



**FOCUS:**

**EFFECTIVE  
PARTNERSHIPS**



## OUR INTEGRATED APPROACH TO SUPPORTING SOCIO-ECONOMIC DEVELOPMENT

In October 2014 we shipped the first ore from our mine at Minas-Rio. A crucial aspect of earning the permits and licences we needed was the way in which we have built strong partnerships with government at each level, banks and other businesses and with our host communities.

Our strategy is to use our investment to help build the capacity of our partners, boosting their own ability to bring about socio-economic development, strengthening civil society as a whole. This makes a real and sustainable difference in the places we operate and benefits our business as well.

Our integrated approach leverages the strengths of our human resources and supply chain teams by linking our local employment, local procurement and enterprise development programmes into a single system. In this way, we improve the job-creation process and the variety of jobs available to local people, while increasing the capability, productivity and overall performance of local small- and medium-sized enterprises (SMEs).

For the workforce development programme, for example, Minas-Rio partnered with SENAI – a national education, innovation and capacity building organisation. More than 600 people joined the programme, with 439 graduating and 313 gaining permanent employment with Anglo American. In some job categories, this has also saved the mine up to 30% of its expected recruitment costs.

In 2014, Minas-Rio spent more than \$60 million on local procurement, which represents great potential for local businesses. Over the past two years, our local supplier development programme, Promova, has identified 520 potential local suppliers around the Minas-Rio mine site, with more than 120 being considered in the bidding processes, and 35 companies securing business. The direct impact equated to 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.

Building on the work of Promova, in November 2013, Iron Ore Brazil launched its integrated enterprise development programme, Crescer, focusing equally on rural and urban SMEs. To date, we have facilitated access to \$333,000 in medium- to long-term finance from development banks and other financial institutions and helped local businesses to grow and create further job opportunities.

These three programmes are built on the leadership and determination of local people, who are making the most of our presence, and will continue to prosper after we leave.

**Cover images**  
Oswaldo Rajão, with Anglo American's Juliana Zeferino, discuss the progress of his laundry company Lavanderia CMD which, supported by both our Crescer and Promova programmes, is now a regular supplier to our Minas-Rio mine.

First ore on ship. In October 2014, the first Iron Ore from the Minas-Rio project was loaded on to a vessel at the Port of Açú, bound for China.

**This page**  
Irenice Bicalho is a member of a Brazilian farmers' co-operative with a growing cheese making business. The co-operative has been supported by the Crescer enterprise development programme.



# FOCUS: EFFECTIVE PARTNERSHIPS

One of Anglo American's long term ambitions is to collaborate with a wide range of stakeholders to effect fundamental, sustainable change in the mining industry. The immediate aim is to consolidate our longstanding commitment to sustainable development into consistent results across the Group.

## ABOUT THIS REPORT

This Sustainable Development Report provides an overview of our progress during 2014. It is aimed at our partners, including employees, local communities, NGOs, investors, customers, businesses and governments, who have an interest in how we are managing the sustainability issues we face.

The report covers companies, subsidiaries and also joint ventures over which Anglo American has management control; it does not include independently managed operations such as Cerrejón and Samancor. De Beers, however, which has joint venture operations with the governments of Namibia and Botswana, is included in full. A full list of managed operations is included on pages 73-74. Individual business unit reports are published annually and provide greater detail on performance. These are available on the Anglo American website. The Anglo American Annual Report includes additional information about the management and operations of the Group.

We report in line with the requirements of the Global Reporting Initiative (GRI). Based on our internal assessment, we believe the 2014 report is compliant with the 'core' option of the G4 Guidelines. The GRI index is available on pages 81-84. PricewaterhouseCoopers (PwC) has provided independent assurance of key performance elements of 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 principles of the United Nations Global Compact.



### 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 are 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 is not about being popular; it is about always doing the right thing.



### Accountability

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



### Collaboration

No one here is on their own. We are one company with a joint ambition – all working together to make decisions and to get things done more effectively.



### Innovation

Challenging the way things have always been done is a priority. By developing new solutions, encouraging new ways of thinking and finding new ways of working, we are dramatically improving business.

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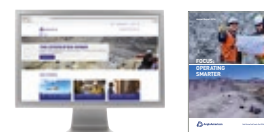
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## Other sources of information

More information about sustainability at Anglo American, including an Excel download of our sustainability data and business unit sustainability reports, can be found in our Annual Report and online at:

[www.angloamerican.com](http://www.angloamerican.com)

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

# CHAIRMAN'S STATEMENT



Sir John Parker

## SECURING OUR FUTURE

The mining industry faces an array of challenges. Addressing them successfully demands that we build closer relationships with our many stakeholders while lifting our own game.

### EFFECTIVE PARTNERSHIPS

Mining is one of the world's most important industrial activities, its products being essential to the upliftment and development of emerging economies and to the ongoing functioning of society. Reconciling the different, and often conflicting, concerns of the majority of our stakeholders on how mining should be best conducted, and on its impact is, however, one of the industry's greatest challenges. The solution lies in forging the effective partnerships we need to build safe, sustainable businesses and ensure long term shareholder value.

Effective partnerships are particularly crucial in ensuring that the roll-out of our new Operating Model leads not only to greater operational efficiency, but a more sustainable business. Operating smarter does not mean operating alone. Our sustainability performance is critical to our ongoing drive for value because we simply will not be able to make the progress we need unless we can take our key constituencies along with us on our journey.

That calls for further comprehensive changes in mining approach in order to secure greater community support; more engagement with government at all levels; listening to the concerns of employees, trade unions and NGOs; addressing shareholder concerns around both short and long term value; and collaborating with our industry peers to achieve the technology advances our sector so urgently needs for it to be more productive and cost-competitive – and substantially safer.

### TURNING AROUND OUR BUSINESS

In 2014, we attained some important milestones on our financial and operational journey. Despite it being an extremely challenging year for the mining industry, with a fall-off in demand for, and a decline in the average prices of, many of our products, our underlying earnings were robust. Looking ahead, despite the pricing pressure that has led us to explore additional savings and efficiencies to contribute to closing the gap between our current and targeted ROCE performance, we are making solid progress in capturing additional incremental earnings, while reducing our capital

expenditure and debt levels. Notably, we have been able to maintain the dividend, and we look forward to being able to fund this entirely from free cash flow from 2016.

Operationally, we have seen increases in production volumes across our business, with the majority of our assets now performing above plan. A major achievement in 2014 was loading the first ore on ship from the Minas-Rio iron ore project in Brazil. We are also advancing well on the turnarounds of our Chilean copper interests, and at our Sishen iron ore mine in South Africa. Our Platinum operations are recovering strongly from the protracted strike, and we are making progress in our discussions with the South African government and the trade unions in restructuring the business.

### SAFETY AND HEALTH

Our safety and health performance is a lead indicator of how well we are running things, and it is particularly encouraging that our Technology and Sustainability function's drive to improve work planning is making such a significant contribution to our safety performance. In 2014, loss of life and serious injuries were at a record low, notably at all the operations not affected by the platinum strike. I am saddened, however, to report that despite a sharp drop in fatal incidents, and a continuing declining trend in injuries, six colleagues lost their lives – so we all need to redouble our efforts to bring this figure down to zero.

Effectively managing workplace occupational health and employee wellness is a direct investment in the business – a healthy workforce is generally a more productive one. In support of this objective, and because it is the right thing to do, we provide support for the management of chronic diseases such as HIV and TB, offering all our permanent employees and their dependants access to free treatment and, in most cases, subsidised health insurance.

### COAL AND CLIMATE CHANGE

Debate around fossil fuels and their emissions is likely to continue for several years, given the continuing growth in global energy demand and coal's central position, particularly in major emerging economies such as China and India, in being able to meet that demand.

Irrefutably, the world needs coal; and for some developing nations it is the key to fast-tracking their economies as they attempt to catch up with more industrialised nations. No one would deny, however, that burning of coal has to become much cleaner.

As the chairman of a global mining company that is one of the world's major coal producers, I believe coal has an important part to play in the energy mix, provided it can clean up its act – and that the coal industry is given a realistic timeframe by governments in which to do so. Coal can be mined responsibly, and Anglo American continues to engage with customers and peers on sustainable coal technologies.

**REBUILDING TRUST THROUGH ENGAGEMENT**

There is today a heightened lack of trust between the mining industry and its various stakeholders. Community activism, often supported by governments and NGOs, has led to many new mining projects being stalled, while investors are taking the industry to task for its over-zealous capital expenditure in the boom years and its inability to rein in costs in the very different post-boom world of today.

Rebuilding trust requires us to engage at various levels. That is why we continue to play an influential role in organisations such as the Extractive Industries Transparency Initiative (EITI), ICMM, the Initiative for Responsible Mining Assurance (IRMA), and in climate change initiatives in South Africa and Australia. Notably, in December, to coincide with Human Rights Day, Anglo American launched its Human Rights Policy; this is now being rolled out across the Group.

At the grassroots level, Anglo American continues to partner several successful initiatives within our host communities. These include: the 'dialogue table' at our Quellaveco project in Peru; helping municipalities to deliver basic community services through capacity-building in South Africa, Brazil and Chile; paying particular attention to biodiversity around Minas-Rio; and building water plants to serve local communities in South Africa and to preserve fresh water supplies in Chile.

**THE BOARD**

As chairman of the Board, I believe it is my role to set the drumbeat for the behavioural expectations of directors and management, holding each member accountable for delivery in their own field of responsibility, and to ensure that we consistently live out the Group's values in our interaction with stakeholders.

The Board also owns the company's strategy, which is robustly debated. In doing so, we aim for technical excellence, profitable growth and long term sustainability, while endeavouring to balance the interests of shareholders and other stakeholders.

In particular, I should like to emphasise our Board's commitment to the deployment of innovative technologies in such fields as mechanisation, automation and digital engineering – which have already brought considerable benefits in the safety field through reducing the number of people who need to be in potentially exposed and hazardous areas – as Anglo American seeks to regain its place as a technology leader in our industry.

I would like to specifically mention our chief executive, Mark Cutifani, for his huge effort over the past year in demonstrating wise capital discipline and in resetting the business on a firmer footing for the future, and to our technical and sustainability head, Tony O'Neill, for the strong turnarounds he has supported at several of our world class operations and for strengthening our technical capability.

I should also like to mention Jack Thompson, who became chairman of the Sustainability Committee of the Board at the 2013 AGM. Jack has brought a wealth of experience, gained in many mining disciplines, and across a number of geographies, to the Board. Over the past year, under Jack's guidance, the Committee has been intensifying its efforts in such areas as safety, health and sustainable development issues.

**LOOKING AHEAD**

Ours is an industry that attracts a great deal of attention. It is vital, therefore, that the world's mining majors continue to behave responsibly – that there is no cutting of corners in sustainability matters, and that we all remain focused on promoting responsible mining.

At Anglo American, as we implement our Operating Model across our own business, and working in partnership with the communities in which we operate, we expect to see continuous improvement in our safety and environmental performance.



**Sir John Parker**  
Chairman

# OUR BUSINESS AT A GLANCE

Anglo American is a global and diversified mining business that provides the raw materials essential for economic development and modern life. Our mining operations, growth projects and exploration and marketing activities extend across southern Africa, South America, Australia, North America, Asia and Europe.



## MATERIAL ISSUES

- ✓ Permitting and compliance
- ✋ Relationships with stakeholders
- ✚ Safety and health
- 👤 Human rights
- 💧 Water security and quality
- 🏭 Environmental impact management
- 🏠 Socio-economic development
- ☁ Energy security and climate change
- 👥 Human resources

## PEOPLE

**Our safety performance continues to improve, with fatal injuries, recordable cases and lost-time injuries all significantly lower. Our top priority remains zero harm.**

**HIV counselling and testing has increased, reaching more than 100,000 people in 2014, along with participation in HIV wellness programmes. But we continue to record new cases of HIV. Our aim is zero.**

**Around 40,000 employees are exposed to noise levels that required the use of PPE to prevent harm. Our occupational hygiene programmes are focused on controlling the hazard at source so that the use of PPE is limited as far as possible.**

## SOCIETY

**We are working to develop a more democratic and transparent industrial relations climate in South Africa following the five-month strike in the platinum industry in 2014.**

**For over 25 years, we have supported entrepreneurs, providing more than \$100 million in funding and supporting 96,783 jobs since 2008.**



The origins of modern life – find out why mining matters, visit [www.angloamerican.com/origins](http://www.angloamerican.com/origins)

## SOCIETY

New, integrated, enterprise development programmes in Botswana, Brazil and Peru supported 1,588 jobs in 2014, and aim to support 10,000 jobs by the end of 2016.

Leveraging our supply chain to support local businesses is important to us. In 2014, our expenditure with suppliers based in the communities close to our operations rose to \$1.7 billion.

## ENVIRONMENT

We are well on track to achieving our water, energy and greenhouse gas reduction targets.

69% of operational water savings are now met by recycled/re-used water. Our long term goal is 80% through the application of advanced technology.

We have reduced the number of repeat water incidents considerably. However, we recorded one Level 4 (high impact) incident in 2014. Our priority is to improve incident reporting and investigation so that we can learn from incidents and prevent repeats.

Through the implementation of our new Operating Model, operations are achieving more consistent results. Work planned in that way is also significantly safer and results in fewer environmental incidents.

# CHIEF EXECUTIVE'S STATEMENT



Mark Cutifani

The challenges we face as an industry are multiplying in quantity, scale and complexity. Today, we are at a critical juncture, with intensifying – and often conflicting – pressures from a widening range of stakeholders. Addressing them successfully, while continuing to supply the metals and minerals the world needs, demands a new approach in which sustainable development is central to the way we do business, and the forging of strong mutually beneficial partnerships fundamental to creating sustainable value that makes a real difference.

## RESHAPING OUR FUTURE

Too frequently I have seen how the mining industry's failure to address stakeholder concerns has had a negative effect on how efficiently and effectively we are able to manage our business. The industry is littered with projects that have exceeded budgeted costs, been interminably delayed, or have even been stopped in their tracks, because of a failure to engage with, and listen to, stakeholder considerations. Developing trust through the building of mutually beneficial relationships with local communities is a more effective way of operating and far more likely to produce social outcomes that make a lasting and positive difference.

Many leaders in the mining industry recognise that the game has changed and are adapting accordingly. To be sustainable over the long term, we must endeavour to secure, nurture and progressively revitalise our social licence to operate by doing things differently – a prime example being the leadership role Anglo American is taking, along with other companies, including some from the mining sector, in the Kellogg Innovation Network's Development Partner Framework. This initiative seeks to set our industry on a new path by engaging more effectively with stakeholders so that we understand and respond to their long term aspirations.

## THE JOURNEY BEGINS AT HOME

At Anglo American we realised that we would not be able to deliver on our commitments if we were not structured accordingly. Consequently, we undertook a thorough restructuring and have implemented a new Organisation Model and Operating Model in which sustainability is both built in and managed at every level of the organisation.

Change is never easy for employees and so the change we are introducing is unsettling to some degree. However, restructuring is necessary for our long term viability, and we have made headway in ensuring that the right people are in the right roles doing the right work. This is particularly the case in our Technical and Sustainability function, where several top roles are now filled by new people from across the global mining industry, who have brought different thinking and on-the-ground experience in working with stakeholders. We are already seeing operating performance improvements across every commodity in our portfolio, we have improved our delivery against budgets and we are making significant inroads into costs. Importantly, as we continue to apply Anglo American's Operating Model, we expect to see a marked impact on our sustainability performance. As DuPont and other companies point out, planned work is 70% safer than unplanned work, it is 30% more productive and contributes to a 20% reduction in operating costs. In our world, it is a clear demonstration that the formula for safe work is consistent with running the business more effectively across a broad range of business outcomes.

## SAFETY

The safety of the people who work for us will always be our main priority. It always fills me with great sadness when I have to report deaths in our business. While the personal tragedy that goes with the loss of six colleagues cannot be measured in numbers, it is encouraging that we have recorded our best performance in both fatality and all injury frequency rates. Our 60% reduction in the fatality rate and the 25% reduction in total recordable case frequency rates points to the progress we have made in this most important of our operations' turnarounds.

## IMPROVEMENTS ACROSS THE BOARD

We are already starting to see the benefits from our new Operating Model, which delivered strong underlying results in 2014. That underlying earnings declined by only 17% to \$2.2 billion, in an exceptionally tough year for mining commodity sales and prices, reflects the considerable operational progress we are making across the Group. We are doing everything we can to deliver \$4 billion<sup>(1)</sup> of additional earnings<sup>(2)</sup> (compared with 2012) by 2016. We have also scaled down our project and operational expenditure and expect net debt to peak during the course of this year.

<sup>(1)</sup> Attributable at 30 June 2013 exchange rates and commodity prices.

<sup>(2)</sup> Earnings before interest and tax (EBIT).

Mark Cutifani led the discussion at Kolomela during the 2014 global safety day and signed his commitment to the safe management of change – this year's theme.



Alongside ongoing improvements in our operations' stability and process controls, we are reporting enhanced operational performance in other areas. During 2014, Anglo American recorded one Level 4 and 14 Level 3 environmental incidents, significantly lower than the 30 incidents in 2013. We are also seeing an encouraging reduction in repeat incidents – an indication that we are progressively learning from past incidents.

We are also on track to meeting our greenhouse gas, energy and water reduction targets. In 2014, efficiency projects saved about 36 million m<sup>3</sup> of water, 4.2 million tonnes of CO<sub>2</sub>-equivalent emissions and 4.3 million GJ of energy.

### BRINGING STABILITY IN THE PLATINUM INDUSTRY

Recovering from the protracted strike in South Africa's platinum industry has been a difficult process, and would have been impossible without the support of the key players concerned. Our Platinum business played a leading role in the industry negotiations throughout. We painstakingly took employees, government representatives and the unions through the proposed settlement rationale, as well as the detail, of our own restructuring plan for a modernised, safer and less labour-intensive platinum industry. Union buy-in was particularly critical, as we were gradually able to foster an increased level of understanding so that we could work together to address the underlying salary and relationship issues.

### PARTNERS IN THE FUTURE

Our vision of a long term partnership with our business stakeholders reflects our belief that for us to be successful we need to co-create a new deal around our core mining business. We will only be able to continue to deliver returns to shareholders if, in the eyes of our key stakeholders, we continue to build on this vision by delivering value to and with broader society.

Our approach to sustainable development has led to widespread recognition of Anglo American as a sustainability leader in the mining industry and our being seen as a preferred development partner. We are leading the industry in enterprise development programmes alongside local procurement, local capacity-building, education and training, and community social investment.

Notably, in South Africa, 2014 marked 25 years of support for enterprise development by Anglo American, and the 10th consecutive year that we were ranked as the most effective funders of social investment in the country.

We are now rolling out new enterprise development programmes in Botswana, Chile, Brazil and Peru, and we are partnering the Development Bank of Southern Africa in building capacity in the country's municipalities, while similar programmes are under way in Chile and Brazil. We have formal relationships with a number of NGOs – notably CARE International, Fauna & Flora International, International Alert and TechnoServe – co-operating in such areas as project funding, shared learning and social development, in order to bring about real and lasting value on the ground.

Internationally, we are recognised as pioneers and global leaders in healthcare, particularly in the management of HIV/AIDS and TB in South Africa.

### THE ROAD AHEAD

The mining industry has the unique responsibility to supply mineral resources to support the world's ongoing growth and development. In doing so, we help raise the living standards of billions of people across the globe. As a responsible miner, we are the custodian of these precious resources. We have a duty to mine them in an environmentally responsible way, while tackling the multitude of challenges, including declining ore grades, deepening pits, infrastructure constraints, rising costs, emerging mining jurisdictions and stakeholder concerns.

Only through working with our mining peers and partners from outside the mining industry can we make meaningful progress in driving shared economic, social and environmental value. Furthermore, such a partnership framework should not only encompass engagement with a diverse range of stakeholders, but also embrace the development and adoption of innovative technologies to ensure our industry becomes more productive, cleaner and safer.

Getting this right is 'mission-critical' for Anglo American if we are to make a positive difference to the lives of all our stakeholders.

**Mark Cutifani**  
Chief Executive

# THE DIVERSIFIED MINER

The mining industry will continue to be at the heart of the world's economic growth. As the diversified miner, Anglo American provides many of the metals and minerals that are essential for economic development, particularly in developing economies, and modern life generally.

## OUR STRATEGY

For almost a hundred years, we have been mining the raw materials that society needs to develop and prosper. We find, plan and build, mine, process, move and market a diversified and high quality range of products, spanning bulk commodities, base metals and minerals, and precious metals and minerals.

Having a diversified portfolio gives us options in terms of how and where we choose to allocate capital to grow the business, improve margins, generate returns and ultimately deliver value, and helps protect us through commodity and economic cycles.

Our ability to manage this diversification for value provides us with a competitive advantage. Knowing where along the chain, from exploration to marketing, we can leverage value from each of our different products is one of the many skills required in managing a diversified portfolio.

While our aim as a business has always been to generate returns for our shareholders, how we accomplish this – by striving to make a real and lasting contribution to society – is fundamental and defines us as a company. We believe this is best done through forming mutually beneficial partnerships, as reflected in our vision: 'Partners in the future'.

We are clear that the delivery of consistent and superior cash returns and capital appreciation to shareholders will only endure if we deliver value to society, as seen through the eyes of our key constituencies: employees, governments, social stakeholders, customers and business partners. Achieving this balance is fundamental to our effectiveness as an organisation and our sustainability as a business.

We measure our performance through a comprehensive business scorecard – our pillars of value.

## OUR MISSION

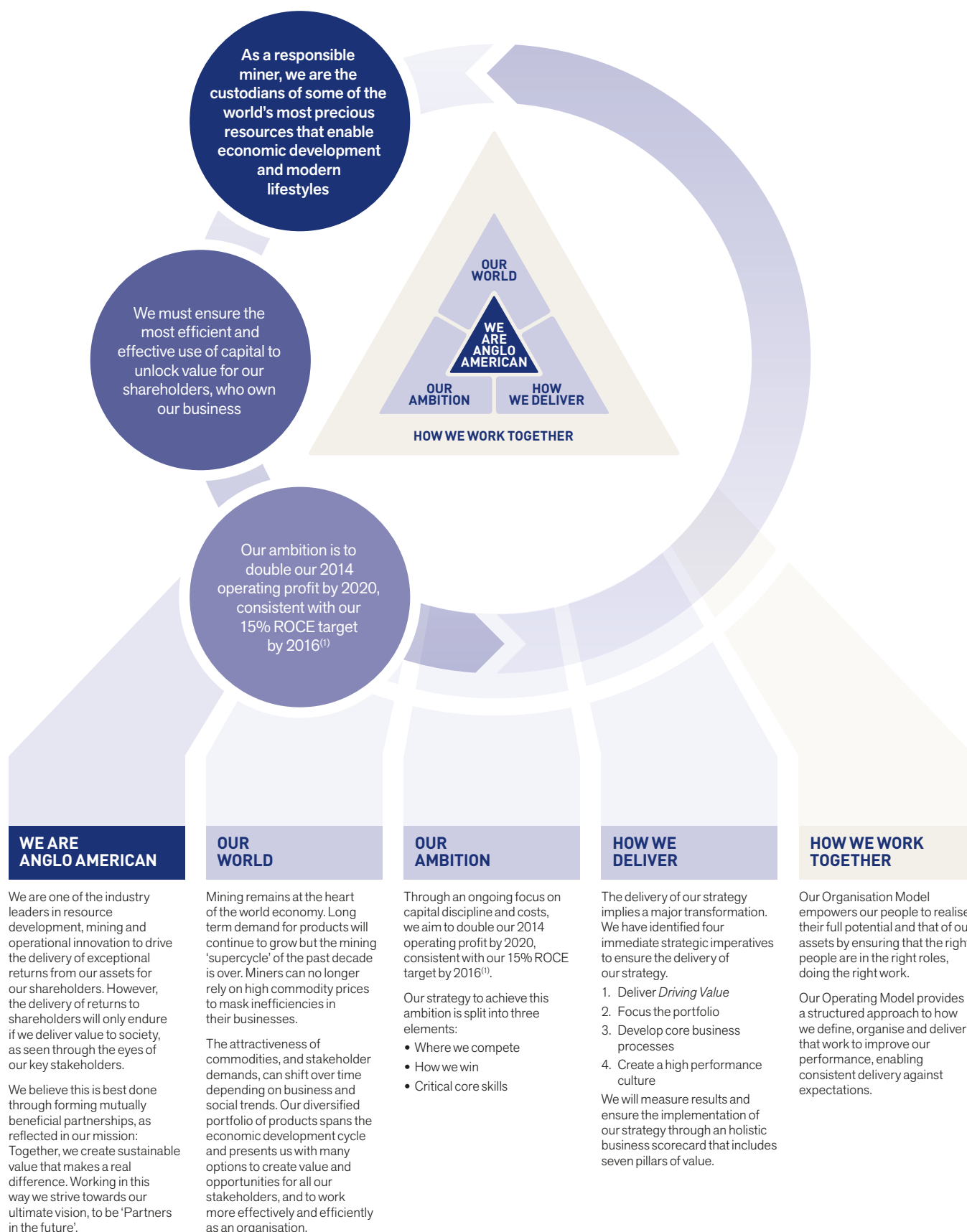
Together, we create sustainable value that makes a real difference.



## HOW WE MEASURE OUR PROGRESS

### Our seven pillars of value

	<b>Safety and health</b> To do no harm to our workforce
	<b>Environment</b> To minimise harm to the environment
	<b>Socio-political</b> To partner in the benefits of mining with local communities and governments
	<b>People</b> To resource the organisation with an engaged and productive workforce
	<b>Production</b> To extract our mineral resources in a sustainable way to create value
	<b>Cost</b> To be competitive by operating as efficiently as possible
	<b>Financial</b> To deliver sustainable returns to our shareholders



<sup>(1)</sup> ROCE target is at 30 June 2013 exchange rates and commodity prices.

# ADDRESSING MATERIAL ISSUES

Anglo American's approach to sustainable development is based on a thorough understanding of issues that could materially influence our ability to meet our strategic objectives and create value for a range of stakeholders in a manner which is acceptable to society.

## DEFINITION OF MATERIALITY

A matter is material if, in the view of the Board, senior management and key stakeholder groups, it is of such importance that it could in the short, medium or long term:

- have a significant influence on, or is of material interest to, our stakeholders
- substantively influence the company's ability to meet its strategic objectives
- has a high degree of inter-connectivity with other material issues.

## OUR PROCESS

In 2013, we piloted our current, more robust, process for defining 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 were reviewed by a panel of independent experts from across key regions and sustainability disciplines, and by selected Anglo American personnel. In 2014, Anglo American hosted a similar discussion, including a number of external experts who contributed to the process in 2013. Material issues identified previously were debated and revised based on the perspectives of the panellists and Anglo American's own specialists.

