

「 FOCUSED
ON DELIVERY 」





BUILDING A DIVERSE WORKFORCE

Anglo American embraces all forms of diversity. In addition to encouraging cultural, ethnic and other forms of diversity, we recognise the unique and critical role that women play in the mining industry, especially in the socio-economic environments that surround our mining operations.

GENDER DIVERSITY DELIVERS A COMPETITIVE EDGE

Expanding employment opportunities for women at all levels is a strong focus for us. Anglo American has one of the highest proportions of female employees in the industry and we believe it gives us a competitive advantage.

At our El Soldado copper operation in Chile, for example, we have increased the mine's female contingent from 2% (primarily in administrative positions) in 2006 to 6% in 2013 (including 10% of truck drivers, compared to the industry average of around 2%). At year-end, around 80% of the female workforce came from the local area.

In addition to getting more women into entry-level positions, the mine has boosted the proportion of women supervisors from 4% to 13% and is attracting a growing number of young women to its apprenticeship programme.

Cover image

Safety technician Gleice Moreira and welder Bruna Santos at Açú port in Brazil, from where Minas Rio's iron ore will be exported.

This page

Haul truck operator Viviana Valencia beginning her shift at El Soldado copper mine in Chile.

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Anglo American is a mining company which believes that, together, we can create sustainable value for all our stakeholders.

ABOUT THIS REPORT

This, our 13th sustainable development report, provides a review of our performance for 2013. It is aimed at employees, local communities, NGOs, investors, customers, business partners and governments who have an interest in how Anglo American addresses its most material sustainability risks and opportunities – those that could affect the achievement of our business strategy and that are of significant interest to our stakeholders. The process for identifying these issues is described on page 11.

The report covers companies, subsidiaries and joint ventures over which Anglo American has management control. It does not include independently managed operations such as Cerrejón and Samancor. De Beers, which became part of the Anglo American Group in August 2012, is included for managed as well as independently managed businesses. In November 2012, we ceased reporting on our Loma de Níquel operation following the lapsing of our mining licence there.

In December 2012, Scaw Metals was divested, and Tarmac Middle East and Tarmac Quarry Materials became independently managed. We sold our interest in the Amapá iron ore system in November 2013.

We report in line with the requirements of the Global Reporting Initiative (GRI). The 2013 report is our first step towards alignment with the 'core' option of the G4 Guidelines, released in 2013. While PricewaterhouseCoopers (PwC) in previous years has assured Anglo American's compliance with the G3 Guidelines, the focus in 2013 was on reviewing the report against the new G4 requirements to benchmark for management purposes only. PwC has provided assurance of key data in this report.

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 10 principles of the United Nations Global Compact.

LIVING OUR VALUES

As we set out to achieve our ambition of creating sustainable value that makes a real difference, we will continue to honour the six values that have long guided the way 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 – and with very good reason. 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. And we're building trust through open, two-way communication every single day.



Integrity

This means taking an honest, fair, ethical and transparent approach in everything we do. It's not about being popular; it's 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

No one here is on their own. 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. By actively developing new solutions, encouraging new ways of thinking and finding new ways of working, we are dramatically improving our business.

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Other sources of information

More information about sustainability at Anglo American, including our GRI indicator list and Carbon Disclosure Report, can be found here:

www.angloamerican.com

- Anglo American newsfeeds
- /AngloAmerican
- @AngloAmerican
- /AngloAmerican
- /AngloAmerican
- /AngloAmerican
- /company/Anglo-American

FOCUSED ON SUSTAINABLE DEVELOPMENT

As growth returns to the world economy, putting renewed pressure on mining's ability to supply the commodities that an expanding world population needs, the industry must ensure that there is no let-up in pursuing its sustainable development objectives.



Sir John Parker

As global economic recovery starts from its long and deep downturn, expectations are heightening as to what big business can, and should, be contributing to the wider society. Looking at the mining industry, we need to ask ourselves what strategies we need to put in place for the long term so that, even as we make a greater physical and socio-economic impact by expanding existing mines and opening new ones, we mine and process natural resources in a sustainable, equitable and responsible way.

We are looking afresh at the ways in which we feel we should relate to society... evolving a different, and more strategic, model of engagement.

HIGH-LEVEL PROGRESS

During 2013, the mining industry made progress in a number of important areas, with Anglo American continuing to play an influential role. The Extractives Industry Transparency Initiative, which is leading the drive to promote greater accountability and transparency in the mining sector, took a big step forward in becoming more inclusive as several first-world governments became signatories. The International Council on Mining and Metals (chaired by Mark Cutifani) announced a significant strengthening of its commitment to Indigenous Peoples and, in early 2014, launched its Materials Stewardship Toolkit. The Initiative for Responsible Mining Assurance is planning to begin certifying mine sites in 2015 so that companies can support the mining of metals and minerals in a way that is consistent with healthy communities and environments, with the aim of leaving a positive legacy for the long term. Anglo American continues to support the 10 principles of the United Nations Global Compact.

FOCUSED ON DELIVERY

The 2014 Edelman Trust Barometer shows the widest-ever gap between business and government. As trust in governments has declined, and increased in business, the spotlight is increasingly on the private sector not only to partner with government, but to do more – such as in basic services through empowering municipalities to provide better service delivery.

Building on our own renowned Socio-Economic Assessment Toolbox (SEAT), Anglo American is engaged in public-private partnerships with the Development Bank of Southern Africa (DBSA) and Agenda Pública for local and capacity building in South Africa and Brazil, respectively. Through our internationally recognised enterprise development model, and our programmes to support localised procurement and supplier development, we are also leveraging our core business to create sustainable upliftment. During the year, Zimele launched the Sebenza Fund, in partnership with the DBSA. The fund aims to create 30 new business hubs and 8,000 new jobs; a new enterprise-development fund has also been launched recently in Brazil.

In South Africa, with its tradition of male mine hostels, providing suitable accommodation for our employees and their families is a key point of focus. I am pleased to be able to report that in our Platinum, Kumba Iron Ore and Thermal Coal businesses we are making substantial progress, with more than 700 houses constructed at Kumba's new Kolomela mine alone.

NEW CHIEF EXECUTIVE

In seeking a new chief executive at Anglo American, the Board looked for someone who not only had leading mining experience, but who also had a very clear idea of how our Group should be working in partnership with its many stakeholders in order to deliver lasting benefits to the communities around our operations and to the wider world. Mark Cutifani has a very keen appreciation that the successful businesses of the future will be those that are most closely aligned to society's real needs. He was the Board's unanimous choice for several reasons: the operations he has headed have all improved their safety record and he is strongly committed to achieving zero harm across our own business; he has a reputation as being an 'honest engager' who knows how important it is to be constantly endeavouring to improve our engagement with stakeholders; and he is a leading participant in initiatives such as the Kellogg Innovation Network's Mining Company of the Future, and in the mining industry's engagement with faith groups to collaboratively review mining issues and forge greater understanding.



Image

In October, Sir John Parker attended the opening ceremony at the Venetia mine underground project, De Beers' biggest investment in South Africa to date.

BOARD DEVELOPMENTS

At the AGM in April 2013, Jack Thompson took over from Peter Woicke as chairman of Anglo American's Safety and Sustainable Development (S&SD) Committee of the Board. Peter made a great contribution to our sustainable development agenda, and we are fortunate to have Jack, who has a lifetime of experience in the mining industry, as his successor. Jack is deeply committed to safety and to the care of the environment, and has a strong sense of what business's social responsibilities should be.

During the year the S&SD Committee focused its attention on improving the Group's sustainability performance, its wide-ranging remit encompassing the company's performance in addressing safety, operational risk, occupational health, community health, climate change, energy and water usage, and social performance issues.

LOOKING TO THE FUTURE

At Anglo American, we are looking afresh at the ways in which we feel we should relate to society. Consequently, we are evolving a different, and more strategic, model of engagement that is aligned to our new *Driving Value* change programme, which is designed to substantially improve the company's overall performance over the next two to three years and place it on a more sustainable footing for the future.

The programme seeks to capture both operational and societal value through being best in class in terms of sustainability performance. Importantly, we believe our approach will improve operational efficiency, limit unplanned work, give Anglo American preferential access to resources and grow revenue. In parallel with these immediate priorities, we have started to engage with thought leaders from different sectors to conceptualise what fundamental change in the industry could look like in the longer term, and how we might collaborate with others to get there.

Getting these things right will be a vital component in realising the value of continuously improving our sustainability expertise, helping to deliver tangible benefits to all Anglo American's stakeholders.

Sir John Parker
Chairman

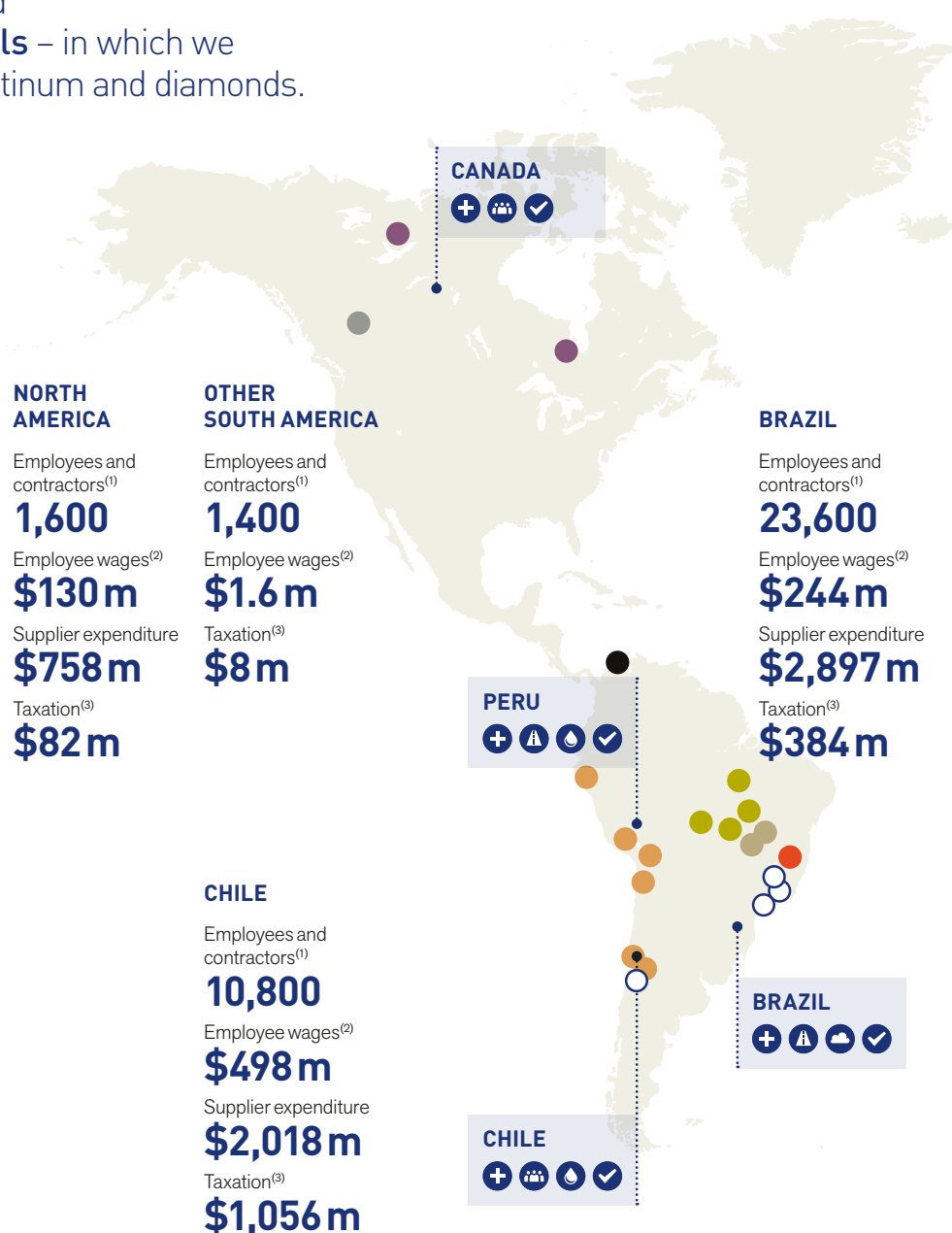
OUR BUSINESS AROUND THE WORLD

Anglo American's portfolio of mining businesses meets our stakeholders' changing needs and spans:

- bulk commodities** – iron ore and manganese, metallurgical coal and thermal coal;
- base metals and minerals** – copper, nickel, niobium and phosphates; and
- precious metals and minerals** – in which we are a global leader in both platinum and diamonds.

MATERIAL ISSUES

-  Workforce health and safety
-  Human rights
-  Workforce management
-  Socio-economic development
-  Water
-  Climate change
-  Permitting and licence to operate
-  Social and political stability



⁽¹⁾ Average number of employees and contractors excluding employees and contractors from non-managed operations.

⁽²⁾ Employee wages include amounts paid through the payroll to full-time and part-time employees. The figure excludes contractors.

⁽³⁾ Taxes paid relates to payments to government, borne and collected by Anglo American-managed entities, and are included in various places within the consolidated income statement in the Annual Report.



FOCUSED ON DELIVERY

CHIEF EXECUTIVE'S STATEMENT

Successful businesses are highly attuned to the needs of society – and have developed sustainable business models in order to deliver value for stakeholders today, while working together with them to shape a better future.



Mark Cutifani

STAYING AT THE FOREFRONT OF THE SUSTAINABLE DEVELOPMENT AGENDA

Anglo American has long had a reputation for being a sustainability leader – this was one of the things which drew me to the Company. In my first year as chief executive, I've seen this leadership in action in many parts of the organisation and I'm excited about how we are going to build on these strong foundations.

Major mining companies can and should be considered development partners while at the same time continuing to be successful businesses. My ambition is for all our host communities, and our wider stakeholder base, to feel their lives are better for Anglo American's presence.

To achieve this, we must deliver returns to our shareholders, an attractive place to work for our employees and shared benefits for the countries and communities in which we operate now or where we plan to operate in the future.

FOCUSED ON DELIVERING VALUE

Today, businesses that operate sustainably are likely to prosper. For Anglo American it means meeting our commitments to stakeholders and seeking to operate to the highest possible standards of safety, health, environmental and community development practices.

We recognise that at every one of our operations, sustainability has to be at the heart of how we run our business. We plan ahead, supporting enterprise

development, training young people, investing in health services or helping the establishment of new industries so that communities are able to stand on their own feet long after the mine gates finally close. This requires robust systems and processes, as well as effective monitoring and measurement to ensure we are delivering on our targets. In this, my first Sustainable Development Report for Anglo American, I hope we have demonstrated that we are making progress against such targets – though we know, too, that we must always strive for continuous improvement.

Safety is always our number one priority. Therefore, I am saddened to report 14 fatalities in 2013, compared to 13 in 2012. Our sincere condolences go out to the families of the deceased. Four of the reported deaths occurred in March at the Amapá iron ore operation in Brazil as a result of a geotechnical event at Santana port. A further two colleagues remain unaccounted for, despite extensive search-and-rescue efforts. In 2013, our lost-time and total injury rates improved to their lowest-ever levels, in the main because of progress at Platinum and Metallurgical Coal and the inclusion of De Beers' figures for the full year. However, we must do better still. By focusing on planning, leadership, risk management, incident management and front-line supervision, we can achieve our ultimate goal of zero harm.

EXCEEDING TARGETS

We are currently ahead of plan in achieving our 2020 target for reduction in water use and have identified further opportunities for savings. More than 70% of our mines are in water-stressed areas. We see an opportunity to play a leadership role through partnerships and increasing the shared benefits of our water-related mining activities and infrastructure development.

We are also on track to meet our greenhouse gas emissions targets, and have saved \$180 million in energy and water costs. Our vision is to run high-efficiency, low-carbon or carbon-neutral mines by 2030. This will reduce our exposure to a number of risks, including potentially significant costs from carbon pricing.

The way we address such issues is fundamental to achieving our strategic goals. The leadership team is acutely aware that responsible environmental practices around water quality, land management, biodiversity, air quality and waste are critical to the long-term viability of our operations.

People are central to our business. We, therefore, place significant effort into building strong labour relations. However, labour stability remains a challenge in our Platinum business. We are working hard to minimise negative impacts on our workforce and the local community following the recent restructuring to create a sustainable, competitive and profitable business for the long term.

01 In his first year as chief executive, Mark Cutifani visited all of Anglo American's major mines and projects, including (featured) the Quellaveco copper project in Peru.



02 During his visit to Kumba Iron Ore's Sishen mine, in South Africa, Mark discusses the details of production planning.

03 In May, Mark held talks with Kofi Annan at Anglo American's London headquarters.



We are recognised as pioneers and global leaders for our HIV/AIDS and TB workplace programmes in South Africa. We also led the industry in supporting the Global Fund for the prevention of HIV, TB and Malaria, and the Global Alliance for Vaccines and Immunisations.

DEVELOPING A WAY FORWARD

As custodians of much of the world's mineral resources, the mining industry has a responsibility to ensure that the benefits of mining can be seen and felt wherever we have operations. This can only be achieved by our working together with governments at all levels, and host communities, to identify and prioritise issues to be addressed – and by allocating resources to tackle them in an equitable manner.

03 The purpose of mining is to deliver the minerals and metals the world needs for its continuing development. Our objective as a company is to do so in such a way that we make a real and positive difference for people today, and in years to come.

Mark Cutifani
Chief Executive

At every one of our sites sustainability has to be at the heart of our operating practices.

BEST IN CLASS

Our approach to socio-economic development is widely recognised as being best in class, with best-practice programmes in enterprise development, local procurement, local capacity building, education and training, and community social investment. In 2013, community development projects delivered benefits to nearly 2.7 million community members and our activities improved the livelihoods of some 260,000 people. These include the roll-out of new enterprise development programmes in Botswana and Brazil, and our partnership with the Development Bank of Southern Africa on municipal capacity development in South Africa.

OUR WORLD, OUR ROLE

The story of mining, and of Anglo American, is about people and how we live every day. The smartphone that wakes you, the coffee machine you've just switched on, your journey to work – none of those could happen without the products from mining.

MINING TODAY AND TOMORROW

Today, there are seven billion people in the world, most with the hope of enjoying a lifestyle that those in the developed world take for granted. And by 2025 there will be another billion, with more of us choosing to live in cities than ever before. It is clear that our need for the products from mining will continue to grow well into the future. Mining not only enables the modern world to function and develop, it enables innovation, with minerals and metals the starting point for a variety of vital industries – from chemicals and electronics,

to fertilisers and pharmaceuticals. Every day we learn of more uses for metals and minerals in our daily lives.

Yet we cannot take the earth's minerals for granted. The supply is finite and it is becoming more difficult and more costly to access these essential commodities. Mining companies, and their shareholders, invest billions of dollars to find, develop and deliver the materials that help our economies grow.

At Anglo American we are proud of having done this for almost a century. We mine a range of diverse commodities, because each is needed in different ways by people in countries around the globe. For example, we mine iron ore and metallurgical coal, both of which are used to make steel – a product essential for the creation of emerging urban environments. We mine copper – a key component in the electrical and electronics revolution. We mine phosphates – delivering fertiliser products that help farmers maximise the crops they grow. The precious metals we mine are required in car catalytic converters and help improve the quality of the air we breathe.



158,900

EMPLOYEES AND
CONTRACTORS
AROUND THE WORLD



\$24.1bn

CONTRIBUTION
TO SOCIETY



\$1.6 bn

SPENT WITH SUPPLIERS
BASED IN THE
COMMUNITIES CLOSE
TO OUR OPERATIONS



School

CLINIC

INVESTING IN PEOPLE

External training spend
across Anglo American
in 2013.

\$104 m

PROTECTING THE ENVIRONMENT

Proportion of all water
used at Anglo American's
operations that is recycled.

67%

BUILDING COMMUNITIES

New homes built in 2013
for employees at Kumba's
Kolomela mine.

718

We mine a range of diverse commodities, because each is needed in different ways by people in countries around the globe.

We believe that by mining such a wide range of metals and minerals we spread our risk, increase the opportunities available to us, and can transfer experience and best practice across commodities and geographies.

But mining is not just about delivering products to customers. Mining creates jobs and helps communities develop new skills and improve education; it builds infrastructure such as electricity, piped water, telecommunications and roads; mining can also bring improved healthcare and environmental stewardship; and mining brings innovation and development.

We use our scale and reach to ensure a fairer distribution of the opportunities mining brings. For example, in 2013, almost 80% of the \$24.1 billion Anglo American spent on suppliers, employees, and in taxes and royalties to governments, was spent in developing countries, with the positive economic effects extending well beyond those direct impacts.

We believe that to be a force for good in a changing world, we must maximise our contribution to sustainable development globally and act to the benefit of our host communities, both during and beyond the lives of our operations.

We have to work hard to make a positive and welcome impact in the communities and ecosystems around our mines. We work with our host communities to help improve healthcare, education, and skills development; protect scarce resources like land and water; and we use our supply chain to develop local economies.

We will continue to explore and invest in new technologies to ensure more efficient operations, to reduce our impact on the environment and realise greater value for our customers and shareholders.

Most importantly, we will endeavour to work in partnership with our key stakeholders in seeking the best way to deliver the resources the world needs.



66

INDIVIDUAL MINERALS THAT CONTRIBUTE TO A TYPICAL COMPUTER



335

TONNES OF STEEL, 4.7 TONNES OF COPPER, 3 TONNES OF ALUMINIUM IN A SINGLE WIND TURBINE



2.6 bn units

WORLDWIDE MOBILE DEVICE SHIPMENTS WILL REACH 2.6 BILLION UNITS BY 2016



1.5 km

THE AVERAGE CAR CONTAINS 1.5 KILOMETRES OF COPPER WIRE



CREATING SHARED VALUE

Percentage of government revenues in low- to middle-income economies generated by mining.

3–20%

INNOVATING NEW TECHNOLOGY

The target date for most major automakers for first commercial sales of their fuel-cell vehicles. Most fuel cells contain platinum catalysts.

2015

BUILDING PARTNERSHIPS

Jobs created or maintained through our enterprise development initiatives.

76,500

DEFINING THE ISSUE

Sustainable development in the mining industry is shaped by characteristics that are unique to the sector. Unlike many other sectors that can choose where their facilities are sited, mining is limited by where mineral reserves are discovered. Those that are easy to exploit may already have been largely found and mined, with the result that mining in the future is being steered towards reserves and/or locations that are considerably more challenging.

Our approach to sustainable development is shaped by the concept of mutual benefit.

MINING AND SUSTAINABLE DEVELOPMENT

Mineral resources are finite and owned by host countries, which presents a particular responsibility to ensure that the benefits of mining flow through to host communities and governments in an equitable way. Governments understandably seek to gain the full benefit of their mineral patrimony by continuing to pursue a greater share of the benefits derived from mining and mineral processing, while communities neighbouring mining operations have similar expectations.

Relationships between mining companies and governments, communities and employees are shaped by the long-term, though finite, nature of mining. Immediate needs and expectations have to be balanced with those of future generations and governments, while taking into account mine-closure challenges from both environmental and socio-economic perspectives.

Mining has a high initial environmental impact. Even mines that are managed in an environmentally responsible manner cause an inevitable disruption to land. Given current technology, achieving a net-positive impact on the environment remains a challenge.

The industry is exposed to labour-relations risks. Despite a general move towards mechanisation, much of the sector, particularly in deep-level underground mining, remains labour-intensive. The labour-intensive nature of mining, combined with physical hazards inherent to the industry, presents risk to human health and safety.

The sustainability risks and opportunities associated with mining are highly tangible. Historically, some of these issues have not been managed effectively by the industry. For some stakeholders, a negative perception of mining endures. As a result, mining is highly regulated by governments – often transcending multiple regulatory agencies and departments – and a keen subject of interest for society.

Socially responsible investors have a special interest in mining because of the direct relationship between sustainability issues and mining's long-term profitability.

WORKING TOWARDS MUTUAL BENEFIT

Excellence in sustainability is critical to Anglo American's ability to generate operational value and to obtain and maintain our licence to operate. Our approach to sustainable development is shaped by the concept of mutual benefit. Without the support of key stakeholder groups, we cannot operate, as they supply the foundations for mining: capital, labour and access to natural and mineral resources.

- Keeping our workforce safe and healthy delivers improved productivity, while operational efficiencies are achieved through optimal resource use and recycling.
- Preventing the occurrence of environmental, health, safety and social harm, as well as ensuring compliance with legislation, results in a reduction in costly operational stoppages and project delays.
- We believe that delivering positive benefits for local stakeholders, such as enterprise development, infrastructure and skills development, will make us the partner of choice for governments.
- Finally, we have an opportunity to generate new revenue streams through novel business ventures linked to sustainability, such as the development of environmentally friendly technologies associated with our minerals (for example, as platinum fuel cells), and to become the preferred supplier for customers.

OUR MATERIAL ISSUES

During 2013, we piloted a more robust approach to understanding the material issues faced by the Company. We did this through collating the results of our regular engagements with, among others, governments, communities and investors, and by conducting selected surveys to establish their main concerns.

The results of our research, which included the most material issues identified in the Group Sustainability Risk Report, were reviewed by a panel of independent experts from across key regions and sustainability fields, and by selected Anglo American personnel. The panel offered external perspectives on our strategy, understanding of risks and opportunities, and related performance. The discussion contributed to 'social and political stability' being included as a material issue.

Within each of our material issues, we see tremendous opportunity. The metals we mine are increasingly used in innovative environmental technologies; communities without access to water and sanitation can benefit from our mine infrastructure; while the land under our management has yet to be used to its fullest potential. The location of many Anglo American operations in underdeveloped regions presents both challenges and opportunities to use our project-management, technical and development skills, and collaborative approach, to support local socio-economic development.

⊕ Workforce health and safety

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

 For more information
See pages 30–37

👤 Human rights

Several aspects of our business can have an effect on human rights – including the health and safety of our workforce, land acquisition, access to water, security provision and engagement with Indigenous Peoples. This presents a responsibility for us to understand and prevent negative impacts associated with our activities.

 For more information
See pages 48–49

👥 Workforce management

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

 For more information
See pages 26–29

🏠 Socio-economic development

86% of our operations are hosted in the developing world, where we have a particular role to play in improving the socio-economic conditions around our mines, and within national economies. Extending the positive benefits of mining, such as the development of infrastructure, to host governments and communities supports our licence to operate, promotes social stability and builds resilience within communities to prosper beyond mine closure.

 For more information
See pages 40–53

💧 Water

Water is a critical resource for our business; it is also a high risk given that more than 70% of our mines are in water-stressed areas. To maintain our licence to operate, we have to manage water quality and efficiency effectively and cannot compromise the water rights of other users. We can also play a leadership role in our water catchments through partnerships and by increasing the shared benefits of our water-related infrastructure development.

 For more information
See pages 58–61

🌡️ Climate change

Climate change presents a significant global challenge. Risks to Anglo American include increasing costs associated with energy and carbon pricing; changing demand for our products, including thermal coal; and increased risks associated with the physical impacts of climate change on our operations and neighbouring communities. However, there are opportunities for the use of mining products in low-carbon applications (such as platinum in fuel cells).

 For more information
See pages 62–65

✅ 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 throughout this report

🌐 Social and political stability

In some of our current operating regions, social and political instability has compromised the safety of our employees, our assets and our financial sustainability. Given that future reserves are likely to be mined in environmentally and socially complex environments, we expect our ability to navigate social and political instability to be an increasingly important enabler for success.

