



**UNLOCKING
OUR FULL
POTENTIAL
DISCIPLINED
GROWTH FOR
A SUSTAINABLE
FUTURE**

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In 2018, we continued to deliver on our clear commitments. Anglo American today is a fundamentally different business – in terms of enhanced performance, financial resilience and returns – and the unlocking of the Group’s full potential is our ultimate objective.

FutureSmart Mining™ is our innovation-led pathway to sustainable mining and includes our far-reaching Sustainable Mining Plan. Aligned to the UN’s Sustainable Development Goals, we have set out a series of ambitious 2030 goals and interim targets that relate to three major areas of sustainability – trusted corporate leader, i.e. advocating for the highest standards of governance to drive transparency and trust in mining and mined products; healthy environment; and thriving communities.

Closely aligned with Anglo American’s Purpose of re-imagining mining to improve people’s lives, and our longstanding reputation as a leader in sustainable mining, our focus is to continue to enhance the quality and cash flow generation of our business through the disciplined allocation of capital, while staying attuned to the demands and expectations of our changing world, so that we grow our business safely, sustainably and responsibly, for the benefit of all.

Forward-looking statements

This document includes forward-looking statements. For information regarding forward-looking statements please refer to the inside back cover (IBC) of this document.

Other sources of information

More information about sustainability at Anglo American, including an Excel download of our sustainability data, business unit sustainability reports, and historical reports, can be found in our Integrated Annual Report and online at: www.angloamerican.com

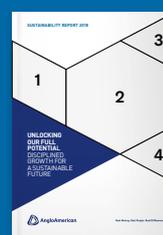
Cover images

1. The Shungudzevhu Irrigation Scheme near Village 17 at our Unki mine in Zimbabwe.

2. Work and Management Planners Khutso Tladi and Londi Langa in the control room at Kolomela iron ore mine in South Africa.

3. Since 2012, Anglo American has supported a group of farmers from the Pocata community, a small town near Quellaveco, in planting strawberries in greenhouses. More than 9,000 strawberry plants grow in the space of 700 square metres.

4. Audrey Mabiza and Lee-Roy Rumishi at the concentrator plant in Unki mine.



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PURPOSE AND SCOPE OF THIS REPORT

This report is produced to provide our stakeholders with a transparent account of how we addressed the most material sustainability issues our company faced during 2018. The report is aimed primarily at those who work for us, non-governmental organisations, investors, customers, businesses and governments. Several additional mechanisms are in place to ensure that we engage meaningfully with local stakeholder groups on matters that are of specific interest to them. Individual business unit reports are published annually for the De Beers, Platinum Group Metals, Copper and Kumba Iron Ore businesses, and provide greater detail on performance. These are available on the Anglo American website. The Anglo American Integrated Annual Report includes additional information about the management, operations and financial performance of the Group.

The Sustainability Report covers companies, subsidiaries and joint ventures over which Anglo American has management control; it does not include independently managed operations, such as Cerrejón and Samancor, unless significant incidents arise. It also excludes De Beers' non-managed joint-venture operations in Namibia and Botswana from our reporting scope, unless specifically stipulated in the reporting.

PricewaterhouseCoopers (PwC) has provided independent assurance over selected sustainability key performance indicators, and on our statement on compliance with the International Council on Mining and Metals (ICMM) Sustainable Development Framework Principles and reporting requirements.

The basis of preparation of this report takes into account guidance from the ICMM Sustainable Development Framework, the Global Reporting Initiative (GRI) Standards and related Mining and Metals Supplement, the EU Non-Financial Disclosure Directive, the UN Global Compact Reporting Framework and the UN Guiding Principles Reporting Framework.

The Anglo American chief executive and the chairman of the Board's Sustainability Committee have reviewed and approved this report.

OUR VALUES

Safety

Safety is always first on our agenda. We truly believe that all injuries are preventable and that by working together we can make safety a way of life, inside and outside of the workplace.

Care and respect

We always treat people with respect, dignity and common courtesy – regardless of their background, lifestyle or position. And we are building trust through open, two-way communication every single day.

Integrity

Integrity demands taking an honest, fair, ethical and transparent approach in everything we do. It is not about being popular; it is about always doing the right thing.

Accountability

We take ownership of our decisions, our actions and our results. We deliver on our promises and acknowledge our mistakes. Above all, we never pass blame.

Collaboration

No one here is on their own. We are one company with a joint ambition – all working together to make decisions and to get things done more effectively.

Innovation

Challenging the way things have always been done is a priority. By developing new solutions, encouraging new ways of thinking and finding new ways of working, we are dramatically improving our business.

Our approach

- 02 At a glance
- 04 Chairman's statement
- 06 Chief Executive's review
- 10 Our business model
- 12 Sustainable mining
- 14 Sustainability commitments
- 15 Measuring our performance
- 16 The Sustainable Development Goals
- 18 Governance and management approach

Material matters

- 22 Material matters

Safety and health

- 24 Safety
- 28 Health

Environmental impacts and climate change

- 33 Environmental management
- 36 Biodiversity
- 40 Mineral residue management
- 42 Non-mineral waste
- 43 Product stewardship
- 44 Air quality
- 45 Water
- 49 Climate change
- 55 Mine closure and rehabilitation

Meeting our commitments to business, stakeholders and society

- 59 Public policy engagement
- 61 Social performance
- 63 Human rights
- 67 Responsible supply chain management
- 68 Socio-economic contribution

Workforce culture and capability

- 74 Business conduct
- 75 Building a high-performing organisation
- 77 Employee engagement and capability

Data and Assurance

- 80 Assurance statement
- 82 Basis for the preparation of key sustainability data
- 84 Reporting scope
- 85 2018 data
- 88 Commitments to external initiatives and memberships
- 89 GRI Standards Contents Index
- 95 ICMM and Global Compact Principles
- 96 Contacts and other information

OUR BUSINESS AT A GLANCE

Anglo American is a leading global mining company with a world class portfolio of mining and processing operations and undeveloped resources. We provide the metals and minerals to meet the growing consumer driven demands of the world's developed and maturing economies. And we do so in a way that not only generates sustainable returns for our shareholders, but that also strives to make a real and lasting positive contribution to society.

DIAMONDS

● DE BEERS

\$1,245 million

Underlying EBITDA*

14%

Group underlying EBITDA*

35.3 Mct

Production (100% basis)⁽¹⁾

 For more information
See page 37

COPPER

● COPPER

\$1,856 million

Underlying EBITDA*

20%

Group underlying EBITDA*

2

Greenfield projects
Peru (Quellaveco)
Finland (Sakatti)

668.3 kt

Production

 For more information
See page 60

GLOBAL FOOTPRINT⁽²⁾



⁽¹⁾ With the exception of Gahcho Kué, which is on an attributable 51% basis.

⁽²⁾ Number of operating mining assets/major projects under development per business unit. More detailed maps can be found in the business unit reviews on pages 54 to 71 of our 2018 Integrated Annual Report.

PGMs

● PLATINUM GROUP METALS

\$1,062 million
Underlying EBITDA^o

11%
Group underlying EBITDA^o

2,485 koz
Production platinum

1,611 koz
Production palladium

 For more information
See page 42

BULK COMMODITIES AND OTHER MINERALS

● IRON ORE

\$1,177 million
Underlying EBITDA^o

13%
Group underlying EBITDA^o

43.1Mt
Production iron ore – Kumba

3.4 Mt (wet basis)
Production iron ore – Minas-Rio

 For more information
See page 76

● COAL

\$3,196 million
Underlying EBITDA^o

35%
Group underlying EBITDA^o

21.8 Mt
Production metallurgical – export

28.6 Mt
Production thermal – export

 For more information
See page 57

● NICKEL AND MANGANESE

\$844 million
Underlying EBITDA^o

9%
Group underlying EBITDA^o

42.3 kt
Production nickel

3.6 Mt
Production manganese ore

 For more information
See page 26

CORPORATE AND OTHER

\$(219) million
Underlying EBITDA^o

(2)%
Group underlying EBITDA^o

United Kingdom
(Headquarters and Marketing),
Australia, Brazil, Chile, China, Peru, Singapore
(Marketing hub),
South Africa
Corporate office locations

 For more information
See page 79

GEOGRAPHIC OVERVIEW



NUMBER OF EMPLOYEES ⁽³⁾	
	Thousand
Brazil	3
Chile	4
Other South America	1
North America	1
South Africa	47
Other Africa	4
Australia/Asia	2
Europe	2
	64



WAGES AND BENEFITS PAID ⁽⁴⁾	
	\$m
Brazil	166
Chile	391
Other South America	27
North America	103
South Africa	1,786
Other Africa	211
Australia/Asia	423
Europe	383
	3,490



TAXES BORNE ⁽⁵⁾	
	\$m
Brazil	91
Chile	513
Other South America	4
North America	38
South Africa	761
Other Africa	165
Australia/Asia	847
Europe	96
	2,515



LOCAL PROCUREMENT SPEND ⁽⁶⁾	
	\$m
Brazil	101
Chile	34
Other South America	35
North America	80
South Africa	1,047
Other Africa	715
Australia/Asia	116
Europe	-
	2,128

⁽³⁾ Average number of employees, excluding contractors and associates' and joint ventures' employees, and including a proportionate share of employees within joint operations.

⁽⁴⁾ Includes social security costs of \$163 million borne by the Group.

⁽⁵⁾ Based on numbers disclosed within the Group's income statement and excludes the impact of certain associates and joint ventures.

⁽⁶⁾ Data relates to subsidiaries and joint operations over which Anglo American has management control. In 2018, data excludes results from De Beers' joint operations in Namibia and Botswana. Prior years' data includes results from De Beers' joint operations in Namibia and Botswana.

