



TRANSFORMATION REPORT 2015

DRIVING CHANGE, DEFINING OUR FUTURE



Real Mining. Real People. Real Difference.

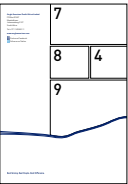
DRIVING CHANGE, DEFINING OUR FUTURE

This Transformation Report reviews the progress being made by Anglo American in assisting South Africa in becoming a more equitable and participative society. The report covers the business units that operate in South Africa; namely: Coal South Africa; De Beers Consolidated Mines (De Beers); Kumba Iron Ore (Kumba); and Anglo American Platinum (Platinum). The report also includes (where applicable) Anglo American's Corporate Division (AACD); Anglo American's EMEA Shared Services in South Africa (AAESS); and Anglo American's enterprise development initiative, Zimele.

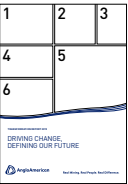
Where aggregate figures are used in the report, incorporating data from all or some of the entities listed above, they are represented under Anglo American South Africa Limited (AASA).

LIVING OUR VALUES
SAFETY We take personal accountability to ensure that we work and live safely
CARE AND RESPECT We treat each other with respect and dignity in words and actions
INTEGRITY We walk the talk – our actions are consistent with our words
ACCOUNTABILITY Individual accountability drives team and business accountability
COLLABORATION We align and collaborate across functions to ensure collective high performance
INNOVATION Innovation is key to our future and is a central part of our drive for sustainability

Back cover



Front cover



Front cover images

1. From left: Michael Barnes, Rosina Molepo and Michael Rakfuze of the Graduate Programme, Platinum, Rustenburg.
2. The fleet of ore trucks at Kumba's Sishen iron ore mine has been expanded by 40% to cater for the massive overburden removal required in the South Western Pit expansion area.
3. Researcher Hosia Gilbert Pule and research student Dimakatso Phaahla perform a biodiversity check on a rehabilitated area of Kleinkopje colliery.
4. Richmond Lutendo Tshimenze is a safety representative working in the mining section of Venetia diamond mine. He is pictured inside the pit between shifts inspecting a blast area.
5. Shift leader Sylvia Nonyane and laboratory technician Sandy Osborne discuss a possible increase in efficiencies with a sample analysis instrument upgrade.
6. The "Thaba Tots" Early Learning Centre opened in 2014 for children from the Thabazimbi community. Funded by Kumba, the school provides quality pre-school education in a newly-built school in the town.

Back cover images

7. At Kleinkopje Colliery, rehabilitation planner Gustav Le Roux and environmental co-ordinator Dolly Mthethwa inspect the results of fungcoal trials on the Klipan discard dump, where bacteria have been introduced to reduce the rough discard into viable organic material in which plants will grow.
8. Work progressing on the Northam Extension 6 housing project.
9. Local community member Frans Magwete, who has received training at the Groenfontein Centre, has an agreement with the Mabuela Ramorulane Clinic in his village to use land and water at the clinic in return for some of his produce.

2015 PERFORMANCE HIGHLIGHTS

HISTORICALLY DISADVANTAGED SOUTH AFRICAN (HDSA) REPRESENTATION AT MANAGEMENT LEVELS

up to 63%

HDSA TRAINING AND DEVELOPMENT SPEND

R936 million

SPEND WITH BEE-EMPOWERED COMPANIES

R36.7 billion

FUNDING PROVIDED FOR 321 BUSINESSES

R308 million

INVESTMENT IN HOUSING INITIATIVES

R1.9 billion

SOCIAL AND LABOUR PLAN EXPENDITURE

R520 million

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<http://www.angloamerican.co.za/media/reports-and-publications/2016.aspx>

FOREWORD



Andile Sangqu

Executive director of Anglo American South Africa

Mining has historically provided the backbone of South Africa's economy and is pivotal to the task of redressing historical and social inequalities. The sector continues to be under tremendous pressure, with exceptional economic challenges, including a sluggish domestic economy, significantly affecting the industry's ability to contribute towards creating a more prosperous and fairer society.

The downturn has magnified the systemic challenges inherent in our society, which remains characterised by a persistent mix of legacy issues, dissatisfaction with the pace of delivery of basic services and high levels of inequality and unemployment. Against this backdrop, it is inevitable that mining companies face heightened expectations – notably, for jobs and the provision of services – from communities close to their operations. The complex economic and social landscape has highlighted both the importance of driving our transformation agenda, as well as some of the profound challenges in doing so.

ADAPTING TO THE CHALLENGING OPERATING CONTEXT

The persistent downturn and uncertainty in the economy continue to have a material impact on the sector. Moderate growth in China and lacklustre growth in most developing and mature economies have led to sharply lower commodity prices, upping pressure on margins and operations. This has reinforced the need for Anglo American to take some tough decisions for our business that will enable us to withstand a longer period of much lower prices. Over the past two years we have started implementing a new operating model and repositioned the business to create a more streamlined organisation that is more resilient and able to adapt to the shifts occurring in business and wider society. The tough

market conditions have necessitated additional emphasis on productivity and reducing costs. The measures we are taking to position the business to grow sustainably over the long term are fundamental to our ability to deliver value for all our stakeholders.

Anglo American is consistently identified as a significant contributor to the country's social and economic transformation. Our contribution is a profound one, addressing key national priorities such as small business growth, job creation and supporting domestic investment in the economy by developing and supporting entrepreneurs. We seek to deliver sustainable benefits and to improve lives through a creative range of partnerships and initiatives. The resource-constrained business climate and growing expectations of communities have emphasised the need to find innovative ways to deliver greater social return with less funding. We are also aware that, under such conditions, meaningful engagement with our stakeholders becomes ever more critical.

COLLABORATING TO SUPPORT GROWTH AND STABILITY IN THE MINING SECTOR

For the mining sector to survive and flourish, it is crucial that the sector plays an active and informed role – in partnership with government, labour and civil society – in ensuring that mineral wealth is generated more responsibly, and that its benefits are shared more equitably between shareholders, workers and the country as a whole.

Business, government and labour have engaged on various fronts, with the aim of ensuring the sustainability of the mining sector and its continued contribution to the country's economic growth and development objectives, as outlined in the National Development Plan. Key initiatives include: the President's Framework Agreement for a Sustainable Mining Industry; Operation Phakisa; the Mining Charter review process; and the Leaders' Declaration on the Mining Industry Commitment to Save Jobs and Ameliorate the Impact of Job Losses. Although each one of these initiatives includes important joint commitments aimed at addressing some of the underlying social challenges facing the sector and its communities, unfortunately delivery of these commitments has been limited. Strengthening trust between key stakeholder groups is fundamental to our collective success.

The sector's struggles have motivated greater intervention to support a revival. For example, Anglo American is participating in government's Mining Phakisa, a multi-stakeholder-led initiative designed to fast-track the implementation of solutions to enable critical development.

The mining-specific element aims to identify key constraints to investment in and growth of the industry, as well as develop a shared vision and growth strategy for the long-term development and transformation of the sector in line with national priorities. An intensive five-week process in November 2015 created a sound platform for meaningful engagement by the industry with other key stakeholders. The identification and development of key initiatives is in progress and we will continue to contribute to Mining Phakisa.

It is rewarding to see the tangible progress achieved through voluntary initiatives, notably, the tripartite alliance between industry, labour unions and government. During the year under review, the initiative has sought to broaden its focus on safety and health to incorporate social and environmental issues, and to be more effective at regional and local levels by aligning its activities with Group and operational needs and priorities in these areas.

Legislative and regulatory uncertainty is an ongoing concern and constrains efforts to revive the sector and work towards clear objectives. 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. Anglo American looks forward to the finalisation of

the Mineral and Petroleum Resources Development Act (MPRDA) Amendment Bill, to provide clarity on the way forward and ensure that effective implementation of the Mining Charter pushes forward the transformational goals of the MPRDA.

LOOKING AHEAD

We have another challenging year ahead. In the face of considerable external pressure, the need for us to make a positive, sustainable contribution to society is perhaps greater than ever. There remains much to be achieved and there are opportunities to improve our performance. As the sector continues its engagement with government and other stakeholders, we commit ourselves to further our efforts in finding ever more collaborative and innovative solutions to transformation challenges. I am confident that our new business structure and value-oriented strategy will enable us to deliver on the business's objectives, including our transformation goals. Through engagement and partnership, and collective responsibility, we will bridge the gap between where we are and where we desire to be.

Andile Sangqu

Executive director of Anglo American South Africa

Image

Platinum's North Pit load and haul operations at Mogalakwena mine.



INTRODUCTION



Lindiwe Zikhali

Head of transformation and regulatory affairs
Anglo American South Africa

In spite of tough operational and contextual challenges, with increased stakeholder expectations across a range of fronts, we have not compromised on meeting our transformation commitments.

I am heartened by the recognition across the organisation, that delivering on our transformation agenda – within the organisation, our neighbouring communities and the country more broadly – is non-negotiable. There is an understanding that it is far more than simply a compliance requirement. It is not a 'soft issue' that we should only address when times are good; it is a business imperative.

Demonstrating a genuine commitment and ability to deliver on our transformation objectives is an important basis for fostering trust with our stakeholders. I believe that the performance review in this report provides a very good indication of our commitment in this area.

TRANSFORMATION IN THE CONTEXT OF RESTRUCTURING

We have gone through, and continue to go through, considerable change at Anglo American, which can be challenging and disruptive. The new operating model aims to empower us to realise our full potential and that of our diverse assets, and we have rebuilt our operational and technical capability to drive improved performance in the repositioned portfolio. An aggressive portfolio downsizing over the next two years will create uncertainty and unease for many people. We continue to work closely with the communities and employees affected by organisational changes to ensure they are kept informed and understand our plans. While the industrial relations climate has remained stable, we continue to address challenging labour dynamics.

ENGAGING IN THE MINING CHARTER REVIEW

Anglo American has consistently affirmed its support for the aims of the Mining Charter in promoting equitable participation in the nation's mining sector. The third iteration of the Mining Charter is being negotiated between industry and stakeholders. Anglo American has

sought to provide leadership in the industry, through the Chamber of Mines (the Chamber), in driving a collaborative and consultative process to provide constructive input towards the development of an effective instrument to facilitate lasting benefits.

As part of this process, we undertook an extensive internal exercise across the organisation to formulate the company's position on a post-2014 Mining Charter. This involved reflecting on the lessons we have learnt over the 10-year journey of implementing the Mining Charter, to identify opportunities across the pillars and articulate what the Mining Charter should seek to achieve in contributing towards the National Development Plan goals. We established workstreams with representation from each business unit for each pillar. Collectively, we formulated a framework of overarching principles to underpin the Mining Charter and key principles for each pillar, supported by detailed analysis and proposals around target ranges. The project received wide support from our executives across the business units. The principles developed were presented to the Chamber and served as input from Anglo American to the Johannesburg Mining Indaba and the Mining Phakisa.

The Department of Minerals and Resources (DMR) released a draft Reviewed Mining Charter on 16 April 2016. Anglo American has submitted comprehensive comments to the DMR and continues to participate in the engagement process through the Chamber, and directly in its own name.

REFLECTING ON OUR ACHIEVEMENTS AND CHALLENGES

Before I reflect on our progress this past year, it is with deep regret and sadness that I report that three of our employees lost their lives in work-related incidents at our operations during 2015. Two deaths occurred at our Platinum operations and one at Coal South Africa. Striving for zero harm remains our top priority and we will maintain our relentless focus on ensuring a safe workplace for all.

In May 2015, the DMR concluded its assessment of Mining Charter implementation by mining companies for the period between 2012 and 2014, and issued a report. In 2015, we have continued to meet, and in many areas well exceed the targets, which remain in place until a third iteration is launched. We continue to assess and evaluate our performance, including benchmarking ourselves in certain areas against a higher standard. These are the key areas of our performance this year that stand out for me:

- **Employment equity:** In the area of employment equity (EE), we have made gains in recent years that we cannot afford to lose. The ongoing organisational restructuring and drive for efficiency within the business units has put

pressure on our resources and limited opportunities for appointments and progression through the organisation. In spite of these challenges, we have generally maintained, and in some areas improved, our levels of historically disadvantaged South African (HDSA) representation at management levels, with the overall aggregate improving from 62% last year to 63%.

- **Skills development:** The recruitment and retention of highly-sought-after skilled HDSAs, particularly women, remains a challenge, as the widespread lack of skills in South Africa continues to result in stiff competition for suitable candidates. We have, however, developed a strong pipeline of skills, particularly at entry level, as a result of our graduate and fast-tracking programmes, and we focus on ensuring that those skills developed are being used optimally within our business. In 2015, our businesses spent R936 million on HDSA training and development, representing 4.8% of payroll.
- **Local and preferential procurement:** We maintained a strong performance in 2015, achieving significant improvements in certain areas. In 2015 the business units spent R36.7 billion, nearly 80% of total expenditure in South Africa, with BEE-compliant businesses. We continue to make good progress in assisting suppliers at all levels to overcome barriers to becoming BEE-compliant. We endeavour to build an inclusive supply base, using procurement opportunities created by our mining operations as a catalyst for local economic

growth. We are focused increasingly on helping smaller business suppliers to build their capacity, with an emphasis on supporting local, black-owned and black-women-owned businesses. This includes working with large suppliers to support broader localisation and skills-transfer efforts, and seeking co-investment for supplier development. Much progress is being made through opportunities to sub-contract and 'unbundle' larger contracts, dividing these between long-established contractors and emerging entrepreneurs, in order to facilitate a transfer of knowledge and skills to local businesses.

- **Enterprise development:** Anglo American strives to create an enabling environment that encourages and facilitates individuals who have the passion and drive to do well. Spearheading our supplier development activities is our longstanding Zimele enterprise development initiative, which continues to act as a catalyst for emerging black businesses by supporting sustainable and commercially viable small and medium enterprises (SMEs) through the provision of skills training and funding. In 2015, Zimele's funds provided R308 million in funding for 321 businesses that collectively employed more than 8,600 people and generated turnover of R2.5 billion. Successful SMEs have a positive multiplier effect in the surrounding communities, creating employment opportunities and promoting socio-economic development.

Image

Caroline and Rebaone Matloko live in one of the new houses in Postmasburg built for Kolomela iron ore mine. Rebaone is a Komatsu 730 Haul truck operator on the mine.



INTRODUCTION continued

- Housing and living conditions:** A cornerstone of our contribution to community development is our investment in providing quality housing and improved living conditions for employees and their families. In 2015, Anglo American spent more than R1.9 billion on housing initiatives, including expenditure on bulk services, land purchases and housing allowances. More than 10,000 employees remain in company housing, although this number is steadily declining as more houses become available. Since 2010, we have built more than 4,400 houses. Our partnerships with government are key to ensuring the successful implementation of housing projects. There remain ongoing challenges to facilitating home ownership, including the high rate of home-loan requests that are rejected by banks, and housing backlogs. We strive to mitigate these constraints, by educating employees on home ownership and housing schemes, providing financial literacy and debt-rehabilitation initiatives, offering employees rent-to-buy housing options, and investing in infrastructure and bulk services to accelerate housing delivery.
- We continue to review our strategy and practices and have conversations with government at all levels and other key stakeholders, to try to identify solutions that will encourage our employees to reside in better accommodation.
- Social investment:** Our investments in housing are supported by our expenditure on community development projects, which focus primarily on supporting education, infrastructure (such as roads and schools), and community health and welfare. During 2015, our businesses expended R891 million across these sectors (R958 million including contributions to the Chairman's Fund), of which R520 million was spent on Social and Labour Plan commitments. Many of these initiatives only become a reality through the joint efforts

of multiple stakeholders. Progress in developing mine communities continues to be constrained at times by conflicting interests between local government and disparate groups within communities. Increasing evidence of community frustration has highlighted the importance of engaging more proactively with our host communities and being more responsive to their needs. In some instances, our ability to deliver on commitments has been affected by lower levels of available funding. In such cases, we engage constructively with the respective stakeholders to identify alternative commitments.

MAINTAINING OUR STRATEGIC INTENT

I am inspired by the commitment to transformation that is consistently demonstrated across our operations and I believe that Anglo American is seeking to do the best that it can with the resources it has. We know what we have achieved, what remains to be done and what we need to do to sustain it. Although the challenges are complex, I feel assured that we have the strong leadership and right people to maintain our strategic intent and place Anglo American at the forefront of sustainable initiatives. I thank all our employees, and our partners, shareholders, contractors and suppliers, for their substantial contributions to supporting our efforts to create sustained value and a more prosperous and equitable society. A special thank you to those colleagues in the business units and functions, who make an invaluable contribution towards the compilation of this report.

Lindiwe Zikhali

Head of transformation and regulatory affairs
Anglo American South Africa

ANGLO AMERICAN'S CONTRIBUTION TO SOUTH AFRICA (2015)

OUR OPERATIONS

In 2015, Anglo American had more than 30 operations in South Africa and shared access to three of the country's ports.

● PLATINUM

Western Limb

1. Dishaba
2. Tumela
3. Union
4. Bafokeng-Rasimone (JV)
5. Thembelani
6. Bathopele
7. Siphumelele
8. Kroondal (JV)
9. Marikana (JV) – care and maintenance
10. Pandora (JV)

Eastern Limb

11. Mogalakwena
12. Bokoni (JV)
13. Ga-Phasha – project
14. Twickenham – project
15. Modikwa
16. Mototolo (JV)

● COAL SOUTH AFRICA

1. Greenside
2. Goedehoop
3. Kleinkopje
4. Landau
5. Kriel
6. New Denmark
7. New Vaal
8. Mafube (JV)
9. Isibonelo
10. Zibulo

● KUMBA

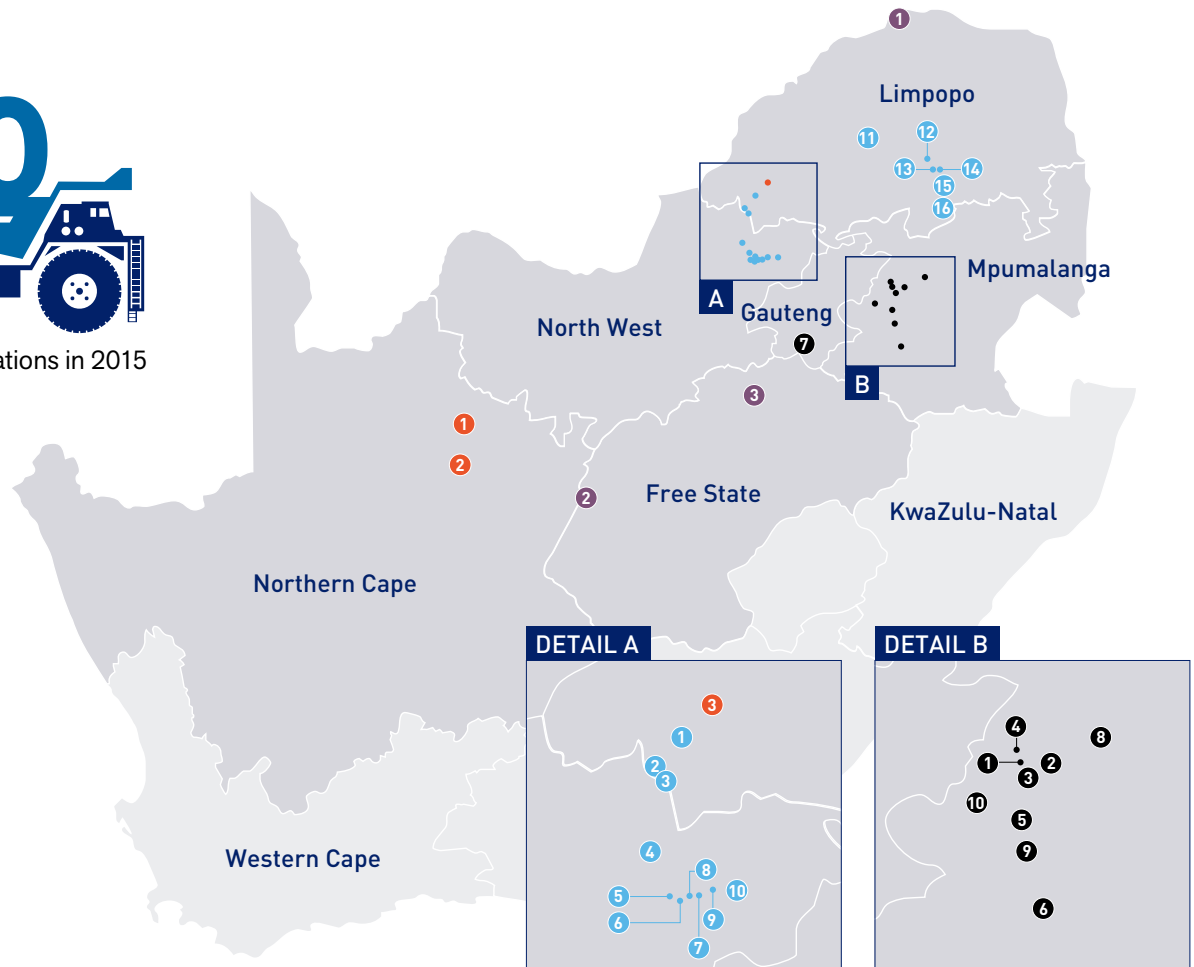
1. Sishen
2. Kolomela
3. Thabazimbi

● DE BEERS

1. Venetia
2. Kimberley
3. Voorspoed

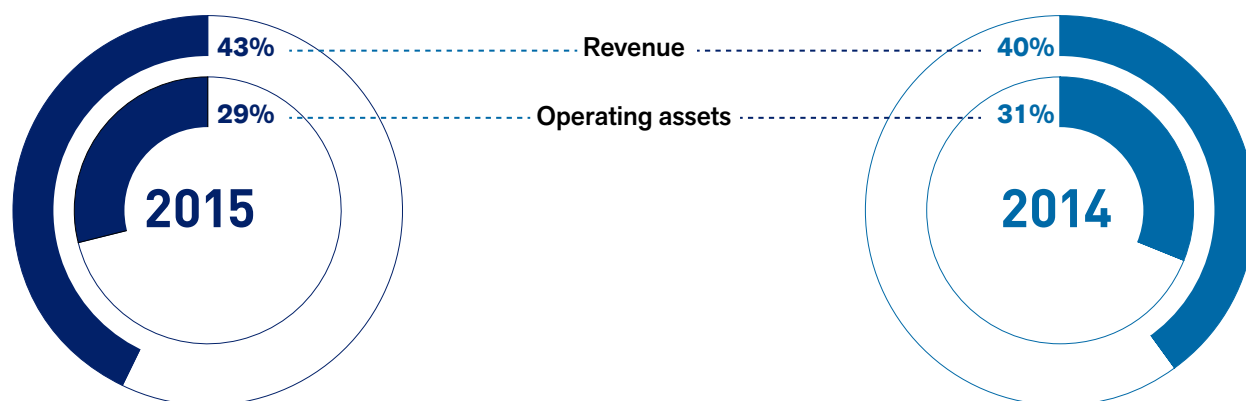


Over 30 operations in 2015

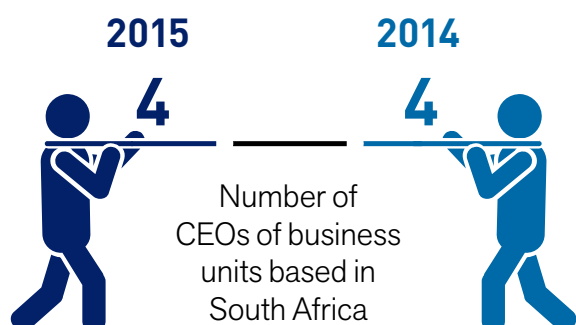
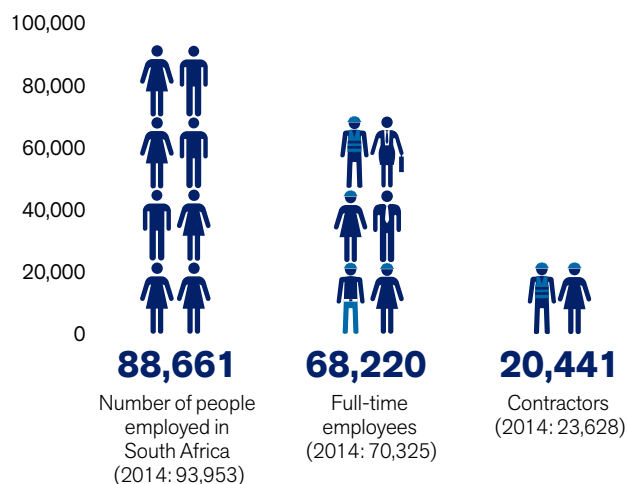


ANGLO AMERICAN'S CONTRIBUTION TO SOUTH AFRICA (2015) continued

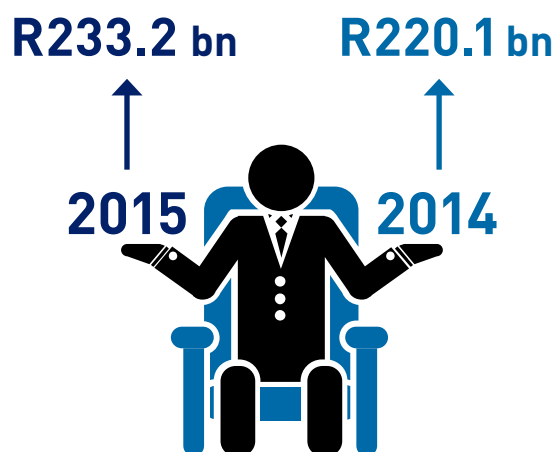
PRESENCE IN SOUTH AFRICA



COMMITMENT TO THE SOUTH AFRICAN PEOPLE






INVESTOR IN SOUTH AFRICA



Amount invested in capital expenditure in South Africa since 1999

CONTRIBUTIONS

CONTRIBUTOR TO SOUTH AFRICAN FOREIGN EARNINGS		2015	2014
		R100.4 bn	R109 bn
Export revenues generated			
CONTRIBUTOR ON THE JOHANNESBURG SECURITIES EXCHANGE (JSE) (TOGETHER WITH CONTROLLED COMPANIES)		2015	2014
		R160.0 bn	R470.1 bn
Market capitalisation on the JSE			
CONTRIBUTOR TO SOUTH AFRICAN FISCUS		2015	2014
		R11.0 bn	R13.9 bn
Amount paid in direct and indirect taxes			

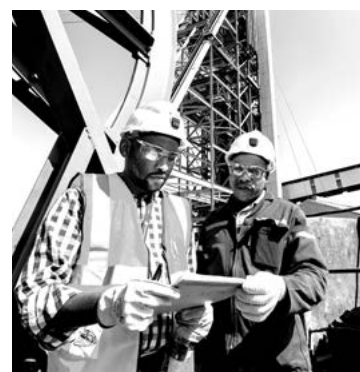
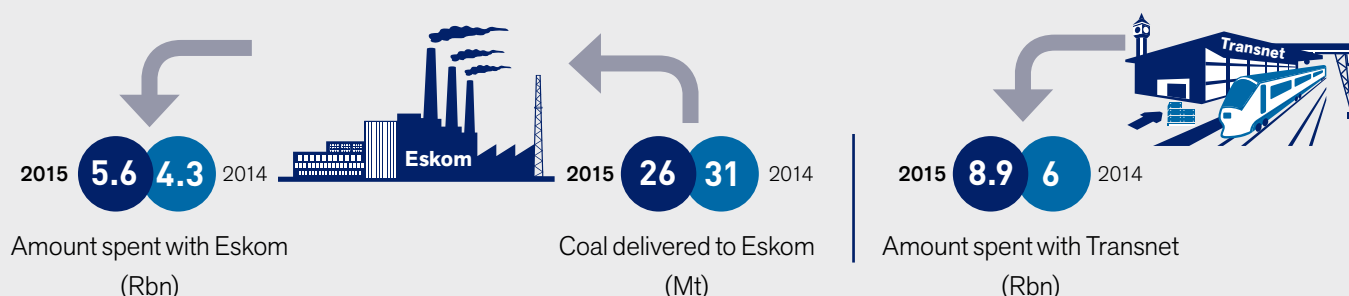


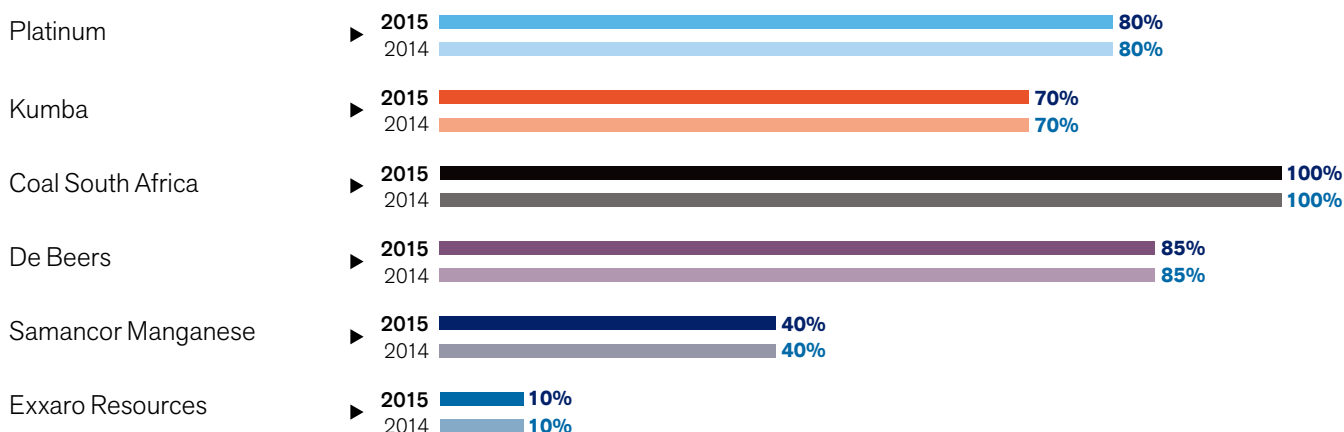
Image
Shaft engineer Raymond Ndlovu and forklift driver Jacob Mosige at Platinum's Thembelani mine's No.1 Shaft.

