



FOCUS: TRANSPARENCY



ABOUT THIS REPORT

Anglo American has for many years disclosed data on its tax and broader economic contributions in our Annual Report and Sustainable Development Report. The objective of this report is to provide our stakeholders with additional detailed information in this area.

TOTAL TAXES⁽¹⁾

\$4.7bn

TAXES BORNE IN DEVELOPING COUNTRIES

74%

PROCUREMENT

\$12.3bn

WAGES AND RELATED EXPENDITURE

\$4.5bn

CORPORATE SOCIAL INVESTMENT

\$136m

In this report we are presenting data on our tax and economic contributions in each of our key operating jurisdictions. In addition to the taxes charged in the Group's consolidated income statement – disclosed by country in our Sustainable Development Report – we have collected further detailed data on cash tax payments for controlled entities in our most significant operating jurisdictions. This data has been validated against physical documents showing the actual cash tax payments made, and has been subject to further internal audit by Anglo American's Business Assurance team.

This cash tax data does not include significant additional tax contributions made by our non-controlled joint venture operations, which are otherwise reflected in amounts charged to the Group's consolidated income statement. For example, significant taxes have been paid by De Beers' Debswana business, our joint venture with the Government of the Republic of Botswana. Debswana is the largest private employer and taxpayer in Botswana, having accrued a total of \$937 million of tax and royalties in 2014.

From next year we will start to report our payments to governments on a project-by-project basis in line with Chapter 10 of the European Union Accounting Directive, commencing with the year ended 31 December 2015. We intend to continue to publish this Tax and Economic Contribution Report on a voluntary basis alongside our statutory requirements in order to provide additional commentary on our tax and economic contribution at a country level.

All corporate social investment data presented in this report has been subject to an assurance process. Data on broader socio-economic contributions has been provided by Anglo American's Finance, Supply Chain and Human Resources functions as well as other core functions. Additional data for the case study for South Africa's specific socio-economic contribution has been taken from proprietary research performed during 2013.

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Cover images

Top: Robert Dicks, technical officer at AEL Mining Services, Patrick Mathonsi, Anglo American supervisor, and Patrick Matlala, explosives engineer at AEL Mining Services, discuss blasting schedules in Cut 8 at Mogalakwena platinum mine (Bottom). In 2014, Anglo American Platinum paid ZAR13,920 million to our employees through wages and related expenditure and spent ZAR3,558 million on local procurement.

⁽¹⁾ Total taxes includes \$3,333 million of taxes borne directly by Anglo American and an additional \$1,347 million of taxes collected directly as a result of our economic activity.

CHIEF EXECUTIVE'S STATEMENT



Mark Cutifani

A COMMITMENT TO CREATING VALUE

In 2014, Anglo American's business activities resulted in tax payments to government of \$4.7 billion, of which \$3.3 billion was borne directly by the Group's consolidated operations and joint ventures. These figures represent our direct fiscal contribution to local and national governments of the countries in which we operate, but it is only part of the wider socio-economic contribution that we are making around the world.

Our business enables economic development and raises the living standards of millions of people. This is not only through the metals and minerals that we produce and what they go on to become, but how we do this – through the goods and services we procure, the jobs we generate, investment in education and training, research and development and the infrastructure we support. The tax revenues that our operations generate support the essential public services that communities depend upon.

Our vision to be 'Partners in the Future' is a commitment to create value for all our stakeholders, including shareholders, host governments, communities and commercial partners. To achieve this, we need to develop relationships of trust so that we understand and respond to stakeholders' long term aspirations. Part of building this trust is transparency.

We have long supported the principle of transparency, and for the past 10 years we have voluntarily provided information about our tax payments on a country-by-country basis. In 2013, we augmented our voluntary tax disclosures through the publishing of tax factsheets for many of our key jurisdictions.

We were an early supporter of the Extractive Industries Transparency Initiative (EITI) and remain an active participant. More recently we have lent our support to the development of guidance arising from mandatory payments to government regimes in the EU, UK and Canada.

While providing more data is one important element of transparency, we firmly believe that it should be provided in a way that is meaningful and useful to stakeholders. We are keen to ensure that this need sits at the heart of any development of mandatory reporting standards and hope that policymakers will work together to ensure that outcome.

This year we are publishing, for the first time, this Tax and Economic Contribution Report to provide a summary of the broad economic impact that our operations have in our main operating territories. We hope that by providing this more holistic picture we can help to promote better accountability for us and host governments, and a meaningful dialogue about the development benefit that can be derived from responsible mining and resource extraction more widely.

Mark Cutifani
Chief Executive

TAX

Tax is a critical element of the overall economic contribution we make to host governments and communities. Around 74% of our tax payments go to governments in the developing world where tax contributions can play an important role in economic development.

The amount of tax we generate and pay to governments, and our general approach to tax disclosure are of considerable interest to our stakeholders. Being able to demonstrate the contribution we make to host countries and communities through the payment of taxes is critical for building trust with stakeholders and supporting our licence to operate.

Taxes are paid throughout the life cycle of a mine, although the quantum and proportion of tax in relation to the total economic contribution vary across the life cycle stages of the mine. These contributions play an important role in how we manage operations and make investment decisions.

OUR APPROACH

Anglo American's approach to tax is influenced by the dynamics of the mining sector as well as the nature of the mining cycle. Mining is a long-life, high-risk business with very significant initial capital investment required before any return on investment is realised.

Our approach to tax is aligned with our Business Principles, the long term business strategy and our aim to be the development partner of choice. As such, we support the principles of transparency and active and constructive engagement with our stakeholders.

Our tax strategy is based on respect for the law in each of the jurisdictions in which the Group operates. We support approaches to tax that foster sustainability over the long term and are not narrowly focused on short-term outcomes.

Our tax strategy also makes it clear that we will not undertake transactions without clear underlying commercial motivation. In cases where Group companies transact with each other in the provision of services, the transfer of goods or the provision of financing for example, we aim that such transactions are undertaken on arm's-length terms in compliance with relevant legislative requirements and international best practice.

Our tax strategy also explicitly states that the use of entities where the Group has no corresponding commercial activity should be avoided. We have a small number of entities in so-called tax havens that are largely the result of legacy structures inherited from acquisitions and are now mainly either dormant or are planned to be liquidated. Such entities are disclosed in full to appropriate governments and agencies, and are fully subject to UK tax.

OUR COMMITMENT TO TAX TRANSPARENCY

For the past 10 years, Anglo American has voluntarily provided information about our tax payments on a country-by-country basis. In 2013, we augmented our tax disclosures by publishing tax factsheets tailored for many of our key jurisdictions. This year, for the first time, we publish this Tax and Economic Contribution Report, which is a new summary of the economic contribution we make to our key jurisdictions, including data in respect of the aggregated tax contribution made over the past five years.