## MATERIAL ISSUES AND AMBITIONS

There have been two noteworthy changes to material issues identified in 2013. 'Social and political stability' has been replaced with 'stakeholder relationships' to reflect the importance of constructive relationships across several external stakeholder groups as well as within the business. In 2013, environmental impact management (and land stewardship in particular), though debated extensively, was not included as a material issue. That decision has now been revised based on the ever-increasing role of environmental conditions attached to licensing and permitting, and the potential impact of environmental matters on human rights.

For each material issue, we have defined a medium term ambition, along with objectives and key performance indicators (KPIs) (see pages 14-16 for KPIs). These are currently being updated to measure our performance more effectively. Our KPIs measure performance within in each of our identified pillars of value. We believe that high performance in each of these pillars is essential to success in building constructive relationships with stakeholders and gaining and maintaining our licence to operate.



### How our material issues connect to our pillars of value

#### Permitting and compliance

Gaining and maintaining our licence to operate

#### Relationships with stakeholders

Building constructive relationships with stakeholders

PILLARS OF VALUE	MATERIAL ISSUES
 Safety and health	<b>Safety and health</b>
 Environment	<b>Water security and quality</b>
	<b>Energy security and climate change</b>
	<b>Environmental impact management</b>
 Socio-political	<b>Human rights</b>
	<b>Socio-economic development</b>
 People	<b>Human resources</b>

✓	<b>Permitting and compliance</b>	<p>Failure to meet the compliance requirements of an 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. Delays in permitting can have serious financial implications for the business in terms of project delays, and non-compliance with permit requirements can result in fines, stoppages and ultimately the withdrawal of licences.</p>	<p><b>Ambition</b> To secure permits in a timely manner, and achieve full compliance with conditions attached to existing permits.</p> <p><b>Priorities</b></p> <ul style="list-style-type: none"> <li>• To roll out the new mandatory minimum permitting requirements, which specify a series of good practice measures to ensure permits are secured and retained in good order.</li> </ul>
🤝	<b>Relationships with stakeholders</b>	<p>Continuously improving and maintaining positive relationships with stakeholders is one of Anglo American's priorities. Key stakeholder groups include national governments, local communities, Indigenous Peoples, labour unions, human rights bodies, think-tanks and universities, opinion-formers, international organisations and NGOs. In the first instance, this means understanding and being responsive to their interests and concerns. The inability to maintain constructive relationships can have a material impact on our licence to operate, workforce productivity and operational continuity.</p>	<p><b>Ambition</b> To build constructive and mutually beneficial relationships with stakeholders.</p> <p><b>Priorities</b></p> <ul style="list-style-type: none"> <li>• Review our approaches to national, international and local stakeholder engagement and develop government and community relations strategies that will deliver on our ambition.</li> </ul>
+	<b>Safety and health</b>	<p>Anglo American's approach to safety and health applies most materially to the workplace. Effectively managing workplace safety, occupational health and employee wellness constitutes a direct investment in the productivity of the business – a safe and healthy workforce contributes to an engaged, motivated and productive one. Injuries and unsafe conditions can result in operational stoppages that also have a material impact on productivity. There are also instances in which a broader approach to health and safety is necessary. These include communicable diseases such as HIV and tuberculosis (TB) that cannot be treated in isolation from the health of employees, their families and host communities.</p>	<p><b>Ambition</b> That people who work for Anglo American are not harmed as a consequence of their employment.</p> <p><b>Priorities</b></p> <ul style="list-style-type: none"> <li>• Ensure that effective operational risk management processes are in place at all operations.</li> <li>• Continue to embed the learning from incidents (LFI) programme, including improved reporting of high-potential incidents and hazards.</li> <li>• Eliminate exposure to priority health hazards at source.</li> </ul>
👤	<b>Human rights</b>	<p>Several aspects of the business can have an impact on human rights – including the safety and health of our workforce, land acquisition, access to water, security provision and engagement with Indigenous Peoples. There are significant operational, financial, legal and reputational risks attached to human rights abuses (whether alleged or real). Avoiding negative impacts and their ripple effects can contribute significantly to addressing stakeholders' expectations and, in turn, help to secure our social licence to operate.</p>	<p><b>Ambition</b> Meet our duty to respect human rights; remediate existing impacts; avoid potential impacts; and provide an enabling environment for our stakeholders to enjoy their human rights.</p> <p><b>Priorities</b></p> <ul style="list-style-type: none"> <li>• Embed human rights due diligence in all relevant processes, procedures and management tools.</li> <li>• Train and raise awareness for human rights aspects of our business activities, our business context and business relationships.</li> </ul>

	<b>Water security and quality</b>	<p>Water is a critical resource for the business and a high risk, given that more than 70% of Anglo American's mines are in water-stressed areas. Social and legal licences to operate depend on ensuring that our operations' use of water, and their impacts on water availability and quality, remains within legal and socially acceptable limits. Water quality may also affect mining and processing equipment and can present significant closure liabilities.</p>	<p><b>Ambition</b> To secure a reliable and cost-effective supply of water for operations that does not compromise the rights of other local users.</p> <p><b>Priorities</b></p> <ul style="list-style-type: none"> <li>• Ensure that all operations have adequate water balance models in place.</li> <li>• Continue to implement water savings projects to meet our 2020 water reduction target.</li> <li>• Achieve further savings in costs associated with water.</li> </ul>
	<b>Environmental impact management</b>	<p>Impacts on the environment for the purposes of mining are inevitable. Governments and other stakeholders, however, expect increasingly higher standards of environmental management. Failure to meet expectations can influence the company's licence to operate, future access to land and capital, operational risk profile and mine closure liabilities. Environmental incidents incur remediation costs and may attract fines and litigation.</p>	<p><b>Ambition</b> To mitigate our impact on ecosystems throughout the mining life cycle through effective mine planning, project design, operation, and mine closure.</p> <p><b>Priorities</b></p> <ul style="list-style-type: none"> <li>• Ensure that all operational mine closure plans are aligned with the mine closure toolbox.</li> <li>• Work with high priority operations to decrease closure liabilities.</li> <li>• Ensure high risk operations and projects have effective biodiversity action plans.</li> <li>• Improve the reporting and investigation of environmental incidents.</li> <li>• Prevent any Level 4 or 5 (significant) environmental incidents from taking place.</li> </ul>
	<b>Socio-economic development</b>	<p>More than 80% of Anglo American operations are located in emerging economies, where there are often high expectations for mining companies to help improve the socio-economic conditions around their mines and, more generally, to assist in uplifting host-country economies. Extending the positive benefits of mining, through socio-economic development initiatives, supports the company's licence to operate and builds resilience within communities to prosper beyond mine closure.</p>	<p><b>Ambition</b> To deliver benefits to host communities and governments.</p> <p><b>Priorities</b></p> <ul style="list-style-type: none"> <li>• To implement the Group's socio-economic development strategy.</li> </ul>
	<b>Energy security and climate change</b>	<p>Several Anglo American operations are faced with energy security and cost challenges that have an impact on the business. In parallel, climate change presents a significant risk in terms of carbon pricing; changing demand for products; and increased risks associated with the physical impacts of climate change on our operations and neighbouring communities. Our most material issue remains the combustion of the thermal coal we mine given the impact of associated greenhouse gas emissions on climate change.</p>	<p><b>Ambition</b> To secure a reliable, cost-effective and long term supply of energy for operations, and to protect our business and host communities from the economic and physical impacts of climate change.</p> <p><b>Priorities</b></p> <ul style="list-style-type: none"> <li>• Define new energy- and carbon-reduction targets for 2020.</li> <li>• Achieve further reductions in energy costs.</li> <li>• Ensure that all vulnerable sites have plans in place to reduce their exposure to the effects of climate change.</li> </ul>
	<b>Human resources</b>	<p>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.</p>	<p><b>Ambition</b> To motivate and support our workforce to deliver on business objectives.</p>

# MEASURING OUR PERFORMANCE

We report on all of our pillars of value in the Anglo American plc annual report and accounts

## SAFETY AND HEALTH

Do no harm to our workforce.

For more information  
See pages 32–37

### KPIs

#### 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.

#### New cases of occupational disease (NCOD)

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

#### HIV voluntary counselling and testing (VCT)

Percentage of employees in high-disease-burden countries who have participated in VCT during the reporting period.

#### Participation in HIV wellness programmes

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

#### OHSAS 18001 certification

The percentage of sites with OHSAS 18001 management system certification.

### RESULTS AND TARGETS

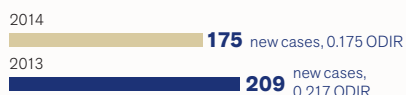
#### Work-related fatal injuries

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



**ENVIRONMENT**

Minimise harm to the environment.

For more information  
See pages 56–69**KPIs****Water consumed**

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

**Greenhouse gas emissions**The sum of carbon dioxide-equivalent emissions (CO<sub>2</sub>e) from electricity purchased, fossil fuels, renewable fuels, processes, methane flared and methane from coal mining.**Energy consumption**

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

**Environmental incidents (Levels 3-5)**

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

**ISO 14001 certification**

The percentage of sites with ISO 14001 management system certification.

**RESULTS AND TARGETS****Energy consumption**

Million gigajoules (GJ)

Target: 7% against projected use in 2015

Performance: 5% saving vs. 2014 BAU

**ISO 14001 certification**

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

**GHG emissions**Mt CO<sub>2</sub>e equivalent

Target: 19% saving vs. 2015 projected BAU

Performance: 22% saving vs. 2014 BAU

**Environmental incidents (Levels 3-5)**

Target: Improve reporting of incidents

**Total new water use**Mm<sup>3</sup> new water used

Target: 14% saving vs. 2020 projected BAU

Performance: 16% saving vs. 2014 BAU

**PEOPLE**

To resource the organisation with an engaged, productive workforce.

For more information  
See pages 27–31**KPIs****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****Voluntary labour turnover****Gender diversity**

Managers who are female

**Gender diversity**

Women as a percentage of total workforce



**SOCIO-POLITICAL**

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

For more information  
See pages 41–54**KPIs****Businesses supported through enterprise development initiatives**

The number of small and medium enterprises supported via enterprise development initiatives in Botswana, Brazil, Chile, Peru and South Africa.

**Jobs supported through enterprise development initiatives**

The number of jobs supported via enterprise development initiatives in Botswana, Brazil, Chile, Peru and South Africa. Figure includes existing and new jobs.

**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. This total is calculated by adding all the beneficiaries of corporate social investment projects. It is possible that some individuals benefit from more than one Anglo American social project.

**Localised 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.

**RESULTS AND TARGETS****Businesses supported by enterprise development initiatives**

Total since 2008

**Localised procurement**

Target: 13% of available expenditure

**Jobs supported by enterprise development initiatives**

Total since 2008

**Black economic empowerment procurement****Beneficiaries of community development projects**

# BUILDING POSITIVE RELATIONSHIPS WITH STAKEHOLDERS

Our industry plays an important role in a range of public-policy issues linked to sustainable development, including climate change, job creation, infrastructure provision and broader socio-economic development.

These are issues in which sustainable progress benefits all stakeholders and for which we need to work together; sharing skills and expertise, taking on board contrasting expectations and understanding the role each needs to play. To do this, we actively engage with governments, multilateral institutions and civil society. The Anglo American Socio-Economic Assessment Toolbox offers detailed guidance on how to identify and engage with key stakeholder groups.

We participate in multilateral initiatives that provide us with guidance and best practice on performance in sustainability issues so that we can improve over time. Examples are the United Nations Global Compact and the ICMM. We also draw on our strategic NGO partnerships with CARE International, Fauna & Flora International, International Alert and TechnoServe. Through industry associations in South Africa, Chile, Brazil and Peru, we have worked to identify multi-stakeholder solutions around productivity and skills development.

Engagement is not only about contributing, but also listening to critical perspectives and concerns that our stakeholders may have. We are open to this process and willing to address tough challenges by working with others. It is by participating in multilateral forums of varying kinds that we can have this dialogue.

While specific interests and concerns typically vary by stakeholder group and region, industrial unrest in South Africa remains a particular priority. To address this, we continue to take steps to enhance our relationship with employees, unions and the South African government, and also with communities around our mines. We are also engaging more closely with investors, under the leadership of chief executive Mark Cutifani, on how the business is being turned around.

Finding solutions to increasingly complex societal challenges requires collaboration between business, government, civil society, labour and research bodies. We place a strong emphasis, therefore, on developing partnerships with a broad range of stakeholders.

The Tripartite Safety and Health Initiative was established in 2008 as a multi-stakeholder platform for Anglo American, organised labour and the government to collaborate on improving the company's safety performance. The initiative was soon expanded to include the health and well-being of employees and contractors. In 2014, its scope was extended beyond the mine gate to include socio-economic challenges associated with the mining industry in South Africa (such as migrant labour, housing and financial well-being).

**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 27–31
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.	Page 30
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.	Throughout report
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 41–54
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 46; 48–49
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.	Throughout report
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.	Contributing constructively in business initiatives, with the aim of enhancing the collective business interest. General knowledge sharing on our approach to managing material sustainability issues.	

# GOVERNANCE

Anglo American is committed to the highest standards of corporate governance and complies with the UK Corporate Governance Code. The Sustainability Committee oversees how Anglo American manages its most material sustainability risks and opportunities.

## OUR GOVERNANCE STRUCTURE

The Anglo American Board of Directors has a duty to promote the long term success of the company for its shareholders. Its role includes the establishment, review and monitoring of strategic objectives, approval of major acquisitions, disposals and capital expenditure, and overseeing the Group's systems of internal control, governance and risk management.

The Board delegates certain responsibilities to a number of standing committees – the Sustainability, Remuneration, Nomination and Audit committees. These committees are made up of a majority of non-executive directors who contribute an independent, external perspective and who make recommendations to the wider Board on issues discussed. The minutes of these committees are reviewed at each board meeting and the chairman of each committee reports, at each board meeting, on the activities of the relevant committee.

The Board also delegates certain responsibilities to the Group Management Committee (GMC), which is made up of the chief executive, business unit CEOs and Group directors, and is responsible for formulating Group strategy for consideration and approval by the Board, setting budget and performance targets, talent management and managing the Group's portfolio.

The GMC is supported by a Corporate sub-committee (CorpCo), an Operational sub-committee (OpCo) and an Investment sub-committee (InvestCo). CorpCo meets at least monthly and is principally responsible for reviewing corporate policies and processes, as well as financial performance and budgets at a business unit level. OpCo meets approximately every two months. Its responsibilities include driving operational best practices across the Group and the setting of technical standards. InvestCo meets at least monthly and is principally responsible for making recommendations to the GMC on capital investment proposals.

## THE BOARD SUSTAINABILITY COMMITTEE

The Terms of Reference for the Board Safety and Sustainable Development Committee were revised in 2014 to formally include a broader set of sustainability matters in the committee's scope. The purpose of the renamed 'Sustainability Committee' is to oversee, on behalf of the Board, material policies, processes and strategies designed to manage safety, health, environment, socio-political, and people risks and opportunities.

The Committee comprises Jack Thompson (chairman); Mark Cutifani (chief executive); Tony O'Neill (Group director, technical and sustainability); Sir John Parker (chairman of the Board); and non-executive directors Ray O'Rourke, Mphu Ramatlapeng and Jim Rutherford. Business unit CEOs and sustainability specialists from across the Group also participate in the meetings.

Regular agenda items relate to sustainability policies and standards; material issues and sustainability reporting; progress on addressing material issues; risk management; business unit-specific performance updates; and stakeholder perspectives. Topics reviewed and discussed during 2014 included safety; occupational health and wellness; community health; climate change; energy and water usage; and social performance.

Thought leaders are invited to share their perspectives on a variety of topics with the Board Sustainability Committee. During 2014, the Committee welcomed Peter Bakker, President of the World Business Council for Sustainable Development; Polly Courtice, Director of the University of Cambridge Institute for Sustainability Leadership; and Professor Mervyn King, Chairman of the International Integrated Reporting Council.

## Sustainable development governance structure



# MANAGING SUSTAINABLE DEVELOPMENT

Our aim is for sustainability to become fully integrated into the way we run the business: from long term strategic planning to the way we tackle daily tasks.

## APPROACH

Anglo American's 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 Anglo American 'Ways' guides our investment decisions, how we plan and implement projects, and the way in which we manage and close our operations. The 'Ways' 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.

## OPERATING MODEL

Over the past year, we have continued to review our organisation and implement vital changes to ensure the sustainability of our business.

The changes implemented in 2014 have been far reaching. We are rebuilding our operational and technical capability to drive improved performance. As part of this focus, our new Operating Model (see below) is bringing a consistent and stable approach to how we do all our work. Through implementing our Operating Model we aim to reduce our environmental impact and create safer work environments.

Our Operating Model standardises how we set targets, plan, manage, execute and improve our work. It brings a consistency of approach, a common language and way of working across the business, irrespective of history or culture. By getting the basics right, and operating our assets to their full potential, we will enhance our long term operational capability. The key principles underpinning the Operating Model are:

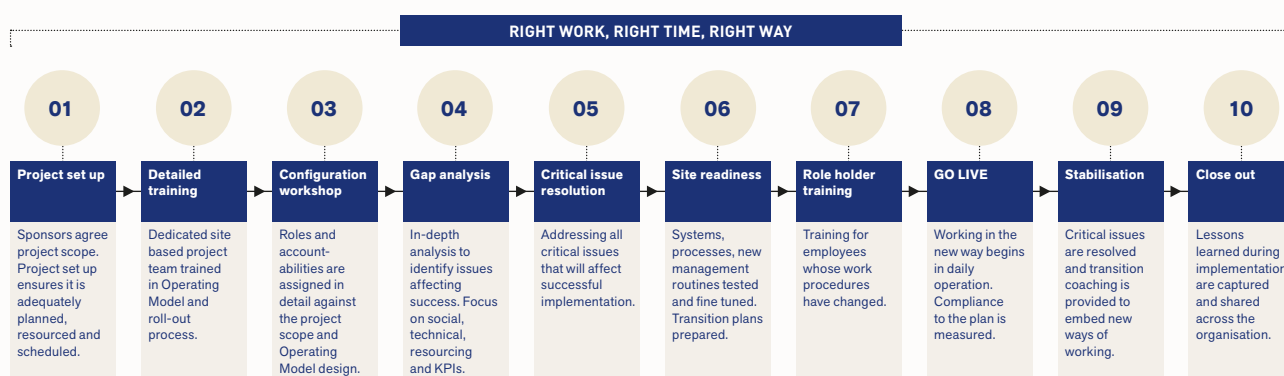
- produce stability: stable operations deliver predictable outcomes
- reduce variation: lower variation in operational performance increases capability and efficiency
- provide clarity: team members who have a clear understanding of their own work, and how their team works, produce consistent and repeatable outcomes.

## RISK AND ASSURANCE

Responsibility for assurance of the effectiveness of controls to manage key operating risks rests with Anglo American's Business Assurance Services and Technical and Sustainability Assurance teams. Multi-disciplinary teams of experts will conduct in-depth audits of approximately 15 operations per annum, focusing on key risks.

Operational Risk Management (ORM) represents the next stage in our risk management journey. We started that journey focusing on safety and then extended it to include health and environment, using the same tools and techniques. ORM broadens this to encapsulate all operational activity and is a tool for identifying, prioritising and controlling risks that threaten our ability to meet business objectives. Its main purpose is to ensure that we manage all forms of operational risk in a similar way. This helps us gain a better understanding of the cumulative impact of those risks and to manage them more effectively.

### The Operating Model journey



**A SUSTAINABLE AND RESPONSIBLE 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.

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. 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.

We expect that suppliers demonstrate compliance with local laws and regulations, as well as good practices in areas including labour and human rights, occupational safety and hygiene, environmental management, business integrity, supporting economic development 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.

Furthermore, we leverage our supplier relationships in order to deliver partnerships which drive positive economic impact for host countries and communities. Our approach to local and preferential procurement and supporting supplier development programmes is detailed on pages 48-49.

**ENSURING RESPONSIBLE MINE CLOSURE**

An important aspect of integrating sustainability into our wider business is our commitment to responsible mine closure. Our approach emphasises the importance of designing, planning and operating a mine with closure in mind, and planning for post-closure long term sustainability in consultation with communities and other stakeholders. In doing so, we aim 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.

Our Projects Way includes a set of requirements for mine closure that is 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 and updated in 2013, 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 for the planned operational life of the mine or premature closure. The Toolbox is available publicly as a leading-practice resource for other companies to access. It is used throughout our managed operations and also at some operations managed by our joint venture partners. Within the Group, the Toolbox is designed to be used in conjunction with our Socio-Economic Assessment Toolbox (SEAT) in order to support an integrated approach to mine closure planning.

In 2014, we appointed a dedicated team to provide expert input into mine-closure planning and management. The team is prioritising the greatest closure risks and opportunities to be addressed. While all of our operating mines have closure plans in place, ensuring that these are compliant with our world class standards is a focus for us.

# BUSINESS ETHICS

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.

## 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 assurance that we consistently meet our commitment to tackling corruption in all its forms, and also that we remain in full compliance with all applicable anti-corruption legislation, including the UK Bribery Act.

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.

## 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.

During 2014, we received 302 alerts (2013: 372). Every alert is evaluated and, where appropriate, investigated. The largest proportion of reports in 2014 related to human resources issues (around 50%), followed by a range of other matters, including procurement, accounting, and health and safety. In total, 226 alerts were closed following investigation, of which 43 resulted in management action.

During 2014, Anglo American detected a fraud committed by a project director for a development project in Australia involving an override of management controls in procurement and payments to fictitious suppliers. The project director had performed a similar role in Chile previously and forensic investigation established a similar fraud had been committed in that project. A separate fraud was identified in the Copper business perpetrated by a key contractor to the Los Bronces mine. In each case, the losses suffered were not material. The Company is taking steps to improve its controls to address identified weaknesses.

# TAX TRANSPARENCY

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 corporate 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 and tax disclosure, are of considerable interest to many of 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 in supporting our licence to operate.

Our economic impact is far broader than tax; it also includes employee wages, supplier expenditure, capital investment (including in public infrastructure), payments to shareholders and social investment. For Anglo American, the total 'value added' figure amounted to \$29 billion in 2014. (See page 48 for further information.)

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. These contributions play an important role in how we manage operations and make investment decisions.

## ANGLO AMERICAN'S APPROACH TO TAX

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 focused narrowly on short term outcomes.

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

Our tax strategy also explicitly states that the use of entities in jurisdictions where the Group has no corresponding commercial activity should be avoided. We have a small number of so-called tax haven entities in the Group's structures today 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.

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.

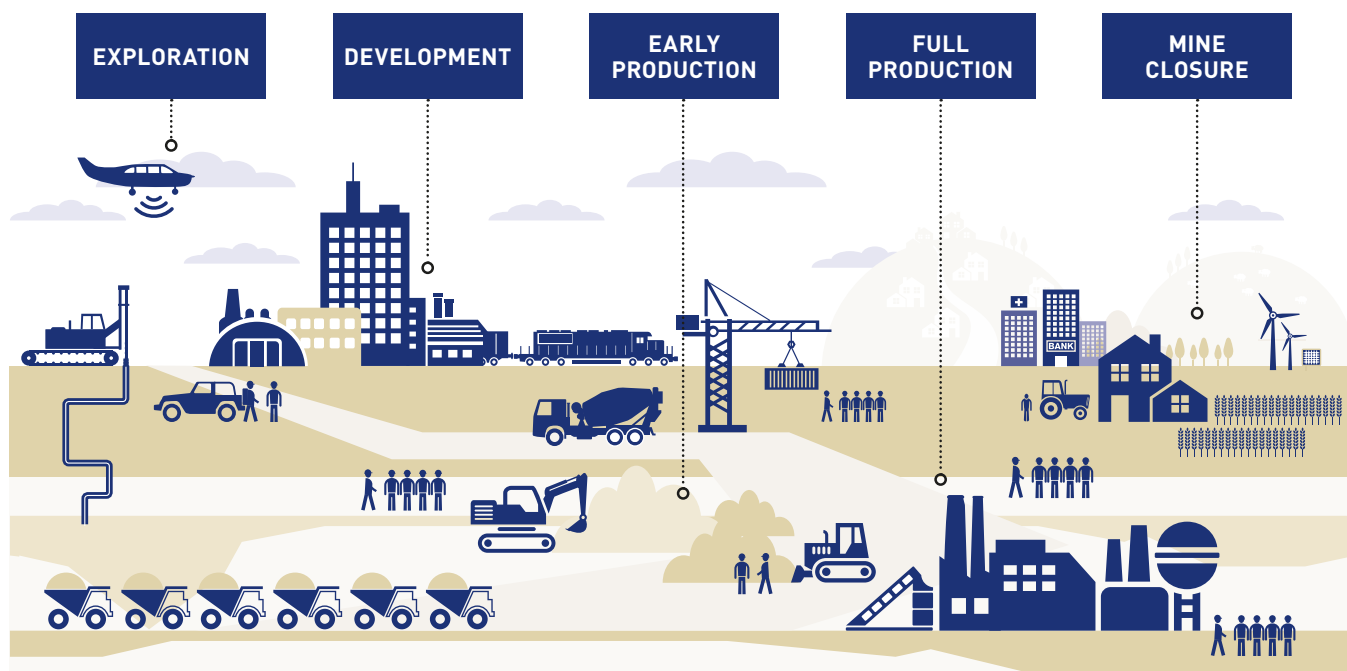
For example, the UK adoption of Chapter 10 of the EU Accounting Directive means that UK-listed extractive companies will be required to disclose payments to governments on a project-by-project level from 2015 onwards. In addition, the G20-sponsored, OECD-led, base erosion and profit shifting (BEPS) project 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 to authorities 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 Extractive Industries Transparency Initiative (EITI) and remain an active participant; and more recently we 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 reach consensus between the various transparency initiatives of governments and regulatory authorities.

A breakdown of Anglo American's tax contribution in 2014 is available on pages 26 and 80.

## Value add through taxes throughout the life of a mine



EXPLORATION	DEVELOPMENT	EARLY PRODUCTION	FULL PRODUCTION	MINE CLOSURE
<b>No profit</b> Operating and capital expenditure.	<b>No profit</b> Operating and significant capital expenditure.	<b>No profit</b> Recovery of investment.	<b>Profitability</b> Net profit.	<b>No profit</b> Closure and rehabilitation costs.
<b>Value add through taxes</b> Money spent with suppliers, generating sales taxes, and import duties. Employment taxes are also generated.	<b>Value add through taxes</b> Very significant amounts are spent with suppliers in developing the mine and infrastructure, generating sales taxes, and import duties. Those supplier companies, in turn, will 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, who, in turn, will pay taxes.	<b>Value add through taxes</b> 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, who, in turn, will pay taxes.	<b>Value add through taxes</b> Corporate income tax will start to be paid (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, who, in turn, will pay taxes.	<b>Value add through taxes</b> Significant amounts are spent with local and international suppliers in closing down the mine and rehabilitating the land, generating sales taxes and import duties.

