



DELIVERING CHANGE BUILDING RESILIENCE WORKING IN PARTNERSHIP



DELIVERING CHANGE BUILDING RESILIENCE WORKING IN PARTNERSHIP

This Transformation Report reviews the progress being made by Anglo American to contribute to South Africa becoming a more equitable and inclusive 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

Front cover images

1. Naledi Trust Village, Kroonstad, Lovedale Primary School library. The Anglo American 2016 Mining Indaba exhibition stand was donated to Lovedale Primary School and converted into a library and study centre.
2. Welding students at the skills development centre at Kumba's Kolomela mine in Postmasburg.
3. Mineralogist Buhle Mkhize at Crown Mines, loads a sample into the XRM instrument for 3D analysis.
4. Raesetja (Processor) and Malesela (Processor) discussing efficiencies at Area 455 Water Filtration at Mogalakwena North Concentrator.

CONTENTS

**HISTORICALLY DISADVANTAGED SOUTH AFRICAN
(HDSA) REPRESENTATION AT MANAGEMENT
LEVELS**

up to 65%

HDSA TRAINING AND DEVELOPMENT SPEND

R1.2 billion

SPEND WITH BEE-COMPLIANT COMPANIES

R27.1 billion

FUNDING PROVIDED FOR 110 BUSINESSES

R121 million

INVESTMENT IN HOUSING INITIATIVES

R1.5 billion

SOCIAL AND LABOUR PLAN EXPENDITURE

R310 million

2 OVERVIEW

2 Foreword

4 Introduction

8 Anglo American's contribution
to South Africa

10 OUR WORKPLACE

10 Responsible safety, health and
environmental management

19 OUR PEOPLE

19 Achieving equity in our workplace

36 Investing in our skills base

42 Improving housing and living conditions

48 FEATURE

48 Gaining momentum in tackling
employee indebtedness

54 OUR COMMUNITIES

54 Developing mine communities

74 OUR PARTNERS

74 Diversifying ownership to promote
greater economic participation

82 Promoting preferential procurement
and supplier development

91 Enterprise development

108 Facilitating beneficiation

114 APPENDIX

114 Glossary

FOREWORD



Andile Sangqu

Executive head of Anglo American South Africa

The mining industry in South Africa has an important role to play in driving socio-economic transformation and redressing historical and social inequality. Against a background of continued commodity-price volatility, with increased stakeholder expectations across a range of fronts, the mining sector recognises the need to work in partnership with stakeholders to ensure that it continues to make a positive, sustainable contribution to society.

BUILDING RESILIENCE IN A CHALLENGING OPERATING CONTEXT

Although it appears that the low point in the current mining cycle is behind us, the industry expects ongoing volatility. Anglo American has responded decisively by improving cash-flow generation and materially strengthening the balance sheet. With our operating model working well, and portfolio and organisational restructuring nearly complete, we are steadily building our resilience. We remain mindful that further progress depends on keeping our many partners on board as we strive for operational excellence, and on honouring our commitments to be a partner for development.

Anglo American is a significant contributor to the country's social and economic transformation. Our contribution addresses key national priorities such as small business development, job creation and supporting domestic investment in the economy by developing and supporting entrepreneurs. The challenging business climate and growing expectations of communities around our operations, have emphasised the need for innovation in order to deliver greater returns to society in general from lower expenditure. Engaging with our stakeholders in a meaningful way becomes ever more critical under these conditions.

COLLABORATING TO SUPPORT GROWTH AND STABILITY IN THE MINING SECTOR

The sector's struggles have motivated greater activity to support its revival. A significant current development is the establishment of a new Mining Precinct in Johannesburg. This is a public-private partnership which aims to arrest the current general decline in South Africa's mining industry through developing new, people-centred technology and techniques that support improved performance and modern mining methods. A key objective is to develop the local mining equipment manufacturing sector. The Precinct is working with a variety of parties and partners to provide a collaborative and interactive environment in which openness and innovation are encouraged, with the aim of enhancing mining's economic impact as the country industrialises further and seeks to transform its economy.

Anglo American actively supports mining's role in promoting local industrialisation, including through our role in downstream-beneficiation sectors, such as the steel industry and fuel cell manufacturing. Our role in mineral beneficiation spans the provision of raw materials for downstream value-addition and the creation of enabling environments for the development of new entrepreneurs and industrialists in downstream and sidestream industries, which provide a wide range of goods and services to the sector. We enjoy a strong partnership with government, and are committed to building on this relationship to ensure we play our part in delivering on the goals of the National Development Plan.

Business, government and labour have continued to engage on key initiatives aimed at addressing some of the underlying social challenges facing the sector and its communities. These include the Framework Agreement for a Sustainable Mining Industry; Mining Phakisa; and the Leaders' Declaration on the Mining Industry Commitment to Save Jobs and Ameliorate the Impact of Job Losses.

LEGISLATIVE AND REGULATORY UNCERTAINTY

Legislative and regulatory uncertainty is an ongoing concern and constrains efforts to revive the sector. 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.

The 2004 and 2010 Mining Charters were products of a multi-stakeholder negotiation process. As a result this accelerated transformation objectives, which industry then implemented. The charter that was published on the 15 June 2017 has deviated from this spirit and approach. We believe that a lasting solution can only emanate from a similar collaborative process as was followed with the first two charters.

DIVERSIFYING OUR EFFORTS TO ADDRESS SOCIETAL CHALLENGES

In my Foreword to last year's Transformation Report, I committed us to extending our efforts in seeking ever more collaborative and innovative solutions to the challenges posed by transformation. Such endeavours can vary greatly in scale. I would like to highlight a simple but powerful initiative introduced in 2016: a community radio series called Makarapa City. The programme deals with the social issues facing many people in mine communities, such as indebtedness and lack of amenities, while highlighting the ways in which Anglo American is contributing through education, health, enterprise development and mine-community development. The stories tapped into the realities of communities' everyday lives in an authentic and realistic way, and the positive feedback on the first series resulted in a second season aired later in the year. We hope that Makarapa City can be a catalyst for real and sustainable engagement and building trusting relationships with our mining communities.

On a broader canvas, we are spearheading a regional approach to socio-economic development in Limpopo province, where we have both platinum group metals (PGMs) and diamond assets. The magnitude of the challenges in the province requires action on a scale greater than any one mine can realistically begin to tackle. We are therefore playing a leading role in stimulating collaboration and partnership across various sectors, in order to bring about lasting, positive transformational change in the region.

LOOKING AHEAD

At the heart of transformation lies a common vision for a better, more equitable and participative society. We believe Anglo American and the broader mining sector have an important part to play in helping to move South Africa to where it needs to be.

Anglo American is now in a stronger and more stable position. We believe 2017 and the years ahead will see promising developments for the company, and for the South African mining industry generally. The trajectory of the mining sector in South Africa is shifting; this is presenting new opportunities for the sector to flourish – though there will also be risks and unknowns that we should anticipate and prepare to manage.

We will continue to work proactively in partnership with government, labour and civil society to ensure that mineral wealth is generated more responsibly and its benefits shared more equitably in support of the country's social and economic transformation imperatives. Underpinning our collective success is the need to strengthen and maintain positive and trusted relationships.

I am confident there is much more we can do together.

Andile Sangqu

Executive head of Anglo American South Africa

Images

A recording of the popular radio drama Makarapa City, which deals with the social issues facing many people in mining communities.



INTRODUCTION



Lindiwe Zikhali

Head of transformation and regulatory affairs
Anglo American South Africa

Following a challenging year for our organisation and the mining industry in general in 2015, 2016 represented a welcome reprieve. We have renewed our resolve to deliver on our transformation agenda – within the organisation, in communities where we operate, and in labour-sending areas. It is heartening to see what we have achieved in spite of a difficult and uncertain operating environment and reduced resources. I believe this report highlights the many ways we have adapted and improved, how much we have done, as well as how much further we still need to go.

TRANSFORMATION IN THE CONTEXT OF RESTRUCTURING

Our transformation efforts have been sustained during a time of far-reaching change within our organisation over the past three years. Tough market conditions have necessitated additional emphasis on productivity and reducing costs, resulting in an aggressive organisational downsizing during 2015 and 2016. At year end, our total headcount was 73,887 – a reduction of 14,744 people from 2015. This reduction was largely driven by the disposal of Platinum's Rustenburg complex where employees transferred to Sibanye and the closure of De Beers' Kimberley mine and Kumba's Thabazimbi mine as well as a 32% headcount reduction at Kumba's Sishen mine.

Throughout the restructuring processes and disposal of operations, we have taken care to manage employment separations respectfully and fairly. We have followed all

due legal processes and engaged with government, employees and unions in order to make a difficult situation as fair and transparent as possible. It has been gratifying to see that we were able to achieve this without any industrial action, which I believe reflects the quality of the relationships and dialogue between management and employees.

We remain mindful that the climate of uncertainty across the Group has implications for employee morale and productivity, safety, and industrial relations.

MITIGATING EMPLOYEE INDEBTEDNESS

We are committed to supporting the well-being of our employees, and are particularly concerned about the effects of excessive individual indebtedness, which is an ongoing concern in the mining industry and affects many employees across our operations. Over the last three years, we have been proactively offering assistance to help our employees to disentangle themselves from debt or, better still, avoid it altogether. The response and results have been very encouraging. For example, at Platinum, more than 9,258 employees, representing 22% of the workforce, have signed up for our financial wellness programme administered by Summit Financial Partners.

An annualised saving of R28 million on debt instalments has been achieved. We will continue to intensify efforts to encourage more employees to use our financial well-being services. In this report, we review our progress in tackling employee indebtedness in a special feature on page 48.

ENSURING A SAFE WORKPLACE

At Anglo American, safety is our top priority. The safety, and health, of our employees is the foundation for any progress elsewhere in the business. Before I reflect on our progress in delivering on our transformation objectives this past year, it is with deep regret and sadness that I report that in 2016 we had a steep rise in fatal injuries, with nine lives lost at our South African operations, compared to three in 2015. Seven deaths occurred at our Platinum operations and two at Kumba.

The tragic deaths are particularly disturbing in view of the good progress we made in reducing injury rates this year. The findings from recent incidents have highlighted the need to further strengthen the implementation of critical controls at the front line. In response, we are launching a dedicated safety culture programme in 2017. Any loss of life is unacceptable and we remain unwavering in our commitment to achieving our vision of zero harm.

DELIVERING BEYOND COMPLIANCE

Across our operations, there is an understanding that transformation is much more than simply a compliance requirement; it is a business imperative. In spite of the challenging operating context of recent years, we have continued to strive to move beyond regulatory compliance, pursuing collaborative and innovative solutions to transformation challenges.

In 2016, Anglo American South Africa operations continued to meet, and in many areas well exceed, the 2014 targets of the 2010 Mining Charter, which remain in place until a third iteration is implemented. We continue to assess and evaluate our performance, including benchmarking ourselves in certain areas against a higher standard. In the remainder of my review, I reflect on key areas of our performance this year that stand out for me.

FOSTERING DIVERSITY AND INCLUSION

Our commitment to transformation is convincingly illustrated by our sustained employment equity (EE) profile. The ongoing organisational restructuring and downsizing and associated 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 largely maintained the EE gains achieved in recent years and we have made progress against certain performance indicators.

Fostering positive perceptions of inclusion amongst all our employee groupings remains essential to achieving sustainable EE. Across our workforce, aggregated levels of historically disadvantaged South African (HDSA) representation have continued to exceed the Mining Charter's minimum requirements. By year-end, aggregate HDSA representation at management levels was 65%, with women holding 24% of management positions.

INVESTING IN OUR SKILLS BASE

We have continued to see rewarding results from concerted efforts to attract, develop and retain talent, enabling us to deliver on our business objectives and make progress towards achieving our EE goals. In 2016, we placed a greater focus on developing skills through on-the-job training, which is more cost-effective than external training. Our business units and functions collectively expended R1.2 billion on HDSA training and development, representing an aggregate 11.3% of annual HDSA payroll (excluding the 1% skills levy). 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.

OUR DIRECT ECONOMIC CONTRIBUTION

It is through our core business activities – employing people, paying taxes and procuring goods and services locally – that we make our most significant positive contribution to the South African economy. In 2016, we contributed R14.9 billion in direct and indirect taxes, R27.8 billion in salaries and wages, and R11.4 billion in local procurement expenditure. Through the multiplier effect, the positive economic contribution of our operations extends significantly further than these direct forms of value distribution.

PREFERENTIAL PROCUREMENT AND SUPPLIER DEVELOPMENT

We have maintained a strong preferential procurement performance. We spent R27.1 billion with BEE-compliant companies across the business units, accounting for 78% of our total expenditure in South Africa. All business units continued to significantly exceed the Mining Charter's procurement spend targets in all areas. We continue to build a more diverse and inclusive supply base, using procurement opportunities created by our mining operations as a catalyst for local economic growth. Spurring our progress are various collaborative initiatives with government and industry aimed at stimulating local manufacturing and technological development, identifying synergies and creating efficiencies across the sector.

ENTERPRISE DEVELOPMENT

Our longstanding Zimele enterprise-development initiative continues to be a catalyst in the development of emerging black businesses, empowering entrepreneurs and facilitating job creation. In 2016, Zimele concluded 204 transactions and provided R121 million in funding for 110 businesses that collectively employed 3,992 people and generated turnover of R692 million. Successful small and medium-sized enterprises (SMEs) have a positive multiplier effect in the surrounding communities, creating employment opportunities and promoting socio-economic development.

HOUSING AND LIVING CONDITIONS

Our investment in providing quality housing and improved living conditions for employees and their families is a pillar of our contribution to community development. Our levels of expenditure have declined over the last two years, curtailing our progress in certain areas, notably housing development. In 2016, Anglo American South Africa spent R1.6 billion on housing initiatives, including expenditure on bulk services, land purchase and housing allowances. The number of employees in company housing has steadily declined over the last three years.

INTRODUCTION continued

to 9,362, representing 13% of the workforce, as more houses become available through the sale of building packages or company-owned units. We continue to focus on making it possible for eligible employees to buy their own homes in suitable areas near our mining operations.

DEVELOPING SUSTAINABLE MINE COMMUNITIES

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 2016, our businesses expended R483 million across these sectors (R583.5 million including contributions to the Anglo American Chairman's Fund), of which R310 million was spent on social and labour plan (SLP) commitments and R173 million on corporate social investment (CSI) projects. We continue to engage with community representatives and other key stakeholders to identify priority projects that will best address community needs in a sustainable manner, beyond mine closure.

IN APPRECIATION

In a challenging and often unsettling environment, the professionalism and commitment of our people have been integral to delivering on our transformation objectives. We face complex challenges. Yet, I feel assured that we have the strong leadership and right people to maintain our strategic intent and build on our achievements.

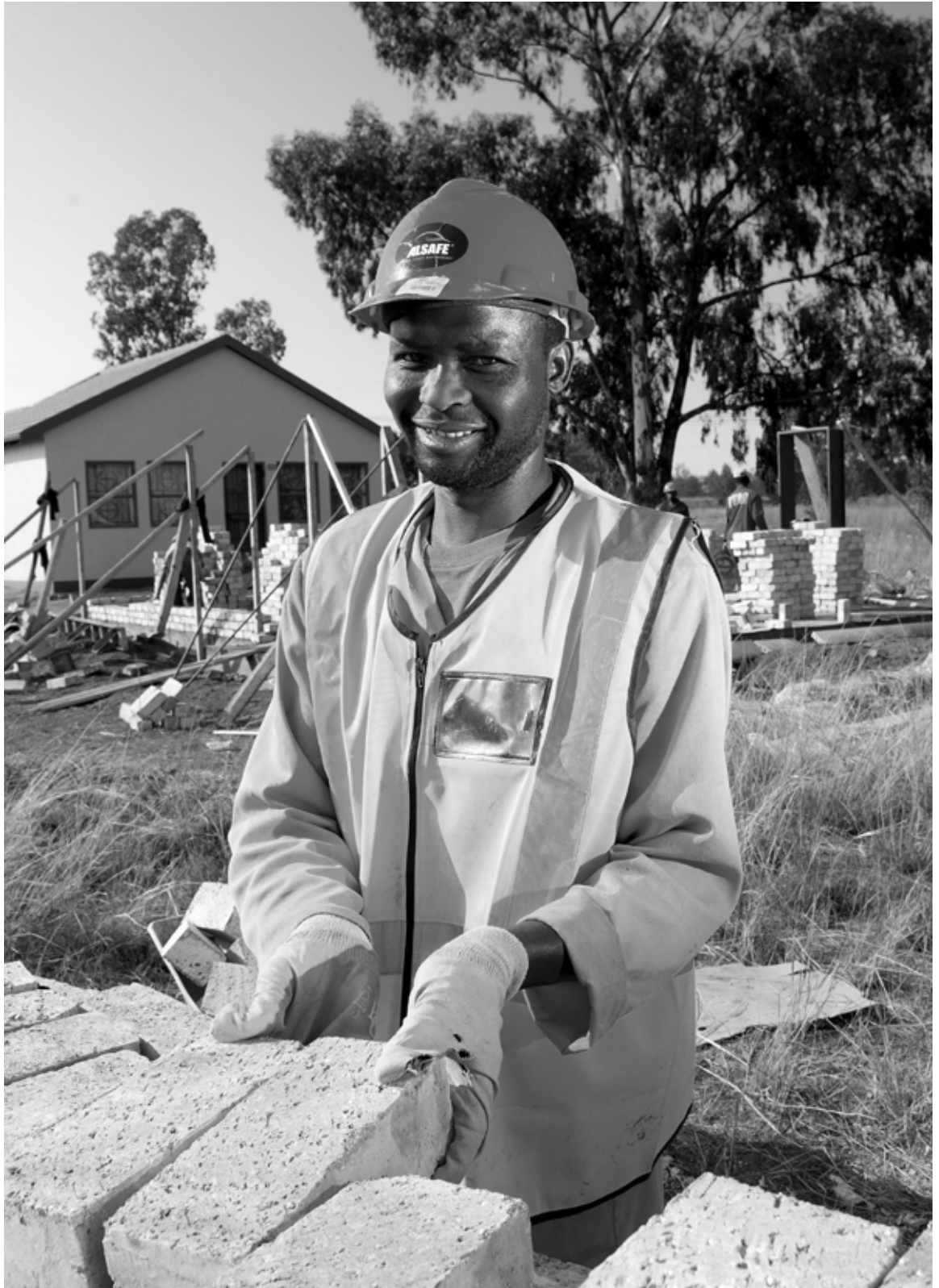
I am proud of our commitment to collaborative thinking and to working together to find creative and practical solutions. I thank all our employees and all our partners for their extensive contributions to supporting our efforts to create sustained value and a more prosperous and fairer society. A special thank you goes to those colleagues who played a pivotal role in the compilation of this report.

Lindiwe Zikhali

Head of transformation and regulatory affairs
Anglo American South Africa

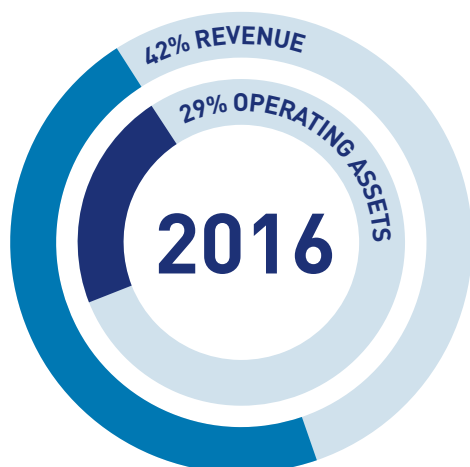
Image

The phase 2 housing project provides economic housing to Coal South Africa employees. The houses are built with bricks made from a percentage of gypsum, produced as a waste product at the Emalahleni water reclamation plant.



ANGLO AMERICAN'S CONTRIBUTION TO SOUTH AFRICA

PRESENCE IN SOUTH AFRICA



2015 Operating assets: 29%
2015 Revenue: 43%



INVESTOR IN
SOUTH AFRICA

R241.7bn



2016

Amount of capital expenditure invested in South Africa since 1999 (2015: R233.2bn)



COMMITMENT
TO THE SOUTH
AFRICAN
PEOPLE



73,887

Number of employees
in South Africa
(2015: 88,661)

15,673

Contractors:
(2015: 20,441)

58,214

Full-time employees:
(2015: 68,220)

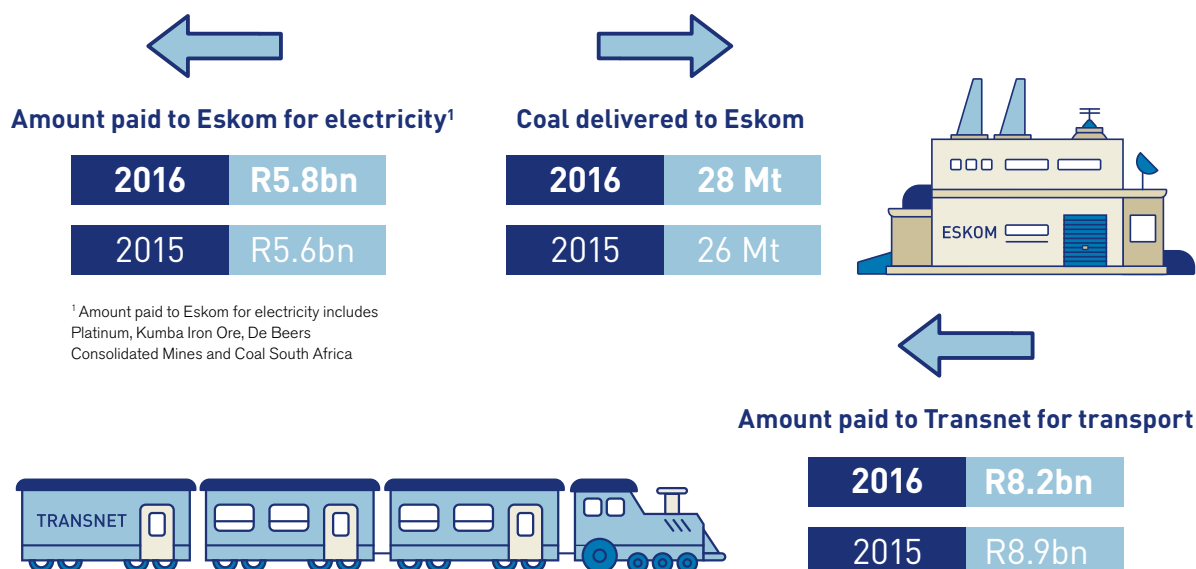
2016: 4 – (2015: 4)

Number of business unit CEOs based in South Africa and number of business units managed from South Africa

CONTRIBUTIONS

	CONTRIBUTOR TO SOUTH AFRICAN FISCUS	2016	2015
	Amount paid in direct and indirect taxes	R14.9bn	R11.0bn
	CONTRIBUTOR TO SOUTH AFRICAN FOREIGN EARNINGS	2016	2015
	Export revenues generated	R130.9bn	R100.4bn
	CONTRIBUTOR ON THE JSE	2016	2015
	Market capitalisation	R395bn	R160bn

KEY PARTNERS WITH SOUTH AFRICA'S STATE-OWNED ENTITIES



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

Making sure that no one who works for us is exposed to harm is our foremost priority. Effective control of safety and health risks protects our people and enhances productivity. Achieving this depends on having the right controls in place for all hazardous activity, and on each control always working properly and being used effectively.

Delivering a safe workplace

Strategic approach: Our safety-management approach is risk-based and focuses on integrating safe working practices into every aspect of what we do. This is founded on three principles: a mindset of zero harm, no repeats and the application of simple, non-negotiable standards. Our principal safety risks relate to transportation, moving machinery, rockfalls in underground mines (falls of ground), worker fatigue, working at height and isolation/lock-out.

Management systems: 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. Safety is continuously cultivated through our highly visible zero harm initiatives.

Leadership and accountability: Our organisational restructuring has reduced the number of management layers across the organisation. From a safety perspective, this has promoted greater accountability at a corporate level for operational safety performance, and has enabled us to share knowledge and learnings more efficiently.

Critical controls: The most important action we can take to protect people and save lives is to improve how critical controls are managed at each of our operations. Achieving a step-change in the quality and implementation of critical controls is the focus of our safety critical-control-management programme, which is linked to the Anglo American Operating Model and Operational Risk Management (ORM) programme. Targets relating to the delivery of ORM form part of management incentives.

Learning from incidents: 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. During 2016, we refined our incident-investigation process to ensure that it aligned with both our critical-control-management and ORM processes. Our operations continue to increase and improve reporting of, and learning from, high-potential incidents (HPIs) as a preventative tool to improve safety and health performance. This reporting has been extended to include high-potential hazards (HPHs), which allow for gaps or control failures to be identified, and addressed, before an incident occurs. Our most common HPIs involve transportation, falls of ground, moving machinery and electricity.

Tripartite partnership: The nine-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. The tripartite partnership is also represented on the Group's public-transportation task force.

Training: All of our employees and contractors 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.

Image

Cat 793D haul truck operator Bennie Van Wyk (left) and haul and load safety officer Norman Setsinaise, perform a pre-shift safety inspection on one of the many Caterpillar 793D haul trucks.



RESPONSIBLE SAFETY, HEALTH AND ENVIRONMENTAL MANAGEMENT continued

Image

In the particle recovery pilot plant, Los Bronces, Chile, 2016.



Modernising our mines

Modernising mining through mechanisation raises many advantages but also presents challenges. In a global economy, promoting mechanisation is the only way for the South African mining industry to remain relevant and competitive. Our vision for modernising our mines includes improving the health and safety of employees and mitigating job losses by creating jobs in non-traditional areas that are related to mechanisation,

including equipment manufacture and the servicing industry. The following examples demonstrate the various benefits evidenced at our operations through deployment of modernised equipment:

- Proximity devices control the safe movement of locomotives
- Personnel detection using sensors and other sensory and lighting technology, improve safety
- New nickel tank-house technology at the base metal refinery in Rustenburg has improved the work environment by reducing ambient tank-house acid-mist emissions
- Large-scale fine-grinding technology improves PGM liberation and downstream extraction, improving recovery by 3%

Through the Anglo American FutureSmart Mining™ mining-innovation programme, we are embracing a host of new and existing technologies to ensure our operations are among the most efficient anywhere – and, crucially, safer, more energy-efficient and less water-dependent.

Safety-related incidents

Work-related loss of life: We deeply regret the loss of nine members of our workforce at operations managed by Anglo American in South Africa during 2016. These deaths represent a very disappointing increase on the three workplace deaths in 2015, and run counter to the good progress we have made in reducing injury rates. Seven deaths occurred at our Platinum operations: two were the result of a fall of ground, four involved moving machinery and one occurred during an unplanned detonation of an explosive. At Kumba, an employee died in a moving-machinery incident and another was fatally injured while working with electricity. It is deeply concerning that several of the incidents arose as a result of front-line operational practice not being aligned with our stringent safety policies. Any loss of life is unacceptable and we remain unwavering in our commitment to achieving our vision of zero harm.

Non-work-related loss of life: Three non-work related deaths occurred in 2016. These were related to criminal activity at a Coal operation in South Africa, and a fall from a height at Kumba. The outcome of a formal investigation into the cause of the latter incident was inconclusive. While these are not formally recorded in Anglo American statistics, they are subject to rigorous investigation and management action in order to prevent repeats.

Reducing injury rates: Our lost-time injury frequency rate (LTIFR) improved by 23% to 0.50 in 2016 (2015: 0.65), with the total recordable case frequency rate (TRCFR), which includes any injury that requires more than first-aid treatment, improving by 30% to 0.80 (2015: 1.14).

Please refer to the Anglo American 2016 Sustainability Report for safety performance data for each business unit <http://www.angloamerican.com/sustainability>.

Anglo American South Africa safety performance

Performance indicator	2016	2015
Work-related loss of life	9	3
Fatal injury frequency rate (FIFR)	0.010	0.003
Total recordable case frequency rate (TRCFR)	0.80	1.14
Lost-time injury frequency rate (LTIFR)	0.50	0.65

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 focus areas:

Our health strategy addresses three focus areas:

- Protecting employees from occupational health risks in the workplace
- Supporting the overall health of our workforce
- Supporting the health of communities around operations and in labour-sending areas through partnerships

Occupational health

Management approach and systems: Since 2008, the Anglo American Occupational Health Way has guided us in our striving for zero harm. In 2016, we integrated our Occupational Health, Safety and Environment Ways into a single SHE Way to improve and streamline our management systems. Our increasingly integrated approach is consistent with the implementation of the ORM process for all operational risks. Through ORM, we require that operations identify their critical health risks, implement controls to mitigate those risks, monitor the effectiveness of controls, and learn from incidents in order to prevent repeats. ORM implementation forms part of the incentive-based remuneration for all senior executives.

Our principal occupational health risks relate to noise, inhalable hazards, musculoskeletal stress and fatigue. Mandatory technical standards are in place to ensure that each of these risks is addressed in a robust and consistent manner.

Monitoring the health of employees:

Anglo American's occupational medicine programmes ensure that the baseline health of every employee entering the workforce is recorded, that their state of health is monitored throughout the duration of their employment, and that focused interventions are made to help the individual sustain and potentially improve their health. Our medical surveillance programmes include health screening for common lifestyle diseases such as hypertension, diabetes, cholesterol and obesity.

Risk profile: In 2016, Anglo American's risk profile changed considerably following the divestment of the Rustenburg Platinum operations (the vast majority of employees at risk of excessive exposure to noise and potential noise-induced hearing loss are underground rock drill operators at Platinum). The proportion of the workforce reported to be working in environments with noise levels in excess of the eight-hour exposure limit of 85 dB(A) decreased to 34% (2015: 42%). The proportion of the workforce reported to be working in environments where they were potentially at risk of exposure to inhalable hazards at levels in excess of the relevant occupational exposure limits (OELs) was 8% (2015: 9%).

New cases of occupational diseases: The number of new cases of occupational disease reported in South Africa during 2016 was 72 (2015: 92). This improvement was led by a significant reduction in noise-induced hearing loss and, to a lesser extent, the divestment of operations for which cases are recorded up until the date of disposal.

RESPONSIBLE SAFETY, HEALTH AND ENVIRONMENTAL MANAGEMENT continued

Silicosis: Anglo American has recorded no cases of silicosis owing to exposure at our operations since 2011. While cases of silicosis have been diagnosed at Platinum in the past and not specifically in 2016, these are a result of exposure during prior employment. There is no risk of exposure to silica dust at platinum operations. In 2016, we recorded 21 cases of coal-worker's pneumoconiosis (CWP) at Coal South Africa. All such cases are investigated to better understand their causes, including the past and current occupational exposure profiles of those who become ill.

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. In support of this, we offer all our permanent employees subsidised health insurance.