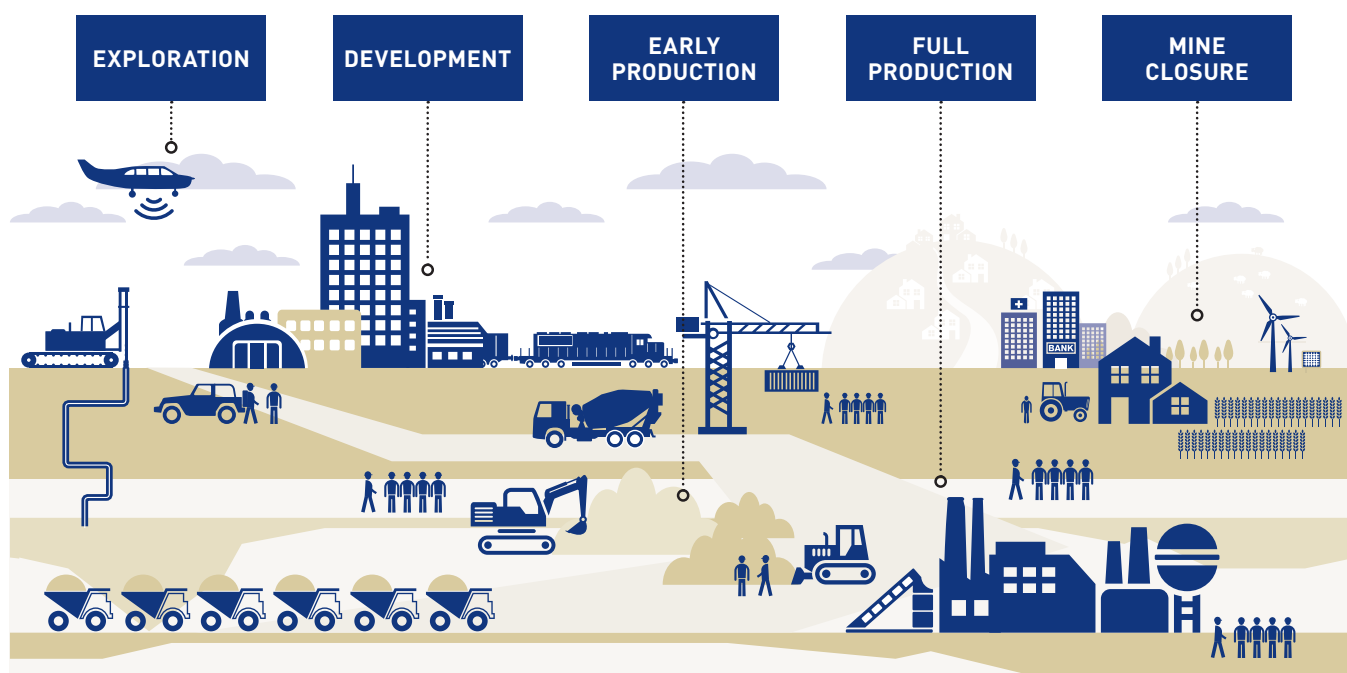
Tax transparency has become increasingly important to a range of stakeholders, particularly host governments and communities. This has led to a number of initiatives to introduce mandatory tax disclosure obligations.

For example, the UK adoption of Chapter 10 of the EU Accounting Directive means that UK-listed extractive companies will be required to disclose payments to governments on a project-by-project level from 2015 onwards. In addition, the G20-sponsored, OECD-led, base erosion and profit shifting (BEPS) project has been established in an attempt to reshape the international tax landscape to keep in step with modern business practices. One of the OECD working parties is looking at a proposal for companies to report certain tax-related information on a country-by-country basis; the intention is to provide host governments with a more holistic view of the activities of each company.

Anglo American has been at the forefront of tax transparency for some time: we were an early supporter of the EITI and remain an active participant; and more recently lent our support to the UK adoption of Chapter 10 of the EU Accounting Directive. We will continue to consider what appropriate voluntary disclosure enables us to provide stakeholders with more detailed information upon which to base their assessment of our overall economic contribution.

We believe that tax disclosure requirements should support the reporting of information that is accessible and easy for a range of stakeholders to understand. As such, we eventually hope to see consensus between the various transparency initiatives of governments and regulatory authorities.

Value add through taxes throughout the life of a mine



EXPLORATION	DEVELOPMENT	EARLY PRODUCTION	FULL PRODUCTION	MINE CLOSURE
No profit Operating and capital expenditure.	No profit Operating and significant capital expenditure.	No profit Recovery of investment.	Profitability Net profit.	No profit Closure and rehabilitation costs.
Value add through taxes Money spent with suppliers, directly generating sales taxes, and import duties. Employment taxes are paid, in addition to payments to contractors. Suppliers and contractors will also, in turn, pay their own taxes.	Value add through taxes Very significant amounts are spent with suppliers in developing the mine and infrastructure, generating sales taxes and import duties. Increasing levels of taxes are generated directly from employment, as well as payments being made to contractors. Suppliers and contractors will also, in turn, pay their own taxes.	Value add through taxes Many mining tax regimes include a royalty based on production volumes or values; these revenues will start to flow to government even before the operation has made any profit. Significant employment taxes are also generated, as well as payments being made to contractors. Suppliers and contractors will also, in turn, pay their own taxes.	Value add through taxes Corporate income tax will be paid on profits from production. Royalties and employment taxes continue to be generated, as well as payments being made to contractors. Suppliers and contractors will also, in turn, pay their own taxes.	Value add through taxes Significant amounts are spent with suppliers in closing down the mine and rehabilitating the land, generating sales taxes and import duties. Employment taxes will continue to be paid. Corporate income taxes may also be paid. Suppliers and contractors will also, in turn, pay their own taxes.

PROACTIVE ENGAGEMENT

The Anglo American tax team engages proactively with regulators on the design and implementation of tax policy. Mining is becoming increasingly complex and uncertain amid, *inter alia*, economic headwinds, regulatory uncertainty, growing capital intensity and declining ore grades. Economic policy (including tax) decisions by governments have a significant impact on our investment decisions and profitability. Our aim is to work with governments to create policy environments that support long term investment in mining, which in turn sustains jobs, stimulates economic growth and extends the future tax base.

We engage directly with policymakers when proposed tax reforms are of specific relevance to Anglo American. The mining industry takes a collaborative approach, via representative bodies such as the International Council on Mining and Metals and the Chamber of Mines of South Africa, or its equivalent in the many jurisdictions in which we operate, when reforms are of common interest.

In 2014, significant reforms were made, or proposed, to tax regimes in some of our major host jurisdictions. In Chile, reforms were made as part of wider changes to social policy. Tax policy in South Africa has been subject to broad review by the Davis Tax Committee, whose terms of reference requires a focus on "...the role of the tax system in the promotion of inclusive economic growth, employment creation, development and fiscal sustainability...". Anglo American has proactively engaged with the Committee and fully supports its recognition of the need to consider tax policy as part of a wider social and economic framework.

