstrating an advanced collision-avoidance system used at Sishen mine.

INVESTING IN OUR PEOPLE

Our people are as vital to our success as our mining assets. They determine how effectively we operate, are critical to building and maintaining our reputation with stakeholders and are instrumental in upholding our values.

EMPLOYEES AND CONTRACTORS EMPLOYED BY ANGLO AMERICAN

136,319

'HISTORICALLY DISADVANTAGED SOUTH AFRICAN' MANAGEMENT-LEVEL EMPLOYEES

62%

Our people are a key source of competitive advantage. It is our people who will help to realise our ambition and deliver on our strategy to be the leading global mining company. Accordingly, the health and safety of our people are of paramount importance to us.

Principal risks and opportunities

Our key people risks relate to workforce management, workplace safety, and occupational health and wellness. Core components of addressing workforce management risks include attracting, developing and retaining the skills necessary to meet our business objectives and maintaining positive relations with all of our stakeholders, particularly our employees and trade unions. Workplace safety, occupational health, and employee wellness (including the management of diseases such as HIV/AIDS and tuberculosis in our workforce and communities) are investments in the future health of our people and therefore our business.

OUR STRATEGY AND MANAGEMENT APPROACH

One of our three core strategic ambitions is to be the employer of choice in the mining industry. We see the quality of our people as being a key source of competitive advantage. Attracting and retaining the best people involves:

- Demonstrating that we have a clear and compelling strategy for success
- Offering safe, worthwhile and stimulating work
- Being organised for effectiveness and efficiency
- Creating the right leadership culture
- Supporting people to develop and progress
- Paying people competitively.

Our HR standards, management systems and processes are the foundations that underpin these areas. The Anglo American Occupational Health and Safety Ways, which are supported by technical standards and guidance documents, mandate our approach to workplace health and safety management.

Our internal S&SD risk and assurance function conducts 'second party' reviews of our most material sustainability and technical risks on a rotational basis and regularly assesses operational compliance with health and safety standards. We also seek external certification on our occupational health and safety management systems. All operations are expected to attain and retain OHSAS 18001 certification within two years of commissioning or acquisition. At December 2012, 95% of our sites had achieved certification. The exceptions were Platinum's Twickenham mine and Amandelbult concentrator, which are expected to achieve certification in 2013, and Thermal Coal's Zibulo colliery, which recently completed an audit and will be certified in 2013.

Education and training

We offer extensive training to support employees with implementing health and safety standards. We also have formal training and development programmes at both business unit and Group levels to support our people to progress within their role and career. This included training and the People Development Way, our global capability framework detailing the behaviours, knowledge, skills and experience that are required of our employees, for use to achieve our strategic objectives.

Health and safety related training extends to all employees in various forms, from formal training initiatives through to regular, if not daily, health and safety briefings. Our award-winning SHE risk management programme, which was launched in 2007, offers training on effective operational risk management. In total, 776 employees participated in 40 of these programmes in 2012, bringing the total to more than 7,400 to date.

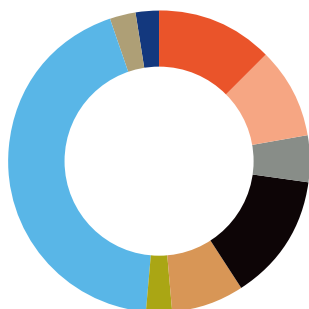
Workplace safety, occupational health, and employee wellness are investments in the future health of the business.

01 At the Peace River Coal operation in western Canada, trainer/operator Brendon Walsh uses a simulator, on which all operators are trained before they go out into the field.

02 Mine captain, Casper Mhlanga, leads an early-morning 'Toolbox' safety talk underground at Platinum's Unki mine in Zimbabwe.

Number of permanent employees and contractors by business unit 2012

Annual average



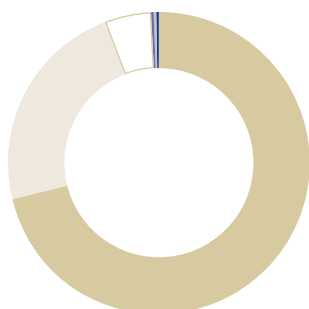
Kumba Iron Ore	17,082
Iron Ore Brazil	13,282
Metallurgical Coal	6,979
Thermal Coal	18,690
Copper	10,609
Nickel	3,422
Platinum	59,351
Phosphates and Niobium	3,579
Group departments	3,324



01

Number of permanent employees and contractors by region 2012

Annual average



Africa	97,298
South America	31,319
Australia	6,619
North America	583
Europe	396
Asia	104

Headcount figures exclude independently managed associates, non-core businesses and De Beers.



02

HUMAN RESOURCES

THE ISSUE

It is our people who deliver our strategy, who drive our operational effectiveness and build our reputation with our investors, governments, partners and potential employees.

GRADUATES, BURSARS, APPRENTICES AND OTHER TRAINEES SUPPORTED BY ANGLO AMERICAN

2,845

OUR STRATEGY AND MANAGEMENT APPROACH

Our human resources (HR) strategy is anchored in Anglo American's objective 'to become the leading global mining company' and in the supporting objective of being 'the employer of choice'. To attract and retain the best people we need to:

- Demonstrate that we have a clear and compelling strategy for success
- Offer safe, worthwhile and stimulating work
- Be organised for effectiveness and efficiency
- Maintain the right leadership culture
- Support people to develop and progress
- Pay people competitively.

Our HR standards, management systems and processes are the foundations that underpin these areas. In 2011, we developed a three-year plan identifying opportunities for improvements and commenced roll-out during 2012.

Our operating model enables Group HR to capture synergies across the Group by pooling activities where there is a value in scale and sharing knowledge and expertise. Policies and standards are set through a collaborative process, involving the businesses. Once set, compliance with these is mandatory.

Resourcing

Resourcing our business, both now and in the future, is a key strategic priority for HR. Throughout 2011, we put in place the foundations to enable us to create more effective workforce planning. This included a Group-wide monthly headcount reporting process and system, and a common framework for categorising roles across the organisation. During 2012 we also implemented a new annual strategic workforce-planning process and system. This will play a pivotal role in targeting our talent-sourcing activities and support us in building global talent pools.

Attracting talented graduates, bursars, interns, apprentices and other trainees is an important part of our sourcing strategy. Providing high-quality training is a key attraction and retention tool, and during the year we supported 2,845 graduates, bursars, apprentices and other trainees.

We are legally required to recruit a percentage of mining-type jobs from within the immediate and local communities in which we operate.

Mechanisms for applying for jobs are not always easily accessible to community members in remote locations. As a result, in South Africa, we have implemented an initiative aimed at recruiting people from rural areas where there is limited internet connectivity and access to computers. Once registered on our database, through a walk-in centre or online, candidates are able to apply for jobs inexpensively by sending a text message with the job reference number.

Building leadership capability

Building leadership capabilities is important for the success of our business and a high-quality range of over 200 external and internal development programmes is available across the Anglo American Group. Maintaining the right leadership culture is also important in encouraging people to join and stay with Anglo American, and we continue to focus on defining and developing the associated leadership behaviours to improve operational performance and sustain success in the highly competitive mining sector.

Supporting our people to develop and progress

We are committed to enabling our people to reach their full potential. We have formal training and development programmes at both business unit and Group levels. During 2012, we invested \$98 million (3% of total employee costs) in direct training initiatives.

We continue to focus on defining and developing the associated leadership behaviours to improve operational performance and sustain success in the highly competitive mining sector.

01 Production supervisor at Platinum's Amandelbult mine Petrus Maphunye with facilitator Muriel Kgalezi during a numeracy class at Rustenburg section's Adult Basic Education and Training (ABET) Thusanang Training Centre.

During 2011, we concentrated on embedding the Anglo American People Development Way, a global capability framework detailing the behaviours, knowledge, skills and experience required to achieve our strategic objectives. In 2012, we continued this process by introducing career-path tools to guide employees' career development decisions. In addition, employees are provided with a working knowledge of key business challenges through articles tailored to our leadership behaviours. A resource library of content from leading management thinkers is also available. Building on current best practice across the Group, we also continued the development of training programmes targeted at first-line managers to improve operational and people management capabilities. The programmes will be rolled out during 2013.

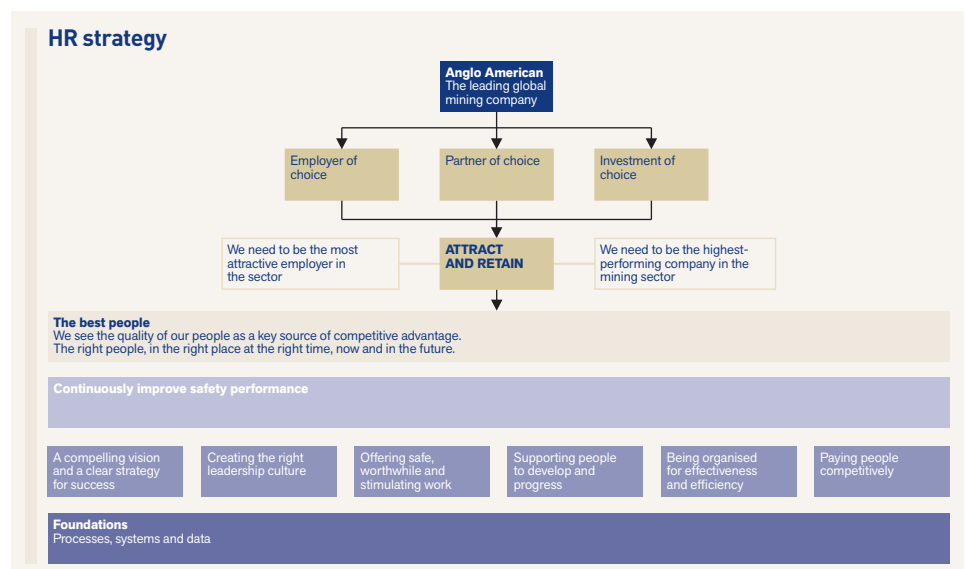
The Adult Basic Education and Training (ABET) programme is run by our businesses and the corporate centre office in South Africa and provides general education to adults who have not all had access to formal schooling. In 2012, 1,239 employees, contractors and community members enrolled in the programme. In addition, 2,638 employees and community members were provided with portable skills training. This puts emphasis on training people in skills not needed traditionally within the company, so that such people are employable after mine closure.

Recognising and rewarding performance

Managing our people's performance plays a key role in supporting and guiding their development and behaviour. In 2012, we continued to roll out our Group-wide performance-management process and system, which aligns individual objectives with the company's strategy while reinforcing our values. Line managers review all performance assessments and calibration sessions are held to ensure that ratings are applied consistently across the Group. Our management and professional employees have regular performance and career development reviews with their managers. For other employees, performance management is largely team-based.



01



To attract and retain the best people, the structure and level of our remuneration and rewards is designed to be consistent across the Group, as well as competitive in each of the markets where we operate.

Applaud, our global employee excellence awards, continues to recognise exceptional individual and team achievements that are aligned with Anglo American's strategic priorities and values.

Creating a diverse organisation

Anglo American remains committed to achieving diversity across our global workforce. Throughout 2012, we built on activity to promote gender diversity at all levels of the organisation and continued our transformation process in South Africa.

Across our businesses, targets have been set to increase female representation, both within the management population and the workforce as a whole. As at the end of 2012, 23% of managers were women, representing an increase from 22% in 2011. Fifteen per cent of our overall workforce is female. In our Chilean operations, we have introduced a recruitment programme that targets local women who have no existing technical experience. Women receive an extensive six-month training programme before successful candidates are offered full-time permanent employment. Women now represent 30% of the graduate intake for scarce and critical disciplines in Chile following a successful local campaign to encourage women to apply to a pre-graduate programme that provides university funding to students.

In South Africa, our Thermal Coal business has made significant investments upgrading facilities for female mine workers, as well as introducing an initiative to fast track the development of high-potential women across the business. It has also invested in a cultural and gender diversity programme, which includes

Throughout 2012 we continued to promote transformation within our South African businesses. At year end, 62% of our management were 'historically disadvantaged South Africans'

content on the value of diversity to the organisation. Kumba Iron Ore has held career exhibitions focused on careers for women in mining at a number of targeted schools in our operational regions. The business has also developed and rolled out a diversity programme. In Australia, Metallurgical Coal's executive leadership team participated in inclusive leadership sessions to help them understand subconscious bias against women and its potential to affect decision-making. This programme is being scheduled for all leaders across the business, including mine site management teams.

Where feasible, we support the needs of working parents with flexible work hours and child care facilities.

Throughout 2012 we continued to promote transformation within our South African businesses. At year end, 62%⁽¹⁾ of our management were 'historically disadvantaged South Africans' (HDSAs), representing a significant increase on the 51% recorded at the end of 2011. Overall, HDSA employees represent 81% of our workforce in South Africa.

Protecting labour rights

As signatories to the United Nations Global Compact, we are committed to the labour rights principles provided in the International Labour Organization (ILO) core conventions, including the right to freedom of association and collective bargaining, the eradication of child and forced labour and non-discrimination. We do not tolerate any form of unfair discrimination, inhumane treatment, forced labour, child labour, harassment or intimidation in the Anglo American workplace. Full observance of these issues is also required of our suppliers and compliance is audited on a risk basis. At our operations, we have clear policies and processes in place to ensure that we do not employ any under-age or forced labour. No incidents of employing under-age or forced labour were reported in our workforce in 2012.

Approximately 84% of our permanent workforce is represented by work councils, trade unions or other similar bodies and covered by collective bargaining agreements and it is a matter of principle for us that people have the right to freedom of association. In Zimbabwe and the Middle East, where this can be put at risk, we aim to balance global standards regarding freedom of association with local legislation.

A significant part of our operational workforce consists of contractors. It is vital, therefore, that the effectiveness of the relationships between us and our contracting companies, and between those companies and their employees, is maintained.

During 2012, two strikes exceeding one week's duration were recorded. Platinum experienced eight weeks of unprotected industrial action and unrest at five of its mining areas where operations were halted. Kumba Iron Ore experienced 12 days' occupation of the company's Sishen mine.

⁽¹⁾ These figures represent an aggregate of employees from Thermal Coal, Platinum, Kumba Iron Ore, De Beers South Africa, Anglo American Global Shared Services and Johannesburg corporate offices.

IMPROVING HOUSING AND LIVING CONDITIONS IN SOUTH AFRICA



01



02

We want all our employees to enjoy quality housing and living conditions. In South Africa, where there is a dire shortage of affordable housing and long waiting lists for units being built, this is a particular challenge. In partnership with local and provincial government, we help to alleviate this problem.

We invest in improving the housing and living conditions of employees and making it possible for them to buy their own homes in sustainable areas near our mining operations. Our vision is that all of our employees who would like family accommodation have that option in the mining communities.

Our Platinum, Kumba Iron Ore, Thermal Coal businesses and De Beers proactively engage in developing properly serviced land to facilitate housing development in areas where services are inadequate or do not exist. The business units collaborate with reputable developers to encourage and promote affordable home ownership among employees at all levels. Where possible, land is donated to the municipality to facilitate the rehousing of communities residing in informal settlements. We engage with the Chamber of Mines and with organised labour to address issues and options for home ownership.

One innovative approach to addressing this issue is our work with NGO partners to develop and implement a low-income housing model using enterprise development, with houses being built with a room for rent that aims to pay off a large part of the loan.

While 11,648 employees currently reside in mine accommodation, our objective is to lessen employee dependency on the company to provide accommodation.

Platinum

- 6,743 employees reside in company and privately leased houses.
- All hostels have been converted into single accommodation villages.
- There are four ongoing housing projects in its portfolio.

Kumba Iron Ore

- From March 2012, employees no longer stay in hostels.
- Sishen has built 1,662 houses to accommodate their employees.
- Sishen plans to build an additional 1,720 houses in Kathu for current and future housing needs.

Thermal Coal

- Currently, 33% of employees live in mine-provided accommodation.
- 203 houses have been built for sale to date.
- A new project to provide an additional 272 units in the eMalahleni area has commenced.

De Beers

- De Beers does not have any hostels at its three South African operations.
- Currently engaging with NUM regarding the facilitation of home ownership.
- Approximately 550 houses planned to be built across three operations and investigations on rent-to-buy options are under way.

Images

01 Platinum Union South mine time and attendance operator Gift Mpho takes possession of one of the 400 new houses on the Northam Extension 6 Housing Project.

02 These houses for Thermal Coal employees and their families are being built with bricks made partly from gypsum – which was formerly discarded as a waste product – from the eMalahleni water-reclamation plant.

SAFETY

THE ISSUE

Offering a safe and healthy workplace is a core Anglo American value – we do not accept any harm coming to those who work for us. Actions taken to improve our health and safety performance can also have positive impacts across other aspects of the business.