## 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 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 ICMM 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 require 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.

### Developed vs. developing countries – taxes borne

	\$ million	%	
Developing	2,449	74	
Developed	884	26	
<b>Total</b>	<b>3,333</b>		

### Developed vs. developing countries – taxes collected

	\$ million	%	
Developing	873	65	
Developed	474	35	
<b>Total</b>	<b>1,347</b>		

### Payments to governments – taxes borne

	\$ million	%	
Botswana	988	30	
South Africa	663	20	
Chile	476	14	
Brazil	445	13	
Namibia	338	10	
Australia	287	9	
UK	74	2	
Canada	29	1	
Other	18	1	
Zimbabwe	14	0	
Peru	1	0	
<b>Total</b>	<b>3,333</b>		

### Payments to governments – taxes collected

	\$ million	%	
South Africa	585	44	
Brazil	184	14	
Australia	159	12	
UK	133	10	
Chile	108	8	
Canada	59	4	
Botswana	44	3	
Namibia	43	3	
Other	18	1	
Zimbabwe	8	1	
Peru	6	0	
<b>Total</b>	<b>1,347</b>		



**FOCUS:**

# INVESTING IN OUR PEOPLE



People

## MANAGING THE IMPACT OF THE PLATINUM STRIKE ON EMPLOYEES AND AFFECTED COMMUNITIES

The five-month strike across the platinum belt in Rustenburg in South Africa by the majority trade union AMCU was concluded with a three-year settlement agreement signed on 24 June 2014. The strike, in which about 35,000 employees of Anglo American's Platinum business participated, had a material social impact on employees, their dependants and communities, and reflected the need for us to improve relations with our employees and their representative bodies.

During the strike, Platinum maintained direct communication with striking employees through various channels. The company also made concerted efforts to manage challenges associated with the health and well-being of employees and their families. This included a humanitarian food relief effort at 17 schools during the school holiday periods.

Following the conclusion of the strike, Platinum's focus was on reintegrating employees and resuming production at strike-affected mines in a safe and sustainable manner.

Mine general managers personally welcomed employees back and delivered conciliatory and 'safe start-up' messages. All employees received medical assessments before resuming their duties. Effective reintegration of employees and production planning enabled the company to achieve better than planned ramp-up within two months.

A number of longer term interventions are being implemented aimed at developing a more democratic and transparent industrial relations climate, based on a culture of trust and respect. Platinum's approach focuses on building relationships with union leadership and jointly driving visible felt leadership programmes, implementing a proactive programme to improve relationships with employees directly, and rolling out a values and culture-change programme.

The origins of the strike were materially influenced by systemic societal challenges, including the living and social conditions of many employees. Platinum continues to work with the unions and government to improve living conditions through providing additional housing and building capacity in the municipalities concerned. Platinum has also launched an initiative to mitigate high levels of employee indebtedness. (See case study on page 31.)

### Images

Following the strike, safety during the ramp-up of production was the first priority. At Anglo American Platinum's Bathoephe mine, (left to right) drill rig operator, Ntsiolo Ntsiolo, full-time health and safety representative Wanda Kula, communication officer Cynthia Mogale and electrician Jacques Erasmus participate in a safety meeting concerning underground machinery.

Ore from underground is transported via conveyor to the Waterval concentrators for processing.

# OUR PEOPLE

Our people are vital to the success of our business and it is our aim to inspire them to deliver sustainable value that makes a real difference.

Guided by our values – safety, care and respect, integrity, accountability, collaboration and innovation – our people apply their skills, knowledge and expertise to ensure we operate successfully and responsibly. It is our people who develop trusting and respectful relationships with communities, governments, suppliers, partners and mining peers to ensure that we deliver on our promises. In return, we reward our people and provide opportunities to help them develop and grow.

## THE RIGHT PEOPLE IN THE RIGHT JOBS

Anglo American initiated a process in 2013 of restructuring the organisation with the aim of ensuring that we have the right people in the right roles to deliver effectively and efficiently on our strategic objectives. The roll-out of our new Organisation Model is creating a leaner organisation, with greater clarity on roles and accountabilities and improved lines of communication between levels of the organisation, while also removing unnecessary work and duplication. The restructuring of the corporate functions and some business unit corporate centres was completed in 2014.

## TALENT MANAGEMENT AND SKILLS DEVELOPMENT

To attract and retain the best talent, we seek to offer safe, worthwhile 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 (the number of permanent employee resignations as a percentage of total permanent employees) was equal to the 2013 figure at 2.0%.

Providing high quality training is a key attraction and retention tool. During the year we supported 3,602 graduates, bursars, apprentices and other trainees (2013: 2,974).

Formal learning is delivered at both business unit and Group level, with external training expenditure across Anglo American in 2014 amounting to \$106 million, 2.3% of total employee costs (2013: \$104 million, 2% of total employee costs).

Developing strong, accountable and safety-conscious leaders is essential to achieving our ambitions. We are focusing 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. We continue to provide basic literacy and numeracy to our employees, contractors and community members in South Africa through adult basic education and training programmes. In addition, we provide training in skills that are transferable to industries outside mining.

## A DIVERSE WORKFORCE

By year end, 24% of managers were women (2013: 23%), with 16% of our overall workforce being female (2013: 16%). Across our businesses, targets have been set to further increase 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 more women will lead to significant and sustainable performance improvement in every aspect of the business.

## BUILDING LEADERS AND SHAPING TALENT



**Graduates in the BLAST programme:**  
(Left to right)  
Tshegofatso Kole, Thizwilondi Nkhumeleni, Emily Nicholls, Denis Wong, Shannon Stronach and Thokozani Malinga.

Developing strong, accountable and safety-conscious leaders is essential to achieving our ambitions. Over the past decade we have been building a robust pipeline of top talent in South Africa through a highly successful graduate recruitment programme called BLAST – Building Leaders and Shaping Talent.

The programme was launched in response to a mandate by the Board in 2004 to develop a pipeline of young people with potential in South Africa for succession planning. BLAST is designed to offer a compelling value proposition to attract high-potential graduates in mining and technical fields and develop them as future leaders. Key attractions identified included opportunities for international exposure and working for a company with a strong ethos around sustainability, and in particular supporting host communities.

BLAST recruits are exceptional performers, fresh from university, who demonstrate Anglo American's values and have high emotional intelligence. The annual selection process involves a rigorous assessment that includes psychometric tests and interviews. To enhance the recruitment success,

prospective recruits have an interview with current participants on the programme. The recruitment process is entirely based on merit.

The first role for each recruit is typically in the discipline they studied, enabling them to adjust to the world of work. From there, the participants choose a path of diverse experiences to broaden their skills and knowledge, rotating positions within the Group every 18 months, including one international assignment.

The demographic profile of the recruits over the past 10 years is 72% 'historically disadvantaged South Africans', including white women (54% without women), with a female/male ratio of 45/55. The retention rate stands at a healthy 94%.

The programme aims to keep participants challenged and stimulated. The positive impact of the programme is widely felt, with participants setting a leading example among their peers. Participants further build their leadership capabilities through a suite of programmes such as the Programme for Management Excellence and The Achiever Programme to reach their full potential.

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 transformation in the workforce. By year end, 60% of our management were HDSAs (2013: 64%).

### PROTECTING LABOUR RIGHTS

As expressed in our Human Rights Policy, and as signatories to the United Nations Global Compact, we are committed to the labour rights principles set out 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. 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 2014.

### FOSTERING SOUND INDUSTRIAL RELATIONS

Approximately 74% of our permanent workforce is represented by work councils, trade unions or other similar bodies and covered by collective bargaining agreements.

In South Africa, the labour relations climate remains a particular challenge and concern. Labour instability has been exacerbated by inter-union conflict, and is underpinned by ongoing systemic societal challenges that are deeply rooted in the country's history and in the legacy of the migrant labour system. The five-month strike in the platinum industry by the majority trade union AMCU highlighted the adversarial nature of the situation. The strike was eventually concluded through dialogue and collaboration, with a three-year agreement signed on 24 June and backdated to July 2013. The process nonetheless exacted a significant toll and reflected the need for us to improve relations with our employees and their representative bodies.

Production at the Los Bronces mine in Chile was halted for a day as a result of protests by a group of contract workers. Employees were evacuated from the premises due to incidents of violence, intimidation and damage to mine property. The illegal strike came to an end following an agreement between the Federation of Contractor Workers and contracting companies, with Anglo American acting as a sponsor of the agreement, to improve certain working conditions and grant bonuses for contractor workers.

### Number of permanent employees and contractors by region 2014

		%	
Africa	106,971	71	
South America	34,222	23	
Australia	5,430	4	
Europe	2,124	1	
North America	1,965	1	
Asia	501	0	
Middle East	15	0	
<b>Total</b>	<b>151,228</b>		

### Number of permanent employees and contractors by business unit 2014<sup>(1)</sup>

		%	
Kumba Iron Ore	16,176	11	
Iron Ore Brazil	14,085	9	
Coal	24,653	16	
Copper	10,872	7	
Nickel, Niobium and Phosphates	6,997	5	
Platinum	52,216	35	
De Beers	22,947	15	
Group departments	3,282	2	
<b>Total</b>	<b>151,228</b>		

<sup>(1)</sup> These figures reflect the annual average of employees and contractors during the year.

## MITIGATING EMPLOYEE INDEBTEDNESS



**Image**  
Employees at  
Waterval Smelter  
in Rustenburg.

Indebtedness is a serious and complex social challenge in South Africa. Many of our employees, especially at our Platinum business, are struggling with a level of personal debt that is difficult to manage. High levels of debt are often rooted in challenging social conditions, a lack of basic financial and legal literacy and in reckless unsecured lending by some credit providers. The situation is made worse by the imposition of 'garnishee orders' – by which employers are obliged to deduct debt repayments directly from salaries.

Indebtedness has a deep impact on employees and their families and research has shown that it is an underlying cause of low morale, stress and labour unrest in the mining industry.

The five-month-long strike in the platinum sector in the first half of 2014 had a material socio-economic impact on Platinum's mineworkers, resulting in many increasing their dependence on credit still further.

Platinum is working with labour union representatives to find solutions to employees' financial struggles. The aim is to ensure that employees' debts are settled and to foster a responsible culture of spending.

Since 2012, Platinum has engaged Summit Financial Partners to audit and determine the validity of garnishee orders. To date, Summit has managed to return \$277,000 to employees.

Building on this initiative, Platinum and Summit have created an employee financial wellness programme, Nkululeko, to help employees to understand and manage their debt. Launched in October 2014, the free service has been rolled out at all of Platinum's operations. By granting Summit power of attorney, employees can rely on its consultants to check garnishee orders for legality, negotiate with creditors, reduce monthly repayments and tax penalties and provide training in managing personal finances.

Platinum also uses its employee wellness programmes to assist in identifying debt-related stress.

Mineworkers are often vulnerable to irresponsible lenders who act outside of the law and exploit borrowers. Debts from unregistered or illegal credit providers are difficult to manage as the practice is difficult to track and there are no legal or formal processes to arrange debt repayment. We are working in partnership with local authorities to curtail abuse of employees by credit providers and debt collectors and to abolish irresponsible micro-lenders. These activities extend across all of Platinum's operations, including its smelters, concentrators and refineries.

Platinum continues to work with government and other stakeholders, such as the Chamber of Mines, to address broader employee debt issues. This includes seeking solutions through influencing the regulatory environment and legal action to protect and enforce the legal rights of employees.

# SAFETY

Providing a safe and healthy workplace is a core Anglo American value and remains our first priority. Effectively managing workplace safety is a direct investment in our employees and the business.

## OUR PERFORMANCE

In 2014, four employees and two contractors lost their lives in work-related activities at operations managed by Anglo American. While this represents an encouraging reduction on the eight employees and seven contractors who died in 2013, any loss of life is unacceptable and we continue to dedicate considerable effort to achieving, and maintaining, zero harm. We worked four months fatality-free in 2014, which reinforces our belief that zero harm is achievable.

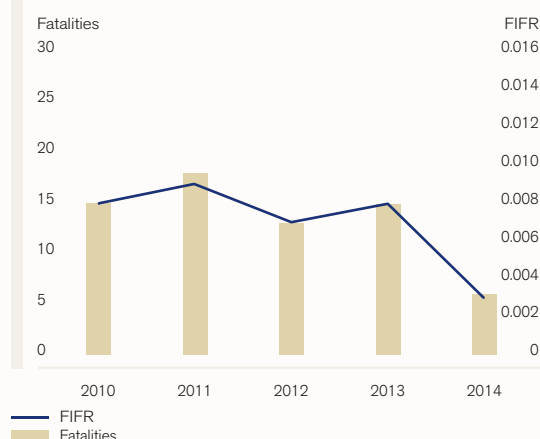
In South Africa, three deaths occurred at our Platinum operations: one incident involved handling materials; another involved a fall of ground and the third an electrocution. One person died at Kumba Iron Ore as a result of a fall from height. At Coal Australia, an employee died after being exposed to irrespirable gases in a restricted area underground and a contractor lost his life following a fall of ground. For each incident resulting in loss of life or a critical injury, an independent investigation is conducted, remedial actions taken, and the lessons learned from the incident are shared via the Group LFI process and discussed at Board Sustainability Committee and executive management levels.

Two commuting incidents on public roads in company-provided transport resulted in seven of our employees and two contractors losing their lives. Improving safety on public roads in communities around our operations is becoming part of our operational safety improvement plans and is the primary focus of a new public road transportation task force.

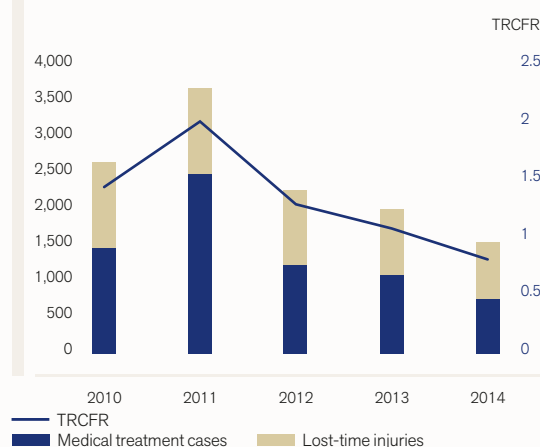
We have made steady progress in managing safety over the past few years and our injury frequency rates indicate that we are starting to realise the desired step change in our performance. By mining category and geographical area, we are performing well in the sector, and we aspire to become industry leaders. While Platinum's performance, which was influenced by the protracted strike in 2014, accounts for some of this improvement, injuries throughout the Group continue to drop.

The Group fatal injury frequency rate (FIFR) at the end of 2014 was 0.003, representing a 63% improvement on 0.008 in 2013. Our total recordable case frequency rate (TRCFR), which includes any injury that requires more than first-aid treatment, continues its downward trend. At 0.81 for 2014, it was the lowest on record (2013: 1.08). The Group's LTIFR also improved for the third consecutive year, by 29% to 0.35 (2013: 0.49). Injury management categories that require particular attention include transportation and materials handling.

**Total number of fatal injuries and fatal injury frequency rate 2010–2014**



**Lost time injuries, medical treatment cases and total recordable case frequency rate 2010–2014**



Our operations continue to focus on the increased and improved reporting of, and learning from, high-potential incidents (HPIs) as a preventative tool to improve safety performance. During the year, 505 potentially serious safety incidents occurred, during which no injuries were sustained. More than 40% of these related to transportation.

Regulatory and voluntary safety stoppages decreased considerably at Platinum and Kumba during 2014.

**DELIVERING ON OUR STRATEGY**

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, moving machinery, fall of ground, working at heights and isolation/lock-out. Our risk-based approach is outlined in our 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.

Over the past year we have concentrated on embedding and reinforcing five specific steps of our safety programme:

- leadership
- effective planning
- front-line supervision
- incident management
- risk management.

The steps are linked: strong leaders provide direction to managers who plan and supervise tasks effectively. Consistent approaches to incident and risk management help us to prevent incidents and learn from those that do occur.

It is the intention for all operations to implement safety improvement plans that prioritise these steps based on operational risk reviews.

**Leadership**

Strong leadership is the first step in making safety part of all our decisions and actions. Our leaders regularly visit our operations and play a visible role in daily activities. Visible felt leadership (VFL) material has been updated and VFL and hazard identification training sessions are held at our operations and corporate offices.

Anglo American's third annual Global Safety Day took place in October 2014, with employees and contractors across the Group engaging on the theme 'Managing Change – stay safe'. This theme was chosen because change was identified as a factor in causing a high percentage of accidents and HPIs analysed. The day helps to embed a safety mindset and our core safety programmes, with the chief executive and business unit CEOs demonstrating leadership support and commitment to safety as a core business value.

**Effective planning and front-line supervision**

Detailed planning and scheduling of tasks, to support the delivery of a safe and productive outcome, is a fundamental part of our Operating Model. In the planning and execution of work, risks are identified and specifically addressed as positive actions to minimise the likelihood of unplanned events. Effective front-line supervision is critical to ensure strict adherence to planned work. In early 2014, we developed a framework to assist business units in providing front-line supervisors with the necessary skills and environment in which to deliver consistently safe production and achieve operational excellence.

**Incident management**

Investigating and communicating the root causes of actual, as well as high-potential incidents is an essential part of improving controls to prevent repeats. Our LFI process has now been extended to include both health and environmental incidents, with the intention to use it more broadly across operations. We continue to update learning materials, investigation tools and techniques. LFI training sessions were held at business units throughout the year and more than 200 Level 1 facilitators were trained. A central database stores incident information and distributes notifications and lessons learnt throughout the Group.

While the number of HPIs and hazards reported varies between business units, the quality of 'alerts' is improving. There is a strong correlation between the root causes of HPIs and fatalities, with on-site transportation the most common cause. When serious incidents occur, we now engage behavioural-based experts to analyse the human factor elements involved in their causation.

Leading performance indicators, such as HPIs, preventative actions and risk mitigation are reported routinely to the Board and the executive management of the Group.

**Risk management**

Anglo American's Operational Risk Management (ORM) process helps to create a performance step change by providing a consistent and effective way of identifying, prioritising and controlling risk. A Group ORM programme team is supporting sites with the integration of ORM into business processes and our longstanding safety, health and environment (SHE) risk management training courses have been updated accordingly.

Since 2011, every operation has been implementing a safety action plan to address gaps identified in its safety management. The close-out of actions is now about 92% complete. Progress against safety action plans, as well as a number of lagging indicators, is included in business unit CEO performance targets and influences the remuneration of all the Group's executives and managers.

**Improving public road transportation**

Following two fatal public-road transportation incidents early in 2014, a transportation task team under senior leadership was established in April to conduct a full review of transport processes across the Group and co-ordinate, manage and oversee strategic transportation safety-related projects.

The following key public-road safety performance initiatives have been informed by reviews of best practice and the findings from a transportation of people audit conducted by the S&SD risk and assurance team in 2013.

- In conjunction with the Group supply chain team, a new standardised transportation contract has been initiated, which mandates the inclusion of improved safety elements in any future contract. Associated fatal-risk standards have been updated to include minimum bus design standards and a best-practice document has been included for light vehicles.
- We are developing the use of mobile-device technology to improve journey management, information and planning. This will be piloted in 2015.
- Interventions to mitigate poor human behaviour, which is attributed to more than 80% of all road deaths, include providing driver training and assisting with driver selection and management criteria.
- Two pilot projects are under way aimed at improving safety on high-risk stretches of road serving our operations: at Platinum's Mogalakwena operation, and Phosphates' Catalão operation in Brazil. (See case study on page 35.)

**USING OPERATIONAL RISK MANAGEMENT TO UNDERSTAND AND MANAGE SINKHOLES ON MINES**

The sudden appearance of a sinkhole in a mining area represents a hazard to both people and the equipment being used. This is especially true in the use of opencast mining that takes place on top of old mines where previous underground workings are hidden from view. At Coal South Africa's Landau colliery, a series of sinkhole incidents, one of which resulted in a loss of life, highlighted the need for a more systematic approach to predicting and managing sinkholes.

A multi-disciplinary team at Landau used the Anglo American operational risk management (ORM) process to analyse the complex technical issues associated with sinkholes. This included a review of how sinkholes form, the physical attributes of old underground mines and how opencast mining activities affect the stability of such areas. The analysis has helped the team to predict the position of sinkholes more accurately, and identified a broader and more effective range of risk-prevention and post-event recovery measures.

The introduction of the sinkhole-management system has resulted in a significant increase in the identification, investigation and management of sinkholes, which are made safe in advance of any mining activity. The mine plan is now more predictable and reliable – there were no deaths or injuries related to sinkholes in 2014, nor any unplanned production stoppages.

Landau continues to monitor the effectiveness of the controls that have been implemented and aims to investigate how these can be further improved.

**Engagement and collaboration**

In South Africa, the Tripartite initiative, a collaboration with organised labour and government's Department of Mineral Resources, is progressing well in developing ways to improve our safety performance.

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.

## IMPROVING PUBLIC-ROAD SAFETY



**Image**  
The road safety partnership involving our Niobium and Phosphates businesses, the local police, municipal government, NGOs and other stakeholders, has already had a dramatic impact in improving road safety in and around the city of Catalão.

Driving is a high risk activity in many of the countries in which we operate. Many vehicles enter and leave our sites every day and, as a result, the volume of traffic in these areas often increases.

To mitigate our own impact and support community needs, we have implemented a Group-wide initiative to improve the public-road transportation of employees and contractors, with the aim of making each journey as safe as possible.

At our Niobium and Phosphates businesses in Goiás state, Brazil, a socio-economic assessment highlighted road safety to be a major concern for communities in the region, particularly the highway BR050 that links our operations with the city of Catalão. Between 2007 and 2012, 122 people lost their lives and nearly 750 people suffered significant or minor injuries in accidents on this stretch of road.

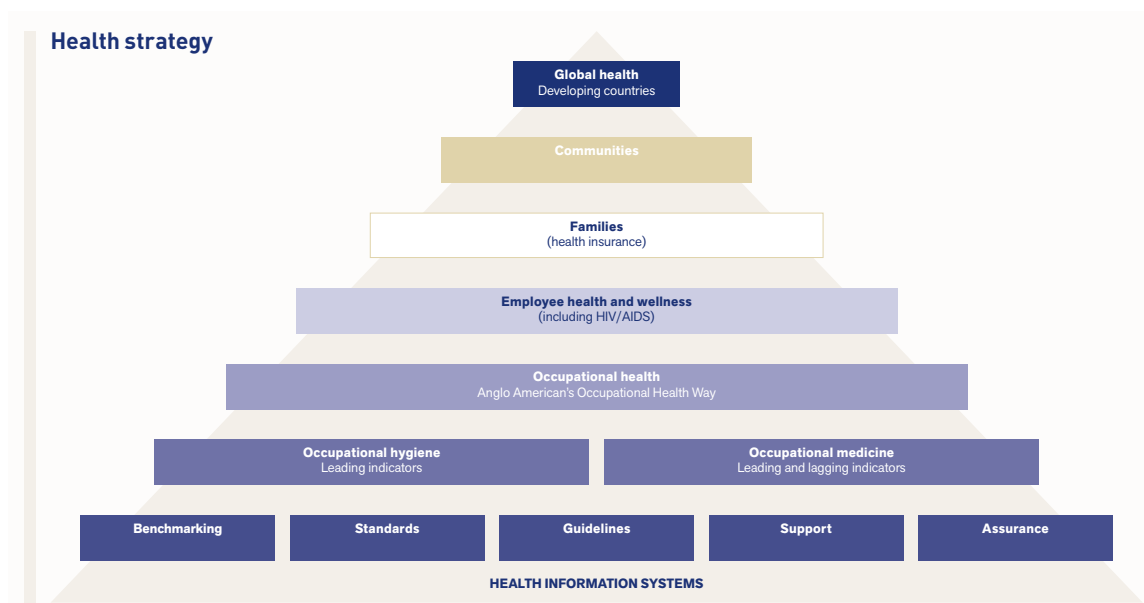
To lead an effective, co-ordinated campaign to improve road safety, we partnered with local police, NGOs, government and other key stakeholders. Over a 12-month period, we focused on raising awareness of safe driving practices and on improving road infrastructure through road safety lectures, meetings and workshops.

Our efforts culminated in an intensive road safety week involving employees across the business units. The project, together with other initiatives implemented locally, contributed to enhanced road safety in the area, with a 70% reduction in the number of lives lost over the campaign period.

In 2014, we implemented an internal road-safety campaign and launched a second external campaign, to broaden the scope of work along highway BR050 and widen the area of influence. The principles developed in this project are being transferred to operations in other high risk environments.

# HEALTH

Effective management of health risks protects our people, enhances productivity and is essential for minimising potential long term liabilities. Extending our health promotion activities to the broader community also supports our internal health drive.



## DELIVERING ON OUR STRATEGY

Our health strategy addresses three focus areas:

- managing occupational health risks to prevent harm to our workforce
- implementing employee health and well-being programmes, which includes a strong emphasis on combating HIV/AIDS and tuberculosis (TB) within our southern African workforce and their families
- building partnerships to strengthen health systems, particularly in under-served rural areas.

Occupational health management forms the foundation of our health strategy. Our approach is governed through a series of standards, guidelines and assurance processes. Anglo American's Occupational Health Way is underpinned by three guiding principles: that all occupational illnesses are preventable; that we will learn by assessing and monitoring exposure to health hazards in the workplace and by conducting surveillance for occupational disease 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, specifically particulate matter (dust); and ergonomic stress and fatigue. These standards follow a common risk management format encompassing risk assessments, education and training, application of controls, and monitoring and review.

## OCCUPATIONAL HEALTH

Occupational health is comprised of 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 preventing release of the hazards through controls in the working environment. Opportunities for improvement are heavily dependent on good measurement, data recording and specialised information systems, which provide for informed decision making.

Maturity levels in respect of the occupational hygiene programme, and the availability of occupational hygiene resources, vary between business units and sites. Our aim is to achieve a consistent level of performance across the business, and ultimately a step change, by:

- focusing on the management of critical controls (thus preventing significant exposure)
- standardising occupational hygiene processes across the Group
- building occupational hygiene capacity and capability.

During 2014, Anglo American endowed a Chair of Occupational Hygiene at the University of the Witwatersrand in South Africa for a five-year period as part of our effort to develop skilled occupational hygiene resources in South Africa and for Anglo American. The endowment is for \$1.4 million over a period of five years.

