

2016 SUSTAINABILITY PERFORMANCE

Presentation to Investors.

March 16 2017



SAFETY SHARE

DELIVERING CHANGE, BUILDING RESILIENCE

1

Delivering on commitments

- **Free cash flow target exceeded**...\$2.6bn vs \$0.4bn.
- **Net debt at \$8.5bn**.....well below \$10bn target.

2

Operational improvement

- **Operating model** driving productivity improvements.
- **EBITDA margin** up 5% points...despite lower prices.

3

Balance sheet resilience

- **Investment grade rating**.....remains an objective.
- **Reinstatement of dividend** targeted for the end of 2017.

4

Portfolio upgrading

- **Focus continues on high quality, long life assets**...to support more consistent returns.
- **Moranbah/Grosvenor and Nickel** retained...no further disposals planned for deleveraging.

DELIVERING ON OUR COMMITMENTS

	Actual	Target	
EBITDA ⁽¹⁾	\$6.1bn	\$4.5bn ⁽²⁾	✓
Cost & volume improvements	\$1.5bn	\$1.6bn	~
Capital expenditure ⁽³⁾	\$2.5bn	<\$2.7bn	✓
Attributable free cash flow	\$2.6bn	\$0.4bn ⁽²⁾	✓
Net debt	\$8.5bn	<\$10bn	✓
Net debt / EBITDA ⁽¹⁾	1.4x	<2.5x	✓

Note: Based on targets set in February 2016, adjusted for the \$0.3bn reclassification in July 2016 between cost and volume improvements and capex.

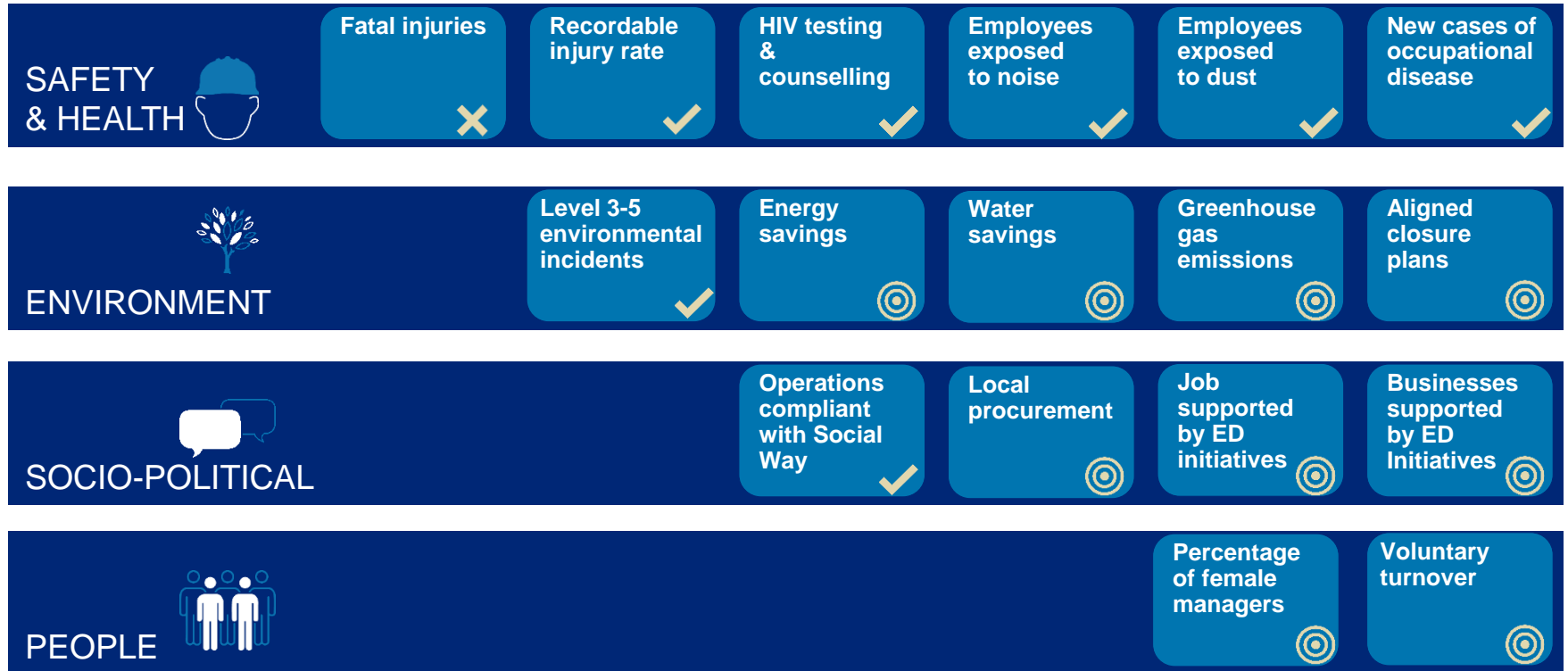
(1) Underlying EBITDA.

(2) Based on 10 February 2016 spot prices.

(3) Excluding capitalised profits and losses.

SUSTAINABILITY SCORECARD

A snapshot of 2016 performance



Detailed metrics available on page 16 of the 2016 Sustainability Report.

✓ 7 KPIs met

✗ 1 KPI not met

🎯 9 on track

SUSTAINABILITY SCORECARD

A snapshot of 2016 performance



Detailed metrics available on page 16 of the 2016 Sustainability Report.

✓ 7 KPIs met

✗ 1 KPI not met

🎯 9 on track

SAFETY

In 2016

In 2016, we lost 11 members of our workforce in 10 fatal work-related incidents.

This is unacceptable.

35% Fewer injuries

24% TRCFR improved

20% (>7,000) fewer lost work days

21% LTIFR improved



2017 focus

- Drive Safety Leadership Culture.
- Build organizational capability and capacity.
- Understand and effectively manage risk.
- Enhance organizational learning and institutionalize change.
- Leverage Operating Model and improve work management.

DEVELOPING A CAPABLE AND ENGAGED WORKFORCE

Our people are the business

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

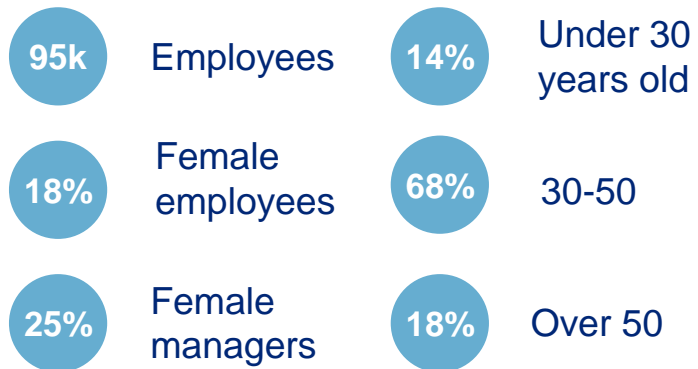
In 2016

- Four cases of industrial action.
- Reached three-year wage agreement with in Platinum.
- Terms for 2017 De Beers' wage negotiation agreed.
- Completed review of organisational structure (Functional Model).

