



TAX AND ECONOMIC CONTRIBUTION REPORT 2015

DRIVING CHANGE, DEFINING OUR FUTURE



Real Mining. Real People. Real Difference.

ABOUT THIS REPORT

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

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Our first dedicated Tax and Economic Contribution Report was published in April 2015 and presented data on our tax and economic contributions in each of our key operating jurisdictions.

This year we are publishing similar data in respect of the year ended 31 December 2015 and, for the first time, we are providing a summary of our payments to governments on a project-by-project basis in line with Chapter 10 of the EU Accounting Directive – introduced into UK law as the Reports on Payments to Government Regulations.⁽¹⁾ This complements our statutory disclosures which will be submitted electronically in the UK to Companies House by 30 June 2016 and available for data analysis by stakeholders.

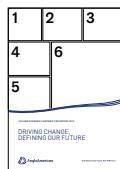
The tax data included in this report is based on cash tax payments made to governments by companies in which the Group has an ownership interest rather than the accrued taxes charged to the Group's consolidated income statement for accounting purposes or included in our taxes borne and collected in the Group's Sustainability Report. Payments are included on a 100% basis regardless of the exact percentage of ownership by Anglo American.

In the area of socio-economic development, this year we have continued to deliver maximum development impact via our core business value chains and partnerships, despite the challenging industry conditions. We have also found models that not only create stronger development outcomes but also deliver savings to our business.

Other sources of information

More information about Anglo American and our historical reports can be found online at: www.angloamerican.com

- Anglo American newsfeeds
- [/AngloAmerican](#)
 - [@AngloAmerican](#)
 - [/AngloAmerican](#)
 - [/AngloAmerican](#)
 - [/AngloAmerican](#)
 - [/company/Anglo-American](#)



Cover images

1. The Groenfontein agricultural incubator provides training to community members to promote sustainable farming, part of a community training initiative at our Mogalakwena platinum mine in South Africa.
2. From left to right: Hlonela Lupuwana head of Zimele, Dr Lia Vangelatos, new business development manager at Zimele and Yogavelli Nambiar, director of the Enterprise Development Academy at the Gordon Institute of Business Science (GIBS), in conversation at the GIBS Enterprise & Supplier Development Conference.

3. Haul trucks in the open pit at Los Bronces copper mine in Chile.
4. Johannes Mathebula and his family outside their new home at Coal South Africa's Duvha Park housing development in eMalahleni.
5. Loading overburden at Platinium's huge open pit at Mogalakwena in South Africa.
6. Entrepreneurs in Moquegua and Ilo, Peru – local to our Quellaveco copper project – receive training through our Emerge programme.

TOTAL TAXES AND OTHER PAYMENTS TO GOVERNMENTS⁽²⁾

\$4,036 m

TAXES AND OTHER PAYMENTS TO GOVERNMENTS BORNE AND COLLECTED IN DEVELOPING COUNTRIES

\$2,713 m

TOTAL PROCUREMENT

\$11,446 m

WAGES AND RELATED EXPENDITURE

\$4,037 m

CORPORATE SOCIAL INVESTMENT

\$124 m

⁽¹⁾ <http://www.legislation.gov.uk/ukxi/2014/3209/contents/made>.

⁽²⁾ Equivalent for Group where Anglo American's effective interest is >50% is \$3,225 m

COMMITMENT TO VALUE CREATION IN CHALLENGING TIMES



Mark Cutifani

In 2015, Anglo American's business activities generated tax and other payments to governments of \$4.0 billion, of which \$2.5 billion was borne directly by the Group's consolidated operations and joint ventures. These figures represent our direct fiscal contribution to local and national governments of the countries in which we operate, but it is only part of the wider socio-economic contribution that we are making around the world.

Last year we published our first dedicated Tax & Economic Contribution Report, enhancing the detail that we have provided for many years in respect of our tax contribution to the states in which we work. This approach, continued for the 2015 year, recognises calls for greater transparency around the tax payments that companies make and also reflects the new legislation under the EU Accounting Directive. We hope this will provide stakeholders not only with greater detail on the payments we made to governments, but also a fuller picture of the socio-economic benefit we bring to the communities and countries in which we have operations.

The mining sector and our Group experienced a period of unprecedented challenge throughout 2015 and, driven largely by external economic factors, looks set to face equally testing times in 2016. Ours is a long term business and we are committed to being true 'Partners in the Future' with local communities and host governments. We will continue to contribute to and support socio-economic development throughout the life cycle of our mines and throughout the economic cycle.

This year also represents the first time that companies, including Anglo American, are required to make mandatory disclosures as prescribed by UK law in respect of payments to governments. These requirements exclude some important features of our broader tax footprint, such as taxes on consumption, and exclude much of the non-extractive activities of the Group such as logistics and marketing, as well as our broader economic contribution. To give a true picture of our contribution, we have included these additional figures in this report, following the spirit of the Reports on Payments to Governments Regulations. Our mandatory filings will, of course, be made later in the year as required by law.

We are pleased that we were recognised in 2015 by PwC in its Building Public Trust Awards for our tax reporting (for the second time since 2009). We consider ourselves a leader in tax reporting and our track record of disclosure over the past 10 years and external recognition such as this is welcome in the current environment.

Mark Cutifani

Chief Executive

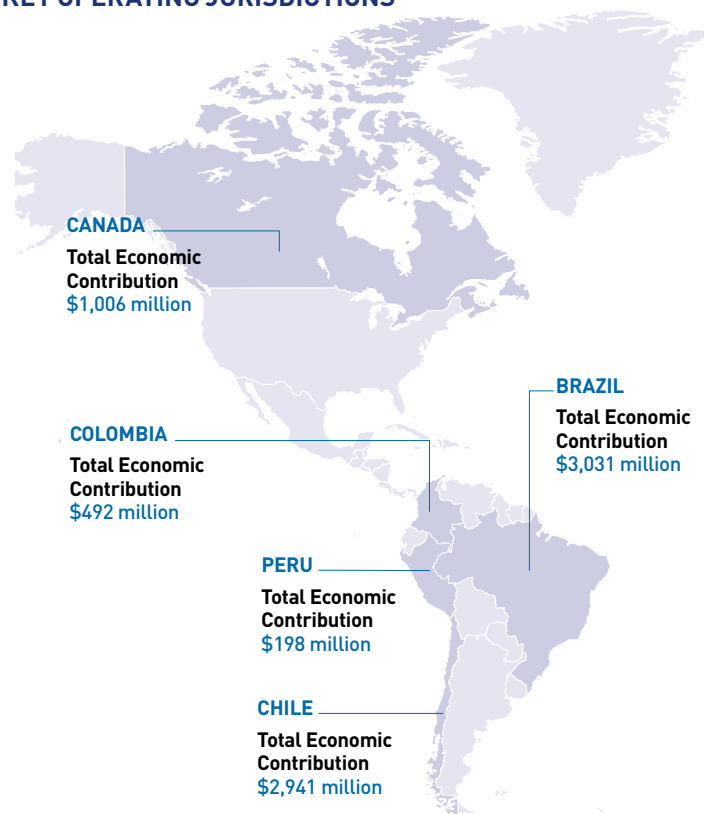
AN ENDURING CONTRIBUTION

Anglo American's economic contribution in our key operating jurisdictions is significant and something of which we are very proud.

In the current challenging economic climate, we believe that it is ever more important for us to show the value we help create through our tax and economic contribution, especially as an indication of our approach to long term partnerships with communities and countries. This level of transparency aims to allow for constructive, ongoing engagement with a wide range of stakeholders.

Further detail in respect of these territories and our other countries of operation is provided below and in the main body of this report.