 For more information
See pages 40–53

DELIVERING VALUE FOR ALL OUR STAKEHOLDERS

At Anglo American, we recognise that we must continually adapt and improve if we are to achieve our ambition to become the investment of choice, the partner of choice and the employer of choice.

We are clear about our purpose: 'Together, we create sustainable value that makes a real difference' and this means we need to deliver our promised returns to shareholders, as well as work with our stakeholders to find mutually beneficial solutions to our shared challenges. Our strategy to achieve this hinges on three key elements: our portfolio; our people; and, ultimately, our performance.

Our shareholders own the business and are entitled to attractive returns, reflecting the risk they take in funding the business.

Our employees are the business and must be treated with care and respect and compensated fairly for their work.

Our stakeholders are partners in the business and are entitled to fair compensation for their contributions to business success.

Although we don't have all the answers, we can start the conversation about what better mining looks like from both a shareholder and a stakeholder perspective.



OUR STRATEGY FOR A SUSTAINABLE FUTURE

To turn a stakeholder into a business partner, we need to demonstrate that we can be trusted to do the right things all the time.

Sustainability has been integrated throughout our strategy, which is built around three core elements: our portfolio, our people and our performance.

PORTFOLIO

- Allocating capital in a disciplined manner that maximises long-term value and balances capital investment with shareholder returns and broader societal impacts.
- Investing in competitively positioned, low-cost mining and processing assets, and being flexible in our investment and ownership approach for each asset.
- Managing a diversified group of assets across commodities, geographies and sizes, and overseeing a healthy project pipeline that balances greenfield/brownfield options and stages of development.
- Discovering, developing and delivering projects in a systematic and responsible way, supported by clear and consistent evaluation processes, and stakeholder engagement.
- Monitoring assets and projects continuously against our long-term investment criteria (including sustainability issues), and taking decisive action when required.

PEOPLE

- Creating and maintaining an organisation that ensures we have the right people in the right roles, doing the right work.
- Organising in a way that facilitates operational excellence, technical innovation and cross-business-unit-synergies.
- Attracting, motivating, developing and retaining top talent who demonstrate our values, and are passionate about making a difference to our Company and communities.
- Treating people with dignity and respect, and ensuring safe, responsible operating conditions where diversity and inclusiveness are valued.
- Developing strong and mutually beneficial relationships with governments, regulators, communities and business partners.

PERFORMANCE

- Setting clear expectations to align organisational performance with long-term value creation both for our shareholders and the communities in which we operate.
- Planning in an integrated way to ensure appropriate resources are in place to meet our targets, identify opportunities and deliver long-term value.
- Operating in a way that upholds our values, meets our targets and objectives, and supports the needs of our stakeholders.
- Analysing and improving performance through continuous monitoring and feedback.

OUR SUSTAINABILITY ROADMAP

Our sustainability journey is divided into two mutually supportive, and concurrent, phases.

PHASE ONE

2013–2016

We aim to achieve a step change in our performance in the short term by embedding our existing standards consistently throughout the business, and by focusing on specific initiatives in four strategic themes.

Please see over page to see how we are delivering now.

PHASE TWO

2013–2025 and beyond

Our longer-term ambition is to lead fundamental change in the mining industry. We are currently engaging with thought leaders to envision, without constraints, what mining could look like in the future as it relates to technology, mine design, stakeholder engagement, the environment and community benefit. The implementation of phase two will involve collaboration with governments, NGOs and our peers in business.

DELIVERING NOW

PHASE ONE: ACHIEVING A STEP CHANGE

By 2016, our goal is to establish ourselves as a trusted partner with our key stakeholders.

We aim to achieve this by:

- consistently applying our standards throughout the Group to achieve zero harm at our workplace and within communities, and consistently operating within agreed environmental management parameters
- moving beyond zero harm and delivering positive benefits, associated with our core business, to communities
- forging strong relationships and partnerships with our stakeholders

We have identified four strategic imperatives for the short term. These are:

- 1 Effectiveness and efficiency
- 2 Governance
- 3 Safety, health, environment and people
- 4 Socio-economic development.

Within these four areas, there are a number of initiatives that are a particular focus for us. Examples include operational risk management, integrated incident management, environmental legacy issues, eliminating exposure to occupational health hazards, human rights standards and integrated development planning.

OUR APPROACH ACROSS OUR VALUE CHAIN

Our ability to execute and repeat leading practices in managing sustainability is a major value driver for our business and stakeholders. Our first step is effective and consistent implementation of our existing high standards.

EFFECTIVENESS AND EFFICIENCY:

The aim is to further integrate processes and projects that address key sustainability issues into the way we do business. Our focus is on embedding existing processes such as operational risk management and incident management throughout the Group, and on delivering resource efficiencies through water, energy and carbon management.

GOVERNANCE:

Governance is focused on ensuring that the right sustainability structures, processes, standards and people are in place across the organisation. This includes formulating clear positions on key sustainability issues such as transparency, human rights and our developmental footprint.

OUR IMPACTS

We want to go further than zero harm by delivering positive benefits associated with mining for local stakeholders.

SAFETY, HEALTH, ENVIRONMENT AND PEOPLE:

We strive to ensure that we do no harm to our workforce or communities and minimise our impact on the environment. Our emphasis is on embedding core programmes related to safety, health and environmental management, as well as on tackling community health, environmental legacy issues and the life-cycle stewardship of our materials and products.

SOCIO-ECONOMIC DEVELOPMENT:

Socio-economic development aims to spread the benefits of mining by drawing on our resources and expertise for greater societal benefit. Our new integrated approach leverages our core business to support long-term development through local employment, local procurement, capacity building, enterprise development, delivering infrastructure and corporate social investment.

FIND

Our exploration teams discover mineral deposits in a safe and responsible way to replenish the mineral resources 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.

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

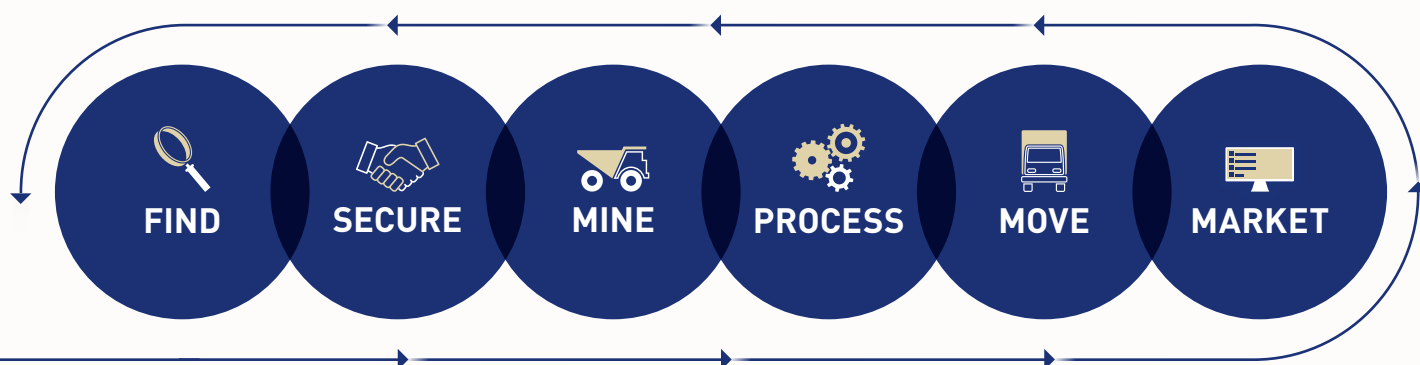
We generate extra value by processing and refining many of our commodities.

MOVE

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

MARKET

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



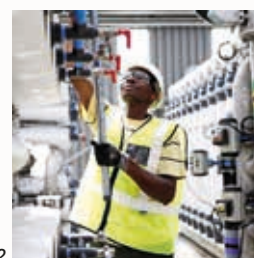
SEEING RESULTS AND BENEFITS

01 Our Platinum business is supporting this farm near its Mogalakwena mine in South Africa, where people are trained in permaculture.

02 This nursery, specialising in medicinal plants, lies in Chile's Ocoa V Región and is supported by our Emerge enterprise development programme.

03 At the eMalahleni water-reclamation plant on South Africa's Witbank coalfield, adjustments are made to the reverse osmosis filters. The plant is due to double its capacity later this year.

04 At Matimba village in South Africa's Mpumalanga province, Anglo American co-sponsors this science education centre.



MEASURING OUR PERFORMANCE

We report on all of our Pillars of Value in the Anglo American plc annual report and accounts

PILLARS OF VALUE

Safety and Health

Do no harm to our workforce.

For more information
See pages 30–37

KPIs

Work-related fatal injuries⁽¹⁾

A fatality is a loss of life resulting from a work-related injury, during a controlled activity, at a managed operation/activity.

Total-recordable case frequency rate (TRCFR)

The TRCFR is a rate, per 200,000 hours worked, of the sum of fatal-injuries, lost-time injuries and medical treatment cases.

Lost-time injury frequency rate (LTIFR)

The LTIFR is a rate, per 200,000 hours worked, of employee and contractor lost-time injuries due to all causes.

New cases of occupational disease (NCOD)

Number of new cases of occupational disease diagnosed among employees during the reporting period.

⁽¹⁾ Losses of life resulting from criminal activity on site, or work-related travel on a public road, are not included in the calculation of safety frequency rates.

HIV voluntary counselling and testing (VCT)

Number of employees who have participated in VCT during the reporting period.

Percentage participation in HIV wellness programmes

Number of employees who are HIV-positive who are actively managing their status by being enrolled and participating in the HIV wellness programme.

OHSA 18001 certification

The percentage of sites with OHSA 18001 management system certification.

Environment

Minimise harm to the environment.

For more information
See pages 56–69

Energy consumption

The sum of energy from electricity purchased, energy from fossil fuels consumed and energy from renewable fuels.

Greenhouse gas emissions

The sum of carbon dioxide-equivalent emissions (CO₂e) from electricity purchased, fossil fuels, renewable fuels, processes, methane flared and methane from coal mining.

Total water consumed

The sum of water used for primary activities and water used for non-primary activities.

ISO 14001 certification

The percentage of sites with ISO 14001 management system certification.

Environmental incidents (Levels 3–5)

Environmental incidents with a medium (Level 3) to high (Level 5) environmental impact.

Socio-political

To partner in the benefits of mining with local communities and governments.

For more information
See pages 40–53

Businesses supported through enterprise development initiatives

The number of small and medium enterprises (SMEs) supported via the Zimele and Emerge enterprise development initiatives in South Africa and Chile.

Beneficiaries of community development projects

The number includes beneficiaries of projects related to education, capacity development, the environment, health, enterprise development, disaster and emergency relief, housing, sport, arts and heritage, and water and sanitation.

Jobs supported through enterprise development initiatives

The number of jobs supported via the Zimele and Emerge enterprise development initiatives in South Africa and Chile. Figure includes existing and new jobs.

Local procurement

Expenditure with suppliers based in and around host communities.

Black economic empowerment procurement

Proportion of supplier expenditure with businesses owned by historically disadvantaged South Africans. Goods and services procured from the public sector and public enterprises are excluded.

People

To resource the organisation with an engaged, productive workforce.

For more information
See pages 26–29

Gender diversity

Percentage of women, and female managers, employed by the Group.

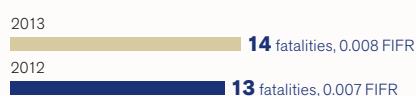
Voluntary labour turnover

Number of permanent employee resignations as a percentage of total permanent employees.

RESULTS AND TARGETS

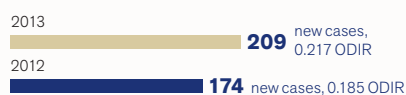
Work-related fatal injuries

Target: Zero fatal incidents



NCOD

Target: The ultimate goal is zero harm



Participation in HIV-wellness programmes (%)

Target: 75% of HIV-positive employees in southern Africa



TRCFR

Target: 10% year-on-year reduction



VCT

Target: More than 80% of employees in southern Africa



OHSAS 18001 certification

Target: 100% of operations within two years of acquisition/commissioning



LTIFR

Target: 10% year-on-year reduction



Energy consumption

Million gigajoules (GJ)
Target: 7% against projected use in 2015

ISO 14001 certification (%)

Target: 100% of operations within two years of acquisition/commissioning

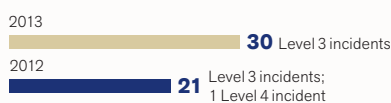


GHG emissions

Million tonnes of CO₂ equivalent (CO₂e) emissions
Target: 19% against projected use in 2015

Environmental incidents (Levels 3–5)

Target: Improve reporting of incidents



Total water consumed

Million m³
Target: 14% against projected use in 2020

Businesses supported by enterprise development initiatives

Total since 2008



Localised procurement

Target: 12.5% of available expenditure



Jobs supported by enterprise development initiatives

Total since 2008



Black economic empowerment procurement



Beneficiaries of community development projects



Voluntary labour turnover

Gender diversity
Managers who are femaleGender diversity
Women as a percentage of total workforce

WORKING IN PARTNERSHIP

Continuously improving and maintaining positive relationships with stakeholders is one of our principal priorities and challenges. In the first instance, this means understanding, and being responsive to, the interests and concerns of our stakeholders.

BUILDING RELATIONSHIPS WITH STAKEHOLDERS

In the table opposite we identify our main stakeholder groups, outline our approach to listening to, and engaging with, each of these groups, and describe the principal issues raised. In addition to these various channels of engagement, we have a standardised process and system 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, there are a number of priority concerns that came to the fore again in 2013:

- the nature of the relationship between mining companies, government and labour organisations in South Africa following the labour disputes and related unrest there, continues to be an important stakeholder concern
- specific concerns regarding the platinum mining industry and our exposure to this sector. Our Platinum business's approach to addressing these concerns is discussed in detail in the 2013 Anglo American Platinum Integrated Annual Report, while a case study on Platinum's approach to mitigating negative social impacts associated with the business's restructuring is available on page 24
- specific challenges relating to the delivery of the Minas-Rio iron ore project in Brazil, particularly in the lead-up to the 'first ore on ship' deadline at the end of 2014
- changing regulatory and societal expectations regarding the roles and responsibilities of business.

ENGAGING WITH GOVERNMENTS ON PUBLIC POLICY

Effective, constructive and open engagement with governments at all levels, as well as multilateral institutions, is essential to unlocking value. We believe we have a responsibility to understand the expectations of governments and to be clear about what we as a company need to be successful. In turn, we believe governments have a responsibility to listen, engage and create an environment in which our industry can make a positive long-term difference. In putting this into practice, we use a variety of

engagement methods, including directly, through third parties such as the media, or as part of industry associations, most notably the International Council on Mining and Metals. As a business, we also 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. We approach these discussions seeking, wherever possible, to establish a joint policy agenda while explaining our commercial interests, sharing our knowledge and expertise and listening carefully to other perspectives on our activities and operations. We take a proactive approach to engaging with governments on transparency issues across the breadth of our functions, including taxation, the environment, and norms and practices for increased disclosure and participation in public contracting (open contracting).

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

During 2013, the following were judged to be the significant public policy issues in which we engaged at a corporate level:

Regulation

We work with government stakeholders to ensure that regulatory/legislative developments are balanced and promote transparency, consistency and stability, and thereby support long-term investment and competitiveness in the international marketplace. Particular areas where we have been engaged include the implications for the industry of the Glaciers Protection legislation in Chile, helping to shape the debate around Mining Code Reform in Brazil, and providing input into the amendment process for the Mineral and Petroleum Resources Development Act in South Africa.

Environmental performance

Some of the main environmental issues we engaged on were securing the environmental operating licence to continue developing our Minas-Rio project in Brazil, potential carbon taxes in South Africa, and our response to lobbying against the development of a coal shipping route in the region of the Great Barrier Reef, where scientific evidence confirms that shipping does not pose a significant risk to the health of the reef.

Socio-economic development

During 2013, we proactively engaged with host governments and multilateral agencies to ensure that we are aligned in supporting their national development visions and objectives. To this end, we worked with PwC to develop and pilot metrics to value the national economic contributions of Anglo American in South Africa, and will be taking this work forward during 2014.

Permitting

Anglo American's ongoing licence to operate has continued to be an important area of engagement with government interlocutors. Effective government relations are essential in order to prevent misunderstanding or potential opposition to particular permits.

Responding to stakeholder interests

Stakeholder group	Engagement channels	Significant issues raised	More information
Employees	Ongoing dialogue between line managers and teams. Global themed engagement events (e.g. Global Safety Day). Surveys and employee presentations. Company social intranet.	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).	Pages 26–29
Trade unions	Ongoing dialogue through established industrial relations channels. Tripartite Health and Safety Initiative in South Africa.	Wages, working conditions and core labour rights. Proposed changes to our operations or practices. Shaft closures and rationale behind decisions. Safety, health and well-being practices.	Pages 26–29
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.	Compliance with mining licence and related requirements. Contribution to national and international developmental priorities, such as job creation, skills development, public health and (in South Africa) transformation. Taxation policy, including royalty and carbon taxes. Engagement on restructuring involving job losses. Wider sustainability and development agenda, including climate change.	Page 18
Communities	Socio-Economic Assessment Toolbox (SEAT) and other community engagement sessions run at 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, including housing. Environmental and health concerns. Transparency and engagement. Distribution of social investment. Tensions within and between community groups.	Pages 40–53
Shareholders, investors and analysts	Annual General Meeting. Individual meetings with investors. Investor 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.	Anglo American Annual Report
Suppliers and contractors	Supplier events focused on particular topics; for example, health and safety. Supplier relationship management programme with strategic suppliers. Local procurement and small business development initiatives. Engagement via the sustainable and responsible supplier 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.	Pages 20; 47; 50–52
NGOs, multinational organisations and civil society bodies	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.	Pages 40–53; 56–69
Customers	Business and industry forums. Direct personal engagements.	Delivery of product on agreed terms. Evidence of environmentally and socially responsible performance and risk management.	
Business peers	Engagement through business bodies and initiatives.	Collaborating with peers, via industry forums such as the International Council on Mining and Metals, on sustainability issues and policy positions. General knowledge-sharing on our approach to managing material sustainability issues.	

EMBEDDING SUSTAINABLE DEVELOPMENT

In our everyday business, we face both risks and opportunities related to sustainable development. Through a well-defined suite of policies, standards and management systems, we aim to ensure that everything we do supports sustainability.

MANAGING SUSTAINABLE DEVELOPMENT

The Anglo American Good Citizenship Business Principles (Business Principles) guide our approach to: business integrity; safety, health and the environment; human rights; and community development.

A set of Group Technical Standards, as well as the Anglo American 'Ways', guide our investment decisions, how we plan and implement projects, and the way in which we manage and close our operations. 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 our behalf are expected to adopt and follow our Group standards and policies. We also promote comparable standards in joint ventures and associate companies.

Risk 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 and technical risks throughout the Group.

The team works with Anglo American's business assurance services, which are responsible for Group-wide integrated risk management, business integrity, internal audit and assurance services. During 2013, teams of professional audit managers, supported by experienced personnel drawn from across the organisation, led 115 technical standard reviews. 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.

Integrating sustainability into the wider business

A dedicated sustainability integration team is tasked to embed sustainability requirements into our business processes and decision-making. 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.

The most significant progress has been in integrating sustainability factors into the decision-making, planning and development process for major capital projects through our mandatory Sustainability Valuation Approach (SVA). The SVA is a robust methodology that applies a financial and non-financial value to the sustainability issues 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 such factors impact on the project's outcomes in the long term.

A responsible and sustainable supply chain

Mining operations procure all the goods and services that are used in any large-scale infrastructure project, including heavy equipment, process chemicals, fuel and lubricating oils, labour, explosives, motors and a range of services.

In seeking to use our sphere of influence to promote responsible business practice, we focus on promoting responsible behaviour in our supply chain, both in the decisions that we make and our choice of supplier partners.

Through our responsible sourcing programme, we aim to ensure that the goods and services we procure do not cause harm to individuals or the natural environment. Moreover, we use our considerable supplier expenditure (\$16 billion) as a tool for delivering positive economic impacts for host countries and communities. Our approach to local and preferential procurement and supporting supplier-development programmes is detailed on pages 47, 50 and 51.

Responsible sourcing helps us manage business and reputation risks, improves the competitiveness of our supply chain, complements our socio-economic development objectives and ensures that we promote safe and healthy workplaces beyond our own operations. In addition to complying with all laws and regulations of the countries where suppliers operate, we expect that suppliers demonstrate compliance with best practices in areas including labour rights, occupational safety and hygiene, environmental management, business integrity, upholding human rights and the proactive management of HIV/AIDS. The approach we take in this regard is integrated throughout our procurement process and is guided by our Supplier Sustainable Development Code and policy. The Code, which is available in all the main languages used at our operations, as well as Mandarin, details the mandatory standards that suppliers must achieve – and those that we strongly encourage.

The most significant progress has been in integrating sustainability factors into the decision-making, planning and development process for major capital projects.

Sustainable development governance structure

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graph TD
    Board[BOARD OF DIRECTORS  
Chair: Sir John Parker  
Meets: Six times a year]
    S&SD[S&SD Committee  
Chair: Jack Thompson  
Meets: Quarterly]
    Rem[Remuneration Committee  
Chair: Sir Philip Hampton  
Meets: Quarterly]
    Audit[Audit Committee  
Chair: David Challen  
Meets: Quarterly]
    Ops[OPERATIONS]
    CE[Chief Executive  
Mark Cutifani]
    GM[General Management Committee  
Chair: Mark Cutifani  
Chief Executive]
    S&SD_Exec[S&SD Executive Committee]
    S&SD_Man[S&SD Management Committee and Corporate Affairs Council]
    IA[INTERNAL AUDIT]

    Board --- S&SD
    Board --- Rem
    Board --- Audit
    S&SD --- Ops
    S&SD --- CE
    S&SD --- GM
    CE --- S&SD_Exec
    CE --- S&SD_Man
    S&SD_Exec --- IA
    S&SD_Man --- IA
  
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BOARD OF DIRECTORS
Chair: Sir John Parker
Meets: Six times a year

S&SD Committee
Chair: Jack Thompson
non-executive director
Meets: Quarterly

Remuneration Committee
Chair: Sir Philip Hampton
non-executive director
Meets: Quarterly

Audit Committee
Chair: David Challen
senior independent director
Meets: Quarterly

OPERATIONS

CORPORATE FUNCTIONS
including:

- Safety and Sustainable Development (S&SD)
- Government and Social Affairs
- Mining and Technology
- Supply Chain
- Human Resources

Chief Executive
Mark Cutifani

General Management Committee
Chair: Mark Cutifani
Chief Executive

S&SD Executive Committee

S&SD Management Committee and Corporate Affairs Council

INTERNAL AUDIT

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.

- The Safety and Sustainable Development (S&SD) Committee meets quarterly under the chairmanship of non-executive director, Jack Thompson. 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 sustainability issues.

- The Remuneration Committee reviews and approves 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. Sustainable development forms part of the remit of our executive committees and management functions.
- The General Management Committee (GMC) is 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 Executive Committee is responsible for setting standards, policies and the strategic direction on sustainability issues, as well as for talent management and succession planning in this area. The committee, which meets every two months, includes members from the Corporate S&SD, Government and Social Affairs, Mining and Technology, Human Resources and Supply Chain functions.
- The Corporate Affairs Council is responsible for establishing, monitoring and reviewing our business principles, social-performance standards and procedures relating to government relations.
- The S&SD Management Committee comprises members of the S&SD Executive and the business unit heads of safety and sustainable development. The committee meets several times a year and serves as a forum for strategic alignment, information sharing and problem solving.
- Operations, as part of our business units, are responsible for implementing safety and sustainable development policies and procedures.

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.

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 from where we procure. 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, which significantly reduces our ability to contribute to development in the countries where we operate. We actively engage in the fight against corruption by supporting international frameworks such as the UN Global Compact and the Extractive Industries Transparency Initiative, and report annually on the tax and royalty payments we make in our significant countries of operation. (See pages 44–45.)

Business integrity policy and standards

Our business integrity policy states 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 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 prohibit the company from making donations to any political party or politician. They require that our employees: perform their duties honestly and avoid conflicts of interest, 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 business integrity policy and performance standards have been translated into all the main languages that we use at our operations.

Bribery-risk assessments are an essential aspect of the Group's procedures. Business units and corporate functions are required to periodically conduct such assessments using an internally developed tool. When a risk is determined to be unacceptably high, an action plan is developed to strengthen the internal controls in order to manage the risk. The risk-assessment process and action planning are audited annually by our internal audit team.

The adequacy of our policy and procedures is under constant review to provide reasonable assurance that we consistently meet our commitment to tackling corruption in all its forms, and remain in full compliance with all relevant anti-corruption legislation, including the UK Bribery Act.

Anti-corruption communication and awareness

We provide specific business integrity training to all employees who may be exposed to corruption risks owing to the nature of their work. Face-to-face workshop training is our primary way of raising awareness of our business integrity policy, and of providing employees with the opportunity to discuss and apply the performance standards to business integrity dilemmas that they may face. During 2013, we trained an additional 1,000 people through more than 50 training sessions delivered across 10 countries. This year the training material was translated into Japanese and Chinese. We also undertook a quality assurance review of select trainers and revised our online training platform for roll-out to business units in 2014.

TAKING RESPONSIBILITY FOR SUSTAINABILITY

01 Jack Thompson, chairman of the Board S&SD Committee, visiting the Mantos Blancos copper mine in Chile.

02 Dr Mpho Ramatlapeng joined the Board and the S&SD Committee in July 2013. She is the Vice-Chair of the Global Fund to Fight AIDS, TB and Malaria and a past Minister of Health and Social Welfare of Lesotho.

03 Member of the Board S&SD Committee, Jim Rutherford, visiting Mogalakwena platinum mine in South Africa.



Facilitating whistleblowing

Our employees are required to report any breaches, or potential breaches, of our business integrity policy. Our independently managed Speak Up facility is a confidential and secure means 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. Speak Up 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 allegation of harassment or intimidation by others as a result of contacting Speak Up is investigated and, if required, appropriate disciplinary action is taken, which can include dismissal of those responsible for reprisals.

During 2013, we received 372 alerts (2012: 332). Every alert is evaluated and, where appropriate, investigated. The largest proportion of reports in 2013 related to human resources issues (39%), followed by a range of other matters, including procurement, accounting, and health and safety. In total, 272 alerts were closed following investigation, of which 51 resulted in management action. Disciplinary proceedings, including termination, are instituted where employees are found to have behaved contrary to our principles. In 2013, no criminal cases regarding bribery were brought against Anglo American.

"At Anglo American, sustainability is part of our everyday business. How we build relationships with people inside and outside the business, keep our workforce safe and healthy, and take care of the environment is at the core of our values and delivers considerable benefits to the Company."

Jack Thompson
Chairman, S&SD Committee

COLLABORATING TO SUSTAIN EMPLOYMENT OPPORTUNITIES



01

We worked with stakeholders throughout the year to mitigate the impact on employees and affected communities.