KEY PARTNERS WITH SOUTH AFRICA'S STATE-OWNED ENTITIES



STRATEGIC ASSETS IN SOUTH AFRICA (% OWNED)

Assets



OUR WORKPLACE

We seek to instil the highest standards of safety, health and environmental (SHE) practice at our operations as we strive to ensure no harm to our people and to minimise our footprint on the environment.

IN THIS SECTION

- Safety
- Health
- Environmental management

DRIVING CHANGE

Zero harm

A risk-based approach to managing safety

1.17

Total-recordable case frequency rate

Transport safety in focus

Workplace and public road safety sessions at Kumba and De Beers

1 Level 3 environmental incident

Down from 5 in 2014

Addressing water security

through developing a bulk water strategy

DEFINING OUR FUTURE

Part of industry working group

to address issues relating to compensation and medical care for occupational lung disease

Recognised leader

for TB and HIV/AIDS programmes in the workplace – steady decline in rate of new cases

Air quality

Driving reductions of sulphur dioxide (SO₂) levels



Image

Auxiliary nurse Elizabeth Monegi screens and counsels a patient at Bleskop Hospital, Rustenburg.

RESPONSIBLE SAFETY, HEALTH AND ENVIRONMENTAL MANAGEMENT

All our business units have continued to perform well in meeting the Mining Charter commitments in respect of our safety, health and environment (SHE) management. We are focusing on ensuring that we have the right controls in place for all our major safety, health and environmental risks and that they are properly understood, used, and their effectiveness regularly monitored.

SAFETY

The safety of the people who work for us will always be our main priority. We strive to achieve our goal of zero harm by managing our activities in a way that eliminates incidents, minimises risk and promotes excellence in the performance of our operations.

Delivering a safe workplace

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 repeat incidents; and the application of simple, non-negotiable standards. Our principal safety risks relate to transportation, moving machinery, rock falls in underground mines (falls of ground), worker fatigue, working at heights and isolation/lock-out.

The Anglo American Safety Way sets out our safety policy, principles and management system requirements. The Safety Way is supported by a series of standards, which are being rationalised 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. Safety is continuously cultivated through our highly visible zero harm initiatives.

During 2015, we added further impetus to improving control use, driven by work in five linked areas: safety leadership, effective planning and standards, supervision, incident and risk management. Safety risks are managed as an integral part of Anglo American's Operational Risk Management (ORM) process. ORM is designed to help us create a performance step-change by providing a consistent and

effective way of identifying, prioritising and controlling risk. Anglo American has a comprehensive 'Learning from Incidents' 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.

The eight-year-old Anglo American tripartite partnership with government and labour continues to seek areas for the improvement of safety and health at our operations through collaborative and transparent stakeholder engagement. In 2015, the safety 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.

All of our employees receive appropriate health and safety training, while several also attend our SHE risk-management training programme. Individual non-compliance with the correct use of personal protective equipment (PPE) presents an ongoing challenge that we continue to address.

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.

Safety-related incidents

We deeply regret the loss of three employees in work-related incidents during 2015. Two deaths occurred at our Platinum operations: one in an incident involving moving machinery and another as a result of a rock fall. At Coal South Africa, an employee died following a fall of ground.

In 2015, Anglo American operations in South Africa recorded a total-recordable case frequency rate (TRCFR) of 1.17. While the long-term trend remains positive, this represents a 13% deterioration in our performance in relation to 2014 (0.93). This was in part due to the Platinum business having resumed normal operating conditions following the prolonged strike in 2014. Nonetheless, an upturn in rates recorded at all our business units underscores 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.

RESPONSIBLE SAFETY, HEALTH AND ENVIRONMENTAL MANAGEMENT continued

Anglo American South Africa

	2015	2014
Work-related loss of life	3	4
Fatal-injury frequency rate (FIFR)	0.003	0.004
Total recordable case frequency rate (TRCFR)	1.17	0.93
Lost-time injury frequency rate (LTIFR)	0.67	0.46

Work-related loss of life

	2015	2014
Kumba	0	1
Coal South Africa	1	0
Platinum	2	3
De Beers Consolidated Mines	0	0
Corporate offices and Vergelegen	0	0
Anglo American South Africa	3	4

Fatal injury frequency rate

	2015	2014
Kumba	0	0.005
Coal South Africa	0.007	0
Platinum	0.004	0.006
De Beers Consolidated Mines	0	0
Corporate offices and Vergelegen	0	0
Anglo American South Africa	0.003	0.004

Total recordable case frequency rate

	2015	2014
Kumba	0.90	0.87
Coal South Africa	0.47	0.39
Platinum	1.55	1.23
De Beers Consolidated Mines	0.53	0.41
Corporate offices	0.46	0.51
Anglo American South Africa	1.17	0.93

Lost time injury frequency rate

	2015	2014
Kumba	0.23	0.23
Coal South Africa	0.22	0.17
Platinum	1.01	0.72
De Beers Consolidated Mines	0.17	0.09
Corporate offices	0.14	0.11
Anglo American South Africa	0.67	0.46

HEALTH

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

Our approach

Our health programme 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.

Occupational health

Our occupational-health strategy and management approach are governed through a series of standards, guidelines and assurance processes aimed at preventing harm to our workforce. Our principal occupational health risks relate to noise, inhalable hazards, musculoskeletal disorder and worker fatigue. We use leading and lagging health performance indicators to track and monitor our performance.

Through our occupational hygiene programmes, we seek to eliminate or control the source of health hazards in the workplace. Our approach 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.

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). In 2015, 49% of employees in South Africa were reported to be working in environments with noise levels in excess of the OEL, and approximately 9% 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 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.

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 mitigate these risks. 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 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.

The number of new cases of occupational diseases reported in 2015 was 91 (2014: 87). An increase in the number of new cases of occupational tuberculosis (TB) recorded is a reflection of improved workplace exposure characterisation. Three of the 12 'other' new cases of occupational diseases are cases of pneumoconiosis resulting from asbestos exposure. These cases are currently under investigation, with initial indications suggesting the exposure is not work-related.

Image

A ward being prepared at Bleskop Hospital, Rustenburg.



RESPONSIBLE SAFETY, HEALTH AND ENVIRONMENTAL MANAGEMENT continued

Employee new cases of occupational disease

	2015	2014
Noise-induced hearing loss	49	56
Musculoskeletal disorder	4	1
Coal-workers' pneumoconiosis	10	15
Occupational TB	8	2
Chronic obstructive airways disease	4	8
Silicosis	0	0
Other	12	5
Total new cases of occupational disease	91	87

Anglo American has recorded no cases of silicosis owing to exposure at our operations since 2011.

Despite a significant year-on-year decrease, we continue to report cases of coal-workers' pneumoconiosis. 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.

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 R15 million over the period 2014 to 2019. The appointed Chair, Professor Derk Brouwer, began his term in November 2015.

Employee well-being

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 TB, voluntary counselling and testing (VCT) for HIV, and screening for common lifestyle diseases such as hypertension, diabetes, cholesterol and obesity.

Our collective absenteeism rate rose in 2015 primarily owing to an increase at Platinum operations. In response to rising absenteeism rates, Platinum and Kumba have conducted in-depth analyses of absenteeism at their operations. Informed 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 boarding process).

Weight management remains a concern at most operations; at some, the percentage of employees with a body-mass index of over 25 is as high as 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. We promote the importance of diet and exercise and many operations facilitate access to professional nutritional advice.

Managing TB and HIV/AIDS

In southern Africa, pulmonary TB and human immunodeficiency virus (HIV) are inextricably linked. We are working with government in tackling the issue on an industry-wide scale to improve the health of our workforce.

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. Testing is the entry point to our comprehensive programme of prevention, care, support and treatment for HIV and acquired immunodeficiency syndrome (AIDS). In 2015, we tested and counselled 78,993 employees and contractors in southern Africa (2014: 95,244). Participation in VCT in our full-time workforce dropped to 75% from 86% in 2014. The reason for the decrease was lower levels of testing at Platinum and corporate offices.

The annual number of new HIV infections showed a very encouraging decrease, and a record 92% of HIV-positive employees were enrolled on our HIV wellness programmes (2014: 78%). 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 on the 52 deaths recorded in 2014, which is attributable to better case management at Platinum.

Community health

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.

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 Bhubezi 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.

HIV/AIDS and TB KPIs

	2015	2014
Number of employee VCT cases	48,323	59,813
Number of contractor VCT cases	39,494	48,421
Full-time employee VCT participation (%)	75	86
HIV wellness programme enrolment (%)	92	78
Number of new HIV cases	342	543
AIDS deaths (including HIV TB deaths)	81	89
New cases of TB	506	544
TB deaths (must be proven TB)	28	52

RESPONSIBLE SAFETY, HEALTH AND ENVIRONMENTAL MANAGEMENT continued

ENVIRONMENTAL MANAGEMENT

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. We recognise the value and scarcity of our country's natural resources, especially energy and water. 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.

Our approach

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. All our mines are implementing environmental management plans (EMPs) that have been approved by the DMR and

certified against the ISO 14001 environmental management system standard. Environmental management programme reports include rehabilitation and closure commitments with related financial provisioning in place.

The rapidly changing regulatory environment can result in delays in obtaining required licences. We continue to engage with the relevant government departments to mitigate licensing delays and ensure that all licences are in place.

Anglo American reports five levels of environmental incident severity according to consequence and impact to the receiving environment. By encouraging the reporting and sharing of lessons learned from incidents, we aim to develop a better understanding of potential environmental impacts at site level and of improvements which can be made to processes to prevent and mitigate such impacts.

Our operations generate large volumes of mineral commodity samples for analysis. All Platinum, Coal South Africa and De Beers geological analytical requirements are sourced from laboratories based in South Africa. In line with international best practice, iron ore geological sample checks are sent to an Australian laboratory and the final product sample checks are sent to a German laboratory. As a result, 99% of Kumba's samples were analysed in South Africa.

Image

Process leader Alfred Khumalo and plant manager – projects Piet Botha, inspect different grass species in the tailings grass planting trials at Paardekraal tailings dam.



Environmental KPIs

	2015	2014
Total new water consumed (million m ³)	66.0	57.4
Total CO ₂ equivalent emissions (Mt CO ₂ eq)	9.0	8.6
Total energy used (million GJ)	44.5	42.1
Environmental incidents – Level 3	1	5
Environmental incidents – Level 4	0	1

Environmental incidents

In 2015, we recorded one Level 3, or moderate consequence, environmental incident at Thabazimbi mine in Limpopo. The incident resulted from a slope wall failure which resulted in the discharge of approximately 250,000 m³ 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 storm-water channels were de-silted and a new storm-water-management plan is being developed. Annual bio-monitoring surveys will be conducted to determine if there are any long-term effects.

While we have made steady progress in mitigating our environmental impacts over the past few years, dry conditions experienced in 2015 are likely to have contributed to the decrease in water-related incidents.

Water management

South Africa is a high-water-risk region. Water security remains a pressing issue for our operations, some of which operated under additional pressure in 2015 owing to drought conditions. Platinum's water supply scenarios for the next 20 years require the development of a bulk water strategy, which is under way with the Olifants River Resources Development Project and includes the De Hoop dam construction as a key element of the strategy. Platinum is also focused on ensuring long-term water availability for its surrounding communities. De Beers is investigating water-supply and conservation alternatives such as evaporation covers.

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 (now under the auspices of South 32) and the eMalahleni municipal council in 2007, treats around 50 Ml of mine-affected water every day. To date, it has treated in excess of 70 billion litres of water, 50 billion litres 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.

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. 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.

Total new water consumed by our operations increased by 15% in 2015 to 66 million m³ (2014: 57.4 million m³). This was largely due to a resumption of normal operating conditions at Platinum, as well as increased output at Mogalakwena, which resulted in the abstraction of an additional 4.9 million m³.

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.

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.

RESPONSIBLE SAFETY, HEALTH AND ENVIRONMENTAL MANAGEMENT continued

Our operations' cumulative energy consumption in 2015 was level with 2014 at 38 million GJ. We continually seek to improve the efficiency of our mines through the Anglo American ECO₂MAN energy- and carbon-management programme. All operations have set new energy-reduction targets for 2020. Consistent with the previous cycle (2011-2015), these targets constitute a reduction against current business plans.

Climate change

South Africa is a particularly climate-change-vulnerable country. 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 emissions (GHGs).

Our operations' GHG emissions increased in 2015 by 0.4 tonnes (Mt) of carbon-dioxide-equivalent emissions (CO₂e) to 9 Mt CO₂e. Through ECO₂MAN, we have met the GHG-reduction targets we set for ourselves in 2011 and have approved new targets for 2020.

Through our adaptation programme, we will continue to understand and address our most significant physical climate-change risks. Our current climate-risk and climate-adaptation assessments follow the approach and method we piloted in October 2014 at De Beers' Venetia diamond mine. During 2015, we undertook climate-risk and climate-adaptation assessments for vulnerable operations in South Africa.

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

Air quality

Our most material air quality issue relates to sulphur dioxide (SO₂) emissions around our Platinum smelters, nitrous oxide (NO₂) associated with the combustion of diesel, as well as particulate emissions. There were no Level 3-5 (moderate-significant) environmental incidents reported in 2015.

An important development in 2015 was the revised Air Quality Act, which makes provisions for reduced SO₂ 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 SO₂ exceedances. During the year, all sites continued to meet permissible legislated ambient limits.

Land stewardship

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. Rehabilitating available land concurrently results in significant financial and environmental benefits and can reduce closure liabilities.

Anglo American operations in South Africa have 429,037 hectares of land under management control (2014: 476,951 hectares), of which 52,775 hectares have been disturbed by mining, processing, mineral-waste disposal, and supporting infrastructure. By year end, 8,544 had been fully rehabilitated. Not all land that has been disturbed is available for rehabilitation.

Image

Environmental auditing taking place at Mogalakwena North. Water officer Riaan van Zyl and environmental assistant Calvin Shibusi take photographs from fixed positions for comparison purposes.



Rehabilitation is a particular priority for opencast operations at Kumba, De Beers and Coal South Africa. Rehabilitation at Coal South Africa is progressing well, with almost all operations on target. Kumba has faced some technical challenges, but has met most of its rehabilitation targets.

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. Kumba's 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. The mines' biodiversity action plans 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.

Waste management

Mining generates significant quantities of mineral waste, as well as some non-mineral and hazardous substances. 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. Given the nature of our business, our efforts are focused on mineral residue as our most material waste-related risk.

There were no Level 3-5 waste related incidents reported by operations in 2015.

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).

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, based on these new regulations, now 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.

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 internal and external 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).

OUR PEOPLE

We strive to build a culture that reflects and harnesses a rich diversity of ideas and perspectives and we support the identification, development and retention of HDSAs. Providing high-quality training is a key retention tool, and developing professional expertise and leadership capabilities are essential to achieving our ambitions. We continue to work with labour unions and government to improve living conditions for our employees and the communities.

IN THIS SECTION

- Achieving equity in our workplace
- Investing in our skills base
- Improving housing and living conditions

DRIVING CHANGE

63% HDSAs in management

Internal targets over and above those set by legislation

17% women in overall workforce

Gender diversity remains a priority

R936 million

spent on HDSA training – 4.8% of annual HDSA payroll

All business units achieved housing and accommodation Mining Charter requirements

R1.9 billion

spent on housing initiatives

DEFINING OUR FUTURE

‘Fast tracking’

high-potential employees for future roles

Structured talent management programmes

to build pipeline of top talent, professionals and future leaders

Education programmes in place

providing employees with financial literacy and debt-rehabilitation initiatives



Image

Gender diversity is a priority at Anglo American.

ACHIEVING EQUITY IN OUR WORKFORCE

Establishing a workforce that broadly reflects the country's demographics is a business and social imperative. That is why, as one of South Africa's biggest private-sector employers, we continually invest in the development and diversification of our workforce. We have no doubt that a transformed and more diverse organisation is more resilient and better positioned to be competitive. We also recognise the pivotal role that women play in the mining industry, both within our business and in broader society.

OUR APPROACH

Anglo American strives to build a culture that reflects and harnesses a rich diversity of ideas and perspectives, and that does not tolerate discrimination. We continue to recruit and promote HDSAs, especially in management and core and critical skills categories.

The diverse initiatives we implement to support the identification, development and retention of HDSA talent – including through learnerships, bursaries, graduate in-training programmes and leadership development – are reviewed in the *Investing in our skills base* section of this report on page 30.

The Mining Charter required that by the end of 2014, HDSA employees make up 40% of each management level (junior, middle, senior and top management), as well as in core and critical skills. In seeking to meet and go beyond the requirements of the Mining Charter and align with the Employment Equity Act, our employment equity (EE) approach focuses on integrating transformation and EE considerations with accelerating the recruitment, development and promotion of designated groups into occupational levels where they are under-represented. Our approach includes evaluating and seeking to address

identified internal and external barriers to effective transformation.

We set ambitious internal targets, over and above those set by the Mining Charter, including targets to increase female representation. Each business unit has a detailed EE plan for achieving transformation objectives and EE reports are submitted annually. Each operation also monitors its progress towards creating a workforce that broadly reflects South Africa's economically active population (EAP).

Our approach to gender diversity focuses on establishing a working environment and culture that are supportive of women; proactively attracting women to work for Anglo American at all levels within the organisation, with a particular focus given to operational roles; accelerating gender diversity through employee development; and improving communication and understanding of gender-diversity objectives within our organisation. Responsibility for gender transformation lies with top and senior managers. Women in mining interventions include providing appropriate personal protective equipment (PPE) for women, and forums that address governance issues concerned with gender diversity and creating an enabling environment.

OUR PROGRESS

The ongoing organisational restructuring and drive for efficiency within the business units have limited opportunities for appointments and progression through the organisation. In spite of operational challenges, including resource constraints, business units have succeeded in largely maintaining the EE gains achieved in recent years and progress has been made against certain EE performance indicators.

At the end of 2015, 63% (2014: 62%) of Anglo American South Africa's management were HDSAs (an aggregate of employees from Coal South Africa, Platinum, Kumba, De Beers, AAESS and AACD). HDSA representation at top management level was 49% (2014: 50%), at ExCo level 47%, at senior management level 45% (2014: 42%), in middle management 60% (2014: 60%) and at junior management level 70% (2014: 69%). In core and critical skills, HDSA representation was 83% (2014: 82%).

ACHIEVING EQUITY IN OUR WORKFORCE

continued

Anglo American South Africa HDSA representation in management and core functions: 2015

%	Mining Charter 2014 target (%)	Platinum	Coal South Africa	Kumba	AACD	AAESS	De Beers	Anglo American South Africa
Board	40	42	50	60	N/A	N/A	44	49
ExCo	40	40	50	50	N/A	N/A	57	47
Senior management	40	47	44	48	44	73	39	45
Middle management	40	62	58	58	66	67	56	60
Junior management	40	70	68	63	71	87	78	70
Core and critical skills	40	82	82	85	N/A	N/A	93	83
Aggregated HDSAs in management	40	64	62	60	59	81	64	63
HDSAs in total workforce	40	82	82	85	78	93	84	83

WOMEN IN MINING

At year end, women constituted 23% of management (2014: 24%), and 17% of our overall workforce (2014: 17%). Women working in core functions represented 13% of the workforce (2014: 13%). The women in mining forums established at certain business units continue to provide opportunities for networking, mentoring, and validation of shared experiences.

The recruitment and retention of highly-sought-after skilled HDSAs, particularly women, is an ongoing challenge, as the widespread lack of skills in South Africa has resulted in stiff competition for suitable candidates. We continue to identify and develop cost-effective initiatives aimed at creating an increasingly attractive working environment with development opportunities.

%	Platinum	Coal South Africa	Kumba	AACD	AAESS	De Beers	Anglo American South Africa
Women in management	20	22	19	39	66	26	23
Women in core functions	12	17	14	N/A	N/A	23	13
Total women in workforce	14	20	19	39	74	29	17

Anglo American South Africa workforce demographics compared to the economically active population [EAP] (as at end of December 2015)

	AF %	AM %	CF %	CM %	IF %	IM %	WF %	WM %
EAP	34.2	40.7	5.0	5.8	1.1	1.9	4.9	6.4
Management	10.7	34.0	1.1	4.4	1.1	1.7	9.5	34.2
Workforce actual	12.8	62.4	0.9	3.1	0.2	0.3	2.6	8.5

AF = African females; AM = African males; CF = coloured females; CM = coloured males; IF = Indian females; IM = Indian males; WF = white females; WM = white males

**COAL SOUTH AFRICA****Coal South Africa HDSA representation (as at end of December 2015)**

Occupational levels	2015 (%)
Board (Anglo Operations (Pty) Ltd)	50
SARLT	50
Senior management*	44
Middle management	58
Junior management	68
Total management	62
Core functions	82
Total women in workforce	20
Women in management	22
Women in core functions	17
HDSAs in total workforce	82

* including – South African Regional Leadership Team (SARLT)

Although Coal South Africa's ongoing organisational restructuring has presented certain challenges, it has also facilitated opportunities that have enabled the company to improve the level of HDSA representation across all management categories. At the end of 2015, HDSA representation was 50% of both board and the regional leadership team, 44% of senior management (2014: 38%), 58% of middle management (2014: 56%), and 68% of junior management (2014: 66%). The total workforce at the end of 2015 comprised 82% HDSAs, level with the previous year.

Levels of female representation increased to 20% of the workforce (2014: 19%), 22% of management

positions (2014: 20%) and 17% of positions in core functions (2014: 16%). Employees in Band 5 and above (head of discipline of an operation or service department manager level) are 18% females, of which 52% are in technical disciplines. In the section head and middle management level of the workforce, 45% of females are in technical disciplines.

In terms of reflecting the national EAP, by the end of 2015, the workforce profile had improved in all demographic areas. The company achieved a notable 2% increase in the representation of African males at management levels. However, white males continue to be over-represented, relative to the EAP percentage.

Coal South Africa workforce demographics* compared with the EAP

	AF %	AM %	CF %	CM %	IF %	IM %	WF %	WM %
EAP	34.2	40.7	5.0	5.8	1.1	1.9	4.9	6.4
Management	12.0	37.1	2.0	1.4	0.4	2.1	8.5	34.9
Total workforce	16.3	59.7	3.0	0.6	0.2	0.8	3.2	15.3

AF = African females; AM = African males; CF = coloured females; CM = coloured males; IF = Indian females; IM = Indian males; WF = white females; WM = white males

* % includes one decimal point owing to low representation in certain categories

ACHIEVING EQUITY IN OUR WORKFORCE

continued

FEMALE LEADERSHIP DRIVING CHANGE AT COAL SOUTH AFRICA

At Coal South Africa's Kriel colliery, during 2015, nine women assumed key leadership positions, including mine overseer, production, engineering, drill and blast, and pit supervisors. In sharing their experiences, the recent appointees all agree that they have felt intense pressure to prove to others, notably male colleagues and girls considering mining as a career, that they can and should be in the industry. Each of the women has

demonstrated her commitment and determination, and her resilience and ability to multi-task, carefully balancing home and professional lives. These proud women are changing others' perceptions, creating their own futures and inspiring other women to create their futures in mining.