PARTICIPANTS IN THE ANGLO AMERICAN SHE RISK MANAGEMENT PROGRAMME SINCE INCEPTION

7,400

REDUCTION IN FATAL INCIDENTS AT PLATINUM SINCE 2008

61%

OUR PERFORMANCE

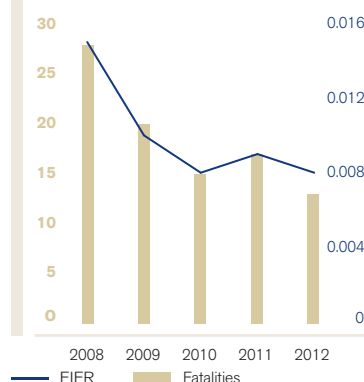
In 2012, 13 people lost their lives as a result of work-related activities at Anglo American mines. An additional five deaths resulting from public transportation incidents and criminal activity were also reported in 2012. While this represents a reduction since 2011 (17), any loss of life is unacceptable. We do not accept that any employee or contractor should have to risk their life while working for us. Seven of these deaths occurred at our Platinum business, where the majority of fatal incidents still occur, despite a 42% improvement since 2011 and 61% over the past five years.

In June 2012, our most senior leaders met for a safety leadership summit to plan the next stage of our safety improvement journey under the overall theme 'The way we work'. Opening the event in Johannesburg, chief executive Cynthia Carroll stressed that the summit's purpose was not to launch any new safety initiatives: "Our objective is to have an honest and open examination of how we can do things better – not just confront the bad, but celebrate the good and share best practice."

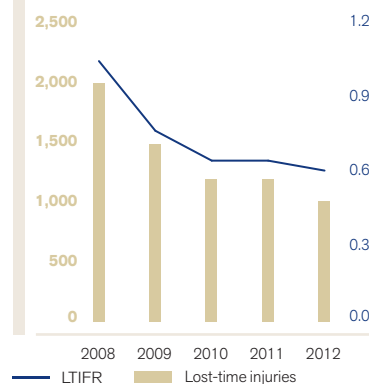
In 2012, our lost-time injury frequency rate (LTIFR) dropped to 0.60⁽¹⁾ – a 6% improvement when compared with 2011 and 42% in relation to 2008. Anglo American's LTIFR definition includes all injuries that result in lost-time or restricted duties from the calendar day after the injury occurred.

Furthermore, our total recordable case frequency rate, which includes any injury that requires more than first-aid treatment, has started to improve. A number of operations continue to demonstrate that zero harm is possible. The Los Bronces Development Project has, for example, been one of the safest mining projects to be carried out in Chile. The project recorded a lost-time injury frequency rate of 0.24 (based on 200,000 hours of exposure) from over 58 million man-hours worked.

Total number of fatal injuries and fatal injury frequency rate 2008–2012



Total number of lost-time injuries and lost-time injury frequency rate 2008–2012



⁽¹⁾ Metallurgical Coal's application of the definition has differed slightly in that minor injuries that did not require medical treatment and did not result in restricted work for longer than five days were not included. Excluding Metallurgical Coal, the Group LTIFR for 2012 was 0.55 and the LTISR was 208. This inconsistency is being rectified in 2013.

01 Explosion risk zone controller at Moranbah North coal mine in Australia, Bryn Lovett, certifies that his underground area is safe for working.

02 Process engineers Nicola Blight and Giovanni Navarro complete a SLAM (Stop, Look, Assess, Manage) risk assessment.

03 Contractor mining technician Michael Camilo Da S. Borchas and environmental engineer Juliano Roberto Ferreira monitor ground movement near the Minas-Rio mine site.

Demonstrating once again our commitment to safety, in September we took the initiative to suspend our Platinum operations in order to protect the safety and security of 26,000 employees who faced growing intimidation as industrial unrest in South Africa's mining sector spread.

The encouraging decline in injury frequency rates shows that our focus on leadership, risk management and increasingly robust application of standards has achieved a desired step change in our performance. Since 2007, this has included: a renewed belief in our objective of zero harm as an achievable objective; the 2007 CEO 'Call to Action'; the introduction of our 'safety journey model' and safety improvement plans for the businesses; and Group-level programmes to address key risks such as falls of ground, transportation and fatigue.

Anglo American's inaugural Global Safety Day took place in November 2012, helping to instil a safety mindset and encouraging safe behaviour among all employees and contractors.

OUR STRATEGY AND MANAGEMENT APPROACH

Our safety strategy is founded on three key principles: a mindset of zero harm; the elimination of repeat incidents; and the consistent application of simple, non-negotiable standards.

We use the Anglo American safety 'journey model' – which recognises the importance of the roles of both people and systems in a mining business – to measure our progress in delivering against our safety strategy. The model contains six people elements and 17 system elements. A supporting matrix sub-divides these 23 elements into characteristics that help every operation understand where they are on the journey and how they can move to the next stage. We believe we are currently at the 'compliant' stage, with a growing number of operations moving to 'proactive' and a decreasing number being characterised as 'reactive'.

Our safety strategy is founded on three key principles: a mindset of zero harm; the elimination of repeat incidents; and the consistent application of simple, non-negotiable standards.



01



02

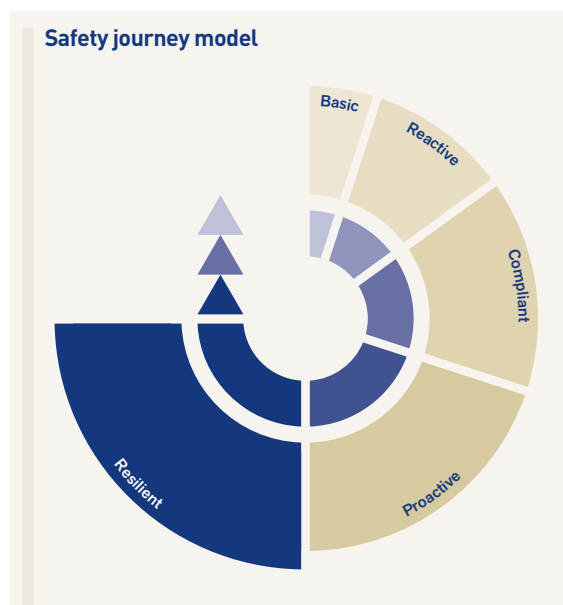


03

01 On Global Safety day on 26 November, employees at Kumba's Sishen mine queue to make their commitment to Anglo American's 'Real safety begins with me' initiative.

02 Sishen mine production coordinators Tebogo Ntatudi and Hetta du Plessis in the central control room monitoring the mine's collision-avoidance system.

03 Operator David Gómez, in Copper's El Soldado's solvent-extraction electro-winning plant.



Our current suite of Group safety programmes focuses on issues that will improve our level of maturity. These programmes link to the 23 journey-model elements and involve: operational risk management; learning from incidents; risk and change management; leadership; developing people; leading indicators; corporate safety work streams; supply chain safety initiatives; integrating safety throughout the business; and the 2012 safety leadership summit. All operations have safety improvement plans that prioritise these elements based on operational risk and help us put plans in place to move further along the journey model.

The operational risk management and learning from incidents (LFI) programmes in particular have the potential to make a profound impact on our long-term safety performance. Progress on leadership, risk- and change-management, and supply chain safety initiatives is also highlighted in the following paragraphs.

Integrated risk management

An integrated approach to operational risk management is vital to improving both safety and operational performance. The Anglo American operational risk management process (ORMP), which is based on our award-winning Safety Risk

Ensuring that our managers and directors regularly visit our operations and play a visible role in daily activities is an ongoing drive. Our leaders try to foster a culture where employees at all levels feel empowered to engage freely on safety matters.

Management Programme, ensures we take a common approach to operational risk management and that the development of associated skills has been incorporated into our Group integrated risk management standard. We are building capacity at both business unit and operational levels by training risk-assessment facilitators as part of our risk management work stream.

Learning from incidents

One of our key safety principles is 'no repeats'. It is only through understanding what happened and why it occurred, and by identifying and taking preventative action, that we are able to avert similar incidents. During the year we strengthened the way we investigate and report incidents. We have developed communication material to guide our (LFI) processes, supported by training sessions. Encouragingly, we are seeing an increase in the use of the components of LFI, particularly in the quality of investigation and reporting of incidents, and in the development and maintenance of better controls.

Risk and change management

During 2011, 46 independent site-safety reviews were led by our internal risk and assurance team to assess compliance with fundamental aspects of safety management. The general outcomes of the reviews were

reported at Board and executive levels and the specific lessons were shared with operations. Every operation has committed to an action plan to address gaps. Progress against these will be reviewed regularly and is already included in business unit CEO performance targets and will, from 2013 onwards, influence, for all executives and managers throughout the Group, the element of remuneration that is performance-based.

Leadership

We held Group Safety Leadership Summits in 2011 and 2012 to emphasise the important role that leadership and accountability play in making safety part of all our decisions and actions. Ensuring that our managers and directors regularly visit our operations and play a visible role in daily activities is an ongoing drive. Our leaders try to foster a culture where employees at all levels feel empowered to engage freely on safety matters.

Leading indicators

Acting on the outcomes of our strategic safety review, we are becoming more proactive in anticipating and pre-empting potential incidents by using global safety 'leading' performance indicators, which are now reported on routinely to the Board and the Executive Committee.



02



03

Supply chain safety initiatives

Our suppliers have an important role to play in helping us improve our safety performance. In 2012, a total of 29 safety initiatives with suppliers were shared across our supply chain function. In relation to contractors, some of the initiatives have involved the inclusion of minimum safety criteria in tender adjudication processes and the standardisation of contractor safety inductions across business units in South Africa.

Where we purchase specific high-risk products and services, we have a particularly strong safety focus embedded in our supplier relationship management (SRM) process. We work closely with suppliers to realise opportunities to develop and introduce safer products. This includes researching opportunities for the responsible mechanisation of processes such as autonomous trucking and collision-avoidance technology.

LEARNING FROM INCIDENTS AT KOLOMELA



04



05

As we continue towards our goal of zero harm, our learning from incidents (LFI) processes are helping to ensure we don't make the same mistakes twice. LFI now forms an integral role in improving the safety culture at all our operations and at Kumba Iron Ore's Kolomela mine we have already witnessed encouraging results.

Our values of collaboration and accountability are at the heart of the way these processes have been implemented. To ensure that we fully understand the causes of incidents we investigate our own incidents and those in the wider industry, engage in open-forum discussions, employ a structured approach to incident investigations and ensure that we involve the right people throughout the process.

Determining the root causes of an incident is the most important factor in achieving effective learning. As a starting point, Kolomela uses recognised analysis tools, followed by in-depth discussions between peers and knowledge area experts, where the investigation findings are challenged and tested to ensure the correct causes are identified. During the discussion process less obvious causes and contributing factors, which may not be apparent initially, are often uncovered.

With a more thorough picture of an incident we are able to identify the full suite of causes and contributing factors. Only then can we identify the priority issues and deploy the right controls to improve our overall effectiveness.

Based on the behaviour changes required, learning materials are developed for a specific audience, the message to be conveyed and the best medium for that message – ranging from posters to video reconstructions of events. Materials are shared with employees through an interactive process which makes extensive use of dedicated safety coaches and mobile media trailers at Kolomela. The coaches visit employees at work, educate them about particular risks and relate their current working environment directly to the training material. We then measure the effectiveness of the training material by interviewing members of the group exposed to the materials, to ensure we really do learn from our mistakes.

Images

04 Millwrights Francis van der Bank and Darryll Daniel supervise safety lock-out procedures at an electricity sub-station at Kolomela iron ore mine.

05 One of the big drives Anglo American has been making in recent years is to bring contractor safety standards up to the level of its own. Here, construction contractor Concor gives a safety toolbox talk to its employees in its lay-down yard.

HEALTH

THE ISSUE

Occupational health hazards have the potential to harm employees if not managed properly. Failure to address them is contrary to our commitment to zero harm and has a negative impact on productivity levels.

PERCENTAGE REDUCTION IN NEW CASES OF NOISE-INDUCED HEARING LOSS SINCE 2011

28%

EMPLOYEES, THEIR DEPENDANTS AND CONTRACTORS PARTICIPATING IN VCT DURING 2012

C.95,000

OUR STRATEGY AND MANAGEMENT APPROACH

The crux of our occupational health strategy, and our entire focus on occupational health management, is informed by the principle of prevention. We strive to proactively identify and manage the source of potential health risks, and to eliminate exposure to hazards that can cause disease to develop. Our management approach is governed through a series of standards, guidelines and assurance processes around two disciplines: occupational hygiene and occupational medicine. The former is about identifying occupational exposure (to hazards), profiling the associated risks, and controlling exposure in the workplace environment; the latter refers to monitoring the health of employees. Our principal occupational health risks relate to noise, inhalable hazards (mainly dust), and fatigue.

Building on these initiatives is our employee health and wellness programme, which includes a strong emphasis on combating HIV/AIDS and tuberculosis (TB) within our workforce and their families. Beyond our immediate workforce, we believe that we must help strengthen healthcare systems in under-served rural areas and build partnerships to improve access to quality healthcare.

OCCUPATIONAL HEALTH

Our approach to managing occupational health is governed by the Anglo American Occupational Health Way. This is underpinned by three guiding principles:

- All occupational illnesses are preventable
- We will learn by assessing and monitoring exposure and surveillance of disease incidence in order to prevent further harm
- We apply common, simple and non-negotiable standards throughout the Group.

Implementing simple, non-negotiable standards

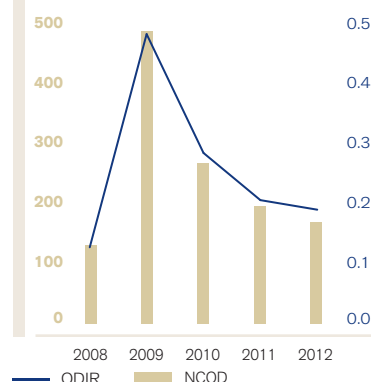
During the year, we educated managers on our noise and dust standards and the associated risk management programmes. These hearing-conservation and respiratory-protection standards, published last year as part of the Group Technical Standards, are being rolled out to the businesses for implementation. Businesses have completed self-assessments against the requirements of the noise and dust standards. By the end of 2012, our business units' average levels of compliance with these standards were between 60% and 85%.

We are putting renewed emphasis on fatigue management. On the health front, we are educating people on the importance of getting a good night's sleep, eating correctly, and reporting to work in a fit state. On the safety side, we recognise the need to design jobs so they do not create fatigue, for instance by ensuring sufficient breaks, or through technology that will protect people if they are tired.

In 2012, we also reinvigorated our approach to fighting alcohol and substance abuse in our workforce. We take a human-rights-based approach that focuses on prevention and rehabilitation, so that as far as possible problems are identified and dealt with long before disciplinary measures are required.

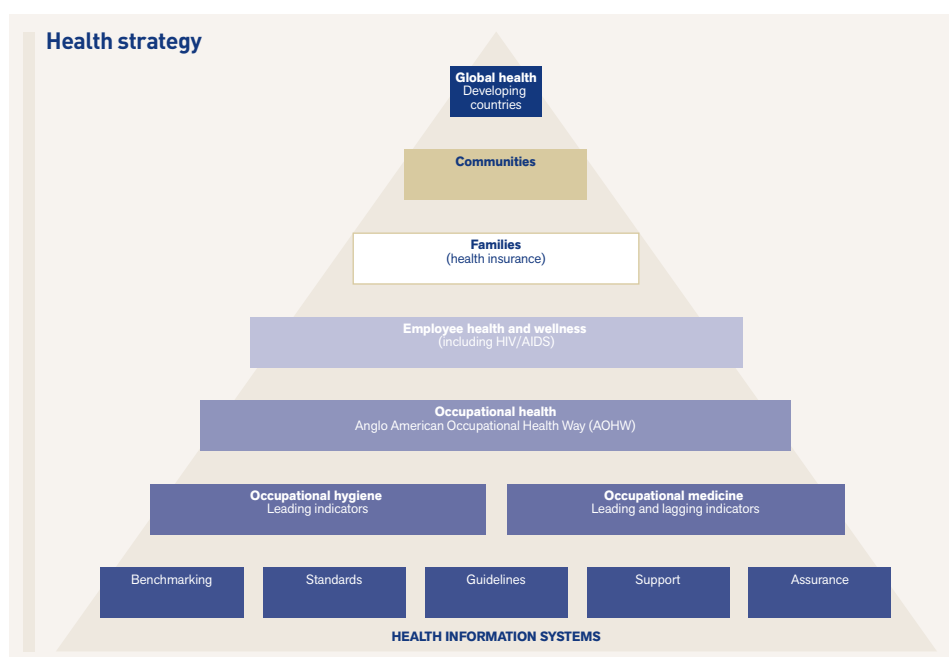
Beyond our immediate workforce, we believe that we must help strengthen healthcare systems in under-served rural areas and build partnerships to improve access to quality healthcare.

Total new cases of occupational disease and occupational disease incidence rates 2008–2012



The significant increase in new cases of occupational diseases reported in 2009 was a consequence of improved reporting between 2008 and 2009. Detailed occupational health statistics are available in the appendix.

