

2017 SUSTAINABILITY PERFORMANCE

Presentation to Investors - 13 March 2018



OUR 2017 RESULTS

Mark Cutifani
Chief Executive



OUR INVESTMENT PROPOSITION

Assets

Focus on quality

Diversified portfolio

Low cost growth



Capabilities

Operating Model

Innovation & sustainability leader

Marketing quality products



Returns

Strong balance sheet








Capital discipline

Dividend payout ratio



“World class assets and leading capabilities to deliver a world class business”

HOW WE MEASURE OUR BUSINESS PERFORMANCE

Pillars of value	Description
 Safety and health	Do no harm to our workforce
 Environment	Minimise our impact on the environment
 Socio-political	Partner in the benefits of mining with local communities and government
 People	Create a sustainable competitive advantage through capable people and an effective, performance-driven organisation
 Production	Sustainably produce valuable product
 Cost	Be competitive by operating as efficiently as possible
 Financial	Deliver sustainable returns to our shareholders

A FUNDAMENTALLY DIFFERENT BUSINESS



More efficient

Number of assets¹

↓ 47%



More competitive

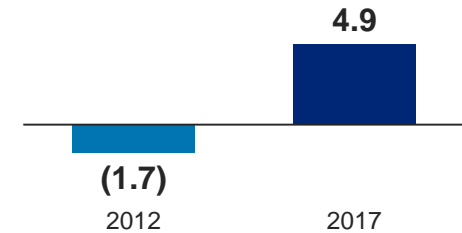
Unit costs²

↓ 26%



Better returns

Free cash flow (\$bn)³



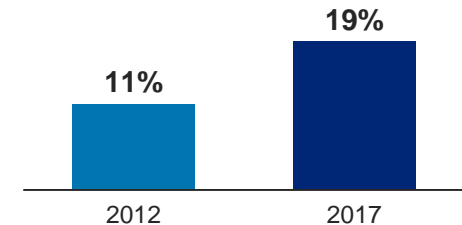
Production⁴

↑ 9%

EBITDA margin⁵

↑ 33%

ROCE⁶



SUSTAINABILITY SCORECARD

A snapshot of 2017 performance

	Safety & Health	Fatal Injuries	Recordable injury rate	HIV+ employees undergoing ART ⁽¹⁾	HIV testing & counselling	Employees exposed to noise	Employees exposed to inhalable hazards	New cases of occupational disease
	Environment				Level 3-5 environmental incidents	Energy savings	Greenhouse gas emissions	Aligned closure plans
	Socio-political				Operations compliant with Social Way	Local procurement	Job supported by ED ⁽²⁾ initiatives	Businesses supported by ED initiatives
	People						Percentage of female managers	Voluntary turnover

Detailed metrics available on page 13 of the 2017 Sustainability Report.

10 KPIs met or on track 7 KPIs not met

⁽¹⁾ Antiretroviral therapy




⁽²⁾ Enterprise development

SUSTAINABILITY SCORECARD

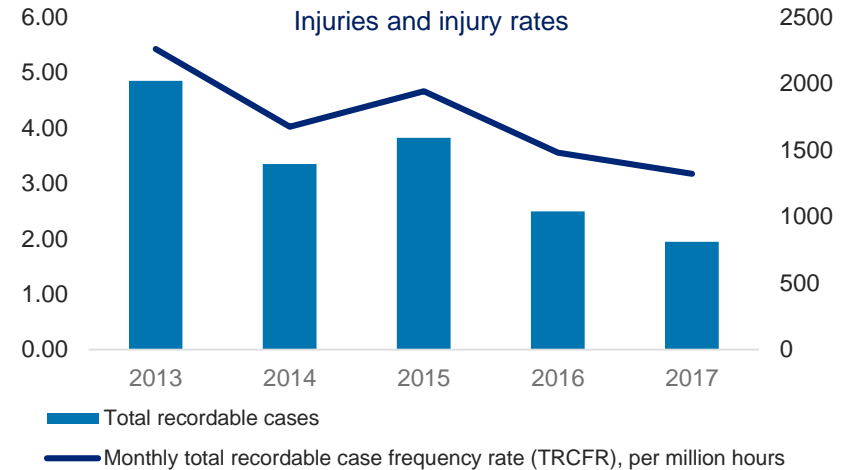
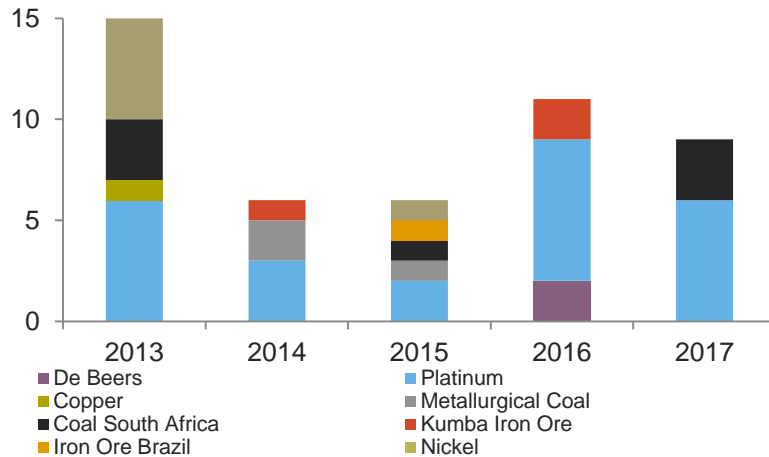
A snapshot of 2017 performance

	Safety & Health	9	0.63	83%	34,999	2,499	5,064	96
	Environment				2 Level 3	6%	21%	79%
	Socio-political				89.2%	\$2.02bn	116,298	62,447
	People						25%	2.2%

Detailed metrics available on page 13 of the 2017 Sustainability Report.


