



## **COMPLIANCE WITH THE INTERNATIONAL COUNCIL FOR MINING AND METALS ASSURANCE PROCEDURE**

### **2017**

As a member of the International Council on Mining and Metals (ICMM), Anglo American adheres to the ICMM Assurance Procedure. This statement sets out how we respond to the five Subject Matters contained within this Procedure. The Appendix contains the PricewaterhouseCoopers (PwC) assurance report in respect of our response to the ICMM Assurance Procedure.

# Subject Matter 1

## Alignment of Anglo American’s policies to ICMM’s 10 Sustainable Development Principles

| ICMM requirement | Anglo American response |
|------------------|-------------------------|
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**Principle 1**

Implement and maintain ethical business practices and sound systems of corporate governance

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| Develop and implement company statements of ethical business principles, and practices that management is committed to enforcing.  | The Anglo American Code of Conduct outlines our approach to ethical business practices.  |
| Implement policies and practices that seek to prevent bribery and corruption.  | Our Business Integrity Policy states that Anglo American will neither give nor accept bribes, nor permit others to do so in our name. The policy is supported by 11 performance standards that set out the conduct required in areas where bribery and corruption risk may be present. |
| Comply with or exceed the requirements of host-country laws and regulations.   |  |
| Work with governments, industry and other stakeholders to achieve appropriate and effective public policy, laws, regulations and procedures that facilitate the mining, minerals and metals sector’s contribution to sustainable development within national sustainable development strategies. | Anglo American’s commitment to work with stakeholders, including governments, is included in the Code of Conduct, Government Relations Handbook, Social Way and Socio-Economic Assessment Toolbox (SEAT).  |

**Principle 2**

Integrate sustainable development considerations within the corporate decision-making process

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| Integrate sustainable development principles into company policies and practices.  | Anglo American’s Code of Conduct is mandatory throughout the business and sets out the expectations we have of employees, contractors and business partners in relation to business integrity; safety, health and environmental management; human rights; and our relationships with stakeholders.   |
| Plan, design, operate and close operations in a manner that enhances sustainable development.  | The Anglo American Safety, Health and Environment (SHE) Way, Social Way, Socio-Economic Assessment Toolbox, Mine Closure Toolbox, and Investment Development Model are mandatory throughout the business and apply across all stages of the mining lifecycle.  |
| Implement good practice and innovate to improve social, environmental and economic performance while enhancing shareholder value.            |  |
| Encourage customers, business partners and suppliers of goods and services to adopt principles and practices that are comparable to our own. | FutureSmart Mining™ is Anglo American’s innovation-led approach to sustainable mining. FutureSmart Mining™ is concerned with delivering step-change results in different areas: mining, processing, environmental impact and socio-economic development. It also involves a focus on shared value, including improved shareholder returns.                         |
|  | The Anglo American Responsible Sourcing Standard for Suppliers articulates performance requirements. The standard addresses supplier compliance with local and applicable international regulations and with Anglo American requirements regarding safety, wellness, the environment, business integrity, human rights, labour practices and economic development. |

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| Provide sustainable development training to ensure adequate competency at all levels among our own employees and those of contractors. | During 2017, more than 3,400 leaders were trained to facilitate Code of Conduct engagement sessions with employees at all levels in the organisation. The Code of Conduct addresses a range of matters relating to sustainable development. Training on individual matters are conducted on a risk –basis. |
| Support public policies and practices that foster open and competitive markets.  | Anglo American’s commitment to work with stakeholders, including governments, is included in the Code of Conduct, Government Relations Handbook, Social Way and SEAT.  |

**Principle 3**

Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities

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| Ensure fair remuneration and work conditions for all employees, and do not use forced, compulsory or child labour.                           | Our commitment to respect human rights, as stipulated in our Human Rights Policy, includes recognition of all internationally-recognised human rights.  |
| Implement policies and practices designed to eliminate harassment and unfair discrimination in all aspects of our activities.                | We implement a performance-management and -remuneration framework that is designed to reward our people based on their performance and recognised potential, giving equal emphasis to delivery and behaviour through a combination of short- and long-term incentives.<br><br>The Anglo American Code of Conduct also addresses forced, compulsory or child labour, harassment and unfair discrimination. |
| Provide for the constructive engagement of employees on matters of mutual concern.   | Our commitment to employee (and other) stakeholder engagement is included in our Code of Conduct and Human Rights Policy.   |
| Ensure that all relevant staff, including security personnel, are provided with appropriate cultural and human rights training and guidance. | In our Human Rights Policy, we commit to actively communicating the policy, including awareness raising and training on human rights related issues. Code of Conduct training includes human rights training. Specific security and human rights training is provided for security personnel and relevant employees.  |
| Minimize involuntary resettlement, and compensate fairly for adverse effects on the community where they cannot be avoided.                  | Resettlement plans at Anglo American are developed in line with the <i>Social Way, Tool 4D – Resettlement Planning and Implementation</i> of SEAT and the relevant International Finance Corporation Performance Standards.   |
| Respect the culture and heritage of local communities, including Indigenous Peoples.   | Our approach to Indigenous People is aligned with the ICMM Position Statement and outlined in the <i>Social Way, Tool 4G – Indigenous Peoples</i> of SEAT and the relevant International Finance Corporation Performance Standards.   |