TAX GOVERNANCE

Anglo American's tax professionals are committed to acting in accordance with our Business Principles and tax strategy; internal tax policies ensure that the strategy is embedded in the way we do business. Our tax professionals also strive to maintain a long term, open and constructive relationship with tax authorities, governments or other relevant stakeholders.

We actively engage with a variety of stakeholders on a range of issues relating to tax, including industry bodies that help bring commercial understanding and experience into debates about tax policy and governance.

Tax matters are regularly presented to our Board and Audit Committees, who take a particular interest in the extent to which our approach to tax meets our commitments to stakeholders and our ambition of good tax governance. In addition, our tax affairs are regularly scrutinised by our external auditors and by tax authorities as part of the normal course of local tax-compliance procedures.

DESIGN OF AN EFFECTIVE FISCAL REGIME FOR THE MINING INDUSTRY

Anglo American operates in a variety of jurisdictions which have different fiscal regimes applicable to the mining industry. The nature of any fiscal regime, and its stability of application, is a significant factor in attracting investment as well as ensuring the long term viable operation of existing projects.

In our experience there are a number of key factors which should be taken into account in design of an effective fiscal regime for the mining industry.

TAX POLICY AND ADMINISTRATION

- Tax should be imposed under generally applicable laws passed by parliament.
- Tax policy and legislation should be stable, competitive and predictable.
- Any law changes should be prospective, not retrospective, taking into account the integrity and coherence of the entire tax system.
- Tax administration should be consistent and transparent, aligned with government policy.
- Governments should be open to constructive dialogue between tax administrators, policymakers and taxpayers.

BASIS OF TAXATION

- Tax should be levied on a fair and equitable basis, enabling risk and reward to be shared between the investor and government, supporting investment and job and wealth creation.
- Tax should generally be levied on profits so that appropriate tax revenues can be raised at the appropriate time.
- Detailed tax rules should take account of the specific characteristics of the mining industry including relief for exploration, infrastructure expenditure and appropriate reliefs for capital expenditure.
- Any mining specific taxation should typically be in the form of a mining royalty or mining tax based on profit rather than revenues.

SUMMARY OF TAXES PAID IN KEY JURISDICTIONS 2010–2014

The table below provides a summary of the cash tax payments made by Anglo American controlled entities to governments in our key operating jurisdictions during the period from 1 January 2010 to 31 December 2014.

We have focused on collecting data on the actual cash tax payments for our most material operating jurisdictions. However, Anglo American operations do generate additional taxes in other jurisdictions. Taxes in respect of these jurisdictions are included in the total taxes of \$4.7 billion (2014) mentioned elsewhere in this report.

A further detailed breakdown showing payments by business unit to national/federal, state and municipal governments is contained in the next section.

Taxes paid in key operating jurisdictions 2010–2014

US\$ millions	Corporate income tax	Royalties, mining and environmental taxes	Employment taxes	Other taxes	Total taxes borne	Total taxes collected	Total taxes paid
Australia	673	1,207	138	66	2,084	789	2,873
Brazil	220	55	286	136	697	921	1,618
Canada	–	4	42	57	103	269	372
Chile	4,190	468	–	56	4,714	419	5,133
South Africa	4,432	1,187	–	570	6,189	2,540	8,729
UK	68	245	199	–	512	802	1,314

NOTES ON TAX PAYMENT DATA

The term 'cash tax' refers to actual payments made to either the relevant national/federal or state governments and therefore may differ from the accounting tax number that is included in the income statements of the controlled entities. All of the numbers disclosed have been validated against physical documents showing the actual cash tax payments made.

The amounts above are shown in US dollars and have been translated from the applicable local currency at the average exchange rate for each year in 2010 to 2014. Local currency data can be found in the next section.

The taxes paid column includes all employment taxes paid and collected by Anglo American in relation to employees of those same entities.

The amounts above include taxes paid by entities which were controlled by Anglo American at any point during the period 1 January 2010 to 31 December 2014.

TAX PAYMENTS BY BUSINESS UNIT AND JURISDICTION 2010–2014

The table below provides a further detailed breakdown of cash tax payments made by Anglo American controlled entities (as at 31 December 2014) to governments in our key operating jurisdictions during the period from 1 January 2010 to 31 December 2014.

This data is presented in the currency in which tax payments are required to be made to the relevant government, and otherwise is collated on a basis consistent with data disclosed in the previous section.

Where we have a number of business units operating in a jurisdiction, the tax payments have been disclosed separately by business unit.

Australia							
A\$ millions	Corporate income tax	Royalties, mining and environmental taxes	Employment taxes	Other taxes	Total taxes borne	Total taxes collected	Total taxes paid
Commonwealth	657	–	14	66	737	799	1,536
New South Wales	–	128	16	1	145	–	145
Queensland	–	1,105	110	4	1,219	–	1,219
Western Australia	–	–	1	–	1	–	1
Total	657	1,233	141	71	2,102	799	2,901

Brazil							
BRL millions	Corporate income tax	Royalties, mining and environmental taxes	Employment taxes	Other taxes	Total taxes borne	Total taxes collected	Total taxes paid
Iron Ore							
Federal	19	39	208	93	359	603	962
Amapá	–	9	–	54	63	–	63
Minas Gerais	–	–	–	20	20	–	20
Rio de Janeiro	–	–	–	3	3	–	3
Municipal	–	–	–	–	–	344	344
Total	19	48	208	170	445	947	1,392
Nickel							
Federal	129	37	194	35	395	377	772
Goiás	–	–	–	8	8	133	141
Municipal	–	–	–	–	–	54	54
Total	129	37	194	43	403	564	967
Niobium							
Federal	180	8	40	11	239	79	318
Goiás	–	–	–	–	–	4	4
Municipal	–	–	–	–	–	23	23
Total	180	8	40	11	239	106	345
Phosphates							
Federal	101	16	132	37	286	133	419
Goiás	–	–	–	1	1	–	1
São Paulo	–	–	–	–	–	49	49
Municipal	–	–	–	–	–	28	28
Total	101	16	132	38	287	210	497
Total	429	109	574	262	1,374	1,827	3,201

Canada

CAD\$ millions	Corporate income tax	Royalties, mining and environmental taxes	Employment taxes	Other taxes	Total taxes borne	Total taxes collected	Total taxes paid
Coal							
Federal	–	–	–	8	8	77	85
British Colombia	–	3	–	19	22	–	22
Total	–	3	–	27	30	77	107
De Beers							
Federal	–	–	19	1	20	194	214
North West Territories	–	–	4	31	35	7	42
Ontario	–	1	20	–	21	–	21
Total	–	1	43	32	76	201	277
Total	–	4	43	59	106	278	384