The total absenteeism rate (absenteeism owing to injuries on duty, non-work-related injuries, and sickness) was 6.87% (2015: 6.58%). At De Beers, a focus on stress management and employee psychological well-being, and addressing HIV-related absenteeism, has led to a stable year-on-year absenteeism rate. Kumba and Platinum continue to implement initiatives aimed at reducing high levels of long-duration sick leave and high-frequency sick leave. Wellness is affected by all facets of life, including financial considerations. Our initiatives aimed at addressing financial stress, including debt counselling, are reviewed on page 48.

Our internal health drive will have limited effect if this is undertaken in communities where health systems are weak. Our activities to promote healthcare in the broader community are reviewed in the Developing mine communities chapter of this report.

Managing TB and HIV/AIDS

In South Africa, our workplace tuberculosis (TB) and HIV/AIDS programmes remain a top priority. We are pleased that most of our HIV/AIDS performance indicators continued to show a steady improvement in 2016. There are, nonetheless, challenges around early diagnosis, timeous enrolment in disease-management programmes (DMPs), and adherence to treatment for HIV and TB.

In 2016, we announced our commitment to achieve the UNAIDS global targets in terms of which, by 2020, 90% of our employees should know their HIV status, 90% of identified seropositives be on anti-retroviral treatment (ART), and 90% of those should have undetectable viral loads. In 2016, South African businesses achieved the target of 90% of employees knowing their status. During the year, Anglo American South Africa tested and counselled 75,804 employees and contractors (2015: 87,817).

Regrettably, the annual number of new HIV infections remained high at 475 (2015: 342), 353 of which were at Platinum and 37 at De Beers. The majority of the new cases at Platinum relate to employees who have not been tested for several years. The increase in new cases diagnosed at De Beers can be attributed to an increase in the scope of reporting and improvement in testing rates, driven by leadership, to 82% in 2016, from 26% in 2015.

The number of HIV-positive employees enrolled on our HIV wellness programmes was 79% in 2016, while the uptake of ART by HIV-positive employees decreased from 70% to 65%. The reduction in the percentage of employees on ART was a result of an increase in testing levels and a consequent increase in new cases identified. Not all new cases were immediately placed on treatment because not all business units had yet implemented the new 'test and treat' policy.

The South African government adopted and implemented the World Health Organisation HIV/AIDS treatment guideline of 'test and treat' on 1 September 2016, requiring all people diagnosed as HIV-positive to start ART immediately. The leadership of Anglo American has formally endorsed this policy for all its operations. De Beers has implemented the guideline since January 2016, and all our other operations since September, which will significantly assist in managing HIV in our operations.

At 447 per 100,000 of the population, our TB incidence rate has decreased by 33% this year and, on average, remains well below the South African national rate of 860 per 100,000. Regrettably, in 2016, 14 employees died from TB (related to HIV co-infection). This decrease from the 28 deaths from TB recorded in 2015, is attributable to better case management at Platinum.

During 2016, Platinum expanded its isoniazid (INH) prevention therapy programme for seropositive workers. (See case study on next page).



Fight against TB – INH programme in Rustenburg

Faced with a high prevalence of HIV, an ageing population and the increasing burden of lifestyle-related risk factors and diseases (such as smoking and diabetes), Platinum in 2013 reviewed its TB and HIV management programmes, and made changes that have resulted in a significant improvement in performance across incidence rates, DMP enrolment and treatment uptake.

The review examined the people, processes and technologies used and the resulting plan included: increasing staff numbers and training opportunities, managing seamless referrals and the introduction of red flags to trigger follow-up of defaulters and those not enrolled on DMP, the use of the Tuberculin test and the availability of single-dose INH prophylactic therapy.

Between January 2015 and November 2016, the cumulative number of 'high risk' employees started on INH prophylaxis was 5,522. The follow-up of individuals with known HIV-positive status who had not joined the programme saw just over 96% of people enrolling.

The registration on HIV disease management and enrolment on ART significantly increased over this period – with HIV registration increasing to 7,954 in October 2016, from 6,727 in 2013. ART enrolment increased to 6,418 in October 2016, from 4,231 in 2013. Of the individuals on DMP, the proportion of ART uptake increased.

TB incidence has been decreasing over the past three years – with a reduction in both pulmonary TB and extra-pulmonary TB.

Against the backdrop of the 'test and treat' treatment guideline and the 90-90-90 target set by UNAIDS, Platinum will continue to work towards meeting these new targets. In addition, it will strengthen its partnerships with district health facilities and other social partners to ensure that any gaps in the prevention, treatment and care space are identified and managed.

Mining Charter performance indicator	2014 target	2016 achievement			
		Coal South Africa	De Beers	Kumba	Platinum
Implementation of culture transformation framework (%)	100	80 - 100*	100	100	100
Employees embarking on occupational health and safety (OHS) representative training (%)	8	11	15.7	17.6	8.29
Leading practices from MOSH (mine occupational safety and health) Learning Hub investigated for implementation (%)	100	100	100	100	100
Research findings from Mine Health and Safety Council (MHSC) investigated for implementation (%)	100	100	100	100	100
Health: mandatory occupational health reports submitted (%)	100	100	100	100	100
Health: adherence to HIV/AIDS and TB guidelines		Yes	Yes	Yes	Yes

* Level of implementation at operations ranges between 80% and 100%

RESPONSIBLE SAFETY, HEALTH AND ENVIRONMENTAL MANAGEMENT continued

ENVIRONMENTAL MANAGEMENT

Many of the environmental impacts of mining are borne by communities around our mining operations, while others also contribute to global challenges such as climate change. Through the implementation of best-practice standards, we aim to achieve and surpass basic legal compliance. For further information on our environmental management and impacts, please refer to the Anglo American 2016 Sustainability Report, available through our website <http://www.angloamerican.com/sustainability>.

Mitigating our environmental impacts

Management approach and systems:

Anglo American's environmental performance has been guided for many years by our Environment Way internal policy requirements on pre-development impact assessments, water, air quality, mineral and non-mineral waste, hazardous substances, biodiversity, rehabilitation and mine closure. During 2016, we combined our safety, health and environmental management system standards into a single SHE Way. Our Investment Development Model includes sustainability criteria to ensure that we identify and manage environmental risks from the outset. Our Mine Closure Toolbox (MCT) is the primary means through which we seek to achieve a structured approach to closure planning and management.

Our approach seeks to reduce long-term risks and liabilities to our business and ensure that we leave a positive legacy when our mines conclude their operational lives. Our approach to environmental risk management has been integrated into our ORM process.

Legislative requirements: 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. Authorisations pertain largely to the MPRDA, the National Environmental Management Act (NEMA) and the National Water Act (NWA). In 2016, no fines or non-monetary sanctions for non-compliance with environmental regulations, licences or permits were imposed by authorities on any of our operations. Two moderate impact environmental incidents, however, were reported at Coal South Africa operations, which constituted non-conformances to the water-use licence conditions and the duty of care principle of the NWA and the NEMA. Extensive management plans have been put in place to address the incidents and prevent repeats.

Environmental management plans: All our mines are implementing environmental management plans (EMPs) that have been approved by the Department of Mineral Resources (DMR) and certified against the ISO 14001 environmental management system standard. Environmental management programme reports (EMPRs) include rehabilitation and closure commitments with related financial provisioning in place. See page 18 for further information.

Environmental incidents: Reporting, investigating and sharing lessons learnt from environmental incidents form an essential part of improving controls to prevent repeats and of integrating environmental consciousness into core business processes. Anglo American reports five levels of environmental incident severity according to actual and/or potential consequences on the receiving environment. In 2016, there were no Level 4 or Level 5 incidents reported for the second consecutive year. The Group reported two Level 3 (moderate impact) environmental incidents during 2016 (mentioned above), compared with one in 2015 and five in 2014.

Environmental key performance indicators

Performance indicator	2016	2015
Total new water consumed (million m ³)	58.9	66.3
Total CO ₂ equivalent emissions (Mt CO ₂ eq)	8.2	9.0
Total energy used (million GJ)	41	44.5
Environmental incidents – Level 3	2	1
Environmental incidents – Level 4	0	0

Image

Topsoil is stockpiled for use in rehabilitation work at Coal South Africa's colliery.



RESPONSIBLE SAFETY, HEALTH AND ENVIRONMENTAL MANAGEMENT continued

Mining Charter performance requirements

Implementation of approved EMPs: All operations are compliant with the requirements of MPRDA Regulation 55 on Monitoring and Performance Assessments of Environmental Management Programmes/Plans. Independent technical and legal experts conduct annual performance assessments to verify compliance with EMP commitments. None of our operations received feedback from the DMR on the submitted monitoring and performance assessment reports of EMPs. All mining activities and related activities are included in the existing approved EMPs and amendments in terms of the MPRDA. All required environmental compliance audits have been conducted. Closure liability assessments are undertaken annually for all operations. All operations have ensured that their closure liability is adequately funded as per the prescribed method of financial provision in terms of the MPRDA.

Implementation of approved rehabilitation plans: All operations have rehabilitation plans in place. These plans are geared towards concurrent rehabilitation and include backlog rehabilitation, where applicable. Rehabilitation plans assist in planning around reducing rehabilitation backlogs. Rehabilitation targets are set annually and are monitored in line with the EMP requirements.

Implementation of approved mine-closure plans: Anglo American mine-closure plans are aligned to the Anglo American Mine Closure Toolbox (MCT), and take all elements of sustainable closure into account. All operations have preliminary mine-closure plans, except for Platinum's Amandelbult Complex that is in a final draft format and Twickenham Project which is currently on care and maintenance. The project plans to have its own preliminary mine-closure plan by the end of 2018.

Samples for analysis: Our operations generate large volumes of mineral commodity samples for analysis. During 2016, Coal South Africa analysed 4,290 samples, De Beers 535 samples, Kumba 243,768 samples, and Platinum 188,870 samples. All samples from all our operations were analysed in South Africa.

ACHIEVING EQUITY IN OUR WORKPLACE

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

Inclusivity: Anglo American strives to build a workplace culture that reflects and harnesses a rich diversity of ideas and perspectives, and that does not tolerate discrimination. Across our operations, we foster diversity management and implement measures to advance representation of HDSAs and people with disabilities (designated groups) across all occupational levels in the workforce.

Talent management: 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. 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 36.

Exceeding compliance: The 2010 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 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. We set ambitious internal targets, over and above those set by the Mining Charter, including targets to increase female representation.

Managing our progress: Each business unit has a detailed EE plan for achieving transformation objectives and EE reports are submitted annually to the Department of Labour (DOL). Each operation also monitors and reviews its progress towards creating a workforce that broadly reflects South Africa's economically active population (EAP). Our approach includes evaluating and seeking to address identified internal and external barriers to effective transformation. The demand for skills at managerial level, particularly for HDSAs is an ongoing challenge. We focus on rewarding good performers, developing skills, providing opportunities for career advancement, and developing leadership capacity.

Gender diversity: There remain challenges in making the traditionally male-dominated mining sector attractive to females. 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, 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 PPE for women, forums that address governance issues concerned with gender diversity, and creating an enabling environment.

Migrant labour: All our operations focus on recruiting locally. Platinum and Coal South Africa continue to employ some workers who come to South Africa from neighbouring countries, though levels of migrant labourers at their operations have steadily decreased. Our policies and procedures are inclusive and sensitive towards diversity and ensure that foreign nationals are treated no less favourably than any other permanent employee.

ACHIEVING EQUITY IN OUR WORKPLACE continued

OUR PROGRESS

It is encouraging that despite operational challenges, including resource constraints and an essential reduction in our headcount, our business units have succeeded in largely maintaining the EE gains achieved in recent years, and that progress continues to be made against certain EE performance indicators.

Across our workforce, aggregated levels of HDSA representation have continued to exceed the Mining Charter's minimum requirements (see table on page 21). The ongoing organisational restructuring and drive for efficiency within the business units, however, have limited the opportunities for appointments and progression.

A further challenge is the escalating premium for recruiting black talent. To address these challenges, our business units have developed and are successfully implementing strategies aimed at ensuring that we are an employer of choice, and that our EE profile remains relatively unaffected and continues to improve in certain areas.

HDSA representation: At the end of 2016, 65% (2015: 63%) 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 53% (2015: 49%), at Exco level 49% (2015: 47%), at senior management level 45% (2015: 45%), in middle management 62% (2015: 60%), and at junior management level 72% (2015: 70%). In core and critical skills, HDSA representation was 83% (2014: 83%).

Female representation: At year end, women held 24% of management positions (2015: 23%), 14% of positions in core functions (2015: 13%), and represented 19% of our overall workforce (2015: 17%). The 'Women in mining' forums established at certain business units continue to provide opportunities for networking, mentoring, and validation of shared experiences. We continue to ensure a good representation of women participating in our development programmes in all mining-training streams, thereby providing a pipeline of talent for succession planning.

Workforce demographics relative to EAP:

In relation to the national EAP, across our workforce African females remain the most under-represented, while white males at management level are the most over-represented. African males are also over-represented, though in line with the economically active population at management levels.

Organisation restructuring

In 2016, Anglo American continued its process of reviewing and building an organisation structure that is more fit for purpose, resourcing this structure with people with the best abilities, and empowering leadership to deliver results. The operating model is being implemented throughout the business and is working well. The portfolio and organisation restructuring has driven a significant reduction in workforce numbers over the past two years. At year end, Anglo American South Africa's total headcount was 73,887 (2015: 88,661). This 17% reduction was largely driven by the disposal of Platinum's Rustenburg complex and De Beers' Kimberley mine, and a 32% headcount reduction at Kumba's Sishen mine.

Throughout our restructuring processes, we maintain 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 them in finding employment elsewhere.

Anglo American South Africa HDSA representation in management and core functions: 2016

%	Mining Charter 2014 target	Coal South Africa	De Beers	Kumba	Platinum	AAESS	AACD	AASA
Board	40	50	44	73	42	N/A	N/A	53
Exco	40	41	57	57	50	N/A	N/A	49
Senior management ¹	40	44	42	50	45	50	45	45
Middle management	40	60	55	62	64	78	62	62
Junior management ²	40	70	79	67	73	86	76	72
Core and critical skills ³	40	83	92	86	81	N/A	N/A	83
Aggregated HDSAs in management	40	64	64	64	67	82	58	65
HDSAs in total workforce	40	82	84	86	85	93	72	84

¹ Including Exco

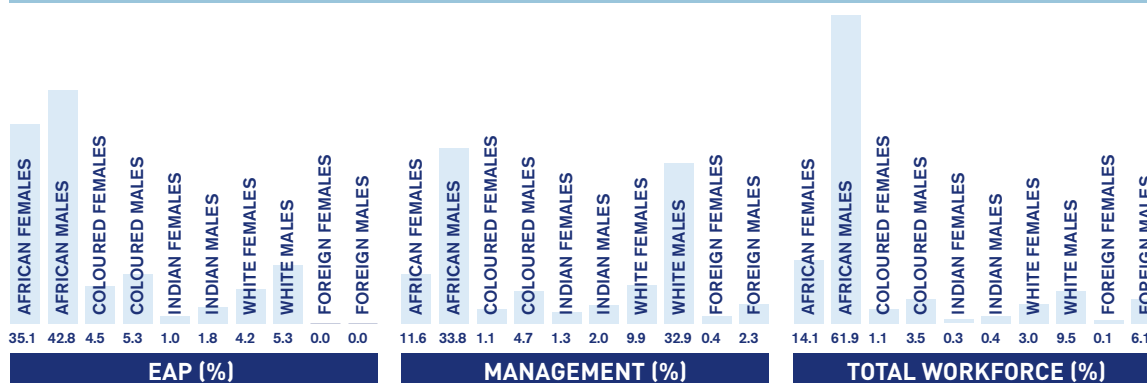
² Junior management level C3 – C5

³ Core and critical skills: includes occupational levels C2 and below

Anglo American South Africa female representation in workforce: 2016

%	Coal South Africa	De Beers	Kumba	Platinum	AAESS	AACD	AASA
Women in management	22	26	21	22	69	38	24
Women in core functions	17	22	16	12	N/A	N/A	14
Total women in workforce	20	28	21	15	73	38	19

AASA's workforce demographics compared with the economically active population (EAP) (as at end 2016)



ACHIEVING EQUITY IN OUR WORKPLACE continued**COAL SOUTH AFRICA****Coal South Africa HDSA representation in workforce (as at end 2016)**

Occupational levels	% HDSA
Board ¹	50
SARLT (South African Regional Leadership Team)	41
Senior management ²	44
Middle management	60
Junior management ³	70
Total management	64
Core functions ⁴	87
Total workforce⁵	82

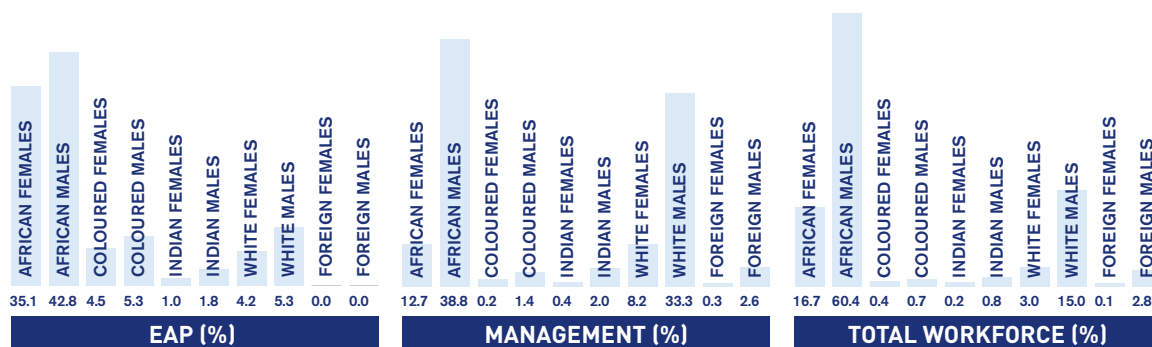
¹ Anglo Operations Proprietary Limited (AOPL) Board² Including Exco³ Junior Management C3 – C5⁴ Core and critical skills: includes occupational levels C2 and below⁵ Total workforce includes skilled, semi-skilled and unskilled levels**Coal South Africa female representation in workforce (as at end 2016)**

	% representation
Total women in workforce	20
Women in management	22
Women in core functions	17

Coal South Africa's employment equity performance in 2016 was consistent with 2015, with slight year-on-year improvements. HDSA representation increased in middle management from 58% to 60%, in junior management from 68% to 70%, and in core functions from 82% to 87%. Levels of female representation remained consistent with 2015 at 20% of the workforce, with 22% in management positions and 17% in core functions.

Coal South Africa has steadily reduced the number of migrant labourers working at its operations from 428 in 2011 (4% of workforce) to 220 in 2016 (2.7% of workforce).

Coal South Africa workforce demographics compared with the EAP (as at end 2016)



Image

Professional-in-Training
(PIT) Prianka
Padayachee at
Coal South Africa.



Developing young talent through mentorship

Prianka Padayachee is passionate about her career in mining engineering. Having obtained her BSc Mining Engineering from the University of the Witwatersrand (Wits) in 2014, where she was the first female chairperson of the Wits Mining School Council, the 26-year-old is now working for Coal

South Africa. "I've always been passionate about engineering in terms of the sciences as well as geology, so I infused my love for those two fields and decided on mining engineering," she says. Prianka advocates the importance of mentorship especially in fields like mining that remain male-dominated. "Engineering is a tough industry to break into, and even when you are in it, staying the course takes a lot of hard work and effort. Women need to find a balance in how forthright or accommodating they should be.

"It is therefore important to have a mentor and someone to look up to and guide and support you through challenges and with making decisions. I have two mentors who are assisting with my career path. It's through them that I realised the importance of mentorship and it also encouraged me to become a mentor."

Prianka maintains that we need to empower, equip and enable women to grow and take up senior positions in companies. She advises aspiring engineers to persevere and keep pushing even when things are tough. "It is a difficult industry but you will reap the rewards."

ACHIEVING EQUITY IN OUR WORKPLACE continued

'Buddy' mentoring for newly-appointed graduates

Coal South Africa implements a mentorship programme called 'Bank on the Buddy' to assist newly-appointed graduates to become orientated within the workplace. The new graduates are paired with a second- or third-year graduate in the same discipline at the same operation. In 2016, 13 graduates (54% HDSAs and 23% females) were each paired with a 'buddy mentor' and completed Coal South Africa's mentorship training. During 2016, a total of 59 employees, ranging from graduates to senior managers, were formally trained in mentorship. Of those trained, 64% were HDSAs, with 20% of them being females.

Testimonial from a mentored graduate: "I did the mentorship training when I was on-boarded in 2013 as an environmental professional-in-training. I was introduced to my buddy mentor, who guided me on my specific role within the environmental field and also the working world in general. I then had to find my own feet by navigating the environmental discipline and identify my own mentor. I acquired two mentors who assisted me tremendously. I met with one or the other at least once a month or communicated electronically and telephonically. These interactions added a lot of value to my journey as a graduate, and will continue to do so in my current role as an environmental officer and, I envisage, in any future roles".

Zama Mtshali

Environmental officer at Centralised Services



DE BEERS

De Beers HDSA representation in workforce (as at end 2016)

Occupational levels	% HDSA
Board	44
Exco ¹	57
Senior management ²	42
Middle management	55
Junior management ³	79
Total management	64
Core functions ⁴	99
Total workforce⁵	85

¹ De Beers Consolidated Mines only

² Including Exco

³ Junior Management C3 – C5

⁴ Core and critical skills: includes occupational levels C2 and below

⁵ Total workforce includes skilled, semi-skilled and unskilled levels

De Beers female representation in workforce (as at end 2016)

	% representation
Total women in workforce	28
Women in management	26
Women in core functions	22

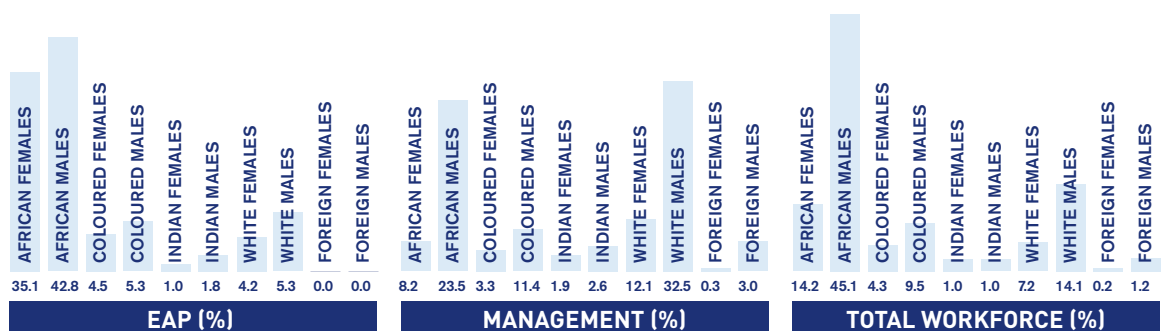
In 2016, De Beers continued to steadily improve its EE profile, achieving year-on-year increases in its HDSA representation at senior-management level from 39% to 42%, at junior-management level from 78% to 79% and its contingent of employees living with disabilities from 2% to 2.2%. This reflects positively on the company's continued efforts to develop and promote internal HDSA talent and expand opportunities for people living with disabilities. Aggregated levels of HDSA representation in management (64%) and female representation in management (26%) remained level with 2015. HDSA representation at middle-management levels reduced marginally from 56% to 55%, as did representation of women in the workforce which declined from 29% to 28%.

The company's sustained performance and progress has been achieved despite the challenges of a moratorium on recruitment implemented since the middle of 2015

in response to market uncertainty and volatility continuing to affect the business, together with the sale of Kimberley Mines and associated staff-reduction programmes. The remote location of De Beers' operations presents further challenges in retaining and attracting HDSA skills.

Each year, the various operations in De Beers set objectives for achieving a culture of inclusion and a more representative workforce. Current efforts span the following initiatives: focused hiring and retention programmes; increasing gender diversity; increasing disability awareness; promoting stronger female succession pipelines; broadening the talent pipeline through community development programmes; introducing an National Qualification Forum (NQF) Level 4 Further Education and Training Certificate (FETC) diamond design and evaluation learnership specifically targeting people with disabilities.

De Beers workforce demographics compared with the EAP (as at end 2016)



ACHIEVING EQUITY IN OUR WORKPLACE continued

Image

Deni Mohulatsi progressed through the De Beers bursary and graduate training programmes to become a section engineer of load and haul at Venetia mine.



De Beers' gender diversity working group

In May 2016, the De Beers Exco team approved the establishment of a global working group to develop specific interventions to increase gender diversity across its business. The objectives were to: identify existing best practice; articulate a broad statement of intent, objectives, gender equity targets and identify opportunities to capitalise on a more diverse workplace; and develop a gender diversity 'framework for action'. The working group commissioned independent focus-group interviews with female representatives across the business. The findings identified cultural challenges that need to be addressed. In response, the company has developed a statement of intent and supporting action plan to promote gender equality. The following priority actions will be implemented:

Leadership commitment

Roll out 'unconscious bias' training for leaders in order to ensure their commitment to be role models and to be accountable for gender diversity actions.

Policy, process and practice

Promote a culture of trust and safety from verbal, physical and sexual harassment by establishing support structures in the form of a 'buddy' or peer-support network that will enable women to speak up without retribution.

Talent development

Develop a stronger female succession pipeline by establishing South Africa-specific cross-business unit talent reviews in order to mobilise female talent across De Beers' various operations. Establish a formal mentorship programme for the growth and development of female high-potential talent pools.

Measures and governance

Establish and use both quantitative metrics (aligned to South African legislative requirements) and qualitative metrics (employee engagement survey) to track progress against targets set for 2022.

**KUMBA****Kumba HDSA representation in workforce (as at end 2016)**

Occupational levels	% HDSA
Board	73
Exco	57
Senior management ¹	50
Middle management	62
Junior management ²	67
Total management	64
Core functions ³	91
Total workforce⁴	87

¹ Including Exco² Junior Management C3 – C5³ Core and critical skills: includes occupational levels C2 and below⁴ Total workforce includes skilled, semi-skilled and unskilled levels**Kumba female representation in workforce (as at end 2016)**

	% representation
Total women in workforce	21
Women in management	21
Women in core functions	16

ACHIEVING EQUITY IN OUR WORKPLACE continued

The major restructuring at Kumba during 2015 and 2016, and associated employee movements and voluntary separations, had a significant impact on the scale and make-up of the workforce across the company's operations. Despite the various challenges, by the end of 2016, Kumba's EE profile had improved across all indicators, relative to the previous year. Year-on-year reporting, however, has been affected by a number of vacant positions that have not yet been filled, and by several temporary, fixed-term contracts in place to bridge the transition to new processes and ways of working in the company post-restructuring. The stabilisation of structures and the workforce is critical for accurate transformation reporting and subsequent action plans to achieve stretch targets.

At management level, the aggregate 64% HDSA representation in 2016 was 4 percentage points higher than the previous year. Levels of female representation increased from 19% to 21% of the total workforce, from 19% to 21% of management positions, and from 14% to 16% of core-function positions. Kolomela mine's female representation already stands at a commendable 43%. People with disabilities accounted for 1% of positions at management levels, level with the 2015 figure.

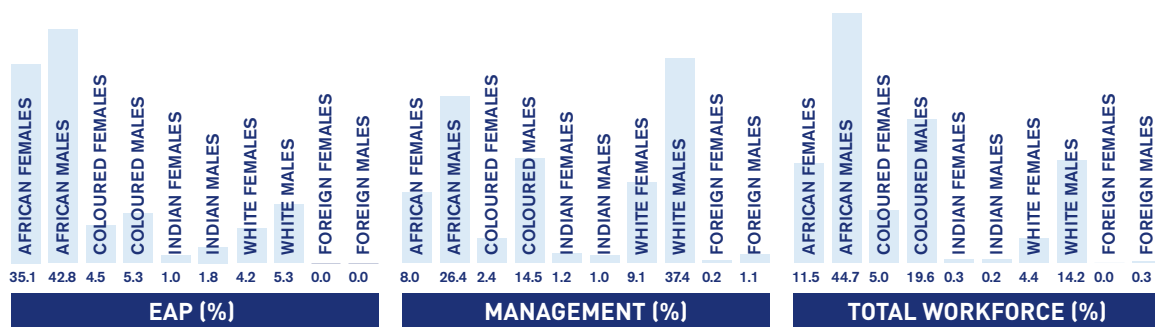
To address under-representation of black males and females at senior-management levels, Kumba is taking a more rigorous approach to succession-planning and talent-management processes.

Through its 'Women in mining' programme, the company has made considerable progress in creating and maintaining a secure work environment where women feel safe and empowered.

Kumba employs people from the Northern Cape, predominantly from the towns and villages of Kathu, Kuruman and Postmasburg. Transport and accommodation facilities are available for these employees. A small contingent of 19 foreign nationals is permanently employed.

In relation to the national EAP, coloured representation percentages are higher for Kumba as its operations are in the Northern Cape, with its higher proportion of coloured people. This aligns, however, with the regional EAP percentages.

Kumba workforce demographics compared with the EAP (as at end 2016)



**PLATINUM****Platinum HDSA representation in workforce (as at end 2016)**

Occupational levels	% HDSA
Board	42
Exco	50
Senior management ¹	45
Middle management	64
Junior management ²	73
Total management	74
Core functions ³	84
Total workforce⁴	85

¹ Including Exco² Junior Management C3 – C5³ Core and critical skills: includes occupational levels C2 and below⁴ Total workforce includes skilled, semi-skilled and unskilled levels**Platinum female representation in workforce (as at end 2016)**

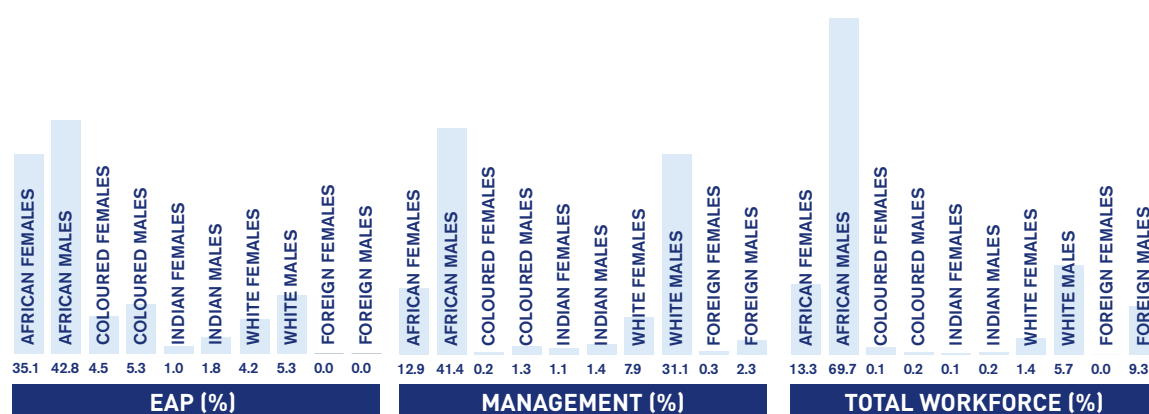
	% representation
Total women in workforce	15
Women in management	22
Women in core functions	12

ACHIEVING EQUITY IN OUR WORKPLACE continued

Platinum made good progress in advancing its employment equity profile in 2016, in spite of the operational challenges and organisational changes. By year end, at management level, the aggregate 74% HDSA representation was 10 percentage points higher than in 2015. Although senior-management HDSA representation decreased slightly from 47% to 45%, the company has a strong pool of middle-management talent to draw on in order to strengthen representation at senior level. HDSA representation increased at middle-management level from 62% to 64%, and at junior-management level from 70% to 78%.