2017 focus

- Organisational effectiveness and efficiency.
- Diversity across the portfolio.
- High performance culture.
- Sound relations with employees and their representative bodies.

Anglo American today



In South Africa, 62% of managers are historically disadvantaged South Africans.

PROVIDING SAFE AND HEALTHY WORK ENVIRONMENTS

In 2016

33%

Year on year reduction on TB incidence rate. Lowered to 447 per 100,000. 48% less than the SA national average.

111

New cases of occupational disease vs. 163 in 2015.

4,400

Silicosis claims agreed.

88%

Employees in Southern Africa know their HIV status after partnership with UNAIDS.



2017 focus

- Employee wellness campaigns.
- For the first time, executive compensation will be linked to uptake of HIV testing and treatment indicators.

SOCIAL STANDARDS

Building and maintaining trust between local stakeholders and our operations

In 2016

- **Social Way:** We eliminated all serious non-compliances and greatly reduced moderate non-compliances.
- **Social incidents:**
 - 823 Recorded
 - 163 were levels 3 or 4
 - 0 level 5

2017 priorities

- Achieve full Social Way compliance on all requirements at all sites.
- Integrated socio-political issues into core business planning and processes, such as the Operating Model.
- Improve social incident and grievance management to enhance consistency.



MAXIMISING THE BENEFITS OF MINING

We focus on improving the productivity of local markets and public institutions

Our approach is to focus on the transformational opportunities in our core activities and complement that with broader partnerships to support development beyond mine closure.

Since 2008

116k

Jobs supported close to our host communities.

50%

Participation from women entrepreneurs.

\$30m

Growth in revenue for participating SMEs.

In 2016

\$2bn

With local suppliers which represents

24x

Our CSI expenditure (\$84m).

2017 priorities

- Delivering to our SDG commitment of supporting at least 10,000 jobs per year.
- Further improving effectiveness and efficiency by progressing the SED strategy implementation.

MANAGING ENVIRONMENTAL IMPACTS

In 2016

- Results showed steady improvement in all requirements.
- Held Energy Open Forum

0

Level 4 or level 5 environmental incidents in 2016

4

Level 3 (moderate impact) environmental incidents during 2016

In 2017

Our focus will be on maturing our approach to environmental leading indicators and reviewing our incident classification criteria.



WATER

Adopting a catchment-wide approach

Around 75% of our current portfolio is located in high-water-risk regions.

We will look at water as a regional resource, beyond the fence of the mine.

This marks a step-change in our approach to water in line with international best practice.

New approach measures cubic metres of water usage per ton of production.

2016

14%

Year on year reduction of our total new water consumption (190.71 m³)

66%

Total operational water requirements met by recycling/re-using water (2015: 64%).

By 2020 we will

20%

Reduce our absolute freshwater intake.

75%

Water requirement met by recycled/reused water

> 1

Level of water intensity (sufficient water to meet mine plan), at all operations

0

Level 3 (or above) incidents

CLIMATE CHANGE AND ENERGY

Climate projections inform our decisions



In 2016

17.8

Million tonnes of CO₂-equivalent emissions (Mt CO₂e)
(2015: 18.3 Mt CO₂e).

320

Energy efficiency and business improvement projects saved.

5.8

Million GJ saved in energy consumption.

\$90m

Avoided in energy cost.

\$260m

Cumulative avoided energy costs under the ECO2MAN programme over the past three years.

2017

- **New focus** on innovation and the uptake of climate-smart technologies.
- **Scenario modelling** on portfolio product demand to quantify climate impacts.
- **Partner with leading experts** on physical climate risks and adaptation.
- **Executive incentive** will be linked to greenhouse gas emissions performance.

MINE CLOSURE AND RESPONSIBLE DIVESTMENT

Designing, planning and operating a mine with closure in mind

We aim 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.

Mine Closure Toolbox provides a structured approach to closure planning and management.

In 2016

- Nearly 80% of our managed operations in the portfolio have closure plans aligned with Toolbox requirements.
- Piloted the new Integrated Closure Planning System (ICPS) at Kumba's Kolomela mine and at Drayton mine in Australia, where operations were completed in October 2016.

2017 focus

- Complete preliminary closure plans for Amandelbult and Polokwane Smelter
- ICPS pilots at Debswana, Voorspoed and Barro Alto, with the aim of rolling out the system across the Group in 2018.
- Improve closure liability calculation processes.



“ The aim of this group is, and will remain, to make profit for our stakeholders, but to do so in such a way as to make a real and lasting contribution to the communities in which we operate. ”