 10 KPIs met or on track
  7 KPIs not met

SAFETY



2017 Performance

- The number of fatal incidents remains **unacceptable**.
- During 2017, **we lost nine of our colleagues in fatal accidents**, all in South Africa.
- Injury performance encouraging

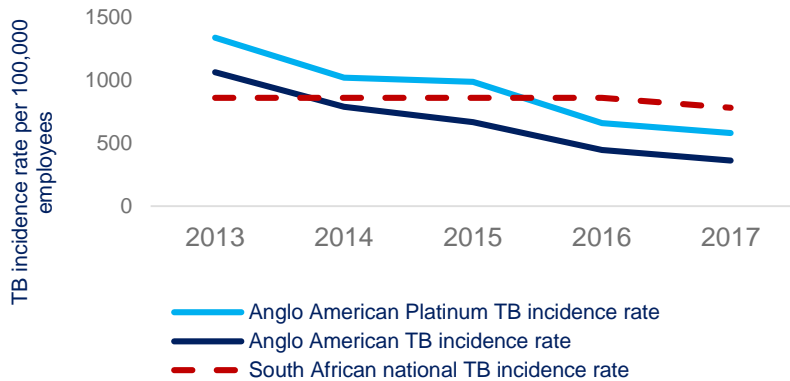
2018 Focus

Group “**Elimination of Fatalities**” intervention

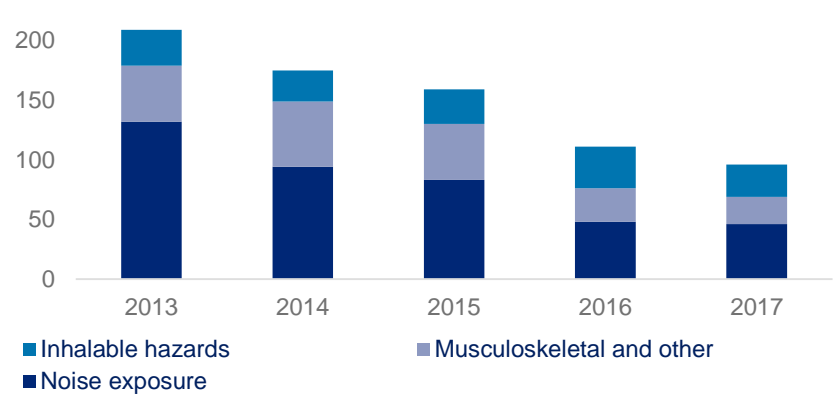
HEALTH



Anglo American TB incidence rate relative to the South African national average 2013-2017



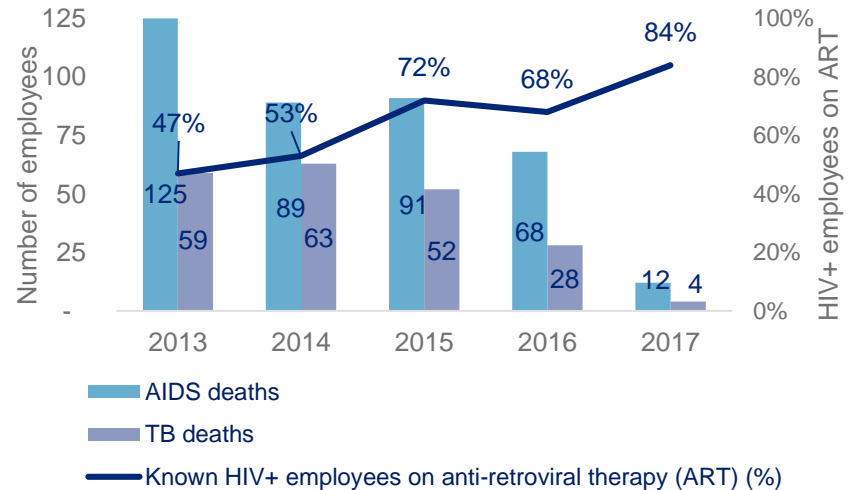
New cases of occupational disease



2018 focus

- Continue to eliminate health hazards at source
- 'Whole person' wellness
- Strategic partnerships to support community health

HIV/AIDS and TB: treatment rates versus mortality



WATER

Adopting a catchment-wide approach



Performance

- Around 75% of our current portfolio is located in high-water-risk regions and 50% are water stressed
- Despite scarcity, no operational impacts due to shortages
- Overall water risk has reduced owing to **better water risk management**
- **No Level 3 water related incidents in 2017**
- 306 million m³ withdrawn
 - 24% for dewatering, which is largely returned to the environment
 - 11% seawater

2018 focus

- Our focus is on understanding catchment **water balances** and developing regional, long-term water strategies with partners
- Water is a major focus in FutureSmart Mining™

By 2020 we're aiming for

↓ **20%**

**Reduction in
freshwater intake**

75%

**Recycled/reused
water**

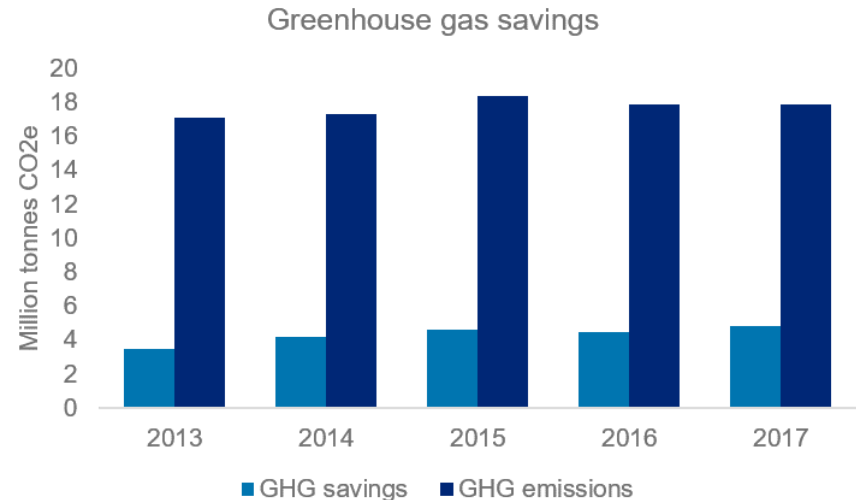
CLIMATE CHANGE AND ENERGY

Climate projections inform our decisions



Performance

- Avoided 5Mt of CO₂e emissions, primarily through the capture of mine methane for power generation (equivalent to CO₂ emitted from ~1.6M cars per annum)
- Avoided over 15 million litres in fuel use at our SA based operations, with total Section 12L incentive benefit \$14M
- Following on our FutureSmart Energy Open Forum, ran an Energy Efficiency Workshop to drive a step change in energy and carbon – aligned with our new 2030 Stretch Targets