The proportion of women in management positions increased from 20% to 22%, from 14% to 15% in the workforce as a whole, and remained level at 12% in the core disciplines of mining, engineering, projects and metallurgy. Platinum aims to increase the participation of black females, who remain significantly under-represented, to 20% across all occupational levels over the next five years.

Platinum workforce demographics compared with the EAP (as at end 2016)



Although African females in the workforce improved their representation in 2016 relative to the EAP, they remain the most significantly under-represented group. African male representation at management levels is above the EAP, but the majority of these employees are at junior-management level. The representation of white males across the workforce is aligned with the EAP; the majority, however, are in management positions.

In 2016, the company revised its five-year EE plan (2014-2019) to ensure alignment to the new organisational design. The plan aims to increase the representation of African males and females, particularly at senior and middle-management levels, to align with the EAP.

Platinum has amended its policies and procedures to ensure non-discrimination against foreign migrant labour. The number of migrant workers at Platinum's operations has steadily decreased from 6,381 in 2011 (12.2% of workforce) to 2,394 in 2016 (9.6% of workforce). Platinum recruits 24% of its workforce from the Eastern Cape and 19% from Limpopo province.

Image

Platinum was awarded as the Top Gender Empowered Company of 2016.



Platinum is sector leader at Top Women Awards

Platinum was named as the winner of the Top Gender Empowered Company in the resources category at the 13th Standard Bank Top Women Awards event held in Johannesburg in August 2016. The Top Women Awards is a collaborative platform dedicated to recognising outstanding leadership, inspiration, vision and innovation in organisations that have stepped up and shaped women's roles in the private and public sectors.

Winners were chosen in 28 categories and judged according to criteria such as percentage of female ownership, women in senior-management positions, number of female directors and employees, the nature and scope of policies and programmes geared towards empowering women, as well as turnover growth of the company.

OUR CULTURAL TRANSFORMATION JOURNEY

Platinum continues to embed its Organisational Culture Transformation (OCT) initiative, a multi-faceted transformation process aimed at creating and sustaining a culture of personal, team and organisational wellness - *Tshiamo*. This includes enabling employees to improve their understanding of different groups so that they move from 'beyond simple tolerance' to embracing and celebrating the rich dimensions of diversity. The OCT journey began in 2013 and remains founded on three focus areas:

Leadership: To influence how leaders approach decision-making and interactions with both internal and external stakeholders.

Workforce engagement: To influence how frontline supervisors and the workforce act on a daily basis to the benefit of themselves, their respective teams and the company at large.

Values: To embed the values of the organisation and support employees to live and apply the values on a daily basis.

Each of the focus areas has specific interventions to promote the desired company culture. Having focused primarily on leadership (top-down interventions) and values, the focus has shifted to providing operations with additional enterprise support (bottom-up interventions). Platinum tracks its progress in implementing the various interventions and has conducted *Tshiamo* 'heartbeat' surveys across all operations and functions. Feedback is provided to operations and corporate functions to ensure that areas performing well are celebrated and that action plans are developed to address areas identified for improvement.

ACHIEVING EQUITY IN OUR WORKPLACE continued

ANGLO AMERICAN EMEA SHARED SERVICES IN SOUTH AFRICA (AAESS)

AAESS HDSA representation in workforce (as at end 2016)

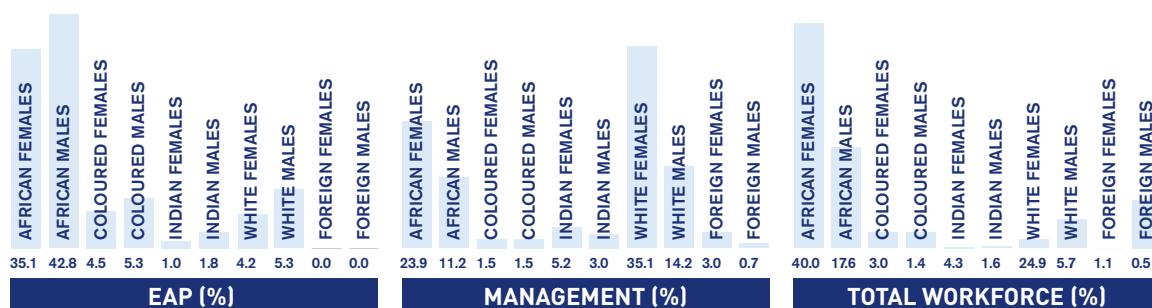
Occupational levels	% HDSA
Board	N/A
Exco	N/A
Senior management	50
Middle management	78
Junior management	86
Total management	82
Core functions	N/A
Total workforce¹	93

¹ Total workforce includes skilled, semi-skilled and unskilled levels

AAESS female representation in workforce (as at end 2016)

	% representation
Total women in workforce	73
Women in management	69
Women in core functions	N/A

AAESS workforce demographics compared with the EAP (as at end 2016)



At the end of 2016, the total HDSA representation for AAESS remained level with the previous year at 93%. A significant decrease in HDSA representation at senior-management level to 50% compared to 73% in 2015, was attributable mainly to a reduction in management positions as part of the restructuring process. HDSA representation in middle management, however, increased from 67% to 78%.

AAESS's successful cadet programme for graduates has supported its EE progress. Although there are 21 cadets in its employ who are African, they are not included in the transformation figures owing to their contractor status. They represent, however, a pool of skilled technical talent able to fill vacancies as required.

In relation to the national EAP, African and coloured males are the most under-represented. White females remain significantly 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.

ANGLO AMERICAN CORPORATE DIVISION (AACD)

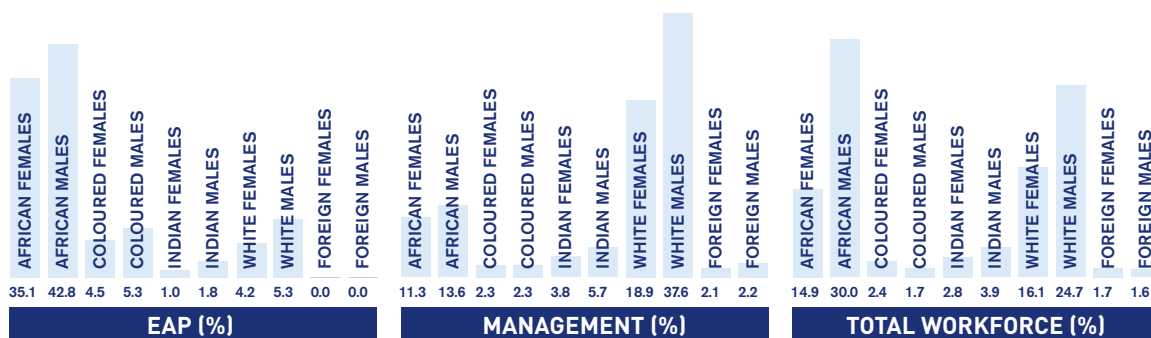
AACD HDSA representation in workforce (as at end 2016)	
Occupational levels	% HDSA
Board	N/A
Exco	N/A
Senior management	45
Middle management	62
Junior management	76
Total management	58
Core functions	N/A
Total workforce¹	72

¹ Total workforce includes skilled, semi-skilled and unskilled levels

AACD female representation in workforce (as at end 2016)	
	% representation
Total women in workforce	38
Women in management	38
Women in core functions	N/A

ACHIEVING EQUITY IN OUR WORKPLACE continued

AACD workforce demographics compared with the EAP (as at end 2016)



Employee numbers in the AACD (Johannesburg Corporate Office) have reduced over the last three years as a result of restructuring initiatives in each of these years. Over that time, external recruitment was limited to only those roles approved by the Group head of function as a mitigation measure for employees potentially affected by these reorganisation programmes.

The implementation during 2016 of the technical and sustainability group functional model required the transfer of services from certain business units to AACD. The employees performing the roles in question were automatically transferred to AACD in compliance with section 197 of the Labour Relations Act. This had a marginal effect on the EE demographics reported for 2016.

AACD's EE profile at the end of 2016 was nonetheless relatively consistent with 2015. Notable variations were HDSA representation in middle management decreasing from 66% to 61% and at junior-management level increasing from 71% to 76%.

In terms of the EAP, AACD's workforce remains under-represented in respect of African females, African males, coloured females and coloured males. It is over-represented in respect of Indian females, Indian males, white females and white males. Addressing the imbalances is proving to be challenging. AACD, as a centre of excellence providing Group leadership and technical support across all our operations, requires highly qualified and experienced employees. The planned business disposals in South Africa will limit opportunities for new appointments.

Image

Graduate in the BLAST programme, Edwin Mungai, recently returned to South Africa after an assignment in Anglo American's London office. He is now employed at Platinum as a senior manager in business development.



Building a robust pipeline of top talent

During 2016, despite budget constraints, we continued to implement our highly successful graduate recruitment programme - BLAST (Building Leaders and Shaping Talent). The programme was launched in 2004 to develop a pipeline of young South Africans who show the potential to be included in our succession-planning plans/programme. BLAST is designed to offer a compelling value proposition to attract high-potential graduates in mining and technical fields and develop them as future leaders. BLAST recruits are exceptional performers, straight from university, who demonstrate Anglo American's values and have high emotional intelligence. The first role for each

recruit is typically in the discipline they studied, enabling them to adjust to the world of work. From there, the participants choose a path of diverse experiences to broaden their skills and knowledge, rotating positions within the Group every 18 months, including one international assignment. The programme aims to keep participants challenged and stimulated. The positive impact of the programme is widely felt, with participants setting a leading example among their peers. Of the intake of recruits in 2012, the retention rate at the end of the five-year programme was 71%, of whom 80% were HDSAs. These participants have all been placed in the company, in some cases in management positions.

Image

Members of BLAST from left: Tshagofatso Kole, Thizwilondi Nkhumeleni, Emily Nicholls, Denis Wong, Shannon Stronach and Thokolani Malinga.



INVESTING IN OUR SKILLS BASE

Developing and maintaining a skilled, diverse, motivated and productive workforce is fundamental to delivering our business strategy. Providing high-quality training is a key attraction and retention tool and enabler of transformation within and beyond the workplace. The private sector in South Africa can play a major role in supporting young talent and in developing technical professionals to meet demand.

OUR 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. The Anglo American People Development Way sets out our vision, guiding principles and management approach for developing employees.

Our human resource development agenda:

Anglo American South Africa's investment in human resources development (HRD) at all our business units and functions is aimed at developing current and potential employees, with a strong focus on HDSAs. Providing development and training opportunities for our leaders and workforce supports individual growth aspirations and develops talent from within the organisation. Our approach includes providing employee training, specific career-development interventions, performance management and development, coaching, mentoring, succession planning and high-potential employee identification and 'fast-tracking', which aims to address the under-representation of HDSA employees in various technical fields, with a focus on supervisory and managerial categories. This is essential, both to develop employees for potential future roles and to improve levels of HDSA representation.

Training programmes: 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 development, mentorships, career-progression plans, study assistance, e-learning, adult education and training (AET) and foundational learning competence (FLC). Training related to technical competencies and skills development is specific to job requirements. In evaluating whether our training investment is effective, measures of success include enhanced employee retention, promotions and permanent employment of graduates.

Talent pipeline: In an increasingly competitive market for scarce and constrained skills, we continue to foster a pipeline of future talent. This includes planning for the future in terms of changing skills requirements as we progress towards modernisation. We have well-structured bursary and graduate development programmes that focus on ensuring a diverse pipeline of professionals into the business across key disciplines. The number of bursars and graduates supported is determined by the labour requirements of the business. We collaborate 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 professionals in training (PIT) programmes are designed for each discipline (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 surveying) require trainees to obtain a certification of competency before they can be appointed in the respective discipline.

Building leadership capability: In developing young talent, our high-potential graduate recruitment programme BLAST provides an accelerated development opportunity for a select number of recent graduates. The programme provides rotation across three roles and two continents in four years, thereby affording a mix of experience and global exposure across commodities and disciplines. This pathway enables participants to be considered for middle management roles by the time they exit the programme.

In our communities: Our operations invest in the training and development of individuals in their host communities, with a focus on promoting youth development and job prospects. These interventions vary across the business units and include sourcing bursars and graduates from surrounding communities, supporting schools to promote improved levels of education and

performance, and providing some community members with access to basic literacy and numeracy classes and FLC programmes. In addition, we provide training in skills that are transferable to industries outside mining (portable skills training), thereby enhancing skills levels within communities near our operations.

Our progress

2016	Coal South Africa	De Beers	Platinum	Kumba	AAESS	ACCD	AASA (total/ aggregate)
Total expenditure on HRD (Rm)	203	107	671	211	2.1	75	1,269
HRD expenditure on HDSA (Rm)	161	98	597	199	2	56	1,113
HDSA training spend as a % of HDSA payroll	5	12.2	6	4.6	1	7.4	11.3
Number of bursaries	69	16	190	23	0	13	311
Number of learnerships	186	264	210	372	0	0	1,032

Levels of expenditure: In 2016, Anglo American South Africa business units and functions collectively spent R1.269 billion on HDSA training and development (2015: R936 million), representing an aggregate 11.3% of annual HDSA payroll (excluding the 1% skills levy). The difficult and uncertain operating environment has continued to put pressure on our business models, requiring an ongoing focus on cost-cutting initiatives. As a result, a number of training initiatives were suspended during 2016. The business units' levels of training expenditure and implementation have been commensurate with the challenges experienced. We have placed a greater focus on developing skills through on-the-job training, which is more cost-effective than external training.

Exceeded Mining Charter targets: The Mining Charter target of 5% of annual HDSA payroll invested in essential skills development activities for HDSAs was achieved at Coal South Africa (5%) and exceeded at De Beers (12.2%), AACD (7.4%) and Platinum (6%), while Kumba achieved 4.6%. AAESS in South Africa – which employs more senior and highly qualified individuals with relatively high payroll and limited training requirements and investments – maintained lower levels of expenditure, expending 1% of HDSA payroll in 2016, in line with the Skills Development Levies Act.

Sustained pipeline of talent: The organisational restructuring has necessitated a reduced workforce, and a consequent decrease in the numbers of bursars, graduates and learnerships. There has also been limited attrition and fewer new appointments. 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 advance towards achieving our EE goals. We continued to appoint graduates who are progressing within the business. Through structured talent-management programmes, we have built and maintained 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.

INVESTING IN OUR SKILLS BASE continued

The 2016 South African Graduate Employers Association (SAGEA) survey recognised Anglo American as the Employer of Choice in the South African Mining Sector for the fifth consecutive year.



COAL SOUTH AFRICA

In 2016, Coal South Africa spent R203 million (2015: R221 million) on training and development, with R161 million being spent on HDSAs, representing 5% of the annual HDSA payroll.

The company annually selects bursar students from both grade 12 and university levels, with a focus on recruiting from the communities around its operations. Bursaries are offered in diverse fields, including 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. The scheme provides a pipeline of talent for the company's graduate programme. Employment in graduate programmes is based on business requirements. In 2016, the company supported 69 bursars (67% HDSA and 42% women) from communities around its operations: 35% from Mpumalanga, 29% from Gauteng, 17% from KwaZulu-Natal, 16% from Limpopo and the remaining 3% from the Free State. By year end, 15 bursars (57% HDSA and 25% women) had graduated and been inducted into our graduate programme.

In 2016, Coal South Africa had a total of 61 professionals in training (PITs) enrolled in its graduate programme (74% HDSAs and 43% women). The majority of PITs were in mining (31%) and engineering (25%), followed by metallurgy (13%) and geology (12%). The workforce efficiency programme has resulted in fewer budgeted positions. To mitigate constraints to appointing graduates into substantive programmes, we have promoted opportunities to diversify careers in mining, such as metallurgists converting to business improvement and geologists to rock engineering.

In 2016, our operations had 186 learners participating in learnership programmes; by year end, 125 had qualified and found employment.

Coal South Africa's community scholarship scheme involves each operation providing five selected students from poor backgrounds, with the opportunity to further their studies in various fields and disciplines at a tertiary institution. In 2016, our operations sponsored 70 individuals (97% HDSAs and 42% women).

Implementation of Anglo American's ORM process training continued throughout 2016, 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: 89%; and A1.2 all employees: 99%.

Coal South Africa implemented its Safety Leadership Alignment Day Programme from September to November 2016. The training programme aims to equip leaders to communicate effectively and manage risks to ensure the elimination of fatalities. From across the business, 1,263 employees and 483 contractors attended.



DE BEERS

In 2016, De Beers increased its total expenditure on training and development to R107 million (2015: R103 million) despite the reduced headcount as a result of the sale of Kimberley mines. HRD expenditure on HDSAs totalled R98 million (2015: R94 million), representing 12.2% of the annual HDSA payroll compared with 10.5% in 2015.

In terms of the HRD components of its 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 Qualifications Framework and, towards this end, all operational training centres have retained full Mining Qualifications Authority and International Organization for Standardization (ISO) accreditation.

The company sponsored 16 bursars (100% HDSAs and 57% women) during the year, in mining and engineering disciplines, with a total expenditure of R2.2 million. Three of the bursars who completed their studies were subsequently employed by the company. De Beers had 264 learners participating in learnerships (94% HDSAs and 36% women), with the majority focused on supervisory and management development. Aside from two resignations, all participants who qualified, secured employment.

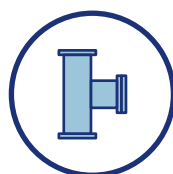
The company had 25 internships (94% HDSAs and 38% women), with 24 remaining employed after year end.

In 2016, De Beers invested R8.2 million in supporting 25 graduate trainees (92% HDSAs and 44% women) across the disciplines of engineering (7), mining (8), metallurgy (8) and geology (2).

Employee study assistance was provided to 49 permanent HDSA employees (including 17 women) to pursue tertiary education through recognised tertiary institutions at a cost of R5.9 million. Awards are generally provided for courses of study aligned to the company's business requirements and employees' areas of functional responsibility.

In 2016, De Beers exposed 30 HDSA community learners (including 14 women) to FLC training. The certificate is a prerequisite for mining-related learnerships. The company also enabled 22 HDSA community learners to participate in metallurgy learnerships.

De Beers amended its SLP in January to incorporate work exposure for the youth in its host communities to support the acquisition of qualifications for entry into respective industries. In 2016, nine youth members were appointed and an additional two people with disabilities.



KUMBA

In 2016, Kumba's total expenditure on HRD was R211 million (R275.2 million), of which R198.5 million was spent on HDSAs (2015: R223 million), representing 4.6% of annual HDSA payroll (2015: 4.9%).

Owing to financial constraints, Kumba has rationalised its investments in training in order to focus on priority needs. The restructuring of the organisation has driven a significant reduction in workforce numbers over the past two years, most significantly at Sishen mine (32.5% reduction in headcount). This resulted in reduced levels of participation in certain training initiatives and associated expenditure. Employees participating in training and development programmes during 2016 constituted 94% HDSAs and 34% women.

Kumba had 35 PITs in 2016 (86% HDSA and 54% women) and by year-end, 15 PITs were appointed into permanent positions. The company provided 23 bursaries (91% HDSAs and 70% women) and 21 internships (100% HDSAs and 95% women). In 2016, Kumba had 264 mining and plant learners (operators) (97% and 34% women), and 372 engineering learners (artisans and apprentices) (86% HDSAs and 31% women). The company provided AET to 21 individuals (100% HDSAs and 62% women).

Kumba management engaged constructively with labour unions to reach agreement on the Workplace Skills Plan/ Annual Training Report, which has been submitted to the Mining Qualifications Authority. Agreement was also reached on the roles and responsibilities of Skills Development Committees (SDCs). A constitution has been compiled and the committees established.

All employees retrenched during 2015 and 2016 were offered R12,000 in financial support for skills acquisition in areas of their choosing. A total of 610 applications, amounting to R6.5 million, were processed and directed to various training providers. Portable skills training was provided to 471 employees (98% HDSAs and 29% women).

INVESTING IN OUR SKILLS BASE continued



PLATINUM

In 2016, Platinum expended R671 million on training and development, of which R597 million was spent on HDSAs (2015: R411 million), representing 6% of HDSA payroll (2014: 4.3%). Platinum's investments in research and development initiatives – which were not included in the training expenditure reported for 2015 (as categorised in the Mining Charter) – have been included for 2016, totalling R111 million.

The organisational restructuring has necessitated a reduced workforce headcount and a consequent decrease in the numbers of bursars, graduates and learnerships. Through a more focused approach to identifying training needs and implementing interventions, the average number of hours of training received by employees increased to 91 (2015: 81).

During 2016, the company had 379 HDSAs participating in its bursary and graduate scheme, and funded 210 learnerships (96% HDSA and 33% women). Platinum continues to promote the uptake of AET, in line with its SLP commitments and the need to up-skill employees as the company advances towards greater mechanisation. AET is provided on a part-time and full-time basis and

accommodates shift workers. In 2016, AET was provided to 1,184 individuals (74% HDSAs and 22% women), of whom 790 were permanent employees (2015: 975), 60 contractor employees (2015: 71) and 334 community members (2015: 432). In 2016, 1,067 supervisors attended programmes targeting specific supervisory-level performance skills (2015: 1,214).

As part of the company's longer-term strategy to increase the number of HDSAs in technical roles, Platinum has 'adopted' three technical high schools operating in areas where it has operations, investing in bolstering their resources and improving the performance of the teachers and learners. Platinum initially adopted the Mogale Wa Bagale Technical High School in Burgersfort, Limpopo, three years ago. In 2015, it adopted the Phaladingoe Technical High School near Mokopane in Limpopo. This was the top-performing school in the Mapela district in both 2015 and 2016. Platinum conducts career days at the school to raise awareness about career opportunities. Platinum adopted the Thekganang Technical High School near the Amandelbult mine, towards the end of 2016. At each school, the support focuses on improving educational initiatives and making infrastructural improvements.

ANGLO AMERICAN'S CORPORATE DIVISION

AACD predominantly employs senior managers who are typically well qualified and have limited skills-development requirements. In 2016, the division expended a total of R75 million on external and direct classroom-training interventions, of which R56 million was spent on HDSAs (2015: R4.5 million). This expenditure represented 7.4% of annual HDSA payroll, a pronounced increase on the 0.9% reported for 2015. This was largely owing to the restructuring of the Group functions, and alignment with other business units' measure of training data to include expenditure on the internship-based BLAST programme (previously excluded).

The company is fully compliant with the Skills Development Act, gaining full approval for its Mandatory Grant submission. Furthermore, it participates in the Pivotal Grant (professional, vocational, technical and academic learning programmes) through bursaries for university students as well as part-time education bursaries for employees. Mandatory training for all employees includes annual safety awareness and business integrity.

In 2016, the company supported 13 bursars (93% HDSAs and 46% women) 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 BLAST 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 2016, there were 40 participants (73% HDSAs and 30% women), of whom 10 were new recruits.

In 2016, AACD's Group management programmes – Programme for Management Excellence (PME) and The Achiever Programme (TAP) – were suspended owing to financial constraints. The programmes are being reinstated in 2017.

AAESS IN SOUTH AFRICA

AAESS in South Africa expended almost R2 million on training and developing HDSAs in 2016, representing 1% of HDSA payroll (2014: R4 million, 1.9% of HDSA payroll). The year-on-year decrease in expenditure was due to management-development training being suspended during 2016. Greater on-the job training was encouraged in 2016.

In 2016 study assistance to the value of R161,000 was provided to 14 employees (86% HDSAs and 64% women). The academic qualifications undertaken by employees include business management, finance, and human resources, all skills required to deliver service in a shared services environment.

AAESS conducted a second iteration of its 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. The desired outcomes are fewer errors, thereby increasing productivity and eliminating the duplication of work to improve efficiencies. The programme was attended by 14 employees (85% HDSAs and 50% women).

Embedding business improvement

Anglo American's Centre for Experiential Learning (CEL) is a state-of-the-art facility in Johannesburg, focused on embedding business improvement across the Group.

The CEL delivers programmes comprising business-improvement processes, tools and techniques which aim to achieve stable and capable processes that reduce variability and waste, and in coaching and facilitation skills to improve project execution. The courses are designed to support the roll-out of Anglo American's Operating Model* and are aligned with technical and safety training initiatives to improve efficiency and effectiveness of individual and team development. Both areas of work play a vital role in the delivery of Anglo American's strategy, helping to develop core business processes and deliver a high-performance culture.

Learning is achieved through experiential activities related to the particular improvement initiative the delegate is working on. Participants are expected to reflect on the activity, develop a theory and then conduct experiments to test the theory's validity before attempting to initiate a solution, i.e. doing, reflecting, investigating, validating and then practising to enhance performance, with the assistance of an experienced business-improvement coach. This approach provides employees with tangible skills and outcomes that can be effectively applied to real-work processes and individual and team development.

In 2016, the CEL continued to support the Group in the delivery of its strategy and development of our people. In total, business improvement training – including inter-personal skills and Operating Model training – was conducted with more than 1,500 employees. These employees attended more than 90 events, representing teams from across the business – in both functional and operational areas – totalling more than 3,000 training days.

The focus for the CEL in 2017 will be to continue to support the roll-out of the Operating Model and collaborate with sites on leading business-improvement practices.

*Our Operating Model ensures we have the right people in the right roles doing the right value-adding work at the right time, with clear accountabilities, thereby minimising work duplication and increasing capability and effectiveness.

IMPROVING HOUSING AND LIVING CONDITIONS

Decent living conditions are part of the foundation for long-term, stable and safe communities that will prosper long after our mines have closed. We want all our employees and their families to enjoy quality housing and living conditions, and assist by providing various housing options. 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 partner with organised labour, government and third parties to improve living conditions by providing additional housing and building capacity in the municipalities concerned. The housing projects extend into community-related projects, including provision of roads, electricity, water supplies, and sewerage.

Our business units 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 in remote regions where the company has operations.

Through an innovative funding model, we invest in a portion of the bulk services for a property development and, in return, receive significantly discounted building packages that are offered to our employees.

Promoting employee home ownership has a positive influence on employees and their families. An important focus is the implementation of programmes aimed at combating the ongoing challenge of high levels of employee indebtedness, in order to enable employees to secure home loans. (See feature on page 48).

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. Our levels of investment in housing initiatives have declined over the last two years, owing to organisational restructuring and capital constraints underpinned by the uncertain and challenging economic climate. This has curtailed our progress in certain areas, notably housing development.

In 2016, Anglo American South Africa spent R1.6 billion (2015: R1.9 billion) on housing initiatives, including expenditure on bulk services, land purchase and housing allowances. The number of employees in company housing has declined steadily to 9,362 (16% of the workforce), as more houses become available through the sale of building packages or company-owned units. Since 2010, we have built more than 4,400 houses. Our partnerships with government are fundamental in ensuring the successful implementation of housing projects.

There are ongoing finance 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 applications that are rejected by banks.

Delays in government projects in mining towns, poor service delivery and housing backlogs continue to hinder progress. Anglo American continues to be affected by the slowing economy and associated job losses in the mining sector. This has curtailed levels of demand, as employees and potential buyers hesitate to purchase a home amid uncertain economic times.

Our efforts to mitigate the impact of these challenges include educating employees about 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.

Our performance in 2016

Housing	Coal South Africa	Kumba	De Beers (DBCM)	Platinum	AASA
Total housing expenditure (Rm)	485	300	4.42	783	1,572
Number of employees residing in company-provided accommodation (% of workforce)	1,305 (20%)	3,446 (65%)	450 (20%)	4,161 (11%)	9,362 (13%)
Number of houses built in 2016	33*	None	None	None	33
Cumulative number of houses built since 2010	626	3,628	None	676	4,930

* Building packages purchased by employees from developers

** Including administration of De Beers' FHOP and housing allowances



COAL SOUTH AFRICA

In 2016, Coal South Africa spent R485 million on housing-related initiatives, including housing allowances (2015: R544 million). The number of employees residing in company-provided accommodation declined by 10% during the year to 1,305 (20% of the workforce) owing to a reduction in the workforce headcount as well as to employees moving into their own accommodation in urban areas. Of those residing in company-provided accommodation, 47% stay in mine villages and the remaining 53% live in company-owned and Eskom-owned houses in urban areas.

The business unit has facilitated the delivery of employer-assisted housing by engaging with private developers and investing in a portion of the bulk services needed for an entire housing development. In return, Coal South Africa is able to offer its employees a discounted building package or the opportunity to build privately, with

payment provided through a home loan that is funded by a housing allowance. The monthly allowance is market-competitive and ranges between R6,726 and R8,786.

In 2016, 33 houses were built (2015: 42). These houses were building packages purchased by employees from developers. Progress was limited as the second phase of the Spring Valley housing project in Witbank was put on hold. At the Kwa Mthunzi Vilakazi village housing project, west of the municipality of Emalahleni, the building of rental stock was postponed to 2017.

In 2016, the company sold an additional 44 own-stock units to employees. Altogether, 176 units were sold between 2010 and 2016. The housing market in Emalahleni has declined, mainly due to the decline in the mining industry and engineering sector. This has had a negative impact on demand, as reflected in the reduced number of sales.



DE BEERS

De Beers provides Company housing to 450 skilled employees at Venetia mine. The company does not provide accommodation for skilled employees at its other operations nor for its semi-skilled employees as they are all recruited from local communities around the mines.

As part of De Beers' commitment to helping shape the future of its employees and the communities in which it operates, the company launched a facilitated home ownership programme (FHOP) in 2015 for employees

earning less than R25,000 per month. There are 1,098 eligible employees. Participating employees use the programme to either build a new home, renovate their existing homes or complete half-built houses. The scheme is now fully implemented and, by the end of 2016, 25 of the 104 endorsed employees had completed housing transactions and received grants totalling in excess of R2.5 million. The remaining transactions are in progress and the majority will be finalised during 2017/2018. De Beers has renewed its efforts to promote greater uptake of the scheme and achieve its annual target of 200 employees over four years.

IMPROVING HOUSING AND LIVING CONDITIONS continued

In 2016, De Beers spent a total of R 4.4 million (2015: R23.9 million) on housing, including the administration of the FHOP and housing allowances, water and electricity allowances, and housing subsidies to employees in the bargaining unit. Employees who are servicing a bond on a property that is situated close to where they work continue to receive a monthly housing subsidy of up to R1,100.