Health strategy



Integrated risk management

We have refreshed the risk management approach within the Occupational Health Way and Group Technical Standards for health to align with our new Group-wide approach to integrated risk management. An example of this is at our Sishen mine, where, recognising that integrated risk management is a business-critical issue, business-improvement teams are now responsible for fatigue management.

Health information systems

The ability to capture and manage confidential health information is critical if we are to keep our workforce and their families healthy. Building this capability within our business was a central activity in 2012 and will continue in the coming year. Health information systems are the glue that holds our health activities together. They allow us to capture each health transaction in online records so we can track and analyse the health of all employees. They also ensure we are delivering a consistently high quality of service, and enable us to measure our performance (see case study on Thermal Coal's *theHealthSource* on www.angloamerican.com).

Health incident reporting

'Health incidents' are performance indicators in our occupational health programmes that allow us to monitor our critical controls. They include employee complaints about the working environment, observed (or measured) failures of control mechanisms, and signs of exposure and disease identified in the medical surveillance programme. The early

detection, investigation and correction of control failures is a way of helping us prevent harm, as these occur well before any visible manifestations of occupational illness. We continue to see encouraging improvement in the quality of health incident reporting across all business units.

Engagement and collaboration

In South Africa, the Tripartite Health and Safety Initiative between Anglo American, government and unions seeks to ensure that risk management practices are adopted at all levels of the workforce. One of the practices adopted for health management is to use the SLAM (stop, look, assess and manage) approach that is currently being implemented as part of broader safety-risk management.

The inaugural Anglo American Health Summit was held in October 2012, bringing together one hundred of our health and safety experts from across the Group to share best practices and lessons learned between business units. This was followed in November by another health conference to raise the standards of health and safety performance among our long-term contractors. Furthermore, we are working with all long-term contracting companies working at our South African operations to ensure that they provide a basic healthcare package for their employees. This will include diagnosis, counselling, care, support and treatment for HIV infection and tuberculosis, and will be subsidised by Anglo American and delivered through our extensive network of healthcare facilities.

Health information systems are the glue that holds our health activities together.

Improving our performance

All our businesses are required to report on the estimated number of people potentially exposed to hazards that could result in occupational illness. We measure this against set occupational exposure limits (OELs). These are legally prescribed limits, set per individual health risk, above which no employee may be exposed without the use of personal protection equipment (PPE). We count the number of employees working in conditions that exceed those limits, even though they are being protected with PPE. The reason we use this measure is to identify those hazards where we can improve controls and perhaps eliminate the need for PPE.

The number of employees reported to be working, pre-PPE, in environments with noise levels in excess of the OEL of 85 dB(A) on a daily basis during 2012 was approximately 44,590, as compared with 44,050 in 2011. This increase is a result of improved reporting. Our hearing conservation programme standard specifies the management interventions that are required to ensure exposure remains below the OEL.

In 2012, the number of employees reported to be working, pre-PPE, in environments with inhalable hazards at levels that exceed the individual OEL of different inhalable hazards was approximately 6,200. Similarly, our respiratory protection programme standard requires management to reduce such exposures to below the OEL.

The number of occupational disease cases reported was 170, compared with 197 in 2011. This translates to an incidence rate of 0.189, an 8% reduction. We report disease incidence against the number of people exposed, rather than against more commonly used bigger denominators such as total workforce, to give a more meaningful assessment of the risk. It is encouraging to see that there were reductions in the number of new cases reported in almost all categories, in particular noise-induced hearing loss, which dropped to 84 cases in 2012 (2011: 117).

DUST MANAGEMENT



Protecting our workers today is essential to ensure they remain healthy in years to come. Dust represents one of the key health risks we are tackling. In 2011, we consolidated our approach to managing dust with the publication of our respiratory protection standard, which is aimed at reducing levels of dust and preventing exposure to all inhaled pollutants.

Image
Dust-suppressing water sprayers prevent dust emissions from the primary crusher of the north concentrator plant at Platinum's Mogalakwena mine.

Our controls are based on the 'hierarchy of controls', beginning with elimination of hazards at source and ending with personal protective equipment (PPE). Engineering solutions include separating people from the source of dust by enclosing the source at any point where there is interaction between a mechanical process and the ore which releases dust, e.g. crushing, milling and drilling. For processes that are out in the open, we often wet the dust to create larger particles that cannot be inhaled. Environmentally friendly chemical alternatives to wetting dust are also implemented routinely. Where we are unable to lower the dust levels sufficiently with engineering measures, or where we need additional assurance, we provide PPE, such as disposable respirators, as an additional control. PPE is carefully chosen according to the physical and chemical composition of the dust. However, PPE can be uncomfortable and easily removed, making it particularly challenging to manage.

In addition to these measures, we have an extensive medical surveillance programme. Anyone working in a dusty environment has regular tests and X-rays, according to their level of exposure. Within our operations, our X-ray equipment is now digital, which in the right hands makes it easier to detect disease, is safer owing to the lower radiation levels emitted, and makes it easier to store records.

Keeping a record of our monitoring and health surveillance is an essential part of managing these health risks. Our reporting has improved considerably in recent years and, as a result, so has the quality of the information we keep. We report the number of people potentially exposed to harmful levels of dust, the number of disease cases identified and the number of employees undergoing medical surveillance. More recently we have introduced a system of health incident reporting which is helping us track our controls.

EMPLOYEE WELLNESS

We look beyond occupational health at broader aspects of health for our employees and, notably in southern Africa, early diagnosis of HIV and tuberculosis (TB) and access to treatment.

Through our wellness programmes, we seek to encourage healthy lifestyle choices such as healthy eating, regular exercise and activities to reduce stress, and we also facilitate access to appropriate healthcare facilities. In many of our operations and corporate offices we provide free health assessments that address such issues as cholesterol, blood pressure, weight, smoking, chronic diseases, HIV/AIDS and TB. We also provide an annual vaccination programme for influenza, which has a high rate of uptake in many businesses. In some businesses, where a specific need has been identified – such as at our Brazilian fertiliser unit Copebrás – the programme extends to women's health.

Tackling TB and HIV

We are recognised leaders for our HIV/AIDS and TB programmes in the workplace, where we have demonstrated that investing in HIV prevention, treatment and care has a measurable and positive impact on business performance. Treatment costs are only 5% of the cost of AIDS to the business if HIV infection is not managed.

The continued high prevalence of HIV in southern Africa is linked to a rising incidence of TB, which affects the entire Southern African Development Community (SADC) region. A major step taken this year was the signing of a declaration by the SADC heads of state and government to tackle TB in the mining industry.

If not treated, TB destroys the lungs and compounds other health problems. If we diagnose TB early, and treat it properly, we can prevent the further spread of the disease. We have an active programme aimed at addressing the escalating epidemic, but we need to dramatically upscale our efforts to find TB in our workforce and in the communities associated with our operations.

In 2012, the TB incidence rate at our South African operations was 958 per 100,000 employees (2011: 1,185 per 100,000) employees. This rate is well below the national and industry average and is decreasing. Despite our efforts, 677 new TB cases were recorded among our workforce (2011: 913) and we deeply regret the loss of 59 employees due to TB (2011: 65). People enrolled in our HIV wellness programme are offered TB prevention therapy, which has reduced AIDS mortality by 50%.

Testing (through our wellness programme) is the entry point to our comprehensive programme of prevention, care, support and

treatment for HIV and AIDS and all employees who test positive are invited to enrol. In 2012, we saw a significant increase in the number of employees who are estimated to be HIV-positive enrolling on the programme – 70% against 61% in 2011. We also tested and counselled approximately 95,000 employees and contractors (2011: 110,000) in southern Africa. Around 82% of all employees in the region participated in testing, which ensures that we achieve early diagnosis of HIV infection and timely access to care. The prevalence of HIV infection in our workforce is level with 2011 at 17%, which means that almost 11,900 (2011: 13,000) of our employees are HIV-positive.

At the end of 2012, we had more than 5,000 employees on anti-retroviral therapy (ART) (2011: 4,730). A major challenge is ensuring people's adherence to treatment, and extra emphasis is placed on providing support and counselling and ensuring diligent care at a primary care level. The accurate, real-time healthcare statistics we capture through *theHealthSource* are proving of considerable help in managing the treatment and care of our employees. Despite our ongoing prevention programmes, the annual number of new HIV infections within our workforce remains unacceptably high. We documented 527 (2011: 902) new HIV infections in 2012.

PROMOTING HEALTHCARE IN THE BROADER COMMUNITY

Our comprehensive socio-economic assessments in local communities include community health assessments. Taking these assessments into account, we develop social management plans in consultation with key stakeholders, which factor in health considerations. In an effort to support health in developing countries more broadly, we remain one of the key private-sector supporters of the Global Fund to Fight AIDS, Tuberculosis and Malaria and the Global Alliance for Vaccines and Immunisations (GAVI), a public/private partnership that is increasing access to immunisation in the world's poorest countries.

Investments in community health

We use the knowledge and experience gained from our workplace health programmes to support community outreach programmes and strengthen community health systems. There are seven building blocks to strengthening healthcare systems: improving facilities and equipment; ensuring the availability of a skilled health workforce; improving procurement and supply chain processes; sound financial management; information systems; good governance; and effective monitoring and evaluation processes.

In South Africa, we are working with the provincial health departments in Eastern Cape, Mpumalanga, Northern Cape and North West provinces, which are all associated with our operations or are labour-sending areas, in order to improve health services. In the Northern Cape, Kumba Iron Ore has financed nine mobile clinics to take critical health services to disadvantaged communities in the remote John Taolo Gaetsewe district, which faces serious health challenges and severely limited access to healthcare. Kumba will gradually hand over the project to the Department of Health, thereby ensuring the long-term viability of the initiative.

We are recognised leaders for our HIV/AIDS and TB programmes in the workplace, where we have demonstrated that investing in HIV prevention, treatment and care has a measurable and positive impact on business performance.

PARTNERING WITH REPROLATINA



Our Barro Alto nickel operation strives to play a constructive and influential role in promoting social and environmental stability in the nearby city of Barro Alto, and to ensure that our activities have a positive impact on host communities. In addition to investing \$5 million to date in the city's infrastructure, including schools and a hospital, we endeavour to recognise and respond to prevailing social, sexual and reproductive health concerns.

A concerning trend highlighted in 2010 was the number of pregnancies among adolescents in the Barro Alto community and the lack of information and attention given to this group. With an estimated population of about 8,700 people, with adolescents making up about 1,600 (18.5%), the influx of approximately 6,000 workers at the Barro Alto project during construction heightened our sense of responsibility to ensure that Anglo American helped to address the problem, rather than exacerbate it.

Partnering with the local municipality and Reprolatina – an NGO dedicated to empowering women to decrease gender inequality and giving technical support to improve the sexual and reproductive health of the disadvantaged population in Latin America – we implemented a programme to promote healthy lifestyles in the Goiás region.

Over the past two years the programme has promoted a culture of healthy reproductive and sexual life among Barro Alto's population, especially adolescents and youth. Through a combination of research, action and education, the project seeks to decrease vulnerabilities to unwanted pregnancy, sexually transmitted infections, HIV/AIDS, drug use, violence, sexual exploitation and other aspects of sexual and reproductive health. Success has hinged on building the local technical capacities of providers of health services and educators and adolescents at schools, as well as on empowering women.

Since 2010, Anglo American has invested \$700,000 in this programme and the results have been impressive – endorsing the success of the partnership between government, private sector and civil society. The percentage of adolescent pregnancies registered in ante-natal care per year was 40% of the total pregnancies in 2010. That figure decreased to 16% in 2012 and the use of contraceptive methods, including emergency contraception, sharply increased in adolescents. The number of people who have benefited from and registered for any of the programme's educational activities during the project had reached 17,564 at year end.

Image
Healthcare promoters, teenage volunteers and health professionals meet with Reprolatina in the city of Barro Alto.

SAFEGUARDING ENVIRONMENTS

WITH THE FUTURE IN MIND



Water scarcity represents one of our most material business risks. Our ambitious 10-year strategy will lead to solutions that benefit entire catchment areas. Our intention is to achieve 'water neutrality' at our new mines by 2030.



400

NUMBER OF EMPLOYEES TRAINED ON WATER, CARBON AND ENERGY, BIODIVERSITY, WASTE MANAGEMENT, AND MINE CLOSURE STANDARDS DURING 2012.



Main Our aim is to be a responsible water steward. At our Barro Alto nickel mine in Brazil, environmental engineers Hamanda Jansen and Anita Marques perform routine checks on the mine's dam, which stores rainwater and recycled water while environmental engineer Otavio Lopes samples rain water quality above Barro Alto (01).

02 More than 70% of our water needs are met by re-used or recycled water. Mulalo Tshilowa, environmental assistant at Platinum's Rustenburg concentrator, checks the progress of filling a return-water dam at the Paardekraal tailings complex.

03 Establishing a detailed environmental baseline is important for sound water stewardship. Here, baseline readings are taken at Kennady Lake as part of the Gahcho Kué diamond exploration project in Canada's Northwest Territories.

04 Securing water for ourselves and our communities is one of our strategic sustainability commitments. The expansion project at the eMalahleni water reclamation plant in South Africa will allow it to draw waste water from underground workings as far away as Thermal Coal's Landau colliery.

05 Monitoring water quality around our operations is an important element of good water management. At New Vaal colliery in South Africa, we monitor water quality below the levee on the Vaal River.



MANAGING OUR IMPACT ON THE ENVIRONMENT

While the extraction and processing of minerals and metals is fundamental to the global economy, its associated activities result in the unavoidable disturbance of land, the consumption of resources, and the generation of waste and pollutants. The way we manage these issues is fundamental to the ability of our business to achieve its strategic goals.

SITES WITH ISO 14001
CERTIFICATION IN 2012

97%

Principal risks and opportunities

Growing regulatory and social pressure, increasing demands for limited natural resources, and the changing costs of energy and water all highlight the business imperative of responsible environmental management. Within this context, the principal environmental risks facing our business relate to water and climate change. We also report on land management, biodiversity, waste and air quality as material risks.

Water scarcity and growing competition between users represents one of our most material business risks. This risk has the potential to affect our ability to attain permits, increase the unit cost of water, complicate community relations and raise the regulatory and compliance burden on our operations. At the same time, our operations present a potential environmental risk in terms of water quality.

Climate change is another key risk. The energy-intensive nature of our operations is increasing and we are facing rising costs through higher energy prices as well as carbon pricing and related compliance costs. Opportunities, however, are also emerging in our markets owing to global demand for cleaner energy. Our challenge is to secure affordable, clean sources of energy, reduce our exposure to carbon pricing, predict and respond to changes in demand for our products, and guard our operations and host communities against the potential physical impacts of climate change.

OUR STRATEGY AND MANAGEMENT APPROACH

Our overall aim is to effectively manage our environmental risks by minimising our impacts and to take advantage of opportunities that deliver long-term benefits to our stakeholders. We implement our strategy through the following three areas of activity:

- *Operational excellence:* improving our environmental performance through clear targets and mandatory requirements outlined in the Anglo American Environment Way.

- *Investing in technology:* exploring new opportunities to minimise our environmental impact and create tangible benefits for business and stakeholders through investments in appropriate technologies. This includes investments in fuel cell technologies, carbon capture and storage, renewable energy initiatives and water treatment technology.
- *Partnerships and engagement:* working in partnership with communities, NGOs, governments and our business peers to identify mutually beneficial solutions. Examples include our longstanding partnership with Fauna & Flora International, the establishment of the Zimele Green Fund, our collaboration with the International Council on Mining and Metals (ICMM), and (in South Africa) the Industry Task Team on Climate Change (ITTCC).

The Environment Way – and its mandatory performance standards on social and environmental impact assessments, water, air quality, mineral and non-mineral waste, hazardous substances, biodiversity, rehabilitation and mine closure – guides our approach to responsible environmental management. The Environment Way includes specific requirements for projects to ensure that we consider the right things, up front. Reviews are conducted at various stages of a project's development by a group of internal subject matter experts to ensure that environmental requirements are being met. Projects may not proceed if this is not the case.

Every year, operations complete a self-assessment of their performance against the requirements of the Environment Way so as to promote continuous improvement. Operation reviews are conducted to support site and business unit management teams in improving operational performance in a safe and sustainable way. Internal S&SD experts participate in each of these reviews to help identify opportunities for improved sustainability performance. During 2012, we conducted seven reviews. Our internal S&SD risk and assurance

The principal environmental risks facing our business relate to water and climate change.

01 Ricardo Ferreira Resonde checks the quality of effluent water at our Phosphates operation's effluent treatment plant at Catalão, Brazil.

02 At the eMalahleni water reclamation plant in Mpumalanga, South Africa, environmental officer Solly Chokoe inspects the reverse-osmosis tubes section.

03 Environmental graduate Jessie Penton checks dam pump valves at Metallurgical Coal's Moranbah North mine in Queensland, Australia.



01



02

function conducts 'second party' reviews of our most material sustainability and technical risks on a rotational basis. In addition, our internal Technical Solutions' consulting function undertook 69 reviews at waste-storage facilities.