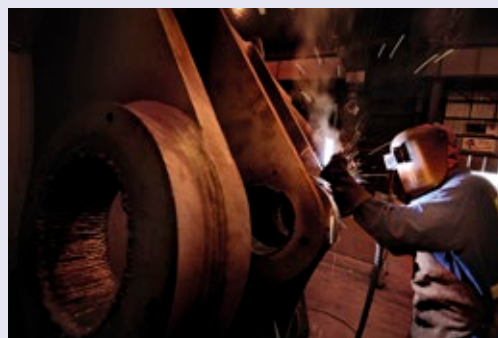
#### **Information management**

We continue to develop and standardise our systems for managing confidential health information. We have developed some of the most advanced systems in South Africa, which allow health professionals to capture each health transaction in online electronic health records, so we can accurately track and analyse the health of all employees over time. We have made significant progress in automatically linking employees' occupational hygiene exposure records to their occupational medicine surveillance records.

The reporting of health incidents continues to improve, with more accurate reporting of low level incidents; these incidents signify failing controls of health-hazard management systems and are the best leading indicator of occupational health performance. Health incidents range from employee complaints about the working environment and observed (or measured) failures of control mechanisms, to early signs of exposure and disease identified in the medical surveillance programme. The indicators are used to ensure that the effective control of exposure to health hazards takes place at source.

We are making progress in integrating health incident reporting and investigations with the approach used in the safety and environmental disciplines. The integrated LFI process is helping to improve the detail reported as well as the quality of incident investigations and the close-out of actions.

## **HEALTH RISKS REDUCED THROUGH SUBSTITUTION**



Welding forms an essential part of the maintenance of mining equipment. Welders are often exposed to potentially harmful fumes for prolonged periods, which can have adverse health effects. In 2014, the Sishen occupational hygiene team investigated different options for reducing the exposure of welders to such fumes. Several possibilities were investigated, but the nature of welding and layout of maintenance workshops rendered common control measures (such as ventilation) unfeasible. Options around substituting the copper-coated welding wire commonly used were considered. It was found that a new type of non-copper-coated welding wire contained fewer toxic elements, resulting in a reduction of welding fumes emitted, and produced better, more consistent, quality welds. This new type of wire is being used at Sishen with the intention of extending it as the norm elsewhere in the business.

#### **Image**

Using the new less toxic welding wire, a welder works on a heavy vehicle in the large-vehicle workshop at Sishen iron ore mine in South Africa.

### Our performance

Throughout the year we continually educated employees and reinforced messages around managing health hazards, particularly noise, inhalable pollutants and ergonomic stresses. We have emphasised that failure to recognise and manage these hazards now, inevitably results in occupational disease and disability in the long term.

All our businesses report on the estimated number of people potentially exposed to health hazards that could result in occupational disease. 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 protective equipment (PPE). Notwithstanding the prescribed use of PPE by personnel where necessary, our performance indicators reflect the number of individuals who would be exposed to conditions that exceed those limits were they not protected by PPE. This helps to identify those hazards where we can improve controls, and perhaps eliminate the need for PPE altogether.

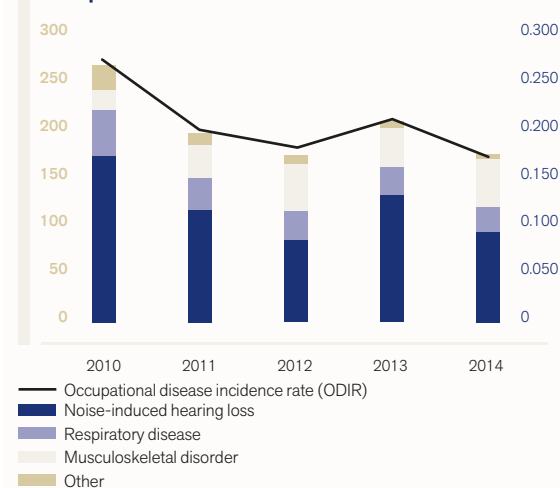
More than 42,000 employees were reported to be working in environments with noise levels in excess of the OEL. While this is fewer than in 2013, the figures are prone to fluctuation as the nature of work being undertaken on our operations changes and reporting matures. The vast majority of employees at risk of excessive exposure to noise and potential noise-induced hearing loss are underground rock drill operators at our Platinum business, where we continue to introduce equipment with improved sound attenuation and strictly monitor adherence to the correct use of PPE.

In 2014, about 10,000 employees were reported to be working in environments where they were potentially at risk of exposure to inhalable hazards (2013: 13,900). Our occupational hygiene programmes are focused on identifying the sources of inhalable hazards and implementing controls to prevent emissions at source. Much of the reduction in exposure levels between 2013 and 2014 is a result of the Coal South Africa occupational hygiene programme. We also have intensive programmes in place to ensure that employees and contractors are trained to use PPE and adhere to relevant requirements in areas where inhalable hazards are present.

The number of new cases of occupational diseases reported was 175, compared with 209 in 2013. This translates to an incidence rate of 0.175 per 200,000 hours worked, a 19% reduction.

The improvement is partially attributable to Coal Australia's musculoskeletal injury prevention strategy, as well as fewer cases of noise-induced hearing loss (NIHL) reported at the business unit following a spike in NIHL claims in 2013. Platinum has also recorded a drop in new cases of NIHL owing to its noise reduction programmes, and to an extent, the absence of employees during the strike period in 2014 and the voluntary severance process at the end of 2013.

**Total new cases of occupational disease and occupational disease incidence rates 2010–2014**



Anglo American has not recorded any cases of silicosis, owing to exposure at our mines, since 2011. This is a positive indication of effective management of exposure to respirable crystalline silica over the past 10 years. We still report cases of coal-workers' pneumoconiosis, which relate to historical exposure to coal dust at our South African coal mines.

In November 2014, Anglo American South Africa, along with AngloGold Ashanti, Gold Fields, Harmony Gold and Sibanye Gold, announced the formation of an industry working group to address issues relating to compensation and medical care for occupational lung disease in the gold mining industry in South Africa. The Group has begun to engage all stakeholders on these matters, including government, organised labour, other mining companies and legal representatives of claimants who have filed legal suits against the companies. The industry working group is seeking a comprehensive solution to address legacy compensation issues and future legal frameworks that is fair to past and current employees and enables companies to continue to be competitive over the long term.

### Engagement and collaboration

We collaborate with our larger suppliers on initiatives aimed at improving our performance, including, for example, improving health and safety features of haul trucks and reducing noise levels of rock drills. The ICMM has set an ambition of zero over-exposure on OELs that can lead to fatal or disabling occupational diseases, and Anglo American is supporting the development of a 'health strategy' and 'health road map' to achieve this ambition.

**EMPLOYEE WELL-BEING**

Our health and well-being programmes encourage a healthy lifestyle and provide support for the management of chronic illnesses, including HIV and TB. We offer all our permanent employees subsidised individual or family health insurance. Our longer term aim is to ensure all long term contractors have the same access to services as Anglo American employees.

Our iCARE wellness programme in South Africa provides annual broad-based health screening to employees, which includes voluntary counselling and testing (VCT). Wellness programmes are in place all over the Group and are now being brought under the iCARE banner.

Through these wellness programmes, we strive to reduce medical absenteeism, which can have a significant impact on the ability of teams to execute planned tasks safely and effectively. While our overall medical absenteeism rate was 4.2% in 2014 (2013: 4.6%), the average rate of most business units was well below 4%. Platinum's rate has remained above 6%.

The strike at the platinum mines in South Africa created a challenge to the maintenance of health and well-being of employees and their families. The interruption of chronic-illness management programmes, including treatment care and support for employees with hypertension, diabetes, HIV and, to a lesser extent, TB, was a particular cause for concern. Concerted efforts are being made to manage the challenges. (See case study alongside.)

The rising incidence of obesity at our South African and Australian operations is a concern. Obesity is associated with a range of other chronic medical conditions and aggravates the incidence of acute and chronic musculoskeletal strains. Coal Australia and Canada sites have developed most of their wellness programmes to address both the occupational and personal aspects of musculoskeletal disorder prevention. Employees have access to clinical, registered nurses and/or occupational therapists for a range of health education programmes on lifestyle factors, disease prevention and personal health improvements, including short term treatment when required.

**Managing TB and HIV/AIDS**

In southern Africa, pulmonary TB and HIV are inextricably linked. We are working with governments to tackle the issue on an industry-wide scale to ensure that the mining sector performs at the highest standard.

We are recognised leaders for our TB and HIV/AIDS programmes in the workplace and our performance indicators show an encouraging improvement. This is attributable to better management of the condition and an improvement in case detection and reporting. In spite of our progress, there remain challenges such as timeous access, and adherence, to treatment.

**MANAGING THE HEALTH IMPACT OF THE PLATINUM STRIKE**

The five-month strike at our platinum operations in South Africa in 2014 had a significant impact on the health of our employees. Thousands of certificates of fitness expired and hundreds of employees on chronic medication for TB and HIV/AIDS defaulted on treatment, even though we continued to offer it for free to striking employees. To mitigate the negative impact of the strike, our Platinum business guaranteed payment of medical insurance cover and provided access to in-house medical services. Active case-finding and management of TB was intensified and employees on chronic medication were offered food parcels after collecting chronic medication from first aid stations.

The channels of communication included bulk text messages, radio adverts and interviews, voice recordings, billboards and news flashes.

At the end of the strike, a 'safe return to work' plan was implemented, including a safe start-up procedure, a risk-based medical-screening process and the distribution of nutrition and hygiene packs. More than 10,000 employees went through a medical-screening process, approximately 15,000 expired medical certificates were renewed, new cases of TB were treated as a matter of priority and those who had defaulted on their HIV anti-retrovirals were helped to resume treatment.

Support programmes for HIV/AIDS and TB continued after employees completed the 'return to work' process. The programme included two-day training sessions, focused primarily on HIV management; direct follow-ups with TB patients; a detailed analysis of TB deaths; and audits on TB and HIV reporting at health facilities. Clinical programme managers also provided specialist support to all the operational health facilities.

**Image**

The five-month strike at South Africa's platinum mines in the first half of 2014 put a lot of pressure on first aid facilities. Here, at the Sterkwater clinic close to Platinum's Mogalakwena mine, nurse Violet Mothapo speaks to a patient in the waiting area.

**HIV/AIDS indicators**

	2014	2013	2012 <sup>(1)</sup>	2011	2010
Number of employee VCT cases	<b>59,813</b>	51,954	57,847	–	–
Number of contractor VCT cases	<b>48,421</b>	40,814	37,397	–	–
% of full-time employee VCT participation	<b>86</b>	75	82	92	94
Estimated HIV+ employees on anti-retroviral therapy (ART) (%)	<b>53</b>	47	45	37	33
Estimated HIV+ enrolment in HIV wellness programmes (%)	<b>78</b>	75	70	61	59
Number of new HIV cases	<b>543</b>	529	527	902	–
AIDS deaths (including tuberculosis cases)	<b>89</b>	125	–	–	–

**Tuberculosis**

	2014	2013	2012 <sup>(2)</sup>	2011	2010
New cases of TB	<b>544</b>	734	677	913	727
TB incidence rate per 100,000 employees	<b>786</b>	1,066	958	1,185	994
Known TB deaths	<b>52</b>	63	59	65	–

<sup>(1)</sup> HIV/AIDS and TB data includes Anglo American's operations in South Africa and Zimbabwe only.

Testing (through our wellness programme) is the entry point to our comprehensive programme of prevention, care, support and treatment for HIV and AIDS. In 2014, we tested and counselled nearly 110,000 employees and contractors in South Africa and Zimbabwe. During the year, 86% of the full-time workforce participated in testing, which means we are very close to the UNAIDS target that 90% of people living with HIV should know their status.

The annual number of new HIV infections within our southern African workforce increased in 2014 and remains unacceptably high – our ultimate aim is zero. We are encouraged, however, that the estimated number of HIV-positive employees enrolled on our HIV wellness programmes has increased steadily (78% in 2014), as has the uptake of anti-retroviral therapy (ART) by HIV-positive employees. The UNAIDS global target is that at least 90% of all HIV-positive people should be on ART by the year 2020 in order to end the AIDS epidemic by 2030.

Our TB incidence showed a significant decrease in 2014 and is now well below the national and mining industry average (Anglo American: 786 per 100,000 population versus the 2013 South African rate: 860 per 100,000 population). Regrettably, there were further TB deaths (related to HIV co-infection). A concerted programme to try to eliminate TB deaths at Platinum is being rolled out in 2015.

**COMMUNITY HEALTHCARE**

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 using the SEAT toolbox (see page 42) include health considerations, which are also included in social-management plans.

**Investing in community health**

In South Africa, we continue to partner with the provincial and/or municipal health departments in several provinces associated with our operations, in order to help strengthen health systems. Notable projects in 2014 included the successful pilot implementation of our electronic health record system, 'theHealthSource' (tHS), in the Slovoville Primary Healthcare Clinic in partnership with the City of Johannesburg. This is the first time that tHS has been installed in a public-health facility and there have been significant improvements in the efficiency of the service provided by the clinic as a result.

In Brazil, we continue to partner with the NGO Reprolatina to provide sexual and reproductive health counselling to communities around our Barro Alto nickel operations, as well as communities around Niquelândia and our Iron Ore Brazil developments.



# FOCUS:

# CREATING VALUE FOR SOCIETY



Society

## CELEBRATING 25 YEARS OF LEADERSHIP IN ENTERPRISE DEVELOPMENT

Since 1989, Anglo American has been pioneering approaches to supporting small- and medium-sized enterprises (SMEs), starting with empowering black South African entrepreneurs, extending into Chile in 2006, and more recently into Brazil, Botswana and Peru.

Our original enterprise development programme, Zimele, supports more than 38,000 jobs in South African SMEs, mostly in the mining sector and our supply chain, providing equity finance or subsidised loans through a nationwide network of business hubs. Zimele has steadily expanded its offering, with new funds launched in response to emerging needs. Today, Zimele's six funds focus on developing businesses in particular sectors, and increasingly support non-mining-related SMEs. The organisation partners with others to deliver on specific mandates. For example, to address South Africa's unemployment challenges, we work with government to bring the enterprise development model to areas where we source our labour.

Building on this experience, our Emerge programme in Chile provides access to capital, business advice and

mentoring through a sophisticated three-tier approach that matches different levels of entrepreneur maturity and allows them to 'graduate' from one level to the next, to the point where they are able to access commercial banks and achieve their maximum potential. Through this approach, Emerge has supported more than 55,000 jobs since 2008.

Recognising the fundamental role of enterprise development in the success of our own business, in 2012, we endorsed a global framework that can be tailored to different countries. In Botswana, we are contributing to the government's economic diversification programme. In Brazil and Peru, our schemes are designed to reinforce existing supplier development programmes, focusing on farming and other strategic sectors.

We are also pioneering theme-specific programmes and investigating new concepts. These include the provision of capital to build customised houses that could generate an income stream covering most of the properties' cost, and a fund that could allow SMEs to trade low carbon technologies, create green jobs and finance their own growth via carbon credits (without the support of local carbon regulation).

### Images

Dr Lorna Maphuthuma (left), Burgersfort Zimele hub manager, with Rose Kgoete. The doctor runs a large medical practice which was provided with seed capital from the Zimele small business fund.

Nataly Hidalgo at her vehicle maintenance company DN Servicios Integrales, near our Mantos Blancos mine. Emerge has supported her with business advice, loans for equipment and help with developing the company's website.

# HUMAN RIGHTS AND SOCIAL IMPACT MANAGEMENT

Inclusive stakeholder engagement underpins our approach to ensuring we respect human rights and respond to stakeholder aspirations and concerns in the communities in which we operate. We build durable relationships with these communities and deliver developmental benefits and opportunities aimed at increasing their capacity.

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. Incorporating respect for human rights into regular business practice is both a moral and a business imperative.

Our ability to manage social impacts and enhance positive benefits to communities is shaped by growing legal and regulatory requirements as well as rapidly developing societal and stakeholder expectations.

## DELIVERING ON OUR STRATEGY

Anglo American's vision is to be partners in the future with key stakeholders. The ultimate aim is for host communities and countries to be left better off than they were before we arrived. This requires avoiding or minimising any harm that our operations may cause, while at the same time maximising socio-economic benefits for communities, described in the socio-economic development section on pages 47-54.

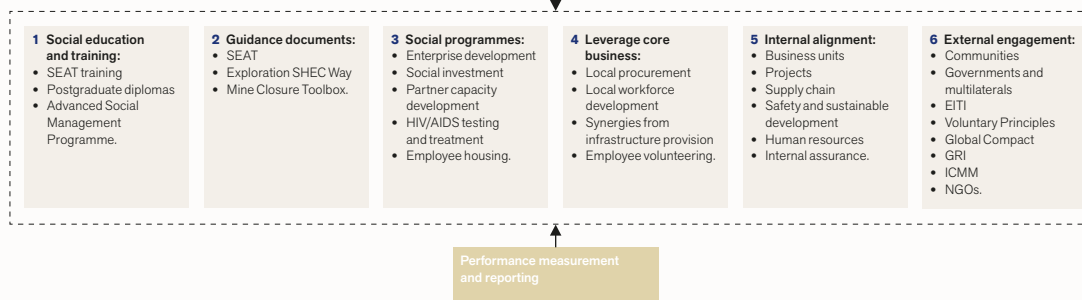
Anglo American's approach to social performance is informed by our values and Business Principles, and is implemented through a comprehensive set of social performance requirements that are detailed in our Social Way. In 2014, we revised the Social Way following extensive consultation with stakeholders and consideration of external standards. The updated Social Way was launched, together with our new Group human rights policy, on international human rights day and will be implemented throughout the business in 2015.

Our industry-leading Socio-Economic Assessment Toolbox (SEAT) is the primary means by which we address practical elements of social impact management and socio-economic development at our operations. 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. Group operations are required to undertake a SEAT assessment every three years.

## SOCIAL PERFORMANCE STRATEGY

Our social performance strategy is rooted in our 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.



## RESPECTING HUMAN RIGHTS

Our first duty is to respect the human rights of employees, host communities and business partners. Our approach is aligned with the 'Protect, Respect and Remedy' Framework and the UN Guiding Principles on Business and Human Rights (UNGPs). We meet UN Global Compact Advanced reporting criteria, demonstrating our commitment to responsible business practice.

Following a Group-wide gap analysis against the UNGPs requirements, we developed a stand-alone human rights policy (available online at [www.angloamerican.com](http://www.angloamerican.com)) during 2014 through an internal and external consultation process. We also established the Anglo American human rights framework to address our principal human rights risks.

Human rights commitments have been integrated into our Social Way, and will be further integrated into SEAT and other relevant policies, procedures, management systems and tools throughout the business.

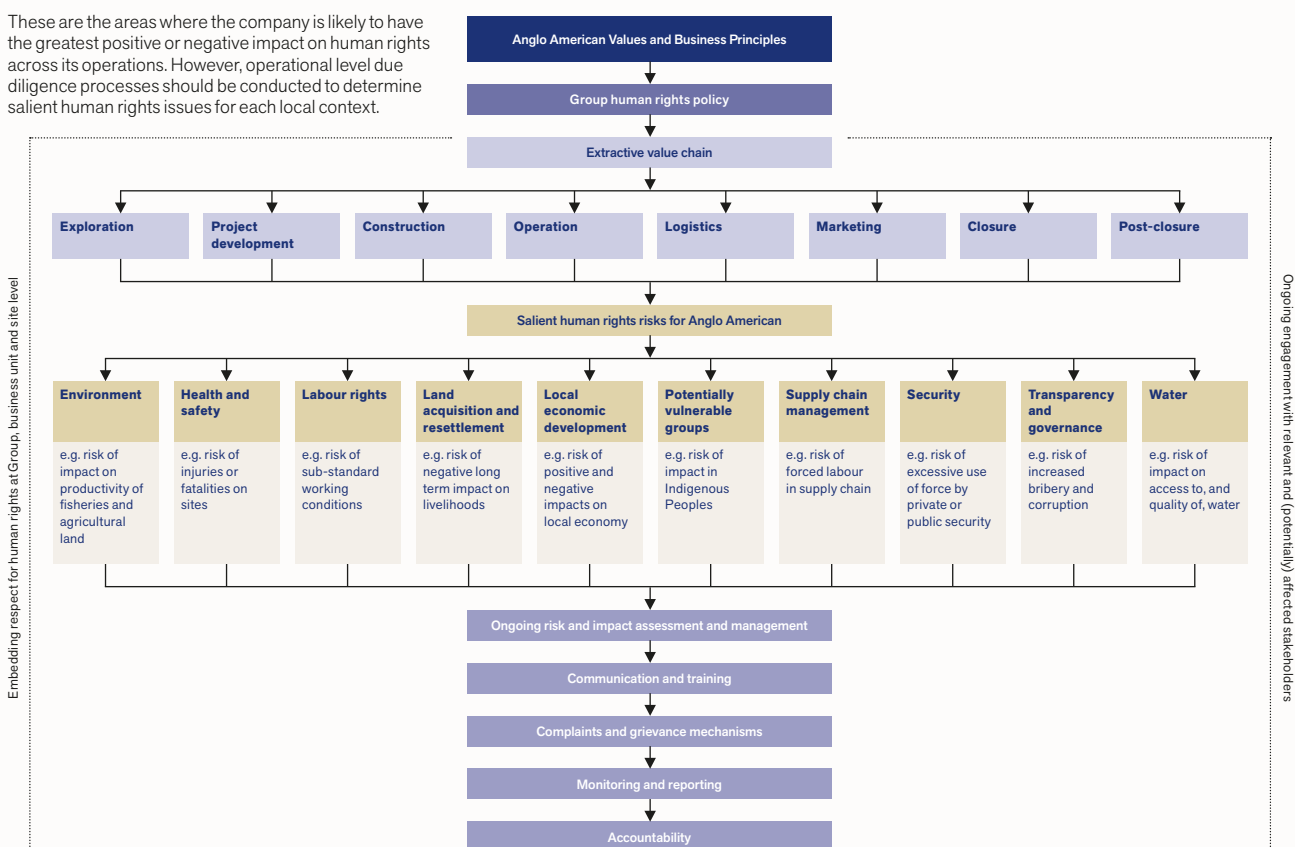
We have partnered with the Danish Institute for Human Rights and Shift's Business Learning Programme to pilot and build capacity for human rights due diligence at various levels of our company. Our aims are to raise awareness around human rights, build internal capacity and integrate human rights due diligence into our relevant corporate processes, such as risk management. The pilot projects will also inform the development and implementation of mitigation measures across the business.

## MITIGATING SOCIAL RISKS AND IMPACTS

Our Social Way defines Anglo American's governing framework for social performance. It provides clear requirements for all Anglo American-managed sites to ensure that policies and systems are in place to engage with affected communities, to avoid, prevent and mitigate adverse social impacts, and to maximise development opportunities. The recently updated version of the

## HUMAN RIGHTS FRAMEWORK

These are the areas where the company is likely to have the greatest positive or negative impact on human rights across its operations. However, operational level due diligence processes should be conducted to determine salient human rights issues for each local context.



Social Way reflects evolving stakeholder expectations and international best practice over the past five years, including: the updated International Finance Corporation (IFC) Performance Standards (2012); the UNGPs; the ICMM Position Statement on Indigenous Peoples and Mining; and the Voluntary Principles on Security and Human Rights.

The revised Social Way has been approved for implementation in 2015. Each site will complete an annual facilitated self-assessment, while in-depth operational reviews are being undertaken on a three-year rotation basis from 2015. The self-assessment results for 2014, illustrated in the graph adjoining, provide a baseline for performance against the revised Social Way requirements and are therefore not comparable with previous years' assessments. Detailed improvement plans are being developed with each site.

#### Social Way assessment results 2014

Average score per site



#### Social incidents

Our mandatory Group-wide social-incident reporting procedure, which includes complaints and grievances, is designed to ensure openness, accountability and respectfulness in our handling of any stakeholder complaints.

During 2014, 2,867 incidents were reported across the Group, with 12% of these classified as medium-major impact Level 3 to 5 incidents. Level 3 to 5 social incidents are reported to the Board and included in the chief executive's bi-monthly performance scorecard. During 2015, we will focus on improving the implementation of our social incident procedures at operations, as well as the integrity of the social incidents data.

Responding effectively to community complaints and expectations is important for maintaining good relations. For example, our Minas-Rio project in Brazil experienced a high number of community complaints associated with the influx of contractors; in response, we implemented an initiative to sensitise contractors about their behaviour in communities. During 2014, more than 7,350 contractors participated in the programme and more than 5,490 guides on good behaviour were distributed. Since the training was conducted, the number of incidents of complaints has decreased substantially.

#### Resettlement

Land acquisition and resettlement is one of our most material social issues. Resettlements can have long term consequences for 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 the 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.

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 approval. The Group resettlement working group comprises resettlement practitioners from each business unit and ensures that lessons learnt from resettlements are shared across the Group. To help us to better understand and mitigate the impacts on livelihoods as a result of resettlement, we are using participative methods to develop livelihood-monitoring indicators.

## FIRST DINGLETON FAMILIES MOVE INTO NEW HOMES



The first phase of the Dingleton resettlement near Sishen mine in the Northern Cape was completed in December 2014. The project is an important element of the Kumba Iron Ore Sishen mine western expansion project.

The first phase involved the resettlement of 17 private homeowners and the occupants of 54 municipal houses. The second phase is being finalised and will be completed by the end of 2016. Currently, some 3,400 people remain in the town. To accommodate them, more than 500 new homes are being built in the nearby town of Kathu. Also included in the relocation are several businesses, education and medical facilities, churches and municipal infrastructure.

The resettlement follows an extensive consultation process with the community and other stakeholders which started in March 2012. The consultation was conducted in accordance with Anglo American's Social Way and the International Finance Corporation's Performance Standards.

The value of new properties at the host site is expected to increase 10-fold. Kumba Iron Ore has committed to paying all capital gains tax associated with those properties, as well as increases in rates, taxes and water tariffs, for the next 20 years. The resettlement plan also includes various training, education and enterprise development programmes.

### Image

Sishen mine's general manager Johan van Schalkwyk (left) and head of public affairs Yvonne Mfolo (right) with new homeowner, Nessa Page.

During 2014, Kumba Iron Ore concluded the resettlement of 71 households at Dingleton and 429 additional households are scheduled to be relocated by the end of 2016. In total, 46 households at the Minas-Rio iron ore mine in Brazil were resettled. Five households at the Quellaveco project in Peru are scheduled to be relocated during the second half of 2015. Niobium and Phosphates resettled seven households near Catalão in Brazil and potential future resettlements are being determined in alignment with business planning. Platinum concluded the resettlement of seven households at Twickenham and 71 out of 156 households at Mothotlo, near the Mogalakwena mine, in South Africa. It aims to complete the Mothotlo resettlement in 2015.