CHAIRMAN'S STATEMENT



“Anglo American has long been known as a leader in responsible mining, with numerous examples of progressive and bold business decisions across many decades.”

Stuart Chambers, Chairman

After my first full year as chairman, I am pleased to report that the realities of how Anglo American does business live up to the promise. This is a company that is not only performing strongly, but that also thinks deeply about its role in society, guided by a clear Purpose.

I am delighted to share with you Anglo American's 2018 Sustainability Report. The report reflects on the past year and sets out those matters that are crucial to the long term success of our business and that matter the most to our wide array of stakeholders.

UNCONDITIONAL ABOUT SAFETY

At the centre of our work as a mining company is the understanding of our role as stewards. We are custodians of land, air, and water. We are custodians of the resources we extract and the materials we produce. In many cases, we are the champions of the human and economic development of the communities and regions in which we operate. Most importantly, we are entrusted with the lives and well-being of those who make our business possible: our employees and contractors.

During the year, Anglo American's injury rate continued to trend downwards, reaching a best-ever performance level but, most disappointingly, we experienced five fatal incidents at our managed operations, all in South Africa. Of these, two of our people died underground, reminding us of the urgency of the management team's work to address the underlying issues, including by deploying technologies that will enable us to remove people from the areas of greatest physical risk.

Our *Elimination of Fatalities Taskforce* will enable a more thorough understanding of the causes of fatal incidents, in parallel with supporting a focused programme to address the management of fatal risks.

Safety is always No. 1 on the Board's agenda and the Board continues to work closely with management in pursuit of our goal of zero harm. No lesser goal is acceptable.

DELIVERING TRUE BUSINESS SUSTAINABILITY

As chairman, it is my duty to see that the Board performs effectively in its guidance and oversight role. I do so knowing that, as a group, the Board is fully committed to living up to the values and behaviours we demand of all our employees, partners and contractors. Our Code of Conduct provides clarity for us all about doing the right thing.

As you will see on page 18, the Board's Sustainability Committee explores many of the most critical issues facing Anglo American. Sustainability – encompassing environmental, social and governance performance – is a key lens used to decide what path to take. We are entrusted to guide the company towards sustainable success, which we achieve when our stakeholders – communities, governments, customers and employees – feel that it is their success too.

In March 2018, we launched our far-reaching approach to sustainability at our annual sustainability performance update to the investment community. Aligned to the UN's 2030 Sustainable Development Goals, this is a key component of our FutureSmart Mining™ programme to transform the physical processes of mining, and the way our Group does business and contributes to society.

Our sustainability goals relate to three global sustainability pillars: to foster and sustain thriving communities; to create a healthy environment; and to proactively shape policy and ethical standards to drive greater trust and transparency. Its aims are to innovate and deliver step-change results across the entire mining value chain, from mineral discovery to the end customer.

As such, we are going far beyond compliance with legal and regulatory requirements by raising the bar on what we believe society expects of us, with clear stretch goals against which to judge our performance, so that we make a comprehensive and lasting impact that will positively transform how all our stakeholders view our business.



The chairman (left) with directors and management during the Sustainability Committee's visit to Gahcho Kué in Canada.

I can see how Anglo American has lived up to this responsibility, even in the face of difficult challenges. During the year, we have seen a speedy and effective response to two pipeline leaks at Minas-Rio in Brazil, now restored to normal operations. We have also seen the Quellaveco copper project in Peru approved for development, in no small part due to the outstanding environmental and social stewardship shown by our team.

I believe that this approach will be our strongest suit as we face the challenges and harness the opportunities of the digitalisation of our business and the adoption of new technologies. Innovation is and must continue to be a mindset at Anglo American, one in which our sustainability programme is firmly anchored.

THE BOARD AND SUSTAINABILITY COMMITTEE

As chairman of the Board, I believe that it is my duty to see that the Board plays an active role in maintaining Anglo American's sustainability leadership. As with the wider responsibilities of the Board, this begins with ensuring we maintain the appropriate mix of experience and skills amongst the non-executive directors.

At the end of our AGM in April, we will be saying farewell to Jack Thompson, chair of our Sustainability Committee, after nine years on the Board. I thank Jack for the wealth of mining experience that he has brought to our discussions and for his deep personal commitment to safety and sustainability issues. Ian Ashby will take over as chairman of the Sustainability Committee, bringing his extensive global mining industry experience to bear on this critical area of our Board considerations.

OUTLOOK

It is difficult to overstate the importance of the minerals we mine in the world's economy. I look at the future for our business with considerable optimism, in which the products that mining provides will play an ever more crucial role in a greener world and our modern lives. The Board of Anglo American must ensure that we deliver the products our societies need to thrive, while reducing our physical footprint and making lasting positive contributions to the communities around our operations.

My commitment is that Anglo American continues to play a leading role in steering the future of the mining industry and that the decisions we make remain closely aligned to our Purpose in society.

Stuart Chambers
Chairman

CHIEF EXECUTIVE'S REVIEW



“In the six years since 2013, everyone at Anglo American has been on a journey of improvement to transform the competitive position of our business and to ensure that we have a truly sustainable business for the company’s second century.”

Mark Cutifani, Chief Executive

Anglo American has long shown itself to be a leader across many fields and such leadership is called for again as society changes with and around us. Mining must play its part to address the environmental challenges of a carbon-constrained world and society's wider expectations of us as enablers of change, while we continue to meet the ever-growing demand for our products.

Our FutureSmart Mining™ programme is designed to tackle many of these challenges, both environmental and social, and we are making encouraging progress that is changing how our employees and stakeholders experience Anglo American, in line with our Purpose.

SAFETY

The safety of our people is always front of mind for me, as it is for our leaders across the business. The fact that we continue to experience serious safety incidents, in which five of our employees died in 2018, is tragic. And while our overall safety performance was our best ever, until we deliver a fatality-free workplace we cannot be satisfied with our progress.

We simply must be unconditional about safety, both at an organisational and a personal level. As a matter of urgency, we launched an *Elimination of Fatalities Taskforce* during 2018 to further interrogate drivers of fatal incidents at a more granular cultural level, to understand how we can better manage fatal and catastrophic risks.

Across safety as a whole, we recorded an all-time low injury frequency rate of 2.66 per million hours worked, a total 51% improvement since 2013. However, we should not be experiencing major safety incidents and have demonstrated time and again that even our most potentially hazardous businesses can be incident-free for long periods.

HEALTH

Supporting the overall health and well-being of our employees, mitigating workplace health risks and promoting community health are critical and longstanding commitments. We continue with our world-leading HIV/AIDS and TB-management programmes and are seeing a decline in the incidence rates of these and other lifestyle diseases. In 2018, over 70,000 or 88% of our workforce (including contractors) in southern Africa participated in HIV testing, marginally short of our 90% target.

We know that a healthy workforce comes from a healthy community and our innovative sustainability programme commits us to working with host communities and governments to achieve the health targets in the UN's Sustainable Development Goals.

INCLUSION AND DIVERSITY

More broadly, creating a more inclusive and diverse workplace is business-critical for us and a key component in building a sustainable and healthy business. Underpinned by our Code of Conduct and values, our global inclusion and diversity policy and mandatory leadership training set out the behaviours we expect of all our colleagues.

While we recognise that we have a long journey ahead of us in many instances, we believe that we should be providing more opportunities in the workplace to people who have physical and learning difficulties and issues relating to mental health, for example. We have established a number of colleague networks in support of greater inclusivity across its many dimensions in the UK, Chile and South Africa, and are partnering with the Business Disability Forum and Mental Health First Aid England.

Gender imbalance is prevalent in the mining industry and we have set clear pathways to greater female representation, including through recruitment and talent development. The executive team, supported by the Board, is committed to promoting an inclusive culture, with equality of opportunity for all – regardless of gender, race, ethnicity, disability or sexual orientation – enabling us to appoint the right person to the right role, so that everyone can bring their full self to work.

FUTURESMART MINING™

As a Board, a management team and our team of 92,000 employees and contractors, we are united behind our Purpose of re-imagining mining to improve people's lives. Whether it be our employees, communities who live around our operations or the billions of people who benefit from mined products in their everyday lives, we are setting out a different future for mining that is designed to further improve how our stakeholders experience us and to ensure the safe supply of metals and minerals that the world needs and wants.

Central to living up to our Purpose is our FutureSmart Mining™ programme, bringing together step-change innovation in technology and sustainability – working hand in hand towards sustainable mining. This is a different way of thinking that is beginning to transform the nature and experience of mining – how we discover, mine, process, move and market our products – and how we can make a positive difference and improve people's lives.

In terms of the physical activities of mining and processing ore, our aim is to target only the metal or mineral, with radically less waste rock, lower water and energy intensity and, ultimately, a much-reduced physical footprint. These are step changes that we believe hold the key to the future of mining.

Sustainable mining

Our far-reaching Sustainable Mining Plan, launched in 2018 as part of FutureSmart Mining™, commits us to a series of ambitious medium and longer term goals. These relate to three major areas of sustainability aligned to the UN's Sustainable Development Goals: trusted corporate leader (advocating for the highest standards of governance to drive transparency and trust in mining and mined products); healthy environment; and thriving communities.

Livelihoods

While our environmental goals will rely on many of the technologies we are beginning to deploy, we are also thinking innovatively to create thriving and sustainable economic environments for mine communities. In particular, we are building on our decades-long commitment to local enterprise and supplier development in our host communities, for example through our pioneering Zimele programme in South Africa, by assessing development opportunities at regional levels.