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**Principle 4**

Implement risk management strategies based on valid data and sound science

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Consult with interested and affected parties in the identification, assessment and management of all significant social, health, safety, environmental and economic impacts associated with our activities.

The SHE Way, Social Way and SEAT include requirements to engage with stakeholders on the identification, assessment and management of all significant sustainability risks associated with our activities. Stakeholder engagement requirements are also usually addressed comprehensive in local legal requirements.

Inform potentially affected parties of significant risks from mining, minerals and metals operations and of the measures that will be taken to manage the potential risks effectively develop, maintain and test effective emergency response procedures in collaboration with potentially affected parties.

Ensure regular review and updating of risk management systems.

The Anglo American Operating Model and Operational Risk Management process ensure that continuous risk management is used to inform improved approaches to operational practices and risk management.

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**Principle 5**

Seek continual improvement of our health and safety performance

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Implement a management system focused on continual improvement of all aspects of operations that could have a significant impact on the health and safety of our own employees, those of contractors and the communities where we operate.

The Anglo American SHE Way is aligned with OHSAS 18001 and mandatory throughout the Group.

Take all practical and reasonable measures to eliminate workplace fatalities, injuries and diseases among our own employees and those of contractors.

The SHE Way is supported by mandatory performance standards (relating to, for example, fatal risks and hearing conservation) and operational safety improvement plans. A comprehensive account of measures taken by Anglo American to eliminate workforce fatal injuries is available in the 2017 Sustainability Report.

Provide all employees with health and safety training, and require employees of contractors to have undergone such training.

All employees and contractors undergo safety training as required in the SHE Way and legal requirements in all operating geographies.

Implement regular health surveillance and risk-based monitoring of employees.

Risk-based medical surveillance is required at all operations in line with the SHE Way and local legal requirements.

Rehabilitate and reintegrate employees into operations following illness or injury, where feasible.

Our health programme involves measures to rehabilitate and reintegrate employees into operations following illness or injury, where feasible. This is in line with local legal requirements.

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**Principle 6**Seek continual improvement of our environmental performance

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| Assess the positive and negative, the direct and indirect, and the cumulative environmental impacts of new projects – from exploration through closure. | The assessment of the environmental impacts of new projects throughout the mining life-cycle is a legal requirement in each of the countries where our operations are located. The Anglo American Mine Closure Toolbox provides additional, best practice, guidance on effective mine closure planning throughout the mining life cycle. |
| Implement an environmental management system focused on continual improvement to review, prevent, mitigate or ameliorate adverse environmental impacts. | The Anglo American SHE Way is aligned with ISO 14001 and is mandatory throughout the Group.  |
| Rehabilitate land disturbed or occupied by operations in accordance with appropriate post-mining land uses.   | Local legal requirements require that land disturbed or occupied by operations is rehabilitated in accordance with appropriate post-mining land uses.  |
| Provide for safe storage and disposal of residual wastes and process residues.  | The Anglo American Mineral Residue Standard is mandatory and addresses the matter of safe storage and disposal of waste. Waste management is also subject to extensive legal compliance requirements.  |
| Design and plan all operations so that adequate resources are available to meet the closure requirements of all operations.                             | Local legal requirements dictate requirements around financial provisioning for closure requirements. The Mine Closure Toolbox offers best practice guidance on the provision of adequate operational resources.   |

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**Principle 7**Contribute to conservation of biodiversity and integrated approaches to land use planning