MITIGATING THE IMPACT OF RESTRUCTURING ON EMPLOYEES AND AFFECTED COMMUNITIES

The restructuring of the Platinum business in South Africa has been a complex process. Following the announcement that potentially 14,000 employees would be affected by the restructuring, we worked with stakeholders throughout the year to mitigate the impact on employees and affected communities. This included extensive engagement with the Department of Mineral Resources, the Department of Labour, employee representatives and recognised unions.

This engagement process culminated in an agreement with government and then the majority union AMCU on how the restructuring process would proceed. In brief, we accelerated redeployment into vacancies across the Group and offered voluntary severance packages and early retirements. An application process was created to help employees to take advantage of the retrenchment-avoidance measures.

Main image and 01
Following restructuring and retrenchment, Platinum has been able to re-employ 1,200 people in essential short-term work, such as this reclamation and recycling at Khuseleka 2 shaft. Pictured are Agnes Masilo, Tshipiso Kgakatsi, Idah Ngobeni, Kelu Kandisa, Two Nkomana and Alice Sakara.



A new social impact plan was designed to provide a wide range of support to employees and affected communities.

10 months of negotiation with multiple stakeholder groups.

The total uptake has been as follows:

- some 2,346 employees were redeployed into vacancies across the Group
- there were 6,769 voluntary severance packages
- applications for early retirement numbered 905 people
- there were approximately 200 other opportunities.

To support those employees and community members affected by the restructuring, a social-impact mitigation plan (SIMP) was introduced. Some of the supporting features of the SIMP include some \$10 million (ZAR100 million) for:

- temporary employment of 1,200 people for reclamation at the affected mines over the next six to nine months
- a social housing project in partnership with the Rustenburg Municipality and the South African government to build 4,000 houses and provide portable skills training immediately. We anticipate that 800 job opportunities will be created through this project

- an additional 1,000 job opportunities near Platinum operations and in our labour-sending areas will be created within a year through investments in agriculture, waste-recycling projects and supplier development interventions (such as enterprise development).

The SIMP has been designed to align with and support the delivery of other existing social interventions at Platinum such as the delivery of social and labour plan commitments, the company's community share ownership scheme Project Alchemy, the Zimele enterprise development fund, and broader supplier development and municipal capacity-building initiatives.

A detailed account of these restructuring and mitigation plans is available in Anglo American Platinum's Sustainable Development Report 2013.

OUR PEOPLE

People are the business. It is our people who are inspired to deliver sustainable value that makes a real difference.

Guided by our values – safety, care and respect, integrity, accountability, collaboration, and innovation – our goal is for people to apply their skills, knowledge and expertise to ensure we operate successfully and responsibly. It is our people who are tasked with developing trusting and respectful relationships with communities, governments, suppliers, partners and peers to ensure that we deliver on our promises.

In return, we reward and recognise our people, providing opportunities to help them develop and grow.

The right people in the right jobs

A key enabler for the implementation of our business strategy is the design of organisational structures, roles and systems that support our business objectives.

We have for some time been reviewing our organisational model and structures. This work has culminated in:

- the reconstitution of our General Management Committee (GMC) – bringing business unit CEOs into this forum previously comprised only of the Group functional directors and so replacing the two-tier executive governance structure that preceded it
- the decision to bring together our Thermal and Metallurgical Coal businesses to realise further technical synergies
- the grouping of our Copper, Nickel, Niobium and Phosphates businesses to form Base Metals and Minerals – a regional grouping of similar commodities aimed at transforming the performance of the underlying businesses
- the move to integrate our Nickel, and Niobium and Phosphates businesses in Brazil and to locate their head office in Belo Horizonte (where Iron Ore Brazil corporate employees are based), seeking to realise performance and efficiency improvements for these businesses
- the resolution to further advance and centralise our commercial activity
- the decision to redesign our Group and business unit corporate centres¹.

The aim of our redesign is to increase the organisation's effectiveness by prioritising work that adds value, removing any duplication of work and implementing an organisation design that creates clarity as to our business focus areas, the work and authorities of each role, and the requirements of employees. The resultant organisation provides the minimum amount of structure needed to support productive work and so, by placing the right employees in the right roles, empowers people in helping realise their full potential.

To achieve this level of clarity, we started with a team of organisational design experts conducting more than 350 reviews in order to understand the current nature and extent of work being done across the business. The aim was to hear first hand what our employees feel impedes their ability to contribute and, in turn, their views on our overall business effectiveness. Establishing this 'as-is' inventory has informed GMC debate on the work that is important to us, and where this work is best carried out – the cornerstones of our organisational model.

With the model agreed, work is progressing to design structures that are in line with this, as well as our organisation design principles and approach – an approach that is grounded in stratified systems theory, which defines work in seven strata on the basis of decision-making complexity, and other proven frameworks and models.

We aim to have implemented the majority of proposed changes to structures and roles for the in-scope areas by the second quarter of 2014.

Talent management and skills development

To attract and retain the best talent, we seek to offer safe, meaningful and stimulating work, provide opportunities for personal development, pay people competitively, recognise and reward excellence, encourage diversity and protect employee rights. Our approach is underpinned by our human resources (HR) standards, management systems and processes. During the year, voluntary turnover accounted for 2.0% of the total workforce, compared to 2.4% in 2012.

Our Group-wide performance management process and system aligns individual objectives with the company's strategy. We continue to embed the People Development Way, our global capability framework detailing the behaviours, knowledge, skills and experience required of our employees to achieve our strategic objectives. In conjunction with this, a range of functional 'People Ways' have been introduced, to outline the specific capabilities required in different specialist fields.

Formal learning is delivered at both business unit and Group level, with external training expenditure across Anglo American amounting to \$104 million, 2% of total employee costs in 2013 (2012: \$98 million, 3% of total employee costs). During the year we supported 2,974 graduates, bursars, apprentices and other trainees (2012: 2,845).

We focus on and continuously review high-quality leadership development and have a range of more than 200 external and internal development programmes currently in use across the Group. Our flagship development programmes, the Advanced Management Programme and Leaders in Anglo American, were refreshed in 2013 to incorporate latest leadership thinking. We have made significant progress in providing basic literacy and numeracy to our employees, contractors and community members through adult basic education and training programmes. In addition, we provide skills training that is transferable to industries outside of mining to mitigate the impact of eventual mine closure.

⁽¹⁾ With the exceptions of De Beers (given its integration into the Anglo American Group in August 2012), Iron Ore Brazil (for its project structure) and Platinum (given the strategic review concluded in 2013).

WORKFORCE DIVERSITY AT DE BEERS CANADA



Image
Accompanying Canadian Prime Minister Stephen Harper on a visit to Snap Lake diamond mine in Canada's Northwest territories are (left) Nunavut MP, Leona Aglukkak and De Beers' process plant room operator, Stacie McSwain.

De Beers Canada invests in a range of initiatives to promote greater workforce diversity. In the Northwest Territories (NWT), the business collaborates with the NWT Mine Training Society (MTS) to train underground miners and process plant operators. The role of MTS is to support Aboriginal people and northerners in finding long-term employment in the mining industry. About a third of MTS trainees are women and that ratio is generally consistent with the number of women MTS trainees who have taken their practical studies at De Beers' Snap Lake mine. The women either work in the process plant, where the rock is crushed and diamonds extracted from ore and kimberlite, or in the underground mine, where they drive 40 tonne haul trucks or operate the crusher and rock breaker.

One of the first graduates of the process plant operator training programme (in 2007), Stacie McSwain has worked her way up through the ranks and is now a process plant control room operator. Stacie is currently training to be a mine supervisor and is taking advantage of several advancement opportunities offered to the mine's employees.

She has also trained and mentored new operators and trainees in the day-to-day activities within the plant. Stacie was selected to meet Canada's prime minister, Stephen Harper, in September 2013, when he announced funding for the Mine Training Society's Mining the Future initiative. As part of the project, De Beers has committed about \$5 million in monetary and in-kind support for the training of NWT residents for jobs at the proposed Gahcho Kué diamond mine and at the Snap Lake mine.

De Beers also has an apprenticeship programme and introduced sponsorship scholarships in Canada in 2013.

Snap Lake mine has been in operation since 2008. The female contingent of the full-time workforce continues to increase, with women accounting for 15% of the 678-person workforce in 2013. Overall, they account for 42% of unskilled positions and 7% of skilled positions.

EFFECTIVE FIRST-LINE SUPERVISION



Image
Supervisor Scott Yuan (left) discussing a project with welder Patrick Mampuru and construction manager Steyn Lubbe at Platinum's Mogalakwena North Pit.

Effective first-line supervision is vital for achieving our organisational goals. First-line supervisors manage day-to-day activities in the workplace, and are responsible for meeting production, asset management and quality targets.

Our internal risk-assessment and operational-review processes identified a business need to strengthen our approach to managing and supporting first-line supervisors, in order to optimise their performance. Through a process of internal and external engagement with stakeholders, we developed a framework to guide business units in providing first-line supervisors with the necessary skills, and in creating an environment in which to deliver consistently safe production and achieve operational excellence.

The framework and supporting best-practice guidelines bring together the important ingredients that improve the selection and early development of first-line supervisors, support them in enhancing their leadership, communication and people management skills, and in their performing to required technical and operational-performance standards.

The framework was initially implemented as a pilot project at our Sishen iron ore mine in the first half of 2013. The outcome of the study indicated that front-line supervisors would benefit from feeling more empowered and supported, and to be recognised as part of a team and not just as individuals. The study also identified the need to make systems work more effectively for employees, across various departments, and the need to establish action plans to identify and address shortcomings as well as reinforce best practice.

Business units undertake a self-assessment of their first-line supervisor performance, followed by a facilitated maturity assessment to identify shortcomings and establish a framework baseline to report against on a quarterly basis. The process involves focused workshops, leading to action plans to improve operational performance.

Although the framework initially focused on operational mining roles, the model and approach are broadly applicable to supervisors across all disciplines. The framework will be progressively applied to all supervisors as part of a business unit implementation process.

We are committed to the labour rights principles provided in the International Labour Organization core conventions.

A diverse workforce

By year end, 23% of managers were women (2012: 23%). Approximately 16% of our overall workforce is female (2012: 15%). Across our businesses, targets have been set to increase further female representation, both within the management population and the workforce as a whole.

Anglo American embraces all forms of diversity and complies with relevant legal obligations wherever we operate. We recognise the unique and critical role that women play in the mining industry, especially in the socio-economic environments that surround local mining operations. While women have historically been under-represented in the mining sector, Anglo American believes employing higher proportions of women will lead to significant and sustainable performance improvement in every aspect of its business. Our approach to gender diversity is centred around four dimensions:

- establishing a working environment and culture that is supportive of women
- proactively attracting women to work for Anglo American at all levels within the organisation, with a particular focus given to operational roles
- accelerating gender diversity through employee development
- improving communication and understanding of gender diversity objectives within our organisation.

In our South African operations we continued to promote the inclusion of previously marginalised groups in the workforce. By year end, 64% of our management were 'historically disadvantaged South Africans' (HDSAs) (2012: 62%).

Number of permanent employees and contractors by region 2013

		%	
Africa	112,578	71	
South America	35,774	23	
Australia	6,270	4	
Europe	2,104	1	
North America	1,587	1	
Asia	564	0	
Middle East	14	0	
Total	158,892		

Fostering sound industrial relations

Approximately 91% of our permanent workforce is represented by work councils, trade unions or other similar bodies, and covered by collective bargaining agreements.

Building and maintaining sound relationships with our employees and trade unions is fostered through:

- a culture of engagement and a concern for the well-being of our employees, partners and communities
- ongoing, open and meaningful dialogue, ensuring that relevant changes to the organisation or its practices are tabled with trade unions for discussion prior to their implementation, and that, in turn, any employee concerns are brought up for discussion within the organisation before they become the subject of disputes
- our appreciation that many of the issues of concern to our employees also affect the mining sector generally and sometimes society as a whole.

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 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 in line with the Anglo American Supplier Sustainable Development Code and policy, and compliance is audited. At our operations, we have clear policies and processes in place in order 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 2013.

Number of permanent employees and contractors by business unit 2013

		%	
Kumba Iron Ore	18,208	11	
Iron Ore Brazil	16,412	10	
Metallurgical Coal	6,291	4	
Thermal Coal	18,963	12	
Copper	12,064	8	
Nickel	2,526	2	
Platinum	55,901	35	
De Beers	20,782	13	
Niobium and Phosphates	4,290	3	
Group departments	3,455	2	
Total	158,892		

SAFETY

Managing mine safety risks has always been challenging. Our main priority is to prevent loss of life and serious injuries by creating safe and healthy work environments. Ensuring a safe and healthy workforce also has positive implications for productivity and efficiency across our business.

TARGET

ZERO LOSS OF LIFE

0

**10% REDUCTION IN LOST-TIME INJURY
FREQUENCY RATE (LTIFR)**

10%

PROGRESS

**14 MEMBERS OF OUR WORKFORCE LOST
THEIR LIVES IN WORK-RELATED ACTIVITIES
AT MANAGED OPERATIONS**

WE HAVE ACHIEVED A 16% REDUCTION IN LTIFR

16%

OUR PERFORMANCE

In 2013, eight employees and six contractors lost their lives in work-related activities at operations managed by Anglo American. In addition, two members of our workforce lost their lives, on public roads, while on work-related travel and one employee was fatally injured as a result of criminal activity on site. Any loss of life is unacceptable and our sincere condolences go out to the families, friends and colleagues of the deceased.

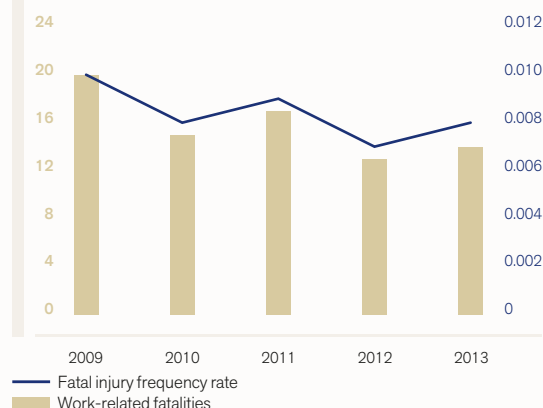
Four of these deaths occurred in March at the Amapá iron ore operation (since sold) in Brazil, as a result of the destruction of an iron ore loading platform at the Santana port facility. Two people involved in the incident remain unaccounted for, despite extensive search-and-rescue efforts. In South Africa, nine deaths took place owing to incidents involving falls of ground and moving machinery. Six of these fatal incidents took place in Platinum operations and three at Thermal Coal mines. In Chile, a contractor was fatally injured after falling from a height at the Mantos Blancos copper concentrator.

For each incident resulting in loss of life or a critical injury, an independent investigation is conducted and the lessons learned from the incident are shared with other operations under the Group learning from incidents (LFI) process.

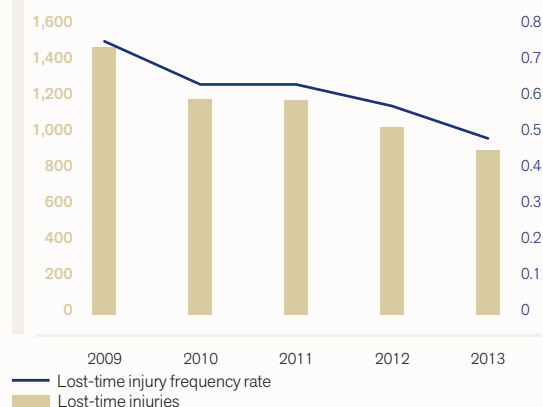
The Group fatal-injury frequency rate (FIFR) at the end of 2013 was 0.008. This represents a deterioration against 0.007 in 2012. This was largely attributable to the four deaths at Amapá, without which the rate would have been 0.005. Despite an encouraging improvement in the performance of Platinum in particular, the number of people who lose their lives while working for us remains of grave concern. We will continue to dedicate considerable effort to achieving, and maintaining, zero harm.

Our total recordable case frequency rate (TRCFR), which includes any injury that requires more than first-aid treatment, has improved over the past two years, to 1.08 in 2013 (2012: 1.29). The Group's LTIFR also improved by 16% to 0.49 (2012: 0.58), reflecting progress at Platinum, Metallurgical Coal and De Beers businesses, as well as an adjustment of our reporting definition.

**Total number of fatal injuries and
fatal injury frequency rate 2009–2013**



**Total lost-time injuries and lost-time injury
frequency rate 2009–2013**



USING OPERATIONAL RISK MANAGEMENT TO UNDERSTAND AND PREVENT TYRE EXPLOSIONS

Exploding haul truck tyres are a known hazard in the mining industry. Debris from a tyre and rim structure can be violently scattered up to 300 metres, with the potential to cause serious damage and loss of life.

However the complex technical nature of these explosions has meant that views have differed on how best to prevent them. Anglo American's Transportation Safety Taskforce undertook a project to better understand what causes tyres to explode and identify the critical controls required to prevent it.

When tyre rubber is exposed to extreme heat it can decompose into highly flammable compounds such as methane, butane and propane. With sufficient heat and oxygen an explosion occurs. The energy or heat involved can come from a range of sources; from lightning strikes to tyres being used at the wrong pressure.

In order to more fully understand these processes, the team used an Operational Risk Management (ORM) approach to identify the main causes and the most effective controls for prevention and mitigation.

The team's theoretical and operational studies looked at the mechanical and chemical drivers involved in tyre explosions and evaluated the controls used to prevent harm.

A pivotal moment was when it became clear that one of the most effective critical controls for preventing tyre explosions is to replace the air used to inflate tyres with nitrogen, thus removing the oxygen. Below 4.6 % oxygen in



the tyre is not enough to create the right conditions for an explosion to occur. All sites must now ensure that certain, well defined, critical controls are in place, including the use of nitrogen in this way.

A range of other recommendations from the project have been adopted at the same time. For example, tyre pressure is more regularly monitored, which also makes tyres last far longer, saving up to \$150 million per year. Changes have also been made to vehicle parking and emergency response procedures to minimise harm from potentially hazardous tyres.

Another valuable insight from the programme was the importance of effective tyre monitoring, which has helped sites better manage monitoring equipment and data.

These outcomes highlight one of the hallmarks of the ORM process; it helps facilitate cross-discipline working because all the relevant parties are involved in the risk management process.

Image
Driver Elsie Antuna boarding her haul truck at Peace River Coal in Canada.

Our core safety programmes centre on demonstrating visible felt leadership.

It is clear from the lagging indicator trends that there is a concerning disconnect between our LTIFR and TRCFR performance, which continues to show real and strong improvement, without a corresponding decline in the number of work-related fatal injuries. Our strategy for addressing this is outlined in the following section.

Although the programmes in place to address transportation risks have contributed to a reduction in transport-related incidents to date, in 2013, these were augmented through our establishing a Group transportation safety risk improvement programme in order to co-ordinate, manage and oversee strategic transportation safety-related projects.

OUR STRATEGY AND MANAGEMENT APPROACH

Our safety strategy and management approach focus on improving our ability to anticipate and prevent harm to our people. Our principal safety risks relate to transportation, rock falls in underground mines (falls of ground) and dangers around handling equipment. We follow a risk-based approach, outlined in the Anglo American Safety Way – a comprehensive framework of roles and responsibilities supported by a set of safety principles and mandatory safety standards. This underpins the delivery of our safety strategy, which 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.

Safety-related training extends to our workforce in various forms, from formal training initiatives to regular or daily

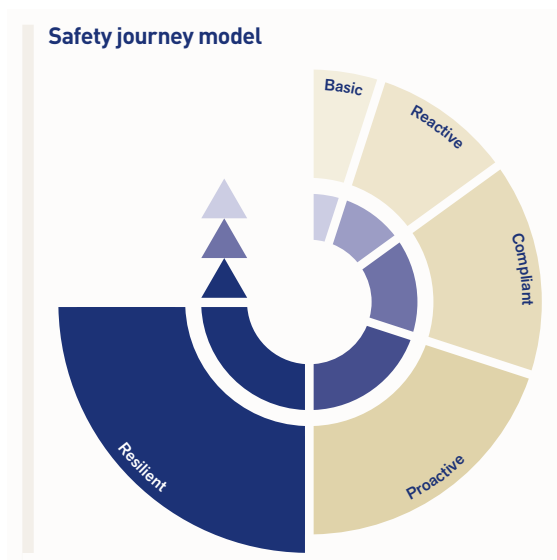
safety briefings. Our award-winning SHE risk management programme offers training on effective risk management. In 2013, 353 employees participated in the A4 and A3 versions (for middle-senior management) of the programmes, bringing the total to nearly 7,800 since 2007.

Delivering our safety strategy

We use the Anglo American safety maturity 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 operations to understand their level of maturity and how they can advance.

Group safety programmes link to the maturity model elements and involve: risk management; LFI; risk and change management; leadership engagement; developing people; leading indicators; corporate safety workstreams; supply chain safety initiatives; and integrating safety throughout the business. All operations have safety improvement plans that prioritise these elements based on operational risk reviews and guide our safety progress.

While we believe we have made progress, the urgent need to prevent harm to people has led to a renewed focus on specific elements of our safety programme: leadership, front-line supervision (including improved accountability and change management), planning, incident management and risk management.



One of our key safety principles is 'no repeats'.

During the year we established a safety programme management office and a monthly safety operating committee to track and monitor the roll-out and engagement of our core safety programmes across business units, as well as the alignment of safety improvement plans with our strategy. We held strategic workshops with safety managers in South Africa and South America to support this process. We have also launched a quarterly Group safety update publication, which focuses on safety trends in the business, provides feedback on any learnings and reinforces our core safety programmes.

Integrated risk management

The corporate safety team continues to support business units with the development and implementation of operational risk management (ORM) programmes. ORM helps to create a performance step-change by providing operational managers with a consistent and effective way of identifying, prioritising and controlling risk. We are establishing a Group ORM programme team to enhance central support to sites. This includes overseeing the integration of ORM into business processes in line with wider Group processes and requirements such as the broader integrated risk-management and business-process framework, and building ORM capability through continued training, supported by targeted enhanced capability building at senior leadership team, facilitator and practitioner levels.

Learning from incidents (LFI)

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. The number of repeat incidents remains a concern. We monitor and learn from incidents by investigating and communicating the root causes of actual, as well as high potential, incidents. Improving this process is a critical focus for us. LFI training sessions continue to be conducted for business units and a monthly LFI call is hosted by the Group Head of Safety. We have also developed two 'Live to Tell' films illustrating the LFI principles using actual high-potential incidents. To assist in improving the quality of significant incident investigations, representatives from business units have participated in analysis investigations. Our new social intranet and daily high-potential incidents newsletter facilitate effective incident-sharing and -learning across the business.

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 our operations. Every operation has committed to an action plan to address gaps. The close-out of actions is now about 83% complete. Progress against the action plans is included in business unit CEO performance targets and influences the remuneration of all executives and managers throughout the Group.

Leadership

It is our leaders' duty to foster a culture where employees at all levels feel empowered to engage freely on safety matters. Ensuring that our leaders regularly visit our operations and play a visible role in daily activities is an ongoing drive. 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. Visible felt leadership (VFL) training sessions are ongoing at our operations and corporate offices. All operations have increased their focus on VFL.

In South Africa, our Tripartite initiative, in collaboration with organised labour and the government's Department of Mineral Resources, is progressing well in developing ways to improve our safety performance. Addressing the challenge of fatigue is a priority. We are replicating and extending the Tripartite model at an operational level within our South African business units.

Anglo American's second annual Global Safety Day took place in November 2013 with the theme 'Plan to be safe. Plan to deliver. Plan together.' The day helps to embed a safety mindset and our core safety programmes, as well as to instil safe behaviour among all employees and contractors. Chief executive Mark Cutifani declared it the most important day in Anglo American's calendar and

OPERATIONAL RISK MANAGEMENT AT WORK



Image
Shift leader, Lesego Podile, working on one of the cells in the nickel tankhouse at Rustenburg Base Metals Refinery.

The fundamental objective of operational risk management (ORM) is to ensure that risks that threaten operational objectives are identified, assessed and managed. It strives to create a safe and productive working environment.

In 2011, Anglo American Platinum commissioned a full-deposit nickel plant at its Rustenburg Base Metals Refinery (RBMR). During the ramp-up phase, a thorough review of the plant's performance was undertaken in line with the ORM process. A key goal of the review was to minimise stoppages on the nickel stripping machine and limit potentially unsafe human contact with the cathode stripper during maintenance. The evaluation considered the whole process from beginning to end. A workplace risk-assessment and control analysis was performed to help identify potential unwanted events. These were then further assessed to ensure that appropriate and effective preventative controls were designed and implemented.

From a safety point of view, the risk of a person being drawn into the machinery has been mitigated with the installation of controls such as emergency stops, access control

guarding of the machine area, and light curtains that cut out the machine if a person approaches. Additionally, the construction of a platform for operators to reach reject nickel cathode blanks more easily, as well as the installation of lifting slings, has reduced the risk of falls from height.

The ORM review has also resulted in a formal procedure, and automated process, that will reject damaged, dislodged or 'off-spec' cathodes. This has created efficiencies by cutting down the delays associated with operators having to manually remove the damaged cathodes. Modifications arising from the analysis have been implemented to make the equipment run more reliably – for example, by replacing certain parts with more durable and safer alternatives.

These examples show how the ORM process has helped to manage the risk of operator injury as well as to eliminate unwanted events that affect productivity. By implementing control measures at RBMR, not only have operator safety risks been reduced, but the cathode reject rate has dropped by 34%, and the stripping machine's throughput, in tonnes and in number of cathodes, has increased by more than 25%.

affirmed: "We have made great progress on safety over the past few years and it is now time for a step change – I believe that step change is better planning and more planning."

Leading indicators

In order to be more proactive in anticipating and pre-empting potential incidents, we use global safety 'leading' performance indicators, which are reported routinely to the Board and the GMC. Our operations are reporting with greater emphasis on leading indicators, such as high-potential incidents, preventative actions and risk mitigation. These measures provide a clearer view than lagging indicators as to what our safety priorities should be, and assist us in identifying those operations that need priority attention.

Supply chain safety initiatives

Our suppliers have an important role to play in helping us improve our safety performance. Where we purchase specific high-risk products and services, we have a particularly strong safety focus embedded in our supplier relationship management process. We work closely with suppliers to realise opportunities to develop and introduce safer equipment and products. This includes researching opportunities related to autonomous trucking and collision-avoidance technology, drill-automation technology and slot-borer and reef-miner automation.

A safety innovation at our Mantos Blancos copper operation in Chile is a new robotic cathode-stripping machine, which limits human contact. At Thermal Coal's Greenside and Goedehoop collieries in South Africa, fast-moving shuttle cars have been replaced with flexible conveyor trains that generate less dust and reduce the likelihood of collisions underground.

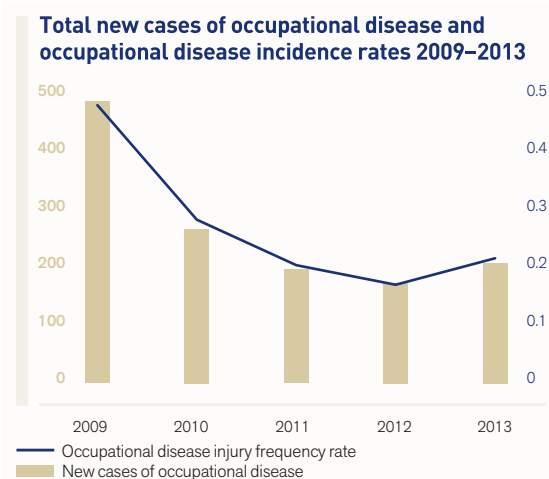
HEALTH

Effective management of health risks protects our people, enhances productivity and helps maintain our licence to operate.

