



SUSTAINABILITY REPORT 2015

# DRIVING CHANGE, DEFINING OUR FUTURE



Real Mining. Real People. Real Difference.



# DRIVING CHANGE, DEFINING OUR FUTURE

Challenging market conditions in 2015 necessitated additional focus on productivity and costs, and further definition of our portfolio – by focusing on our global leadership positions in diamonds and platinum group metals and our world class position in copper. However, our ultimate vision – to be partners in the future – guides us as we define our way forward as a valued, sustainable business.

As we continue to deliver on our strategy, we are driving the necessary changes that will transform our business. While making these changes we remain acutely aware of the central role sustainability must play in creating real value for stakeholders and in securing our long term success.

## Other sources of information

More information about sustainability at Anglo American, including an Excel download of our sustainability data, business unit sustainability reports, and historical reports, can be found in our Annual Report and online at: [www.angloamerican.com](http://www.angloamerican.com)

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### Cover images

1. Business woman Pauline Phologolo is a member of Botswana's Tokafala enterprise development programme. See page 45.
2. At Moranbah North coal mine in Australia a pilot project has seen a significant reduction in high-potential incidents. See page 28.
3. Inside the pumping station, which is recharging the aquifer at Kolomela mine, South Africa. See page 61.
4. Members of the Métis Nation visit the Gahcho Kué diamond project in Canada. See page 41.
5. Diego dos Santos Oliveira works to preserve local flora near Minas-Rio in Brazil. See page 58.
6. Johannes Mathebula's family at their new home in eMalahleni, South Africa. See page 27.

# PURPOSE AND SCOPE OF THIS REPORT

The purpose of this Sustainability Report is to provide our stakeholders, including those who work for us, local communities, non-governmental organisations (NGOs), investors, customers, businesses and governments, with a transparent, annual account of how we addressed the most material sustainability issues our company faced during the 2015 calendar year, and how we will continue to do so in the future.

Individual business unit reports are published annually for the De Beers, Platinum, Kumba Iron Ore, and Copper businesses, 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.

The Sustainability 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, unless significant incidents arise. De Beers, however, which has joint venture operations with the governments of Namibia and Botswana, is included in full.

Significant changes to Anglo American's portfolio during 2015 included the sale of the Mantoverde and Mantos Blancos copper mines in Chile, both of which ceased reporting in September. In the same month, Rustenburg Platinum Mines entered into a sale and purchase agreement with Sibanye Gold for its Rustenburg mines. The affected operations will continue reporting until the transaction has been concluded. Kimberley diamond mines were sold in January 2016.

PricewaterhouseCoopers LLP (PwC) has provided independent assurance of selected sustainability information in this report. Additionally, PwC has provided independent assurance over our description of our alignment to the International Council of Mining and Metals (ICMM) Assurance Procedure ([www.angloamerican.com](http://www.angloamerican.com)) and over our assertion that the Global Reporting Initiative (GRI) content index has been prepared in accordance with the GRI's G4 Sustainability Reporting Guidelines at the Core level (see page 71 for the assurance opinion).

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## OUR VALUES

### Safety

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

Integrity demands 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 our business.

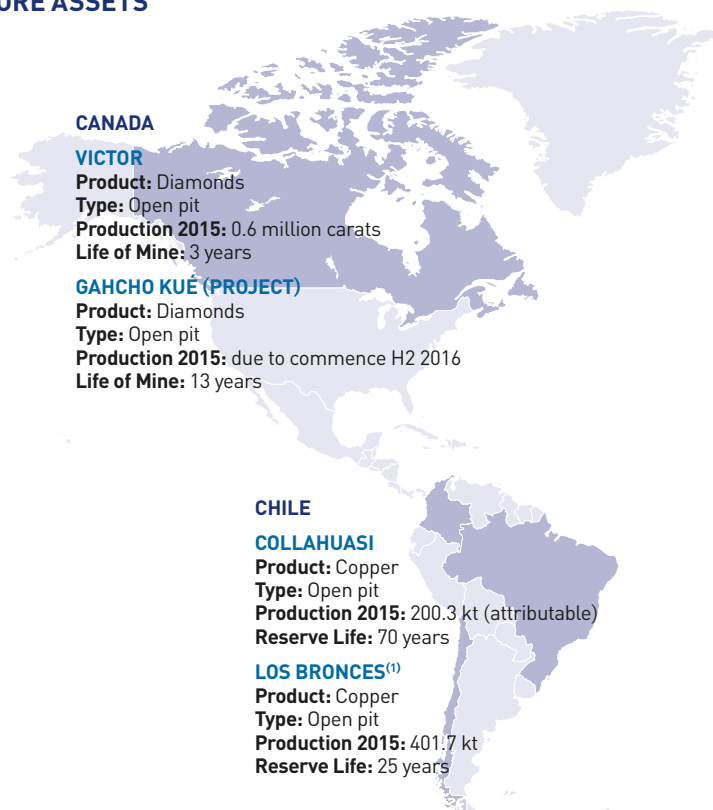
# REPOSITIONING THE BUSINESS

We are focusing our business on our core portfolio of world class assets (as highlighted in the map opposite) – in diamonds, platinum group metals (PGMs) and copper – that provide the raw materials to meet growing consumer-driven demand in the world's maturing and developed economies. We are focused on making a real difference, through safe and responsible mining, to provide the ingredients to meet those aspirations – from homes, vehicles, household appliances and electronics to luxury goods such as jewellery.

Our mining operations, future growth projects and exploration and marketing activities will extend across southern Africa, South and North America, Asia and Europe. Our portfolio of competitive, long life mining assets will be positioned to deliver robust profitability and cash flows through the price cycle.

We are adapting to create a greatly streamlined and agile business, with the technical and marketing expertise and critical mass to compete effectively for, and to deliver, future opportunities, both within and beyond our portfolio.

## CORE ASSETS



### Precious metals

#### PLATINUM

**\$263 million**

Underlying EBIT

**12%**

Group EBIT

**4%**

ROCE

**17**

Operating assets<sup>(2)</sup>

**2,337,300**

Production ounces platinum

**South Africa  
Zimbabwe**

Asset locations

### Diamonds

#### DE BEERS

**\$571 million**

Underlying EBIT

**26%**

Group EBIT

**6%**

ROCE

**9**

Operating assets<sup>(2)</sup>

**28.7**

Production million carats (100% basis)

**Botswana  
South Africa  
Namibia  
Canada**

Asset locations

### Base metals and minerals

#### COPPER

**\$228 million**

Underlying EBIT

**10%**

Group EBIT

**3%**

ROCE

**4**

Operating assets<sup>(2)</sup>

**708,800**

Production tonnes

**Chile**

Asset location

#### NICKEL

**\$(22) million**

Underlying EBIT

**(1)%**

Group EBIT

**(1)%**

ROCE

**2**

Operating assets<sup>(2)</sup>

**30,300**

Production tonnes

**Brazil**

Asset location

#### NIObIUM AND PHOSPHATES

**\$119 million**

Underlying EBIT

**5%**

Group EBIT

**14%**

ROCE

**4**

Operating assets<sup>(2)</sup>

**6.3**

niobium

**1,111**

phosphates fertiliser  
Production thousand tonnes

**Brazil**

Asset location

For more information  
See page 46 of the  
Anglo American plc  
Annual Report 2015

For more information  
See page 49 of the  
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**BOTSWANA****JWANENG**

**Product:** Diamonds  
**Type:** Open pit  
**Production 2015:** 9.8 million carats  
**Life of Mine:** 20 years

**ORAPA COMPLEX\***

**Product:** Diamonds  
**Type:** Open pit  
**Production 2015:** 10.6 million carats  
**Life of Mine:** 2-24 years

**NAMIBIA****NAMDEB\***

**Product:** Diamonds  
**Type:** Opencast  
**Production 2015:** 0.5 million carats  
**Life of Mine:** 4-20 years

**DEBMARINE NAMIBIA\***

**Product:** Diamonds  
**Type:** Offshore marine mining  
**Production 2015:** 1.3 million carats  
**Life of Mine:** 20 years

**SOUTH AFRICA<sup>(3)</sup>****MOGALAKWENA\***

**Product:** PGMs  
**Type:** Open pit  
**Production 2015:** 392,000 ounces  
**Reserve Life:** >25 years

**AMANDELBULT\***

**Product:** PGMs  
**Type:** Underground  
**Production 2015:** 437,000 ounces  
**Reserve Life:** 13-20 years

**VENETIA\***

**Product:** Diamonds  
**Type:** Open pit and underground  
**Production 2015:** 3.1 million carats  
**Life of Mine:** 31 years

**VOORSPOED**

**Product:** Diamonds  
**Type:** Open pit  
**Production 2015:** 0.7 million carats  
**Life of Mine:** 6 years

**BAFOKENG-RASIMONE**

**Product:** PGMs  
**Type:** Underground  
**Production 2015:** 180,000 ounces (100% basis)  
**Reserve Life:** 25 years

**MOTOTOLO\***

**Product:** PGMs  
**Type:** Underground  
**Production 2015:** 115,000 ounces (100% basis)  
**Reserve Life:** 5 years

**MODIKWA\***

**Product:** PGMs  
**Type:** Underground  
**Production 2015:** 105,000 ounces (100% basis)  
**Reserve Life:** >27 years

**ZIMBABWE****UNKI**

**Product:** PGMs  
**Type:** Underground, mechanised  
**Production 2015:** 66,000 ounces  
**Reserve Life:** 30 years

**Bulk commodities****IRON ORE AND MANGANESE****\$671 million**

Underlying EBIT

**30%**

Group EBIT

**5%**

ROCE

**9**Operating assets<sup>(2)</sup>**54,052**

iron ore

**3,112**

manganese ore

**214**manganese alloys  
Production thousand tonnes**South Africa  
Brazil  
Australia**

Asset locations

 For more information  
See page 58 of the  
Anglo American plc  
Annual Report 2015

**COAL****\$457 million**

Underlying EBIT

**21%**

Group EBIT

**9%**

ROCE

**19**Operating assets<sup>(2)</sup>**21,208**

metallurgical – export

**33,758**

thermal – export

Production thousand tonnes

**Australia  
South Africa  
Colombia**

Asset locations

 For more information  
See page 62 of the  
Anglo American plc  
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**Corporate and other****\$ (64) million**

Underlying EBIT

**(3)%**

Group EBIT

**Australia,  
Brazil, Chile,  
China, Europe,  
Singapore,  
South Africa**

Locations

 For more information  
See page 64 of the  
Anglo American plc  
Annual Report 2015

 Shaded area represents countries of operation as at 31 December 2015.

\* Orapa complex includes: Damtshaa and Letlhakane operations; Namdeb includes Elizabeth Bay, Mining Area 1 and Orange River operations; and Debmarmine Namibia relates to the Atlantic 1 operation. Amandelbult includes Dishaba and Tumela operations. Mogalakwena and Modikwa Reserve Life truncated to the last year of current Mining Right. Only five years of Ore Reserves are declared for Mototolo as per Glencore policy. Venetia Life of Mine is the combined open pit and underground operations.

<sup>(1)</sup> Includes Chagres, which will be retained and remain as an integrated smelter.

<sup>(2)</sup> Operating assets relates to mining or processing operations contributing to the Group's results during 2015. Included within De Beers' operating assets is Snap Lake, which was placed onto care and maintenance in December 2015. Kumba Iron Ore's Thabazimbi mine, which ceased mining in September 2015, is excluded from Iron Ore and Manganese operating assets.

<sup>(3)</sup> In addition to the assets listed, the Group's platinum mines are also supplemented by Anglo American Platinum's three smelters at Polokwane, Mortimer and Waterval, as well as its Precious Metals Refinery and Base Metals Refinery, all located in South Africa.

 More detailed information on our Ore Reserves and Mineral Resources can be found on our corporate website [www.angloamerican.com/ore-reserves-and-mineral-resources-report-2015](http://www.angloamerican.com/ore-reserves-and-mineral-resources-report-2015)

# CHAIRMAN'S STATEMENT



Sir John Parker

The mining industry is experiencing a period of exceptional economic challenges. The downturn is not only putting extreme pressure on mining companies, but is having a profound effect on all stakeholders, who are having to adjust to far lower benefits than in the boom years of the recent past. To come through this extremely challenging time, sustainability must be at the core of our agenda.

## CONTINUED COMMITMENT TO SUSTAINABILITY

Given the scale of the challenges facing our industry, companies may be tempted to downscale their sustainability agenda. This must not happen. As extractive companies remain in the spotlight, the need for us to make a positive, sustainable contribution to society is perhaps greater than ever.

We will only be able to do this effectively, however, so long as we can maintain trusting and effective relationships with our wide-ranging stakeholder base. That must be done alongside the very difficult task of reconciling often-conflicting stakeholder interests. It is only by being 'partners in the future' that mining companies will be able to secure and maintain their licence to operate, thus laying the foundation for prosperity that endures beyond the lives of their operations.

## PREPARING FOR A DIFFERENT FUTURE

Given the depth and duration of the commodity downturn, which has wiped some \$6.6 billion off our underlying EBIT in the past two years, and with no material early upturn in sight, Anglo American is acting to address its balance sheet constraints. We have also taken the opportunity to embark on a bold strategic review. As part of that review, over the next 12-24 months, we will adjust our focus to concentrate on a much-reduced portfolio of 16 core operating mines that produce diamonds, platinum group metals and copper. These mid- to late-cycle metals and minerals will afford our Group greater exposure to fast-growing consumer sectors, and to 'next wave' clean-energy and other technologies that rely upon such products.

We have also increased our disposals programme to a cumulative total of between \$5-6 billion by the end of 2016. We will be exiting certain commodities over time – including, notably, coal – linked to China and other developing countries' energy, heavy industry and infrastructure-building – the 'early cycle' of development.

We are targeting to reduce our net debt from \$12.9 billion at the 2015 year-end to below \$10 billion in 2016 and to around \$6 billion in the mid-term, and thus lay the foundations for the unlocking of value and for rebuilding shareholders equity.

However, as Anglo American becomes a more focused and more streamlined organisation, this also behoves us to be a responsible and supportive corporate citizen when it comes to divesting or closing down certain of our mining operations.

## SAFETY

Safety performance is invariably at the front end of the agenda at every Board meeting, and our goal remains one of zero harm.

In 2015, our Group regrettably recorded six fatalities. However, this level, while six too many, equals the record low figure reported in 2014 – when the number of hours worked at many of our deep level, and potentially hazardous, Platinum mines was significantly lower owing to a five-month period of industrial action. During the final quarter of the year there were no fatal incidents at any of our operations. This demonstrates that zero harm is indeed attainable.

## ETHICAL FRAMEWORK

During the year, the Board requested external input and challenge in assessing the Company's Ethical Framework. Following on from this, several recommendations were made and considered by the Board. Implementation of the recommendations approved by the Board will take place during 2016.

## UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Since their inception, Anglo American has given its support to the UN's Millennium Development Goals and, more recently, its Sustainable Development Goals (SDGs) which aim to significantly reduce world poverty and its associated ills. Spearheaded by our Chief Executive, Mark Cutifani, we have participated actively in the formation of the SDGs, including serving on the Leadership Council of the UN Sustainable Development Solutions Network and sponsored Dialogue on the Extractive Sector and Sustainable Development led by the UN Development Programme. We will continue to engage with governments at all levels, international organisations, NGOs and faith groups, to demonstrate our commitment to becoming 'partners in the future'. It is only by working together that we will be able to deliver sustainable value for all our stakeholders.

## THE BOARD

As Chairman of the Board, I regard it as my duty to hold each member, as well as Mark and his management team, accountable for delivery in their respective fields. In support of that, the Board, and particularly its Sustainability Committee – chaired so ably by Jack Thompson, a miner with long and varied experience – actively engages in monitoring progress in all aspects of the Group's sustainability agenda.

This involves, inter alia, being the custodians of the Group's values, overseeing the progress being made against our integrated set of key performance indicators, and providing input to the Business Model in vital areas such as building relationships with host communities.

## LOOKING AHEAD

As we radically transform Anglo American in a world changing around us at an ever-faster pace, we are having to do so in the face of huge challenges from many areas – financial, water, energy, safety, the environment, social and shareholder scrutiny, to name a few.

We are therefore creating an organisation that is more resilient and adaptable to the tectonic shifts that we are seeing in business and wider society. We will only succeed, however, if we can take our key constituencies along with us on the journey. That entails recognising that we must continue to be a key player in the development of the countries in which we operate. We need to integrate sustainability even more deeply into the way we do business so that we are better prepared for all the challenges that lie ahead.



**Sir John Parker**  
Chairman

## THE BOARD SUSTAINABILITY COMMITTEE

The role of the Sustainability Committee is to oversee on behalf of the Board, the policies, processes, and strategies designed to manage safety, health, environment, socio-political and people risks, compliance with sustainability commitments and to strive for an industry leadership position on sustainability.

In 2015, the Committee was chaired by Jack Thompson and consisted of five non-executive directors, including Sir John Parker, as well as Group Chief Executive, Mark Cutifani and Group Technical Director, Tony O'Neill.

Full details of Board committee members are available in the Anglo American plc Annual Report and Accounts 2015.



Anglo American's non-executive directors visit a number of operations each year to develop their understanding of the issues on the ground. Clockwise from top: Sustainability Committee Chairman Jack Thompson with Jim Rutherford at Jwaneng diamond mine in Botswana, Jack Thompson speaks to the team at Jwaneng, Jim Rutherford learns about the processing plant at Minas-Rio, Mpho Ramatlapeng discusses operations at Minas-Rio, and Sir John Parker thanks the team at Jwaneng.

# OUR BUSINESS MODEL

**TOGETHER,  
WE CREATE  
SUSTAINABLE  
VALUE THAT  
MAKES A REAL  
DIFFERENCE**

## BUSINESS INPUT CAPITALS

These capitals are the key stocks of value that are increased, decreased or transformed through the activities of our organisation, over the short, medium and long term.

### FINANCIAL

Our shareholders own the business. They expect attractive, sustainable returns, reflecting the risk they take in funding the business.

### HUMAN

Our people are the business. We aim to resource the organisation with a capable, engaged and productive workforce. We are committed to ensuring no harm comes to any of our workforce.

### INTELLECTUAL

We aim to drive aggressive innovation to support consistent over-delivery on commitments. We link our technical and marketing knowledge to ensure we invest our efforts in the key leverage points in the 'mine to market' value chain.

### NATURAL

In order for us to mine, we first need to find locations rich in the minerals our customers need. Once operational, we require water, electricity and fuel in order to run our mines, process our products and move them to our customers.

### MANUFACTURED

Throughout our value chain, we require a host of specialised equipment. The products we purchase, through our optimised supply chain, must deliver optimum value.

### SOCIAL AND RELATIONSHIPS

Open and honest engagement with our stakeholders is critical in gaining and maintaining our social and legal licence to operate and, therefore, the sustainability of our business.

## CREATING VALUE THROUGH MINING THE RAW MATERIALS REQUIRED TO MEET GROWING CONSUMER-DRIVEN DEMAND

The transition to a more streamlined business delivers a portfolio uniquely positioned for the expanding consumer-driven markets through:

- Focusing on those commodities positioned to meet the shift away from infrastructure investment towards consumer-driven demand, i.e. diamonds, PGMs and copper.
- Retaining and developing our highest quality world class ore bodies with competitive industry cost positions, driving sustainable profitability throughout the cycle.
- Streamlining the portfolio, though preserving balance to ensure there is not over-reliance on any one product group or geography, while retaining established technical and marketing capabilities and the critical mass to compete effectively for, and deliver, future opportunities.

## OUR DIVERSE VALUE CHAIN...

As a company, we operate across the entire mining value chain – from exploration through to marketing. Although we are focused on resource development, mining and operations, we are developing other areas of the value chain, e.g. our marketing capabilities, when we can see opportunities to deliver increased value.



**Find:** our exploration teams discover mineral deposits in a safe and responsible way to replenish the Mineral Resources that underpin our future success.



**Plan and build:** working with all our stakeholders, we plan and build some of the most effective, efficient and environmentally sound mines in the world.



**Mine:** we operate open pit and underground mines, although we will move to predominantly open pit mining as we transition the portfolio.



**Process:** we generate additional value by processing and refining many of our products.



**Move and market:** we provide products to our customers around the world, meeting their specific technical and logistical requirements.



**Close or divest:** In whatever way we exit an operation, we do so in accordance with our Good Citizenship Business Principles, with a focus on the social and environmental impact.

## STRATEGY

The Group Management Committee (GMC) is responsible for developing Anglo American's strategy and policies, as discussed and approved by the Board. Implementation of the strategy is monitored by the GMC, and measured through our KPIs, against our pillars of value.

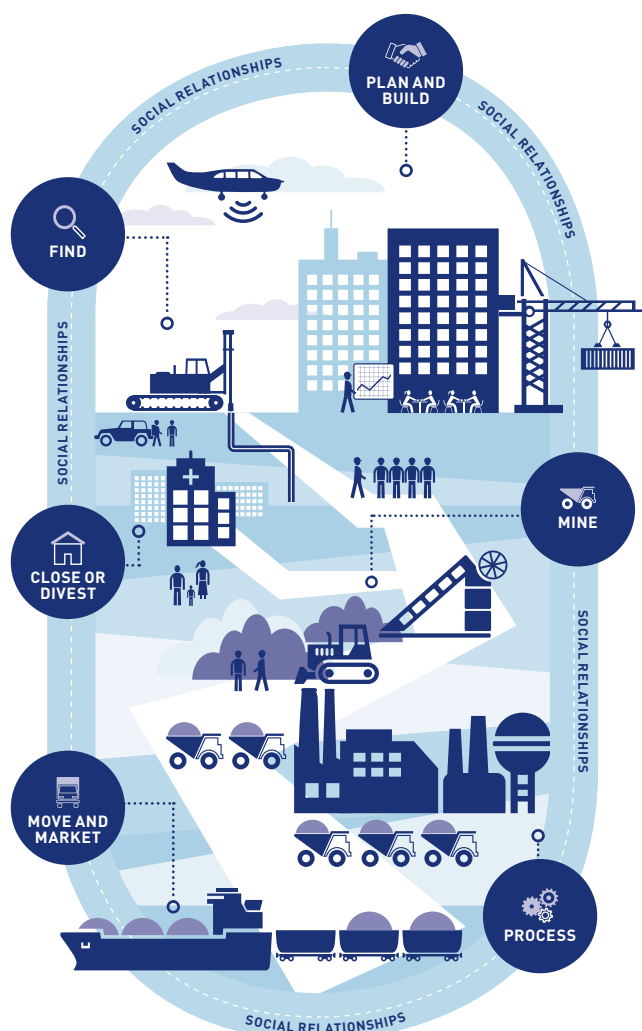


For more information See page 14 of the Anglo American plc Annual Report 2015



## CAPITAL ALLOCATION

With a high quality asset portfolio and diverse value chain, we can focus our effort and capital at the points in the value chain that deliver most value, according to the commodity we are mining and current and projected market conditions.



 For more information on how we allocate capital  
See page 21 of the Anglo American plc Annual Report 2015

## MEASURING VALUE THROUGH OUR SEVEN PILLARS

### SAFETY AND HEALTH

To do no harm to our workforce.



### ENVIRONMENT

To minimise harm to the environment.



### SOCIO-POLITICAL

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



### PEOPLE

To resource the organisation with an engaged and productive workforce.



### PRODUCTION

To extract our Ore Reserves in a sustainable way to create value.



### COST


To be competitive by operating as efficiently as possible.



### FINANCIAL


To deliver sustainable returns to our shareholders.



 For more information See page 34 of the  
Anglo American plc Annual Report 2015

## RISK MANAGEMENT

Risk is inherent in all our business activities. We are committed to an effective, robust system of risk identification and an effective response to such risks to support the achievement of our objectives.

 For more information See page 40 of the  
Anglo American plc Annual Report 2015

## GOVERNANCE

The aim of good governance is to promote excellent decision-making and the effective execution of those decisions. In practice, this means ensuring decisions are made by the right people, with the right information, at the right time and that they are then executed effectively. Our governance controls throughout the business ensure that we act ethically and with integrity for the benefit of our people, our stakeholders, our business and the world at large.

 For more information See page 65 of the Anglo American plc Annual Report 2015

# CHIEF EXECUTIVE'S REVIEW



Mark Cutifani

Mining remains fundamental to the global economy. At Anglo American our portfolio of world class resources provides the raw materials to meet the growing consumer-driven demands of the world's developed and maturing economies. In the face of considerable external pressure Anglo American is taking the appropriate steps to ensure it builds a more resilient business and that it continues to play its wider role in society by creating real and sustainable value.

## FOCUS THE PORTFOLIO

Ongoing economic uncertainty and changing market needs are having a material impact on our industry. Moderate growth in China and lacklustre growth in most developing and mature economies has led to sharply lower commodity prices. This has resulted in heavy falls in the market capitalisation of mining companies – requiring actions to reduce operating and capital costs, conserve cash and shore up their balance sheets.

In this challenging operating environment, we are streamlining the organisation to concentrate our strategic focus on our world class diamond, platinum group metal (PGM) and copper assets. Moving from 45 assets in 2015 to 16 core assets, we will improve our competitive profile and offer a differentiated, premium positioning for expanding consumer-driven markets. Through such bold and decisive steps, our aim is to enhance cash flows on a sustainable basis and restore the strength of our balance sheet.

As a business, we can only deliver sustainable value to shareholders and society at large if we are sustainably profitable and in a position of financial security. I firmly believe the path we have taken will provide us with that more robust foundation.

There is no denying that the decisions we have made and the measures we have taken will have a profound impact on many of our stakeholders. But in whatever way we remove an asset from our portfolio – whether it be via divestment, closure or care and maintenance – we will do so in accordance with our Good Citizenship Business Principles and our clearly defined values. We will work closely with the host communities and employees affected, to ensure they are kept informed and understand our plans. In the majority of cases, we expect to sell assets as going concerns, so most of those employees will simply move across to the new owners of those businesses.

The assets identified for disposal are good operations and we expect them to prosper under new ownership that is better positioned strategically to focus attention and capital on their long term development. However, we are well aware that the full repositioning of the portfolio will take time and, in the meantime, we will continue to work with all our stakeholders to ensure these operations are managed actively and their performance optimised in the best long term interests of all concerned. We will take the necessary time to ensure transactions deliver appropriate value and to allow engagement with our stakeholders.

## SAFETY

When it comes to our performance, I always start with safety. It will remain our number one priority. In 2015, we achieved the Group's best safety performance in a full production year, reflecting the intense focus on high risk activities, standards and controls. However, I am deeply saddened to report that we lost six of our colleagues during the year, reminding us in the most acute way how much work we still have to do to ensure our people go home safely from work every day. I am encouraged, though, by the significant improvement in the second half of the year, with a fatality-free final quarter. The achievement of this milestone reminds us all that our goal of zero harm is achievable.

Our annual Global Safety Day is a wonderful example of how our people engage and are committed to improving safety performance. Last year was the fifth such Day and it was clear to me that this is no longer just a 'moment in time' exercise. The theme for 2015 was 'controls protect and keep you safe' and over a three-month period in the build-up to the day, all employees and contractors were given

opportunities to think about the role controls play in their personal and work lives and how well they understand and lead on their use. Safety Day then provided the occasion at which everyone – leaders, employees and contractors – came together to identify what could be done to improve control use. The development of local action and improvement plans became the key output from actions on the day. It is this type of employee engagement that makes me believe zero harm is absolutely possible, and we will continue to dedicate ourselves to achieving that vision.

### **OPERATING EFFICIENTLY AND EFFECTIVELY**

The roll-out of our Operating Model principles to six of our operations in 2015 had a positive impact in many areas of our value chain, and continues to make us a more productive business. While the Operating Model is an essential enabler for delivering our production targets, and ultimately for reducing our operating costs, at its heart is the discipline of planned work, which has also been proven across many industries to deliver substantial benefits in safety and environmental performance.

Our Environment Way and Social Way performance requirements are increasingly being integrated into the roll-out of the Operating Model. During 2015, we recorded six Level 3 (medium impact) environmental incidents, an 80% reduction since 2013, reflecting our continued focus on operational risk management. These incidents resulted in no lasting harm to the environment and had no material financial impact on the business.

### **WATER AND ENERGY**

As expected, the ramp-up activities at our Minas-Rio iron ore operation in Brazil and, to a lesser extent, the Grosvenor coal project in Australia, had a significant impact on water and energy consumption and greenhouse gas (GHG) emissions in 2015. Much of this, however, was offset by improved performance elsewhere in the Group. We have already exceeded the water savings target of 14% we had set for 2020 and have met the energy and GHG savings targets we set for ourselves in 2011. In absolute terms, the Group's total energy consumption decreased to 106 million GJ (2014: 108 million GJ), while our GHG emissions increased largely because of regulatory changes in reporting requirements.

By focusing on De Beers, Platinum and Copper, our core portfolio will comprise highly competitive assets that are positioned to deliver significant upside potential. With the implementation of the Operating Model across the core portfolio, I am confident we will see further improvements in these and related metrics, with progress measured through our KPIs and against our pillars of value (as outlined on page 14).

### **INNOVATION**

Further supporting our performance improvements, as well as our drive for more sustainable mining methods, is our approach to innovation, FutureSmart™. We launched FutureSmart™ in 2014 in order to push ourselves and our industry to find better ways of working – learning from our mining peers as well as from other industries. In 2015, under the guidance of our Technical Director Tony O'Neill, we successfully completed three Open Forums, one each on Sustainability, Processing, and Mining. The outcomes, developed in collaboration with 90 external partners, yielded in excess of 3,000 ideas for step-changes in our business. These have been distilled into a programme of nine multi-horizon initiatives that seek to address our critical challenges, and to find safer, more efficient, environmentally friendly and sustainable ways to unlock mineral value. I believe we may be close to making a number of technological breakthroughs, which have the potential to radically change how we mine.

We continue to build and grow our expertise within technical functions and, in light of the vital work being undertaken in these areas Tony O'Neill was appointed to the Anglo American Board in July 2015. His technical experience from across the mining industry continues to be fundamental in our operational turnaround and his appointment signals our continued commitment to engineering excellence and our goal of achieving best practice operational and sustainability performance.

### **UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)**

When I spoke to the investment community in December, I made the point that because of the current economic environment, nothing could be considered 'business as usual', and that certainly still rings true in 2016. From a sustainability perspective, however, there are many areas in which we must continue to embody good governance, demonstrate best practice and take the lead. The launch of the UN SDGs in September provided a platform to demonstrate our commitment to a new future.

For the past three years we have engaged with the process led by the UN. We provided input into the development of the SDGs via an Open Working Group and were signatories to the UN Foundation and Unilever-led Post-2015 Business Manifesto. The launch of the 17 goals and 169 targets has now set the development agenda for the next 15 years.

Our role as a private sector player, is to support our host governments in meeting the SDGs. That means designing and executing our projects using the highest social standards and ensuring our presence in host countries leaves a positive lasting legacy. However, the SDGs also reflect many of the socio-economic issues that already sit at the heart of our approach to sustainability. From reaffirming our commitment to human rights and supporting diversity and equality, to working towards the eradication of the AIDS and TB epidemics and building local capacity, the SDGs have set out an ambitious but necessary agenda.

For me – and considering the work we continue to do with the Development Partner Framework, through the Kellogg Innovation Network – I believe the SDGs further reinforce the positive difference Anglo American can make in society and the development role we can play.

### PARTNERS IN THE FUTURE

Despite the current challenges faced by our industry, I remain optimistic about its future and the opportunities available. From a financial point of view, I believe we are

taking the necessary steps within Anglo American to create a resilient business that will deliver sustainable, positive cash flows through the price cycle. The right portfolio, processes and people will allow us to deliver on this ambition and put the necessary foundations in place to allow us to continue to work towards our vision of being partners in the future.