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| Respect legally designated protected areas.   | Anglo American respects legally designated protected areas as a standard aspect of legal compliance.   |
| Disseminate scientific data on and promote practices and experiences in biodiversity assessment and management.   | We have several partnerships with international and local biodiversity NGOs with the express purpose of promoting best practices and experiences in biodiversity assessment and management. We have a formal MoU with Fauna & Flora International at a global level ( <a href="http://www.angloamerican.com/sustainability/approach-and-policies">http://www.angloamerican.com/sustainability/approach-and-policies</a> ). |
| Support the development and implementation of scientifically sound, inclusive and transparent procedures for integrated approaches to land use planning, biodiversity, conservation and mining. | The 2017 Anglo American Sustainability Report provides several examples of partnerships with NGOs and academic institutions on matters related to biodiversity.  |

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**Principle 8**

Facilitate and encourage responsible product design, use, re-use, recycling and disposal of our products

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Advance understanding of the properties of metals and minerals and their life-cycle effects on human health and the environment.

Develop and promote the concept of integrated materials management throughout the metals and minerals value chain.

Provide regulators and other stakeholders with scientifically sound data and analysis regarding our products and operations as a basis for regulatory decisions.

Support the development of scientifically sound policies, regulations, product standards and material choice decisions that encourage the safe use of mineral and metal products.

Anglo American has mandatory product-compliance obligations that stem primarily from two sources. First, implementation of the EU's Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regulation – a leading initiative aimed at improving the protection of human health and the environment from the potential risks associated with chemicals. Secondly, the UN's Globally Harmonised System of Classification and Labelling of Chemicals (GHS), which influences standards for hazard assessment and communication in the global trade of our products, as well as setting operational standards in many countries where we operate.

REACH and GHS apply to all chemical substances, including minerals and metals; and failure to comply with these obligations would put our ability to access markets at risk. Comprehensive systems are in place, therefore, to ensure ongoing compliance.

During 2017, we focused on our collaboration with the European Precious Metals Federation to complete our platinum group metal registration dossiers for the May 2018 REACH deadline.

Conduct or support research and innovation that promotes the use of products and technologies that are safe and efficient in their use of energy, natural resources and other materials.

Innovative approaches to the use of platinum group metals in environmentally friendly technologies is available on page 62 of the 2017 Anglo American Sustainability Report.

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**Principle 9**

Contribute to the social, economic and institutional development of the communities in which we operate

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Engage at the earliest practical stage with likely affected parties to discuss and respond to issues and conflicts concerning the management of social impacts.

Ensure that appropriate systems are in place for ongoing interaction with affected parties, making sure that minorities and other marginalized groups have equitable and culturally appropriate means of engagement.

Contribute to community development from project development through closure in collaboration with host communities and their representatives.

Encourage partnerships with governments and non-governmental organizations to ensure that programs (such as community health, education, local business development) are well designed and effectively delivered.

Enhance social and economic development by seeking opportunities to address poverty.

Our commitment to, and process for, engaging with interested and affected parties, including vulnerable groups; contributing to community development throughout the project life-cycle; partnerships with relevant stakeholders; and poverty reduction, are included in the Social Way and SEAT.

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## Principle 10

Implement effective and transparent engagement, communication and independently verified reporting arrangements with our stakeholders

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Report on our economic, social and environmental performance and contribution to sustainable development.

Provide information that is timely, accurate and relevant.

Engage with and respond to stakeholders through open consultation processes.

Anglo American releases annual financial and sustainability reports within three months of year-end and hosts an annual sustainability performance report back by the CEO.

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## Alignment of Anglo American's sustainability policies to ICMM's Position Statements

### ICMM Principles for climate change policy design

Anglo American supports the ICMM's position statement on climate change and related work on implementing a global solution for managing a low emissions economy, and its principles for climate-change policy design. We have a clear position on climate change in our business.

This is available for download at: [www.angloamerican.com](http://www.angloamerican.com)

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### Mining: Partnerships for Development Position Statement

Anglo American implements the requirements for the ICMM Partnerships for Development Position Statement through the Social Way and Socio-Economic Development Toolbox, available at:

[www.angloamerican.com/sustainability/approach-and-policies](http://www.angloamerican.com/sustainability/approach-and-policies)

The 2017 Sustainability Report provides a detailed description of Anglo American's approach to socio-economic development. The report is available at: [www.angloamerican.com/investors/annual-reporting](http://www.angloamerican.com/investors/annual-reporting)

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### Transparency of Mineral Revenues Position Statement

Anglo American has voluntarily provided information about our tax payments on a country-by-country basis for the past 12 years. A detailed account of performance in this regard is available in our annual Tax and Economic Contribution Report, at: [www.angloamerican.com/investors/annual-reporting](http://www.angloamerican.com/investors/annual-reporting)

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### Indigenous Peoples and Mining Position Statement

As a member of the ICMM, we committed to the 2013 ICMM Position Statement on Indigenous Peoples and Mining, which endorses the principles of Free, Prior and Informed Consent. This commitment is incorporated into our Social Way. Aligned with the Position Statement and our own policy, we accordingly seek the consent of Indigenous Peoples for all new projects (and changes to existing projects) that are located on lands traditionally owned by, or under customary use of, Indigenous Peoples and are likely to have significant adverse impacts on them.