OUR STRATEGY AND MANAGEMENT APPROACH

Our occupational health strategy and management approach are governed through a series of standards, guidelines and assurance processes aimed at preventing harm to our workforce. Our approach is driven around two disciplines: occupational hygiene and occupational medicine. Occupational hygiene is about proactively identifying sources of, and exposure to, health hazards, profiling the associated risks, and controlling exposure to hazards in the workplace environment; the second refers to monitoring the health of employees.

Building on these initiatives is our employee health and wellness programme, which includes a strong focus on combating HIV/AIDS and tuberculosis (TB) within our southern African workforce and their families. Another strategic focus is building partnerships to strengthen health systems, particularly in under-served rural areas. In so doing, we aim to improve access to quality healthcare for disadvantaged communities associated with our operations.



OCCUPATIONAL HEALTH

Our approach to managing occupational health is governed by the Anglo American Occupational Health Way. This is underpinned by three guiding principles: that all occupational illnesses are preventable; that we will learn by assessing and monitoring exposure and surveillance of occupational disease incidence in order to prevent further harm; and that we apply common, simple and non-negotiable standards throughout the Group.

We have mandatory technical standards that address our principal health risks, which relate to noise, inhalable hazards, musculoskeletal disorder and fatigue. These standards follow a common risk-management format encompassing risk assessments, education and training, application of controls, and monitoring and review.

The corporate health function provides technical assistance to business units to support the implementation of health standards information systems. We use leading and lagging health performance indicators to track and monitor our performance. We also work with long-term contractors to help them improve their health and safety performance and have integrated health issues into the latest version of the Anglo American Mine Closure Toolbox.

Adhering to simple, non-negotiable standards

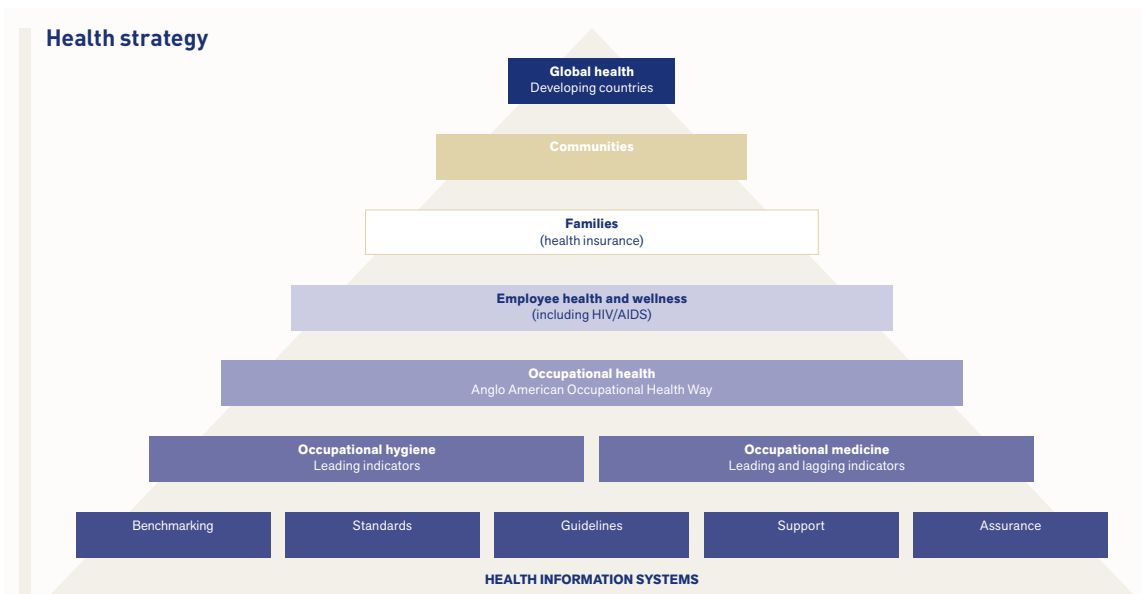
In 2012, all our businesses completed self-assessments against the requirements of the Group standards for hearing conservation, fatigue and respiratory protection. In 2013, we audited the results, and action plans are being put in place to address gaps. During the year the S&SD risk and assurance team undertook 15 fatigue-management audits, 17 hearing-conservation reviews and nine respiratory-protection reviews to identify where immediate action and long-term change is required.

Robust information management

In 2013, we further developed our health information systems to manage confidential health information. These allow health professionals 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. Thermal Coal's leading, internally developed, electronic health platform *theHealthSource* was successfully implemented at Kumba Iron Ore, marking an important step in broadening the user base of the health platform and standardising health systems within the Group. (See case study on page 36.)

Improving our reporting and investigation of health incidents remains a high priority. Health incidents span the entire spectrum of health-risk management, and range from employee complaints about the working environment and observed (or measured) failures of control mechanisms, to signs of exposure and disease identified in the medical surveillance programme. Low-level health incidents signify failing controls of health-hazard management systems and are the best leading indicator of occupational health performance. The indicators are used to ensure that the effective control of exposure to health hazards takes place at source. We are mirroring the use of a simple management approach used in the safety discipline, known as SLAM (stop, look, assess and manage), in order to ensure immediate remedial action for control failures (minor incidents).

Health strategy



Our performance

Throughout the year we continually reinforced and educated employees on health hazards, particularly noise-induced hearing loss (NIHL), inhalable hazards and musculoskeletal strains.

All our businesses report on the estimated number of people potentially exposed to health hazards that could result in occupational illness. We measure exposure against occupational exposure limits (OELs) set per individual health risk, above which no employee may be exposed without the use of personal protection equipment (PPE). Because individual non-compliance with the correct use of PPE remains one of the most significant challenges in occupational health, our performance indicators reflect the number of workers that would be exposed to conditions that exceed those limits if they were not protected by PPE. This helps to identify those hazards where we can improve controls and perhaps eliminate the need for PPE altogether.

In total, 46,916 employees were reported to be working in environments with noise levels in excess of the OEL of 85 dB(A) on a daily basis (2012: 45,893). These figures are prone to fluctuation as the nature of work being done on operations changes and reporting matures. The vast majority of employees with hearing loss are rock drill operators at our Platinum business, where we continue to introduce equipment with improved sound suppression.

In 2013, 13,900 employees were reported to be working in environments around the Group with inhalable hazards at levels that exceed the individual OEL (2012: 12,887). We have intensive programmes in place to ensure that employees and contractors are trained to use PPE and adhere to relevant requirements.

The number of occupational disease cases reported was 209, (2012: 174). This translates to an incidence rate of 0.217 per 200,000 hours worked, a 17% increase. All the cases reported were lagging indicators of past control practices. The increase in reported cases was the result of an increased number of low-level NIHL cases at our Australian coal operations.

EMPLOYEE WELLNESS

Our health and wellness programmes encourage a healthy lifestyle and provide support for management of chronic illnesses including HIV and TB.

Of growing concern is the rising incidence of obesity, especially at our South African and Australian operations. Obesity is associated with a range of health risks and musculoskeletal problems. Sedentary work environments, shift work and poor dietary choices all contribute to the challenge of managing the condition. In 2013, Anglo American signed the Global Nutrition for Growth Compact, pledging to improve workplace nutrition and maternal health policies. Our South American operations set a leading example with their effective weight-management initiatives, including controlled canteen offerings and meals for people working night shifts.

Through our wellness programmes we strive to reduce absenteeism, which was 4.6% in 2013. A dramatic increase in absenteeism (to 7%) at our Platinum operations as a result of labour instability accounted for the increase in the overall Group absenteeism. Absenteeism for illness (as opposed to injury) accounted for 96.5% of all medical absenteeism.

Combating TB and HIV/AIDS

The high incidence of TB in southern Africa is inextricably linked to the high prevalence of HIV in the region. This affects the entire Southern African Development Community and is an acute problem in the mining sector. Although we are recognised leaders for our TB and HIV/AIDS programmes in the workplace, and despite the progress we have achieved to date, there are still significant challenges to overcome, which we are tackling with renewed vigour. TB presents the greatest challenge: it is difficult to diagnose and it is infectious, thus putting our workforce and host communities at risk if undiagnosed and untreated. Our Platinum business conducted an in-depth analysis of 35 recent TB deaths, which found that all suffered from AIDS. Half of these had never taken anti-retroviral therapy (ART) and the others were non-adherent to the treatment regimen. It is an ongoing

challenge to ensure that people with HIV receive treatment timeously and adhere to treatment in the long term. We need to step up our efforts to ensure early diagnosis of TB, early access to treatment, and adequate counselling, care and support to individuals at a primary-care level. This includes respecting traditional beliefs and working in conjunction with traditional healers.

Regrettably, in 2013, 63 employees died from TB (2012: 59). We also diagnosed 734 new TB infections (2012: 677 cases), giving an annual incidence rate of 1,066 per 100,000 population (2012: 958 per 100,000 employees). This rate remains in line with the national average and well below the mining industry average. We strive to meet, and exceed, the Global Plan to Stop TB's target for successful treatment of 90% by 2015.

ELECTRONIC HEALTH RECORDS



Image
Richard Silingile, provides access to his records on *theHealthSource* by scanning his fingerprint at Anglo American's Highveld Hospital in South Africa.

Our Thermal Coal business in South Africa has developed, implemented, and continues to enhance an integrated electronic health record solution to manage a number of health and mining business risks.

The solution, known as *theHealthSource*, tracks the health of workers over time, irrespective of the healthcare provider, place of residence or source of healthcare funding. By uniquely identifying individuals through biometric confirmation/identification and other parameters, the system ensures that confidential medical records are accurately linked to individuals. This ring-fencing approach protects the confidentiality of healthcare and business information without limiting the individual's right to share his/her medical record between providers.

The solution increasingly provides for maximising health improvement through primary health care, wellness, occupational health, emergency medical care and in-patient care.

The continuity and availability of *theHealthSource*, through a secure website, helps to minimise duplication of testing and ensure that treatments occur as directed. Thermal Coal has experienced a dramatic improvement in its HIV/AIDS and TB statistics as a direct result of being able to proactively manage the treatment and care of employees based on the information *theHealthSource* delivers.

Because *theHealthSource* has been designed from the outset to be expandable in order to address issues in the wider community, and public and mining/business healthcare arenas, the solution has been shared with, and is being offered to, the country's Department of Health, health NGOs and other mining healthcare services. In addition, through the Chamber of Mines, *theHealthSource* is being offered to South African Development Community (SADC) stakeholders who are trying to resolve issues around cross-border referral of mine and ex-mine workers with TB and suspected occupational lung diseases.

theHealthSource was successfully implemented at Kumba Iron Ore in 2013, and may be introduced at other business units over the next few years. Although it has the potential to provide the platform for a shared Anglo American occupational health and wellness system, it could also form the basis of a national occupational health system and a comprehensive national health information system, both in South Africa and in the SADC region. The system's technology is suited for use in developing countries because it is mobile, easily available and affordable.

theHealthSource was commended at the Global Business Coalition on Health Business Action on Health Awards in May 2013, reinforcing its value as a leading health practice.

SUCCESSFUL PARTNERSHIP



Founded 15 years ago, and partnered by Anglo American, Reprolatina is a Brazil-based NGO that seeks to improve the sexual and reproductive health of disadvantaged people in South America. Originally centred around Barro Alto, Reprolatina has since been extended to communities around Niquelândia and to settlements close to our Minas-Rio project mine site.

Image

In the city of Barro Alto, promoters, teenage volunteers and health professionals are trained to promote healthy lifestyles.

The accurate, real-time healthcare statistics we capture through our health information systems help in managing the treatment and care of our employees.

Treatment interruptions lead to drug-resistant strains of TB, which are increasingly difficult and costly to treat. During the year we recorded 25 multi-drug resistant (MDR) TB cases, representing a decrease on 2012 (29).

Testing (through our wellness programme) is the entry point to our comprehensive programme of prevention, care, support and treatment for HIV and AIDS. The percentage of estimated HIV-positive employees enrolled on our treatment programme has increased steadily from 61% in 2011 to 75% in 2013. In 2013, we tested and counselled 92,768 employees and contractors (2012: 95,244) in southern Africa. In total, 75% (2012: 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. This figure dropped in 2013 owing to ongoing labour unrest and reduced incentives for testing at Platinum, as well as the inclusion of De Beers' figures (where reporting definitions are being aligned). Since 2011, the estimated prevalence of HIV infection in our workforce has remained steady at around 16%, indicating that more than 11,200 of our employees are HIV-positive. The annual number of new HIV infections within our workforce remains unacceptably high, at 529 in 2013 (2012: 527).

The accurate, real-time healthcare statistics we capture through our health information systems help in managing the treatment and care of our employees. At the end of 2013, more than 5,237 employees were on ART (2012: 5,332). We have adjusted our AIDS policy and programmes to support the World Health Organization's new guidelines on treating HIV, which recommend a much earlier start to treatment and confirm the results of a single fixed-dose combination pill taken once a day.

PROMOTING HEALTHCARE IN THE BROADER COMMUNITY

Our internal health drive will have limited effect if this is undertaken in communities where health systems are weak. Our activities to promote healthcare in the broader community include investments in health-systems strengthening in our neighbouring communities, as well as activities aimed at supporting healthcare in developing countries more broadly.

Our comprehensive socio-economic assessments in local communities include health considerations, which are also included in social-management plans. 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 of the Global Alliance for Vaccines and Immunisations (GAVI).

We are also helping to establish a framework for engagement on health issues between the private sector and the Mozambican government, with an emphasis on malaria control, preventing mother-to-child transmission of HIV, and TB control in current and former mineworkers.

Investing in community health

In South Africa, we continue to work with the provincial health departments in the Eastern Cape, Mpumalanga, Northern Cape and North West provinces, which are associated with our operations or are labour-sending areas, in order to improve health services. We have several initiatives tailored to local needs, such as Kumba Iron Ore's joint venture with the Department of Health to extend HIV/AIDS and TB care to the community in the Northern Cape. We established the Batho Pele mobile clinic, which takes critical health services to disadvantaged communities in the province's remote and under-resourced John Taolo Gaetsewe district.

We are currently busy with a proposal to pilot semi-mobile screening units for diagnosing and treating HIV, TB and silicosis amongst rural ex-mine workers and community members in the Eastern Cape. *theHealthSource* medical information system will be a vital part of the initiative and will provide a lasting electronic health record. We are soliciting the interest of multiple partners in this proposal. If the pilot units are successful, this initiative could be extended to other southern African countries that send labour to the mining industry.

In Brazil, we have a highly effective partnership with the NGO Reprolatina in providing sexual and reproductive health counselling to several communities. Building on the success of existing programmes at our Barro Alto nickel operations, during the year we invested in programmes to address needs in the communities around Niquelândia and around our Iron Ore Brazil developments.

「 BUILDING COMMUNITY THROUGH PARTNERSHIP 」



01

The housing development has created a community of 840 employees from across every employment grade and has set a new industry standard for employee living conditions.

INTEGRATING EMPLOYEE HOUSING INTO THE COMMUNITY

Kumba Iron Ore's Kolomela mine at Postmasburg, South Africa, is a young and flourishing operation that reached full capacity in 2013, with 840 permanent employees. The mine's integration within the existing community is fundamental in delivering a long-term positive impact and legacy after mine closure.

In designing our housing programme for employees, Kumba engaged with the local authorities and was allocated land for housing development in three residential areas of Postmasburg. In return, the company committed to investing in building much-needed bulk infrastructure services to boost socio-economic development.

The housing project is designed to ensure that both management and lower-level employees have access to similar housing. By the end of 2013, 718 homes for Kolomela employees had been completed. The houses differ in size, but are uniform in quality and finishes.

Main image

Haul truck operator Rebaone Matloko and his wife Caroline are at home in the new, integrated community built to accommodate all grades of employee at Kumba Iron Ore's Kolomela mine.

01

By the end of 2013, 718 new, high-quality houses have been built by Kumba Iron Ore at Postmasburg.



840
Home to 840
permanent
employees.

13,000
contractor
jobs generated
by the new mine
and the housing
development.

Each house has a lawn, a solar water heater, potable water, sanitation and electricity. No employees are accommodated in hostels. The housing allocation process is still under way, with employees qualifying for the houses according to their seniority. The houses remain assets of the mine, with each employee receiving a housing benefit, and paying rates and taxes.

In 2013, in recognition of Anglo American providing quality homes to enhance living conditions for our employees, the government awarded Anglo American a Govan Mbeki Housing Award at a provincial level and another at a national level, in the non-subsidy category. The awards honour those who have committed to partner with government in building sustainable settlements. We are liaising with local authorities with the aim of investing towards improving the living conditions of disabled or elder employees.

Delivering on our objectives has hinged on working with partners. We set up a multi-stakeholder forum to drive the implementation of bulk infrastructure services. The forum included the local municipality, another mining company, the Department of Water affairs, Eskom, and the Development Bank of Southern Africa. Bulk services to

the value of \$14.5 million (ZAR140 million) had to be established and upgraded. Kumba Iron Ore contributed \$4.4 million (ZAR42 million). We also developed a robust and comprehensive social and community programme, which includes investing \$7.4 million (R71 million) in 2012 and more than \$4.2 million (ZAR40 million) in 2013, in strengthening education, healthcare, and social systems and services.

These development programmes have provided diverse opportunities for job creation and the upskilling of individuals in a region that struggles with high levels of poverty and unemployment. Building the houses for employees created 3,000 contractor jobs. The combined development activities to construct the new Kolomela mine have generated more than 13,000 contractor jobs, further supporting the positive impact on the local area. Postmasburg is rapidly growing into an economic hub and Kolomela has set the benchmark for employee living conditions.

CREATING VALUE FOR SOCIETY

It is essential that we maintain a positive relationship with the stakeholders and communities around our operations in order to maintain our socio-political licence to operate. The needs and concerns of all our stakeholders inform and guide our approach to doing business and we are acutely aware that stakeholder expectations have the ability to affect and influence the achievement of our business objectives.

UNDERSTANDING OUR SOCIAL RISKS AND OPPORTUNITIES

Our most significant social risks and opportunities fall into two categories: our impact on host communities and society more broadly; and the risks to our business that arise from wider societal expectations and social tension in communities.

Socio-economic impacts associated with mining, such as population influx and demographic change, land acquisition and resettlement, and community health impacts, can trigger stakeholder opposition, resulting in project delays, disruption to our operations and reputational damage. There is strong societal pressure to incorporate respect for human rights into regular business practice.

Our ability to manage social impacts and enhance positive benefits to communities is materially shaped by growing legal and regulatory requirements, and affected by the capacities of local institutions with which we work to deliver socio-economic benefits. How we respond can influence debates around various forms of resource nationalism.

Effective stakeholder engagement underpins the approach we take to enhancing our social performance. In 2014, we will pilot a project to monitor 'real-time' community perceptions through text-based services on mobile phones. This is aimed at enabling us to proactively identify socio-political risks as well as community needs and concerns.

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.

During 2013, we re-evaluated our social strategy, management tools and performance standards to determine their level of relevance to the social issues we face. On the basis of our analysis and external research, we will update the Social Way in 2014 to enable us to improve our management of socio-political and socio-economic risks, and to further leverage our core business to support long-term socio-economic development.

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. 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 projects are compliant with social requirements and appropriately designed to minimise social impacts, maximise socio-economic benefits, and effectively manage socio-political risks. 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.

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

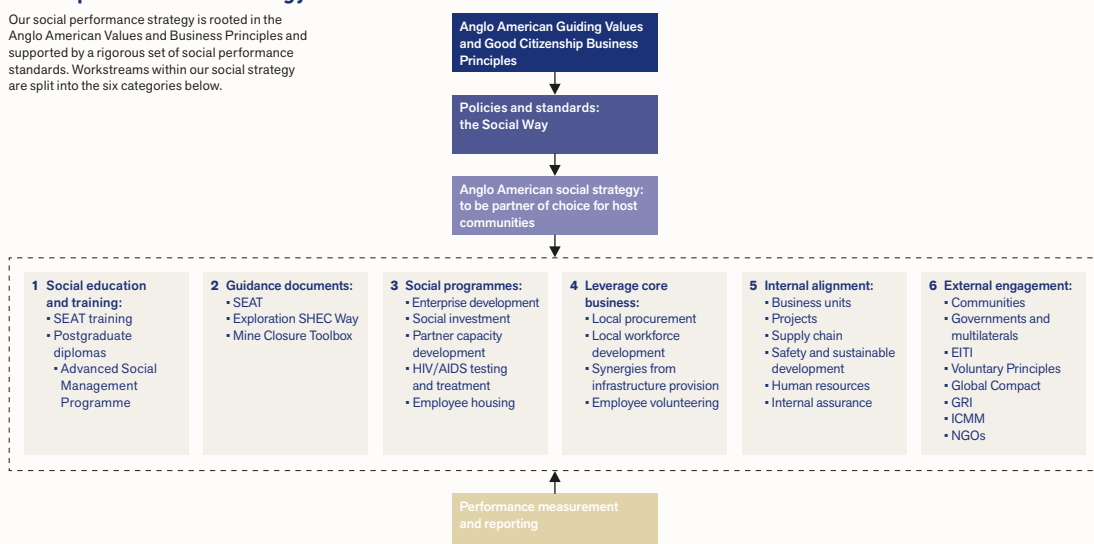
Create opportunity for Anglo American by becoming a partner of choice, in particular through delivery of enhanced socio-economic benefits

Socio-Economic Assessment Toolbox

Our primary means for enhancing the development outcomes and capacities of host communities is through our industry-leading Socio-Economic Assessment Toolbox (SEAT). We use SEAT to improve operations' understanding of their positive and negative socio-economic impacts, 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.

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. Workstreams within our social strategy are split into the six categories below.



Effective stakeholder engagement underpins the approach we take to enhancing our social performance.

CHILDHOOD DEVELOPMENT



Over the past three years, Kumba Iron Ore has constructed nine early-childhood development centres, such as this one in Kathu. The centres, which foster cognitive development, are making a positive impact on the lives of between 450 and 720 children each year.

Image

Young learners in the Bana Development Centre in Kathu. The school caters for 150 children between three- and five-years old.

Group operations are required to 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. The requirements of SEAT are integrated into the Anglo American Mine Closure Toolbox, which was released for public use in 2013.

Education and training

We implement diverse 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.

In 2013, we provided SEAT training to 241 participants, including 65 employees from De Beers' operations. Training also took place to support business development in Mongolia and in China.

During the year we saw the fifth intake of our Advanced Social Management Programme, aimed at senior managers and delivered by the universities of Cambridge and Queensland. Almost 300 Anglo American participants have attended since inception, with 41 participants in 2013, including five NGO partners. Our Group-wide peer learning groups also convene to share experiences and challenges, thus providing another channel for developing our understanding of key social issues.

DELIVERING VALUE TO HOST COUNTRIES

There is a need to respond to changing expectations among national governments and host communities about how the economic benefits generated by mining should be shared. Our core business activities can make a significant positive contribution to both national and local economies.

ECONOMIC VALUE ADDED

Mining is a key driver of economic growth and can play a significant role in socio-economic development. Our licence to operate depends on our ability to ensure that stakeholders participate in the economic benefits generated during the time 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, which have low levels of socio-economic development. As a major global mining company, this raises particular expectations.

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 economies.

The value distributed directly by Anglo American in 2013 amounted to \$30,951 million. This figure includes:

\$16,137 million paid to suppliers

\$5,078 million to our employees through wages and related expenditure

\$3,232 million in taxes and royalties to governments

\$2,237 million paid to Anglo American and outside shareholders

\$720 million to providers of capital

\$3,547 million that was reinvested in the Group.

Approximately 76% 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. Anglo American recently conducted a detailed review of our economic impact in South Africa. (See case study on following page.)

Economic value distribution

	\$ million	%	
Suppliers	16,137	52	
Employees	5,078	19	
Reinvested in the Group ¹	3,547	12	
Company taxes	3,232	10	
Dividends	2,237	7	
Providers of capital ²	720	2	
Total	30,951		

¹ Capex

² Interest

Suppliers

Share of economic benefit

	\$ million	%	
South Africa	6,323	39	
Asia/Australia	2,956	18	
Brazil	2,897	18	
Chile	2,018	13	
Rest of Africa	1,174	7	
North America	758	5	
Europe	11	0	
Total	16,137		

Employees

Share of economic benefit

	\$ million	%	
South Africa	2,470	49	
Asia/Australia	740	15	
Europe	567	11	
Chile	498	10	
Rest of Africa	429	8	
Brazil	244	5	
North America	130	3	
Peru	1	0	
Other South America	0.3	0	
Total	5,079		

OUR ECONOMIC FOOTPRINT IN SOUTH AFRICA



Image
Visiting the Ogies Zimele hub is Elizabeth Mtshali, an entrepreneur and owner of HPEL construction.

Recognising the need to measure and articulate Anglo American's wider impact on South Africa, in 2013, we undertook a study aimed at providing a quantitatively based account, of the economic contribution of Anglo American businesses in the country.

The study was undertaken in consultation with key stakeholder groups (including the government, labour unions, the country's Chamber of Mines, mining communities, shareholders, and NGOs) to ensure that it included indicators of economic impact of most relevance to stakeholders.

Initial information was gathered through an economic impact assessment. We measured the production value of our economic output and employment created, in terms of the direct economic impact generated by business operations in South Africa, the indirect economic impact generated by our suppliers' expenditure and consequent expenditure down the supply chain, as well as the induced economic impact generated by our suppliers' employees spending their wages and benefits. Other key indicators included taxes paid and collected, wage payments made, cost of training provided, procurement spend, investment in enterprise development, and our expenditure on community investment, housing and HIV/AIDS treatment and care.

Performance highlights

Using data covering 2012, we calculated that we had a direct economic impact of \$6.2 billion (ZAR60 billion) that year (equivalent to 2% of GDP), made up of the profits and wages generated by our operations in South Africa. When indirect and induced impacts are considered, Anglo American's \$15.5 billion (ZAR150 billion) output supported 5% of the country's GDP and 3% of employment in 2012 (384,000 jobs).

Anglo American offers competitive entry-level wages relative to other sectors of the economy. In 2012, we spent approximately \$150 million (ZAR1.46 billion) on

housing allowances and related expenses, \$75.9 million (ZAR732.8 million) in training expenditure, and approximately \$19.3 million (ZAR186 million) on HIV/AIDS.

Anglo American Zimele-led enterprise development has supported over 25,000 direct jobs for 'historically disadvantaged South Africans' (HDSAs) between 2008 and 2012 (including 1,400 HDSAs enterprises).

In government taxes, Anglo American paid a total of \$829 million (ZAR8 billion, including deductions) and collected a further \$518 million (ZAR5 billion) for the South African Revenue Service, together representing about 3% of tax revenues for 2012. Anglo American made up 42% of the total tax paid by the mining sector.

The study has generated valuable learnings for us and will assist as an internal risk-mitigation tool. It will also influence the design of a wider study to determine the Group's global impact as well as those planned for local community socio-economic and environmental impacts.