Kriel also has a female section surveyor, a female acting planning manager and, for the first time, a female clerk of works. Female representation at the colliery has steadily increased from 3% a decade ago, to 18% in 2013 and 21% in 2015.



DE BEERS

De Beers HDSA representation (as at end of December 2015)

Occupational levels	2015 (%)
Board*	44
ExCo*	57
Senior management**	39
Middle management	56
Junior management	78
Total management	64
Core functions	93
Total women in workforce	29
Women in management	26
Women in core functions	23
HDSAs in total workforce	84

* De Beers Consolidated Mines only

** including ExCo

De Beers increased its HDSA representation at senior management level from 33% in 2014 to 39% in 2015, and at junior management level from 77% to 78%. This progress has been achieved through continued efforts to develop and promote internal HDSA talent. Levels of HDSA representation in management (64%) and female representation in core functions (23%), have remained level with 2014. The number of people with disabilities has also remained constant at 2% of the workforce.

A modest decrease in HDSA representation in middle management from 58% in 2014 to 56%, and in female representation in management positions from 27% in 2014

to 26%, is attributed to a moratorium on recruitment implemented since the middle of 2015 in response to market uncertainty and volatility continuing to impact the business. This moratorium, together with the sale of Kimberley Mines and various organisational restructuring initiatives, is expected to challenge the pace of transformation. Relevant managers are reinforcing affirmative measures aimed at ensuring that transformational objectives are achieved.

During the year, the Department of Labour reviewed De Beers' employment equity plans and progress and provided positive feedback, highlighting certain areas for further improvement.

De Beers workforce demographics* compared with the EAP

	AF %	AM %	CF %	CM %	IF %	IM %	WF %	WM %
EAP	34.2	40.7	5.0	5.8	1.1	1.9	4.9	6.4
Management	8.5	24.7	3.5	10.9	1.6	2.7	11.5	31.7
Total workforce	14.5	43.9	5.0	10.0	0.9	1.0	7.2	13.9

AF = African females; AM = African males; CF = coloured females; CM = coloured males; IF = Indian females; IM = Indian males; WF = white females; WM = white males

* % includes one decimal point due to low representation in certain categories

At management levels, African females are the most under-represented, in relation to their EAP profile. In seeking to improve its workforce demographics, during 2015, 57% of all individuals recruited and 77% of all individuals promoted, were HDSAs. Females represent 52% of all bursars and graduate trainees and approximately 55% of all candidates on the company's Personal Growth Accelerator Programme (PGA). The PGA had an initial intake in 2014 of 15 candidates identified as emerging talent. The pilot leadership initiative proved highly successful and had a further intake of 18 candidates in 2015.


DE BEERS AWARDS

In 2015, De Beers Consolidated Mines (De Beers) was awarded Standard Bank's Top Gender Empowered Company for the resources industry. The awards recognise South African women who have made a lasting contribution in the business world, as well as companies that have demonstrated leadership in promoting and upholding gender equality. Competing against strong contenders including Exxaro, MSA Group, Lonmin and Palabora Mining Company, the accolade provides recognition of De Beers' leadership in attaining gender equality.

Image

Aggy Majadibodu (left) and Riaan Tlou (centre) are both plant monitors working at the Venetia process plant. They are pictured with ore processing superintendent Lindsey Miyen (right).



ACHIEVING EQUITY IN OUR WORKFORCE

continued



KUMBA

Kumba HDSA representation (as at end of December 2015)

Occupational levels	2015 (%)
Board	60
ExCo	50
Senior management*	48
Middle management	58
Junior management	63
Total management	60
Core functions	85
Total women in workforce	19
Women in management	19
Women in core functions	14
HDSAs in total workforce	85

* including ExCo

Kumba's workforce demographics* compared with the EAP

	AF %	AM %	CF %	CM %	IF %	IM %	WF %	WM %
EAP	34.2	40.7	5.0	5.8	1.1	1.9	4.9	6.4
Management	7.0	24.3	2.1	14.1	1.1	0.9	8.4	39.5
Total workforce	10.1	47.1	4.1	18.4	0.2	0.2	4.0	14.6

AF = African females; AM = African males; CF = coloured females; CM = coloured males; IF = Indian females; IM = Indian males; WF = white females; WM = white males

* % includes one decimal point owing to low representation in certain categories

Representation of HDSAs on Kumba's Board and ExCo was 60% and 50% respectively (55% and 42% respectively in 2014). HDSA representation increased at senior management level from 42% to 48%, in middle management remained the same at 58%, and in junior management increased from 62% to 63%. The significant restructuring process at Kumba that commenced in late 2014 has put pressure on internal resources and a number of initiatives aimed at advancing employment equity (EE)

have been limited or put on hold. The process, which includes the closure of Thabazimbi mine, has also limited recruitment opportunities except for critical approved positions. In spite of these challenges, Kumba's EE representation in 2015 has been largely unaffected. At management level, the aggregate 60% HDSA representation was 2% higher than last year. Women represent 19% of the total workforce in mining (2014: 20%), and 14% of core function positions (2014: 12%).



PERSONAL PROTECTIVE EQUIPMENT FOR WOMEN

Kumba has continued to make good progress in promoting women-focused initiatives. It has enhanced its women in mining steering committee and governance forums, and is monitoring its recently implemented PPE Standard for women. Kumba has also reviewed its policies and procedures relating to sexual harassment and continues to proactively address this issue in the workplace and its host communities. No cases of racial discrimination or of sexual harassment were reported at Kumba's operations in 2015. In 2015, the company compiled a report on progress for the Commission for Gender Equality.

Image

Kumba has introduced a PPE standard for women.

**PLATINUM****Platinum's HDSA representation (as at end of December 2015)**

Occupational levels	2015 (%)
Board	42
ExCo	40
Senior management*	47
Middle management	62
Junior management	70
Total management	64
Core functions	82
Total women in workforce	14
Women in management	20
Women in core functions	12
HDSAs in total workforce	82

* including ExCo

Representation of HDSAs on Platinum's Board and ExCo was 42% and 40% respectively (46% and 50% respectively in 2014). The decrease in HDSA representation is as a result of the resignation of the chief financial officer. Throughout Platinum's rigorous restructuring process, the HR transformation team with support from ExCo, has monitored the company's compliance to its EE policy as well as the Mining Charter requirements, and ensured that the process has not had a negative effect on its EE status. In spite of the operational challenges and organisational changes, the year-on-year level of HDSA representation increased at senior management level from 45% to 47%, in middle management from 61% to 62%, and in junior management from 69% to 70%. In addition, the proportion of women in core functions improved from 11% to 12%.

Female representation in Platinum's workforce remained level with the previous year at 14%. Platinum was awarded second place in the Women Empowerment in the Community category of the 2015 Gender Mainstream Awards, an initiative of Business Engage that is sponsored by PricewaterhouseCoopers (PwC) and seeks to motivate the business case for transformation in the private and public sectors. Platinum's Cadetship programme is the principal initiative aimed at bringing women into the workforce, with an emphasis on women from communities bordering the mining operations. Established in consultation with leadership structures of mining communities, the six-month programme enrolls a number of young men and women every six months. This equips them for entry-level positions in mining, with potential for advancement. While some of the trainees are employed by Platinum, others are enrolled by other mining companies.

Platinum's workforce demographics* compared with the EAP

	AF %	AM %	CF %	CM %	IF %	IM %	WF %	WM %
EAP	34.2	40.7	5.0	5.8	1.1	1.9	4.9	6.4
Management	11.5	41.9	0.2	1.1	0.8	1.1	7.3	33.6
Total workforce	12.1	68.4	0.1	0.3	0.1	0.1	1.2	5.3

AF = African females; AM = African males; CF = coloured females; CM = coloured males; IF = Indian females; IM = Indian males; WF = white females; WM = white males

* % includes one decimal point owing to low representation in certain categories

At Platinum, African females remain under-represented in terms of the EAP. The company is implementing a five-year EE plan for the period 2014-2019, which aims to increase the representation of African males and females, particularly at senior and middle management levels to ensure alignment with the EAP. The EE plan will be revised in April 2016 to ensure alignment to the new organisational design.

ACHIEVING EQUITY IN OUR WORKFORCE

continued

OVERCOMING BARRIERS TO LIVE THE MINING DREAM

For Nditsheni Ramovha, working as an engineer at Platinum's Union mine is a dream come true. "Pursuing a career in engineering has always been my dream and now I'm living that dream," says Nditsheni. "Mining is seen as dangerous, rough and remote but as a woman in mining I feel that I am contributing towards changing this perception and showing women out there that we can do it."

Nditsheni entered the world of mining in 2010 through the joint initiative for priority skills acquisition programme now called the National Skills Accord programme. After completing her studies in mechanical engineering at the University of Johannesburg, she started her practical training and began her career as an engineer in training. Nditsheni obtained her Government Certificate of Competence in 2015 and was

subsequently appointed as a section engineer at Union mine. Her daily routine requires her to assess the level of resources at the mine, ensure that safety standards are upheld, manage breakdowns that could hamper productivity and prepare her team before each day's activities begin.

As a young, dynamic and enthusiastic female, she believes that more women should get into mining, especially if they want to do something different and out of the ordinary. Nditsheni says, "It is noticeable that women are under-represented in the mining industry, and this needs to change. Women today are empowered with opportunities to achieve a level of greatness that previous generations could only dream about. For women to thrive and succeed in this field they need confidence and passion because it is tough and there will be days where you feel like throwing in the towel; but, if you stick it out, it's a very rewarding career."

AAESS IN SOUTH AFRICA

AAESS in South Africa's HDSA representation (as at end of December 2015)

Occupational levels	2015 (%)
Board	N/A
ExCo	N/A
Senior management	73
Middle management	67
Junior management	87
Total management	81
Core functions	N/A
Total women in workforce	74
Women in management	66
Women in core functions	66
HDSA in total workforce	93

In response to the challenging operating context, in 2015, AAESS in South Africa put a freeze on recruitment. The organisational restructuring resulted in an 11% reduction in its total workforce. AAESS has nonetheless maintained its high levels of HDSA and female representation across all operational levels. Total HDSA representation in the workforce increased to 93% (2014: 92%). The aggregate HDSA representation in management positions declined

year on year by four percentage points to 81% (2014: 85%). HDSA representation decreased at senior management level to 73% (2014: 77%), and in junior management to 87% (2014: 91%). There was a 2% point decline in middle management to 67% and total female representation remained at 73%. Women held 66% of management positions (2014: 68%), of which 64% are at senior-management level.

AAESS workforce demographics* compared with the EAP

	AF %	AM %	CF %	CM %	IF %	IM %	WF %	WM %
EAP	34.2	40.7	5.0	5.8	1.1	1.9	4.9	6.4
Management	20.5	11.2	1.9	1.2	5.0	3.1	37.9	17.4
Total workforce	38.1	16.4	2.9	1.4	4.3	1.8	26.6	6.4

AF = African females; AM = African males; CF = coloured females; CM = coloured males; IF = Indian females; IM = Indian males; WF = white females; WM = white males

* % includes one decimal point due to low representation in certain categories

The AAESS workforce EE performance is relatively in line with the national EAP with the exception of African and coloured males, who are largely under-represented. White females remain over-represented, primarily as a result of the initial transfer of employees from the various business units, when AAESS was formed. The cadet programme plays a valuable role in developing high-potential Africans for possible appointment within the company.

**ON-THE-JOB LEARNING PROGRAMME
STRENGTHENS THE TALENT POOL**

In 2015, AAESS established a cadet programme that provides developmental opportunities for talented young graduates from disadvantaged backgrounds and is strengthening the Company's HDSA talent pool. The scheme represents a cost-effective recruitment strategy that is implemented in partnership with an agency specialising in recruitment. AAESS seconds candidates who possess a tertiary qualification but no formal work experience and have been identified and selected

by the agency based on their attitude, aptitude and willingness to learn new skills. AAESS offers the cadets exposure to the organisation and the opportunity to gain experiential learning, and evaluates graduates for potential appointment, without any recruitment obligations. The initiative has been very successful. The cadets have adapted well to the corporate environment and integrated with existing teams. In some instances, the cadets have outperformed existing employees by up to 80%. In 2015, the programme had an intake of 50 cadets and by December 2015, 42% of the trainees had been placed in permanent roles.

INVESTING IN OUR SKILLS BASE

To deliver on our objectives, we rely on a capable and engaged workforce. In return, we reward our people and provide opportunities to help them develop and grow. Providing high-quality training is a key attraction and retention tool, and developing professional expertise and leadership capabilities is essential to achieving our ambitions. Anglo American South Africa's investment in human resources development (HRD) at all our business units is aimed at developing current and potential employees, with a strong focus on women and HDSAs. The private sector in South Africa can play a major role in supporting young talent and in developing technical professionals to meet demand.

APPROACH

To attract and retain the best talent, we seek to offer a stimulating work environment, provide opportunities for personal development, pay people competitively, recognise and reward excellence, encourage diversity and protect employee rights. Our approach is underpinned by our human resources standards, management systems and processes.

Our approach to developing potential and current employees includes providing employee training, specific career-development interventions, performance management and development, coaching, mentoring, succession planning, and high-potential employee identification and 'fast-tracking'. This is essential, both to develop employees for potential future roles and to achieve our HDSA targets. In evaluating whether our training investment is effective, measures of success include enhanced employee retention, promotions and permanent employment of graduates.

While informed by the regulatory framework, our training programmes are designed to meet business imperatives and employee needs. These programmes vary across the business units and include health and safety training for all employees, learnerships, leadership programmes, mentorships, portable skills training, career progression plans for HDSAs, bursaries and study assistance, foundational learning, and our professionals-in-training (PIT) programmes. Training related to technical competencies and skills development is specific to job requirements.

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. Most of the bursaries and scholarships we offer are in mining-related disciplines. Our PIT programmes are designed for each discipline (both technical and non-technical) and aim to develop graduate and diploma trainees through practical experience and tertiary education into highly competent professionals within their fields of study. The timeframe in which to complete these programmes varies across disciplines and is typically within two to three years. Some technical disciplines (engineering, mining and survey) require trainees to obtain a certification of competency before they can be appointed in the respective discipline.

We continue to provide access to basic literacy and numeracy classes for our employees, contractors and some community members. In addition, we provide training in skills that are transferable to industries outside mining, thereby enhancing skills levels within communities near our operations.

Throughout 2015, Anglo American continued its process of reviewing and 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 have maintained a focus on managing employment separations respectfully and fairly. We follow due legal processes and seek to engage with government, employees and labour 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.

OUR PROGRESS

2015	Coal South Africa	De Beers	Platinum	Kumba	AAESS	AACD	Anglo American South Africa (total/aggregate)
HDSA HRD expenditure (Rm)	199	94	411	223	4	5	936
HDSA training spend as a percentage of HDSA payroll*	5.5%	10.5%	4.3%	4.9%	1.9%	0.9%	4.8%

* Payroll as at end of December 2015

	Coal South Africa	De Beers	Platinum	Kumba	AAESS	AACD	Anglo American South Africa
Bursaries	94	16	219	43	0	13	385
ABET	0	10	1,486	99	0	0	1,595
Learnerships	276	230	519	393	0	0	1,418

In 2015, Anglo American South Africa business units and functions collectively expended R936 million in HDSA training and development (2014: R1.1 billion), representing an aggregate 4.8% of annual HDSA payroll (excluding the 1% skills levy). The difficult and uncertain operating environment has put pressure on our business models, requiring a heightened focus on cost-cutting initiatives and an organisational restructuring. As a result, a number of training initiatives have been put on hold or cancelled pending finalisation of structures. The business units' levels of training expenditure and implementation have been commensurate with the challenges experienced.

Coal South Africa and De Beers exceeded the Mining Charter target of 5% of annual HDSA payroll invested in essential skills development activities for HDSAs, while Platinum and Kumba achieved 4.3% and 4.9%, respectively. AAESS in South Africa and AACD – which both employ more

senior and highly qualified individuals with relatively high payroll and limited training requirements – maintained lower levels of expenditure, expending 1.9% and 0.9% of HDSA payroll respectively in 2015. However, they both met the 1% skills development levy requirement.

Despite the reduced levels of expenditure across the Group, we have nonetheless continued to see rewarding results from concerted efforts to attract, develop and retain talent, enabling us to deliver on our business objectives and achieve our employment equity targets. We continued to appoint many graduates who are progressing within the business. Through structured talent management programmes, we have built a pipeline of top talent, professionals and future leaders. Our ongoing investment in skills development outside the business continues to support hundreds of individuals each year to develop their skills and improve their job prospects.

Image

Welding instructor Lesego Makoko with students at the Kolomela iron ore mine skills development centre in Postmasburg.



INVESTING IN OUR SKILLS BASE continued



COAL SOUTH AFRICA

In 2015, Coal South Africa expended R221 million on training and development, with R199 million being spent on HDSAs. While this was significantly less than the R410 million expended during 2014, it represented 5.5% of HDSA payroll, exceeding the required 5%.

	Number of participants	% HDSA	% Women
Bursaries	94	78	43
Learnerships	276	86	23
Scholarships	65	97	31

Coal South Africa annually selects bursar students from both grade 12 and university levels. Bursaries are offered in mining, engineering, rock engineering, survey and control, and instrumentation. The students undertake vacation work to gain experience within their chosen fields. First year students receive skills training. Second- and third-year students are placed at various operations, rotating assignments through underground and opencast mining operations to receive diverse exposure. Employment onto graduate programmes is based on business requirements. In 2015, Coal South Africa supported 94 bursars (78% HDSAs and 43% female). Eighty-nine percent of the bursars are studying towards a technical discipline, the majority being in mining engineering (29%) and mechanical engineering (16%). We supported 176 learners in our learnership programmes in 2015.

Coal South Africa's community scholarship scheme involves each operation providing selected students from underprivileged backgrounds with the opportunity to further their studies in various fields and disciplines at a tertiary institution. In 2015, a total of 65 candidates (97% HDSAs and 31% females) were sponsored by the operations.

In 2015, Coal South Africa had a total of 87 PITs, of whom 91% are HDSAs and 56% females.

In striving to achieve a transformational shift in safety culture, Coal South Africa has focused on leadership training. In 2015, the company launched a Safety

Leadership Alignment Day Programme at all its operations and centralised services departments. The one-day workshop reached all leaders across the business, involving more than 1,900 leaders from CEO to front-line supervisors in the permanent and contractor workforces.

Implementation of Anglo American's Operational Risk Management Process (ORMP) training continued throughout 2015, recognising that risk management is a vital enabling tool to support decision-making around the achievement of operational objectives. Course attendance (percentage of respective workforce category) was as follows: A3 senior leadership and management course: 96%; A2.2 supervisors: 87%; and A1.2 all employees: 98%.

Front-line leaders have a significant influence on achieving our safety and production improvement goals. The Foundation of Leadership Programme is designed to provide them with the fundamental skills and knowledge to deliver against safety, people and performance targets. By year end, 731 (71%) of a targeted 1,030 front-line leaders had attended the course, with the remaining 29% expected to complete the course by the end of September 2016.

"BEST SPEAKER" BURSARS RECOGNISED

Shortly after year-end, 28 third-year bursar students presented their learnings from the study initiative to a panel of judges, who appraised the students' presentation skills and technical knowledge, and awarded a best speaker for each venue.



DE BEERS

During 2015, De Beers expended a total of R102.8 million on HRD. The substantial increase on the R59.6 million spent in 2014 was attributable to the implementation of more accurate training reporting mechanisms and a focus on learnerships in both technical and non-technical fields. HRD expenditure during 2015 on HDSAs totalled R94 million, representing 10.5%, compared with 4% in 2014. In terms of the HRD components of its social and labour plan (SLP), De Beers remained on track to achieve most of its commitments. The company continues to ensure that skills programmes and learnerships comply fully with the National Qualification Framework and, towards this end, all

Operational Training Centres have retained full Mining Qualifications Authority and International Organization for Standardization (ISO) accreditation.

Leadership development opportunities continued to be expanded, incorporating Anglo American programmes and internal courses. To address the challenges of attracting and retaining skills in remote locations, De Beers community HRD interventions included sourcing bursars and graduates from communities near its operations, running community Foundational Learning Competence (FLC) programmes, offering study financial assistance programmes and supplementing formal schooling through additional English, mathematics and science classes.

Training initiative	Number of participants	% HDSA	% Women
ABET	10	100	0
Learnerships	230	93	47
Bursaries	16	75	63
Graduate training	36	94	47
Transfer of skills (mine communities)	35	100	57

Image

The portal to the Venetia Underground decline, which provides infrastructural support to the shaft as well as an alternative escape route from the mine.



INVESTING IN OUR SKILLS BASE continued

De Beers require all employees to have grade 12 certificates as a minimum requirement for employment, which limits the need for foundational learning. In 2015, De Beers exposed 35 HDSA community members (57% women) to FLC training for a five-month period. This programme prepares learners to manage the requirements of most mining learnerships.

In 2015, De Beers spent R35.9 million on learnerships (2014: R17.3 million) benefiting 230 employees (2014: 115), of whom 47% were women. The majority of learnerships focused on supervisory and management development, specifically targeting HDSAs. The number of women participants increased from 22 in 2014 to 85 in 2015.

De Beers funds selected graduates to study at tertiary institutions. As at year end, 81% of bursars had been drawn from labour-sending areas near De Beers' mining operations. Bursaries are offered in the core technical disciplines of mechanical and electrical engineering, metallurgy and mining. In 2015, De Beers sponsored 16 students (75% HDSAs and 63% females) to the value of R2.2 million. Six of the bursars who completed their studies were employed.

De Beers' graduate trainees (interns) attend structured development programmes to increase their competence levels. In 2015, De Beers invested R18.8 million in supporting 36 graduate trainees across the disciplines of engineering (12), geology (1), mining (8), and metallurgy (15). The contingent of graduates comprised 94% HDSAs, 47% females, and 72% drawn from labour-sending areas near De Beers' mining operations. All the graduates who completed the development programmes are appointed into substantive positions.

In 2015, De Beers assisted 57 permanent employees in pursuing tertiary education through recognised tertiary institutions at a cost of R6.9 million. Employee study assistance is generally awarded in courses of study aligned to the company's business requirements and employees' areas of functional responsibility. Diplomas in safety and security are the most popular study options.

In 2015, 62 students (2014: 53) from local communities benefited from De Beers' financial-assistance programme, which supports beneficiaries with up to R10,000 per annum. Students De Beers considers for this scheme have the opportunity to potentially qualify for the government's National Student Financial Assistance Scheme.

The De Beers Technical Training Centre in Kimberley plays a significant role in ensuring that competent technical staffing needs of the Venetia Underground Project and future mine are met. Accordingly, it is expected that the number of De Beers learners will increase in future. The training split for 2015 was 19% De Beers learners and 81% external learners. The centre completed a total of 39,026 lost-time injury-free training days for the period 12 January 2015 to 11 December 2015. This represented a 2% improvement on the same period in 2014. The centre's partnership with the Department of Roads and Public Works to provide institutional training for a total of 82 learners is progressing well.

KHULA WEEKEND SCHOOL

De Beers contributed R8.7 million towards the Khula Weekend School, a long-standing Saturday school programme operating in Gauteng and Limpopo provinces, including De Beers' labour-sending areas. The programme focuses on providing support in English, mathematics and science for learners from disadvantaged groups in Grades 10, 11 and 12. Over the years, the programme has expanded to include other subjects such as life science, accounting and economics. In addition to academic tuition, learners are afforded the opportunity to interact and be coached by engineers and scientists working for De Beers. The initiative aims to nurture a pipeline of suitably qualified candidates for recruitment at De Beers. The learners on the programme are 100% HDSAs. The Khula Weekend School is associated with leading schools in South Africa that achieve a 100% pass rate year on year.



KUMBA

In 2015, Kumba's total expenditure on HRD was R275.2 million. While this was slightly less than the R285.4 million spent in 2014, the percentage of total payroll expended was 6% compared with 5.6% in 2014. Total training expenditure on HDSAs was R223 million, representing 4.9% of HDSA payroll. The company had fewer participants in certain training initiatives, as a result of the company's cost-saving drive and other resource-related challenges associated with the organisational restructuring.

	Number of participants	% HDSA	% women
Bursaries	43	81	58
ABET	99	98	26
Learnerships	393	82	20
Other – including short courses/mining skills programmes	572	98	25

In 2015, Kumba invested R7.8 million in its bursary programme, supporting 43 bursars (2014: 60 bursars), across six tertiary institutions around the country. Kumba had 44 graduate and diploma trainees participating in the PIT programme (2014: 56). During 2015, the company significantly increased its investment in learnerships and skills programmes, expending R99.7 million (2014: R74.3 million) on 965 learnerships and skills programmes (2014: 714), comprising 393 artisans learnerships, and 572 mining, metallurgical and civil trades learnerships for community members. The HDSA complement for this training ranged between 95%-97% from 2014 to 2015.

Kumba facilitated adult basic education and training (ABET) training for 67 employees and 32 community members. The company awarded scholarships to 20 learners at local community schools who had excelled in mathematics and science, of whom 17 are HDSAs. The scholarship programme is aimed at feeding the bridging

school or bursary programme, as part of Kumba's talent development pipeline.

Kumba continued to provide organisational development training for most of its employees. The training topics covered include personal insight, team-building, fast-tracking and diversity training, as well as women in mining. In 2015, the company's investment in leadership and management development was, however, restricted and driven by operational needs. Programmes implemented included self-leadership for foremen, management development, Leaders in the Connecting Economy (LCE), and Culture, Team and Individual Development. Initiatives that were put on hold as a result of financial pressures included pre- and post-graduate studies and enrolment in Anglo American leadership development programmes.

As part of ongoing safety training and to ensure compliance, Kumba trained more than 1,500 of its employees on trackless mobile machines, while 921 employees obtained lifting equipment licences. Functional training includes novice and refresher training on an annual basis.