Chile

US\$ millions	Corporate income tax	Royalties, mining and environmental taxes	Employment taxes	Other taxes	Total taxes borne	Total taxes collected	Total taxes paid
Total	4,190	468	–	56	4,714	419	5,133

South Africa

ZAR millions	Corporate income tax	Royalties, mining and environmental taxes	Employment taxes	Other taxes	Total taxes borne	Total taxes collected	Total taxes paid
Anglo American Platinum	4,171	1,163	–	213	5,547	9,335	14,882
De Beers	2,340	799	–	400	3,539	2,019	5,558
Kumba Iron Ore	25,979	7,540	–	3,657	37,176	3,842	41,018
Thermal Coal	2,401	386	–	–	2,787	6,521	9,308
Other	2,364	69	–	–	2,433	86	2,519
Total	37,255	9,957	–	4,270	51,482	21,803	73,285

UK

GBP millions	Corporate income tax	Royalties, mining and environmental taxes	Employment taxes	Other taxes	Total taxes borne	Total taxes collected	Total taxes paid
Total	42	155	126	–	323	507	830

SOCIO-ECONOMIC DEVELOPMENT

As one of the world's largest mining companies, with more than 80% of our operations in emerging markets, we believe that our socio-economic contribution goes beyond paying taxes. In fact, the majority of our contribution is delivered through the products and services we procure, the salaries we pay and the infrastructure we build. However, we also understand that not all stakeholders are able to take advantage of opportunities linked to our core business, so we implement programmes that extend our socio-economic contribution to the wider society.

OUR APPROACH

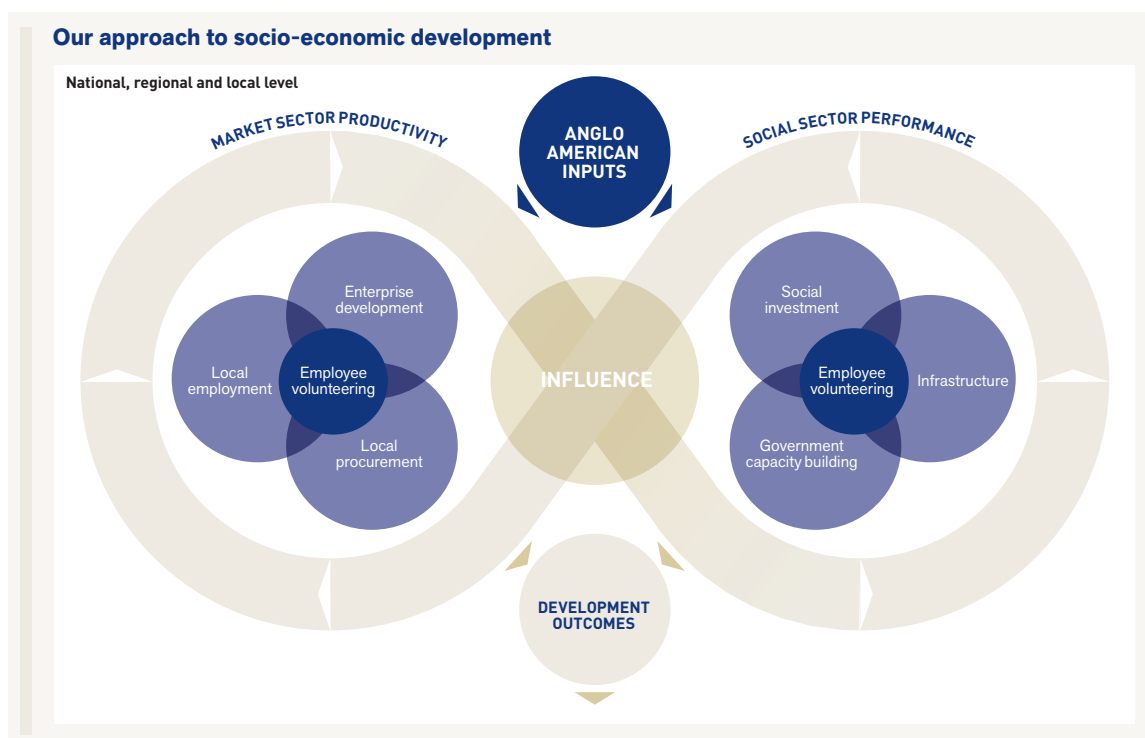
To ensure a lasting, positive legacy, we have designed a socio-economic development (SED) strategy that maximises the benefits of our presence and builds on local capacity to allow development to be sustained by local players, beyond the mining sector and beyond mine closure.

Building on the economic benefits generated through our core business activities, our objective is to maximise socio-economic benefits through inter-connected programmes. Our approach is built around seven core programmes that are focused on two areas of action: support to local markets, and support to local institutions.

To support local markets, we promote local procurement, enterprise development and workforce development. These programmes create a strong platform for job creation within and outside the mining value chains.

To support local institutions to deliver good public services, we concentrate on working with local governments to strengthen their capacity, maximise the socio-economic benefits from our own infrastructure and deliver social investment that supports those most in need.

Straddling both areas, employee volunteering programmes channel the capabilities and passion of our employees to foster social progress in local communities and strengthen their own career development.



MAXIMISING DEVELOPMENT BENEFITS

It is through our core business activities that we make our most significant, positive contribution to economies.

In 2014, the value distributed directly by Anglo American amounted to \$28,794 million. This figure includes:

- \$12,311 million paid to suppliers
- \$4,514 million to our employees through wages and related expenditure
- \$3,333 million in taxes and royalties borne directly by Anglo American
- \$1,921 million paid to Anglo American and outside shareholders
- \$697 million to providers of capital
- \$6,018 million that was reinvested in the Group

Approximately 75% of our total supplier, employee and tax expenditure was in developing countries.

In 2014 our corporate social investment (CSI) contribution was \$136 million, whereas procurement totalled \$12.3 billion. Therefore, each additional 1% that is transferred from global to local procurement, or each 3% increase in local employment, puts approximately the same amount of money back into host communities as doubling our social investment budget would. Similarly, if our government capacity building programmes allow 5% of the taxes we pay to be used effectively to foster development at the local level, the contribution would be equivalent to our total CSI expenditure.

While our core business has great potential to support local development, if we deliver SED only via core business activities, mining-related stakeholders would be the only group benefiting from our presence. This could lead to a significant amount of inequality and social tension. So it is important to expand on the value delivered through our core activities and enable the broader population to benefit from Anglo American's presence.

In this context, CSI plays an important role in seed-funding other SED initiatives, and in supporting those communities most in need. Our CSI includes investments in sports, arts and culture, food security, health and education. For these programmes, grants are sometimes the most effective way to support a community.