Definitions

Economic impact – is defined as the contribution of an organisation or industry to South Africa's GDP or employment. This contribution is known as gross value added (GVA), which consists of gross operating surplus (pre-tax profits), employee costs (household income), depreciation and amortisation. The employment impacts are the number of jobs generated or enabled in the wider economy.

Direct economic impact – the economic impact generated by operations in South Africa.

Indirect economic impact – the knock-on effects of economic impact generated by Anglo American's expenditure with suppliers, and the expenditure of those suppliers in their supply chain in South Africa.

Induced economic impact – the knock-on effects of economic impact generated by Anglo American's suppliers' employees spending their wages and benefits in the wider South African economy.

We believe that our approach to tax should reflect a balance of stakeholder expectations.

APPROACH TO TAXATION

The drivers of our approach to tax

Our approach to tax is important to many of our stakeholders who have a particular interest in the taxes we pay, the governments to whom these payments are made and ultimately what happens to those tax revenues. We believe that our approach to tax should reflect a balance of stakeholder expectations, from investors and governments to communities and NGOs. Such an approach, combined with our Business Principles and desire to be the development partner of choice informs our Group tax strategy, which, in turn, specifically supports the principles of transparency and active engagement with our stakeholders.

Tax may be one of the most significant costs associated with doing business in a country, but it also represents the return those countries should receive for the extraction of a non-renewable resource. The importance of this relationship between businesses and governments remains at the heart of a successful extractive operation, and should be reflected in how responsible businesses approach tax.

However, the tax generated is only one element of the overall economic impact of our businesses. It is only by considering the broader impacts on communities, suppliers, infrastructure and the wider economy that one can draw a more complete picture of the real impact of our operations. Mining remains a relatively high-risk, long-term investment, requiring significant capital outlay. In the globally competitive environment in which we operate, there is a need for governments and companies to take a holistic approach to balancing the risks and rewards of responsible investment. This balance, and our resulting tax profile in any country, will reflect the nature of our activities in that country. For example, our tax profile in South Africa where we have major mining operations, is different to that in countries such as the UK where we have our headquarters and mostly commercial functions.

Maintaining this balance is particularly challenging at times when the mining sector is under pressure from lower commodity prices and rising costs. The tax regime forms an important part of this equation, and it influences the domestic and international competitiveness of the mining sector, particularly in a capital-constrained world.

Developed vs. developing countries – taxes borne

	\$ million	%	
Developing	2,751	85	
Developed	481	15	
Total	3,232		

Developed vs. developing countries – taxes collected

	\$ million	%	
Developing	951	73	
Developed	344	27	
Total	1,295		

Payments to governments – taxes borne

	\$ million	%	
South Africa	1,368	42	
Chile	931	29	
Australia	366	11	
Brazil	250	8	
Namibia	164	5	
UK	79	2	
Botswana	24	1	
Other	21	1	
Canada	16	1	
Zimbabwe	12	0	
Peru	1	0	
Total	3,232		

Payments to governments – taxes collected

	\$ million	%	
South Africa	585	45	
Australia	159	12	
Brazil	134	10	
Chile	125	10	
UK	116	9	
Namibia	61	5	
Canada	60	5	
Botswana	30	2	
Other	13	1	
Zimbabwe	7	1	
Peru	5	0	
Total	1,295		

How we manage our approach to tax

Good governance around our tax affairs is a key element of how we ensure that we hold true to the approach set out in our Business Principles and tax strategy.

Our tax strategy clearly states that all Group companies should comply with their legal obligations and responsibilities in relation to their tax affairs and make such payments as are required by law in every tax jurisdiction in which we operate, respecting the laws of each country. However, good tax governance goes much further than that.

Our tax professionals are committed to act in accordance with our Business Principles and tax strategy in supporting our commercial decision-makers. They maintain a long-term, open, and constructive relationship with tax authorities and governments by providing timely tax advice to our businesses to ensure that we comply with the law.

We actively 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 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.

Internally, tax matters are regularly presented to our Board and Audit Committee, which takes a particular interest in the alignment between the reality of our approach to tax, our stated ambition in terms of good tax governance, and our commitments to stakeholders. In addition, our tax affairs are regularly scrutinised by our external auditors through their auditing processes.

Tax governance is also an issue for our host governments. They rely on having the capacity to administer the tax regime in a fair and consistent manner over the long term. We believe that the various initiatives aimed at building capacity and governance are fundamental to ensuring that countries benefit from the significant value generated by our presence.

Transparency

There is growing momentum behind initiatives to explore the relationships between companies and their stakeholders and, in particular, tax transparency with regard to the extractives industries. This is driven by a combination of increasing public interest, the emergence of globally represented NGOs, and strengthening political will from organisations such as the OECD and national governments to address perceived shortcomings in the way in which tax regimes operate and the way businesses manage their tax affairs.

One key manifestation of this has been a move from tax transparency being a voluntary approach taken by some companies, to it becoming a mandatory requirement. For us, this is primarily manifest in relation to the EU Accounting Directive, concluded in 2013, after over two years of constructive engagement with stakeholders in Brussels and member states. We continue to engage with the UK government and other stakeholders around the implementation of the Directive in the UK. In parallel with this we are preparing to comply with the rules when introduced, looking at what new systems are required to collect the information in the required detail.

Although we support the principles of tax transparency, we find ourselves operating in an increasingly complex environment, with multiple initiatives aimed at addressing a variety of different agendas. The OECD Base Erosion and Profit Shifting project, the Lough Erne Declaration, further EU transparency proposals, revisions to the Extractive Industry Transparency Initiative (EITI), as well as proposals being put forward by various individual countries, seek to address a number of laudable objectives, but remain disjointed. It is important that we continue to work with our stakeholders to avoid overlapping and duplicate reporting requirements, and strive for useful forms of transparency, meeting clear objectives.

We believe a key principle of tax transparency should be to provide stakeholders with information in a form which is both meaningful and useable by them. The benefits of tax transparency can be significantly undermined if this principle is replaced by too much information that is difficult to interpret.

For the last 10 years we have voluntarily adopted an approach of providing information about our tax payments in a clear and useful manner and have received third-party recognition for these disclosures. In 2013, we augmented our voluntary disclosure through the publishing of Tax Factsheets for some of our key jurisdictions.

 For Tax Factsheets, visit www.angloamerican.com/factsheets

We believe that transparency is a positive development for our industry, and are committed to provide our stakeholders with useful information about our tax affairs.

 For more information on our approach to tax, visit www.angloamerican.com

CHAMPIONING SUSTAINABLE LIVING IN COMMUNITIES



Image
Beauty Magongog and Gilbert Magongwa, of Magongoa village near Mogalakwena mine, discuss progress and yield at the Groenfontein community farm and training centre.

Our Platinum business has forged an enterprising initiative that is helping the rural communities around its mining operations at Mogalakwena in Limpopo, South Africa, to live sustainably, learn new skills and engage positively with the environment.

Platinum worked in partnership with local residents from the surrounding villages to develop the Groenfontein community farm and training centre. The farm grows vegetables using commercial methods; however, it also includes a section that uses a permaculture method of farming, which allows crops to be grown and harvested continuously throughout the year. During 2013, a quarter-hectare permaculture plot at Groenfontein yielded more than 20 different varieties of fruit and vegetables. The farm produces a wide variety of produce that is sold to diverse outlets, including local and city markets, fruit and vegetable stores, communities, restaurants, charities supported by the mine, as well as the mine itself.

The farm workers are recruited from the surrounding villages and allocated roles in which they are trained to perform competently and confidently. Team leaders provide leadership and guidance to the workers and act as a link to managers.

Students from the surrounding communities are selected to attend a five-day permaculture course, with the theoretical part presented at the training centre and the practical component carried out at Groenfontein farm. Twelve local community schools are also registered with the project as part of the Eco-Schools South Africa programme. This includes a focus on training children in permaculture, which the students then practice and apply at their schools to grow crops for healthy school meals.

The multi-purpose environmental training centre is also used to host external events and to provide catering and cookery courses to community members, as a step towards enabling them to start their own business.

The Groenfontein project has evolved into a flourishing success through a combination of partnerships, commitment and a passion for sustainable community development. It provides an inspiring example and valuable learning opportunities for all our businesses.

PAYMENTS TO SUPPLIERS

In 2013, we spent \$16.1 billion (2012: \$13.9 billion) with suppliers, which accounted for about half our total economic value distribution. Suppliers are 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 in which we operate and from our host communities. (More information on our expenditure within host communities is available on page 51.)

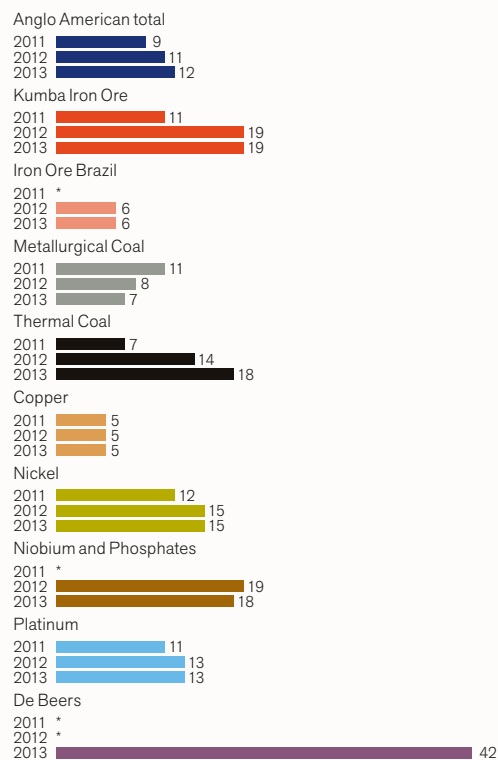
Black economic empowerment procurement

Economic transformation 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 2013, Anglo American managed businesses spent \$3.8 billion (2012: \$3.1 billion) with historically disadvantaged South African owned (HDSA) businesses (excluding goods and services procured from the public sector and public enterprises).

During 2013, business units continued to make progress against the 2013 BEE expenditure targets, with services at 64% (target: 60%), consumables at 60% (target: 40%), and capital goods at 44% (target: 30%). The services category remains a challenge for some operations, with more work required to transform key services suppliers to meet the 70% target for 2014. Ongoing interventions by business units with suppliers are increasing the pace of transformation of non-BEE suppliers. They have included supplier days at all South African businesses as well as a more focused and structured approach to engaging multinational companies and organisations. This approach is yielding good results, with several transformation deals concluded during 2013 and others having solid plans in place to finalise their transformation in 2014.

Spend with suppliers based in host communities

% of total available business unit spend



* Data not reported

DELIVERING VALUE TO HOST COMMUNITIES

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. Anglo American is building durable relationships with the communities where we operate, and delivering developmental benefits and opportunities aimed at increasing the capacity of those communities.

RESPECTING 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 requirements are integrated into the Social Way and all other relevant policies, systems and tools throughout the business. Our approach is aligned with the 'Protect, Respect and Remedy' Framework provided in the UN Guiding Principles on Business and Human Rights (UNGPR). We are currently in the process of analysing our standards when compared with the UNGP Framework, with the aim of identifying any gaps that may exist with our compliance with the requirements.

Security and human rights

We are a longstanding supporter of the Voluntary Principles on Security and Human Rights (VPs). Security-related human rights issues in a number of countries have heightened our concern around these risks and potential impacts at our operations and in the broader community.

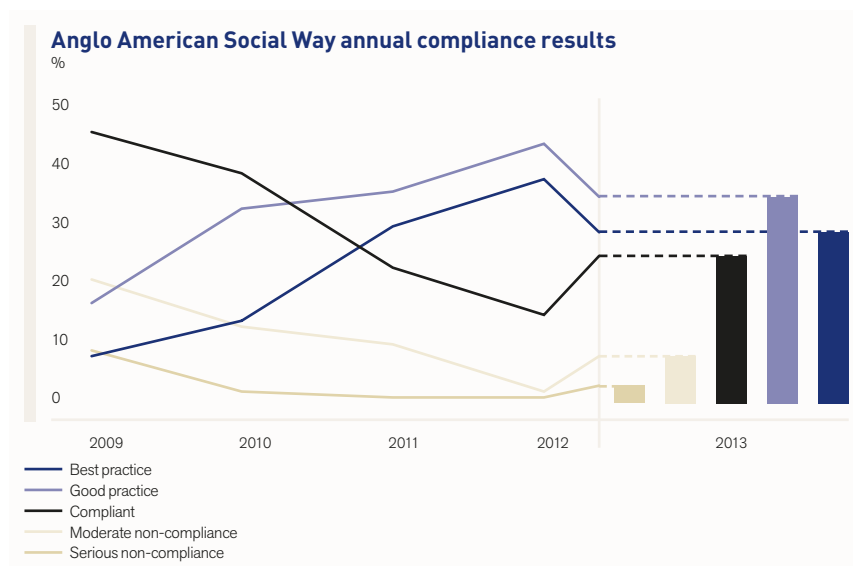
We continually engage with our strategic partner, International Alert (Alert), to help us to strengthen our implementation of the requirements of the VPs. Alert conducted a gap analysis against the VPs at our Platinum and De Beers operations in South Africa. This involved a comprehensive review of policies, procedures, guidelines and mechanisms that address security and human rights issues, within the company and externally. Subsequently, Alert conducted a series of interviews with all relevant functions at the business units to assess how the VP requirements are being implemented, how public and private security are managed, and risk assessments undertaken. The next step is to develop and implement an action plan, which is informed by Alert's recommendations to further embed the VPs. We plan to follow a similar process in our other South African businesses. In the context of our strategic partnership with Alert, in October 2013, the secretary-general of Alert spoke to our Board about conflict-sensitive business practice.

During 2013, we continued to train employees and contractors on human rights and the VPs. We conduct thorough risk assessments, including on issues related to human rights, for all significant investments.

Indigenous Peoples

In 2013, the ICMM approved a revised Indigenous Peoples and Mining position statement, which strengthens member companies' commitment relating to Indigenous Peoples. We fully support the collective leadership stance. Owing to the nature and location of our operations, however, matters associated with artisanal mining and Indigenous Peoples are not material for Anglo American.

Human rights requirements are integrated into the Social Way and all other relevant policies, systems and tools.



COMMUNITY DEVELOPMENT: LEARNING FROM EXPERIENCES



Anglo American's in-house community development peer-review project is all about continuous learning, with each peer review providing participants from all business units with an insight into community development challenges and opportunities.

An example is the peer review conducted this year at our Quellaveco copper project in the south of Peru. This included an examination of the best-practice stakeholder dialogue process, concluded in 2012, to address stakeholder concerns about potential negative impacts of the project. It also looked at the project's strong performance in tackling challenges associated with on-site contractors, and included a visit to community development projects such as Quellaveco's early childhood development initiative.

"Our aim is to provide opportunities for knowledge transfer, spread good-practice models in community development across the Group, increase opportunities for collaborative problem-solving, and shorten the learning curve for social teams," says Geralda Wildschutt, social performance manager for Anglo American.

Four reviews are typically undertaken each year. In 2013, in addition to Quellaveco, reviews were conducted at the Mantoverde copper operation in Chile, the Barro Alto nickel operation in Brazil and Unki platinum mine in Zimbabwe.

The initiative further assists operations by providing alternative perspectives from a peer-review team that includes external experts, such as Tshikululu Social Investments, who run our Chairman's Fund in South Africa, and CARE International.

"The peer review is a learning journey, where we don't necessarily know upfront the issues and the discussions that we are going to have at each stop. But the depth of our interaction increases as we move forward, and get closer to our aim of substantially improving the impact of mining on the most vulnerable communities," says Gianluca Nardi from CARE.

The monitoring and evaluation aspect of the project ensures that the host sites implement recommendations, and participants are better equipped to carry out an improvement plan based on their learning from the review.

Dr Deanna Kemp, deputy director at the Centre for Social Responsibility in Mining at the University of Queensland, has documented the peer review initiative 'to examine its potential for improving the industry's ability to manage impacts and generate positive development.' She explains that Anglo American's approach "represents a shift away from the conventional systems logic of 'continuous improvement' to one which engages 'continuous learning'; where new knowledge and alternative ways of framing mining and development are considered necessary for addressing the mining and developmental challenges."

Image

The review explored the way Quellaveco works with communities to develop social development projects, including this cooking and customer service course in the Carumas district of Peru's Moquegua region.

MITIGATING SOCIAL RISKS

Our businesses measure compliance against the requirements of the Social Way through annual self-assessment. In 2013, the assessment process involved a greater emphasis on the quality of management controls and was supported by performance indicators that have been developed over the past four years. Social incidents are reported centrally, investigated, and corrective actions are completed where appropriate. We continue to see good levels of compliance, with 90% of sites now complying with, or exceeding, Anglo American standards, which go beyond legal compliance. De Beers was included in this assessment for the first time in 2013, and will continue to align with Anglo American standards in 2014.

Social incidents

Our mandatory Group-wide social incident reporting mechanism, which includes complaints and grievances, is designed to ensure openness, accountability and respectfulness in our handling of any stakeholder grievances. We are working towards full implementation across our sites and hope that the standardisation of the process will help to identify trends and promote the sharing of experiences between sites. During 2013, 2,804 incidents were reported around the Group, with 18% of these classified as medium-impact level 3 and 4 incidents. This increase of 69% from 2012 is what we would expect to see as a result of an improvement in reporting. The majority of these related to community impacts (40%), while issues related to business ethics (14%) also featured prominently. Each of these incidents was investigated and has been, or is being, addressed with the relevant party.

Responding effectively to community complaints and expectations is important for maintaining good relations. For example, our Platinum business experienced community protests at its Twickenham mine in March 2013, when employees from Rustenburg mines were redeployed to Twickenham. The local community protested that employment opportunities should be reserved for people living around the mine. The mine engaged with the community to deliver alternative job and training opportunities.

Resettlement

Land acquisition and resettlement can cause long-term consequences to the social structures and livelihoods of affected peoples and may present significant risks to our capital projects and operations.

At Anglo American, all resettlement exercises must meet or exceed the requirements set out in International Finance Corporate (IFC) Performance Standard 5 on Land Acquisition and Involuntary Resettlement and lead to a demonstrable improvement in livelihoods. In accordance with the IFC Performance Standards, each resettlement must be planned and implemented in a participatory manner.

We plan and design projects in a way that avoids or minimises any resettlement.

Resettlements are evaluated as a part of the Projects Way (our project stage-gate review process). During the development phase of mines, we plan and design projects in a way that avoids or minimises any resettlement. As such, any resettlement impact associated with our activities is not finalised until a project secures final approval.

To ensure that the lessons from resettlement are shared across the Group, we have established a resettlement working group, comprising resettlement practitioners from each business unit.

Resettlements that are approved, or in progress, include more than 100 households by Kumba Iron Ore at Dingleton in South Africa, 50-100 households at the Minas-Rio iron ore project in Brazil and one of fewer than 50 households by Niobium and Phosphates at Boa Vista Fresh Rock in Brazil. A resettlement of fewer than 50 households was completed by De Beers at Mulepe in Angola in 2013. An additional nine resettlements around Thermal Coal and Platinum operations in South Africa, a Copper project in Peru and a De Beers operation in Botswana are in planning stages.

Responsible supply chain management

Our responsible sourcing programme addresses supplier compliance with local regulations and Anglo American requirements regarding safety, the environment, HIV/AIDS management, business integrity, human rights and health.

The Anglo American Supplier Sustainable Development Code and Policy defines a risk-based approach to managing our suppliers. Our standard contract terms require acceptance of our code and supplier submission of self-assessment questionnaires. In addition, we retain audit rights to verify practices. In 2013, 17 follow-up audits were undertaken to assess progress and status of selected suppliers.

In 2013, Anglo American, through the Chamber of Mines of South Africa, started work on harmonising an industry approach to responsible sourcing in order to promote greater supplier participation, reduce costs and encourage better sharing of non-competitive supplier data.

SUPPORTING INNOVATION



Anglo American supports this 700m² greenhouse in Moquegua, close to our Quellaveco Copper project in Peru, as part of a technological innovation project. More than 9,000 strawberry plants are grown hydroponically with the aid of pressurised drip-irrigation systems, climate control, ultra violet protection and other biosecurity measures. Weekly harvest can reach up to 100 kilograms of high-quality strawberries.

Image

Magdalena Flores Peñaloza is a member of the La Pocateñita association, which has benefited from the construction and implementation of the greenhouse project.

Social investment output indicators

	2013	2012
Total number of community development projects delivering benefits to communities	1,447	1,602
Total number of businesses supported	48,111	40,217
Jobs created/sustained through enterprise development initiatives	76,543	64,927
Beneficiaries of education projects	2,628,455	256,980
Beneficiaries of sports, arts, culture and heritage projects	340,015	645,211
Beneficiaries of community development projects	2,697,933	1,065,821
Beneficiaries of disaster and emergency relief projects	6,966	43,684
Beneficiaries with improved livelihoods	259,050	448,395

DEVELOPING COMMUNITIES

Our approach to community development is based on understanding local contexts and using our core business to promote development. These 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 2013, community development projects delivered benefits to more than 2.6 million community members and that our activities improved the livelihoods of about 260,000 people.

We also conducted two pilot studies to better understand our socio-economic contributions, at a national level in South Africa (see case study on page 43) and at a local level in Peru. The studies will be used to: improve the measuring and monitoring of our contributions; inform our socio-economic development planning; and provide a clear and fact-based platform for dialogue and engagement with stakeholders.

Our in-house community development peer-review process is delivering increasing value. (See case study on page 49.) 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. The findings from the six reviews undertaken in 2011 and 2012 were used to offer good-practice models for learning and replication, as well as opportunities for collaborative problem-solving. The project delivered four peer reviews in 2013.

Localised procurement and supplier development

Our local procurement initiatives are a value-adding instrument for the business and for communities around our operations. They are designed to optimise opportunities to integrate local businesses into our global supply chain and inform them how to compete successfully for new business.

Our approach increasingly promotes more inclusive procurement practices. In doing so, we believe we can make a significant socio-economic contribution to our host communities, as well as improve efficiencies in our supply chain by lowering logistics costs and securing access to critical goods and services.

All our operations adhere to our leading Group-wide local procurement policy and are making progress in developing their local procurement strategies, and reporting against targets. Operational efforts are supported by a comprehensive local procurement toolkit and summary guide.

In 2013, expenditure on suppliers based in the communities close to our operations was \$1.63 billion (2012: \$1.54 billion). This represented 12.3% of total supplier expenditure (2012: 11.3%), against a Group target of 12.5%. See chart on page 47.

Supplier development programmes, aimed at creating better visibility of local supplier capability and assisting in building their capacity, are gaining momentum at major projects such as Minas-Rio and Quellaveco, as well as at our Metallurgical Coal, Thermal Coal and Platinum operations. We have simplified our terms and conditions and payment policies and are working with several partners, including our larger suppliers, government agencies, commercial associations, local businesses, mayoral offices and local communities, to contribute to the development of local suppliers.

We are also developing 'supplier parks' close to our operations. These clusters will house local suppliers, as well as joint ventures between large Anglo American suppliers 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 Anglo American entrepreneur internship programme offers early-stage entrepreneurs and established business owners the opportunity to work at the Company, while being mentored, receiving business development support and gaining industry exposure. The aim is for the entrepreneurs to start new ventures or expand existing ones and ultimately supply goods or services back into our supply chain. Zimele supports the programme by investing in qualifying businesses, while external business coaches offer expertise in business skills. A second set of interns started the programme at the beginning of 2014.

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. Our enterprise development programmes are designed to build resilience within host communities and a more robust and competitive supply chain for Anglo American. Over the past six years, our existing schemes in South Africa and Chile have supported over 76,000 jobs. In 2013, we launched new schemes in Botswana and Brazil, and early in 2014, a scheme in Peru.

In 2012, we developed a best-practice model based on the experience with our two well-established enterprise development schemes, Zimele in South Africa and Emerge in Chile. These schemes provide financial, business and implementation support to assist local small- and medium-sized businesses, and help them understand how our supply chain works. They are designed to take advantage of the benefits associated with our large supply chain (over \$18 billion globally) and to develop long-term platforms for partnerships with governments, NGOs and private-sector companies. Each area of expertise contributes towards ensuring more effective and efficient results.

Since 2008, Zimele has supported 1,500 businesses employing 27,500 people.

The model is being used to implement new country- and theme-specific programmes. In Peru and Brazil the schemes being rolled out are designed to complement and reinforce existing supplier development programmes. In Botswana, we are using our experience to contribute to the government's economic diversification programme by connecting SMEs to these programmes and supporting capacity building at five Botswana government enterprise development institutions.

We have designed strategies for two further programmes: a low-cost housing scheme in South Africa, where affordable housing is at the core of social stability; and a carbon scheme to incentivise the adoption of carbon-abatement technologies. We aim to run pilot studies for both schemes during the first half of 2014.

Zimele – South Africa

Our flagship Zimele enterprise development programme, established in South Africa 24 years ago to empower black entrepreneurs through the creation of SMEs, is well known and frequently cited as best practice. Since 2008 it has supported 1,500 businesses employing 27,500 people.

Zimele consists of five separate funds – the Supply Chain Fund, the Anglo American Small Enterprise Finance Agency (sefa) Mining Fund (previously Khula Mining Fund), the Community Fund, the Zimele Green Fund, and most recently, the Sebenza 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 2013, these funds concluded 2,358 transactions and provided \$95 million (ZAR921 million) in funding for businesses that employed 30,092 people, with a combined turnover of \$466 million (ZAR4,500 million).

In 2013, Zimele launched the Sebenza fund, in partnership with the Development Bank of South Africa. The fund plans to create 30 new business hubs across South Africa and create 8,000 new jobs through sustainable employment in areas with high unemployment.

Emerge – Chile

Since its inception in 2006, our Emerge programme has supported 492 small-sized businesses, and through a partnership with Fondo Esperanza, more than 46,000 micro businesses through business skills training and community bank micro-loans. Since 2008, 46,451 jobs have been supported through the programme, with a record 18,546 jobs supported in 2013.

Emerge partnered with international enterprise development NGO Technoserve in 2011, to help small and growing businesses mature to the point where they are able to access the commercial banking sector and achieve their maximum potential. Empowering women, who make up 87% of the businesses supported, is an important part of the scheme.

Small enterprises (not micro) supported by Emerge Dec 2012 – Nov 2013

	Results
Increase in sales	100%
Increase in jobs	13%
Increase in salary	43%
Increase in local procurement from SMEs (Number of SMEs)	10%
Increase in local procurement from SMEs (\$)	75%

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. In South Africa, where capacity constraints in municipalities potentially jeopardises our ability to promote broader social stability, our spending towards institutional capacity development was \$3 million (approximately ZAR30 million).

We are engaging on a structured basis in Brazil and South Africa to support capacity building and service delivery in host municipalities and regions. Working with partners, we have undertaken structured assessments and designed tailored implementation packages.

In 2013, we provided training to more than 4,188 employees in skills outside the mining sector, such as electrical services, plumbing and carpentry. Anglo American also supported 1,337 employees and community members who attended adult basic education programmes on literacy and numeracy, offered by our operations in South Africa.

Infrastructure development

Working with partners to provide infrastructure that can be put to use during and after mining activities are completed 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 – such as roads, health facilities and water – with local communities.

Recent projects include, in Australia, our Metallurgical Coal operation's involvement in a telecommunication project to provide mobile phone coverage and broadband Internet access to Queensland's Clarke Creek community where there is currently no mobile coverage for about 200 kilometres. At our Minas-Rio iron ore project in Brazil, we are partnering with the government to construct or improve the conditions of three critical roads that provide access to various parts of the project.