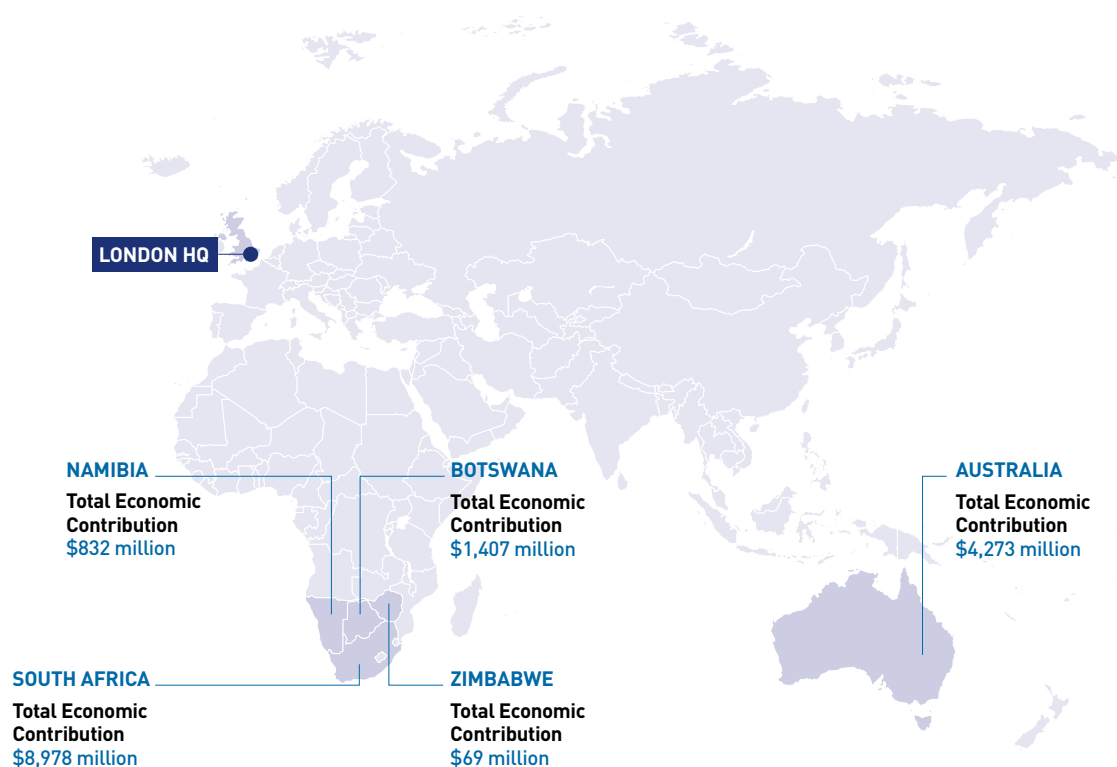
KEY OPERATING JURISDICTIONS




AUSTRALIA	BOTSWANA	BRAZIL	CANADA	CHILE
10 operations⁽¹⁾ Thermal and metallurgical coal, and manganese	2 operations⁽¹⁾ Diamonds	8 operations⁽¹⁾ Iron ore, nickel, niobium and phosphates	2 operations⁽¹⁾ Diamonds	4 operations⁽¹⁾ Copper
\$765m Cash tax and other payments to government For more information See page 18	\$671m Cash tax and other payments to government For more information See page 19	\$286m Cash tax and other payments to government For more information See page 19	\$79m Cash tax and other payments to government For more information See page 20	\$284m Cash tax and other payments to government For more information See page 20
\$3,508m⁽²⁾ Socio-economic development spend For more information See page 15	\$736m⁽²⁾ Socio-economic development spend For more information See page 15	\$2,745m⁽²⁾ Socio-economic development spend For more information See page 15	\$927m⁽²⁾ Socio-economic development spend For more information See page 15	\$2,657m⁽²⁾ Socio-economic development spend For more information See page 16

⁽¹⁾ 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. In the case of Peru, while no operating assets contributed to the Group's results in 2015, our Quellaveco copper project is already making a socio-economic contribution.

⁽²⁾ Where available, this figure is based on capital investment spend, total procurement spend, spend on wages and related, and social investment spend.



COLOMBIA	NAMIBIA	PERU	SOUTH AFRICA	ZIMBABWE
1 operation⁽¹⁾ Thermal coal	2 operations⁽¹⁾ Diamonds	0 operations⁽¹⁾ Copper	34 operations⁽¹⁾ Diamonds, platinum, iron ore, thermal and metallurgical coal and manganese.	1 operation⁽¹⁾ Platinum
\$378 m Cash tax and other payments to government  For more information See page 20	\$442 m Cash tax and other payments to government  For more information See page 21	\$10 m Cash tax and other payments to government  For more information See page 21	\$862 m Cash tax and other payments to government  For more information See page 21	\$15 m Cash tax and other payments to government  For more information See page 21
\$114 m⁽²⁾ Socio-economic development spend  For more information See page 16	\$390 m⁽²⁾ Socio-economic development spend  For more information See page 16	\$188 m⁽²⁾ Socio-economic development spend  For more information See page 16	\$8,116 m⁽²⁾ Socio-economic development spend  For more information See page 16	\$54 m⁽²⁾ Socio-economic development spend  For more information See page 17

TAX

DRIVING CHANGE

In our 2014 Tax and Economic Contribution Report, we highlighted our commitment to tax transparency, demonstrated the broad economic contribution we make in our key operating jurisdictions and improved our engagement with stakeholders – putting us at the forefront of tax reporting.

DEFINING OUR FUTURE

Our commitment to transparency is unwavering. As we continue to collaborate with our host governments, we believe our role as a development partner within the countries that we operate will continue to grow, offering greater opportunities to all our stakeholders and long term socio-economic benefits.

OUR APPROACH

Anglo American's approach to tax is influenced by the dynamics of the mining sector, as well as the nature of the mining cycle. Mining is a long life, high risk business with very significant initial capital investment required before any return on investment is realised (see illustration on page 9). We therefore support approaches to tax that foster sustainability over the long term and are not focused narrowly on short term outcomes.

Our approach to tax is aligned with our Good Citizenship Business Principles, our long term business strategy and our vision to be 'Partners in the Future'. As such, we support the principles of transparency and active and constructive engagement with our stakeholders. We see a benefit through this broader engagement in our approach to tax in a number of key jurisdictions both for our business and for our stakeholders. For example, in applying this approach in the UK, we continue to be considered 'low risk' by HMRC in its annual risk assessment for the Group. At the same time, increased transparency can empower communities by helping them to understand how much income is generated from the mining activity in their regions.

Our approach is set out in the Group's tax strategy which we use as a means of explaining our way of working to external stakeholders, employees and our in-house team of tax professionals.

This strategy includes a number of key points:

- We respect the law in each of the jurisdictions in which the Group operates. This means that we comply with our legal obligations for tax, that we file our tax returns (and similar) on time with full and adequate disclosure of all relevant matters, and pay our taxes on time.

- We do not take an aggressive approach to tax planning or compliance. This means that we will only undertake transactions that we are prepared to fully disclose, and that we will not undertake transactions that are without strong underlying commercial motivation, or that are (or appear to be) artificial or contrived.
- We conduct intragroup transactions on an arm's length basis and comply with our obligations under transfer pricing rules in the jurisdictions where we operate.
- The use of tax haven companies plays no part in our tax strategies. We accept that we have a small number of so-called tax-haven entities in the Group's structures today that are largely the result of legacy structures inherited from acquisitions and that are now mainly dormant, are planned to be liquidated or re-domiciled. Such entities are disclosed in full to appropriate governments and agencies, and any remaining entities are fully subject to UK tax. As such, we secure no tax benefit from these remaining entities.
- We seek to maintain a long term, open, constructive relationship with tax authorities and governments in relation to taxation matters and will seek to proactively engage with those tax authorities and governments directly or indirectly (i.e. through relevant representative bodies) to shape future tax policy and legislation in ways that share our experience, international best practice and promote and protect Anglo American's interests, principles and strategy.

Tax is a critical element of the overall economic contribution we make to host governments and communities. Around 68% of our tax payments go to governments in the developing world, where corporate tax contributions can play an important role in economic development.

The amount of tax we generate and pay to governments, and our general approach to tax and tax disclosure, are of considerable interest to many of our stakeholders. Being able to demonstrate the contribution we make to host countries and communities through the payment of taxes is critical for building trust and in supporting our social licence to operate. It is equally important to show this contribution in more challenging economic times, as well as when commodity prices are high.

Our total economic contribution is far broader than tax; it also includes employee wages, supplier expenditure, capital investment (including in public infrastructure), payments to shareholders and social investment. For Anglo American, this figure amounted to more than \$23 billion in 2015. This contribution endures throughout the life cycle of a mine, although the quantum and proportion of tax in relation to this contribution will vary.

The current tax environment and our commitment to tax transparency

Tax and the tax affairs of multinational companies continue to be subject to considerable public scrutiny across the world. This is matched by ongoing significant scrutiny of tax affairs by tax authorities, and is resulting in a number of high profile and increasingly public tax investigations. The Base Erosion & Profits Shifting (BEPS) work undertaken by the Organisation for Economic Co-operation and Development (OECD) has resulted in a number of recommendations to

OECD BASE EROSION AND PROFIT SHIFTING

Anglo American is supportive of the aims of the OECD BEPS project. A large part of its focus has been to ensure that tax outcomes are aligned with the reality of how multinational businesses actually operate, rather than being distorted by artificial structures. This is consistent with Anglo American's existing tax strategy which states that the Group will not implement transactions or adopt structures which are not supported by a clear underlying commercial rationale.

However, we do expect that the implementation of the OECD BEPS recommendations is likely to significantly increase our tax compliance obligations and therefore costs of doing business, even if there is no material change in tax payable by us in individual countries.

Many of the countries we operate in are not OECD members but are likely to consider potential changes to their own domestic legislation in response to the BEPS project. We would encourage them to carefully consider their interaction with the BEPS project to avoid creating additional tax complexity and potential risks of double taxation.



Workers exiting the drift entrance to Moranbah underground coal mine in Australia.

TAX CONTRIBUTION THROUGH THE CYCLE

Mining is an inherently high risk business, with significant sums invested in long term projects where future returns are uncertain. Many tax regimes in resource rich countries reflect this, with tax relief for the exploration, development and construction costs of mines often available in addition to the regular tax provisions applicable to companies in other sectors.

This often means that in times of economic downturn – such as those faced by the mining sector at present – there tends to be a significant reduction in our tax contribution as it relates to profit taxes. However, even when profit-based tax payments reduce, a significant portion of our contribution endures due to mining royalties and taxes associated with, for example, employment and procurement. This feature is one indicator of the long term nature of our investments and our business' contribution to our host communities and governments.

For example, principally due to the prevailing economic environment, our Australian operations, which primarily produce export metallurgical coal, reported a loss for the year to 31 December 2015. Our reported tax contribution (on page 18 of this report) for the same period clearly shows how, regardless of this, our tax contribution from non-profit taxes remained significant.

Further discussion and detail is available in this respect, with Australia again as the case study in our tax disclosure factsheet, available on our website.⁽¹⁾

address perceived abusive tax practices, which will inevitably add impetus to legislative change programmes by host governments, and will certainly lead to a material increase in the ongoing tax compliance burden.