### 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.

Our strategic partner, International Alert (Alert), continues to help us strengthen our implementation of the VPs. In South Africa, Alert conducted a gap analysis against the VPs at our Platinum and De Beers operations in 2013, and at our Coal and Kumba Iron Ore operations during 2014. The business units are working on addressing Alert's recommendations, including the alignment of training materials and a co-ordinated approach to further embed the VPs in risk management processes.

Training for employees and contractors on human rights and the VPs is ongoing. We aim to link the content and delivery of training to each employee's level of exposure to human rights-related risks. Ensuring that our contractors adhere to our human rights standards, as required in our Social Way, presents a particular challenge and we are addressing this more intensively.

### Indigenous Peoples

We recognise the potential vulnerability of Indigenous Peoples to the impact of mining activities, given their traditional reliance on natural resources and the special cultural significance of their lands. As a member of the ICMM, we committed to the 2013 ICMM Position Statement on Indigenous Peoples and Mining, which endorses the principles of Free, Prior and Informed Consent (FPIC), and we have incorporated this commitment into our updated Social Way. Aligned with the Position Statement and our own updated policy, we accordingly seek to obtain the consent of Indigenous Peoples for all new projects (and changes to existing projects) that are located on lands traditionally owned by, or under customary use of, Indigenous Peoples and are likely to have significant adverse impacts on them.

We see our approach to date as being consistent with the spirit of FPIC and we have aimed to foster constructive relationships with Indigenous Peoples that are based on mutual respect, meaningful engagement, trust and mutual benefit. Our exploration, projects and operations teams in many parts of the world are working successfully with Indigenous Peoples, including in Australia, Canada, Colombia and Finland.

**RESPONSIBLE SUPPLY CHAIN MANAGEMENT**

Ensuring responsible business conduct by all parties in corporate supply chains is becoming an increasingly important global issue. 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. Our assurance programme has been expanded to also include economic development.

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 2014, 56 suppliers were contacted to complete self-assessment questionnaires, while 14 supplier audits were undertaken by third party auditors to assess workplace conditions.

During 2014, we invited our 51 largest contractors in South Africa to attend SEAT training, which included additional sessions on responsible sourcing and local procurement. Micro, small- and medium-sized businesses were also invited to sessions to help them understand our responsible sourcing programme and associated commitments. These were attended by more than 460 small supplier representatives associated with operations in South Africa.

In China, our International Procurement Office has prioritised responsible sourcing compliance as a critical business element, requiring every supplier identified through the office to undertake third party assessments and report on a monthly basis on progress.

Through the awareness sessions, self-assessment and audit process, we have generally identified supplier compliance issues related to workplace safety (including inadequate preparedness for fire and emergencies, poor training on safe work practices and non-issuance of personal protective equipment) and excessive working hours (over 60 working hours per week). Our supplier engagement has focused on agreeing corrective action plans between suppliers and our procurement teams to manage this risk.

In late 2013 and early 2014, we experienced an incident in Brazil, with authorities alleging, in three cases, Anglo American contractors were contravening labour rights according to Brazilian law. After investigating all allegations, we dismissed one contractor and put in place other remedial actions. An administrative court has heard one of the cases and upheld the charges, but we believe that the ruling is not consistent with the facts or the law and we are appealing. We are contesting the allegations in the other two cases. Iron Ore Brazil has since strengthened its contractor-management processes, including increasing the size and specialist capacity of the team overseeing contractor compliance with labour rights, including working conditions. We are also strengthening the human rights due diligence approach for the operation.

Progress is being made towards 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. Anglo American is involved through the Chamber of Mines of South Africa in piloting an industry-wide approach. During 2014, a set of common principles was agreed.

# SOCIO-ECONOMIC DEVELOPMENT

As a major mining company, with the great majority of our operations in the developing world, our responsibility to our host governments and communities extends far more widely than creating direct jobs and paying taxes.

## DELIVERING ON OUR STRATEGY

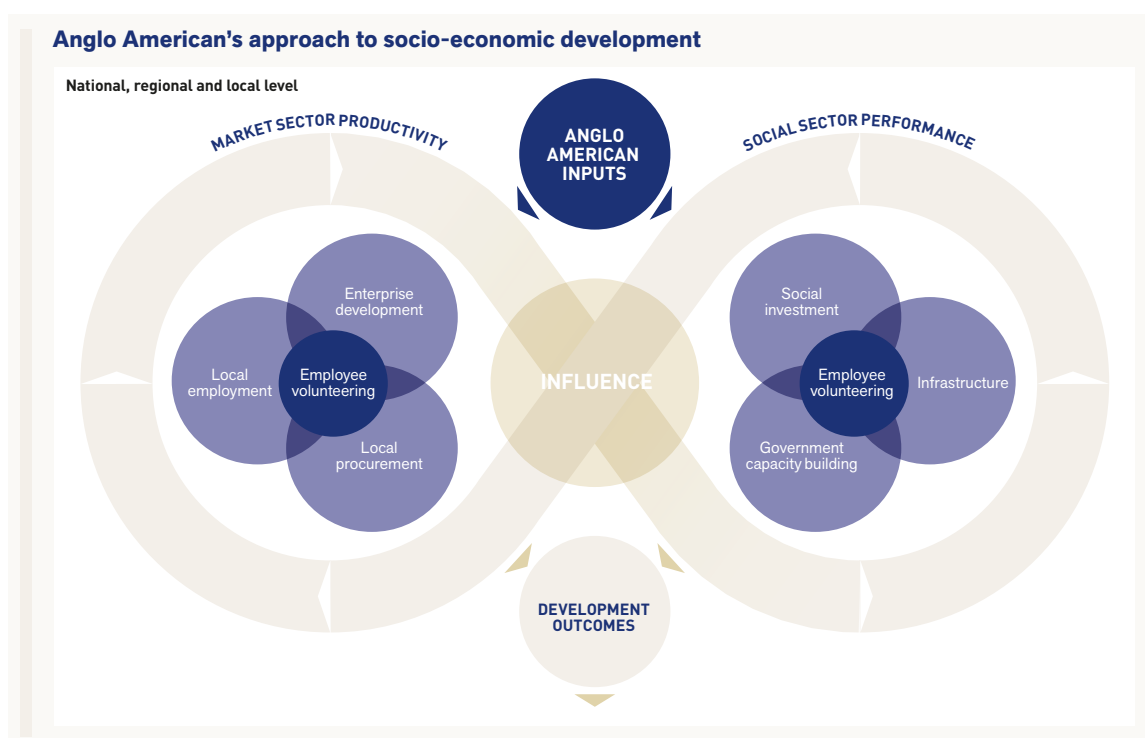
To ensure a lasting positive legacy, we have designed a strategy that maximises the benefits of our presence and builds on local capacity to allow development to be sustained by local players beyond the mining sector. A strategic focus is on job creation.

The strategy guides our approach to building resilience within communities to prosper beyond mine closure. Building on the foundation provided by sharing 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 building capacity in local institutions to allow them to deliver good-quality public services.

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 the delivery of 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.

This new approach to socio-economic development delivery is being rolled out across the Group, with key sites being prioritised for early implementation. For example, our iron ore business in Brazil has designed and implemented local procurement, enterprise development and workforce development programmes in an integrated manner. This approach supported the delivery of our Minas-Rio mining project by effectively responding to stakeholder expectations in partnership with government institutions, community members and other large corporations.

Achieving our objectives depends on fostering robust partnerships and on ensuring governance and accountability in implementing initiatives. We continue to improve the measuring and monitoring of our contributions, with an increasing emphasis on monitoring host community perceptions of our impact. Our in-house community development peer-review programme continues to provide insight into community development challenges and opportunities.



**ECONOMIC VALUE ADDED**

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 2014 amounted to \$28,930 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 to governments
- \$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
- \$136 million in corporate social investment.

Approximately 75% 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.

**LOCAL PROCUREMENT AND SUPPLIER DEVELOPMENT**

Our local procurement initiatives are a value-adding instrument for the business and provide the anchor for boosting economic growth in communities around our operations. They are designed to optimise opportunities to integrate local businesses into our global supply chain and advise them on how to compete successfully for new business.

In promoting inclusive procurement practices, we believe we can make a significant socio-economic contribution to our host communities, as well as improve efficiencies and resilience in our supply chain by lowering logistics costs and improving access to critical goods and services.

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

In 2014, we spent \$12.3 billion (2013: \$16.1 billion) with suppliers, which accounted for about half our total economic value distribution. Expenditure on suppliers based in the communities close to our operations was \$1.8 billion (2013: \$1.6 billion). This represented 14.7% of total supplier expenditure (2013: 12.3%), against a Group target of 13%. (See chart alongside.)

**Economic value distribution**

	\$ million	%
Suppliers	12,311	43
Employees	4,514	16
Reinvested in the Group <sup>1</sup>	6,018	21
Company taxes	3,333	12
Dividends	1,921	7
Providers of capital <sup>2</sup>	697	2
Corporate social investment	136	0.5
<b>Total</b>	<b>28,930</b>	

<sup>1</sup> Capital expenditure

<sup>2</sup> Interest

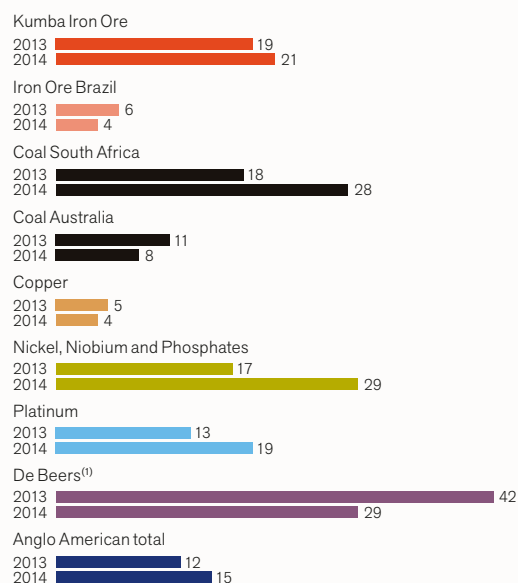
**Employees**

Share of economic benefit

	\$ million	%
South Africa	2,453	54
Asia/Australia	615	14
Europe	375	8
Chile	482	11
Rest of Africa	193	4
Brazil	174	4
North America	207	5
Other South America	15	0
<b>Total</b>	<b>4,514</b>	

**Expenditure with suppliers based in host communities**

% of total available business unit expenditure



<sup>(1)</sup> De Beers' 2014 local procurement expenditure excludes Debswana

## LINKING LOCAL BUSINESSES INTO OUR SUPPLY CHAIN



Coal South Africa's local procurement framework has become a vehicle for economic development and job creation as increasing numbers of local entrepreneurs are linked into the supply chain.

Local procurement expenditure increased from 7% in 2011 to 21% by the end of 2014 – and this figure is set to rise still further. In 2014, Coal in South Africa spent \$184 million with suppliers based within a 50 kilometre radius of its 10 mines. The aim is to increase the number through a range of initiatives.

One of these is Coal's supplier development programme, which supports 30 promising local small- and medium-sized enterprises (SMEs). The companies operate in a range of industries, including construction, mining supplies, cleaning, catering, training, waste-water management and electrical services. An important part of the programme is reducing the dependency of these companies on Anglo American by helping them do business with other mining companies and industries.

Coal South Africa also ring-fences certain supplier categories for entrepreneurs who employ local people and has introduced early payment terms to help small businesses to overcome cash flow challenges. Where possible, our supply chain facilitates the sub-contracting and 'unbundling' of contracts – this ensures that larger contracts or projects are split between long-established contractors and emerging entrepreneurs and ensures a transfer of knowledge and skills to SMEs.

As a business, Coal has already seen numerous benefits – such as efficiency gains, reduced delivery times and reduced costs through having suppliers closer to its sites.

### Image

The Kriel craft project is a social initiative in which the colliery has provided the space and tools for a group of local, previously unemployed women to start a business, providing for the mine and businesses as far away as Johannesburg. Items produced here range from greeting cards to safety vests.

Our supplier development programmes aim to create better visibility of local supplier capability and assist in building their capacity, as well as a more robust and competitive supply chain for Anglo American. Our initiatives are progressing well, in particular in Brazil, where we launched our most sophisticated programme (Promova in Iron Ore Brazil), as well as initiatives at Barro Alto and Niquelândia, in 2014. In South Africa, our Coal business has trained 28 enterprises which it is integrating into its supply chain, while Platinum trained almost 400 local entrepreneurs through its supply chain at Mogalakwena.

We continue to develop proposals for 'supplier parks' close to our operations, to house local suppliers, as well as joint ventures between large suppliers to Anglo American suppliers and local entrepreneurs.

### Black economic empowerment procurement

In South Africa, our operations contribute to the country's drive to promote black economic empowerment (BEE). In 2014, Anglo American managed businesses spent ZAR 39.3 billion (2013: ZAR 32.4 billion) with 'historically disadvantaged South African' businesses (excluding goods and services procured from the public sector and public enterprises).

During 2014, 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.

## ENTERPRISE DEVELOPMENT

We have over 25 years of experience in enterprise development. Since 2008, we have supported 96,873 jobs, provided funding of more than \$100 million and supported 58,257 SMEs inside and outside our supply chains.

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 foster the potential of local entrepreneurs to build local capacity and ensure that the local economy is able to deliver opportunities even after mine closure.

Our well-established schemes, Zimele in South Africa and Emerge in Chile, have supported 95,300 jobs since 2008. Based on our experience with these schemes, we developed a best-practice model, which was used to implement schemes in Botswana and Brazil in 2013, and in Peru in 2014. These three programmes supported 1,588 jobs in 2014; and aim to support an additional 3,000 jobs by the end of 2015, and close to 10,000 by the end of 2016.

**Anglo American enterprise development programmes**

Initiative	Year launched	SMEs supported (2008–2014)	Jobs supported (2008–2014)	Financial contribution (2014 only) \$'000	Contribution per job supported	Partners
South Africa: Zimele	1989	1,884	38,330	\$14,647	\$1,788	Sefa Mining Fund; National Treasury; Transnet
Chile: Emerge	2006	56,139	56,955	\$1,761	\$174	TechnoServe; Universidad de Chile Fondo Esperanza
Botswana: Tokafala	2013	63	620	\$603	\$973	De Beers; Debswana; Government of Botswana; TechnoServe
Peru: Emerge	2014	80	568	\$293	\$515	Camara de Comercio de Moquegua; TechnoServe
Brazil (Nickel, Niobium and Phosphates): Avançar	2014	–	–	\$60	–	
Brazil (Iron Ore Brazil): Crescer	2013	91	400	\$400	\$1,000	Komatsu; caixa Economica; banco do Nordeste; BDMG; Sapore; Prodapys; Cooperativa CMD; TechnoServe
<b>Total</b>		<b>58,257</b>	<b>96,873</b>	<b>\$17,764</b>		

All Anglo American enterprise development schemes provide business and implementation support, coupled with access to capital and markets, to assist local SMEs to grow and create job opportunities. The schemes are designed to take advantage of the benefits associated with our large supply chain and to develop long term platforms for partnerships with governments, NGOs and companies. Each partner contributes towards ensuring more effective and efficient results and allows us to expand our impact beyond the mining sector.

For example, we are prioritising partnerships with banks and other financial institutions, such as commercial and development banks and government programmes, and working together to understand how they could deliver financial products to the companies participating in our programmes. In doing so, we multiply the pool of resources available to the SMEs, build the capacity of local financial institutions to support small businesses at lower risks, and avoid competing with existing NGOs or government initiatives that are already delivering effectively.



## DE BEERS ZIMELE ENTREPRENEUR CULTIVATES HIS OWN SUCCESS

Phineas Muleya had been working as a gardener for 16 years when he was retrenched. To earn a living, he started his own business – Unarine Garden Services. Following a series of difficulties with old equipment, Phineas applied to the De Beers Venetia business hub for a loan. The business hub is part of an initiative that stimulates local business and job creation through low interest business loans to entrepreneurs of SMEs.

With the loan, Phineas was able to purchase brand-new equipment as well as overalls and safety boots for his staff. The loan amount secured the jobs of 10 employees; has enabled him to double his number of clients; and helped him expand his service offering to the installation and repair of irrigation systems.

Phineas hopes to open a school where he can offer gardening and landscaping classes to others in the community.

**LOCAL WORKFORCE DEVELOPMENT**

Our workforce development initiatives aim to address the skills needs of our operations as well as the employment needs of the communities around our mines. In addition to developing the skills, competencies and abilities of our employees, we are working with partners to develop non-mining jobs in communities. As we can only offer a limited number of jobs in our workforce, diversifying our skills development initiatives to promote broader employment opportunities enables us to play a more productive role in meeting community expectations. Our approach is to identify the demand for jobs, including those beyond our own needs, understand the capacity of the local job market to respond to demand effectively, and design training required to meet these needs. Our approach also considers making job opportunities more visible so that local community members can take full advantage of them.

Our workforce development programmes are gaining momentum. There are, for example, established employee development programmes at Minas-Rio in Brazil as the mine ramps up and begins to employ a permanent workforce, while our Nickel, Niobium and Phosphates programme focuses on youth development.

In South Africa, in 2014, we provided training to more than 1,672 employees in skills outside the mining sector, such as electrical services, plumbing and carpentry. Anglo American also supported 822 employees and community members who attended adult basic education programmes on literacy and numeracy. This number dropped considerably in 2014, however, owing to the prolonged strike at Platinum.

**EMPLOYEE VOLUNTEERING**

Facilitating opportunities for staff to participate in our social investment projects helps to raise awareness of our social responsibility activities and enable our employees to make a contribution as Anglo American ambassadors. We are currently developing a Group-wide approach to employee volunteering; however, some business units have already started implementing initiatives. For example, in Chile, all our sites are implementing a programme for employees and contractors to support small social projects aimed at building local capacity. In South Africa, the management team at Landau colliery has partnered with the local Kopanang Secondary School to mentor teachers and pupils. The school has improved its final year pass rate from just 42% a few years ago to over 90% in 2014.

**IMPROVING THE QUALITY OF EDUCATION IN CHILE**

Our Copper business in Chile supports a number of local projects to improve education. The Elige Educator programme seeks to improve education standards by attracting talented graduates to the profession. It achieves this by improving the overall image of the teaching profession and marketing it to students by means of a large-scale communication campaign. Elige Educator also works with the government to improve the training and development of teachers and offer better working conditions. Elige Educator 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 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.

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.

**Image**

Maria José Ochagavía-Pech is one of the graduates on a two-year teaching assignment with the Enseña Chile programme.

## NEW INITIATIVE IN LIMPOPO EXPECTED TO BOOST COMPETENCY LEVELS IN MATHS, ENGLISH AND SCIENCE

De Beers' recently opened Saturday School in Limpopo has already improved the competency levels of 180 learners in maths, science and English.

Celebrating its first successful quarter, the school has coached, tutored and taught learners from Grade 10 to Grade 12. The pool of lecturers, senior teaching personnel and corporate professionals comes from the University of Johannesburg and the University of Limpopo, as well as De Beers.

Through a partnership with De Beers' Khula Weekend School programme, the intervention aims at increasing the number of students who qualify for university admission by improving their results in Maths and Physical Sciences. It also encourages them to pursue technical fields such as engineering and Science by exposing them to different career paths. Local students from three high schools must meet strict criteria and adhere to regular attendance and weekly homework schedules – or forfeit their place. This disciplined approach prepares schoolchildren for the world of work, where better results are not only measured, but expected. The programme also offers free access to world class tutorials and examination preparation.

De Beers' contractors VM Diamond and Murray and Roberts have also come on board as sponsors.

## EXTERNAL CAPACITY DEVELOPMENT

Our presence creates large revenue flows for local municipalities. In some instances, a lack of capacity and skills prevents municipalities from delivering good public services to local populations. We are investing in strengthening the skills, competencies and abilities of employees and community members to promote robust, self-sufficient local economies long after our mines have closed.

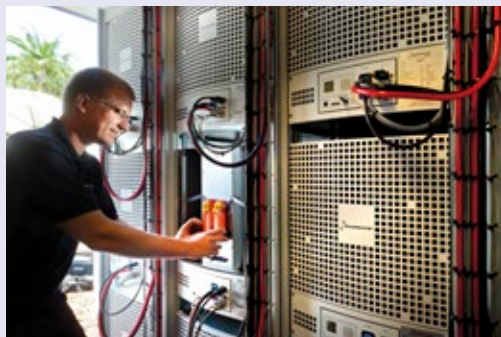
In South Africa, we launched a major local government capacity-building programme in 11 municipalities, in partnership with the Development Bank of Southern Africa, with an investment of \$3 million. In Brazil, through our highly effective partnership with Agenda Pública, we have been strengthening local government capacity and service delivery in Barro Alto since 2009 and Niquelândia since 2013. In 2015, we will assess the opportunity of implementing programmes with development banks and expert organisations around our Iron Ore and Copper businesses in South America.

## INFRASTRUCTURE

We operate in many areas that are underdeveloped and remote, where the infrastructure associated with our mines – such as roads, health facilities and water – can also benefit the local communities. For example, Anglo American spent over \$100 million on a desalination plant and a pipeline to carry desalinated water to our Mantoverde mine, near the Atacama desert in Chile. While the water from the plant currently meets only the mine's needs, it reduces the water demand placed on the stressed Copiapó valley, upon which the local community depends.

In partnership with local and provincial government, we continue to help alleviate the dire shortage of affordable housing in South Africa that affects employees and community members. We engage in developing properly serviced land to facilitate housing development in areas where services are inadequate or do not exist. All remaining employee hostel accommodation has been converted to single-person occupancy.

## RURAL FUEL CELL ELECTRIFICATION



Our Platinum business has partnered in a fuel cell mini-grid rural electrification field trial in a local community near the town of Kroonstad in South Africa's Free State Province. The prototype product is fuelled with methanol and was developed for off-grid residential use, as a provider of electricity to remote communities.

### Image

An engineer inspects a hydrogen fuel cell unit, developed by Ballard Power Systems and Anglo American. Our Platinum business has formed strong partnerships in the field of fuel cell commercialisation.

## CORPORATE SOCIAL INVESTMENT

Corporate social investment (CSI) has historically been used by many mining companies as the primary channel for responding to community expectations. While CSI will continue to be an important part of our socio-economic development strategy, primarily to support vulnerable and marginalised stakeholders unable to participate in our core value chains, the bulk of our strategy has been designed to leverage core business activities to maximise development benefits.

CSI includes investments in sports, arts and culture, food security, health and education. Given that health and education comprise a significant proportion of our CSI activities, we are currently exploring opportunities to maximise our contributions in these areas through partnerships with governments and expert organisations.

In 2014, Anglo American's CSI expenditure in local communities, including from the Anglo American Chairman's Fund and, for the first time, Zimele, totalled \$135.8 million (2013: \$127.5 million). This figure represents 3% of operating profit from subsidiaries and joint ventures, before tax. We monitor our CSI through a standardised reporting process in order to maximise the value that Anglo American and its host communities derive from these investments. We use 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 alongside.) We estimate that, in 2014, community development projects delivered benefits to nearly three million community members<sup>(1)</sup>.

### Social investment output indicators

Total number of community development projects delivering benefits to communities in 2014	3,047
Total number of businesses supported	58,257
Jobs created/maintained through enterprise development initiatives	96,873
Beneficiaries of education projects	127,369
Beneficiaries of sports, arts, culture and heritage projects	263,062
Beneficiaries of community development projects	691,502
Beneficiaries of disaster and emergency relief projects	335,936
Beneficiaries with improved livelihood	121,005

## DEVELOPING TRADITIONAL LEADERSHIP



Our Platinum business and South Africa's Department of Traditional Affairs have engaged the Development Bank of Southern Africa to develop and deliver a leadership and governance training programme for 540 members of traditional councils in 29 sites where Platinum is operating. A total of \$2.4 million is to be invested over five years (2014–2018).

**Image**  
Ga-Molekana village.

<sup>(1)</sup> This is the sum of all beneficiaries of CSI projects. It is possible that some individuals benefit from more than one social project.

During 2015, we aim to develop a baseline for the effectiveness, efficiency and sustainability of current health and education programmes in South Africa; identify leading practices and their success factors; learn from less successful projects; and develop a more effective approach to our investment in health and education.

Access to the provision of health services and quality education is a top priority for national and community-level stakeholders. Anglo American spent \$10 million on health-related community programmes in 2014 and \$27 million on education. We are working to understand, and enhance, the effectiveness of these programmes. Some of the areas for improvement involve more effective collaboration with stakeholders; a more coherent approach to investments; clear project objectives and monitoring; and better internal collaboration.

#### Global expenditure by country

	\$'000	%	
South Africa	73,143	54	
Peru	18,255	13	
Chile	17,906	13	
Brazil	9,906	7	
Canada	9,376	7	
Namibia	3,419	3	
Rest of World	1,911	1	
United Kingdom	938	1	
Botswana	919	1	
<b>Total</b>	<b>135,773</b>		

#### Global expenditure by type

	\$'000	%	
Community development	66,084	49	
Education and training	27,409	20	
Other	13,172	10	
Health and welfare	10,273	7	
Institutional capacity development	6,133	4	
Sports, arts, culture and heritage	4,891	4	
Environment	2,352	2	
Employee match-giving	2,184	2	
Water and sanitation	1,721	1	
Disaster and emergency relief	1,477	1	
Energy and climate change	78	0.1	
<b>Total</b>	<b>135,773</b>		



# FOCUS:

# MANAGING OUR IMPACT ON THE ENVIRONMENT



## BUILDING TRUST THROUGH PARTICIPATIVE ENVIRONMENTAL MONITORING

Gaining community acceptance for Copper's Quellaveco project in Peru has entailed an intensive ongoing stakeholder dialogue process to address community concerns about potential negative impacts of the project, and especially on water, in this extremely arid region.

Anglo American has made it a key undertaking that we should include representatives of local communities, civil society and government in the monitoring of the project's environmental impact. In particular, this is to ensure that our activities do not affect the quality or quantity of the Asana river water, which irrigates the Moquegua valley and crosses the site, and which will be required throughout the construction phase. Once operational, the mine will only use water from the Titire river, which is not ideal for human consumption or agriculture.

We are using advanced technology to enhance transparency in our water-management practices, while a monitoring programme brings together local authorities with representatives of the community and various institutions in overseeing our environmental performance.

To mitigate risks related to water quality, and to safeguard against potential contamination, we are constructing a tunnel to divert the Asana and return it to its channel downstream of the mine. We have also installed hydrometric stations to continuously measure and control the amount of water the project, during its construction phase, is able to draw from the river in the wet season. The data is transmitted via satellite to a website to provide real-time reporting. Local authorities can therefore readily monitor compliance.

Surface water and ground water quality monitoring of the Asana river basin extends beyond the project's direct area of influence, with monitoring points throughout the Moquegua and Ilo river valleys. Environmental performance indicators are evaluated on a regular and collaborative basis, including by members of the participating stakeholder groups who have been trained in the process of collecting water samples for analysis, as well as on other aspects of environmental monitoring. The results are then reported to a commission made up of regional government, local government, civil society and Anglo American representatives and are published publicly.