Image

(From left), Dimpho Sephiri, Makofa Mahloane and Gomolemo Comoletiale are plumbing students at Kumba's Tshipi Skills Development Centre.



INVESTING IN OUR SKILLS BASE continued



PLATINUM

In 2015, Platinum expended R411 million on HDSA training and development (2014: R390 million), representing 4.3% of HDSA payroll (2014: 3.8%). Although the company has fallen short of the Mining Charter targeted expenditure of 5% of HDSA payroll for the past three years, Platinum's ExCo remains committed to ensuring that all employees have the appropriate technical and non-technical competencies and skills to discharge their responsibilities, and that progress is maintained towards transformational objectives. This is evident in the commitment to a 5% of HDSA payroll expenditure for a number of the new SLPs that were submitted for approval to the DMR for the period 2015 to 2020.

	Number of participants	% HDSA	% women
Bursaries	219	80	35
Graduates	165	86	30
ABET	1,486	64	22
FLC	130	73	24
Learnerships – engineering	363	90	28
Learnerships – mining	156	98	21
Other – including short courses/mining skills programmes	41,283	82	12

Platinum has a well-structured bursary and graduate development programme focusing on ensuring a diverse pipeline of professionals into the business across all key disciplines. During 2015, the company invested R99 million in 384 HDSAs participating in its bursary and graduate scheme (2014: R139 million invested in 451 individuals). The number of bursars and graduates supported is determined by the labour requirements of the business. The organisational restructuring has necessitated a reduced workforce headcount and a consequent decrease in the numbers of bursars, graduates and learnerships.

Platinum continues to promote the uptake of ABET, in line with its SLP commitments and the need to up-skill employees as the company advances towards greater mechanisation. The number of employees involved in ABET increased from 700 in 2014 to 975 in 2015, including a greater proportion of contractor and community learners.

As part of the company's longer-term strategy to increase the number of HDSAs in technical roles, in 2015 Platinum's ExCo decided the company would 'adopt' technical high

schools operating in areas where it has operations, investing in bolstering their resources and improving the performance of the teachers and learners. The company initially adopted the Mogale Wa Bagale Technical High School in Burgersfort, Limpopo. The school has been completely refurbished, equipped with the correct equipment for technical learning and educational enhancement programmes have commenced. The Phaladingoe Technical High School near Mokopane, in Limpopo, was adopted in late 2015 and a refurbishment programme will be undertaken in 2016.

HRD initiatives continued to focus on ensuring a pipeline of suitably qualified, skilled and diverse employees at different levels. They include fast-tracking programmes aimed at addressing the under-representation of HDSA employees in various technical fields, focusing on supervisory and managerial categories. The company subsidises the cost of youth employment opportunities, and it is a longstanding supporter of the 'Techno-girl' career mentorship programme, in conjunction with the Gauteng Department of Education and Unicef.

ANGLO AMERICAN'S CORPORATE DIVISION

AACD predominantly employs senior managers who are typically well qualified and have limited skills-development requirements. In 2015, the division expended R4.5 million on HRD for HDSAs (2014: R11.7 million), representing 0.9% of annual HDSA payroll (2014: 2.8%).

In 2015, the company supported 13 full-time bursars (92% HDSA) and 36 part-time bursars (72% HDSA) at major universities in disciplines that are identified as scarce and critical skills for the business. AACD is the custodian for the Group's high-potential graduate recruitment programme called 'Blast' (building leaders and shaping talent) aimed at building a robust pipeline of top talent in South Africa. Selected candidates experience three roles across two continents in five years, giving them cross-commodity, cross-discipline and geographical exposure.

In 2015, there were 10 new recruits, of whom six were HDSAs (2014: 10 recruits; five HDSAs).

AACD, in partnership with the Gordon Institute of Business Science (GIBS), delivers two of the Group management programmes: the Programme for Management Excellence (PME), and The Achiever Programme (TAP). The participants in these programmes are middle management and first-line management, ensuring that all managers are equipped to meet organisational goals. The programmes are customised to align with Anglo American strategy, principles and processes.

Anglo American also supports the Group business units by providing opportunities for trainee chartered accountants to gain experience in functions such as ABAS (business risk assurance) and Group Tax to gain requisite experience for their qualifications.

Participation in Anglo American's leadership development programmes in 2015:

Programme	HDSA	Non-HDSA	International delegates	Total	HDSA % of population
The Achiever Programme	19	4	21	44	43
Programme for Management Excellence	66	33	54	153	43

Image

The Anglo American Research Laboratories in Crown Mines, Johannesburg.



INVESTING IN OUR SKILLS BASE continued

AAESS IN SOUTH AFRICA

AAESS in South Africa expended almost R4 million on training and developing HDSAs in 2015, representing 1.9% of HDSA payroll (2014: R5.5 million; 2.7% of HDSA payroll). The year-on-year decrease in expenditure was owing to a reduction in spend on management development training and a refocus on technical skills training, especially on-the-job training.

In 2015, study assistance to the value of R239,000 was provided to 23 employees, all of them HDSAs, and including 16 females (2014: R295,000; 26 employees).

The academic qualifications undertaken by employees include business management, finance, and human resources, all of which are skills required to deliver service in a shared services environment.

Three AAESS employees (all HDSA women) attended the achiever programme (TAP) in 2015.

The division has launched an AAESS Business Improvement Programme, which is designed to equip employees with a solid understanding of business improvement tools, with a focus on analysing and improving processes through customised experiential-learning activities.



BUSINESS IMPROVEMENT PROGRAMME

At AAESS our mission is to deliver value through effective partnerships. Key to unlocking value is finding solutions to information management shortcomings in the execution of our daily jobs.

The people who are best placed to develop solutions to these shortcomings are the people who work with the processes on a daily basis. People development is also a key driver of effective employee engagement in AAESS. We therefore decided to partner with the Anglo American Centre for Experiential Learning (CEL) to develop a programme that would equip employees with a solid understanding of business improvement tools, with a specific focus on analysing and improving processes through customised experiential learning activities.

We took a novel approach to the selection of delegates, with a self-driven nomination process. Employees who were keen to participate in the programme were asked to identify a problem in their area of work that they felt required a solution and to pitch the problem to a panel comprising the AAESS senior management team. The panel appraised the proposals and selected candidates to be invited to participate in the programme.

From the problems that were presented to the panel, five were chosen as projects for the successful participants to work on throughout the programme. The projects were as follows:

1. Form simplification – to reduce the error rate on forms for AAESS and Anglo Operations Pty Ltd (AOL)
2. CEL training records – to capture attendances not recorded at the CEL, enabling information to be incorporated in the annual training report
3. Sustained knowledge transfer – to improve standard procedures for sustainable knowledge transfer within AAESS
4. Employee Services Organisational data management – to reduce effort spent on producing organisational data requests
5. Accounting Services Concur reconciliations – to reduce mismatches between two sets of input data in a reconciliation process

Many of these projects are in the final stages of implementation and we look forward to running a similar initiative in AAESS in the future.

Image

AAESS employees in training at the Centre for Experiential Learnerships.

IMPROVING HOUSING AND LIVING CONDITIONS

Decent living conditions are part of the foundation for long-term, stable and empowered communities that will prosper long after our mines have closed. We want all our employees to enjoy quality housing and living conditions and believe that offering variable housing options is key to attracting and retaining vital skills.

All our business units in South Africa achieved the Mining Charter requirements by the end of 2014, and some ambitious collaborative housing development projects are in progress, to alleviate the shortage of available housing. Our focus is on making it possible for eligible employees to buy their own homes in suitable areas near our mining operations.

OUR APPROACH

We continue to work with labour unions and government to improve living conditions through providing additional housing and building capacity in the municipalities concerned. Our business units actively promote and facilitate home ownership options and offer competitive housing allowances, and in some cases loan subsidies, for eligible employees. A range of housing options is needed to cater for the diverse circumstances and preferences of our employees. For instance, we create opportunities for our employees to rent or buy company-owned housing stock and newly-built homes. An important focus is the implementation of programmes aimed at combating the ongoing challenge of high levels of employee indebtedness, to enable employees to secure home loans.

Promoting employee home ownership has a positive influence on employees and their families. It also supports the community and the relevant municipality, which benefits

from improved infrastructure. Employees who acquire an asset or rent accommodation become more independent and self-reliant.

OUR PROGRESS

By the end of 2014, all Anglo American business units in South Africa had achieved the Mining Charter requirements to fully convert all traditional mining hostels into single or family units with a one person per room occupancy rate in single accommodation.

In 2015, Anglo American spent more than R1.9 billion on housing initiatives, including expenditure on bulk services, land purchase and housing allowances. More than 10,000 employees remain in company housing, although this number is steadily declining as more houses become available. Since 2010, we have built more than 4,400 houses. Our housing development projects also provide for schools, churches, crèches and, in some areas, retail developments. Our partnerships with government are fundamental in ensuring the successful implementation of housing projects.

There are ongoing challenges in facilitating home ownership. There is the impact of a fringe benefit tax on discounts or subsidies used to assist employees to purchase a home. The South African Revenue Services (SARS) views such incentives as fringe benefits to the employee and consequently subjects such benefits to fringe benefits tax. Another key challenge is the high rate of home-loan requests that are rejected by banks. Delays in government projects in mining towns and poor service delivery and housing backlogs also hinder progress. We are further affected by the slowing economy and associated job losses in the mining sector. Our efforts to mitigate the impact of these challenges include educating employees on home-ownership and housing schemes, providing financial-literacy and debt-rehabilitation initiatives, offering employees rent-to-buy housing options, and investing in infrastructure and bulk services to accelerate housing delivery.

Each business unit's progress is reviewed below.

Housing	De Beers	Coal South Africa	Platinum	Kumba	Anglo American South Africa
Total housing expenditure (Rm)	24	544	918	426	1,912
Number of employees in company accommodation	434	1,447	4,843	3,653	10,377
Cumulative number of houses built since 2010	0	593	676	3,142	4,411
Number of houses built in 2015	0	42	42	0	84

IMPROVING HOUSING AND LIVING CONDITIONS continued



COAL SOUTH AFRICA

	2015
Housing expenditure (including housing allowances) (Rm)	544
Number of employees in company accommodation	1,447
Number of houses built in 2015	42
Cumulative number of houses built (since 2010) as at end of 2015	593*

* The houses built in 2015 were building packages purchased from developers by employees through their housing allowances and bond-approval process.

Coal South Africa spent R544 million on housing-related expenditure, including housing allowances, in 2015. The slight decrease on the R577 million invested in 2014 was mainly attributable to organisational changes. The business unit facilitates the delivery of housing development by engaging with private developers and offers its employees a building package or opportunity to build privately, with payment provided through a home loan that is funded by a housing allowance. In 2015, the minimum monthly housing allowance was R6,726, up from R6,172 in 2014. The maximum housing allowance remained level at R8,786. The number of employees living in accommodation provided by Coal South Africa decreased from 1,838 in December 2014 to 1,447 in December 2015 and is expected to reduce to nearly zero by 2018.

Coal South Africa's principal housing initiatives are its housing developments at Spring Valley and Kwa Mthunzi Vilakazi in eMalahleni, and the sale of company-owned houses.

The Spring Valley housing estate in Witbank is being developed by a private property development company. Initiated in 2011, Coal South Africa invested R16 million in a portion of the bulk services for the development in exchange for a quota of building packages made available at a discount to employees who secure a home loan through banks. Employees liaise directly with the developer, who

makes building packages available that comply with the investment agreement set up between Coal South Africa and the developer. The development is still in progress and the uptake of houses (packages and bonds approved) stands at 95%. In 2015, 42 houses were built. To date, a total of 229 houses have been built and occupied and the full quota is expected to be sold out by early 2016.

The Kwa Mthunzi Vilakazi housing project has been under development since 2007, with Coal South Africa investing approximately R52 million on services to cater for it. The project is in its second phase of development and comprises a mix of standard building packages built by a developer and private transactions for employees to build their own homes. House prices vary, starting from R270,000. An increasing number of employees are opting to buy a stand and build privately instead of taking a building package. To date, a total of 126 stands have been sold (which are to be registered in the employees' names), of which 75 were sold in 2015. A total of 119 building packages have been sold, of which 25 were sold in 2015. The development is expected to be built and sold out by the end of 2017 or early 2018.

Coal South Africa, to date, has built and sold a total of 309 company-owned houses to employees. In 2015, 119 houses were sold, of which 90 were in Witbank.

Image

The sale of company-owned houses to employees is one of Coal South Africa's principal housing initiatives.





DE BEERS

	2015
Housing expenditure (including administration of FHOP* and housing allowance**) (Rm)	23.9
Number of skilled employees in company accommodation	434

* Facilitated Home Ownership Programme

** Water and electricity allowance

De Beers has 434 skilled employees, all of whom are in company housing at the Venetia mine. The company does not provide accommodation for its semi-skilled employees as they are all recruited from local communities around the mines.

In 2015, De Beers launched its Facilitated Home Ownership Programme (FHOP) for employees earning less than R25,000 per month. By the end of year, eight of the 222 enrolled employees had completed housing transactions and received grants totalling in excess of R1 million (R1,006,319). The remaining transactions are in progress and the majority will be finalised during 2016. There are, however, challenges around creditworthiness and indebtedness, which will be addressed where possible

via interventions from the service provider and De Beers. Further challenges have been the availability of affordable serviced land around Musina (Venetia mine) and a reluctance among employees to transact in the housing market in the prevailing economic environment. De Beers is engaging with local government, the De Beers Pension Fund and financial institutions to address the land issues.

In 2015, De Beers spent a total of R23.9 million on housing, including R18.9 million in housing allowances, water and electricity allowances and housing subsidies to employees in the bargaining unit. Fifty-two employees have been verified on the national deeds register and are receiving a monthly housing subsidy of up to R1,000. These employees are existing home owners and are servicing a bond on their property.

Image

De Beers helps qualifying employees to own a home close to work.

DBCM FACILITATED HOME OWNERSHIP PROGRAMME

Helping qualifying employees to own a home close to where they work.

DE BEERS
GROUP OF COMPANIES

DO YOU QUALIFY?

If you can tick all the boxes below, you may apply for an assessment to participate in the DBCM Facilitated Home Ownership Programme...

- ☐ My total monthly remuneration is R25,000 or less.
- ☐ I would love to own a home close to work.
- ☐ I am keen to take on the responsibility of getting my own home.
- ☐ I am a permanent employee of DBCM.
- ☐ I have a minimum of 12 months' continuous service.
- ☐ I am not about to retire in the next 12 months.
- ☐ I do not already own a home close to work (or if I do, it is incomplete or not up to minimum standards).
- ☐ I am willing to put down R5,000 of my own money as a commitment to owning my own home.

If you are not sure whether you qualify, or if you cannot tick all the boxes above, but believe that you have a good reason to qualify for assistance, you can request special consideration of your application. Your request will be assessed on its merits and you will receive a letter on the outcome.

IMPROVING HOUSING AND LIVING CONDITIONS continued



KUMBA

	2015
Housing expenditure (including housing allowances) (Rm)	426
Number of skilled employees in company accommodation	4,140
Number of houses built in 2015	None
Cumulative number of houses built (since 2010) as at end of 2015	3,142

Kumba's three-pronged housing strategy encourages home ownership, offers house rentals, and facilitates alternative accommodation options for employees. Since 2007, Kumba has spent R1.9 billion constructing 4,222 homes for employees.

The significant operating challenges facing the company in 2015 affected its housing expenditure, which totalled R426 million, down from R605 million in 2014. The company did not build any houses during the year owing to the restructuring at Sishen and Kolomela mines, and the closure of Thabazimbi mine. The number of employees accommodated in company housing increased to 4,140 (2014: 3,435) owing to houses becoming available as a result of the restructuring process.

Sishen mine has continued to implement its affordable housing project launched in 2003. The mine, to date, has constructed 1,919 houses for employee home ownership.

Kolomela mine, which has been operating at full capacity since 2013, has built 718 houses for employees as part of an integrated approach that allows the houses to form part of the current community without creating a separate mining town. Kumba invested in building much-needed bulk infrastructure services to boost socio-economic development, in return for land allocated by local authorities for housing. The housing project relies on an award-winning subsidised housing model, which was designed to ensure that both management and lower-level employees have access to similar housing. In 2015, Kolomela mine has embarked on a communications drive to inform and educate employees on home ownership and the principles of its housing scheme. Affordability, nonetheless, presents a challenge for many employees interested in home ownership. In closing Thabazimbi mine, employees were offered first preference to buy housing units and 114 indicated their interest to purchase.



PLATINUM

	2015
Housing expenditure (including housing allowances) (Rm)	918
Number of employees (skilled) in company accommodation	4,843
Number of houses built in 2015	42
Cumulative number of houses built (since 2010) as at end of 2015	676

Our Platinum business aims to afford all its employees the means to stay in adequate and sustainable accommodation by 2025. In view of the prevailing challenging operating context, however, executive management has resolved that housing projects will be initiated and implemented only if there are sufficient resources and operational needs to do so.

Platinum's housing strategy includes a focus on converting living-out-allowances into rental allowances to promote a natural attrition of occupancy in informal settlements and ensure that all employees stay in decent accommodation. The living-out allowance is R1,840 per month, yet most

employees spend a fraction of this on accommodation, with the balance used for other expenses. 24,133 employees received living out allowances in 2015.

High levels of employee indebtedness remain a major barrier to home ownership and Platinum continues to focus on implementing a financial-literacy and debt-rehabilitation programme across its operations, managed by Summit Financial Partners. The debt-rehabilitation process typically takes up to two years. In 2015, seven employees on the programme subsequently became homeowners in the Northam housing project.

In 2015, Platinum spent R14 million, excluding housing allowances, on its home-ownership programme. The decrease on the R39 million spent in 2014 was owing to Platinum's award-winning Northam Extension 6 housing project to develop 309 houses for employee ownership nearing its completion, with 42 houses built during 2015. Platinum's Rustenburg projects have been reprioritised following the announcement of the company's new strategic direction. The company has sold old and under-utilised housing stock to employees. Through this asset disposal initiative, 46 houses have been transferred to employees in Rustenburg. There remains a high demand in the workforce for limited available company accommodation.

The Northam project sets a leading example based on the quality of the product, location and the approval rate of home loans. Around 90% of the houses are occupied and the remainder are awaiting registration at the deeds office. The project hinges on a partnership agreement with the Limpopo provincial government. In 2015, about 100 of

Platinum's employees were granted government housing subsidies worth approximately R11 million, as part of the Finance Linked Individual Subsidy Programme. The grants serve as a down payment towards a home loan and help in ensuring a good approval rate of employee home loan applications from major financial institutions.

Platinum is collaborating with Rustenburg local municipality and the North West Department of Human Settlement to deliver a housing project for the Bokamoso community in Rustenburg. The provincial government will build an estimated 4,000 housing units. The project aims to reduce occupancy in informal settlements and revitalise the mining community. Platinum donated 204 hectares of land valued at R36 million to Rustenburg municipality and has funded the installation of bulk infrastructure for this area. In 2014, the company built 20 show houses worth R10 million, which have since been handed to the local municipality. In 2015, Platinum invested R20 million towards the construction of a sanitation plant.

Image

Platinum ExCo with the Leserwane family at Northam Extension 6.



OUR COMMUNITIES

Building durable relationships with our host communities is essential to maintaining our social licence to operate. Our business units continue to deliver developmental benefits and opportunities aimed at building their capacity and sustainability beyond our activities.

IN THIS SECTION

- Developing mine communities

DRIVING CHANGE

Social and Labour Plans

in place at each of our operations, total of R520 million spent in 2015

R891 million

spent on community development programmes

Engagement with community representatives

to identify priority projects that will best address community needs

Focus on youth development

Peer-review programme

Measuring and monitoring the effectiveness of our contribution

Anglo American Chairman's Fund

Dedicated corporate social investment arm

DEFINING OUR FUTURE

Maintaining our social licence to operate

is critical to our long-term sustainability

Meaningful partnerships in place

with local government, communities and development partners

Large-scale projects aligned

with South Africa's National Development Plan and the UN's Sustainable Development Goals



Image

Practical training in farming at Mogalakwena's Groenfontein farm.

DEVELOPING MINE COMMUNITIES

The sustainability of mine communities in South Africa is recognised as a commercial and social imperative. Our mines represent a centre of socio-economic activity and an important source of benefits, especially job creation. We seek to ensure that the benefits we generate flow more directly to communities around our operations, as one of our stakeholder groups, and that we respond effectively to increasing community expectations.

This is essential to effectively manage social risks and maintain our social licence to operate. Achieving these objectives depends on collaborative efforts with government institutions, community members and other large corporations. Anglo American South Africa's business units continue to build durable relationships with their host communities and deliver developmental benefits and opportunities aimed at building their capacity and sustainability beyond our activities.

OUR APPROACH

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

Building on the foundation provided by sharing economic benefits generated through our core business activities, our objective is to optimise socio-economic benefits through programmes that connect with each other and with our core business activities. To support local markets, for example, 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 government to strengthen their capacity, maximise the socio-economic benefits from our own infrastructure and deliver social investment that supports those most in need.

Many of these programmes are undertaken in partnership, involving local government, communities and development partners, as well as the Anglo American Chairman's Fund (our dedicated corporate social investment (CSI) arm). Our approach is informed by regulatory requirements such as

the Mining Charter and our SLPs. Each operation has an SLP that is developed through a consultative process with local municipalities and through regular interaction with host communities. Large-scale projects are aligned with municipal integrated development plans and local economic development strategies. Our objectives are aligned with national, provincial and local priorities, and draw from the country's National Development Plan and the United Nations' Sustainable Development Goals.

Our approach is implemented through a comprehensive set of social performance requirements detailed in the Anglo American Social Way. Anglo American's industry-leading Socio-Economic Assessment Toolbox (SEAT) is the primary means by which we address practical elements of social-impact management and socio-economic development at our operations. We use SEAT to improve our operations' understanding of their positive and negative socio-economic impacts; enhance stakeholder dialogue and the management of social issues; build our ability to support local socio-economic development; and foster greater transparency and accountability. Engagement with local stakeholders is central to the process. All operations are required to conduct a SEAT assessment every three years.

Our operations have community engagement forums that meet at least quarterly. We monitor the quality of our engagement and the structures and communication channels in place, especially at community level, to ensure that these are effective. Incidents of unrest in mining communities and rising community expectations underline the importance of responding effectively to community complaints and expectations, in order to maintain good relations.

OUR PROGRESS

Anglo American South Africa operations contribute towards alleviating poverty and unemployment and developing host communities by building local capacity, providing infrastructure for healthcare, education, housing and sanitation, investing in education, enterprise and skills development, and promoting local procurement and supplier development. (Our contributions to enterprise development, supplier development, and housing development, are reviewed in other chapters of this publication.)

During 2015, our businesses expended R891 million on community-development programmes across these sectors (R958 million including contributions to the Chairman's Fund), of which R520 million was spent on SLP commitments and R371 million on CSI projects. The expenditure by sector is reviewed in the table below. Through the multiplier effect, the positive socio-economic contribution of our operations extends significantly further than these direct forms of value distribution.

DEVELOPING MINE COMMUNITIES continued

Cost constraints owing to the ongoing challenging economic conditions have resulted in a decrease in funds available to invest in communities. This raises challenges in terms of managing stakeholder expectations and maintaining positive relationships, and is a principal focus for careful management. A common objective is to find innovative ways to deliver a greater social return with less funding, through fewer interventions that have greater impact. We are engaging with community representatives and other key stakeholders to identify priority projects that will best address community needs in a sustainable manner, and help to reduce the dependency of municipalities, communities and small, medium and micro enterprises (SMMEs) on our mines.

We have continued to create meaningful partnerships and generate co-funding to implement social development

projects. A focus is on youth-development programmes and increasing local-procurement opportunities through supplier-development programmes.

We continue to improve the measuring and monitoring of our contributions and are increasingly confident that our projects are delivering their intended positive effects. Our in-house community development peer-review programme provides insight into community development challenges and opportunities.

Common challenges include managing negative impacts of our mining activities on communities (including blasting, noise and dust), rising community and NGO activism, increasing demands for employment and local procurement, and high expectations for mining companies to assist with improving limited service delivery.

Community development expenditure (Rm): 2015

	Coal South Africa	Kumba	Platinum	De Beers	Anglo American South Africa
SLP projects	100	52	336	32	520
CSI projects	28	122	210	11	371
Total	128	175	546	43	891

Anglo American South Africa community development expenditure by sector (Rm): 2015

Sector	Coal South Africa	De Beers	Kumba	Platinum	Anglo American South Africa
Health and welfare	10.0	2.5	38.0	102.8	153.3
Education and skills development	18.5	11.9	30.5	71.3	132.2
Infrastructure development/ water and sanitation	23.0	20.9	36.9	30.2	111.0
Enterprise development	58.0	3.6	10.7	165.8	238.1
Institutional capacity-building, staff time and donations	14.0	–	34.5	38.8	87.3
Arts, sports, culture, environment, energy, climate change	–	–	–	40.4	40.4
Other	4.0	4.0	24.0	96.8	128.8
Total	127.5	42.9	174.6	546.1	891.1
Anglo American Chairman's Fund					67.0
Grand total					958.1



COAL SOUTH AFRICA

Coal South Africa community development expenditure (Rm)		
	2015	2014
SLP projects	100	113.1
CSI projects	27.5	30.7
Total	127.5	143.8

Coal South Africa community development expenditure by sector	
Sector	Expenditure (Rm)
Health and welfare	10
Education and skills development	18.5
Infrastructure development	23
Enterprise development	58
Institutional capacity-building, staff time and donations	14
Other	4
Total	127.5

Image

Community engagement at the New Vaal community hall.



DEVELOPING MINE COMMUNITIES continued

In 2015, Coal South Africa spent R127.5 million on community development projects (2014: R143.8 million): R100 million was directed towards SLP projects and R27.5 million towards CSI initiatives. All SLP projects committed for 2015 are being implemented.

Supporting enterprise-development initiatives accounted for 45% of community development expenditure. Through a network of seven small business hubs, Coal South Africa dispersed R58 million of funding to 107 enterprises, of which 36% were youth entrepreneurs. The enterprises had a combined turnover of R272 million and created or sustained 1,453 jobs.