⁽¹⁾ <http://australia.angloamerican.com/~media/Files/A/Anglo-American-Australia-V3/document/factsheets/au-tax-office-disclosure-fcdec-2014.pdf>

Aligned to these exercises, mandatory tax transparency (of approaches, strategies as well as of financial data) is an increasingly standard feature of the international tax landscape. There are a number of specific tax disclosure obligations in many of the jurisdictions in which Anglo American currently operates, at various stages of implementation. For a number of years, Anglo American has voluntarily provided information about our tax payments on a country-by-country basis. In 2015, we published our first dedicated Tax & Economic Contribution Report for the Group for the year to 31 December 2014. In preparing our second report for the year to 31 December 2015, we have expanded on our disclosures to also include a summary of our payments to governments on a project-by-project basis, prepared in accordance with the UK Reports on Payments to Government Regulations/Chapter 10 of the EU Accounting Directive⁽¹⁾.

The mandatory project-by-project requirements exclude some important features of our broader tax footprint, such as taxes on consumption, and exclude much of the non-extractive activities of the Group such as logistics and marketing as well as a number of our significant joint ventures and non-controlled businesses. These all also generate benefits and taxation income for host governments and communities. We have therefore taken the opportunity to include additional discourse in this report to give a more accurate picture of our total contribution.

We are also working towards the collection of data required in order to meet our obligations under the Country-by-Country Reporting measures recommended by the OECD BEPS project and subsequently enacted into UK law with effect from 2016. Other disclosure regimes in Canada and Australia are also applicable to the Group – notably we made specific disclosure in Australia in respect of our taxes for the year to 31 December 2013 ahead of disclosures for all large taxpayers by the Australian Tax Office (ATO) in late 2015⁽²⁾.

We believe that tax disclosure requirements should support the reporting of information that is accessible and easy for a range of stakeholders to understand. It is also important to ensure that when reporting regimes are developed and made law, sufficient, clear guidelines and support are provided by relevant governments and their agencies to ensure that the resulting compliance burden is manageable and that the underlying intent of such rules is clear both for those charged with complying as well as those who ultimately utilise disclosures made. We hope that eventually consensus is reached between the various transparency initiatives of governments and regulatory authorities.

DESIGN OF AN EFFECTIVE FISCAL REGIME FOR THE MINING INDUSTRY

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

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

Tax policy and administration

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

Basis of taxation

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

⁽¹⁾ <http://www.legislation.gov.uk/uksi/2014/3209/contents/made>

⁽²⁾ <http://australia.angloamerican.com/~media/Files/A/Anglo-American-Australia-V3/document/factsheets/au-tax-office-disclosure-fc-dec-2014.pdf>

Tax governance

We have a team of dedicated tax professionals who are charged with managing the Group's tax affairs in line with the Group's tax strategy.

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

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

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

Overall, we consider that our tax governance framework is consistent with emerging efforts by tax authorities to improve tax compliance and encourage businesses to adopt best-practice tax risk management processes. We have already adopted the key principles outlined in the Tax Risk Management and Governance Review launched by the ATO in 2015, as well as the consultation on Improving Large Business Tax Compliance published by HMRC in the UK. We will continue to monitor relevant guidance to ensure we are a leading organisation in this area.

TRANSFER PRICING

Transfer pricing is a current topic of debate, and there is a significant amount of public focus on the way transfer pricing principles are adopted by multinationals.

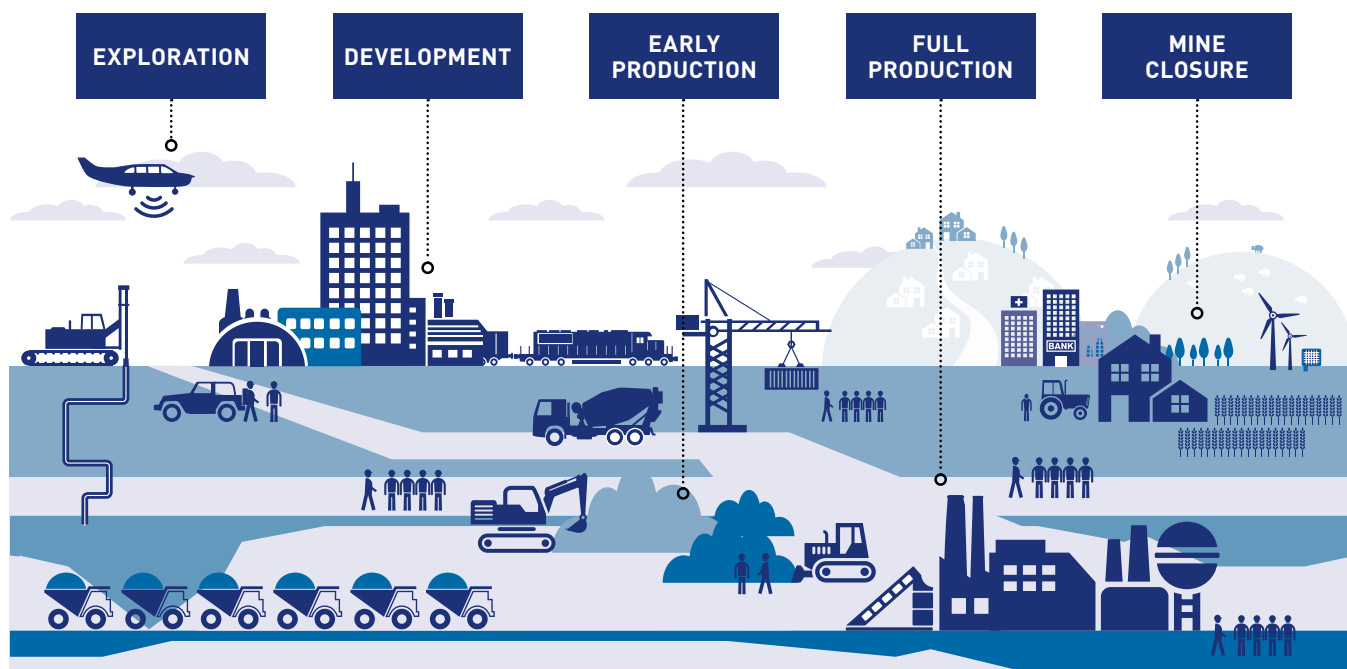
As a multinational group, Anglo American undertakes a significant amount of intragroup transactions relating to the processing, logistics, marketing of our products or intragroup services and financing. These activities are a necessity of managing a global multinational business. Given this reality, we give very careful consideration to the transfer pricing approach that we take, which is a fundamental part of the tax law in most of the jurisdictions in which we operate.

In each of these circumstances, we spend a significant amount of time ensuring that our transfer pricing approach is compliant with local law and/or international best practice and are supported by appropriate analyses and documentation as required. Where possible, we enter into real time discussions with tax authorities through Advance Pricing Agreement discussions to try and agree this approach upfront and reduce any possible dispute at a later date.



A 300 tonne haul truck at Mogalakwena platinum mine, South Africa.

VALUE ADD THROUGH TAXES THROUGHOUT THE LIFE OF A MINE



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

SOCIO-ECONOMIC DEVELOPMENT

DRIVING CHANGE

Over the past two years we have been implementing an innovative approach to socio-economic development, focused on systemic change instead of the implementation of ad hoc projects. This new strategy, with a more targeted focus on improving productivity in both local markets and public institutions, aims to support sustainable job creation, social service delivery and ensure a lasting positive legacy through our core business and strategic partnerships.

DEFINING OUR FUTURE

We aim to respond effectively to increasing stakeholder expectations and ensure that the benefits we generate flow more directly to communities around our operations. Achieving these objectives depends on collaborative efforts with government institutions, development entities, community members and corporations in other sectors, for example, finance and agriculture. This is essential to effectively maintain our social licence to operate, deliver business value and achieve our vision of becoming partners in the future.

OUR APPROACH

Anglo American's mission and vision lie at the heart of its approach to socio-economic development (SED). By working together with all our stakeholders, we believe we can create sustainable value that makes a real difference in our host communities and provide the foundations for sustainable business value. To achieve this, we are implementing a strategy that aims to empower and build capacity in local markets and institutions to maximise the benefits of Anglo American's presence, allowing development to be sustained beyond the mining sector and beyond mine closure.

Our core business has great potential to support local development. However, if we deliver SED only via our core business activities – for example, local procurement and local employment – mining-related stakeholders could potentially be the only group benefiting from our presence. This would still inject a significant amount of economic activity but could also raise the risk of creating increased inequality and social tension, and could also undermine the long term sustainability of our contribution.

In order to keep the balance between the value delivered through our core activities and areas outside our value chains, we have built our SED strategy around seven core programmes, that enable our business to deliver significant value and still benefit the most vulnerable community members.

Support productivity of local markets

Promoting local procurement: Optimising opportunities to integrate local businesses into our supply chain and advise them on how to compete successfully for new business.

Enterprise development: Fostering the potential of local entrepreneurs to build local capacity, support job creation and ensure that the local economy is able to deliver opportunities even after mine closure.

Workforce development: Aimed at addressing the skills needs of our operations as well as the employment needs of the community.

Support productivity of public services

External capacity development: Strengthening the skills, competencies and abilities of local institutions, with a strong focus on municipal staff.

Synergies from mine infrastructure: Developing infrastructure associated with our mines – such as roads, health facilities and water treatment plants – so that it can also benefit the local communities.

Social investment: Social investment is focused on supporting projects that benefit vulnerable groups and which cannot be supported through our value chains, for example health and education initiatives.

Skills sharing/Employee volunteering

The skills of our employees can be used to support any of the other six programmes, and can help host countries and communities to address key challenges.