We also seek external certification on our environmental management systems. All operations are expected to attain and retain ISO 14001 certification within two years of commissioning or acquisition. At year end, 97% of sites had achieved certification, with the exception of Platinum's Union mine, where the audit was conducted in late 2012, and its Twickenham mine, where certification requirements are being reviewed.

Education and training

During 2012, an additional 71 Anglo American employees participated in Environment Way training, while 328 were involved in training specifically related to energy and carbon, water, biodiversity and mine closure. We also launched a global campaign called 'Environment Matters' to promote general awareness of environmental issues throughout the Group.



03

WATER

THE ISSUE

Security of water supply is a core business risk and a critical element of our social and legal licence to operate. Our operations need large volumes of the right quality of water for both production and processing. Yet more than 70% of our mines are in water-stressed areas where access to water is already a significant socio-economic concern.

TOTAL WATER REQUIREMENTS MET BY RECYCLED WATER IN 2012

72%

NUMBER OF WATER SAVING PROJECTS IMPLEMENTED IN 2012

60

OUR STRATEGY AND MANAGEMENT APPROACH

Our preferred future is to be seen as a responsible water steward. The potential gains to our business include being able to secure rights to sufficient quantities of water for our operations, shorter permitting times, improved productivity, cost reduction and enhanced reputation.

We have an ambitious 10-year strategy that is split into three distinct steps. The first step, Be Disciplined, is about getting the basics right. The second step, Be Proactive, encourages operations to go beyond compliance. The third, Build Resilience, takes us to being part of broader, catchment-level water solutions. Our intention is to achieve 'water neutrality' at our new mines by 2030.

Two years into the strategy, we have largely consolidated the first stage of our journey and are now targeting the more advanced proactive and resilient stages. In providing the tools that drive our progress in implementing the strategy, our water management programme has three key areas: driving operational excellence, investing in technology, and engaging and partnering with our stakeholders.

Operational excellence

Operational excellence in relation to water management is largely about being smarter in the way we use and manage water. Our Group Technical Standard on water management and the Group water guideline are based on a foundation of robust risk management. The standard includes detailed requirements on water-reduction target setting, water monitoring and reporting, and site-level water action plans (WAPs).

In 2011 we implemented our water-efficiency target tool (WETT), which forecasts the projected business-as-usual water demand of individual operations and establishes a register of water-saving projects. WETT targets are now included in business unit CEO performance contracts and those of relevant operational personnel. The implementation of WETT across the Group during 2012 led to tangible

water savings (see the performance section on page 58), more effective water management, better tracking and reporting and increased awareness of water conservation.

Operational WAPs have driven a positive shift in our approach to managing water at operations. We are looking beyond water management within the boundaries of our operations to becoming even more engaged in our catchment areas.

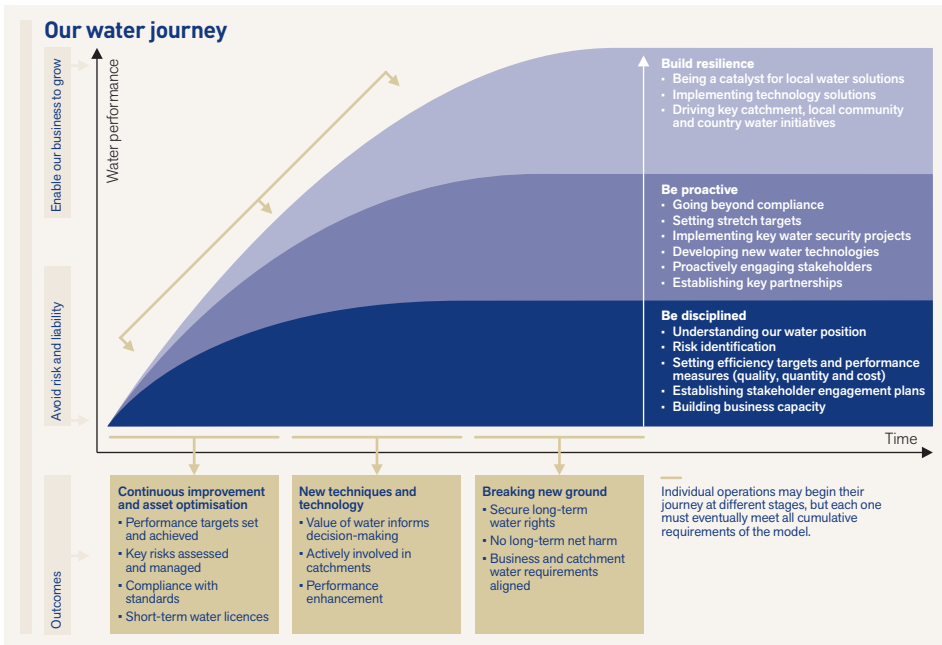
Technology

To achieve our long-term goal of becoming water neutral, we estimate we will have to halve the current consumption of 'new' water at operations and ensure that more than 80% of that water is recycled. We will need to identify and invest in new technology solutions to achieve this.

To better understand and define our water technology pathway, we engaged the University of Queensland to explore what water neutrality would mean for a mine. This was done in parallel with a project looking at how we can simultaneously achieve a carbon-neutral mine, recognising the potential trade-offs between water and energy savings.

The mine project investment decisions we make today are well within timescales that could be significantly affected by weather variability associated with climate change. We have been working with the UK Met Office, Imperial College London and others, on modelling the potential regional impacts of changes in precipitation resulting from climate change. This involves trying to determine both when and to what extent changes might occur. Some of our metallurgical coal mines in Australia are based in areas that are already prone to very significant variability in rainfall. Current scientific evidence suggests that climate change may result in further variability. In response, our Metallurgical Coal business initiated an innovative 'rain immunisation' project, a climate adaptation initiative that seeks to reduce the environmental risks and production time loss at certain high-risk mines.

To achieve our long-term goal of becoming water neutral, we estimate we will have to halve the current consumption of 'new' water at operations and ensure that more than 80% of that water is recycled.



We are engaging with the Cambridge Programme for Sustainability Leadership's 'Right Value of Water' initiative, to help us understand and articulate the true value of water, including considerations beyond the unit cost. This is supported by operational work on understanding the total financial costs associated with water management, including permitting, water infrastructure and treatment.

Engagement and partnerships

We are being more structured and purposeful in our advocacy and stakeholder engagement activities. During the year we held discussions through South Africa's Chamber of Mines on important proposed developments such as: the national water resources strategy, water pricing structures, demand-side management targets for the sector, and the development of a system to charge for waste contained in water discharges. These will have significant implications in shaping industry developments and for our future performance.

We also have longstanding partnerships with international bodies – such as the International Council on Mining and Metals (ICMM) and the World Business Council for Sustainable

Development (WBCSD) – as well as with national industry associations, collaborative forums and NGOs such as the South Africa Water and Energy Forum, and the Integrated Water Task Team for South Africa (IWTSA).

At an operational level, we engage with local communities to build trust through effectively managing water expectations and our impacts. We follow an avoid, minimise, mitigate management hierarchy. When necessary, we have illustrated that we are prepared to delay projects until potential concerns or conflicts are resolved. We followed this approach at the Quellaveco copper project in Peru, where we secured crucial community support after having resolved concerns around water security. (See case study on page 17.) Another avenue for identifying and realising opportunities is by engaging suppliers to see where they may help us deliver on water efficiency improvements. Platinum, for instance, has a single supplier for all tailings management, with which it has formed a close relationship and realised significant operational benefits.

LOS BRONCES



Our Copper business in Chile was faced with the challenge of increased water requirements in an already water-constrained environment. With significant demand on water by various local users, the Los Bronces operation needed to minimise its use of fresh water from the Metropolitan Region catchment area, home to more than 7 million people.

When expanding Los Bronces, we constructed a water recirculation system stretching from the Las Tórtolas tailings dam back to the Los Bronces mine. The system returns water, previously used to transport ore, back to the mine, located some 3,600 metres above sea level. Water is pumped through a pipeline 52.5 kilometres long, with a total elevation difference of 2.5 kilometres from end to end.

At a total cost of \$180 million, the decision to opt for a water recirculation system went well beyond short-term economic considerations. A feat of world-class engineering was required – entailing a trade-off between higher energy requirements and carbon emissions on the one hand and water savings on the other – if the mine were to have the capability to adapt successfully to current and anticipated future water supply limitations. The initiative has reduced the mine's water requirement from 0.81 to 0.52 m³/tonne, with more than 22 million m³ being recirculated during 2012.

Image

Operators José Faúndez and Miguel Herrera at the Las Tórtolas flotation plant.

OUR PERFORMANCE

At our operations we use a combination of technology, behavioural and process change initiatives aimed at reducing our total water consumption and minimising any negative impacts on water quality.

Total water use

Despite acquisitions, expansions and production increases, and taking into account divestments, the Group has maintained a reasonably stable level of water demand since 2008.

During 2012, our operations consumed a total of 139.2 million m³ of water, of which 122.3 million m³ was for primary process and production activities (2011: 115.3 million m³). The year-on-year increase was primarily attributable to greater consumption at our Los Bronces copper mine in Chile and our Barro Alto nickel plant in Brazil. These increases were mitigated by: a reduction in water use at our Platinum business, where mining and processing activities were suspended for several weeks owing to unprotected industrial action; a significant increase in water recycling at Los Bronces; and a number of water-savings projects implemented around the Group. Through WETT, we are now able to report on our water usage against projected demand, and to

establish water savings resulting from our focus on water efficiency. In 2012, 60 water-saving projects achieved a saving of 6.8% against our projected water usage. This included a \$66 million investment in projects specifically designed to save water. Although the direct financial saving associated with this was relatively low, given that water pricing does not currently reflect its wider value, our business case is a broader one that is often based on other considerations, such as pollution control and community benefit.

In addition to targeting overall water reductions, our operations aim to re-use and recycle as much water as possible. In 2012, 72% of our operational water requirements were met by recycling/re-using water (2011: 67%). There were several high performers in terms of recycling, with some operations reaching levels as high as 90% and 97%.

Our operations are also seeking to reduce their dependency on high-quality water by switching to the use of lower-water-quality grades where this is deemed fit for the intended use. Currently, potable water accounts for only 18% of our total water requirements.

In 2012, 60 water-saving projects achieved a saving of 6.8% against our projected water usage. This included a \$66 million investment in projects specifically designed to save water.

Water sources affected by withdrawal

Our Iron Ore Brazil, Metallurgical Coal, Thermal Coal, Nickel and Platinum business units reported no adverse impacts on local water sources arising from their operations withdrawing water. In South Africa, Kumba's Sishen iron ore mine continues to manage issues of concern among local farmers regarding mine dewatering activities that impact on the availability of groundwater. Although mine dewatering draws on water resources from the properties of certain landowners, the mine supplies affected landowners with alternative sources of water as and when required. Dewatering activities at Kumba's Kolomela mine are managed in a similar manner, and good relations have been established with landowners. Opportunities to use innovative approaches to these issues, such as aquifer grouting and water re-injection into aquifers, are being investigated as possible future mitigation measures.

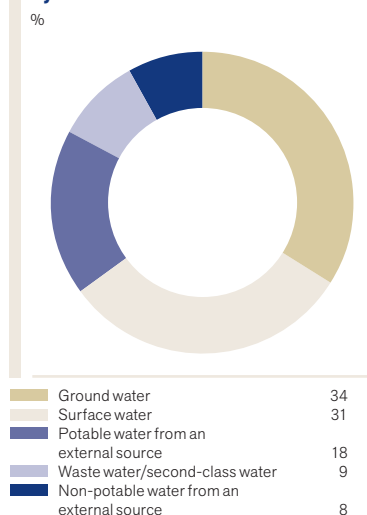
Copper's Mantoverde mine in Chile is situated in one of the driest regions of the world and is dependent on the already-stressed Copiapó aquifer for its water. We are building a desalination plant that will meet the plant's water needs, thereby alleviating pressure on the Copiapó aquifer from 2014. To assist the local community, we have also negotiated with local water service providers to provide access to wells the mine no longer uses.

Water quality

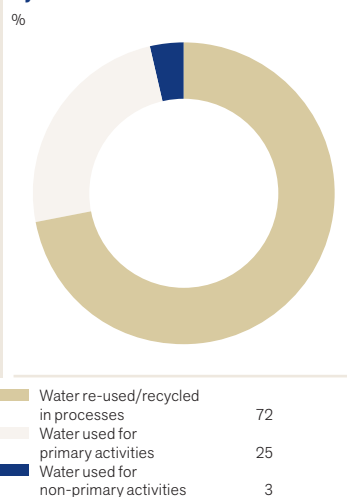
Mining influences both the amount of water that is available, and its chemistry. Poor-quality water is not only harmful to the environment and human health, but it is also detrimental to mining operations as it can be destructive to equipment. The volume and quality of water that is allowed to be discharged by our operations are pre-determined through regulatory processes. Any unplanned discharges or breaches of legal agreements are reported as environmental incidents and addressed promptly.

We employ a five-tiered scale to report on the impact of an incident. Level 1 and 2 incidents are minor in nature and, while remedial action is taken for every incident, they are not reported

Total water abstracted, by source in 2012



Total water required, by use in 2012



BARRO ALTO WATER PROJECT



Many of our operations are in water-stressed areas but even when access to this precious resource is not limited, we do our best to ensure we use it responsibly. Our Barro Alto nickel operation in Brazil embodies this commitment.

As one of our most recent start-up operations – first metal was produced in March 2011 – we designed and built Barro Alto with an emphasis on best practice water stewardship. Using approximately 300,000 m³ of water each month, it was important that we could demonstrate appropriate management in terms of both quantity and quality.

Water for the operation is sourced from a fresh water river nine kilometres from the site. From there, we pump the water to a lined dam capable of storing 1.8 million m³. By lining the dam we have avoided loss through infiltration, resulting in a saving of 438,000 m³ a year, or 6% of total water requirements.

Water is then pumped from the dam to the site, where it is used in processes to cool the furnace and to granulate the slag and metal. The closed-circuit system sees the water pumped back to the dam with no discharge from the operational processes. The quality of the water is checked against 71 parameters –

encompassing biological, chemical and physical conditions – before and after it has been used, to determine any changes.

In an effort to mitigate the impact on the river, the operation also draws 20% of its water requirements from rainwater. Rain channels around the plant collect water which then flows naturally to the dam. This provides for all the plant's water requirements for three to four months of the year, during which time there is no need for energy-intensive pumping of fresh water. Some 800,000 m³ per annum of rainwater is captured and used in this way.

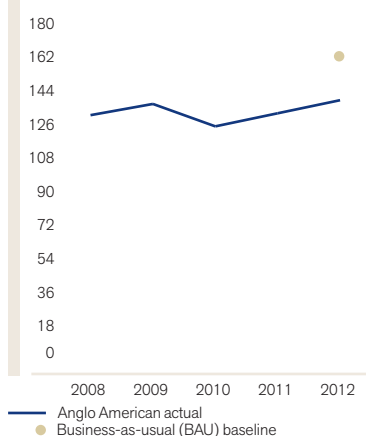
Thanks to these measures, Barro Alto now re-uses 85–87% of its water – around 10% higher than levels achieved at equivalent older mine operations – and has been recognised by local environmental bodies.

Image

Otavio Lopes, an environmental engineering coordinator, samples water quality at a Barro Alto pump station.

Total water consumed 2008–2012

(million m³)



externally – though the relevant authorities are kept informed about incidents until they are entirely resolved. During 2012, in relation to water, we confirmed seven Level 3 environmental incidents, one Level 4 incident and no Level 5 incidents (see incident definitions on page 78). The Level 3 incidents involved unplanned discharges, where immediate remedial action was taken to mitigate the impact of each incident. None of these receiving water bodies was significantly affected by the incidents. A number of longer-term interventions remain in progress to avoid repeat incidents. The Level 4 incident involved effluent from our sewage treatment plant at LLX Minas-Rio at Açú Port in Brazil exceeding legal standards. Operational personnel immediately investigated water sources entering the plant that could have caused the issue and have implemented additional maintenance measures to avoid repeat incidents.

Anglo American's exposure to acid rock drainage (ARD) in southern Africa is limited to some of our Thermal Coal mines in the country's Mpumalanga province, where the geology is predisposed to acidity. We have mitigated the risk of ARD impact through the development of a water reclamation plant in eMalahleni and two mobile water treatment plants. The water reclamation plant, built in partnership with BHP Billiton and the eMalahleni Municipal Council in 2007, currently treats around 25–30 Ml per day of acid mine water from four mines. We are currently expanding the facility to double its capacity, with a planned completion date of end-2013. In addition to addressing ARD at its point of impact by treating affected water, we seek to avoid its occurrence in the first instance through, for example, designing our new mines differently, concurrent rehabilitation of open-cut operations and the effective rehabilitation of waste facilities.

CLIMATE CHANGE AND ENERGY

THE ISSUE

Climate change presents a significant global business challenge. The key risks we face are: increasing energy and compliance costs associated with new policy measures, including potentially significant costs from carbon pricing; changing demand for our products; and increased risks associated with the physical impacts of climate change on our operations and neighbouring communities.