Coal South Africa's Landau and Zibulo mines participated in an Anglo American initiative that piloted the use of low-cost mobile phone technology as a tool to help operations better understand the perceptions of their host communities. At each mine, a representative sample

(approximately 450 individuals) of the local communities participated. Following registration and an initial survey, the participants received a monthly text message survey consisting of five questions, over a 12-month period. The survey was designed to measure perceptions of the impacts associated with the mine's activities, both positive and negative, on local people and the environment; the nature and quality of the relationship between the mine and the community; and the extent to which the community trusts and accepts the mine. The exercise provided useful insights and demonstrated its potential as a longer-term initiative.

During 2015, Coal South Africa commissioned two independent impact assessments of its community-development interventions, which concluded that the company is focusing on the correct areas and the projects are largely delivering their intended impacts.

COAL SOUTH AFRICA PROJECT HIGHLIGHTS

Facilitating innovative educational solutions

Coal South Africa's Landau, Greenside, Kriel and New Denmark mines are supporting a technology-based project that creates virtual classrooms for students from disadvantaged schools. The pioneering initiative is operated by the Ermelo-based Ligbron Academy. The technical high school developed the enterprising solution to overcome logistical challenges to providing rural and township schools with requested supplementary maths and physical science instruction. The schools are linked via interactive whiteboard technology, giving learners a view of the teacher, the topic under discussion and other pupils working on the same subject matter. As a result, learners can participate in lessons presented by a teacher more than 200 kilometres away. Supplementary classes are currently broadcast to 14 rural and township schools three times a week, with additional schools in the pipeline. The programme has assisted a significant improvement in the learners' performance. Coal South Africa provides the technology to link schools into the programme and is the largest corporate contributor.

New Vaal partners to develop critical skills

New Vaal colliery has piloted a critical skills training programme for local candidates aimed at enabling them to gain meaningful employment. Ten candidates completed the 10-month course, acquiring an accredited qualification in welding, which is a skill in high demand in the industrialised area where New Vaal is located. The initiative was delivered in partnership with Sasolburg-based service provider SIH Training. An equitable selection of candidates was identified with the assistance of the Metsimaholo local municipality. Subject to the majority of the trainees securing employment within a reasonable timeframe, New Vaal will propose the programme as a local economic development commitment in its SLP.

Goedehoop early childhood development alliance

A collaborative partnership between Coal South Africa's Goedehoop Colliery, the University of South Africa (UNISA) and the Steve Tshwete local municipality, has addressed an identified lack of suitably qualified early childhood development (ECD) practitioners at local ECD centres. Goedehoop funded the two-year programme delivered by UNISA's Department of Early Childhood Education, for candidates that were selected and overseen by the Steve Tshwete local municipality. In March 2016, 132 practitioners gained their National Qualification Framework Level 5 qualifications in education management and ECD. The South African Local Government Association has since adopted Steve Tshwete's partnership-based approach as best practice in dealing with a national lack of suitably qualified practitioners.

Improving access to quality healthcare

Coal South Africa partnered with the Department of Health and the Lekwa local municipality to build a R26 million community healthcare centre in Rooikoppen near Standerton, which is located near its New Denmark colliery. The Lilian Mambakazi Community Healthcare Centre opened in August 2015 and provides easy access to a full range of primary healthcare services for more than 15,000 community members, treating up to 180 people every day. The SLP project demonstrates how building public and private partnerships can help strengthen the health system, particularly in under-served rural areas. The centre has been awarded the Department of Health's 'Ideal Clinic' status, defined as a clinic with good infrastructure, adequate staff, adequate medicine and supplies, good administrative processes, and sufficient adequate bulk supplies.

**DE BEERS CONSOLIDATED MINES**

De Beers community development expenditure (Rm)		
	2015	2014
SLP projects	32.1	32.1
CSI projects	10.8	7.3
Total	42.9	39.4

De Beers community development expenditure by sector	
Sector	Expenditure (Rm)
Health and welfare	2.5
Education and skills development	11.9
Infrastructure development	20.9
Enterprise development	3.6
Other	4.0
Total	42.9

In 2015, De Beers invested a total of R42.9 million in local communities (2014: R39.4 million): R32.1 million was directed towards 17 SLP projects (2014: R29.1 million) and R10.8 million towards CSI projects (2014: R7.3 million), in the municipal areas of Musina and Blouberg in Limpopo province, Moghaka and Ngwathe in the Free State, and Sol Plaatjie in the Northern Cape, where the company's mining operations are based. The operations implemented most of their targeted community development projects in 2015. Venetia mine implemented eight of the nine planned projects, with the one planned to start in 2016. Voorspoed mine implemented all its projects and Kimberley Mines implemented four of its five projects, with the one project planned to start in 2016. The expenditure was focused on

school infrastructure projects, teacher training and subventions, and mathematics and science projects. The CSI expenditure covered cash and in-kind support for development projects. De Beers will be developing the third cycle of its SLPs for submission to the DMR, which will include new development projects for the five years starting 2017.

In line with the Mining Charter requirement that multinational suppliers contribute 0.5% of the revenue generated from their contracts towards social development programmes, in 2015 contractors at Venetia mine and at Voorspoed mine invested R9.7 million and R0.3 million respectively on corporate social investment projects.

Image

The process plant from the northern side of the Venetia property.



DEVELOPING MINE COMMUNITIES continued

DE BEERS PROJECT HIGHLIGHTS

Providing educational infrastructure

During 2015, De Beers' educational infrastructure projects included investing R5.8 million in the construction of additional classrooms at the Renaissance High School in Musina, in partnership with the Limpopo Education Development Trust. The company spent a further R0.8 million at the Ratanang Special School. In Parys, De Beers invested R 0.7 million in the construction of a science laboratory at the Phehellang Secondary School and an additional R4 million on renovating the school's buildings.

De Beers and the Blouberg municipality continued with the ECD partnership programme they initiated in 2014. De Beers completed the Grootpan ECD Centre and invested R2.5 million in the construction of the Siaz village ECD Centre.

Developing and supporting teachers

De Beers, in partnership with the University of the Free State and the University of the North West, has invested R3.6 million in two teacher-development programmes in the Free State and Northern Cape provinces respectively. The programmes are designed to improve mathematics and science training.

De Beers' school-subvention programme continues to be one of its key projects in Musina, where the company spent R3.3 million supporting Musina High School, Eric Louw High School and Messina Primary School. The initiative seeks to appoint additional teachers at these schools and reduce the number of learners per class.

Focusing on mathematics and science programmes

De Beers continues to focus on promoting mathematics and science tuition in the communities surrounding its operations. During 2015, the company invested R1.2 million on programmes in Musina, Blouberg and Kroonstad.



KUMBA

Kumba community development expenditure (Rm)

	2015	2014
SLP projects	52.2	51
CSI projects	122.4	151
Total	174.6	202.3

Kumba community development expenditure by sector

Sector	Expenditure (Rm)
Health and welfare	38
Education and skills development	30.5
Infrastructure development	36.9
Enterprise development	10.7
Institutional capacity-building, staff time and donations	34.5
Other (sports, arts, culture and heritage)	24
Total	174.6

In 2015, the persistent decline in export iron ore prices continued to affect Kumba's profitability and, in turn, its community-development budget, on which the company spent R174.6 million (2014: R202.3 million). Most of the development initiatives contribute directly to progressing SLP commitments. Some SLP projects were carried over to 2016 owing to challenges with the municipalities involved.

All planned SLP projects were implemented at Sishen mine (four projects) and at Kolomela mine (nine projects). An enterprise-development project planned at Thabazimbi mine will be implemented as part of the mine's closure plan.

The company commissioned a social-impact assessment during 2015, which provided detailed insight into its performance and valuable recommendations.

Kumba has continued to make progress with relocating the Dingleton community to Kathu (30 kilometres away) in the Northern Cape, to facilitate the expansion of Sishen mine. The resettlement extends beyond the provision of around 500 new homes. The suburb is acquiring new infrastructure and Kumba has specific processes and

strategies in place to contract and further develop Dingleton-based SMEs. Although the new settlement has been constructed by major contractors, local businesses have been contracted for smaller jobs such as electrical reticulation, paving and landscaping.

KUMBA PROJECT HIGHLIGHTS

Building local business capacity

In 2014, Kumba launched an intensive two-year supplier-development pilot programme aimed at building local business capacity in the Northern Cape. The programme is currently assisting 19 local businesses and entrepreneurs near the Sishen and Kolomela operations, which collectively created 400 job opportunities in 2015. The initiative is designed to build core business skills while increasing supplier awareness of risk and a better understanding of our corporate expectations. Through Anglo American's Zimele enterprise-development hubs, in 2015 Kumba provided R3.1 million in funding to nine SMEs that created 87 new jobs.

Responding to increasing demands for quality healthcare services

According to the Kolomela SEAT report, the influx of people into Postmasburg town owing to extensive mining developments put additional strain on the already poor local public healthcare system. In response to the increasing demand for quality access to healthcare services, Kolomela mine partnered with the Northern Cape Department of Health and the local municipality to construct a primary healthcare facility in Postmasburg. Kumba contributed to the funding, medical equipment and joint project management of the initiative. At a total investment of R9.5 million, the fully equipped Postmasburg District Clinic was launched in April 2015. A local BBBEE-compliant joint venture was appointed to construct the clinic. During the 14-month construction phase, 92 local jobs were created, including bricklayers trained at the Kolomela Community Skills Training Centre.



PLATINUM

Platinum community development expenditure (Rm)

	2015	2014
SLP projects	336	107
CSI projects	210	129
Total	546	236

Platinum community development expenditure by sector

Sector	Expenditure (Rm)
Health and welfare	102.8
Education and skills development	71.3
Infrastructure development/water and sanitation	30.2
Enterprise development	165.8
Institutional capacity-building, staff time and donations	38.8
Arts, sports, culture, environment, energy, climate change	40.4
Other	96.8
Total	546.1

DEVELOPING MINE COMMUNITIES continued

In 2015, Platinum invested just over R546 million in community development in South Africa (2014: R236 million): R336 million was directed towards SLP projects and R211 million towards CSI projects. Platinum's SLP includes 114 projects, of which 99 had been completed by the end of 2015, and 16 are due for completion in 2016. Certain projects have experienced delays and their protracted implementation has required additional expenditure. Through its community-engagement activities, Platinum has identified additional project opportunities and has applied to the DMR to have these added to its SLP.

A community development impact assessment is scheduled for 2016 following the completion of Platinum's

current SLP cycle. During 2015, Anglo American's Social Ethics and Transformation and Safety and Sustainable Development Committees visited several of Platinum's community projects and provided very positive feedback.

During 2015, Platinum has worked with communities and government to alleviate tensions and seek to resolve community concerns and challenges at its Mogalakwena and Twickenham mines. Priority investments include skills- and job-creation initiatives and responding to pressing infrastructural needs. For example, Platinum partnered with Road Agency Limpopo and the Department of Public Works to build a new road in Twickenham.

PLATINUM PROJECT HIGHLIGHTS

Promoting agriculture-related sustainable living in communities

Platinum's Mogalakwena mine is pioneering various land-stewardship projects aimed at enhancing socio-economic resilience in its neighbouring communities. The mine's Groenfontein farm and training centre offer courses in permaculture and cattle management to neighbouring communities. For the youth, it offers a sustainable development course linked to the international eco-schools programme.

Building on the success of the training centre, a community-development incubator was established on Groenfontein farm in October 2014 with funding from Platinum. The incubator offers a combination of farming education, hands-on training and infrastructure to help farmers launch new agricultural businesses on their own or communal land. The goal is to support and grow the agricultural base in the region and to help communities become self-supporting while protecting the environment.

This leading community empowerment project has been extended to Twickenham, and currently comprises seven SLP projects.

Institutional capacity building

In 2015, Platinum invested R38.8 million towards institutional capacity development. The company is engaged in public-private partnerships with the Development Bank of Southern Africa (DBSA) to support capacity building and service delivery in host municipalities. Platinum also engaged the DBSA to develop and deliver leadership and governance training for 540 members of traditional councils on 29 sites where it operates. A total of R20 million is to be invested in the project over five years (2014 to 2018).

Youth development and education programmes

Platinum invested R32.8 million in the construction of 11 schools in Limpopo and North West provinces in 2015. A further R15.8 million was directed towards implementing education support initiatives in these provinces. This included equipping schools with computer centres and science laboratories. In addition, the company is supporting 83 learners with engineering learnerships and 42 learners undertaking hospitality learnerships.

ANGLO AMERICAN CHAIRMAN'S FUND

Anglo American Chairman's Fund community development expenditure by sector	
Sector	Expenditure (Rm)
Health	10.6
Education (including infrastructure for schools)	35.3
Community development	4.6
Welfare support	4.6
Youth development	2.1
Sustainable livelihoods	6.0
Capacity building	1.4
Thought leadership	2.4
Total	67.00

The Anglo American Chairman's Fund is a dedicated CSI arm, through which Anglo American makes its social investment on a national scale in South Africa. The AACF focuses on providing support to the rural and urban areas of the country where the poverty burden is higher, creating new development opportunities and addressing urgent social needs in key national sectors, namely: education (early childhood development, support to special needs schools, infrastructure for schools and teacher development), health (public health strengthening and HIV/AIDS prevention), and thought leadership and sustainable community development (community development, welfare support, livelihoods and capacity building).

The fund strives to remain the leading corporate donor in South Africa. To achieve its goals, it works in partnerships with government, civil society groups, funders and donors,

collectively delivering grants and funding, and sharing learnings and opportunities. The fund supports up to 150 non-governmental organisations, universities, think tanks and government departments annually.

In 2015, the fund invested R67 million on CSI grants with 161 beneficiary organisations. This included R35 million on education-related projects and R11 million on health-related projects. Most of the projects supported have a duration of 10 to 12 months, and a few infrastructure projects are implemented over up to two years.

The fund has two flagship programmes: the Numeracy Chairs is a partnership with the Department of Science and Technology through the National Research Foundation and the First Rand Foundation; and the Field Band Foundation provides annual grants in the Kumba and Coal South Africa business unit operational areas.

ANGLO AMERICAN CHAIRMAN'S FUND PROJECT HIGHLIGHTS

The fund has supported the Centre for Community Justice and Development's Bulwer Support Centre since 2010. The support centre in Bulwer, a small town in the KwaZulu-Natal's Midlands region, provides access to justice for disadvantaged rural communities by providing trauma counselling, legal advice, mediation and educational services. The office is run by women from the local community, all of whom have paralegal qualifications from the University of KwaZulu-

Natal. The project budget is around R500,000, of which the fund supports 64% annually. During the reporting period the Bulwer Centre attended to 188 cases, the most common being legal advice (127) and domestic violence (44). It conducted 36 successful mediations and helped clients obtain seven protection orders to help reduce domestic violence and solve social problems. The centre helped clients to obtain at least R564,000 in financial rights such as pensions, maintenance and grants, benefiting 32 people.

OUR PARTNERS

Diversifying ownership in our mining assets, increasing local procurement, and facilitating enterprise development and beneficiation are all critical means of advancing the empowerment of HDSAs and contributing to the socio-economic development of our communities.

IN THIS SECTION

- Diversifying ownership to promote greater economic participation
- Promoting socio-economic development through local procurement
- Enterprise development
- Facilitating beneficiation

DRIVING CHANGE

Business units
met and exceeded Mining Charter ownership requirements

R67 billion

Value of BEE transactions concluded since 1994

Flagship mining companies

Formed as a result of our BEE partnerships

All South Africa-based employees

Members of an employee share ownership plan (ESOP)

DEFINING OUR FUTURE

Increasing the level of participation and ownership

by HDSAs in our mining assets

Maintaining and increasing
sustainable, responsible procurement practices

Facilitating enterprise development

through our Zimele initiative

Supporting government's
beneficiation objectives



Image

SMEs have a positive multiplier effect on communities.

DIVERSIFYING OWNERSHIP TO PROMOTE GREATER ECONOMIC PARTICIPATION

Anglo American in South Africa has been instrumental in the creation of some of the country's most significant empowerment companies. Our business units met, and in some instances exceeded, the Mining Charter's 26% HDSA ownership requirement, well before 2014. In spite of the challenging operating context in recent years, we have continued to strive to move beyond regulatory compliance, pursuing innovative opportunities to extend and distribute the benefits of ownership to employees and host communities, notably through our ESOPs and community trust initiatives.

OUR APPROACH

We continue to seek to increase the level of participation and ownership by HDSAs in our mining assets. In calculating BEE ownership, we have measured the portion of our production transferred to HDSAs. Where equity interests or portions of mines were sold, the equivalent production is calculated. Measurement takes place just below the first BEE controlled entity in a chain of companies. Where BEE entities acquired control of a mine's production, 100% of the production is counted as being transferred to HDSAs.

Summary of HDSA Ownership

	Kumba	Coal South Africa*	Platinum	De Beers
Percentage HDSA ownership (target: 26% by the end of 2014)	29	28.5	27	27
a) BEE entrepreneurs, consortia or companies	20	27.9	15	8
b) Employees (e.g. ESOPs)	6	0	1	13
c) Community interests	3	0.6	10	6
Total % HDSA ownership credits	29	28.5	27	27

*Based on 2015 production or production equivalent

OUR PROGRESS

Our business units comprise the following empowerment percentages:

- Kumba, through SIOC: 29%
- Coal South Africa: 28.5%
- Platinum: 27%
- De Beers: 26.6%

Since 1994, we have concluded BEE transactions with an estimated value of around R67 billion. Our BBBEE partnerships have led to the creation of flagship mining companies, including Exxaro Resources, African Rainbow Minerals, Royal Bafokeng Platinum, Shanduka, Mvelaphanda, Atlatsa, Ponahalo and Anglo American Inyosi Coal. Most of the companies that have acquired our assets have flourished, not only in mining, but in their diversification into other parts of the South African economy.

Through the sale of our mining assets, we have also achieved meaningful, sustainable and broad-based empowerment through the participation of communities, employees and entrepreneurs.

Since 2012, all our South African-based employees are members of an ESOP. Structured to support our aspiration to be both an employer and partner of choice, our ESOP and community trust initiatives have provided the opportunity for workers and communities to benefit from our mining activities.

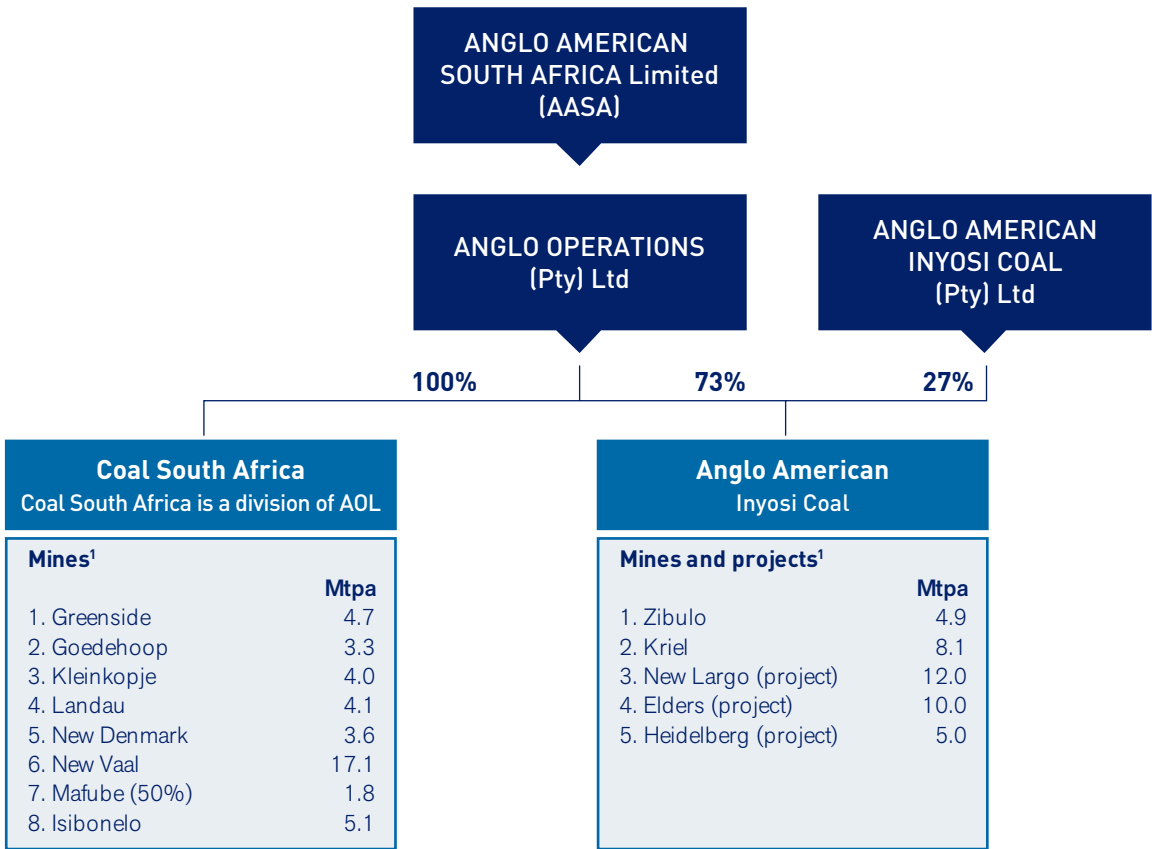
DIVERSIFYING OWNERSHIP TO PROMOTE GREATER ECONOMIC PARTICIPATION continued



COAL SOUTH AFRICA

Anglo Operations (Pty) Ltd (AOL) is empowered on the basis that it transferred at least 28.5% of its 2015 attributable production to HDSA-owned and -controlled entities. Measured on a long-term production-capacity basis, AOL has transferred in excess of 26% of its business to HDSAs. A part of this was achieved through Anglo American Inyosi Coal (Pty) Ltd (AAIC), which has a 27% HDSA shareholding. AAIC owns extensive undeveloped resources at New Largo, Elders and Heidelberg.

Coal South Africa structure



¹ Attributable units of production empowerment

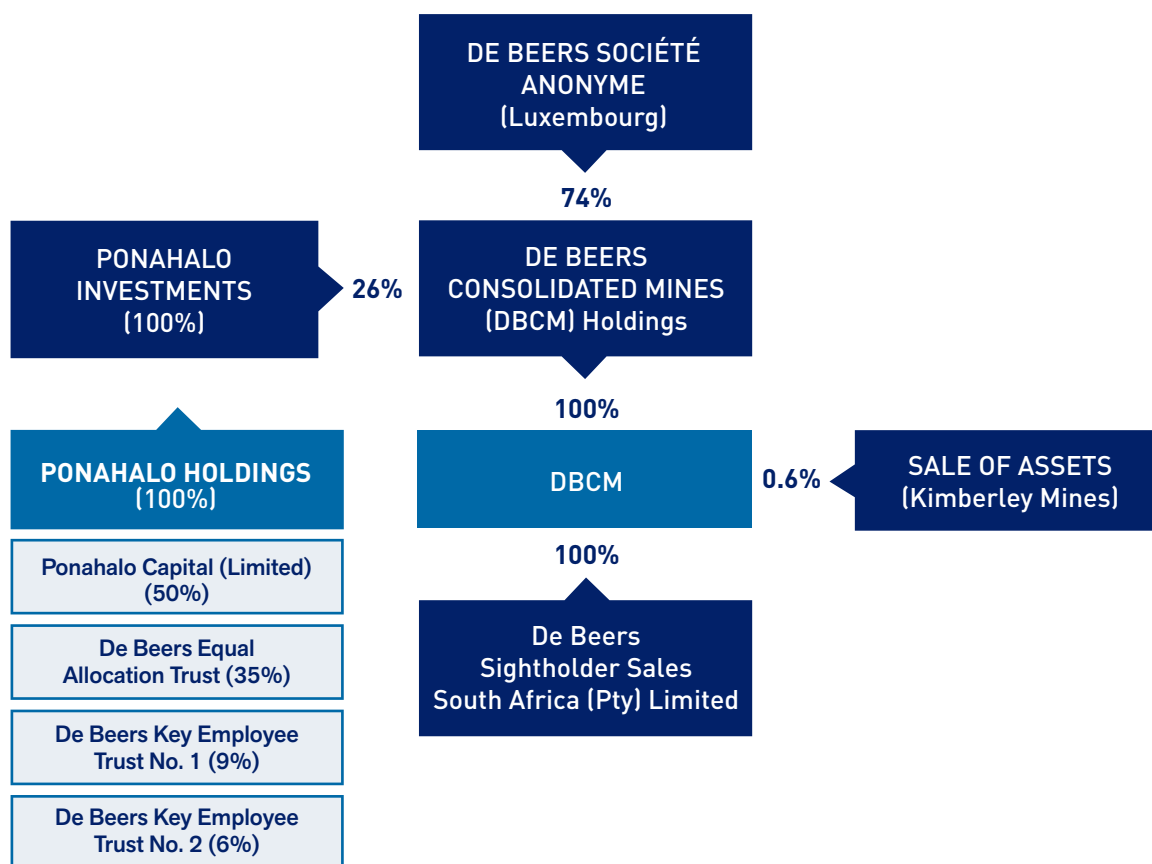
¹ Equity empowerment



DE BEERS

De Beers is empowered through an ongoing relationship with its empowerment partner Ponahalo, which holds a 26% shareholding in DBCM – the company that owns De Beers' mining operations in South Africa.