In South Africa, major infrastructure development projects include the construction, in partnership with the government, of a 600-kilometre water-supply pipeline to our platinum mines, among other mines, in Limpopo province. This will provide 1.9 million people with 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 water-stressed local municipality.

Critical needs that are not linked to operational infrastructure, such as health and education infrastructure and community housing, are addressed through our social investment programme.

In partnership with local and provincial government, we are helping to alleviate the dire shortage of affordable housing in South Africa. We engage in developing properly serviced land to facilitate housing development in areas where services are inadequate or do not exist. Across the Anglo American businesses in the country, we have committed to build more than 23,000 houses and to convert the remaining hostel accommodation to single-person occupancy by 2014. Kumba Iron Ore's Kolomela mine received the 2013 Govan Mbeki Award from the Department of Human Settlement for an integrated housing project in the non-subsidy category at both provincial and national levels. (See case study on page 38.)

Corporate social investment (CSI)

Anglo American's CSI expenditure in local communities totalled \$127.5 million (2012: \$145.7 million). This figure represents 2.8% of operating profit from subsidiaries and joint ventures, before tax. We have a standardised reporting process for all our social investments, to monitor outputs of CSI, and help to identify the most effective projects, delivery methods and partners, to try and maximise the value that Anglo American and its host communities derive 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 are tracked from project inception. (See table on page 51.)

Global spend by type

	\$'000	%	
Community development	47,719	37	
Education and training	31,178	24	
Health and welfare	13,773	11	
Other	11,936	9	
Sports, arts, culture and heritage	6,596	5	
Institutional capacity development	6,268	5	
Water and sanitation	5,708	4	
Environment	3,378	3	
Employee match giving	735	1	
Disaster and emergency relief	166	0	
Energy and climate change	17	0	
Total	127,474		

Global spend by region

	\$'000	%	
South Africa	76,529	60	
Americas	40,895	32	
Rest of Africa	4,664	4	
Other/Unclassified	3,369	3	
Australia	1,169	1	
United Kingdom	847	1	
Total	127,474		



01

Our goal is to see our energy- and carbon-management programme become business as usual, resulting in significant operational efficiencies and reduced carbon emissions across all our operations.

USING SITE-SPECIFIC DATA TO REDUCE CARBON EMISSIONS AND THE AMOUNT OF FUEL CONSUMED

In our opencast operations, heavy earth moving mining equipment is an integral part of production. Diesel is the major energy source in opencast operations, and optimising the utilisation of our fleet presents an opportunity to improve operational efficiencies and reduce carbon emissions. Our energy and carbon management programme, ECO₂MAN, is supporting the application of innovative diesel performance management technologies as best practice for load and haul optimisation. The effective use of advanced diesel-management systems is anticipated to improve equipment utilisation and reduce diesel consumption measurably.

Main image

Supervisors, Clint Dixon and Justin Vivian, inspecting vehicle operations at Dawson coal mine in Australia, one of the early development sites for our diesel management system.

01

Section of haul fleet at shift change at Sishen Iron Ore Mine.



MAXIMISING ENERGY EFFICIENCY STANDARDS

4–12%
potential
savings on total
fuel consumed.

The system we use is designed to provide a dynamic performance-management solution that incorporates site-specific factors, and enables mine managers to track and monitor all aspects of their fleet performance. This includes productivity, payload, cycle time and fuel performance.

The system uses data from different sources in order to provide insight into areas of improvement, such as reducing hauling distances, improving refuelling rates and optimising payloads.

To improve fuel performance tracking, the data is used to develop baseline models that accurately predict fuel consumption for specific equipment on the mine. Our projected business-as-usual planning tool enables us to estimate the potential energy and carbon reductions that can be realised through specific interventions. Furthermore, baseline energy targets can be set for specific mining operations and tracking of actual performance against these targets in a manner that is aligned with international measurement and verification protocols.

The diesel consumption for the top 20 Anglo American-operated mines in 2013 was around 1 billion litres, with the greatest consumption recorded at Sishen iron ore mine in South Africa. At Dawson coal mine in Australia, the diesel management system has enabled the mine to track the load and haul performance against established baselines, and provide verifiable performance improvements achieved through the implementation of initiatives. At Sishen, the delivered value led to Kumba Iron Ore planning to roll-out the system to its Thabazimbi and Kolomela mines, with additional interest from Thermal Coal's New Vaal and Platinum's Mogalakwena mines. We estimate that the system can assist our opencast operations to achieve potential savings of between 4% and 12% of total fuel consumed.

MANAGING OUR IMPACT ON THE ENVIRONMENT

While the extraction and processing of minerals and metals are fundamental to the global economy, their 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.

TARGET

100% ISO 14001 CERTIFICATION WITHIN TWO YEARS OF COMMISSIONING OR ACQUISITION

100%

PROGRESS

WE HAVE ACHIEVED 96% ISO 14001 CERTIFICATION FOR ALL RELEVANT OPERATIONS

96%

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 issues that require specific management attention.

In each of these areas, we also see tremendous opportunity. The metals we mine are increasingly applied in innovative environmental technologies; communities without access to water and sanitation can benefit from our mine infrastructure, and some of the land under our management control has yet to be used to its fullest potential. In some of our waste facilities lies the opportunity to re-mine, while for others we research and trial novel applications for by-products.

OUR STRATEGY AND MANAGEMENT APPROACH

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

Operational excellence: driving improved performance primarily through three programmes: ECO₂MAN for saving energy and carbon; WETT (water-efficiency target tool) for saving water; and the Anglo American Environment Way performance requirements. In 2011, internal targets were set for saving energy, carbon and water, and for achieving compliance with our environmental standards.

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 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. We are developing our management approach to align and integrate all areas of our environmental performance management as part of overall Group risk-management processes. In 2013, we placed particular emphasis on water quality, legacy issues and on improving environmental-incident management and reporting.

Review and certification

Every year, operations complete a self-assessment of their performance against the requirements of the Environment Way so as to promote continuous improvement. In 2013, operations achieved a 92% average compliance with Environment Way standards. Our target is full implementation in 2014, when 'second-party' reviews to verify our results will be introduced.

Internal reviews of operations are conducted to support site- and business-unit management teams in improving operational performance in a safe and sustainable way. Multi-disciplinary experts participate in each of these reviews to help identify opportunities for improved sustainability performance. During 2013, we conducted seven operation reviews. Reviews are also conducted at various stages prior to the full commissioning of projects to ensure that environmental requirements are being met. Projects may not proceed if this is not the case. During 2013, 28 such reviews were conducted.

Our internal S&SD risk and assurance function conducts reviews of our most material sustainability and technical risks on a rotational basis. During 2013, 15 environmental reviews in total were conducted, focusing on water quality, environmental legacy issues and tailings-disposal facilities. The results of such reviews are discussed and addressed on site and with business unit leadership teams, and reported to relevant oversight bodies, including committees of the Board.

REHABILITATION OF THE OAKS DIAMOND MINE



The Oaks diamond mine in Limpopo was designed for efficient closure. During the life of the mine, opened in 1998, waste rock was deposited with environmental rehabilitation in mind, so that the focus in the closure was on ecological restoration. Training, community support initiatives and partnerships helped former employees of The Oaks and their communities find and exploit new

opportunities in mining and other sectors. De Beers also continued its support for many local organisations and programmes, covering health, education, transportation, sports and community welfare.

Images (clockwise from top left)
Rehabilitating the mine; from fully operational in 2009 to its condition in 2011.

We also seek external certification on our environmental management systems. Managed at a Group level, our approach involves a single global certification partner, which provides an independent opinion on both the conformance and performance aspects of our systems. All operations are expected to attain and retain ISO 14001 certification within two years of commissioning or acquisition. At year end, 96% of relevant sites had achieved certification, with some encouraging results: there has been a remarkable decrease in the number and severity of non-conformities across the Group, and a material increase in the efficiency of closure of non-conformities.

Education and awareness

During 2013, 435 Anglo American employees participated in training related to our environmental standards. Comprehensive internal communications campaigns were delivered to raise awareness of environmental issues.

The inclusion of environmental risks as part of the Group integrated risk-management programme is being supported by training workshops for business unit environment managers on the operational risk-management programme.

Ensuring responsible mine closure

An important aspect of integrating sustainability into our wider business is our commitment to responsible mine closure. Our aim is to reduce long-term risks and liabilities to our business from an environmental and socio-economic perspective, and to ensure that we leave a positive legacy when our mines conclude their operational lives.

While all of our operating mines have closure plans in place, our focus is on ensuring that these are compliant with our world-class standards and that they are applied consistently across the business and throughout the life cycle of each mine.

The Anglo American Projects Way includes a set of requirements for mine closure that are designed to ensure that the way mines are planned, evaluated and designed consider closure from the outset. All projects are required to develop a closure plan as part of the project development and investment evaluation process.

Our Mine Closure Toolbox, launched in 2008, provides a structured approach to closure planning and management. It is aimed at 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 an extension to the life of the mine or accelerated closure. The Toolbox is designed to be used in conjunction with the Anglo American Socio-Economic Assessment Toolbox (SEAT) in order to support an integrated approach to mine closure planning.

An updated version of the Toolbox was launched in 2013. In the revised Toolbox, provision is made for a broader scope of operation, including the marine and seaboard mining operations of De Beers, and additional guidance on health issues and risk-based practices is included. Version 2 of the Toolbox was made available publicly in 2013 as a leading-practice resource for other companies to use.

During 2013, the S&SD risk and assurance team conducted reviews to understand any potential legacy issues from closed or old operations. An action plan to address these is being developed.

WATER

Water is fundamental to our business; it is of increasing significance given that more than 70% of our mines are in water-stressed areas. To maintain our licence to operate, we cannot degrade water quality, or compromise the access rights of other users. We also have an opportunity to play a leadership role in our water catchments through partnerships and innovation.

TARGET **REDUCE TOTAL WATER CONSUMPTION BY 14% AGAINST THE PROJECTED DEMAND IN 2020**

14%

PROGRESS **WE HAVE ACHIEVED A 22% REDUCTION AGAINST PROJECTED CONSUMPTION IN 2013**

22%

OUR STRATEGY AND MANAGEMENT APPROACH

Our 10-year water strategy, launched in 2010, reflects our aspiration to demonstrate leadership in water stewardship. The strategy is based on a journey model with three distinct phases. Most of our operations are now progressing beyond the first 'be disciplined' stage and are targeting the more advanced 'be proactive' and 'build resilience' stages, which typically involve activities that go beyond compliance.

Progress is driven through our water-management programme, which has three areas of focus: driving operational excellence; investing in technology; and engaging and partnering with our stakeholders.

The programme is supported by a mandatory Group water standard and delivered via operational water-action plans. In 2013, self-assessments at our sites reflected a 67% average implementation level with the requirements of the water standard, which was issued in 2011. This is an encouraging increase from 62% in 2012. Some of the focus areas for 2014 will be on developing a better appreciation of water risks and costs, and on improving equipment monitoring.

Every Anglo American operation works towards a water-reduction target that was determined in 2011 using our water-efficiency target tool (WETT), which forecasts the projected business-as-usual demand of individual operations and also registers water-savings projects.

Despite capital constraints, in 2013, we invested an additional \$16 million in 30 projects specifically designed to save water.

Operational targets are aggregated at business unit level, where they are included in business unit CEO performance contracts. These make up our Group target of a 14% reduction from our projected water consumption by 2020. De Beers' targets will be established and included in 2014.

OPERATIONAL EXCELLENCE

We employ the 'avoid, minimise, mitigate' hierarchy of controls to decrease our water consumption, reduce the potential impact we have on water quality and eliminate water-related environmental incidents.

Water consumption

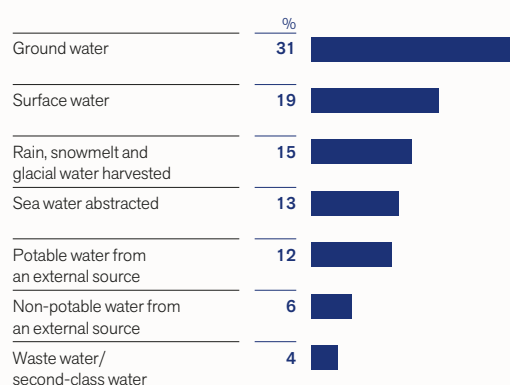
Anglo American's total new-water consumption increased from 156 million m3 in 2012 to 201 million m3 in 2013. The increase was dominated by De Beers' figure for the full year of 75 million m3 being included for this first time. Of this total, nearly 40% was composed of sea water abstracted by Namdeb's operations in Namibia.

The contribution of De Beers was partially offset by the divestment of operations in our Other Mining and Industrial, and Nickel businesses, as well as savings achieved through the implementation of the WETT programme.

By the end of 2013 we had achieved an estimated 22%⁽¹⁾ water saving against our projected water usage through the implementation of water-efficiency and recycling projects. This exceeded our original target set in 2011 of a 14% reduction against a 2020 projected business-as-usual water demand. We invested in 30 projects specifically designed to save water – many of these were associated with recycling, dust suppression and improved slimes density (fine tailings management). Together, they saved the Group approximately 32 million m3 of water and \$85 million on water-related costs.

Out of our operational water requirements, 67% were met by recycling/re-using water (2012: 70%). Excluding De Beers figures, the figure would have remained at 73% for both years. Our operations also seek to reduce their dependency on high-quality water through water switching and the use of lower-quality water where practicable. Currently, potable water accounts for only 12% of the Group's total water requirements (2012: 14%).

Total water abstracted by source in 2013



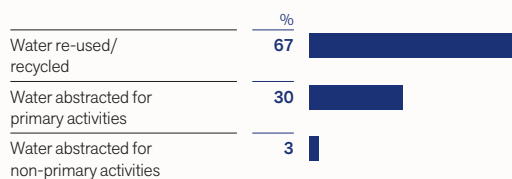
⁽¹⁾ This figure excludes De Beers which will set water targets using WETT in 2014.

Our water journey

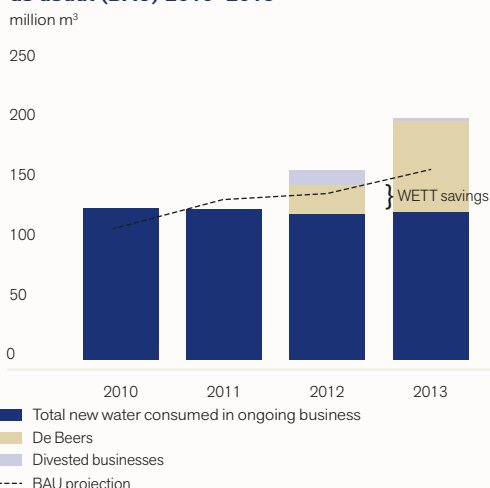


In addition to recycling, our operations also seek to reduce their dependency on high-quality water through water switching and the use of lower-quality water.

Total water required in 2013



Total water consumed against business as usual (BAU) 2010–2013



Water quality

We seek to minimise the adverse effects of our mining activities on surrounding surface and ground water. Poor-quality water is harmful to the environment and human health, can affect mining and processing equipment and can present closure liabilities.

The volume and quality of water discharged by our operations via controlled releases into the environment are typically pre-determined through local regulatory requirements. Any unplanned discharges that breach legal agreements are reported as environmental incidents and addressed promptly.

Incidents and risk management

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, only those classified as Level 3 and above are reported publicly.

During 2013, we confirmed 15 Level 3 environmental incidents relating to water. No Level 4 or 5 incidents were reported. The incidents related mostly to unauthorised discharges at the coal businesses in South Africa and Australia, following heavy rainfall. There was also one case of botulism resulting in avian deaths, which was found to be a result of naturally occurring conditions. All incidents have been investigated and steps are in place to remediate negative impacts and prevent repeat incidents.

ADAPTIVE WATER MANAGEMENT



A critical water-related challenge that we face at our Metallurgical Coal operations in Australia is significant variability in rainfall. Our operations are located in regions that at times oscillate between severe drought and flood conditions. Current scientific evidence suggests that climate change may further increase this variability. In response, over the last two years the business has proactively improved its ability to manage the risks associated with too much, or not enough water. Our mines in the Bowen Basin, Queensland, have made a significant investment in better on-site water management.

The potential benefits include: reducing production losses, mitigating the risk to staff, roads and machinery from flood damage; and storing as much water as considered safe, for future use on site, while providing storage capacity for excess water when high rainfall events occur.

A more integrated approach to monitoring and managing on-site water includes ongoing monitoring of water levels and water quality, and actively managing water storage to balance the risks associated with too much, or too little water.

The business case for Metallurgical Coal's investment in better water management reflects the benefits in reducing the 'downtime' when mines have to be closed because of excess water. The environmental benefits of this approach include reducing the amount of water accumulated on site during flooding, the amount of time that excess water stays on site (which impacts water quality) and ensuring that when water is released there is sufficient dilution of salty mine water with natural river flows to reduce the risks to river biota and downstream water users.

Image

Environmental graduate Jessie Penton making a report on the condition of a water-storage dam at Moranbah North mine in Australia's Bowen Basin.

Where operations face high risks related to water, we develop specific risk-management action plans. These include plans to manage tight water supply balance at Los Bronces in Chile, the rain-immunisation programme at Metallurgical Coal in Australia aimed at protecting operations from extreme weather, and Sishen iron ore mine's water-management programme.

Anglo American's exposure to acid rock drainage (ARD) in southern Africa is limited to some of our Thermal Coal mines in South Africa's Mpumalanga and KwaZulu-Natal provinces, where the geology is predisposed to acidity. We continue to mitigate the risk of ARD through effective mine design and management procedures such as the concurrent rehabilitation of open-cut operations and waste facilities. The eMalahleni water-reclamation plant, built in partnership with BHP Billiton and the eMalahleni Municipal Council in 2007, now treats 50–60 megalitres of mine-affected water every day, with most of it being piped directly to the eMalahleni local municipality's reservoirs. Thermal Coal also has two mobile water-treatment plants and is investigating the feasibility of constructing a pilot plant, using passive technology – that is, using naturally occurring chemical and biological processes – to treat mine-affected water at the defunct Vryheid Coronation colliery in KwaZulu-Natal.

TECHNOLOGY

Identifying and investing in new integrated technology solutions as one of our key pillars of the water programme is fundamental if we are to reach our long-term goal of becoming water-neutral. In order to achieve this, we need to approximately halve the current consumption of new water at operations and ensure that more than 80% of water is recycled.

Many good-practice 'now' technologies, related to fine tailings management, evaporation control and haul road dust suppression for example, are already standard at many operations. In pursuit of our drive for operational excellence uniformity throughout the Group, a water 'community of practice' meets monthly to share ideas and address common problems.

Our approach to the development of the next generation of technology ('new' and 'next' technology) is to partner with universities, research bodies, technology suppliers and other stakeholders to co-explore technology options relating to water efficiency, water infrastructure, water-pollution prevention and treatment, water-management concepts and water sourcing.

In 2013, a project with the University of Queensland to explore the concept of water neutrality in mining was concluded. The outcomes are shaping our understanding of the future technology needs of mining and, in turn, what our own technology development focus should be. Another working example of our collaborative technology-development approach is our project with technology-broker, AMIRA, researching new techniques for integrated tailings management.

We also work with various international research institutions on modelling the potential regional impacts of changes in precipitation resulting from climate change.

SAVING WATER FROM TAILINGS



Our Mantos Blancos copper mine in Chile has been operating since 1955. The mine processes copper sulphide and oxide ores in two plants and has implemented various projects to increase capacity and reduce water consumption. For most of the mine's life it has used a filtration method to process the coarse fraction (course rock and soil particles) in the tailings concentrator. Given

the higher costs of using this filtering technique, it is only economical to implement when faced with high water prices. The process involves the separation of the tailings by particle size using hydrocyclones, with the fine fraction being thickened and deposited in a conventional tailings dam. The coarse fraction was initially dewatered using vacuum belt filters, but over time additional dewatering screens have been installed that offer similar results, at a lower operating cost and maintenance intensity. The operation is achieving a water-recovery efficiency of 0.45-0.48 m³ per tonne of ore treated.

Currently, 60% of the tailings are directed to the filtered coarse fraction, which is transported by a conveyor system and dry-stacked. Given the limited capacity available for storing the thickened fine tailings slurry, the operation is planning to develop the process to increase the proportion of solids directed to the filtered fraction to 80%.

Image
Engineers Oscar Quezada and Jose Moraga carrying out routine maintenance in the oxide plant at Mantos Blancos.

Investing in new integrated technology solutions... is fundamental to our long-term goal of becoming water-neutral.

ENGAGEMENT AND PARTNERSHIPS

Our engagements with host governments, industry associations, local authorities, communities, NGOs, businesses, suppliers and other stakeholders on water-related issues are an integral part of our water journey.

Our involvement in national and local water partnerships is well established. In Australia, we have contributed to a leading industry initiative that implements the best available science to monitor and provide a more complete picture of the river health of Queensland's Fitzroy Basin. In Chile, we led an initiative to supply water to around 250 families from the Los Caleos community near the El Soldado operation; the initiative has since received formal approval and support from the Chilean government. In South Africa, we are involved in a water-resource development project in the Olifants catchment of Limpopo, where water shortages remains an obstacle to economic development, and local communities lack direct access to clean water and sanitation.

We also have water partnerships with many of our suppliers. In 2013, we signed a global framework agreement with our strategic pump-manufacturing partner, which involves developing joint skills and technologies, including the introduction of dewatering technology.

We continue to participate in a number of important water-related forums, such as the Strategic Water Partners Network programme, which has three focus areas aimed at addressing South Africa's water shortages.

Water sources affected by withdrawal

On occasion, we need to engage and partner with local stakeholders on specific issues of concern. For example, 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 all of its water. We are in the process of constructing a desalination plant that will meet the operation's water needs, thereby alleviating pressure on the Copiapó aquifer, which also serves agricultural and domestic needs.

In South Africa, Kumba's Sishen and Kolomela iron ore mines continue to manage issues of concern among local farmers regarding mine dewatering that effects the availability of groundwater. Although mine dewatering draws on water resources from the properties of certain landowners, the two mines supply affected landowners with an alternative source of water as and when required, and are implementing a trial to re-inject water back into the aquifer at both mines.

CLIMATE CHANGE AND ENERGY

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.

TARGET **19% SAVING AGAINST PROJECTED GREENHOUSE GAS (GHG) EMISSIONS IN 2015**

19%

7% SAVING AGAINST PROJECTED ENERGY CONSUMPTION IN 2015

7%

PROGRESS **WE HAVE ACHIEVED REDUCTIONS OF 19% AGAINST PROJECTED GHG EMISSIONS IN 2013**

19%

WE HAVE ACHIEVED REDUCTIONS OF 5% AGAINST PROJECTED ENERGY CONSUMPTION IN 2013

5%

OUR STRATEGY AND MANAGEMENT APPROACH

Across the business, our aim is to reduce our exposure to emerging carbon regulation and increases in energy costs, improve our ability to influence the development of effective government policy, increase commercial opportunities in our markets, and drive greater resilience to the physical impacts of climate change.

Our climate change strategy guides our response to the key climate change issues we face. The year 2013 was the third in our 10-year strategy, which is measured against a three-phase journey model designed to safeguard the business as well as host communities against climate change risks. We have consolidated the first phase of our journey: 'being disciplined' and more of our operations are progressing into the 'being proactive' second stage.

Our strategy has three main focus areas: driving operational excellence; investing in technology; and engaging and partnering with our stakeholders.

Progress on operational energy and carbon management is driven through our energy- and carbon-management programme, ECO₂MAN.

ECO₂MAN enables us to analyse our performance and identify where energy is being used, where there are opportunities for energy savings, and report performance in a consistent manner. The programme is supported by a mandatory carbon and energy technical standard. In 2013, our sites measured their progress with meeting its requirements, with an average compliance level of 64% reported. Climate change risks are also being integrated into multi-disciplinary, Group-wide risk-management processes.

OPERATIONAL EXCELLENCE

In 2011, energy and carbon-reduction targets were agreed for every Anglo American operation. These are aggregated into business unit targets and form part of the performance contracts of business unit CEOs and relevant managers. Our overall targets for greenhouse gas (GHG)-emission and energy-consumption reductions are 19% and 7%, respectively, against the projected business-as-usual (BAU) levels in 2015.

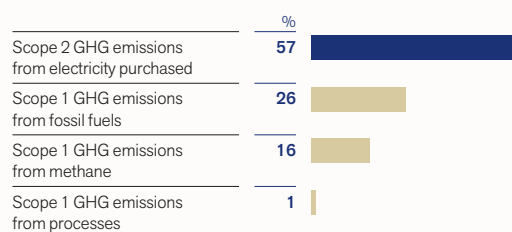
Our performance

By year end, we had achieved reductions of 3.5 million tonnes (Mt) of GHG emissions and 4.3 million GJ in energy consumption against the 2015 BAU projections.

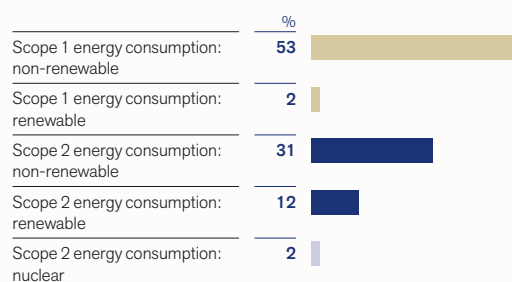
During 2013, Anglo American consumed 106 million GJ of energy (2012: 113 million GJ). The 6% year-on-year decrease, despite the inclusion of an additional 9 million GJ of energy use at De Beers, was attributable to the divestment of assets in our Other Mining and Industrial, and Nickel businesses as well as the implementation of 61 new energy- and carbon-saving projects in 2013. The total of 260 completed projects accounted for energy savings of 4.3 million GJ, equivalent to a 5% reduction against our BAU consumption in 2013. Our target is 7% against the BAU by 2015. The resultant avoided-energy cost is estimated at \$95 million.

The Group's total Scope 1 and Scope 2 GHG emissions declined to 17 Mt of carbon dioxide equivalent emissions (CO₂e) (2012: 18 Mt CO₂e). The inclusion of De Beers' relatively modest GHG emission profile was countered by the divestment of the energy-intensive Scaw business at the end of 2012, as well as the cessation of operations at Loma de Niquel towards the end of that year. The sale of Tarmac, which now forms part of the Lafarge joint venture and is not included in Anglo American figures, as well as the divestment of Amapá at the end of 2013, have further contributed to the reduction. Largely as a result of Metallurgical Coal's management of underground methane, Anglo American is on track towards achieving its carbon-saving target of 19% against the projected BAU levels by 2015, with 3.5 Mt of avoided carbon emissions.

GHG emissions by source



Energy consumption by source



Within the current business, GHG emissions for 2013 increased by 15% at Kumba, mainly owing to increased use of diesel associated with waste stripping, and at Iron Ore Brazil where emissions were 50% higher as a consequence of the ramping-up of construction at the Minas-Rio iron ore project and the beginning of pre-stripping activities. We continue to review our potential to achieve greater savings, and formal reviews have identified significant prospects at our high-energy, high-cost operations.