The reduction in spending in 2016 is mainly due to a lack of affordable serviced land for Venetia mine employees around Musina, and a reluctance among Voorspoed employees to pursue home ownership in the prevailing economic environment. De Beers is engaging with labour, local government and service providers to address land issues, and with the De Beers Pension Fund and financial institutions to address challenges relating to employee creditworthiness and indebtedness, as well as challenges faced by employees who live in rural areas' limited access to building loans.

Image

These employee-owned homes have been renovated and completed via the DBCM Facilitated Home Ownership Programme.



Facilitating home ownership projects

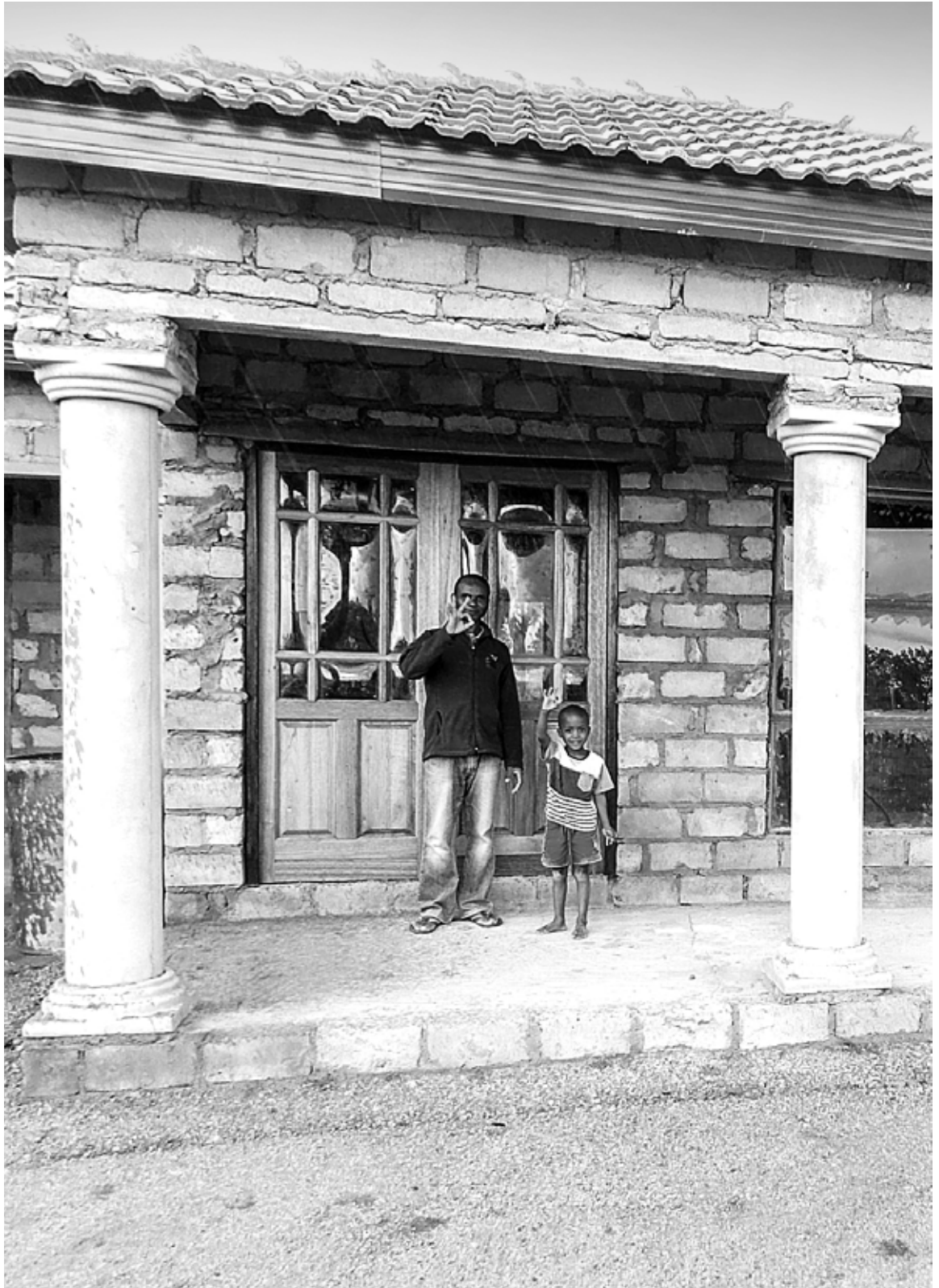
In implementing the De Beers FHOP, each completed transaction involves the company providing an employee with a substantial housing grant to facilitate either the renovation, completion or purchase of a house. The beneficiary contributes R5,000 towards the project and finances any remaining costs through a personal loan. The South African Housing Club (SAHC) provides the employee with support throughout the process, from planning to completion of the project. This includes, where necessary, assistance with developing plans, scoping the project within budget, verifying the quantity of materials, verifying and paying costs, negotiating discounts on materials and advising on contracting with builders, providing technical support, and helping employees to overcome challenges and to understand their responsibilities as owner-builders.



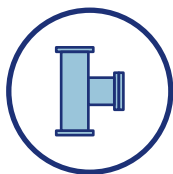
Examples of FHOP success stories include an employee who was able to complete what was only a half-built house, on an area of approximately 180 m², after De Beers provided a housing grant of R67,792 (after tax) towards the total cost of R83,486. Another employee was able to upgrade their house, in an area approximately 120m², at the cost of R70,000, with the contribution of a housing grant of R64,763 (after tax) from De Beers. A further example is that of an employee who was able to purchase a house at the cost of R150,000 following De Beers' provision of a housing grant of R52,801 (after tax).

Image

Access to the FHOP grant and support has made a real difference in the lives of employees and their families at the Venetia and Voorspoed mines.



IMPROVING HOUSING AND LIVING CONDITIONS continued



KUMBA

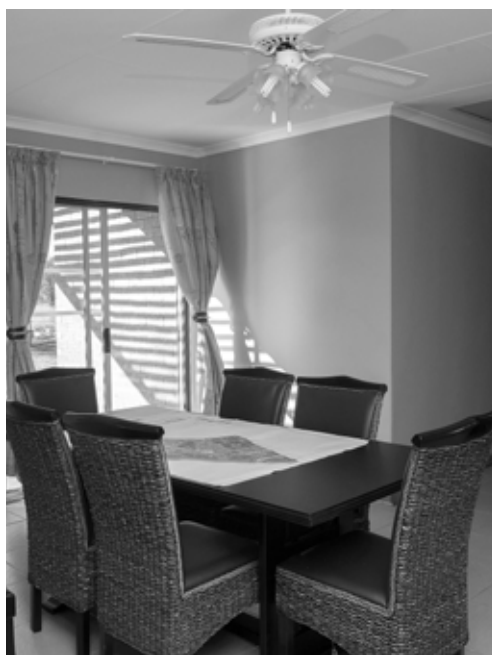
In 2016, Kumba spent a total of R300 million on housing, including housing allowances. Kumba's annual expenditure in housing declined by 30% in 2015, and a further 30% in 2016, owing to capital constraints and the restructuring process undertaken at the Sishen and Kolomela mines during 2015/16, as well as the closure of Thabazimbi mine. No houses were built in 2015 and 2016. To increase housing units available to Kolomela employees, Kumba partnered in a project with the ATM Group to build 49 housing units, which the mine is renting over a three-year period. A second phase to provide an additional 60 housing units is being planned.

The number of employees living in company-provided accommodation in 2016 decreased to 3,446 (2015: 4,140), as a result of the restructuring process. Kumba's monthly living-out allowances range between R2,600 and R3,851.

When the Thabazimbi mine was closed in 2016, employees were offered first preference to buy housing units. The sale of 126 houses to employees is in progress. All employees retrenched at Kumba's operations during 2015 and 2016 were offered housing assistance for three months after they left the company in order to mitigate the impact of their retrenchment.

Image

Sishen Iron Ore mine's show houses built for the Dingleton relocation project.



The Dingleton resettlement

The relocation of residents from Dingleton, a town neighbouring Kumba's Sishen mine is largely completed. As a result of this resettlement process, which began in 2014, around 500 households have moved to a new purpose-built suburb in Kathu, where Kumba has invested R2.3 billion in infrastructure for the new community. The replacement houses are of high quality, modern and energy-efficient and are located in a vibrant area, close to all amenities in Kathu. The value of these properties far exceeds that of properties in Dingleton. We are aware that this marked difference in value will result in a significant increase in annual municipal property taxes. In order to mitigate the impact on homeowners, Kumba has established a trust fund to subsidise the difference in property tax for a period of 25 years (20 full years plus a five-year phase-out period). The use of high-quality materials in the construction of replacement houses will translate to a low cost of ownership, which should result in considerable savings in families' monthly budgets.



PLATINUM

In 2016, Platinum spent R783 million on housing-related initiatives, including housing allowances (2015: R918 million). The business aims to afford all its employees the means to stay in adequate and sustainable accommodation by 2025.

Platinum's housing strategy includes converting living-out allowances into rental allowances in order to promote a natural attrition of occupancy in informal settlements and ensure that all employees stay in decent accommodation. The living-out allowance is R1,960 per month, yet most employees spend a fraction of this on accommodation, with the balance used for other expenses. More than 21,000 employees (approximately 54% of the workforce) continued to receive living-out allowances in 2016.

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. (See feature on page 48.)

In 2016, Platinum spent R57.9 million, excluding housing allowances, on home-ownership initiatives. This included investing in a home-ownership project planned for the Mogalakwena mine employees and the Bokamoso community project. The developer has established the site in Mokopane Ext 14, while Platinum has contributed funds towards the installation of bulk infrastructure on the land; this work is still in progress and will ultimately yield 400 housing units for qualifying employees. Platinum also purchased a section of land for Polokwane Smelter employees and has started to rezone the property as part of the process of establishing a town.

Platinum continues to collaborate with the Rustenburg Local Municipality and the North West province's Department of Human Settlement to build an estimated 4,000 housing units for the Bokamoso community in Rustenburg. The project aims to reduce occupancy in informal settlements and revitalise this mining community. Platinum donated 204 hectares of land, valued at R36 million, to the Rustenburg municipality and has funded the installation of bulk infrastructure for this area. In 2016, Platinum invested in the construction of a sanitation plant.

The company continued to sell old and under-utilised housing stock to employees. Through an asset-disposal initiative at Rustenburg, 48 houses have been transferred to employees there. The number of employees residing in company-provided accommodation has declined, mainly owing to this asset-disposal initiative and a reduction in available company-owned stock. There remains high demand in the workforce for the limited company accommodation available.

In 2016, Platinum closed-out its Northam Ext 6 project, which involved the development of 309 houses for employee ownership through a partnership agreement with the Limpopo provincial government. All the houses are now occupied. The project has set a leading example, based on the quality of the product, location and the approval rate of home loans.

GAINING MOMENTUM IN TACKLING EMPLOYEE INDEBTEDNESS

Excessive employee indebtedness is a deeply troubling concern in the mining industry in South Africa and affects many of our employees across our operations. The stresses associated with over-indebtedness can have profound effects on employees and their families. We have enlisted a number of service providers that are making available appropriate solutions to enable employees to deal with high levels of indebtedness and help them regain their financial well-being.

CONTEXT

Excessive indebtedness is a serious and complex social challenge in South Africa. High levels of debt are often rooted in challenging social conditions, limited financial literacy, inadequate understanding of the legal consequences of signing a contract, and in reckless unsecured lending by some credit providers. The situation is made worse by the imposition of garnishee orders (technically known as emolument attachment orders (EAO)) and administration orders that legally oblige an employer to deduct debt repayments directly from salaries.

Many of our employees struggle with a level of personal debt that is difficult to manage. The stress of being indebted affects employees' well-being at work and at home, as people who are financially stretched are often anxious and less focused on what they should be doing. This can compromise their safety and performance in the workplace and put severe stress on families.

Mineworkers are often vulnerable to irresponsible lenders who act outside of the law and exploit borrowers' often limited understanding of personal financial management, and limited access to recourse. Debts from unregistered or illegal credit providers are difficult to manage as the practice is difficult to track and there are no legal or formal processes to arrange debt repayment.

DEVELOPING A MORE PROACTIVE RESPONSE

We are committed to the well-being of our people and have set a leading example in helping our employees to reduce their debt and manage their financial affairs better. We focus on:

- offering professional personal financial management training and professional support in managing, rescheduling and ultimately reducing debt;
- auditing administration and garnishee orders for irregularities and taking a stand against irresponsible lending and debt collection; and
- promoting greater use of our financial well-being services for assistance with a range of financial matters, including responsible management of savings, investments, and retirement provision, as well as home-ownership.

Understanding the depth of the challenge

The five-month-long strike in the platinum sector in the first half of 2014 had a material socio-economic impact on Platinum's mineworkers, resulting in many increasing their dependence on credit to meet their monthly expenses at this time when they were not being paid. As part of the wage agreement that brought an end to the strike, unions and the platinum mining companies committed to examine employee indebtedness in depth and to tackle the challenge.

Our Platinum business conducted an audit which revealed that about 26% of the workforce was heavily indebted – defined as someone using more than half of their salary to service debt. The audit highlighted that most of the overspending that was the cause of employees' financial distress related to additional and extended families, repatriating money, and the cost of funerals, with the most common cause of indebtedness being child maintenance. The audit also found that the business practices of many of the credit providers and administrators ensured that the debts themselves were both excessive in the context of employees' ability to repay, as well as subject to extortionate, and in some cases illegal, terms and conditions.

Collaborating to provide solutions

Platinum has worked with labour union representatives to find solutions to employees' financial struggles.

In response to the audit findings, Platinum intensified an investigation of every claim made against employees' monthly earnings. A financial wellness programme called Nkululeko, reviewed below, was developed by Platinum and its partners and launched in October 2014. Nkululeko was extended in 2015 to Kumba's Sishen mine, and similar interventions are planned at Coal South Africa and De Beers.

We continue to work with local authorities across our most affected operations to curtail the abuse of employees by credit providers and debt collectors, and to remove illegitimate financial-services providers.

Our employee wellness programmes also assist in identifying debt-related stress in our workforce.

Nkululeko financial wellness programme

Platinum has worked with Summit Financial Partners (Summit), a company that provides professional, confidential financial wellness services, since 2012. Summit was initially engaged to audit and determine the validity of employee garnishee orders. Building on this initiative, Platinum and Summit developed a financial wellness programme designed to assist employees in understanding and managing debt. The programme, called Nkululeko – which in Zulu means freedom – is a call to action for employees to embark on the 'journey to financial freedom'.

The free service was rolled out at all of Platinum's operations. Summit consultants are stationed at operations and develop personalised debt-relief programmes for each employee with whom they consult. By granting Summit power of attorney, employees can rely on its consultants to check garnishee orders for legality, negotiate with creditors, and reduce monthly repayments and tax penalties. The programme also provides training in managing personal finances. Nkululeko has broadened its focus to promote its diverse financial well-being services, which include assisting employees with managing their savings, investments and retirement, as well as buying a house.

OUR IMPACT

The response and results of Nkululeko have been very encouraging and we continue to promote the positive results to encourage more employees to join the programme.

See overleaf for some of the programme's highlights.

GAINING MOMENTUM IN TACKLING EMPLOYEE INDEBTEDNESS *continued*

Performance highlights

PLATINUM

- 9,258 employees (22% of the workforce) have signed up with Nkululeko for power of attorney, significantly exceeding the target of 15% of the total workforce.
- 26% of these employees (2,408) have signed up for a debt-relief solution¹.
- R36,4 million in collective savings achieved annually for employees through reduced debt instalments².
- Improved levels of monthly disposable income by more than R1 000.
- Reduced average debt commitments from more than 50% to under 30% of net income using debt-relief solutions.
- R1,3 million saved or refunded back to employees by auditing administration and garnishee orders for irregularities and tackling collectors and lender on these.
- Reduced the number of garnishee orders from 5,877 in March 2011 to 994 in December 2016.
- 30% of employees who signed up for Nkululeko services had healthy levels of debt; assistance therefore focused on budgeting techniques and maintaining financial well-being.
- 24,500 employees have attended our financial wellness awareness training.

- Its Employee Indebtedness programme received an excellence award in International Association of Business Communicators (IABC) Silver Quill Awards.

Developments expected to promote further positive results:

- Nearly 8,000 cases are being challenged for reckless lending; R31,724 has been refunded back to employees and R140,000 saved by challenging reckless lending. The majority of these cases opened are with Capitec and will benefit from the result of the court case against Capitec for reckless lending.
- Two unscrupulous lenders have been arrested and court cases are in progress.
- Lewis stores have been challenged on excessive fees that will affect employees significantly.

KUMBA

- 15% of Sishen mine employees made use of the Nkululeko financial well-being services.
- 75% of these employees signed up for a debt-relief solution¹.
- R4,9 million in collective savings achieved annually for employees through reduced debt instalments².
- 20% of employees who signed up for Nkululeko services had healthy levels of debt; assistance therefore focused on budgeting techniques and maintaining financial well-being.

¹ Assisting employees who could not afford their debt repayments by providing them with reduced instalments and/or challenging irregularities on their loan agreements or orders, resulting in refunds or savings.

² Employees overcharged as a result of inflated interest rates have been refunded accordingly, thereby supplementing their disposable income to spend on living expenses

Employee participation in Nkululeko

The majority of employees signing up for assistance with Nkululeko and committing to debt-relief solutions are males older than 40 years of age. Most employees who consult with Nkululeko have more than three dependants and can no longer afford their monthly expenses.

Levels of usage have been driven through various communication initiatives, including a formal launch delivered by leadership and campaigns around

ambassadors, published success stories and tax-return drives. Towards the end of 2016, the number of employees using the services reduced significantly owing to the disposal of Platinum's Rustenburg complex.

Levels of utilisation of Nkululeko at Kumba's Sishen mine have been declining during the past years of restructuring. Efforts will be renewed in 2017 to raise awareness of the benefits of signing up for the programme's services.

Image

Acting Senior GM at Platinum's Amandelbult Complex Patrick Morutlwa shared his story with employees, providing a powerful message about trust, ownership and maintaining one's pride whilst receiving financial help.

ARE YOU IN CONTROL OF YOUR FINANCIAL SITUATION? ANGLO AMERICAN PLATINUM CAN HELP YOU

I understand what it's like to not have enough money every month.

My mother, a single parent, raised us. Every month she had to feed her family, and keep us alive on little more than 30% of her wages. That was when I realised the importance of managing your finances.

Face your financial difficulties. Join the Nkululeko Financial Wellness Programme. There is no cost for employees to join. All you have to do is ask for help and sign the Power of Attorney. If you do not sign this. Summit cannot help you.

Patrick Morutlwa,
GM at Dishaba Mine



REDUCING DEBT COMMITMENTS

Summit's EAO administration and auditing, using its Q link technology solutions, has enabled us to make significant progress with reducing payroll deductions from inception to date in all categories (garnishee, administration, and maintenance). We achieved the following collective debt-reduction savings during 2016 for employees:

- Platinum: R6.8 million
- Kumba's Sishen mine: R1.2 million
- Coal South Africa: R1.2 million

Administration orders are requested voluntarily by employees and are therefore more difficult to reduce. We will be increasing levels of financial training on administration orders to further reduce these deductions.

DE BEERS' FINANCIAL WELL-BEING ACTIVITIES

De Beers has provided financial fitness training for individuals with garnishee orders and has conducted a credit-worthiness diagnostic assessment across its workforce (2,181 employees) to establish each individual's level of risk. The company is in the process of approaching the management of employee indebtedness in a more integrated and holistic manner, including implementing debt counselling, debt rescheduling, administration order rescheduling, debt consolidation and audits.

Surmounting debt: a personal account

It is a story too many South Africans can identify with: a sole breadwinner, three children to raise and an unemployed spouse. This is how Sarah Motuku, a locomotive driver at Siphumelele mine in the Rustenburg area and shop steward for the United Association of South Africa (UASA) trade union, found herself with numerous bank loans and ultimately caught up in the trappings of never-ending debt.

Sarah explained how with endless garnishee orders from debtors, financial freedom seemed completely out of reach. Life felt hopeless for her until she came across our Platinum's financial wellness programme.

"For the first time in my life my salary is all mine, and I'm able to provide for my home, and support my parents, siblings and their children – yet I still have a surplus to spoil my kids and myself. I feel like I have been given new life and I'm so thankful.

After seeing the results for myself, when my colleagues ask me, as their shop-steward, for help regarding finances, I can comfortably refer them to the programme. I know that if Anglo American can do it for me, they can do it for anyone."

Siphumelele mine was sold by Platinum to Sibanye in November 2016 and Sarah's position at the mine has not been affected.



Image

Sarah Motuku, a locomotive driver at Siphumelele mine in Rustenburg.

Image

Platinum and Summit developed a financial wellness programme to help employees understand and manage their debt.



PLATINUM

NKULULEKO FINANCIAL WELLNESS PROGRAMME



Administration: the expensive way of paying back debt

Do you want to pay off your debt quickly?

USE NKULULEKO

Where your money goes

When you pay R1,000 per month towards your debt through an administrator you pay:



Administrator's monthly fee R125 – R400



Debt collector's fee R100



Only R500 – R750 of your debt is paid

When you pay R1,000 per month towards your debt through NKULULEKO:



All of the R1,000 is paid towards your debt

Pay off your debt faster with Nkululeko – contact Summit today

CONTACT SUMMIT TODAY 081 097 2326

NKULULEKO Your journey to financial freedom

summit
financial wellbeing for life

DEVELOPING MINE COMMUNITIES

The challenging social context in South Africa highlights the need for sustainable mine community development as both 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 and that we respond effectively to increasing community expectations. This is essential if social risks are to be managed effectively and our social licence to operate maintained.

OUR APPROACH

To ensure a lasting positive legacy, our 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. Achieving these objectives depends on collaborative efforts with government institutions, community members, suppliers and other large corporations.

Our strategic approach: 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, we focus on promoting 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.

Co-development and co-delivery: Many of our programmes are undertaken in partnership, involving local government, communities and development partners, as well as the Anglo American Chairman's Fund (Anglo American South Africa's dedicated corporate social investment (CSI) arm). Our approach is informed by regulatory requirements such as those of the Mining Charter and our Social and Labour Plans (SLPs), which focuses primarily on education-related infrastructure and skills development, strengthening health systems, community empowerment, infrastructure and partnerships in local municipalities.

Each operation has a five-year SLP that is developed through a consultative process with the respective municipalities and through regular interaction with host communities. The plans are reviewed and revised where necessary, including prioritisation of projects. 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 South Africa's National Development Plan and the United Nations' Sustainable Development Goals. We work closely with the DMR and provincial and local authorities, and seek their guidance, advice and support on how best to integrate our efforts into their integrated and local development planning for the region.

Our management approach: Our approach to social performance is implemented through a comprehensive set of social performance requirements detailed in the Anglo American Social Way. This is supported by our industry-leading Socio-Economic Assessment Toolbox (SEAT), which 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.

Community relations: 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.



Engaging with communities through radio

Building trust between our operations and their host communities is a continual process that requires a range of different approaches. In 2016, we created a new platform aimed at meeting the need for authentic dialogue and promoting real and sustainable engagement with our mining communities. The result was the ground-breaking radio drama series, Makarapa City.

The 12-part radio drama series, recorded in six African languages, is based on 'edutainment', which uses radio as a medium to highlight the social issues that are typical in mining communities, while highlighting the difference Anglo American makes through its contribution to education, health, enterprise development and mine community development.

Makarapa City has a powerful cast of South African drama industry veterans, and fresh talent, who all have a zest for storytelling. The radio drama is a true reflection of what is playing out, not only in these communities, but in South Africa as a whole. The show brings to life full, well-rounded, characters with whom community members can identify – from JB, the patriarch of the community, to Chaklas, the young rebel, and Loretta, the ambitious entrepreneur.

Mine communities deal with a number of socio-economic challenges daily. These include indebtedness, health and HIV/AIDS, a lack of amenities, housing and infrastructure, and a lack of sustainable business opportunities. By using radio as a medium, we have connected with over 11 million listeners in our mining communities, on their platform of choice, to tackle the issues they face daily.

The series is set around a feuding family, who live in Makarapa City – a fictitious mining community. The family is caught between a more traditional view of the world, and the demands and challenges of a modern society around them.

Qualitative and quantitative research by an independent party revealed that the first season, launched in February 2016, made a considerable impact. Listeners related to the story lines and the characters, mentioning them by name. Listeners made the connection between Makarapa City and Anglo American, which had a positive effect on levels of trust, and also contributed to behaviour change related to the issues addressed in the series. Owing to the series' initial success, a second season was commissioned and rolled out from September 2016. The series is available at: <http://southafrica.angloamerican.com/media/advertising-in-south-africa/makarapa-city.aspx>

DEVELOPING MINE COMMUNITIES continued

OUR PROGRESS

Sustained contribution

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

During 2016, our businesses expended R483 million on community-development programmes across these sectors (R583.5 million including contributions to the Anglo American Chairman's Fund), of which R310 million was spent on SLP commitments and R173 million on CSI projects. Expenditure by sector is reviewed in the table on page 51. Through the multiplier effect, the positive socio-economic contribution of our operations extends significantly further than these direct forms of value distribution.

We continue 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.

Responding to challenges

Persistently challenging economic conditions have required strict cost containment, which has resulted in a decrease in funds available to invest in communities. For 2016, our year-on-year expenditure decreased by 45%. At the same time, stakeholders' expectations of the mining sector's role in delivering social value have increased. 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 continue to engage 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.

Common challenges experienced by our operations include managing negative consequences 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. Persistent drought in South Africa has exacerbated socio-economic challenges and social sensitivities. Anglo American continues to engage and work collaboratively with employees, unions and the South African government, and also with communities around our mines, to address these challenges. We have placed a particular strategic focus on mitigating social conflict and promoting socio-economic development across Limpopo province. (See review of our approach on page 58.)

Image

Children from the Elkana Educational Centre situated in eMalahleni.



AASA community development expenditure in 2016 (Rm)

	Coal South Africa	Kumba	Platinum	De Beers	AASA
SLP projects	40	26	218	26	310
CSI projects	14	33	119	7	173
Total	54	59	337	33	483

AASA community development expenditure in 2016 (Rm)

	Coal South Africa	Kumba	Platinum	De Beers	AASA
Health and welfare	5.7	13.5	12	1.7	32.9
Education and skills development	14.3	18.6	46	10.4	89.3
Infrastructure development/water and sanitation	6.6	7.5	253	17.6	284.7
Enterprise development	20.7	3	17	2.9	43.6
Institutional capacity-building, staff time and donations	0.9	6.6	9		16.5
Arts, sports, culture, environment, energy, climate change		9.7			9.7
Other	5.5				5.5
Total	53.7	58.9	337	32.6	482.2

AASA contributions to the Anglo American Chairman's Fund and De Beers Fund 2016 (Rm)

	Coal South Africa	Kumba	Platinum	De Beers*	Anglo Operations (Pty) Limited**	AASA
Contributions to the Anglo American Chairman's Fund / De Beers Fund		8	7.5	20	37	72.5
Total		8	7.5	20	37	72.5

*De Beers contribute to the De Beers Fund which is independent from the Anglo American Chairman's Fund

**Contribution includes Coal South Africa

DEVELOPING MINE COMMUNITIES continued

Limpopo regional development

South Africa's Limpopo province is very important to Anglo American, with both diamond and platinum assets located there.

Following an evaluation of our socio-economic development activities and best practice in socio-economic development planning, we decided to adopt a regional approach to identifying development opportunities. The magnitude of the socio-economic issues in Limpopo requires action on a scale greater than any one mine can meaningfully begin to tackle. The province is faced with enormous challenges; it has a large population that has generally low literacy and skills levels, and high rates of unemployment. There is also a shortage of quality housing and limited infrastructure, including sanitation and potable water, which is a scarce resource.

It became clear that we needed to move from being a single actor to a regional partner; from a participant in the development debate to a leader and facilitator. As a result, we embarked on work to collaborate and partner on systemic, cross-sector, transformational sustainable development in Limpopo.

The starting point was to develop a detailed understanding of the opportunities, based on the bio-physical and social conditions of the province. Working with Dobbin International, experts in the area of spatial analysis and planning, we assessed Limpopo to determine potential opportunities across a range of sectors. The approach involved gathering spatial data on socio-economic and

environmental aspects, including: climate, soils, groundwater availability, topography, sensitive ecosystems, as well as transport and urban developments. The data is used by a range of sectors, including agriculture, energy, forestry, and tourism in order to determine the potential for development.

The work identified significant potential in agriculture, including game farming, forestry, tourism as well as the energy sector. The advantage of having all the information spatially referenced is that interventions and programmes can be specifically targeted.

A critical factor in relation to the success of the initiative is the partnership platform. The proposed approach draws on a collective-impact model, which hinges on the idea that in order for organisations to create lasting solutions to social problems on a large scale, they need to coordinate their efforts and work together towards a clearly defined goal.

The approach requires a strong backbone-support team, comprising a representative for each of the core areas from business, government, the UN and donor community, faith groups and research. It is hoped this new approach of inclusive, participatory and transparent collaboration and partnership for development has the potential to significantly increase the range, scale and integration of development initiatives, both around our mines and more widely in our host province. By doing so, we will begin to 'shift the needle' in terms of development in Limpopo.

Image

View of Entabeni Game Reserve, Limpopo Province.





COAL SOUTH AFRICA

Coal South Africa annual community development expenditure (Rm)

Expenditure (Rm)	2016	2015
SLP projects	40	100
CSI projects	13.6	27.5
Total	53.6	127.5

Coal South Africa community development expenditure by sector

Sector	2016 expenditure (Rm)	% contribution
Health and social welfare	5.7	11
Education and skills development (includes infrastructure for schools)	14.3	27
Infrastructure	6.6	12
Enterprise development	20.7	39
Institutional capacity-building	0.9	2
Grants (trust)	5.5	9
Total	53.6	100

In 2016, Coal South Africa spent R53.6 million on community development projects (2015: R127.5 million), of which R40 million (75%) went towards SLP projects and R13.6 million (25%) towards CSI initiatives. Cost constraints owing to ongoing challenging economic conditions have resulted in a decrease in the funds available to invest in communities. Notably, the allocation to Zimele for loans to support local entrepreneurs was R20 million in 2016, compared with R58 million in 2015. The company's total expenditure in 2016 was affected significantly by the reclassification of SLP values for the New Denmark, New Vaal and Kriel collieries, which have been apportioned to Eskom directly and are no longer regarded as expenditure by Coal South Africa. Furthermore, the delayed approval by the DMR of SLPs in the last quarter of 2016 in turn delayed the implementation of infrastructure projects, which are now planned to be carried out in 2017 and 2018.