Sir Ernest Oppenheimer



yesterday



today



tomorrow

INNOVATION

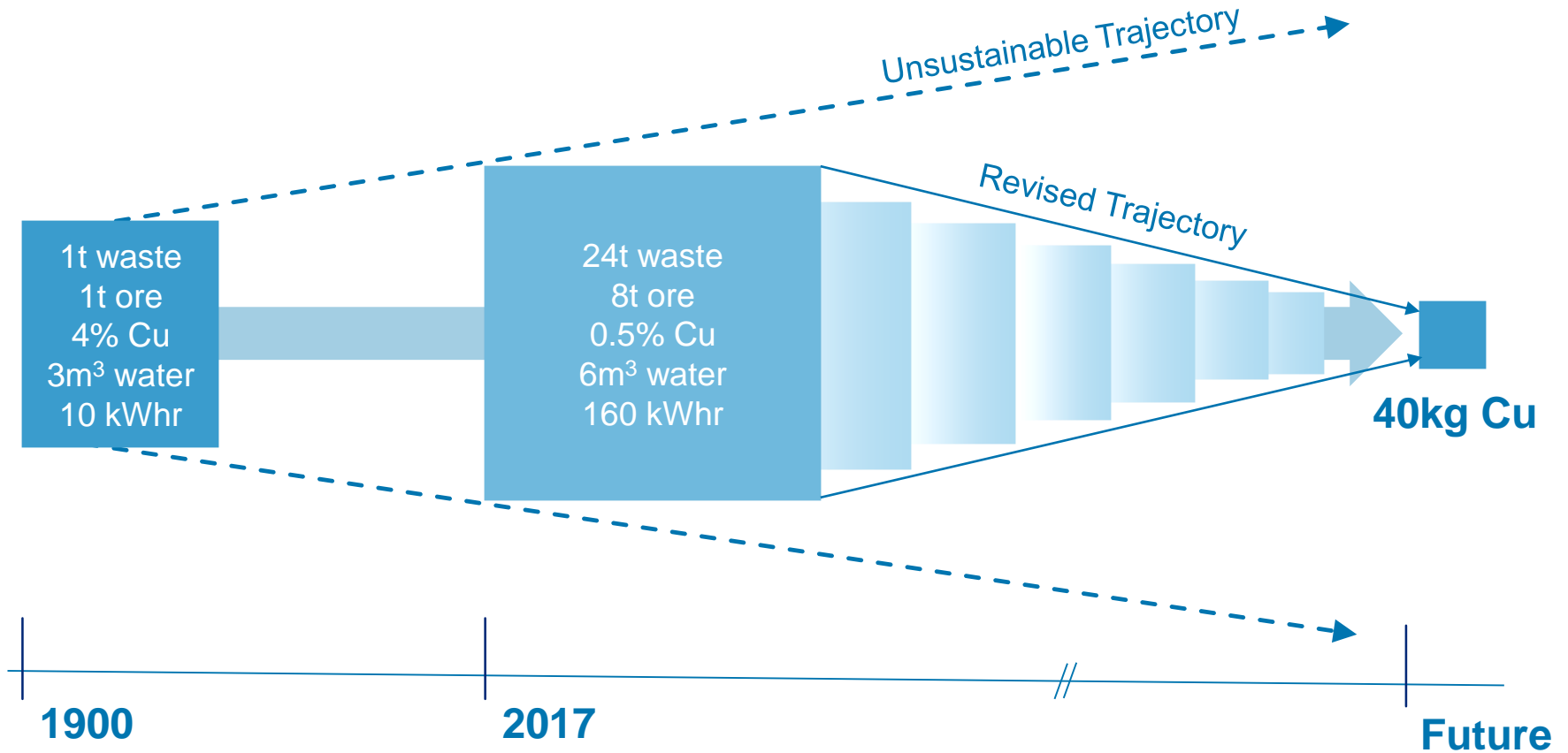
OUR STRENGTH IS OUR DIFFERENCE

Is the mine of the future already
a thing of the past?



... **FutureSmart™** mining is
challenging conventional thinking

A NEW PARADIGM



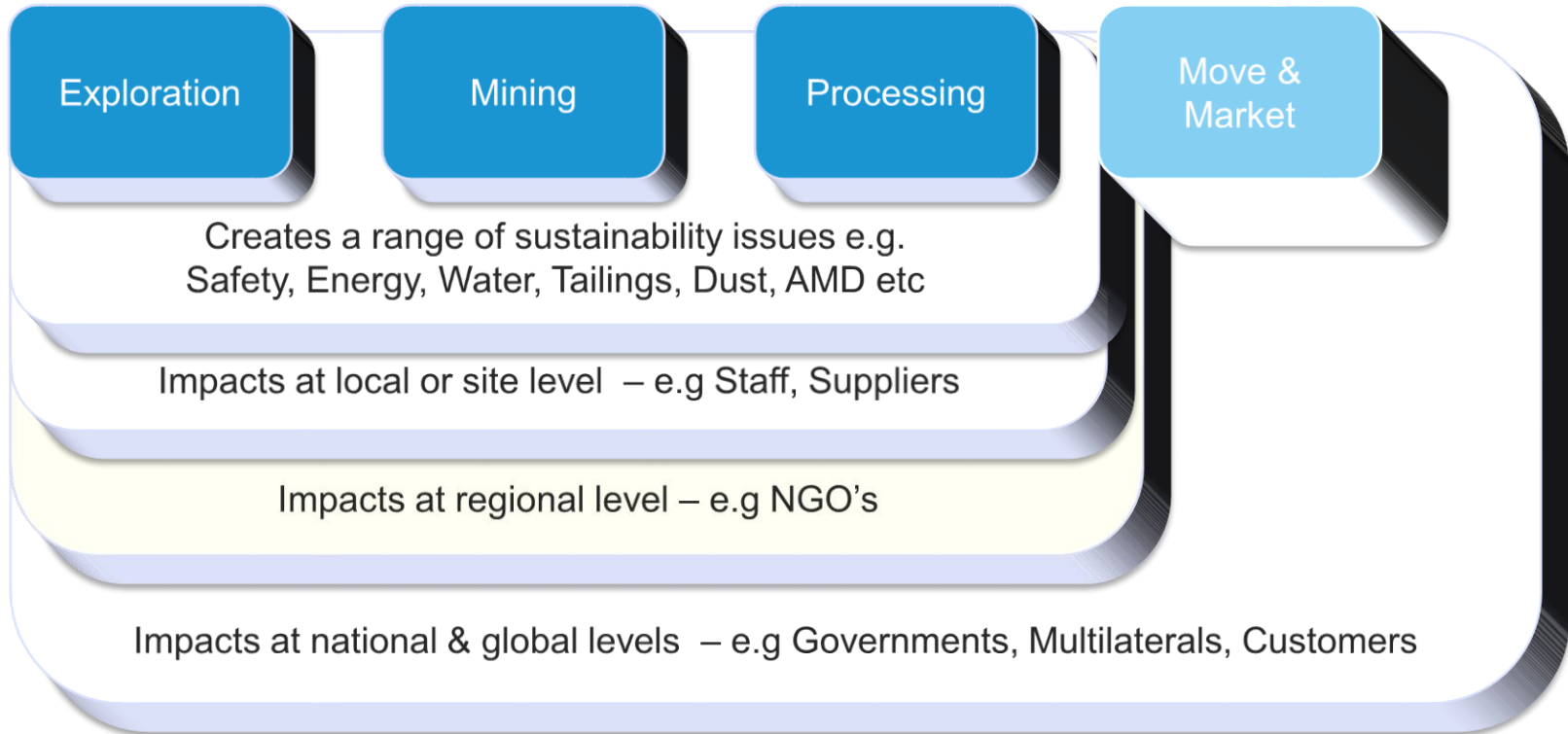
CHALLENGING CONVENTIONAL THINKING

MINING AUTOMATION IS NOT ENOUGH TO SUSTAIN THE SECTOR

...Mining innovation must look beyond mine automation. It has to consider the entire mining ecosystem, creating sustainable value for all stakeholders.