**Image**  
Participants from a community neighbouring the Quellaveco project, local government members and company officials at an environmental monitoring site, while (bottom) this recently completed dam is designed to serve both the mining project, and the local community and agricultural industry.

# ENVIRONMENTAL IMPACT MANAGEMENT

Mining has a high impact on the environment, which is borne largely by communities around mines, many of which rely on the land and ecosystem services for their well-being and livelihoods. Anglo American has a legal and social responsibility to minimise its planned impact on the environment, as well as to eliminate unplanned events, such as unsanctioned water discharges and exceeding air emission standards.

## DELIVERING ON OUR STRATEGY

Ensuring responsible environmental management 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 environmental performance risks and activities are managed in line with the mandatory Environment Way performance requirements on social and environmental impact assessments, water, air quality, mineral and non-mineral waste, hazardous substances, biodiversity, rehabilitation and mine closure. The Environment Way and Projects Way make specific provision for ensuring we consider the right things, up front. Our Mine Closure Toolbox provides a structured approach to closure planning and management. The 'precautionary principle' is integrated throughout our environmental performance standards.

All operations are expected to attain and retain ISO 14001 certification within two years of commissioning or acquisition. At year end, 98% of relevant sites had achieved certification. Those that did not apply for certification include Kolomela iron ore mine, which is scheduled to do so in 2015, as well as Khomanani and Khuseleka platinum mines (which were placed on care and maintenance), all in South Africa.

## INCIDENT MANAGEMENT

By encouraging the reporting and sharing of lessons learned from incidents, we aim to develop a better understanding of their potential environmental impacts at site level and of improvements which can be made to prevent and mitigate such impacts. This is essential if we are to integrate environmental consciousness into core business processes.

Anglo American reports five levels of environmental incident severity according to potential consequence and impact on the receiving environment. When Level 3-5 incidents (ranging from medium to high impact) occur, a learning from incidents (LFI) alert is circulated to all operations through an established incident-communication platform. These incidents also feature in the chief executive's report to the Board and are addressed at the Sustainability Committee of the Board each quarter.

During 2014, Anglo American recorded one Level 4 (see page 65) and 14 Level 3 environmental incidents. This was significantly less than in 2013 when 30 Level 3 incidents were reported. The reduction is a result of a decline in repeat water incidents, reflecting, in particular, work undertaken at our coal operations in Australia to improve water compliance. Our goal for 2015 is to improve the reporting and investigation of incidents and prevent repeats.

## LAND STEWARDSHIP

We own large areas of land throughout the world, with around half of our operations being located in environmentally sensitive areas.

### Rehabilitation

One of our most important responsibilities is the rehabilitation of land to the capability agreed with stakeholders. Doing this early enough results in significant financial and environmental benefits.

Anglo American has 1,676,453 hectares of land under its management control (2013: 466,613 hectares), of which 109,442 hectares have been disturbed by mining, processing and mineral-waste disposal, and supporting infrastructure (2013: 84,214 hectares). By end-2014, 18,107 hectares of that disturbed land had been rehabilitated (2013: 16,827 hectares). The increase in land managed by Anglo American is a result of De Beers' data being included for the first time and improved reporting by Coal South Africa. Land rehabilitated at De Beers has not been included owing to differences in reporting definitions, which are being resolved.

Rehabilitation at Kumba Iron Ore, De Beers, and our Coal operations in South Africa and Australia is most material to the business. While backlogs at those businesses remain a concern, these are being addressed and targets have been set for each operation. In addition to financial resource constraints, technical challenges include achieving regrowth of vegetation and the availability of soils. In South Africa, our Coal business's involvement in a fungcoal project is an example of how we are using technology to overcome such challenges. (See case study on page 61.)

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 \$358 million (2013: \$348 million).

In Australia, our Coal business was recognised in 2014 by the Queensland Department of Environment and Heritage Protection for its 'rehabilitation liability tool' that standardises and simplifies the submission of financial assurance information to the regulator. The tool also assists operations to claim discounts on their financial assurance.

During 2014, we experienced two Level 3 environmental incidents with an impact on land; these were hydrocarbon spills on operational areas at Coal in Australia and Kumba Iron Ore in South Africa. Kumba Iron Ore's Sishen and Kolomela operations have each implemented a bio-remediation facility to treat contaminated soil. Mogalakwena platinum mine is awaiting final authorisation for a similar facility.

### **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 management systems. The requirements of our Group-wide integrated risk management standard are integrated into our biodiversity performance requirements. 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. Thirty such operations are implementing BAPs that are approved by mine leadership teams.

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. De Beers' Venetia diamond mine in South Africa is currently still located in the buffer zone of the Mapungubwe Cultural landscape. A revised buffer zone that excludes Venetia mine was accepted by the UNESCO World Heritage site Committee in 2014 and is going through the local legal process. Mapungubwe was proclaimed a World Heritage site in 2003 – well after the mine was commissioned. The table on page 58 includes additional information on how Venetia and other operations located in environmentally sensitive areas address related risks and opportunities.

Partnerships with local NGOs, research institutions and communities are fundamental to our approach. For example, we have local partnerships with Fauna & Flora International (FFI) in Finland to explore offsetting opportunities for the Sakatti project; in Brazil where FFI was engaged to advise on a biodiversity Strategy and action plan for the Minas-Rio operation; and at De Beers where FFI has reviewed the company's approach to assessing compliance with its 'no net loss of significant biodiversity' commitment.

In 2014, the Group experienced two biodiversity-related Level 3 incidents. One involved damage to indigenous trees and natural vegetation at De Beers' Kimberley mine in South Africa and, in Finland, two drill holes at the Sakatti project were found to be discharging water into the environment.

In Chile, Copper paid fines at El Soldado of \$3.4 million relating to non-compliance of its forest management plan and groundwater contamination. A local court has recently imposed a further fine of \$400,000 relating

## **GETTING REHABILITATION RIGHT**



**In South Africa, our Coal business has developed a leading-practice rehabilitation planning system to improve the quality of land restoration after mining. Developed in-house, the system combines 3D modelling and geographic information system software to provide operations with an accurate picture of a landscape's drainable characteristics on a regular basis.**

**By getting a clearer picture of the topography, operations can ensure that water run-off does not come into contact with exposed ore, which can result in water pollution. For the coal industry, the potential for acid mine drainage is a particular concern, as metal-rich water is formed as a result of a chemical reaction between water and rocks containing sulphur-bearing minerals.**

**Information from the system is used to inform the landscaping of areas under rehabilitation and improve water drainage to nearby catchments, watersheds and basins. The system has been introduced at New Vaal, Kriel and Landau's Kromdraai operation. Optimising rehabilitation processes reduces mine-closure liabilities significantly and eliminates the need for expensive water-purification measures.**

### **Image**

Rehabilitation officer, Simon Nkambule (left) and environmental co-ordinator Maphuti Boloka inspect the rehabilitated Pit 23 area at Kriel colliery.

to forest damaged in the construction of the haul road in 2011. Los Bronces received a directive from the environmental authority following an inspection in 2013 due to a backlog in reforestation commitments. These have now been addressed.

While we believe that there is much work to do, we are encouraged by the results of the recent ICMM analysis of biodiversity performance improvement, where Anglo American featured third-best among ICMM member companies for its approach to biodiversity management.

**Operations situated in environmentally sensitive areas**

Operation	Description	Response
Copebrás Cubatão, Niobium and Phosphates, Brazil	Copebrás Cubatão is situated in a very dense and biodiverse rainforest area in São Paulo province. The ecosystem had already been impacted significantly by industrial activity prior to the commissioning of the operation.	Cubatão works with the municipality on reforestation programmes and operates a nursery for indigenous plants. The nursery is also used as a base for environmental education programmes for disadvantaged youths and has recently launched a programme to stimulate a sustainable products market.
Minas-Rio, Iron Ore Brazil, Brazil	The Minas-Rio mine and pipeline are located in the Atlantic forest and Cerrado biomes, which host several protected species. The operation is also situated in a region with a distinctive iron-rich rocky soil type, which supports unique animal and plant life. Land clearance for mining there is subject to strict regulation.	In addition to mitigating their impact on the environment through mine design, Iron Ore Brazil has four main programmes to manage biodiversity: <ul style="list-style-type: none"> <li>• Scientific studies, in partnership with universities, on seedling production; top-soil management; seed storage; and rehabilitation.</li> <li>• Fauna and flora monitoring, which has resulted in the discovery of three new species.</li> <li>• Collaboration with FFI to develop a biodiversity and ecosystem services policy, strategy and action plan.</li> <li>• The establishment of an ecological corridor, which is currently in pilot phase with 17 individual land owners.</li> </ul>
Venetia mine, De Beers, South Africa	Venetia mine is situated adjacent to the Venetia Limpopo Nature Reserve established by De Beers in Limpopo Province, South Africa. The Mapungubwe Cultural Landscape was proclaimed as a World Heritage site in 2003, and in 2009 a revised buffer zone was proclaimed without prior consultation with the mine. This resulted in the mine falling within the buffer zone of the Mapungubwe Cultural Landscape.	De Beers operates according to operating conditions agreed with the government, and in 2013, through active engagement with the South African government, De Beers received consent for Venetia's underground project to proceed. A revised buffer zone that excludes Venetia mine was accepted by the UNESCO World Heritage Committee in 2014 and is going through the local legal process. While no mining takes place in the core area, there are shared water resources that are carefully managed by the mine.
Sendelingdrif, De Beers, Namdeb, Namibia	Sendelingsdrif falls within the southern end of the Namib desert in the Succulent Karoo biome. The Succulent Karoo is recognised as the world's only desert biodiversity hotspot and the mining licence falls within Management Resource Protected Area (mining) and IUCN Category VI Protected Area of the Tsau//Khaeb (Sperrgebiet) National Park.	The De Beers team at Sendelingsdrif, together with research partners – the Gobabeb Research and Training Centre and the Millennium Seed Bank project at Kew Botanical Gardens – has developed an environmental management plan that will minimise the footprint of the mine; ensure that landforms and soil structures are rehabilitated; and implement innovative restoration measures.
Sishen and, Kolomela mines, Kumba Iron Ore, South Africa	Sishen and Kolomela iron ore mines are situated in the southern part of a protected woodland in Northern Cape province. The region hosts several protected plant species that may not be removed or damaged without permits.	Sishen and Kolomela mines' BAPs are used in conjunction with land management plans to address top risks, including the effects of mine dewatering, alien and invasive species, bush encroachment and the relocation of protected species to offset areas. Research and biodiversity monitoring protocols are used to understand and measure long term biodiversity trends.
Los Bronces, Copper, Chile	Los Bronces copper mine is located 3,500 metres above sea level in the San Francisco valley of the Chilean Andes. The area is environmentally sensitive because it is situated among glaciers and alpine wetlands and has an impact on the watershed.	There are material environmental risks at Los Bronces. Findings following a regulatory inspection in 2013 have resulted in an administrative proceeding that may involve fines. Reforestation progress, which was identified as a concern during the inspection, is now on track and wildlife studies have been completed. Los Bronces has also updated its BAP.
El Soldado, Copper, Chile	El Soldado copper mine is situated in a priority biodiversity conservation area, which hosts a number of protected indigenous species of flora.	El Soldado focuses on reforestation, research, monitoring and environmental education. An inspection conducted by the regulator in 2013 raised concerns over the pace and effectiveness of reforestation programmes and resulted in fines totalling \$3.4 million in 2014. A number of new techniques to improve reforestation outcomes have been implemented at the mine since 2013 – these include better irrigation, less disruptive mining methods and an improved approach to transplanting trees. Increasing the survival rate of the protected Belloto del Norte trees remains a priority, with additional resources being invested in improving transplanting techniques. Monitoring and research are conducted in partnership with Chile's Institute of Ecology and Biodiversity.
Isibonelo, Coal South Africa, South Africa	Isibonelo is located within the sensitive Oliphants river catchment of Mpumalanga – host to the majority of the country's collieries. The operation's key considerations relate to the presence of red-data plant species, a significant area of wetland within the mining area, grassland management, pollution and alien-plant invasion.	As part of its original mining licence agreement, Isibonelo has established two off-site wetland rehabilitation projects to offset planned impacts of the mine. It also revised its original mine design to avoid impacting around 500 hectares of wetland. The protection of red-data plant species and management of alien plant species are addressed via the Isibonelo BAP.

**WASTE MANAGEMENT**

Mining generates significant quantities of mineral waste, as well as some non-mineral and hazardous substances. These result in impacts on land through the establishment of tailings dams and waste-rock dumps and may also result in water impacts if not managed effectively.

We apply the 'avoid, reduce, re-use and recycle' management hierarchy to ensure the least possible effects 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.

Given the nature of our business, our efforts are focused on mineral residue as our most material waste-related risk.

**Mineral waste**

Anglo American aims to improve the management of mineral residue facilities by implementing a new mineral residue management standard. The standard is based on leading practices globally and is in line with guidelines established by international bodies, such as the ICMM; ICOLD and the World Bank, as well as national professional associations, including those in Australia, Brazil, Canada, South Africa and the United States.

The new requirements raise the bar in standard of care for our facilities, as Anglo American seeks to move beyond compliance and eliminate repeat incidents. The requirements focus on the following key management aspects, which are in line with best practice:

- The classification of facilities based on the potential safety, health, environmental and reputational consequences of incidents, which determines design criteria, as well as the frequency of monitoring and inspection
- Appropriately skilled and resourced personnel and governance structures to manage, monitor and review facilities (including independent reviews).

We research and trial new ways of reclaiming mineral wealth through waste products. For example, in 2014, we successfully tested a bioconversion technology using weathered coal to produce natural fertilisers. (See case study on page 61.) Nickel is undertaking studies on new applications for slag, including within the construction industry, while our Phosphates business is using phosphate waste in the intermediate stage of the fertiliser manufacture cycle. Towards the end of 2014, Chagres copper smelter completed construction of an innovative low grade sulphuric acid treatment plant, which enables low grade acid to be re-used in processes.

Legal risks associated with waste management continue to increase. In South Africa, the Department of Environment has introduced new regulations on waste classification and management. All mine-residue deposits and stockpiles are now governed by the Waste Act, are subject to additional licensing requirements and are now universally classified as hazardous waste. Discussions are under way between the mining sector and relevant authorities to address the cost and administrative burden placed on the mining sector by these regulations.

**Non-mineral waste**

Reduction/recycling targets related to non-mineral waste have been set at the discretion of individual business units and operations. Iron Ore Brazil exceeded its goal to re-use, recycle or compost at least 50% of all solid waste generated at the operation in 2014. Kumba Iron Ore and Platinum operations aim to send zero waste to landfill by 2020. At Metallurgical Coal, around 3,800 tonnes of scrap steel and 2,600 kilolitres of waste oil were removed from operations for recycling, thereby reducing the total cost of waste disposal.

Our non-mineral waste can present an opportunity to engage local communities in projects that deliver considerable social benefits. For example, the Zimele Green Fund is investigating a project through which communities can be given the means to transform big off-road tyres into valuable commodity by-products such as biofuel, steel and carbon black. The project has prospects for job creation and also aims to offset revenues against the taxes imposed on new tyres.

The management of hazardous substances is strictly regulated and controlled at our operations as well as at the receiving waste facilities, which are regularly audited by second parties.

**AIR QUALITY**

The most material Group-wide air quality issue relates to sulphur dioxide (SO<sub>2</sub>) emissions around our copper and platinum smelters, as well as particulate emissions.

Our aim is to ensure that our emissions to air remain within legal limits. SO<sub>2</sub> emissions around our copper and platinum smelters in Chile and South Africa amounted to 33,000 tonnes in 2013 (2013: 35,000 tonnes). No significant cases of exceeding these limits were reported during 2014.

In 2014, we generated 1,042 tonnes of SO<sub>2</sub> (2013: 963 tonnes) and 43,500 tonnes of nitrous oxide (NO<sub>2</sub>) emissions (2013: 40,450 tonnes) associated with the combustion of diesel.

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.

In 2014, we experienced three repeat Level 3 incidents relating to dust fall exceeding legal limits at our Peace River metallurgical coal operation in Canada. Action plans to address these have been put on hold following the decision to place the operation on care and maintenance. In Chile, the burning of used haul truck tyres over several days during labour unrest at Los Bronces resulted in a Level 3 incident. A Level 3 incident was also recorded following a community complaint regarding particulate emissions associated with wind damage to a phosphates warehouse roof at Cubatão in Brazil.

**MATERIALS STEWARDSHIP**

Systems are in place to ensure compliance with the European Union registration, evaluation, authorisation and restriction of chemicals (REACH) regulations. During 2014, we made a number of updates to maintain product registration dossiers, with significant amendments to the Niobium and Copper registrations. 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.

To meet new requirements of the UN's global classification of chemicals and International Maritime Organisation legislation, during 2014 our Copper, Nickel and Platinum business units conducted product sampling and analysis programmes to ensure that their products are correctly classified and that material safety data sheets are up to date.

## FUNGCOAL BIOCONVERSION TECHNOLOGY



**Image**  
Kleinkopje colliery rehabilitation planner Gustav Le Roux and environmental co-ordinator Dolly Mthethwa inspect the results of the Fungcoal trials on the Klipan discard dump, where a bacterium has been introduced to reduce the rough discard into viable organic material in which plants will grow.

Our Coal South Africa business has developed a patented bioconversion technology that could significantly accelerate and improve the quality of opencast mine rehabilitation.

Known as Fungcoal, the process harnesses fungi and weathered coal to produce natural fertilisers. The research project is a partnership with Rhodes University's Institute for Environmental Biotechnology in South Africa and began in 2004, when Coal in South Africa investigated solutions to accelerate and improve the quality of rehabilitation at its opencast mines.

The technology was trialled at four of our coal mines at a collective cost of \$1.5 million. The outcomes of the research showed that certain fungi have the ability to break down and liquefy coal that has been exposed to the elements. In certain applications, it showed extremely positive results, both on rehabilitated mining pits and coal discard facilities. In addition to being more cost-effective in certain applications than traditional rehabilitation, the technology will enhance the

quality of existing rehabilitation by increasing the organic content and the humic acid concentrations in the soil. This will improve vegetation health and reduce soil compaction, which is a significant rehabilitation challenge.

We are effectively developing a complete toolkit of organisms to restore the ecology of land that has been disturbed, so that it can be returned to communities for economic activity almost immediately after mining. The technology is expected to achieve in six months, or one growing season, what nature does in 60 years.

The next steps will be to establish a thorough record of land rehabilitated with Fungcoal and to gain a greater understanding of other potential applications and over a longer period of time. Engagement with regulators will take place as the project moves closer to the commercial phase.

# WATER

Our business is highly reliant on water; this is of increasing significance given that around 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.



## DELIVERING ON OUR STRATEGY

Our ambitious water strategy guides our approach to demonstrating leadership in water stewardship. The three-stage journey model is phased over 10 years. Four years into the strategy, many of our operations are still in the first 'be disciplined' compliance-based stage – though some are now targeting the more advanced 'be proactive' and 'build resilience' stages.

Progress in implementing our strategy 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 mandatory Group water standards and delivered via operational water-action plans.

Every Anglo American operation within the 'ongoing business' (that is, sites that were operational in 2011 and not identified for divestment) 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.

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 has set targets and aligned its water management programme to that of the Group.

WETT will be adjusted in 2015 to accommodate varying operational contexts and lessons learnt over the first few years of implementation.

The water-related challenges faced by our sites typically fall into three categories. For some, access to water is the biggest challenge, while for others, which have highly seasonal rainfall or water ingress from mining activities, it is water management. These sites need to either prevent or effectively store and manage the water coming on to the site so that production is not interrupted either through excess or too little water. For some sites, mitigating the impact of mining activities on water quality is also a challenge.

## 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

In 2014, for the second year running, we exceeded the 2020 water savings target of 14%; by the end of 2014 we had achieved an estimated 16% water saving against our projected water usage. Water saving projects, which include more effective dust suppression, dewatering of tailings and more efficient ore separation, saved the Group approximately 36 million m<sup>3</sup> of water.

Anglo American's total water consumption decreased from 201 million m<sup>3</sup> in 2013 to 195 million m<sup>3</sup> in 2014. The reduction was primarily attributable to higher levels of water recycling at Los Bronces Copper mine in Chile, the limited production at Platinum's Rustenburg operations during the strike, as well as water savings achieved through the implementation of the WETT programme. Water consumption at Iron Ore Brazil started to increase towards the end of 2014 and will continue to do so during 2015 as it reaches full production.

Of our total operational water requirements, 69% were met by recycling/re-using water (2013: 67%). Our operations also seek to reduce their dependency on high quality water through water switching and the use of lower quality water where practicable. Potable water usage has decreased steadily since 2010 and now accounts for only 9% of the Group's new water used (2013: 12%).

### Water quality

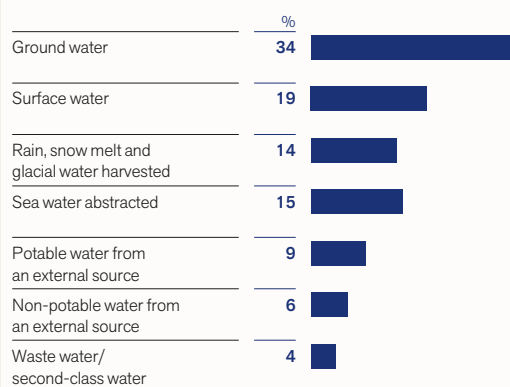
We seek to minimise the adverse effects of our mining activities on surrounding surface and ground water. Poor quality water is harmful to the environment and human health, can affect mining and processing equipment, and present closure liabilities.

Our principal water quality-related risks are high salinity and acid rock drainage at some of our coal operations in South Africa, Australia and at Copper operations in Chile. At Coal South Africa, water treatment plants are used extensively to treat mine-affected water.

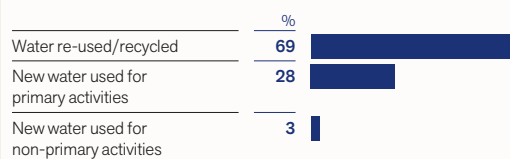
The volume and quality of water discharged by our operations via controlled releases into the environment are typically predetermined through local regulatory requirements. Any unplanned discharges that breach legal agreements are reported as environmental incidents and addressed.

We employ a five-tiered scale to report on the impact of an incident. Level 1 and 2 incidents are minor in nature and only those classified as Level 3 and above are more significant and are reported publicly. All significant incidents are investigated internally and steps are taken to remediate negative impacts and prevent repeat incidents.

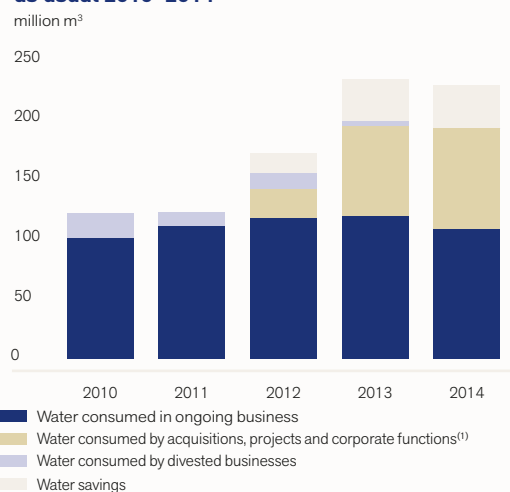
### Total water abstracted by source in 2014



### Total water required by use in 2014



### Total water consumed against business as usual 2010–2014



<sup>(1)</sup> Recent acquisitions, projects and corporate functions have not been included in the energy, GHG and water reduction target setting process.

## MANTOVERDE DESALINATION PLANT OPENS



**Image**  
Chile is the world's most important copper producer – but it is facing huge water and energy challenges. The desalination plant at our Mantoverde copper mine, which incorporates some of the latest water-desalination technologies, and consumes 30% less energy than equivalent plants worldwide, is indicative of how we are addressing the challenges of operating in one of the driest regions on earth.

With the official inauguration in 2014 of the desalination plant at Copper's Mantoverde operation, Anglo American has helped to secure a safe and reliable water source in one of the driest regions in the world – Chile's Atacama desert.

Built following an investment of more than \$100 million and with an expected lifespan of 20 years, the opening of the desalination plant means that our Mantoverde operation will no longer be dependent on fresh water from the Copiapó basin. The Copiapó river basin supplies local residents with freshwater in a region where fresh water is precious.

The desalination plant is an important symbol of Anglo American's presence in the region because it demonstrates both our commitment to optimising water usage in a sustainable and responsible way, and our commitment to innovation and technology development.

During the construction phase of the project, 20 months out of 27 were recorded with no lost-time incidents, while the final lost-time injury frequency rate was 0.18, which places the project among the safest in the Chilean mining industry.

The desalination plant consumes up to 30% less energy than equivalent plants worldwide, and has been conceived and designed with respect and protection for the environment at the forefront.

Emissions are highly controlled. Natural elements (such as salt) are extracted from seawater, transforming it into fresh clean water during the desalination process. Those elements are treated and then returned and dispersed in the sea, with no impact on the local ecosystem.

Throughout the construction process, the Mantoverde team maintained a dialogue with the surrounding communities. Working together with representatives of six unions, this direct communication with local communities opened doors for future projects in the region, using similar technologies.

During 2014, we confirmed five Level 3 (medium impact) and one Level 4 (high impact) incidents relating to water. No Level 5 incidents were reported. The Level 3 incidents involved three unauthorised mine-water discharges at our Coal operations in South Africa, a hydrocarbon spill at our Australian Coal business, and at Iron Ore Brazil, a discharge of treated sewerage in the tailings dam, which resulted in fish kills at the tailings dam and Passa Sete stream.

The Level 4 incident involved an acidic water discharge at Coal South Africa's Landau mine causing some water discolouration and metal precipitation in the stream. Systems have been improved and the stream remediation is complete. This incident was investigated by a team of internal experts and the lessons were shared across the Group to prevent a repeat elsewhere. Our Los Bronces copper operation in Chile was fined, in 2014, for non-compliant remedial activity following a waste dump acid-drainage incident in 2013. The operation continues to engage with the authorities to resolve outstanding issues and is implementing a permitting action plan.

During the year, we improved our reporting of high-potential incidents (HPIs) across the Group in order to prevent repeat incidents. Three such HPIs, all involving potential or minor uncontrolled discharges from dams, were reported during 2014. The Group issued an alert to the business units on critical water infrastructure maintenance practices and design specifications, and on the management of water quality.

## TECHNOLOGY

Investing in new integrated water technology solutions is one of our most important technology focus areas and 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.