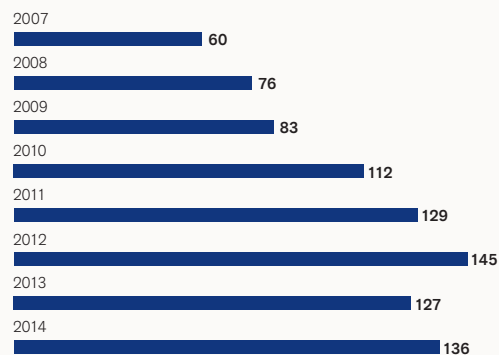
What our socio-economic development strategy demonstrates is that it is crucial to make the most of our presence but also to build capacity in local institutions to allow development to continue beyond mine closure. Achieving these objectives depends on fostering robust partnerships, gaining stakeholder trust and ensuring governance and accountability in implementing initiatives.

Economic value distribution 2014



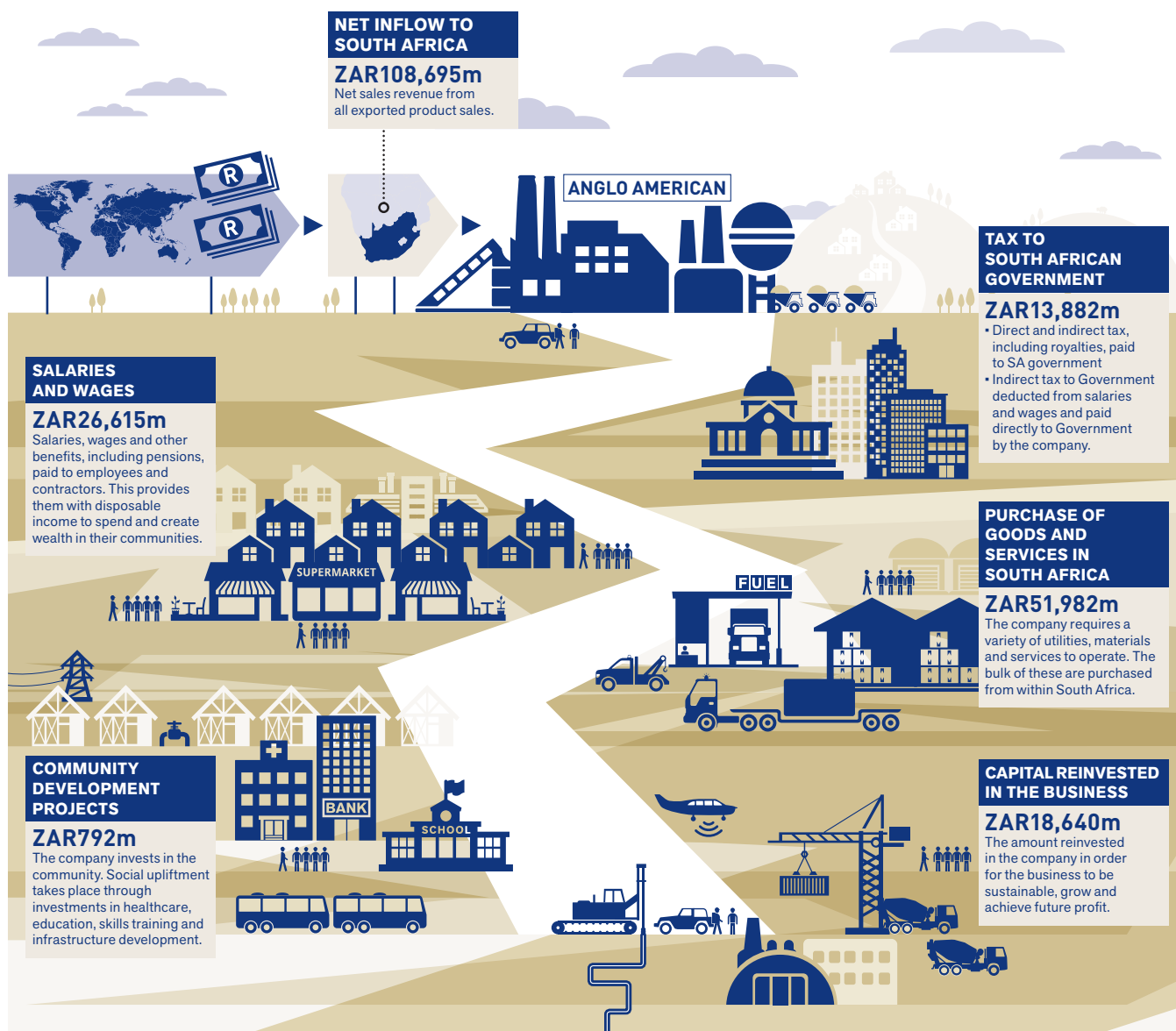
Corporate social investment 2007–2014

\$ million



SOCIO-ECONOMIC DEVELOPMENT IN ACTION: SPOTLIGHT ON SOUTH AFRICA

Our contribution in South Africa 2014



Anglo American is a cornerstone of the South African economy, representing 5% of total GDP in 2012. Considering the direct, indirect (procurement) and induced (salaries) impacts, Anglo American's total gross value added (ZAR150 billion) exceeds the direct gross value added of South Africa's agricultural sector (ZAR73 billion), utilities sector (ZAR70 billion), and construction sector (ZAR113 billion). Of the economic value of mining operations in South Africa (including Anglo American's South Africa operations), approximately 71-89% is retained in and captured by South Africa. The infographic above summarises some of the channels through which our operations contribute to the development of South Africa.

In addition, Anglo American offers competitive wages relative to other sectors of the economy. Minimum monthly remuneration packages for entry-level mine workers exceed minimum agreed salaries for entry-level employees in a range of sectors. For example, Coal South Africa's underground mine workers, on an entry level minimum remuneration package, earn c. ZAR8,000/month more than the sector minimum for an entry level civil engineer.⁽¹⁾

⁽¹⁾ Data based on economic impact analysis conducted by PwC and Genesis Analytics on behalf of Anglo American plc in 2013.

Job creation is central to the South African National Development Plan (NDP). Growing the economy faster and making it more labour absorbing is a key focus. NDP objectives for employment include a decrease in the official unemployment rate from 25% to 14% by 2020, and to 6% by 2030. Anglo American employment represented 3% of total employment in South Africa in 2012 and this figure does not include approximately 40,000 jobs supported via our enterprise development programmes.

In South Africa, our operations contribute to the country's drive to promote black economic empowerment (BEE). In 2014, Anglo American-managed businesses spent ZAR39.3 billion with 'historically disadvantaged South African' businesses (excluding goods and services procured from the public sector and public enterprises).