Performance in 2015

During 2015 we have worked together with our sites implementing the Group approach to SED. Sites are now starting to deliver their SED programmes as part of integrated strategies, with partnerships being built to deliver stronger development outcomes and start mapping and raising co-funding. Ultimately our core business is being used more effectively to deliver much stronger development and business results. There is still work to do but sites are beginning to move from average performance towards best practice.

Economic value distribution*

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

⁽¹⁾ Capex

⁽²⁾ Interest

PROMOVA, our local procurement programme in Brazil, is a good example of how best practice can deliver these improvements for our business and increase the benefits felt by local communities.

Led by a dedicated local team, PROMOVA identified 520 potential local suppliers to work with our Minas-Rio iron ore operation. Through its activities, 87 contracts were signed and 140 companies secured business with Anglo American. Since 2012, Minas-Rio has spent over US\$73 million in local procurement, which represents a significant opportunity for local businesses. In the same timeframe, total revenue created by local businesses supported by PROMOVA accounted for 16% of the local municipalities' GDP. In 2015, the GDP impact grew even further, reaching 20%. As a result, for each dollar invested in PROMOVA, we estimate around \$28 dollars are unlocked in local procurement with community-based small and medium enterprises (SMEs).

Most recently, the PROMOVA team identified additional products and services that could be sourced locally at lower cost than from existing suppliers after modest investments in entrepreneur capacity development. With this new approach local procurement becomes a source of business value and operational efficiency but also a much stronger source of economic development, as SMEs get more comprehensive support and an increased number of business opportunities. Following this new approach, the operational impact of PROMOVA grants an average of 5% savings on logistics and mobilisation costs of certain goods and services, as well as shortening the delivery cycle.

* This data comes directly from the 2015 Anglo American plc Sustainability Report, which excludes certain joint venture operations and may therefore differ to figures shown elsewhere in this report. 'Company taxes' are based on the accrued taxes charged to the Group's consolidated income statement for accounting purposes.

Taxes borne and collected: developed vs. developing countries*

	\$ million	%
Developing	2,177	71
Developed	885	29
Total	3,062	

Given that most of the taxes we pay are in developing economies, it is important that we also help build the capacity of local institutions to derive the best possible development impact from the revenues that mining generates. In the majority of cases, our local engagement highlights that what community members are most concerned about is their exposure to changes they are unable to control, for example, a sudden lack of access to water or increased social unrest and crime. In response to this, we are designing our SED strategies to not only generate jobs and increase economic activity but also to encourage and develop partnerships that can more effectively support the more vulnerable populations unable to get the benefits derived from our value chains. Working in conjunction with government programmes, this can then help local populations to extract maximum value from the development opportunities available, and enhance their capability to deal with sudden changes in their local context affecting their well-being.

Looking forward

In February 2016, we announced our intention to focus the Group on its core portfolio of world-class diamond, platinum and copper assets, to sustainably improve cash flows and materially reduce net debt. These wide-ranging measures will radically reduce our operational footprint and create the new Anglo American.

While we recognise that the change of ownership will create legitimate concerns about future community benefits, we believe that the majority of the operations that we sell will have longer mine lives under new owners. The purchasers will be more likely to invest to extend the life of mines than Anglo American would, given other opportunities in our portfolio, and this in turn will maintain the flow of benefits to host communities and governments for longer.

In the case of divestments, we will strive to find the most appropriate buyer and identify the right option for our shareholders, employees and communities. These operations will be sold as going concerns and many of the employees will work in the same way under new ownership – ensuring a smooth transition and a sustainable future.

For those assets identified for closure or to be placed on care and maintenance, we will carry out the process in line with our Good Citizenship Business Principles and ensure affected stakeholders are treated with the care and respect they deserve.

We believe the development work that Anglo American has helped to generate during its involvement with these communities will continue to benefit local stakeholders and demonstrate our ability to deliver a positive and lasting legacy.

SOCIO-ECONOMIC DEVELOPMENT IN ACTION: SPOTLIGHT ON BOTSWANA

In the 50 years since independence, Botswana has experienced remarkable growth based largely on the successful development of its first-class diamond reserves. This success has been underpinned by the partnership between the Government of Botswana and De Beers to form Debswana, which at 47 years is one of the longest and best examples of a public-private partnership.

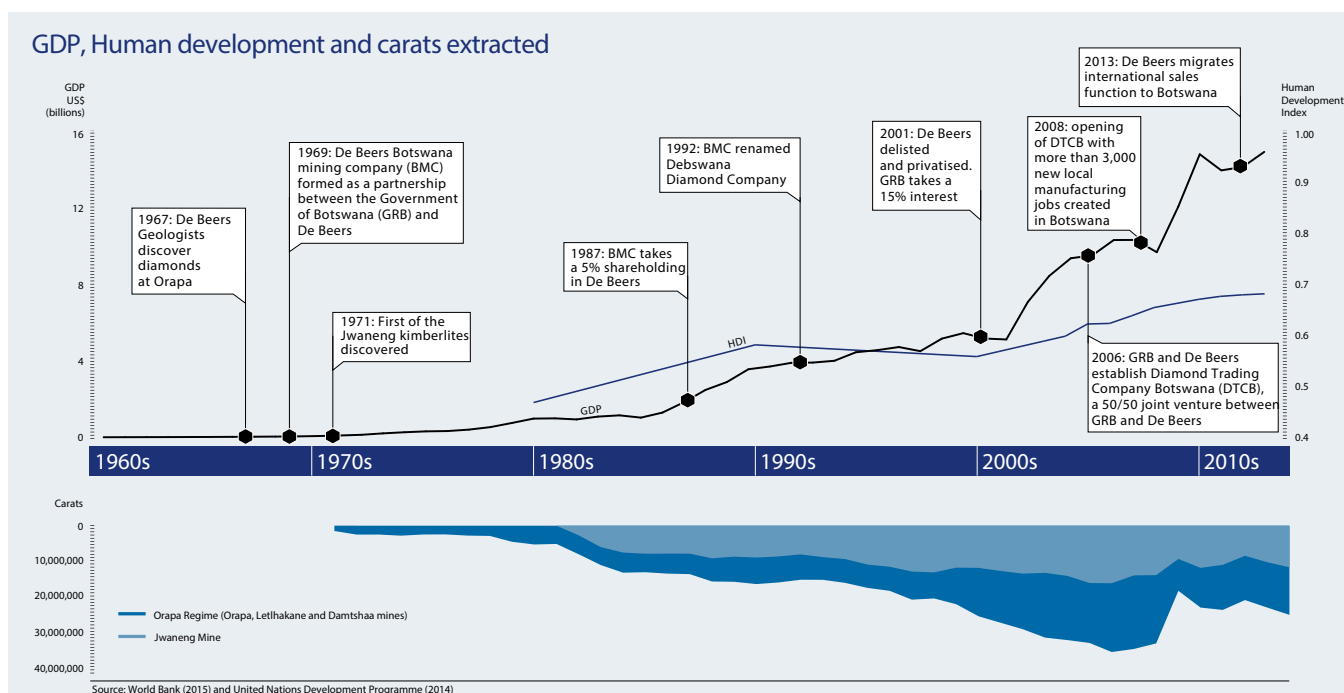
Since 1966, Botswana has transformed itself from one of the poorest nations in the world into a modern, upper middle-income country⁽¹⁾. This economic and social progress has been built largely on a diamond foundation, enabled by high standards of governance, political stability, and the judicious investment of diamond-generated wealth.

In an era when nationalisation and a preference for state-led development was common in much of Africa, the decision by the Government of Botswana to partner with the private sector in developing the country's diamond resources was an unusual one. It is a decision, however, that has proven to deliver significant value.

Diamonds have made a hugely positive contribution to Botswana through the application of a simple partnership

formula: locate and mine diamonds efficiently and provide a steady supply; grow the demand for diamonds and maintain high product equity; sell rough diamonds to the world's leading diamantaires; maximise exposure to the diamond value chain within Botswana; and invest diamond revenues wisely.

Capital expenditure on mines helped to kick-start other sectors, including construction, financial services and transport. Growth of the economy increased development investment and lifted national wealth levels rapidly. From 1966 to 2014, Botswana's GDP per capita grew at an average rate of 5.9% a year (measured in purchasing power parity which is used worldwide to compare the income levels in different countries), one of the highest rates in the world in that period.



⁽¹⁾ The World Bank: http://data.worldbank.org/about/country-and-lending-groups#Upper_middle_income (Accessed 20 October 2015).

Starting with mining, the partnership later extended operations further down the value chain to the sorting, valuing and selling of rough diamonds in Botswana. This ultimately led to the relocation of De Beers' global rough diamond sales operations from London to Gaborone at the end of 2013. As part of this move, De Beers opened a state-of-the-art diamond aggregation and selling facility from which it sells its global production – positioning Botswana as a global diamond industry hub.

The partnership has made, and continues to make, a significant socio-economic contribution to Botswana, supporting more than a 500 times increase in nominal GDP since 1960 as well as a substantial improvement in the human development index. Last year, De Beers produced the 'Turning finite resources into enduring opportunity' Report, examining the value generated by the partnership in 2014.