The implementation of many good-practice 'now' technologies, related to fine tailings management, evaporation control and haul road dust suppression in particular, is standard at most operations. Our approach to the development of 'new' and 'next-generation' technology is to partner with universities, research bodies, technology suppliers and other stakeholders to explore technology options relating to water efficiency, water infrastructure, water-pollution prevention and treatment, water management concepts and water sourcing.

The outcomes of our research partnerships are shaping our understanding of the future technology needs of mining and, in turn, what our own technology development path should be. We also work with various international research institutions on modelling the potential regional impacts of changes in precipitation resulting from climate change.

## ENGAGEMENT AND PARTNERSHIPS

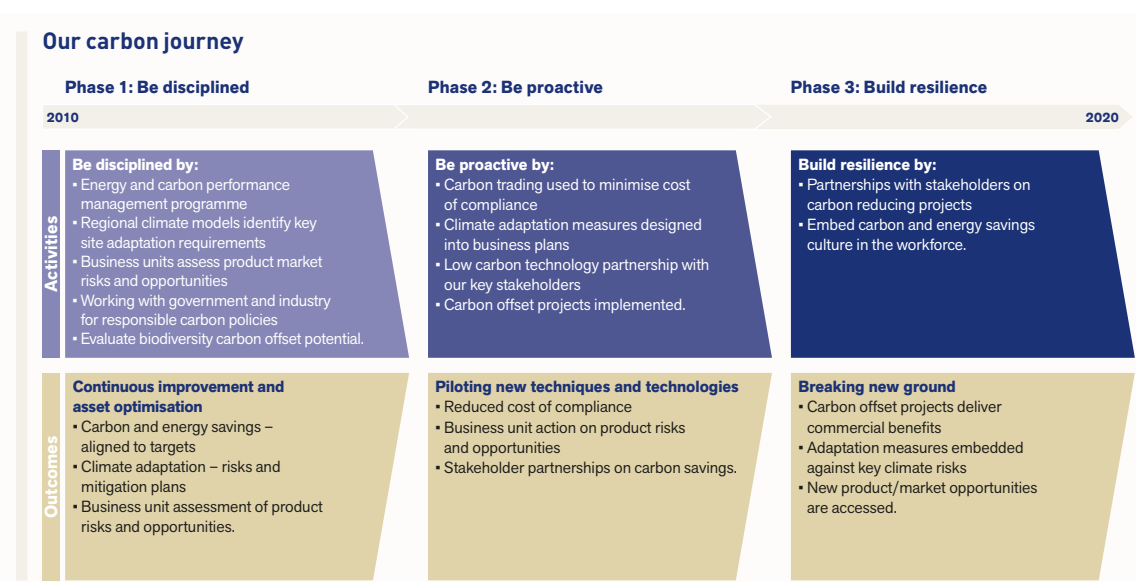
Our engagements with host governments, industry associations, local authorities, communities, NGOs, businesses, suppliers and other stakeholders on water-related issues are an integral part of our water journey.

With legislation tightening, we need to engage effectively to ensure we meet permitting requirements and maintain our water licences. Stricter water discharge quality regulations have been implemented in South Africa, Canada and Peru. Authorities in Chile are enforcing legislation more rigorously, as part of the country's environmental regulation reform process.

Our involvement in national and local water partnerships is well established, in particular in South Africa and Chile, where we are engaged in several long term projects. We continue to participate in a number of important water-related forums, such as the Strategic Water Partners Network programme aimed at addressing South Africa's water shortages.

# CLIMATE CHANGE AND ENERGY

Climate change has potentially significant implications for our activities, as a result of governmental policy measures, and changing demand for our products, as well as the physical impacts of a changing climate, such as water scarcity, on our operations and neighbouring communities.



## DELIVERING ON OUR STRATEGY

Our climate change strategy guides our response to the key climate change issues we face. 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.

This year was the fourth 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. Most of our operations have advanced beyond the first 'be disciplined' stage, into the 'be 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, ECO<sub>2</sub>MAN. The programme enables us to analyse our activities and identify opportunities to reduce energy consumption and carbon emissions, and report performance in a consistent manner. ECO<sub>2</sub>MAN is supported by a mandatory carbon and energy technical standard.

## OPERATIONAL EXCELLENCE

We are on track to meet the 2015 energy- and carbon-reduction objectives and targets that were agreed in 2011. The site targets 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 levels in 2015. We are now defining our longer term performance objectives and targets for energy and carbon. This involves reviewing our performance, opportunities and priorities, as well as considering external inputs, in particular host country and United Nations climate change developments.

In driving operational excellence, our next step is to integrate energy management with optimising productivity. Our approach focuses on reviewing our operational processes and determining performance metrics and lines of accountability.

### Our performance

The Group's total GHG emissions in 2014 remained consistent with 2013 levels (17 Mt CO<sub>2</sub>e for both years), as did energy consumption (2014: 108 million GJ; 2013: 106 million GJ).

The total of 325 projects completed to date accounted for energy savings of 4.3 million GJ (2013: 4.3 million GJ), equivalent to a 5% reduction against our projected energy consumption in 2014. Our target is 7% against the projected consumption by 2015. The resultant avoided energy cost is estimated at \$105 million.

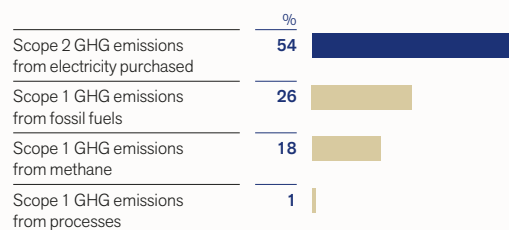
Energy reduction at our operations is being primarily achieved through fuel efficiency, mine ventilation and pumping optimisation. The future cost of energy is also taken into account in procurement decisions.

Most business units are on track towards achieving their carbon-saving targets which contribute to the Anglo American target of 19%. The avoided emissions for 2014 amounted to 4.2 million tonnes, largely through our Australian Coal business's management of underground methane, which prevents 3.7 million tonnes of GHG emissions from entering the atmosphere each year.

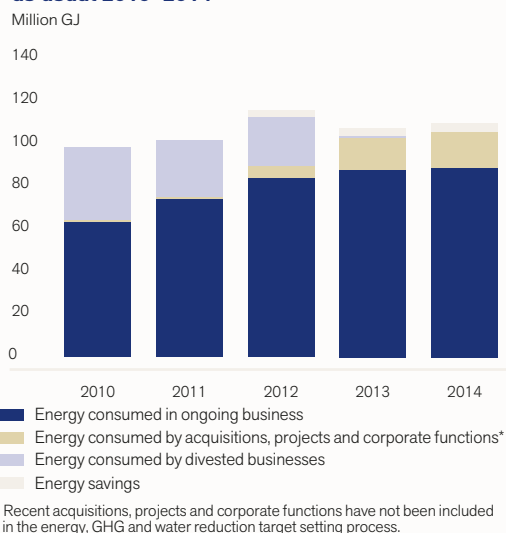
### Energy security

In South Africa, power supply is severely constrained owing to the absence of an operating reserve margin. The national power utility, Eskom, is having to use plants designed for peak periods for base load supply, with load shedding to accommodate major unplanned outages, such as the collapse of the coal storage silo at the Majuba power station. This situation is expected to persist over the medium term, with the first units of at the new Medupi and Kusile power station expected to enter into operation over phases from 2015 to 2016. To manage the power disruption risk, our operations have prioritised load reduction schedules and emergency preparedness plans.

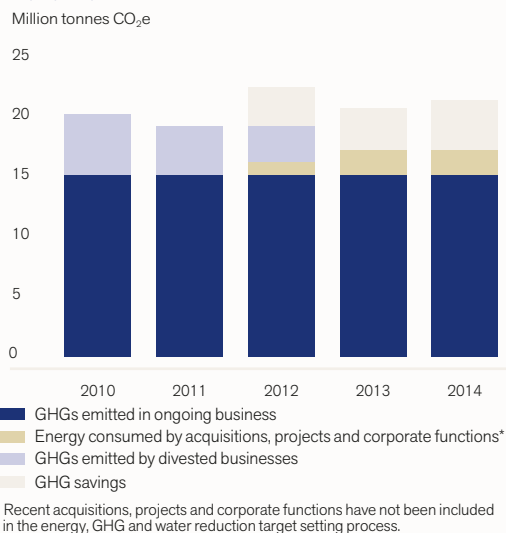
### Total GHG emissions by source



### Total energy consumed against business as usual 2010–2014



### Total GHG emissions against business as usual 2010–2014



## COAL AND THE TRANSITION TO A LOW CARBON FUTURE



**Image**  
At Zibulo coal mine, in South Africa, metallurgist Boniswa Dladla and opencast section engineer Ernest Mandere examine coal ready for export.

Anglo American believes that there will be a transition over the long term towards a low carbon future that will encompass a progressively more diverse energy mix. Independent forecasters foresee a significant continuing role for coal in the energy mix up to 2040, including under policy scenarios that successfully limit global warming to 2°C. Coal has played a vital role in supporting poverty alleviation and sustaining prosperity and is a preferred power source, particularly in emerging economies.

We believe that the roadmap to reduced CO<sub>2</sub> emissions from coal-fired power generation involves two steps: first, more efficient coal combustion and, secondly, in the longer term, the deployment of carbon capture and storage technologies. Replacing the world's inefficient coal plants with existing ultra-supercritical combustion technology would cut carbon emissions by the equivalent of India's entire current carbon emissions, or almost 200 times current global solar PV generating capacity.

That reality should have the effect of driving an even greater focus on developing technologies to ensure that coal-fired power stations reduce their CO<sub>2</sub> emissions, for the world to achieve its carbon reduction targets. We are committed to being part of that solution through supporting low carbon technology development and adoption.

We have developed a 2017 coal stewardship vision and plan, in which we seek to leverage our influence and resources to motivate for the responsible use of coal.

Our focus areas are:

- to support customers in their efforts to reduce their own social and environmental impacts
- to play an active role in accelerating the identification and commercialisation of sustainable coal technologies and to be an early adopter of industry best practice on innovation
- to act as an agent of change in demonstrating, promoting, extending and improving industry best practice
- to be a trusted partner to host country governments and to participate actively in key policy areas
- for Anglo American to be perceived as an accountable and sustainable company, and to reinforce public understanding of the importance of coal in the energy mix.

Our portfolio also includes metals that are likely to see a major increase in demand as low carbon energy generation expands, most notably platinum and copper.

**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 2012, we partnered with the UK Met Office to prioritise all our projects and operating regions in terms of when climate change 'time of emergence' signals are likely to arise. This ranking remains valid and serves as a basis for the selection and assessment of climate change adaptation measures at our sites. With regard to climate change, our high risk sites are located in Peru and Chile, while several of our operations globally are vulnerable to extreme weather events. To further develop our capacity to assess and respond to the potential physical impacts of climate change, in 2014 we piloted an approach using global models in a local context at De Beers' Venetia mine in South Africa. The outcomes of this research helped to improve mine planning.

**TECHNOLOGY AND INNOVATION**

FutureSmart™ represents our new drive to find a more sustainable approach to mining, through working with a range of partners. It will accelerate our ability to use innovation and technology to address our critical challenges and find safer, more efficient, environmentally friendly and sustainable ways to unlock mineral value. Through the use of open forums, which bring together experts from within the Group, peers, research institutions and technology providers, we will collaborate to find innovative solutions to global challenges around mining, processing and sustainability. One such open forum has been created to focus specifically on sustainability.

With regard to energy and carbon management, the implementation of best-available technologies in underground ventilation, diesel use, pumping, and conveyor optimisation is becoming standard practice in our operations. Innovative initiatives include investing in the harnessing and re-use of energy, such as waste-heat recovery from Platinum's smelter at Waterval in Rustenburg, South Africa and Coal South Africa's 1 megawatt (MW) equivalent solar photovoltaic project. In 2015, Platinum's Amandelbult concentrator will challenge conventional efficiencies in slurry pumping through piloting a new slurry pump, aiming to achieve significant water and power savings.

Towards the end of 2014, the South African government selected the Kathu Solar Park, with an output capacity of up to 100 MW, as a preferred bidder in its Renewable Energy Independent Power Producer Programme. Anglo American helped develop the project proposal using funding from Zimele, and provided the land on which the project will be built.

Our longer term partnership research programmes include exploring the use of liquefied petroleum gas and methane capture to power trucks, introducing clean-coal technology, and piloting platinum-based fuel cells as an alternative power system for underground locomotives. During 2014, we began trials to grow bamboo on our rehabilitated land as a biomass feedstock for power generation.

We have longstanding research partnerships, including with MBD Energy in Australia on algal synthesis, and fuel cell company, Altergy, and the South African 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.

In South Africa, the government's proposed implementation of a carbon tax in 2016 would introduce a higher carbon cost for our business. A draft paper on carbon budgets and offsetting was issued in 2014, to which we submitted a formal response. In Australia, the government has repealed the former government's carbon-pricing scheme and introduced the Direct Action Plan, which involves the crediting and purchasing of emissions reductions, which could benefit our Coal Australia business. In Chile, the government plans to introduce a carbon tax, in 2018, of \$5 per tonne of carbon dioxide emitted by thermal power plants. Brazil is developing a national system for emissions reporting and the government is assessing options for implementing an emissions cap and a carbon trading market in the medium term.

Anglo American supports the ICMM'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.

## MINE VENTILATION SYSTEM OPTIMISATION TO REALISE ENERGY SAVINGS



**Image**  
Assistant electrician Zama Mbatha and electrician Hein Neethling inspect surface ventilation fans at our Goedeheop colliery in South Africa.

For underground mines, air ventilation is a significant area of energy usage. The implementation of ventilation fan system energy-efficiency improvements at our Coal and Platinum operations in South Africa over the past three years has achieved energy and CO<sub>2</sub> emission savings that have greatly contributed towards meeting our 2015 energy- and carbon-management targets.

Ventilation systems are critical to ensure safe working conditions for our people underground. They provide fresh, cool air, and dilute and remove flammable gases as well as machine exhaust gases. The systems run continuously 24 hours a day, throughout the year. When we assess opportunities to reduce ventilation energy demands, our priority is to ensure that the health, safety and comfort of workers are not compromised, while maintaining good ventilation standards.

In 2012, an initial mine ventilation optimisation project at our Goedeheop colliery in South Africa resulted in a variety of energy-efficient ventilation changes achieving considerable energy savings. A number of relatively

low-cost energy savings were realised through maintenance improvements. Interventions included reducing fan speed to suit optimum system airflow, improving fan inlet and outlet duct connections to reduce entry and discharge losses, and replacing components such as inlet guide vanes, gearboxes and motors. The energy consumption of the fans is monitored to verify energy savings and to provide a performance measure to ensure that energy savings are sustained.

Building on the success of the initial project, mine ventilation system optimisation was undertaken across our underground coal mines in South Africa and Platinum's underground mines. Those efficiency opportunities requiring capital typically deliver attractive returns, with less than two years' payback on the outlay. The programme has generated a collective annual energy saving of just over 1.8 MW (enough to power 1,730 mid-sized homes for a year), which is equivalent to 16,700 tonnes CO<sub>2</sub>e. The energy-cost saving for Coal South Africa alone amounts to around \$1.3 million per year. Mine ventilation optimisation is now being driven across the Group.

# 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, reasonable and limited assurance engagement in respect of selected sustainability information reported in the Company's Sustainable Development Report for the year ending 2014 (the "Report"). This report is produced in accordance with the terms of our contract with the Company dated 09 October 2014.

## 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 multi-disciplinary team of health, safety, environmental and assurance specialists with extensive experience in sustainability reporting.

## SCOPE AND SUBJECT MATTER

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

### Reasonable assurance

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

- Total work-related fatal injuries (page 75)
- Fatal injury frequency rate (FIFR) (Page 75)
- Lost time injury frequency rate (LTIFR) (page 75)
- Total recordable case frequency rate (TRCFR) (page 75)
- Total number of new cases of occupational diseases (page 77)
- Total number of new cases of noise induced hearing loss (Page 77)
- Total CO<sub>2</sub> emissions from fossil fuels in million tonnes (page 79)
- Total CO<sub>2</sub> emissions from electricity purchased in million tonnes (page 79)
- Total energy used in million GJ (excluding processes) (page 79)
- Total number of Level 2, 3, 4 and 5 environmental incidents reported (page 79)

### Limited assurance

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

- Number of employees participating in VCT in South Africa (page 78)
- Total water used for primary activities in million m<sup>3</sup> (page 79)

- Total water used for non-primary activities in million m<sup>3</sup> (page 79)
- Company managed land in hectares (page 79)
- Total amount spent on corporate social investment (CSI) projects in US\$ (page 80)
- Jobs created/sustained through enterprise development initiatives in South Africa and Chile (page 80)

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 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 the Company's reporting policies set out on page 87 of the Report, and ICMM's sustainable development framework, collectively referred to as 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 is 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.

This report, including the conclusions has been prepared solely for the directors of the Company as a body, to assist the directors in reporting on the Company's sustainable development performance and activities. We permit the disclosure of this report within the Report for the year ended 2014, to enable the directors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the Report. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the directors as a body and the Company for our work or this report, save where terms are expressly agreed and with our prior consent in writing.

**ASSURANCE WORK PERFORMED**

We conducted our reasonable and 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) and, in respect of greenhouse gas emissions, 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 conclusion in respect of the selected sustainability information.

Our procedures relating to the selected sustainability information included the following:

- reviewing processes that Anglo American has in place for determining the identified sustainability information included in the Report
- obtaining an understanding of the systems used to generate, aggregate and report the identified sustainability information
- 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 control walkthroughs
- testing the accuracy of data reported on a sample basis for limited 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 identified sustainability information and related statements in Anglo American'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

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 in respect of 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. It is important to read the Report in the context of the specify reporting policies set out on page 87.

**CONCLUSIONS****Reasonable assurance**


Based on the results of our reasonable assurance procedures, in our opinion the selected sustainability information for the year ended 2014 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 2014, has not been prepared, in all material respects, in accordance with the reporting criteria.

**Other matters**

The maintenance and integrity of the Anglo American website is the responsibility of Anglo American 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 the Anglo American website.


**PricewaterhouseCoopers Inc.**

Director: Jayne Mammatt  
Registered Auditor  
Johannesburg  
11 March 2015

# THE BUSINESS – AN OVERVIEW

as at 31 December 2014

Unless otherwise stated, data included in this report account for 100% of the businesses managed by Anglo American, with the exception of De Beers, where 100% of Namdeb and Debswana is accounted for. Data for acquisitions is included from date of acquisition and divested businesses discontinue reporting from the date of disposal. A spreadsheet of Anglo American sustainability data is available for download at [www.angloamerican.com](http://www.angloamerican.com)

## Iron Ore and Manganese

Kumba Iron Ore (South Africa)	69.7%
Sishen Iron Ore Company <sup>(1)</sup>	73.9%
Minas-Rio (Brazil)	100%
Ferroport (Brazil) <sup>(2)</sup>	50%
Samancor (South Africa and Australia)	40%

## Coal

Overall ownership: **100%**

### 100% owned

#### Australia

Callide
Grosvenor
Monash Energy Holdings Ltd

#### Canada

Peace River Coal
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#### South Africa

Goedehoop
Greenside
Isibonelo
Kleinkopje
Landau
New Denmark
New Vaal

### Other interests

#### Australia

Capcoal	70%
Dartbrook	83.3%
Dawson	51%
Drayton	88.2%
Foxleigh	70%
Moranbah North	88%
Jellinbah	23.3%

#### Australia – other

Dalrymple Bay Coal Terminal Pty Ltd	25.4%
Newcastle Coal Shippers Pty Ltd	17.6%
MBD Energy Ltd	19.2%

#### South Africa

Mafube	50%
Phola plant	50%
Kriel <sup>(3)</sup>	73%
Zibulo <sup>(3)</sup>	73%

#### South Africa – other

Richards Bay Coal Terminal	23.2%
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#### Colombia

Carbones del Cerrejón	33.3%
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## Copper

Overall ownership: **100%**

### 100% owned

#### Chile

Mantos Blancos <sup>(4)</sup>
Mantoverde <sup>(4)</sup>

### Other interests

#### Chile

Chagres	50.1%
El Soldado	50.1%
Los Bronces	50.1%
Collahuasi	44%

#### Peru

Quellaveco	81.9%
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<sup>(1)</sup> The 73.9% interest in Sishen Iron Ore Company (SIOC) is held indirectly through Kumba Iron Ore, in which the Group has a 69.7% interest. A further 3.1% interest in SIOC is held by the Kumba Envision Trust for the benefit of participants in Kumba's broad based employee share scheme for non-managerial Historically Disadvantaged South African employees. The Trust meets the definition of a subsidiary under IFRS, and is therefore consolidated by Kumba Iron Ore. Consequently the effective interest in SIOC included in the Group's results is 53.7%.

<sup>(2)</sup> Ferroport owns and operates the iron ore handling and shipping facilities at the port of Açú which is currently under construction (formerly referred to as LLX Minas-Rio).

<sup>(3)</sup> Kriel and Zibulo form part of the Anglo American Inyosi Coal Black Economic Empowerment (BEE) company, of which Anglo American owns 73%.

<sup>(4)</sup> Non-controlling interest of 0.018%.

<b>Nickel</b>		Overall ownership:	100%
<b>100% owned</b>			
<b>Brazil</b>			
Codemin			
Barro Alto			
<b>Niobium</b>		Overall ownership:	100%
<b>100% owned</b>			
<b>Brazil</b>			
Anglo American Nióbio Brasil Limitada			
<b>Phosphates</b>		Overall ownership:	100%
<b>100% owned</b>			
<b>Brazil</b>			
Anglo American Fosfatos Brasil Limitada			
<b>Platinum</b>		Overall ownership:	78% <sup>(1)</sup>
<b>100% owned</b>			
<b>South Africa</b>			
Bathopele Mine			
Thembelani Mine			
Siphumelele Mine			
Tumela Mine			
Dishaba Mine			
Mogalakwena Mine			
Western Limb Tailings Retreatment			
Waterval Smelter (including converting process)			
Mortimer Smelter			
Polokwane Smelter			
Rustenburg Base Metals Refinery			
Precious Metals Refinery			
Twickenham Mine			
<b>Zimbabwe</b>			
Unki Mine			
<b>Other interests</b>			
<b>South Africa</b>			
Union Section		85%	
Masa Chrome Company		50.1%	
<b>Joint operations or sharing agreements</b>			
Modikwa Platinum Joint Operation		50%	
Kroondal Pooling and Sharing Agreement		50%	
Mototolo Joint Operation		50%	
<b>Associates</b>			
Bokoni		49%	
Pandora		42.5%	
Bafokeng-Rasimone		33%	
Atlatsa Resources Corporation		23%	
Johnson Matthey Fuel Cells		17.5%	
<b>South Africa – other</b>			
Wesizwe Platinum Limited		13%	
Royal Bafokeng Platinum Limited		11.6%	
<b>De Beers</b>		Overall ownership:	85%
<b>100% owned</b>			
<b>South Africa</b>			
De Beers Group Services (Exploration and Services)			
De Beers Marine			
<b>Synthetic Diamond Supermaterials</b>			
Element Six Technologies			
<b>Canada</b>			
De Beers Canada			
Snap Lake			
Victor			
<b>Sales</b>			
De Beers Global Sightholder Sales			
Auction Sales			
<b>Brands</b>			
Forevermark			
<b>Other interests</b>			
<b>South Africa</b>			
De Beers Consolidated Mines <sup>(2)</sup>		74%	
Venetia			
Voorspoed			
Kimberley			
De Beers Sightholder Sales			
South Africa			
<b>Botswana</b>			
Debswana <sup>(4)</sup>		50%	
Damtshaa			
Jwaneng			
Orapa			
Letlhakane			
<b>Canada</b>			
De Beers Canada			
Gahcho Kué		51%	
<b>Namibia</b>			
Namdeb Holdings <sup>(3)</sup>		50%	
Namdeb Diamond Corporation			
Mining Area 1			
Orange River			
Elizabeth Bay			
Alluvial Contractors			
Debmarmine Namibia			
Atlantic 1			
<b>Sales</b>			
DTC Botswana		50%	
Namibia DTC		50%	
<b>Synthetic Diamond Supermaterials</b>			
Element Six Abrasives		60%	
<b>Brands</b>			
De Beers Diamond Jewellers		50%	
<b>Corporate and other</b>			
<b>100% owned</b>			
Vergelegen (South Africa)			
<b>Other interests</b>			
<b>Aggregates and building materials</b>			
Lafarge Tarmac Holdings Limited		50%	
Tarmac Middle East		50%	
Exxaro Resources (southern Africa and Australia)		9.8%	

<sup>(1)</sup> The Group's effective interest in Anglo American Platinum is 79.8%, which includes shares issued as part of a community empowerment deal.

<sup>(2)</sup> The 74% interest in De Beers Consolidated Mines (DBCM) is held indirectly through De Beers Société Anonyme (De Beers). The 74% interest represents De Beers' legal ownership share in DBCM. For accounting purposes De Beers consolidates 100% of DBCM as it is deemed to control the BEE entity which holds the remaining 26%. The Group's effective interest in DBCM is 85%.

<sup>(3)</sup> The 50% interest in Namdeb Holdings is held indirectly through De Beers. In November 2011 the Government of the Republic of Namibia and De Beers restructured their mining partnership, creating a 50:50 holding company, Namdeb Holdings (Pty) Limited, with full ownership of Namdeb Diamond Corporation (Pty) Limited and De Beers Marine Namibia (Pty) Limited (now trading as Debmarmine Namibia). All mining licences were transferred to the newly formed company. The Group's effective interest in Namdeb Holdings is 42.5%.

<sup>(4)</sup> The 50% interest in Debswana is held indirectly through De Beers. The Group's effective interest in Debswana is 16.3%.