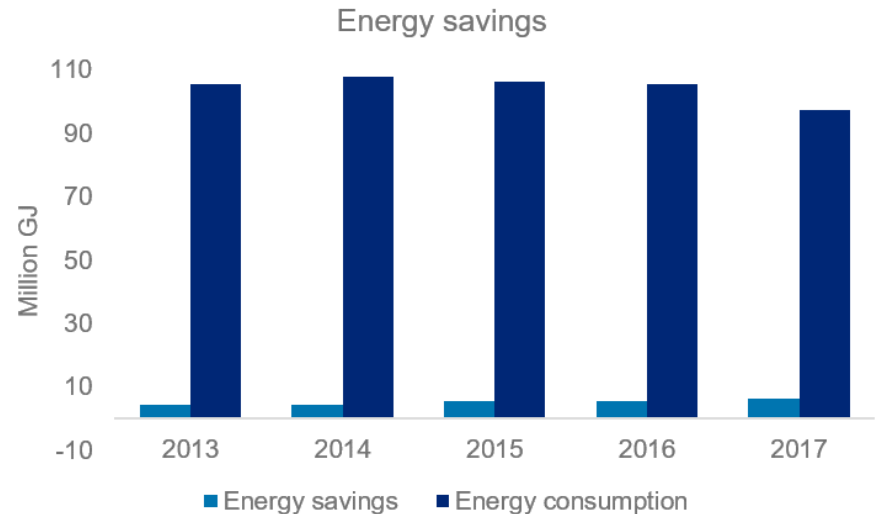
CLIMATE CHANGE AND ENERGY

Climate projections inform our decisions



2018 focus

- Deep dive reviews on major Energy and CO₂ emissions abatement opportunities
- Continued 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
 - Los Bronces - climate scenario study with UK Met. Office
 - Platinum operations - analysis with CSIR

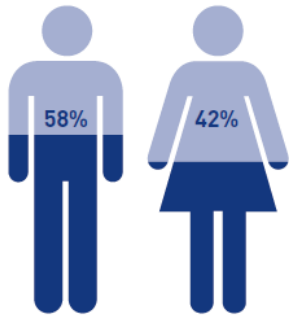


INCLUSION AND DIVERSITY

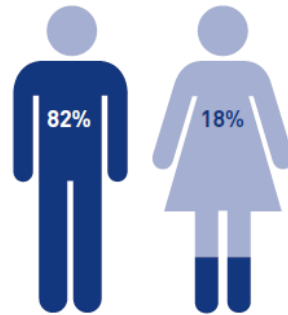
UK gender pay gap – the numbers



% OF MEN AND WOMEN



% OF SENIOR MANAGEMENT ROLES OCCUPIED BY MEN AND WOMEN*

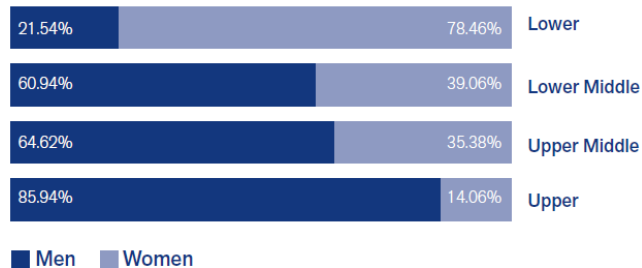


'HOURLY PAY' GAP

55%
MEAN

49%
MEDIAN

'HOURLY PAY' QUANTILES



Anglo American's UK gender pay gap data was published on 5 March 2018

- Our UK gender pay gap data relates to the 258 people we employed in our UK head office at 5 April 2017 (Total global workforce = 69,000)
- While women represented 42% of those employees, we have too few women in senior roles
- We are committed to redressing this imbalance and are making a number of targeted changes
- When we look at our gender pay gap globally, the picture is much more balanced. (Global gender pay gap = less than 20%)

* 'Senior Management' is defined as Anglo American's Group Management Committee and the level of management reporting into that Committee.

INCLUSION AND DIVERSITY

UK gender pay gap – next steps



This is **sizeable** and the benefits to our business and to our employees of redressing this imbalance is recognised.

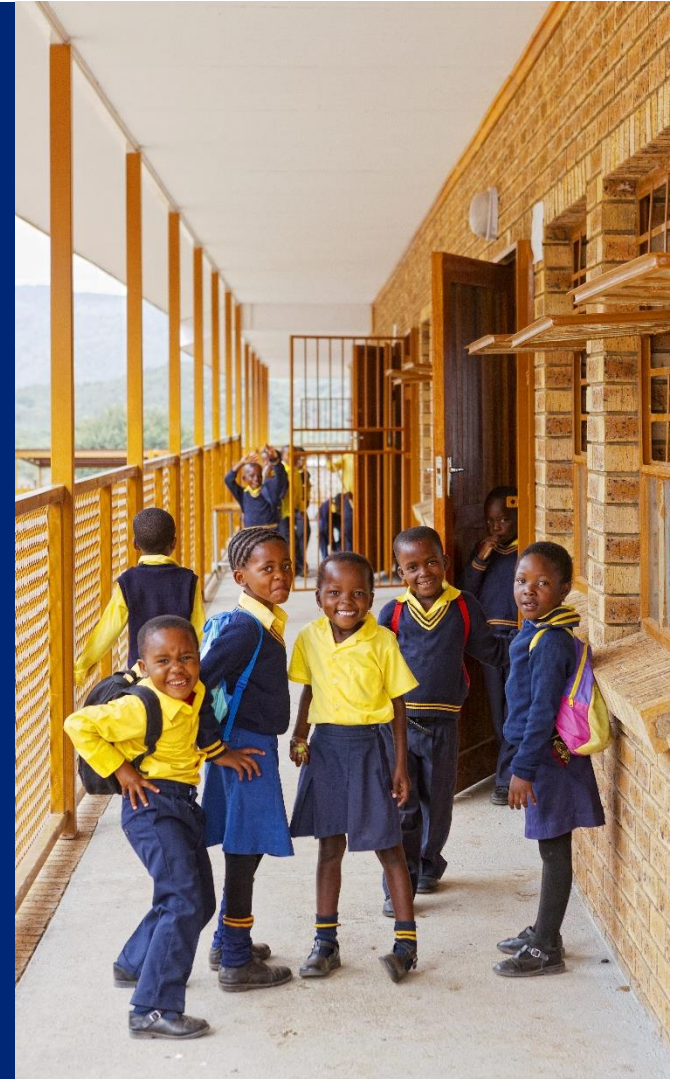
Commitment to increasing female representation on our GMC and its direct reports.