De Beers structure



DIVERSIFYING OWNERSHIP TO PROMOTE GREATER ECONOMIC PARTICIPATION continued



KUMBA

In 2006, Kumba completed a BEE ownership transaction at a company level, resulting in 26% HDSA ownership. Kumba's ownership split is summarised below:

Kumba structure

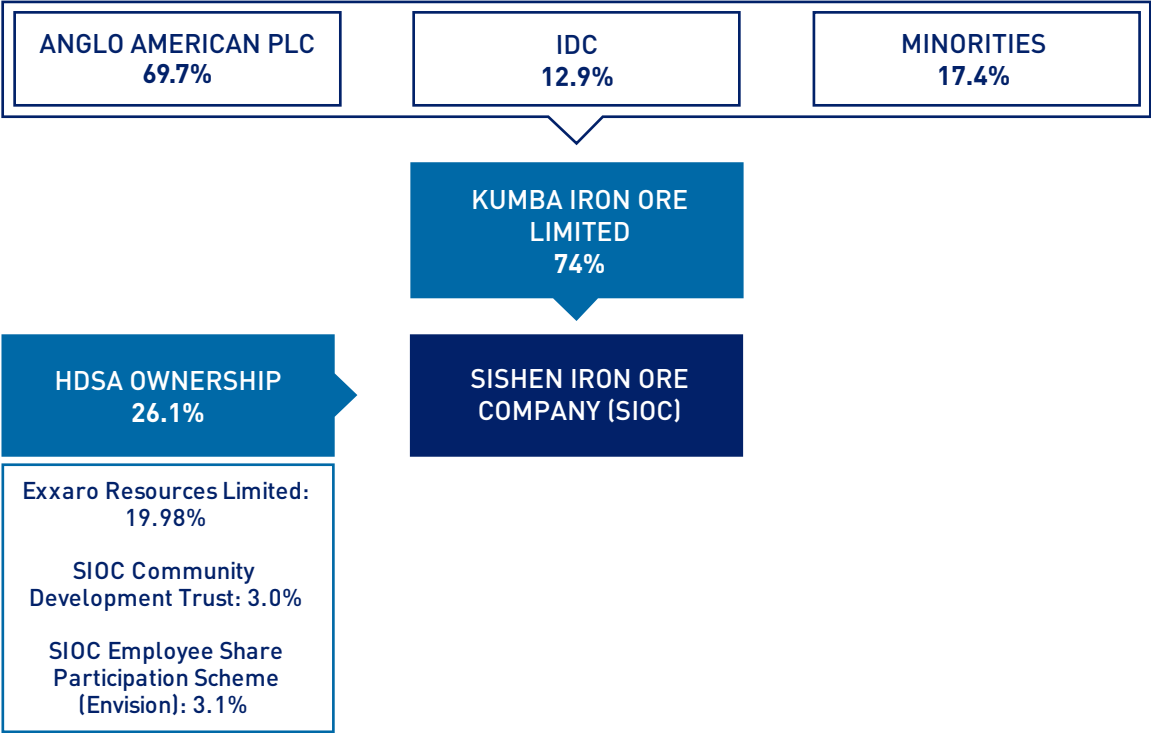


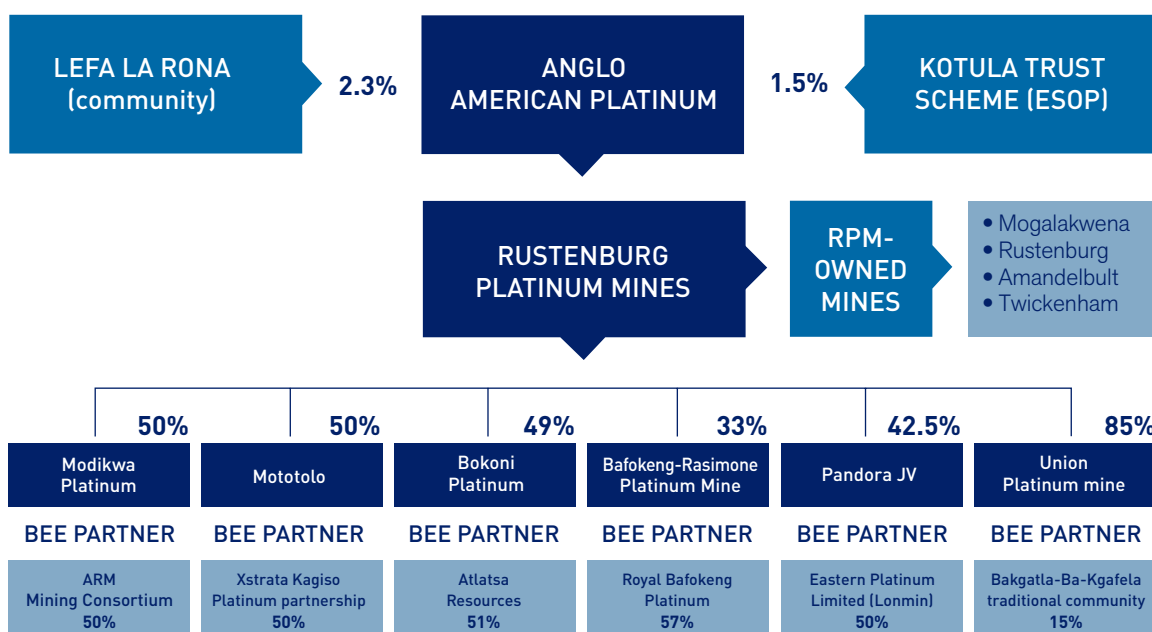
Image
The Deputy Minister of Mineral Resources, Godfrey Oliphant, MEC for Social Development in the Northern Cape province, Mxolisi Sokatsha, members of the Kumba board and other stakeholders participated in the stakeholder day at Kathu in 2014. The Kolomela housing project was one of many projects showcased at this event.



PLATINUM

Platinum has transferred at least 27% of its business (measured on attributable production) to HDSAs through the sale of assets, joint ventures transactions as well as through the participation of community trusts and employee share ownership plans.

Platinum structure



PROMOTING SOCIO-ECONOMIC DEVELOPMENT THROUGH LOCAL PROCUREMENT

Our vision is to maintain and increase sustainable and responsible procurement practices that positively contribute to the economic and social development of the communities in which we operate. Our local and preferential procurement initiatives are critical in securing and maintaining our licence to operate and provide the impetus for boosting economic growth in host communities.

Anglo American South Africa's approach to managing its supply chain aims to exceed compliance and work with stakeholders to foster meaningful, sustainable change. Our supplier-development activities create better visibility of local-supplier capability and assist in building local suppliers' capacity and market opportunities.

OUR APPROACH

To deliver on our transformation objectives and to comply with the requirements of the Mining Charter, since 2010 we have been implementing a preferential procurement policy and initiatives aimed at increasing levels of procurement of goods and services from BEE-compliant companies, and from businesses operating in and contributing to the communities in which we operate. BEE-compliant companies are those businesses that have met the required levels of HDSA representation in their ownership structures. Qualifying 'local' businesses are market-competitive and based in communities close to our operations.

We endeavour to build an inclusive and multi-faceted supply base, leveraging the procurement opportunities created by mining operations to drive local economic growth. Our approach is one of partnership, working with local entrepreneurs, municipalities and relevant technical teams. Initiatives are designed to optimise opportunities to integrate local businesses, in particular SMEs, into our supply chain. We assist them in managing cost drivers and competing successfully for new business. The business units seek opportunities to diversify the services they procure from local suppliers, from the traditional non-core services such as facilities management to more complex services that are core to our business.

Each business unit is implementing initiatives that are tailored to address the specific needs, capabilities and expectations of suppliers based in and around host

communities. In seeking to identify and create procurement opportunities, we set clear targets which go beyond SLP and compliance commitments. In promoting preferential procurement practices, we do not compromise on quality, delivery, service, safety, health and environmental performance or any technical requirements.

Progress is driven through diverse initiatives. Supplier-development activities at our business units include engaging with suppliers at all levels on understanding and meeting our requirements. With our large suppliers, we engage in targeted transformation discussions aimed at addressing both their equity profile and local-content levels. We partner to provide business training and increase the technical competency of small businesses, 'ring-fencing' certain supplier categories for entrepreneurs who employ local people (for instance in construction and coal haulage, gardening, catering, general maintenance and security services), and offering simplified and shortened payment terms. The operations seek opportunities to sub-contract and 'unbundle' larger contracts, dividing these between long-established contractors and emerging entrepreneurs, in order to facilitate a transfer of knowledge and skills to local businesses.

To assist BEE or inexperienced suppliers in overcoming barriers that prevent them from accessing mining-related opportunities, our supplier-development approach is predicated on five major levers:

- strengthening internal ability to identify, plan and manage local procurement
- increasing visibility of supply-chain opportunities, supported by strong community engagement
- simplification and standardisation of processes and supplier communication
- delivering "fit for purpose" supplier-development programmes aimed at building the safety, technical and operational efficiency of small companies
- working with external partners to increase programme effectiveness, while reducing costs.

Responding to challenges

Challenges associated with developing suppliers include the complex needs and expectations of different stakeholders, and finding suitable suppliers in the services category and/or specialised commodities. A high number of suppliers are in the civils and building categories and there are limited opportunities in those areas. The geographical location of a number of our operations also creates challenges in the availability of local suppliers to

provide the items and services we need. Other challenges include creating awareness among stakeholders of the importance of BEE compliance in the procurement-contract process, and the over-reliance of mining communities on the mining sector to deliver economic and social benefits. Our ability to buy goods and services from communities surrounding our operations plays a significant role in mitigating social tensions.

Local procurement opportunities are being squeezed as a result of commodity price pressures, short-term value targets and complexities around working with small businesses. By building competitive skills through supplier-development efforts, we aim to improve efficiency and cost drivers and build technical capabilities to assist suppliers in marketing to other potential customers.

Despite maintaining industry leading levels of procurement expenditure with HDSA-empowered suppliers, we have made limited progress in promoting industrialisation or broader supply-chain inclusion. We are working with large suppliers to support broader localisation and skills-transfer efforts, and seeking co-investment for supplier development. These efforts aim to build local industrial capacity over time. In addition, our supplier-adoption process is aimed at ensuring seamless use of suppliers across multiple operations.

A changing legislative landscape in South Africa has required a change in our operational model, procedures and focus in order to increase accessibility to mining opportunities, especially to black-owned small businesses. We seek to align our plans, systems and processes with evolving regulatory expectations in order to limit licensing and other risks. An increase in the visibility of supply-chain opportunities and alignment of messaging with community-engagement teams (including Zimele) is assisting in managing increasing community expectations of mining-procurement opportunities.

A number of small and emerging suppliers incorporated into mining supply chains are not able to meet our technical, quality, social, safety or environmental requirements. We have introduced focused supplier-development programmes aimed at building these competencies, with work commencing prior to tender evaluation.

There is a need to better evaluate the return on investment and positive impact of our supplier-development activities in local communities. This will be a focus going forward, together with ensuring governance and accountability of projects, and adequate resources, to increase the value generated through Group-development expenditure.

OUR PROGRESS

In 2015, we maintained a strong preferential procurement performance, with significant improvements in certain areas. This was achieved despite significant organisational restructuring, revised cost savings initiatives and changes in market conditions, which saw a contraction in the value of goods and services we purchased relative to prior years. The business units continue to embed transformation at all levels of procurement processes, appreciating the importance of entrenched and worthwhile relationships extending down to the first contact point in the supply chain and procurement department.

Supplier-development programmes continued to gain momentum and we made good progress in assisting suppliers at all levels to overcome barriers to becoming BEE-empowered. Several of our large OEMs (original equipment manufacturers) have increased their BEE transformation profile as a condition to supply to Anglo American. In 2016, we will be working with these OEMs to ensure higher levels of local employment, skills transfer and new business opportunities within their supply chains.

In 2015, all business units exceeded the Mining Charter's 2014 procurement expenditure targets in all areas. Anglo American South Africa's aggregate performance far exceeded the targets, improving significantly in all categories, sourcing 75% of capital goods (2014: 58%), 82% of services (2014: 72%) and 79% of consumables (2014: 69%), from BEE-empowered suppliers. Platinum and Coal South Africa, which narrowly missed their services targets in 2014, made significant progress in the services category, achieving 79% and 84% respectively in 2015.

Despite the challenging operational context, levels of expenditure with BEE-empowered companies across the business units totalled more than R36.7 billion (2014: R39.6 billion), accounting for 79% of our total procurement expenditure in South Africa (2014: 70%), (excluding all goods and services procured from the public sector and public enterprises).

In 2015, Anglo American South Africa's collective local procurement expenditure was just under R12.0 billion, representing a slight decrease on last year (2014: 13.7 billion) on account of a reduction in our overall spend. Local expenditure accounted for 26% of total expenditure, representing a significant increase on 22% in 2014, owing to Kumba improving its proportion from 26.1% in 2014 to 29% in 2015 and De Beers (DBCM) improving from 23% in 2014 to 34% in 2015.

PROMOTING SOCIO-ECONOMIC DEVELOPMENT THROUGH LOCAL PROCUREMENT continued

BEE and local procurement expenditure in 2015

	Capital	Services	Consumables	Aggregate BEE spend*	Actual BEE spend***	Local procurement spend	Total discretionary spend
Targets	40%	70%	50%	%	Rm	Rm	Rm
Coal South Africa	70	79	78	77	7,745	2,436	10,085
De Beers**	76	86	83	85	4,324	1,739	5,084
Kumba	76	78	81	79	15,317	5,674	19,448
Platinum****	79	84	75	79	9,288	2,108	11,691
AASA Total	75	82	79	79	36,674	11,956	46,310

* Based on total procurement spend from each category

** Only De Beers Consolidated Mines (DBCM)

*** Excluding goods and services procured from the public sector and public enterprises

**** Platinum mining licence holder sites only



COAL SOUTH AFRICA

Coal South Africa's total procurement expenditure declined by 14% (from R11.4 billion in 2014 to R10 billion in 2015) owing to a decrease in operational activity. High levels of expenditure with BEE-empowered suppliers were maintained, totalling R7.7 billion in 2015 (2014: R7.9 billion) and accounting for 70% for capital goods (2014: 54%), 79% of services (2014: 68%), and 78% of consumables (2014: 76%).

Expenditure with local suppliers increased to R2.4 billion (2014: R2.0 billion), accounting for 24% of all procurement, exceeding the target of 21% in 2015. Promoting local expenditure is a particular challenge for two of the company's operations which are located in small towns.

Through its supplier-development programme, Coal South Africa identified and is building the operational efficiency of 30 local SMMEs. Each of the company's six operations is providing mentorship and support to five of the SMMEs. By year-end, 17 of the SMMEs were successfully trading with Coal South Africa operations, and eight of these have

two-year or longer contracts with the operations.

Expenditure with the SMMEs totalled R26 million (2014: R12 million) and the SMMEs created 216 (2014: 134) local employment opportunities. A focus in 2016 is to replace those suppliers on the supplier-development programme that have not been successful and enrol 10 to 15 new suppliers into the programme, with an emphasis on suppliers that offer specialised skills.

A highlight in 2015 was the progress achieved through Coal South Africa's stipulated outsourcing to local SMMEs of 15% of the management of discarded materials across its mines. Discarded-materials contracts typically include employee-transport services, survey activities, and road maintenance, as well as the discarding of materials. Approximately R36 million's worth of work has been awarded and further contracts will be awarded in 2016. The larger contractors undertook technical pre-qualifications with the selected SMMEs and have integrated skills-development initiatives into contract terms and conditions.

Image

Metallurgist Boniswa Dladla (left) and opencast manager Ernest Mandere at the Phola process plant.





DE BEERS

De Beers' preferential procurement programmes seek to stimulate growth in other sectors. The business has well-established initiatives in South Africa aimed at supporting development through value-adding downstream diamond-related activities, such as diamond processing and jewellery manufacturing, through partnerships with government and industry partners.

Each operation has established a procurement progression plan to enhance the identification, procurement from and subsequent management and development of BEE entities. A supplier-development framework has been developed to formalise the development initiatives for current BEE entities supplying to the operations and also to link prospective suppliers with opportunities, specifically in the communities where the operations are situated.

In all contracts, a clause is included encouraging contracted suppliers to contribute 0.5% of their contract revenue to CSI projects in the local communities. Multinational companies contributed an average of 3.94% of revenue from capital goods procured by De Beers to CSI projects during 2015. All suppliers are now required to submit a socio-economic development plan when tendering, to indicate their intended contribution to the

communities in which the mines operate. Progress on these plans is closely monitored.

Total discretionary expenditure in 2015 was R5.1 billion (2014: R5.3 billion). Levels of procurement from BEE-empowered entities continue to increase on a year-to-year basis. In 2015, De Beers spent R4.3 billion (85% of total procurement expenditure compared with 82% in 2014) on BEE-owned and empowered entities through the procurement of 76% (2014: 78%) of capital goods, 86% of services (2014: 85%) and 83% of consumables (2014: 82%) from BEE-empowered entities.

A total of R1.7 billion (34%) was procured from BEE-empowered entities located in the provinces in which De Beers operations are situated (2014: R2.2 billion or 42%). Up to 2015, levels of expenditure with BEE entities and with local BEE entities had steadily increased over the previous five years. The reduction in 2015 can be attributed to the purchase of capital equipment for the Venetia Underground Project that is not available in the local province.

An example of a multinational's contribution to CSI projects is Dell, which for a second year running, donated three Dell laptops to the top Grade 12 learners in each province that De Beers operates in: Northern Cape, Free State and Limpopo.



LOCAL BEE SUPPLIER DEVELOPMENT HIGHLIGHTS

Renuna Trading is a black-woman-owned entity based in Musina, Limpopo, that manages guest facilities (a lodge) and provides catering and laundry services. Launched in 2015, the enterprise was identified through the supplier-development process and Venetia mine, and Servest is providing guidance and support to grow and sustain the business. De Beers Zimele provided start-up funding for Renuna to deliver on a R1.94 million per annum contract for two years. Servest provided training and mentoring. Renuna employs 10 permanent local employees.

Image

Renuna team members preparing dinner at the Diamond Guest House in Musina.



Yonke Konke is a black-owned entity based in Musina, launched in 2015, that supplies mining consumables. Having initially supplied kitchen consumables and stationery items, with support and guidance from Venetia the business refocused on mining supplies. The business employs three permanent local employees. Plans are in place to expand its scope and provide further support to grow the business.

Image

Yonke Konke delivery vehicle.

PROMOTING SOCIO-ECONOMIC DEVELOPMENT THROUGH LOCAL PROCUREMENT continued



KUMBA

In 2015, Kumba increased its expenditure with BEE suppliers to R15.3 billion (2014: R14.4 billion), accounting for 76% of capital goods (2014: 58%), 78% of services (2014: 80%) and 81% of consumables (2014: 74%). Aggregate BEE expenditure improved to 79%, up from 71% in 2014, mainly as a result of a significant increase in BEE spending on capital goods, owing to improved BEE status of key suppliers.

In 2015, Kumba spent R5.7 billion on local suppliers (2014: R 5.3 billion). This represented 29.2% of total supplier expenditure (2014: 26.1%) and exceeded the company's internal target of 16%.

Kumba continues to focus on collaborating with various companies to promote SMME business development and upskilling in the Dingleton community. The company's sustainable development programme has gained momentum over the last two years, to date creating more than 450 jobs with salaries amounting to R8.7 million having been paid out to the Dingleton community. During 2015, more than 600 people received training across a spectrum of construction skills, business acumen, interactive mentoring, computer literacy and trade-related

activities. As a result of mentoring and training, 21 SMMEs have been contracted for smaller jobs such as electrical reticulation, paving and landscaping. SMMEs contracted to Kumba have been paid out R20.4 million over two years. Kumba sourced R3.9 million worth of materials, services and labour directly from the Dingleton community and R184 million indirectly through a local service provider building houses for the resettlement.

A large focus for Kumba has been to build awareness and visibility of supply-chain opportunities while building local-supplier capability. In addition to various supplier-engagement sessions, since 2014 the company has invested in an intensive supplier-development programme aimed at building local business capacity in the Northern Cape. The programme is currently assisting 19 local businesses and entrepreneurs located between its Sishen and Kolomela operations and is designed to build core business skills, while increasing supplier awareness of risk and a better understanding of operational expectations. The entrepreneurs have collectively increased job opportunities by over 30%, amounting to more than 400 jobs sustained in 2015, and were also afforded opportunities to tender in their various business disciplines.



SUPPORTING COMMITTED AND SKILLED LOCAL CONSTRUCTION COMPANIES

Kumba's development of a new settlement near the town of Kathu for the relocation of Dingleton residents has progressed well and is due to be completed in 2016. The construction has been undertaken by major contractors, while local businesses have been contracted for smaller jobs. A commitment to ensuring the highest standards of quality is maintained at every stage.

As part of Kumba's plans to contract and further develop Dingleton-based SMEs, the integrated construction services company Group Five has been training, mentoring, and contracting local SMMEs, and monitoring their delivery to ensure that it meets their exacting standards. A shining example of a committed and skilled SMME that has made a valuable contribution to the new settlement is the local construction company managed by husband and wife team, Colin and Renata Visagie. The company secured the contract to paint 10 of the replacement houses built for Kumba, which entailed the complete coating of the houses, from raw cement to final finishing. Recognising the demands of the task at hand, the company employed over 20 painters for the project, selected on the basis of their proven physical stamina and professional application skills. Colin and Renata are on site every day, making sure they deliver real value for the project. The team worked energetically and neatly, providing inspiration to budding contractors.

Image

Building contractors at Dingleton settlement.



PLATINUM

In 2015, Platinum's expenditure with local suppliers for mining licensed operations was R 2.1 billion, and overall local procurement (inclusive of non-mining licensed operations) was R 4.1 billion (2014: R3.6 billion). This represented 18% (2014: 18.2%) of mining licensed expenditure.

Although deteriorating market conditions necessitated budget restrictions across the business, Platinum maintained its focus on engaging with non-BEE suppliers to become compliant. Aggregate BEE expenditure improved to 79% compared with 61% in 2014, mainly as a result of a significant increase in BEE expenditure in all categories. BEE expenditure accounted for 79% of capital goods (2014: 55%), 84% of services (2014: 66%) and 75% of consumables (2014: 60%).

The company's progress in increasing levels of BEE and local procurement is attributable predominantly to training and supporting local enterprises. In 2015, various subject matter experts trained 400 local suppliers and enterprises on business-management topics, including corporate governance, tax, basic accounting and financial management.

In the projects field, Platinum has made good progress in increasing its expenditure with local suppliers by partnering local contractors with a mentor company to expand their capacity in their area of specialisation and, consequently, the scope of the contract. For example, this approach was effective in developing a local black supplier of drill and blast services to Platinum's Mogalakwena mine to also supply blasting material. The supplier was awarded

the additional scope to its contract, quadrupling its estimated annual expenditure. A further example is a local, black women-owned company that has been awarded a five-year contract to provide secondary rock-breaking, a production-critical service. Dedicated training and support from one of the mine's strategic partners has ensured that the local company is receiving the training and maintenance support required to successfully deliver its services.

Platinum's progress has been achieved in the context of various challenges. Company restructuring resulted in disruptions to ways of working and required efforts to be refocused on maintaining a positive performance in BEE transformation and on seeking to stimulate economic activities in the areas where the company operates.

Community unrest and protests in certain of Platinum's operational areas, notably Mogalakwena and Steelpoort, have highlighted communities' discontent with the lack of employment and procurement opportunities. All Platinum's operations have been increasing their efforts to accelerate the tangible impact of local procurement within the mines' host communities.

A key challenge that could hamper the sustainability of some of the local procurement initiatives is community resistance to allowing entrepreneurs from outside of their immediate community to operate in their area. Although this may present more opportunities for local companies in the short term, it limits the longer-term viability of community expansion. Platinum continues to work with relevant stakeholders to deliver solutions that provide for longer-term sustainability in the mine communities.

Image

Discussing new de-bottlenecking project – Control Room at Mogalakwena North Concentrator – Control Room operator Tumelo Mathatho, C&I engineer Mpho Ramafalo, and Control Room operator Rose Masenya.



ENTERPRISE DEVELOPMENT

Through our Zimele enterprise-development initiative, we have made a positive influence in the communities around our operations over the past 26 years. Zimele has been a catalyst in the development of emerging black businesses, for empowering entrepreneurs, and in facilitating job creation.

Facilitating 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. Targeted enterprise development has the potential to boost small business and, through its multiplier effect, to address the triple challenges of poverty, unemployment and inequality.

OUR APPROACH

We support previously disadvantaged South Africans in creating and developing commercially viable and sustainable SMEs. The Zimele model combines financial

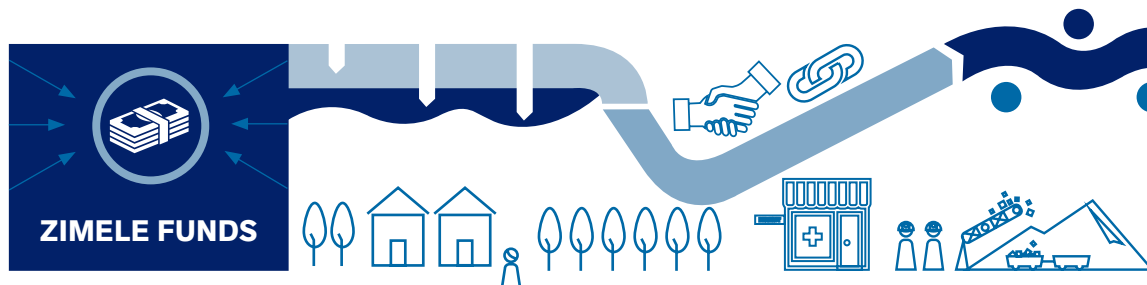
support (equity finance or subsidised loans) with mentorship, providing business and implementation support, together with access to capital and markets, to assist local SMEs to grow and create job opportunities. This approach aligns with our efforts to procure from enterprises close to our operations whenever possible, delivering value for the business and for communities around the operations.

Zimele operates six funds, which are a combination of in-house and partnership funds. The funds 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. The funds focus on developing businesses in particular sectors, and increasingly support non-mining-related SMEs. The organisation partners with other role players to deliver on specific mandates. For example, to address the pressing challenge of unemployment in South Africa, we work with government to bring our enterprise-development model to areas where we source our labour. Zimele provides assistance through a nationwide network of business hubs (walk-in centres) that enable entrepreneurs and SMEs across the country to access vital facilities, knowledge, SME services, funding and support.

Image

Anglo American Enterprise and Supplier Development Conference at the Gordon Institute of Business Science in Johannesburg.





IN-HOUSE FUNDS

Community fund



Provides funding of up to R3.5 million, training and skills development for business owners in host communities and in labour-sending areas. The fund is managed through a network of small business hubs around the country.

Supply chain fund



Assists the procurement departments at Anglo American's operations in identifying appropriate black-empowered SMEs to supply products and services. Provides funding of up to R5 million, as well as direct support, business guidance and skills transfer.

Green fund



Targets investment opportunities to mitigate carbon emissions, reduce energy and water consumption and improve waste and emissions management. Provides funding of up to R10 million per project, as well as direct support, business guidance and skills transfer.

PARTNERSHIP FUNDS

Anglo American SEFA mining fund



A joint initiative between Anglo American's operations and SEFA (Small Enterprise Finance Agency), the government-owned entity that promotes small business development. Provides funding of up to R30 million, as well as technical support.

Sebenza fund



A partnership between Anglo American and National Treasury, the fund operates through a network of business hubs across the country and aims to provide new and sustainable employment throughout South Africa.