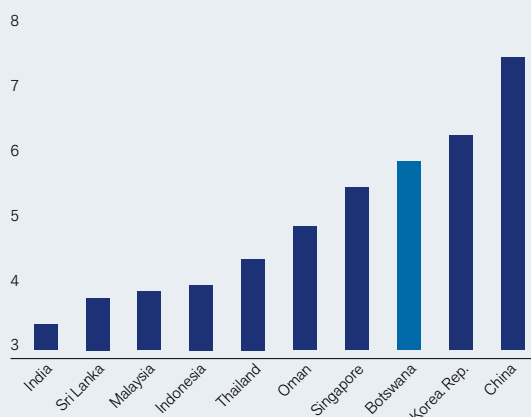
The findings of the report showed that on revenues of almost US\$7 billion in 2014, the partnership directly generated US\$4 billion of value to the Botswana economy, which was the equivalent of 25% of GDP for the year.

When the direct contributions of the partnership to the economy are combined with the contribution through its supply chain and employee spending, the total economic contribution grows to 27% of Botswana's GDP in 2014.

With taxes, royalties and dividends combined, the total distribution of partnership revenues to the Government represents a significant proportion of its total revenue raised in 2014.

Top 10 countries with the fastest growing GDP per capital (purchasing power parity) 1966–2014

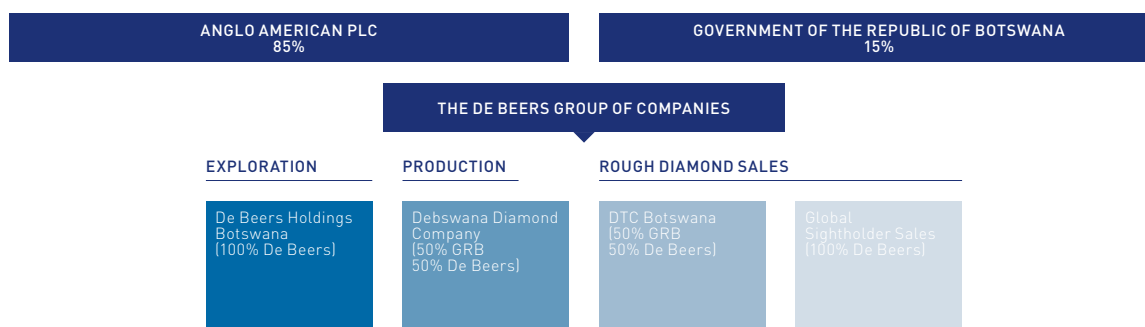
Annual percentage growth rate



Source: The World Bank (2015)

Note: Only countries with a full data set from 1966 to 2014 are included, except for Oman which is missing the latest 2014 figure.

THE ORGANISATIONAL STRUCTURE AND ACTIVITIES OF THE PARTNERSHIP IN BOTSWANA



PARTICIPATION THROUGHOUT THE DIAMOND VALUE CHAIN



Note: The Government's 15 per cent ownership of De Beers was not included within this study.

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.

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%. Since its launch in 2013, Tokafala has supported more than 1,600 jobs, representing more than 70% of the target; while 38% of participating SMMEs have accessed new sources of financing in the past year, almost double the targeted 20%.

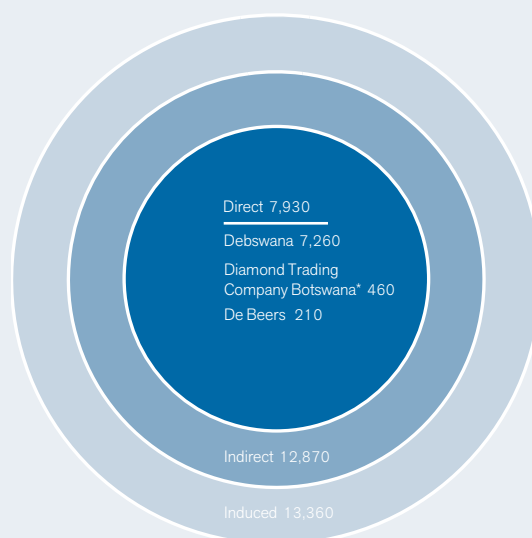
Revenues from the partnership help provide employment and support skills development too. In total, the partnership contributed more than 34,000 jobs in Botswana. Directly, it employed almost 8,000 people in 2014, of whom 96% were Botswana citizens, including almost 85% of management. A further 12,870 jobs in the broader economy were supported through the partnership's supply chain contribution. Another 13,400 jobs were supported by the spending of employees of the partnership and its suppliers' employees.

Few can dispute that diamonds have been positive for Botswana, but there is still work to be done.

The Government has been quick to recognise that past achievements do not automatically translate into future successes. Challenges such as unemployment, high levels of income inequality, residual poverty and an over-reliance on diamonds still need to be overcome. Progress is, however, being made, with the non-mining sector now making up 70% of total value added to GDP compared with less than 50% in 2002.

The Botswana De Beers partnership can help Botswana to overcome these challenges. Arguably, its first responsibility is to continue to maximise the developmental and business value of every Botswana diamond yet to be mined and sold. This will provide the fiscal basis to support further socio-economic development investment, improve health and education, provide social safety nets and, importantly, support sectors that are not dependant on the diamond industry.

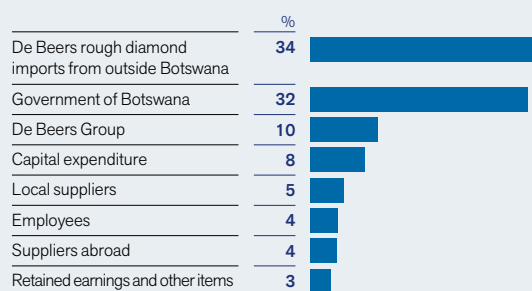
Total contribution to jobs: 34,160



Source: PwC analysis

* Diamond Trading Company Botswana is a 50/50 joint venture between Botswana and De Beers to sort and value Debswana's production.

Breakdown of the distribution of the partnership's revenues, 2014 (\$6.9 billion)



Source: PwC analysis

It must also continue to support and promote Botswana as a global diamond hub, and use its considerable power in the economy to build linkages to local businesses, as well as to support initiatives outside of diamonds.

Enterprise development programme Tokafala was launched in 2013 by Anglo American, De Beers, Debswana and the Government of Botswana to address that need. The programme aims to help up to 250 small, medium and micro enterprises (SMMEs) and support over 2,200 jobs in three years from 2014 to 2016 (see case study above).

De Beers' 'Turning finite resources into enduring opportunity' Report is available for download, [here](#).

SOCIO-ECONOMIC CONTRIBUTION BY COUNTRY

The data in the following tables provides a summary of our socio-economic contribution in our key operating jurisdictions for the year ending 31 December 2015.

Australia	
US\$ millions	2015
Capital investment	837.0
Total procurement	2,179.4
Local procurement	113.5
Wages and related	491.0
Corporate social investment	0.9
Enterprise development: number of jobs supported	n/a

Botswana	
US\$ millions	2015
Capital investment	101.0
Total procurement	559.9
Local procurement	490.3
Wages and related	75.0
Corporate social investment	0.4
Enterprise development: number of jobs supported	1,124

Brazil	
US\$ millions	2015
Capital investment	974.0
Total procurement	1,616.7
Local procurement	175.9
Wages and related	142.0
Corporate social investment	12.0
Enterprise development: number of jobs supported	865

Canada	
US\$ millions	2015
Capital investment	254.0
Total procurement	554.9
Local procurement	121.0
Wages and related	117
Corporate social investment	0.8
Enterprise development: number of jobs supported	n/a

SOCIO-ECONOMIC CONTRIBUTION BY COUNTRY continued

Chile	
US\$ millions	2015
Capital investment	486.0
Total procurement	1,751.7
Local procurement	87.0
Wages and related	405.0
Corporate social investment	14.1
Enterprise development: number of jobs supported	3,218

Colombia	
US\$ millions	2015
Capital investment	29.9
Total procurement	–
Local procurement	–
Wages and related	82.1
Corporate social investment	1.8
Enterprise development: number of jobs supported	n/a

Namibia	
US\$ millions	2015
Capital investment	30.0
Total procurement	306.4
Local procurement	125.7
Wages and related	50.0
Corporate social investment	3.5
Enterprise development: number of jobs supported	n/a

Peru	
US\$ millions	2015
Capital investment	172.0
Total procurement	–
Local procurement	–
Wages and related	11.0
Corporate social investment	4.5
Enterprise development: number of jobs supported	498

South Africa	
US\$ millions	2015
Capital investment	1,264.0
Total procurement	4,477.5
Local procurement	1,153.7
Wages and related	2,289.0
Corporate social investment	85.8
Enterprise development: number of jobs supported	8,300

SOCIO-ECONOMIC CONTRIBUTION BY COUNTRY continued

UK	
US\$ millions	2015
Capital investment	–
Total procurement	–
Local procurement	–
Wages and related	227.0
Corporate social investment	0.5
Enterprise development: number of jobs supported	n/a

Zimbabwe	
US\$ millions	2015
Capital investment	20.0
Total procurement	–
Local procurement	–
Wages and related	34.0
Corporate social investment	0.1
Enterprise development: number of jobs supported	n/a

PAYMENTS TO GOVERNMENT IN KEY OPERATING JURISDICTIONS

The tables below provide a detailed breakdown of cash tax and other payments made by Anglo American entities in our key operating jurisdictions during the year ended 31 December 2015 (not limited to extractive activities).

We have focused on collecting data on the actual cash payments for our most material operating jurisdictions. However, Anglo American operations do generate additional payment in other jurisdictions. Taxes and other payments in respect of those jurisdictions are included in the total payments of 4.0 billion mentioned elsewhere in this report.

Please refer to the Basis of Report Preparation (page 31) for further detail on how the tax and other payments disclosed below have been calculated. Where we have a number of business units operating within a jurisdiction, the payments have been disclosed separately by business unit.