We are making a series of **targeted changes to our processes** to ensure we access the widest possible talent population, both in the UK and globally.

The focus of the UK gender pay gap work is about **achieving gender balance**, promoting the equality of opportunity for all and achieving diversity at all levels.

INTRODUCING OUR PURPOSE

Mark Cutifani



PURPOSE

Anglo American's purpose is to:

Re-imagine mining

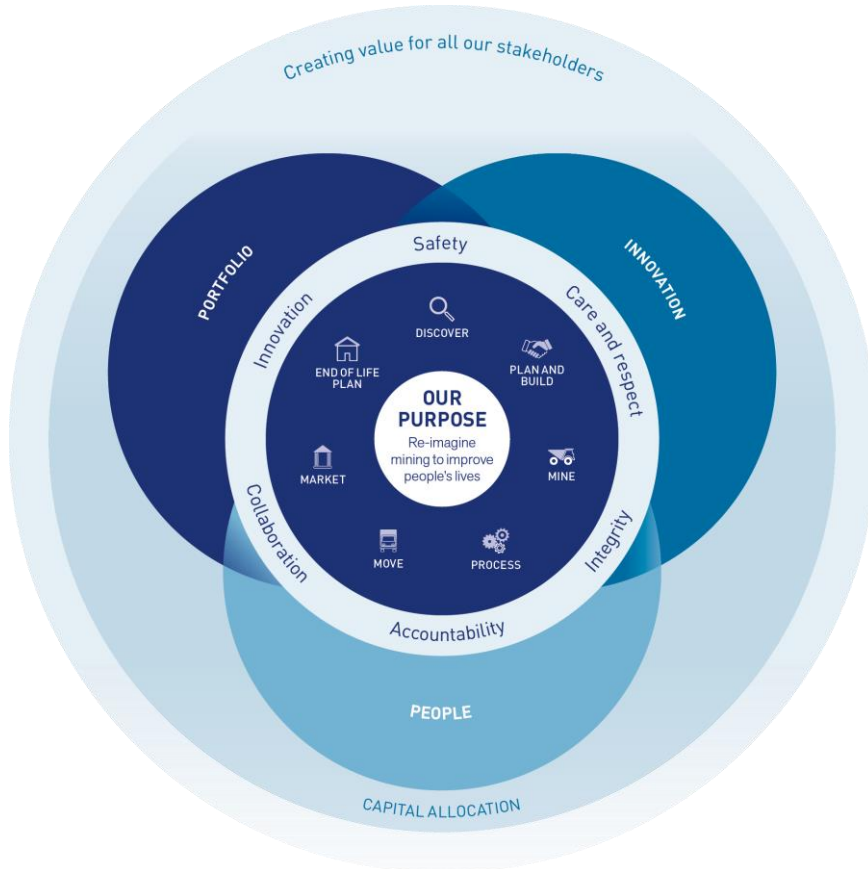
What mining could be and how we envisage mining in the future. How we think differently and innovatively about mining and our entire value chain.

to improve people's lives

A Purpose is about more than just the work we do and the profits we make, it's about the **impact we have on everything we touch.**



AT THE CORE OF OUR STRATEGY



Portfolio

- Focus on quality and long-life assets
- Diversified portfolio with low-cost growth options
- Sustainable cash flow of returns with capital discipline

Innovation

- Operating Model
- FutureSmart Mining™
 1. Technical innovation
 2. Sustainability Strategy
- Marketing – creating value from mine to market

People

- Valuing partnerships – our licence to operate
- Inclusion and Diversity
- Organisational Model

FUTURESMART MINING™

Jon Samuel
Group Head of Social Performance

Rohan McGowan-Jackson
Head of Environment

Tony O'Neill
Technical Director



SUSTAINABILITY STRATEGY

“To deliver a transformational strategy to create long-term value for Anglo American and our stakeholders, intended to be a source of organisational identity, employee pride, and competitive differentiation.”



WHY?

Failure to manage sustainability issues has decreased trust and increased capex, opex and risk

Shareholder value	Managing risk	Building trust
Community disruptions – risk of operating interruption.	Mining is still operating under a legacy of weak environmental practices, fractious community relations , and a historic lack of workforce diversity . (Deloitte 2018)	Business must show commitment to the long term. (Edelman Trust Barometer, 2018)
Safety and environmental incidents – liabilities increasing.		56% of companies that only think about themselves and their profits are bound to fail. (Edelman Trust Barometer, 2018)
Licensing issues – projects delayed and value left in the ground.	A company's ability to manage ESG matters demonstrates the leadership and good governance that is so essential to sustainable growth. (Lawrence Fink, 2018)	Business and NGOs are viewed equally as the institutions holding the most hope for the future. (Edelman Trust Barometer, 2018)
Risk to securing access – new resources and markets.		

SUSTAINABILITY STRATEGY FRAMEWORK



Accountability

Vision: To transform the relationship between mines, communities and wider society.



Policy Advocacy

Vision: To take a lead on issues that affect our business in a way that is collaborative and aimed at society's wider goals.



Ethical Value Chains

Vision: To be a part of a value chain that supports and reinforces positive human rights and sustainability outcomes.