# SAFETY DATA

Safety					
Business unit	2014	2013	2012	2011	2010
<b>Anglo American managed operations</b>					
Work-related loss of life <sup>(1)</sup>	6	15	13	17	15
Fatal injury frequency rate (FIFR)	0.003	0.008	0.007	0.009	0.008
Total recordable case frequency rate (TRCFR)	0.81	1.08	1.29	2.01	1.44
Lost-time injury frequency rate (LTIFR)	0.35	0.49	0.58	0.64	0.64
<b>Kumba Iron Ore</b>					
Work-related loss of life	1	0	2	0	3
FIFR	0.005	0.000	0.010	0.000	0.017
TRCFR	0.87	0.82	0.71	0.77	1.24
LTIFR	0.23	0.18	0.10	0.08	0.12
<b>Iron Ore Brazil</b>					
Work-related loss of life	0	0	0	1	0
FIFR	0.000	0.000	0.000	0.006	0.000
TRCFR	0.23	0.23	0.22	0.19	0.36
LTIFR	0.08	0.005	0.01	0.01	0.02
<b>Coal</b>					
Work-related loss of life	2	3	2	2	1
FIFR	0.009	0.013	0.008	0.008	0.004
TRCFR	0.68	0.83	1.12	1.31	1.39
LTIFR	0.40	0.44	0.68	0.84	0.91
<b>Copper</b>					
Work-related loss of life	0	1	0	1	0
FIFR	0.000	0.006	0.000	0.005	0.000
TRCFR	0.49	0.61	0.61	0.66	0.70
LTIFR	0.14	0.20	0.20	0.19	0.25
<b>Nickel</b>					
Work-related loss of life	0	0	1	0	0
FIFR	0.000	0.000	0.030	0.000	0.000
TRCFR	0.93	1.71	1.43	1.22	1.11
LTIFR	0.17	0.16	0.12	0.22	0.07
<b>Niobium</b>					
Work-related loss of life	0	0	0	0	0
FIFR	0.000	0.000	0.000	0.000	0.000
TRCFR	1.75	2.18	1.94	1.87	1.50
LTIFR	0.30	0.17	0.46	0.31	0.84
<b>Phosphates</b>					
Work-related loss of life	0	0	0	0	1
FIFR	0.000	0.000	0.000	0.000	0.041
TRCFR	1.53	0.99	1.10	0.96	1.04
LTIFR	0.66	0.40	0.37	0.11	0.21
<b>Platinum</b>					
Work-related loss of life	3	6	7	12	8
FIFR	0.006	0.010	0.011	0.018	0.012
TRCFR	1.22	1.83	2.13	4.09	2.08
LTIFR	0.69	1.05	1.15	1.27	1.17

Safety					
Business unit	2014	2013	2012	2011	2010
<b>De Beers</b>					
Work-related loss of life	0	0	0	–	–
FIFR	0.000	0.000	0.000	–	–
TRCFR	0.63	0.78	1.17	–	–
LTIFR	0.17	0.19	0.32	–	–
<b>Exploration, corporate offices and Vergelegen</b>					
Work-related loss of life	0	0	0	0	0
FIFR	0.000	0.000	0.000	0.000	0.000
TRCFR	0.43	0.51	0.46	0.64	0.58
LTIFR	0.11	0.30	0.16	0.22	0.19
<b>Divested businesses</b>					
Work-related loss of life	0	5	1	1	2
FIFR	0.000	0.161	0.005	0.005	0.007
TRCFR	2.21	0.71	0.94	0.89	1.36
LTIFR	0.00	0.23	0.25	0.21	0.33

<sup>(1)</sup> At end-2013, two colleagues remained unaccounted for following the geotechnical event at the Port of Santana in which six people were involved. A certificate of presumed death has subsequently been issued for one person and the number of loss of life incidents in 2013 has been restated to 15.

# HEALTH DATA

## Employees potentially exposed to hazards<sup>(1)</sup>

	2014	2013	2012	2011	2010
Total number of employees	<b>99,908</b>	101,074	85,763	95,961	90,473
Noise	<b>42,585</b>	46,916	44,593	44,050	49,338
Coal dust (respirable particulate)	<b>6,057</b>	6,010	5,809	4,750	3,511
Respirable crystalline silica	<b>3,970</b>	7,890	7,078	4,624	3,454
Known cause of occupational asthma	<b>612</b>	335	1,987	3,027	4,266
Exposed to the risk of tuberculosis	<b>2,312</b>	6,125	6,823	4,569	5,080
Known cause of occupational cancers	<b>5,068</b>	2,765	1,108	585	–
Malaria	<b>17</b>	31	–	–	–
Hand-arm vibration	<b>4,721</b>	5,653	6,034	805	1,253
Platinum compounds, soluble (Platinum salt)	<b>0</b>	43	214	18	155

<sup>(1)</sup> The figures in the table above include employees working in environments where hazards are at levels from 50% to above the occupational exposure limit, when no controls are in place.

## New cases of occupational disease

	2014	2013	2012 <sup>(2)</sup>	2011	2010
Noise-induced hearing loss	<b>94</b>	132	85	117	173
Musculoskeletal disorder	<b>49</b>	41	48	34	21
Coal-workers' pneumoconiosis	<b>15</b>	13	16	14	16
Chronic obstructive airways disease	<b>8</b>	10	7	4	7
Occupational asthma	<b>1</b>	4	3	2	2
Occupational tuberculosis	<b>2</b>	2	5	9	19
Pneumoconiosis due to other fibrogenic dust	<b>–</b>	–	0	1	3
Occupational dermatitis	<b>6</b>	3	4	5	2
Other occupational diseases	<b>0</b>	2	5	7	7
Occupational cancers	<b>0</b>	1	1	0	0
Malaria	<b>0</b>	1	–	–	–
Silicosis	<b>0</b>	0	0	3	0
Hand-arm vibration syndrome	<b>0</b>	0	0	1	18
Platinum salt sensitivity	<b>0</b>	0	0	0	0
<b>Total</b>	<b>175</b>	<b>209</b>	<b>174</b>	<b>197</b>	<b>268</b>

## Occupational disease incidence rates

	2014	2013	2012	2011	2010
Total occupational disease incidence rate (per 200,000 hours worked)	<b>0.175</b>	0.217	0.185	0.205	0.284
Noise-induced hearing loss	<b>0.221</b>	0.281	0.185	0.266	0.363
Musculoskeletal disorder	<b>0.049</b>	0.043	0.051	0.035	0.022
Coal-workers' pneumoconiosis	<b>0.248</b>	0.216	0.275	0.296	0.457
Chronic obstructive airways disease	<b>0.080</b>	0.072	0.054	0.038	0.148
Occupational asthma	<b>0.001</b>	1.194	0.151	0.067	0.049
Occupational dermatitis	<b>0.006</b>	0.003	0.004	0.005	0.002
Occupational tuberculosis	<b>0.087</b>	0.032	0.073	0.277	0.378
Other occupational diseases	<b>0.000</b>	0.002	0.006	0.007	0.007
Occupational cancers	<b>0.000</b>	0.036	0.090	0.000	0.000
Malaria	<b>0.000</b>	3.226	0.000	0.000	0.000
Silicosis	<b>0.000</b>	0.000	0.000	0.065	0.000
Hand-arm vibration syndrome	<b>0.000</b>	0.000	0.000	0.124	2.013
Platinum salt sensitivity	<b>0.000</b>	0.000	0.000	0.000	0.000

## HIV/AIDS

	2014	2013	2012 <sup>(2)</sup>	2011	2010
Employees in high HIV-burden countries <sup>(1)</sup>	<b>69,238</b>	68,884	70,720	77,075	73,129
Estimated HIV prevalence rate (%)	<b>16.3</b>	16.3	16.8	16.7	16.5
Number of employee voluntary testing and counselling (VCT) cases	<b>59,813</b>	51,954	57,847	–	–
HIV counselling and testing participation (%)	<b>86</b>	75	82	92	94
Number of new HIV cases	<b>543</b>	529	527	902	–
Estimated number of HIV-positive employees	<b>11,278</b>	11,243	11,884	12,864	12,066
HIV incidence rate	<b>0.91</b>	1.02	0.91	–	–
Estimated HIV+ enrolment in Anglo American HIV wellness programmes (%)	<b>78</b>	75	70	61	59
Estimated HIV+ employees on anti-retroviral therapy (ART) (%)	<b>53</b>	47	45	37	33
AIDS deaths (including tuberculosis cases)	<b>89</b>	125	–	–	–
Number of contractor VCT cases	<b>48,421</b>	40,814	37,397	–	–

## Tuberculosis

	2014	2013	2012 <sup>(2)</sup>	2011	2010
New cases of tuberculosis (TB)	<b>544</b>	734	677	913	727
TB incidence rate per 100,000 employees	<b>786</b>	1,066	958	1,185	994
Proven TB deaths	<b>52</b>	63	59	65	–

<sup>(1)</sup> HIV/AIDS and TB data includes Anglo American's operations in South Africa and Zimbabwe only.

<sup>(2)</sup> Excludes non-core businesses and De Beers.

# ENVIRONMENT DATA

## Environment

	2014	2013	2012	2011	2010
<b>GHG emissions (Mt CO<sub>2</sub>e)</b>					
Scope 1 emissions <sup>(1)</sup>	7.97	7.29	8.73	9.35	9.6
Scope 2 emissions	9.46	9.82	9.74	9.43	10.16
Total CO <sub>2</sub> e	17.44	17.11	18.48	18.77	19.76
<b>Energy consumption (million GJ)</b>					
Energy from electricity	44.24	46.03	47.69	43.20	44.83
Energy from fossil fuels	61.01	57.43	62.94	57.15	53.71
Energy from renewable fuels	2.43	2.22	2.27	2.01	0.00
Total energy	107.68	105.69	112.90	102.36	99.97
<b>Water (million m<sup>3</sup>)</b>					
Total new water consumed <sup>(2)</sup>	194.73	200.81	156.42	124.14	125.06
Water re-used/recycled in processes	423.9	417.16	368.92	261.45	286.97
Total water required	618.64	617.96	525.34	385.59	412.03
Percentage of total water required which is re-used/recycled	68.52	68.75	62.66	70.01	69.52
<b>Land (ha)</b>					
Company-managed land <sup>(3)</sup>	1,676,453	466,613	495,975	523,701	560,115
Land altered by mining activities and supporting infrastructure	109,442	84,214	97,679	88,478	85,332
Land fully rehabilitated	18,107	16,827	17,821	14,973	14,005
<b>Environmental incidents<sup>(4)</sup></b>					
Level 3	14	30	21	26	–
Level 4	1	0	1	1	–
Level 5	0	0	0	0	–
<b>Air emissions (1,000 t)</b>					
Total SO <sub>2</sub> emissions from diesel used and processes	33.96	35.97	41.47	42.03	37.01
Total NO <sub>2</sub> emissions from diesel used and processes	43.49	40.41	36.58	0	0

<sup>(1)</sup> Scope 1 emissions include CO<sub>2</sub> from fossil fuels, which amounts to 4.6 million tonnes of CO<sub>2</sub>e. The PwC assurance scope for total energy consumed from fossil fuels in 2014 excluded energy from processes. Excluding energy from processes, the 2014 figure to 105.25 million GJ of energy.

<sup>(2)</sup> Total new water consumed included water used for primary and non-primary purposes. In 2014, water used for primary activities amounted to 177 million m<sup>3</sup> and water used for non-primary activities amounted to 18 million m<sup>3</sup>.

<sup>(3)</sup> Land data for De Beers has been included from 2014. The definition was changed in 2012 to include only company managed land.

<sup>(4)</sup> Classification of environmental incidents were revised from level 1–3 to level 1–5 in 2011. Data for 2010 is therefore not comparable. During 2014, 727 Level 2 environmental incidents were recorded.

# SOCIO-ECONOMIC DATA

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

	South Africa	Chile	Australia	UK	Brazil	Peru	Zimbabwe	Namibia	Canada	Botswana	Other	Total
Profits	478	382	7	22	331	0	0	200	2	570	12	<b>2,004</b>
Transactions	6	2	0	5	58	0	0	17	0	0	1	<b>89</b>
Labour	3	35	81	36	43	1	0	0	12	1	5	<b>217</b>
Royalties and environmental	174	50	182	0	8	0	0	100	0	397	13	<b>924</b>
Capital gains												
Other	2	7	17	11	5	0	14	21	15	20	-13	<b>99</b>
Total borne	663	476	287	74	445	1	14	338	29	988	18	<b>3,333</b>
Total collected	585	108	159	133	184	6	8	43	59	44	18	<b>1,347</b>
<b>Total</b>	<b>1,248</b>	<b>584</b>	<b>446</b>	<b>207</b>	<b>629</b>	<b>7</b>	<b>22</b>	<b>381</b>	<b>88</b>	<b>1,032</b>	<b>36</b>	<b>4,680</b>

## Human resources

	2014	2013	2012	2011	2010
Full-time employees (annual average)	<b>99,908</b>	101,074	85,763	95,961	90,473
Contractors (annual average)	<b>51,320</b>	57,818	50,556	50,747	49,695
Women in management (%)	<b>24</b>	23	23	22	21
'Historically disadvantaged South Africans' in management (% of South African management)	<b>60</b>	64	62	51	46
Resignations (%)	<b>2.0</b>	2.0	2.4	2.7	2.4
Redundancies (%)	<b>0.9</b>	4.1	0.6	1.4	2.1
Dismissals (%)	<b>1.0</b>	1.5	1.4	1.1	1.3
Other reasons for leaving (%)	<b>1.9</b>	2.7	2.4	0.3	2.8

### Note:

In 2013, De Beers data was included for head count (full-time employees and contractors) only. 2014 data includes De Beers for all indicators reported here.

## Social

	2014	2013	2012	2011	2010
CSI expenditure (\$ million)	<b>135.8</b>	127.5	145.7	129	111
CSI expenditure (% of pre-tax profit)	<b>3</b>	2.2	2.8	1.0	1.0
Procurement: BEE expenditure (ZAR billion)	<b>39.3</b>	32.4	25.8	23.3	20.9
Procurement: localised expenditure (\$ billion)	<b>1.81</b>	1.63	1.54	1.13	–
Procurement: localised expenditure (% of total)	<b>14.7</b>	12.3	11.3	9.5	–
Businesses supported through enterprise development initiatives (since 2008)	<b>58,257</b>	48,111	40,217	38,681	9,392
Jobs created/sustained through enterprise development initiatives (since 2008) <sup>(1)</sup>	<b>96,873</b>	76,543	64,927	47,070	17,200

<sup>(1)</sup> The number of jobs created/sustained in 2014 included 8,204 in South Africa and 20,667 in Chile.

# GRI G4 INDEX

We report in line with the requirements of the Global Reporting Initiative (GRI). Based on our internal assessment, we believe the 2014 report is compliant with the 'core' option of the G4 Guidelines.

## Strategy and analysis

Indicator	Disclosure
<b>G4-1</b> CEO / Chair statement	Sustainable Development Report 2014 (SDR): 3–4; 7–8
<b>G4-2</b> Provide a description of key impacts, risks, and opportunities	SDR: 11–13

## Organisational profile

Indicator	Disclosure
<b>G4-3</b> Report the name of the organisation	Anglo American
<b>G4-4</b> Report the primary brands, products, and services	SDR: 5–6
<b>G4-5</b> Report the location of the organisation's headquarters	London, UK
<b>G4-6</b> Countries of operation	SDR: 5–6
<b>G4-7</b> Report the nature of ownership and legal form	Public Limited Company; 73–74
<b>G4-8</b> Report the markets served	Annual Report 2014 (AR)
<b>G4-9</b> Report the scale of the organisation	SDR: 5–6; 30
<b>G4-10</b> Workforce scale and split	SDR: 30
<b>G4-11</b> Percentage of total employees covered by collective bargaining agreements	SDR: 30
<b>G4-12</b> Describe the organisation's supply chain	SDR: 22
<b>G4-13</b> Significant changes to organisation (size, structure, ownership, etc)	None
<b>G4-14</b> Report whether and how the precautionary approach or principle is addressed	SDR: 56
<b>G4-15</b> List external initiatives signed up to	SDR: 86
<b>G4-16</b> List association memberships/participation	www.angloamerican.com

## Identified material aspects and boundaries

Indicator	Disclosure
<b>G4-17</b> List all entities included in reporting scope	SDR: 73–74
<b>G4-18</b> Explain implementation of Principles for Defining Report Content	SDR: 11
<b>G4-19</b> List material Aspects identified in the process for defining report content	SDR: 11–13
<b>G4-20</b> For each material Aspect, report the Aspect Boundary within the organisation	SDR: 73
<b>G4-21</b> For each material Aspect, report the Aspect Boundary outside the organisation	SDR: 73
<b>G4-22</b> Report effect of, and reasons for, any restatements of information	SDR: 76 (The number of loss of life incidents in 2013 has been restated to 15.)
<b>G4-23</b> Report significant changes in the Scope and Aspect Boundaries	None

## Report profile

Indicator	Disclosure
<b>G4-28</b> Reporting period (such as fiscal or calendar year) for information provided	2014
<b>G4-29</b> Date of most recent previous report	2013
<b>G4-30</b> Reporting cycle	January–December
<b>G4-31</b> Provide the contact point for questions regarding the report or its contents	SDR: 87
<b>G4-32</b> Report the 'in accordance' option, content index, external assurance	SDR: 2
<b>G4-33</b> External assurance policy, practice and scope	SDR: 2; 71–72

## Governance

Indicator	Disclosure
<b>G4-34</b> Report the governance structure of the organisation	AR: 71; SDR: 19–20
<b>G4-35</b> Process for delegating authority for SHEC from the highest governance body to senior executives and other employees	SDR: 19–20
<b>G4-36</b> Executive leadership structures around SD	SDR: 21–22
<b>G4-38</b> Composition of the highest governance body and its committees	AR: 65–70; 72
<b>G4-39</b> Report whether the chair of the highest governance body is also an executive officer	AR: 66
<b>G4-40</b> Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members	AR: 77
<b>G4-41</b> Report processes for the highest governance body to ensure conflicts of interest are avoided and managed	<a href="http://www.angloamerican.com">www.angloamerican.com</a>
<b>G4-42</b> Report the highest governance bodies' and senior executives' roles in BPs, policies and strategies	SDR: 19
<b>G4-44</b> Report the processes for evaluation of the Board and steps taken to address findings	AR: 75
<b>G4-45</b> Report the Board's role in the identification and management of SD issues and the role of external consultation	SDR: 19
<b>G4-46</b> Report the Board's role in reviewing the effectiveness of the organisation's risk management processes for SD	SDR: 19
<b>G4-47</b> Report the frequency of the Board's review of SD	SDR: 19
<b>G4-48</b> Report the highest committee or position that formally reviews and approves the organisation's SD report	SDR: 19
<b>G4-49</b> Report the process for communicating critical concerns to the highest governance body	SDR: 23

## Ethics and Integrity

Indicator	Disclosure
<b>G4-56</b> Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	SDR: 21
<b>G4-58</b> Report the internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	SDR: 23
<b>G4-SO4</b> Communication and training on anti-corruption policies and procedures	SDR: 23
<b>G4-SO5</b> Confirmed incidents of corruption and actions taken	None
<b>G4-SO6</b> The total value of political contributions by country and recipient/beneficiary	None

## SPECIFIC STANDARD DISCLOSURES

 Permitting and compliance

Indicator	Disclosure
<b>G4-SO8</b> Monetary value of significant fines and total number of non-monetary sanctions for social non-compliance with laws and regulations	None
<b>G4-EN29</b> Monetary value of significant fines and total number of non-monetary sanctions for environmental non-compliance with laws and regulations	SDR: 57

 Stakeholder relationships

Indicator	Disclosure
<b>G4-24</b> List stakeholder groups engaged by the organisation	SDR: 18
<b>G4-25</b> Basis for identification and selection of stakeholders with whom to engage	SDR: 17
<b>G4-26</b> Report the organisation's approach to stakeholder engagement	SDR: 17
<b>G4-27</b> Report key topics and concerns raised and how they have been addressed	SDR: 18

 Employees

Indicator	Disclosure
<b>G4-LA1</b> Employee turnover	SDR: 80
<b>G4-MM4</b> Number of strikes and lock-outs exceeding one week's duration, by country	SDR: 30
<b>G4-LA10</b> Programmes for skills development and lifelong learning that support the continued employability of employees and assist them in managing career endings	SDR: 28
<b>G4-LA11</b> Percentage of employees receiving regular performance and career development reviews by gender and employee category	17%
<b>G4-LA12</b> Composition of governance bodies and breakdown of employees by employee category, according to gender, age, minority group	SDR: 28; AR: 65; 72
<b>G4-LA15</b> Significant actual and potential negative impacts for labour practices in the supply chain and actions taken	SDR: 46
<b>G4-LA16</b> Number of grievances about labour practices filed, addressed and resolved through formal grievance mechanisms	SDR: 23; 44–46
<b>G4-HR3</b> Number of incidents of discrimination and corrective actions taken	No significant incidents

 Safety and health

Indicator	Disclosure
<b>G4-LA6</b> Injury rates for occupational disease; lost days and absenteeism; total number of work-related fatalities	SDR: 32; 38–39
<b>G4-LA7</b> Workers with high incidence rate or high risk of diseases related to their occupation	SDR: 38

## Human rights

Indicator	Disclosure
<b>G4-HR5</b> Operations and suppliers identified in which child labour is a risk and measures implemented to address this	SDR: 30
<b>G4-HR6</b> Operations and suppliers identified in which forced labour is a risk and measures implemented to address this	SDR: 30
<b>G4-HR9</b> Total number and percentage of operations that have been subject to human rights reviews or impact assessments	SDR: 44
<b>G4-HR10</b> Suppliers that were screened using human rights criteria	SDR: 46
<b>G4-HR12</b> Number of grievances about human rights impacts filed, addressed and resolved through formal grievance mechanisms	SDR: 46
<b>G4-MM5</b> Total number of operations taking place in or adjacent to IPs' territories, and number and percentage of operations or sites where there are formal agreements with IPs' communities	SDR: 45
<b>G4-MM6</b> Number and description of significant disputes relating to land use, customary rights of local communities and IPs	SDR: 45
<b>G4-MM7</b> The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and IPs, and the outcomes	SDR: 45
<b>G4-MM9</b> Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process	SDR: 44
<b>G4-SO10</b> Significant actual and potential negative impacts on society in the supply chain and actions taken	SDR: 46
<b>G4-SO11</b> Number of grievances about impacts on society filed, addressed and resolved through formal grievance mechanisms	SDR: 46

## Socio-economic development

Indicator	Disclosure
<b>G4-SO1</b> Percentage of operations with implemented local community engagement, impact assessments, and development programmes	100% via SEAT
<b>G4-EC1</b> Direct economic value generated and distributed	SDR: 48
<b>G4-EC3</b> Coverage of defined benefit plan obligations	AR: 126
<b>G4-EC4</b> Financial assistance received from government	None
<b>G4-EC8</b> Significant indirect economic impacts including the extent of impacts	SDR: 49-54
<b>G4-EC9</b> Proportion of spending on local suppliers at significant locations of operation	SDR: 48-49

## Environmental impact management

Indicator	Disclosure
<b>G4-EN11</b> Operational sites owned, leased, managed in, or adjacent to protected areas (PAs) and areas of high biodiversity value outside PAs	SDR: 57-58
<b>G4-EN12</b> Description of significant impacts of activities, products etc. on biodiversity in protected areas, and areas of high biodiversity value outside PAs	SDR: 57-58
<b>G4-MM1</b> Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated	SDR: 56
<b>G4-MM2</b> The number and percentage of total sites identified as requiring biodiversity management plans, and the number (percentage) of those sites with plans in place	SDR: 57
<b>G4-EN21</b> NOx, SOx and other significant emissions	SDR: 60
<b>G4-EN24</b> Total number and volume of significant spills	SDR: 56
<b>G4-EN33</b> Significant actual and potential negative environmental impacts in the supply chain and actions taken	SDR: 46
<b>G4-EN34</b> Number of grievances about environmental impacts filed, addressed and resolved through formal grievance mechanisms	SDR: 56
<b>G4-MM10</b> Number and percentage of operations with closure plans	SDR: 22

## Water

Indicator	Disclosure
<b>G4-EN8</b> Total water withdrawal by source	SDR: 63
<b>G4-EN9</b> Water sources significantly affected by withdrawal of water	SDR: 64
<b>G4-EN10</b> Percentage and total volume of water recycled and re-used	SDR: 63
<b>G4-EN24</b> Total number and volume of significant spills	SDR: 65

## Climate change

Indicator	Disclosure
<b>G4-EN15</b> Scope 1 emissions	SDR: 67
<b>G4-EN16</b> Scope 2 emissions	SDR: 67
<b>G4-EN19</b> Reduction in GHG emissions	SDR: 67
<b>G4-EN3</b> Energy consumption within the organisation	SDR: 67
<b>G4-EN6</b> Reduction of energy consumption	SDR: 67
<b>G4-MM11</b> Programmes and progress relating to materials stewardship	SDR: 60; 68

## EXTERNAL PRINCIPLES

## ICMM principles

	Page reference
Implement and maintain ethical business practices and sound systems of corporate governance	19, 20, 23
Integrate sustainable development considerations within the corporate decision-making process	19–22
Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities	30; 42–46
Implement risk-management strategies based on valid data and sound science	21; 75–80
Seek continual improvement of the company's health and safety performance	32–40
Seek continual improvement of the company's environmental performance	56–70
Contribute to conservation of biodiversity and integrated approaches to land use planning	56–57
Facilitate and encourage responsible product design, uses, re-use, recycling and disposal of the company's products <sup>(1)</sup>	N/A
Contribute to the social, economic and institutional development of the communities in which the company operates	47–54
Implement effective and transparent engagement, communication and independently verified reporting arrangements with Group stakeholders	1; 11–13

<sup>(1)</sup> 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. (See case study on page 68.) 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](http://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	57
Mining and Indigenous Peoples	45
Implementing a global solution to managing a low emissions economy: Policy on Climate Change	69
Mercury Risk Management <sup>(2)</sup>	N/A
Transparency of Mineral Revenues	24–26
Partnerships for Development	17

<sup>(2)</sup> 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	42–46
Ensure that they are not complicit in human rights abuses	42–46
Uphold the freedom of association and the effective recognition of the right to collective bargaining	30
Eliminate all forms of forced and compulsory labour	30
Ensure effective abolition of child labour	30
Eliminate discrimination in respect of employment and occupation	30
Support a precautionary approach to environmental challenges	56–69
Undertake initiatives to promote greater environmental responsibility	56–70
Encourage the development diffusion of environmentally friendly technologies	56–70
Work against corruption in all its forms, including extortion and bribery	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.	

## COMMENTS OR QUERIES RELATED TO THIS REPORT

**Hermien Botes**

Principal analyst: engagement and alignment

[hermien.botes@angloamerican.com](mailto: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

**Coal (South Africa)**

Sustainable Development Report

**De Beers**

Report to Society

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## DEFINITIONS OF KEY PERFORMANCE INDICATORS IN ASSURANCE SCOPE

**LTIFR<sup>(1)</sup>**

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<sup>(1)</sup>**

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 CO<sub>2</sub> emissions from fossil fuels**

Sum of CO<sub>2</sub> 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 CO<sub>2</sub> emissions from electricity purchased (Scope 2)**

Electricity purchased multiplied by operational factors for CO<sub>2</sub> 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 25dBA; there has been a 10 dB change in the average hearing loss since the pre-placement audiogram recorded on employment with Anglo American; and the employee has not previously been counted as NIHL.

**Number of employees participating in VCT (South Africa and Zimbabwe)**

Number of employees who have participated in voluntary counselling and testing (VCT) during the reporting period and who, through this process, have established or re-established their HIV status.

**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.

**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](http://www.angloamerican.com)**

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