At the core of this long term proposition – and the strategy we have implemented to achieve it – is sustainability: a sustainable approach to how we structure and take our business forward, and a sustainable approach to the way in

## OUR STRATEGY IN ACTION

### OUR MISSION AND VISION

#### OUR MISSION:

Together, we create sustainable value that makes a real difference

#### OUR VISION:

To be partners in the future

### DRIVING CHANGE

#### FOCUS THE PORTFOLIO

Prioritising time and capital on the assets that offer the most attractive long term value creation potential

**\$2.1bn**

\$2.1 billion disposal transactions completed or announced in 2015

A number of operations across the Group have ceased or are ceasing production

#### FOCUS ON DELIVERY

Maintaining a highly competitive mindset with innovation and outstanding delivery at the forefront of how we drive change

**\$1.3bn**

\$1.3 billion<sup>(1)</sup> of cost and productivity improvements delivered in 2015

**\$2.0bn**

\$2.0 billion capex reduction to \$4.0 billion, including a 30% decrease in SIB capex in 2015

#### DEVELOP CORE BUSINESS PROCESSES

Becoming industry leaders in critical areas, extracting maximum value from our assets and products

**>\$400m**

>\$400 million underlying EBIT improvement from marketing activities since 2013

**~\$100m**

Avoided energy costs in 2015 driven by ECO<sub>2</sub>MAN and business improvement projects

#### CREATE A HIGH PERFORMANCE CULTURE

Ensuring our people have the resources and critical skills to improve organisational effectiveness and generate superior returns

**\$100m**

\$100 million investment in training during 2015

**1,500**

A reduction of 1,500 indirect support roles through increased organisational effectiveness

### DEFINING OUR FUTURE

#### A CHANGING WORLD

The ongoing economic slowdown in developing countries and the precipitous fall in commodity prices requires Anglo American to strengthen its balance sheet, while focusing its strategy, and acting decisively to achieve our ambition...

"To create a resilient business that delivers robust profitability and sustainable, positive cash flows through the price cycle."

<sup>(1)</sup> Excludes \$0.8 billion volume downside at De Beers in response to market conditions.

which our people conduct our day-to-day activities. As such, I would like to take this opportunity to acknowledge the vital role our people have to play.

I have always believed that 'people are the business'. Without people, you don't have a mine; without people, you can't make a difference. Over the past two years, our people have gone through, and continue to go through, considerable change. I recognise that this can be challenging and disruptive. However, I believe that it is our people that will allow our great company to evolve and adapt – to become

stronger and more sustainable. I thank them for their efforts and I look forward to working together to create the new Anglo American.



**Mark Cutifani**  
Chief Executive

## THE NEW ANGLO AMERICAN

### DECISIVE ACTION

In order to achieve our ambition, delivery of the measures set out in the Anglo American plc Annual Report 2015 will now form the focus of our strategic imperatives:

- Focus on De Beers, PGMs and Copper
- Portfolio transformation under way
- Cash flow enhancements to further strengthen the balance sheet

### A streamlined, competitive business with a clear and differentiated investment proposition.

#### Strategically advantaged world class assets:

World class ore bodies with competitive industry cost positions and long reserve lives.

#### Materially streamlined business:

Moving from 45 to 16 core assets across diamonds, PGMs and copper.

#### Well-balanced portfolio:

No over-reliance from any one product group or geography and retaining the critical mass to compete effectively for, and deliver, the attractive future growth opportunities across the portfolio.

#### Sustainable profitability:

With competitive cash cost profiles and long lives, the portfolio will be positioned to produce sustainable profitability through the cycle.

#### Differentiated, premium positioning for expanding consumer-driven markets:

Enhanced by our marketing expertise, the Group will be positioned to benefit from changing demand patterns as the global economy evolves and as emerging market economies mature.

**We measure our performance through our pillars of value which underpin everything we do**

-  Safety and Health
-  Environment
-  Socio-political
-  People
-  Production
-  Cost
-  Financial

### REMUNERATION

Anglo American's remuneration policy for executive directors is designed to encourage delivery of the Group's strategy in a responsible and sustainable manner. The main elements of the remuneration package are basic salary, annual bonus and long term incentive plan (LTIP).

### ANNUAL BONUS



Annual bonus performance measures include:

- 50% on underlying earnings per share (EPS). EPS is one of the Group's key financial measures of performance and is set on an annual basis to ensure targets are demanding yet realistic
- The remaining measures are non-financial and include project delivery, capital allocation, business improvement, stakeholder engagement and employee development
- A deduction is applied if safety targets are not met.

To help ensure sustainable long term performance, 60% of any annual bonus is deferred into shares for a minimum of three years and is subject to clawback.

### LONG TERM INCENTIVE PLAN



The LTIP performance measures are aligned to our strategic objectives over a three-year performance period. Vested LTIP awards are subject to clawback and must be held for an additional two years, to encourage alignment of executive and shareholder interests.





The LTIP performance measures and weightings are:

- 25% Group total shareholder return (TSR) relative to the Euromoney Global Mining Index
- 25% Group TSR relative to the FTSE 100 index
- 50% attributable ROCE to reflect the strategic focus on disciplined capital allocation.

 For more information  
See page 34 of the Anglo American plc  
Annual Report 2015



# MEASURING OUR PERFORMANCE

PILLARS OF VALUE	KEY PERFORMANCE INDICATORS (KPIs)	TARGET	2015	2014	ACHIEVED
 <b>Safety and Health</b>	Work-related fatal injuries	Zero harm	6	6	⊗
	Total recordable case frequency rate	10% year-on-year reduction	0.93	0.80	⊗
	New cases of occupational disease	Year-on-year reduction of new cases	163	175	⊙
	% of employees potentially exposed to noise over 85 dBA <sup>(1)</sup>	Year-on-year reduction	42%	42%	⊗
	% of employees potentially exposed to inhalable hazards over the occupational exposure limit <sup>(1)</sup>	Year-on-year reduction	9%	10%	⊙
	Number of employees participating in voluntary counselling and testing	More than 80% of employees in southern Africa tested	68%	86%	⊗
	Number of employees enrolled in HIV disease-management programmes	More than 75% of HIV-positive employees	88%	78%	⊙
	OHSAS 18001 certification	100% of managed operations to be certified within two years of acquisition/commissioning	97%	98%	⊗
 <b>Environment</b>	Energy savings	7% saving against business as usual (BAU) consumption in 2015	7%	5%	⊙
	GHG emissions savings	19% saving against BAU emissions in 2015	22%	22%	⊙
	Water savings	14% saving against projected BAU consumption in 2020	16%	18%	⊙
	Level 3-5 environmental incidents	Year-on-year reduction in significant environmental incidents	6 Level 3	14 Level 3 1 Level 4	⊙
	Number of operations with closure plans fully aligned with the Anglo American Mine Closure Toolbox	100% of operations to have closure plans aligned with the Toolbox	85%	–	⊗
	ISO 14001 certification	100% of managed operations to be certified within two years of acquisition/commissioning	100%	98%	⊙
 <b>Social</b>	Businesses supported by enterprise development initiatives	–	62,394	58,257	–
	Jobs supported by enterprise development initiatives	–	110,780	96,873	–
	Localised procurement	13.5% of total supplier expenditure to be procured from localised suppliers	15% \$1.53 bn	14% \$1.71 bn	⊙
	Eliminate non-compliance with the Anglo American Social Way	0% serious non-compliance with the Social Way	1%	8%	⊗
 <b>People</b>	Voluntary labour turnover	–	1.9%	2.0%	–
	Gender diversity: managers who are female	–	25%	24%	–

<sup>(1)</sup> This figure reflects the number of employees who work in environments where there is potential for exposure above the exposure limit. All employees working in such environments are issued with protective equipment to prevent occupational illness.

# GOVERNANCE AND MANAGEMENT APPROACH

Integrating sustainability best practice into core business processes has been a longstanding priority for us. The tough economic conditions we continue to face serve to focus our efforts on finding innovative and efficient ways to effect change in the business and define ourselves as partners in the future.

## OUR APPROACH TO MANAGING SUSTAINABILITY ISSUES

**1. OPERATIONAL RISKS, OPPORTUNITIES AND BEST PRACTICES IDENTIFIED**

**1. STAKEHOLDER ISSUES IDENTIFIED**

**2. EXTERNAL VERIFICATION OF MATERIAL ISSUES**

**3. BOARD CONSIDERATION AND SIGN-OFF**

**4. GOVERNANCE PROCESSES**

**5. INTERNAL AND EXTERNAL REPORTING ON PROGRESS**

Our approach to managing sustainability starts with our values and a clear understanding of the material risks and opportunities faced by the Group. Working with the Group's business risks and considering external views and concerns, a set of material issues is determined and approved by the Sustainability Committee of the Board.

Senior management sets the policies and processes required for the proper control of the material issues and a reporting structure. The key indicators for each material issue are reported regularly to the Chief Executive and a quarterly report is presented to the Sustainability Committee. Anglo American's internal reporting function

regularly reviews the data gathering processes, which is also assured by independent external auditors each year.

### BUSINESS PRINCIPLES

Anglo American's Good Citizenship Business Principles guide our overall approach to doing business. They set out the expectations we have of employees, contractors and business partners in relation to business integrity; safety, health and environmental management; human rights; and our relationships with stakeholders. Living up to our standard for integrity is essential to earn and maintain trust with our stakeholders. During the year the Chairman requested an independent review of our Ethical Framework. That is complete and recommendations will be implemented in 2016.

Our Business Integrity Policy states that we will neither give nor accept bribes, nor permit others to do so in our name. The policy is supported by 11 performance standards that cover various aspects of our business where there is potential risk for corruption. The standards prohibit the Company from making donations to any political party or politician. No such donations were made in 2015.

Bribery risk assessments are an essential aspect of the Group's bribery prevention procedures. Business units and corporate functions conducted bribery risk assessments over the 2014-15 cycle using an internally developed tool.

The bribery risk areas addressed in this tool include use of agents, and the nature of interactions with government officials, customers, suppliers and communities. When bribery risk is determined to be unacceptably high, an action plan is developed to strengthen the internal controls in order to manage the risk. The bribery risk assessment process and action planning are audited annually by our internal audit team.

Our independently managed 'Speak Up' facility is a confidential and secure means for our employees, contractors, suppliers, business partners and other external stakeholders around the world to report concerns about conduct that is contrary to our values and integrity standards. 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 action is taken.

During 2015, 388 alerts were received (2014: 302), of which about 50% related to HR matters, including grievances and allegations related to labour practices and unfair discrimination. Every alert is evaluated and, where appropriate, investigated. Of the total population of alerts, 68 were proven and resulted in management action.

**GOVERNANCE AND REMUNERATION**

Anglo American complies with the UK Corporate Governance Code and is committed to the highest standards of corporate governance.

The role of the Anglo American Board of directors is to promote the long term success of the business for its shareholders. The Board delegates certain responsibilities to a number of standing committees – the Sustainability, Remuneration, Nomination and Audit committees.

The Sustainability Committee holds accountability for determining and overseeing how Anglo American manages its most material sustainability issues (see page 20). The Committee meets quarterly and comprises Jack Thompson (Chairman); Mark Cutifani (Chief Executive); Tony O'Neill (Group Technical Director); Sir John Parker (Chairman of the Board); and non-executive directors Ray O'Rourke, Mphu Ramatlapeng and Jim Rutherford. Business unit CEOs also participate in the meetings.

As part of its overall mandate to oversee audit, internal control and risk management, the Audit Committee reviews the principal risks to the Group, including those related to catastrophic event risk and material sustainability issues.

The Remuneration Committee determines the remuneration of executive directors, the chairman and senior management and oversees remuneration policy for all employees. Anglo American's safety results affect the performance-based remuneration of all employees in the business, and the implementation of operational safety, health and environmental risk management processes is also included for members of the GMC.

The Board delegates executive responsibilities to the GMC, which is made up of the Chief Executive, business unit CEOs and Group directors. The GMC is supported by corporate, operational and investment sub-committees. These committees are responsible, respectively, for reviewing corporate policies and processes as well as the financial performance and budgets for business units; driving operational best practices across the Group and the setting of technical standards; and making recommendations to the GMC on capital investment proposals.

**SUSTAINABILITY COMMITTEE DISCUSSIONS IN 2015**

At each meeting, the Committee reviews a detailed quarterly report covering the Group's performance across a range of sustainability areas, including: safety; occupational health; political and regulatory risk; and environment and social performance. In addition to these standing agenda items, the following matters were discussed during 2015:

**February**

- Business unit update from Kumba Iron Ore
- Lessons learnt from community engagement at Quellaveco
- Safety management at joint venture operations
- Anglo American's position on coal mining
- Benchmarking: Anglo American's social performance
- Results from operational risk reviews
- Feedback from an evaluation of the Sustainability Committee

**April**

- Business unit update from Anglo American Platinum
- Presentation of the revised Anglo American Social Way
- Benchmarking: safety performance
- Human rights progress update
- Socio-economic development progress update

**July**

- Business unit update from De Beers
- Anglo American's approach to Integrated Reporting
- Social Way assessment scores and improvement plans
- Validation of the Anglo American Minimum Permitting Requirements Standard
- Benchmarking: Anglo American's performance on sustainability indices
- Water progress update
- Results from operational risk reviews

**October**

- Business unit update from Exploration
- Approval of environmental leading indicators
- Approval of proposed carbon and energy targets for 2020
- Approval of material issues for reporting
- Stakeholder relationships status update
- Results from operational risk assurance reviews
- Progress on the sustainability aspects of closure at Thabazimbi mine
- Anglo American's position on climate change

**OUR MANAGEMENT APPROACH**

Anglo American currently comprises 45 managed mining operations in Australia, Botswana, Brazil, Canada, Chile, Namibia, South Africa and Zimbabwe. Our Organisation and Operating Models are being rolled out in the business to ensure a consistent, effective and efficient approach to meeting our business objectives.

The corporate centre hosts Sustainability, Social Performance, International Relations and Human Resources functions that set the performance expectations we have of operations. The functions help to integrate those performance requirements into all aspects of the business; offer expert advice and hands-on support to operations facing complex challenges; and monitor the effectiveness of critical programmes.

Our standards are articulated in the Anglo American Safety, Health, Environment, Government Relations and Social 'Ways' that set out the 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.

**RESPONSIBLE SOURCING**

Mining operations require all the goods and services that are used in any large-scale infrastructure and manufacturing projects, including labour, heavy equipment, process chemicals, fuel and lubricating oils, explosives, motors and a range of services. We have a large and diverse base of more than 30,000 suppliers around the world.

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. We expect suppliers to 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. Based on a risk ranking, relevant suppliers must complete a self-assessment questionnaire in order to do business with Anglo American. A sample of suppliers is then independently audited on a risk basis to ensure compliance with the Code. Supplier improvement plans are agreed with suppliers where non-compliances are identified.

To date, more than 300 suppliers have been audited by Anglo American. No new audits were undertaken in 2015 owing to cost constraints; instead, we have worked with

mining peers to harmonise supplier standards, simplify auditing protocols and agree on principles of mutual recognition for suppliers. This approach will ultimately reduce duplication in cost and effort and establish an industry-wide commitment to responsible sourcing.

We are assessing our approach to responsible procurement in light of the UK Modern Slavery Act, which came into force during 2015. Our 2016 report will disclose additional information on how we assess and manage human rights risks in our supply chain.

**RISK AND ASSURANCE**

An integrated risk-management standard was adopted by Anglo American in 2011 to strengthen the way we manage risk by applying a consistent approach across all business areas and organisational levels. The standard governs how risks are identified and managed, as well as how risk information flows vertically between different organisational levels.

Our Operational Risk Management (ORM) process supports our integrated risk management by providing operational managers with a means of identifying, prioritising and controlling the risks that threaten their ability to meet their objectives. The achievement of targets relating to ORM influences the performance-based remuneration of senior executives.

Various internal and external review and assurance programmes ensure that priority risks are identified and that adequate controls are in place to manage those risks.

Anglo American's Business Assurance Services (ABAS) provides independent internal assurance to Anglo American's Audit Committee over the design adequacy and operating effectiveness of the internal control environment that mitigates risk across the Group, supporting management in its effort to achieve the Group's objectives. During 2015, the ABAS team worked with colleagues from our Social Performance, Technical and Sustainability functions to provide assurance over the controls associated with certain catastrophic and sustainability-related risks at a number of operations.

These operational risk audits are conducted on a rotational basis at approximately one-third of operations annually. The results of these reviews are reported to the Sustainability Committee of the Board. Global thematic reviews, such as the tailings dam integrity review that was undertaken at Anglo American operations in early 2015, are conducted on a risk basis.

All operations are required to achieve and retain ISO 14001 and OHSAS 18001 certification within two years of acquisition/commissioning, and key sustainability data is externally assured.

# ENGAGING WITH STAKEHOLDERS

Our goal is to build and sustain constructive relationships that are based on mutual respect, transparency and trust.

The purpose of stakeholder engagement at Anglo American is two-fold. First, we have a responsibility to communicate our performance as well as the business decisions and activities that have a material impact on, or are of significant interest to, our stakeholders. Secondly, understanding the needs and perspectives of our partners helps us to make more informed decisions that take into account a diversity of views.

We engage with a wide range of stakeholders, including customers, communities, employees and unions, governments, investors, multinational organisations, NGOs and suppliers. Our approach to engaging with these stakeholder groups, the main issues that were discussed during 2015, and our important memberships and partnerships are listed on pages 82-83.

Our approach to stakeholder engagement at an operational level is guided by the Anglo American Socio-Economic Assessment Toolbox (SEAT). SEAT provides managers with international best-practice guidance and tools to develop strategies for enhancing the positive contribution of their operations, while also mitigating any negative impacts. Some of the core objectives of SEAT are to improve each operation's understanding of its full range of local stakeholders as well as their views and interests; provide guidance in developing and updating annual stakeholder engagement plans; and increase trust and goodwill among host communities. While stakeholder engagement is integrated throughout the document, SEAT offers four specific tools for stakeholder engagement.

## ENGAGING WITH GOVERNMENTS ON PUBLIC POLICY

As an international mining company, Anglo American is subject to extensive regulation at the local, state, national and international levels and many of our business activities require approval from several levels of government in each of our operating countries. This includes national governments, elected leaders, departmental experts, regional and local officials, and multilateral institutions. Furthermore, as a company listed on the London Stock Exchange and Johannesburg Stock Exchange, we follow the respective UK and South African national legislation and regulation required by our listings. Anglo American also participates in multilateral initiatives to inform and improve a best-practice approach in the areas of sustainability, community engagement, human rights and responsible business. The public-policy areas relevant to mining companies fit into several broad baskets of health and safety, concessions and permitting, corporate governance and taxation, and environmental performance. Beyond these compliance requirements, maintaining and growing our socio-political licence to operate is core to how we work with our host communities, governments and partners. This strong commitment to the communities



## ENGAGING THE FAITH COMMUNITY IN MINING'S DEVELOPMENT AGENDA

Our Group-wide vision is to establish ourselves as partners in the future. Together with other mining industry leaders, we are seeking to be a catalyst for long term sustainable development with host communities and governments. If we are to do this successfully, we need to engage more effectively and collaboratively with our key stakeholders. A major challenge is the trust deficit between local stakeholders and industry. We have observed that in many communities, faith organisations are among the most trusted and influential and can play a critical role in facilitating more constructive engagement between industry and wider society.

During the past three years, a dialogue has been under way between members of the mining industry, faith community leaders and members of civil society. The process aims to help reposition the mining sector as a partner for long term local and regional development and to catalyse collaborative solutions to achieve better socio-economic development outcomes. The conversations were initially held at a global level, hosted by leading church institutions in Europe. It was recognised from the outset that dialogue was needed at local level, with inclusive stakeholder representation, in regions and countries where mining is an integral part of the socio-economic fabric.

In South Africa, Dr Thabo Makgoba, Anglican Archbishop of Southern Africa, hosted an engagement at Bishopscourt in Cape Town in October 2015, bringing together representatives from the mining industry, the faith community and civil society to discuss the future of the mining industry in South Africa. The Archbishop convened a safe environment for open and honest dialogue and the participants shared their perspectives and commitment to seek collaborative solutions to the problems that threaten the sustainability of mining and the communities in which mines operate. The process of reflection will continue and there will be ongoing conversations. Anglo American is a founding member of the faith group engagement and will continue to be an active participant.

At a Day of Courageous Conversations, held in Cape Town, Archbishop Thabo Makgoba and Dorian Emmett, Advisor to Anglo American's Chief Executive, share the rite of peace.



where we operate drives our approach to sustainability in areas that include socio-economic development, responsible business and transparency, health and infrastructure provision. We actively engage government at all levels to inform and promote an environment conducive to these areas. We also draw on our strategic NGO partnerships and trade associations to promote best practice and encourage multi-stakeholder approaches to solving difficult challenges.

Strong governance centred on our Good Citizenship Business Principles and Business Integrity Policy is vital to how we approach external engagement at every level of the business and supply chain. Furthermore, our government engagement follows a clear and accountable set of parameters, annual planning and assurance processes, which are set out in our Government Relations Handbook. For each jurisdiction, government relations plans are approved annually by the Group and relevant business unit CEOs.

### Key public policy engagement issues and responses

Issue	Region	Nature of engagement	Our response
Reporting and transparency	Global	Meetings with governments at national and international levels. Participation in multi-stakeholder initiatives.	Support for responsible supply chains and transparency in payments to governments and non-financial reporting.
Royalties/ taxation	Brazil	Attendance at public and multi-stakeholder events. Participation in working groups. Meetings with government officials at various levels.	Explain our economic contribution and the developmental impact of the mining sector.
Mining permitting and concessions	Global	Meetings with government officials at national and regional levels to discuss permits and concessions required for mining activity and capital investment projects. Participation in public consultations as required.	Outline past performance and report on ongoing activity, including regular reviews and audits; and plans to qualify for legal permits and concessions. Share our strategy and systems to effectively manage safety, health and environmental matters. Emphasise the importance of expansion plans to communities and the economy.
Socio-economic development and SDGs	Global	Meetings with governments at multilateral, national, regional and local levels. Participate in local municipal Integrated Development Plans. Participation in multi-stakeholder programmes.	Work with host governments to define partnerships and agree on community projects aimed at achieving high levels of impact and support. Share our expertise in enterprise and community development to support the global community in achieving the SDGs and reducing global poverty.
Mine closure and responsible divestment	Global	Meetings with governments at national, regional and local levels.	Share closure plans and resources available per operation for responsible closure. Outline divestment rationale for non-core assets and reinforce commitment to relevant countries.
Resource stewardship – water/energy security	Global	Engage with government departments at regional and national levels. Participation in multi-stakeholder events.	Promote rational resource consumption and emphasise our strong track record of compliance with regulations in a high-cost environment. Share expertise and resources with government and municipalities to support sustainable service delivery.
Climate change	Global	Engage with government departments at regional and national levels. Support awareness raising campaigns.	We support the global climate change agreement reached in 2015 and commit to mitigating our own impact. In informing public policy on climate change, we share expertise and past performance on realistic and achievable goals.
Infrastructure investment	Brazil	Engagement with local and regional government representatives.	Raise concerns about poor infrastructure affecting local communities or operations, particularly roads.
Human rights	Global	Engage governments at national and multilateral levels. Participate in multi-stakeholder events.	Raise awareness through sharing policies and experience with international standards and frameworks.

# MATERIAL ISSUES

Our approach to sustainability is underpinned by a well-defined process for identifying and evaluating issues that are most material to the business.

**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.**

**Ensuring that the perspectives of external stakeholders are considered is critical to the credibility of the process. Our process for determining material issues involves three steps: consultation, analysis and approval.**

We complement our thorough understanding of business risks, as defined in the Group Risk Register, with the perspectives of key stakeholder groups. This helps to ensure that our view is complete, current, accurately prioritised, and based on a wider set of value judgements than ours alone. During 2015, the perspectives of governments and host communities were based on feedback gathered via existing engagement mechanisms, while desktop research informed industry, NGO, investor and media views.

The full set of inputs is analysed and consolidated into a single document following internal consultation. The results are then discussed by a materiality panel, which comprises thought leaders from a range of stakeholder groups. The purpose of the panel is to ensure that the issues identified reflect a balanced view of the most material sustainability risks and opportunities faced by Anglo American. Aspect boundaries – the scope of material issues – are also discussed as part of this process. With the exception of social, human rights and environmental risks in our supply chain, material issues are limited in scope to managed operations. The scope of our reporting has not changed since the 2014 materiality assessment.

The final result is presented to the Anglo American Group Management Committee and ultimately debated and endorsed by the Sustainability Committee of the Board.

Material issues identified in 2015 have been defined as follows:

## RESPONDING TO UNCERTAINTY

Our challenging business context in 2015 was compounded by political instability in some of our operating countries and markets; policy uncertainty and increasingly stringent regulation; as well as ever-increasing (and often conflicting) stakeholder expectations. This has highlighted the growing strategic significance of environmental, social and governance issues, and emphasised the important business benefits in building trusted relationships across stakeholder groups. It has also heightened the importance of stress-testing business plans against a wider range of economic, political and social scenarios.

## DEVELOPING A CAPABLE AND ENGAGED WORKFORCE

To deliver on our objectives, we rely on a capable and engaged workforce. We aim to foster a high performance culture, through building an organisation structure that is fit for purpose, resourcing this structure with people with the best capability and empowering leadership to deliver results. We place the health and safety of our employees at the top of our agenda and encourage each employee to give their best.

## PROVIDING SAFE AND HEALTHY WORK ENVIRONMENTS

Protecting the safety and health of employees and contractors at work is one of the most fundamental human rights issues facing Anglo American and other mining companies. While protecting our workforce from harm is a moral imperative for us, our focus on 'zero harm' also constitutes a direct investment in the productivity of the business. A safe and healthy workforce contributes to an engaged, motivated and productive workforce, that prevents operational stoppages, and reduces potential legal liabilities.

### MANAGING THE SOCIAL IMPACTS OF MINING

Our ultimate goal is for host communities and governments to be left better off than when we arrived. Improving the overall balance of value from mining for local stakeholders involves avoiding or minimising the negative potential impacts of mining and maintaining constructive relationships with our hosts. A credible local track record of respecting human rights helps to maintain our licence to operate, lays the foundation for effective socio-economic development initiatives and improves our future prospects with governments seeking responsible partners.

### MAXIMISING THE BENEFITS OF MINING

Employees, local communities and some host governments rely significantly on the economic benefits from mining. We seek to ensure that those benefits are distributed equitably, including a more direct flow to communities around our operations. It has always been difficult to accommodate stakeholder expectations as they have continued to grow over the years; current market conditions have compounded this challenge. Anglo American's asset-disposal programme has confirmed the importance of local capacity-building in our socio-economic development strategy. It is essential that local stakeholders and institutions are able to sustain and expand the benefits of mining independently.

### MANAGING THE ENVIRONMENTAL IMPACTS OF MINING

Mining activities result in the unavoidable disturbance of land, the consumption of resources and generation of mineral residue, as well as atmospheric and water emissions. Responsible environmental management is an important aspect of legal compliance and permitting, but also plays a significant role in improving the balance of value from mining for local stakeholders – resources are often located in underdeveloped areas where communities rely on ecosystem services for their well-being. We also operate in a number of environmentally significant areas where there is a special responsibility to protect and restore natural habitats.

### RESOURCE STEWARDSHIP: ENERGY AND WATER

Anglo American is heavily reliant on water and energy as inputs to mining and processing activities. The responsible management of these resources is material to the business, given the inherently finite nature of all natural resources, the contribution of fossil-fuel-based energy sources to climate change, insecurity of energy and water supplies at some operations, increasing levels of water scarcity associated with the long term impacts of climate change, and rising costs. While competition between users can result in conflict, Anglo American has made a positive contribution to water and energy security around some operations by leveraging mining infrastructure.

### CLIMATE CHANGE

We expect that climate change will affect our business in three principal ways: demand for some of our products will change; climate regulation and taxation will have a financial impact; and the physical and social impacts of a changing climate may affect our operations and host communities. Understanding how these changes might affect our value chain is a priority for us as we strive to maximise opportunities associated with the transition to a low-carbon future.

### MINE CLOSURE

Mining is unusual in that the location of operations is determined by where resources are discovered, and that those resources are finite. Mines generate economic activity for a limited period, while associated environmental impacts may last well after mine closure if not managed effectively. Our challenge is to play a meaningful role in helping local stakeholders sustain the socio-economic benefits of mining beyond mine closure, while remediating our environmental footprint. Effective mine closure mitigates financial liabilities, helps secure future access to resources and can have a positive effect on the financial terms of asset disposals.

# RESPONDING TO UNCERTAINTY

This is a particularly difficult time for the global mining industry, characterised by volatility in commodity markets, financial indicators and politics and uncertainty in government regulation. This uncertainty has put pressure on mining business models, requiring a heightened focus on cost-cutting initiatives, company restructuring and prioritising of commodity portfolios, and greater risk aversion when it comes to the pursuit of new growth opportunities.

This challenging business context has highlighted the growing strategic significance of environmental, social and governance issues, and emphasised the important benefits to businesses in building trusted relationships across stakeholder groups. It has also underlined the importance of stress-testing business plans against a wider range of economic, political and social scenarios.

The uncertain operating environment has important implications for mining companies' socio-political licence to operate, and is placing particular pressure on companies to find approaches that balance sometimes divergent stakeholder expectations over the short and long term.

## THE SHIFTING GLOBAL ENVIRONMENT

A number of global trends have developed over the past few years that have had a significant bearing on the economic performance and prospects of many countries that play a major role in the global trade of mined products.

### China's slowdown

Since the global financial crisis in 2008-09, the world economy's growth rate has consistently fallen short of its pre-crisis levels, raising concerns about a protracted period of weak growth. While growth picked up modestly in the US, Europe and Japan, it remains subdued relative to the pre-crisis trend, and there are worries the crisis has had a long term detrimental effect on the future path of output.

In the emerging economies, average growth rates are likely to remain depressed as China's infrastructure-fuelled boom fades. China's economy has slowed significantly in recent years as it has begun to mature following a period of unprecedented national infrastructure development that absorbed ever-larger volumes of raw materials, particularly iron ore and metallurgical coal for steel production. Most forecasters expect a further slowdown over the next five to 10 years, reflecting the end of the investment boom.

China's continuing slowdown is inevitably inflicting damage on other emerging economies, and especially among mining-commodity producers. Economists are now becoming more cautious about medium term growth prospects in these economies. Brazil and South Africa have suffered particularly from the drop in commodity prices, which has only been partly offset by their weaker currencies. India's economy is the exception to this weaker growth story, where planned economic reforms could see its growth rate running at around 7-8% per year in the medium term.

### The transition of emerging economies

China's slowdown is, however, also a consequence of the authorities' determination to rebalance and restructure the economy. Over the past two decades, the country has experienced an extended investment boom. The government is now promoting a less capital-intensive growth model. Inevitably, this implies lower aggregate economic growth rates and weaker demand growth in many commodity-intensive sectors, such as steel and cement, albeit mitigated by potentially stronger demand for other metals and minerals, including diamonds, PGMs and copper in more consumer-driven markets.

### Supply of commodities exceeding demand

China's slowdown in investment expenditure has weighed particularly on prices for metals and minerals.

As a result, 2015 marked a year of much weaker demand growth for most mined commodities, while supply continued to increase.

A number of supply cuts have been implemented across the mining industry. To date, however, such cuts have proved to be insufficient to stimulate a meaningful price recovery in the absence of stronger demand growth.

### Prolonged downturn in commodity prices

The combination of subdued demand and, in some instances, oversupply of commodities has placed significant downward pressure on prices. As the global market for commodities has deteriorated, the mining sector has been characterised by a marked reduction in costs in most regions, resulting in average industry costs falling; for example, metallurgical coal costs declined by an estimated 15% over the year. However, the oversupply of many commodities has meant that prices have generally fallen by considerably more than costs, which has led to a significant portion of the industry becoming loss-making.

### Political instability

At a geopolitical level, the world has become less stable than it was a year ago. Trends have included a rise in nationalism in some countries, increased levels of inter-state conflict, and the growing role and threat of non-state actors. Across the world we have also seen some significant changes in governments and party political leadership, which suggest a degree of disaffection with incumbent governments and state institutions in both developed and emerging economies.

Important drivers of this global political instability include economic uncertainty and continuing socio-economic inequality within many developing countries, persistent levels of structural unemployment, the enhanced ability to rapidly share information (and disinformation), and increased pressure on natural resources associated with increasing consumption and the impacts of climate change.

## CHALLENGES FACING THE MINING INDUSTRY AND ANGLO AMERICAN

In light of the global trends described above, there are a number of challenges facing the mining industry and Anglo American at the current time, including:

### Reducing costs

Significant cost reductions and efficiency efforts are being undertaken across the mining industry in a bid to improve relative positions on commodity cost curves and, hence, profitability. The measures being taken include: headcount reductions; a focus on core assets to improve productivity, with many companies taking the decision to close capacity and remove high cost production; and maintaining strong capital discipline.

Lower oil prices have helped many producers reduce their input costs (although higher energy costs and high cost inflation in both South Africa and Brazil have hampered cost reduction efforts in those commodity producing countries), while the devaluation of many local currencies is also helping miners' costs in US dollar terms. One of the effects of weakening local currencies, however, is that marginal producers are being supported for longer, thereby prolonging the period of oversupply.