Godisa fund

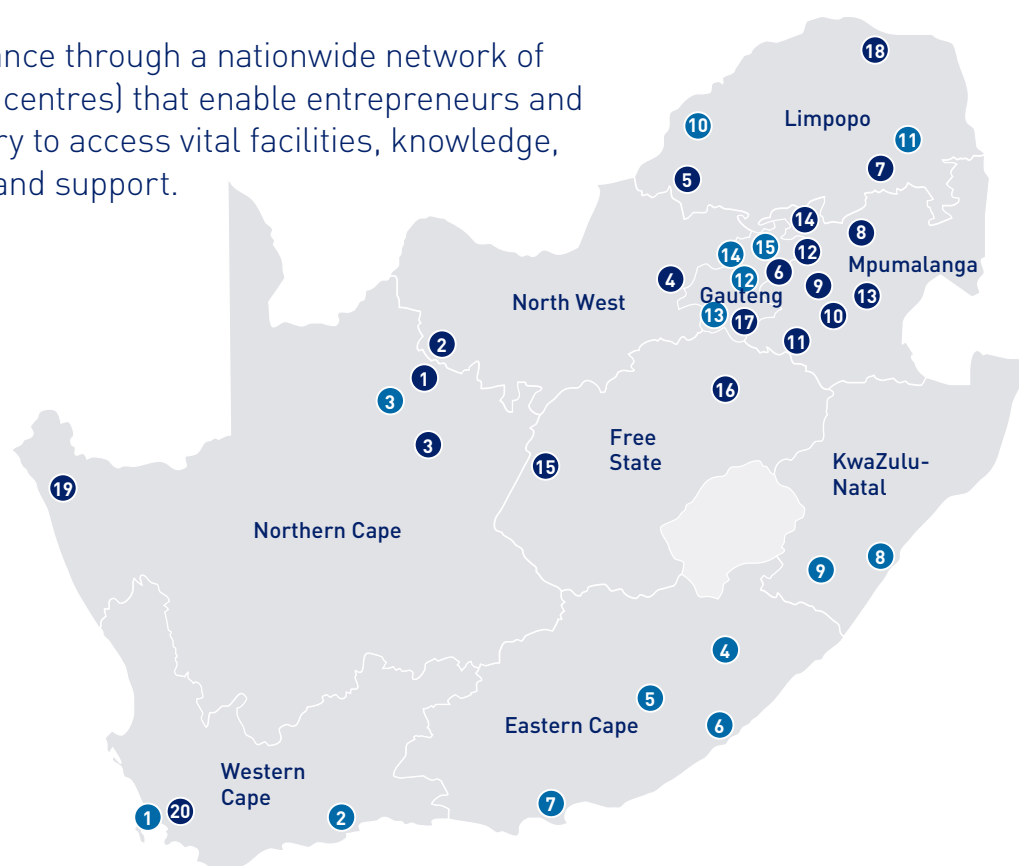


A joint initiative between Anglo American, Transnet (South Africa's national transport authority) and SEFA. Focuses on promoting enterprise development, business growth and job creation amongst black-owned Transnet suppliers in rail manufacturing, freight logistics and related services. Provides funding of up to R5 million, as well as business guidance, mentorship and training.

ENTERPRISE DEVELOPMENT continued

NATIONAL NETWORK OF ZIMELE HUBS

Zimele provides assistance through a nationwide network of business hubs (walk-in centres) that enable entrepreneurs and SMEs across the country to access vital facilities, knowledge, SME services, funding and support.


20

The in-house funds:
20 small business hubs

KUMBA

1. Kathu
2. Kuruman
3. Postmasburg

PLATINUM

Western Limb

4. Rustenburg Mining and Processing
5. Thabazimbi

Eastern Limb

6. Mokopane
7. Burgersfort

COAL SOUTH AFRICA

8. eMalahleni
 9. Middelburg
 10. Secunda
 11. Vaal
 12. Bushbuckridge
 13. Phola (Ogies)
 14. Dennenilton
- ### DE BEERS
15. Kimberley
 16. Voorspoed (Kroonstad)
 17. Element Six (Springs)
 18. Venetia (Musina)
 19. Kleinzee
 20. Debmarine (Cape Town)

15

The partnership funds:
15 small business hubs

NORTHERN AND WESTERN CAPE

1. Cape Town CBD
2. George
3. Dingleton

EASTERN CAPE

4. Mthatha
5. Queenstown
6. King William's Town
7. Nelson Mandela Bay

KWAZULU-NATAL

8. Durban
9. Kokstad

LIMPOPO

10. Lephalale
11. Tzaneen

GAUTENG

12. Ekurhuleni
13. Mogale City
14. Johannesburg
15. Pretoria

OUR PROGRESS

In 2015, Zimele's funds concluded 403 transactions and provided R308 million in funding for 321 businesses that collectively employed 8,653 people and generated turnover of R2.5 billion. Despite a year-on-year 29% decrease in funding, we funded 19% more companies, which collectively generated a 54% increase in turnover. The decrease in funding was primarily in the partnership funds, i.e. the Anglo American SEFA Mining fund and the Sebenza fund which required more mentorship and support. The Community fund is the most significant provider of funding and generator of jobs, with these being predominantly in the construction sector.

Zimele's investment cycle comprises the following stages: screening process, pre-investment process, investment process and post-investment process. We continue to gain valuable insights and learnings through Zimele's activities and experiences. Following is a selection of observations and areas we will be focusing on in order to improve our performance:

- The need to provide intensive support to start-up enterprises, including mentorship and guidance, as well as market research and market assessment.
- A thorough pre-investment process greatly reduces the number of failures post-investment.

- Quality jobs tend to be created over a long period of time.
- A stronger focus on certain sectors, such as the agriculture sector, can create large-scale job opportunities with lower capital requirements.
- A holistic approach to SME development yields improved results and outcomes – this involves value-adding partnerships and a more collaborative industry approach.
- Effective supplier development, especially in rural areas, requires the inclusion of skills development (technical and business). Enabling access to markets for SMEs in general remains challenging, and in particular securing long-term commitments.
- Providing quality mentorship, business development support and technical skills is vital for the success and long-term sustainability of SMEs. Developing the skills required to turn a business around is a major challenge.
- In 2015, we launched our post-investment management function, which is actively involved in funded entities. A properly structured post-investment management process can timeously identify companies that are struggling and proactively ensure remedial and corrective action, thereby increasing business recovery and sustainability rates.

Image

Promotional material for the Zimele roadshow at Mithatha Plaza in the Eastern Cape.



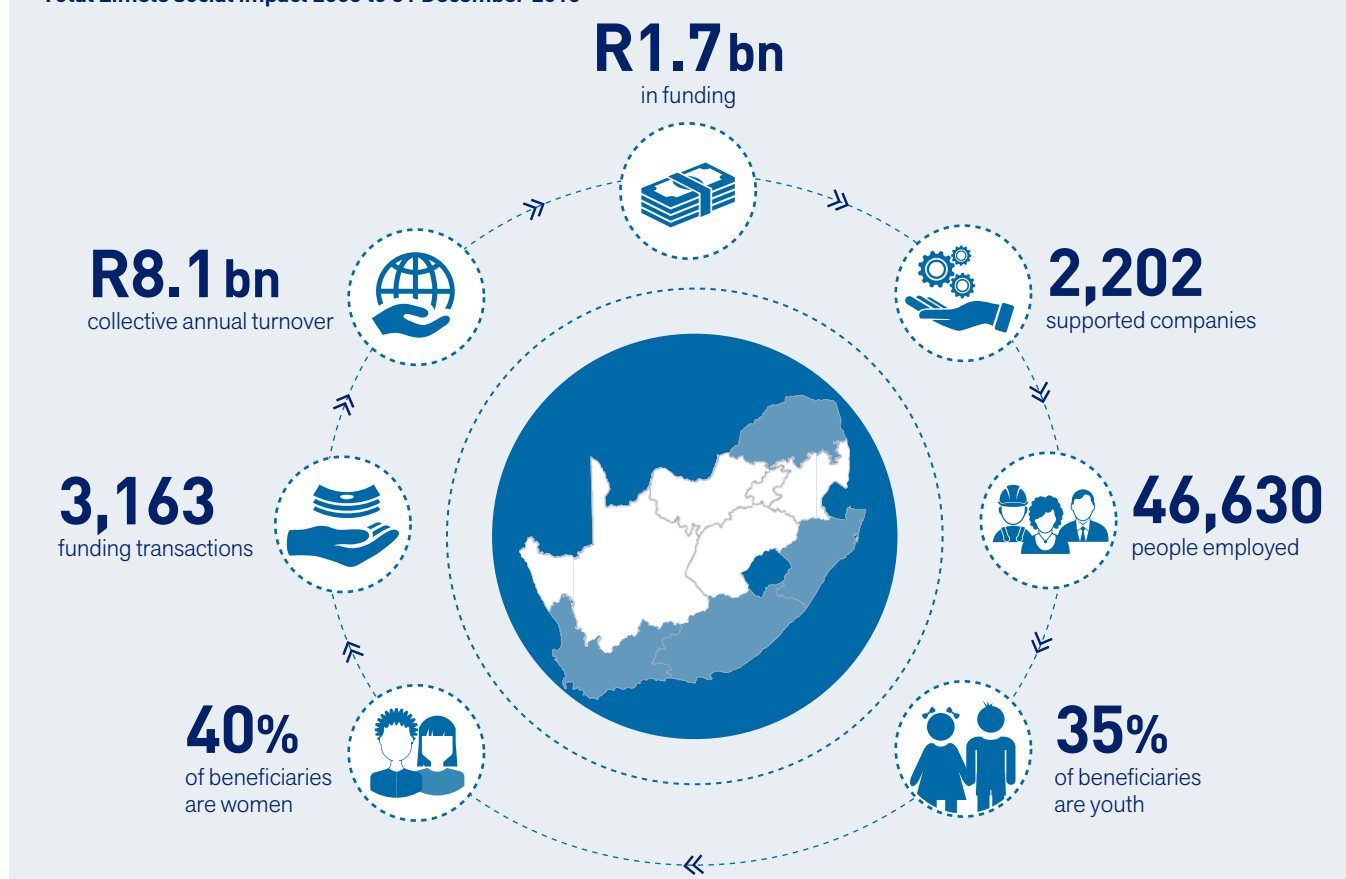
ENTERPRISE DEVELOPMENT continued

Zimele statistics 2014-2015

	2015	2014	% increase or decrease	2015 breakdown by fund					
				Anglo American in-house funds			Partnership funds		
				Supply chain fund	Community fund	Green fund	AA SEFA mining fund	Sebenza fund	Golisa fund
Number of transactions	403	406	(1)	123	213	7	5	37	18
Total people employed	8,624	8,204	5	1,967	3,636	335	431	1,964	291
Turnover (Rm)	2,529	1,638	54	473	302	94	232	218	1,21
Funding (Rm)	308	436	(29)	65	87	30	45	44	37
Female entrepreneurs (%)	37	43	(14)	37	37	25	20	37	39
Youth supported (%)	31	46	(33)	32	32	29	20	23	39
Companies	321	270	19	98	175	5	1	25	17
Repeat transactions with the same companies	82	136	(40)	25	38	2	4	12	1
Total	403	406	(1)	123	213	7	5	37	18
Year formed				1989	2008	2011	2003	2013	2014

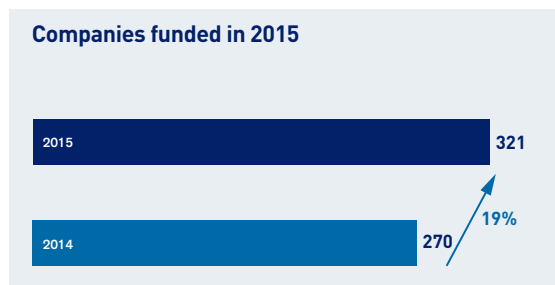
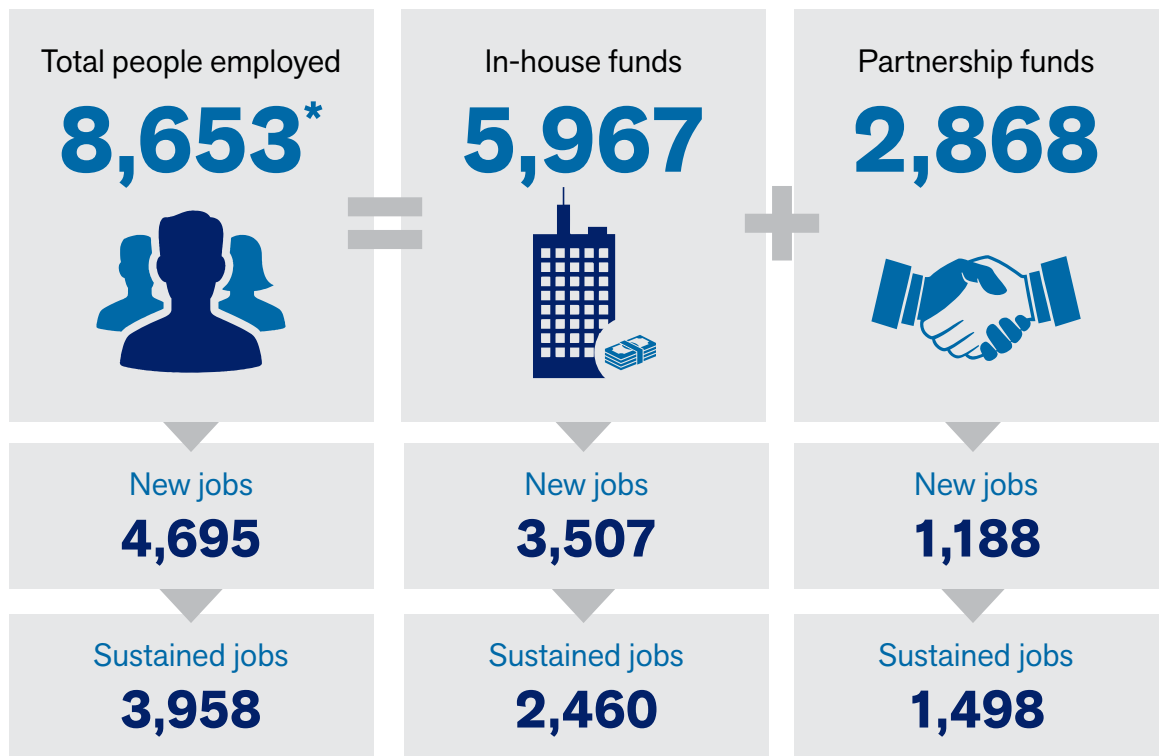
ZIMELE'S IMPACT SINCE 2008

Total Zimele social impact 2008 to 31 December 2015



PERFORMANCE HIGHLIGHTS IN 2015

* Comprising 4,508 term jobs (jobs related to term loans, with funding provided for more than 12 months and up to 36 months) and 4,145 project jobs (jobs related to project-funding applications, which is funding that is provided for less than 12 months).



ENTERPRISE DEVELOPMENT continued

IN-HOUSE FUNDS

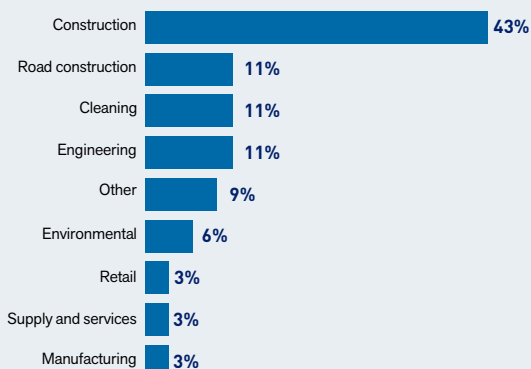
Total people
employed in
2015

5,938

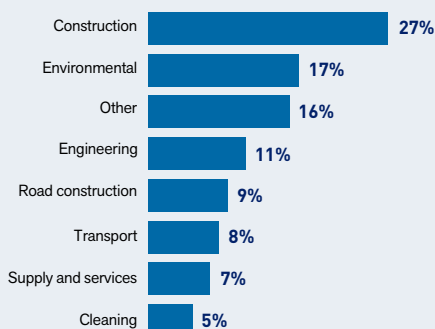
Funding in
2015

R182 m

Employment created and sustained per sector



Funding per sector



PARTNERSHIP FUNDS

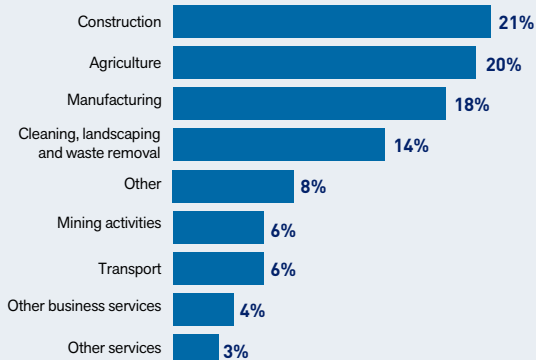
Total people
employed in
2015

2,686

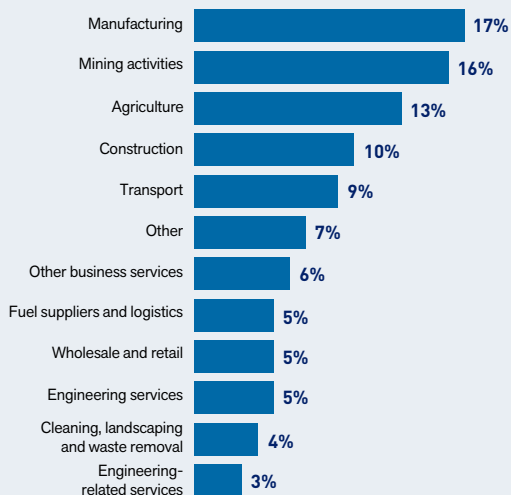
Funding in
2015

R126 m

Employment created and sustained per sector



Funding per sector



ZIMELE BENEFICIARIES

Successful SMEs have a positive multiplier effect in the surrounding communities, creating employment opportunities and promoting socio-economic development.



In-house fund highlights in 2015

Image

Jonathan Searle,
owner of Two
Oceans Plumbing.

Two Oceans Plumbing cc (Business unit: Coal South Africa) provides plumbing services in the Middelburg region of Mpumalanga. In 2015, Zimele provided additional funding of R1.3 million for the purchase of vehicles and plumbing equipment. The project sustained 21 jobs and created 18 new jobs.

"Two Oceans Plumbing needed more equipment in order to expand our business. As a small BEE company, I applied to Zimele for funding and the business hub manager in Middelburg assisted with my application for a sewerage truck. Zimele showed its confidence in our business by granting the loan and the service I received was excellent. Zimele has contributed significantly to the success of Two Oceans Plumbing. As I come to the end of my loan term, I express my gratitude and look forward to a long and profitable partnership with Zimele." – Jonathan Searle, owner, Two Oceans Plumbing



Image

Rustenburg Tool Hire.

Rustenburg Tool Hire cc (Business unit: Platinum) is a construction company involved in tool hire, mainly in the Rustenburg area, North West Province. In 2015, Zimele granted R2.75 million in funding for the rental of equipment. The project sustained 14 jobs and created 39 new jobs.

"Zimele has assisted Rustenburg Tool Hire CC since 2012 in expanding the business sustainably. We thank Zimele once again for its financial assistance and guidance to help increase our knowledge and set proper business standards." – Rustenburg Tool Hire Team



Image

Zimele roadshow
in Mthatha.



ENTERPRISE DEVELOPMENT continued



In-house fund highlights in 2015 continued

Image

Khulong Ya Hwashi JV created 30 new jobs.

Khulong Ya Hwashi joint venture (JV) Ltd (Business unit: Platinum) is an engineering company specialising in repairing buckets, pumps and cylinders in the Burgersfort area in Limpopo. In 2015, Zimele provided additional funding of almost R2 million for start-up costs and the purchase of equipment for the engineering workshops. The project sustained four jobs and created 30 new jobs.

"Zimele played an instrumental role in transforming Khulong Ya Hwashi from a single entity to a well-established and leading player in the engineering industry. Established in 2008 as a single trader operating on an order basis for Modikwa mine, in 2014 the mine established a contract with Khulong as a joint venture with the mine's landowners, Hwashi Trust. Hwashi did not have the skills and experience to engage in engineering as a stand-alone entity. We received assistance from Zimele's business hub and head office, which advised us to invest in working capital. This was the turning point for our transformation into a larger-sized black-owned engineering business. As a result, our service delivery improved by 75% and we also improved the turnaround period for critical items such as pumps. The company increased its turnover to R1.5 million per month and it provided significant employment to the local community. Zimele financed the JV's two cranes, which are a fundamental component of our work. We also received first class post-investment support in how to increase business efficiency and productivity. Our company would not hesitate to refer upcoming businesses to seek assistance from Zimele, whose loan terms are very affordable." – Phillemon Magane, director, Khulong Ya Hwashi



Image

Kanyi Ilanga Trading operations created 374 jobs.

Kanyi Ilanga Trading (Pty) Ltd (Business unit: Coal South Africa) is an agriculture company involved with forestry services in the Bushbuckridge region, Mpumalanga. In 2014, Zimele granted additional funding of R1 million for labour carriers and vehicle purchases. The project sustained 71 jobs and created 374 new jobs.

"I have a high regard for Zimele's standard of service, integrity and strong values, focusing on job creation through enterprise development. My company required additional equipment in order to deliver on three new contracts. I approached several funding institutions, with no success. A friend told me about Zimele funding and I visited one of the hubs where I was informed about the process and the requirements. My application for funding was approved and Zimele granted an advance on my loan. As a result, the company has been able to deliver on its contracts and create additional employment opportunities. We look forward to working with Zimele in the future." – Elvis December, managing director, Kanyi Ilanga Trading



Ausleo Paints (Pty) Ltd (Business unit: De Beers) is a retail company in the Kimberley region, Northern Cape. In 2014, Zimele granted funding of R1.8 million for start-up costs and purchase of stock for a retail paint shop. The company sells paint to the public, panel beaters and construction companies. The project sustained three jobs and created eight new jobs.

"Zimele has assisted the expansion of my business since 2009. The initial funding enabled us to move our retail store to the centre of town and purchase new machinery, a truck and stock. In order to remain competitive, we identified a franchise opportunity and in 2012 we became Timbercity Kuruman. Zimele advanced an additional loan to assist with the start-up, and another loan in 2014 for us to open Jack's Paint and Hardware in 2015. Zimele's interest rates are the best and they offer a good support system. Zimele aided my business to grow from a turnover of R400,000 per year to over R8 million a year. Zimele recognises your dream and helps you to achieve it." – Lenie Austin, owner, Ausleo Paints

DNL Foods (Pty) Ltd (Business unit: Kumba) is a retail business in the Kathu area in the Northern Cape, operating as a food kiosk at Sishen mine. In 2013, Zimele granted funding of almost R1 million for the start-up of the kiosk and the purchase of stock for the on-site canteen. The project in 2013 sustained one job and has created 29 new jobs.

"With support from Zimele, in 2004 we purchased the Butterfield Bakery franchise, which has received several awards within the Butterfield group. In 2013, we tendered for the canteens at Sishen mine and consequently launched DNL Foods. Despite some initial challenges, the Zimele team provided enough support and mentoring to ease us into the set-up at the mine. DNL Foods caters for between 3,000-4,000 patrons per day and has about 22 staff members, who are trained and dedicated to delivering impeccable service and food to our patrons." – Danny Liebrandt, owner, DNL Foods

Image

Zizipho Masa and Thoki Ndlovo, visitors at Anglo American's Zimele roadshow, Mthatha Plaza.



ENTERPRISE DEVELOPMENT continued



Partnership fund highlights in 2015

Image

Managing director of Shibus Construction
Flora Motswalo.

Shibus Construction JV and Lekanka Mining Supply and Construction CC

is a 100% black-owned and managed company. The joint venture is nurturing the development of the small-enterprise Lekanka Mining into a stand-alone operation. In 2014, Zimele's Godisa fund granted funding of R3 million to purchase a truck and other equipment, and for working capital. The company created 54 new jobs and sustained four jobs.

Zimele provided loan funding for a project we were awarded by Transnet Freight Rail. We used the loan to purchase vehicles and equipment and for project start-up cash. If it were not for Zimele, we would not have achieved our goal of meeting Transnet's requirements and we would not have been able to secure the 58 jobs created through this project. Thank you to Zimele for making it possible!" – Flora Motswalo, managing director, Shibus Construction



Image

Simmer Deep Gold Mining's dump reclamation project created 65 jobs.

Simmer Deep Gold Mining (Pty) Ltd is a gold-reclamation company operating in Mogale City, Gauteng. In 2015, Zimele's Anglo American SEFA mining fund granted the company additional funding of R25 million to conduct project-feasibility studies and fund the implementation of approved projects. The company created 65 new jobs for the local townships around Mogale municipality.

"Zimele funded Simmer Deep Gold Mining's Tshepisoong (meaning 'promise' in Setswana) dump-reclamation project, which involves the re-treatment of old gold-mining dumps. As an entrepreneur, it is crucial to have funding and support partners like Zimele. They have been patient with the project and are committed to its successful conclusion. If executed as planned, Zimele will have participated as a cornerstone financier and partner in realising the project. There is reason to be hopeful that Zimele will enable more entrepreneurs, like myself, to realise their dreams by providing the necessary early-venture financing to promote their mining careers." – Wilson Masilo, executive director, Simmer Deep Gold Mining



Image

115 Solutions created 17 new jobs.

115 Solutions is an electrical, mechanical engineering and construction company. It specialises in infrastructure development, electricity and energy generation, electrical construction, manufacturing, petrochemical and mining. In 2015, Zimele's Sebenza fund granted the company funding of R1.4 million to complete a project in the Eastern Cape. The company created 17 new jobs.

"Zimele's financial support enabled us to successfully implement projects and grow our staff complement from seven members to 25 over 18 months. The Anglo American entrepreneurship internship programme has also assisted us to create networks in the industry, which have seen us partner with two angel investors who sit on our board of directors. Recently, we have secured a contract with General Electric as their preferred engineering partner for the design of medium-voltage switchgear for the African market, and a three-year streetlight and network maintenance contract with City Power. Zimele has played a big role both from a financial and non-financial perspective." – Anthony Mpati, founder and CEO of 115 Solutions



FACILITATING BENEFICIATION

Mineral beneficiation – the transformation of a mineral (or a combination of minerals) to a higher-value product, which can either be consumed locally or exported – has become one of the major drivers in advancing the empowerment of historically disadvantaged people in South Africa. It also presents opportunities for the development of new entrepreneurs and industrialists in downstream and sidestream industries.