THRIVING COMMUNITIES

Livelihoods

Vision: Shared, sustainable prosperity in our host communities.



Education

Vision: For all children in host communities to have access to excellent education and training.



Health and well-being

Vision: For the SDG targets for health to be achieved in all our host communities.



IMPROVING EDUCATION IN SOUTH AFRICA

The Anglo American South Africa Education Programme

- Investing in the most critical education needs within our host communities
- Five-year partnership with South Africa's Department of Basic Education (2018-2022)
- Early Childhood Development (ECD) practitioners / “Whole School” systemic approach for primary and secondary schools – to improve educational outcomes
- 100 schools and 100 ECD sites close to Anglo American operations



Climate change

Vision: To operate carbon-neutral mines.



Biodiversity

Vision. To deliver net positive impact (NPI) across Anglo American through implementing the mitigation hierarchy and investment in biodiversity stewardship.



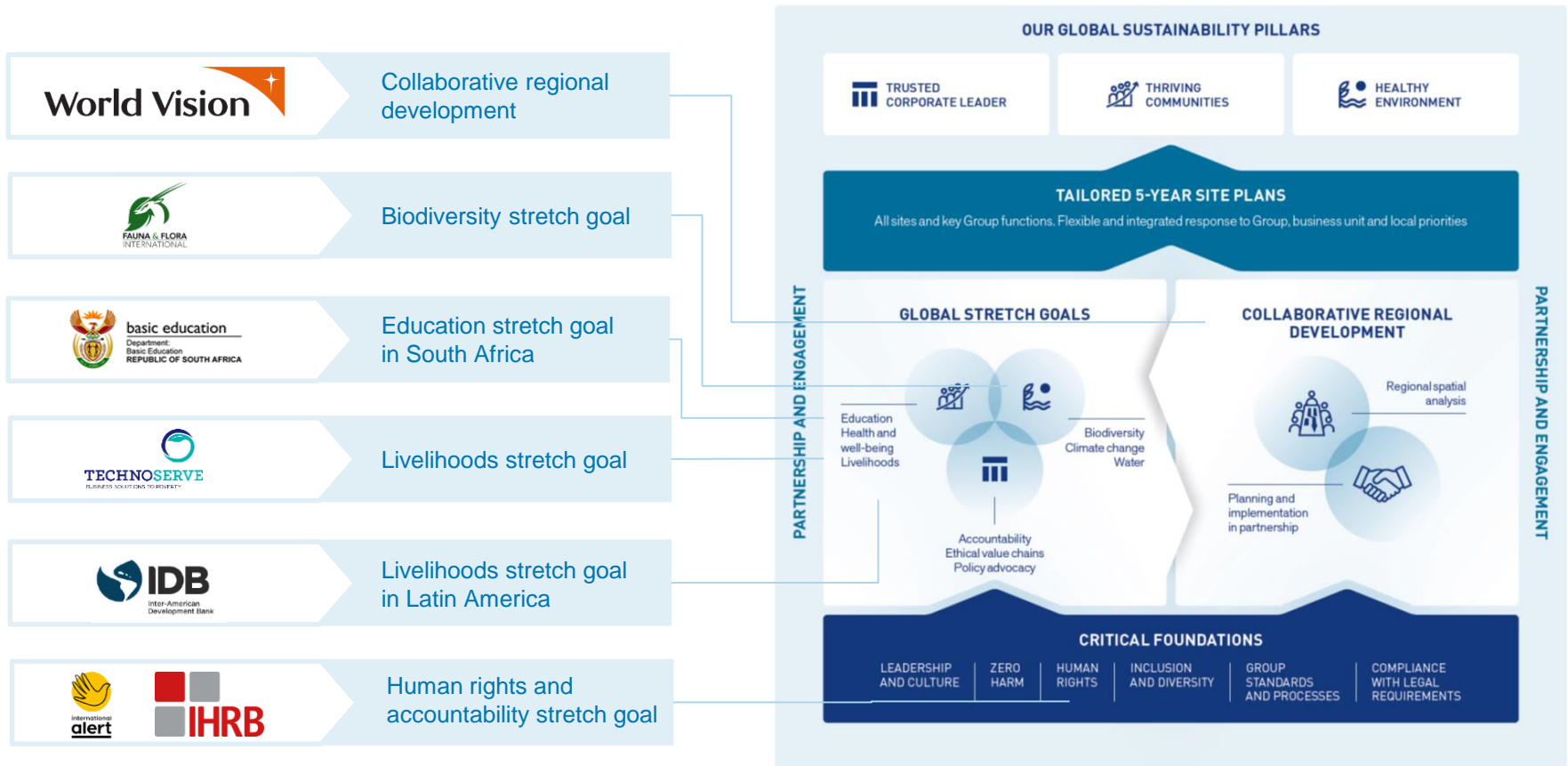
Water

Vision. To operate waterless mines in water scarce regions.



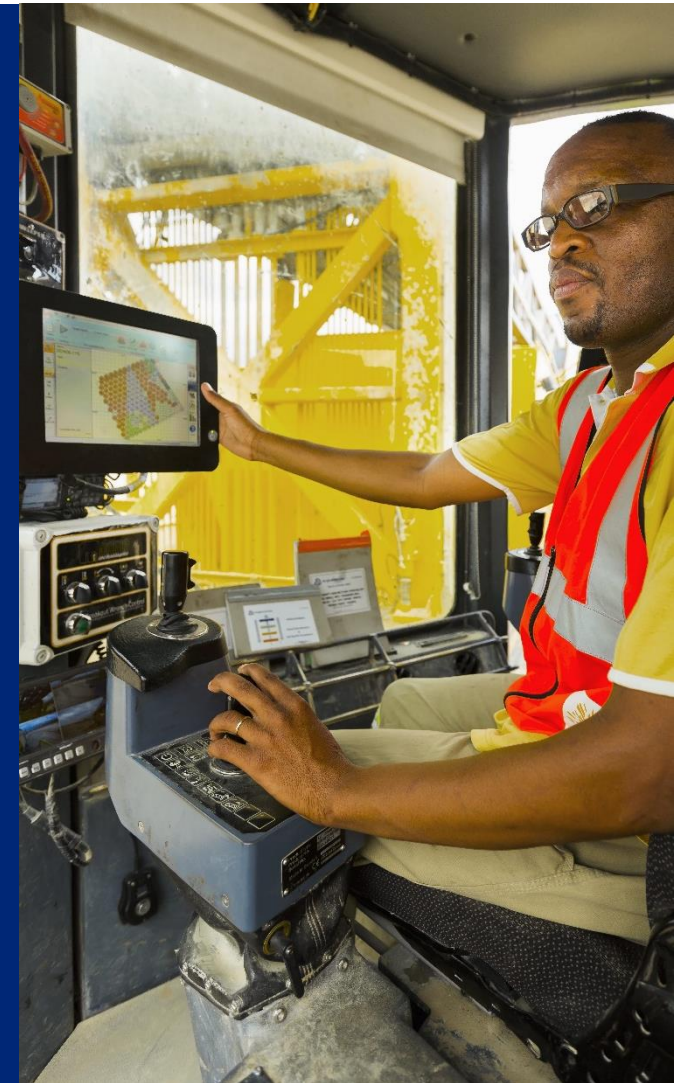
PARTNERSHIPS ARE AT THE HEART OF OUR STRATEGY