### Managing capital allocation priorities and reducing debt

The now lengthy period of commodity price weakness has had a significant impact on the health of mining companies' balance sheets. Across the mining sector, companies are making efforts to preserve cash and reduce capital commitments. Capital expenditure – both future commitments and actual spend – has been cut considerably, with few new projects being approved for development and, indeed, corporate focus has now shifted to placing loss making, excess capacity onto care and maintenance.

### Heightened stakeholder expectations

Mining companies across the world are facing greater demands and expectations from increasingly vocal stakeholders groups. While this has always presented a challenge for the sector, business decisions that were made throughout 2015 and in early 2016 to respond to tough market conditions, have underscored the complexity of managing competing stakeholder interests.

For example, while shareholders are exerting pressure for improved operational efficiencies, employees and unions are becoming more vocal in their demands relating to job security and wages, with some of our countries of operation experiencing heightened levels of union activity. The governments of most resource-dependent economies are also seeking to secure greater developmental value from mineral resources, while communities neighbouring our mining operations are increasingly looking to mining companies to provide direct economic opportunities as well as broader development benefit.

Many NGOs and community-based organisations are becoming more active in holding companies to account, reflecting a groundswell of expectation that has significant implications for how mining companies retain their social licence to operate. Customers are also asking questions concerning the sourcing of raw materials.

Compounding these stakeholder demands are the lower levels of trust that many stakeholders have of companies across the business sector. The potential for scepticism of corporate motives has deepened following various high-profile failures in corporate governance and anti-trust behaviour, and the increasing scrutiny of corporate tax policies.

### Policy developments

There has been a general shift towards more stringent international environmental, safety, health and social standards, as well as many examples of tightening regulation in operating geographies. Examples include new water-related regulations in Chile, the EU Transparency Directive and the UK Modern Slavery Act. The recent climate change agreement reached in Paris has also set the tone for future policy development in that area.

### A more difficult mining environment

Grade deterioration and ore reserve depletion are important determinants of both longer term supply requirements and cost trends. A wide variety of factors is likely to continue to provide structural upward cost pressure, including: availability of both water and power; declining head grades; technical problems; increasing infrastructure costs as mines are built in more remote locations; and the shift to underground mining as easy to access near-surface ore bodies are depleted. Consequently, mining companies face a significant challenge to reduce costs and improve productivity against a background of limited investment appetite and few significant breakthroughs in technological capability. Technological innovation and a focus on operational improvements are likely to be critical to the achievement of sustainable cost and productivity improvements.

### Training and retaining skilled employees and maintaining sound industrial relations

As mining methods become more technically complex, the need to train and retain skilled staff becomes ever more important. In an environment where older, less-productive mines are being placed on care and maintenance or sold, and technical innovation leads to more mines being mechanised, maintaining positive labour relations enables business continuity and enhanced productivity, as skilled labour shortages and industrial unrest can significantly affect production and costs.



**ANGLO AMERICAN'S RESPONSE**

In response to the significant challenges facing the mining industry as a whole, Anglo American has announced measures that will sustainably improve cash flows and materially reduce net debt, while focusing the Group's strategy and streamlining the organisation. These include:

- focus on a core portfolio of 16 high-quality assets in diamonds, PGMs and copper where we have the greatest competitive advantage
- measures to divest from, or wind down, assets outside of this strategic focus
- a range of cash flow enhancements, such as cost and productivity improvements, a reduction in central and global support costs and capital expenditure, and the suspension of the dividend.

A detailed account of these measures is set out in the Anglo American Strategic Report, available on the Company website ([www.angloamerican.com](http://www.angloamerican.com)).

We recognise the profound effects of these changes for, in particular, our workforce, host communities and governments, and suppliers. We will remain resolute in our commitment to upholding the Anglo American values and Business Principles throughout this transition and beyond, and will maintain the performance standards we have set for ourselves through the Anglo American Social, Environment, Health and Safety Ways.

# DEVELOPING A CAPABLE AND ENGAGED WORKFORCE

## DRIVING CHANGE

**To deliver on our objectives, we rely on a capable and engaged workforce.** By fostering a high performance culture and placing their health and safety at the top of our agenda, we encourage all employees to give their best.

## DEFINING OUR FUTURE

**We are building an organisation structure that is fit for purpose, resourcing this structure with people with the best capability and empowering leadership to deliver results.**



A class at the SENAI industrial training centre, where students from the local community prepare for employment at the Minas-Rio iron ore mine.

## DEVELOPING LOCAL TALENT FOR SKILLED POSITIONS

Our Minas-Rio iron ore mining operation includes a 529 kilometre pipeline, which crosses 33 municipalities between Minas Gerais and Rio de Janeiro states in Brazil. While iron ore production only began in 2014, since 2011 we have been investing in developing local talent for skilled positions at the mine. A professional training programme is run from a new education complex in the local municipality of Conceição do Mato Dentro and comprises an Open University of Brazil unit, a private school and a National Service for Industrial Training (SENAI) training centre.

Participating students all come from communities close to the mine. The students, approximately 20% of whom are women, receive a scholarship, a uniform, transport to and from the centre as well as a salary each month for anything from six months to a year, following which they begin on-site operational training. By the end of 2015, 408 out of the 597 vacancies offered to SENAI professionals specifically were successfully filled. This represented 73% of the total number of graduates for roles such as mechanics, electricians, mine equipment operators, industrial welders and beneficiation plant operators. The long term aim is to hire 100% of the workforce locally.

**BUILDING AN ORGANISATION THAT IS FIT FOR PURPOSE**

We continue to create a leaner and more effective business that is built around strong product-focused operating units and functions that provide value-adding expert leadership, improve business performance and ensure effective governance.

During 2015, we reviewed our organisation to structure work more effectively, establish clear accountabilities and authorities and remove duplication. This work focused initially on indirect support roles (that is, not directly involved in production) at the Group corporate centres. This resulted in a significant reduction in employee numbers, while ensuring we have the most capable people in the right roles to deliver on our strategic objectives. By the end of 2015, the number of people working for Anglo American in indirect roles had reduced to 11,500 from 13,000 in 2014.

As the Group's portfolio is streamlined to focus on diamonds, PGMs and copper, we expect our total headcount to reduce from 128,000 to 50,000 through disposals and restructuring, with the majority of these employees expected to be transferred to new owners. We will further review our central and global support structures and overheads to ensure they remain fit for purpose and are aligned to the future portfolio. In order to reduce duplication and increase capability, we will also review the role of each function within the context of a global support model.

We expect that the future rightsizing of our corporate support structures will lead to a reduction of indirect roles from the current 11,500 to less than 5,000.

Throughout the restructuring process, we maintain a focus on managing employment separations respectfully and fairly. We aim to follow due legal processes in all countries in which we have a presence and seek to engage with governments, employees and unions in order to make difficult situations as fair and transparent as possible. We work with affected employees to honour our commitments and offer support measures, including external services, to assist with finding employment elsewhere.

**Number of permanent employees and contractors by region 2015<sup>(1)</sup>**

		%	
Africa	101,342	73	
South America	26,254	19	
Australia	6,314	5	
Europe	2,009	1	
North America	1,606	1	
Asia	542	1	
Middle East	14	0	
<b>Total</b>	<b>138,081</b>		

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

**MANAGING TALENT AND DEVELOPING SKILLS**

Resourcing Anglo American's streamlined organisational structure with the right capability is essential for success and continues to be the focus of the 'fit for purpose' exercise. In assessing capability, we consider technical skills and knowledge that have been acquired through experience and practice; mental processing ability; social process skills; and application (the amount of drive and commitment a person displays).

If we are to withstand the current challenges, we need to foster a culture centred on business outcomes. Achieving this hinges on strong leadership from line managers, to ensure we are doing only essential work, with only people who are adding significant value, and giving them the authority to do their job effectively.

Providing development and training to our leaders and workforce continues to improve the resilience of our business and is a key means for people to grow in their work. We have a range of external and internal development programmes currently in use across the Group where we made an investment of more than \$100 million on training in 2015. In an increasingly competitive market for skills, we continue to invest in developing a pipeline of future talent through our support of 3,500 graduates, bursars, apprentices and trainees.

In total, 16% of employees receive formal performance and development reviews. Of those who received such reviews, 72% were male and 28% were female.

In South Africa we are working closely with universities to bolster the quality of tuition and develop skills more rapidly, in non-mining as well as mining-related sectors. 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.

During the year, voluntary turnover was 1.9%, while new hires amounted to 7.2% of permanent employees.

**Number of permanent employees and contractors by business unit 2015<sup>(1)</sup>**

		%	
Platinum	50,290	36	
De Beers	21,910	16	
Copper	11,561	9	
Nickel	3,295	2	
Niobium	1,574	1	
Phosphates	3,022	2	
Kumba Iron Ore	15,550	11	
Iron Ore Brazil	6,351	5	
Coal	21,527	16	
Group departments	3,001	2	
<b>Total</b>	<b>138,081</b>		

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

**DEVELOPING DIVERSITY**

Anglo American embraces diversity and complies with relevant legal obligations wherever we operate. We seek a workforce that represents the regions within which we operate and we provide opportunities for broader development within those regions. A diverse workforce brings greater diversity of thought to tackle the challenges we face. We continually develop our workforce so that we will have this diversity among our leaders of the future. By year end, women made up 18% of our overall workforce (2014: 16%) and 25% of managers (2014: 24%). The proportion of permanent employees under 30 years of age was 16%, those between the ages of 30 and 50 accounted for 65% of the workforce, and the remaining 19% were over 50 years of age.

In our South African operations, we continue to promote transformation. By year end, 60% of our management comprised historically disadvantaged South Africans. The impending third iteration of the Mining Charter in South Africa is expected to define new commitments that will encourage further progress in our business.

**SUPPORTING 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. Observance of these rights is required of all our operations, irrespective of location, as well as for suppliers in line with the Anglo American Supplier Sustainable Development Code and Policy.

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 2015.

**FOSTERING SOUND INDUSTRIAL RELATIONS**

Approximately 72% of our current permanent workforce is represented by works councils, trade unions or other similar bodies and covered by collective bargaining agreements. There were two material instances of industrial action in 2015 when National Union of Mineworkers affiliated employees in the South African coal industry participated in a strike, relating to wage negotiations, from 3-13 October. The strike ended following a revised wage offer from employers. In addition there was a work stoppage at Kleinkopje coal mine in South Africa between 7-22 April regarding consultation of business transformation changes.

In South Africa, the labour relations climate remains challenging. Labour instability and volatility are being exacerbated by a shifting trade union landscape that is underpinned by ongoing systemic societal challenges deeply rooted in the country's history and in the legacy of the migrant labour system. We continue to seek to improve relations with our employees and their representative bodies, and are consulting widely with unions throughout our restructuring process.

**INNOVATIVE FUNDING MODEL FOR EMPLOYEE HOUSING**

The provision of adequate housing is an ongoing challenge in South Africa. Across our business units there, we have invested more than \$391 million (ZAR5 billion) on improving the housing and living conditions of our employees. Coal South Africa's housing development in Duvha Park, eMalahleni, has been designed to enable the majority of the workforce to live in sustainable settlements in urban centres near our mines. The development began in 2011 and is due for completion in 2016. Once complete, it will provide more than 3,200 residential units to the community. The project is setting a new industry standard for employee living conditions, primarily owing to its innovative funding model. The company has committed to investing in building much-needed bulk infrastructure services to boost socio-economic development. In return, it receives significant discounts on building packages for employees who have secured a home loan through a bank.

With the exception of Johannesburg based corporate office staff, all employees at Coal South Africa receive some form of assistance towards accommodation. The housing strategy focuses on promoting home ownership. The relatively low number of employees who live in mine-provided accommodation are now either living in flatlets or in the mine villages, as well as in the urban areas next to our operations, where we own residential properties.

Johannes Mathebula and his family outside their newly built home in Duvha Park, eMalahleni.

In Brazil, we continue to maintain productive relations with unions. At Niobium and Phosphates we have worked closely with unions to negotiate a profit-sharing programme and salary/wage increases. At our Barro Alto nickel operation we have worked closely with unions to adjust operational shifts schedules to accommodate employee preferences.

While the labour market in Chile is becoming increasingly confrontational, with a rise in the number of unprotected strikes across most sectors, there was no material impact on Anglo American operations in 2015.

# PROVIDING SAFE AND HEALTHY WORK ENVIRONMENTS

## DRIVING CHANGE

**We continue to dedicate maximum effort to achieving our vision of zero harm.** In 2015, we initiated a Group-wide control-improvement programme, which touched every one of our employees and contractors. The aim is to ensure that we have the right controls in place for all our major safety and health risks and that they are properly understood, used, and their effectiveness regularly monitored.

## DEFINING OUR FUTURE

**Our ultimate aim is to create the industry's leading high performance safety and health culture.** We will achieve this through maintaining our longstanding safety and health principles: a mindset of zero harm; no repeats; and the application of simple, non-negotiable standards.



At Moranbah North underground coal mine in Australia, where a new monitoring process contributed to a significant reduction in high-potential incidents.

## USING RISK MANAGEMENT TO IMPROVE PERFORMANCE

Over the past three years, the team at Coal's Moranbah North operation has turned around the site's safety performance to become one of the top performing mines in Australia. Important factors in their success have been the way the team has embraced innovation and enhanced how it manages all forms of operational risk.

During 2015, Moranbah North's excellent progress on implementing Anglo American's Operational Risk Management (ORM) approach meant that it was chosen to pilot the use of a new recording, monitoring and reporting process. This is designed to underpin ORM and uses a combination of our Enablon reporting system and Bowtie XP software to capture all the data associated with the controls that are needed to manage a significant risk.

The outcome is a clear view of all the site's critical risks, the controls that need to be in place and the current status of each one in real time. It provides the site management team with an effective and efficient way of capturing, monitoring and reporting all the key risks on their risk and critical control register and can be updated at the touch of a button. If something changes, this can be quickly captured, allowing for quicker and better decision-making. This, in turn, means that improvements to controls can be made rapidly, thereby helping to improve performance and to protect people.

The success of the project at Moranbah North has resulted in it being extended to Coal's Callide, Dawson, Grasree and Grosvenor mines. The project has contributed to a 44% reduction in high-potential incidents.

Initially used to review, manage, monitor and assure the controls associated with the site's multiple and single fatality risks, plans are now under way to use it to review environmental and social risks.



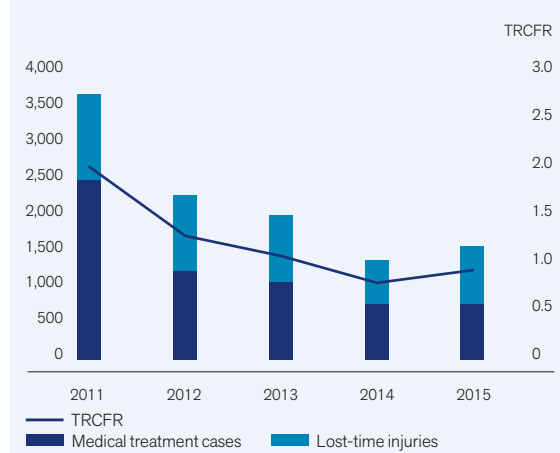
# SAFETY

We deeply regret the loss of three employees and three contractors in work-related activities at operations managed by Anglo American in 2015. This is the lowest number of workplace deaths in a full production year, which is an encouraging milestone in our journey towards achieving zero harm. The Group fatality injury frequency rate (FIFR) at the end of 2015 was 0.00352 (2014: 0.00346).

In South Africa, two deaths occurred at our Platinum operations: one in an incident involving moving machinery and another as the result of a fall of ground. An employee also died in a fall of ground incident at a coal operation in South Africa. At Coal Australia, a contractor lost his life while working on the tyres of a heavy vehicle. In Brazil, in our Niobium and Phosphates business, an employee died in a ground-subsidence incident and a contractor lost his life in a lifting incident at Iron Ore Brazil's operation at the Port of Açú.

While we continue to place considerable effort into improving how we manage safety, our total recordable case frequency rate (TRCFR) increased to 0.93 in 2015 (2014: 0.80)<sup>(1)</sup>. This was in part due to the Platinum business having resumed normal operating conditions following the prolonged strike in 2014, along with smaller increases in injury rates at the Coal and Iron Ore businesses. De Beers has maintained its strong improvement record, with a 15% year-on-year decrease in its TRCFR. This underlines the need for our safety strategy to be consistently implemented across all our operations if we are to achieve the desired step-change in our performance, and will be a continued focus in 2016.

**Lost time injuries, medical treatment cases and total recordable case frequency rate (TRCFR) 2011–2015**



For each incident resulting in loss of life or a critical injury, an independent investigation is conducted to understand the causes and remedial actions required. The lessons learnt from each are shared via our Group learning from incidents (LFI) process and discussed at site management, executive and Board levels. Particular emphasis is placed on ensuring that actions relating to critical controls are implemented in a timely manner in order to prevent repeats.

In 2015, improving safety on public roads in communities around our operations formed part of our operational safety-improvement plans. It remains the primary focus of our public road transportation task force. The various actions we have taken include aligning all third-party transportation contracts to our driving safety standards, raising the competency of drivers to anticipate and manage driving risks, embedding the use of our journey-management tools, and improving road safety on high-risk routes. There was no loss of life associated with any Anglo American-contracted road transportation services during 2015.

<sup>(1)</sup> The 2014 TRCFR has been restated from 0.81 to 0.80 following the inclusion of an additional lost-time injury and the adjustment of hours worked.

**Fatal injuries and fatal injury frequency rate (FIFR) 2011–2015**



Our operations continue to increase and improve reporting of, and learning from, high potential incidents (HPIs) as a preventative tool to improve safety performance. In some parts of the business this has been extended to include high potential hazards, as this allows gaps or control failures to be identified, and addressed, before an incident occurs. On-site transportation, falls of ground, working at heights and electricity remain the main areas where HPIs occur.

## DELIVERING A SAFE WORKPLACE

Operating safely, responsibly and sustainably is integral to our business strategy. Our aim is to continually build and instil a company and industry culture that protects people from harm and improves their health and well-being.

Our safety strategy and management approach are risk-based and focus on making sure that we have the right culture and controls in place to operate safely. Both are founded on three key principles: a mind-set of zero harm; no repeats; and the application of simple, non-negotiable standards. During 2015, we added further impetus to improving control use, driven by work in five linked areas: leadership, effective planning and standards, supervision, incident and risk management. These will remain our priorities in 2016.

## SAFETY continued



## GLOBAL SAFETY DAY

Anglo American first introduced Global Safety Day in 2011 as a means of uniting everyone who works for us around the importance of returning home safely at the end of each day and to reinforce that we all have responsibility for safety. It is the only day in the year when all our employees and contractors come together to focus on the same shared challenge. This commitment has continued and grown year on year.

In 2015, the Group project team decided to change the format in order to drive stronger ownership and engagement and add further energy and impetus to the development of knowledge at all levels of the organisation. Part of their aim was to shift the day away from being seen as a major event in the calendar to one of being a significant point of reflection – and targeted action – on a much longer safety journey.

The theme 'controls protect and keep you safe' was chosen as a way of helping drive control improvement work across the Group. It was designed to highlight the protective role controls play – for individuals, their families, teams and

communities – while also encouraging people to take action to improve their own understanding and use of controls. The aim was to turn the dry topic of controls into something with which every employee – and their families and friends – could connect.

Over a phased, three-month period, leaders, managers, supervisors and all employees and contractors were given multiple opportunities to think about the role controls play in their personal and work lives and how well they understand and lead on their use. After three 'activation points', everyone came together on the day itself to identify what could be done to improve control use where they worked. This has then fed into local action and improvement plans.

One of the measures we use to evaluate the impact of the day is an employee online survey. From that, we know that 98% of participants understood completely or a lot, the importance of controls for protecting and keeping them safe; that 56% said it had significantly changed or improved their safety behaviours; and that 30% said it had done so quite a bit.

For 2015 Global Safety Day in the Brisbane office, the team used photos of their loved ones to create a 'family tree' of personal reasons to stay safe.

The safety-improvement plans that each of our operations implements reflects these Group-wide priorities as many of the challenges and opportunities are shared.

**Leadership and supervision**

Effective safety leadership – at every level – is an essential part of building a strong safety culture. We placed added emphasis on this during 2015 in order to strengthen ownership and accountability for safety during a time of major organisational change. This included strengthening our Group-wide safety communication to make sure that safety stayed top of mind, and also to better equip leaders to engage their teams in our safety requirements and expectations.

A new 'Let's Talk Safety' programme was introduced in all our corporate offices and sites to make the sharing of safety stories and information a regular feature of formal meetings

across the company. Designed around a monthly topic, it provides an easy way for people to regularly talk about safety wherever they work, and links in with safety briefing activity at operations. Updates on safety performance are also regularly cascaded, and leaders are encouraged to reflect on their own personal safety leadership.

Our leaders continue to regularly conduct 'visible felt leadership' (VFL) at all our operations, while training sessions on how to undertake this, and hazard identification, are held at our sites and offices. We are planning to further enhance the quality and impact of VFL programmes in 2016 by improving their format and also making them something everyone participates in, irrespective of role. Linked to this is the development of a dedicated approach for helping strengthen the personal safety leadership capability of

## SAFETY continued

supervisors and those working on the front line. These are the people most exposed to hazards in the workplace, and this will help to enhance their confidence and ability to proactively lead on safety in their work environment.

Our fifth Global Safety Day took place in October and involved all employees and contractors across Anglo American. The theme in 2015 of 'Controls protect and keep you safe' was chosen to align with and add further energy to our Group-wide control improvement activity. A new format was also introduced for 2015 aimed at encouraging greater ongoing involvement rather than an event that is limited to a single day. (See case study on page 30.)

### Incident management

Anglo American has a comprehensive LFI process. Incidents are rigorously investigated to identify their root causes, as well as weak or absent controls, so that we can take action and prevent repeats. Doing this well requires investigations to be of the right quality. We therefore continue to update our investigation tools, techniques, materials, and training and coaching programmes. We now have more than 200 Level 1 and Level 2 facilitators competent to undertake phases one and two of our investigation process.

An innovation we have introduced to our investigation process is the use of a psychological-based technique called Human Factor Analysis (HFA). HFA identifies lessons learnt from incidents by examining the human, behavioural and cultural factors that played a role, so that we can take appropriate action to prevent them. It helps us understand how to ensure critical controls work as effectively as possible, by examining in detail factors such as employee behaviour, attitudes and motivation.

A central database stores incident information, and we continue to improve how we distribute notifications and lessons learnt. This includes a new Group-wide process for sharing urgent and important learning for action. While the number of HPIs and hazards reported varies between business units, the quality of those 'alerts' continues to improve. Information from these, and other leading performance indicators, is routinely reported to the Board and the executive management of the Group.

### Effective planning and standards

We continue to improve the planning and scheduling of work and tasks through the implementation of our Operating Model. The overall aim is to improve the stability and predictability of our operational activity and minimise the likelihood of unplanned events.

In Iron Ore Brazil, a comprehensive safety-transition plan was put in place to support the Minas-Rio operation's move into its fully operational phase. This plan involved extensive collaborative work between technical teams within our Technical and Sustainability function and the site's leadership and line management. This has become the model for how we will manage the switch from project construction to operation.

Following a review of our Group standards, work is under way to rationalise them into a more coherent system that will be easier for our people to access, understand and implement. This will enhance safety performance by making expectations and requirements relating to our critical risks even clearer, and improve consistency of application.

### Risk management

How safety risks are managed forms an integral part of Anglo American's ORM process and closely aligns with our Operating Model. ORM is designed to help us create a performance step-change by providing a consistent and effective way of identifying, prioritising and controlling risk. It covers activity at all operational levels and allows the critical controls required to manage significant safety risks to be identified and then integrated into safe work instructions and task-risk assessments.

During 2015, 400 employees participated in ORM training and sites are now making regular use of its key tools and techniques, including undertaking baseline risk assessments and issues management using such tools as bowtie analysis. We have also introduced a new software tool, Bowtie XP, to make it easier for sites to capture and visualise all the controls related to a particular high-risk event. (See case study on page 28.)

The audit we undertook in 2015 to assess current ORM implementation has provided us with valuable feedback on current gaps and areas for improvement. This includes the need for better information flows between the different layers of the process and more rigorous control monitoring. Both are priorities for action in 2016.

In parallel with ORM implementation, control improvement activity was a major focus during 2015, with each business unit and operation having control improvement plans in place. The emphasis was on making sure they have identified and put in place the right critical controls for their top safety risks and ensuring that everyone who works with those controls understands what they are, how they work, and what to do if they fail or the situation changes making them no longer appropriate or effective. Understanding of the value and role of controls improved significantly during the year, though more work is needed to ensure that controls are properly used and monitored.

### Engagement and collaboration

The eight-year-old Anglo American Tripartite partnership with government and labour continues to seek areas for the improvement of safety at South African operations through collaborative and transparent stakeholder engagement. In 2015, the focus was on transport safety, with two awareness events being hosted: with Kumba at Sishen, and with De Beers in Johannesburg. The sessions put the spotlight on workplace and public-road safety, with two practical activities in the form of a Transport Safety Game developed by Anglo American's safety team, and a personal commuting risk assessment. The Tripartite partnership is also represented on the Group's public-transportation task force.

# HEALTH

Effective control 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 complements our internal health drive and supports local socio-economic development outcomes.

Our health strategy addresses three focus areas:

- protecting employees through the identification and control of occupational health risks in the workplace
- implementing employee well-being programmes that support the overall health of our workforce
- building partnerships to support the health of communities around operations and in labour-sending areas.

The Anglo American Occupational Health Way states our vision to achieve zero harm and is underpinned by three guiding principles: that all occupational illnesses are preventable; that we learn from incidents to prevent repeats; and that we apply simple and non-negotiable standards throughout the Group. The Occupational Health Way is supported by mandatory technical standards that address our principal health risks, which relate to noise, inhalable hazards, musculoskeletal stress and fatigue.

An overview of key developments in our health journey over the past 10 years, and our occupational disease incidence rate over this period, is provided on page 33.

The disciplines of occupational hygiene and occupational medicine work together in order to meet our occupational health objectives.

## OCCUPATIONAL HYGIENE

Occupational hygiene concerns proactively identifying sources of, and exposure to, health hazards, and preventing release of health hazards in the work environment through appropriate controls.

All our businesses report on the estimated number of people working in environments where they may be exposed to health hazards above the occupational exposure limits (OELs). These OELs are set per individual health risk and reflect the level to which nearly all workers (95%) can be repeatedly exposed over a working lifetime without adverse health effects. The trend has been for OELs to become more stringent as new research and knowledge on health stressors becomes available.

In 2015, 42% of employees were reported to be working in environments with noise levels in excess of the OEL, and approximately 9% of employees were working in environments where they were potentially at risk of exposure to inhalable hazards at levels in excess of the OEL. In workplaces where there is a possibility that an OEL might be exceeded, employees are provided with appropriate personal protective equipment (PPE), such as ear plugs or dust masks. We have intensive programmes in place to ensure that employees and contractors are trained in the use of PPE, and adhere to appropriate requirements in areas where hazards are present.

Our overall approach to occupational hygiene is aligned with the Anglo American ORM process, which requires that operations identify health risks, implement controls to mitigate those risks, monitor the effectiveness of controls, and learn from incidents in order to prevent repeats.

Our Coal and Platinum businesses in South Africa have made encouraging progress towards reducing exposure to their most significant health hazards.

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 operations. Platinum is implementing a six-point plan to eliminate or mitigate exposure. This involves the roll-out of second-generation, sound-attenuated rock drills, customised hearing protection for employees exposed to noise levels above 95 dB, fit-for-purpose hearing protection solutions for employees in other parts of the business, cap-lamp meters for high-risk individuals to monitor the effectiveness of controls, and updating noise registers in line with revised regulatory milestones.

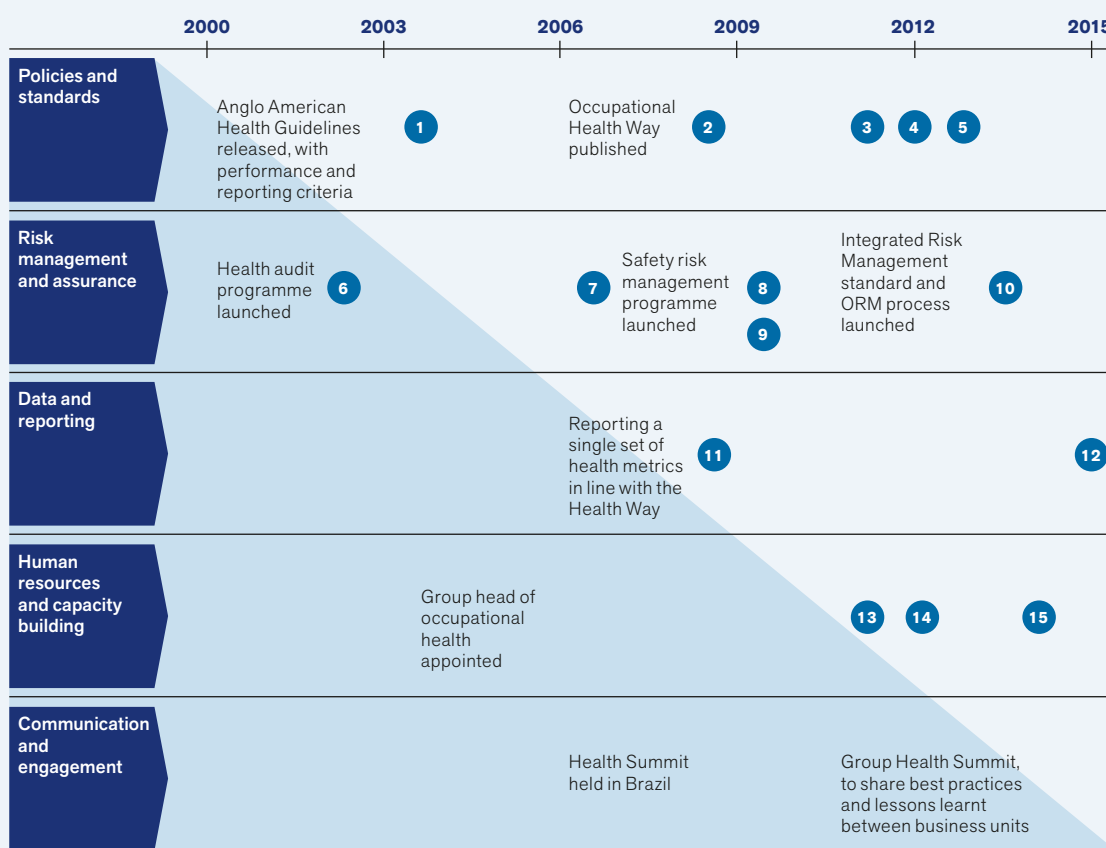
At Coal South Africa, average dust levels have continued a downward trend. A new target, which is well below legal requirements, was set in 2015 by the business unit's CEO in order to achieve even further reductions. The business's response plan includes more rigorous data management, sampling and monitoring of control effectiveness, as well as research into step-change technologies that will enable consistently low dust levels. For example, in 2015, New Denmark and Kriel collieries completed trials for 'real time' monitoring of dust exposure levels, which enables faster responses to reinstate controls that have failed.

We continue to educate our employees on, and reinforce messages around, managing health hazards, particularly noise, inhalable pollutants and musculoskeletal stressors. This includes emphasising the importance of managing these hazards and the related controls now, to prevent occupational disease and disability in the long term.

## HEALTH continued

## OUR HEALTH JOURNEY

The implementation of best-practice policies and standards, risk and assurance programmes, performance monitoring and human capacity development over the past 15 years has resulted in a considerable drop in the number and rate of new cases of occupational disease reported at Anglo American operations over that period.



1 87% compliance against Health Guideline achieved.

2 Health Way compliance assessments included in safety peer review programme.

3 Hearing-conservation and respiratory protection standards published.

4 Compliance with hearing-conservation and respiratory protection standards ranged between 60-85%.

5 Health requirements integrated into the Mine Closure Toolbox.

6 Commitment for every operation to achieve independent OHSAS 18001 certification.

7 96% of operations achieved independent OHSAS 18001 certification.

8 Health and environment included in safety risk management programme.

9 Group-wide 'noise and dust' audit programme commenced.

10 15 fatigue-management, 17 hearing-conservation and nine respiratory-protection reviews conducted to identify performance gaps.