Australia							
US\$ millions	Corporate income tax	Royalties, mining and environmental taxes	Employment taxes	Other payments	Total taxes borne	Total taxes collected	Total taxes paid
Manganese							
Commonwealth	56	1	–	–	57	–	57
Northern Territory	–	83	2	15	100	–	100
Total	56	84	2	15	157	–	157
Coal							
Commonwealth	41	10	3	–	54	170	224
New South Wales	–	13	2	–	15	5	20
Other	–	–	42	18	60	–	60
Queensland	–	264	25	7	296	8	304
Total	41	287	72	25	425	183	608
Total	97	371	74	40	582	183	765

PAYMENTS TO GOVERNMENT IN KEY OPERATING JURISDICTIONS continued

Botswana							
US\$ millions	Corporate income tax	Royalties, mining and environmental taxes	Employment taxes	Other payments	Total borne	Total collected	Total paid
Total	330	233	4	6	573	98	671

Brazil							
US\$ millions	Corporate income tax	Royalties, mining and environmental taxes	Employment taxes	Other payments	Total borne	Total collected	Total paid
Iron Ore							
Federal	–	7	24	5	36	30	66
Minas Gerais	–	3	–	10	13	–	13
Municipal	–	–	–	1	1	12	13
Total	–	10	24	16	50	42	92
Nickel							
Federal	–	1	18	2	21	19	40
Goiás	–	2	–	–	2	4	6
Municipal	–	–	–	7	7	–	7
Total	–	3	18	9	30	23	53
Niobium							
Federal	77	–	5	2	84	2	86
Goiás	–	1	–	–	1	–	1
Municipal	–	–	–	1	1	–	1
Total	77	1	5	3	86	2	88
Phosphates							
Federal	24	1	10	3	38	4	42
Goiás	–	–	–	–	–	4	4
São Paulo	–	–	–	1	1	–	1
Municipal	–	–	–	3	3	3	6
Total	24	1	10	7	42	11	53
Total	101	15	57	35	208	78	286

PAYMENTS TO GOVERNMENT IN KEY OPERATING JURISDICTIONS continued

Canada							
US\$ millions	Corporate income tax	Royalties, mining and environmental taxes	Employment taxes	Other payments	Total borne	Total collected	Total paid
Coal							
Federal	–	–	–	–	–	3	3
Other	–	–	–	2	2	–	2
Total	–	–	–	2	2	3	5
De Beers							
Alberta	–	–	–	1	1	–	1
Federal	–	–	2	–	2	43	45
North West Territories	–	–	1	6	7	2	9
Ontario	–	11	4	–	15	–	15
Other	–	–	–	4	4	–	4
Total	–	11	7	11	29	45	74
Total	–	11	7	13	31	48	79
Chile							
US\$ millions	Corporate income tax	Royalties, mining and environmental taxes	Employment taxes	Other payments	Total borne	Total collected	Total paid
Nacional	115	29	–	9	153	129	282
Municipal	–	–	–	2	2	–	2
Total	115	29	–	11	155	129	284
Colombia							
USD\$ millions	Corporate income tax	Royalties, mining and environmental taxes	Employment taxes	Other payments	Total borne	Total collected	Total paid
Total	131	172	–	75	378	–	378

PAYMENTS TO GOVERNMENT IN KEY OPERATING JURISDICTIONS continued

Namibia							
US\$ millions	Corporate income tax	Royalties, mining and environmental taxes	Employment taxes	Other payments	Total borne	Total collected	Total paid
Total	199	90	–	9	298	144	442

Peru							
US\$ millions	Corporate income tax	Royalties, mining and environmental taxes	Employment taxes	Other payments	Total borne	Total collected	Total paid
Total	–	–	–	5	5	5	10

South Africa							
US\$ millions	Corporate income tax	Royalties, mining and environmental taxes	Employment taxes	Other payments	Total borne	Total collected	Total paid
Anglo American Platinum	128	34	22	10	194	224	418
De Beers	–	6	1	3	10	24	34
Kumba Iron Ore	43	28	–	–	71	69	140
Coal	25	14	6	–	45	105	150
Other	38	–	2	1	41	79	120
Total	234	82	31	14	361	501	862

Zimbabwe							
US\$ millions	Corporate income tax	Royalties, mining and environmental taxes	Employment taxes	Other payments	Total borne	Total collected	Total paid
Total	–	3	1	3	7	8	15

PAYMENTS TO GOVERNMENTS

The tables below provide a summary of the tax and other payments made by Anglo American entities to governments on a project-by-project basis.

This data broadly follows the requirements of Chapter 10 of the EU Accounting Directive, as extended to the Group's total worldwide operations in order to fairly represent the Group's broader footprint. It therefore includes figures beyond our extractive activities, operations where Anglo American does not have management control, and certain taxes which are expressly excluded from the EU Accounting Directive, for example, taxes on consumption.

Please refer to the section Basis of Report Preparation on page 31 for further detail.

Payments to government 2015 by project and business unit

US\$ millions	Payments to government	Infrastructure payments	Payments to government (EU Accounting Directive)	Other payments borne and collected	Total paid
Argentina					
Exploration					
Corporate level – Minera Anglo American Argentina SA	–	–	–	–	–
Agua Amarga	–	–	–	–	–
Argentina greenfields	–	–	–	0.1	0.1
Cerro Verde	–	–	–	–	–
Piuquenes	–	–	–	–	–
Total Argentina	–	–	–	0.1	0.1

PAYMENTS TO GOVERNMENTS continued

Payments to government 2015 by project and business unit

US\$ millions	Payments to government	Infrastructure payments	Payments to government (EU Accounting Directive)	Other payments borne and collected	Total paid
Australia					
Iron Ore & Manganese					
Groote Eylandt Mining Co Ltd	156.9	–	156.9	–	156.9
Tasmanian Electro Metallurgical Company Ltd	–	–	–	–	–
Total Iron Ore & Manganese	156.9	–	156.9	–	156.9
Coal					
Moronbah North	46.8	–	46.8	27.9	74.7
Dawson	46.1	–	46.1	3.2	49.3
Dawson South	–	–	–	0.7	0.7
Foxleigh	17.3	–	17.3	4.0	21.3
Capcoal	95.1	–	95.1	40.7	135.8
Jellinbah	91.5	–	91.5	13.8	105.3
Lake Vermont	–	–	–	–	–
Callide	16.2	–	16.2	26.1	42.3
Drayton	12.6	–	12.6	23.1	35.7
Grosvenor	1.2	–	1.2	8.6	9.8
Drayton South	–	–	–	–	–
Dartbrook	0.9	–	0.9	0.3	1.2
Monash	–	–	–	–	–
Corporate level – Anglo American Australia Ltd	1.4	–	1.4	42.6	44.0
Corporate level – Anglo Operations (Australia) Pty Ltd	–	–	–	–	–
Total Coal	329.1	–	329.1	191.0	520.1
Exploration					
Asia Australia Greenfields	–	–	–	–	–
Blue Dog (Previously Ebony Coal)	–	–	–	–	–
Bushranger	–	–	–	–	–
Earaheedy (Anglo 100%)	–	–	–	–	–
Earaheedy (Cazally JV)	–	–	–	–	–
Fe Generative – Australia	–	–	–	–	–
Musgraves	–	–	–	–	–
Fairhills Met Coal	–	–	–	–	–
Theodore Exploration JV	–	–	–	–	–
Corporate level – Anglo American Exploration (Australia) Pty Ltd	–	–	–	3.1	3.1
Total Exploration	–	–	–	3.1	3.1
Total Australia	486.0	–	486.0	194.1	680.1

PAYMENTS TO GOVERNMENTS continued

Payments to government 2015 by project and business unit

US\$ millions	Payments to government	Infrastructure payments	Payments to government (EU Accounting Directive)	Other payments borne and collected	Total paid
Botswana					
De Beers					
Corporate level – Debswana Diamond Company (Pty) Ltd	559.6	–	559.6	49.7	609.3
Jwaneng	0.1	–	0.1	0.6	0.7
Orapa	0.1	–	0.1	0.2	0.3
Letlhakane	–	–	–	–	–
Damtshaa	–	–	–	–	–
Morupule Coal Mine	–	–	–	–	–
Total Botswana	559.8	–	559.8	50.5	610.3
Brazil					
Iron Ore & Manganese					
Corporate level – Anglo American Minerio de Ferro Brasil S.A	10.2	–	10.2	81.6	91.8
Minas-Rio	1.1	26.4	27.5	–	27.5
Total Iron Ore & Manganese	11.3	26.4	37.7	81.6	119.3
Nickel					
Corporate level – Anglo American Niquel Brasil Ltda	1.2	4.2	5.4	21.1	26.5
Barro Alto	1.1	–	1.1	18.6	19.7
Codemin	0.4	–	0.4	9.5	9.9
Forests (4 licences on registry)	–	–	–	–	–
Total Nickel	2.7	4.2	6.9	49.2	56.1
Niobium & Phosphates					
Corporate level – Anglo American Niobio Ltda.	77.2	–	77.2	7.3	84.5
Boa Vista	0.2	–	0.2	1.8	2.0
Boa Vista (Fresh Rock)	0.3	–	0.3	0.4	0.7
Corporate level – Anglo American Fosfatos Ltda	24.9	–	24.9	14.8	39.7
Chapadao	0.2	–	0.2	6.7	6.9
Cubatao	–	–	–	4.3	4.3
Forests (49 licences on registry)	0.3	–	0.3	1.2	1.5
Total Niobium & Phosphates	103.1	–	103.1	36.5	139.6
Exploration					
Nb & P2O5 Generative	–	–	–	–	–
Morro Preto	–	–	–	–	–
Morro Sem Bone District	–	–	–	–	–
Phosphate District	–	–	–	–	–
Tapajos	–	–	–	–	–
Corporate level – Anglo American Brasil Ltda	0.2	–	0.2	0.7	0.9
Total Exploration	0.2	–	0.2	0.7	0.9
Total Brazil	117.3	30.6	147.9	168.0	315.9