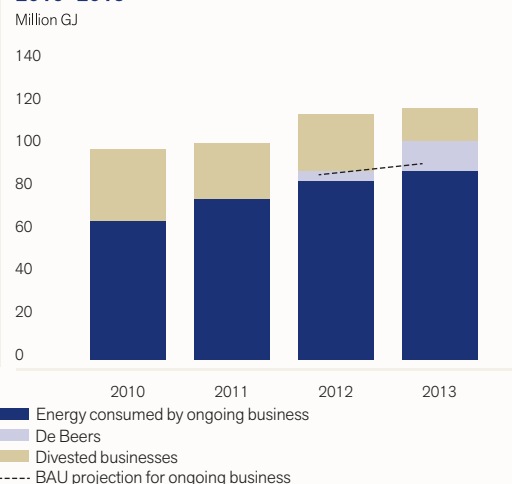
TECHNOLOGY

Anglo American's vision is to run high-efficiency, low-carbon (if not carbon-neutral) mines by 2030. Achieving this will depend on identifying and implementing step-change technologies and programmes. Our approach focuses on three areas: reducing energy consumption; recovering and re-using some of that energy; and using alternative energy. We also continue to investigate opportunities for carbon offsetting.

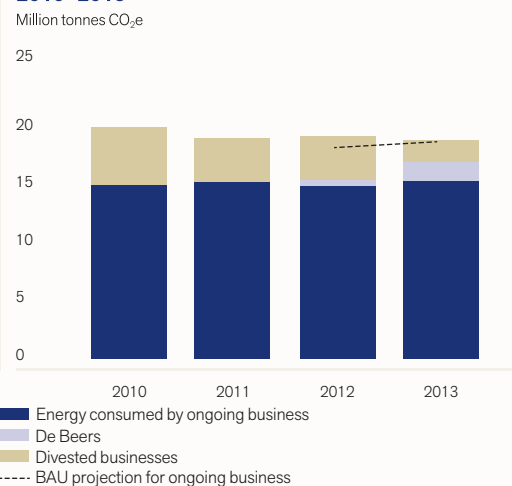
We are researching many opportunities with key stakeholders. To date, we have invested \$201 million in low-carbon, and energy-efficiency, research and technology development.

We are reviewing how we can cost-effectively implement best-practice energy technologies as standard practice in our operations. Our current focus is to scale-up energy savings through the sharing and adoption of best-available technologies in underground ventilation, diesel use, pumping, and conveyor optimisation. We aim to achieve savings of \$75 million from diesel-management systems by 2016.

Total energy consumed against BAU 2010–2013



Total GHG emissions against BAU 2010–2013



Innovative initiatives include investing in the harnessing and re-use of energy, such as energy generated from gravity flow in slurry pipelines or from braking systems in our haul trucks, and waste-heat recovery from our smelter at Waterval in Rustenburg, South Africa. Thermal Coal in South Africa has commissioned a solar photovoltaic farm at its Greenside colliery that will generate renewable energy to meet 25% of its main office's power requirements. (See case study on page 64.) In total, the business unit's photovoltaic projects will have capacity to produce almost 1 MW of power.

The mine-project investment decisions we make today are well within timescales that could be significantly affected by weather variability associated with long-term climate change.

THERMAL COAL'S SOLAR FARMS



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. Our greatest potential for delivering energy savings and emissions reductions is through energy-efficiency initiatives. The use of renewable-energy technologies is nevertheless an area of increasing potential, both to supplement energy needs at our operations and assist in the development of products that will help us to address our energy challenges.

In South Africa, our Thermal Coal business is capitalising on its abundance of sunshine and open land to develop solar energy farms in the eMalahleni region, Mpumalanga. Solar farms are the large-scale application of solar photovoltaic (PV) installations to generate electricity. Our Greenside colliery has commissioned a solar farm that will meet 25% of the power requirements at its main office complex using energy from the sun's rays. The plant cost \$280,000 to build and has 376 PV panels covering an area of 0.14 hectares.

With an output of 90 kilowatt peak (kWp), the panels are expected to generate 166 MWh every year, which is enough to power 23 average-sized households annually. The anticipated annual emissions reduction is the equivalent of planting more than 1,000 trees.

Thermal Coal is also constructing a 240 kWp grid-connected PV system to provide electricity to the central administration offices at its Kriel colliery. A 105 kWp PV solar farm at the Anglo American Highveld Hospital in eMalahleni. Construction of a 553 kWp plant at the Goedehoop colliery will commence in 2014. While they will only supplement some of Thermal Coal's energy needs during the day, it is expected that there will be a net cost saving.

The solar farms are prominently visible and will assist in generating awareness of the importance of energy saving and our investment in using alternative energy sources. In the longer term, the plants will compare favourably from a cost perspective with utility grid power from South African electricity public utility, Eskom.

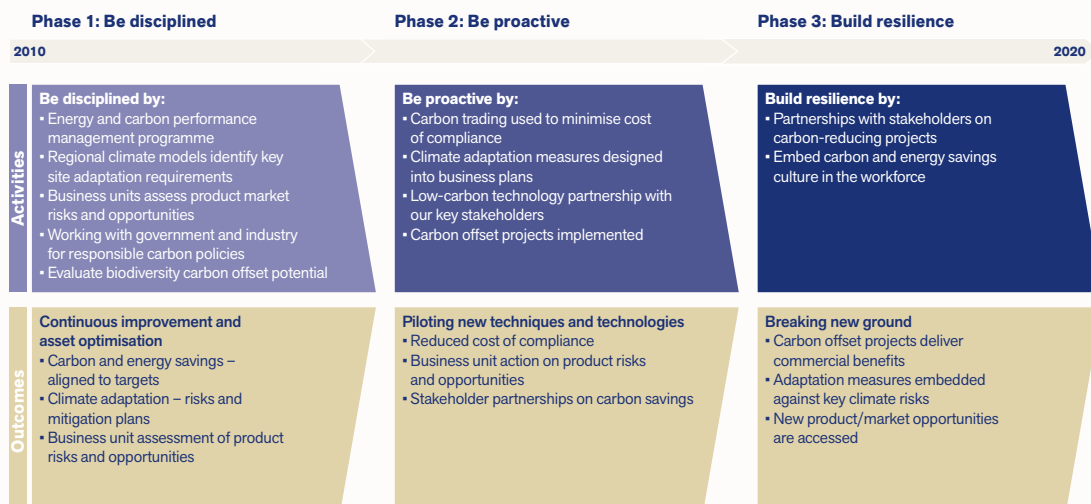
The projects form part of Thermal Coal's move towards technologies that will help to run low-carbon and more cost-efficient mines. Thermal Coal carefully manages its energy use and CO₂ emissions, not only because of their contribution to climate change, but as a result of the need to address energy security and the rising cost of electricity.

Across the Group we are researching renewable energy technologies and identifying opportunities to integrate alternative energy systems into existing and planned mining operations.

Image

Engineers Riaan Erasmus and Pieter Keyter working on the solar farm at Thermal Coal's Greenside colliery as a part of Anglo American's carbon-reduction programme.

Our carbon journey



Our longer-term partnership research programmes continue to make progress. US-based FutureGen Industrial Alliance has advanced to the feasibility stage of its clean-coal-technology development project. We continue to explore using liquefied petroleum gas (LPG) and methane capture to power trucks, and we are piloting platinum-based fuel cells as an alternative power system for underground locomotives.

We have longstanding research partnerships, including with MBD Energy in Australia on algal synthesis and, in South Africa, with fuel-cell company, Altergy, and the government, on fuel-cell systems. We also participate in various initiatives aimed at identifying commercially viable solutions for carbon capture and storage in the US, Australia and South Africa.

ENGAGEMENT AND PARTNERSHIPS

We continue to work with governments, our peer companies and other stakeholders on the development and implementation of efficient, effective and equitable climate change policies.

Legislation on environmental issues is tightening. In South Africa, the government's proposed carbon tax, if implemented in 2016, would introduce a higher carbon cost for our business. The Department of Environment requires the registration of waste tyre stockpiles and abatement plans, and has launched an initiative to create a national online inventory of all atmospheric emissions. In Chile, our operations are responding to an increase in permitting requirements, while in Australia, the Metallurgical Coal business will benefit from the new government's intention to replace the existing carbon-pricing scheme in July 2014 with a plan that will offer grants for abatement-technology projects.

A milestone in our work with the National Business Initiative in South Africa through the Energy Efficiency Leadership Network, which supported the securing of \$13.5 million in funding from the UK Department for International Development, to implement a country-wide programme to support energy-efficiency improvement in the private sector over the next two years.

Our Zimele Green Fund, which invests in projects that enable the communities around our operations to access clean energy and benefit from the green economy, is investing \$1 million (ZAR10 million) in the construction of a solar-park facility near Kumba's Sishen iron ore mine in the Northern Cape.

Anglo American supports the ICMC's position statement on climate change and related work on implementing a global solution for managing a low emissions economy, and principles for climate change policy design.

POWER FROM METHANE



By capturing underground methane, the power stations at Moranbah North and Grasree mines in Queensland Australia, prevent 3.5 million tonnes of CO₂-equivalent emissions from entering the atmosphere each year. This is the equivalent of taking 800,000 cars off the road or planting five million trees. Once the current expansion projects are complete, the two stations will generate 108 MW of electricity for the national grid, enough to power over 56,000 homes.

Image

Anglo American employee, Brent Sparks, talks to Energy Developments operator, Craig Bradford, at Moranbah North Power Station.

Climate change adaptation

The mine-project investment decisions we make today are well within timescales that could be significantly affected by weather variability associated with long-term climate change.

In recent years, we have focused on assessing the potential physical impacts of climate change at several potentially high-risk operational regions, including the Minas-Rio iron ore project in Brazil and our Coal and Platinum operations situated in the Olifants river catchment in South Africa. In 2012, we prioritised all our projects in terms of when climate change 'time of emergence' signals are likely to arise.

To further develop our capacity to assess and respond to the potential physical impacts of climate change, in 2013, we piloted a different approach to assessing climate risk and adaptation at our Michiquillay copper project in Peru. The outcomes of this research have influenced our best-practice guide on implementing climate adaptation at the Group's new projects.

Separately, at our current operations, we have also begun an exercise to improve our assessment and response to extreme weather and climate change.

LAND STEWARDSHIP

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.

OUR STRATEGY AND MANAGEMENT APPROACH

Our approach to land stewardship aims to address how we maximise the use of the land under our management control for wider benefit, and how we minimise the degradation of natural capital and damage to ecosystems. We have broadened our focus on rehabilitation (a key regulatory and financial risk for us) and the conservation of biodiversity, to align various functions – including land management, rehabilitation, social/community issues and biodiversity – into a more integrated concept of land stewardship. Our aims are to strengthen our relationships with communities, reduce closure liabilities, improve the chances of effective permitting and create opportunities for the beneficial use of land.

Land stewardship risks and activities are managed in line with the mandatory Environment Way performance requirements related to various environmental aspects. These environmental standards, which apply throughout the mining life cycle, are underpinned by rigorous pre-development social and environmental impact assessments to ensure that we consider social and environmental matters in our planning.

OPERATIONAL EXCELLENCE

Land management

The Environment Way rehabilitation performance standard follows the mitigation hierarchy approach of 'avoid, minimise and mitigate' impacts, and advocates early and thorough rehabilitation planning. During this process, rehabilitation outcomes are planned with stakeholders, and commitments are made to return land to a specified land capability potential and use.

Anglo American has 466,530 hectares of land under its management control (2012: 495,975 hectares), of which 84,214 hectares have been disturbed by mining, processing and mineral-waste disposal, and supporting infrastructure (2012: 97,679 hectares). In 2013, 16,827 hectares of that disturbed land were rehabilitated (2012: 17,821 hectares). The decrease was due to the divestment of businesses during 2013.

Each of our business units based in South Africa continues to contribute to a fund to meet the cost of our decommissioning, restoration and environmental rehabilitation liabilities in the country; at year end the value of the fund was \$348 million (2012: \$392 million).

During 2013, we experienced seven environmental incidents involving land, including the disturbance of land without 'permits to disturb' at Metallurgical Coal in Australia, and three hydrocarbon spills on operational land area at Thermal Coal (South Africa) and Metallurgical Coal operations. All incidents are addressed on site and the root causes determined and mitigated to prevent repeats.

Biodiversity

Given the potential of mining activities to affect habitats through land disturbance, land-use change and pollution, basic biodiversity management is a requirement within all our operational ISO 14001 management systems. The requirements of our Group-wide integrated risk-management standard are integrated into our current biodiversity performance requirements, helping sites to more clearly relate biodiversity issues to day-to-day operations and to potentially identify new risks.

Operations undertake high-level biodiversity risk assessments, developed by our biodiversity partner NGO, Fauna & Flora International (FFI). Where significant biodiversity risks or opportunities are identified, operations develop stand-alone biodiversity action plans (BAPs), which seek to balance ecological considerations and community needs. All operations that are required to implement BAPs (30) are doing so, with five BAP peer-review assessments being completed in 2013 in conjunction with FFI.

In 2013, the Group experienced five biodiversity-related Level 3 incidents. One involved 15 wild olive trees being cut down at De Beers' Voorspoed mine; remedial action entailed planting a hundred more of the trees. At De Beers' Kimberley mine, there were three slimes spills and an overflow of municipal raw sewerage into a rehabilitated mining area. The areas were cleaned and remediation actions completed.

As members of 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. Our most sensitive activities include the Minas-Rio iron ore system and pipeline in Brazil, which are located in the Atlantic forest and Cerrado biomes. Wherever possible, it is our practice to avoid any disturbance. To manage affected flora and fauna, we maintain a diligent programme of recovering and relocating native plants and cultivating indigenous seedlings.

The requirements of our Group-wide integrated risk-management standard are integrated into our current biodiversity performance requirements.

DE BEERS' DIAMOND ROUTE



De Beers' biodiversity strategy consists of a number of approaches that help to deliver valuable and recognisable contributions to biodiversity stewardship, both at and around the diamond business's areas of operation. One approach is through the Diamond Route, an ongoing biodiversity conservation, education and outreach programme from the De Beers Group of Companies, E Oppenheimer & Son and Ponahalo Investments, De Beers' black economic empowerment partner. The award-winning initiative, launched in 2002, grew out of De Beers' century-old practice of using its mining-licence landholdings for biodiversity conservation purposes.

Mining-licence landholdings are always considerably larger than the total footprint of any mining operation. De Beers dedicates roughly five hectares of land for biodiversity conservation purposes for every one disturbed by mining.

The Diamond Route is currently made up of 10 sites and comprises about 250,000 hectares of cross-regional private conservation land accessible to the public. The Route stretches from the succulent Karoo of Namaqualand on South Africa's west coast to South Africa's northern border, and up to the edge of the Makgadikgadi Pans in Botswana.

In addition to its success in ecosystem conservation and restoration, through this programme a vast number of range-restricted and endangered species are assured protection for generations to come. The programme also aims to make a lasting contribution to the social fabric around them. This includes promoting the development of small businesses, and educating employees and communities in environmental, conservation and biodiversity awareness.

The Diamond Route includes four dedicated conservation research centres. Hundreds of research projects have been conducted across the Route's properties at undergraduate and postgraduate level. The fourth annual Diamond Route Research conference, where a variety of research on the properties is showcased, was held in October 2013 and attended by approximately 170 delegates from more than 50 national and international institutions.

Image

Research Fellow at Exeter University's Centre for Ecology and Conservation, Dr Andrew Young, investigates the social behaviour of wild Damaraland mole rats on a Diamond Route site in the Kalahari.

TECHNOLOGY AND INNOVATION

Our Biodiversity Overlap Assessment (BOA) tool, introduced in 2012, has been fully formulated and systematised. By overlaying biodiversity data available from the World Database on Protected Areas with our own site-based data, the tool helps us to identify, prioritise and share the main biodiversity risks and opportunities across operations, project sites and important exploration sites. We have developed a global map, using Google Earth images, to provide a better view of our operations in relation to protected areas.

At our Jacaré nickel deposit we have been exploring in Brazil's Amazon catchment; we engaged a geologist to work with an IT company and the University of São Paulo and, with the support of FFI, to develop a new methodology for measuring biodiversity. The introduction of the new technologies is helping us to understand the complexity of the biodiversity in the Amazon rainforest and to forecast how biodiversity would be affected throughout the entire life cycle of the project. As a result, biodiversity considerations can now be applied at an early stage in the mine planning process.

ENGAGEMENT AND PARTNERSHIPS

FFI has been a key partner for Anglo American since 2008, contributing to the development of various core practices and guiding documents, including our biodiversity-performance requirements and the guideline for preparing BAPs.

Iron Ore Brazil has formed a local partnership with FFI to support the development of an ecological corridor, which will account for more than a fifth of the Minas Gerais state land conservation target. In Peru, Copper has engaged FFI on addressing ecosystem-related opportunities to improve water security at the Quellaveco project. In association with FFI, we are also piloting a project on the identification and valuation of ecosystem services at the Los Bronces operation in Chile. This is due to be completed in the first half of 2014. Our Nickel and Iron Ore businesses in Brazil are also partnering with local universities to better understand the biodiversity and impacts around the Minas-Rio iron ore project and Barro Alto nickel operation.

In 2013, we became members of the Land Rehabilitation Society of Southern Africa, which disseminates information on land rehabilitation in the region. Also in South Africa, De Beers is deeply involved in bringing biodiversity into the mining sector mainstream. The Company also chairs the Mining and Biodiversity Forum, which brings together representatives from various stakeholder groups. Furthermore, it is a founding partner of the multi-stakeholder National Biodiversity and Business Network (NBBN).

Anglo American is a member of Proteus, a private-sector partnership with the United Nations Environment Programme World Conservation Monitoring Centre (UNEP-WCMC), which has a database of information on key protected areas around the world. We will integrate this data into our BOA tool during 2014. We also continue to contribute to the ICMM's work in developing assessment tools in the mining and metals industry.

WASTE MANAGEMENT AND AIR QUALITY

We generate significant quantities of mineral waste, and some of our operations generate gaseous and particulate emissions. We effectively manage these, to prevent potential harm to the environment and human health. At some of our waste facilities there is the opportunity to re-mine; at others we research and trial novel applications for by-products.

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 air quality, mineral residue, non-mineral waste, hazardous substances, rehabilitation and water. We apply the 'avoid, reduce, re-use and recycle' management hierarchy to ensure the least possible impact on human health and the environment, during both the operational and post-closure phases. Once waste-reduction opportunities are exhausted, we actively explore the re-use of by-products.

Management of hazardous substances is strictly regulated and controlled at our operations and at the receiving waste facilities.

OPERATIONAL EXCELLENCE

Given the nature of our business, our efforts are focused 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. The most material Group-wide air quality issue relates to sulphur dioxide (SO₂) emissions around our copper and platinum smelters.

Managing waste

We carefully monitor the structural stability of mineral-waste storage facilities through regular inspections and monitoring. Key environmental risks, including surface and groundwater contamination, dust generation and spontaneous combustion associated with coal mining residues, are mitigated through appropriate technical measures. For example, we are increasingly deploying fines-dewatering technology to improve water recovery and reduce the risk of seepage from storage facilities.

Regular internal and third-party risk assessments and audits are undertaken at our facilities. Out of a total of 118 large-volume mineral residue facilities, 49 are currently operative (2012: 54). During the year, 32 facilities were audited. Where significant risks are identified, measures are put in place to address these. The outcomes of this audit process are reviewed annually by the S&SD Committee of the Board.

A Level 3 tailings spillage occurred at Platinum's Mogalakwena mine in June 2013. The incident was investigated and effective corrective action was undertaken. (See case study on page 69.)

The management of hazardous substances is strictly regulated and controlled 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 chemicals) regulations. The implementation of similar legislation requiring the registration and the disclosure of the potential environmental and health impacts of our products is extending to other countries. 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.

Air quality

Our aim is to ensure that our performance in relation to air quality remains within legal limits. Sulphur dioxide (SO₂) emissions around our copper and platinum smelters in Chile and South Africa amounted to 35,000 tonnes in 2013 (2012: 41,470 tonnes). More information on SO₂ emissions around our platinum smelters is available in the 2013 Platinum Integrated Report. In 2013, we generated 963 tonnes of SO₂ and 40,450 tonnes of nitrous oxide (NOx) emissions associated with the combustion of diesel.

In 2013, we experienced one Level 3 environmental incident of dust fall exceeding legal limits at our Trend metallurgical coal mine in Canada. Remedial action is in progress.

During the year, we introduced an air-quality community of practice, which aims to benefit from sharing learnings across the Group in order to assist in identifying and addressing our most important risks at a regional and operational level. The initiative will be part of a review of best-practice air-quality management. We also introduced a material-stewardship community of practice, as part of an emphasis on reviewing and strengthening our material-stewardship practices. In addition, we concluded a four-year review of our chemicals management in relation to responsible sourcing, in collaboration with Imperial College, London.

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 life cycle 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.

RESPONDING TO INCIDENTS THAT IMPACT ON THE ENVIRONMENT



Preventing harm to the environment is an intrinsic part of our risk-based approach to being a good corporate citizen. When environmental incidents occur, we act swiftly to minimise any negative impact and strengthen controls to avoid a repeat incident.

In June 2013, a tailings dam fault at our Mogalakwena open-pit platinum mine in Limpopo province, South Africa, resulted in a leakage of tailings into the Mohlosane river, which traverses the mine property. The spillage also extended for approximately four kilometres along the river in communal land. The control failures related to structural weaknesses in a section of the tailings dam, including the large size of some of the rocks, and drainage systems that should have channelled the tailings to paddocks rather than to the river.

All relevant stakeholder groups were contacted and a comprehensive remedial action plan was urgently

developed and implemented. The tailings dam was repaired and cofferdams were built in the river to contain the tailings. Nearly 130 community members were recruited to assist in removing the tailings from the riverbed. It was also necessary to use equipment such as vacuum trucks, Bobcat skid steer loaders, excavators and tipper trucks, to mitigate negative impacts.

At the mine, operational control issues were strengthened, to avoid a repeat incident. We engaged with the local community stakeholders throughout the clean-up and rehabilitation process to identify and address concerns and potential repercussions. Vegetation that was removed during the construction of temporary roads to access the river will be replaced by planting trees in the neighbouring communities. Fresh water, water-storage tanks and water troughs were provided for livestock that drank from the river. The community was asked to inform the mine when any livestock died under unusual circumstances. These animals were autopsied and in the four reported cases, the deaths could not be linked to the tailings dam failure.

The total investment in the clean-up project was around \$2.4 million (ZAR23 million). By the end of 2013, all communal property and mine property affected by the tailings leakage had been cleaned. Rehabilitation of the land and riverbed to its pre-incident state will be completed early in 2014. The intervention successfully mitigated negative environmental impacts, with no negative feedback from the local community or authorities at any stage.

Image

Following the tailings dam breach at Mogalakwena, local community members were employed by the mine to clean up contamination of the Mohlosane river.

TECHNOLOGY AND INNOVATION

We research and trial innovative applications aimed at reclaiming mineral wealth through waste products. For example, during 2013 we successfully tested a technology for recovering copper from tailings.

The re-use of by-products in some instances involves re-mining waste facilities. In South Africa, progress continues on the development of a power plant that will convert low-quality discarded coal from three of our Thermal Coal collieries into electricity, some of which will be supplied back to our mines via the national grid. A preferred developer has been identified and first power is expected by 2017.

Another enterprising example of re-use of by-products is at our Phosphates business in Brazil where we pioneered a new use for phosphate waste in the intermediate stage of the fertiliser manufacture cycle. This has doubled the amount of phosphate waste recovered and re-used.

ENGAGEMENT AND PARTNERSHIPS

In South Africa, amended air-quality standards to be introduced in January 2015 require greater performance data disclosure. We have been working with the Chamber of Mines on the implications for our operations, in particular Platinum, and how to manage these.

In response to new regulations concerning waste tyres, we are aligning with the South African government's plan to manage the recycling of waste tyres in order to address the stockpiles at our operations in the country. Through our Zimele Green Fund we are collaborating in the development of an operating model whereby local communities are given the means to transform big offroad tyres into valuable commodity by-products such as biofuel, steel and carbon black. Each of these by-products has a market within South Africa, which is currently partly serviced by imports. Local technology will be used as far as possible, with significant prospects for job creation. The project also aims to offset revenues against the taxes imposed on new tyres and to assist mines in being compliant with ongoing legislation in this regard.

INDEPENDENT ASSURANCE REPORT TO THE DIRECTORS OF ANGLO AMERICAN PLC

We have been engaged by the directors of Anglo American Plc (the "Company") to perform an independent assurance engagement in respect of selected sustainability information reported in the Company's Sustainable Development Report for the year ending 31 December 2013 (the "Report"). This report is produced in accordance with the terms of our contract with the Company dated 13 October 2011.

INDEPENDENCE AND EXPERTISE

We have complied with the International Federation of Accountants' (IFAC) 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 for the Group, unless otherwise indicated, are as follows:

Reasonable assurance

The following selected sustainability information in the Report was selected for an expression of reasonable assurance:

- Total work-related fatal injuries (page 72)
- Fatal injury frequency rate (FIFR) (page 72)
- Lost-time injury frequency rate (LTIFR) (page 72)
- Total recordable case frequency rate (TRCFR) (page 72)
- Total number of new cases of noise-induced hearing loss (NIHL) (page 74)
- Total number of new cases of occupational diseases (page 74)
- Total CO₂ emissions from fossil fuels in million tonnes (page 76)
- Total CO₂ emissions from electricity purchased in million tonnes (Scope 2) (page 77)
- Total number of Level 2, 3, 4 and 5 environmental incidents reported (excluding De Beers) (page 76)
- Total amount of energy used in million GJ (excluding processes) (page 76).

Limited assurance

The following selected sustainability information in the Report was selected for an expression of limited assurance:

- Total amount of water used for primary activities in million m³ (excluding De Beers) (page 76)
- Total amount of water used for non-primary activities in million m³ (excluding De Beers) (page 76)

- Company managed land in hectares (Ha) (excluding De Beers) (page 77)
- Number of employees participating in anti-retroviral treatment (ART) (South Africa) (excluding De Beers) (page 74)
- Total expenditure on corporate social investment (CSI) projects (US\$ million) (page 78)
- Jobs created or sustained through enterprise development initiatives in South Africa and Chile (page 78)
- The alignment of Anglo American's sustainability policies to the International Council of Mining and Metals' (ICMM) 10 Sustainable Development Principles referred to on (page 80).
- 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 referred to on (page 11).
- 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 11).

We refer to this information as the "selected sustainability information for Reasonable Assurance" and "selected sustainability information for limited assurance", respectively, and collectively as the "selected sustainability information".

We have not carried out any work on data reported for prior reporting periods, 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 sustainability information.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND PRICEWATERHOUSECOOPERS INC.

The directors are responsible for selection, preparation and presentation of the selected sustainability information in accordance with the criteria set out in Company's reporting policies set out on page 80 of the Report and the ICMM sustainable development framework, collectively referred to as the "reporting criteria", and for the development of the reporting criteria. The directors are also responsible for designing, implementing and maintaining of internal controls as the directors determine is necessary to enable the preparation of the selected sustainability information that are free from material misstatements, whether due to fraud or error.