INVESTMENT IN LOW-CARBON AND ENERGY-EFFICIENCY RESEARCH AND TECHNOLOGY DEVELOPMENT, TO DATE

c. **\$200 m**

NUMBER OF CARBON- AND ENERGY-SAVING PROJECTS IMPLEMENTED IN 2012

223

OUR STRATEGY AND MANAGEMENT APPROACH

We are in the second year of our 10-year climate change strategy. The potential gains to our business in implementing this strategy include:

- Reduced exposure to emerging carbon policies and increases in energy costs
- Improved ability to influence the development of effective government policy
- Increased access to opportunities in our markets
- Greater resilience to the physical impacts of regional climate change.

To realise these gains, we are focusing on driving operational excellence, investing in technology, and engaging and partnering with our stakeholders.

Our implementation last year of a new Group-wide performance standard and guideline on how to manage energy and mitigate climate change has resulted in a significant shift. For the first time, across the business, we have a detailed understanding of what is required for effective energy and carbon management. Climate change is integrated into multi-disciplinary, Group-wide risk management processes. Reflecting the current uncertain outlook on climate change policy and regulation, our strategy has a strong focus on short-term performance improvement while competitively positioning ourselves for future policy developments.

Our industry-leading energy and carbon management programme, ECO₂MAN, has enabled us to understand how energy management can be used to create additional business value. It provides a structured approach to achieving our objectives and it helps our people understand their responsibilities and accountabilities.

Operational excellence

In 2012, we analysed our performance data to identify where energy is being used, where the opportunities are to save it, and how to follow a standardised process to deliver savings. Each mine has a programme in place to continually improve how it manages energy usage, with targets to reduce its consumption in relation to a

business-as-usual projection. Our approach to setting site targets against business as usual allows us to account for variable operating conditions, as well as acquisitions or disposals. The targets are an absolute percentage reduction against 2015.

We have established a Group carbon steering committee to coordinate activities that will lower our exposure to carbon compliance costs, including building our capacity to buy and sell carbon allowances. The committee provides guidance on how each business unit settles its carbon compliance costs, coordinating information that can help other areas of the business lower their exposure.

Technology

Achieving our long-term milestones in energy management hinges on identifying and implementing innovative, step-change technologies. We are researching many opportunities with key stakeholders, and we have invested nearly \$200 million to date in low-carbon and energy-efficiency research and technology development, including \$15 million in 2012. Our technology vision is to run cost-efficient, low-carbon (if not carbon-neutral) mines by 2030. Our approach focuses on three areas:

- Reducing how much energy we use
- Recovering and re-using some of that energy
- Using alternative energy sources.

In parallel, we continually investigate opportunities for carbon offsetting.

Anticipated developments include energy-efficient options for energy-intensive haul trucks and materials-lifting activities. Innovative projects include harnessing and re-using the energy generated from braking systems, as well as reducing road-rolling resistance to improve vehicle efficiency. We are working with key suppliers to design and develop alternatives to trucking. At Platinum in South Africa, we are piloting a demonstration prototype slurry pump to save pumping costs, while a gravity pump is being demonstrated in our Copper operations in Chile. In 2012, we also funded research into alternatives to copper ore milling, which is one of our biggest energy consumers.

Our industry-leading energy and carbon management programme, ECO₂MAN, has enabled us to understand how energy management can be used to create additional business value.

Our longer-term research areas include using liquefied petroleum gas (LPG) and methane capture to power trucks, introducing clean-coal technology, and piloting platinum-based fuel cells as an alternative power system for underground locomotives. We have longstanding research partnerships with Johnson Matthey on ventilation air methane capture, with MBD Energy in Australia on algal synthesis, and in South Africa with fuel cell company Alteryx and the government on fuel cell systems. Uncertainty around how carbon pricing in Australia and South Africa will evolve, and thus affect our operations, is hampering progress on several projects. How these policies evolve could fundamentally change the business case for these promising technologies. We also participate in various initiatives aimed at identifying commercially viable solutions for carbon capture and storage in the United States, Australia and South Africa.

Engagement and partnerships

We continue to work with governments, our business peers, and other stakeholders to help shape equitable and effective climate change policies. In South Africa, we are especially active in discussions around a carbon pricing policy and have welcomed the opportunity to participate in the debate and in the development of a solid fact base to influence an effective carbon policy aligned with the country's development objectives. We are also working with the government regarding the national utility's proposed increase in energy costs, which could see the country's energy costs doubling over the next few years.

In July 2012, Australia introduced its Carbon Pollution Reduction Scheme, with a \$23 per tonne of carbon dioxide equivalent (CO₂e) fixed price period for three years, moving to a flexible period (market-based emissions trading scheme) from 1 July 2015. The impact on our Metallurgical Coal business is already significant, and stands to escalate as production increases and new projects come on stream. Uncertainties on the regulatory horizon around carbon pricing and ongoing changes to existing

We continue to work with governments, our business peers, and other stakeholders to help shape equitable and effective climate change policies.

ACP WASTE HEAT RECOVERY



Mining is an energy-intensive business. However, we are committed to developing and investing in projects that optimise our energy use, benefit our operations and reduce our environmental impact.

In South Africa, we have initiated a \$12 million independent power producer (IPP) project to help recover waste heat energy from our platinum converting process (ACP), based at our Waterval smelter complex in Rustenburg.

The introduction of private sector power generation has multiple benefits, including job creation, reducing the financial burden on the state and improving supply and pricing. With funding from Investec bank and development finance from the South African Department of Trade and Industry, this is a collaborative project that will provide long-term benefits for our Platinum business and the wider community.

The project focuses on extracting waste heat given off during the ACP converter cooling-off process. In the past, this cooling process was undertaken using air-based fans. The new process will use a high-pressure water system, in which the extraction of waste heat is achieved by implementing an organic rankine cycle technology. This technology is based on a closed system of fluid that allows heat recovery from

lower temperature sources such as industrial waste heat. The low-temperature heat is converted into electrical energy that feeds into a grid system.

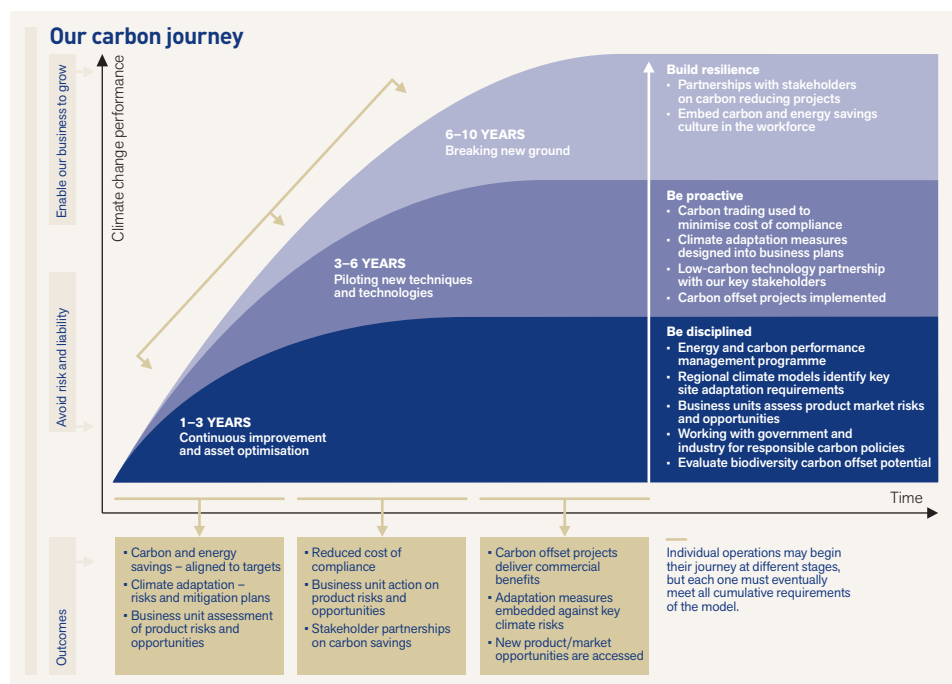
The high-pressure water exchanges heat with an organic medium converted to a vapour. The organic vapour is used to drive a turbine, converting heat energy to electrical energy. The cooler high-pressure water is returned to the converter and the organic vapour is condensed in the closed circuit and re-used.

This new approach harvests 20 MW of thermal energy and returns approximately 3.75 MW of electrical energy into the electrical grid. As a result of this, the potential saving on carbon emissions is approximately 19,000 tonnes CO₂e per year which, based on current carbon tax proposals, could save \$3 million. The total cost of energy saved is estimated to be \$1.5 million.

The 15-year agreement signed by Platinum with the IPP is an example of how alternative funding models can be used effectively in our industry and how thinking long term can still bring immediate benefits.

Image

The existing high-pressure cooling system at Waterval smelter, from which hot water will be diverted for use in power generation.



legislation, as well as the outcome of the federal election in September 2013, could pose further challenges.

Metallurgical Coal has spent around \$350 million to date on initiatives to reduce its carbon emissions, such as on-site gas management operations, connections to provide waste coal seam gas to gas power stations, and ongoing contributions to research organisations. This has had the overall effect of reducing the business' carbon footprint over the past five years by more than 20 million tonnes of CO₂e.

OUR PERFORMANCE

Our focus on implementing targets and energy-saving initiatives is delivering results. Already, 223 projects, accounting for energy savings of nearly 3.6 million gigajoules (GJ), have been completed. In 2012 these projects yielded a \$75 million saving in energy costs. We have also saved 3.3 Mt of CO₂e as a result of these projects and methane management programmes at Metallurgical Coal in Australia.

Reducing our GHG emissions

Our total GHG emissions (Scope 1 and Scope 2) were 17.9 Mt of CO₂e, compared with 18.8 Mt in 2011. Our 2012 emissions data no longer includes the contribution of

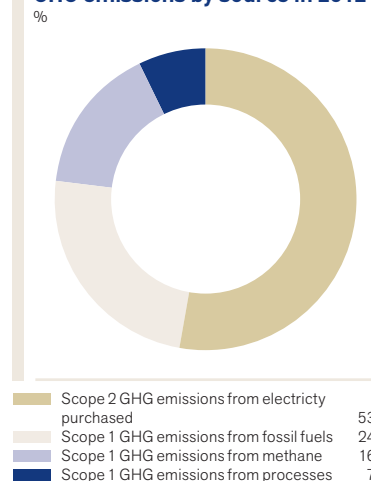
spontaneous combustion in process emissions, which was partly responsible for this reduction. We have discontinued reporting on this as it is not industry practice to do so and there is no agreed scientific methodology; however, we continue to estimate and report on this internally.

In Australia, our primary alternative energy projects are the methane-fired power stations at our Moranbah North and Capcoal collieries (see case study on page 63). In South Africa, we have had positive results from replacing conventional boilers with heat pumps in the mine change-houses at our Kumba Iron Ore, Platinum and Thermal Coal businesses. In 2012, the overall contribution of renewable energy sources to our electricity consumption was 29%, mostly driven by our South American operations.

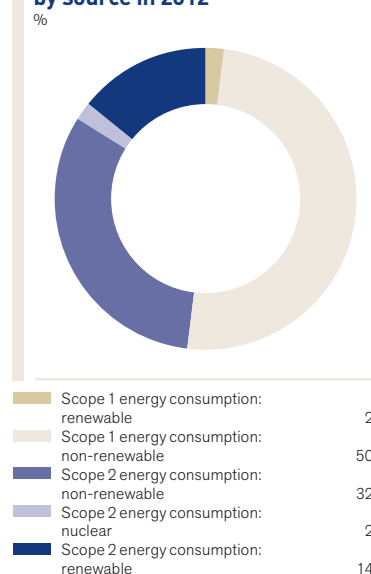
Energy consumption

During 2012, we consumed 108.3 million GJ of energy (2011: 102.1 million GJ). The 6% year-on-year increase was largely attributable to significant increases at our Los Bronces copper mine in Chile and our Barro Alto Nickel operation in Brazil – both of which are ramping up production. Disrupted production at operations in South Africa partially curbed our energy use, along with

GHG emissions by source in 2012



Energy consumption by source in 2012



the 223 energy-savings projects implemented in 2012. We achieved savings of around \$75 million through our energy-efficiency projects.

Adaptation

In recent years, we have focused on assessing the potential physical impacts of climate change in a number of potentially high-risk operational regions and sites, including our Minas-Rio iron ore project in Brazil and our Thermal Coal and Platinum operations in the Olifants River catchment in South Africa. Building on this climate change impact-assessment work, in the first half of

MANAGING METHANE



01



03



02

Methane emissions represent a significant challenge to our underground coal mining operations in Australia and South Africa. At 21 times more damaging to the environment than carbon dioxide (CO₂), we have made it a priority to identify and implement technologies that will mitigate the impact of this greenhouse gas (GHG) and transform an environmental liability into an asset.

Methane is found, in differing concentrations, in the majority of coal seams. For safety reasons it needs to be continually ventilated from underground mines, but its impact on the environment also has to be considered. Since 2008, we have been piping methane from our underground Moranbah North and Capcoal mines to two dedicated gas fired power stations. When burnt, methane is one of the cleanest fossil fuels, producing less CO₂ for each unit of heat produced than other hydrocarbon fuels. By capturing methane, the two power stations together prevent 2.5 million tonnes of CO₂ equivalent emissions from entering the atmosphere each year – the equivalent of taking 500,000 cars off the road, or planting 3.6 million trees – and generate 77 MW of electricity for the Australian national grid, enough to power 48,000 homes per year.

In South Africa, our New Denmark colliery has helped to design and develop a 'world first' mobile flaring system that will reduce its annual methane emissions from ventilation boreholes by an expected 15%.

Flaring burns off methane, rendering it 18.5 times less harmful to the environment than venting. Under the Kyoto Protocol, methane flaring is an eligible Clean Development Mechanism activity. The project could therefore generate more than \$8 million in revenue in its first decade through the sale of Certified Emission Reduction (CER) credits, depending on prevailing CER prices.

Another facet to this challenge is the ventilation systems themselves as they run continuously and require significant energy. At Thermal Coal's Goedehoop colliery we have reduced our GHGs by improving how we manage these systems. By isolating the areas underground that require ventilation and identifying and addressing any leaks, we have reduced the amount of methane flushed out of the machinery as well as the electricity required to run the ventilation system. Ventilation systems at other underground collieries in Thermal Coal are also set to be optimised, contributing greatly towards our 2015 ECO₂MAN targets.

Images

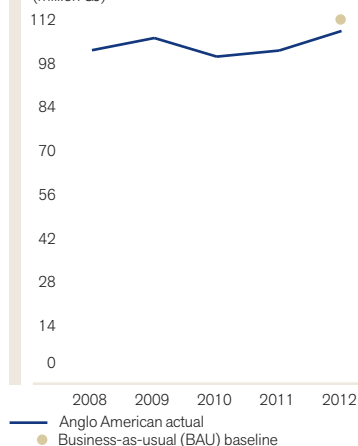
- 01 Electricians Hein Neethling and Zama Mbatha inspect surface vent fans at Thermal Coal's Goedehoop colliery in Mpumalanga, South Africa.
- 02 Capcoal underground waste coal mine gas power station in Queensland, Australia.
- 03 Senior project manager Ellis Lawrie and Energy Developments Limited project manager Michael Ball inspect a gas engine at the Capcoal power station.

2012 we worked with the UK Met Office to prioritise all our projects across the Group in terms of when climate change 'time of emergence' signals are likely to arise.

We are now piloting a study to capture issues around climate and weather model data into project design. The study, which forms part of our Sustainability Valuation Approach, is being undertaken at our Michiquillay copper project in Peru, which has been flagged as the area for us at greatest risk to the physical impact of climate change. Design variables such as tailings and water-security initiatives, will influence decision-making. Stemming from this research, we are working with consultants to develop a best-practice guide to implementing climate adaptation in our business, to be completed in 2013. The second phase of the project will be to retrofit, where feasible, the recommendations to current projects.

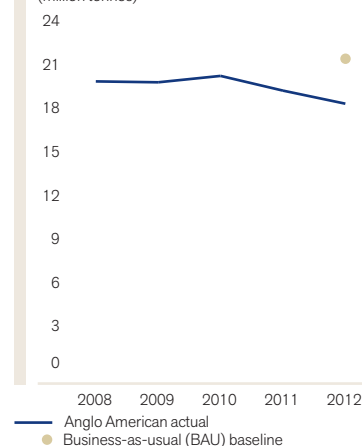
Total energy consumed 2008-2012

(million GJ)



Total GHG emissions 2008-2012

(million tonnes)



LAND STEWARDSHIP AND BIODIVERSITY

THE ISSUE

We own large areas of land throughout the world, with some operations in environmentally sensitive areas. Ensuring responsible land stewardship through all the life cycle stages of an operation can influence our future access to land and capital, our legal and social licence to operate, and reduce operational risks and mine closure liabilities.