In 2016, Coal South Africa operations reviewed and amended their SLPs, seeking to balance the expectations of host communities, municipalities and the DMR. We are placing greater focus on addressing the expectations of our host communities, which largely focus on employment (employability) and procurement opportunities. As a result, initiatives relating to skills development, waste management and enterprise development have been incorporated with the company's continued commitments to improved education, healthcare, and infrastructure development.

DEVELOPING MINE COMMUNITIES continued

Supporting enterprise-development initiatives remains a strategic focus and accounted for 39% of community-development expenditure, invested through Zimele hubs. In view of budget constraints, Coal South Africa has focused on supporting enterprises linked to its operations in order to promote their sustainability. In 2016, Coal South Africa supported 40 enterprises, creating 528 new jobs and sustaining 866 across all its operations. These enterprises had a combined turnover of R176 million. A total of R12 million was invested in local economic development (LED) projects, compared with R33 million in 2015. In terms of our operations' SLPs, 42 projects are scheduled for implementation; 18 are at the concept or pre-feasibility stage, one has been completed (the upgrade of the water-treatment plant in Standerton)

and 23 projects are yet to be implemented. Of the R14 million expended on education, R6 million was invested in bursaries for 67 HDSA students in local communities, and R1 million on improving education through mathematics and science classes; the remainder was spent on equipping schools with smart boards in collaboration with the Department of Education.

Coal South Africa invested R6 million towards the Zibulo Green City project in partnership with the eMalahleni municipality. CSI projects included assisting orphanages, old age homes, soccer clubs and other similar interventions in the communities, including disaster management and addressing water shortages.

COAL SOUTH AFRICA PROJECT HIGHLIGHTS

Coal South Africa implements learner incubator programme in Govan Mbeki municipality

Coal South Africa is investing R6.5 million in an initiative called Star Schools, aimed at boosting education resources and academic support for high-potential learners residing in the Govan Mbeki municipality in Mpumalanga. The 'learner incubator programme' is an SLP project implemented by the company's Isibonelo mine over the five-year period 2015 to 2020, each year targeting 120 Grade 10, 11 and 12 learners from historically disadvantaged schools. All participants benefit from support materials and supplementary classes facilitated by education specialists. The key objectives are to see improved results in English, pure mathematics and physical science and to address the severe shortage of quality mathematics and science graduates. The project has already had a positive impact on learners from across nine local schools. In the 2016 matric examination results, all 43 Grade 12 learners selected for the programme passed, with 98% achieving bachelor's passes, and 36 distinctions gained in English, mathematics and physical science. Thirty seven learners earned Level Six passes.

Image

Star learners in Isibonelo's Star Schools incubator programme.



New Denmark mine improves Standerton water supply

Coal South Africa's New Denmark Colliery invested R2.4 million in refurbishing the Verblyden Water Treatment Works, which is responsible for meeting the bulk of Standerton town's potable water needs. The intervention was critical to address the advanced deterioration of the water infrastructure. The upgrade has ensured a safer and more efficient supply for residents of Standerton, including the communities of Sakhile, Azalia and Meyerville. In addition, the new pumps installed

were sourced locally to ensure that technical support and critical spares would be readily available when needed. Lekwa local municipality executive mayor Councillor Lindokhu Dhlamini highlighted the municipality's ongoing infrastructure challenges and described how an investment in water amounts to an "investment in life". He noted that: "New Denmark Colliery could have chosen to plough its resources into a more visible project, but I can assure you that this project's impact will be felt every time community members open their taps."

Image

The upgraded water-treatment works for Standerton residents, thanks to a R2.4 million investment from New Denmark Colliery.



DEVELOPING MINE COMMUNITIES continued

Greenside Colliery enhances educational centre for learners with special needs

The Elkana Educational Centre in Emalahleni's Reyno Ridge is a learning centre for local children with special needs. Greenside colliery has invested R6 million in providing the centre with additional facilities and equipment that enable the centre to provide quality education for a greater number of learners requiring extra levels of care, attention and stimulation. The project underscores the mine's commitment to improving education for all kinds of learners, as a focal point of its community development work. In addition to the learners living with disabilities, beneficiaries of the project are their teachers, the parent body and a number of small

enterprises that have participated in enhancing the school's facilities over the past three years. The mine ensured that training was provided on the use of a range of interactive training aids. Electronic white boards are used to develop basic literacy skills and the equipment has been tailored to meet the learners' special needs. The school has increased its learner base over the last few years, to 57 learners aged between seven and 18 years. It is one of only two special-needs schools in the area and has an extensive waiting list. Shirley Skhosana, a member of the school governing body, observes: "Elkana provides the essentials for special-needs learners: security, stability and a routine which they enjoy."

Image

Greenside employees, management, teachers and learners celebrate the official unveiling of a R6 million initiative that benefits children with special educational needs in Emalahleni.





DE BEERS

De Beers annual community development expenditure (Rm)

Expenditure (Rm)	2016	2015
SLP projects	25.8	32.1
CSI projects (not included in SLPs)	6.8	10.8
Total	32.6	42.9

De Beers community development expenditure by sector

Sector	2016 expenditure (Rm)	% contribution
Enterprise development	2.9	9
Infrastructure (includes roads, water, schools buildings, etc.)	17.6	54
Education and training	10.4	32
CSI programme (health, welfare, sports, arts, etc.)	1.7	5
Total	32.6	100

In 2016, De Beers invested a total of R32.6 million in local communities (2015: R42.9 million), of which R25.8 million (79%) was spent on SLP projects (2015: R29.1 million) and R6.8 million (21%) on CSI projects (2015: R10.8 million) in the municipal areas of Musina and Blouberg in Limpopo, Mopahaka and Ngwathe in the Free State, and Sol Plaatje in the Northern Cape, where the company's mining operations are based. The Venetia and Voorspoed mines are in the process of concluding their SLP commitments and have started developing new SLPs.

In 2016, infrastructure development (predominantly education-related) accounted for 67% of total investments (R17.2 million). This included R6 million towards construction and renovation at the Mphengwa Secondary School in Eldorado Village in the Blouberg area, and R1 million towards the completion of additional classrooms at the Renaissance High School (see project highlight below). These projects form part of De Beers' longstanding partnership with the Limpopo Department

of Education Development Trust. In 2016, De Beers invested R2.4 million in the construction of a library at the Ntsoanatsatsi Secondary School in Parys and an additional R3 million on the renovation of all the school buildings at Mahlabetheng Secondary School in Viljoenskroon. A further R0.8 million was spent on the refurbishment of the Kleinzee School for learners with special needs. De Beers, in partnership with the Free State Department of Education, invested in infrastructure at two schools in the Fezile Dabi district. Investing in tertiary education study assistance, mathematics and science programmes and the subvention of educators' salaries, are other focus areas.

Through the De Beers Zimele hubs, the company invested R2.1 million in supporting local SMMEs in labour-sending areas. At Venetia mine, the company has undertaken feasibility studies to determine the viability of establishing a pipe factory and a building materials factory in the area. The findings are expected at the end of the first quarter in 2017.

DEVELOPING MINE COMMUNITIES continued

In seeking to bring all stakeholders together in a more collaborative and transparent manner, De Beers has established community engagement forums (CEFs) in both the Musina and Blouberg areas, with representation from all the villages and towns, local councils and municipalities from the company's major-labour sending areas. De Beers believes these forums will provide a strong mechanism to explore collaboration, drive integration and build understanding among all stakeholders, as the company continues to roll out its socio-economic development strategy.

DE BEERS PROJECT HIGHLIGHTS

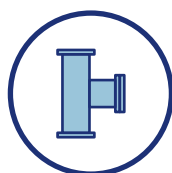
Limpopo rural schools development programme

The Renaissance Secondary School in Musina was officially opened in May 2016 following completion of a R12 million extension project co-funded by De Beers and the Limpopo Department of Education Development Trust. The expansion enables the school to offer a Grade 12 class for the first time, and will address overcrowding, assist learners who travel long distances to school with

access to education, and improve the quality of education, sanitation and management for 791 young people. To date, the funders have collaborated in constructing and expanding 12 schools as part of a Limpopo rural-schools-development programme. Since the start of the project in 2006, De Beers' Venetia mine has invested R29 million in education-related infrastructural development through its SLP.

Education and training highlights

In 2016, De Beers continued to fund more than 50 additional educators and administrators for three local schools in Musina (Messina Primary School, Musina High School and Eric Louw High School), helping to improve levels of education and reduce the number of learners per class. During 2016, in line with last year's investment, the company spent R1.3 million on mathematics and science programmes in the host communities of Musina, Blouberg and Kroonstad. Through its tertiary-student financial-assistance programmes, in 2016 De Beers supported students from its labour-sending areas with their registration expenses to the value of R1.3 million.



KUMBA

Kumba annual community development expenditure (Rm)

Expenditure (Rm)	2016	2015
SLP projects	25.9	52.2
CSI projects	33	114.4
Chairman's Fund	8	8
Total	66.9	174.6

Kumba community development expenditure by sector

Sector	2016 expenditure (Rm)	% contribution
Health and social welfare	13.5	20
Education and skills development (includes infrastructure for schools)	18.6	28
Infrastructure	7.5	4
Enterprise development and poverty alleviation	3	11
Institutional development and donations*	14.6	22
Sports, arts, culture, heritage and other	9.7	15
Total	66.9	100

* Contributions to the Anglo American Chairman's Fund (~R8 million)

Kumba's community-development budget is determined by a 1% net profit after-tax formula. The decline in export iron ore prices severely affected the company's profitability in 2015, resulting in a sharp decline in expenditure on community development in 2016 to R67 million (2015: R174.6 million).

In 2016, Kumba spent R26 million (39% of total expenditure) on SLP projects, R33 million (49% of total expenditure) on CSI projects, and contributed R8 million (12% of total expenditure) to the Anglo American Chairman's Fund. Some SLP projects carry over into the following year as a result of challenges with the municipalities involved. By year-end, the three SLP projects planned at Sishen mine were implemented, and at Kolomela mine, 12 of 13 were implemented. The closure of Thabazimbi resulted in only one SLP project being implemented at the mine.

Kumba's neighbouring community members own a part of the company through the Sishen Iron Ore Company community development trust (SIOC-cdt). The SIOC-cdt holds equity on behalf of the communities around Kumba's mines and, in line with our SLPs, invests in community development, with an emphasis on education (especially early childhood development), skills development and infrastructure projects. For the 2016 financial year, no payments were made to the SIOC-cdt owing to the suspension of dividends (2015: R101 million).

SIOC-cdt benefits around 360,000 people via a system of five beneficiary trusts. Since these entities operate independently, they are development partners and material stakeholders in Kumba's mines, seeking to help communities become empowered and economically active in a way that will be sustainable long after the mines have closed.

Kumba's Ulysses Gogi Modise clinic, in partnership with the Department of Health, continues to render primary healthcare services to contractors and communities surrounding its operations. Sishen mine's Batho Pele mobile clinics continued to bring healthcare to people in remote rural areas. In 2016, 17,687 community members benefited from the services provided.

Each of Kumba's operations has a stakeholder engagement plan that is updated annually, and functioning community engagement forums that meet at least quarterly. The company monitors the quality of its engagement and the structures and communication channels in place, especially at community level, to ensure that these are effective. Kumba is increasingly confident that its projects are having the intended positive impact. This was confirmed by the 2015/2016 Kumba social impact assessment study conducted on all implemented projects.

DEVELOPING MINE COMMUNITIES continued

KUMBA PROJECT HIGHLIGHTS

Kumba sponsors Rally to Read initiative to enhance literacy

Kumba's Kolomela mine has been a proud sponsor over the past three years of a partnership initiative with the Department of Education and the Read Educational Trust, a South African NGO. The project was aimed at addressing the challenges associated with inadequate

literacy, especially in rural areas, and has enhanced the lives of more than 5,000 young children in the Siyancuma municipal region. The Read Educational Trust developed the programme to address reading, writing and general communication. It is used to train, coach and support teachers in schools through structured, in-service teacher training and dedicated support in the classroom. The programme uses supplementary resource material to improve literacy, language and comprehension skills.

Image

Eager learners welcome the Rally to Read initiative.



Image

Participants in the Rally to Read initiative.



Empowering youth with portable skills

Kumba's Sishen mine focuses on youth development in partnership with the Joe Morolong local municipality. In 2016, the mine invested R1,5 million in providing 186 learners with training in portable skills, such as pipe-laying and bricklaying, to improve their employability. The development programme was delivered at the Tshipi Training Centre from August to November 2016. Joe Morolong local municipality speaker, Godfrey Sephekolo, commented: "We are grateful to Kumba for this initiative. The skills that the learners acquired are much needed in our community."

Image

Kumba SED practitioner Oduetse Kolberg and representatives of Joe Morolong municipality address learners during the closing ceremony of the portable skills project.



PLATINUM

Platinum annual community development expenditure (Rm)

	2016	2015
SLP projects	218	336
CSI projects	119	210
Total	337	546

DEVELOPING MINE COMMUNITIES continued

Platinum community development expenditure by sector (Rm)

Sector	2016 expenditure (Rm)	% contribution
Health and social welfare	12	4
Education and skills development (includes infrastructure for schools)	46	14
Infrastructure	253	75
Enterprise development and other	17	5
Institutional capacity building	9	2
Total	337	100

In 2016, Platinum invested R337 million in community development in South Africa (2015: R546 million), – R218 million (34.5%) on SLP projects and R119 million (18.8%) on CSI projects. The year-on-year decrease in total annual expenditure was mainly attributable to a normalised pace of delivery on SLP commitments following accelerated investment to implement delayed projects in 2015.

Platinum planned to complete 16 remaining SLP¹ projects in 2016: of these, nine projects were completed, six are planned to be completed in 2017 and one in 2018. Implementation of SLP² projects commenced: seven were completed and 31 will continue into 2017. In addition to the company's SLP and CSI investments, its contribution to host communities includes supporting community trusts in Mogalakwena, Amandelbult, Rustenburg and Twickenham.

Service-delivery challenges in Platinum's operating areas continued to put pressure on its mines to intervene and deliver projects that had not been planned, such as providing a supply of water to communities in Mogalakwena. In addition, an increase in community expectations has been exacerbated by the changing political landscape and divisions within communities continue to affect project delivery timelines. Platinum continues to work with communities and government to alleviate tensions and resolve community concerns and challenges at its Mogalakwena and Twickenham mines.

¹ SLP1 refers to 2010-2014 SLP commitments

² SLP2 refers to 2015-2020 SLP commitments

Investing in infrastructural needs accounted for 40% (R253 million) of total community development expenditure. In the healthcare sector, in North West province, our Union mine joint venture funded the reconstruction of a health post into a comprehensive health clinic providing primary healthcare services to the Sefikile and adjacent communities that previously relied on the Company supported mobile clinics. In Rustenburg, the company completed a state-of-the-art health clinic in Seraleng (see project highlight below). In Limpopo province, we are collaborating with government in constructing three clinics, in Sekuruwe, Naledi and Maseven, to be completed in 2017. In addition, the Amandelbult mine purchased furniture and equipment to a value of R5 million for the Schilpadnest clinic in Thabazimbi municipality.

Supporting youth development, Platinum invested R7.7 million in the construction and renovation of four schools in communities surrounding its Union mine in North West province. Each of the schools will benefit an estimated 300 households. In Rustenburg municipality, Platinum spent around R47 million on school-infrastructure projects in 2016, including R25 million on rebuilding Manthe school and R8.4 million on constructing a science lab and other facilities at Bakwena school. Platinum contributed more than R10 million towards education programmes in the North West and Limpopo provinces.

During 2016, the company's Amandelbult complex held a series of 12 summits to attract and engage with local youth in the Thabazimbi and Moses Kotane local municipalities on key issues such as opportunities for employment and enterprise development. In North West province, Platinum invested R18 million in agriculture, supporting four co-operative farms that have created 46 permanent and 92 temporary jobs. Mogalakwena mine sponsors and supports 20 eco-schools in the area. The mine's Groenfontein farm and training centre offers courses in permaculture and cattle management to communities surrounding the operation. For young people, it offers a sustainable development course linked to the international eco-schools programme. This leading community-empowerment project has been extended to Twickenham and currently comprises seven SLP projects. In addition, two farms around Der Brochen were developed for the St George and Kalkfontein communities. A total of R37 million was invested in agriculture in Limpopo province.

Throughout 2016, Mogalakwena mine addressed community water shortages by providing a vital water supply to 12 villages with some 35,000 residents. Twickenham mine has begun the electrification of 700 households; the project is expected to be completed in 2017. Amandelbult mine completed a water and sanitation project in Schilpadnest. Ongoing support to the Thabazimbi municipality includes the construction of a 10-megalitre reservoir as part of the town's water-supply system, which will be completed in 2017.

In developing sports in our communities, we built a soccer stadium to the value of R6.3 million in the Mantserre village close to our Amandelbult mine. We also spent R5.8 million to build soccer fields in four schools in the Rustenburg area.

During the year, incidents of community discontent included demonstrations at the Mogalakwena and Amandelbult mines and Twickenham project. We seek to resolve grievances through effective engagement with community leadership.

PLATINUM PROJECT HIGHLIGHTS

Seraleng primary healthcare clinic

Platinum funded the construction of the Seraleng primary healthcare clinic outside Rustenburg, which opened in December 2016, providing access to a healthcare facility for the Seraleng, Sondela, Meriting, Boschfontein, Boitekong, Paardekraal, Rustenburg North and Karlienpark communities. The clinic includes a maternity ward, dentistry, medical storage and consulting rooms. Platinum spent a total of R39.5 million on the clinic, creating approximately 420 temporary jobs during its construction. Permanent jobs will increasingly be created through the operation of the clinic, while local businesses will benefit from procurement opportunities. Platinum also donated a equipped ambulance costing R1.2 million.

During 2016, Platinum constructed a total of seven new clinics as part of its SLP commitments, including Jalamba clinic in the Eastern Cape, in partnership with the Anglo American Chairman's Fund.

DEVELOPING MINE COMMUNITIES continued

Promoting agriculture-related sustainable living in communities

In rural communities, commercial farming can be very successful, especially when co-operatives are formed and their members receive the required technical training and mentoring. A leading example is Amandelbult mine's support for the Rejamonate co-operative in the Sebilong community outside the mine. The project started in 2015 and comprises 15 members who perform all the duties – sowing, watering, weeding, harvesting, packaging, selling, invoicing and delivering crops to the market.

Platinum invested R6 million to establish the farm and install its infrastructure requirements.

The co-operative members received training in crop production and business skills, and they continue to supply vegetables to the community, notably to Amandelbult mine, their biggest client. The project promotes sustainable livelihoods through ongoing employment, as well as increased food security.

Platinum continues to support agricultural initiatives at all its operations, with a total of 18 farms across the company's sites: 12 crop production projects, four poultry projects, one Nguni-cattle project and a piggery. Platinum has signed a memorandum of understanding with the Department of Small Business Development to support all the company's initiatives; implementation of this partnership will begin in 2017.

Image

Rejamonate farm project supported by Amandelbult mine.



ANGLO AMERICAN CHAIRMAN'S FUND

Anglo American Chairman's Fund annual community development expenditure by sector

Sector	Expenditure (Rm)	% contribution
Health and social welfare (includes thought leadership, welfare support, community development, capacity building and youth development)	28	60
Education and skills development (excluding infrastructure for schools)	20	40
Infrastructure	0	0
Enterprise development	0	0
Total	48	100

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 fund focuses on providing support to the rural and urban areas of the country where the poverty burden is high, 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 does not support SLP projects.

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 2016, the fund invested R48 million on CSI grants for 118 projects. The bulk of this (R28 million) was directed towards addressing health and social welfare needs, which included projects relating to thought leadership, welfare support, community development, capacity building and youth development. The other focus in 2016 was on education and skills-development-related initiatives, in which R20 million was invested. Most of the projects supported have a duration of 10 to 12 months. Longer projects include 12- to 18-month training courses in the early-childhood-development sector, and school infrastructure projects implemented over up to two years. The fund reviewed alternative models for future investment in school infrastructure, extending beyond bricks-and-mortar needs.

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

DEVELOPING MINE COMMUNITIES continued

ANGLO AMERICAN CHAIRMAN'S FUND PROJECT HIGHLIGHTS

Partnering to improve primary education

The fund contributed towards a primary-education programme piloted over the last three years, by making up a shortfall in funding of R300,000 for the Molteno Institute for Language and Literacy – one of five partners contracted to work with schools in the Free State and KwaZulu-Natal provinces in delivering this initiative, which was largely supported by the First Rand Foundation. The overarching objective of this programme is to improve learner outcomes, particularly in numeracy and literacy at primary-education level. The pilot phase was implemented in four districts, with 37 primary schools participating. The focus was on education management and leadership,

and on addressing barriers to learning and teacher development. In the Free State, Molteno Institute implemented its interventions in 20 schools in the districts of Lejweleputswa and Fezile Dabi, reaching 278 educators. The majority (265) of the educators reported that the training had enhanced their teaching skills. The impact of the direct training had a ripple effect throughout the schools, through knowledge sharing and the establishment of learning communities by the teachers. As a result, a further 335 educators reported that they had improved their curriculum coverage. Many teachers requested Molteno facilitators to critique their lessons, over and above the scheduled classroom-observation sessions. About 95% of teachers improved their subject content and teaching skills, which resulted in improved learner school-based results.

Image

Avid learners benefitted from the Molteno educational intervention.



Investing in mathematics and science excellence

The fund has invested in enhancing one of Limpopo's top three performing government schools. Over the past few years, Thengwe High School, in Tshandama village near Mutale in Limpopo, has had a steady enrolment of approximately 2,300 learners and has consistently delivered exceptional results. The school is very well managed, with strong leadership, and aspires to further develop learners, especially in the fields of science and mathematics. The fund has supported this ambition by funding the construction of a new centre for mathematics on site. The building has been designed to be efficient in its water and energy consumption; it will incorporate an

underground rainwater-harvesting retention pond to recycle grey water for flushing of toilets in the new ablution facilities. Local contractors and local building materials have been deployed in the construction. The new building's multiple facilities include a 70-seater auditorium and three 46-seater classrooms, all with smart boards. The fund has engaged in a process to enhance the school's business plan, including establishing a second school fund-raising account to generate funds for the school to maintain up-to-date technology and teaching aids, such as the replacement of tablets, the purchase of software and paying for broadband.

Image

Thengwe High School's new mathematics centre.



Image

Auditorium for learners at Thengwe High School.



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 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, seeking innovative opportunities to extend and distribute the benefits of ownership to employees and host communities, notably through our employee share ownership plans (ESOPs) and community-trust initiatives.

Since 1994, HDSAs have acquired more than 30% of Anglo American's business in South Africa.

OUR MEASUREMENT APPROACH

In calculating BEE ownership, we have measured the portion of our production in South Africa transferred to HDSAs. Where equity interests or portions of mines were sold, the equivalent production is calculated to provide a consistent measurement methodology across the Anglo American Group in South Africa. 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.

In addition, we measure the direct and indirect HDSA share ownership in listed shares in Anglo American plc, Platinum and Kumba.

OUR PROGRESS

Since 1994, we have concluded BEE transactions with an estimated value of around R67 billion. Our broad-based BEE (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. We continue to seek to diversify the level of participation and ownership by HDSAs in our mining assets.

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.

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. Between 2012 and 2015, all Anglo American South Africa permanent employees below management level were members of an ESOP, with the exception of De Beers' employees who received Equal Allocation Trust (EAT) units as part of the 2006 empowerment transaction.

Most of our ESOPs have now expired and we are exploring new models of schemes.

Black shareholders own listed shares in Anglo American plc, Platinum and Kumba via mandated investments, including pension funds. The Government Employee Pension Fund of South Africa is our largest shareholder. Black shareholders have an economic interest in at least 6.6% of the shares of Anglo American plc via mandated investments, with black shareholdings being worth approximately R25 billion. The effective indirect black shareholdings in the business units are calculated with Anglo American plc's effective interest in the particular business unit. Similarly, in relation to HDSA interests in the remaining minority shareholdings, at least an additional 2% of Platinum and 1% of Kumba is directly owned by HDSA interests in mandated investments.

Ownership acquired by HDSAs

HDSAs have acquired more than 30% of Anglo American's business in South Africa. These HDSAs represent South Africans from a broad range of geographies and categories.

	Kumba	Coal	Platinum	DBCM
Portion of business acquired by HDSAs	29%	28%	*27%	27%
BEE Owners	20%	28%	13%	8%
Employees	6%	0%	1%	13%
Communities	3%	0%	13%	6%
HDSA shareholding via mandated investments	4%	7%	8%	4%
AA plc indirect effective interest	3%	7%	5%	4%
Direct interests	1%	0%	2%	0%
Total HDSA interest	33%	34%	35%	31%

*Based on 2017 planned production Platinum should be at 29%.

In addition HDSAs have in the past acquired approximately R15 billion worth of Anglo American's business units which do not form part of the present business unit configuration in South Africa (for example: AngloGold, Tongaat and Hulamini). It is estimated that such disposals to HDSAs represented approximately 12% of Anglo American's businesses in South Africa.

SUMMARY

Black shareholders hold an economic interest in approximately R25 billion worth of listed shares in Anglo American plc via mandated investments. In addition, approximately R67 billion of the South African business of Anglo American plc has been acquired by HDSAs since 1994.

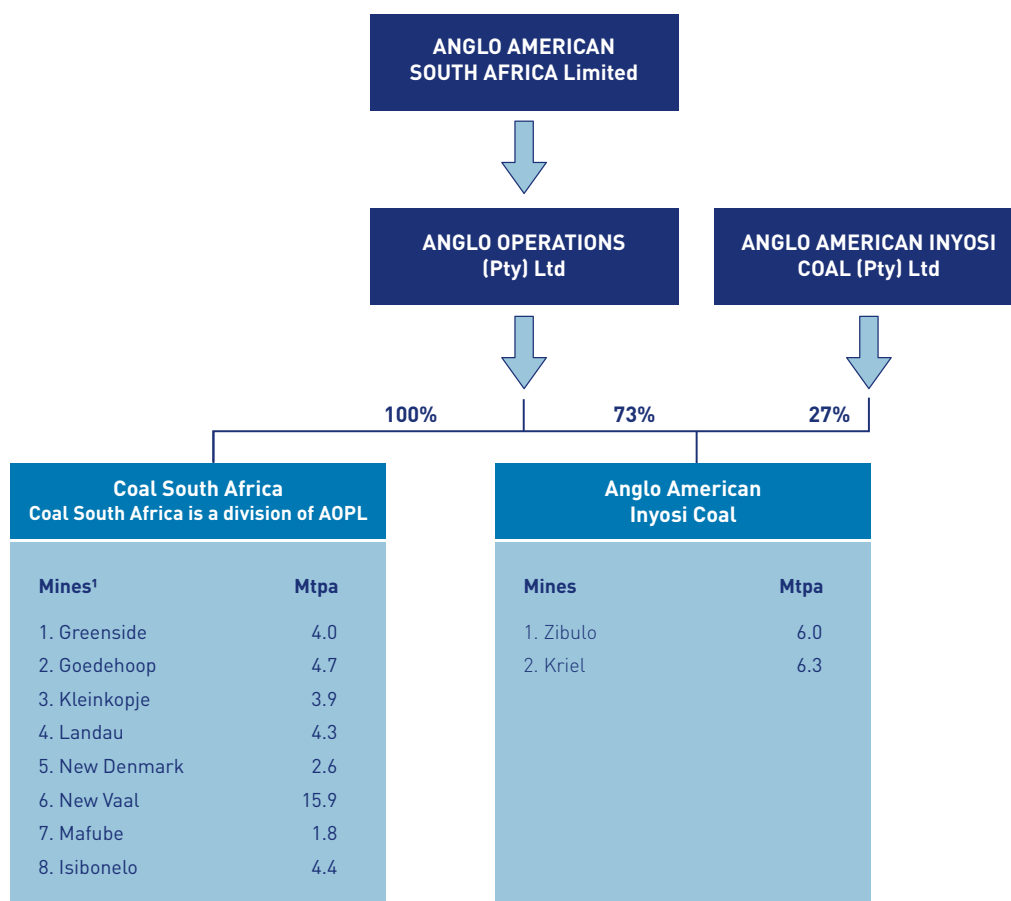
DIVERSIFYING OWNERSHIP TO PROMOTE GREATER ECONOMIC PARTICIPATION continued



COAL SOUTH AFRICA

Anglo Operations (Pty) Ltd (AOPL), of which Coal South Africa is a division, 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, AOPL 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 production capacity

SUMMARY OF EMPOWERMENT TRANSACTIONS

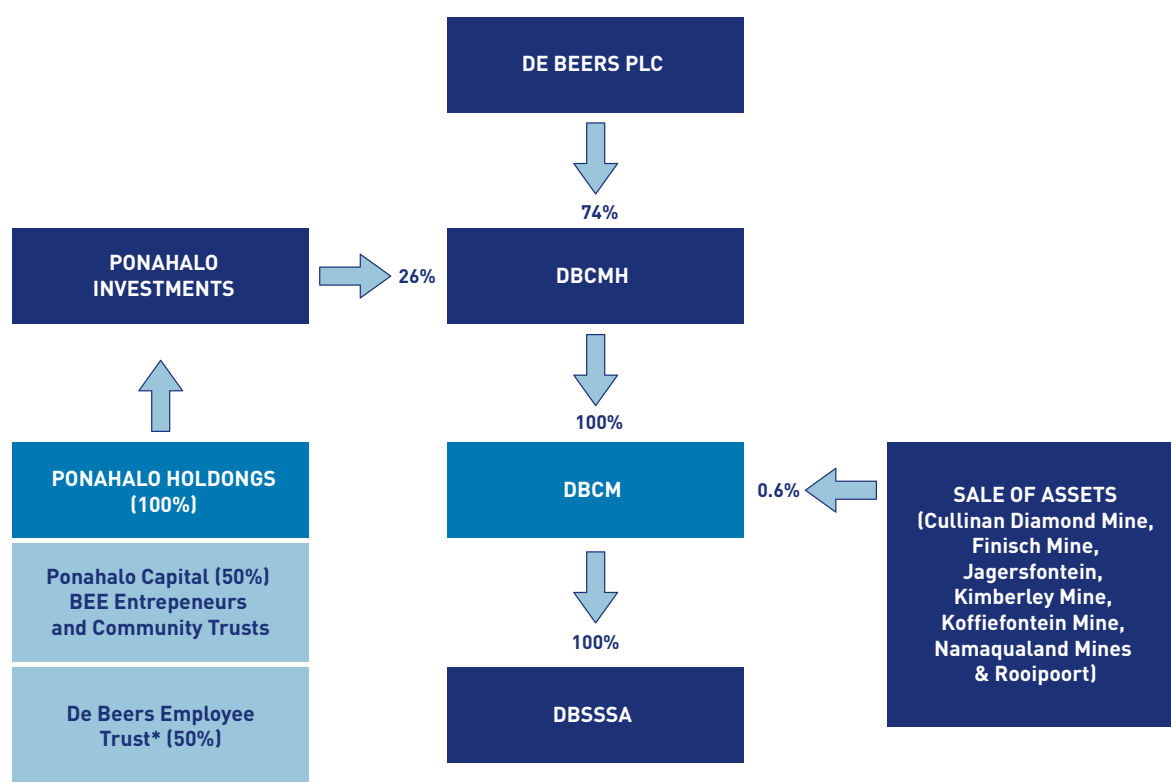
- **Eyesizwe:** (July 1998). Anglo American Coal (AAC) and which later became BHP Billiton Energy Coal South Africa (BECSA) and more recently South32, initiated a process for creating a black empowerment coal mining company. This transaction involved the sale of coal interests held by both AAC (including New Clydesdale, Arnot, Matla) and Ingwe Coal, and was concluded with a deal announced together with Eyesizwe Mining (Eyesizwe) on November 2000. The agreed division of Eyesizwe's attributable tonnage is AAC 55% and Ingwe 45%. Eyesizwe produced 25.4Mt of coal in 2003, making the company the fourth largest coal producer in South Africa at the time. AAC maintained an 11% shareholding in Eyesizwe. The value of the Eyesizwe transaction was R360 million.
- **Exxaro** is the result of an empowerment transaction that involved the unbundling of Kumba Resources' iron ore assets and its relisting as Exxaro in November 2006. The primary rationale behind the unbundling was to create a new generation South African company and to broaden the spread of shareholders in both companies to include HDSAs, employees and communities in proximity to the company operations. Kumba's coal and other assets merged with Eyesizwe to create Exxaro.
- **The Mafube phase 1 open-cast mini-pit** was opened in 2004 by AAC. In 2006 AAC and Exxaro entered into an agreement for a new 50:50 JV operating the Mafube Coal Mine phase 2 expansion (a large open-cast mine supplying the export and domestic markets). The Mafube Coal Mine joint venture was created from the sale of the AAC Mafube properties, capital works and mining right to Exxaro, and is an independently managed joint venture with a separate executive management team, Board and governance structure. The value of the transaction was R23 million.
- **Leeuw.** In May 2003, AAC concluded the sale of coal reserves and coal resources held in the province of KwaZulu-Natal to Leeuw Mining and Exploration (LME), a black empowerment company. In this transaction, LME acquired reserves and resources containing an estimated 104Mt of saleable coal. At the time of the transaction JPI Leeuw and Associates, also a black empowerment company, held an 80% stake in LME, while the management of LME held 10%. Zimele, AOPL's business development and empowerment unit, held a minority investment of 10%. LME was subsequently acquired by Keaton Energy in 2011. The value of the transaction was R33 million.
- AAC concluded a transaction with Worldwide Coal, now Pembani Coal, in 2003, through the transfer of the Carolina and Kwaggafontein assets in the Carolina Coalfield, Mpumalanga. Pembani Coal produced over 1.2Mt of coal in 2014 for the transaction assets. The value of the transaction was R25 million.
- In 2012, AAC completed the sale of the Wonderfontein Colliery to Umsimbithi Mining. Umsimbithi Mining is a 100% subsidiary of Mbokodo Mining, a joint venture company between Lithemba Investments (14%) and Umcebo Mining (53%). Lithemba Investments is a women-led, 100% HDSA company while Umcebo Mining is a black-owned coal mining company operating a number of coal mines. The value of the transaction was R52 million.
- **Emalangen Resources.** AAC sold the Rietvlei Coal Prospecting Right to Rietvlei Mining Company (RMC), with Butsanani Energy (60%) and Emalangen Resources (40%) as shareholders. Emalangen Resources is a broad-based community consortium. The Section 11 transfer from AAC to RMC was granted in January 2015, with RMC more recently (January 2017) receiving the mining right for the project. The value of the transaction was R50 million.
- **Anglo Inyosi Coal (2012 to 2014).** AAC holds a 73% shareholding in Inyosi Coal, a broad-based black economic empowerment (BEE) company in South Africa. The remaining 27% is held by Inyosi, a BEE consortium led by the Pamodzi and Lithemba consortia (66%), with the Women's Development Bank and a community trust holding the remaining equity. AAC, in turn, owns Kriel Colliery, Zibulo Colliery as well as greenfields projects of Elders, New Largo and Heidelberg. This transaction became effective 1 June 2010. The Kriel and Zibulo collieries produce a combined 15-17Mt of export and Eskom coal per annum. The value of the transaction was R50 million.