11 Operations commence routine central reporting on exposure to occupational health hazards.

12 Employee exposures to major occupational health hazards included in integrated CEO scorecard.

13 Lead for occupational hygiene appointed.

14 Dedicated occupational health specialist appointed at Copper, Iron Ore Brazil and Kumba Iron Ore.

15 Occupational hygienists appointed at key Base Metals and Minerals operations.

Incident rate reduction



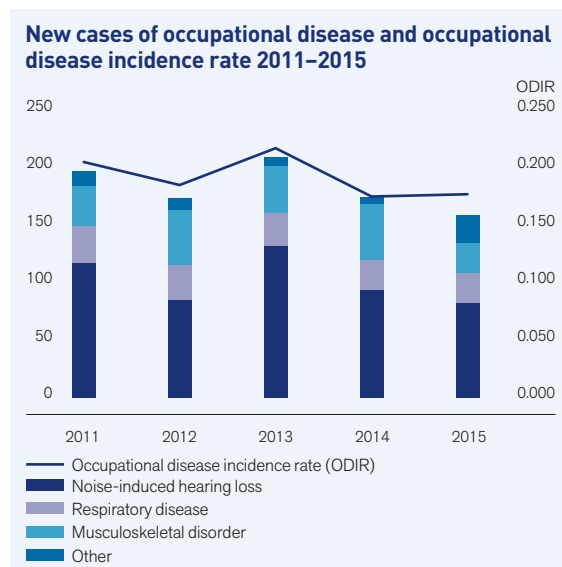
## HEALTH continued

### OCCUPATIONAL MEDICINE

Anglo American's occupational medicine programmes ensure that the baseline health of every employee entering the workforce is recorded, that their state of health is monitored throughout the duration of their employment, and that focused interventions are made to help the individual improve their health. Our medical surveillance programmes diagnose early signs of ill health, which are treated and investigated.

Lessons learnt from our medical surveillance programmes help inform our approach to occupational hygiene. For example, our electronic health record system 'theHealthSource' allows health professionals to capture each health visit through a secure website. This is linked to the employee's hazard exposure profile, which allows accurate application of appropriate tests and avoidance of those that do not add value. This prevents unnecessary testing and allows for the employee's online record to be accurately tracked and analysed over time. The system is implemented at our Coal South Africa and Kumba Iron Ore businesses, while a similar system is in use at Platinum.

The number of new cases of occupational disease reported in 2015 was 163 (2014: 175). This translates to an incidence rate of 0.177 per 200,000 hours worked. The improvement in absolute numbers was led by a 47% reduction in musculoskeletal disorders, a 33% reduction in coal-worker's pneumoconiosis, and a 12% reduction in noise-induced hearing loss.



Anglo American has recorded no cases of silicosis owing to exposure at our operations since 2011. However, despite the significant year-on-year decrease, we continue to report cases of coal-workers' pneumoconiosis in South Africa. These cases are thoroughly investigated to better understand their causes, including the past and current occupational exposure profiles of those who become ill, as well as the potential sources of coal dust in the workplace. Based on this information we continue to implement measures to improve our management of risks associated with coal dust.

Through an industry working group that was formed in 2014 by Anglo American and a number of South African gold mining companies, we continue to address issues relating to compensation and medical care for occupational lung disease in South Africa. The working group has engaged extensively with a range of stakeholders with a view to achieving a comprehensive solution that is both fair to past, present and future gold mining employees, and also sustainable for the sector.

### INFORMATION MANAGEMENT

Opportunities for improvement in our health performance are heavily dependent on quality occupational exposure measurements, sound medical surveillance protocols, data recording and data analysis, and specialised information systems. These form the basis for informed decision-making.

Flowing from the principle of 'preventing repeats', we have devised a system of incident reporting related to health. A health incident may vary from, at the lowest level, 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 (including, at the highest level, a fatal case of occupational illness). The reporting of low-level health incidents, which signify failing controls of health-hazard management systems, is the best leading indicator of occupational health performance. The indicators are used to ensure that the effective control of exposure to health hazards takes place at source.

The reporting and investigation of health incidents continues to improve, with more accuracy and consistency across the businesses. While the data trends have become more predictable over the past three years, we hope to see a continued focus on the reporting of low-level incidents as reporting matures.

## HEALTH continued

### COLLABORATION AND CAPACITY BUILDING

As part of our efforts to develop skilled occupational hygiene resources in South Africa, and for Anglo American, we have established a Chair of Occupational Hygiene at the University of the Witwatersrand in South Africa and will support this position and its associated activities with an endowment of \$1.4 million over the period 2014 -2019. The appointed Chair, Professor Derk Brouwer, began his term in November 2015.

We support a number of Masters and PhD students in health-related fields of study. Since 2002, we have collaborated with 35 MSc and PhD students on research projects at Anglo American operations. The findings of these projects have led to a better understanding of the health risks in mining and processing, and to the implementation of better control measures to eliminate or reduce health risks.

In 2015, Anglo American, together with the University of Wollongong in Australia, initiated and signed a memorandum of understanding of co-operation with BHP Billiton, the University of Antofagasta in Chile, and the University of the Witwatersrand and North-West University, both in South Africa. The agreement is intended to encourage joint research activities and publications, academic staff visits and the exchange of academic materials and other information.

We continue to collaborate with our bigger 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. Our activities during 2015 in this regard, however, were affected by financial constraints.

### EMPLOYEE WELL-BEING

Our health and well-being programmes encourage healthy lifestyles, emotional well-being and provide support for the management of chronic illnesses, principally HIV and tuberculosis (TB).

Through our wellness programmes, we strive to improve and maintain the health of our people and reduce absenteeism, which can have a significant impact on the ability of teams to execute planned tasks safely and effectively. Our extensive medical surveillance programmes include health screening for common lifestyle diseases such as hypertension, diabetes, cholesterol and obesity. In South Africa, TB and voluntary counselling and testing for HIV is included in the health screening. We offer all our permanent employees subsidised health insurance. All contractors have access to our HIV and TB testing and to medical surveillance, though their levels of access to our more comprehensive wellness offering vary across the business.

The total absenteeism rate rose from 4.2% in 2014 to 5.5% in 2015. While all business units, except Coal South Africa, reported small increases in non-work related absenteeism



### SUPPORTING ENTERPRISING RESEARCH

Over the past 11 years, Anglo American has partnered with the North-West University in Potchefstroom, South Africa, to support young talent and innovative research in the occupational hygiene field. A number of graduates do their practical experience and research at our operations. During 2015, graduate Anja Franken published her PhD research on the permeability of metals through human skin. Her results showed that human skin is permeable to both platinum and rhodium in salt form, with increased permeability to platinum in the case of Africans. The implications of the findings for the precious metals refining industries are being investigated, and we are supporting Anja's further research. Anja's academic and research outputs have resulted in her recent appointment as Associate Professor at the university.

Student Anja Franken undertook practical research at Anglo American operations for her PhD thesis in occupational hygiene.

rates, the primary driver was a 31% deterioration at Platinum. In response to rising absenteeism rates, both Platinum and Kumba have conducted in-depth analyses of absenteeism at operations. Armed with a better understanding of the underlying causes of absenteeism, both businesses have designed programmes to support employees with poorly managed chronic conditions; address instances of sick-leave abuse; improve operational absenteeism monitoring; and streamline administrative processes that contribute to long term absenteeism (such as delays in the medical retirement process).

Weight management remains a concern at most operations, but receives particular attention in Brazil and South Africa where the percentage of employees with a body mass index of over 25 ranges between 20 and 65%. Obesity can trigger a range of other chronic medical conditions and aggravates the incidence of musculoskeletal strains, as obese individuals may no longer be fit to execute physically demanding tasks. In these regions and others, education campaigns focus on the importance of diet and exercise, while many operations facilitate access to professional medical support.

## HEALTH continued

At our South African businesses, high levels of employee indebtedness, in particular at Platinum, are affecting employee well-being. To address this serious concern, Platinum has an employee financial wellness programme that is well used and is mitigating levels of indebtedness. Similar initiatives are being rolled out at other South African business units. In addition, Platinum, acting with seven employees, has commenced litigation to seek remedies under South African law against excessive charges and other oppressive conduct by administrators of heavily indebted persons.

Other campaigns throughout parts of the businesses in 2015 focused on mental health and emotional well-being, substance abuse, smoking cessation, cardiovascular disease, work-life balance, sexual health and influenza vaccinations.

#### Managing TB and HIV/AIDS

In southern Africa, pulmonary TB and HIV are inextricably linked. In South Africa, we are working with government in tackling the issue on an industry-wide scale to improve the health of our workforce and ensure that productivity in the mining sector is not unduly constrained.

We are recognised leaders for our TB and HIV/AIDS programmes in the workplace and most of our performance indicators continue to show a steady improvement. Coal South Africa in particular continues to demonstrate exemplary management of these twin diseases. Since 2006, the business has halved its HIV incidence rate and reduced its TB incidence rate by 70%. Coal South Africa recorded no deaths resulting from AIDS or TB in 2015. At all our South Africa businesses, there nonetheless remain challenges, such as early diagnosis, timeous enrolment in disease-management programmes, and adherence to treatment for HIV and TB.

Testing (through our wellness programme) is the entry point to our comprehensive programme of prevention, care, support and treatment for HIV and AIDS. In 2015, we tested and counselled 89,866 employees and contractors in southern Africa (2014: 108,234). Participation in voluntary counselling and testing (VCT) in our full-time workforce dropped to 68% (from 86% in 2014). The reason for the decrease was lower levels of testing at Platinum and corporate offices, as well as the inclusion of data from De Beers' joint venture operations in Namibia and Botswana for the first time.

Notwithstanding the inclusion of data from Namibia and Botswana, the annual number of new HIV infections showed a very encouraging decrease, and a record 88% of HIV-positive employees were enrolled on our HIV wellness programmes (2014: 78%). There was also a 34% increase in uptake of anti-retroviral therapy (ART) by HIV-positive employees. The UNAIDS global targets are that at least 90% of all people should know their HIV status, 90% HIV-positive people should be on ART, and 90% of those should have undetectable viral loads by the year 2020 in order to end the AIDS epidemic by 2030.

At 696 per 100,000 of the population, our TB incidence rate has decreased further and on average remains well below the South African national rate: 860 per 100,000. Regrettably, in 2015, 28 employees died from TB (related to HIV co-infection). We are encouraged, however, by the significant decrease when compared to 52 deaths from TB recorded in 2014, which is attributable to better case management at Platinum.

#### HIV/AIDS indicators

	2015 <sup>(1)</sup>	2014	2013	2012 <sup>(2)</sup>	2011
Number of employee VCT cases	<b>50,223</b>	59,813	51,954	57,847	–
Number of contractor VCT cases	<b>39,643</b>	48,421	40,814	37,397	–
Employee HIV counselling and testing participation (%)	<b>68</b>	86	75	82	92
Estimated HIV+ enrolment in Anglo American HIV wellness programmes (%)	<b>88</b>	78	75	70	61
Estimated HIV+ employees on ART (%)	<b>72</b>	53	47	45	37
Number of new HIV cases	<b>349</b>	543	529	527	902
AIDS deaths (including tuberculosis cases)	<b>91</b>	89	125	–	–

#### Tuberculosis

	2015 <sup>(1)</sup>	2014	2013	2012 <sup>(2)</sup>	2011
New cases of tuberculosis	<b>511</b>	544	734	677	913
TB incidence rate per 100,000 employees	<b>696</b>	786	1066	958	1185
Proven TB deaths	<b>28</b>	52	63	59	65

<sup>(1)</sup> HIV/AIDS and TB data in 2015 includes De Beers' joint venture operations in Botswana and Namibia for the first time. 2011-14 data included Anglo American operations in South Africa and Zimbabwe only.

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

## HEALTH continued

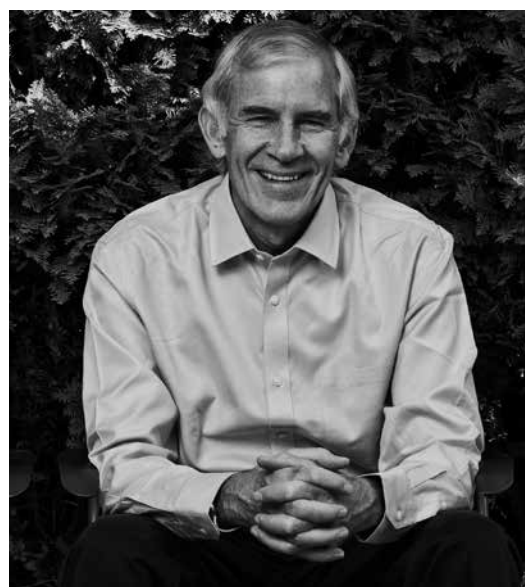
**BRIAN BRINK'S LEGACY IN  
ANGLO AMERICAN HEALTHCARE**

Big business has the tools and resources to successfully contribute to major global health goals and at the same time improve the economies in which they operate, thereby creating new business opportunities.

Anglo American strives to enhance the role of the private sector as a partner in improving access to sustainable, quality healthcare – particularly in developing countries. Central to our healthcare manifesto and leadership role have been the vision, passion and determination of Brian Brink, who retired as chief medical officer at the end of 2014 after 33 years with the Company. Brian pioneered Anglo American's leading HIV/AIDS and TB programmes for our southern African workforce and their families. A pivotal development took place in 2002, when the company became one of the first to introduce free anti-retrovirals to its workers and, later, to their dependants. An analysis in 2010 demonstrated that investing in HIV prevention, treatment and care has a measurable and positive impact on business performance. The leap of faith at the time has since proved to make hard business sense.

Another pillar of Brian's contribution in South Africa was in building partnerships to strengthen health systems in several provinces associated with our operations. Innovative initiatives included establishing mobile clinics that take critical health services to disadvantaged communities in remote and under-resourced areas.

Brian emphasised the fundamental role of a robust information platform for effective healthcare management, in particular in certain African countries, to diagnose and treat preventable, communicable diseases properly. Anglo American has developed some of the most advanced health information systems in South Africa.



Throughout his career, Brian has held key roles with prominent health institutions. For example, he is a member of the South African National AIDS Council (SANAC) Trust and has served on the board of the Global Fund to fight AIDS, TB and Malaria since the Fund's inception. Brian sits on the boards of various NGOs involved in health and human rights. In recognition of his contribution to the fight against AIDS, particularly in the private sector, the University of the Witwatersrand awarded Brian an honorary doctorate in medicine in December 2014.

Brian Brink retired as chief medical officer after 33 years with the company.

**INVESTING IN COMMUNITY HEALTH**

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. For example, Anglo American supports the Global Vaccine Alliance (GAVI), an organisation that has helped countries to immunise close to 250 million children between 2011 and 2015.

Our comprehensive socio-economic assessments in local communities using the Socio-Economic Assessment Toolbox (SEAT) (see page 39) include health considerations, which are also included in social management plans.

Kumba's Ulysses Gogi Modise clinic renders primary healthcare services to contractors and communities surrounding its Sishen and Kolomela operations in South Africa. The Batho Pele Mobile clinics continue to offer primary healthcare to remote communities that do not have access to healthcare facilities. In March 2015, Kumba handed over the Postmasburg Primary Healthcare clinic to the local department of health. The clinic was built, furnished and equipped by Kumba and offers comprehensive primary healthcare services.

Coal South Africa, in 2015, provided ongoing support to the Ndlovu Care Group at the Bhubenzi Health Centre in Bushbuckridge, and to the Lilian Mambakazi Community Health Centre in Standerton for the community of Rooikoppen.

Platinum's mobile clinic in Rustenburg continues to offer primary care services to communities around the mines, including the treatment of acute and chronic illnesses and health education. During 2015, nearly 8,000 primary care consultations were offered. Platinum's emergency care ambulances also respond to motor vehicle accidents and community-based emergency cases that occur around the mines.

Iron Ore Brazil's community health programme includes improvements to health infrastructure in local municipalities and training for healthcare professionals, as well as education on alcohol and drugs, men's health and sexual and reproductive health. Much of this is provided through Anglo American's longstanding partnership with the NGO, Reprolatina, on sexual and reproductive health. In 2015, more than 20,000 individuals benefited from the education activities promoted by Reprolatina in communities.

Other notable projects include the implementation of 'theHealthSource', in a second public health facility in Johannesburg.

# MANAGING THE SOCIAL EFFECTS OF MINING

## DRIVING CHANGE

**It is essential that we maintain a positive relationship with the stakeholders and communities around our operations in order to maintain our socio-political licence to operate.** Inclusive stakeholder engagement underpins our approach to ensuring we respect human rights and respond to legitimate stakeholder aspirations and concerns in the communities in which we operate.

## DEFINING OUR FUTURE

**Securing and maintaining our socio-political licence to operate is crucial to achieving our vision to be partners in the future with our major constituents.**

For us, this means host communities and countries being left in a better position than before we arrived. Ensuring that we avoid or minimise any harm that our operations may cause, while at the same time building inclusivity and growing the socio-economic benefits for communities, is an investment in our future and theirs.



Using text messaging technology, we piloted real-time perception surveys among the communities around five of our operations.

## REAL-TIME COMMUNITY PERCEPTION SURVEYS

Given the dynamic nature of our socio-political licence to operate, we recognise that it needs to be actively monitored and maintained on an ongoing basis. To respond to this, we are piloting real-time community perception surveys, using low-cost mobile phone technology. The survey data will be used in conjunction with other data sets (such as face-to-face engagement outcomes, complaints and grievance data, media monitoring, etc.) to better understand community perceptions and inform our responses to their concerns.

The survey methodology was developed in partnership with Australia's Commonwealth Scientific Industrial Research Organisation, while the technology platform was developed in partnership with Vodafone. The surveys are designed to measure perceptions of the impacts associated with our activities, the quality of our relationships with stakeholders, the extent to which stakeholders feel they have been treated fairly, and the extent to which participants trust and accept our operations.

The pilot project is being implemented at five of our sites, one in Australia and four in South Africa, with approximately 450 participants at each South African site. The survey participants are a representative sample of their respective communities and were registered in person by completing an initial 30-minute survey. This provided insight into community experiences of our mines, our relationship with neighbouring communities, and levels of trust and acceptance, rated on five-point and seven-point scales. Thereafter, the participants receive a monthly text message survey consisting of five questions, over a 12-month period. Across all the sites, preliminary findings indicate that quality of engagement and being treated fairly are key drivers of trust.



## OUR STRATEGIC APPROACH

Anglo American aspires to be a trusted partner with key stakeholders and a leader in catalysing collaborative social development.

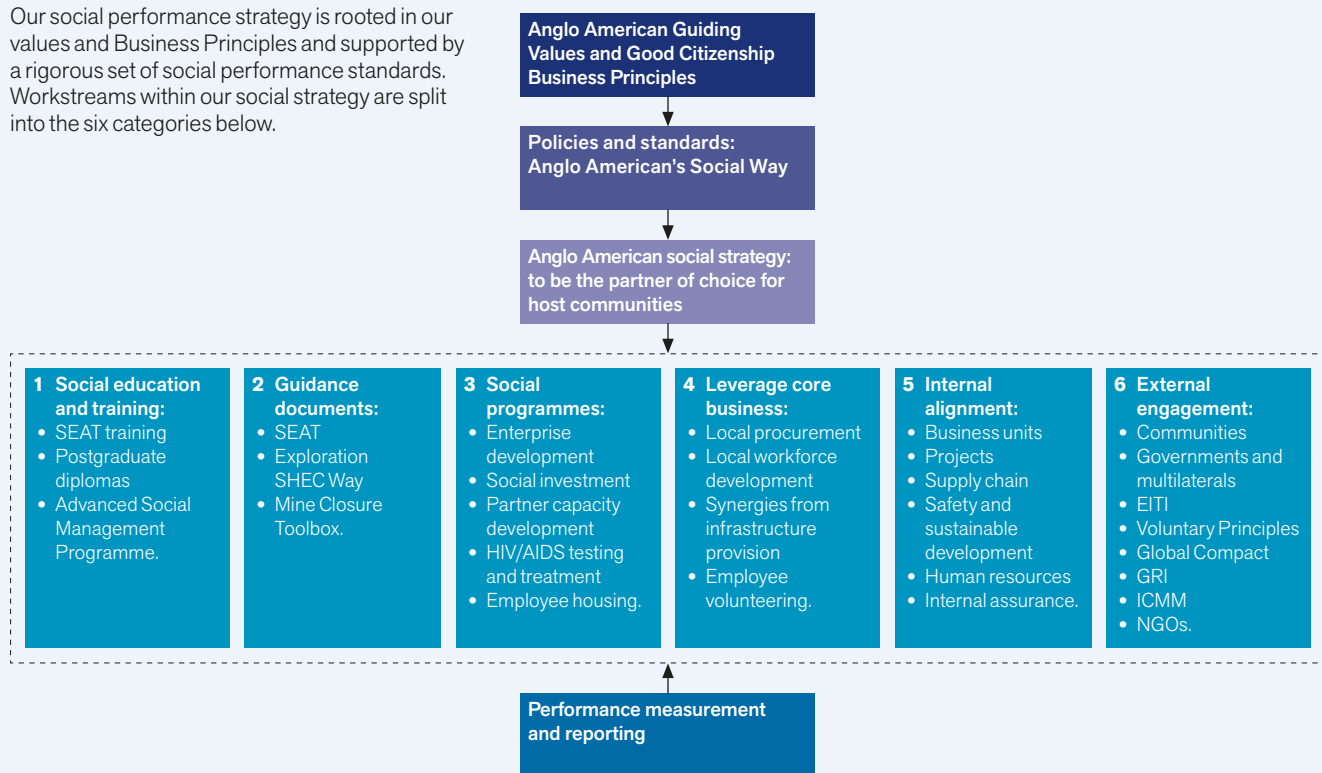
We seek to maximise the benefits of mining and mitigate its potential negative effects. While each operation has unique social risks and opportunities, general issues may include population influx and demographic change, land acquisition and resettlement, competition for natural resources, community health impacts, and potential human rights infringements in our supply chain. These negative effects 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 influenced significantly by growing legal and regulatory requirements, as well as by rapidly developing societal and stakeholder expectations.

Our industry-leading 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 effects; 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 identified through operational stakeholder mapping exercises is central to the process. Operations are required to undertake a SEAT assessment every three years and make these publicly available.

## 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**

We respect the human rights of employees, host communities and business partners and our approach to human rights is aligned with the UN Guiding Principles on Business and Human Rights (UNGPs).

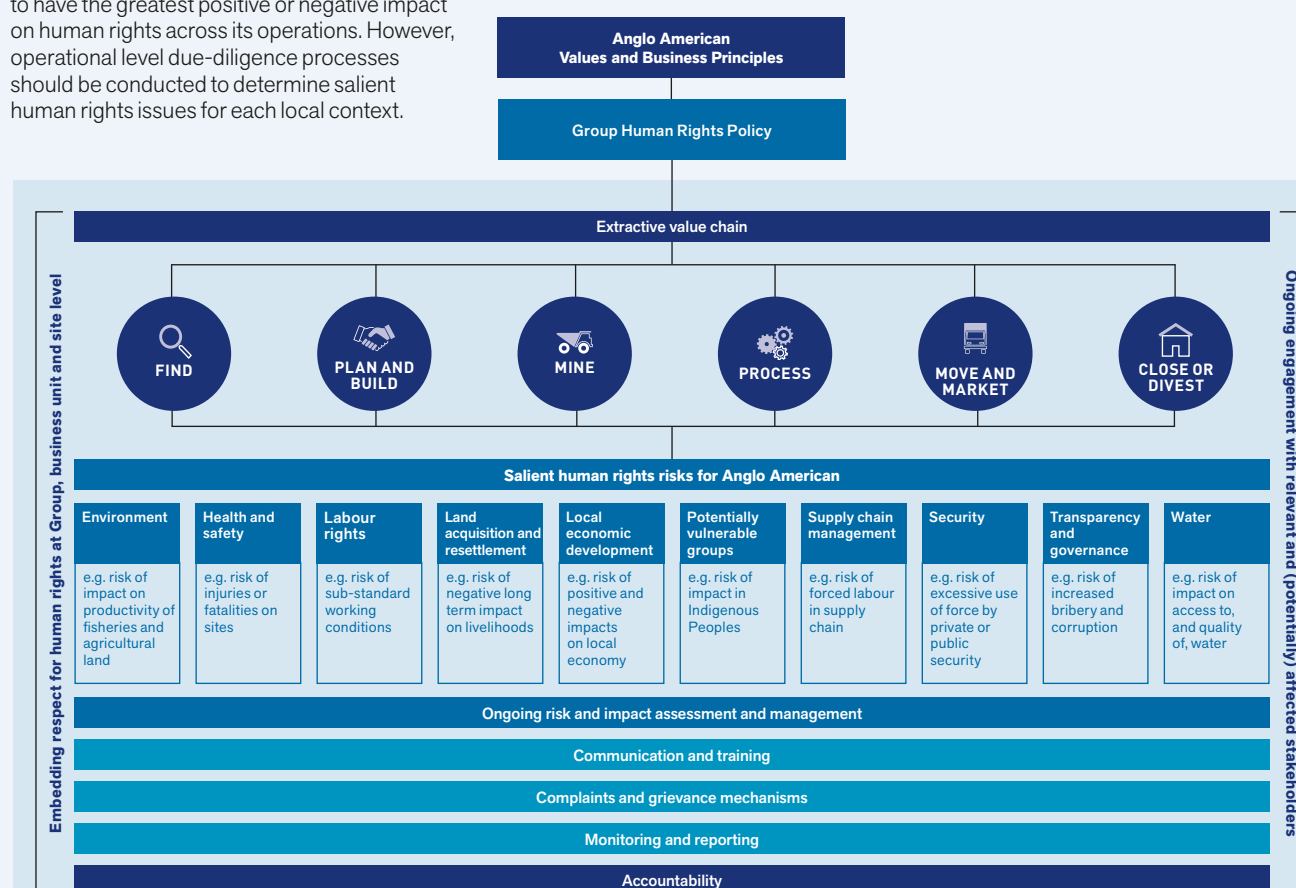
During 2015, we rolled out our previously launched Human Rights Policy across the Group and used our human rights framework to guide our approach to identifying and addressing our salient human rights risks. Human rights requirements have also been integrated into the Social Way and SEAT tools. As a consequence, operation-level due-diligence processes have been conducted at the majority of sites either through our mandatory SEAT process or through a specific human rights risk assessment, to determine salient human rights issues for their local context. Our most salient human rights risks from a Group perspective and throughout all stages of the mining life cycle are shown in the graph below. Our progress on managing these is addressed throughout this report.

We report on our progress towards implementing the UN Global Compact principles at Advanced level (available at [www.angloamerican.com](http://www.angloamerican.com)), demonstrating our commitment to responsible business practice. We have ongoing exchanges with leading human rights organisations such as International Alert, Shift, the Danish Institute for Human Rights and others, which help us continue building capacity for human rights due diligence at various levels of our company as well as in developing and implementing risk-mitigation measures across the business. Following the conclusion of projects piloted in 2014, we have established an internal network of cross-functional practitioners to share experiences, challenges and learnings relating to human rights due diligence.

There were no significant investment agreements entered into in 2015 requiring specific human rights clauses.

**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.



**BUILDING TRUST THROUGH COLLABORATIVE ENVIRONMENTAL MONITORING**

In planning the development of Gahcho Kué diamond mine in the Northwest Territories, De Beers Canada recognised the need to communicate and engage effectively with host Aboriginal communities to address their concerns about the mine's activities and impacts. In 2014, the company negotiated directly with Aboriginal parties to establish a forum called Ni Hadi Xa, a Chipewyan name meaning For Watching the Land, which enables all affected parties to participate in environmental stewardship activities at the mine. The agreement signed between De Beers and five Aboriginal parties in 2014 sets clear objectives and commitments for De Beers and establishes mechanisms to hold the company to account. A key objective is to facilitate the consideration of traditional knowledge in the monitoring and management of the mine and its interaction with the land and environment, and to build capacity of the Aboriginal parties to participate in the process.

During the first year, Ni Hadi Xa hired the required staff, selected the location to build a cabin on the land to promote traditional knowledge and initiated engagement with all Aboriginal communities involved. The staff comprise a technical co-ordinator to manage the operation and communicate on progress, an Aboriginal-appointed environmental monitor on site, and two Aboriginal traditional knowledge monitors stationed in the nearest community to the mine. Through effective communication and collaboration, the project has ensured the communities' acceptance of the mine and its smooth development.

The long term initiative is helping to build mutually beneficial, participative and respectful relationships based on confidence and trust between the company and the local communities. Ni Hadi Xa provides an additional layer of oversight, over and above the regulatory instruments that govern mining operations, and forms part of De Beers' broader engagement with Aboriginal communities.



Members of the Métis Nation on Kennady Lake on a visit to the Gahcho Kué diamond project in Canada's Northwest Territories. They were accompanied by site representative Parker Leary (left).

**Security and human rights**

Security-related human rights issues in a number of countries continue to heighten our concern around the potential impact of these at our operations and in the surrounding communities. We are a longstanding supporter of the Voluntary Principles on Security and Human Rights (VPs) and seek to ensure that appropriate measures are taken at all operations to manage security and human rights risks. During 2015, we continued to work with our strategic partner, International Alert, to strengthen our implementation of the VPs. Together, we prepared standard security and human rights training material intended for operations to adapt to local needs. In total, 3,011 permanent and contractor security personnel participated in human rights training.

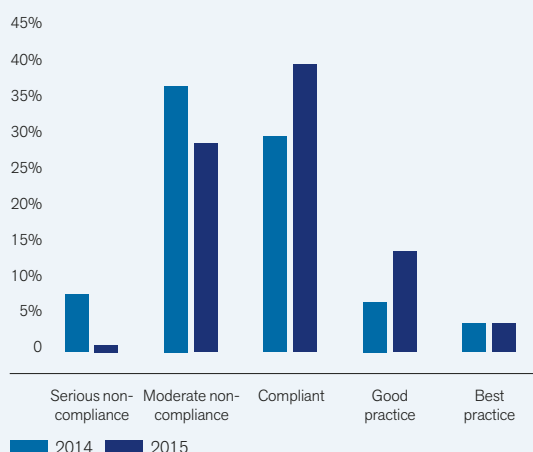
**MITIGATING SOCIAL RISKS AND IMPACTS**

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.

During 2015, we implemented a revised Social Way, which has been updated to reflect evolving stakeholder expectations and international best practice.

Each site is assessed annually. More in-depth reviews of priority issues are undertaken as a part of the operational risk-assurance process. The 2015 assessment results reflect steady improvement across almost all Social Way requirements and a year-on-year decline in the number of serious and moderate non-compliances (see graph on page 42). Each operation is required to implement an improvement plan for requirements that are not met in full.

Social instability and industrial unrest remain a particular challenge and priority in South Africa. To address this, we continue to seek to engage and work collaboratively with employees, unions and the South African government, and also with communities around our mines. In 2015, we piloted a project to monitor 'real time' community perceptions of our impacts through text messages on mobile phones. This is aimed at enabling us to gauge levels of trust and acceptance of our presence and detect shifts in community sentiment. (See case study on page 38.)

**Social Way assessment scores 2014–2015<sup>(1)</sup>**

<sup>(1)</sup> Social Way assessment scores for 2014 and 2015 exclude De Beers' joint venture operations in Namibia and Botswana, as well as operations that were divested, closed, or for which sale agreements were concluded, in 2015.

### 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. Level 3–5 (moderate to significant) social incidents are reported to the Board and included in the Chief Executive's quarterly performance scorecard.

During 2015, 2,116 social incidents were reported across the Group, of which 319 were Levels 3–5. Internal and external reviews continue to find deficiencies in the implementation of social incident procedures and reporting in some parts of the business. Our focus in 2016 will be on improving the completeness of reporting at certain operations, while ensuring that incidents are classified according to the correct severity levels will receive attention at others.

The Level 3–5 incidents reported included 32 with a primary impact on human rights and four related to land use. No incidents relating to impacts on Indigenous Peoples were reported, nor were any fines or penalties incurred for Level 3–5 incidents.

In 2015, social unrest was experienced around some of our operations and in a small number of instances had a bearing on our production. Most materially, there was social conflict across the Limpopo province in South Africa, affecting our Platinum operations, including several protests at Mogalakwena by local community members. Further information on significant incidents in 2015 is available on page 43.



### PRESERVING ARCHAEOLOGICAL HERITAGE IN BRAZIL

Our Iron Ore Brazil business has conducted one of the largest private investments in archaeology and cultural heritage in Brazil's history. During the implementation phase of the Minas-Rio iron ore mining operation, located in the states of Minas Gerais and Rio de Janeiro, we partnered in rescuing more than 40 archaeological sites in the mining municipality of Conceição do Mato Dentro. This work included the recovery of in excess of 200,000 archaeological artefacts, as well as the discovery of two prehistoric sites. Some of the most important objects rescued from the sites are displayed in the Anglo American Science Centre in Conceição do Mato Dentro. Iron Ore Brazil is involved in various partnership initiatives aimed at promoting and enhancing the country's archaeological and cultural heritage.