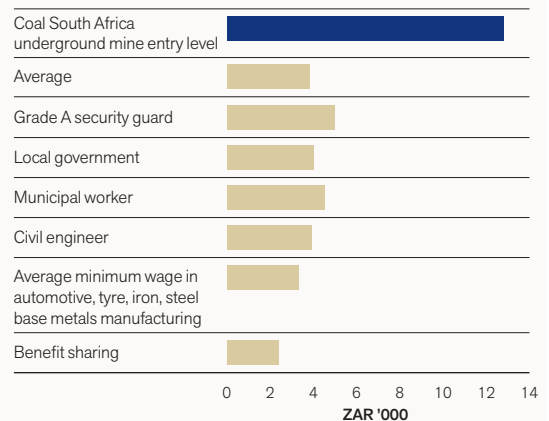
During 2014, our business units continued to make progress against the 2014 BEE expenditure targets, with services at 72% (target: 70%), consumables at 69% (target: 50%), and capital goods at 58% (target: 40%). The services category remained a challenge for some operations, with more work required to transform key services suppliers. Our business units continue to engage with non-BEE suppliers to increase the pace of transformation.

While we are proud of the significant contribution Anglo American makes to socio-economic progress in South Africa we also believe there is scope for further improvement.

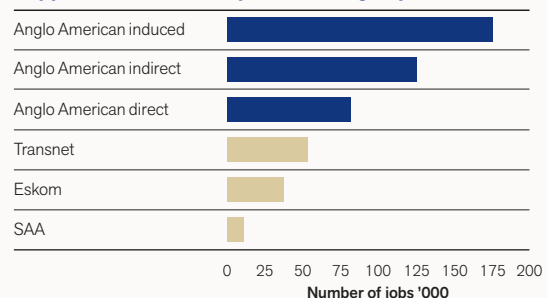
We are currently working on implementing our new socio-economic development strategy across all business units as well as looking at our approach to supporting areas of strategic relevance for the country, such as health, education and housing.

Our aim is to be recognised as a development partner in South Africa, by the government, community members and the broader population. This is our commitment but also a critical business differentiator.

Monthly remuneration packages across different sectors 2012⁽¹⁾



Jobs supported by Anglo American operations, suppliers and consumption via wages paid 2012⁽¹⁾



Economic contributions by business unit in 2014

Business Unit ZAR millions	Salaries and Wages	Local Procurement	Capital reinvested in the business	Social Investment
Kumba Iron Ore	3,960	4,394	8,278	187
Platinum	13,920	3,558	5,826	225
Coal	5,001	2,094	1,019	94
De Beers	2,289	2,462	3,212	22

⁽¹⁾ Data based on economic impact analysis conducted by PwC and Genesis Analytics on behalf of Anglo American plc in 2013.

SOCIO-ECONOMIC CONTRIBUTION BY COUNTRY

The data in the following tables provides a summary of our socio-economic contribution in our key operating jurisdictions for the year ending 31 December 2014

Key operating jurisdictions covered in this report



The taxes borne figure included in the following tables is the amount charged in the income statement in the Group's consolidated accounts, and included in the Group's Sustainable Development Report, in respect of all taxes borne by the Group's subsidiaries. This includes corporate taxes, royalties, mining and environmental taxes, and employer taxes. This amount differs from the cash tax payments disclosed elsewhere in this report due to differences in the timing of tax payments, and the use of provisional tax estimates.

Australia

US\$ millions

2014

Capital investment	919
Taxes borne	287
Total procurement	1,720
Localised procurement from host communities	133
Spend on wages and related	615
Enterprise development: Number of businesses supported	n/a
Enterprise development: Number of jobs supported	n/a
Social investment spend	0.4

WOMEN IN MINING



Increasing gender diversity in our Australian Coal business is a priority for Anglo American's Brisbane-based leadership team.

Coal Australia employs more than 4,000 people. The representation of women in our workforce has increased by 32% since 2010. Overall, 14% of Coal Australia employees are women and the target is to grow this to 20%.

Our gender diversity action plan has focused on educating our leaders, setting targets for the number of women we recruit, building partnerships with schools and universities and supporting the women we already employ through development opportunities.

In 2014, more than 23% of all our new recruits were women.

However, to become a truly diverse organisation we know that bringing more women into the business is only part of the solution: we also need to increase the representation of women progressing to senior positions.



Image (left)
Ops scheduler Larnie Mackay examines longwall operations on SmartBoard at our Moranbah North mine in Queensland, Australia.

Image (right)
Electrician Simone Forbes in the lamp room at Moranbah North mine in Queensland, Australia.

To achieve that goal a new mentoring programme has been implemented. The mentoring programme provides development support for both men and women, by pairing less experienced but highly capable employees with senior leaders who will provide coaching, advice, encouragement and constructive ideas for future development.

Our \$1.95 billion Grosvenor project, under construction in Moranbah, will offer more than 350 operational roles once longwall mining begins in late 2016, which means we will need to recruit a brand new workforce.

In the past, finding people for our future projects would mainly focus on the very competitive and limited Queensland underground coal mining labour market. This approach is not going to work for us anymore.

Our aim is to build a culture that embraces true diversity – where we welcome people from diverse backgrounds, experiences, nationalities, ages and cultural beliefs.

Botswana

US\$ millions	2014
Capital investment	115
Taxes borne	988
Total procurement	818
Localised procurement from host communities	98
Spend on wages and related	88
Enterprise development: Number of businesses supported	63
Enterprise development: Number of jobs supported	620
Social investment spend	0.92

COMMUNITY DEVELOPMENT IN PARTNERSHIP WITH THE GOVERNMENT OF BOTSWANA

In 2012 Anglo American acquired an additional 40% interest in De Beers, increasing our ownership to 85%. As a result of that transaction Anglo American and De Beers started a process of engagement with the Government of the Republic of Botswana (GRB) in order to understand how to better support the development priorities of the country. After sharing information on our approach to promoting socio-economic development, a leadership team in the GRB selected talent development and enterprise development programmes to be implemented in partnership with Anglo American and De Beers.

The talent development programme, Bokamoso ('The Future'), aims to promote the development of talented Batswana graduates via a two-year secondment to Anglo American operations outside Botswana, enabling candidates to develop skills, knowledge and experience which will enable them to return home and contribute to the diversification of the economy. Bokamoso will deliver a pool of Batswana talent with broad-based, practical, international exposure – providing a solid platform for accelerated career progression.

The enterprise development programme, Tokafala ('To Improve'), aims to promote economic development and stimulate employment creation in Botswana by supporting the growth of micro, small- and medium-sized companies. Over three years the Tokafala programme aims to:

- Support 560 micro and 420 small and medium enterprises (SMEs).
- Support more than 5,500 jobs.
- Provide capacity building to at least five government enterprise development institutions.



During 2014, its first year operating in Gaborone, Tokafala supported 63 SMEs and 620 jobs.

Both programmes have been structured as a 50/50 partnership with the Botswana government.