Collaborative Regional Development is our model: partnering with appropriate government and other regional development experts, and aligned with our engagements with faith groups, work is under way in the Limpopo province of South Africa, Peru and Colombia, with Brazil and South Africa's Northern Cape to follow in 2019.



Mark Cutifani addresses colleagues at Capcoal, Australia, as part of Global Safety Day 2018.



Mark Cutifani speaking at Anglo American's Annual Results 2018 presentation in London.

Environment

Our sustainability goals include our commitment to be a leader in environmental stewardship. By 2030, we aim to: reduce GHG emissions by 30% against a 2016 baseline and improve energy efficiency by 30%; achieve a 50% net reduction in freshwater abstraction in water-scarce regions; and deliver net-positive impacts in biodiversity wherever we operate. We are also working on ensuring all operations fully align with our Biodiversity Standard and our best-in-class Integrated Mine Closure Planning System. Currently, 12% of our energy needs are met by renewables, and we are working to increase this percentage. During 2018, we recorded one Level 4 and five Level 3 environmental incidents¹⁾ – two of which (one Level 4 and one Level 3) related to two separate leakages of non-hazardous iron ore slurry from Minas-Rio's pipeline in Brazil. We suspended operations and mobilised a comprehensive clean-up of the affected area. We also took a responsible approach to the inspection and repair of the pipeline, pre-emptively replacing a number of sections.

Climate change

Climate change is a critical issue facing all of us, and Anglo American recognises its responsibility to contribute to the solution. Our products are already playing a central role as the global economy begins its transition to a low-carbon future. Copper, nickel and PGMs all have a strong role to play in a cleaner, lower-carbon world, as do premium quality iron ore and metallurgical coal that enable lower emissions in the steel-making process.

As demand for energy around the world grows, the proportion of that energy generated from thermal coal is set to decline. However, given the scale of future energy demand, we expect thermal coal to remain a material part of the global energy mix until 2040, especially in developing countries – playing a vital role in those countries' economic growth. We therefore believe there is a role for responsible and efficient coal mining. With the sale of our Eskom-tied thermal coal mines in South Africa and a number of thermal coal mines in Australia, we have reduced our thermal coal production by half since 2012. In 2018, thermal coal represented just 12% of our total underlying EBITDA and we have no plans to invest in new thermal coal mines.

We understand fully the growing expectations of our investors in respect of climate change and engage actively with them in order to meet those expectations. We are working to make our climate-related financial disclosure 'best in class' and in 2018 became formal supporters of the Financial Stability Board (FSB) Task Force on Climate-related Financial Disclosures (TCFD). We have started to implement the recommendations and you will find more detail elsewhere in this report and in our 2018 Integrated Annual Report.

¹⁾ From 1 January 2018, we implemented an updated classification process for environmental incidents. The updated approach maintains the level 1 – 5 classifications scale, while providing substantially greater guidance and rigour to the classification process. This change was flagged in our 2017 Sustainability Report and, as predicted, the tighter controls associated with the new process resulted in a small increase in reported level 3 environmental incidents in 2018.



As part of Global Safety Day 2018, Mark Cutifani (centre) visited our Capcoal operations in Australia.

Water

With around three-quarters of our portfolio located in water-scarce regions, water conservation is critical. Our ambition to eliminate freshwater usage from mining processes – and to eventually achieve a near-waterless mine – is focused on innovative ways to separate and transport waste, evaporation measurement, dry-tailings disposal and non-aqueous processing.

OPERATIONAL AND FINANCIAL PERFORMANCE

Our focus on efficiency and productivity improvements across the business, including with the implementation of our Operating Model, is continuing to deliver significant benefits, in terms of safety, the environment and financial returns. Anglo American today is unrecognisable in terms of its performance compared to where we began. In 2018, we produced 10% more product on a copper equivalent basis from half the number of assets compared to 2012. As a result, our productivity per employee has doubled, supporting a 12 percentage point increase in our mining margin to 42% and placing us with the leaders in the industry in terms of our competitive position.

As a result, we have materially strengthened our balance sheet, paying down more than \$10 billion of net debt in the last three years, and paying more than \$2.6 billion in dividends to our shareholders in respect of the 2017 and 2018 financial years. We are a very different and far more resilient business, with a world class asset portfolio that has the benefit of considerable organic growth optionality; and those growth options are particularly focused on products that contribute towards a cleaner, greener world and that satisfy the consumer-led demands of a fast-growing global middle class.



Mark Cutifani speaking at the Connect 2018 conference in Ireland. The conference is part of our broader leadership development strategy and is designed to help us nurture talent from within the company to create our leaders of the future.

CREATING A SUSTAINABLE FUTURE

We have set a clear direction to unlock Anglo American's full potential. We will only achieve that aim if we are able to grow our business responsibly and act in the best interests of all our stakeholders. That is our collective commitment to a sustainable future for Anglo American and mining.

Mark Cutifani
Chief Executive

OUR BUSINESS MODEL

Anglo American draws upon a number of key inputs from both its central expertise and its operating businesses that, through targeted allocation, development, extraction and marketing, create sustainable value for our shareholders and our diverse range of stakeholders.

GROUP INPUTS

Financial

Our corporate centre allocates our financial resources where they can be put to work most effectively to deliver optimal financial returns for our shareholders.

Know-how

We link our industry-leading technical and marketing knowledge to ensure we invest our efforts and capital in key leverage points in the 'mine to market' value chain.

Other natural resources

Mining and processing activities have long been major users of water and energy. Our technical and social expertise combine to provide advice and hands-on support to our operations to mitigate their water and energy requirements, while also developing new technologies that have the potential to significantly reduce our physical and environmental footprint.

Relationships with our stakeholders

Open and honest engagement with our stakeholders is critical in gaining and maintaining our social and regulatory licences to operate and, therefore, the sustainability of our business. We engage with a wide range of stakeholders to ensure effective two-way relationships.

Ore Reserves and Mineral Resources

We have an extensive resource base across our businesses and across a wide geographic

footprint, providing a suite of organic options for delivering value over the long term.

Plant and equipment

Our procurement and technical teams form strong relationships with major suppliers to deliver tailored equipment and other solutions to enable best-in-class operating performance and cost-effectiveness.

WORLD CLASS ASSET PORTFOLIO

Quality

The high quality and long life of our mineral assets from which we will deliver attractive and sustainable shareholder returns.

HOW WE CREATE SHARED VALUE

MATERIALITY AND RISK

Identifying and understanding our material matters and risks is critical in the development and delivery of our strategy.

 For our Material matters See page 22

People

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.

GOVERNANCE

Our governance controls ensure we respond effectively to those matters that have the potential to cause financial, operational and reputational harm to our business, while acting ethically and with integrity for the benefit of all our stakeholders.

 For our Governance Report See pages 72-126 of the 2018 Integrated Annual Report

People

Our simplified Organisation Model allows our businesses to design structures and roles that provide clear accountability and appropriate authority to get our work done.

OUR PEOPLE-CENTRIC VALUE CHAIN

We will invest in those points in the value chain that provide us with the best return on our investment.



OUR INNOVATIVE CORE PROCESSES

Discovery

Our exploration teams discover mineral deposits in a safe and responsible way to replenish the resources that underpin our future success.

Technology Model

Our strengthened in-house technology and digital capability provide world class, innovative solutions across our assets, supporting the delivery of step-change operating performance.

Operating Model

The application of our Operating Model drives a more stable, predictable and higher level of operating performance, resulting in improved safety, productivity and lower costs.

Project development

Our expertise and robust model for developing capital projects is designed to deliver projects safely, on time and on budget.

OPERATING BUSINESS INPUTS

Financial

Our businesses' strong focus on working capital management, productivity and cost discipline helps to drive sustainable positive cash flows.

Know-how

Our businesses work closely with our Technical function and Marketing business to apply innovative mining methods and technologies to realise even greater value from our resource base, and optimise

mine production plans to ensure we provide products to our customers around the world, meeting their specific technical and logistical requirements.

Other natural resources

It is critical that our businesses manage all the natural resources used in their processes responsibly, given the finite nature of mineral resources, scarcity of water and energy sources at some of our operations, and input cost pressures.

Relationships with our stakeholders

Working within our social performance framework, it is the goal of our operations to build and sustain constructive relationships with our host communities and countries that are based on mutual respect, transparency and trust.

Ore Reserves and Mineral Resources

Our exploration teams work with our businesses to discover mineral deposits in a safe and responsible way to replenish the resources that

underpin our future success – both to extend the lives of existing mines and to provide longer term near-asset and greenfield options.

Plant and equipment

Our businesses implement local procurement policies that support suppliers based in the host communities close to our operations – making a significant socio-economic contribution and building stronger communities, as well as lowering logistics costs.

OUTPUTS

Our outputs are the products that meet the growing consumer and other demands of the world's developed and maturing economies. Mining and processing activities also result in the unavoidable disturbance of land and seabed, generation of mineral residue, use of fresh water and energy, as well as atmospheric emissions and water discharges. We strive to minimise our footprint through our innovative technologies that are designed to support our approach to sustainable mining.

GROUP PRODUCTION GROWTH⁽¹⁾

6%

Increase over 2017

TOTAL WATER WITHDRAWALS

227Mm³

ATTRIBUTABLE FREE CASH FLOW^o

\$3.2 billion

CO₂ EQUIVALENT EMISSIONS

16.0 Mt

Value creation

Active portfolio management to continuously improve asset quality and competitive position.

Growth

A sequenced range of resource development options provides a number of high return, quick payback growth opportunities to further enhance the asset base.

Our Organisation Model ensures we have the right people in the right roles doing the right value-adding work. From the financial, technical, marketing and other expertise provided from the corporate centre, through our entire value chain from mine to market, it is our people that create the sustainable value that all our stakeholders demand and expect.