LAND UNDER ANGLO AMERICAN'S MANAGEMENT CONTROL

511,632 ha

DISTURBED LAND REHABILITATED, TO DATE

17,903 ha

OUR STRATEGY AND MANAGEMENT APPROACH

Our approach to land stewardship is governed by various mandatory Anglo American Environment Way performance requirements related to rehabilitation and the management of water, biodiversity, mineral waste and hazardous substances, which apply throughout the mining life cycle. These environmental standards are underpinned by rigorous pre-development social and environmental impact assessments to ensure that we proactively consider social and environmental matters in our planning. Our mine-closure performance requirements and toolbox offer specific guidance on mine closure planning.

Two core components of land management we focus on are rehabilitation (a key regulatory and financial risk for us), and the conservation of biodiversity (the variety of plant and animal life on earth which provides a range of vital benefits, collectively known as ecosystem services). To help us maximise the value of land holdings and minimise impacts, we are developing new land management and biodiversity strategies that take an ecosystem-services-based approach to risk management.

Operational excellence

Our Environment Way rehabilitation performance standard follows the mitigation hierarchy approach of 'avoid, minimise and mitigate' impacts, and advocates early and thorough rehabilitation planning.

The earlier we commence rehabilitation, the better the result. Rehabilitation that takes place while the mine is operational reduces operational environmental risks (such as soil erosion and water pollution), improves the outcomes of our rehabilitation efforts and is less costly in the long run. Rehabilitation outcomes are developed with stakeholders during the environmental impact assessment (EIA) process, and commitments are made to return land to a specified land capability

A cornerstone of our work on biodiversity is partnerships and engagement with local communities, NGOs and academic institutions.

potential and post-mining use. While stakeholders may agree an alternative land use during the course of the life of a mine, it is imperative that such decisions do not alter the rehabilitation commitments in respect of land capability, in order to keep the post-mining land-use opportunities as broad as possible.

Given the potential of mining activities to disturb habitats through land disturbance, land-use change and pollution, basic biodiversity management is a requirement within all our operational ISO 14001 management systems. Where our EIAs identify significant biodiversity risks or opportunities, operations develop stand-alone biodiversity action plans (BAPs), which seek to balance ecological considerations and community needs.

We have proactively sought to gain an even better understanding of our biodiversity risks and opportunities so that these are managed in the same integrated and rigorous manner as other business risks. Our preference is to take a risk-based approach, focusing on the potential impacts on ecosystem services and relating this to biodiversity. The supply of fresh water, for example, is a critical ecosystem service on which our communities and operations rely. Through effective management of biodiversity we can improve water security.

The requirements of our new Group-wide integrated risk management standard have now been integrated into our current biodiversity performance requirements. The updated standard was piloted at Los Bronces mine in Chile during 2012. This helped the mine to more clearly relate biodiversity issues to its day-to-day operations and some new risks were identified.

Our biodiversity partner NGO, Fauna & Flora International (FFI), has also helped us to develop a consistent methodology for conducting high-level biodiversity risk assessments, which articulate the business case for biodiversity management.

01 Federal University of Goiás students Poliana Mendes and Thiago Bernardi Vieira setting up a camera to

photograph small mammals while researching flora and fauna at our Barro Alto nickel operation in Brazil.

Technology and innovation

In 2012, we introduced our Biodiversity Overlap Assessment (BOA) tool, designed to provide a high-level overview of the greatest business risks arising from biodiversity issues across operations, project sites, and key exploration sites. We have used the BOA tool to develop a global map of our operations in relation to protected areas, which will be used to address significant risk areas.

Engagement and partnerships

A cornerstone of our work on biodiversity is partnerships and engagement with local communities, NGOs and academic institutions. FFI has been a key partner since 2008, contributing to the development of various core practices and guiding documents, including our biodiversity performance requirements and the guideline for preparing BAPs. FFI has also participated in our BAP review process since 2008 and has led 19 reviews to date.

Partnerships are even more critical at a local level. In Brazil, for example, the Nickel, Iron Ore, and Phosphates and Niobium businesses have signed a memorandum of understanding with the Federal University of Goiás, the United States Agency for International Development (USAID) and the Brazilian branch of the World Business Council for Sustainable Development to conduct an ecosystem services review.

Performance

We have 511,632 hectares of land under our management control (2011: 519,670 hectares), of which 98,561 hectares have been disturbed by our mining, processing and mineral-waste disposal operations and supporting infrastructure (2011: 88,478 hectares). To date, 17,903 hectares of that disturbed land have been rehabilitated (2011: 15,008 hectares).

Every business unit continues to make contributions to controlled funds to meet the cost of our decommissioning, restoration and environmental rehabilitation liabilities in South Africa; at year-end the value of the fund was \$393 million (2011: \$360 million).



01

A programme of third-party environmental management system audits and biodiversity peer reviews is used to provide operations with guidance on how to improve their performance and achieve full compliance with Anglo American requirements. During the year, three BAP peer review assessments were completed in conjunction with FFI: at our Zibulo and New Vaal collieries in South Africa and our Los Bronces copper mine in Chile. All operations that are required to implement BAPs are doing so.

As signatories to the ICMM, we are committed to the Mining and Protected Areas Position Statement, to respecting legally designated protected areas, and to not exploring or mining at any World Heritage sites. A further commitment in line with the position statement is working with international conservation body, IUCN, and other stakeholders to develop a more meaningful categorisation of protected areas.

There are a number of Anglo American operations that are located in close proximity to IUCN-categorised protected areas, and we are increasingly focusing our management efforts on high-risk operations where there is the potential to impact sensitive habitats.

Our Minas-Rio iron ore system and pipeline in Brazil are located in the Atlantic forest and Cerrado biomes and there are 24 legally protected areas in the vicinity of the Minas-Rio mine and beneficiation plant area. Our approach to minimising environmental harm is, first, to avoid disturbance. Where this is not possible, we relocate seedlings of all species of native plants and local fauna from the region and collect seeds for cultivation in our nurseries for the rehabilitation of previously degraded areas. So far, we have recovered and relocated 150,000 plants and cultivated 11,000 indigenous seedlings.

In Chile, El Soldado copper mine is located in the Cordillera El Melón, which hosts a large number of protected tree species, such as *Belloto del Norte*. In 2010, an agreement was reached with the environmental and forestry authorities to develop an offset initiative for trees that are destroyed. During 2012 El Soldado forested more than 40 hectares with about 60,000 native trees, including *belloto*, *lingue*, *quillay*, *peumo* and *guayacan* trees.

WASTE MANAGEMENT AND AIR QUALITY

THE ISSUE

We generate significant quantities of mineral waste and some of our operations generate gaseous and particulate emissions, which are costly to manage and have the potential to harm the environment and human health if not controlled.

NUMBER OF LARGE-VOLUME TAILINGS FACILITIES AUDITED IN 2012

69

OUR STRATEGY AND MANAGEMENT APPROACH

Our waste and air-quality risks and activities are managed in line with the mandatory requirements of the Anglo American Environment Way performance standards on mineral residue, non-mineral waste, hazardous substances, rehabilitation, water and air quality. We apply the 'avoid, reduce, re-use and recycle' waste management hierarchy to ensure the least possible impact on human health and the environment.

Operational excellence

Operational excellence in relation to waste management focuses largely on the responsible management of mineral-waste storage facilities, where we carefully monitor structural stability through regular inspections and monitoring. Key environmental risks include surface and groundwater contamination, dust generation and spontaneous combustion associated with coal mining residues. Ground and surface water contamination risks are mitigated through clean and dirty water separation, dirty water collection, treatment and re-use. In some operations we have introduced fines dewatering technology to improve water recovery and reduce the risk of seepage from storage facilities. 'Wetting' of tailings dams, soil or rock cladding and vegetation establishment on waste facilities are approaches adopted to mitigate risks posed by dust. Wherever possible, rehabilitation of waste facilities is undertaken during the operational life of the mine.

Regular internal and third-party risk assessments and audits are undertaken at our facilities as part of the Group's drive for continuous improvement under ISO 14001. In addition, all facilities are audited by our internal Technical Solutions' consulting function on a risk basis. The outcomes of this audit process are reviewed by the S&SD sub-committee of the Board, annually.

The management of hazardous substances is subject to stringent legal requirements and is carefully managed, both at our operations and at the receiving waste facilities that are regularly audited by second parties. Systems are in place to ensure compliance with the European Union

REACH (registration, evaluation, authorisation and restriction of chemical substances) regulations and there are no instances of non-compliance to report. We do not transport any waste deemed hazardous under the terms of the Basel Convention Annex I, II, III and VIII; nor do we ship waste internationally.

All our operations have dust monitoring and control programmes in place. Our air quality performance requirements are based on European Union Standards and World Health Organization guidelines and apply throughout the lifecycle of our projects and operations. At operations where air quality management is a material issue, we have completed air emission inventories to identify the significant emission sources to facilitate better management.

Technology

Once waste-reduction opportunities are exhausted, we actively explore the re-use of by-products. In some instances, this involves re-mining waste facilities, while in others we research and trial novel applications for by-products.

Our Thermal Coal business in South Africa is involved in the development of a power plant that will convert low-quality discard coal from three of its collieries into electricity, some of which will be supplied back to our mines via the national grid. The 450 megawatt (MW) plant, will use a relatively new technology to generate power from waste coal that would otherwise have been stockpiled. The three mines involved, together dump up to 4.5 million tonnes of coal a year. The power plant will not only reduce the environmental impact of our discard coal dumps, but also create jobs and provide inward foreign investment of around \$900 million to contribute to regional development.

We have selected a developer and first production of power is expected to start in 2016. Another enterprising example of re-use of by-products is at our Minas-Rio iron ore project in Brazil, which has a project to transform plant tailings, essentially composed of finely ground silica (sand), into various high-quality products for use in civil construction.

Once waste-reduction opportunities are exhausted, we actively explore the re-use of by-products. In some instances, this involves re-mining waste facilities, while in others we research and trial novel applications for by-products.

WASTE UTILISATION



01



02

At our Phosphates operation in Brazil, we are employing our approach of 'reduce, re-use, recycle' on an industrial scale to improve the way we utilise waste products.

As one of the largest producers of phosphate fertilisers in Brazil, Anglo American produces around 1.35 million tonnes (Mt) of phosphate concentrate every year to facilitate its production. As a result, the effluent treatment plant associated with the fertiliser production process generates around 7,800 tonnes of phosphate waste annually. The waste comes in the form of a cake rich in P_2O_5 – a powerful desiccant and dehydrating agent.

Despite the potentially beneficial properties of the waste material, only about 20% of this cake was previously available to be re-used, namely in the granulation stage of the phosphate fertiliser production process. The remainder was either sold as a low-value by-product or disposed – raising environmental concerns. However, following a series of lab and industrial scale tests and much persistence from the team at Cubatão, results showed that the phosphate waste could also be used in the acidulation process – the first stage in the fertiliser-

manufacturing process – reducing the need for new water and creating value from a waste material.

After the success of the tests, the new technique also entered full-scale production at Catalão in March 2012, achieving savings of 48,000 tonnes of phosphate concentrate in 2012 as a result. We also saw a saving of over 13 million litres of water in acid dilution and a reduction of 10 tonnes of CO_2 emissions at the drying plant.

As well as reducing production costs, this research and development is set to have long-term benefits for the environment. Recent figures show that the amount of phosphate waste recovered and re-used has increased to 40% – a figure which could rise to 60% in the future – and the amount of waste disposed of in the environment has decreased accordingly.

Images

01 Processing plant and water treatment area at Phosphates' Cubatão operation in São Paulo state, Brazil.

02 Featured in Phosphates' chemical laboratory at Cubatão, Brazil, is Thiago Araujo, who was an Applaud Sustainability finalist in 2012 for developing a process to extract value from waste slurry.

Currently, there is no cost-effective solution available to recycle waste tyres from our operations. We are working with a company that is developing a solution to turn these tyres into value-added products such as fuels. This may also provide an investment opportunity for our new Zimele Green Fund.

Engagement and partnerships

We are increasingly recycling non-mineral waste and identifying opportunities to engage local communities in projects that deliver considerable social benefits.

At El Soldado in Chile, for instance, workshops were held in the local town of El Melón to teach local women skills to use waste pallets and paper from our copper mine to create furniture and craft paper products. The project has significantly reduced waste from the operation and has given more than 2,000 women new skills and enterprise-development opportunities.

Our Union platinum mine in South Africa has established the Vukuzenzele waste recovery project, which was implemented following the unsafe and illegal scavenging that took place at the operation's landfill site by people from a local informal settlement. Mine employees engaged with the community to better understand their needs; the outcome is that the waste reclaimers now have the ability to carry out their searches safely and with the opportunity to earn a legitimate income.

OUR PERFORMANCE

Fifty-four of our 126 large-volume mineral residue facilities are currently operative. The total number of mineral residue facilities has decreased following the sale of Scaw Metals' operations in 2011 and 2012. During the year, 69 facilities were audited and no significant incidents of structural integrity loss or environmental harm related to spillages were recorded.

Where significant risks are identified, measures are put in place to address these.

Given the nature of our business, we have focused our efforts on mineral residue as our most material waste-related risk. Reduction/recycling targets related to non-mineral waste have been set at the discretion of individual business units and operations.

Our aim is to ensure that our performance in relation to air quality remains within legal limits. Our most material Group-wide air quality issue relates to SO_2 emissions around our copper and platinum smelters. These amounted to 40,644 tonnes of SO_2 in 2012 (2011: 41,295 tonnes). In 2013, we will begin to collect Group-wide data on SO_x and NO_x emissions associated with the combustion of diesel and explosives. More information on SO_2 emissions around our platinum smelters is available in the 2012 Platinum Integrated Report.

INDEPENDENT ASSURANCE REPORT TO THE DIRECTORS OF ANGLO AMERICAN PLC

We have been engaged by the directors of Anglo American Plc ('Anglo American') to perform an independent assurance engagement in respect of Selected Identified Sustainable Development Information reported in the Anglo American Sustainable Development Report for the year ended 31 December 2012 (the 'Report'). This report is produced in accordance with the terms of our contract with Anglo American dated 13 October 2011.

INDEPENDENCE AND EXPERTISE

We have complied with the International Federation of Accountants' Code of Ethics for Professional Accountants, which includes comprehensive independence and other requirements founded on fundamental principles of integrity, objectivity, and professional competence and due care, confidentiality and professional behaviour. Our engagement was conducted by a multidisciplinary team of health, safety, environmental and assurance specialists with extensive experience in sustainability reporting.

SCOPE AND SUBJECT MATTER

The subject matter of our engagement and the related levels of assurance that we are required to provide are as follows:

Reasonable assurance

- The following Selected Identified Sustainable Development Information in the Report was selected for an expression of reasonable assurance:
- Fatal- injury frequency rate (FIFR) (page 70)
- Lost-time injury frequency rate (LTIFR) as per Anglo American plc definition (page 44)
- Lost-time injury frequency rate (LTIFR) as per Anglo American Metallurgical Coal definition (page 70)
- Lost-time injury severity rate (LTISR) as per Anglo American plc definition (page 44)

- Lost-time injury severity rate (LTISR) as per Anglo American Metallurgical Coal definition (page 70)
- Total number of new cases of noise-induced hearing loss (NIHL) (page 72)
- Total number of new cases of occupational diseases (page 72)
- Total CO₂ emissions from processes and fossil fuels in million tonnes (page 74)
- Total CO₂ emissions from electricity (scope 2) purchased in million tonnes (page 74)
- Total number of Level 3,4 & 5 environmental incidents reported (page 74)
- Total amount of energy used in million GJ (page 74)

Limited assurance

- The following Selected Identified Sustainable Development Information in the Report was selected for an expression of limited assurance:
- Total amount of water used for primary activities in million m³ (page 74)
- Total amount of water used for non-primary activities in million m³ (page 74)
- Percentage enrolment of estimated HIV cases in Anglo American's disease-management programmes in South Africa (page 72)
- Number of employees participating in voluntary counselling and testing (VCT) (page 72)
- Total amount spent on corporate social investment (CSI) projects in US \$ (page 75)
- Jobs created or sustained through enterprise development initiatives in South Africa and Chile (page 34)
- Self declaration of Global Reporting Initiative (GRI) application level (page 1)

- The alignment of Anglo American's sustainability policies to the International Council on Mining and Metals' (ICMM) 10 Sustainable Development Principles (page 79)
- Anglo American's reporting of its material sustainable development priorities based on its own review of the business and the views and expectations of its stakeholders (page 13)
- The description of systems and approaches that Anglo American has implemented to manage its material sustainable development priorities as reflected by the selected identified key performance indicators (KPIs) listed and referenced above (page 13).

We refer to this information as the "Selected Identified Sustainable Development Information".

We have not carried out any work on data reported for prior reporting periods except for data that was included in the prior year's assurance scope, nor have we performed work 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 Selected Identified Sustainable Development Information.

RESPONSIBILITIES OF THE DIRECTORS

The directors are responsible for selection, preparation and presentation of the Selected Identified Sustainable Development Information in accordance with the criteria set out in Anglo American's reporting policies set out on page 78 of the Report, the Global Reporting Initiative's (GRI) new generation (G3) guidelines and the ICMM sustainable development framework collectively referred to as the "Reporting Criteria". The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the Selected Identified Sustainable Development Information that are free from material misstatements, whether due to fraud or error.