DE BEERS

De Beers is empowered through an ongoing relationship with its empowerment partner Ponahalo, which holds a 26% shareholding in De Beers Consolidated Mines Holdings (DBCMH) – the company that owns De Beers' mining operations in South Africa as well as the sales and marketing arm of De Beers' diamonds in South Africa through De Beers Sightholder Sales South Africa (DBSSA).

DE BEERS STRUCTURE

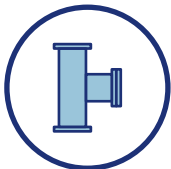


* Employee Trust includes EAT (12%), KET1 (2%) and KET2 (36%)

SUMMARY OF EMPOWERMENT TRANSACTIONS

- Ponahalo: Since 2006, De Beers has been empowered through an ongoing relationship with its empowerment partner Ponahalo, which holds a 26% shareholding in De Beers Consolidated Mines Holdings – the company that owns De Beers' mining operations in South Africa. The De Beers Equal Allocation Trust (EAT) represents approximately 14,850 people who were existing or past De Beers South African employees, including pensioners, on the date on which the 2006 empowerment transaction became effective, each

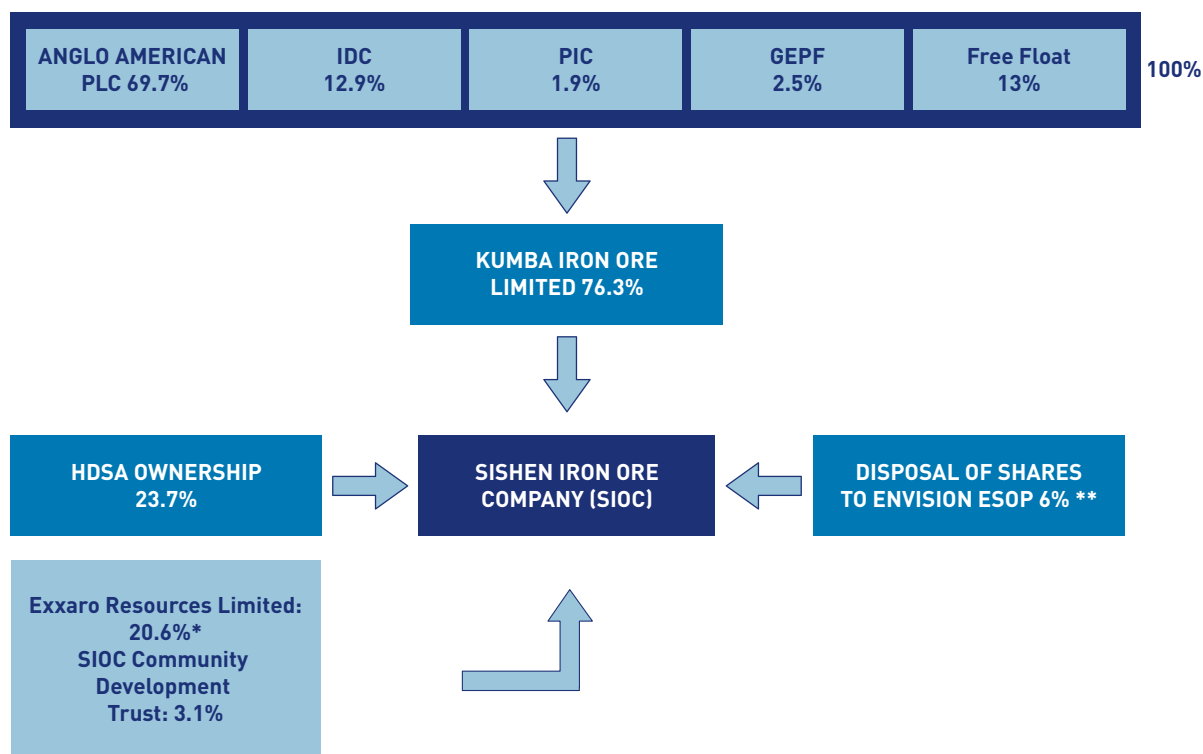
received six EAT units, which vested immediately. The De Beers EAT owns 12% of Ponahalo. The Key Employee Trust #1 holds 2% of Ponahalo, while the Key Employee Trust #2 holds 36% of Ponahalo. Ponahalo Capital, a BEE company, owns the other 50% of Ponahalo which includes community trusts focused on disadvantaged women, communities and disabled beneficiaries. The value of the transaction was R3.7 billion funded by preference share loans advanced to Ponahalo on commercial terms by local financial institutions, with subsequent assistance provided from De Beers to Ponahalo.



KUMBA

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

KUMBA STRUCTURE



*Exxaro is in the process of creating a new BEE structure, given the conclusion of the present 10-year BEE. The orderly unwinding and replacement BEE transaction will be executed during 2016 and 2017. Post the replacement BEE transaction, Exxaro will be 3% empowered.
 **The Envision ESOPs acquired 6% of SIOC, in two separate phases of 3% shareholding each, but the schemes have since ended.

SUMMARY OF EMPOWERMENT TRANSACTIONS

- Exxaro holds 20% of Sishen Iron Ore Company (SIOC). Exxaro is the result of an empowerment transaction that involved the unbundling of Kumba Resources' iron ore assets and the relisting of Kumba Resources as Exxaro in November 2006. Kumba Resources coal and other assets merged with Eyesizwe to create Exxaro. Prior to merging with Kumba, Eyesizwe was South Africa's fourth-largest coal producer. The value of the transaction was R5.4 billion.

- The Envision employee share ownership schemes held 6% of SIOC. These schemes ended in 2011 and 2016 respectively. The value of the transaction was R3.4 billion.
- The SIOC Community Development Trust (CDT) has held 3% of SIOC since 2006. The value of the transaction was R458 million.
- Since 2006, Kumba has contributed a total of R26.5 billion to Exxaro (R20.3 billion), Envision (R3 billion) and SIOC CDT (R 3.2 billion).

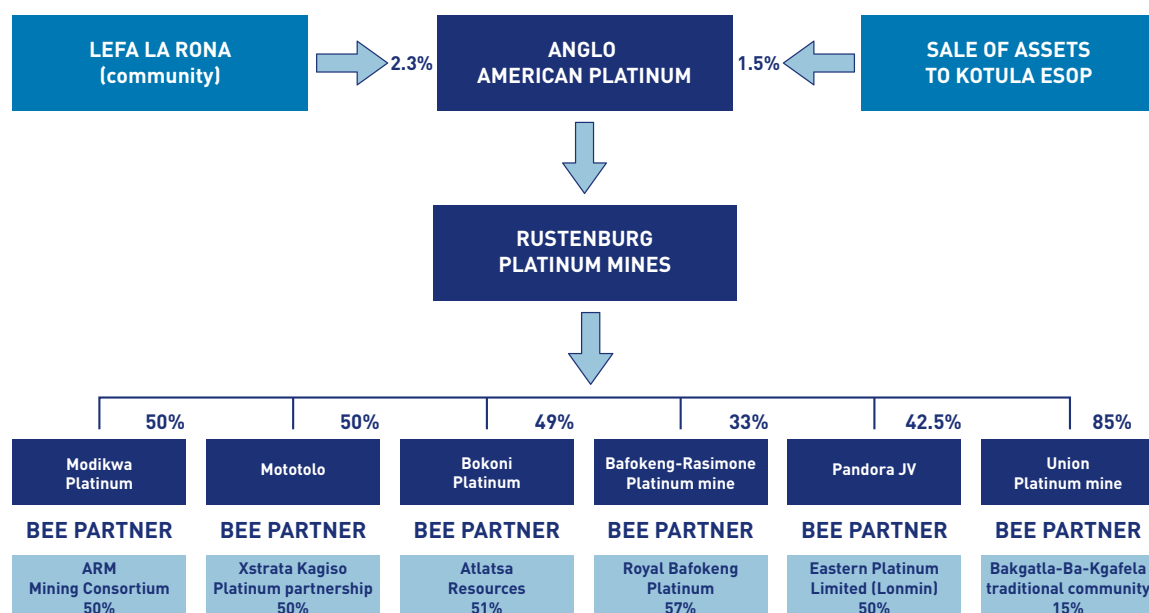
DIVERSIFYING OWNERSHIP TO PROMOTE GREATER ECONOMIC PARTICIPATION continued



PLATINUM

Platinum has met the Mining Charters target of 26% HDSA and ownership, and has transferred 29% of its business (measured on attributable production) to HDSAs through the sale of assets and joint-venture transactions, as well as through the participation of community trusts and ESOPs. This 29% excludes BEE chrome transactions, which if included take the percentage to over 30%.

PLATINUM STRUCTURE



In 2015, the seven-year Kotula trust scheme, which held 1.5% of the Anglo American Platinum ESOP ended. In 2016, Rustenburg Platinum Mines sold its Rustenburg operations. There was no change in BEE shareholdings.

SUMMARY OF EMPOWERMENT TRANSACTIONS

- Northam/Mvelaphanda Resources (August 2000). In a transaction facilitated by Platinum, Anglo American and Remgro sold their holdings of 17.5% and 5%, respectively, in Northam to Mvelaphanda Resources. The value of the transaction was R8.5 billion.
- ARM Mining Consortium (August 2001): Formation of a 50:50 Modikwa JV with ARM Mining Consortium, an empowerment company that includes the Mampudima and Matimatjati communities comprising approximately 60,000 rural residents as broad-based participants. The value of the transaction was R2.4 billion
- Royal Bafokeng Nation/Royal Bafokeng Holdings (August 2002) (and later, Royal Bafokeng Platinum) which was formed as a result of this transaction). The establishment in July 2002 of a 50:50 unincorporated JV with the Royal Bafokeng Nation (RBN) over the Bafokeng-Rasimone Platinum Mine (BRPM) and the Styldrift project area. In December 2009, the BRPM joint venture was restructured, resulting in Royal Bafokeng Platinum Limited (RBPlat) acquiring a 67% interest as well as operational control of the BRPM JV on 4 January 2010. RBPlat listed on the JSE on 8 November 2010 and Amplats currently holds a 12.6% equity interest in RBPlat, as well as a 33% direct interest in BRPM. The value of the transaction was R3.1 billion.
- Bapo-Ba-Mogale mining company Mvelaphanda Resources: In August 2002, Platinum and Lonmin plc formed the Pandora JV which includes the participation of the Bapo-Ba-Mogale mining company and Mvelaphanda Resources (now Northam) as empowerment partners, each having a 7.5% interest in the JV. Amplats contributed all the mineral rights to this JV. The value of the transaction was R205 million.
- Anooraq Resources Corporation (August 2004): Sale to Anooraq Resources Corporation (now Atlatsa Resources) of an effective 51% of the Lebowa Platinum Mine (now Bokoni Mine) and additional interests in Ga-Phasha, Boikgantsho and Kwanda. This transaction gave Atlatsa Resources control over the third-largest PGM resource base in South Africa. Management control of Bokoni was transferred to Atlatsa in 2009. The value of the transaction was R4.9 billion.
- Ngazana Consortium (Eland Platinum Mines): In October 2005, the rights on the property Elandsfontein 440 JQ were sold to Eland Platinum Mines (EPM), with the Ngazana Consortium holding a 26% interest in EPM.
- Siyanda Resources (November 2006): The development of a chromite recovery plant at Union Mine with Siyanda Chrome Investments, an HDSA company. The value of the transaction was R287m.
- Bakgatla-Ba-Kgafela (November 2006): The transaction, with the traditional community at Union Mine, the Bakgatla-Ba-Kgafela (Bakgatla), gave the Bakgatla a 15% stake in the Union Mine, as well as a 26% stake in the Magazynskraal project and a 55% stake in the Rooderand project. This was in exchange for royalty over the Union Mine. The value of the transaction was R491 million.
- Mvelaphanda Resources/ Northam Mvelaphanda Resources (August 2008): Mvelaphanda Resources bought Platinum's 50% interest in the Booyendal project and its 22.4% interest in Northam, for a total consideration of R3.7 billion. Mvelaphanda Resources injected the Booyendal project into Northam in return for Northam shares, resulting in Mvelaphanda Resources having control over the fifth largest PGM resource base in South Africa. The value of the transaction was R8.5 billion.
- Wesizwe Platinum Limited (December 2008): Platinum swapped its 37% interest in the Western Bushveld JV for a 26.6% equity interest in Wesizwe Platinum Limited, an HDSA company.
- Baphalane Siyanda Chrome Company Proprietary Limited (BSCC): In September 2016, Platinum and BSCC established a chrome recovery company (Automatic Trading Proprietary Limited). Automatic includes the participation of the traditional community at Amandelbult Mine, the Baphalane Ba Mantserre, and Sima Chrome Proprietary Limited (a wholly owned subsidiary of Siyanda Resources) as empowerment partners, each having an effective interest of 19.5% and 6.5% respectively. The combined 26% interest of the community and Sima is held and managed through the BSCC. The value of the transaction was R433.2 million.
- Kotula Trust (March 2008): Establishment of an employee share ownership plan (ESOP) that effectively owns 1.5% of Platinum to benefit all permanent employees not participating in any other company share scheme. More than 90% of the scheme's beneficiaries are HDSAs. The value of the transaction was R2.5 billion.
- Lefa La Rona (December 2011): various communities including labour-sending areas. 2.3% of Platinum shares were sold, at a discount, to communities around the Rustenburg, Amandelbult, Twickenham and Mogalakwena mines, as well as in labour-sending areas. These shares are held in community trusts and used to fund projects in these areas. The value of the transaction was R3.5 billion.

PROMOTING PREFERENTIAL PROCUREMENT AND SUPPLIER DEVELOPMENT

Preferential procurement and investment in enterprise and supplier development provide important opportunities for social and economic development in South Africa. We endeavour to build a more diverse and inclusive supply base, and focus on helping smaller business suppliers to increase their capacity and market opportunities, with an emphasis on supporting local, black-owned and black-women-owned businesses.

OUR APPROACH

Our approach to managing our supply chain aims to exceed compliance commitments and to work with stakeholders to foster meaningful, sustainable change through the mining life cycle.

Preferential procurement: We implement a preferential procurement approach 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 (an active black shareholding of at least 25% plus one voting share). Qualifying 'localised' businesses are market-competitive and based within our zone of influence of our operations. In promoting preferential procurement practices, we do not compromise on quality, delivery, service, safety, health and environmental performance or any technical requirements.

Partnering for progress: We endeavour to build an inclusive and multi-faceted supply base, leveraging the procurement opportunities created by mining operations as a catalyst to drive local economic activity. 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 small and medium-sized enterprises (SMEs) into our supply chain. We assist them in managing cost drivers and competing successfully for new 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 targets that go beyond SLP compliance commitments.

Developing suppliers: Our supplier-development activities create better visibility of local-supplier capability and assist in building local suppliers' capacity and market opportunities. 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. We also offer SMEs simplified and shortened payment terms to support positive cash flow and mitigate risks to their business. 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.

RESPONDING TO CHALLENGES

Managing expectations: Challenges associated with developing suppliers include the complex needs and expectations of different stakeholders. There are limited opportunities in certain procurement categories and challenges in finding suitable suppliers in the services category and/or specialised commodities. 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, especially as we seek to integrate SMEs into more complex categories of mining.

SME supplier competitiveness: Small suppliers often require extensive support with developing the necessary systems and competencies to meet the technical, quality, social, safety or environmental requirements of mining operations. Although we continue to invest in helping SME suppliers to build their capacity and access finance – directly through Zimele, and through other partnership initiatives – many suppliers are not able to meet entry requirements or quote competitively for the supply of goods or services.

Limited resourcing: We have implemented many successful interventions aimed at enabling greater inclusion and support to suppliers. However, as the Revised Mining Charter of 2010 did not provide for mechanisms or recognition of supplier development, these initiatives have been resourced inconsistently.

OUR FOCUS FOR 2017 AND BEYOND

In 2017, we will develop a regional, integrated preferential procurement strategy aimed at supporting supplier inclusion while building efficiencies across our operations. Our approach will be underpinned by the following strategic objectives:

- Leverage our procurement spend to support South African manufacturing; through an initiative with Government, we have shared procurement-related information as part of efforts to promote opportunities to increase the volume, value and technical innovation of mining goods manufactured in South Africa.

- Identify opportunities to increase preferential procurement in core mining activities, and realise these through improved planning and information management.
- Engage more effectively with mining communities and potential suppliers, being mindful to manage expectations of what our supply chain can deliver and how we can support community-based businesses.
- Review and revise our approach to building the competitiveness and operational efficiency of suppliers. This will include introducing clear performance measures and incentives for beneficiary suppliers, with a focus on improving their safety, technical, quality and operational performance.

BEE and local procurement expenditure in 2016 (licensed mining operations only):

In accordance with the Mining Charter, we calculate and classify expenditure with BEE suppliers across three distinct categories – capital goods, mining-related services and mining-related consumables. BEE expenditure percentages are only applicable to procurement related to mining sites/licence holders, and do not include corporate office and non-production-related expenditure.

All corporate office and non-production related expenditure is calculated separately during the annual BBBEE verification process aligned to the BBBEE Codes of Good Practice.

PROMOTING PREFERENTIAL PROCUREMENT AND SUPPLIER DEVELOPMENT continued

BEE and local procurement expenditure							
	Capital goods	Services	Consumables	AASA Aggregate BEE spend*	Actual BEE spend* (Rbn)	Local procurement spend (Rbn)	Total discretionary spend (Rbn)
Targets	40%	70%	50%	%			
Coal South Africa	68%	81%	80 %	79 %	7.1	2.4	8.9
De Beers	89%	89 %	83 %	88 %	3.4	0.990	3.8
Kumba	68%	87 %	75 %	79 %	7.6	2.9	11
Platinum	76%	79 %	74 %	77 %	9.1	4.0	19.2
Anglo American South Africa Total	72%	83%	76%	79%	27.1	11.4	42.9

* Based on total procurement spend from each category for mining licence holder sites only (excluding all corporate office expenditure). Excluding goods and services procured from the public sector and public enterprises.

OUR PROGRESS

In 2016, we maintained a strong preferential-procurement performance despite ongoing changes to our business model and a continued focus on direct cost savings. Levels of expenditure with BEE-compliant companies across the business units totalled R27 billion (2015: R35 billion), accounting for 78% of our total procurement expenditure in South Africa (2015: 79%), excluding all goods and services procured from the public sector and public enterprises. The decline in overall expenditure related primarily to the sale of mine assets, which reduced our operational footprint and expenditure base in South Africa. This mainly affected our purchases of mining capital goods and consumables. Anglo American South Africa's collective local-procurement expenditure was R11.4 billion (2015: R12.0 billion).

All business units continued to significantly exceed the Revised Mining Charter's 2010 procurement-expenditure targets in all areas. Anglo American South Africa's aggregate levels of sourcing from BEE-compliant suppliers were: 72% of capital goods (2015: 75%) against a target of 40%, 83% of services (2015: 81%) against a target of 70%, and 76% of consumables (2015: 79%) against a target of 50%.

Group-supported procurement initiatives

In 2016, we implemented various internal initiatives in order to facilitate further progress, and we are partnering in initiatives with government and industry aimed at stimulating local manufacture and technology development, identifying synergies and creating efficiencies across the sector.

• Empowering suppliers to drive social outcomes:

We continue to leverage our procurement expenditure with large original equipment manufacturers (OEMs) and contractors in order to increase their BEE transformation profile as part of the condition of their being able to supply to Anglo American. To improve levels of understanding of supplier BEE requirements and the associated contribution to social outcomes, we engaged directly with suppliers who collectively account for 95% of our spend in South Africa, to measure their performance across indicators including local recruitment, purchases from small businesses, social investment and supplier-development activities.

• Analysing expenditure:

Anglo American has introduced a global platform that enables us to identify spending patterns and model predictive expenditure in order to better identify opportunities for preferential procurement, while reducing the time and effort required for BEE and other compliance reporting.

• Online supplier registration process:

In June 2016, we launched an online supplier registration process, accessed through the Anglo American website. This helps to standardise the prospective supplier-registration and -approval process across our various operations, and increases the visibility of the potential supplier market.

• Collaborating across the industry:

We are collaborating with peer mining houses to identify opportunities to optimise enterprise- and supplier-development activities. Initiatives aimed at sharing best practice and reducing costs include hosting joint supplier days and sharing non-competitive data on high-performing black suppliers.

- **Localising manufacture in the supply chain:**

An extensive negotiation process is under way with several South Africa-based suppliers on the manufacture and supply of critical mining componentry that has traditionally been imported. We believe that by supporting local suppliers, we create opportunities for industrialisation, which will increase the availability of materials while supporting employment creation.

- **Supporting mining industrialisation:** Through an initiative launched by the Department of Trade and Industry (DTI), and supported by the Department of Mineral Resources, Anglo American has participated in a study to assess levels of demand for mining goods across several mining (underground) companies, and to identify specific goods that would be suitable for local manufacture, through economies of scale.



COAL SOUTH AFRICA

Coal South Africa's licensed operations procured goods and services to the value of R9.0 billion (2015: R8.7 billion), of which R8.9 billion was discretionary spend. Expenditure with BEE-compliant companies amounted to R7.1 billion, representing an aggregate 79%. Overall, 68% of capital goods (2015: 70%), 81% of services (2015: 79%), and 80% of consumables (2015: 78%) were procured from BEE-compliant companies.

The proportion of expenditure with localised suppliers increased to 27% (2015: 24%). The rand-value of local spend totalled R2.4 billion, level with last year's expenditure.

Coal South Africa continues to achieve pleasing results through its supplier development programme (SDP). Expenditure with 16 companies that have progressed

from being high-potential local SMMEs to trading with the business unit, increased by 63% in 2016 to R41,2 million. Notably, much of increased expenditure went to key high-performing SDP suppliers. In 2016, the 16 SDP suppliers collectively provided 428 people (the majority being local black people) with direct jobs. This represents a 65% increase in the 260 jobs created in 2015 and has been achieved through the expansion of business beyond Coal South Africa.

Coal South Africa strives to sub-contract a minimum of 15% of new contract-mining and discard-handling packages to local SMEs. Discarded-materials contracts typically include employee-transport services, survey activities, and road maintenance, as well as the discarding of waste materials. As part of this initiative, R12.3 million was spent in 2016 with SMEs through a contract mining partnership between Andru Mining (the main contractor) and Sasimama (a 51% black-owned SME). (See case study on page 86.) Coal South Africa reserves the right to withhold 15% of the value of the contract until the main contractor can demonstrate effective skills transfer to the appointed SMME partner.

Image

Views around the Coal Zibulo Colliery.



PROMOTING PREFERENTIAL PROCUREMENT AND SUPPLIER DEVELOPMENT continued

Facilitating skills transfer to SMMEs

Andru Mining is a 26% BEE mining company that specialises in contract mining and discard management. The business has been providing services to Anglo American for more than 20 years and is subject to Coal South Africa's requirement that 15% of the value of its contracts be sub-contracted to a black-owned SME contractor. To fulfil this commitment, in 2016, Andru Mining partnered with 100% black-owned Anglo American Platinum vendor KMC Mining Pty Ltd, to form the joint venture Sasimama Mining Pty Ltd, with both companies contributing mining equipment and resources to the new entity. Sasimama is the main designated sub-contractor for discard-rewash handling at Goedehoop colliery. Andru Mining has invested in developing the new company and, after the first nine months of working on the new contracts, Sasimama had achieved R9.3 million in turnover, despite tough operating conditions. When required, Sasimama can engage additional BEE companies to achieve the full 15% spend value.

Sasimama entrepreneur Patrick Matiwane (Director), acknowledges Andru Mining's invaluable support:

"As SMEs, we need to compete with well-established larger businesses that have a competitive advantage in being able to secure access to lower funding costs and costs of capital. Andru Mining has assisted me to overcome some of these challenges by supporting me, through their overhead structures, to lower my operating expenses. This has included providing support with accounting services, plant maintenance, cash flow, plant rental negotiation and training. I would also like to thank Andru Mining for going the extra mile in assisting me in my other business venture, KMC Mining Pty Ltd, by helping me to secure critical machinery from Barloworld."

HIGH-PERFORMING SDP COMPANIES

David Mavuso, CEO and owner of Mphikeleli's Civils and Building

Mphikeleli's is a 100% black-owned construction and civils works company that participated in Coal South Africa's SDP incubation programme. According to CEO and owner David Mavuso, Mphikeleli's has progressed from generating under R1 million turnover in 2013 to becoming a qualifying small enterprise (QSE) in 2016.

"The company has been able to achieve this through hard work and dedication to win the trust of the Landau mine management," said Mavuso. "We have increased our headcount by more than five-fold, to 53 permanent employees in 2016." "Mphikeleli's is a well-respected supplier at Landau. Their prices are competitive and the quality of work is very high," said Annette Prinsloo, engineering manager at Landau.



DE BEERS

De Beers' total discretionary expenditure in 2016 was R3.8 billion (2015: R5.1 billion). The company spent R3.3 billion with BEE-compliant entities; 89% of capital goods (2015: 76%), 89% of services (2015: 86%) and 83% of consumables (2015: 83%) were procured through these entities. Aggregate BEE spend was 88% (2015: 85%).

A total of R990 million was spent on procurement with BEE-compliant entities located in the provinces in which De Beers operations are situated, representing 26% of provincial spend for the Voorspoed and Venetia mines (2015: R1,7 billion or 34%). The significant decrease is a result of the reclassification – from local to national – of expenditure with a major fuel supplier trading with De Beers, as their offices are based in another province to where the mine is situated.

Multinational companies contributed an average of 5.48% of revenue from capital goods procured by DBCM, to CSI projects during 2016 (2015: 3.94%).

All suppliers are required to submit a socio-economic development plan when tendering on enquiries issued by DBCM, to indicate their intended contribution to the communities in which the mines operate. Progress on these plans is closely monitored.

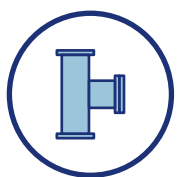
De Beers' preferential procurement programmes seek to stimulate growth in other sectors. The business has well-established initiatives in South Africa aimed at

supporting socio-economic transformation through value-adding downstream diamond-related activities, such as diamond processing and jewellery manufacturing, and 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. Supplier development is a focus area and a framework has been developed to formalise development initiatives for current BEE entities supplying the operations, and also to link prospective suppliers with opportunities, specifically in the communities where operations are situated.