The Science Centre at Conceição do Mato Dentro displays some of the 200,000 archaeological remains discovered at our Minas-Rio operation in Brazil.

Social incidents		
Primary impact	Description	Remedial action
<b>Iron Ore Brazil</b>		
Housing	A high number of complaints were received relating to vibrations resulting from the operation of the Minas-Rio pipeline in the community of Turco.	An increase in pipeline vibrations was confirmed and operational adjustments were made to the dampeners, which has led to a reduction in vibrations. Precautionary inspections were carried out in nearby houses. Monitoring of pipeline vibration levels has been put in place and reports are shared with local community residents.
Labour conditions	Several complaints from contractor employees were received on a range of issues, including late payment, food shortages, transport problems and the dismissal process.	A review was conducted of contractor labour processes to identify any gaps in compliance with the standards required by Brazilian law, and the contractor evaluation process was strengthened to include human rights indicators. Regular anonymous surveys of contractor employees have been implemented to proactively identify any issues or suggestions related to working conditions.
Water	Several complaints were received relating to both water scarcity and to the silting of springs perceived to be due to mining activities. In addition, three complaints were received alleging a lack of water in the Água Quente community.	Community reservoirs are monitored daily and additional drinking water is supplied if required. In addition, maintenance has been completed on several wells and water tanks. A proposal for continuous maintenance and monitoring of the water distribution system is under consideration.
<b>Platinum</b>		
Security / damage to property	There have been several incidents of community protest at Mogalakwena mine against poor public service delivery and lack of employment opportunities. Damage was done to both local facilities and mine equipment and one employee was injured. The protests resulted in 103 arrests, residents were prevented from travelling safely to their places of work due to obstructions in the streets, and two concentrators at the mine were shut down.	Intervention was sought from the Ministry of Mineral Resources as the matter relates to public service delivery, and subsequently a task team with community representatives from almost all of the Mapela community villages was established to serve as an engagement platform. The Minister appointed the South African Human Rights Commission to serve as the mediator between the Mapela communities (Task Team) and the mine. While the discussion between the mine and task team continues with a view to formalising the task team as the official engagement forum, some projects are already being executed.
Water	During a period of acute shortage of water occasioned by droughts and a series of heatwaves, the communities of Malepetleke and Sekgoboko embarked on community protest at Union mine resulting in damage to and interruption of the pump water station, which supplies the mine with non-potable bulk water.	The mine engaged both communities and subsequently embarked on an emergency water relief programme during which it temporarily provided potable water to both communities during the drought.
<b>Copper</b>		
Livelihoods	There were recurring complaints related to excessive irrigation of access roads shared between the Quellaveco project and the community of Tala, as well as discharge of waste water by contractors reaching areas close to the community's agricultural land.	Contractors were trained on the agreement with the Tala community on irrigation of the road. Mitigation and monitoring measures were designed in co-operation with the community, including the development of an integrated irrigation plan and more frequent monitoring. Technical improvements were also made to the road and drainage system.
Labour conditions	Complaints were received from employees of a contractor company, who suspended work in protest over labour conditions such as lack of payment for public holidays, lack of warm clothing, lack of transportation and not providing pay slips.	The project engaged with senior management of the contractor to resolve all of the concerns raised including payment, provision of payslips and warm clothing. The contractor's administration team relocated to the project camp to be able to provide a faster response to any similar issues that may be raised in future.
Employment	There were recurring complaints by local residents related to the selection process for personnel to work at contractor companies on the Quellaveco project. These related principally to the lack of feedback following the selection process, in which feedback was provided.	A workshop was conducted for project contractor companies to identify improvements in the recruitment process for personnel, principally in terms of the provision of transparent information about the process and the level of feedback provided to each applicant. Shared guidance was developed and in some cases specialised human resources staff were hired to manage the process more effectively.



**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 principle of Free, Prior and Informed Consent (FPIC). This commitment is incorporated into our Social Way standard. Aligned with the Position Statement and our own policy, we accordingly seek 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.

Our exploration and projects teams work successfully with Indigenous Peoples in Finland, while coal operations in Australia and De Beers' operations in Canada are located near Indigenous Peoples' territories. These operations continue to foster constructive relationships that are based on mutual respect, meaningful engagement, trust and mutual benefit. In Canada, certain operations have benefit-sharing agreements in place with Indigenous Peoples.

**RESPONSIBLE 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 International Finance Corporation (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 Anglo American resettlement working group comprises resettlement practitioners from each business unit and ensures that lessons learnt from resettlements are shared across the company. To help us to better understand and mitigate the impacts on livelihoods as a result of resettlement, all sites monitor livelihood indicators. A new approach for this type of monitoring that is participatory and aligned with multi-dimensional poverty metrics is being piloted for the Dingleton resettlement near Kumba's Sishen mine in the Northern Cape in South Africa.

During 2015, Kumba concluded the resettlement of a further 108 households at Dingleton; the remaining 129 households are scheduled to be relocated by the end of 2016. Five households at the Quellaveco copper project in Peru were relocated during 2015. Platinum has concluded the resettlement of seven households at Twickenham and a further 117 households at Mototolo, near Mogalakwena mine, in South Africa. It aims to complete the remaining 59 household relocations in 2016.

**MANAGING SOCIAL IMPACTS IN OUR SUPPLY CHAIN**

Globally, there is an increasing expectation of business to demonstrate accountability in ensuring responsible business conduct by all parties in corporate supply chains. Our responsible sourcing programme addresses supplier compliance with local regulations and Anglo American requirements regarding safety, health, the environment, business integrity, human rights, labour practices and economic development.

The Anglo American Supplier Sustainable Development Code and Policy define 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 2015, 25 new suppliers were contacted to complete self-assessment questionnaires to assess compliance with the code, while several follow-up audits were undertaken to close-out existing risk issues. No new supplier audits were undertaken, however, owing to an internal review of our engagement approach and economic conditions.

Through the engagement sessions, supplier self-assessments and audits, we have identified supplier-compliance issues related to: legislative compliance (including issues with employee contracts); workplace safety (including inadequate preparedness for fire and emergencies; poor handling and storage of dangerous goods; inadequate training on safe work practices and non-issuance of personal protective equipment); and excessive working hours (more than 60 working hours a week). Our supplier engagement focuses on agreeing corrective action plans between suppliers and our procurement teams on managing this risk. In total, external sessions were conducted with 61 individuals, representing 12 external organisations, to raise awareness of responsible sourcing requirements as part of the commercial award criteria for working with Anglo American, while internal training sessions were conducted with a further 43 employees.

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 2015, a set of common principles was agreed, along with simplified auditing protocols and principles of 'mutual recognition'; this approach will ultimately reduce duplication cost and effort while promoting common messaging on the need for responsible sourcing across a shared industry supplier base.

In 2015, two major improvement plans with suppliers were closed out. Issues resolved involved maintaining valid employee contracts, hazardous materials handling and storage, waste management, and working overtime hours in excess of legal limits.

# MAXIMISING THE BENEFITS OF MINING

## DRIVING CHANGE

Over the past two years, we have been implementing a new approach to socio-economic development, with our strategic focus on improving productivity in both local private-sector and public institutions to support sustainable job creation, and ensure a lasting, positive legacy.

## DEFINING OUR FUTURE

We seek to ensure that the benefits we generate flow more directly to communities around our operations and that we respond effectively to increasing stakeholder expectations. Achieving these objectives depends on collaborative efforts with government institutions, community members and other large corporations. This is essential to effectively manage social risks, maintain our social licence to operate and achieve our vision of becoming 'partners in the future'.



Pauline Phologolo's company, Group Pee, makes corporate and school uniforms, with currently eight employees. Pauline joined the Tokafala programme in 2014 which, she says, "has instilled in me a feeling of confidence...and equipped me...to successfully run my business."

## DIVERSIFYING BOTSWANA'S ECONOMY THROUGH ENTERPRISE DEVELOPMENT

After two years, our enterprise development initiative in partnership with the government of Botswana and Debswana is on track to exceed most of its targets, according to an impact assessment. The mentorship programme, Tokafala (Tswana for 'to improve'), aims to bolster the growth of small-, medium- and micro-sized enterprises (SMMEs) and help diversify the economy, building on existing government programmes and complementing current initiatives.

Tokafala is designed to meet specific needs. It seeks to improve the viability and resilience of micro businesses, and encourage their commitment; scale-up small businesses and improve their market access and connections to opportunities; and assist medium-sized enterprises by reviewing and adjusting business models and providing guidance on strategic direction.

The selected enterprises show market potential and opportunities for Tokafala to add value to their business. They are from diverse sectors, including transportation, telecoms, healthcare, retail and hospitality.

During the initial three-year period, Tokafala aims to mentor more than 230 high-growth enterprises; in the second phase (2016-2018) this will be supplemented with advisory support to over 500 micro enterprises. In total, the programme aims to support in excess of 5,000 jobs in the country.

An impact assessment was conducted on the 158 participating enterprises enrolled in 2014 to determine progress against impact targets for the initial phase. The contingent represented 65% of the enrolment target, the average annual revenue growth being 60% against a target of up to 40%. The programme has supported 1,200 jobs, representing 60% of the target, a number expected to rise given the high revenue growth; while 38% of participating SMMEs have accessed new sources of financing in the past year, almost double the targeted 20%.

## OUR APPROACH AND STRATEGY

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

To ensure a lasting, positive legacy, our strategy is designed to maximise the benefits of our presence and build local capacity to allow development to be sustained beyond the mining sector, and beyond mine closure.

Our objective is to maximise socio-economic benefits through integrated programmes. Our approach is structured around seven core programmes that are focused on two areas of action: stimulating local markets; and building capacity in local institutions to allow them to deliver quality public services. All operations are required to adhere to the Social Way requirements and implement SEAT to enhance development in host communities and countries.

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 chain. To support the delivery of good public services, we concentrate on working with local institutions to strengthen their capacity, maximise the socio-economic benefits from our own infrastructure, and deliver social investment that supports those most in need. Employee volunteering is used as a lever supporting any of the other six programmes.

Achieving our objectives depends on fostering robust partnerships and on ensuring governance and accountability in implementing initiatives.

In 2015, we conducted assessments of our socio-economic development activities and performance at 12 high priority sites. This provided valuable insight into leading practices and their success factors, as well as lessons from less successful projects. Identifying our strengths and weaknesses is informing the development of more effective existing and planned programmes. The analysis underscored the importance of implementing a systematic approach, as opposed to isolated programmes, and provided a better understanding of the role and appropriateness of each programme in the overall strategy. A key outcome was the recognition of the fundamental role of external capacity development in our strategy. The analysis also demonstrated that our approach will, by focusing on leveraging our value chains and skills, enable us to have a significantly greater positive impact on host communities at a much lower cost than conventional social investment-led approaches.

## ECONOMIC VALUE-ADD

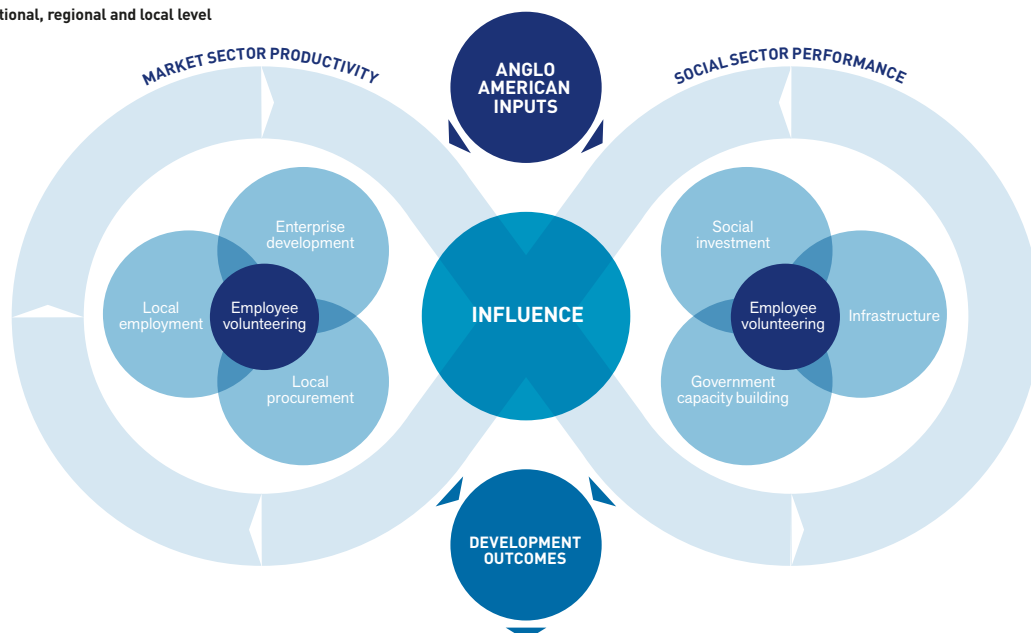
It is through our core business activities – employing people, paying taxes to governments and procuring from host communities and countries – that we make our most significant positive contribution to economies.

The value distributed directly by Anglo American in 2015 amounted to \$23,365 million. This figure includes:

- \$10,032 million paid to suppliers
- \$3,955 million to our employees through wages and related expenditure
- \$3,062 million in taxes and royalties to governments
- \$1,320 million paid to Anglo American and outside shareholders
- \$695 million to providers of capital

### Anglo American's approach to socio-economic development

National, regional and local level



- \$4,177 million that was reinvested in the Group
- \$124 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.

#### Economic value distribution

	\$ million	%	
Suppliers	10,032	43	
Employees	3,955	17	
Reinvested in the Group <sup>(1)</sup>	4,177	18	
Company taxes	3,062	13	
Dividends	1,320	6	
Providers of capital <sup>(2)</sup>	695	3	
Corporate social investment	124	1	
<b>Total</b>	<b>23,365</b>		

<sup>(1)</sup> Capex

<sup>(2)</sup> Interest

#### Payments to governments

The amount of tax we generate and pay to governments, as well as our approach to managing tax affairs, is 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.

Anglo American has voluntarily provided information about our tax payments on a country-by-country basis for the past 11 years. A detailed account of performance in this regard is available in our annual Tax and Economic Contribution Report, which won the 2015 PwC Building Public Trust award for tax transparency ([www.angloamerican.com](http://www.angloamerican.com)).

We remain an active participant of the Extractive Industries Transparency Initiative (EITI) and are at the forefront of tax transparency. 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.

#### Taxes borne and collected: developed vs. developing countries

	\$ million	%	
Developing	2,177	71	
Developed	885	29	
<b>Total</b>	<b>3,062</b>		

#### LOCAL PROCUREMENT AND ENTERPRISE DEVELOPMENT

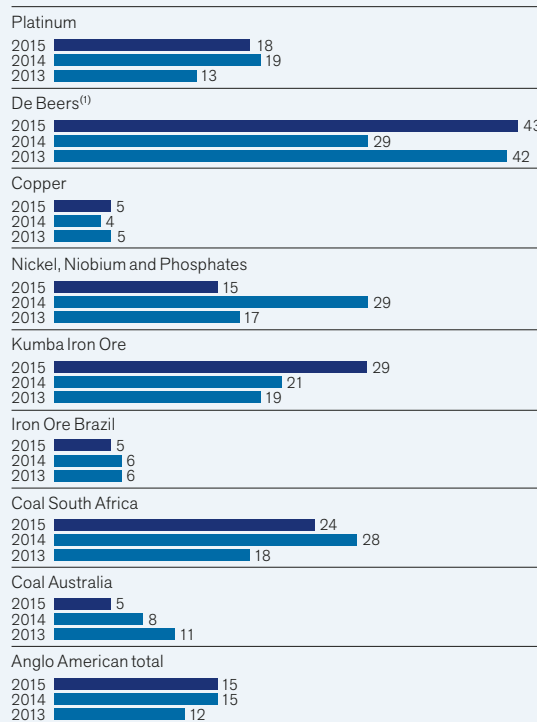
Our local procurement initiatives are a value-adding instrument for the business and provide the anchor for boosting economic growth in communities around our operations. They are designed to optimise opportunities to integrate local businesses into our global supply chain and advise them on how to compete successfully for new business. The initiatives typically target more mature, slightly bigger SMEs in order to support more sophisticated job opportunities and a greater multiplier effect in the local economy.

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. Our operations' efforts are supported by a comprehensive local procurement toolkit and summary guide.

#### Expenditure with suppliers based in host communities

% of total available business unit expenditure



<sup>(1)</sup> De Beers' 2014 and 2015 local procurement expenditure data excludes Debswana.

In 2015, we spent \$10 billion (2014: \$12.3 billion) with suppliers, which accounted for 43% of our total economic value distribution. Expenditure on suppliers based in the communities close to our operations was \$1.5 billion (2014: \$1.7 billion). This represented 15.3% of total supplier expenditure (2014: 14.7%), against a Group target of 13.5%.

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. Initiatives at operations in Brazil, and at our De Beers, Coal and Platinum businesses in South Africa, are progressing well.

Our best-practice programmes demonstrate the case for focusing on developing existing procurement capacity in the areas close to our operations. Partnering to strengthen capacity in sectors that can deliver value for the company presents many opportunities to reduce costs and provide a competitive advantage for such communities. This more localised and systematic approach integrates supplier development more effectively with our workforce and enterprise development agenda.

#### **Black economic empowerment procurement**

In South Africa, our operations contribute to the country's drive to promote black economic empowerment (BEE). In 2015, Anglo American-managed businesses spent ZAR30.4 billion (2014: ZAR35.4 billion) with 'historically disadvantaged South African' (HDSA) businesses, which amounts to 80% of total expenditure in South Africa (excluding goods and services procured from the public sector and public enterprises).

Mining Charter III is under development and will set new BEE expenditure targets. We continue to make progress in improving levels of expenditure across all categories. In the services category, our business units continue to engage effectively with non-BEE suppliers to achieve BEE-compliance. An overview of Anglo American's transformation journey is given on page 49.

#### **Enterprise development**

Since before 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. Since 2008, we have supported 110,780 jobs, provided funding of more than \$130 million, and supported 62,394 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 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.

In addition, we now understand that enterprise development programmes are crucial in unlocking the maximum developmental potential of local procurement. When we are successful in procuring from local entrepreneurs, we benefit a relatively small fraction of the local SME population. Enterprise development programmes allow us to expand benefits to the broader local economy in a way that bolsters the community and also our own business.

The Zimele enterprise development programme was established in 1989 and now supports 46,630 jobs in South African SMEs, mainly in mining and labour-sending areas. Zimele provides equity finance or subsidised loans through a nationwide network of business hubs. In recent years, Zimele has steadily expanded its offering, with new funds launched in response to emerging needs. 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 our enterprise development model to areas where we source our labour.

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 60,000 jobs since 2008.

Based on our experience with Zimele and Emerge, we developed a best practice model, which was used to implement schemes in Botswana and Brazil in 2013, and in Peru in 2014. In Botswana, we are contributing to the government's economic diversification programme. (See case study on page 45.) In Brazil and Peru, our schemes are designed to reinforce existing supplier development programmes, focusing on farming and other strategic sectors. These schemes are progressing well and have achieved all their targets to date. By the end of 2015 they collectively supported 3,552 jobs and aim to support close to 10,000 by the end of 2016.

In 2015, our Barro Alto nickel operation in Brazil implemented a programme that was designed to address the anticipated demobilisation of contractors following the completion of new furnaces at the site. The scheme has established 90 SMEs to support local procurement and will be integrated into a new local-procurement programme to be launched in 2016.





### **DELIVERING ON OUR TRANSFORMATION OBJECTIVES IN SOUTH AFRICA**

In South Africa, meaningful participation in the broader economy by HDSAs remains a critical policy objective, and one that is supported by Anglo American. In 2004, the government introduced a broad-based socio-economic Charter for the mining industry. The Charter aimed to promote equitable participation in the nation's mining sector. It was revised in 2010 with the aim of strengthening and sharpening its effectiveness in driving sustainable transformation in the mining sector. It set objectives and targets for mining companies to achieve by the end of 2014 across nine elements: ownership, employment equity, human resources development, mine community development, housing and living conditions, procurement and enterprise development, beneficiation, sustainable development and growth, and reporting.

The mining sector has come a long way in transforming itself since the introduction of the Mining Charter. Anglo American, one of the largest employers in the South African mining industry, is widely recognised as a significant contributor. In May 2015, the government published its assessment of the industry's progress in meeting the revised Charter objectives. Overall, Anglo American operations have met, and in some cases exceeded, the targets for 2014 set out by the Charter. Any exceptions have been addressed with the regulator and there were no non-compliance notices issued to any of our operations immediately following the assessment. In certain areas we have made especially good progress, including the following:

Our local and preferential procurement expenditure has escalated and we achieved all our targets. In 2015, the business units expended ZAR30.4 billion, nearly 80% of total expenditure in South Africa, with HDSA businesses. Supplier-development

programmes are gaining momentum. Through targeted initiatives, including intervention at the highest level, we have engaged with key suppliers to overcome barriers to becoming BEE-compliant.

Between 2010 and 2014 our business units spent more than ZAR5 billion on improving the housing and living conditions of our employees. To date, we have built more than 4,200 houses. A cumulative ZAR3.2 billion was spent on local capacity development, infrastructure for healthcare, education, housing and sanitation, and other mine community needs.

There remain complex operational and contextual challenges. Society in South Africa continues to suffer from a persistent mix of legacy issues, and progress in developing mine communities is sometimes constrained by conflicting interests between local government and disparate groups within communities. The regulatory landscape has been seen as unpredictable by some investors, and the government recognises that the mining industry and its stakeholders need continuity and certainty to be able to effect transformation, and to continue to sustain and grow investment in the sector. A third iteration of the Charter is expected in 2016. Until then, the provisions of the current Charter remain in place. The government is seeking to produce a Charter that is aligned with the Department of Trade and Industry's Broad Based BEE Codes of Good Practice.

There remains much to be achieved and opportunities to improve our performance. We need to build the credibility of the industry and create trust between key stakeholder groups. Transformation in the mining sector requires partnership and innovation as imperatives in the way we operate.

The housing project at Seraleng is just one example of the high-quality infrastructure projects undertaken by Anglo American, to improve the living conditions of mine employees.

**Anglo American enterprise development programmes**

Initiative	Year launched	SMEs supported (2008–2015)	Jobs supported (2008–2015)	Partners
South Africa: Zimele	1989	2,202	46,630	Sefa Mining Fund; National Treasury; Transnet; TechnoServe
Chile: Emerge	2006	59,174	60,173	TechnoServe; Universidad de Chile; Fondo Esperanza; Enaex; Caterpillar; Romatsu; Joy Global; Sodexo; Gerdan
Botswana: Tokafala	2013	158	1,646	De Beers; Debswana; Government of Botswana; TechnoServe
Peru: Emerge	2014	379	1,066	Camara de Comercio de Moquegua; TechnoServe
Brazil (Nickel, Niobium and Phosphates): Avançar	2014	159	425	TechnoServe
Brazil (Iron Ore Brazil): Crescer	2013	322	840	Caixa Economica; Banco old Nordeste; BDMG; Komatsu; Sapore; Prodapys; Cooperativa CMD; TechnoServe;
<b>Total</b>		<b>62,394</b>	<b>110,780</b>	

**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 our operations can offer fewer jobs than the local demand for them, diversifying workforce development training to promote broader employment opportunities enables us to play a more productive role in meeting community expectations today and in the future.

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 requisite training to meet these needs.

A leading example is our partnership with TechnoServe, which takes an integrated approach to enterprise and workforce development around our Nickel, and Niobium and Phosphates operations in Brazil. To date, through the initiative, nearly 80 young community members have been trained. Approximately 24% of previously unemployed participants obtained employment following graduation from the programme, while 16% of employed participants advanced their careers with improved jobs. A similar approach at the Minas-Rio operation is delivering excellent results. (See case study on page 25.)

**EXTERNAL CAPACITY-BUILDING**

Our presence creates large revenue flows for local municipalities and host governments. In some instances, a lack of capacity and skills prevents municipalities from delivering good public services to local populations.

Supporting local institutions to execute their role more effectively can deliver sustainable value for local communities and for our business. Our approach focuses on strengthening the skills, competencies and abilities of municipal staff and on empowering community members to exercise their civil rights constructively. In the longer term, facilitating more effective municipal investment in social services can reduce expectations on the business to deliver these services through corporate social investment (CSI). In turn, we need to ensure that through our CSI efforts we do not take on the role of local government. This requires engaging with local government and other key stakeholders to determine a strategy for collective efforts to support local capacity-building.

During 2015, Anglo American supported 11 municipalities in South Africa and six in Latin America, spending \$5.4 million in total. In South Africa, the major local government capacity-building programme in 11 municipalities launched in 2013, in partnership with the Development Bank of Southern Africa, is progressing well. A robust monitoring and verification process informs the areas of focus for each municipality. The project, which involves a structured partnership with government at provincial and national level, has an \$8.3 million budget for its anticipated three-year duration to end-2016. Opportunities for a second phase, which will take into account Anglo American's future portfolio, are being considered based on an evaluation of the project's efficiency and effectiveness so far.

In Brazil, we have been collaborating effectively with Agenda Pública to strengthen local government capacity and service delivery in Barro Alto since 2009, and with Niquelândia since 2013. We have also started new programmes in Chile and Peru, and are also starting relationships with development banks to support capacity-building there as well as in Brazil.

**EMPLOYEE VOLUNTEERING**

Our highly skilled people can add enormous value to the communities within which they live and work. Facilitating opportunities for staff to participate in our social investment projects can help us to better connect with communities and demonstrate our commitment to helping them achieve their development vision. Staff volunteering programmes are established at some business units and these are informing the development of a Group-wide approach. Such an approach will take into account the varying and region-specific needs of the communities close to our operations, and especially in: education and skills (with a specific emphasis on youth development); protecting the environment; and improving livelihoods through sustainable community development initiatives.

Copper's 'Ambassadors' programme was launched in 2014 and aims to strengthen relations between Anglo American's employees and communities. Teams of employees partner with local community groups to propose projects which, if successful, can receive up to \$5,000 in funding from Anglo American's social investment budget. Through training workshops, advocacy and funding, the programme seeks to build capacity in project management in the beneficiary community organisations to support community development. In Chile, 72 social projects are supported in four different regions; these involve 228 workers (employees and contractors) and \$238,000 in funding distribution, with an average of \$3,300 per project. The programme is now being used as a model for the Group's approach to employee volunteering.

**SYNERGIES WITH MINE INFRASTRUCTURE**

We operate in many areas that are underdeveloped and remote, and where the infrastructure associated with our mines – such as roads, health facilities and water – can also benefit local communities.

In Peru, our approach to synergies with infrastructure has included receiving feedback on our programmes from academic institutions, such as Harvard's Zofnass Program for Sustainable Infrastructure and development banks such as the Inter-American Development Bank (IDB). The aim is understand how we can provide greater benefits to communities in partnership with such institutions, and also strengthen our socio-political licence to operate.

In partnership with local and provincial government, we continue to help alleviate the 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. Across our business units in South Africa, between 2010 and 2014 we had invested more than \$391 million on improving the housing and living conditions of our employees. During this period, we built close to 4,200 houses. All remaining employee hostel accommodation has been converted to single-person occupancy.

**PROVIDING COMMUNITY SANITATION AND REFUSE SERVICES**

Coal South Africa's Zibulo mine has invested \$3.8 million in providing household refuse collection services as well as upgrading and doubling the capacity of the sewerage network in the area around its operations. Around 37,000 community members are benefiting from the services, while the refuse collection activities have created 37 full-time jobs.

Our Zibulo colliery employs and equips members of the local community to clean up the nearby Phola settlement.

## CORPORATE SOCIAL INVESTMENT

In 2015, Anglo American's CSI expenditure in local communities, including from the Anglo American Chairman's Fund, the Anglo American Group Foundation and our enterprise development programmes, totalled \$124.1 million (2014: \$135.8 million). This figure represents 6% 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.

Our approach to CSI seeks to integrate and align our activities with our other core socio-economic development programmes. Our operations in South America are taking a more collaborative approach to identifying with partners the contributions each can make to different CSI projects in order to deliver social investment more effectively.

While the bulk of our socio-economic development strategy is designed to leverage core business activities, much of our CSI continues to support vulnerable and marginalised stakeholders unable to participate in our core value chains. This includes investments in traditional areas such as sports, arts and culture, and food security, as well as environmental issues.

Health and education are strategic focus areas in our CSI programme, and a top priority for national and community-level stakeholders. In 2015, Anglo American spent \$13.6 million on health-related community programmes and \$22.4 million on education. We continue to explore and realise opportunities to maximise our contributions in these areas through partnerships with governments and expert organisations. During the year, we conducted an analysis of 64% of our community health investments in South Africa so as to understand, and enhance, the effectiveness of these programmes. This brought into focus the significant opportunities to invest our knowledge and expertise more extensively through collaborative initiatives. We can be more efficient and effective in delivering support to health systems in South Africa through a centralised approach, with expert support and based on best practice.

### Global CSI spend by type

	\$'000	%	
Community development	50,636	41	
Education and training	22,349	18	
Other	15,318	12	
Health and welfare	13,560	11	
Sports, arts, culture and heritage	6,668	5	
Institutional capacity development	5,405	4	
Water and sanitation	4,657	4	
Environment	2,523	2	
Disaster and emergency relief	1,942	2	
Energy and climate change	902	1	
Employee matched giving and fundraising	188	0	
<b>Total</b>	<b>124,148</b>		

### Global CSI spend by region

	\$'000	%	
South Africa	85,845	69	
Chile	14,147	11	
Brazil	11,970	10	
Peru	4,453	4	
Namibia	3,521	3	
Rest of world	2,368	2	
Australia	943	1	
United Kingdom	480	0	
Botswana	418	0	
Canada	3	0	
<b>Total</b>	<b>124,148</b>		



# MANAGING THE ENVIRONMENTAL IMPACTS OF MINING

## DRIVING CHANGE

As a company involved in the exploration, extraction and processing of mineral resources, our activities result in the unavoidable disturbance of land, the consumption of resources, the generation of mineral residue, as well as atmospheric and water emissions. Anglo American's environmental performance is managed in line with our mandatory Environment Way performance requirements and will increasingly be integrated into the ORM process.

## DEFINING OUR FUTURE

Anglo American believes that it has a responsibility to manage its effects on the environment in such a way that host communities benefit from the mining activities. Ensuring responsible environmental management through all the life-cycle stages of an operation can influence our future access to land and capital, improve resource security, and reduce operational costs and closure liabilities.



The team at Greenside coal mine in South Africa celebrates the completion of the new filter press.

## GREENSIDE ACHIEVES ZERO-EFFLUENT STATUS

Coal mining's most significant waste stream is low-quality discard coal and fines from processing plants, which results in the loss of potentially valuable fuel for power generation. By unlocking this value, Greenside colliery in South Africa has minimised its environmental footprint and saved significant costs in the management of mineral waste by becoming a zero-effluent operation.

Work to reduce the quantity of coal discard sent to disposal first began in 2011, and involved the installation of a 50 tonne per hour flotation and filtration plant to filter flotation concentrate. The aim was to turn the slurry stream, formerly regarded as waste, into a saleable product and to ultimately eliminate slime disposal.

Phase one was commissioned in 2012, reducing the volume of slimes sent to discard by up to 50%. Greenside has since then produced more than 605,000 tonnes of saleable export product from what would previously have been discarded.

Phase two of the project was commissioned in 2014 and involved the dewatering of flotation tailings, which has eliminated the need for 'wet' disposal in slimes ponds. Dry disposal eliminates the need for a slimes disposal dam (and associated safety and environmental risks) and water from the filter plant is re-used in the process plant, reducing the amount of water required from other external sources. The risk of water discharge is also minimised.

As part of a separate project, Greenside replaced its dense medium separation cyclones with three product cyclones, which yield an additional middlings product from the plant using existing infrastructure. The three-product cyclones yielded 318,000 saleable tonnes in 2015 and resulted in significant volumes of water being recirculated into the plant.



**OUR STRATEGIC APPROACH**

Mining's impact on the environment is borne largely by communities around those mines, many of which rely on the land and ecosystem services for their well-being and livelihoods. Our overall aim is to effectively manage our environmental risks by minimising our impact and to create opportunities that deliver long term benefits to our stakeholders.

Anglo American's environmental performance risks and activities are managed in line with our Environment Way performance requirements on pre-development impact assessments, water, air quality, mineral and non-mineral waste, hazardous substances, biodiversity, rehabilitation and mine closure. Our Environment Way and Projects Way make specific provision for ensuring we identify and manage environmental risks from exploration through to mine closure. 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, all 38 eligible operating units had achieved certification.

**ENVIRONMENTAL INCIDENTS**

Reporting, investigating and sharing lessons learnt from environmental incidents are an essential part of improving controls to prevent repeats and of integrating 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 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.