Partnerships will underpin how we deliver on the stretch goals.
Existing partnerships include:



Other partnerships in development, including potential impact investing fund.

TECHNICAL INNOVATION



MINING IS ON THE CUSP OF GAME-CHANGING INNOVATION

Unprecedented opportunity for those prepared to take a fresh approach to purposeful innovation



Anglo American has a portfolio of world-class competitive mining operations and undeveloped resources, combined with a rich heritage of technology and innovation that spans 100 years.

Mining innovation is driven by increasingly critical challenges

- **safety**
- **sustainability**
- **productivity**



MINING WITHOUT FRESH WATER

Technological innovation to eliminate fresh water from our mining processes

Challenge

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

Approach

- Dry processing
- Rapid dewatering
- Data-rich technologies
e.g. pervasive sensors
- Evaporation control

Vision: Eliminate fresh water from our mining processes





EXAMPLE: RAPID DEWATERING OF FINES

Working with partners to deliver innovative solutions

Innovation

Rapid dewatering of fine particles will bring true dry disposal one step closer

The energy required to separate fine particles and water is high – new chemistry opens up different (lower energy) techniques and equipment to facilitate water removal

Outcome

Potential for up to 90% recycling of water used per unit of mineral production.

Vision: Eliminate fresh water from our mining processes





MINING WITHOUT TAILINGS DAMS

Technological innovation to eliminate the need for tailing dams

Challenge

Water sent to the tailings pond often represents the largest water loss at a mine

Approach

- **Coarse particle flotation** to concentrate the mineral
- **(Low-cost) dry stacking technologies** to dewater the residual waste

Vision: Dry tailings stacks





EXAMPLE: COARSE PARTICLE FLOTATION

Technological innovation to eliminate the need for tailing dams

Innovation

Coarse particle flotation is part of our pioneering Concentrating the Mine™ concept

It allows us to float particles at sizes two to three times larger than normal making it easier to extract water from the process and leaving a waste stream that is dry and stackable

Outcome

Indicative **30% water reduction** in initial (Copper) trials

Vision: Dry tailings stacks





MINING WITH A MINIMAL CARBON FOOTPRINT

Technological innovation to reduce our carbon footprint

Challenge

Our energy use dramatically affects our carbon footprint

Approach

- \$201 million investment in low-carbon technologies including approximately \$10 million in clean-coal technology
- Low-emission technologies using PGMs (platinum-based hydrogen fuel-cell technology)
- Mineral carbonation technologies for carbon storage (DeBeers)
- Investment in new comminution technology (#1 consumer of energy at our sites)

Vision: Carbon-neutral mining



EXAMPLE: SHOCK BREAK – CHANGING THE WAY WE BREAK ROCK

Technological innovation to reduce our carbon footprint

Innovation

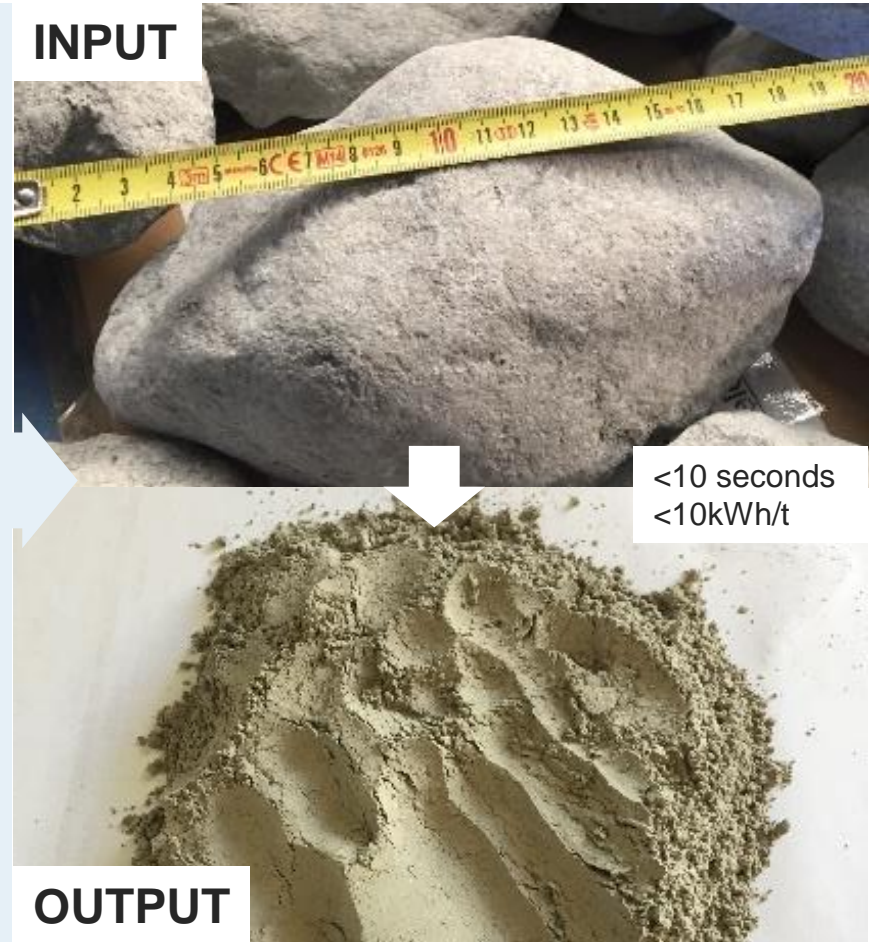
Shock Break has the potential to radically reduce our energy consumption.