The business unit has conducted a detailed analysis of procurement data to identify suitable local procurement opportunities and is engaging with established contractors/OEMs on the transfer of knowledge and skills to local entities.

In 2016, Voorspoed mine implemented a formal enterprise- and supplier-development programme, which will be advanced in 2017, and rolled out at Venetia mine. Seven local black-owned SMMEs contracted to Voorspoed mine received diverse training, mentorship and coaching support. An integrated procurement, supplier and enterprise-development strategy for all the De Beers South African operations is under development, aimed at supporting broader transformational and socio-economic development objectives.



KUMBA

In 2016, Kumba spent R7.6 billion with BEE-compliant businesses (2015: R15.3 billion) – 68% of capital goods (2015: 76%), 87% of services (2015: 78%) and 75% of consumables (2015: 81%) were procured with these businesses. Aggregate BEE expenditure was 79%. Expenditure with localised suppliers amounted to R2.9 billion (2015: R5.7 billion), representing 26% of total supplier expenditure in South Africa (2015: 29%), exceeding the company's target of 20%.

The decrease in discretionary spend resulted from challenging market conditions requiring a strong focus on managing working capital and reducing costs in Kumba's supply chain. The company nonetheless remains committed to initiatives aimed at supporting small businesses and helping them to grow.

In 2016, Kumba revised its preferential procurement policy and associated processes in order to make them more practical. Processes include those relating to set-asides, unbundling and joint ventures and sub-contracting, as mechanisms to mobilise increasing

localised expenditure. Kumba's supply chain held a local procurement workshop for departments to collaborate in identifying opportunities and setting targets to promote increased spend with localised supplier communities.

In addition to various supplier-engagement sessions, between 2014 and 2016, Kumba invested in an intensive 24-month supplier development programme aimed at building local business capacity in the Northern Cape. Through training and mentoring, the programme was designed to build core business skills, while increasing supplier awareness of risk and a better understanding of operational expectations. Completed in October 2016, the programme successfully assisted the 19 participating local businesses and entrepreneurs located between the company's Sishen and Kolomela operations to increase their efficiencies, turnover and profit. The average increase in turnover was 103% and, collectively, the businesses generated 33% growth in employment, sustaining more than 450 jobs. More than half of the businesses have secured Kumba supply chain opportunities.

PROMOTING PREFERENTIAL PROCUREMENT AND SUPPLIER DEVELOPMENT continued

SUPPLIER DEVELOPMENT SHOWS PROGRESS

KELE MINING SOLUTIONS

Jomo Khomo, owner of Kele Mining Solutions, gained valuable leadership insight while on the Kumba supplier development programme (SDP):

"I am not the business. As an owner I need to work on the business and not in the business, so that I can create the structures and processes for the company to propel itself without me driving it all the time. It's important to spend a lot of time designing the business, as well as working on the processes and systems to support it. As an entrepreneur, the key thing is finding the right people to deliver on this. Then you focus on key dashboard indicators to monitor the health of the business. That's the way to create an asset of value."

Kele Mining started on the programme with no contracts and very little working capital. Two years later, it had four contracts: two from Kumba and two from other companies, and a turnover increase of more than 9,000%. Jomo has created a professional organisation with a full-time support function, as well as systems in place to help scale the business, which now has 44 employees.

Kumba's SDP includes goal-setting to help entrepreneurs focus their efforts. Raising capital was one of Jomo's goals:

"Kele Mining is now financially viable and we are building a track record to seek capital that will help us expand beyond Kathu and into southern Africa. The key is to create a brand that is associated with innovation, SH&E as well as a culture of providing solutions."

UYAPO ENGINEERING PROJECTS

Innocent Maphosa, director and founder of Uyapo Engineering Projects, pays tribute to Kumba's SDP:

"For me, the Kumba SDP has been a wonderful programme as it made us understand what we offer as a business and how we can add value. It also opened our eyes to how much the right tools can help us measure our progress and how we use that knowledge to scale up."

Uyapo Engineering Projects has quadrupled its asset base, trebled its turnover and almost doubled its profit in the past two years. The staff complement has grown from nine to 23 permanent employees. The engineering company has diversified its client base – from purely government institutions to quasi-government entities and the private sector – as well as the areas in which it works, from a focus on water and sanitation, to include roads, building and refurbishment projects. This diversification has helped the company to flourish in the challenging economic climate.

Innocent learnt on the Kumba SDP that to benefit from the facilitator sessions, the advice needed to be considered, and hard work invested:

"Immediately after every consultation, I would go back to the office and discuss the ideas with my team so that they could understand and test the suggestions. It wasn't always easy to find the time, but I can see how valuable that initial investment has been."

Image

The Kele Mining Solutions team has grown to 44 employees and owners Jomo and Kefilwe Khomo are on their way to achieving their business goals.



Image

Members of the
Kele Mining
Solutions team.



PROMOTING PREFERENTIAL PROCUREMENT AND SUPPLIER DEVELOPMENT continued



PLATINUM

In 2016, Platinum's mining licensed operations spent R9.1 billion on goods and services procured from BEE-compliant companies, representing an aggregate 77% (2015: R9.3 billion; 79%). The expenditure accounted for 76% of capital goods (2015: 79%), 79% of services (2015: 84%), and 74% of consumables (2015: 75%) procured.

Increasing levels of local procurement, especially from host-community suppliers, is a strategic focus. In 2016, the business 'ring-fenced' over a 100 procurement opportunities, to the value of R300 million for local SMEs. Platinum's expenditure with local suppliers increased by 90% to R4 billion (2015: R2.1 billion).

The Platinum team also worked with large suppliers to form partnerships with local SMEs to deliver goods and services to the company's operations. (See case study

on page 90.) SMEs that are contracted through this programme participate in the Platinum Supplier Development Programme (SDP), which offers customised mentorship to ensure the sustainable transfer of skills. For example, in August 2016 more than 30 of Platinum's Rustenburg suppliers attended a two-week technical course on painting and maintenance and, in October 2016, 22 suppliers from Mogalakwena mine attended a two-day course on Basic Financial and Business Management.

A key enabler is supplier engagement. Supplier open days were held at various operations, specifically targeted at providing local companies with the information and tools to enable them to participate in the procurement process.

In 2016 local procurement department released an information booklet, providing guidelines on how to become an Anglo American Platinum vendor, types of commodities and points of contact for potential SMEs.

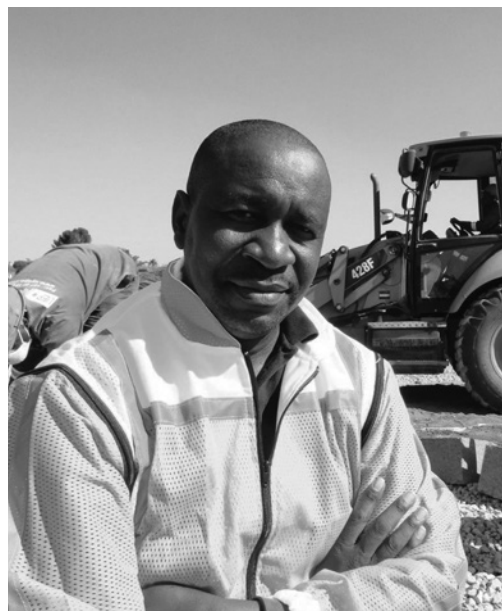
Image

Although always on site, Uyapo's Innocent Maphosa made the time to share what he learnt on the Kumba SDP with his staff to ensure that they understood the systems and were implementing them correctly.

Developing supplier capacity

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 their contracts. A leading example is the development of Monenebe, a small local company that was contracted early in 2016 by Platinum's Mogalakwena mine to provide minor civils work.

The company has steadily developed, through the provision of mentoring and training, and its own determination, and has secured more complex work at the mine. Today, its contracts are valued at almost 20 times that of the first order. Monenebe's increased capacity and experience will help it to improve its ratings with the Construction Industry Development Board (CIDB) and access opportunities with other potential clients.



ENTERPRISE DEVELOPMENT

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. Through our Zimele enterprise-development initiative, we have made a positive influence in the communities around our operations over the past 27 years. Zimele has been a catalyst in the development of emerging black businesses, empowering entrepreneurs and facilitating job creation, fostering pride and prosperity.

OUR APPROACH

We support previously disadvantaged South Africans in creating and developing commercially viable and sustainable SMEs. Zimele 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 currently operates two funds: the Community and Supply Chain Fund and the Sebenza Fund. 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. They focus on developing businesses in particular sectors. Zimele partners with other role players to deliver on specific mandates. It 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.

OUR ZIMELE FUNDS



COMMUNITY AND SUPPLY CHAIN FUND

This fund is managed through a network of small business hubs around the country. The hubs provide funding, training, skills development and business guidance for business owners in host communities and in labour-sending areas. The Fund assists the procurement departments at Anglo American's operations in identifying appropriate black-empowered SMEs that can supply products and services.



SEBENZA FUND

This is a partnership between Anglo American and National Treasury. The fund operates through a network of business hubs across the country and aims to facilitate new and sustainable employment throughout South Africa, including through opportunities for flexible funding.

ENTERPRISE DEVELOPMENT continued

- **The Green Fund**, which targeted investment opportunities aimed at mitigating environmental impacts, has been merged into the Anglo American Zimele Funds. All 'green' transactions are now managed through this fund.
- Zimele has exited from the **Godisa Fund** – a joint initiative between Anglo American, Transnet and sefa (Small Enterprise Finance Agency) to promote enterprise development, business growth and job creation amongst black-owned Transnet suppliers in rail manufacturing, freight logistics and related services. As of July 2016, no new loans have been offered, and the handover to sefa has been undertaken.
- **Anglo American Sefa Mining Fund** is a joint initiative between Anglo American's South Africa operations and the sefa Mining Fund, which is owned by

government and promotes small business development. The fund is functioning on the basis of supporting its existing portfolio of investments, with no new investments taking place.

ZIMELE'S STRATEGIC FOCUS AREAS

- An increased focus on **supply-chain-linked transactions** at local-procurement level.
- Emphasis on **large-scale-impact projects** supported by the Anglo American Zimele and Partnership funds.
- **Active collection and recovery** of the outstanding loan book and intensive mentorship intervention.
- **Strategic review** of Zimele in terms of Anglo American's requirements going forward.

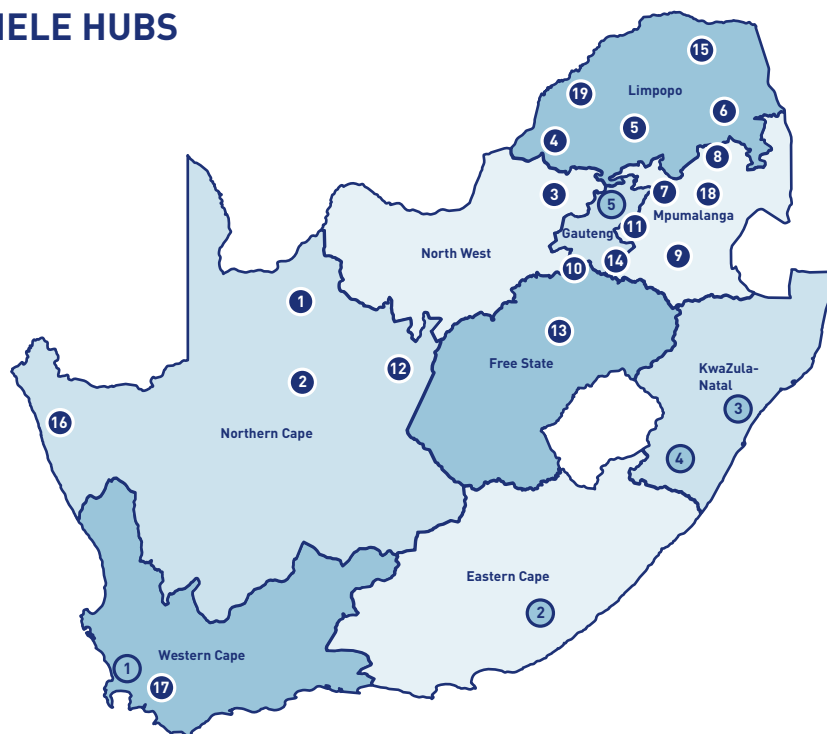
ZIMELE'S IMPACT IN 2016

In 2016, the Funds concluded 204 transactions and provided R121 million in funding for 110 businesses that collectively employed 3,992 people and generated turnover of R692 million. A decline in the performance data compared with 2015 was attributable largely to a lower volume of transactions in the Sebenza Fund and a concentration on supply-chain transactions at local-procurement level. There were also no new investments in the Godisa Fund and Anglo American Sefa Mining Fund.

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.



THE ANGLO AMERICAN ZIMELE INITIATIVE: 19 SMALL BUSINESS HUBS

KUMBA IRON ORE

1. Kathu
2. Postmasburg

ANGLO AMERICAN PLATINUM

Western Limb

3. Rustenburg
4. Amandelbult

Eastern Limb

5. Mokopane
6. Burgersfort

COAL SOUTH AFRICA

7. Emalahleni
8. Middelburg
9. Secunda
10. Vaal
11. Phola (Ogies)

DE BEERS

12. Kimberley
13. Voorspoed (Kroonstad)
14. Element Six (Springs)
15. Venetia (Musina)
16. Kleinzee
17. Debmarmine (Cape Town)

HITACHI

18. Emalahleni
19. Lephalale

Note: Following a period of reflection and rationalisation, the Bushbuckridge and Dennilton hubs were closed this year.

THE PARTNERSHIP INITIATIVE: FIVE SMALL BUSINESS HUBS

NORTHERN AND WESTERN CAPE

1. Cape Town CBD

EASTERN CAPE

2. King William's Town

KWAZULU-NATAL

3. Durban
4. Kokstad

GAUTENG

5. Ekurhuleni

Note: Following a period of reflection and rationalisation, the following Partnership Hub business hubs were closed this year: George, Dingleton, Mthatha, Queenstown, Nelson Mandela Bay, Lephalale, Tzaneen, Mogale City, Johannesburg and Pretoria.

Image

Zimele's DEI Projects is an electrical and instrumentations company that supplies low and medium voltage electrical systems and installation. Charles is an operator at DEI Projects.

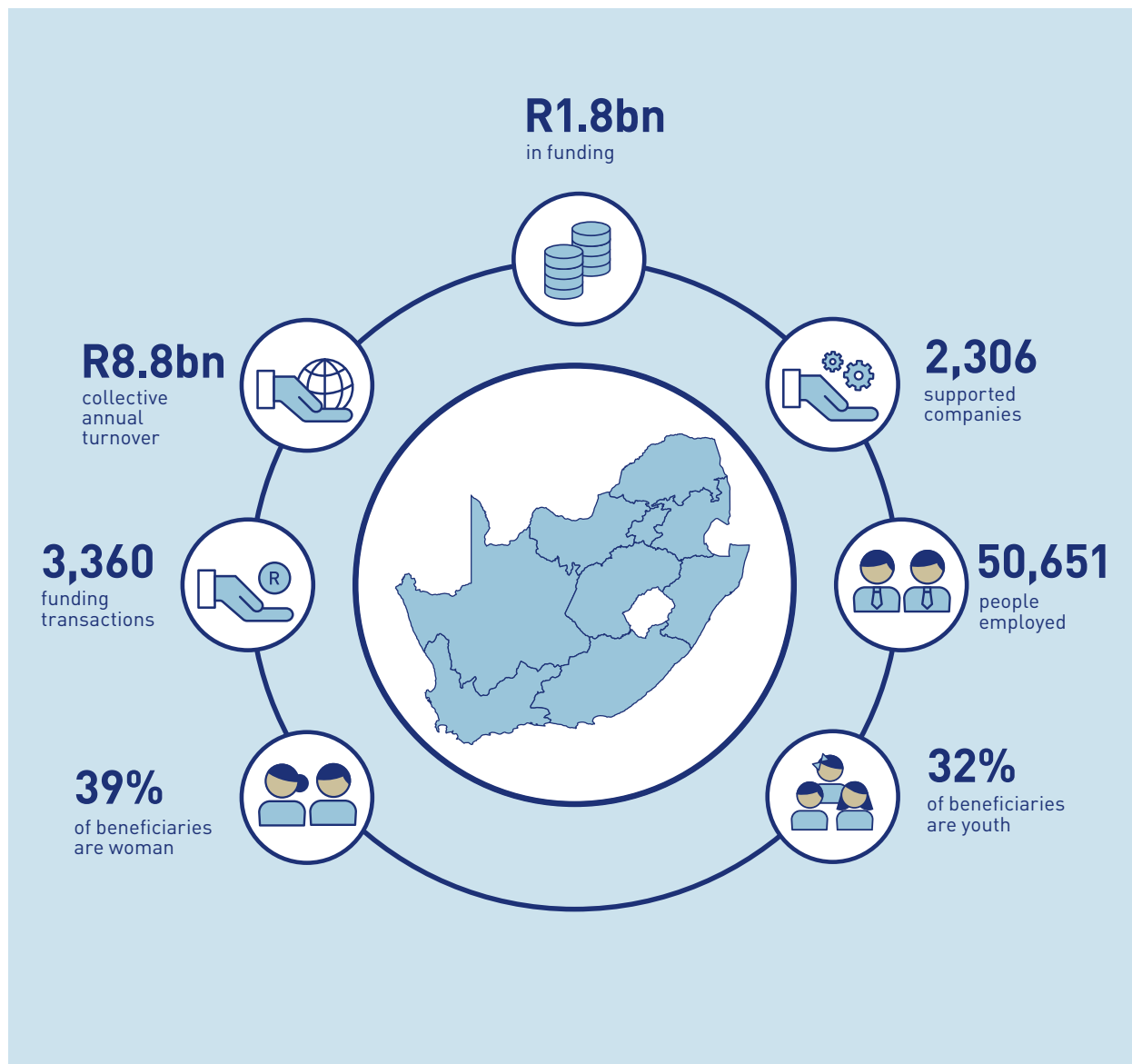


Zimele statistics 2015-2016

	Anglo American Zimele Funds					Partnership Funds		
	Jan 2016 to Dec 2016	(Jan 2015 to Dec 2015)	Supply Chain Fund	Community Fund	Green Fund	AA sefa Mining Fund	Sebenza Fund	Godisa Fund
Number of transactions	204	403	133	65	0	0	4	2
Total people employed	3,992	8,624	1,598	1,475	0	364	542	13
Turnover – Rm	692	2,529	215	199	0	219	55	4
Funding – Rm	121	308	60	23	0	21	15	2
Female entrepreneurs supported	42%	37%	42%	42%	0	43%	50%	0%
Youth supported	32%	31%	31%	31%	0	37%	25%	100%
Companies	110	321	75	29	0	0	4	2
Repeat transactions with the same companies	94	82	58	36	0	0	0	0
Total	204	403	133	65	0	0	4	2
Year established			1989	2008	2011	2003	2013	2014

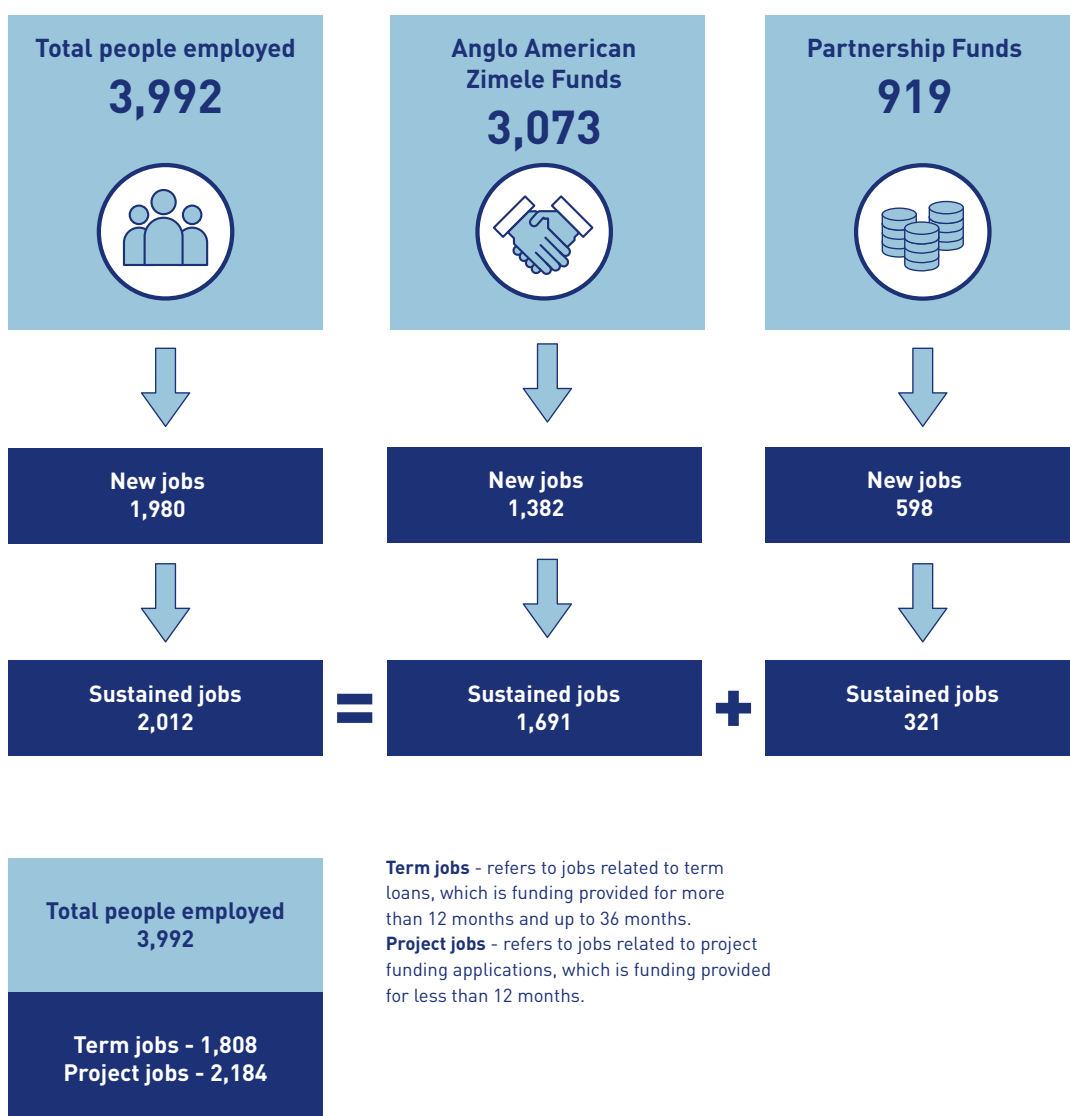
ENTERPRISE DEVELOPMENT continued

ZIMELE'S SOCIAL IMPACT FROM 2008 TO 31 DECEMBER 2016

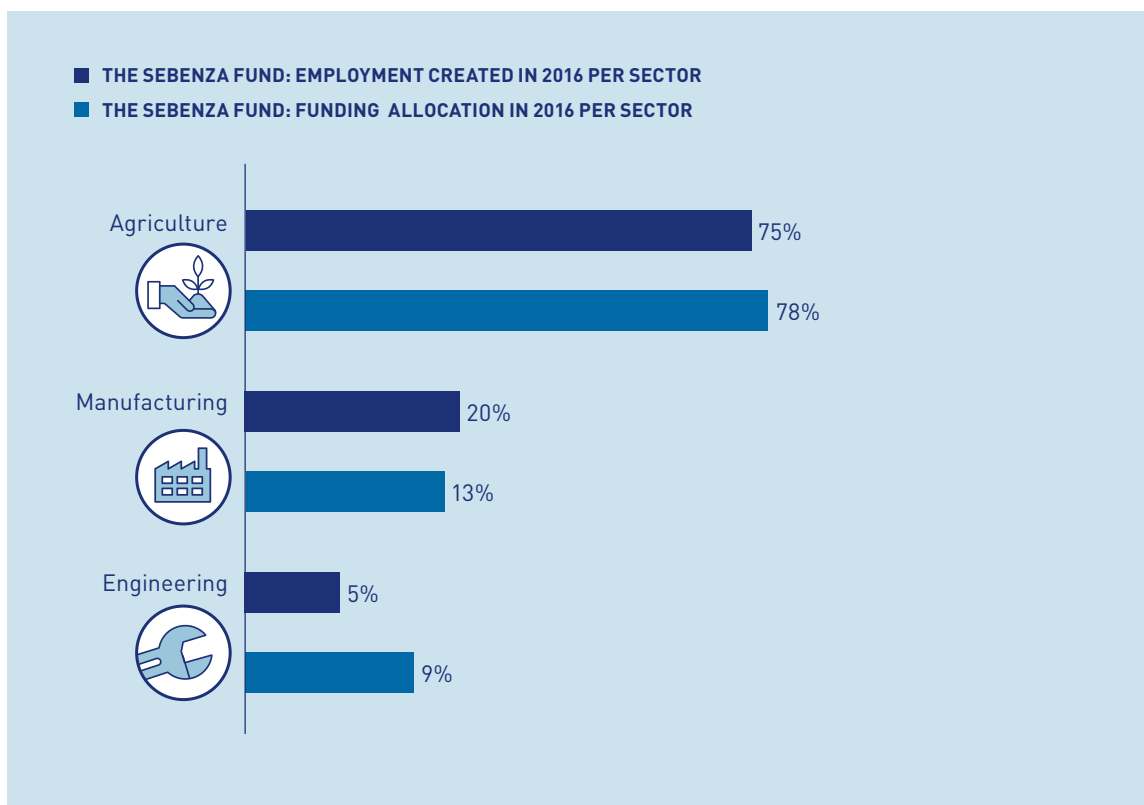


The Anglo American Zimele Funds enabled the creation of 3,073 jobs during 2016. The most jobs were generated in the construction, agriculture and cleaning sectors, while the textiles, motor industry and retail sectors accounted for the least. The most funding was granted in the construction, engineering, and supply and services sectors, while the least funding was directed to the road-construction and motor-industry sectors.

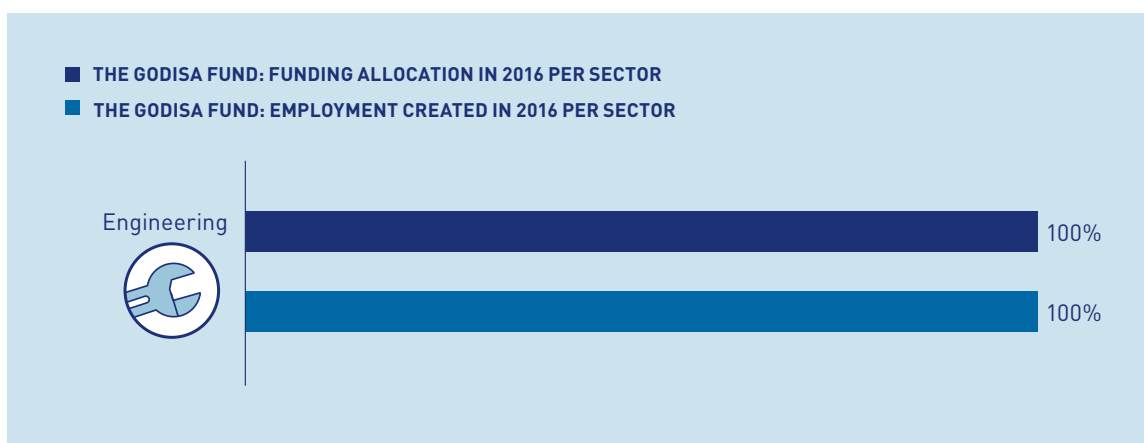
Enterprise development highlights in 2016



INDUSTRIES IN WHICH ZIMELE CREATED AND SUSTAINED EMPLOYMENT IN 2016



During 2016, the Sebenza Fund funded four transactions, which created a total of 542 jobs. The proportion of jobs generated in each sector (agriculture, manufacturing and engineering) was proportionate with the level of funding in each of these areas.



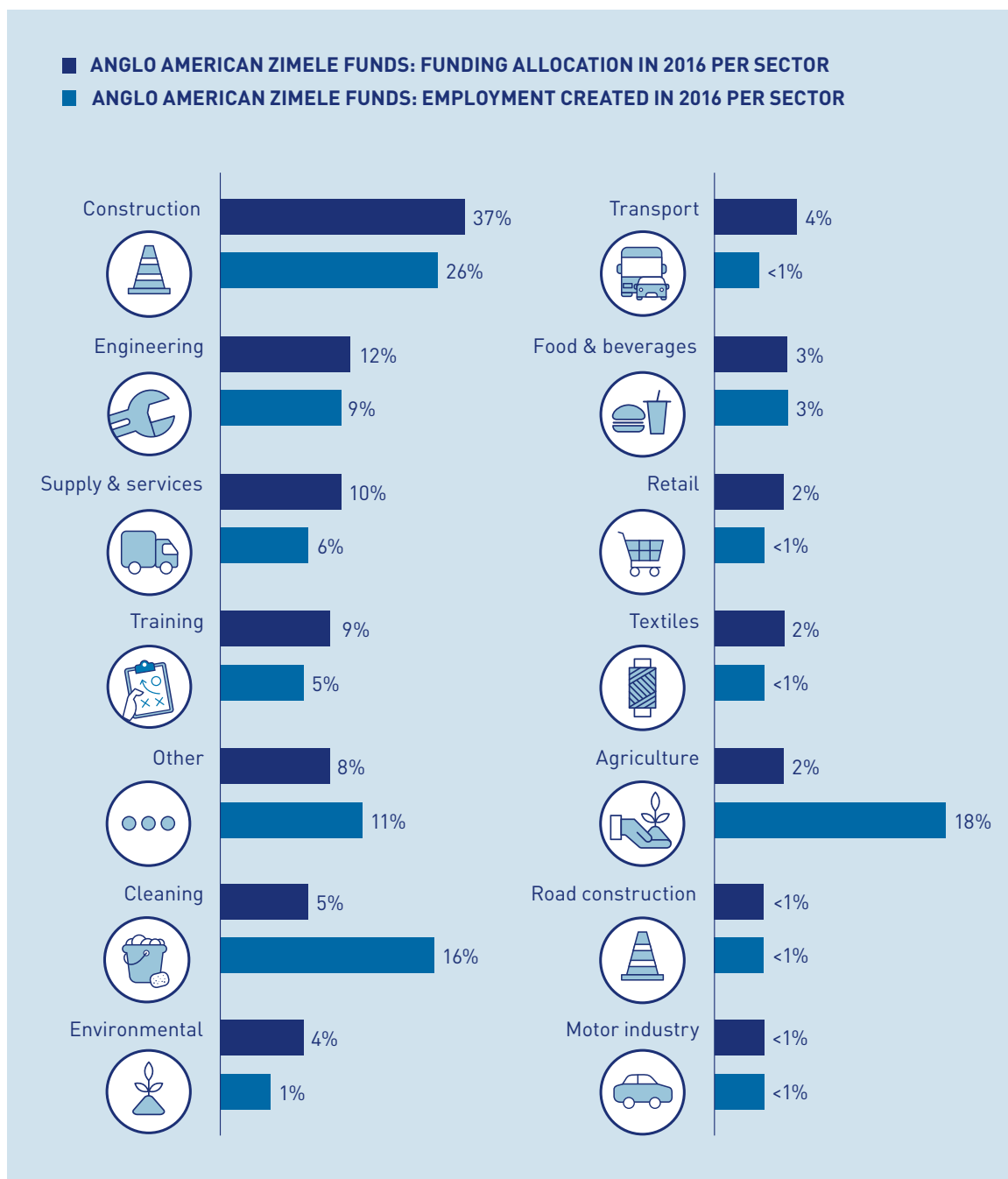
In 2016, the Godisa Fund funded two transactions, both in the engineering sector, through which 13 jobs were created. Zimele exited the Fund at the end of June 2016.