RESPONSIBILITY OF THE INDEPENDENT ASSURANCE PROVIDER

Our responsibility is to form an independent conclusion, based on our reasonable assurance procedures, on whether the Selected Identified Sustainable Development Information for reasonable assurance is stated, in all material respects, in accordance with the Reporting Criteria.

We further have a responsibility to form an independent conclusion, based on our limited assurance procedures, on whether anything has come to our attention to indicate that the Selected Identified Sustainable Development Information for limited assurance is not stated, in all material respects, in accordance with the Reporting Criteria.

We consent to the inclusion of this report in the Report to assist Anglo American members in assessing whether the directors have discharged their responsibilities by commissioning an independent assurance report from an appropriately qualified organisation in connections with the selected subject matter.

ASSURANCE WORK PERFORMED

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ('ISAE 3000'). This standard requires that we comply with ethical requirements and that we plan and perform the assurance engagement to obtain either reasonable or limited assurance on the Selected Identified Sustainable Development Information as per the terms of our engagement.

Our work included examination, on a test basis, of evidence relevant to the Selected Identified Sustainable Development Information. It also included an assessment of the significant estimates and judgements made by the directors in the preparation of the Selected Identified Sustainable Development Information. We planned and performed our work so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence on which to base our conclusions. Our work included the following procedures:

- Reviewing processes that Anglo American has in place for determining material Selected Identified Sustainable Development Information to be included in the Report
- Obtaining an understanding of the systems used to generate, aggregate and report data at the sampled operations
- Conducting interviews with management at the sampled operations and at Head Office
- Applying the assurance criteria in evaluating the data generation and reporting processes
- Performing a controls walkthrough
- Testing the accuracy of data reported on a sample basis for limited and reasonable assurance
- Reviewing the consolidation of the data at Head Office to obtain an understanding of the consistency of the reporting processes compared with prior years and to obtain explanations for deviations in performance trends
- Reviewing the consistency between the Selected Identified Sustainable Development Information and related statements in Anglo American's Report
- Reviewing the accuracy of Anglo American's self-declaration of the GRI (G3) Application Level in the Report
- Reviewing the alignment of Anglo American's sustainability policies to each of the 10 ICMM principles
- Reviewing the accuracy of Anglo American's reporting of its material sustainable development priorities based on its own review of the business and the views and expectations of its stakeholders
- reviewing the systems and approaches that Anglo American has implemented to manage its material sustainable development priorities as reflected by the selected identified key performance indicators (KPIs).

A limited assurance engagement is less in scope than a reasonable assurance engagement under ISAE 3000. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement, and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement.

The procedures selected depend on our judgement, including the assessment of the risk of material misstatement of the Selected Identified Sustainable Development Information, whether due to fraud or error. In making those risk assessments we consider internal controls relevant to Anglo American preparation of the Selected Identified Sustainable Development Information in order to design procedures that are appropriate in the circumstances.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

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 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.

CONCLUSIONS

Reasonable assurance

Based on the results of our procedures, in our opinion, the Identified Sustainable Development Information for reasonable assurance for the year ended 31 December 2012 is stated, in all material respects, in accordance with the Reporting Criteria.

Limited assurance

Based on the results of our procedures nothing has come to our attention that causes us to believe that the Identified Sustainable Development Information for limited assurance for the year ended 31 December 2012, is not stated, in all material respects, in accordance with the Reporting Criteria.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Wessie van der Westhuizen
Registered Auditor
Johannesburg
12 March 2013

DATA FOR MANAGED COMPANIES

At the end of August 2012, De Beers became an Anglo American managed business. Data for De Beers is not routinely included in the figures reported here (unless stated otherwise), but may be found separately on page 76. Full integration of De Beers data commenced at the start of 2013.

Safety

Business unit	2012	2011	2010	2009	2008
Anglo American plc					
Work-related fatalities ⁽¹⁾	13	17	15	20	28
Fatal-injury frequency rate (FIFR)	0.008	0.009	0.008	0.010	0.015
Total recordable case frequency rate (TRCFR)	1.29	2.01	1.44	1.81	2.27
Lost-time injury frequency rate (LTIFR) ⁽²⁾	0.60	0.64	0.64	0.76	1.04
Lost-time injury severity rate (LTISR)	223	220	229	226	240
Kumba Iron Ore					
Work-related fatalities	2	0	3	1	1
FIFR	0.010	0.000	0.017	0.007	0.009
TRCFR	0.71	0.77	1.24	1.27	1.86
LTIFR	0.10	0.08	0.12	0.07	0.12
LTISR	28	32	33	17	33
Iron Ore Brazil					
Work-related fatalities	0	1	0	1	–
FIFR	0.000	0.006	0.000	0.012	–
TRCFR	0.22	0.19	0.36	0.26	–
LTIFR	0.01	0.01	0.02	0.02	–
LTISR	5	6	15	5	–
Metallurgical Coal					
Work-related fatalities	0	0	1	0	0
FIFR	0.000	0.000	0.020	0.000	0.000
TRCFR	2.30	3.13	3.92	3.15	3.09
LTIFR	1.75	2.47	3.39	0.82	0.41
LTISR	572	896	438	316	193
Thermal Coal					
Work-related fatalities	2	2	0	2	4
FIFR	0.012	0.011	0.000	0.009	0.019
TRCFR	0.58	0.58	0.68	0.71	0.77
LTIFR	0.20	0.19	0.21	0.29	0.31
LTISR	103	84	185	109	149
Copper					
Work-related fatalities	0	1	0	0	1
FIFR	0.000	0.005	0.000	0.000	0.010
TRCFR	0.61	0.66	0.70	0.83	0.89
LTIFR	0.20	0.19	0.25	0.17	0.21
LTISR	119	120	179	101	87
Nickel					
Work-related fatalities	1	0	0	0	0
FIFR	0.028	0.000	0.000	0.000	0.000
TRCFR	1.33	1.22	1.11	1.04	0.75
LTIFR	0.11	0.23	0.07	0.14	0.20
LTISR	17	30	21	36	72

Safety

Business unit	2012	2011	2010	2009	2008
Platinum					
Work-related fatalities	7	12	8	14	18
FIFR	0.011	0.018	0.012	0.016	0.018
TRCFR	2.13	4.09	2.08	2.59	3.04
LTIFR	1.15	1.27	1.17	1.36	1.74
LTISR	440	408	409	382	359
Phosphates and Niobium					
Work-related fatalities	0	0	1	0	0
FIFR	0.000	0.000	0.033	0.000	0.000
TRCFR	1.30	1.14	1.13	1.72	1.49
LTIFR	0.39	0.15	0.33	0.57	0.19
LTISR	215	50	249	103	35
Other Mining and Industrial (non-core)					
Work-related fatalities	1	1	2	2	3
FIFR	0.004	0.005	0.007	0.007	0.010
TRCFR	0.93	0.89	1.36	1.57	1.91
LTIFR	0.25	0.21	0.33	0.34	0.42
LTISR	47	77	128	115	142
Corporate offices and Exploration					
Work-related fatalities	0	0	0	0	1
FIFR	0.000	0.000	0.000	0.000	0.031
TRCFR	0.42	0.63	0.55	0.51	0.56
LTIFR	0.13	0.22	0.17	0.30	0.28
LTISR	10	23	58	84	32

(1) An additional five deaths resulting from public transportation incidents and criminal activity were also reported in 2012.

(2) Metallurgical Coal's application of the definition has differed slightly in that minor injuries that did not require medical treatment and did not result in restricted work for longer than five days were not included. Excluding Metallurgical Coal, the Group LTIFR for 2012 was 0.53 and the LTISR was 208. This inconsistency is being rectified in 2013.

Fatal incidents by cause

	2012		2011		2010		2009		2008	
	Surface	Underground	Surface	Underground	Surface	Underground	Surface	Underground	Surface	Underground
Falls of ground	0	1	0	5	2	3	0	5	1	5
Transportation	1	1	1	1	3	1	1	5	5	2
Moving machinery	0	3	1	3	0	1	1	1	2	2
Other causes	2	1	0	0	2	0	0	1	1	2
Fire/explosion	1	0	1	1	1	1	1	0	0	2
Falling	0	0	0	0	0	0	1	0	2	2
Falling objects	1	0	0	1	0	0	2	1	0	0
Electricity	0	0	0	0	0	1	1	0	0	2
Hydraulic energy	1	0	0	1	0	0	0	0	0	0
Other energy	1	0	1	0	0	0	0	0	0	0
Materials handling	0	0	0	1	0	0	0	0	0	0

HIV/AIDS

	2012 ⁽¹⁾	2011	2010	2009 ⁽¹⁾	2008
Employees in high HIV-burden countries (southern Africa)	70,720	77,075	73,129	66,661	81,450
HIV prevalence rate in Anglo American's southern African operations	16.8%	16.7%	16.5%	18.0%	18.0%
Estimated number of HIV-positive employees	11,884	12,864	12,066	12,057	14,468
% HIV counselling and testing participation	82%	92%	94%	82%	77%
Employees on HIV wellness programmes	8,361	7,846	7,092	6,116	7,376
% HIV-positive enrolment in Anglo American HIV disease management programmes in southern Africa	70%	61%	59%	51%	51%
Employees on anti-retroviral therapy (ART)	5,332	4,730	3,965	3,211	3,080
% HIV-positive on ART	45%	37%	33%	27%	21%
Number of contractor VCT cases	37,397	–	–	–	–
Number of employee VCT cases	57,847	–	–	–	–

⁽¹⁾ Excludes non-core businesses.

Tuberculosis

	2012 ⁽¹⁾	2011 ⁽²⁾	2010	2009	2008
New cases of tuberculosis	677	913	727	919	–
TB incidence rate per 100,000 employees	958	1,185	994	1,379	–

⁽¹⁾ Excludes non-core businesses.

⁽²⁾ Change requests from various operations have been included in the data above.

New cases of occupational disease

	Employees potentially exposed	New cases	Fatalities due to occupational disease
Noise-induced hearing loss (NIHL)	44,593	84	0
Musculoskeletal disorder (MD)	90,165	45	0
Coal-workers' pneumoconiosis (CWP)	5,809	16	0
Chronic obstructive airways disease (COAD)	14,490	7	0
Occupational tuberculosis	6,823	5	0
Other occupational diseases	90,165	5	0
Occupational dermatitis	90,165	4	0
Occupational asthma	1,987	3	0
Occupational cancers	1,108	1	0
Silicosis	7,078	0	0
Other pneumoconiosis	1,466	0	0
Hand-arm vibration syndrome (HAVs)	6,034	0	0
Platinosis	214	0	0
Total	N/A	170	0

Occupational disease incidence rates

	2012	2011	2010	2009
Total occupational disease incidence rate (per 200,000 hours)	0.189	0.205	0.284	0.483
NIHL	0.188	0.266	0.363	0.756
MD	0.050	0.035	0.022	0.038
CWP	0.275	0.296	0.457	0.141
COAD	0.048	0.038	0.148	0.024
Occupational tuberculosis	0.073	0.277	0.378	0.715
Other occupational diseases	0.006	0.007	0.007	0.003
Occupational dermatitis	0.004	0.005	0.002	0.009
Occupational asthma	0.151	0.067	0.049	0.026
Occupational cancers	0.090	0.000	0.000	0.000
Silicosis	0.000	0.065	0.000	0.112
Pneumoconiosis due to other fibrogenic dust	0.000	0.096	0.244	0.000
HAVs	0.000	0.124	2.013	2.158
Platinosis	0.000	0.000	0.000	0.000

New cases of occupational disease by business unit

	NIHL	MD	CWP	Occupational TB	Other occupational diseases	Occupational dermatitis	COAD	Silicosis	Occupational asthma	HAVs	Pneumoconiosis due to other fibrogenic dust	Occupational cancers	Platinum salt sensitivity	Total
Anglo American plc														
2012	84	45	16	5	5	4	7	–	3	–	–	1	–	170
2011	117	34	14	9	7	5	4	3	2	1	1	–	–	197
2010	173	21	16	19	7	2	7	–	2	18	3	–	–	268
Kumba Iron Ore														
2012	3	–	–	–	1	2	–	–	–	–	–	–	–	6
2011	17	–	–	2	–	–	–	–	–	–	–	–	–	19
2010	1	–	–	–	–	–	–	–	–	–	–	–	–	1
Iron Ore Brazil														
2012	–	–	–	–	–	–	–	–	–	–	–	–	–	0
2011	–	–	–	–	–	–	–	–	–	–	–	–	–	0
2010	–	–	–	–	–	–	–	–	–	–	–	–	–	0
Metallurgical Coal														
2012	9	44	–	–	4	–	–	–	–	–	–	–	–	57
2011	4	33	–	–	2	2	–	–	–	–	–	–	–	41
2010	3	18	–	–	2	1	–	–	–	–	–	–	–	24
Thermal Coal														
2012	13	–	16	4	–	–	2	–	–	–	–	–	–	35
2011	10	–	13	–	–	–	2	–	–	–	–	–	–	25
2010	8	–	16	6	–	–	1	–	–	–	–	–	–	31
Copper														
2012	–	–	–	–	–	–	–	–	–	–	–	–	–	0
2011	1	–	–	–	–	–	–	–	–	–	–	–	–	1
2010	11	2	–	–	–	1	–	–	–	–	–	–	–	14
Nickel														
2012	–	–	–	–	–	–	–	–	–	–	–	–	–	0
2011	–	–	–	–	–	–	–	–	–	–	–	–	–	0
2010	–	1	–	–	–	–	–	–	–	–	–	–	–	1
Platinum														
2012	46	1	–	–	–	2	5	–	3	–	–	1	–	58
2011	53	–	–	–	–	2	1	–	–	–	–	–	–	56
2010	19	–	–	3	4	–	2	–	–	–	–	–	–	28
Phosphates and Niobium														
2012	–	–	–	–	–	–	–	–	–	–	–	–	–	0
2011	–	–	–	–	–	–	–	–	–	–	–	–	–	0
2010	–	–	–	–	–	–	–	–	1	–	–	–	–	1
Corporate and Exploration														
2012	–	–	–	–	–	–	–	–	–	–	–	–	–	0
2011	–	1	–	–	1	–	–	–	–	–	–	–	–	2
2010	–	–	–	–	1	–	–	–	–	–	–	–	–	1
Other Mining and Industrial														
2012	13	–	–	1	–	–	–	–	–	–	–	–	–	14
2011	32	–	1	7	4	1	1	3	2	1	1	–	–	53
2010	131	–	–	10	–	–	4	–	1	18	3	–	–	167

Environment

	Kumba Iron Ore	Iron Ore Brazil	Metal- lurgical Coal	Thermal Coal	Copper	Nickel	Platinum	Phos- phates and Niobium	Other Mining and Industrial	Corp- orate offices and Ex- ploration	Anglo American 2012	Anglo American 2011	Anglo American 2010
GHG emissions (Mt CO₂e)													
Scope 1	0.43	0.05	3.30	0.77	0.59	1.16	0.53	0.07	1.57	0.01	8.48 ⁽¹⁾	9.33	9.58
Scope 2	0.51	0.00	0.62	0.85	1.02	0.26	5.21	0.00	0.88	0.03	9.40	9.42	10.16
Total CO ₂	0.94	0.05	3.92	1.62	1.60	1.42	5.74	0.09	2.44	0.04	17.88	18.76	19.75
Energy consumption (million GJ)													
Direct energy	5.81	0.70	12.18	2.77	6.62	12.66	6.03	1.69	13.14	0.18	61.78	58.86	53.69
Indirect energy	1.80	0.01	2.60	2.97	8.94	6.49	18.36	1.02	4.23	0.11	46.54	43.20	44.83
Total energy	7.60	0.71	14.79	5.74	15.56	19.15	24.39	2.71	17.36	0.29	108.31	102.05	100.11
Water (million m³)													
Water used for primary activities	8.80	0.89	14.72	8.53	35.67	7.09	28.75	8.31	9.43	0.15	122.35	115.28	114.49
Water used for non-primary activities	7.55	0.00	0.84	1.87	0.00	0.17	6.16	0.18	0.05	0.00	16.82	16.35	10.57
Total water consumed	16.35	0.89	15.55	10.40	35.67	7.26	34.91	8.50	9.48	0.15	139.17	131.63	125.06
Water re-used/ recycled in processes	4.04	0.00	7.59	9.17	108.13	95.05	53.73	51.51	32.25	0.03	361.50	261.45	286.97
Land (ha)													
Company-managed land	64,796	14,401	97,714	86,412	96,239	34,343	54,690	7,801	26,648	28,589	511,632	519,670	560,115
Land altered by mining activities and supporting infrastructure	10,480	2,499	27,500	19,075	10,966	1,772	14,791	1,168	10,310	0	98,561	88,478	85,332
Land fully rehabilitated	0	262	7,041	6,271	7	88	0	149	4,085		17,903	14,973	14,005
Environmental incidents													
Level 3	0	0	4	7	0	0	0	1	0	0	12	26	0
Level 4	0	1	0	0	0	0	0	0	0	0	1	1	0
Level 5	0	0	0	0	0	0	0	0	0	0	0	0	0
Air emissions (1,000 t)													
SO ₂	0.00	0.00	0.69	6.62	11.74	0.15	20.08	1.34	0.04	0.00	40.64	41.30	36.43
Production													
1,000 tonnes (kt)	43,065	N/A	28,562	55,328	536	39	1,458 ⁽²⁾ 15 (Ni) 10 (Cu)	1,113(P) 4.4 (Nb)	–	–	–	–	–

⁽¹⁾ CO₂ emissions for processes and fossil fuels in 2012 amounted to 5.53 Mt CO₂e. (Scope 1 CO₂ emissions exclude methane).