Our responsibility is to form an independent conclusion, based on our reasonable assurance procedures, on whether the selected sustainability information for reasonable assurance has been prepared, 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 sustainability information for limited assurance has not been prepared, 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 either reasonable or limited assurance engagement in accordance with International Standard on Assurance Engagements 3000: Assurance Engagements other than Audits and Reviews of Historical Financial Information (ISAE 3000), also taking into consideration International Standard on Assurance Engagements 3410: Assurance Engagements on Greenhouse Gas Statements (ISAE 3410), issued by the International Auditing and Assurance Standards Board. These standards require 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 sustainability information as per the terms of our engagement.

Our work included examination, on a test basis, of evidence relevant to the selected sustainability information. It also included an assessment of the significant estimates and judgements made by the directors in the preparation of the selected sustainability 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 in respect of the selected sustainability information.

Our work in respect of the selected sustainability information included the following procedures:

- Reviewing processes that the Company has in place for determining material selected sustainability 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 sustainability information and related statements in the Company's Report
- Reviewing the alignment of the Company's sustainability policies to each of the 10 ICMM principles
- Reviewing the accuracy of the Company'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 the Company has implemented to manage its material sustainable development priorities as reflected by the selected identified key performance indicators (KPIs).

A limited assurance engagement is substantially 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 sustainability information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of the selected sustainability 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 performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining, calculating, sampling and estimating such information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. 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

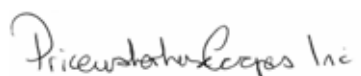
Based on the results of our reasonable assurance procedures, in our opinion, the selected sustainability information for the year ended 31 December 2013, has been prepared, in all material respects, in accordance with the reporting criteria.

Limited assurance

Based on the results of our limited assurance procedures nothing has come to our attention that causes us to believe that the selected sustainability information for the year ended 31 December 2013, has not been prepared, in all material respects, in accordance with the reporting criteria.

Other matters

The maintenance and integrity of Anglo American Plc's Website is the responsibility of Anglo American Plc's directors. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Report or our independent assurance report that may have occurred since the initial date of presentation on Anglo American Plc's Website.



PricewaterhouseCoopers Inc.

Director: Jayne Mammatt
Registered Auditor
Johannesburg
19 March 2014

DATA FOR MANAGED COMPANIES

Data included here account for 100% of the businesses managed by Anglo American. Unless otherwise stated, data for acquisitions is included from date of acquisition and divested businesses discontinue reporting from the date of disposal.

Safety

Business unit	2013	2012*	2011	2010	2009
Anglo American plc					
Work-related fatalities	14	13	17	15	20
Fatal-injury frequency rate (FIFR)	0.008	0.007	0.009	0.008	0.010
Total recordable case frequency rate (TRCFR)	1.08	1.29	2.01	1.44	1.81
Lost-time injury frequency rate (LTIFR)	0.49	0.58	0.64	0.64	0.76
Lost-time injury severity rate (LTISR)	177	215	220	229	226
Kumba Iron Ore					
Work-related fatalities	0	2	0	3	1
FIFR	0.000	0.010	0.000	0.017	0.007
TRCFR	0.82	0.71	0.77	1.24	1.27
LTIFR	0.18	0.10	0.08	0.12	0.07
LTISR	52	28	32	33	17
Iron Ore Brazil					
Work-related fatalities	0	0	1	0	1
FIFR	0.000	0.000	0.006	0.000	0.012
TRCFR	0.23	0.22	0.19	0.36	0.26
LTIFR	0.005	0.01	0.01	0.02	0.02
LTISR	2	5	6	15	5
Metallurgical Coal					
Work-related fatalities	0	0	0	1	0
FIFR	0.000	0.000	0.000	0.020	0.000
TRCFR ⁽¹⁾	1.48	2.31	3.13	3.92	3.15
LTIFR	1.00	1.75	2.47	3.39	0.82
LTISR	529	572	896	438	316
Thermal Coal					
Work-related fatalities	3	2	2	0	2
FIFR	0.018	0.012	0.011	0.000	0.009
TRCFR	0.53	0.58	0.58	0.68	0.71
LTIFR	0.18	0.20	0.19	0.21	0.29
LTISR	75	103	84	185	109
Copper					
Work-related fatalities	1	0	1	0	0
FIFR	0.006	0.000	0.005	0.000	0.000
TRCFR	0.61	0.61	0.66	0.70	0.83
LTIFR	0.20	0.20	0.19	0.25	0.17
LTISR	110	119	120	179	101
Nickel					
Work-related fatalities	0	1	0	0	0
FIFR	0.000	0.028	0.000	0.000	0.000
TRCFR	1.52	1.33	1.22	1.11	1.04
LTIFR	0.17	0.11	0.23	0.07	0.14
LTISR	163	17	30	21	36

⁽¹⁾ The 2012 TRCFR data for Metallurgical Coal was restated after the 2012 report went to print.

Safety

Business unit	2013	2012*	2011	2010	2009
Niobium and Phosphates					
Work-related fatalities	0	0	0	1	0
FIFR	0.000	0.000	0.000	0.033	0.000
TRCFR	1.46	1.30	1.14	1.13	1.72
LTIFR	0.31	0.39	0.15	0.33	0.50
LTISR	71	215	50	249	103
Platinum					
Work-related fatalities	6	7	12	8	14
FIFR	0.010	0.011	0.018	0.012	0.016
TRCFR	1.82	2.13	4.09	2.08	2.59
LTIFR	1.05	1.15	1.27	1.17	1.36
LTISR	379	441	408	409	382
De Beers*					
Work-related fatalities	0	0	–	–	–
FIFR	0.000	0.000	–	–	–
TRCFR	0.78	1.17	–	–	–
LTIFR	0.19	0.32	–	–	–
LTISR	18	43	–	–	–
Other Mining and Industrial (non-core)					
Work-related fatalities	4	1	1	2	2
FIFR	0.116	0.004	0.005	0.007	0.007
TRCFR	0.73	0.93	0.89	1.36	1.57
LTIFR	0.26	0.25	0.21	0.33	0.34
LTISR	70	47	77	128	115
Corporate offices and Exploration					
Work-related fatalities	0	0	0	0	0
FIFR	0.000	0.000	0.000	0.000	0.000
TRCFR	0.46	0.42	0.63	0.55	0.51
LTIFR	0.28	0.13	0.22	0.17	0.24
LTISR	19	10	23	58	84

*In the 2012 Sustainable Development Report, De Beers was reported separately from the Group data but has now been included since 1 September 2012.

Fatal incidents by cause

	2013		2012		2011		2010		2009	
	Surface	Underground	Surface	Underground	Surface	Underground	Surface	Underground	Surface	Underground
Falls of ground	0	4	0	1	0	5	2	3	0	5
Transportation	0	0	1	1	1	1	3	1	1	5
Moving machinery	0	4	0	3	1	3	0	1	1	1
Other causes	4	0	2	1	0	0	2	0	0	1
Fire/explosion	0	0	1	0	1	1	1	1	1	0
Falling	1	1	0	0	0	0	0	0	1	0
Falling objects	0	0	1	0	0	1	0	0	2	1
Electricity	0	0	0	0	0	0	0	1	1	0
Hydraulic energy	0	0	1	0	0	1	0	0	0	0
Other energy	0	0	1	0	1	0	0	0	0	0
Materials handling	0	0	0	0	0	1	0	0	0	0

HIV/AIDS⁽¹⁾

	2013	2012 ⁽³⁾	2011	2010	2009 ⁽²⁾
Employees in high HIV-burden countries	68,884	70,720	77,075	73,129	66,661
Estimated HIV prevalence rate (%)	16.3	16.8	16.7	16.5	18.0
Estimated number of HIV-positive employees	11,243	11,884	12,864	12,066	12,057
HIV counselling and testing participation (%)	75	82	92	94	82
Number of new cases of HIV	529	527	902		
Employees on HIV wellness programmes	8,407	8,361	7,846	7,092	6,116
Estimated HIV+ enrolment in Anglo American HIV wellness programmes (%)	75	70	61	59	51
Employees on anti-retroviral therapy (ART) ⁽²⁾	5,237	5,332	4,730	3,965	3,211
Estimated HIV-positive on ART (%)	47	45	37	33	27
AIDS deaths (including tuberculosis cases)	125	–	–	–	–
Number of employee VCT cases	51,954	57,847	–	–	–
Number of contractor VCT cases	40,814	37,397	–	–	–

Tuberculosis

	2013	2012 ⁽¹⁾	2011	2010	2009 ⁽¹⁾
New cases of tuberculosis (TB)	734	677	913	727	919
TB incidence rate per 100,000 employees	1,066	958	1,185	994	1,379
Proven TB deaths	63	59	65	–	–

⁽¹⁾ HIV/AIDS and TB data includes only Anglo American's southern African operations.

⁽²⁾ Data from De Beers is included from January 2013, but was not included in the PwC assurance scope. Excluding De Beers, the Group total for employees receiving ART amounted to 5,156.

⁽³⁾ Excludes non-core businesses.

New cases of occupational disease

	Employees potentially exposed	New cases	Fatalities due to occupational disease
Noise-induced hearing loss (NIHL)	46,916	132	0
Musculoskeletal disorder (MD)	96,352	41	0
Coal-workers' pneumoconiosis (CWP)	6,010	13	0
Chronic obstructive airways disease (COAD)	13,900	10	0
Occupational asthma	335	4	0
Occupational dermatitis	96,352	3	0
Occupational tuberculosis	6,182	2	0
Other occupational diseases	96,352	2	0
Occupational cancers	2,765	1	0
Occupational malaria	31	1	0
Silicosis	7,890	0	0
Hand-arm vibration syndrome (HAVs)	5,653	0	0
Platinum salt sensitivity	43	0	0
Total	N/A	209	0

Occupational disease incidence rates

	2013	2012	2011	2010	2009
Total occupational disease incidence rate (per 200,000 hours)	0.217	0.185	0.205	0.284	0.483
NIHL	0.281	0.185	0.266	0.363	0.756
MD	0.043	0.051	0.035	0.022	0.038
CWP	0.216	0.275	0.296	0.457	0.141
COAD	0.072	0.054	0.038	0.148	0.024
Occupational tuberculosis	0.032	0.073	0.277	0.378	0.715
Other occupational diseases	0.002	0.006	0.007	0.007	0.003
Occupational dermatitis	0.003	0.004	0.005	0.002	0.009
Occupational asthma ⁽⁴⁾	1.194	0.151	0.067	0.049	0.026
Occupational cancers	0.036	0.090	0.000	0.000	0.000
Silicosis	0.000	0.000	0.065	0.000	0.112
Occupational malaria	3.226	–	–	–	–
HAVs	0.000	0.000	0.124	2.013	2.158
Platinum salt sensitivity	0.000	0.000	0.000	0.000	0.000

⁽⁴⁾ The incidence rate for employees exposed to known cause of occupational asthma has decreased significantly due to a drop in the number of employees exposed (the denominator for the calculation) because of divestments.

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	Occupational Malaria	Total
Anglo American plc															
2013	132	41	13	2	2	3	10	–	4	–	–	1	–	1	209
2012	85	48	16	5	5	4	7	–	3	–	–	1	–	–	174
2011	117	34	14	9	7	5	4	3	2	1	1	–	–	–	197
Kumba Iron Ore															
2013	7	–	–	–	–	–	–	–	–	–	–	–	–	–	7
2012	3	–	–	–	1	2	–	–	–	–	–	–	–	–	6
2011	17	–	–	2	–	–	–	–	–	–	–	–	–	–	19
Iron Ore Brazil															
2013	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0
2012	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0
2011	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0
Metallurgical Coal															
2013	34	39	–	–	2	–	–	–	–	–	–	–	–	–	75
2012	9	44	–	–	4	–	–	–	–	–	–	–	–	–	57
2011	4	33	–	–	2	2	–	–	–	–	–	–	–	–	41
Thermal Coal															
2013	15	–	13	1	–	–	1	–	–	–	–	–	–	–	30
2012	13	–	16	4	–	–	2	–	–	–	–	–	–	–	35
2011	10	–	13	–	–	–	2	–	–	–	–	–	–	–	25
Copper															
2013	1	–	–	–	–	–	–	–	–	–	–	–	–	–	1
2012	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0
2011	1	–	–	–	–	–	–	–	–	–	–	–	–	–	1
Nickel															
2013	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0
2012	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0
2011	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0
Niobium and Phosphates															
2013	–	–	–	–	–	–	–	–	1	–	–	–	–	–	1
2012	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0
2011	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0
Platinum															
2013	68	–	–	–	–	1	9	–	1	–	–	1	–	–	80
2012	46	1	–	–	–	2	5	–	3	–	–	1	–	–	58
2011	53	–	–	–	–	2	1	–	–	–	–	–	–	–	56
De Beers															
2013	6	2	–	1	–	2	–	–	2	–	–	–	–	1	14
2012	1	3	–	–	–	–	–	–	–	–	–	–	–	–	4
Corporate offices and Exploration															
2013	1	–	–	–	–	–	–	–	–	–	–	–	–	–	1
2012	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0
2011	–	1	–	–	1	–	–	–	–	–	–	–	–	–	2
Other Mining and Industrial															
2013	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0
2012	13	–	–	1	–	–	–	–	–	–	–	–	–	–	14
2011	32	–	1	7	4	1	1	3	2	1	1	–	–	–	53

Environment

	Kumba Iron Ore	Iron Ore Brazil	Metallurgical Coal	Thermal Coal	Copper	Nickel	Platinum
GHG emissions (Mt CO₂e)⁽¹⁾							
Scope 1	0.56	0.08	3.17	0.69	0.62	0.74	0.56
Scope 2	0.52	0.00	0.60	0.89	1.07	0.14	5.38
Total CO ₂	1.08	0.08	3.77	1.58	1.69	0.88	5.94
Energy consumption (million GJ)⁽²⁾							
Direct energy	7.54	1.05	12.06	2.88	7.03	10.35	6.35
Indirect energy (Scope 2)	1.80	0.01	2.65	3.06	9.05	5.23	18.59
Total energy	9.34	1.06	14.71	5.93	16.07	15.58	24.94
Water (million m³)⁽³⁾							
Water used for primary activities	8.59	1.46	13.53	9.59	38.52	4.02	28.31
Water used for non-primary activities	2.06	0.00	0.78	1.46	0.00	0.16	5.10
Total water consumed	10.65	1.46	14.31	11.04	38.52	4.17	33.41
Water re-used/recycled in processes	4.59	0.00	5.91	5.72	116.47	87.45	50.16
Land (ha)⁽⁴⁾							
Company-managed land	82,087	15,702	98,171	72,204	90,193	34,446	43,305
Land altered by mining activities and supporting infrastructure	10,813	3,735	27,817	17,940	10,240	1,835	9,337
Land fully rehabilitated	0	367	7,141	7,149	7	88	0
Environmental incidents⁽⁵⁾							
Level 3	0	1	14	6	1	0	1
Level 4	0	0	0	0	0	0	0
Level 5	0	0	0	0	0	0	0
Air emissions (1,000 t)							
Total SO ₂ emissions from diesel used and processes	0.18	0.02	0.27	6.78	6.91	1.10	19.21
Total NO ₂ emissions from diesel used and processes	7.42	1.00	11.14	2.83	6.48	0.43	2.31
Ore mined/milled⁽⁶⁾							
1,000 tonnes (kt)	55	N/A	36	66	85	2	35

⁽¹⁾ The PwC assurance scope for CO₂ from fossil fuels in 2013 excluded process emissions. Excluding process emissions, the figures amounted to 4.34 million tonnes of CO₂ from fossil fuels. CO₂e emissions data published in 2012 have been revised due to change requests made by Kumba Iron Ore, Copper, and Niobium and Phosphates subsequent to publication of the 2012 Sustainable Development Report. Emissions from spontaneous combustion are excluded from CO₂ from processes from 2012 onwards.

⁽²⁾ The PwC assurance scope for total energy consumed from fossil fuels in 2013 excluded energy from processes. Excluding energy from processes, the 2013 figure amounted to 92.3 million GJ of energy. The total amount of energy consumed in 2012 has been revised due to change requests made by Kumba Iron Ore, Copper, and Niobium and Phosphates subsequent to publication of the 2012 Sustainable Development Report.

⁽³⁾ The 2013 PwC assurance scope for De Beers in relation to water used for primary and non-primary activities was limited to management review, given the ongoing work to align reporting definitions and methodologies. During 2013, the Group excluding De Beers consumed 117.03 million m³ of water for primary activities, and 9.68 million m³ of water for non-primary activities. The total amount of water consumed in 2012 was revised due to change requests made by Kumba Iron Ore and Niobium and Phosphates subsequent to publication of the 2012 Annual Report.

⁽⁴⁾ The 2013 PwC assurance scope for De Beers in relation to Company-managed land was limited to management review, given the ongoing work to align reporting definitions and methodologies. The figures for Company-managed land reported here and throughout the report exclude De Beers given that additional alignment of definitions is required. During 2013 and 2012, the data reflects Company-managed land. In 2011, data included land under Company charge.

⁽⁵⁾ The 2013 PwC assurance scope for De Beers in relation to Level 2, 3, 4 and 5 environmental incidents was limited to management review, given the ongoing work to align reporting definitions and methodologies. For the Group excluding De Beers, these figures amounted to 150 Level 2, 24 Level 3, nil Level 4 and nil Level 5 environmental incidents.

⁽⁶⁾ Data for the coal businesses are based on run-of-mine coal produced. For Phosphates, data is not included due to the complexity of varying products.

	De Beers	Niobium and Phosphates	Corporate offices and Exploration	Other Mining and Industrial (non-core)	Anglo American 2013	Anglo American 2012	Anglo American 2011
GHG emissions (Mt CO₂e)							
Scope 1	0.74	0.08	0.01	0.03	7.28	8.73	9.35
Scope 2	1.04	0.03	0.03	0.02	9.73	9.74	9.43
Total CO ₂	1.78	0.11	0.04	0.05	17.01	18.48	18.77
Energy consumption (million GJ)							
Direct energy	10.05	1.79	0.11	0.49	59.70	65.21	59.17
Indirect energy (Scope 2)	4.07	1.01	0.10	0.50	46.07	47.69	43.20
Total energy	14.12	2.81	0.22	0.99	105.77	112.90	102.36
Water (million m³)							
Water used for primary activities	65.37	8.28	0.12	4.61	182.40	145.04	115.15
Water used for non-primary activities	9.42	0.10	0.00	0.03	19.10	11.38	8.99
Total water consumed	74.79	8.38	0.12	4.64	201.49	156.42	124.14
Water re-used/recycled in processes	70.75	52.63	0.02	23.44	417.16	368.92	261.45
Land (ha)							
Company-managed land	–	8,058	19,022	3,341	466,530	495,975	523,701
Land altered by mining activities and supporting infrastructure	–	1,168	0	1,328	84,214	97,679	88,478
Land fully rehabilitated	–	67	0	2,009	16,827	17,821	14,973
Environmental incidents							
Level 3	6	0	0	1	30	21	26
Level 4	0	0	0	0	0	1	1
Level 5	0	0	0	0	0	0	0
Air emissions (1,000t)							
Total SO ₂ emissions from diesel used and processes	0.20	1.30	0.00	0.00	35.97	41.47	42.03
Total NO ₂ emissions from diesel used and processes	8.28	0.45	0.03	0.07	40.45	36.58	35.39
Ore mined/milled							
Million tonnes (Mt)	45	7	N/A	N/A	N/A	N/A	N/A

Large-volume waste facilities

	2013	2012	2011	2010	2009
Number of mineral residue disposal facilities	118	126	132	127	124
Number of facilities in active use	49	54	54	57	56
Total area occupied by facilities (hectares)	7,089	7,200	7,270	6,527	6,821
Total number of audits	32	69	47	71	85

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

	2013	2012	2011	2010	2009
Full-time employees (annual average)	101,074	85,763	95,961	90,473	101,500
Contractors (annual average)	57,818	50,556	50,747	49,695	48,094
Women in management (%)	23	23	22	21	19
'Historically disadvantaged South Africans' in management (% of South African management)	64	62	51	46	46
Resignations (%)	2.0	2.4	2.7	2.4	2.4
Redundancies (%)	4.1	0.6	1.4	2.1	3.8
Dismissals (%)	1.5	1.4	1.1	1.3	2.0
Other reasons for leaving (%)	2.7	2.4	0.3	2.8	4.9

Note:

De Beers data is included for head count (full-time employees and contractors) only.

Social

	2013	2012	2011	2010	2009
CSI expenditure (\$ million) ⁽¹⁾	127.5	145.7	129	111	83
CSI expenditure (% of pre-tax profit)	2.2	2.8	1	1	2
Procurement: BEE expenditure (\$ billion)	3.8	3.1	3	2.4	2.2
Procurement: localised expenditure (\$ billion)	1.63	1.54	1.13	—	—
Procurement: localised expenditure (% of total)	12.3	11.3	9.5	—	—
Businesses supported through enterprise development initiatives (since 2008)	48,111	40,217	38,681	9,392	3,720
Jobs created/sustained through enterprise development initiatives (since 2008) ⁽²⁾	76,543	64,927	47,070	17,200	12,982

⁽¹⁾ CSI data from 2012 has been restated owing to a change request made by De Beers subsequent to the publication of the 2012 Sustainable Development Report.

⁽²⁾ The number of jobs created/sustained in 2013 included 8,296 in South Africa and 18,546 in Chile.

Taxes paid directly to government by category and country (\$ m)

	South Africa	Chile	Australia	UK	Brazil	Botswana	Peru	Zimbabwe	Namibia	Canada	Other	Total
Profits	1,024	423	18	32	142	23	0	0	96	2	0	1,760
Transactions	26	2	1	1	22	0	0	2	21	0	16	91
Labour	6	36	104	38	41	0	1	0	0	11	5	242
Royalties and environmental	311	70	223	0	25	0	0	10	47	1	0	687
Capital gains	0	395	0	0	0	0	0	0	0	0	0	395
Other	1	5	20	8	20	1	0	0	0	2	0	57
Total borne	1,368	931	366	79	250	24	1	12	164	16	21	3,232
Total collected	585	125	159	116	134	30	5	7	61	60	13	1,295
Total	1,953	1,056	525	195	384	54	6	19	225	76	34	4,527

Notes:

Taxes borne reflect Anglo American Group income statement charges in respect of controlled operations for 2013, 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 2013 and at www.angloamerican.com

Taxes generated over the life of a mine

Stage in life of mine	Profitability	Value add through taxes
Exploration	Operating and capital expenditure	Money spent with suppliers, generating sales taxes, and import duties. Employment taxes are also generated
Development (e.g. Minas-Rio in Brazil)	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; 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:

Divested operations are included in our data up until the date of their disposal. In November 2012, we ceased reporting on the Loma de Niquel operation in Venezuela following the lapsing of Anglo American's mining licence there. In December 2012, Scaw Metals was divested and Tarmac Middle East and Tarmac Quarry Materials became independently managed. Anglo American sold its 70% share in the Amapá iron ore system in October 2013. 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, with the exception of De Beers' Debswana and Namdeb businesses, that are reported on in full.

EXTERNAL PRINCIPLES

ICMM principles

	Page reference
Implement and maintain ethical business practices and sound systems of corporate governance	20–23
Integrate sustainable development considerations within the corporate decision-making process	12–15; 20
Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities	48
Implement risk-management strategies based on valid data and sound science	20–21
Seek continual improvement of the Company's health and safety performance	30–37
Seek continual improvement of the Company's environmental performance	56–69
Contribute to conservation of biodiversity and integrated approaches to land use planning	66–67
Facilitate and encourage responsible product design, uses, re-use, recycling and disposal of the Company's products ⁽¹⁾	N/A
Contribute to the social, economic and institutional development of the communities in which the Company operates	40–53
Implement effective and transparent engagement, communication and independently verified reporting arrangements with Group stakeholders	10–11; 18–19; 70

⁽¹⁾ Anglo American's 'products' are raw materials typically used as inputs into further manufacturing processes. 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 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 life cycle. 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	66–67
Mining and Indigenous Peoples	48
Implementing a global solution to managing a low emissions economy: Policy on Climate Change	60–65
Mercury Risk Management ⁽²⁾	N/A
Transparency of Mineral Revenues	42–45
Partnerships for Development	48–53

⁽²⁾ Anglo American does not own any mines that 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	48
Ensure that they are not complicit in human right abuses	48–50
Uphold the freedom of association and the effective recognition of the right to collective bargaining	29
Eliminate all forms of forced and compulsory labour	29
Ensure effective abolition of child labour	29
Eliminate discrimination in respect of employment and occupation	29
Support a precautionary approach to environmental challenges	56–69
Undertake initiatives to promote greater environmental responsibility	56–69
Encourage the development diffusion of environmentally friendly technologies	56–69
Work against corruption in all its forms, including extortion and bribery	22–23
Other public commitments include:	
Extractive Industries Transparency Initiative; Voluntary Principles on Security and Human Rights; the Natural Capital Declaration; 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

Sustainable Development Report

Kumba Iron Ore

Sustainable Development Review

Copper

Sustainable Development and Financial Report

Nickel

Sustainable Development Report

Thermal Coal

Sustainable Development Report

De Beers

Report to Society

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

www.angloamerican.com

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DEFINITIONS OF KEY PERFORMANCE INDICATORS IN ASSURANCE SCOPE

LTIFR⁽¹⁾

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 routine functions of his/her regular work, on the next calendar day, whether a scheduled work day or not. Restricted work cases are therefore counted as LTIs.

TRCFR

Rate, per 200,000 hours, of fatal injuries, lost-time injuries plus medical treatment cases due to all causes for both employees and contractors.

FIFR⁽¹⁾

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

Work-related fatal injuries

A fatality is a loss of life resulting from a work-related injury, during a controlled activity, at a managed operation/activity. Losses of life resulting from criminal activity on site, or work-related travel on a public road, are recorded but reported in separate categories.

Total CO₂ emissions from fossil fuels

Sum of CO₂ emissions from diesel, petrol, liquid petroleum gas, natural gas, heavy fuel oil, light fuel oil, intermediate fuel oil, marine gas, coal for metallurgical processes, coal for heating and energy generation, used oil for combustion, marine gas oil, paraffin, petcoke, tail gas 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 (Level 1 incidents were not included in the PwC Assurance scope); 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.

Company managed land

Area of land under the direct management of the Company, including Company-owned land, land managed/ mined on behalf of third parties, land leased from third parties, company land leased to third parties, land under servitude, land set aside for biodiversity offsets, etc., as at the end of the reporting period. The parameter excludes privately or state-owned land above Company mineral/mining rights areas, and undeveloped projects/ prospects where the land does not yet fall under the direct management or ownership of the Company. This also excludes prospecting licences and claims.

New cases of occupational disease

Sum of occupational diseases due to asbestosis, NIHL, silicosis, coal-workers' pneumoconiosis, platinum salt sensitivity, malaria, 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 25dB; 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.

Total number of employees participating in anti-retroviral treatment in southern Africa

Number of employees enrolled in the Company approved anti-retroviral therapy programme(s) on the last day of the reporting period. Employees that have discontinued ART during the reporting period, for whatever reason, are excluded from this figure.

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).

Jobs created or sustained through enterprise development initiatives

The number of jobs supported via the Zimele and Emerge enterprise development initiatives in South Africa and Chile. The figure includes existing and new jobs.

⁽¹⁾ Reporting definitions for LTIFR and FIFR have been refined, but related data have not been restated because there was no material impact.

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