Across every aspect of our business, we are thinking innovatively about how we work to ensure the safety of our people, enhance our sustainability performance, and deliver industry-leading margins and returns.

Marketing

The value from our resources and market positions is optimised by our dedicated Marketing business, driving appropriate commercial decisions across the value chain – from mine to market – including working directly to tailor products to our customers' specific needs.

Sustainability

The corporate centre drives the sustainability agenda and offers expert advice, and hands-on support, to operations facing complex sustainability challenges, while ensuring our sustainable mining approach is embedded in all business and operating practices.

STAKEHOLDER VALUE

As we strive to deliver attractive and sustainable returns to our shareholders, we are acutely aware of the potential value creation we can offer to our diverse range of stakeholders. Through our business activities – employing people, paying taxes to governments and procuring from host communities – we make a significant and positive contribution to the countries where we operate. Beyond our direct mining activities, we create and sustain jobs, build infrastructure, support education and help improve healthcare for employees and local communities. By re-imagining mining, we are improving people's lives.

INVESTORS

\$1.3 billion

Total dividends paid and proposed

SUPPLIERS

\$2.1 billion

Local procurement expenditure

GOVERNMENTS

\$2.5 billion

Taxes borne⁽²⁾

LOCAL COMMUNITIES

125,095

Jobs created and maintained through enterprise development programmes since 2008

EMPLOYEES

\$3.5 billion

Wages and benefits paid⁽³⁾

HOW WE MEASURE THE VALUE WE CREATE

Our seven pillars of value underpin everything we do. Each pillar has defined Key Performance Indicators (KPIs) and targets that we set the business and against which we measure performance, both financial and non-financial.

- SAFETY AND HEALTH
 - PRODUCTION
 - ENVIRONMENT
 - COST
 - SOCIO-POLITICAL
 - FINANCIAL
 - PEOPLE
- For our KPIs See page 15

⁽¹⁾ Pro forma growth in copper equivalent production, excluding disposals and the impact of the stoppage at Minas-Rio.

⁽²⁾ Based on numbers disclosed within the Group's income statement and excludes the impact of certain associates and joint ventures.

⁽³⁾ Includes social security costs of \$163 million borne by the Group.

SUSTAINABLE MINING

Mining, much like farming, has always been a cornerstone of human development and society. As demand for products and services continues to grow and evolve, in line with the rapid pace of technological development and a cleaner, more electrified world, we are well positioned for a future where mining has been re-imagined to improve people’s lives.

In an increasingly complex and uncertain world, innovation is at the heart of unlocking solutions to the challenges we face and the opportunities available to us. Whether it is climate change or water conservation, access to health or education, there is a global imperative for us all to work together to ensure humanity’s progress. At Anglo American, we believe it is our responsibility to contribute to finding solutions to the world’s most pressing issues and, ultimately, improve the lives of the people we touch through our operations, raw materials and end products.

FutureSmart Mining™ is Anglo American’s innovation-led pathway to sustainable mining, the blueprint for the future of our business. It is a new way of thinking that will transform the nature of mining – how we discover, mine, process, move and market our products – and how our stakeholders experience our business. It is about our environmental and societal footprint.

SUSTAINABLE MINING PLAN

Anglo American’s Sustainable Mining Plan sets out a transformational challenge to our business.

Our sustainability approach is the result of rigorous and far-reaching consultation. Developed through extensive internal and external engagement and analysis of critical opportunities and risks, we are aligned with the UN’s Sustainable Development Goals (SDGs). (See page 16.)

Assessing our activities against the SDGs, we identified the areas where we either have material impact or where we can make a material difference. We are focusing our efforts on three pillars: trusted corporate leader, thriving communities and healthy environment. Under each of these we set ourselves three stretch goals. These are underpinned by a set of critical foundations, or mandatory high standards, that apply across our business and are essential to our long-term success.

By using spatial planning and analysis and working with partners and stakeholders in each region, we will identify and deliver long-term development projects that benefit the communities where we operate and leave a positive legacy long after mine closure. We want to transform the way our stakeholders – from communities to customers and employees – experience our business.

Ultimately, we believe that we will create enduring value for our shareholders and our stakeholders and move towards our purpose of re-imagining mining to improve people’s lives.

HOLISTIC, INTEGRATED AND FLEXIBLE APPROACH TO SUSTAINABILITY

The combination of complex challenges to solve with a wide variance of contexts for our operations mandates a regionally-appropriate approach. Site by site, we will tackle the areas where we can most contribute, build on the critical foundations and incorporate *Collaborative Regional Development* (CRD) plans that make our contribution regionally relevant. (See page 68.) Meeting the targets we have set ourselves will require a step change in the way we do business: the adoption of new technology, more efficient and integrated processes and a revised social contract with our stakeholders. We are mobilising our people and resources to deliver them by 2030.

2018 – A FOUNDATION YEAR

In 2018, we established a Sustainability Integration Team to support the implementation of our Sustainable Mining Plan across the Group. To kick-start their work, they brought together leaders from across the business in our first Sustainability Sprint, a multi-disciplinary workshop to ensure that we understood and mapped how the different aspects of the strategy are interlinked.

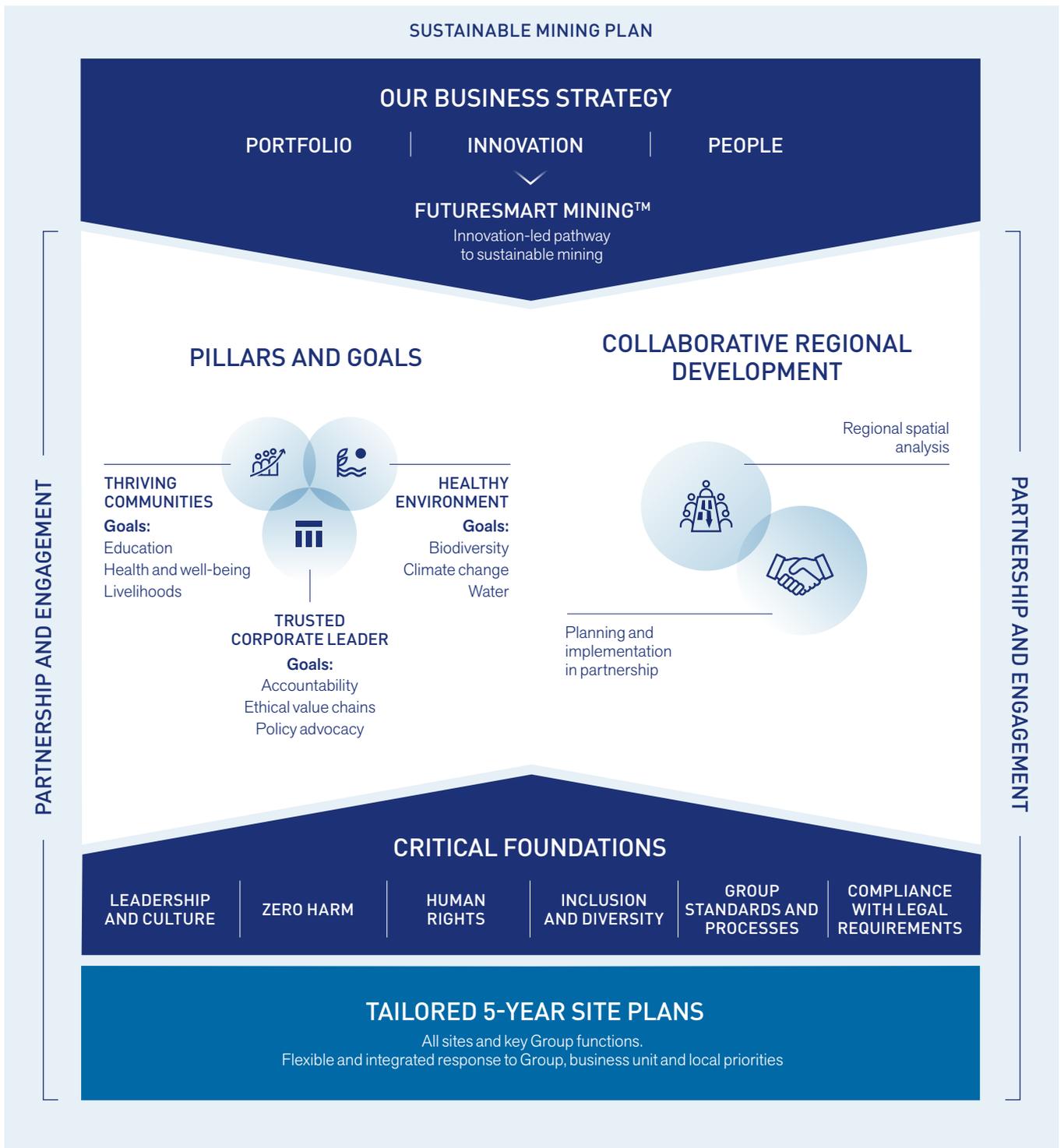
Although still in its first year, we have made progress in each of our key sustainability areas. Our annual results can be found in the material matters section of this report.

Global sustainability pillar	Global stretch goals	See pages
Collaborative Regional Development	Accountability	17
	Ethical value chains	43, 67
	Policy advocacy	59
Thriving communities	Education	71
	Health and well-being	28, 71, 72
	Livelihoods	69-71
Healthy environment	Biodiversity	36-39
	Climate change	49-54
	Water	45-48

LOOKING AHEAD

By 2020, each of our operating managed sites will be required to have a five-year plan towards meeting our sustainability stretch goals and other objectives. During the year ahead, we will establish the necessary framework and baseline data to be able to track progress and correct course as needed. In addition, we will continue to embed this work in our investments and at our operations.