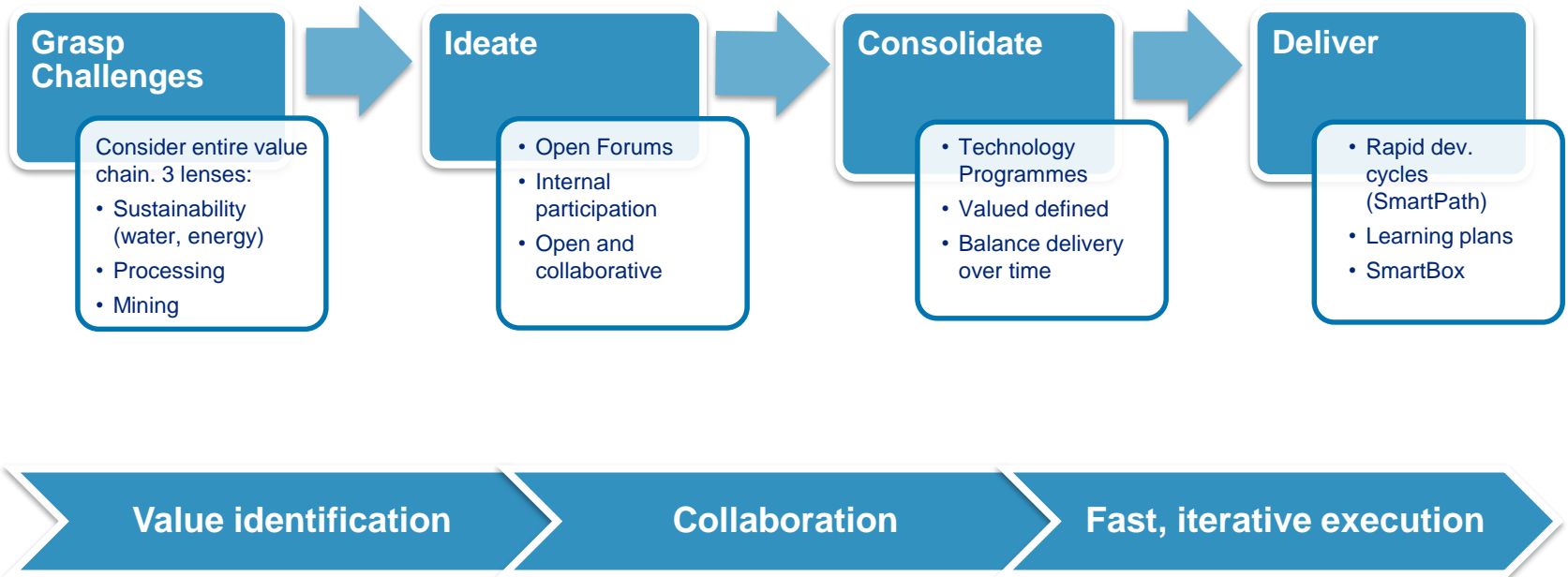
INNOVATION BEYOND THE MINE

Innovation must create shared, sustainable value across the entire mining ecosystem



FUTURESMART™ IS REDEFINING THE MINING INNOVATION CYCLE

Creating shared value through the smart application and adaptation of technology

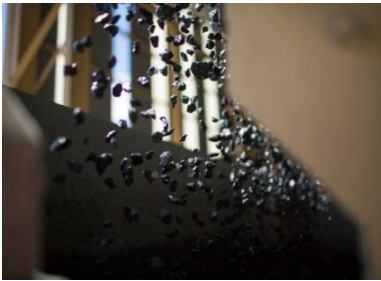


PICTURE THIS ...

Innovation that redefines modern mining (safety, productivity, sustainability)



... extracting precious resources
without the need for fresh water



... a mine that gets more
directly to the precious metal



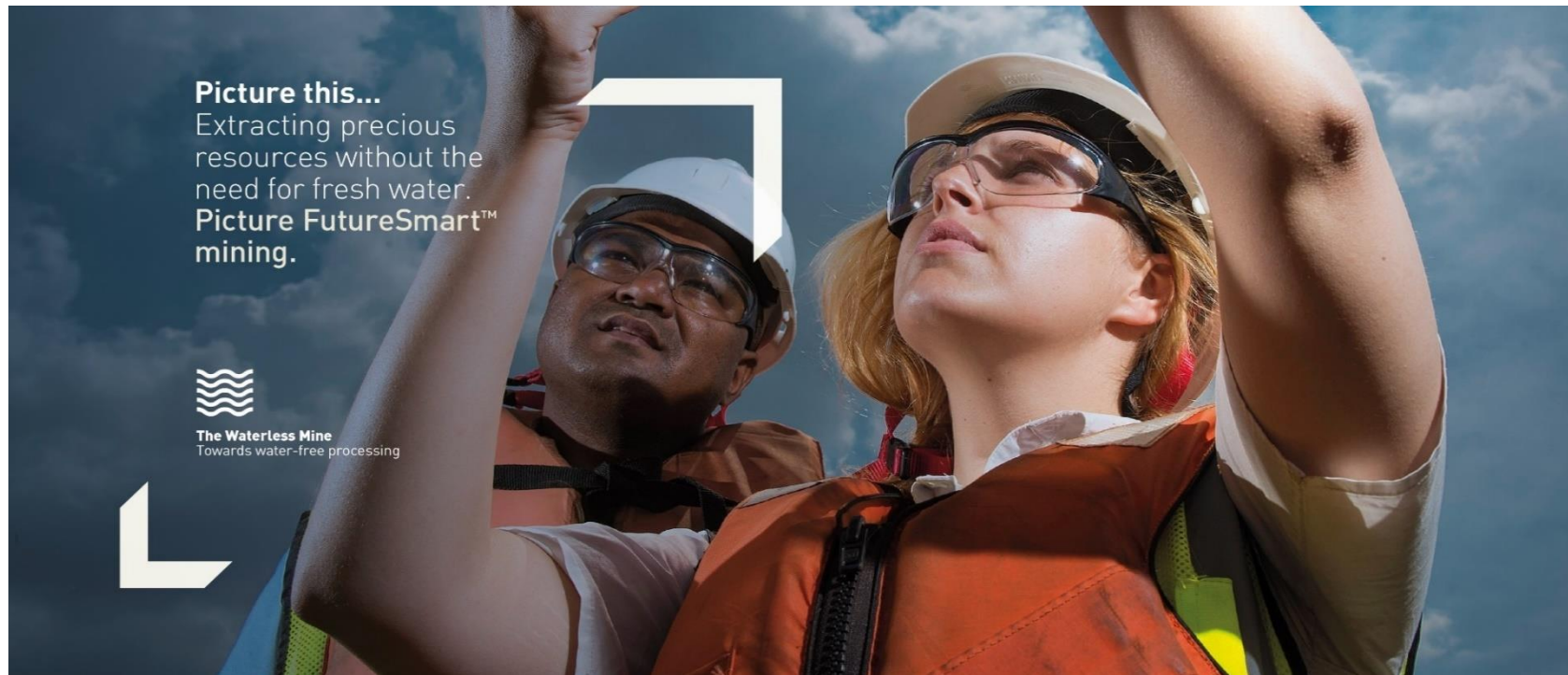
... continuous mining deep underground
with our people out of harm's way



... a mine that learns for itself supporting
safer, more productive mining

PICTURE THIS ...

The Water-less Mine



Challenge

- Water is a scarce resource (predicted global shortfall of 40% by 2030*)
- Around 75% of our current portfolio is located in high-water-risk regions

Approach

- Integrated water-technology solutions to further conserve and where possible eliminate the use of fresh water from our mining processes
- Focus on the separation and transportation of ore and waste (tailings)

Value

- Smaller or no tailings dams
- Increase in water recycling / reduction in absolute fresh water drawn
- Potential to access orebodies in water-stressed areas

PICTURE THIS ...