PAYMENTS TO GOVERNMENTS continued

Payments to government 2015 by project and business unit					
US\$ millions	Payments to government	Infrastructure payments	Payments to government (EU Accounting Directive)	Other payments borne and collected	Total paid
Canada					
Coal					
Trend	–	–	–	–	–
Roman	–	–	–	–	–
Corporate level – Peace River Coal Inc	0.1	–	0.1	4.9	5.0
Total Coal	0.1	–	0.1	4.9	5.0
De Beers					
Snap Lake	0.9	–	0.9	29.3	30.2
Victor	14.7	–	14.7	15.5	30.2
Gacho Kué	0.8	–	0.8	6.2	7.0
Exploration	–	–	–	1.2	1.2
Corporate level – De Beers Canada Inc	–	5.6	5.6	6.1	11.7
Total De Beers	16.4	5.6	22.0	58.3	80.3
Exploration					
Canada Greenfields	–	–	–	–	–
Natashquan	–	–	–	–	–
Corporate level – Anglo American Exploration (Canada) Ltd	–	–	–	1.2	1.2
Total Exploration	–	–	–	1.2	1.2
Total Canada	16.5	5.6	22.1	64.4	86.5
Chile					
Copper					
Collahuasi	–	–	–	–	–
Corporate level – Compañía Minera Doña Inés de Collahuasi SCM	91.3	–	91.3	53.2	144.5
Los Bronces	–	–	–	–	–
El Soldado	–	–	–	–	–
Chagres	–	–	–	–	–
Corporate level – Anglo American Sur S.A.	42.0	5.7	47.7	7.5	55.2
Mantos Blancos	–	–	–	–	–
Mantoverde	–	–	–	–	–
Los Sulfatos	–	–	–	–	–
Mantoverde (expansion)	–	–	–	–	–
West Wall	–	–	–	–	–
Corporate level – Anglo American Norte S.A.	7.0	–	7.0	1.1	8.1
Total Chile	140.3	5.7	146.0	61.8	207.8

PAYMENTS TO GOVERNMENTS continued

Payments to government 2015 by project and business unit					
US\$ millions	Payments to government	Infrastructure payments	Payments to government (EU Accounting Directive)	Other payments borne and collected	Total paid
Colombia					
Coal					
Cerrejon	–	–	–	–	–
Corporate level – Cerrejon Zona Norte S.A.	323.0	1.5	324.5	54.7	379.2
Total Coal	323.0	1.5	324.5	54.7	379.2
Exploration					
Colombia Greenfields	–	–	–	–	–
Corporate Level – Anglo American Colombia Exploration S.A.	–	–	–	–	–
Total Exploration	–	–	–	–	–
Total Colombia	323.0	1.5	324.5	54.7	379.2
Finland					
Exploration					
Kuhmo-Naraka	–	–	–	–	–
Mosku Regional	–	–	–	–	–
Sakatti	–	–	–	–	–
Corporate level – AA Sakatti Mining Oy	–	–	–	1.4	1.4
Total Finland	–	–	–	1.4	1.4
Indonesia					
Exploration					
East Java – Trenggalek	–	–	–	–	–
Indonesian Cu Generative	–	–	–	–	–
West Papua (ARX JV) (IUP1-3)	–	–	–	–	–
Corporate level – PT Anglo American Indonesia	–	–	–	–	–
Corporate level – PT Minorco Services Indonesia	–	–	–	–	–
Total Indonesia	–	–	–	–	–
Liberia					
Exploration					
Jonah Capital	–	–	–	–	–
Corporate level – Anglo American Liberia Holdings Sarl	–	–	–	0.2	0.2
Total Liberia	–	–	–	0.2	0.2
Mongolia					
Exploration					
Mongolia Project Generative	–	–	–	–	–
Total Mongolia	–	–	–	–	–

PAYMENTS TO GOVERNMENTS continued

Payments to government 2015 by project and business unit

US\$ millions	Payments to government	Infrastructure payments	Payments to government (EU Accounting Directive)	Other payments borne and collected	Total paid
Namibia					
De Beers					
Corporate level – Namdeb Diamond Corporation (Pty) Ltd	94.9	–	94.9	37.5	132.4
Corporate level – De Beers Marine Namibia Pty Ltd	171.8	–	171.8	86.7	258.5
Namdeb – Southern Coastal Mines (Mining Area No1)	–	–	–	–	–
Namdeb – Northern Coastal Mines (Elizabeth Bay)	–	–	–	–	–
Namdeb – Northern Coastal Mines (Beach and Marine Contractors)	–	–	–	–	–
Namdeb – Orange River Mines (Daberas)	–	–	–	–	–
Namdeb – Orange River Mines (Sendelingsdrif)	–	–	–	–	–
Debmarine Namibia	–	–	–	–	–
Total Namibia	266.7	–	266.7	124.2	390.9
Oman					
OMI					
Tarmac Middle East	–	–	–	–	–
Corporate level – Tarmac Middle East	1.0	–	1.0	–	1.0
Total Oman	1.0	–	1.0	–	1.0
Peru					
Copper					
Quellaveco	–	–	–	–	–
Yahuarcocha	–	–	–	–	–
Corporate level – Anglo American Quellaveco S.A.	6.0	–	6.0	3.2	9.2
Total Peru	6.0	–	6.0	3.2	9.2
South Africa					
Iron Ore & Manganese					
Kumba Iron Ore – Sishen Mine	2.5	3.8	6.3	37.7	44.0
Kumba Iron Ore – Kolomela Mine	9.0	1.2	10.2	9.7	19.9
Kumba Iron Ore – Thabazimbi Mine	0.2	–	0.2	7.3	7.5
Kolomela Optimisation Project (PKA expansion)	–	–	–	–	–
Saldanha Bay Port	–	–	–	0.5	0.5
Corporate level – Sishen Iron Ore Company (Pty) Ltd	58.8	0.8	59.6	13.6	73.2
Samancor Manganese – Hotazel	0.3	–	0.3	–	0.3
Samancor Manganese – Metalloys	–	–	–	–	–
Corporate level – Samancor	0.2	1.5	1.7	–	1.7
Total Iron Ore & Manganese	71.0	7.3	78.3	68.8	147.1

PAYMENTS TO GOVERNMENTS continued

Payments to government 2015 by project and business unit					
US\$ millions	Payments to government	Infrastructure payments	Payments to government (EU Accounting Directive)	Other payments borne and collected	Total paid
South Africa					
Coal					
Exploration	–	–	–	0.7	0.7
Goedehoop	–	–	–	–	–
Greenside	–	–	–	–	–
Kleinkopje	–	–	–	–	–
Landau	–	–	–	–	–
New Denmark	–	–	–	–	–
New Vaal	–	–	–	–	–
Isibonelo	–	–	–	–	–
Richards Bay Coal Terminal	–	–	–	6.8	6.8
Elders (close to Goedehoop)	–	–	–	–	–
New Largo	–	–	–	–	–
Corporate level – Anglo Operations (Pty) Limited	9.3	20.0	29.3	72.7	102.0
Corporate level – Mafube Coal Mining (Proprietary) Limited	28.1	–	28.1	14.9	43.0
Kriel	–	–	–	–	–
Zibulo	–	–	–	–	–
Corporate level – Anglo American Inyosi Coal (Pty) Limited	2.0	–	2.0	17.0	19.0
Total Coal	39.4	20.0	59.4	112.1	171.5

PAYMENTS TO GOVERNMENTS continued

Payments to government 2015 by project and business unit					
US\$ millions	Payments to government	Infrastructure payments	Payments to government (EU Accounting Directive)	Other payments borne and collected	Total paid
South Africa					
Platinum					
Mogalakwena	–	0.9	0.9	–	0.9
Dishaba	–	–	–	–	–
Tumela	–	–	–	12.7	12.7
Union	–	–	–	24.6	24.6
Bafokeng-Rasimone Platinum Mine	–	–	–	5.9	5.9
Thembelani	–	–	–	–	–
Bathopele	–	–	–	–	–
Siphumelele	–	–	–	–	–
Twickenham	–	0.2	0.2	–	0.2
Kroondal	–	–	–	13.0	13.0
Pandora	0.1	–	0.1	0.1	0.2
Polokwane Smelter	–	0.1	0.1	2.4	2.5
Mortimer Smelter	–	–	–	–	–
Waterval Smelter	–	–	–	6.8	6.8
Precious Metal Refinery	–	–	–	–	–
Rustenburg Base Metal Refinery	–	0.3	0.3	–	0.3
Twickenham (expansion)	–	–	–	–	–
Mogalakwena (expansion)	–	–	–	–	–
Masa Chrome Company (Pty) Ltd	3.6	–	3.6	–	3.6
Marikana Pooling and Sharing Agreement (on care and maintenance)	–	–	–	–	–
Atlatsa Resources Corporation	–	–	–	–	–
Johnson Matthey Fuel Cells Limited	–	–	–	–	–
Royal Bafokeng Platinum Limited	–	–	–	–	–
Wesizwe Platinum Limited	–	–	–	–	–
Corporate level – Rustenburg Platinum Mines Ltd	158.3	1.4	159.7	185.1	344.8
Mototolo	–	–	–	–	–
Corporate level – Mototolo Holdings (Pty) Ltd	–	–	–	–	–
Modikwa	0.1	–	0.1	–	0.1
Corporate level – Modikwa Platinum Mine (Pty) Limited	–	–	–	–	–
Bokoni	–	–	–	–	–
Corporate level – Bokoni Platinum Mines (Pty) Ltd	–	–	–	–	–
Total Platinum	162.1	2.9	165.0	250.6	415.6
De Beers					
Kimberley	–	–	–	–	–
Voorspoed	–	–	–	–	–
Venetia	–	–	–	–	–
Namaqualand	–	–	–	–	–
Corporate level – De Beers Consolidated Mines (Pty) Ltd	7.1	4.1	11.2	26.8	38.0
Total De Beers	7.1	4.1	11.2	26.8	38.0
Total South Africa	279.6	34.3	313.9	458.3	772.2