Comminution accounts for over half of the total energy consumed at an average mine site. Tests on Mogalakwena pebbles indicate >50% saving in power consumption. Pilot plant trials, leveraging Element 6 wear resistant tools, start in April 2018

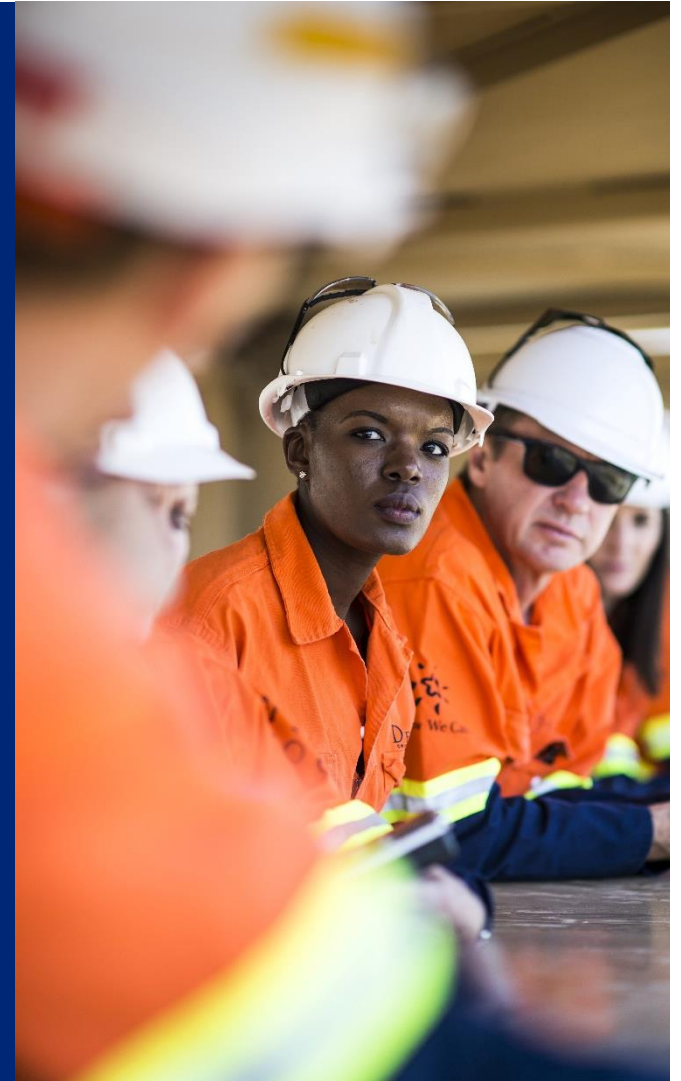
Outcome

The potential to eliminate SAG mills

Vision: Carbon-neutral mining



IN CONCLUSION...



TRANSITION TO LOW CARBON FUTURE

Anglo American recognises its responsibility to contribute towards addressing climate change – a critical issue facing all of us.

- **The opportunities** = Copper, nickel, iron ore, PGMs
- **The impact** = FutureSmart Mining™ will execute our vision of carbon neutral and waterless mines
- **Transparency** = Continue to strengthen disclosure through Aiming for A, TCFD, and the TPI
- **Thermal coal** = We have reduced our thermal coal production by 50% since 2012

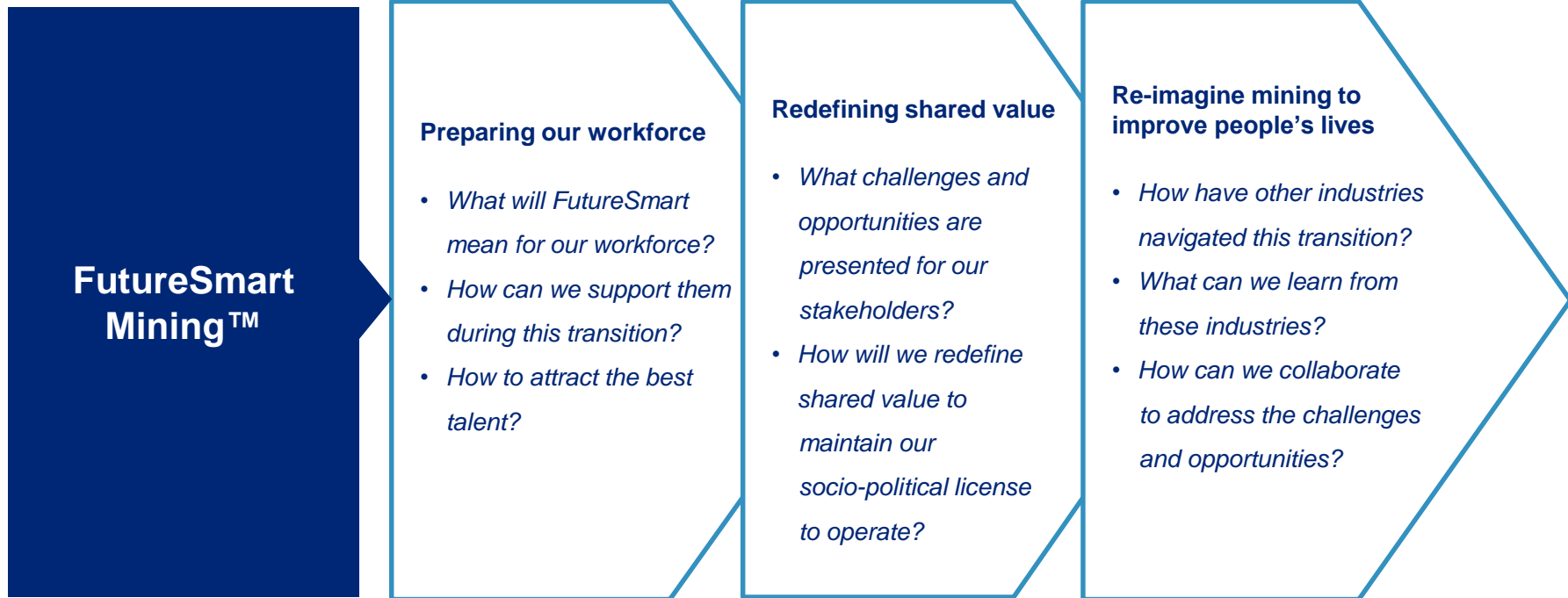
An energy transition will take time. Thermal coal remains a material part of the global energy mix until at least 2040, especially in developing countries. We are proud that we can mine it responsibly and according to our values.