 For more information visit www.angloamerican.com/sustainable-mining



SUSTAINABILITY COMMITMENTS

GLOBAL STRETCH GOALS AND VISIONS	MILESTONES AND GOALS
 Trusted corporate leader	
Local accountability To transform the relationship between mines and communities, and wider society.	2020: At local level, establish participatory accountability forums at every mine site. 2025: High-quality dialogue and programmes flowing from the forums. 2030: Establish multiple levels of open and accountable dialogue leading to greater mutual trust.
National and international accountability To transform the relationship between mines and communities, and wider society.	2020: Buy-in from governments and civil society to taking part in national and international stakeholder accountability forums. General agreement on benchmarks/indices and responsibilities that can be monitored year on year, including the SDGs. 2025: An active and ongoing dialogue about reporting and responsibilities with external recognition that this is a step above other such processes. 2030: Widespread recognition of the benefits that responsible mining can bring, a collaborative openness about the challenges and a more consensual working relationship between Anglo American and society.
Policy advocacy To take a lead on issues that affect our business in a way that is collaborative and aimed at society's wider goals.	2020: Finalise advocacy action plans in support of key sustainability issues. Provide scholarship and training opportunities for policymakers in regions in which we operate. 2025: Regular involvement in priority policy and governance debates. 2030: External recognition of our leadership on policy advocacy. Strong levels of engagement in policy debates.
Ethical value chains – mine certification To be a part of a value chain that supports and reinforces positive human rights and sustainability outcomes.	2020: Half of operations to undergo third party audits against recognised responsible mine certification systems. 2025: All operations to undergo third party audits against recognised responsible mine certification systems.
Ethical value chains – responsible sourcing	2020: Responsible sourcing standard fully implemented. Advocate for the development of a common responsible sourcing standard for the mining industry.
 Thriving communities	
Health and well-being For the relevant SDG targets for health to be achieved in our host communities.	2020: Baseline established and strategies in place at every site to achieve the SDG3 health targets. 2025: Operations to be halfway to closing the gap between baselines and 2030 targets. 2030: SDG3 targets for health to be achieved in our host communities.
Education For all children in host communities to have access to excellent education and training.	2020: Baselines and strategies in place at every site to achieve targets. 2025: Schools in host communities to perform within the top 30% of state schools nationally. 2030: Schools in host communities to perform within the top 20% of state schools nationally.
Livelihoods Shared, sustainable prosperity in our host communities.	2020: Baselines and strategies to achieve targets in place at every site. 2025: Three jobs created / supported off-site for every job on-site. 2030: Five jobs created / supported off-site for every job on-site.
 Healthy environment	
Climate change To operate carbon-neutral mines.	2020: Reduce greenhouse gas (GHG) emissions by 22% relative to the business as usual (BAU) projection. Reduce energy consumption by 8% relative to the BAU projection. Implementation of four priority projects to meet 2030 targets. 2030: Reduce net GHG emissions by 30%. Improve energy efficiency by 30%.
Biodiversity To deliver net-positive impact (NPI) across Anglo American through implementing the mitigation hierarchy and investment in biodiversity stewardship.	2020: NPI methodology, biodiversity value assessments and site-specific indicators in place at sites in high risk environments. An established biodiversity framework, supporting processes, capacity and resources in place to enable rigorous application of the mitigation hierarchy across the mining lifecycle. Formalise partnerships to support NPI, which are aligned with existing regional and national biodiversity stewardship initiatives. 2030: Deliver NPI on biodiversity across Anglo American.
Water To operate waterless mines in water-scarce catchments.	2020: Reduce the abstraction of fresh water in water-scarce regions by 20%. Increase water recycling levels to 75%. No Level 3 or greater water incidents. 2030: Reduce the abstraction of freshwater in water-scarce regions by 50%.

MEASURING OUR PERFORMANCE

MEASURING OUR PERFORMANCE

- ✔ Target met/on track
- ⊕ Neutral/not applicable
- ✘ Target not met

KEY PERFORMANCE INDICATORS (KPIs)	TARGET	2018	2017	STATUS
🛡️ Safety and health				
Work-related fatal injuries	Zero harm	5	9	✘
Total recordable case frequency rate	15% year-on-year reduction against 3-year baseline average performance	2.66	3.17	✔
New cases of occupational disease	Year-on-year reduction	101	96	✘
Employees potentially exposed to noise over 85 dBA ⁽¹⁾	Year-on-year reduction	45%	43%	⊕
Employees potentially exposed to inhalable hazards over the occupational exposure limit ⁽¹⁾	10% reduction in the number of employees and contractors potentially exposed at levels > OEL from the 2017 baseline exposure profile, measured at the end of 2019	6%	3%	✔ on track
Number of employees who know their status	More than 90% of employees in southern Africa by 2020	88%	83%	✔ on track
Number of employees enrolled in HIV disease-management programmes	More than 90% of HIV-positive employees in southern Africa by 2020	86%	84%	✔ on track
🌍 Environment				
Energy savings	8% saving by 2020 ⁽²⁾	6.5%	6%	✔ on track
Greenhouse gas (GHG) emissions savings	22% saving by 2020 ⁽²⁾	25%	21%	✔ on track
Significant environmental incidents	No Level 4 or Level 5 incidents	0 Level 5 1 Level 4	0 Level 5 0 Level 4	✘
👥 Social				
Businesses supported by enterprise development initiatives (2008–2018)	–	64,830	64,291	⊕
Jobs supported by enterprise development initiatives (2008–2018)	–	125,095	120,812	⊕
Local procurement (\$)	–	2,128 bn	2,018 bn	⊕
Compliance with the Social Way	100% compliance	91.1%	89.2%	✘
👤 People				
Voluntary labour turnover	<5% turnover	2.4%	2.3%	✔
Women in leadership positions	To drive increased participation of females at senior levels of the organisation	28%	26%	✔

⁽¹⁾ This figure reflects the number of employees who work in environments where there is potential for exposure above the exposure limit. All employees working in such environments are issued with protective equipment to prevent occupational illness.

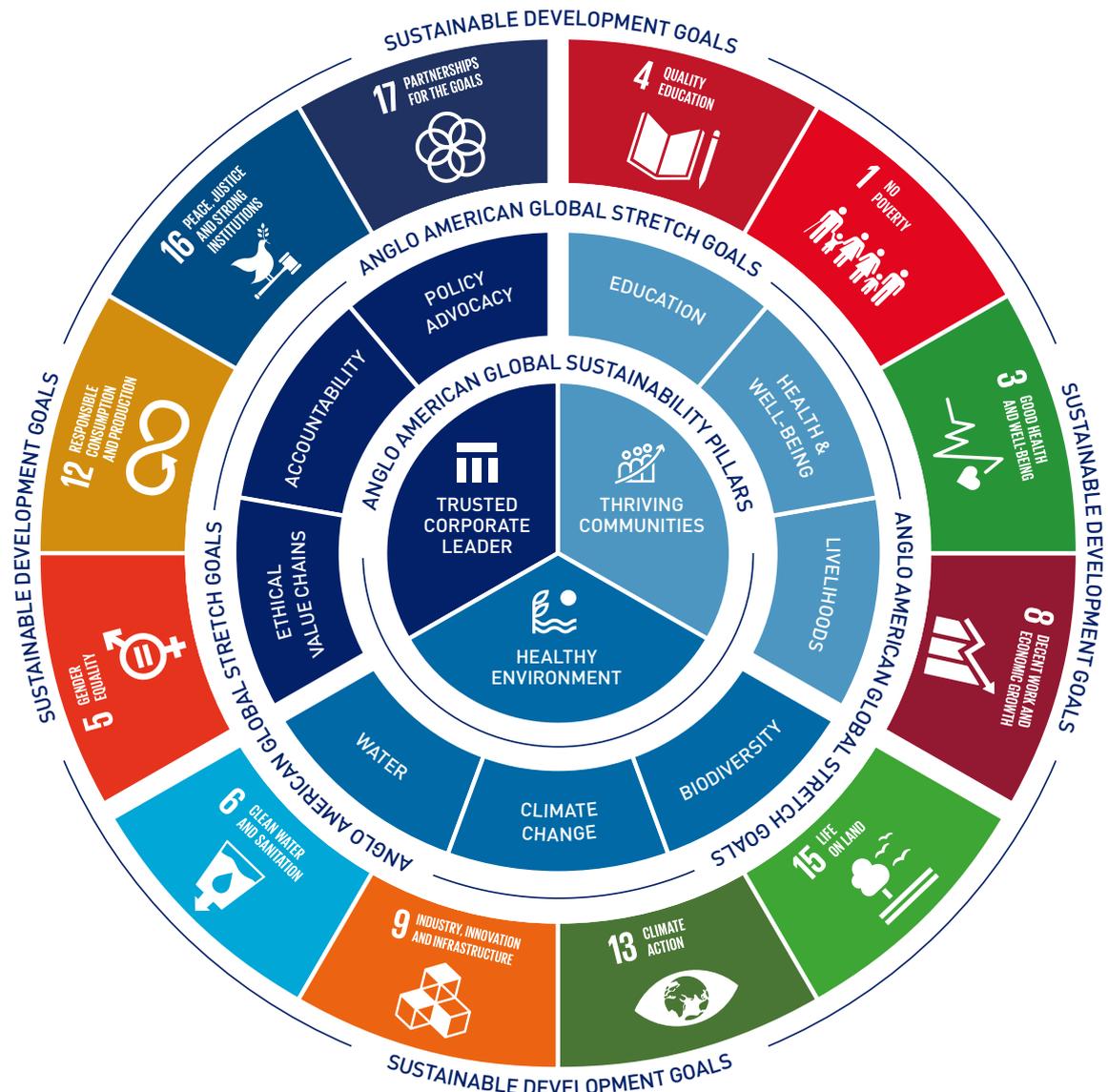
⁽²⁾ Energy and GHG savings are calculated relative to projected 'business as usual' consumption levels.