We have made steady progress in mitigating our environmental impacts over the past few years. During 2015, we confirmed six Level 3 (medium impact) environmental incidents that resulted in no lasting harm to the environment (2014: 14 Level 3 and 1 Level 4). This continues the downward trend for the third consecutive year. There were no Level 4 or Level 5 incidents reported. Level 3 incidents in 2015 resulted in three non-compliance notices and amounted to \$5,900 in fines and penalties.

**Level 3 environmental incidents 2015**

Primary impact	Description	Remedial action
<b>Coal Australia</b>		
Water	An unauthorised release of mine water from Callide mine into Gate Creek in Queensland resulted in a clean-up notice from the Department of Environment and Heritage Protection. No material harm to the environment occurred.	The release was stopped immediately. An inspection of the creek was conducted by Anglo American and several external specialists to ascertain the extent of potential damage and appropriate remedial action. The incident was fully resolved following the removal of a small quantity of silt from the creek.
Biodiversity	A notice was issued by the Department of Environment and Heritage Protection at Grosvenor mine for premature clearing of 0.3 hectares of state-significant endangered regional ecosystem.	The operation is securing the necessary offset permit for state-significant endangered regional ecosystem. Investigations by the Department of Environment and Heritage Protection are ongoing.
Administrative	A notice was issued at Capcoal by the Department of Environment and Heritage Protection for a late submission of operational plans, resulting in loss of land capability.	A new system has been implemented to track operational plans so that overdue actions are escalated to management.
<b>Iron Ore Brazil</b>		
Water and soil	A burst pipe at the pumping station in Santo Antônio do Gramma municipality resulted in the discharge of iron ore slurry on to a road, followed by approximately 2 m <sup>3</sup> of discharge being carried to a nearby stream. There was no significant impact on water quality or aquatic life.	Soil that was impacted by the spill was removed and sluice gates were installed in the stormwater drains to stem flow in the event of a leak. The slope of the pump station area and the stormwater drain design are being addressed.
<b>De Beers</b>		
Water and soil	Water sampled at a production borehole at Orapa mine, Botswana, was observed to be mixed with fuel, indicating underground hydrocarbon contamination.	The leak was contained to prevent further contamination. An assessment of the extent of hydrocarbon contamination, and associated remediation requirements, is in progress.
<b>Kumba Iron Ore</b>		
Water	A slope wall failure at Thabazimbi mine in Limpopo province resulted in the discharge of approximately 250,000 m <sup>3</sup> of water into the adjacent Crocodile river. An impact assessment submitted to the local authority indicated that there was no immediate change to the fish or invertebrate community.	The affected stormwater channels were de-silted and a new stormwater-management plan is being developed. Annual bio-monitoring surveys will be conducted to determine if there are any long term effects.

The reporting and investigation of environmental incidents continue to improve across the Group. This is reflected in an increase in the number of low-level incidents reported and a reduction in repeat significant incidents. Low-level incidents signify failing controls of environmental management systems and can be an effective means for identifying and addressing control failures before harm occurs. The number of low-level incidents reported varies between business units, and we are concentrating on ensuring that, at all operations, all incidents are reported and are classified correctly.

A new set of leading environmental indicators was approved by the Sustainability Committee of the Board in October. These include indicators relating to progressive rehabilitation, permitting and compliance, risk management, and high-potential incident reporting.

## LAND STEWARDSHIP

We own large areas of land throughout the world, with a number of our operations being located in environmentally significant areas.

### Rehabilitation

One of our most important responsibilities is the rehabilitation of land to the post-mining land-use agreed with stakeholders. Our approach to rehabilitation management is increasingly integrated with other mine-planning activities. (See case study on page 69.) Rehabilitating available land concurrently results in significant financial and environmental benefits and can reduce closure liabilities.

Anglo American has 1,657,917 hectares of land under its management control (2014: 1,676,453 hectares), of which 124,754 hectares have been disturbed by mining, processing, mineral-waste disposal, and supporting infrastructure (2014: 113,097 hectares). By the end of 2015, 18,479 hectares of that disturbed land had been rehabilitated (2014: 18,107 hectares).

Not all land that has been disturbed is available for rehabilitation. From 2016, we will report the total area of land rehabilitated as a proportion of land available for rehabilitation. This metric, along with specific targets, will be reported to the senior executive and the Board on a quarterly basis.

Rehabilitation is a priority at all Anglo American mines, but is particularly material at opencast operations at Kumba, De Beers and Coal. During 2015, owing to financial and technical constraints, we made limited progress in addressing remaining backlogs at these businesses. The operations, however, continue to make progress in investigating and deploying innovative approaches and technologies to accelerate and improve the quality of land restoration after mining. For example, Coal Australia has partnered with the Australian Coal Association Research Program in trialling dispersive soil rehabilitation treatments that could potentially alleviate financial and procedural constraints. Coal South Africa is progressively introducing its bioconversion technology using weathered coal to produce natural fertilisers.

## 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 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. We have 30 operations implementing BAPs, which are approved by mine leadership teams and reviewed on a risk basis. These operations have set targets to deliver positive biodiversity conservation gains, working towards our longer term goal of achieving no net loss of significant biodiversity and ecosystem services.

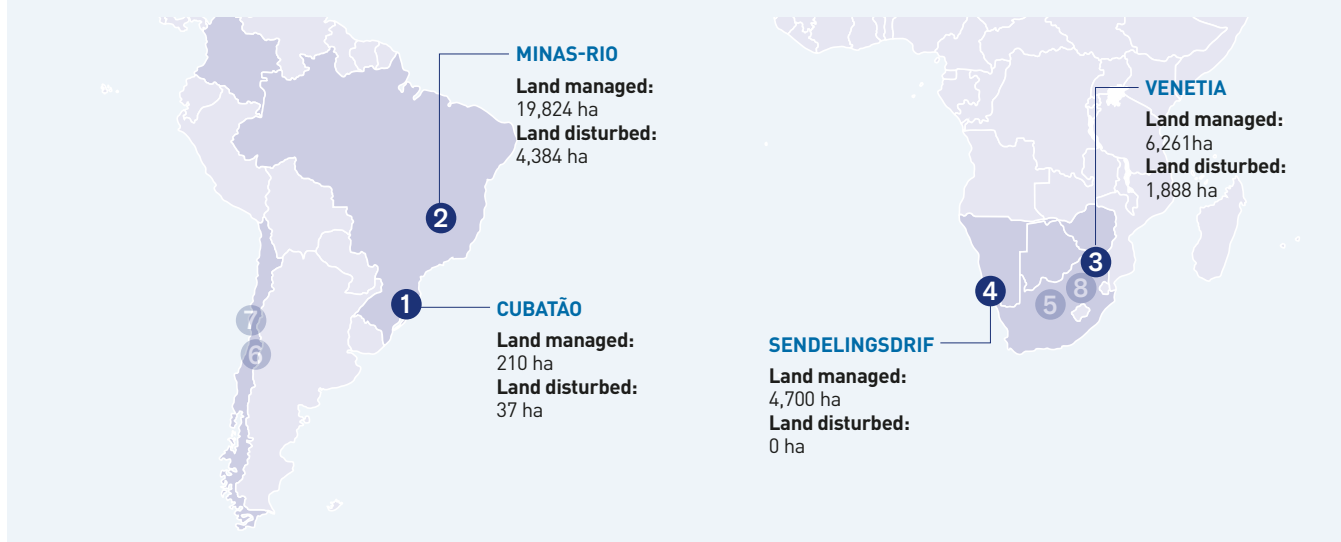
Partnerships with local NGOs, research institutions and communities are fundamental to our approach. In 2015, we renewed a memorandum of understanding with Fauna & Flora International (FFI), which has been a key partner since 2008. We are working with FFI to reassess the biodiversity risk profile of each asset within the core Anglo American portfolio.

We have a local partnership with FFI in Finland to explore offsetting opportunities for the Sakatti exploration project; in Brazil, the Minas-Rio operation worked with FFI to meet international best practices in biodiversity management (see case study on page 58); FFI also continues to advise De Beers in meeting its 'no net loss of significant biodiversity' commitment. During May 2015, De Beers engaged specialists from FFI to review biodiversity management at the new Sendelingsdrif mine in Namibia and to assess rehabilitation at the Bogenfels mining area.

In 2015, Anglo American pledged \$5 million funding for the Amazon Region Protected Areas (ARPA) initiative. ARPA was initiated by the Brazilian government in 2002 in response to the deforestation of the Amazon region. It is the largest tropical forest conservation programme globally, and has been recognised as one of the world's most effective in slowing forest decline.

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. The map on pages 56-57 identifies our operations located in environmentally sensitive areas and outlines how these address related risks and opportunities.

In 2015, the Group experienced one biodiversity-related Level 3 incident, which involved the clearance of an area of 'state-significant endangered regional ecosystem' at Grosvenor mine in Australia before an approved offset was completed.

**OPERATIONS SITUATED IN ENVIRONMENTALLY SENSITIVE AREAS****1 Copebrás Cubatão**

Niobium and Phosphates, Brazil

**Description:** Cubatão is situated in a very dense and biodiverse Atlantic rainforest area in São Paulo province. However, the ecosystem had already been impacted significantly by industrial activity prior to the commissioning of the operation.

**Response:** 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 continues to participate in a programme to stimulate a sustainable products market. In 2015, there were no negative impacts on endangered species or sensitive environments.

**2 Minas-Rio**

Iron Ore Brazil, Brazil

**Description:** 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, including significant offset requirements.

**Response:** In addition to mitigating their impact on the environment through mine design, Iron Ore Brazil has four main programmes to manage biodiversity, including: scientific partnerships with local universities; fauna and flora monitoring and impact management; a partnership with FFI on biodiversity risk and strategy; and the establishment of an ecological corridor. (See case study on page 58.)

**3 Venetia**

De Beers, South Africa

**Description:** 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.

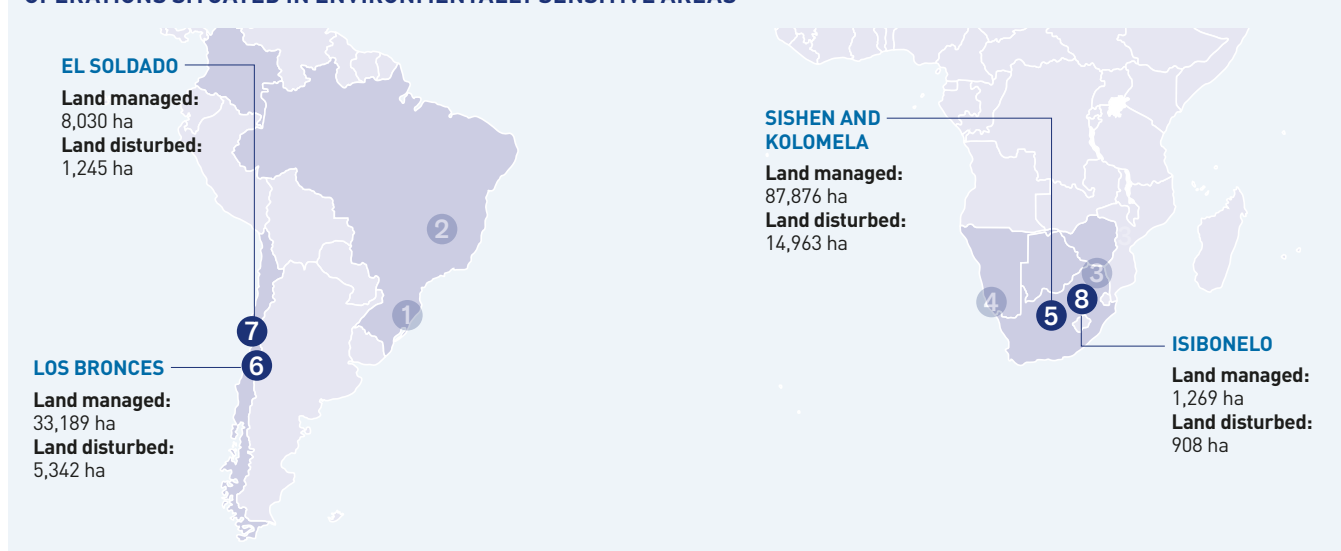
**Response:** De Beers operates according to operating conditions agreed with the government, and in 2013, through active engagement with the South African government, De Beers received consent for Venetia's underground project to proceed. A revised buffer zone that excludes Venetia mine was accepted 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.

**4 Sendelingsdrif**

De Beers, Namdeb, Namibia

**Description:** 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.

**Response:** 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. The restoration ecology programme will ensure the survival of significant plant species after mining.

**OPERATIONS SITUATED IN ENVIRONMENTALLY SENSITIVE AREAS****5 Sishen and Kolomela**

Kumba Iron Ore, South Africa

**Description:** 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.

**Response:** 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. In 2015, Kumba applied to extend its mandatory offset requirements by an additional 2,500 hectares. The application is pending regulatory approval.

**6 Los Bronces**

Copper, Chile

**Description:** 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.

**Response:** There are material environmental risks at Los Bronces. Findings following a regulatory inspection in 2013 have resulted in a fine, which was applied in 2015 for acid rock drainage from a waste rock dump impacting a nearby wetland and surface and groundwater quality. An interim and permanent solution for capturing, storing and treating the drainage has been submitted to the authority for approval. A fine was applied separately for non-compliance with reforestation plans. The reforestation programme is being implemented and is on target. Los Bronces has also updated its BAP.

**7 El Soldado**

Copper, Chile

**Description:** El Soldado copper mine is situated in a priority biodiversity conservation area, which hosts a number of protected indigenous species of flora, including the protected Belloto del Norte tree.

**Response:** El Soldado focuses on reforestation, research, monitoring and environmental education. The focus during 2015 was to develop a mitigation plan for the El Gallo Creek incident, which requires the removal of waste rock material and full restoration of the creek bed and surrounding areas as well as a reforestation plan as part of compensation to the damaged vegetation. The plan will be implemented during 2016. Increasing the survival rate of the protected Belloto del Norte trees remains a priority, with additional resources being invested in improving reforestation techniques. Monitoring and research are conducted in partnership with Chile's Institute of Ecology and Biodiversity.

**8 Isibonelo**

Coal South Africa, South Africa

**Description:** 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.

**Response:** 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.





### **BEST PRACTICE BIODIVERSITY MANAGEMENT IN BRAZIL**

Iron Ore Brazil's Minas-Rio operation is situated in an environmentally sensitive area in the states of Minas Gerais and Rio de Janeiro. The mine and its pipeline are 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.

Our aim is to minimise our negative impacts on biodiversity and demonstrate leadership in biodiversity management in Brazil through best practice in biodiversity research and conservation. Iron Ore Brazil has engaged Fauna & Flora International (FFI) to assist in improving our identification and management of operational and reputational risks as well as opportunities to achieve biodiversity-conservation gains. The project has involved several steps, implemented during 2015.

Initial high level biodiversity risk assessments were undertaken at the key operational areas – the mine site, the 529 kilometre iron ore slurry pipeline, and the filtration plant and export terminal at Açú port – to identify potential wider environmental and social-economic risks and opportunities relating to Minas-Rio. There followed a desktop review of current practices, covering data gathering, monitoring and analysis, and mitigation activities, to identify further actions required at the sites in order to meet international best practices in biodiversity management.

A team of FFI and Minas-Rio staff then carried out a 10-day field visit to the key operational areas. Objectives were to verify the previously reported environmental impacts and mitigation

activities; to identify additional gaps in terms of international best practice; and to identify and report on specific risks at the sites and across their broader area of influence. The team held a one-day workshop on biodiversity and ecosystem services with staff from the corporate and mining areas of Minas-Rio to discuss the main findings of the field visit and to identify additional risks and opportunities related to the business.

In many of the locations that were visited, FFI regarded Minas-Rio's understanding and management of risks related to biodiversity and ecosystem services in its area of potential impact to be excellent. To enhance current performance, FFI identified opportunities associated primarily with developing a better understanding of the different nature and scale of the impacts of the operations and with improving the efficiency of internal processes.

FFI drew on the outcomes of the investigations to develop a biodiversity and ecosystem services policy, strategy and action plan for the Minas-Rio mine area. Impact mitigation strategies for the mine have been developed in detail. The action plan recognises biodiversity-related risks and their business implications, and proposed actions align with regional and national conservation plans. Minas-Rio will also be developing biodiversity action plans for its pipeline and the filtration plant.

Iron Ore Brazil's diverse biodiversity-management programmes include conducting scientific studies in partnership with universities; monitoring fauna and flora; and partnering with other landowners to establish an ecological corridor to support conservation activities, which is currently in the pilot phase.

At Conceição do Mato Dentro, specialist contractor Diego dos Santos Oliveira, works with local flora in Anglo American's nursery garden, work that is overseen by FFI.



**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 and Australia, and at copper operations in Chile.

In 2013, an inspection by the Environment Superintendence in Chile identified breaches at the Donoso Norte waste dump involving seepage of acidic mine water into a small lagoon. While immediate remedial action was taken, a permanent solution has been proposed to the authorities and will be implemented pending final receipt of the necessary permits.

Potential water quality concerns associated with elevated salt levels at Snap Lake mine in Canada continues to be managed and monitored in line with its approved care and maintenance plan. The mine is involved in technical studies, stakeholder engagement and legal processes to evaluate options should it remain in extended care and maintenance.

At Coal South Africa, water-treatment plants are used extensively to treat mine-affected water. The flagship eMalahleni water-reclamation plant, built in partnership with BHP Billiton and the eMalahleni Municipal Council in 2007, treats around 50 million litres of mine-affected water every day. To date, it has treated in excess of 70 billion litres of water, 50 billion of which has been piped directly to the eMalahleni municipality's reservoirs.

Coal South Africa is piloting passive water-treatment technologies at three of its sites. Passive technologies are more sustainable because they do not require active human intervention in the long term, or power. In all cases, the treated effluent is suitable for irrigation of crops in local communities. Mafube mine has been selected by the Department of Water and Sanitation as the first trial site to demonstrate varying aspects of mine-water irrigation for crop production.

The volume and quality of water discharged by our operations via controlled releases into the environment is typically pre-determined through local regulatory requirements. Any unplanned discharges that breach legal agreements are reported as environmental incidents and addressed. In 2015, we significantly improved incident detection and the accuracy of our incident reporting. We also conducted a programme of internal and external audits at every site for water-quality reporting.

Changes in weather and climate extremes can impact on water quality. Our approach to managing these risks and to climate change adaptation is discussed on pages 66-68.

**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 impacts on water if not managed effectively.

We apply the 'avoid, reduce, re-use and recycle' management hierarchy to ensure the fewest 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. Where possible, mineral residue is placed into mined-out areas/pits. This provides increased containment safety and reduced overall footprint of the disturbed land. We also seek to minimise impacts by making use of mineral waste in construction of containment facilities (waste rock is used to build containment dams at Mogalakwena and Venetia mines).

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

**Mineral residue**

The implementation of our new mineral residue management technical standard began in early 2014 and will be phased in by the end of 2018. The standard has been peer-reviewed externally and raises the bar in the level of care for our mineral residue facilities. We seek to move beyond compliance towards best practice and eliminate repeat incidents. The key management aspects are the classification of facilities based on the potential safety, health, environmental and reputational consequences of incidents. These collectively determine design criteria; the frequency of monitoring and inspection; assignment of appropriately skilled and resourced people; and governance structures to manage, monitor, audit and review facilities. During 2015, we completed a comprehensive inventory of, and updated risk tables for, all the containment facilities in Anglo American, including both tailings and water-containment structures. A similar process is planned to be completed in 2016 in respect of all of our waste dumps and stockpiles.

It is a mandatory requirement that best available technologies (BAT) in mineral residue management are evaluated and included in all new early studies for mineral residue facilities. In-pit disposal, such as employed at several Australian coal operations, or filtration of mineral residue, such as at Greenside coal operation in South Africa, represent examples of BAT implementation. (See case study on page 53.)

Although we continue to research and trial new ways of reclaiming mineral wealth through waste products, potential opportunities are sometimes not feasible owing to liability risks associated with the composition of the proposed materials.

In South Africa, in response to new regulations on waste classification and management introduced in draft in 2014, and implemented in 2015, our operations have been evaluating the legislative status of existing and proposed mine residue deposits and stockpiles, as well as the future reclamation of these, in order to determine licensing requirements. New mineral residue deposits and stockpiles are now, based on these new regulations, expected to be universally classified as hazardous waste until demonstrated otherwise. In this regard, we now implement stricter reviews of our projects with regard to the potential long term environmental effects of mineral waste.

#### **Non-mineral waste**

Reduction/recycling targets related to non-mineral waste have been set at individual business units and operations. Kumba and Platinum operations aim to send zero waste to landfill by 2020.

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. We have implemented bioremediation facilities at Kumba's Sishen and Kolomela operations and at Platinum's Mogalakwena mine to treat hazardous waste (hydrocarbon-polluted soil).

#### **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, nitrous oxide (NO<sub>2</sub>) associated with the combustion of diesel, as well as particulate emissions.

There have been two important legal developments in relation to air quality management in South Africa and Australia.

In South Africa, the revised Air Quality Act makes provisions for reduced SO<sub>2</sub> levels to be reached in 2015, with further reduction requirements by 2020. Two of Platinum's three smelters were granted exemption from the 2015 limits to allow the business time to design abatement technologies to comply with the more stringent 2020 limits. The ambient air-quality monitoring systems in place at the three smelters are closely managed to record and control the annual number of SO<sub>2</sub> exceedances. During the year, all sites continued to meet permissible legislated ambient limits. Platinum's contribution to the Group SO<sub>2</sub> figures is not included in the 2015 reported figures given changes in reporting methodologies to align with the new provisions.

In Australia, the National Clean Air Agreement was established in 2015 with the aim of addressing the effects of air quality on human health and environment. The agreement focuses on actions to reduce air quality through co-operative action between industry and government at the nation, state and local level. Actions to be taken include reviewing and strengthening air quality monitoring and reporting standards, targeted measures to reduce emission from key sources of air pollution, improving access to air quality information for communities and fostering partnerships with industry. Coal Australia will continue to monitor the implementation of the standard at state level, with the hope of obtaining a transitional arrangement to reduce compliance risk and costs.

In 2015, we generated a total of 25,040 tonnes of SO<sub>2</sub> (2014: 33,970 tonnes) and 42,370 tonnes of NO<sub>2</sub> emissions (2014: 43,530 tonnes).

#### **Materials stewardship**

Materials stewardship is defined as the responsible supervision of material flows through a product's life cycle, within our operations (process stewardship) and in our markets (product stewardship and compliance). In the area of product compliance, our major markets are seeing a high rate of change in regulatory complexity.

Our product-compliance obligations largely stem from the implementation of the UN's Globally Harmonised System of Classification and Labelling of Chemicals (GHS), which affects all of our products sold outside of their country of manufacture.

REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) is the EU legislation enacted to address the GHS in the EU. Adopted in 2007, it aims to improve the protection of human health and the environment from the risks that can be posed by chemicals. In principle, REACH applies to all chemical substances.

To comply with the regulation, companies must identify and manage the risks linked to the substances they manufacture and market in the EU. They have to demonstrate to the European Chemicals Agency how the substance can be safely used, and they must communicate the risk-management measures to users. If the risks cannot be managed, authorities can restrict the use of substances in different ways.

Systems are in place to ensure our compliance with the REACH regulations and other international related regulations such as GHS. Legislation similar to REACH is being redeveloped by a number of other countries, including in the US and China. We actively participate in various commodity associations and product consortia to track these developments and ensure compliance.

# RESOURCE STEWARDSHIP: ENERGY AND WATER SECURITY

## DRIVING CHANGE

**Our business is highly reliant on water and energy and a number of our operations face challenges in ensuring sufficient access to either or both resources.** Operations in South Africa, where energy security remains a risk, have comprehensive plans in place to mitigate potential impacts of supply constraints on the business, while operations in Chile are implementing technological solutions to address ongoing water-security concerns.

## DEFINING OUR FUTURE

**Growing regulatory and social pressure, increasing demands for limited natural resources, climate change and the changing costs of energy and water all highlight the business imperative of achieving water and energy resilience.** Our immediate focus is on securing adequate supplies and using resources more efficiently. In the long term, we must find viable alternatives for traditional sources of energy and reduce our reliance on 'new' water to near-zero.



At Kumba Iron Ore's Kolomela mine, environmental technician, Islay-Jane Sparks, and project engineer, Percy Nxumalo, check the pumping station where water from the mine is fed into an adjacent aquifer.

## INNOVATIVELY REPLENISHING GROUNDWATER

Kumba Iron Ore's Kolomela mine operations in the semi-arid Northern Cape region of South Africa traverse underground aquifers and reach below the area's water table. The mine has to be vigilant to ensure that its de-watering activities do not significantly lower the water table or deplete the aquifers on which farmers depend for their livelihood.

De-watering pumps on the mine pit floor draw groundwater through boreholes from below the pit bottom, thereby ensuring that water ingress is minimised. The mine nonetheless generates excess groundwater which cannot be accommodated by the regional water service provider and must be pumped from the operations so as to ensure safe mining. During 2014, the mine implemented an innovative pilot initiative that enables it to return some of the excess groundwater to the aquifers.

Water piped from the mine is pumped to boreholes drilled into remote intermittent watercourses, at rates appropriate to each borehole, so as to replenish underground aquifers. A fully automated pump station controls the water flow, which is digitally monitored to ensure the capacities of the recharge boreholes are not exceeded. The boreholes, which are equipped with piping, water-level sensors, air valves and expansion chambers, are sealed and reach below the normal level of the water table, thereby ensuring that water does not inadvertently escape to where it is of little use to farmers.

The impact monitoring also includes taking water samples every month to analyse water quality and visually examining the condition of the surrounding vegetation. In the longer term, we plan to introduce a scientific monitoring programme to ensure that any negative effects on the environment are timely identified and mitigated.

The project has been in operation for over a year, with an average of 36,000m<sup>3</sup> of water per month recharged, approximately 10-15% of the excess water from the mine. The initiative is discussed at quarterly community forum meetings and the local farmers recognise the positive impact. The pilot has significant potential for expansion and may be replicated at Sishen mine. At Kolomela mine, we have identified opportunities for additional recharge points and are investigating further points on other farms around the mine, with the aim of ultimately accommodating all excess water.

# WATER SECURITY

A shortage of clean fresh water presents the greatest global societal and economic risk over the next decade, according to the World Economic Forum. Water is of increasing significance to our business, given that around 75% of our current portfolio is located in high-water-risk regions. To maintain our licence to operate, we cannot degrade water quality or compromise the access rights of other users. Effectively managing water shortages mitigates the risk of operational disruptions and presents an opportunity for us to play a leadership role in our water catchments through partnerships, more efficient water use and innovation to improve security of supply.

## Our strategic approach

Five years into our ambitious 10-year water strategy towards water resilience, we continue to proactively improve our usage of water and demonstrate leadership in water stewardship. 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 operation-specific water-action plans. The latter are dependent on high-quality operational water balances that identify site priorities. A focus in 2015 has been on ensuring that these are in place at priority operations.

We have developed a more comprehensive and rigorous set of performance indicators, which are being rolled out in 2016. The measures include a modified version of our water-efficiency target tool (WETT), which incorporates improvements based on lessons learnt over the first few years of implementation. WETT is used to drive water efficiency at individual operations and to also register water saving projects for the purposes of knowledge sharing.

In developing long term water management plans, we seek to mitigate climate-change-related risks, non-compliance risks and post-closure water management liabilities.

## Operational excellence

Every site has set quantifiable water usage goals. 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.

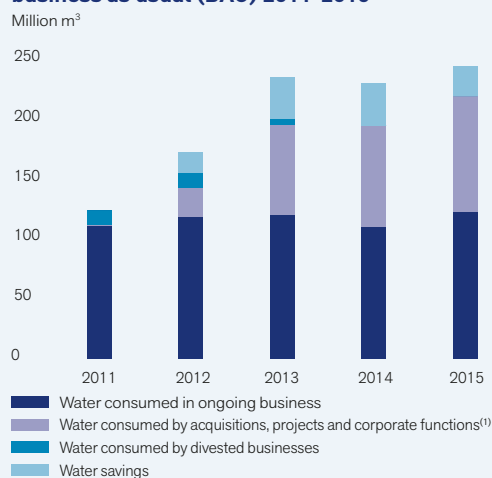
In 2015, for the third consecutive year, we exceeded the 2020 water savings target of 14%; by the end of 2015 we had achieved an estimated 16% water saving against our projected water usage. Water-saving projects, which include more effective dust suppression, dewatering of tailings and more efficient ore separation, saved the Group approximately 25 million m<sup>3</sup> of water.

Although the Group's total water requirements decreased by 6 million m<sup>3</sup> during the calendar year, new water consumption had increased by 13% to 221.7 million m<sup>3</sup> (2014: 196 million m<sup>3</sup>). The increase was largely attributable to the ramp-up at Minas-Rio, which contributed an additional 13 million m<sup>3</sup> of new water consumption in 2015.

Production at Los Bronces copper mine in Chile was constrained by water supply challenges in 2015. The operation has continued to implement technical solutions to prevent further business impacts: water is now transported via a 56-kilometre pipeline from the Las Tórtolas tailings dam to Los Bronces, using a special water-recycling system. Los Bronces is currently recycling more than 78% of available water.

In 2015, of our total operational water requirements, 64% was met by recycling/re-using water (2014: 68%). Our long term goal is to increase this level to more than 80% through the application of advanced technology. 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 continues to decrease and now accounts for only 8% of the Group's new water used (2014: 9%).

## Total water saved against business as usual (BAU) 2011-2015



\* Recent acquisitions, projects and corporate functions have not been included in the energy, GHG and water reduction target setting process.

In South Africa, Kumba's Sishen and Kolomela iron ore mines continue to manage issues of concern among local farmers regarding mine de-watering that affects the availability of groundwater. In 2014, Kolomela implemented an initiative to artificially recharge mine water to underground aquifers. (See case study on page 61.) A similar initiative is planned at Sishen. Furthermore, clean and dirty water separation at Sishen ensures that most of the clean water de-watered from the aquifers is discharged into a regional water-supply network. The mine effectively recycles mine-affected water for use in the process plant.

In Peru, the planning of Copper's Quellaveco project demonstrates our commitment to managing potential negative water impacts in this extremely arid region. To augment water availability, we are constructing a dam to serve both the mining project, and the local community and agricultural industry.



**WATER SECURITY** continued**Technology and innovation**

Investing in new integrated water-technology solutions is one of our most important technology focus areas and fundamental to achieving a step change in water-efficient mining. 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. During 2015, we made good progress in introducing 'newer' technologies.

These relate, for example, to separating water streams that do not contact wastewater; discharging less water to tailings; remote monitoring of water flows and levels in dams and tailings; and piloting passive water treatment technologies. Designing and operating water-efficient mineral residue and processing facilities are another priority for us. Los Bronces, for example, will be adopting evaporation covers, expanding the use of thickeners, and investigating other technology to recover water from slimes dams in 2016. Similar opportunities are being explored at other mines.

We held our first FutureSmart™ Innovation Open Forum in June, and the focus was water. As a result of this four-day event, attended by water specialists from a range of industries, our technology pathway towards truly closed-loop operation and the potential elimination of our water dependency was better defined and a number of projects have already started – many with ambitious short term delivery targets in 2016.

**Total water recycled/re-used in 2015**

	%
Water re-used/ recycled	64
New water abstracted for primary activities	33
New water abstracted for non-primary activities	3

**Total water abstracted by source in 2015**

	%
Ground water	36
Surface water	27
Sea water abstracted	13
Rain, snowmelt and glacial water harvested	9
Potable water from an external source	8
Non-potable water from an external source	4
Waste water/ second-class water	2

**CONTRIBUTING TO WATER SECURITY AT CERREJÓN**

In mid-2014, the Colombian government declared a state of emergency in the state of La Guajira, northern Colombia, owing to a prolonged and severe drought that has resulted in significant water shortages for both agriculture and human consumption. Cerrejón, a 33.3%-owned coal mine located in La Guajira, has invested significant resources in a water strategy that will continue to improve water efficiency at the mine, but also provide direct relief to communities and ensure Cerrejón's water policy is aligned with regional and national priorities.

Around 90% of the water that Cerrejón uses is of low quality and is not fit for either human consumption or irrigation. The 10% of high-quality water used is for Cerrejón employees, their families and surrounding communities who receive distributed water.

Since April 2014, Cerrejón has invested more than \$1.9 million in providing direct assistance to communities. In excess of 20 million litres of water has been distributed to over 200 communities, more than 27,000 residents in total. Fifty-nine windmill-driven water pumps have been repaired; these now provide 2.5 million litres of water each day to 9,200 residents. In addition, nine artificial reservoirs have been upgraded, benefiting more than 280 communities. The Cerrejón Foundation for water in La Guajira has also provided training, sanitation and water management.