The Concentrated Mine



Challenge

The ratio of metal to ore is on average less than 1:100, yet the industry processes the 100% at huge cost in terms of energy, water, manpower and the capital costs of plant and machinery

Approach

Concentrate the mine™ concept:

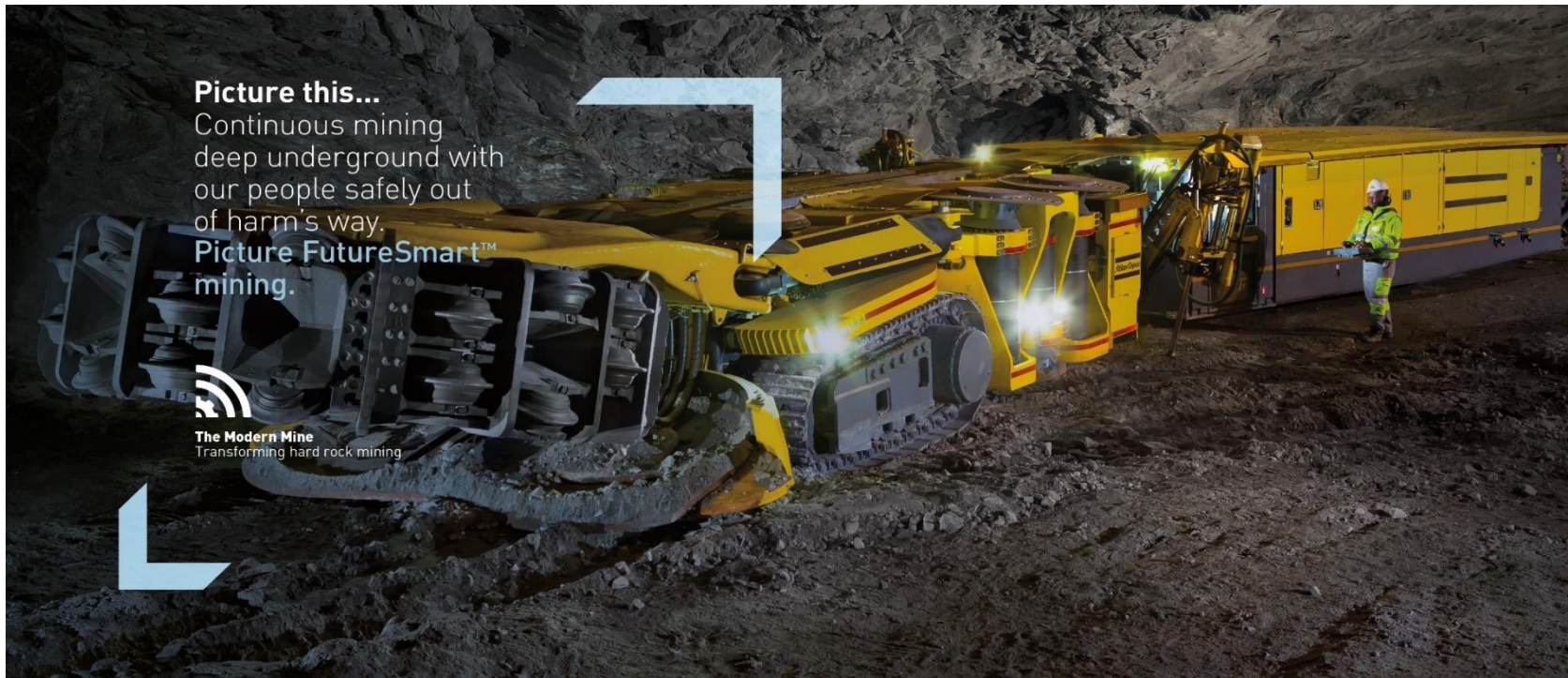
- Increase plant throughput through improved ore fragmentation (mine to mill)
- Rejecting the worthless rock (gangue) earlier in the process
- Coarse particle recovery

Value

- Reduction in tailings waste generation
- Reduction in water usage & energy intensity
- Increase in productivity

PICTURE THIS ...

Modern Mine



Challenge

In an era of increasing costs and falling productivity precious resources are increasingly difficult to access at depth

Approach

- Smart technology application and adaptation
- OEM collaboration on advanced drilling and cutting systems, and fleet management through automation and in some cases robotics

Value

- The ability to mine lower grade ores and complex mineralogy
- A safer working environment
- A reduction in operating costs

PICTURE THIS...

The Intelligent Mine



Challenge

To measure what matters - at an enterprise level - in the face of ever increasing sources of more complex data (internet of things, automation, real-time monitoring)

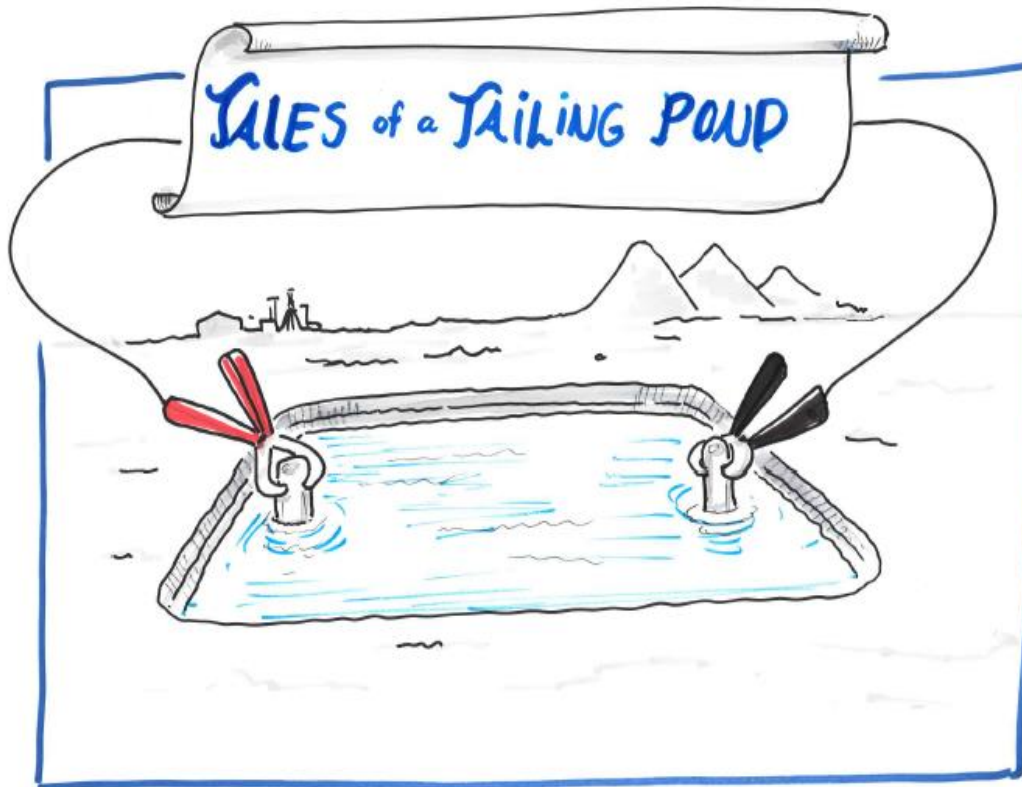
Approach

Integrated, and systems-based, using advanced analytics and machine-learning to reveal new patterns and trends e.g. hyper-spectral analysis of drill samples; just-in-time maintenance; predictive geological modelling using 3D & VR