Anglo American's role in mineral beneficiation spans the provision of raw materials for downstream value-addition and the creation of enabling environments that support local beneficiation through enterprise development and technological research. A further focus involves the opportunities to transform mining and industrial process by-products into commercially viable resources, with positive environmental, social and economic impacts.

We see beneficiation as fundamental to the partnerships needed to support the government's national development goals. In this chapter, we provide an overview of the local beneficiation activities and performance highlights of each business unit.



COAL SOUTH AFRICA

The government's 2011 beneficiation strategy recognises not only the importance of coal for developing energy security globally, but also the importance of finding innovative ways to reduce carbon emissions through the use of more efficient technology, carbon capture and storage (CCS), the use of coal-bed methane and any other technologies that may be appropriate. The strategy also emphasises the importance of policy support for the uptake of advanced coal technologies and technology transfer through international mechanisms as well as investment in the research and development of clean-coal technologies.

Coal South Africa's most important value creation from coal is through coal's combustion to produce electricity. In 2015, Coal South Africa supplied 65% of its coal to local businesses, 79% of which was supplied to the national power utility Eskom for power generation according to specific quality requirements.

Innovation, research and development projects

We continue to facilitate the development of clean-coal technologies, such as high-efficiency, low-emission combustion technologies as well as carbon capture and storage. Both of these technologies mitigate the levels of carbon emissions generated during the combustion of coal for power generation, thus reducing the emissions from the downstream use of our product. We are members of the International Energy Agency Clean Coal Centre (IEACCC), a research organisation that publishes papers on the latest technologies available globally and conducts regular workshops on various clean-coal technologies.

Coal South Africa is a founding member of the South African Centre for Carbon Capture and Storage (SACCCS) as well as part of the team that developed the South African Carbon Storage Atlas. Through SACCCS, we are involved in supporting policy development for CCS. In 2015, SACCCS made progress on the geological characterisation for a pilot carbon dioxide (CO₂) storage project which has received funding from the World Bank and the Norwegian government. A research group has also been established to undertake studies on the Bongwana site near Harding in KwaZulu-Natal, where CO₂ naturally vents from underground geological features. These studies will be a collaborative effort between international and local researchers to facilitate capacity building and skills transfer.

We are also a member of the World Coal Association (WCA), an organisation that lobbies development banks and government institutions internationally for the continued financial support of coal-fired power projects, particularly in developing countries. We participate actively by providing technical inputs into lobbying material as well as country-specific material. The WCA participated actively in the Conference of the Parties (COP) COP21 proceedings in 2015, and lobbied for responsible coal usage in the run-up to the event. The WCA has developed a Global Platform for Accelerating Coal Efficiency (PACE) document, which it uses for engagement with governments around the world.

Coal South Africa currently holds the Chair of the Coal Industry Advisory Board (CIAB), which is an advisory Board to the International Energy Agency (IEA). The board's role is to advise the IEA of developments in coal markets and coal technologies, which inform its projections and advisory work with member governments. In 2015, the IEA compiled a special report on Energy and Climate for COP21 decision-makers, with the CIAB's contribution. The report emphasises that coal will continue to play a major role in the supply of electricity to meet the world's energy needs particularly in developing countries, the importance of governments in providing policy and financial support for

FACILITATING BENEFICIATION continued

carbon-capture technology, as well as the strong case for the urgency of CCS projects to have access to funding.

Coal South Africa was a founding member of the FutureGen project in the United States, which was to be the first near-zero emission, coal-fired power plant of scale to demonstrate the viability of CCS technology. The project had an agreed multi-decade, power-purchase agreement to support the demonstration of retrofitting a power station with oxyfuel and integrating CCS of 1 million tonnes per annum (Mtpa) CO₂. However, in February 2015, the US government announced the withdrawal of its funding and the project has been terminated.

We sponsor research at the University of Cape Town focusing on the use of algae for carbon sequestration and bioremediation. Approximately R1.3 million has been invested in this project to date.

With the dual advantage of beneficiation and rehabilitation of the environment, Coal South Africa continues to supply weathered coal – a potential pollutant – for the production of a specialised humic acid-based fertiliser. Approximately 2,000 tonnes were supplied in 2015.

We continue to investigate the use of commercially-exploitable discard coal for power generation purposes. One example is the Khanyisa Project, a 450 MW independent power producer (IPP) generation project. It will use proven circulating fluidised bed combustion technology – which is new to South Africa – to provide much-needed power while reducing coal waste. The IPP submitted a bid for the coal baseload IPP procurement programme in 2015, the outcome of which will be announced in 2016.

Coal-bed methane (CBM) technology is being developed in South Africa for potential power generation. Coal South Africa is a leader in this field in the country and has successfully

completed a pilot project to explore the beneficiation of CBM by-products.

Gypsum wasted produced at the eMalahleni water reclamation plant is being used in the agricultural industry for soil amelioration and is also used in the manufacture of clay bricks. In 2016, Coal South Africa will undertake a trial using the bricks for constructing walls for ventilation infrastructure in underground mines. It is also investigating the use of the by-product in gypsum board.

Coal South Africa is a supporter of Coaltech, an industry-wide collaborative research initiative that focuses on exploring technologies and approaches to develop the local coal industry and maximise the economic opportunities for coal as a resource. Potential projects presented in 2015 include rehabilitation projects focused on alleviation of soil compaction; the use of dung beetles to improve post-mining land-use options; stockpiling of coal-mine soils; limiting and mitigating the impact of coal mines on wetlands; dry dense-medium separation; and drying of fine coal using fluidised-bed technology.

Progress in downstream beneficiation

The pre-feasibility stage for the development of the Elders mining project in Mpumalanga has been completed, with the aim of achieving full production in 2018. This project is anticipated to provide longer-term job security for employees currently working on sections of the Goedeheop colliery that are nearing the end of their life. The Hope 4 Seam project will replace two of the Goedeheop sections from 2017.

Life of mine (LoM) extension projects are planned at a number of mines that currently supply Eskom power stations, which in turn are being extended to meet power demand when supply is constrained. This will provide prolonged job security for current employees, as well as additional job-creation opportunities during construction stages.

Image

This land, which will eventually be part of New Largo colliery, is leased to local farmers for maize planting. In the background is Eskom's Kusile power station, which is under construction and scheduled to be fully operational in 2019.





DE BEERS

De Beers approaches beneficiation as a commercial undertaking rather than a social imperative. This principle has informed the development of the company's beneficiation strategy for 2015 - 2017, which aligns with government's beneficiation objectives and focuses on five strategic initiatives:

- providing a predictable and consistent supply of rough diamonds to clients ('Sightholders')
- establishing a downstream enterprise-development project targeted at local beneficiaries
- facilitating local jewellery design and manufacture
- facilitating beneficiation through partnership
- promoting skills development

In rolling out the strategy, an emphasis is placed on establishing the downstream enterprise-development project and facilitating local jewellery design and manufacture, as reviewed below.

To obtain strategy-development input, De Beers engaged with industry stakeholders on opportunities that might be seized, and challenges to address, in re-establishing the local diamond-beneficiation sector. The engagement process highlighted the following principal challenges:

- access to rough diamonds by beneficiaries for local manufacturing
- access to financing by small and medium beneficiaries
- securing a sustainable local and international distribution channel for polished diamonds.

The stakeholders' feedback highlighted the need for collaboration by all industry stakeholders, primarily government, beneficiaries and industry organisations and companies.

Establishing a downstream enterprise-development project

The outcomes of the stakeholder-engagement process promoted the conceptualisation of the collaborative downstream enterprise-development project, which ultimately aims to develop local HDSA diamond cutting and polishing entrepreneurs who may in future qualify as De Beers Sightholders.

As all local De Beers Sightholders are empowered entities, the company decided to focus on developing South African beneficiaries who will be able to successfully compete internationally.

Five diamond-cutting and polishing candidates have been selected for the project and are currently undergoing training in business development skills that are critical for them to be able to successfully manage their businesses. The three-year programme will also include mentorship with De Beers Sightholders, which will provide the candidates with a global knowledge of the diamond industry, how to establish and maintain sustainable distribution channels for their polished diamonds, and manage a cutting and polishing factory. De Beers will also be part of the candidates' development programme by ensuring that they have a full understanding of the process and the requirements necessary to qualify as a Sightholder.

Image

Owner of Kwame Diamonds Musibudi Jo Mathole conducting quality control in her factory.



FACILITATING BENEFICIATION continued

In addressing the three challenges mentioned above, the following interventions are being implemented.

Access to rough diamonds by local beneficiaries for local manufacturing:	<ul style="list-style-type: none"> • Through the Sightholder mentorship programme, the candidates will be mentored on how to sustainably source rough diamonds from tender houses, the State Diamond Trader and local and international sources.
Access to financing by small and medium beneficiaries:	<ul style="list-style-type: none"> • Discussions are at an advanced stage with the Department of Trade and Industry and Anglo American's Zimele to develop a funding model for the candidates.
Securing a sustainable distribution channel for polished diamonds:	<ul style="list-style-type: none"> • We will target local and international jewellery retailers and international trade shows in order to secure sustainable distribution channels for the candidates' businesses. • De Beers is also engaging with the Gauteng Growth Development Agency, which is in the process of constructing the Gauteng Integrated Development Zone at the OR Tambo International Airport precinct, regarding the possibility of developing a local value chain between diamond cutters and polishers, and jewellery manufacturers.

Facilitating local jewellery design and manufacture

De Beers' local beneficiation strategy has included a focus on supporting jewellery design and manufacture through the Shining Light Design Awards for the past 18 years. The successful initiative prompted the introduction of equivalent events in Botswana and Namibia during 2009. In 2015, the awards were integrated for the first time into one southern African design competition, with the launch event hosted in South Africa.

The awards have influenced a shift – encouraging designers to move away from creating extravagant jewellery pieces, to creating commercially viable jewellery. This has allowed for the effective development of young designers for the industry, while engaging consumers with designs that they could aspire to own.

Furthermore, the competition has evolved from discovering pure design talent, to encouraging participants to also showcase their business skills, including cost management and return on investment.

The 2015 winner and two runners-up have been awarded training scholarships in Milan, Italy, with the Forevermark Innovation Centre, an opportunity that will expose and enhance their skills in jewellery design.

The partnership between the awards and Forevermark, the De Beers diamond brand, ensures international exposure that will not only profile the winning jewellery pieces, but also the young designers.

In addition to the focus on the above two initiatives, De Beers continued to support beneficiation by:

- providing a predictable and consistent supply of rough diamonds to its local Sightholders
- promoting skills development by providing bursaries to 13 learners who were accepted for diamond cutting and polishing courses at the Kimberley International Diamond and Jewellery Academy to the value of R611,000
- facilitating beneficiation through partnership as a diamond sponsor and participating in the Inaugural Diamond Indaba convened by the State Diamond Trader.



KUMBA

Kumba produces iron ore for the local and international market predominantly through two operations in the Northern Cape: Kolomela, which is a direct shipping ore (DSO) operation and Sishen, where beneficiation processes are used to produce a saleable product. From these operations Kumba supplies the market with around 40-50 Mt of iron ore per year. Kumba uses various beneficiation techniques to upgrade its ore resource at Sishen to saleable product and has a long-term strategy to utilise new technology to expand the beneficiation of the low-grade ore resource at both mines to extend the LoM.

Beneficiation practices

Kumba is one of the largest haematite ore producers to beneficiate its run-of-mine (ROM) material before marketing it. The beneficiation process involves converting raw material from ROM material into a saleable product for further processing. Kumba predominantly utilises 'jigging' (JIG) and Dense Media Separation (DMS) processing techniques to upgrade the mined iron ore for the steel making industry. In 2015, Kumba produced 44.9 Mt of product for the market, of which 73% was beneficiated before sale (this includes the Thabazimbi mine contribution before mine closure towards the end of 2015). A 3% decrease in the fractional contribution in 2015 compared with 2014 was due to lower production of ROM material as compared with DSO material at the Sishen and Kolomela operations respectively.

Kumba supplies up to 6.25 Mt of iron ore (15% of total supply) to the local market through a long-term cost-plus-sales agreement with ArcelorMittal South Africa (AMSA).

Under this agreement, iron ore is supplied to AMSA's Saldanha Steel, Vanderbijlpark and Newcastle operations at a price that is capped and calculated according to the Sishen export parity price at the mine gate. In 2015, Kumba supplied AMSA with 4.28 Mt (10% of total production). The offtake quantity is driven by demand from AMSA.

Technological advancements

Kumba has developed a strategy based on the development and use of new technologies that will expand its potential to use its resources. This will enable the company to improve its processing and cost efficiency, reduce mining costs and maximise its resource utilisation. In 2015, Kumba spent R177 million on technology development, including beneficiation.

In 2013, Kumba invested and developed a new technology called ultra-high dense-medium separation in co-operation with Exxaro. This technology allows for low-grade iron ore which falls below the current technology utilised capability, to be processed to produce a saleable product. In 2015, two plants were built using this new technology: a 3.3 Mtpa plant was built and commissioned treating current JIG plant rejects at Sishen, and a 1.5 Mtpa plant at Kolomela to treat stockpiled B-grade material. As a result, the Sishen plant will produce an additional 800,000 tonnes of product per year from 2016 onwards and the Kolomela plant an additional 700,000 tonnes from 2017 onwards.

Kumba is involved in further long-term development projects to increase its utilisation of low-grade ore resources at its Sishen operation through the development and use of new technologies and process methods, including producing concentrates.

Image

Frederick Motsiele and Dean Hurter are process controllers working at the primary crusher at Kolomela iron ore mine.



FACILITATING BENEFICIATION continued

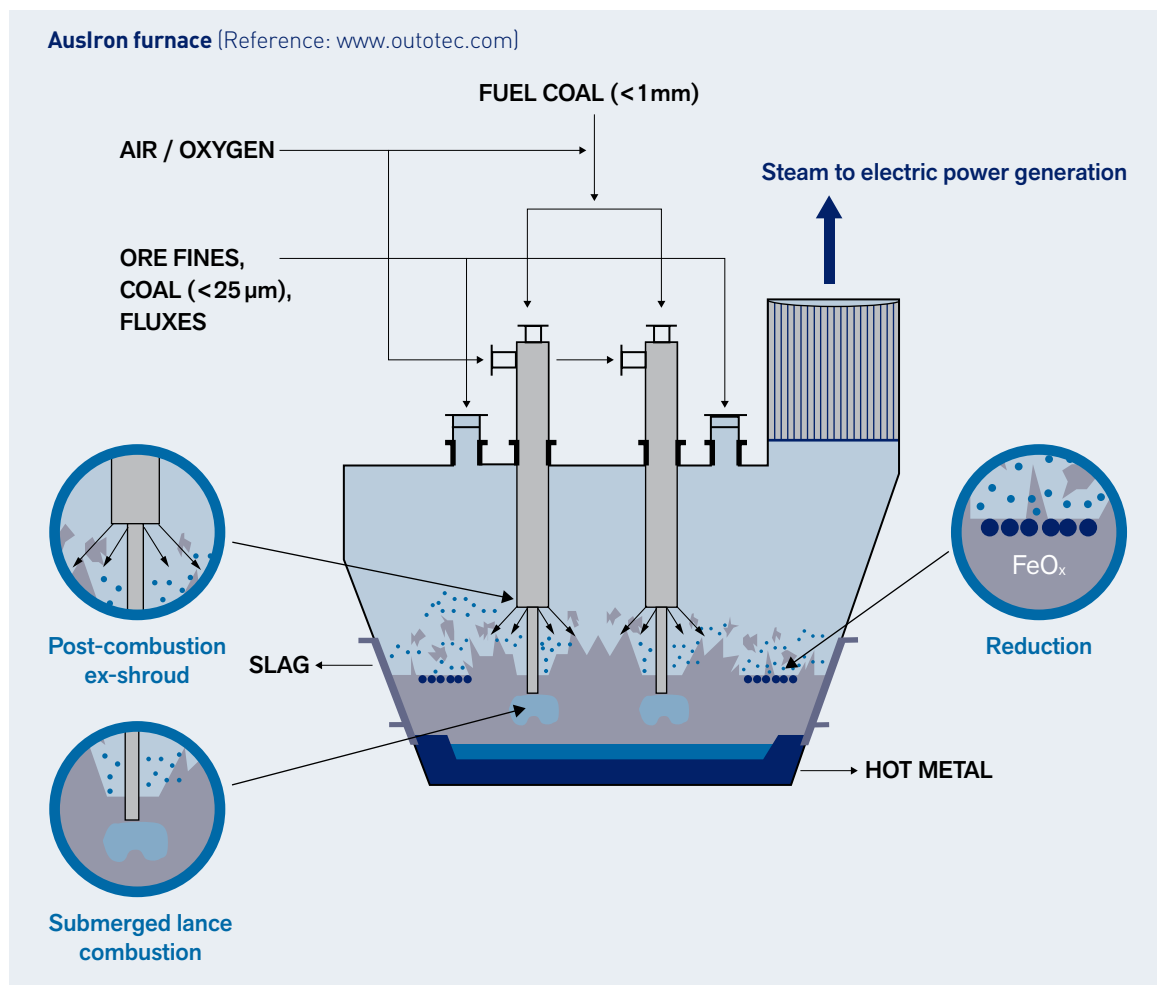
Kumba has also invested in testing and developing a new pyro-metallurgical process, named Auslron, for fine iron ore smelting that can be utilised in the steel-making process. Auslron is an Outotec technology, which is a single furnace capable of producing metal from a fine-iron-ore-feed in a single smelting and reduction process based on Ausmelt technology (see figure below).

The main benefits of using the technology are:

- fine iron ore down to 25 µm can be fed directly into the furnace without undergoing a pelletising, sintering or reduction process, which is the current requirement for blast furnaces
- low-volatile to high-volatile bituminous coals can be used as fuel and there is no need for hard coking coal or

high-grade metallurgical coal, which suits the South African environment (limited lump and hard coking coal resources)

Kumba spent R23 million in 2012-2014 in testing various haematite and magnetite concentrates in a proof-of-concept study. Some of the test work was completed in Germany and the remainder of the work in Australia. The proof-of-concept study indicated at pilot level that the Auslron process could be a viable alternative for the South African environment in smelting fine and superfine iron ore directly in a cost-effective way. AMSA has shown interest in this technology and is in the process of buying the development test work from Kumba.





PLATINUM

Platinum's global platinum group metals (PGM) market development initiatives continue to focus on de-risking demand across the industrial, jewellery and investment demand segments, both in the short and long term. South African beneficiation objectives are supported as part of the company's broader market development activities.

The company invests in market development and beneficiation across four broad demand segments:

- global and local development of platinum jewellery markets
- product development, commercialisation and marketing activities for platinum-containing fuel cells
- equity investments in early-stage industrial applications or technologies that use or enable the use of PGMs
- stimulating platinum investment demand through the World Platinum Investment Council (WPIC)

Together with other platinum producers, Platinum invests in the Platinum Guild International, which has provided market development, sales support and training to all levels of the global jewellery trade for more than 30 years. Key targets

are the growth markets of China and India. In South Africa, once again, the company funded the PlatAfrica design and manufacture competition, established primarily to give jewellery-design students and apprentices the opportunity to work with platinum metal. Each student and apprentice also receives written feedback on their pieces, providing a valuable skills development and capacity-building opportunity. In total, 146 entries from professionals, apprentices and students were received.

Together with Rand Refinery, Platinum provides a metal-financing scheme to local jewellery manufacturers. The extended payment terms offered effectively help finance the manufacturers' working-capital requirements.

The company continues to focus on accelerating the global adoption of platinum-based proton exchange membrane (PEM) fuel cells. Platinum believes there is an opportunity to position South Africa both as a market and as a manufacturing location for PEM fuel-cell products. The creation of a fuel-cell industry, along with manufacturing, installation and maintenance jobs, is aligned with the national development plan and government's industrial-development priorities.

Image

Platinum CEO Chris Griffith presenting winners with awards at the PlatAfrica competition, with the help of Her Excellency, the Indian High Commissioner to South Africa, Ruchi Ghanashyam.



FACILITATING BENEFICIATION continued

Together with partners, Platinum has been operating the world's first methanol-based fuel-cell mini-grid system in the Naledi Trust community in the Free State since August 2014. Over the course of 2015, the field trial has demonstrated local ability and capacity building across the value chain: design, engineering, systems integration, operation, maintenance and refuelling. The University of the Witwatersrand continues to provide data warehousing and systems analytics for the trial, with much of this data being provided to Eskom's R&D team which focuses on smart-grid technology. Monthly systems reports are provided to the Department of Energy, which is conducting a technical evaluation of the fuel-cell technology. Platinum is confident that fuel-cell mini-grids are a cost-effective alternative to extending grid transmission for the electrification of rural communities that are some distance away from the existing grid. A commitment to use this technology in South Africa would accelerate the localisation of assembly and manufacturing of the systems, as well as create jobs in the operations and maintenance of the fuel-cell systems.

In 2015, Platinum also partnered to sponsor three hydrogen-based fuel cells at three schools in the Cofimvaba district, Eastern Cape, as part of the Department of Science and Technology's TECH4RED programme. This programme was launched, together with Minister of Science and Technology, Naledi Pandor, in Cofimvaba during the course of the year. The fuel cells provide stand-by and, when required, primary power to the schools. Platinum and the Department of Science and Technology are shareholders of Clean Energy Investments, a South African fuel-cell company that supplied the fuel cells. As part of the programme, Platinum funded a science education programme that was rolled out to approximately 3,500 learners at 26 schools in the region. A new project

involving some of Platinum's customers has helped expand the education initiative to reach an additional 14 schools.

The development of new PGM products is dependent on strengthening research capacity and building skills in the fields of science and engineering. During the course of 2015, Platinum and the Department of Science and Technology co-funded fuel-cell-related research at North West University and the University of Cape Town aimed at developing local skills and fuel-cell products that can be commercialised. Platinum also co-funded projects at the Medical Research Council, aimed at developing PGM-containing medical devices and drugs.

The PGM-investment programme was created to invest in new technologies that use or enable the use of PGMs in their products or processes. The programme provides start-up and growth capital to innovators and entrepreneurs in early-stage development and commercialisation of PGM technology. In 2015, Platinum continued to contribute towards companies it invests in, via board participation, and to identify and screen more than 60 opportunities.

In 2015, the WPIC has established itself as a credible source of industry supply and demand data. It has also progressed a number of market-development opportunities, including work on establishing new exchange-traded funds (ETFs) and platinum-accumulation programmes.

Platinum believes that the market development and beneficiation activities it invests in contribute to addressing many of the key challenges identified by the Department of Mineral Resources, including access to metals; R&D and local skills development; access to markets and commercialisation of PGM technologies.

GLOSSARY

AACD	Anglo American's Corporate Division	EE	Employment equity
AACF	Anglo American Chairman's Fund	EMEA	Europe, Middle East and Africa
AAESS	Anglo American EMEA Shared Services in South Africa	EMP	Environmental management plan
AAIC	Anglo American Inyosi Coal Proprietary Limited	ESOP	Employee share ownership plan
AASA	Anglo American South Africa Limited	FHOP	Facilitated Home Ownership Programme
ABET	Adult basic education and training	FIFR	Fatal-injury frequency rate
AMSA	ArcelorMittal South Africa	FLC	Foundational Learning Competence
AOL	Anglo Operations (Pty) Ltd.	FLISP	Finance Linked Individual Subsidy Programme
BAP	Biodiversity action plan	GHG	Greenhouse gas
BBBEE	Broad-based black economic empowerment	GIBS	Gordon Institute of Business Science
BEE	Black economic empowerment	HDSA	Historically disadvantaged South African
CBM	Coal-bed methane	HIV/AIDS	Human immunodeficiency virus/acquired immunodeficiency syndrome
CCJD	Centre for Community Justice and Development	HRD	Human resources development
CCS	Carbon capture and storage	IDC	Industrial Development Corporation
CEL	Centre for Experiential Learning	IEA	International Energy Agency
CIAB	Coal Industry Advisory Board	IEACCC	International Energy Agency Clean Coal Centre
CO₂	Carbon dioxide	IPP	Independent power producer
CO₂e	Carbon dioxide equivalent	JIG	JIG concentrators are devices used to separate particles within an orebody, based on their specific gravity
COP21	The United Nations Framework Convention on Climate Change held its 21st annual Conference of the Parties (COP) in Paris in 2015. This climate conference is more commonly known as COP21	JV	Joint venture
CSI	Corporate social investment	LCE	Leaders in the Connecting Economy
CTID	Culture, Team and Individual Development	LFI	Learning from incidents
DBCM	De Beers Consolidated Mines	LoM	Life of mine
DBSA	Development Bank of Southern Africa	LTIFR	Lost-time-injury frequency rate
DMR	Department of Mineral Resources	MPRDA	Minerals and Petroleum Resources Development Act
DMS	Dense media separation	NO₂	Nitrogen dioxide
DSO	Direct shipping ore	OEL	Occupational exposure limit
EAP	Economically active population	OEM	Original equipment manufacturer
ECD	Early childhood development	ORM	Operational risk management
ECO₂MAN	Anglo American's energy- and carbon-management programme	ORMP	Operational risk-management process
		PACE	Global Platform for Accelerating Coal Efficiency

GLOSSARY continued

PEM	Proton exchange membrane	SHE	Safety, health and environment
PGA	Personal growth accelerator programme	SIOC	Sishen Iron Ore Company
PGM	Platinum group metals	SLP	Social and labour plan
PIT	Professionals-in-training	SME	Small and medium-sized enterprise
PME	Programme for management excellence	SMME	Small, medium and micro enterprise
PPE	Personal protective equipment	SO₂	Sulphur dioxide
R&D	Research and development	TAP	The Achiever Programme
ROM	Run-of-mine	TB	Tuberculosis
S&SD	Safety and sustainable development	TRCFR	Total recordable case frequency rate
SACCCS	South African Centre for Carbon Capture and Storage	UHDMS	Ultra-high dense-medium separation
SARLT	South African Regional Leadership Team	UNISA	University of South Africa
SEAT	Socio-Economic Assessment Toolbox	VCT	Voluntary counselling and testing
SEFA	Small Enterprise Finance Agency	WCA	World Coal Association
SET	Social Ethics and Transformation	WPIC	World Platinum Investment Council

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