With ongoing climatic variation, emergency relief is not sufficient and La Guajira requires multi-stakeholder partnerships to address the water crisis in the long term. Cerrejón has joined the central and regional governments to form the Grand Partnership for Water and Life, launched by Colombia's president on 1 June 2015. This plans to build 100 new water wells in La Guajira, restore 300 wells, build 10 reservoirs to store water, and deliver 39 desalination plants.

Cerrejón has focused on bringing other stakeholders into the region to provide support. In 2015, an agreement was signed with the Netherlands government to foster co-operation and knowledge-exchange in the areas of sanitation, water supply and water-systems management. Cerrejón has also reached an agreement with the Colombian Geological Service (part of the Ministry of Mines and Energy) to explore, identify, and offer water-supply and water-storage solutions for rural and urban communities in La Guajira.

Our Cerrejón joint venture in La Guajira, northern Colombia, has invested more than \$1.9 million to date in providing direct assistance to drought-stricken local communities.



## **WATER SECURITY** continued

### **Engagement and partnerships**

In striving to exceed compliance, 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 government sensitivity on water issues increasing and legislation tightening, we need to engage effectively to ensure we meet permitting requirements and maintain our water licences. 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. In Peru, the Quellaveco copper project engages local communities in monitoring its water management practices.

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. Recently, Anglo American engaged with the ICMM and other mining companies in developing protocols, standards and procedures for basin-wide water-management plans. In South Africa, we participate in a consortium that is assessing acid mine drainage in the Olifants river catchment in Mpumalanga.

# ENERGY SECURITY

Our core mining, refining, and transport activities are dependent on adequate and reliable sources of energy. Insecurity of supply has the potential to compromise our production goals as well as the safety of our employees, who depend on, for example, mechanical ventilation in underground mines.

Electricity accounts for about 44% of our total energy consumption, fossil fuels for 53% and renewable energy for the remaining 3%. The unit cost of electricity is expected to continue to increase; exacerbated in some regions through climate-change policy measures. In an increasingly carbon-constrained future, Anglo American's overall aim and challenge is to secure reliable, cost-effective, low-carbon sources of energy for its operations.

## Our strategic approach

Energy management is integrated with carbon management as part of our response to climate change risks (reviewed on pages 66-68). Our approach to energy management focuses on three areas: reducing energy consumption; recovering and re-using some of that energy; and using alternative energy.

Progress on operational energy and carbon performance 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 standard.

## Operational excellence

The Group's total energy consumption was 106 million GJ (2014: 108 million GJ). A significant increase in energy consumption at Minas-Rio owing to ramp-up activities was offset by energy savings at the Coal business, Kumba Iron Ore and Nickel. By year end, a total of 325 ECO<sub>2</sub>MAN and business improvement projects accounted for energy savings of 5.8 million GJ, thereby meeting the 7% reduction target we set for ourselves in 2011. These reductions were achieved through business-improvement programmes and targeted energy projects focusing on fuel-use efficiency, ventilation, pumping and energy recovery. The resultant energy cost savings amounted to approximately \$100 million.

All operations have set new energy reduction targets for 2020. Consistent with the previous cycle, these targets constitute a reduction against current business plans, which take into account known factors influencing performance, such as stripping ratios, ore hardness, haul distances, expansions and closures. Performance is driven through the implementation of discrete projects which reduce energy- and emissions intensity at the operations concerned.

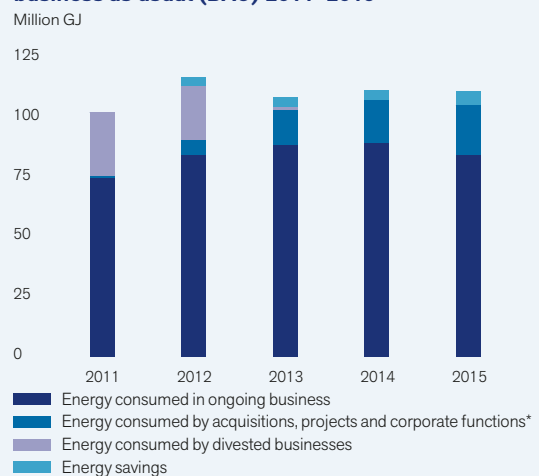
## Responding to supply constraints

In South Africa, electricity supply is vulnerable to unplanned power station outages, requiring users to reduce demand. Even though the first unit at the new Medupi coal-fired power station came online during the year, the power system is expected to remain constrained over the medium term.

This has necessitated a range of responses to mitigate risks. All Anglo American operations in South Africa have emergency-preparedness plans in place, including protocols to minimise

the impact of load curtailment. Anglo American has assisted with bringing to market independent power projects; one such example is the 100 MW Kathu concentrated solar thermal plant with energy-storage capability.

## Total energy consumed against business as usual (BAU) 2011-2015



Electricity supply in Brazil is highly reliant on hydropower, and the recent drought there has raised concerns over power insecurity. These are being mitigated by the increased use of thermal power generation, while higher levels of rainfall experienced towards the end of the year have alleviated matters in the short term. We have initiated a programme to identify further potential risks as well as mitigation measures, including emergency power generation.

## Technology and partnerships

On an ongoing basis, we seek to implement best-available technologies, in particular in regard to underground ventilation, fuel use and slurry pumping. We have also invested in the harnessing and re-use of energy, such as waste-heat recovery from Platinum's Waterval smelter in South Africa, and Coal South Africa's solar photovoltaic projects.

We continue to participate in low-carbon technology research and development. Our longer term partnership research programmes include exploring the use of liquefied petroleum gas and methane captured to power trucks, and piloting platinum-based fuel cells as an alternative power system for underground locomotives. Fuel-cell technology has been successfully piloted in a mini-grid rural electrification project. Another platinum-based technology we are investing in is flow-battery technology as a cost-effective means of energy storage and distribution. The technology is currently being trialled with South Africa's national power utility, Eskom.

# CLIMATE CHANGE

## DRIVING CHANGE

**Our climate-change strategy is designed to safeguard the business as well as host communities against climate-change risks and contribute to mitigating global greenhouse gas (GHG) emissions.**

In 2015, our ECO<sub>2</sub>MAN energy- and GHG-reduction programme prevented 4.6 million tonnes of CO<sub>2</sub>-equivalent emissions from entering the atmosphere. Through our adaptation programme, we will continue to understand and address our most significant physical climate-change risks.

## DEFINING OUR FUTURE

**The global climate-change agreement reached at COP 21 in Paris in December 2015, will, over time, effect fundamental changes to our economic and social systems.** Anglo American seeks to understand the implications of these on our value chain and maximise opportunities associated with the transition to a low-carbon future.



## UNDERSTANDING OUR VULNERABILITY TO CLIMATE RISKS

Our approach to managing climate risk and adaptation at our more 'at risk' operations hinges on understanding the vulnerability of each operation and its host communities to future climate change and extreme weather risks. Over the past few years, we have evolved our approach in line with best practice and in response to the experiences and learnings from pilot studies conducted at some of our sites. The studies underscore the importance of data availability and sophisticated climate-modelling capabilities in developing substantiated climate projections.

Our current climate-risk and climate-adaptation assessments follow the approach and method we piloted in October 2014 at De Beers' Venetia

diamond mine. Venetia is located near the town of Musina in the hot semi-arid region of northern Limpopo province in South Africa, a particularly climate-change-vulnerable country.

To assess the climate characteristics for the mine, historical regional and local weather data was analysed in order to establish a baseline of climate conditions for the 50 km<sup>2</sup> area at and around the mine. The data was integrated with the outcomes of four different sophisticated regional climate scenario models that were run for the same area. Each of the climate models simulated the impacts of global warming, ranging from <2°C to >4°C and modelled datasets on temperature, precipitation, mean sea-level pressure, wind speed and direction for the period 2010-2100.

The long term climate change and extreme weather events anticipated to affect the mine and neighbouring communities over the coming decades, and beyond mine closure (2040), include: a steady and significant increase in the mean annual temperature (2°C to > 4°C); more frequent extreme temperatures; a reduction in mean annual rainfall, and especially spring rainfall; and the continued occurrence of extreme rainfall events.

The climate projections were considered along with mine operational information and insights from line managers and other stakeholders – including environmental and social specialists, engineers and external consultants – in order to understand the operational context and identify vulnerabilities and related climate risks and opportunities.

The vulnerabilities at Venetia mine are largely associated with flooding, ground stability and ecosystem shifts. The key climate risks relate to stormwater and local infrastructure disruptions to the mine-supply chain; increasing ambient temperatures affecting mine ventilation demand and safety; the effects of high evaporation on water-recovery rates and buffer-storage capacity; ecosystem shifts; and extreme drought.

Through further engagement, Venetia mine identified and prioritised control measures to mitigate or avoid unwanted events.

Safety representative Richmond Tshimenze at Venetia diamond mine, where control measures have been put in place to counter the effects of climate change.

**DELIVERING ON OUR STRATEGY**

Our climate-change strategy aims to:

- reduce our carbon footprint as part of our voluntary commitment to mitigate our impact on climate change and reduce our exposure to emerging climate-change regulation
- manage climate risks and opportunities associated with our products and investments
- improve our ability to influence the development of effective government policy
- drive greater resilience to the physical effects of climate change within our business and host communities.

**OPERATIONAL EMISSIONS MANAGEMENT**

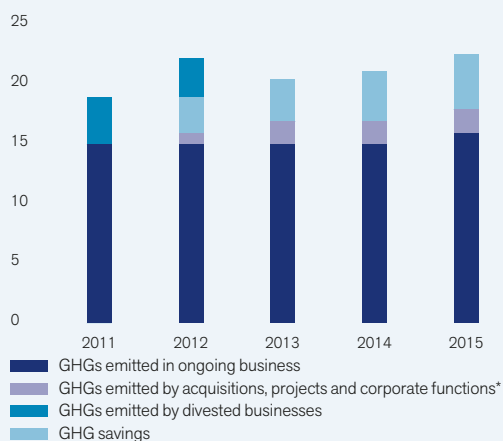
In 2015, Anglo American operations were responsible for 18 million tonnes of CO<sub>2</sub>-equivalent emissions (Mt CO<sub>2</sub>e) from electricity purchased, the combustion of fossil fuels at operations, GHGs emitted as a result of industrial processes, and the venting and flaring of coal-mine methane (2014: 17 Mt CO<sub>2</sub>e). This increase was owing to the ramp-up at the Minas-Rio and Grosvenor projects in Brazil and Australia, as well as an upwards revision of the global warming potential for methane by the Australian government. Additional information on Anglo American's approach to calculating GHG emissions is available on page 73.

In 2011, we launched our operational energy- and carbon-management programme, ECO<sub>2</sub>MAN, following increased recognition of our responsibility to reduce operational GHG emissions, as well as growing concern over the potential bearing on business of policy responses to climate change. Through ECO<sub>2</sub>MAN, we have been able to analyse our activities and identify opportunities to reduce energy consumption and carbon emissions. This understanding formed the basis for setting our ambitious target to reduce GHG emissions by 19% against our projected 2015 Business as usual (BAU) consumption. ECO<sub>2</sub>MAN is supported by a mandatory carbon and energy technical standard and related guidance.

Through ECO<sub>2</sub>MAN, we were able to reduce our GHG emissions by 22% in relation to our 2015 BAU consumption, thereby exceeding our reduction target. This amounted to 4.6 million tonnes of avoided CO<sub>2</sub>e, which is equivalent to displacing the emissions of nearly one million passenger vehicles.

**Total GHG emissions against business as usual (BAU) 2011–2015**

Million m<sup>3</sup> CO<sub>2</sub>e



\* Recent acquisitions, projects and corporate functions have not been included in the energy, GHG and water reduction target-setting process.

During 2015, new carbon-reduction targets were set for each operation. As with our energy- and water-reduction targets, the projected consumption takes into account current business plans and factors that influence performance, but are not within our control (such as ore depths). The new targets have been set in the context of capital constraints and market complexities and uncertainties.

In addition to our focus on GHG management, we continue to investigate opportunities for carbon-offsetting partnerships. We have identified opportunities and developed strategies for their implementation once the carbon trading market develops.

**MARKET RISKS AND OPPORTUNITIES**

Anglo American's market risk and opportunity profile as it relates to climate change has changed considerably since the decision to exit coal mining. The refocused portfolio is well positioned to meet rising demands for copper and PGMs, which are critical products in enabling alternative energy technologies. Demand for copper is expected to increase, given its use in several low-carbon technology applications (such as electric vehicles). A key development area for platinum is the use of fuel cells to provide power, both in stationary applications (e.g. residential power) and in mobile applications (e.g. power trains for vehicles). Fuel cells are efficient, versatile and scalable, emit only water vapour and could reduce levels of reliance on liquid fossil fuels.

**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 prioritised all our projects and operating regions in terms of when climate change 'time of emergence' signals are likely to arise. This has guided our selection of sites for assessment of climate change vulnerability and adaptation measures. Our most high risk sites in this regard are located in Peru and Chile, while several of our operations globally are vulnerable to extreme weather events. A priority is to ensure that at our most vulnerable sites we have plans in place to reduce their exposure to climate risks.

Climate risks are considered during the exploration and evaluation stages of a project and are integrated into our risk management and project development processes. We continue to improve our ability to assess our exposure to future climate change and extreme weather risks, and respond effectively. We are using a scenario-based approach to inform our view on climate and energy risks and opportunities and, consequently, our mine planning. (See case study on page 66.)

During 2015, we reviewed regional climate-change scenarios for Brazil and undertook climate-risk and climate-adaptation assessments for vulnerable operations in South Africa.

**POLICY ENGAGEMENT**

We continue to work with governments, industry peers and other stakeholders on the development and implementation of efficient, effective and equitable climate-change policies.

In South Africa, the government released a draft carbon tax bill for comment in November 2015, which points to 1 January 2017 for implementation. During 2015, in South Africa, Anglo American chaired a government and industry task team on climate change, and led Business Unity South Africa's engagement with business leadership and government.

In Australia, the 2014 carbon tax was abolished and replaced with the Emissions Reduction Fund, a legislative framework comprised of three elements: crediting, purchasing, and safeguarding emissions reductions. Coal Australia will continue to monitor the progress of the 'safeguard' mechanism.

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 its principles for climate-change policy design. We have a clear position on climate change in our business. This is available for download on [www.angloamerican.com](http://www.angloamerican.com)



# MINE CLOSURE

## DRIVING CHANGE

In 2014, existing Group guidance on mine closure provided in the Environment Way's Mine Closure Performance Standard and Mine Closure Toolbox was bolstered by the establishment of a dedicated global mine-closure team. In 2015, the team reviewed and verified our closure liability costs and assessed the closure risks and opportunities at all Anglo American operations.

## DEFINING OUR FUTURE

Our approach to ensuring responsible mine closure 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.

## INTEGRATED MINE-CLOSURE PLANNING

Integrating mine-closure planning with current operational mine planning can open doors for making operational changes that result in significantly decreased closure costs and liabilities. This is demonstrated by the following two cases. Both projects relied on scenario planning to demonstrate the business case for operational change, and the leadership to make it happen.

### Terrace mining at Coal Australia's Dawson mine

Dawson mine is a large open-cut coal mining operation in Queensland that historically had been operated as a strip mine, with multiple draglines exposing coal in a westerly direction and dumping spoil to the east. In response to a shortage of dump space, insufficient progress with progressive rehabilitation and the ongoing disturbance of land, the operation made changes to address these increasing closure liabilities. This included backfilling depleted open pits, which involved changing the fleet for this part of the mine to truck and shovel. The development of the pit area over time was visualised using advanced technology and presented a compelling business case for the change. The terrace-mining approach is less costly owing to the relatively short haul distance achieved by increasing the height of existing waste dumps and minimising the open-pit area. The pit backfill eliminates the need, on closure, to fill and reshape substantial portions of the final mining void, thereby realising a significantly reduced closure liability.

### Tailings reprocessing at Platinum's Rustenburg mines

A tailings retreatment project was commissioned at Platinum's Rustenburg mines in 2004 to reprocess tailings from the Klipfontein and Waterval tailings dams. The recovered slurry is pumped to the re-treatment concentrator for processing and removal of a PGM-rich concentrate. Residues from the concentrator are disposed of on a tailings facility close by, constructed specifically for this purpose. A closure-cost analysis to compare closure-liability costs with and without the tailings re-treatment project concluded that the reprocessing project reduced the overall liability,



as at 2014, by nearly \$1 million. The project meanwhile has generated significant revenue for the business, including the profitable production of 842,200 refined PGM ounces between 2004 and 2014. The additional expense until 2017 for the final rehabilitation of Klipfontein tailings dam's footprint will be funded through the project's operating cash flow.

At Dawson mine, supervisor Clint Dixon explains the new shovel operations to communications manager Jacqui Strambi.

**OUR MANAGEMENT APPROACH**

Our commitment to responsible mine closure is an important aspect of integrating sustainability into our wider business. Our Projects Way includes a set of requirements for mine closure that is designed to ensure that closure is taken into account from the outset in the way mines are planned, evaluated and designed. All projects are required to develop a closure plan as part of the project development and investment evaluation process.

Our Mine Closure Toolbox 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. Following an in-depth assessment of the closure plans at 54 operations, 46 were found to be fully aligned with Toolbox requirements. Our target is 100% compliance. All operations have calculated closure liabilities based on their legal closure commitments, irrespective of their degree of compliance with the Toolbox.

We are progressively integrating mine-closure planning with our operational strategies. This involves assessing and identifying opportunities to make operational changes that require no or modest additional expenditure, and which result in significantly reduced operational costs and closure liabilities – for example, the backfilling of depleted open pits and reprocessing tailings. (See case study on page 69.)

Our approach to mine-closure planning is informed by our recent experiences working with the ICMM committee on closure planning.

**THABAZIMBI MINE CLOSURE**

In July 2015, a decision was taken to close Kumba's Thabazimbi mine in Limpopo following an extensive review of the mine and in response to a combination of factors that have affected the mine's economic viability. The mine is more than 80 years old and, over the past 15 years, has had its closure postponed six times through a number of mine-life extension plans. Difficult mining conditions owing to inherent geotechnical complexities are now exacerbated by a limited remaining iron ore resource, operating costs are very high due to high waste-stripping requirements, and a slope failure on 6 June 2015 rendered the resources in the one remaining pit uneconomic to mine.

Thabazimbi completed its mining activities at the end of September 2015. Progressive rehabilitation, alongside the demolition and selling of assets, is under way. Specialist studies were undertaken to assist in meeting all requirements, and to enable updating of the closure plan and financial provision by the end of 2015. Thabazimbi will apply for approval of the plan once processing activities are completed during the first half of 2016.

The closure of the mine affects some 800 employees and 360 contractors. We are conducting extensive consultations with all key stakeholders throughout the process. The mine is investing in local economic-development projects that are independent of mining in order to provide an alternative source of employment and sustainable revenue for the local communities.

# DATA AND ASSURANCE

## INDEPENDENT ASSURANCE REPORT TO THE DIRECTORS OF ANGLO AMERICAN plc

The Directors of Anglo American plc engaged us to provide assurance on the information described below and set out in Anglo American Sustainability Report for the year ended 31 December 2015.

### OUR CONCLUSION

Based on the procedures we have performed and the evidence we have obtained:

- In our opinion, the Selected Information (\*) for the year ended 31 December 2015 has been properly prepared, in all material respects with the Basis of Preparation.
- Nothing has come to our attention that causes us to believe that the Selected Information (^) for the year ended 31 December 2015 has not been prepared, in all material respects, in accordance with the Basis of Preparation.
- Nothing has come to our attention to suggest that the description by management ("Management's Description"), of the relevant governance, processes and control activities in operation for the 2015 reporting year, to meet the International Council of Mining and Metals' (ICMM) Assurance Requirements, is not fairly stated ([www.angloamerican/performance](http://www.angloamerican/performance)).
- Nothing has come to our attention that causes us to believe that management's assertion that the GRI Content Indices have been prepared in accordance with GRI's G4 Sustainability Reporting Guidelines at the Core level is not fairly stated in all material respects.

This conclusion is to be read in the context of what we say in the remainder of our report.

### SELECTED INFORMATION

- The scope of our work was limited to assurance over the information marked with the symbol ● in Anglo American's Sustainability Report 2015 (the "Selected Information"). The Selected Information and the Basis of Preparation against which it was assessed are summarised in the table below. Our assurance does not extend to information in respect of earlier periods or to any other information included in the Sustainability Report 2015.

#### Professional standards applied and level of assurance

We have performed an assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – 'Assurance Engagements other than Audits and Reviews of Historical Financial Information', in respect of the greenhouse gas emissions in accordance with International Standard on Assurance Engagements 3410 'Assurance engagements on greenhouse gas statements', issued by the International Auditing and Assurance Standards Board. A limited

assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

#### Basis of Preparation

Anglo American's Basis of Preparation for these KPIs is included in the Sustainability Report on the following pages:

Selected information undergoing reasonable assurance	
Total work-related fatal injuries*	Page 74
Selected information undergoing limited assurance	
Total energy use^ (million GJ)	Page 73
Total Scope 1 emissions^ (million tonnes Co <sub>2</sub> e)	
Total Scope 2 emissions^ (million tonnes Co <sub>2</sub> e)	
Number of Level 3-5 environmental incidents reported^	
Total amount of water used for primary activities^ (million m <sup>3</sup> )	
Company managed land^ (ha)	
Fatality Injury Frequency Rate^	Page 74
Total Recordable Case Frequency Rate^	
Total number of new cases of occupational diseases^	Page 74
Number of employees participating in VCT (South Africa and Zimbabwe)^	Page 74
Total amount spent on CSI projects in US\$^	Page 74
Number of businesses supported (by Zimele) in South Africa^	Page 74
Number of jobs supported in Chile^	Page 74
Management's description of alignment with the relevant governance, processes and control activities in operation for the 2015 reporting year, to meet the ICMM Assurance Procedures.	<a href="http://www.angloamerican/performance">www.angloamerican/performance</a>
Management's assertion that the GRI Content Indices have been prepared in accordance with GRI's G4 Sustainability Reporting Guidelines at the Core level.	Chapter 3 (pp. 11-14) of the GRI G4 Reporting Principles and Standard Disclosures as laid out at <a href="http://www.globalreporting.org/reporting/g4">www.globalreporting.org/reporting/g4</a> , which defines the "In Accordance" Criteria.

### OUR INDEPENDENCE AND QUALITY CONTROL

We applied the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply International Standard on Quality Control (UK & Ireland) 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our work was carried out by an independent and multi-disciplinary team with experience in sustainability reporting and assurance.

## UNDERSTANDING REPORTING AND MEASUREMENT METHODOLOGIES

The Selected Information needs to be read and understood together with the Basis of Preparation, which Anglo American is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time. The Basis of Preparation used for the reporting of the Selected Information are for the 2015 reporting year.

## WORK DONE

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information. In doing so, we:

- made enquiries of Anglo American's management, including the Sustainability team and those with responsibility for management and Group reporting of sustainability information;
- evaluated the design of the key structures, systems, processes and controls for managing, recording and reporting the Selected Information. This included visiting 12 operational sites selected on the basis of their inherent risk and materiality to the Group, to understand the key processes and controls for reporting site performance data and to obtain supporting information;
- considered the significant estimates and judgements made by management in the preparation of the Selected Information;
- performed reasonable and limited substantive testing on a selective basis of the Selected Information at corporate Head Office and in relation to a limited number of sites to check that data had been appropriately measured, recorded, collated and reported;
- considered the disclosure and presentation of the Selected Information; and
- assessed the GRI Content Indices 2015 for compliance with the GRI "In Accordance" guidance.

In respect of Anglo American's description of alignment with the relevant governance, processes and control activities in operation for the 2015 reporting year, to meet the ICM Assurance Procedures, we performed the activities listed below; the full procedures are set out in [www.angloamerican.com/performance](http://www.angloamerican.com/performance)

- interviewed a selection of Anglo American's executives, senior managers, and site managers to determine their understanding of their stakeholders, the mechanisms used to engage them and key issues that are of interest to each stakeholder group;

- reviewed evidence on a selective basis to support the assertions made in these interviews and in the stakeholder engagement description;
- assessed the outputs from the risk assessment and materiality process relating to stakeholders and Anglo American's engagement; and
- assessed the disclosure and presentation of the stakeholder engagement description.

## ANGLO AMERICAN'S RESPONSIBILITIES

The Directors of Anglo American plc are responsible for:

- designing, implementing and maintaining internal controls over information relevant to the preparation of the Selected Information (that is free from material misstatement, whether due to fraud or error);
- establishing an objective Basis of Preparation for preparing the Selected Information;
- measuring and reporting the Selected Information based on the Basis of Preparation; and
- the content of the Sustainability Report 2015.

## OUR RESPONSIBILITIES

We are responsible for:

- planning and performing the engagement to obtain assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Directors of Anglo American plc.

This report, including our conclusions, has been prepared solely for the Directors of Anglo American plc in accordance with the agreement between us, to assist the Directors in reporting Anglo American's sustainability performance and activities. We permit this report to be disclosed online at ([www.angloamerican.com](http://www.angloamerican.com))<sup>(1)</sup> in respect of the 2015 reporting year, to assist the Directors in responding to their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors as a body to Anglo American plc for our work or this report except where terms are expressly agreed between us in writing.

## PricewaterhouseCoopers LLP

Chartered Accountants  
London  
11 March 2016

<sup>(1)</sup> The maintenance and integrity of Anglo American's website is the responsibility of the Directors; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected Information or Basis of Preparation when presented on Anglo American's website.

## BASIS FOR THE PREPARATION OF KEY SUSTAINABILITY DATA

### Introduction

Our data governance process, definitions, calculation methodologies and additional guidance notes are documented in the Anglo American S&SD Indicators, Definitions and Governance business process standard, which is mandatory throughout the business. External verification was, for the purposes of reporting, carried out against this basis of preparation document.

### Organisational boundaries and scope

Anglo American accounts for 100% of operations over which it holds management control, including in some instances joint ventures where we have the formal right to mandate Anglo American management and performance standards. A full list of those operations is available on pages 75-76. Our proportional share of independently managed operations is not included in our sustainability reporting scope. Acquisitions and divestments are accounted for from date of acquisition/until date of sale.

### Data sources

Anglo American hosts a single database for reporting key sustainability metrics, including those relating to land use, energy, GHG emissions, water consumption, environmental incidents, occupational health, social performance and safety. Corporate social investment figures are captured in our financial reporting system and collated in a spreadsheet. Enterprise development figures are managed by our local programme teams and collated in spreadsheets for Group reporting. Consistent reporting processes and indicator definitions have been implemented and applied for all indicators in the assurance scope.

This data is captured on a monthly basis by more than 50 operations and subject to integrity reviews by corporate analysts each quarter. A selection of material indicators is reported internally on a monthly basis and to the executive and Board each quarter.

It should be noted that while indicators in the assurance scope are reported with a high degree of accuracy, estimates are allowed in December for energy and water consumption data that are dependent on invoices from utility providers.

### Reporting period

Our reporting year runs from 1 January 2015 to 31 December 2015. Changes to historical data follow a formal change request process, which is signed off by relevant heads of functions and restated externally, if material.

## KPI DEFINITIONS

### GHGs

The Intergovernmental Panel on Climate Change 2006 report (as updated in 2011) factors are applied as defaults for all carbon dioxide-equivalent (CO<sub>2</sub>e) and energy calculations. Where emission factors are available for specific countries or sub-regions from government and regulatory authorities, these are applied. Australian operations apply conversion factors required by the

government for regulatory reporting and operations in Brazil apply local factors for biomass and biofuel. Factors for CO<sub>2</sub>e from electricity are based on local grid factors.

Based on a self-assessment, Anglo American believes it reports in accordance with the WRI/WBCSD GHG Protocol, as issued prior to the 2015 revision on Scope 2 emissions reporting. In line with the GHG Protocol's 'management control' boundary, 100% of the direct and indirect emissions for managed operations are accounted for while zero emissions for joint ventures and other investments are included in the reporting scope.

### Scope 1 emissions

Scope 1 emissions include CO<sub>2</sub>e emissions from fossil fuels, coal seam gas fugitive emissions, renewable fuels, and operational processes. Process emissions include those associated with on-site and managed sewerage facilities, on-site water treatment facilities, the use of carbonates in acid leaching processes at copper processing facilities, fugitive emissions during the production of phosphates and a negligible CO<sub>2</sub> component of coal seam gas from underground coal mines in South Africa. Emissions from the combustion of fossil fuels and biomass, and coal used in metallurgical processes as a reductant are excluded. Process emissions are calculated based on measurements as well as estimates.

### Scope 2 emissions

Scope 2 emissions include CO<sub>2</sub> from electricity purchased and reported in million tonnes of CO<sub>2</sub>e.

### Total energy use

Total energy use is calculated from electricity purchased, energy from fossil fuels and energy from renewable fuels, and reported in million GJ.

### Total amount of water used for primary activities

Total new water entering the operation which is used for the operation's primary activities. Primary activities are those activities in which the operation engages to produce their product (e.g. changes houses, process plants) or that are linked to licence agreements. New water is the water required to replace losses of water from the water circuit. It does not include any water re-used or recycled internally and includes all external sources and quality of water abstracted for primary use and from all external sources. The metric is reported in million m<sup>3</sup>. Where actual data is not available, estimation methodologies are applied based on the most up to date hydrology studies.

### Company managed land

Area of land under the direct management of the company, and includes 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. This metric 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, which are captured separately. Company managed land is reported in hectares (ha).



**Level 3,4, and 5 environmental incidents**

Environmental incidents are unplanned or unwanted events resulting from our operations that adversely impact the environment or contravene local regulations/permit conditions. They are classified from minor (Level 1) to significant (Level 5) depending on the duration and extent of impact, as well as the sensitivity and/or biodiversity value of the receiving environment. Level 3-5 incidents are those which we consider to have prolonged impacts on the local environments, lasting in excess of one month and affecting areas greater than several hundred meters on site, or extending beyond the boundaries of our immediate operations.

**Total work-related fatal injuries**

A fatality is an employee or contractor death resulting from a work-related injury. Anglo American records all work-related losses of life for the purposes of internal and external investigation, management action, legal process and compensation. However, while fatal injuries that result from criminal activity and public-road incidents are recorded for management purposes, these are not included in formal statistics and frequency-rate calculations.

**Fatal injury frequency rate (FIFR)**

The FIFR is the rate of fatality per 200,000 hours worked due to all causes for both employees and contractors.

**Total recordable case frequency rate (TRCFR)**

The TRCFR is a rate per 200,000 hours of employee and contractor fatal injuries, lost-time injuries, and medical treatment cases. First aid cases – minor work-related injuries which, in normal circumstances, are able to be treated successfully in accordance with recognised first aid training – are not included in this calculation. Injuries are diagnosed by medical and safety professionals according to Anglo American criteria. These criteria are additional to local legal reporting and compensation requirements.

**Total number of new cases of occupational diseases**

The total number of new cases of employee occupational diseases is the sum of occupational diseases due to asbestosis, chronic obstructive airways disease, coal-workers' pneumoconiosis, dermatitis, hand-arm vibration syndrome, malaria, musculoskeletal disorders, new and repeat cases of noise-induced hearing loss, occupational asthma, occupational cancers, occupational tuberculosis, platinosis, silicosis, venous thromboembolism due to business travel and other occupational diseases. Occupational diseases are diagnosed by medical professionals according to Anglo American diagnostic criteria. These are additional to local legal reporting and compensation requirements. Contractors are not included in these figures.

**Number of employees participating in voluntary HIV counselling and testing in South Africa and Zimbabwe**

Number of employees who have participated in voluntary counselling and testing (VCT) in South Africa and Zimbabwe during the reporting period and who, through this process, have established or re-established their HIV status. If VCT has been obtained outside of a company operated or approved facility, then reasonable proof of compliance with the company definition of VCT must be produced.

Participation in VCT includes those who are known to be HIV positive and participate in HIV wellness programmes, regardless of whether they actually test or not. Individuals of unknown status who refuse testing are not counted. Employees who no longer work at the company at year end are removed from statistics. While contractors are encouraged to participate in VCT and Anglo American provided disease management programmes, these statistics are not included here.

**Total amount spent on corporate social investment (CSI)**

Categories for corporate social investment expenditure include as charitable donations, community investment and commercial initiatives. CSI is reported in '000 US\$ and converted from currency of the operations at the average foreign exchange rate applied by Anglo American for financial reporting purposes.