Value

- Safety and productivity gains
- Smarter, more informed decision making
- Better management of the uncertainty and variability inherent in mining
- Benefits are exponential

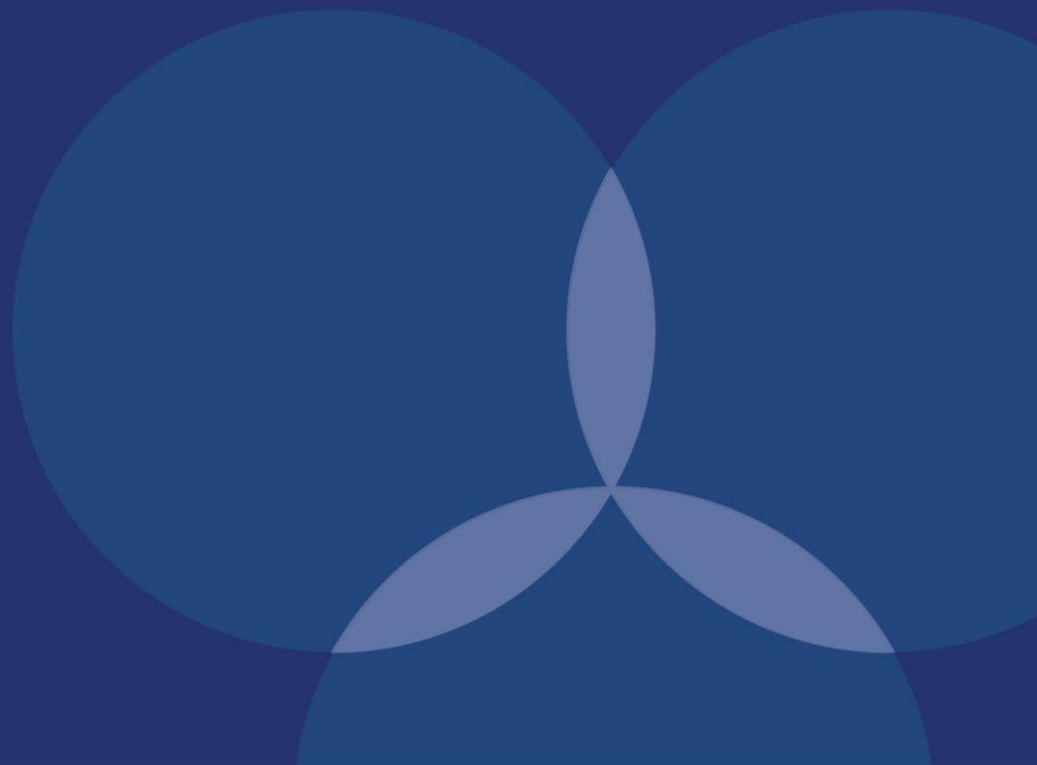
CHALLENGING CONVENTIONAL THINKING



“Can we make a giant battery from a tailings pond?”

*Energy Open Forum,
December 2016*

IMPACTS OF INNOVATION ON SUSTAINABILITY



A HOLISTIC APPROACH

Mapping out the sustainability implications:

- Environmental impacts, including on land energy and water
- Workforce requirements, including number and skills levels
- Contributions to host communities and economies
- Customer expectations

Developing a Group-wide sustainability strategy:

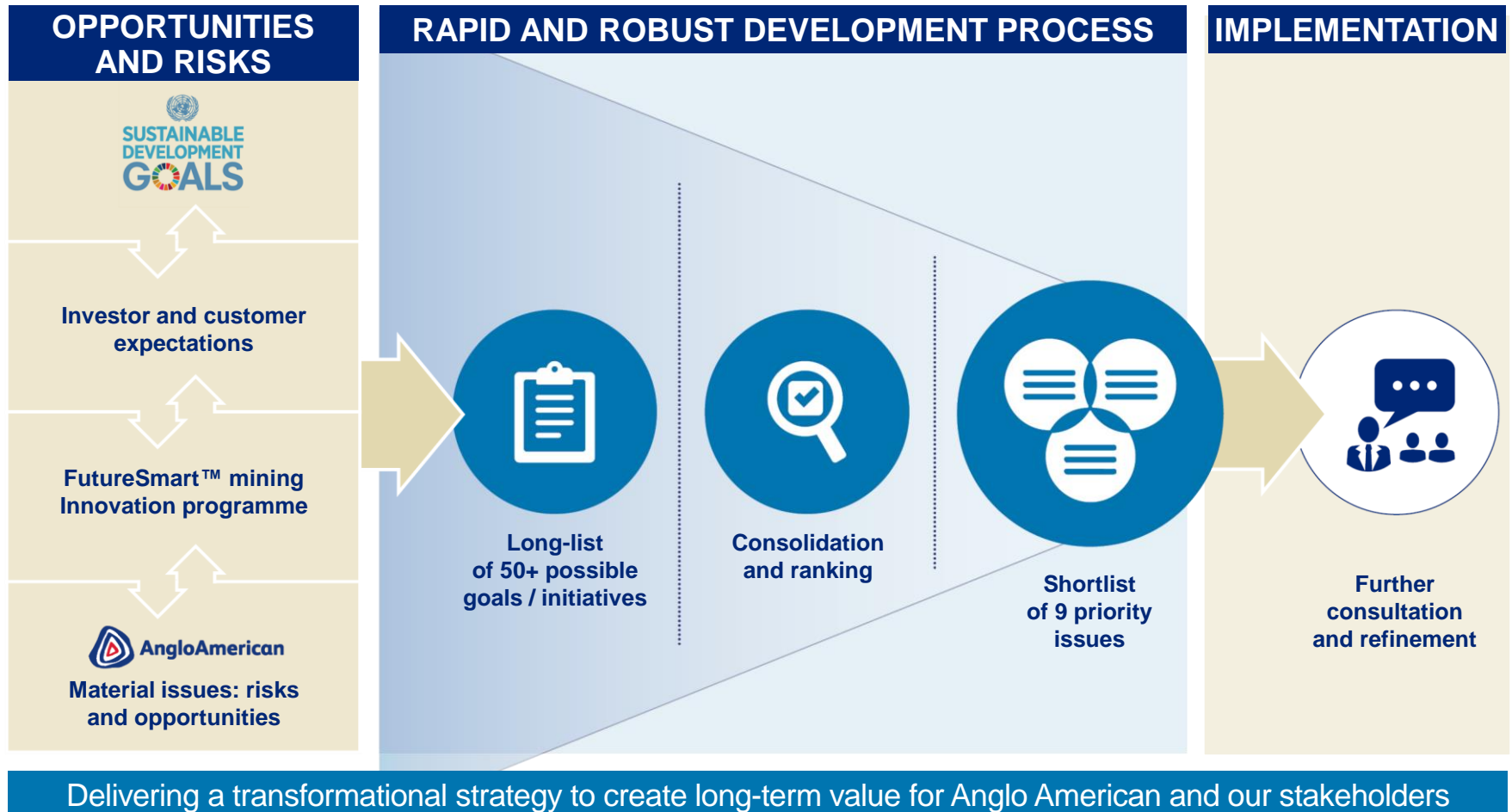
- Create long-term value for Anglo American and our key stakeholders
- Intended to be transformational - a source of organisational identity, employee pride, and competitive differentiation