⁽²⁾ Refined platinum equivalents 1,000 troy ounces (Koz).

Notes:

2012 figure reflects company managed land; 2011 and 2010 figures reflect land under company charge, which includes land which is not under the company's direct management control.

Change requests from various operations have been included in the data above.

From 2012, Thermal coal excluded CO₂ emissions from spontaneous combustion.

Production figures account for 100% of the production of all managed operations and nil from independently managed associates.

Large-volume waste facilities

	2012	2011	2010	2009	2008
Number of mineral residue disposal facilities	126	132	127	124	127
Number of facilities in active use	54	54	57	56	73
Total area occupied by facilities (hectares)	7,200	7,270	6,527	6,821	5,934
Total number of audits	69	47	71	85	92

Note:

The total number of active waste facilities has declined due to divestments and a number of facilities becoming inactive. These figures exclude De Beers.

Human resources

	2012	2011	2010	2009	2008
Full-time employees (annual average)	85,763	95,961	90,473	101,500	105,000
Contractors (annual average)	50,556	50,747	49,695	48,094	39,000
Women in management (%)	23	22	21	19	17
'Historically disadvantaged South Africans' in management (% of South African management)	62	51	46	46	45
Resignations (%)	2.4	2.7	2.4	2.4	3.8
Redundancies (%)	0.6	1.4	2.1	3.8	0.6
Dismissals (%)	1.4	1.1	1.3	2.0	2.6
Other reasons for leaving (%)	2.4	0.3	2.8	4.9	2.0

Social

	2012	2011	2010	2009	2008
CSI expenditure (\$ million)	154	129	111	83	76
CSI expenditure (% of pre-tax profit)	3	1	1	2	1
Procurement: BEE expenditure (\$ billion)	3.1	3	2.4	2.2	—
Procurement: localised expenditure (\$ billion)	1.54	1.13	—	—	—
Procurement: localised expenditure (% of total)	11.3	9.5	—	—	—
Businesses supported through enterprise development initiatives	40,217 ⁽¹⁾	38,681	9,392	3,720	3,012
Jobs created/sustained through enterprise development initiatives	64,927 ⁽²⁾	47,070	17,200	12,982	13,431

⁽¹⁾ This figure differs from the Anglo American Annual Report (17,598), which went to print before all figures became available.

⁽²⁾ This figure represents the total jobs created or sustained in our various enterprise development portfolios at year-end. This includes figures for South Africa, Chile, Brazil and Peru.

De Beers – Safety

	2012
Work-related fatalities	0
Fatal-injury frequency rate (FIFR)	0.000
Total recordable case frequency rate (TRCFR)	1.18
Lost-time injury frequency rate (LTIFR)	0.32
Lost-time injury severity rate (LTISR)	40

De Beers – New cases of occupational disease

	NIHL	MD	CWP	Occup- ational TB	Other occup- ational diseases	Occup- ational derma- titis	COAD	Silicosis	Occup- ational asthma	HAVs	Pneumo- coniosis due to other fibrogenic dust	Occup- ational cancers	Platinum salt sensi- tivity	Total
2012	1	3	–	–	–	–	–	–	–	–	–	–	–	4

De Beers – Environment

	2012
GHG emissions (Mt CO₂e)	
Scope 1	0.19
Scope 2	0.34
Total CO ₂	0.54
Energy consumption (million GJ)	
Direct energy	2.97
Indirect energy	1.27
Total energy	4.25
Water (million m³)	
Water used for primary activities	15.28
Water re-used/recycled in processes	8.62
Land (ha)	
Company-managed land	975,635
Land altered	40,806
Environmental incidents	
Level 3	10
Level 4	0
Level 5	0

Notes:

GHG emissions, energy consumption and water data is an average for the period September-December 2012.

Land data excludes marine mining.

Definitions are not yet fully aligned with Anglo American.

Taxes paid directly to government by category and country \$ million

	South Africa	Chile	Australia	UK	Brazil	Venezuela	Peru	Zimbabwe	Namibia	Canada	Other	Total
Profits	912	405	28	11	50	14	0	0	25	-19	12	1,438
Transactions	50	6	5	1	112	4	0	3	1	0	0	182
Labour	9	33	115	52	37	1	1	0	0	8	1	257
Royalties and environmental	177	61	256	80	26	5	0	10	15	0	0	630
Capital gains	0	1,016	0	0	0	0	0	0	0	0	0	1,016
Other	2	6	27	3	6	0	0	0	0	1	0	45
Total borne	1,150	1,527	431	147	231	24	1	13	41	-10	13	3,568
Total collected	581	97	173	247	115	0	2	1	5	30	12	1,263
Total	1,731	1,624	604	394	346	24	3	14	46	20	25	4,831

Notes:

Taxes borne reflects Anglo American Group income statement charges in respect of controlled operations for 2012, excluding the effect of deferred tax.

Taxes collected by Anglo American and remitted to government include payroll taxes and VAT. Further tax data can be found in the Anglo American Annual Report 2012 and at www.angloamerican.com

Taxes generated over the life of a mine

Stage in life of mine	Profitability	Value add through taxes
Exploration (e.g. Sakatti in Finland)	Operating and capital expenditure	Money spent with suppliers, generating sales taxes, and import duties. Employment taxes are also generated
Development (e.g. Quellaveco in Peru)	Operating and significant capital expenditure	Very significant amounts are spent with suppliers in developing the mine and infrastructure, generating sales taxes and import duties. Those supplier companies will in turn pay taxes on the profits generated supporting the Anglo American operations. Increasing levels of employment taxes are also generated, as well as payments being made to contractors
Early production (e.g. Kolomela in South Africa)	Recovery of investment	Many mining tax regimes include a royalty based on production volumes or values, and so these revenues will start to flow to government even before the operation has made any profit. Employment taxes are also generated, as well as payments being made to contractors
Full production (e.g. Dawson in Australia)	Net profit	Corporate income tax will start to be paid at a time depending on how the tax regime allows companies to recover the cost of developing the mine. Royalties and employment taxes continue to be generated, as well as payments being made to contractors
Closedown	Closure and rehabilitation costs	Significant amounts are spent with local and international suppliers in closing down the mine and rehabilitating the land, generating sales taxes and import duties

Notes to the data:

All data include divested/previously managed businesses, up until the point of divestment. Businesses divested during 2012 included Scaw Metals (end-November) and Tarmac Middle East and Tarmac Building Products (end-December). Loma de Niquel ceased reporting at the end of October after its mining license was not renewed. Business divested in 2011 were: Lisheen zinc and lead mine, Ireland (end-January); Yang quarry, China (end-July); Tarmac, Turkey (end-August); and Tarmac, Romania (end-October).

Data from all managed businesses, whether wholly owned by Anglo American or not, are accounted for on a 100% basis. Proportional contributions from independently managed investments are not accounted for.

De Beers, which was formally an independently managed associate, became a managed entity within Anglo American in August 2012. De Beers data for September to December 2012 has been included in CSI and Value Added figures, but not for safety, health, environment, and human resources owing to material differences in calculation methodologies. De Beers data for September to December 2012 has been included separately in this section.

DEFINITIONS OF KEY PERFORMANCE INDICATOR TEXT

LTIFR

Rate, per 200,000 hours, of lost-time injuries (LTIs) due to all causes for both employees and contractors. An LTI is a work-related injury resulting in the employee/contractor being unable to attend work or to perform the full duties of his/her regular work, on the next calendar day. Restricted work cases are therefore counted as LTIs. Metallurgical Coal's application of the definition has differed slightly in that minor injuries that did not require medical treatment and did not result in restricted work for longer than five days were not included.

FIFR

Number of employee and contractor fatal injuries due to all causes per 200,000 hours worked.

LTISR

Number of lost days and restricted workdays per 200,000 hours worked. Metallurgical Coal's application of the definition has differed slightly in that minor injuries that did not require medical treatment and did not result in restricted work for longer than five days were not included as lost days.

Total CO₂ emissions from processes

Quantity of CO₂ emitted from processes (point sources and fugitive emissions) during the reporting period. Emissions due to the combustion of fossil fuels and renewables are excluded, as are emissions resulting from spontaneous combustion, coal used in metallurgical processes and emissions due to the consumption of sulphuric acid and lime.

Total CO₂ emissions from fossil fuels

Sum of CO₂ emissions from diesel, petrol, liquid petroleum gas, natural gas, heavy fuel oil, light fuel oil, coal for heat and energy generation, coal for metallurgical processes, coal for directly reduced iron, used oil for combustion, paraffin, petcoke, tailgas and non-renewable waste fuel.

Total CO₂ emissions from electricity purchased (Scope 2)

Electricity purchased multiplied by operational factors for CO₂ from electricity.

Total amount of energy used

Sum of total energy from electricity purchased, total energy from fossil fuels and total energy from renewable fuels.

Total amount of water used for primary activities

Total new or make-up water entering the operation and used for the operation's primary operational activities.

Total amount of water used for non-primary activities

Total new or make-up water entering the operation and used for non-primary activities such as community housing or recreational facilities.

Level 1, 2, 3, 4 and 5 environmental incidents

Environmental incidents are unplanned or unwanted events that result in negative environmental impacts. A Level 1 incident results in minor impact; a Level 2 incident results in low impact; a Level 3 incident results in medium impact; a Level 4 incident is considered to be a 'significant incident', that results in high impact; and a Level 5 incident is considered a significant incident that has a permanent impact on the environment.

New cases of occupational disease

Sum of occupational diseases due to asbestosis, NIHL, silicosis, coal-workers' pneumoconiosis, pneumoconiosis due to other fibrogenic diseases, chronic obstructive airways disease, occupational tuberculosis, occupational asthma, HAVs, musculoskeletal disorders, dermatitis, occupational cancers and other occupational diseases.

Noise-induced hearing loss (NIHL)

New cases of NIHL are counted when: the rules for diagnostic criteria for occupational disease in Anglo American have been met; there is a pattern consistent with NIHL on the

audiogram; the average hearing loss at frequencies 0.5, 1, 2, 3 and 4 kHz for both ears is greater than 25dBA; there has been a 10 dB change in the average hearing loss since the pre-placement audiogram recorded on employment with Anglo American; and the employee has not previously been counted as NIHL.

Percentage enrolment of estimated HIV cases in Anglo American's disease-management programmes in South Africa

Number of HIV-positive employees enrolled in HIV wellness programmes specifically designed to counsel and assist them to maintain good physical and mental health, proper nutrition, prevention of opportunistic disease and monitoring of immune status, through regular CD4 counts. The number includes those HIV positive employees that are receiving anti-retroviral therapy, but excludes those who no longer work at the company.

Voluntary counselling and testing

Number of employees who have participated in voluntary counselling and testing (VCT) during the reporting period and who, through this process, have established or re-established their HIV status. If VCT has been obtained outside of a company operated or approved facility, then reasonable proof of compliance with the company definition of VCT must be produced. Participation in VCT includes those who are known to be HIV positive, regardless of whether they actually test or not. Individuals of unknown status who refuse testing should not be counted.

Employees who no longer work at the company are removed from statistics.

Corporate social investment expenditure

The sum of donations for charitable purposes and community investment (which include cash and in-kind donations and staff time) as well as investment in commercial initiatives with public benefit (such as enterprise development).

EXTERNAL PRINCIPLES

ICMM principles

	Page reference
Implement and maintain ethical business practices and sound systems of corporate governance	18–21
Integrate sustainable development considerations within the corporate decision-making process	18–21
Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities	32–33
Implement risk management strategies based on valid data and sound science	12–13
Seek continual improvement of the company's health and safety performance	44–51
Seek continual improvement of the company's environmental performance	54–67
Contribute to conservation of biodiversity and integrated approaches to land use planning	64–65
Facilitate and encourage responsible product design, uses, re-use, recycling and disposal of the company's products ⁽¹⁾	–
Contribute to the social, economic and institutional development of the communities in which the company operates	24–35
Implement effective and transparent engagement, communication and independently verified reporting arrangements with Group stakeholders	14–17

⁽¹⁾ Anglo American's 'products' are raw materials typically used as inputs into further manufacturing processes. As such, our initiatives on responsible product design are limited to the Tarmac business. Our work on responsible product use relates to the use of coal by our customers. Safe product use is addressed through the Material Safety Data Sheets associated with our commodities. Our re-use and recycling initiatives relate to our businesses outside of primary resources: Scaw Metal and Tarmac. Our efforts to reduce the environmental footprint of our operations and products are perhaps the most tangible contribution to sound stewardship of our products throughout their lifecycle. Active participation in the EU REACH process also ensures that we contribute to a better understanding of the risks and benefits of our products.

Notes:

As a longstanding member of the ICMM, we believe that Anglo American's policies, processes and systems are fully aligned to the ICMM's 10 Sustainable Development Principles and the mandatory requirements set out in ICMM Position Statements (taking into account the notes related to product design and mercury risk management below). Related page references are included above and all policies are hosted on www.angloamerican.com. We also have fully implemented the ICMM Assurance Protocol's 'Subject Matter 2', which relates to the identification of our risks and opportunities based on our own review of the business and the views and expectations of our stakeholders.

ICMM position statements

	Page reference
Mining and Protected areas	64–65
Mining and Indigenous Peoples	www.angloamerican.com
Implementing a global solution to managing a low emissions economy: Policy on Climate Change	60–63
Mercury Risk Management ⁽²⁾	–
Transparency of Mineral Revenues	28–29
Partnerships for Development	17, 24–35

⁽²⁾ Anglo American does not own any mines to produce mercury as a primary product, nor does it intend to.

Global Compact principles

	Page reference
Business should:	
Support and respect the protection of internationally proclaimed human rights	32–33
Ensure that they are not complicit in human right abuses	32–33
Uphold the freedom of association and the effective recognition of the right to collective bargaining	42
Eliminate all forms of forced and compulsory labour	42
Ensure effective abolition of child labour	42
Eliminate discrimination in respect of employment and occupation	42
Support a precautionary approach to environmental challenges	54–67
Undertake initiatives to promote greater environmental responsibility	54–67
Encourage the development diffusion of environmentally friendly technologies	54–67
Work against corruption in all its forms, including extortion and bribery	18–21
Other public commitments include:	
Extractive Industries Transparency Initiative; Voluntary Principles on Security and Human Rights	
Caring for Climate: the Business Leadership Platform; Millennium Development Goals Business Call to Action.	

Note:

Our Global Reporting Initiative (GRI) compliance scorecard and Global Compact Communication on Progress are hosted online www.angloamerican.com

COMMENTS OR QUERIES RELATED TO THIS REPORT

Hermien Botes

Internal and external reporting manager
hermien.botes@angloamerican.com

OTHER SUSTAINABLE DEVELOPMENT REPORTS PUBLISHED BY ANGLO AMERICAN GROUP BUSINESSES

Platinum

2012 Sustainable Development Report

Kumba Iron Ore

2012 Sustainable Development Review

Copper

2012 Sustainable Development and Financial Report

Nickel

2012 Sustainable Development Report

Thermal Coal

2012 Sustainable Development Report

De Beers

2012 Report to Society

Reports will be published on the Anglo American website when available.

www.angloamerican.com

Anglo American is recognised by the following organisations:



Designed and produced
by Salterbaxter.

Content developed in association
with Incite Sustainability.

This document is printed
on Amadeus 50 Silk and
Amadeus 50 Offset which has
been independently certified
according to the rules of the
Forest Stewardship Council®
(FSC). All the paper in this report
contains 50% recycled and 50%
virgin fibre. The recycled fibre is
bleached in a Process Chlorine
Free (PCF) process and the virgin
fibre is Elemental Chlorine Free
(ECF) bleached.

Printed in the UK by Pureprint
using its alcofree® and pureprint®
environmental printing technology,
and vegetable inks were used
throughout. Pureprint is a
CarbonNeutral® company.

Both manufacturing paper mill
and the printer are registered to
the Environmental Management
System ISO 14001 and are Forest
Stewardship Council® (FSC)
chain-of-custody certified.



Anglo American plc

20 Carlton House Terrace
London
SW1Y 5AN
England

Tel +44 (0)20 7968 8888
Fax +44 (0)20 7968 8500
Registered number 3564138

www.angloamerican.com