THE SUSTAINABLE DEVELOPMENT GOALS

Our role, as a member of the private sector, is to support our host governments in meeting the Sustainable Development Goals. This means doing our work with excellence, ensuring our presence in host countries leaves a positive lasting legacy, leaving no one behind and protecting our planet.

Launched in 2015, the Sustainable Development Goals (SDGs) are a United Nations-led list of 17 goals setting the global development agenda until 2030. While achieving the goals is fundamentally the responsibility of national governments, there is wide recognition that governments will need to work closely with the private sector and civil society if the 169 targets underpinning the Goals are going to be met in time. These activities reflect the importance of Goal 17 on partnerships.

In 2016, we started mapping our business operations against the SDGs in line with the development of our Sustainable Mining Plan which we launched in March 2018. The two are complementary, as illustrated by the diagram below, the stretch goals naturally fit with at least 12 of the 17 SDGs. This gives us the basis for a common language and vision to work with other potential development partners, including host governments.



THE SUSTAINABLE DEVELOPMENT GOALS ACCOUNTABILITY DIALOGUE SERIES



From left to right: Anglo American Head of Sustainability Engagement, Hermien Botes; CEO, National Business Initiative, Joanne Yawitch; Deputy Director-General, Department of Planning, Monitoring and Evaluation, Percy Moleke; Programme manager, Knowledge Management, Foundation for Human Rights, Dr Zaid Kimmie.

In November 2018, we launched the first of what we aim to be a global series of accountability dialogues focusing on the relationship between the SDGs and our Sustainable Mining Plan.

How do we best direct our efforts to achieve wider development impact? We held this first meeting in South Africa, using the footprint data that we had gathered from our four main business operations in the country. The audience was made up of a wide range of external stakeholders comprising government, labour, civil society, NGOs and academic institutions and included representatives from our own business units who will monitor delivery of our sustainability targets.

We followed this up in December with a presentation – also in Johannesburg – to the UN Deputy Secretary-General, alongside other corporates and business organisations, to show that business was prepared to rise to the SDG challenge, while recognising that conventional business models would have to change to a certain degree to achieve the 2030 vision of the SDGs. Having an overriding purpose – in our case re-imagining mining to improve people’s lives – was seen as a key driver.

Next steps are to hold similar national-level dialogues in Brazil, Chile and Australia in 2019 and to bring the emerging overall picture together through a web-dialogue to be held in London in June. This will be tied in with mine-site-based dialogues to ensure that more specific community needs are also being addressed.

USING THE SDGS TO IDENTIFY HOW WE CAN BEST MEET COMMUNITIES’ PRIORITY NEEDS



Our Iron Ore business in Brazil has conducted one of the largest private investments in archaeology and cultural heritage in the country’s history. At the Science Centre at Conceição do Mato Dentro, Anglo American employees learned about the 200,000 archaeological remains discovered at Minas-Rio and housed at the site.

Our team in Brazil had already used the SDG mapping process in 2016 to assess the relative wider development impact of 373 sustainability initiatives they had undertaken. “Mapping the SDGs in a systematic way helped us to focus on areas where we can have the biggest impact,” says Ivan Simoes, head of corporate affairs in Brazil.

The company is integrating 59 SDG targets into the business. It has looked at the number of health campaigns aimed at communities or employees, and how many people have been trained in sexual and reproductive health. Youths in rural areas have been given professional training to prepare them for the job market or to open their own businesses. The SDG work is communicated to all employees and stakeholders, and a multi-disciplinary committee meets bi-monthly to review SDG implementation.

GOVERNANCE AND MANAGEMENT APPROACH

Sustainability considerations are firmly embedded into Anglo American's governance structures. In this section, we review the roles of the Board's Sustainability, Audit and Remuneration committees, as well as the Group's sustainability governance structure.

The role of the Anglo American Board of directors is to promote and safeguard the long term success of the business, while considering the interests of its various stakeholders. A full account of our approach to corporate governance is available in the 2018 Anglo American Annual Report.

Several standing committees – the Sustainability, Remuneration, Nomination and Audit committees – are designated to take on certain responsibilities on the Board's behalf.

The Sustainability Committee holds accountability for overseeing how Anglo American manages its most material sustainability issues. The committee meets four times a year and comprises Jack Thompson (chairman of the committee); Stuart Chambers (chairman of the Board); non-executive directors Ian Ashby, Nolitha Fakude, Mphu Ramatlapeng and Jim Rutherford; Mark Cutifani (chief executive); and Tony O'Neill (technical director). Jack Thompson will be stepping down from the Board and as chairman of the committee on 30 April 2019. Ian Ashby, who has served as a member of the committee since his appointment in July 2017, will succeed Jack Thompson as committee chairman. Business unit heads, Group directors of people and organisation and corporate relations, the Group general counsel and company secretary, and the Group head of safety and sustainable development also participate in meetings.

In 2018, directors and non-executive members of the committee visited the Gahcho Kué diamond mine in Canada's Northwest Territories. The committee also participated in Global Safety Day at several Metallurgical Coal sites in Australia.

As part of its overall mandate to oversee audit, internal control and risk management, the Audit Committee reviews the principal risks to the Group, including those related to catastrophic event risk and material sustainability issues.

SUSTAINABILITY COMMITTEE DISCUSSIONS IN 2018

At each meeting, the committee reviews detailed reports covering the Group's performance across a range of sustainability areas and discusses significant social, safety, health and environmental incidents. In addition to the regular reports, the following matters were discussed during 2018:

- Business unit updates from: Kumba Iron Ore, Nickel, Iron Ore Brazil, Metallurgical Coal and PGMs
- Mining Charter III
- Material legal developments
- Mine-closure liabilities
- Sustainability Report assurance findings
- 2017 Social Way assessment results
- The basis for reporting on joint ventures
- Operational risk reviews
- Risk/liability of tailings storage facilities at divested operations
- Materiality review
- Feedback from external stakeholder research
- Operational risk management capability and training
- Co-disposal area at Moranbah North
- Sustainable Mining Plan implementation update
- Dust management at Sishen mine
- Anglo American's sustainability performance and future sustainability trends
- Human rights
- Climate change
- Socio-political trends

The Remuneration Committee determines the remuneration of executive directors, the chairman and senior management and oversees remuneration policy for all employees. Anglo American's safety, health and environment results affect the performance-based remuneration of all employees in the business. Annual performance incentives for executive directors and senior management include targets relating to the following:

- HIV management
- Environmental management
- Safety injuries (TRCFR)
- Fatal risk management (FRM).

With the introduction of a safety deductor, from 2018 we are further aligning the bonus to our safety culture and key focus on the elimination of fatalities.

The performance conditions applicable to awards granted to executive directors and senior management in 2018 under the Long Term Incentive Plan include metrics relating to the Sustainable Mining Plan (all operations to have a five-year site-level sustainability plan in place by the end of 2020) and concurrent rehabilitation (100% of planned rehabilitation to be achieved for opencast mining operations). Further information can be found in the Remuneration Report on pages 100-124 of the 2018 Anglo American Integrated Annual Report.

At the 2018 AGM, shareholders approved new Articles of Association for Anglo American plc. Amendments were made to reflect current leading practice and regulatory changes since the last update in 2010.

 For more information visit www.angloamerican.com/articles-of-association-2018.pdf

EXECUTIVE STRUCTURE

The Board delegates executive responsibilities to the chief executive, who is advised and supported by the Group Management Committee (GMC). The GMC is comprised of the chief executive, business unit CEOs, Group directors of corporate functions and the Group general counsel and company secretary. Tony O'Neill, technical director, has accountability for matters relating to safety, health, environment, supply chain and operational risk. Social performance, human rights and the implementation of our Sustainable Mining Plan fall within the ambit of Anik Michaud, Group director – corporate relations.

The GMC is supported by corporate, operational and investment committees. These committees are responsible, respectively, for:

- Reviewing corporate and ethical policies and processes, as well as the financial performance and budgets for business units;
- Driving operational best practice across the Group and the setting of technical standards; and
- Making recommendations on capital investment proposals.

Anik Michaud has recently been appointed to the investment committee to strengthen the role of sustainability criteria in our investment decisions.

ORGANISATIONAL STRUCTURE

Anglo American is headquartered in the UK and its ordinary shares are listed on the London Stock Exchange (the primary listing), as well as the Johannesburg, Swiss, Botswana and Namibian stock exchanges. The business is managed as five operating units:

- De Beers
- Base Metals
- Platinum Group Metals
- Bulk Commodities and Other Minerals (Iron Ore, Coal, Nickel and Manganese)
- Marketing.

Collectively, these business units manage more than 30 mining operations and 10 processing operations in Australia, Botswana, Brazil, Canada, Chile, Namibia, South Africa and Zimbabwe. De Beers also owns a range of commercial and industrial enterprises across various geographies. (See page 84 for a full list of managed and joint operations.)

In 2018, the Group completed a number of transactions, including the sale of our 88.2% interest in the Drayton thermal coal mine (on care and maintenance since 2016) and the Drayton South project in Australia. In South Africa, we completed the sale of the New Largo thermal coal project and the Eskom-tied domestic thermal coal operations, PGMs' 33% interest in the Bafokeng Rasimone Platinum Mine associate, as well as its 11% listed stake in Royal Bafokeng Platinum, its 85% interest in Union mine and 50.1% interest in Masa Chrome Company.