A GLOBAL CONSULTATIVE APPROACH

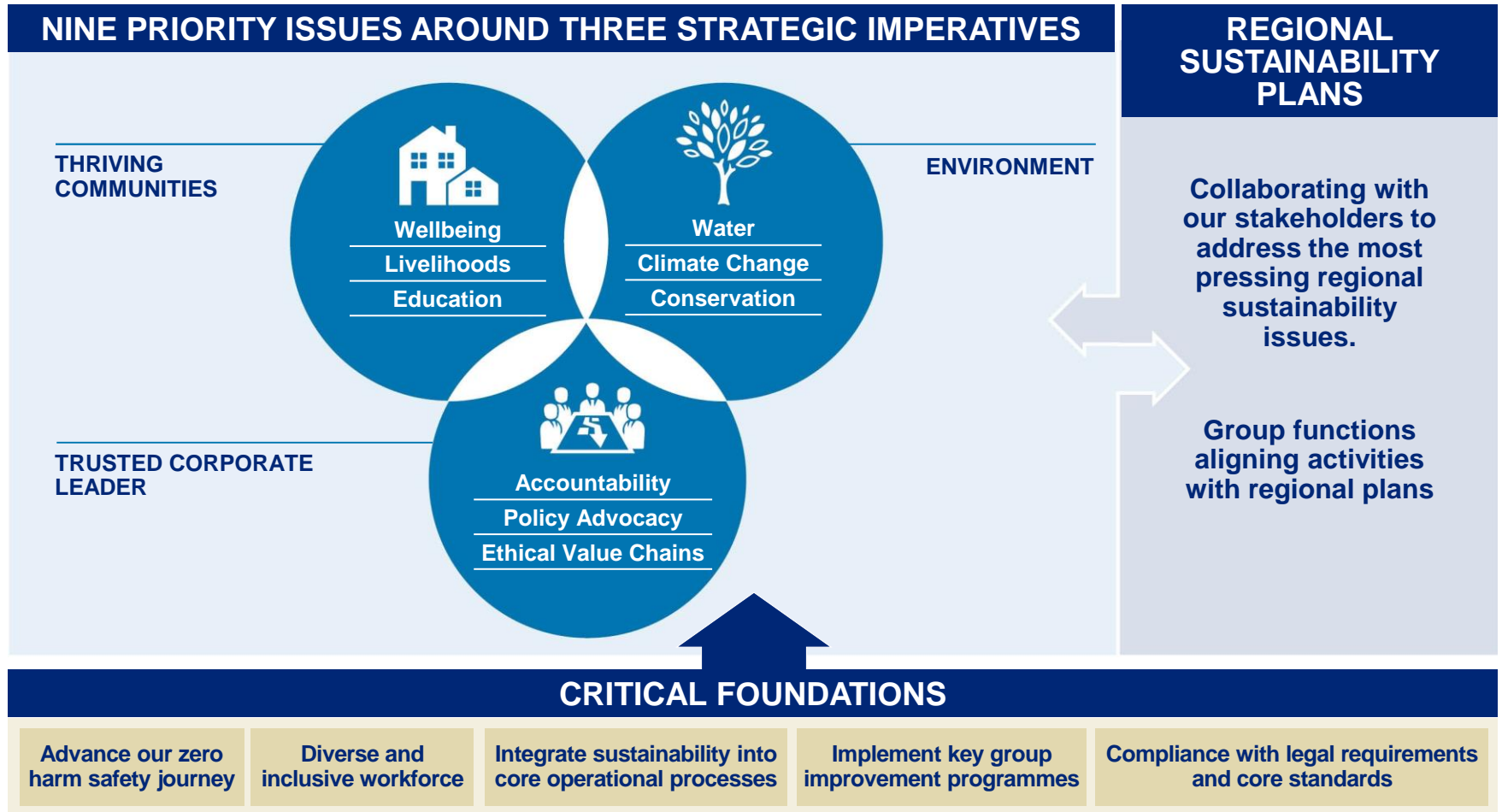


 HARVARD Kennedy School JOHN F. KENNEDY SCHOOL OF GOVERNMENT	 Yale SCHOOL OF MANAGEMENT	 Wharton UNIVERSITY OF PENNSYLVANIA	 UNIVERSITY OF THE WITWATERSRAND JOHANNESBURG	 UNIVERSITY OF CAMBRIDGE INSTITUTE FOR SUSTAINABILITY LEADERSHIP	 SAB MILLER	 JAGUAR LAND-ROVER
 AVIVA INVESTORS	 Business Fights Poverty	 McKinsey & Company	 pwc	 KPMG	 Pearson	 United Nations Environmental Programme UNEP
 unicef	 IFC	 PRI Principles for Responsible Investment	 WORLD BANK	 CDC Investment works	 giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH	 Department for International Development UKaid
 IDB Inter-American Development Bank	 WWF	 international alert	 Shift	 NBI National Business Initiative	 FAUNA & FLORA INTERNATIONAL	 Transparency ACCOUNTABILITY Initiative
 care	 OXFAM	 In support of ENDANGERED WILDLIFE TRUST www.ewt.org.za	 AFRICA PROGRESS PANEL	 TRANSPARENCY INTERNATIONAL UK fighting corruption worldwide	 international youth foundation	 TECHNOSERVE MULTINATIONAL LEADERSHIP FOR SUSTAINABILITY