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### Mining and Protected Areas Position Statement

In line with the Position Statement, Anglo American commits to respecting legally designated protected areas, and to not exploring or mining at any World Heritage sites. The map on pages 56-57 of the 2015 Sustainability report identifies our operations located in environmentally sensitive areas and outlines how these address related risks and opportunities.

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### Preventing Catastrophic Failure of Tailings Storage Facilities

In December 2016, Anglo American signed up to the ICMM Position Statement on Preventing Catastrophic Failure of Tailings Storage Facilities, which sets out its members' approach to the governance of tailings storage facilities (TSFs) to minimise the risk of catastrophic failure of tailings facilities. The requirements of the Position Statement are addressed in the Anglo American mineral residue technical standard.

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### Position Statement on Water Stewardship

In January 2017, the ICMM released a Position Statement on Water Stewardship, which sets out ICMM members' approach to water stewardship. Anglo American has endorsed the statement and has updated internal performance and reporting standards to ensure compliance.

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*Anglo American does not own any mines that produce mercury as a primary product.*

## Subject Matter 2

Anglo American's material sustainable development risks and opportunities based our review of the business and the views and expectations of our stakeholders.

Page 17 of the 2017 Anglo American Sustainability Report describes our approach to defining material matters and takes into account the views and expectations of stakeholders.

## Subject Matter 3

The existence and status of implementation of systems and approaches that Anglo American is using to manage each of the identified material sustainable development risks and opportunities

Our sustainability standards are articulated in the Anglo American Safety, Health and Environment (SHE) Way, the Government Relations Way and the Social Way. The 'Ways' apply throughout the Group and set out the vision, principles, policies, management-system requirements and performance expectations for managing our core sustainability risks and opportunities. We also promote comparable standards in joint ventures and associate companies.

Group Technical Standards define the mandatory minimum requirements we set for managing a wide range of specific issues. In relation to sustainability these include, for example, the management of water, energy, tailings-storage facilities, and various technical aspects of mining that relate to safety.

The Way documents, along with other key policies, tools and guidance documents are available at:  
**[www.angloamerican.com/sustainability/approach-and-policies](http://www.angloamerican.com/sustainability/approach-and-policies)**

## Subject Matter 4

The company's performance during the given reporting period for each (or a selection) of the identified material SD risks and opportunities

A full account of Anglo American's performance in relation to the material issues identified is available at:  
**<http://www.angloamerican.com/investors/annual-reporting>**

A set of key performance indicators has been assured by PricewaterhouseCoopers. The assurance scope and opinion statement are available in the 2017 Anglo American Sustainability Report available at:  
**<http://www.angloamerican.com/investors/annual-reporting>**

## Subject Matter 5

Anglo American's self-declared application level of the Global Reporting Initiative Standards. The 2017 Sustainability Report and GRI table are available at:

**[www.angloamerican.com/investors/annual-reporting](http://www.angloamerican.com/investors/annual-reporting)**



## Appendix

### **Independent Assurance Report to the Directors of Anglo American Plc**

We have been engaged by the directors of Anglo American Plc (the “Company”) to perform an independent assurance engagement in respect of the Company’s response to the International Council for Mining and Metals (ICMM) Assurance Procedure, published by the ICMM, for the year ending 31 December 2017 (the “Procedure”). This report is produced in accordance with the terms of our contract with the Company dated 13 February 2018.

### **Independence, Quality Control and Expertise**

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B).

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our engagement was conducted by a multi-disciplinary team of health, safety, environmental and assurance specialists with extensive experience in sustainability reporting.

### **Scope and Subject Matter**

The subject matter of our engagement is to provide limited assurance over management’s description of their alignment with the relevant governance, processes and control activities in operation for the 2017 reporting year, to meet the ICMM Assurance Procedures.

We have carried out work on the description and information reported for 2017 only and have not performed any procedures with respect to earlier periods and, therefore, do not express any conclusion thereon. We have not performed work in respect of future projections and targets.