Anglo American will support a responsible transition away from coal – both for broader society and to support our employees and local communities.



OPEN FORUM: FUTURE OF MINING

In April 2018, we will convene an Open Forum to explore key questions relating to FutureSmart Mining™...



...the forum will generate ideas and identify potential partnerships.

HOW WE MEASURE OUR BUSINESS PERFORMANCE

Pillars of value



Safety and health



Environment



Socio-political



People



Production



Cost



Financial

OUR INVESTMENT PROPOSITION

Assets

Focus on quality

Diversified portfolio

Low cost growth



Capabilities

Operating Model

Innovation & sustainability leader

Marketing quality products



Returns

Strong balance sheet

Capital discipline

Dividend payout ratio



“World class assets and leading capabilities to deliver a world class business”

THANK YOU

APPENDIX

- Global Stretch Goals
- Footnotes

Accountability

Our vision is to transform the relationship between mines, communities, and wider society

2020:

- Establish, or support the functioning of existing, local stakeholder accountability forums and national multi-stakeholder dialogue groups by 2020
- Engage in strategic international partnerships to support sustainability imperatives

Ethical Value Chains

Our vision is to be a part of a value chain that supports and reinforces positive human rights and sustainability outcomes

Milestones

- Half of Anglo American operations to be certified to agreed responsible mine certification standards by 2020
- A common responsible sourcing standard for the mining industry to be agreed by 2020

2025 target

- All Anglo American operations certified to relevant mine certification standards
- Responsible sourcing standard implemented across Anglo American

Policy Advocacy

Our vision is to take a lead on issues that affect our business in a way that is collaborative and aimed at society's wider goals

Milestones

- Finalise Group and business unit/country policy advocacy action plans in support of key sustainability issues by 2020
- Provide scholarship and training opportunities for policy-makers in regions with capacity constraints by 2020
- Significant programmes and partnerships in place to support priority policy and governance issues by 2025

2030 target

- External recognition of our leadership on policy and advocacy



GLOBAL STRETCH GOALS

Thriving Communities – Milestone targets

Education

Our vision is for all children in host communities to have access to excellent education and training

Milestones

- Baselines and strategies to achieve the target in place by 2020
- Schools in host communities to perform within the top 30% of state schools nationally by 2025

2030 target

- Schools in host communities to perform within the top 20% of state schools nationally
-

Health & Wellbeing

Our vision is for the SDG targets for health to be achieved in all our host communities

Milestones

- Baseline established and strategies in place at every site to achieve the SDG3 health targets by 2020
- Operations to be halfway towards closing the gap between baselines and 2030 targets by 2025

2030 target

- SDG3 targets for health in host communities met
-

Livelihoods

Our vision is shared, sustainable prosperity in our host communities

Milestones

- Baselines and strategies to achieve targets in place at every site
- Three jobs created/supported off-site for every job on-site by 2025

2030 target

- Five jobs created/supported off-site for every job on-site

Biodiversity

Our vision is to deliver net positive impact (NPI) across Anglo American through implementing the mitigation hierarchy and investment in biodiversity stewardship

Milestones

- Net-positive impact (NPI) methodology, biodiversity value assessments and site-specific indicators in place at all high-risk sites by 2020
- Formalise partnerships to support NPI, which are aligned with existing regional and national biodiversity stewardship initiatives by 2020

2030 target

- Deliver net-positive impact on biodiversity across Anglo American
-

Climate Change

Our vision is to operate carbon neutral mines

Milestones

- Reduce greenhouse gas (GHG) emissions by 22% relative to the Business-As-Usual projection by 2020
- Reduce energy consumption by 8% relative to the business as usual (BAU) projection by 2020
- Implementation of four priority projects to meet 2030 to commence by 2020

2030 target

- Reduce net GHG emissions by 30%
 - Improve energy efficiency by 30%
-

Water

Our vision is to operate waterless mines in water scarce regions

Milestones

- Reduce the abstraction of freshwater in water-scarce regions by 20% by 2020
- Increase water-recycling levels to 75% by 2020

2030 target

- Reduce the abstraction of freshwater in water-scarce regions by 50%

FOOTNOTES

1. 2013 to 2017. Includes impact of announced disposals and assets closed or placed on care and maintenance.
2. 2012 to 2017.
3. Attributable free cash flow is defined as net cash inflows from operating activities net of total capital expenditure, net interest paid and dividends paid to minorities.
4. 2012 to 2017.
5. Represents the Group's underlying EBITDA margin. Refer to footnote 7. Movement is from 2012 to 2017.
6. Attributable ROCE is defined as attributable underlying EBIT divided by average attributable capital employed. It excludes the portion of the return and capital employed attributable to non-controlling interests in operations where Anglo American has control but does not hold 100% of the equity.
7. The margin represents the Group's underlying EBITDA margin for the mining business. It excludes the impact of Platinum purchases of concentrate, third party purchases made by De Beers, third party marketing activities, the South African domestic thermal coal business and reflects Debswana accounting treatment as a 50/50 joint venture.