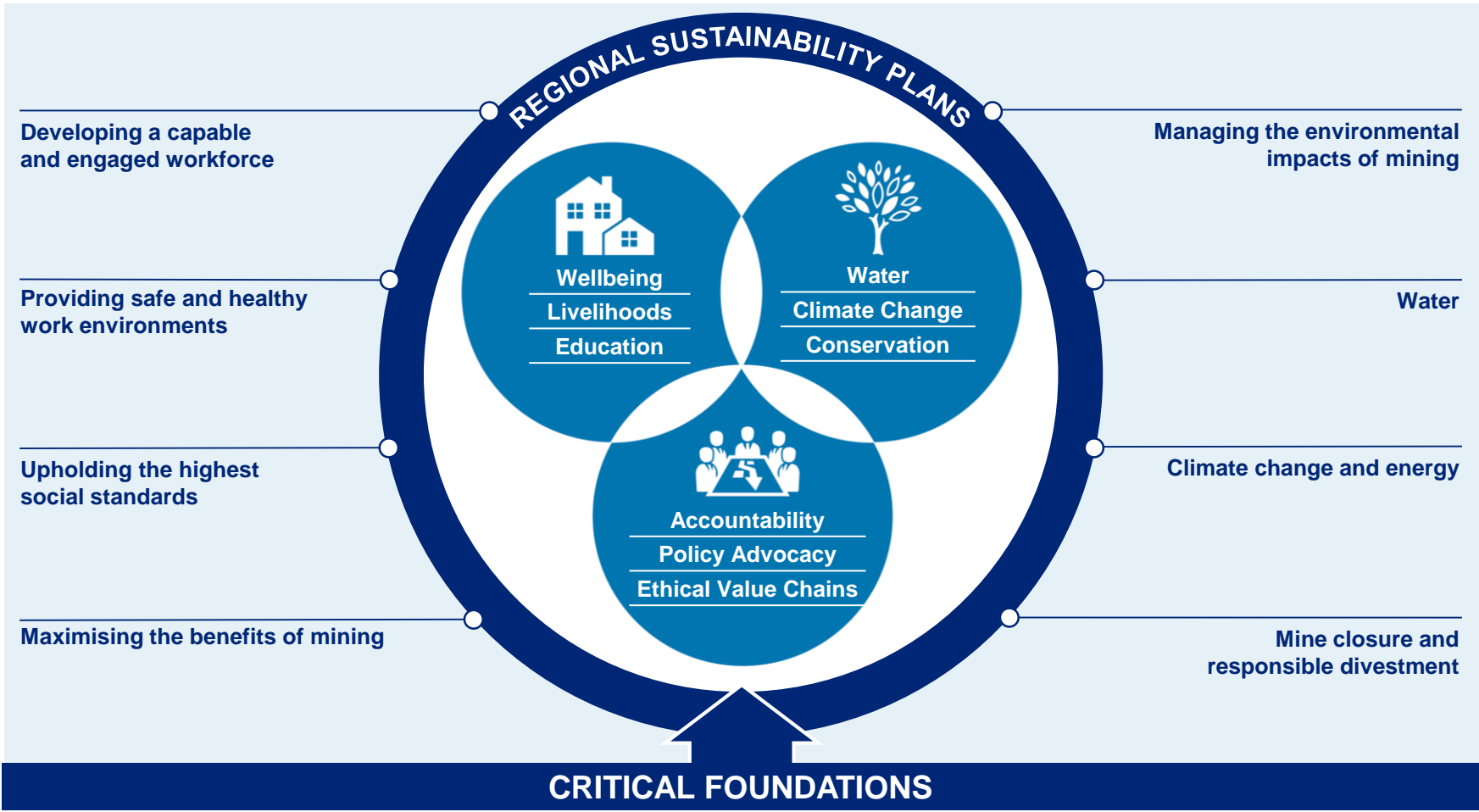
DEVELOPMENT PROCESS



SUSTAINABILITY STRATEGY FRAMEWORK

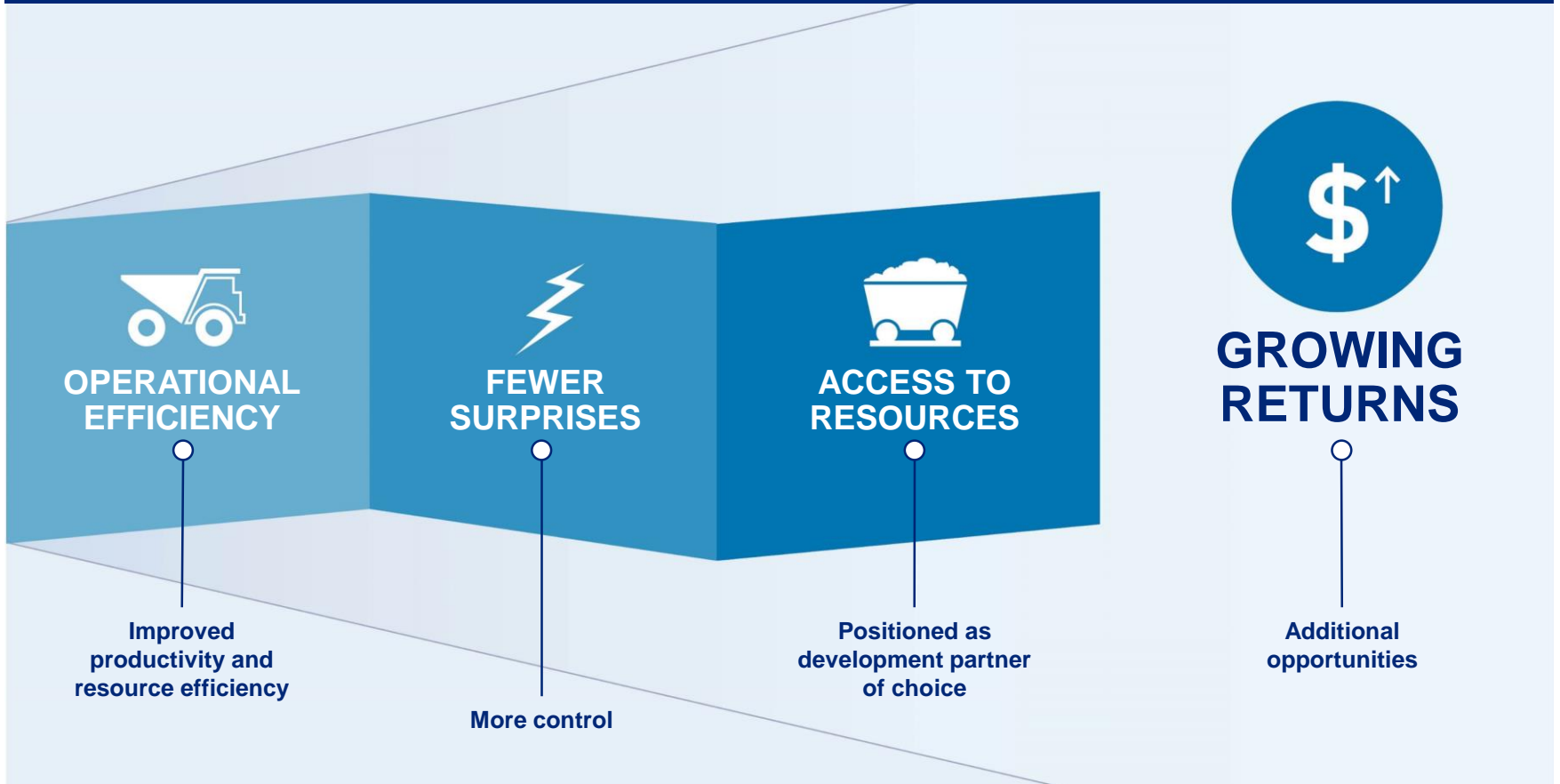


SUSTAINABILITY STRATEGY FRAMEWORK: ADDRESSING MATERIAL ISSUES



SUSTAINABILITY VALUE CAPTURED IN FOUR INDICATORS

SUSTAINABILITY IS ABOUT CREATING VALUE AND CONSISTENCY OF DELIVERY



THANK YOU AND Q&A