Image

From left: Anglo American chief executive Mark Cutifani, resident director and chief executive of De Beers Botswana Neo Daniel Moroka, and former Minister of Trade and Industry for the Republic of Botswana, Hon. Dorcas Makgato-Malesu, at the launch of the Bokamoso and Tokafala programmes in 2013.

Brazil

US\$ millions

2014

Capital investment	2,175
Taxes borne	445
Total procurement	2,580
Localised procurement from host communities	257
Spend on wages and related	174
Enterprise development: Number of businesses supported	91
Enterprise development: Number of jobs supported	400
Social investment spend	9.9

LOCAL EMPLOYMENT IN BRAZIL



In 2011, due to the lack of workforce in the civil construction sector in the communities around our Minas-Rio project, Anglo American and SENAI (Brazil's lead agency for vocational training) created the Professional Qualification Programme to focus on civil construction in Conceição do Mato Dentro, Alvorada de Minas and Dom Joaquim.

Through an agreement with Anglo American, the City Hall of Conceição do Mato Dentro and Mitra Diocesana de Guanhanes, a contract was signed to use the Ginásio São Francisco as an educational complex. A former school, the Ginásio São Francisco was built in 1918 but laid empty and unused until 2011.

Anglo American invested 3 million BRL over 16 months to refurbish and adapt the building, working to maintain its original characteristics. This newly renovated complex now has modern classrooms, with computer, electrical, mechanical and welding labs.

SENAI and Anglo American offered 607 places for training; 439 graduated, from which 313 got a job soon after. This programme was not only beneficial for community members but also generated savings in recruitment costs for Anglo American.

Image

Students take part in a mining course supported by Anglo American and SENAI.

LOCAL PROCUREMENT IN BRAZIL (PROMOVA)



In 2014, Anglo American's iron ore project, Minas-Rio, procured goods and services worth more than \$60 million from local businesses. Over the past two years, Minas-Rio's local supplier development programme, Promova, has identified 520 potential local suppliers around the mine site, with more than 120 having formally offered products and services to the operation and 35 companies securing business. The direct impact of these transactions represented 10% of the local GDP in the municipalities where Promova operates.

A further feature of this programme, delivered in partnership with a Brazilian bank, has meant suppliers can receive payment for work immediately on presentation of invoice. Almost \$100 million has already been paid to 50 suppliers this way. For each dollar we invest in Promova, we estimate around 25 dollars are unlocked in local procurement with community-based SMEs. Promova is the most mature supplier development programme in the Anglo American Group and is currently developing and innovating to deliver net savings while reaching maximum development impact in terms of jobs supported and local procurement opportunities.

Image

Oswaldo Rajão's laundry company, Lavanderia CMD, is supported by the Promova local supplier development programme and is now a regular supplier to our Minas-Rio mine.

Canada

US\$ millions	2014
Capital investment	219
Taxes borne	29
Total procurement	299
Localised procurement from host communities	96
Spend on wages and related	196
Enterprise development: Number of businesses supported	n/a
Enterprise development: Number of jobs supported	n/a
Social investment spend	9.4

IMPACT AND BENEFIT AGREEMENTS IN CANADA



Image
Gahcho Kué project
camp at Kennedy
Lake, Canada.

Impact and Benefit Agreements (IBAs) in Canada are formal community investment agreements with First Nation communities and other Aboriginal groups affected by our mines. IBAs require us to invest in a range of community programmes to ensure that mining delivers tangible benefits to indigenous communities. Typically, IBAs include agreements on local employment, education and training, support for Aboriginal culture, environmental protection and, where appropriate, financial compensation.

During 2014, we continued to deliver against the four IBAs in place at De Beers' Snap Lake mine and the three at the Victor mine.

We have also agreed all the IBAs for the Gahcho Kué project. We have signed six IBAs in total with the North Slave Métis Alliance, the Tlicho Government, the Yellowknives Dene First Nation, the Lutsel K'e Dene First Nation, the NWT Métis Nation, and the Deninu Kué First Nation.

During 2014, in Canada, Anglo American via De Beers, contributed \$8 million in IBAs.

Chile

US\$ millions

2014

Capital investment	573
Taxes borne	476
Total procurement	2,369
Localised procurement from host communities	93
Spend on wages and related	482
Enterprise development: Number of businesses supported	56,139
Enterprise development: Number of jobs supported	56,955
Social investment spend	17.9

SUPPORTING EDUCATION IN CHILE



Image
Teacher Camila Lecaros assists students at Colegio Padre Arrupe Sagrada Familia, as part of the Enseña programme.

Our Copper business in Chile supports a number of local projects to improve education and contributed with \$7 million in funding during 2014. Elige Educar, Enseña Chile and the Enquiry-Based Science Education Programmes are good examples of our involvement.

The Elige Educar programme seeks to improve education standards by attracting talented graduates to the teaching profession. It achieves this by improving the overall image of teaching, and marketing it to students by means of a large-scale communication campaign. Elige Educar also works with the government to improve the training and development of teachers and offer better working conditions. Elige Educar has worked with 20 education institutions to prepare a teaching improvement 'master plan' that has been delivered to the Ministry of Education. The Ministry has accepted many of the recommendations, which will be included in a new education Bill.

The Enseña Chile programme recruits and trains top graduates from the best universities in Chile for two-year teaching rotations at vulnerable secondary schools. Nearly 130 new recruits participated in the programme in 2014, and initial results of an impact assessment have revealed an improvement in emotional indicators, such as self-esteem, of student beneficiaries.

The Enquiry-Based Science Education Programme helps primary schoolchildren move from a rote-based learning system to one founded on a thorough understanding of sciences. The schools that participate in the programme manage to cover 80-85% of the national science curriculum compared with the national average of 60%, and there is a steady upwards trend in pupils' exam results. In 2014, nearly 1,900 schoolchildren, 130 teachers and 26 principals participated in the programme.

Namibia

US\$ millions	2014
Capital investment	17
Taxes borne	338
Total procurement	549
Localised procurement from host communities	71
Spend on wages and related	61
Enterprise development: Number of businesses supported	n/a
Enterprise development: Number of jobs supported	n/a
Social investment spend	3.4

NAMDEB FOUNDATION

The Namdeb Foundation was established in 2010 as the corporate social investment vehicle of Namdeb Diamond Corporation. Since 2013 the Foundation has covered both Namdeb and Debmarmine Namibia operations in Namibia. It now serves the dual purpose of providing investment and support for enterprise development, and supporting community projects that promote lasting socio-economic benefits in local communities.

Along with employment and health, education is recognised as a key priority for all host communities with which the companies engage. In response to this – and as part of our engagement with schools that shared challenges to fund their operational needs – the Foundation established the Schools Equipment Project (SEP) in 2011.