We also completed the acquisitions of the remaining 50% interest in the Mototolo joint operation in South Africa from Glencore and Kagiso Platinum Ventures; and in Canada, the Chidliak Diamond Resource (through De Beers) through the acquisition of Peregrine Diamonds Limited.

Corporate functions and the Marketing business support our business units. The corporate centres host Technical and Sustainability, Corporate Relations, Human Resources, Finance, and Strategy and Business Development functions that set the performance expectations we have of operations, offer expert advice and hands-on support to operations facing complex challenges, and monitor the effectiveness of critical programmes. Anglo American has a large and diverse base of more than 20,000 suppliers around the world. Our most material purchases involve goods and services that are typical of large-scale infrastructure and manufacturing projects, including:

- Labour
- Heavy equipment
- Process chemicals
- Fuel and lubricating oils
- Explosives
- Motors
- A range of services.

Policies and standards

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 non-managed joint ventures and associate companies to the extent possible.

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.

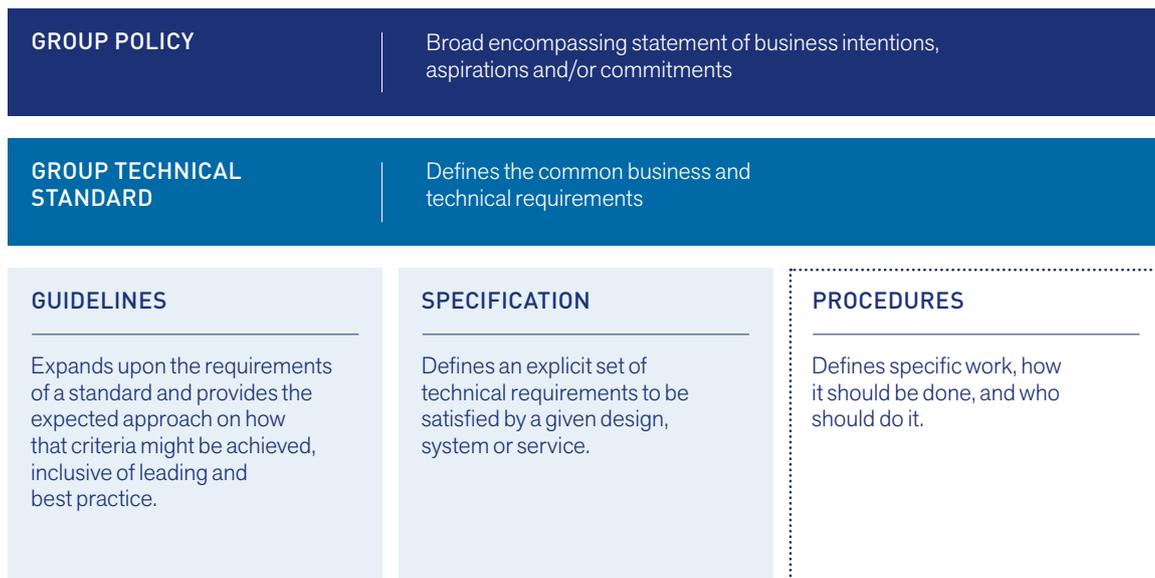
Through our responsible-sourcing programme, we aim to ensure that those we do business with follow a set of minimum standards of responsible business conduct that are comparable to what we expect of ourselves.

Permitting

Given that delays in acquiring permits, or failures to comply with conditions attached to permits, can have high financial, operational and reputational costs, Anglo American has established a cross-cutting permitting practice. Its flagship project, the Minimum Permitting Requirements (MPR) programme, was established in 2014 to support operations in timeously obtaining the right permits and complying with the conditions of existing permits. Meeting the MPR is part of the critical foundations of our approach to sustainability; it helps identify the areas within permitting that are subject to risks and provides guidance in order to achieve sound permitting practice. In 2018, a total of 43 business units, sites and projects were reviewed against the MPR, with action plans in place to address gaps, as well as plans for annual reviews to ensure continuous improvement. For example, Quellaveco's first-class permitting practice developed since the MPR roll-out facilitated Board approval of the feasibility study and the decision, in July 2018, to move the project into construction phase.

From November 2018, we have been deploying a state-of-the-art IT solution to optimise permitting.

ANGLO AMERICAN'S GOVERNANCE DOCUMENTS



■ Owned by Group functions
 ■ Owned by business units and/or sites



Operating Model

Anglo American's Operating Model is designed to deliver the business expectations set by management, focusing on the dimensions of effectiveness, efficiency and sustainability. There are three components to the model, and they collectively guide development of operational strategies, management of work and continuous improvement. By the end of 2018, various components of the model had been fully or partially implemented at 15 operations across the Group.

Operational risk management

Our operational risk management (ORM) process provides operational managers with a means of identifying, prioritising and controlling the risks that threaten their ability to meet their objectives.

The process manages operational risk through the implementation of four risk-management layers, as explained in the ORM graphic above.

Assurance

Anglo American's Business Assurance Services (ABAS) provides independent internal assurance to our Audit Committee over the design adequacy and operating effectiveness of the internal control environment that mitigates risk across the Group.

In addition, the ABAS team works with colleagues across other functions to provide assurance over the controls associated with priority catastrophic and sustainability-related risks at operations. These operational-risk audits are conducted on a rotational basis. In 2018, we conducted 17 audits, which included sites within all our business units. The results are reported to the Board's Audit and Sustainability committees. Global thematic reviews are undertaken at relevant Anglo American operations.

The SHE Way roll-out and implementation got under way during 2018. To date, 21 operations have developed implementation plans to comply with the SHE Way by the end of 2020. There is ongoing tracking and monitoring of progress against defined plans.

Regarding external assurance: 33 operations assure their compliance with ISO 14001 and OHSAS 18001 management system standards; two assure compliance with OHSAS 18001 only and 17 have started their transition from OHSAS 18001 to ISO 45001.

MATERIAL MATTERS

Anglo American’s Integrated Annual Report includes a comprehensive assessment of the principal risks facing the business, and those matters that our stakeholders and ourselves believe have a material bearing on the success of the business over time.

By engaging with our stakeholders and being aware of their perspectives, and by understanding the risks we face, we are better placed to make informed decisions that help support the delivery of our strategy.

Stakeholder engagement

Our licence to operate depends on constructive relationships with a wide and diverse range of stakeholders. Effective stakeholder engagement helps us to better communicate our business performance, decisions and activities that may have a material impact on, or are of significant interest to, our stakeholders.

Anglo American’s stakeholders include our customers, host communities, employees and unions, partners, governments, multinational organisations, broader civil society, trade associations and suppliers, in addition to our shareholders who own the business. In some instances we participate in multi-stakeholder initiatives where, by definition, multiple stakeholder groups are involved to provide a more collaborative and holistic view on the issues facing the industry.

STAKEHOLDER GROUPS

Investors	Suppliers and contractors
Communities	Civil society (NGOs, faith groups, academia)
Governments and multilateral institutions	Customers
Employees and trade unions	Industry/business associations

PILLARS OF VALUE

-  Safety and health
 -  Production
 -  Environment
 -  Cost
 -  Socio-political
 -  Financial
 -  People
-  For more on pillars of value See page 11 of our Integrated Annual Report

Our approach to determining what is important

Identifying and evaluating matters that are of common material interest to our stakeholders and to our business, and understanding how they may affect our ability to create value over time, are integral to our planning processes and help support the delivery of Anglo American’s strategy.

Our process for determining those matters involves three steps: consultation, analysis and approval. The consultation process in 2018 involved extensive desktop research, including: review of the Group Risk Register; global media coverage and analyst reports on Anglo American and the mining sector; and analysis of minuted Board and executive discussions. We also conducted an external consultation survey with a wide range of stakeholders, including investors, communities, customers, suppliers, governments, civil society and industry groups. We will continue to conduct such engagement on a regular basis.

This exercise builds on the revamped biannual sustainability materiality process carried out in 2017. In a sustainability context, material issues are the environmental, social and governance (ESG) issues that are of critical importance to a company’s stakeholders and can significantly impact the long-term viability of the business.

Material matters in 2018

The matters identified through our materiality process were naturally numerous and wide-ranging. These were then analysed and prioritised by senior management, and then reviewed and approved by the Board.

In order for us to report against these material matters effectively and demonstrate how they affect the delivery of our strategy, we have set them out under the headings listed in the table on page 23.

Each material matter covers a number of topics and issues, and some also intersect with specific principal risks facing the Group, as identified in the Group Risk Register. Principal risks are those risks, or combination of risks, that would threaten the business model, future performance, solvency or liquidity of Anglo American and are shown with the following symbol (‡). An analysis of the Group’s principal risks, including mitigation strategies, can be found on pages 42-47 of the Integrated Annual Report.

This report expands on our management approach, performance and aspirations of ESG-related issues.