Charitable donations include cash donations; contributions in kind; employees' working hours spent on charity projects during work hours; and the cost of initiatives designed to inform communities about community-benefit initiatives (e.g. the production of reports that are issued to communities for the purpose of reporting progress). Not included is expenditure that is necessary for the development of an operation (e.g. resettlement of families) or receiving a licence. Training expenditure for individuals who will be employed by the company following completion of training is not included.

Community investment includes the funding of community partnerships which address social issues; the costs of providing public facilities to community members who are not employees or dependents; the marginal value of land or other assets transferred to community ownership; and income creation schemes or mentoring/volunteering initiatives which do not have a principally commercial justification.

Commercial initiatives include enterprise development and other community initiatives/partnerships that also directly support the success of the Company (such as supplier development). There must, however be a clear and primary element of public benefit.

We prohibit the making of donations for political purposes to any politician, political party or related organisation, an official of a political party or candidate for political office in any circumstances either directly or through third parties

**Jobs created/sustained through enterprise development initiatives in Chile**

In Chile, Anglo American supports jobs through training and mentoring programmes. On an annual basis, we report the number of entrepreneurs who have been provided support through our local partner, TechnoServe. The associated programmes are engaged in ongoing monitoring and data is reported at the end of the reporting period.

**Businesses supported through enterprise development initiatives in South Africa**

Anglo American supports a range of entrepreneurs and small and medium enterprises in South Africa through the issuance of micro-finance loans. Businesses supported are enterprises for which funding has been approved and made available by the Zimele investment committee in the reporting year.

# REPORTING SCOPE

as at 31 December 2015

Unless otherwise stated, data included in this report accounts for 100% of the businesses managed by Anglo American, with the exception of De Beers, where 100% of De Beers' joint venture operations in Namibia and Botswana is also accounted for. Data for acquisitions is included from date of acquisition and divested businesses discontinue reporting from the date of disposal.

Businesses included in reporting scope			Businesses included in reporting scope		
Business unit	Ownership	Country	Business unit	Ownership	Country
<b>Platinum</b>	<b>78%</b>		<b>Synthetic Diamond Supermaterials</b>		
<b>Mining operations</b>			Element Six Technologies	100%	South Africa
Bathopele mine <sup>(1)</sup>	100%	South Africa	Element Six Abrasives	60%	Global
Thembelani mine <sup>(2)</sup>	100%	South Africa	<b>Sales and brands</b>		
Siphumelele mine <sup>(3)</sup>	100%	South Africa	De Beers Global Sightholder Sales	100%	UK
Tumela mine	100%	South Africa	De Beers Sightholder South Africa	74%	South Africa
Dishaba mine	100%	South Africa	De Beers Auction Sales	100%	
Mogalakwena mine	100%	South Africa	DTC Botswana	50%	Botswana
Twickenham project <sup>(4)</sup>	100%	South Africa	Namibia DTC	50%	Namibia
Unki mine	100%	Zimbabwe	Forevermark	100%	UK
Union Section	85%	South Africa	<b>Copper</b>		
<b>Processing operations</b>			Mantos Blancos (divested September 2015)	100%	Chile
Waterval smelter	100%	South Africa	Mantoverde (divested September 2015)	100%	Chile
Mortimer smelter	100%	South Africa	Chagres	50.1%	Chile
Polokwane smelter	100%	South Africa	El Soldado	50.1%	Chile
Rustenburg Base Metals Refinery	100%	South Africa	Los Bronces	50.1%	Chile
Precious Metals Refinery	100%	South Africa	Quellaveco	81.9%	Peru
<b>Other</b>			<b>Nickel</b>		
Western Limb Tailings Retreatment	100%	South Africa	Codemin	100%	Brazil
<b>De Beers<sup>(10)</sup></b>	<b>85%</b>		Barro Alto	100%	Brazil
<b>De Beers Canada</b>			<b>Niobium</b>		
De Beers Canada – Snap Lake mine <sup>(5)</sup>	100%	Canada	Catalão	100%	Brazil
De Beers Canada – Victor mine	100%	Canada	<b>Phosphates</b>		
Gahcho Kué project	51%	Canada	Catalão	100%	Brazil
<b>De Beers Consolidated Mines</b>			Cubatão	100%	Brazil
Venetia mine	74%	South Africa	<b>Iron Ore and Manganese</b>		
Voorspoed mine	74%	South Africa	<b>Kumba Iron Ore</b>	<b>69.7%</b>	
Kimberley mines <sup>(6)</sup>	74%	South Africa	Kolomela mine		South Africa
<b>Debswana</b>			Sishen mine		South Africa
Damtshaa <sup>(7)</sup>	50%	Botswana	Thabazimbi mine <sup>(8)</sup>		South Africa
Jwaneng	50%	Botswana	<b>Iron Ore Brazil</b>		
Orapa	50%	Botswana	Minas-Rio	100%	Brazil
Lethlakane	50%	Botswana	<b>Coal</b>		
<b>Namdeb Holdings</b>			<b>Australia and Canada</b>		
Namdeb Diamond Corporation			Callide <sup>(9)</sup>	100%	Australia
Mining Area 1	50%	Namibia			
Orange River	50%	Namibia			
Elizabeth Bay	50%	Namibia			
Alluvial Contractors	50%	Namibia			
Debmarine Namibia					
Atlantic 1	50%	Namibia			

<sup>(1)</sup> Bathopele mine is pending sale, but will continue to be included in the Anglo American reporting scope until the sale is concluded.

<sup>(2)</sup> Thembelani mine is pending sale, but will continue to be included in the Anglo American reporting scope until the sale is concluded.

<sup>(3)</sup> Siphumelele mine is pending sale, but will continue to be included in the Anglo American reporting scope until the sale is concluded.

<sup>(4)</sup> The intention to place Twickenham mine on care and maintenance was announced in February 2016.

<sup>(5)</sup> Snap Lake mine was placed on care and maintenance in December 2015.

<sup>(6)</sup> Kimberley mine was sold in January 2016.

<sup>(7)</sup> Damtshaa was placed on care and maintenance in January 2016.

<sup>(8)</sup> Thabazimbi mine entered closure, and ceased reporting, in September 2015.

<sup>(9)</sup> A sale agreement was reached for Callide mine in January 2016.

<sup>(10)</sup> The 74% interest in De Beers Consolidated Mines Proprietary Limited (DBCM) is held indirectly through 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, Ponahalo, which holds the remaining 26%. The Group's effective interest in DBCM is 85%.

## Businesses included in reporting scope

Business unit	Ownership	Country
Capcoal	70%	Australia
Dartbrook <sup>(11)</sup>	83.3%	Australia
Dawson	51%	Australia
Drayton	51%	Australia
Foxleigh	70%	Australia
Grosvenor	100%	Australia
Moranbah North	88.2%	Australia
Monash Energy Holdings Ltd	100%	Australia
Peace River Coal <sup>(12)</sup>	100%	Canada
<b>South Africa</b>		
Goedeheop	100%	South Africa
Greenside	100%	South Africa
Isibonelo	100%	South Africa
Kriel	73%	South Africa
Kleinkopje	100%	South Africa
Landau	100%	South Africa
New Denmark	100%	South Africa
New Vaal	100%	South Africa
Zibulo	73%	South Africa
<b>Other</b>		
Vergelegen wine farm	100%	South Africa

<sup>(11)</sup> A sale agreement was reached for Dartbrook mine in December 2015.

<sup>(12)</sup> Peace River Coal was placed on care and maintenance in 2015.

## Joint ventures, associates, investments and other interests not included in Anglo American's reporting scope

Business unit	Ownership	Country
<b>Platinum</b>		
Masa Chrome Company	50.1%	South Africa
Modikwa Platinum Joint Operation	50%	South Africa
Kroondal Pooling and Sharing Agreement	50%	South Africa
Mototolo Joint Operation	50%	South Africa
Bokoni	49%	South Africa
Pandora	42.5%	South Africa
Bafokeng-Rasimone	33%	South Africa
Atlatsa Resources Corporation	23%	South Africa
Johnson Matthey Fuel Cells	17.5%	South Africa
Wesizwe Platinum Limited	13%	South Africa
Royal Bafokeng Platinum Limited	11.6%	South Africa
<b>De Beers</b>		
De Beers Diamond Jewellers	50%	Global
<b>Copper</b>		
Collahuasi	44%	Chile
<b>Iron Ore and Manganese</b>		
Iron Ore Brazil		
Ferroport	50%	Brazil
Samancor	40%	Australia and South Africa
<b>Coal</b>		
Jellinbah	23.3%	Australia
Dalrymple Bay Coal Terminal Pty Ltd	25.4%	Australia
Newcastle Coal Shippers Pty Ltd	17.6%	Australia
MBD Energy Ltd	19.2%	Australia
Phola Plant	50%	South Africa
Mafube	50%	South Africa
Richards Bay Coal Terminal	23.2%	South Africa
Carbones del Cerrejón	33.3%	Colombia
<b>Other</b>		
Exxaro Resources	9.8%	Australia and southern Africa
Lafarge Tarmac Holdings Limited (divested in July 2015)	50%	UK

# 2015 DATA

Safety					
	2015	2014	2013	2012	2011
<b>Anglo American total</b>					
Work-related loss of life	● 6	6	15	13	17
Fatal-injury frequency rate (FIFR)	● 0.00352	0.00346	0.008	0.007	0.009
Total recordable case frequency rate (TRCFR)	● 0.93	0.80	1.08	1.29	2.01
Lost-time injury frequency rate (LTIFR)	0.47	0.35	0.49	0.58	0.64
<b>Platinum</b>					
Work-related loss of life	2	3	6	7	12
FIFR	0.003	0.006	0.010	0.011	0.018
TRCFR	1.52	1.22	1.83	2.13	4.09
LTIFR	0.98	0.69	1.05	1.15	1.27
<b>De Beers</b>					
Work-related loss of life	0	0	0	0	–
FIFR	0	0	0	0	–
TRCFR	0.53	0.62	0.78	1.17	–
LTIFR	0.14	0.17	0.19	0.32	–
<b>Copper</b>					
Work-related loss of life	0	0	1	0	1
FIFR	0	0	0.006	0	0.005
TRCFR	0.47	0.49	0.61	0.61	0.66
LTIFR	0.09	0.14	0.20	0.20	0.19
<b>Nickel</b>					
Work-related loss of life	0	0	0	1	0
FIFR	0	0	0	0.03	0
TRCFR	0.79	0.93	1.71	1.43	1.22
LTIFR	0.18	0.17	0.16	0.12	0.22
<b>Niobium</b>					
Work-related loss of life	0	0	0	0	0
FIFR	0	0	0	0	0
TRCFR	1.72	1.75	2.18	1.94	1.87
LTIFR	0.43	0.30	0.17	0.46	0.31
<b>Phosphates</b>					
Work-related loss of life	1	0	0	0	0
FIFR	0.034	0	0	0	0
TRCFR	0.64	1.53	0.99	1.10	0.96
LTIFR	0.20	0.66	0.40	0.37	0.11
<b>Kumba Iron Ore</b>					
Work-related loss of life	0	1	0	2	0
FIFR	0	0.005	0	0.010	0
TRCFR	0.89	0.87	0.82	0.71	0.77
LTIFR	0.23	0.23	0.18	0.10	0.08
<b>Iron Ore Brazil</b>					
Work-related loss of life	1	0	0	0	1
FIFR	0.011	0	0	0	0.006
TRCFR	0.41	0.23	0.23	0.22	0.19
LTIFR	0.13	0.08	0	0.01	0.01

Safety					
	2015	2014	2013	2012	2011
<b>Coal</b>					
Work-related loss of life	2	2	3	2	2
FIFR	0.009	0.009	0.013	0.008	0.008
TRCFR	0.70	0.68	0.83	1.12	1.31
LTIFR	0.37	0.40	0.44	0.68	0.84
<b>Exploration, corporate offices and Vergelegen</b>					
Work-related loss of life	0	0	0	0	0
FIFR	0	0	0	0	0
TRCFR	0.53	0.43	0.51	0.46	0.64
LTIFR	0.23	0.11	0.3	0.16	0.22
<b>Divested businesses</b>					
Work-related loss of life	0	0	5	1	1
FIFR	0.000	0	0.161	0.005	0.005
TRCFR	0.00	2.21	0.71	0.94	0.89
LTIFR	0.00	0	0.23	0.25	0.21

Employees potentially exposed to hazards <sup>(1)</sup>					
	2015	2014	2013	2012	2011
Noise	41,055	42,585	46,916	44,593	44,050
Coal dust (respirable particulate)	5,225	6,057	6,010	5,809	4,750
Respirable crystalline silica	3,564	3,970	7,890	7,078	4,624
Known cause of occupational asthma	1,012	612	335	1,987	3,027
Exposed to the risk of tuberculosis	2,608	2,312	6,125	6,823	4,569
Known cause of occupational cancers <sup>(2)</sup>	4,585	5,068	2,765	1,108	585
Malaria	14	17	31	–	–
Hand-arm vibration	0	4,721	5,653	6,034	805
Platinum compounds, soluble (Platinum salt)	0	0	43	214	18

<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.

<sup>(2)</sup> Occupational cancer includes respirable crystalline silica prior to and including 2014, but excludes respirable crystalline silica in 2015.

New cases of occupational disease					
	2015	2014	2013	2012	2011
Noise-induced hearing loss	83	94	132	85	117
Musculoskeletal disorder	26	49	41	48	34
Coal-workers' pneumoconiosis	10	15	13	16	14
Chronic obstructive airways disease	4	8	10	7	4
Occupational asthma	3	1	4	3	2
Occupational tuberculosis	9	2	2	5	9
Pneumoconiosis due to other fibrogenic dust	–	–	0	0	1
Occupational dermatitis	5	6	3	4	5
Other occupational diseases	16	0	2	5	7
Occupational cancers	3	0	1	1	0
Malaria	0	0	1	–	–
Silicosis	0	0	0	0	3
Hand-arm vibration syndrome	0	0	0	0	1
Platinum salt sensitivity	0	0	0	0	0
<b>Total</b>	● 163	175	209	174	197

● Assured by PwC. For details and the basis of preparation see pages 71-74.



## Occupational disease incidence rates

	2015	2014	2013	2012	2011
Noise-induced hearing loss	<b>0.090</b>	0.221	0.281	0.185	0.266
Musculoskeletal disorder	<b>0.028</b>	0.049	0.043	0.051	0.035
Coal-workers' pneumoconiosis	<b>0.011</b>	0.248	0.216	0.275	0.296
Chronic obstructive airways disease	<b>0.004</b>	0.080	0.072	0.054	0.038
Occupational asthma	<b>0.003</b>	0.001	1.194	0.151	0.067
Occupational dermatitis	<b>0.000</b>	0.006	0.003	0.004	0.005
Occupational tuberculosis (TB)	<b>0.010</b>	0.087	0.032	0.073	0.277
Other occupational diseases	<b>0.017</b>	0.000	0.002	0.006	0.007
Occupational cancers	<b>0.003</b>	0.000	0.036	0.090	0.000
Malaria	<b>0.000</b>	0.000	3.226	0.000	0.000
Silicosis	<b>0.000</b>	0.000	0.000	0.000	0.065
Hand-arm vibration syndrome	<b>0.000</b>	0.000	0.000	0.000	0.124
Platinum salt sensitivity	<b>0.000</b>	0.000	0.000	0.000	0.000
<b>Total occupational disease incidence rate (per 200,000 hours worked)</b>	<b>0.177</b>	<b>0.175</b>	<b>0.217</b>	<b>0.185</b>	<b>0.205</b>

HIV/AIDS<sup>(1)</sup>

	2015	2014	2013	2012	2011
Employees in high HIV-burden countries	<b>73,390</b>	69,238	68,884	70,720	77,075
Estimated HIV prevalence rate (%)	<b>15.9</b>	16.3	16.3	16.8	16.7
Number of employee voluntary testing and counselling (VCT) cases	<b>50,223</b>	59,813	51,954	57,847	–
HIV counseling and testing participation (%)	<b>68</b>	86	75	82	92
Number of new HIV cases	<b>349</b>	543	529	527	902
Estimated number of HIV-positive employees	<b>11,685</b>	11,278	11,243	11,884	12,864
HIV incidence rate	<b>0.69</b>	0.91	1.02	0.91	–
Estimated HIV+ enrolment in Anglo American HIV wellness programmes (%)	<b>88</b>	78	75	70	61
Estimated HIV+ employees on anti-retroviral therapy (ART) (%)	<b>72</b>	53	47	45	37
AIDS deaths (including tuberculosis cases)	<b>91</b>	89	125	–	–
Number of contractor VCT cases	<b>39,643</b>	48,421	40,814	37,397	–

<sup>(1)</sup> HIV/AIDS and TB data in 2015 includes De Beers' joint venture operations in Botswana and Namibia for the first time. Data from 2011 to 2014 included Anglo American operations in South Africa and Zimbabwe only.

## Tuberculosis

	2015	2014	2013	2012	2011
New cases of tuberculosis	<b>511</b>	544	734	677	913
TB incidence rate per 100,000 employees	<b>696</b>	786	1066	958	1185
Proven TB deaths	<b>28</b>	52	63	59	65

① The number of employees participating in voluntary counseling and testing in South Africa and Zimbabwe was assured by PwC. The figure amounted to 48,323. For details and the basis of preparation see pages 71-74.

Environment						
		2015	2014 <sup>(1)</sup>	2013	2012	2011
GHG emissions (Mt CO <sub>2</sub> e) <sup>(2)</sup>						
Scope 1	●	8.70	7.98	7.27	8.73	9.35
Scope 2	●	9.53	9.29	9.82	9.74	9.43
Total CO <sub>2</sub> e		18.23	17.28	17.09	18.46	18.79
Energy consumption (million GJ)						
Energy from electricity		46.57	44.25	46.03	47.69	43.20
Energy from fossil fuels		56.83	61.29	57.46	62.94	57.15
Energy from renewable fuels		2.85	2.45	2.22	2.27	2.01
Total energy	●	106.25	107.99	105.72	112.90	102.37
Water (million m <sup>3</sup> )						
Total new water consumed	🕒	221.70	195.88	201.66	156.42	124.14
Water re-used/recycled in processes		391.97	423.97	417.16	368.92	261.45
Total water required		613.67	619.85	618.82	525.34	385.59
Percentage of total water required which is re-used/recycled		64	68	67	70	70
Land (ha)						
Company-managed land <sup>(3)</sup>	●	1,657,917	1,684,186	466,613	495,975	523,701
Land altered by mining activities and supporting infrastructure		124,754	113,097	84,214	97,679	88,478
Land fully rehabilitated		14,902	18,107	16,827	17,821	14,973
Environmental incidents						
Level 3	●	6	14	30	21	26
Level 4	●	0	1	0	1	1
Level 5	●	0	0	0	0	0
Air emissions (1,000 t)						
Total SO <sub>2</sub> emissions from diesel used and processes		25.03 <sup>(4)</sup>	33.97	35.97	41.47	42.03
Total NO <sub>2</sub> emissions from diesel used and processes		42.37	43.53	40.41	36.58	35.39

<sup>(1)</sup> Adjustments have been made to energy consumed, GHGs, water consumption and land data reported in 2014 to improve accuracy. With the exception of land altered by mining activities and supporting infrastructure, where there was a 3% variance, all changes were within a 0.5% range.

<sup>(2)</sup> There have been small adjustments to GHG data reported between 2011 and 2014 following a revision of the CO<sub>2</sub>e conversion factor for methane flaring in Australia and calculation methodology for CO<sub>2</sub>e from charcoal throughout those years. Electricity conversion factors in Brazil, Chile and South Africa were finalised after the 2014 reporting period and have been applied retrospectively for that year.

<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> Data for 2015 excludes emissions from Waterval, Mortimer and Polokwane smelters, where reporting methodologies are being adjusted to accommodate new legal requirements.

● Assured by PwC. For details and the basis of preparation see pages 71-74.

① Total water consumed for primary activities in 2015 was assured by PwC. The figure amounted to 205 million m<sup>3</sup>. For details and the basis of preparation see pages 71-74.

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

	South Africa	Chile	Australia	UK	Brazil	Peru	Zimbabwe	Namibia	Canada	Botswana	Other	Total
Profits	199	132	0	9	90	0	0	194	0	312	13	949
Transactions	4	1	0	2	47	0	3	32	0	0	2	91
Labour	27	32	64	31	34	1	1	0	9	0	5	204
Royalties and environmental	79	11	155	0	11	0	0	89	1	237	17	600
Other	24	3	13	20	3	0	0	16	18	16	-14	99
Total borne	333	179	232	62	185	1	4	331	28	565	23	1,943
Total collected	464	92	125	91	89	4	7	143	45	44	15	1,119
<b>Total</b>	<b>797</b>	<b>271</b>	<b>357</b>	<b>153</b>	<b>274</b>	<b>5</b>	<b>11</b>	<b>474</b>	<b>73</b>	<b>609</b>	<b>38</b>	<b>3,062</b>

## Human resources

	2015	2014	2013	2012	2011
Full-time employees (annual average)	<b>96,630</b>	99,908	101,074	85,763	95,961
Contractors (annual average)	<b>41,451</b>	51,320	57,818	50,556	50,747
Women in management (%)	<b>25</b>	24	23	23	22
'Historically disadvantaged South Africans' in management (% of South African management)	<b>60</b>	60	64	62	51
Resignations (%)	<b>1.9</b>	2.0	2.0	2.4	2.7
Redundancies (%)	<b>3.5</b>	0.9	4.1	0.6	1.4
Dismissals (%)	<b>1.4</b>	1.0	1.5	1.4	1.1
Other reasons for leaving (%)	<b>4.2</b>	1.9	2.7	2.4	0.3

## Social

	2015	2014	2013	2012	2011
CSI expenditure (\$ million)	● <b>124.1</b>	135.8	127.5	145.7	129
CSI expenditure (% of pre-tax profit)	<b>6.0</b>	3.0	2.2	2.8	1.0
Procurement: BEE expenditure (ZAR billion)	<b>35.4</b>	39.3	32.4	25.8	23.3
Procurement: localised expenditure (\$ billion)	<b>1.53</b>	1.71	1.63	1.54	1.13
Procurement: localised expenditure (% of total)	<b>15.3</b>	14.7	12.3	11.3	9.5
Businesses supported through enterprise development initiatives (since 2008)	● <b>62,394</b>	58,257	48,111	40,217	38,681
Jobs created/sustained through enterprise development initiatives (since 2008)	● <b>110,780<sup>(1)</sup></b>	96,873	76,543	64,927	47,070

<sup>(1)</sup> We will be revising our approach to accounting for 'jobs created' through enterprise development initiatives in South Africa to address inconsistencies that have been identified with practice in the rest of the Group, and to reflect the planned portfolio changes announced in February 2016.

● Assured by PwC. For details and the basis of preparation see pages 71-74.

● The total number of businesses supported through enterprise development initiatives in South Africa in 2015 was assured by PricewaterhouseCoopers LLP (PwC). The figure amounted to 321 businesses. The total number of jobs created/sustained through enterprise development initiatives by TechnoServe in Chile in 2015 was assured by PwC and amounted to 709. For details and the basis of preparation see pages 71-74.

# STAKEHOLDER ENGAGEMENT

Responding to stakeholder interests			
Stakeholder group	Engagement channels	Significant issues raised	More information
<b>Employees</b>	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 25-27
<b>Trade unions</b>	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 25-37
<b>Governments</b>	Face-to-face meetings with government representatives. Open dialogue and ongoing advocacy work through industry bodies, and directly. Tripartite Health and Safety Initiative in South Africa. Participation in inter-governmental and multilateral processes.	Compliance with mining licence and related requirements. Contribution to national and international developmental priorities, such as job creation, skills development, public health and (in South Africa) transformation. Taxation policy, including royalty and carbon taxes. Engagement on restructuring involving job losses. Wider sustainability and development agenda, including climate change.	Page 28-70
<b>Communities</b>	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 38-52
<b>Shareholders, investors and analysts</b>	Annual General Meeting. Individual meetings with investors. Investor roadshows. 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
<b>Suppliers and contractors</b>	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 29-37, 47
<b>NGOs, multi-national organisations and civil-society bodies</b>	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
<b>Customers</b>	Business and industry forums. Direct personal engagements.	Delivery of product on agreed terms. Evidence of environmentally and socially responsible performance and risk management.	Pages 28-70
<b>Business peers</b>	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.	Throughout report

# COMMITMENTS TO EXTERNAL INITIATIVES AND MEMBERSHIPS

## COMMITMENT TO EXTERNAL INITIATIVES/STANDARDS

- UN Guiding Principles on Business and Human Rights
- UN Resolution on access to water (64/292)
- UN Global Compact
- UN Women's Empowerment Principles
- Office for the Commissioner for Human Rights Guidelines
- Voluntary Principles on Security and Human Rights
- ISO Standards
  - ISO 14001 (Environmental)
  - ISO 14064 (GHGs)
  - ISO 14065 (GHGs)
  - ISO 26000 (Social Standards)
  - ISO 50001
- Occupational Health and Safety Advisory Services (OSHAS) Standards
  - OSHAS 18001
- World Health Organization (WHO) Standards
  - HIV/AIDS Standard
  - TB Standard
- International Finance Corporation
  - Environmental and Social Performance Standards
  - Edge Business certification standard
- International AIDS Transparency Initiative (IATI)
- Extractive Industries Transparency Initiative (EITI)
- Bettercoal Initiative
- Responsible Jewellery Council (RJC) and certification to the RJC's Code of Practice
- Kimberley Process (participation through the World Diamond Council)
- KIN Development Partner Framework
- ICMM Sustainable Development Principles

## STRATEGIC PARTNERSHIPS

- CARE International UK
- Fauna & Flora International
- Women in Mining
- Danish Institute for Business and Human Rights
- Business Action for Africa
- International Alert
- TechnoServe
- Shift



# GRI G4 INDEX

PricewaterhouseCoopers LLP (PwC) has provided independent assurance over our assertion that the Global Reporting Initiative (GRI) content Index has been prepared in accordance with GRI's G4 Sustainability Reporting Guidelines at the Core level.

## Strategy and analysis

Indicator	Aspect boundary	Reference
<b>G4-1</b>	–	6-7; 10-13

## Organisational profile

Indicator	Aspect boundary	Reference
<b>G4-3</b>	–	Cover
<b>G4-4</b>	–	4-5
<b>G4-5</b>	–	London
<b>G4-6</b>	–	4-5
<b>G4-7</b>	–	Cover
<b>G4-8</b>	–	Annual Report (AR) 8-10; 48-64
<b>G4-9</b>	–	4-5; AR 36-39
<b>G4-10</b>	–	26
<b>G4-11</b>	–	27
<b>G4-12</b>	–	9; 17
<b>G4-13</b>	–	3; 75-76
<b>G4-14</b>	–	54
<b>G4-15</b>	–	83
<b>G4-16</b>	–	83

## Identified material aspects and boundaries

Indicator	Aspect boundary	Reference
<b>G4-17</b>	–	75-76
<b>G4-18</b>	–	3; 18; 20; 22-24
<b>G4-19</b>	–	84-87
<b>G4-20</b>	–	84-87
<b>G4-21</b>	–	84-87
<b>G4-22</b>	–	29; 80
<b>G4-23</b>	–	20

## Stakeholder engagement

Indicator	Aspect boundary	Reference
<b>G4-24</b>	–	18
<b>G4-25</b>	–	18
<b>G4-26</b>	–	18
<b>G4-27</b>	–	82

**Report profile**

Indicator	Aspect boundary	Reference
<b>G4-28</b>	–	3
<b>G4-29</b>	–	2014
<b>G4-30</b>	–	3
<b>G4-31</b>	–	87
<b>G4-32</b>	–	3
<b>G4-33</b>	–	3; 71-72

**Governance**

Indicator	Aspect boundary	Reference
<b>G4-34</b>	–	15-16; AR 65-107

**Ethics and integrity**

Indicator	Aspect boundary	Reference
<b>G4-56</b>	–	17

**Economic**

Material GRI aspect	Indicator	Aspect boundary			Reference
		Internal	External	Exclusions	
Economic performance	<b>G4-EC1</b>	✓	✗	–	AR 36-39
Indirect economic impacts	<b>G4-EC7</b>	✓	✓	–	37; 51
Procurement practices	<b>G4-EC9</b>	✓	✗	–	47

## Environmental

Material GRI aspect	Indicator	Aspect boundary			Reference
		Internal	External	Exclusions	
Materials	<b>G4-EN1</b>	✓	✗	As a producer of primary products, water and energy are the most significant input materials.	62; 65
Energy	<b>G4-EN3</b>	✓	✗	–	65
Water	<b>G4-EN8</b>	✓	✗	–	62
	<b>G4-EN10</b>	✓	✗	–	62
Biodiversity	<b>G4-EN11</b>	✓	✗	–	55-56
	<b>G4-MM1</b>	✓	✗	–	55
	<b>G4-MM2</b>	✓	✗	–	55
Emissions	<b>G4-EN15</b>	✓	✗	–	67; 73-74
Effluents and waste	<b>G4-EN24</b>	✓	✗	–	54
	<b>G4-MM3</b>			While risks associated with mineral residue are reported, mineral waste volumes are not reported centrally owing to the wide range of waste streams associated with a diversified business. This approach will be re-evaluated following the portfolio restructuring announced in early 2016.	59-60
Compliance	<b>G4-EN29</b>	✓	✗	Reporting on fines and penalties is limited to Level 3-5 incidents that occurred in the reporting year.	54

## Labour practices and decent work

Material GRI aspect	Indicator	Aspect boundary			Reference
		Internal	External	Exclusions	
Employment	<b>G4-LA1</b>	✓	✗	These figures are not disaggregated by gender.	26; 81
Labour/management relations	<b>G4-LA4</b>	✓	✗	Not applicable; notice periods vary by country and are aligned with local legal requirements.	–
	<b>G4-MM4</b>	✓	✗	–	27
Occupational health and safety	<b>G4-LA6</b>	✓	✗	Lost days are not reported separately but included in the absenteeism rate.	29; 34
	<b>G4-LA7</b>	✓	✗	–	32
Training and education	<b>G4-LA11</b>	✓	✗	These figures are not collected for contract employees.	26
Diversity and equal opportunity	<b>G4-LA12</b>	✓	✗	–	27; AR 66-70
Supplier assessment for labour practices	<b>G4-LA14</b>	✓	✓	This indicator is reported under G4-HR10	44
Labour practices grievance mechanisms	<b>G4-LA16</b>	✓	✗	–	15

## Human rights

Material GRI aspect	Indicator	Aspect boundary			Reference
		Internal	External	Exclusions	
Investment	<b>G4-HR1</b>	✓	✗	–	41
Non-discrimination	<b>G4-HR3</b>	✓	✗	Incidents of unfair labour practices and discrimination are reported in the general category of 'human resources' owing to the confidential nature of Speak Up alerts.	15
Freedom of association and collective bargaining	<b>G4-HR4</b>	✓	✗	–	27
Security practices	<b>G4-HR7</b>	✓	✗	–	41
Indigenous rights	<b>G4-HR8</b>	✓	✗	–	42
	<b>G4-MM5</b>	✓	✗	–	42
Assessment	<b>G4-HR9</b>	✓	✗	–	40
Supplier human rights assessment	<b>G4-HR10</b>	✓	✗	–	44
Human rights grievance mechanisms	<b>G4-HR12</b>	✓	✗	–	42

## Society

Material GRI aspect	Indicator	Aspect boundary			Reference
		Internal	External	Exclusions	
Local communities	<b>G4-SO1</b>	✓	✗	–	41
	<b>G4-MM6</b>	✓	✗	–	41
Anti-corruption	<b>G4-SO5</b>	✓	✗	–	15
Public policy	<b>G4-SO6</b>	✓	✗	–	15
Compliance	<b>G4-SO8</b>	✓	✗	–	41
Supplier assessments for impacts on society	<b>G4-SO9</b>	✓	✓	This indicator is reported under G4-HR10	44
Grievance mechanisms for impacts on society	<b>G4-SO11</b>	✓	✓	–	15
Resettlement	<b>MM9</b>	✓	✗	–	44
Closure planning	<b>MM10</b>	✓	✗	–	70

# CONTACTS AND OTHER INFORMATION

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### Back Cover images

**7.** Global Safety Day at the Brisbane office. See page 30.

**8.** Group Head of Projects, Tom McCulley, examines diamonds at the Jwaneng sorting centre, Botswana.

**9.** The SENAI training centre where local students prepare for a mining career. See page 25.

**10.** Non-executive director, Mpho Ramatlapeng, discusses operations at Minas-Rio. See page 7.

**11.** Safety representative Richmond Tshimenze at Venetia diamond mine, which is vulnerable to climate change. See page 66.

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