Image

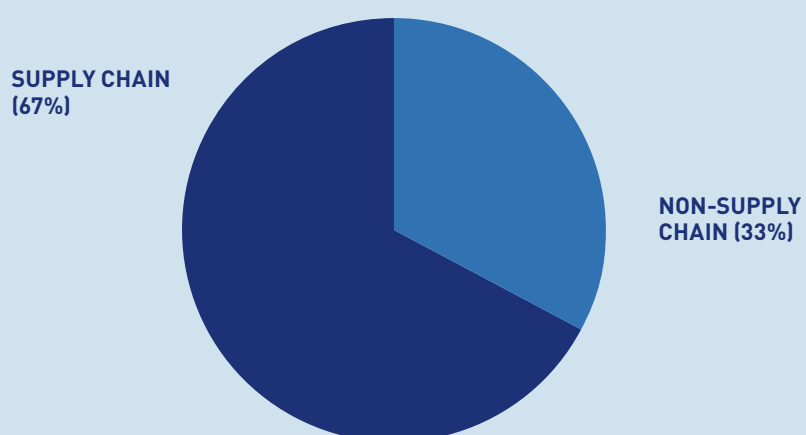
Zethu Tanzi at
Lambasi Harvesting
in Lusikisiki, Eastern
Cape.



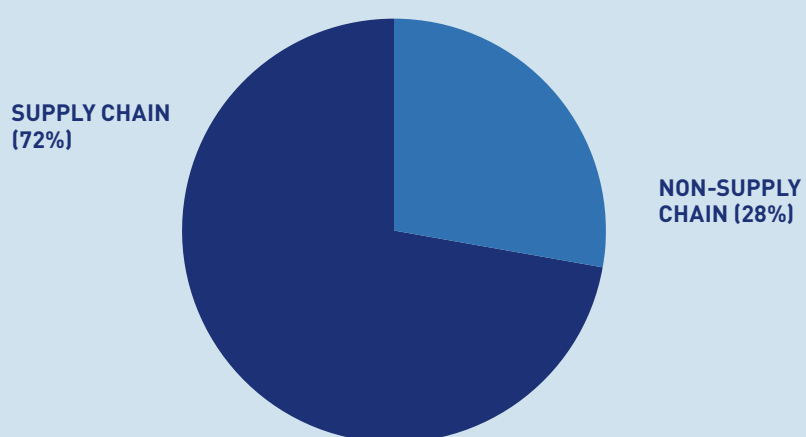
ENTERPRISE DEVELOPMENT continued



ANGLO AMERICAN ZIMELE FUNDS: SUPPLY CHAIN AND NON-SUPPLY CHAIN-LINKED TRANSACTIONS (PROPORTION VALUE)



ANGLO AMERICAN ZIMELE FUNDS: FUNDING TOWARDS SUPPLY CHAIN AND NON-SUPPLY CHAIN-LINKED TRANSACTIONS



ENTERPRISE DEVELOPMENT continued

ZIMELE BENEFICIARIES

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



ZIMELE HIGHLIGHTS

BIJ Car Wash and Enterprise cc (Business Unit: Kumba) provides car wash services in the Kathu region. Zimele provided funding of R486,500 which was used to purchase a small truck with an open body, a printer, cleaning materials and personal protective equipment (PPE), and for working capital. In 2016, the business sustained five jobs and created 15 new jobs.

In 2014, BIJ Car Wash tendered for a wash bay at Plant Section and came second place, losing the tender by two points for not responding in full. Subsequently, the Zimele Hub manager in Kathu arranged with the supply chain manager, to make BIJ Car Wash a sub-contractor on the tender. After fulfilling the highest work standards for more than two and a half years as supervisor of the

Wash Bay, with a zero harm performance record, the owner of BIJ Car Wash, Mr Tebogo Alfred Dube, was appointed as the contractor at the plant wash bay following a nomination process. The contract budget is R5 million over three years. The original loan from Zimele for R453,000 granted in 2016 was to be repaid over 3 years. Mr Tebogo Alfred Dube settled his loan in full in March 2017.

"We, as the family, are grateful to the Zimele Hub manager in Kathu. Through his assistance, we managed to secure a contract with Kumba mine after much hardship and a lot of doors we had to go through. It is not every day that a mining company fights to get a local SME to have an opportunity to grow and make a better living for its community through employment. Thank you very much from the bottom of our hearts."
– BIJ Car Wash Team



Image
BIJ Car Wash.

Blue Motion General Construction cc (Blue Motion) (Business Unit: De Beers) provides meter reading, construction work (civil, maintenance and repairs), industrial cleaning, waste management and plumbing in the Kroonstad region. Zimele provided R3 million in funding for the business to purchase essential equipment. In 2016, Blue Motion sustained 17 jobs and created one new job.

Blue Motion registered as a company in 2011, specialising in construction. The business struggled to secure business until Voorspoed mine recognised the potential and undying entrepreneurial spirit of the team and awarded it a three year ore plant cleaning contract in January 2016. With unwavering support from the management of De Beers Voorspoed mine, Blue Motion has grown from strength to strength.

The company is based in Kroonstad, owned by four vibrant entrepreneurs: Mokgethi Morake, Ishmael Molefe, Palesa Monyake and Victor Nelwamondo. Their contract required the use of earth moving machinery. The Zimele business hub in Kroonstad provided R3 million to purchase machinery, having assisted in securing a 20% discount for the company from Barloworld.

Blue Motion hired an articulated dump truck and they make free use of two skid-steer loaders belonging to Voorspoed mine.

The company employs 14 young people and has since created five employment opportunities, increasing their team to 19. Blue Motion participates in the supplier development programme at Voorspoed mine. Through this mentorship programme, the team has developed their business management skills, and attended financial management, costing, pricing, marketing and other courses.

"We have already developed three of our employees as skid-steer and backhoe loader operators" – Victor Nelwamondo, Blue Motion technical manager

"We would like to thank Rebotile Kgaka, Lesiba Lamola and Genius Moloi (De Beers Business Development) and Voorspoed mine management for giving us the opportunity and continuous support" – Mokgethi Morake, Blue Motion general manager

Image

The team from Blue Motion at Voorspoed mine's training centre in Kroonstad. Blue Motion participates in the supplier development programme at the mine.



ENTERPRISE DEVELOPMENT continued



ZIMELE HIGHLIGHTS continued

Papanyana Development cc (Business Unit: Platinum) was awarded a three-year contract to provide cleaning services for Mogalakwena mine's south concentrator in the Mokopane region. The company is owned and managed by Johannes Tolo, from Armoed village, a host community of Mogalakwena mine. In 2016, the business sustained 33 jobs.

"Zimele provided us with funding of R4.5 million, which we used to purchase an articulated dump truck and hire other equipment so that we can fulfil our contract with the mine."
– Papanyana development team.

Gagasi Consulting (Pty) Ltd (Business Unit: Platinum) received purchase orders to do underground construction at Thembelani mine near Rustenburg and to supply and install palisade fences at Kuseleka mine also near Rustenburg. Funding of R3.5 million was provided by Zimele, which was utilised for materials and the payment of transport and labour. This year the business sustained four jobs and created 14 new jobs.

The project period was six months for the installation of a reef ore pass and a waste ore pass, manufactured according to mine specifications. The bulkheads were installed as boxes, which has enabled the mine to advance further with its underground developments. Gagasi Consulting's owner, Reginald Masiane, spearheaded the project. The work was carried out under site engineer Lebogang Molefi who was entirely satisfied with the end result. There were some unexpected delays but these were well-managed and the project was completed successfully and injury-free.

"We are ecstatic that this opportunity was given to a 100% black-owned local business, who not just met the standard, but exceeded it as well... Working on the mines and being self-employed doesn't come without challenges. On this project we faced many unforeseen challenges. For instance, when we started underground there was a clash between the reef ore pass structural steel and the sides of the excavation. It took many days to address the slipping, which delayed the project. There was a flooding at the shaft bottom, which bottlenecked the project, causing further delay. These delays were not anticipated and tested our ability to think 'out the box' and deal with the problem at hand. We were not discouraged and had regular communication and feedback with the site, management and engineers to get back on track. I am very proud that this project was completed to the standard of the mine and that by completing this project we have the opportunity to grow our business and experience." – Reginald Masiane, Director of Gagasi Consulting

Kanyi Ilanga Trading (Pty) Ltd (Business Unit: Coal South Africa) is an agriculture company involved with forestry services in the Bushbuckridge region (labour-sending area to Coal South Africa). Funding of R1.8 million was provided by Zimele and was used to purchase two new crank boom loggers. In 2016, the project sustained 442 jobs and created 123 new jobs.

In 2013, Kanyi Ilanga required additional funding to fulfil its expansion plans. Zimele provided funding of R818,000 in 2013, which was used to purchase two 35-seater labour-carrier trucks. Zimele provided further funding of R1 million in 2014, for labour carriers and vehicle purchases.

Image

Soliphetha Trading Enterprises managing director Donald Masinga (left) and general manager Emily Masinga at the oil filtration plant at Kleinkoppie Colliery.



ENTERPRISE DEVELOPMENT continued



ZIMELE HIGHLIGHTS continued

Soliphetha Trading Enterprise cc (Business Unit: Coal South Africa) is a business that has various cleaning contracts with Coal South Africa's operations. This includes a three-year cleaning contract that started on 1 October 2016 at the South African Coal Estates (SACE) mines in the Witbank region. Funding of R678,000 was provided by Zimele in 2016, which was used to purchase a 37-seat Tata bus to transport employees to and from the mines. In 2016, the business sustained 48 jobs and created 78 new jobs.

The first loan received from Zimele was R583,000 in September 2013, for the purchase of a vacuum truck in order to fulfil a contract to clean traps at Mafube and Kleinkopje mines. A second loan of R779,000 was approved in October 2015 which was used to purchase a tractor loader backhoe.

"Soliphetha Trading Enterprise cc was established in 2007 by Donald Masinga, in the hope of getting business from the mines around

emalahleni. Financing institutions were reluctant to extend loans to us as we were a young company. After this, I went to the Zimele hub at emalahleni, where the manager provided guidance and secured funding for us from Zimele. Soliphetha Trading Enterprise is grateful for the commitment and professionalism shown by the hub manager and staff. We are proud to have created over 100 sustainable jobs for the local community – mainly women and the youth. We have benefited from real mining, we are real people, who are seeing the real difference that is being done by Anglo American through Zimele and their responsible mining. We are looking forward to sustainable partnerships that will fast-track economic transformation and the development of local businesses. We thank you, Zimele, and hope that others will learn from you."

– Soliphetha Trading enterprise team

Image:

Tata bus funded by Zimele in 2016.





SEBENZA FUND HIGHLIGHT

Sibahle Skin Solution (Trading as Portia M Skin Solutions (Pty) Ltd) specialises in manufacturing skin products formulated for stretch marks, uneven skin tone, blemishes and dehydrated skin, for sale by major national retailers and selected Alpha pharmacies, based in Lynnwood, Pretoria. Funding of R350,000 was provided by Zimele, which was utilised to purchase machinery. In 2016, the business sustained 26 jobs and created 24 new jobs.

“Portia M Skin Solutions had a need for manufacturing equipment to be able to meet the growing demand for our products from the big retail stores such as Pick 'n Pay, Checkers and Spar; and, as a business that was growing organically, we needed funding. I was informed

about Zimele through the Pick 'n Pay small business programme, in which we participate. We submitted our application and received the loan we required to get our equipment. Currently, we are able to produce 20,000 units of each of our products per week and are able to meet demand and get new business opportunities.

We would like to thank Zimele, and especially the Sebenza Fund Hub manager in Ekurhuleni, Gauteng, for all the hard work in making sure that we are funded and that we get our machinery on time. We are looking forward to a great partnership with Zimele as we expand to become a leading skin care brand in Africa and beyond.” – Portia Mngomezulu, Managing Director: Portia M Skin 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.

OUR CONTRIBUTION

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 beneficiation strategy recognises the importance of coal for developing energy security globally; it also recognises the importance of finding innovative ways to reduce carbon emissions through the use of more efficient technology, carbon capture and storage (CCS), use of coal bed methane (CBM) and other appropriate technologies. The strategy 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's most important use is to produce electricity through combustion. In 2016, Coal South Africa supplied 65% of its coal to local businesses, 52% of which was supplied to the national power utility, Eskom, for power generation according to specific quality requirements.

Innovation, research and development projects

Coal South Africa continues to facilitate the development of clean-coal technologies, such as high-efficiency, low-emission combustion technologies, as well as CCS. 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 coal.

Coal South Africa is a member of the International Energy Agency Clean Coal Centre (IEACCC), a research organisation that publishes papers on the latest technologies available globally and conducts workshops throughout the year on various clean-coal technologies.

Coal South Africa is a founding member of the South African Centre for Carbon Capture and Storage (SACCCS). Through SACCCS, it is involved in supporting policy development for CCS. The company is 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. Coal South Africa participate keenly by providing technical inputs into lobbying material as well as country-specific material.

Coal South Africa currently holds the Chair of the global Coal Industry Advisory Board (CIAB), whose members are high-level executives from coal-related industrial enterprises drawn from 14 countries. The CIAB advises the International Energy Agency (IEA) of developments in coal markets and coal technologies, which informs the IEA's projections and advisory work with member governments. The company sponsors 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 by Coal South Africa in this project to date.

Coal South Africa continues to investigate the use of commercially exploitable discard coal for power-generation purposes. A major initiative in the pipeline is the Khanyisa 300 MW independent power producer (IPP) generation project. The power station will use the 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 and achieved preferred bidder status in October 2016. Coal South Africa is a leader in the field of developing coal-bed methane (CBM) technology for potential power generation. It has successfully completed a pilot project to explore the beneficiation of CBM by-products.

Gypsum waste produced at the Emalahleni water reclamation plant is used in the agricultural industry for soil amelioration and in the manufacture of clay bricks. Coal South Africa is trialling the use of 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. Projects for 2016 included the modelling and measurement of cutting head methane levels on continuous-mining equipment, investigation of the potential improvement of underground-reserve utilisation, dry-dense medium separation, low-density fine-coal processing, continued work on brine treatment, the use of dung beetles to improve post-mined land use, and the development of soil-health microbial biomarkers as indicators of ecosystem recovery following surface mine reclamation.

Progress in downstream beneficiation

The pre-feasibility stage for the development of the Khwezela Lifex 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 at Khwezela Colliery.

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 power supply is constrained. This will provide prolonged job security for current employees, as well as additional job-creation opportunities during construction stages.



DE BEERS

In advancing the country's mineral-resource beneficiation agenda, De Beers' approach is aligned with government's objectives and focuses on strategic-skills development and marketing initiatives in collaboration with government and other industry stakeholders. An emphasis is placed on implementing a collaborative downstream enterprise-development project, and facilitating local jewellery design and manufacture.

Re-establishing the local diamond-beneficiation sector, which has been in decline, requires a focus on providing access to rough diamonds by beneficiaries for local manufacturing, facilitating access to financing by small and medium beneficiaries, and securing a sustainable local and international distribution channel for polished diamonds. As all local De Beers Sightholders (top diamond polishers within De Beers' network) are empowered entities, the company has decided to focus on developing South African beneficiaries who will be able to successfully compete internationally.

Enterprise-development project in diamond cutting and polishing

In July 2016, De Beers launched an enterprise-development project for diamond beneficiaries, to facilitate growth and transformation in the local diamond-cutting and -polishing industry. The success of the project will be underpinned by partnerships with key stakeholders, including national and provincial governments, as well as funding agencies such as Anglo American Zimele and De Beers clients.

Five black-owned diamond-cutting and -polishing companies have been selected for the project, which in the long run aims to provide holistic support throughout the diamond pipeline – from buying rough stones, to world-class manufacturing. Currently, a full-time manager oversees and assists the participants. The business-incubation company, Raizcorp, provides entrepreneurial development, guidance and hands-on support, while up-skilling entrepreneurs to improve their business acumen, marketing and administration capabilities.

FACILITATING BENEFICIATION continued

De Beers will supply bespoke rough diamonds to the participants, in addition to its rough-diamond purchases on the local market, and facilitate access to business funding and state-of-the-art infrastructure. The three-year programme also includes mentorship from existing 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 how to manage a cutting and polishing factory.

Upon completion of the development programme, the five companies – Kwame Diamonds, Thoko's Diamonds, Molefi Letsiki Diamond Holdings, Nungu Diamonds and Diamonds Africa – will apply to be accredited buyers. Once they can compete and meet the standards of top diamond polishing companies, they can apply for Sightholder status.

Image

Nhebe Kwape in the De Beers sorting office.



FACILITATING LOCAL JEWELLERY DESIGN AND MANUFACTURE

De Beers has continuously supported jewellery design and manufacture in southern Africa through the Shining Light Design Awards, an initiative launched in 1996. The awards have encouraged designers to create commercially viable jewellery, which has facilitated 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 such areas as cost management and return on investment.

During 2015/2016, the company launched the first Southern Africa Shining Light Awards, which saw designers from South Africa, Botswana and Namibia competing as a collective, rather than separately. The 2015 winner and two runners-up were awarded training scholarships in Milan, Italy, with the Forevermark Innovation Centre. These were taken up during 2016.

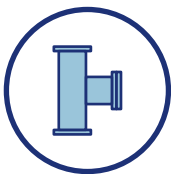
The partnership between the awards and Forevermark, the De Beers diamond brand, ensures international exposure that will not only profile the winning jewellery pieces, but also the young designers.

When Forevermark was launched in South Africa in 2012, 68% of the brand's jewellery was manufactured locally. By 2016, 100% of the jewellery is manufactured in South Africa.

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; De Beers supplied 43.3% of the total gross sales by value to local beneficiaries, and continued to sell to the State Diamond Trader, under a pilot agreement.
- facilitating beneficiation through partnership as a diamond sponsor and participating in the second Diamond Indaba convened by the State Diamond Trader. The Indaba provides a platform to engage with other key industry stakeholders on industry-related beneficiation opportunities and challenges; and

- promoting skills development by providing bursaries to learners who are accepted for diamond-cutting and -polishing courses at the Kimberley International Diamond and Jewellery Academy (KIDJA). To date, De Beers has spent more than R6 million on bursaries for disadvantaged students. Since inception in 2011, KIDJA has trained a total of 284 students, of whom 40 are living with disabilities.



KUMBA

Kumba produces high-grade lump and fine iron ore for the local and international iron ore markets. Thabazimbi mine was closed at the end of 2015 and the last iron ore product was produced in the first half of 2016 from existing stockpiles. In future, Kumba's production will come exclusively from Sishen mine (~70%) and Kolomela mine (~30%).

Kumba is one of the largest haematite ore producers in the world to beneficiate its run-of-mine (ROM) material before marketing it as a niche product. The beneficiation process involves converting raw material from ROM material into a saleable product by removing unwanted gangue material (commercially worthless rock or mineral material) before further processing. Kumba predominantly utilises 'Jigging' (JIG), Dense Media Separation (DMS) and now Ultra-High Density Media Separation (UHDMS) processing techniques to upgrade the mined iron ore for the steelmaking industry.

Kumba has a long-term strategy to utilise new and existing technology to enhance the beneficiation of its current resources and future low-grade ore resource at both mines, increasing production from existing resources and extending their life of mine (LoM).

Beneficiation at Kumba

Sishen mine in Kathu, Northern Cape, beneficiates 100% of its ROM and employs three different beneficiation methods to produce product from different types of feed material. Each technology is optimised to treat the specific characteristics of its dedicated feed stream. These feed streams vary in iron content and contaminant grade and require unique beneficiation techniques. DMS is used on higher-grade material producing around 67% of the total production; JIG is utilised on lower-grade material producing 30% of output; the remaining 3% is produced by applying UHDMS on the JIG discard stream.

Kolomela mine has been an exclusive Direct Shipping Ore (DSO) operation in the Postmasburg area. In the second half of 2016, a full-production-scale 1.5 Mt UHDMS plant was successfully commissioned to treat B-grade type material, which is lower in iron grade and higher in contaminant grades. Once in full production, expected in 2018, the plant will produce an additional 1 Mt, or 7% of total production, of high-grade iron ore product.

In 2016, Kumba produced 41.5 Mt of product for the market, of which 69% was beneficiated before sale. The 4% decrease on the 73% achieved in 2015 was mainly attributable to lower planned levels of ROM tonnages at Sishen and higher DSO tonnages from Kolomela.

Kumba also 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 2016, Kumba supplied AMSA with 3.4 Mt of iron ore (8% of total production), 0.9 Mt less than the previous year (2015: 4.3 Mt). The amount of offtake is driven by demand from AMSA.

Advancements in beneficiation technology

Kumba follows a strategy based on the development and use of new technologies that will expand its potential to use its resources more fully. This will enable the company to improve its processing and cost efficiency, reduce mining cost and maximise its resource utilisation. In 2016, Kumba spent R187 million on technology development, including beneficiation. This represents a 6% increase on the R177 million invested in 2015.

Kumba invested more than R100 million in developing UHDMS beneficiation technology to unlock the processing value in low-grade material. With the full production from the 3.2 Mtpa plant at Sishen mine and the commissioning of the 1.5 Mtpa plant at Kolomela mine, the technology is now fully integrated into Kumba's beneficiation operations. Additional opportunities to further employ the UHDMS technology in the medium and long term are being explored.

FACILITATING BENEFICIATION continued



PLATINUM

Platinum's global PGMs market-development initiatives focus on stimulating 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
- research, product development, commercialisation and marketing activities for platinum-containing products such as 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)

The company believes that its investments in these areas contribute to addressing many of the key challenges identified by the DMR, including: access to metals; R&D and local-skills development; access to markets; and commercialisation of PGM technologies. In addition, Platinum promotes beneficiation initiatives across all PGM by-products, such as chrome, nickel and copper.

Platinum jewellery

Platinum, together with other platinum producers, continues to invest in the Platinum Guild International (PGI), which has provided market development, sales support and training to all levels of the global jewellery trade for more than 30 years. Key target areas are China and India's growing markets. The company, together with Rand Refinery, has provided South African jewellery manufacturers with access to metal through a metal-financing scheme. By providing extended payment terms, the company effectively finances the working capital of the manufacturers.

The annual PlatAfrica competition is synonymous with excellence in platinum jewellery design and manufacture, and is one of Platinum's key beneficiation activities in the area of investing in developing local jewellery design and manufacturing skills. The competition is open to professionals, students and apprentices and provides a valuable skills-development and capacity-building opportunity. Each participant has the opportunity to learn

how to work with platinum metal and receives written feedback on their pieces. More than a hundred entries were received for the 17th PlatAfrica competition. In 2016, the company partnered with PGI India to invite winners to participate in PGI India's design-sourcing workshops early in 2017, exposing them to India's large and growing jewellery market. The winners visited the PGI in Mumbai early this year where they interacted with local jewellery designers, manufacturers and industry experts. They are presently submitting designs for the Evara bridal jewellery collection, which may be selected for manufacture and sale in India.

Fuel cells

The company continues to focus on accelerating the global adoption of platinum-based proton exchange membrane (PEM) fuel cells. It promotes 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, engineering, installation, operation and maintenance jobs, is aligned with the National Development Plan and government's industrial-development priorities. Platinum lead the design, installation and operation of the world's first methanol-based fuel-cell mini-grid system in the Naledi Trust community in the Free State, from August 2014 until December 2016, when the system was decommissioned and the community was connected to the Eskom grid.

The successful field trial has demonstrated local ability and capacity building across the value chain: design, engineering, systems integration, operation, maintenance and refuelling. It has also been evaluated by Eskom's R&D team and the country's Department of Energy. 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 fuel-cell systems, as well as create jobs in their operation and maintenance.

In 2015, Platinum partnered in sponsoring 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. The fuel cells provide stand-by and, when required, primary power to the schools. As part of the programme, Platinum funded a science education initiative that was rolled out to around 3,500 learners

at 26 schools in the region and, with the involvement of some of Platinum's global customers, expanded the initiative to reach an additional 500 learners at 14 schools. In 2016, the South African Agency for Science and Technology Advancement (SAASTA) further extended the initiative's reach to 19 science centres in various provinces across the country. Each centre will roll out the programme to schools in their region in 2017, thereby increasing awareness and education on hydrogen and fuel cells nationally.

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.

Industrial applications

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. Platinum continues to contribute towards companies it invests in, through metal supply agreements, and participation at board level, and to identify further value-add and growth opportunities.

Platinum actively supports the local catalytic-converter industry, which is the largest PGM downstream sector in South Africa, and accounts for 85-90% of the country's domestic PGM use.

Platinum investment demand

Stimulating investment demand for PGMs includes physically-backed exchange traded fund (ETF) holdings and the purchase of metal products such as bars and coins. The WPIC, an industry body funded by a number of platinum producers including Platinum, is a credible source of industry supply and demand data, and a leader in progressing market-development opportunities. Achievements in 2016 included: partnering with Swiss refiner Valcambi to increase the availability of physical-investment products; partnering with the UK's BullionVault to offer vaulted products; and partnering with Mitsubishi UFJ to stimulate further Japanese demand for platinum through an ETF. Locally, Platinum provides metal for South African-based ETFs.

By-products

In 2016, Platinum commissioned a new chrome plant at its Amandelbult operations, which it co-owns with the community of Mantserre. The chrome plant, which has created over 100 new jobs in the area, demonstrates the company's commitment to extracting full value from its basket of metals, while creating a sustainable local business that will provide benefits to the company, its host community and the downstream local ferrochrome industry.

Image

Left: A model wearing earrings designed by one of the young jewellery designers who participated in the 2016 PlatAfrica competition. Right: Platinum's fuel cells, installed at the Naledi Trust Village, provide power to all households in the village.



GLOSSARY

AET	Adult Education and Training	ETF	Exchange Trade Fund
AF	African Female	ESOP	Employee Share Ownership Programme
AM	African Male	EMPs	Environmental Management Plans
ART	Anti-retroviral treatment	FF	Foreign Female
AACD	Anglo American Corporate Division	FM	Foreign Males
AACF	Anglo American Chairman's Fund	FIFR	Fatal Injury Frequency Rate
AAIC	Anglo American Inyosi Coal	HDSA	Historically Disadvantaged South African
AAESS	Anglo American EMEA Shared Services	HRD	Human Resources Development
AASA	Anglo American South Africa	FRF	First Rand Foundation
AMSA	ArcelorMittal South Africa	FHOP	Facilitated Home-Ownership Programme
AOPL	Anglo Operations Proprietary Limited	HPHs	High-Potential Hazards
BEE	Black Economic Empowerment	IF	Indian Female
BLAST	Building Leaders and Shaping Talent	IM	Indian Male
BBBEE	Broad-Based Black Economic Empowerment	IEA	International Energy Agency
BMGC	Blue Motion General Construction	IABC	International Association of Business Communicators
CF	Coloured Female	INH	Isoniazid
CM	Coloured Male	IPP	International Power Producer
CBM	Coal-Bed Methane	IEACCC	International Energy Agency Clean Coal Centre
CCS	Carbon Capture and Storage	JIG	Jigging
CEFs	Community Engagement Forums	JV	Joint venture
CEL	Centre for Experiential Learning	KET	Key Employee Trust
CIAB	Coal Industry Advisory Board	KIO	Kumba Iron Ore
CIDB	Construction Industry Development Board	KIDJA	Kimberly International Diamond and Jewellery Academy
CSI	Corporate Social Investment	LoM	Life of Mine
CWP	Coal-worker Pneumoconiosis	LTIFR	Lost-time Injury Frequency Rate
DBCM	De Beers Consolidated Mines	LED	Local Economic Development
DoL	Department of Labour	LRA	Labour Relations Act
DME	Department of Energy	MCT	Mine Closure Toolbox
DMR	Department of Mineral Resources	MPRDA	Mineral and Petroleum Resources Development Act
DMS	Dense Media Separation	MOSH	Mine Occupational Safety and Health
DSO	Direct Shipping Ore	MHSC	Mine Health and Safety Council
DMPS	Disease-management programmes	NT	National Treasury
EE	Employment Equity	NEMA	National Environmental Management Act
EOA	Emolument Attachment Order	NWA	National Water Act
EAP	Economically Active Population	ORM	Operational Risk Management
EAT	Equal Allocation Trust	OHS	Occupational Health and Safety
ECD	Early Childhood Development		
EEA	Employment Equity Act		

GLOSSARY continued

OEMs	Original Equipment Manufacturers	SEAT	Socio-Economic Assessment Toolbox
OELs	Occupational Exposure Limits	SEFA	Small Enterprise Finance Agency
PEP	Primary-Education Programme	SIOC	Sishen Iron Ore Company
PIT	Professionals in Training	SIOC-CDT	Sishen Iron Ore Company Community Development Trust
PME	Programme for Management Excellence	SHE	Safety, Health and Environment
PPE	Personal Protective Equipment	SME	Small, Medium Enterprises
PGI	Platinum Guild International	SMME	Small, Medium and Micro Enterprises
PGMs	Platinum Group Metals	TB	Tuberculosis
ROM	Run-of-Mine	TAP	The Achiever Programme
SACE	South African Coal Estates	TRCFR	Total Recordable Case Frequency Rate
SACCCS	South African Centre for Carbon Capture and Storage	UASA	United Association of South Africa
SAASTA	South African Agency for Science and Technology Advancement	UHDMS	Ultra High Density Media Separation
SALT	South African Regional Leadership Team	WF	White Female
SAHC	South African Housing Club	WM	White Male
SDA	Skills Development Act	WCA	World Coal Association
SDP	Supplier Development Programme	WPIC	World Platinum Investment Council
SLP	Social and Labour Plan	QSE	Qualifying Small Enterprises

NOTES



A series of horizontal lines for taking notes, starting from the top right of the page and extending downwards.

Anglo American South Africa Limited

PO Box 61587

Marshalltown

Johannesburg 2107

South Africa

Tel +27 11 638 9111

www.angloamerican.com

Find us on **Facebook**

Follow us on **Twitter**