In February 2015, the SEP donated various equipment and books to 29 schools from nine regions. The equipment included computers, photocopy machines, wall screens, science equipment, fax machines and multimedia projectors, and is expected to have a positive impact on the lives of more than 15,000 children.

Peru

US\$ millions

2014

Capital investment	155
Taxes borne	1
Total procurement	225
Localised procurement from host communities	17
Spend on wages and related	11
Enterprise development: Number of businesses supported	80
Enterprise development: Number of jobs supported	568
Social investment spend	18.3

THE MOQUEGUA DEVELOPMENT FUND



Image
Strawberry producers at the Agricultural, Craft and Industrial fair of Moquegua, supported by Anglo American.

The Moquegua Development Fund (MDF) was designed to operationalise the implementation of the commitments made by Anglo American in the Quellaveco project dialogue table. The dialogue table was a formal process of engagement between Anglo American and community stakeholders that lasted 18 months and concluded with 26 commitments on the topics of environment, water and social development.

The MDF works as a non-profit association, composed of the regional government, provincial municipalities and representatives of civil society. The fund has a robust governance structure comprised of a board of directors, and a general manager that runs the fund and reports to the board.

The funds provided by Anglo American to the MDF are deposited in a trust and any expenditure must be approved by the board and follow the principles established in the 26 commitments agreed in the dialogue table.

Currently, the MDF's priority is to implement the Chilota Chincune programme, a \$33 million irrigation project. All other MDF-related projects will be delivered after board approval of the Quellaveco project and during its operational phase.

South Africa

US\$ millions

2014

Capital investment	1,718
Taxes borne	663
Total procurement	4,791
Localised procurement from host communities	1,153
Spend on wages and related	2,453
Enterprise development: Number of businesses supported	1,884
Enterprise development: Number of jobs supported	38,330
Social investment spend	73.1

ENTERPRISE DEVELOPMENT IN SOUTH AFRICA (ZIMELE)



Image
Visitors to the Anglo American stand at the Enterprise Development Conference, Gallagher Convention Centre, Johannesburg. The Zimele programme celebrated its 25th anniversary in 2014.

Zimele ('To be independent') is an initiative started by Anglo American in 1989 to assist 'historically disadvantaged South Africans' to own and run their own businesses. Zimele provides entrepreneurs with loans and essential business skills to ensure that their businesses will run successfully. Zimele consists of six funds, each one providing funding and support to different types of businesses:

- The Supply Chain Fund (ZAR200 million) supports businesses linked to our supply chains.
- The Community Fund (ZAR500 million) supports business in the communities close to our operations, and also labour sending areas and particularly poor communities across South Africa.
- The Green Fund (ZAR100 million) supports businesses that help to reduce greenhouse gas emissions or have a positive impact on the environment.

- The SEFA Mining Fund (ZAR200 million) is a junior scale mining joint venture with the government of South Africa.
- The Sebenza Fund (ZAR500 million) is a joint venture with the government of South Africa and supports businesses that are not linked with our supply chains or close to our operations.
- The Godisa Fund (ZAR165 million) promotes growth and sustainability amongst existing and potential black-owned suppliers of Transnet in the rail engineering and freight services. It is a collaboration between Zimele, Transnet and the Small Enterprise Finance Agency.

Zimele has supported more than 38,300 jobs since 2008, of which 42% are women and 38% are youth. The scheme has closed more than 2,800 transactions with more than 1,900 small and medium size enterprises, achieving a repayment rate close to 80%.

BUILDING CAPACITY AT MUNICIPAL LEVEL



Image
A mixed housing development in Postmasburg in the Northern Cape, South Africa, built for employees of Kolomela Iron Ore mine.

Anglo American has formed a partnership with the Development Bank of Southern Africa (DBSA) to capacitate 11 local municipalities in our mining and labour sending areas in five provinces: Northern Cape, Limpopo, North West, Mpumalanga and Eastern Cape.

The programme started in 2014 with the implementation phase and it will be completed at the end of 2016. The structured partnership with government at provincial and national level ensures no duplication of efforts. Partners include, Treasury, South African Local Government Association and Departments of Cooperative Governance and Traditional Affairs.

The project budget for the three-year period is \$8.3 million. Additional funding has also been provided by the Investment Climate Facility for Africa, a donor-backed capacity building fund.

The main objectives of the programme are:

- To build technical capacity and transfer skills to municipal officials to implement investment planning processes as well as operations and maintenance of municipal infrastructure.
- In line with the Millennium Development Goals, to build the technical capacity to implement poverty alleviation projects within selected municipalities.
- To support the implementation of systems and controls to improve revenue generation, reduce electricity and water distribution losses and more generally improve policy coordination.

DBSA and Anglo American have designed a robust monitoring and verification process that will inform the areas of focus for each of the municipalities in the following years. Results and progress in the programme are currently presented every quarter.

UK

US\$ millions	2014
Capital investment	n/a
Taxes borne	74
Total procurement	n/a
Localised procurement from host communities	n/a
Spend on wages and related	265
Enterprise development: Number of businesses supported	n/a
Enterprise development: Number of jobs supported	n/a
Social investment spend	0.94

ENGINEERS WITHOUT BORDERS UK

The Engineers Without Borders (EWB) Challenge, which is supported by the Anglo American Group Foundation, is a programme for first and second-year undergraduate engineering students which aims to equip them with the skills and knowledge they will need to tackle global challenges. It provides students with the opportunity to learn about design, teamwork and communication through real, inspiring, and cross-cultural development projects. Project briefs are developed in collaboration with EWB partner organisations around the world. Student designs are communicated to our partners and aim to support their programmes.

The 2012-13 EWB Challenge programme was delivered in partnership with EWB Australia and Habitat for Humanity Vietnam. Approximately 2,500 students at 13 universities across the UK and Ireland developed innovative solutions to challenges in six different design areas, including water and sanitation, energy, ICT, infrastructure, waste management, and transportation.

Almost 50 teams submitted designs for entry into the national finals, which were held on 13 June 2013, at Coventry University. The top 20 were selected through a competitive review process and invited to present their designs to an interdisciplinary panel of judges made up of representatives of academia, industry and the charitable sectors.

Following the presentations, the judges selected a team from Durham University as the overall winners, followed closely by runners-up from Coventry. The students from Durham developed an innovative rice-husk gasification system to function as an energy source for villages. Their design is self-sustaining; by using agricultural waste as fuel and reusing char, the output of the gasifier. The design also provides a source of income to the community. The team was awarded fully funded places on EWB's 'Challenge of the Balance' summer school in Delhi, India, where they will have the opportunity to learn more about the engineer's role in international development.

Zimbabwe

US\$ millions	2014
Capital investment	37
Taxes borne	14
Total procurement	114
Localised procurement from host communities	85
Spend on wages and related	25
Enterprise development: Number of businesses supported	n/a
Enterprise development: Number of jobs supported	n/a
Social investment spend	0.71

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