PAYMENTS TO GOVERNMENTS continued

Payments to government 2015 by project and business unit					
US\$ millions	Payments to government	Infrastructure payments	Payments to government (EU Accounting Directive)	Other payments borne and collected	Total paid
Tanzania					
Exploration					
Ambase Prospecting Tanzania Limited	0.1	–	0.1	0.1	0.2
Total Tanzania	0.1	–	0.1	0.1	0.2
USA					
Exploration					
Laramides Generative	0.2	–	0.2	–	0.2
Copper Creek	–	–	–	–	–
Corporate level – Anglo American Exploration (USA), Inc.	–	–	–	0.7	0.7
Total USA	0.2	–	0.2	0.7	0.9
Zambia					
Exploration					
Western Zambia – AEZL 100%	0.1	–	0.1	–	0.1
Western Zambia – MDML JV	0.1	–	0.1	–	0.1
Corporate level – Anglo Exploration (Zambia) Limited	–	–	–	0.3	0.3
Total Zambia	0.2	–	0.2	0.3	0.5
Zimbabwe					
Platinum					
Unki	2.6	–	2.6	11.2	13.8
Total Zimbabwe	2.6	–	2.6	11.2	13.8
Total Projects	2,199.3	77.7	2,277.0	1,193.2	3,470.2
Group activities not included as a Project within EU Accounting Directive					
UK	3.7	–	3.7	88.9	92.6
Luxemborg	0.5	–	0.5	2.8	3.3
Singapore	5.0	–	5.0	1.7	6.7
Other	171.7	1.5	173.2	289.7	462.9
Total Group	2,380.2	79.2	2,459.4	1,576.3	4,035.7

BASIS OF REPORT PREPARATION

The purpose of this report is to provide an overview of the tax and economic contribution made by the Anglo American Group as well as further transparency on how tax is managed as part of the Group's overall commercial activities.

Unless otherwise stated, the tax data and economic contribution included in this report is based on the cash payments made by entities included in the consolidated accounts of Anglo American as at 31 December 2015. We have included 100% of the taxes and other payments to government by these entities. The socio-economic contribution is based on the attributable proportion to Anglo American.

In general, tax data has been disclosed in US dollars in line with the Group's functional currency for consolidated accounting purposes. Where relevant, any tax payments have been translated from the applicable local currency to US dollars at the average exchange rate for the applicable period.

As the tax data has been prepared on a cash tax basis, the relevant figures differ to those included in the Group's financial statements prepared on an accruals basis. In general, the tax provision accrued for financial statements purposes represents the best estimate of taxes payable in respect of a period, as well as any adjustments to prior provisions. The cash tax data represents net amounts actually paid to governments in a specific calendar year, which may also be in respect of a different fiscal year for tax purposes.

Payments to government – UK Reports on Payments to Government Regulations/EU Accounting Directive

From 1 January 2015, Anglo American is subject to the UK implementation of the project-by-project reporting requirements of the UK Reports on Payments to Government Regulations (SI 2014/3209) and Chapter 10 of the EU Accounting Directive (2013/34/EU). These rules require that the Group prepares and submits to Companies House, the UK registrar of companies, a full analysis of tax and certain other payments made to governments in respect of extractive projects on a project-by-project basis.

Anglo American's first report under this regime will be made in a specified format to Companies House by 30 June following the end of the financial period (i.e. 30 June 2016 in respect of the year ended 31 December 2015). In order to improve accessibility of this data to our stakeholders, we have included a summary disclosure of the same data in this report. Please refer to the Companies House website for the full dataset with further detail as required.

There are limitations in the scope of the Rules on Payments to Government Regulations (for example, it focuses just on the Group's extractive activities, excludes consumption and certain other taxes, and it is limited in application to jointly owned entities etc). In order to provide a better explanation of the Group's economic contribution, we have voluntarily extended these principles and where we have done this, we have made explicit reference in our report. We have aggregated the payments made by our non extractive activities under the heading 'Group activities not included as a project within EU Accounting Directive'. This includes the Group's corporate, marketing, processing and other activities including Forevermark, Element 6, etc. Specific differences are as follows:

- Not all categories of taxes borne by Anglo American are included within the EU Accounting Directive data, in particular indirect taxes, employer payroll taxes and transaction taxes.
- The EU Accounting Directive data does not include broader taxes collected by Anglo American arising from our economic activity including employee payroll taxes.
- Only taxes paid by our upstream extractive operations are included within the EU Accounting Directive data and therefore any additional taxes arising from other business activities are not included.
- Additional non-tax payments are included in the EU Accounting Directive data such as infrastructure payments and dividends to governments.
- The UK/EU regime applies only to entities that are controlled by Anglo American. We have included data in respect of the Group's most significant joint ventures, including those where no single shareholder exercises control (such as Cerrejón in Colombia).

GLOSSARY OF KEY TERMS

Term	Definition
Capital investment	Capital investment is defined as cash expenditure on property, plant and equipment including related derivatives, proceeds from disposal of property, plant and equipment and direct funding for capital expenditure from non-controlling interests. Includes capitalised operating cash outflows.
Cash tax	The amount of tax actually paid or received by an entity in the relevant period as opposed to an accrual for accounting purposes.
Controlled	Control is achieved where Anglo American is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.
Corporate income tax	Payments in respect of tax determined by reference to the taxable profits of an entity or group of entities.
Corporate social investment	Refers to all social investment spend that is not related to impact management, either from allocated budgets or established Foundations.
Employment tax	Payments to government arising from payment of remuneration to employees including wages, salaries and bonuses.
Enterprise Development	Enterprise development provides small and medium size enterprises, both within and outside Anglo American supply chains, with business advisory, mentoring support and access to finance and to markets. For the purposes of this report we have shown only those jobs supported that are part of official and comparable Anglo American programmes.
Environmental tax	Taxes or other payments to government relating to environmental policy, including carbon taxes, landfill taxes, aggregate taxes, etc.
Indirect tax	Payments to government arising from the sale of products or services including Sales Taxes, Valued Added Tax (VAT) and Goods and Services Tax (GST).
Local procurement	Procurement of goods or services from within the same immediate area as the operation, as defined by each operation. A localised supplier is a supplier that meets the Business Unit criteria for localised procurement, allowing goods or services to be procured from within the same immediate area as the operation. This is defined using the same parameters and definitions as set out in SEAT Tool 2A- Profiling the Local Area.

GLOSSARY OF KEY TERMS continued

Term	Definition
Payments for infrastructure improvements	Payments for the construction of infrastructure other than in circumstances where the road is expected to be primarily dedicated to operational activities throughout its useful life, such as in respect of public roads, schools and hospital facilities whether under contractual obligations or otherwise.
Key operating jurisdiction	A jurisdiction in which Anglo American has extractive operations.
Project	Consistent with the EU Accounting Directive, a project is defined as the operational activities that are governed by a single contract, licence, lease, concession or similar legal agreements and form the basis for payment liabilities with a government. If multiple such agreements are 'substantially interconnected' they may be considered a project. For these purposes 'substantially interconnected' means forming a set of operationally and geographically integrated contracts, licences, leases or concessions or related agreements with substantially similar terms that are signed with a government, giving rise to payment liabilities.
Royalties & mining taxes	Payments to governments in relation to revenue, production or profit generated under licence agreements. These payments can be presented as expenses, or income tax, in the Consolidated Income Statement in the Anglo American Annual Report.
Taxes borne	Payments in respect of taxes directly incurred by Anglo American as a result of its economic activity.
Taxes collected	Payments in respect of taxes by Anglo American which are incurred by other parties (e.g. customers or employees) which directly arise from the economic activity of the Group. Where a company is accounted in the Group's Annual Report as an associate, taxes collected are included where available at the time of publication.
Taxes paid	Payments in respect of taxes by Anglo American including both taxes borne and taxes collected.
Total procurement	Refers to addressable spend only (excludes public sector spend) and includes all Supply Chain related spend from third party suppliers. It includes Opex- and Capex- related transactions and inter-business unit procurement.
Wages and related	Payroll costs in respect of employees, excluding contractors and associates' and joint ventures' employees, and including a proportionate share of employees within joint operations.



Back Cover images

7. Business woman Pauline Phologolo is a member of Botswana's Tokafala enterprise development programme.

8. Non-executive director, Mphu Ramatlaleng, discusses operations at Minas-Rio.

9. The SENAI training centre where local students prepare for a mining career.

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

11. The 12,000 tonne exploration and sampling vessel, *SS Nujoma*, the latest vessel to join the Debmarmine Namibia fleet in the search for offshore diamonds, at its launch in Norway in January 2016.



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