### **Respective responsibilities of the Directors and PricewaterhouseCoopers Inc.**

The directors are responsible for selection, preparation and presentation of the subject matter in accordance with the ICMM’s Assurance Procedure, referred to as the Reporting Criteria. The directors are also responsible for designing, implementing and maintaining of internal controls as the directors determine is necessary to enable the preparation of the subject matter that are free from material misstatements, whether due to fraud or error.

Our responsibility is to form an independent conclusion, based on our limited assurance procedures, on whether anything has come to our attention to indicate that the subject matter has not been prepared, in all material respects, in accordance with the Reporting Criteria.

This report, including the conclusions, has been prepared solely for the directors of the Company as a body, to assist the directors in reporting on the Company’s sustainable development performance and

activities. We permit the disclosure of this report within the Procedure for the year ended 31 December 2017, to enable the directors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the Procedure. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the directors as a body and the Company for our work or this report save where terms are expressly agreed and with our prior consent in writing.

### **Assurance work performed**

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits and Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. These standards require that we comply with ethical requirements and that we plan and perform the assurance engagement to obtain assurance on the subject matter as per the terms of our engagement.

Our work included examination, on a test basis, of evidence relevant to the subject matter. It also included an assessment of the significant estimates and judgements made by the directors in the preparation of the subject matter. We planned and performed our work so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence on which to base our conclusion in respect of the subject matter.

Our work in respect of the subject matter consisted of:

#### **ICMM Subject Matter #1**

- For each of the ICMM Sustainable Development (SD) Principles and ICMM Position Statements, we obtained the documents referred to in Anglo American's response and confirmed that they included elements referenced;
- Through discussions, we obtained an understanding of the processes that are designed to monitor compliance with these documents;
- We obtained an understanding of how these documents are maintained and kept up to date;
- On a sample basis, discussions were held on the application of the SD management systems with personnel at BU and Group level and through review of additional documents; and
- Discussed other Anglo American initiatives relevant to Anglo American's response to each of the ICMM Sustainable Development (SD) Principles and ICMM Position Statements.

#### **ICMM Subject Matter #2**

- Reviewed the internal Anglo American documentation that described the process undertaken to identify the SD issues that Anglo American considers to be most material; and
- Confirmed through discussions the materiality process followed.

#### **ICMM Subject Matter #3**

- Obtained the SD management system documents referred to in Anglo American's response and confirmed that they included elements referenced;
- Confirmed that the management system documents relate to the material SD issues identified by Anglo American;

- Discussed the internal assurance processes that are designed to monitor compliance with these documents;
- Discussed how these documents are maintained and kept up to date; and
- On a sample basis, we held discussions on the application of the SD management systems with personnel at BU and Group level and through review of additional documents.

#### **ICMM Subject Matter #4**

- Reviewed the Sustainability Report and confirmed that performance indicators related to Anglo American's material SD issues have been set out in report; and
- Provided independent assurance over Selected Sustainability Information set out in the Sustainability Report [www.angloamerican.com/investors/annual-reporting](http://www.angloamerican.com/investors/annual-reporting)

#### **ICMM Subject Matter #5**

- Reviewed the alignment between the material issues identified by Anglo American and the selected GRI material aspects; and
- Reviewed GRI indicators selected for each GRI material topic to determine whether the Content Index had been prepared in accordance with the GRI Standards "Core" Requirements.
- Our procedures were not sufficient to enable us to conclude on the design effectiveness of policies, processes or control activities in place to address the requirements of the Procedure and, accordingly, we not express an opinion thereon.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 (Revised). Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement, and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement.

The procedures selected depend on our judgement, including the assessment of the risk of material misstatement of the subject matter, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of the subject matter in order to design procedures that are appropriate in the circumstances.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

#### **Inherent limitations**

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining, calculating, sampling and estimating such information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time.

## **Conclusions**

### Limited assurance

Based on the results of our limited assurance procedures nothing has come to our attention that causes us to believe that the subject matter for the year ended 31 December 2017, has not been prepared, in all material respects, in accordance with the Reporting Criteria.

### Other Matters

The maintenance and integrity of Anglo American's Website is the responsibility of Anglo American's Directors. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Report or our independent assurance report that may have occurred since the initial date of presentation on the Anglo American Website.

A handwritten signature in black ink that reads "PricewaterhouseCoopers Inc." in a cursive style.

### **PricewaterhouseCoopers Inc.**

Director: Jayne Mammatt

Registered Auditor

4 Lisbon Lane, Johannesburg

28 February 2018