Matters identified as material to our stakeholders and our business include:

MATERIAL MATTERS	PILLARS OF VALUE
<p>Safety and health †</p> <p>Protecting the safety and health of employees, contractors and local community and other stakeholders is a fundamental issue facing Anglo American and the mining industry. While protecting people from harm is a moral imperative, our focus on zero harm also constitutes a direct investment in the productivity of the business. A safe and healthy workforce contributes to an engaged, motivated and productive workforce that mitigates operational stoppages and reduces potential legal liabilities.</p> <p> Read more: Safety Health</p>	
<p>Environmental impacts and climate change</p> <p>Responsible environmental management, including the management of water consumption and discharge, is not only a major factor in legal compliance and permitting, but also plays a significant role in improving the balance of value from mining for our local stakeholders. Understanding the effects of climate change on our business and how they may impact our value chain is important as we strive to maximise the opportunities associated with the transition to a low-carbon future.</p> <p> Read more: Environmental management Biodiversity Mineral residue Non-mineral waste Product stewardship Air quality Water Climate change Mine closure</p>	
<p>Meeting our commitments to business stakeholders and society</p> <p>Local communities and host governments expect mining to bring significant economic benefits; and our ultimate goal is to leave host communities and governments better off than when we arrived. Anglo American aims to bring economic prosperity to national and local economies through employment, our supply chain and the subsequent increase in local business and commerce, and a collaborative approach to regional development.</p> <p>Acting in an ethical, responsible and transparent manner is fundamental to Anglo American realising the significant business benefits gained from building trusted and constructive relationships with all our business stakeholders, and to maintaining our socio-political licence to operate.</p> <p> Read more: Public policy engagement Social performance Human rights Responsible supply chain management Socio-economic contribution</p>	
<p>Workforce culture and capability</p> <p>To deliver on our strategic business objectives, we rely on a capable and engaged workforce that behaves ethically and responsibly, consistent with Anglo American's values and Code of Conduct; these are also essential for us to maintain our social licence to operate.</p> <p>We aim to foster a high performance, inclusive culture, through building an organisational structure that is fit for purpose, resourcing this structure with the appropriate capabilities and empowering leadership to deliver the desired outcomes.</p> <p> Read more: Business conduct Building a high-performing organisation Employee engagement and capability</p>	
<p>Operational and cost performance †</p> <p>The mining sector continues to face operating cost inflation, including labour costs, energy costs and the impact of ore grade deterioration.</p> <p>In order to deliver our profitable growth strategy and to maintain our competitive position, Anglo American must deliver its financial improvement targets and minimise the number of unplanned operational stoppages that affect production.</p> <p> Read more: See pages 27-28 of the 2018 Integrated Annual Report</p>	
<p>Political and regulatory †</p> <p>Anglo American operates or has projects in a number of countries where there is political instability and where the regulatory environment for the mining industry is uncertain.</p> <p> Read more: See pages 30-33 of the 2018 Integrated Annual Report</p>	
<p>Macro-economic environment †</p> <p>Economic slowdown in those countries that are major consumers of the Group's products could have a negative impact on demand for those products. Demand may also be negatively affected by product substitution and/or fundamental shifts in market forces.</p> <p> Read more: See pages 12-15 of the 2018 Integrated Annual Report</p>	

SAFETY AND HEALTH

Our entire business revolves around people. Protecting the safety and health of employees and contractors is our first and foremost responsibility. This is also at the heart of our business sustainability: a safe and healthy workplace contributes to an engaged, motivated and productive workforce.

SAFETY

As we continue to strive for zero harm, becoming unconditional about safety is vital. Nothing is more important than making sure everyone returns home safely after a day's work. We train, equip and empower our employees to work safely every day. We collaborate, we guide, we watch over each other. Above all, we care.

We focus both on eliminating fatalities and on reducing (and ultimately eliminating) injuries from the workplace. We understand factors which lead to fatal incidents differ from those which lead to injuries and we are working to address both. Over the past 12 months, our safety performance has improved considerably (and on some measures is the best we have ever achieved), but we are not yet where we must be in terms of no lives being lost.

Eliminating fatalities is our first imperative. To this end, we have set up a dedicated taskforce and have reinvigorated our efforts to build a culture of passionate safety leadership at all our operations

OUR PERFORMANCE

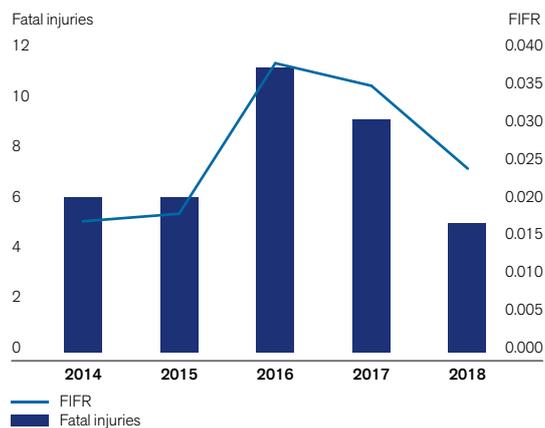
We deeply regret the loss of five of our colleagues in 2018. Any loss of life is unacceptable and we remain unwavering in our commitment to achieving our vision of zero harm. Two colleagues lost their lives at Thermal Coal: Andrew Molehe Molamaso suffered burns while loading hot waste material and David Mandla Masango owing to a fall of ground. At Platinum, two colleagues lost their lives: Johannes Maimela was attacked by a swarm of bees and Emmanuel Thabo Segale sustained fatal injuries in a fall of ground incident. At De Beers, Dimakatso Maggie Semata lost her life in a conveyor-related incident. Each of these tragic incidents has been subject to a rigorous independent investigation, with learnings shared across the Group and management actions taken to improve controls and prevent recurrence.

The Group's fatal injury frequency rate (FIFR) decreased to 0.024 at the end of 2018, compared to 0.035 in 2017, an improvement of 31%.

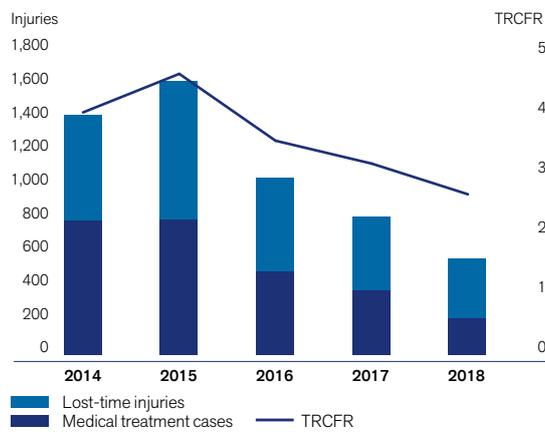
Notwithstanding the tragic losses of life, we achieved significant improvements in our injury performance. Our lost-time-injury frequency rate (LTIFR) declined by 3% from 1.68 in 2017 to 1.63 in 2018, while our total recordable case frequency rate (TRCFR), which includes any injury that requires more than first-aid treatment, decreased by 16% from 3.17 in 2017 to 2.66 in 2018. Notably, the aggregate TRCFR for operations based in South Africa was, for the first time in our history, lower (2.52) than operations in the rest of the world (2.91).

Our overall injury performance showed substantial year-on-year improvements, driven by the activities highlighted in the following sections.

Total number of fatal injuries and fatal injury frequency rate 2014–2018



Lost-time injuries, medical treatment cases and total recordable case frequency rate 2014–2018



PROVIDING A SAFE WORKPLACE

Our approach to safety management is built on five key pillars:

- Passionate leadership
- Resilient management systems
- Effective risk management
- Rapid organisational learning
- An engaged workforce.

Key enablers include our Operating Model, the SHE Way, global policies, standards and guidelines, operational risk management and assurance, as well as our learning from incidents (LFI) investigative process. We have defined what 'good' looks like, have developed tactical plans, and monitor progress and correlated safety improvements.

Passionate leadership

Being 'unconditional about safety' is a critical component of exhibiting safety leadership. Our approach calls for everyone to be unconditional about their own safety and the safety of their colleagues.

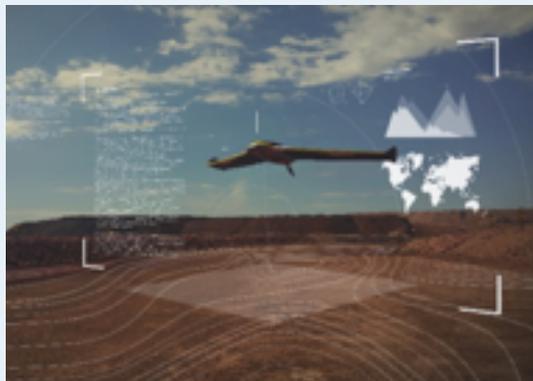
In April 2018, a leadership conference attended by more than 400 of our most senior technical and operational leaders explored what 'being unconditional about safety' means in a personal context. This formed the first step in driving a renewed and heightened focus on safety

throughout the business. As safety is a leadership responsibility that applies to everyone at Anglo American, we have also reinforced its importance through our 2018 Global Safety Day programme.

In February 2018, the Board's Sustainability Committee approved the creation of the *Elimination of Fatalities Taskforce* to investigate the causes of fatalities, including fatal and catastrophic risk, and the culture that leads to these risks arising in our workplace. The taskforce is composed of employees representing each of our four business units and Group functions and is supported by four safety and business-improvement consultants to ensure that we are able to learn from how other companies are eliminating fatal risk.

The focus of the taskforce in 2018 was on South Africa, where 16 operations were assessed across the PGMs, Iron Ore, Coal and De Beers operations. Discussions focus on the situations that the crews encounter in their workplace. Nothing is formally recorded in these discussions, which helps build trust between the taskforce and employees. The taskforce visits a site for a week, after which a debrief, which focuses only on catastrophic and fatal risks and the conditions which cause them, is given to the general manager for comment. The general manager has a week to prepare feedback for their executive management, and then the taskforce results are sent to the technical director. We aim to complete the assessment of all operations in 2019, and provide a follow-up audit on actions taken by each site.

PIONEERING THE USE OF DRONES TO IMPROVE MINE SAFETY



Drone technology is an expanding part of our FutureSmart Mining™ programme, which aims to keep Anglo American at the forefront of mining innovation. Drones are becoming increasingly cost-effective as they perform a variety of tasks, from monitoring entire high risk areas, to gathering data from confined spaces in mines and processing plants – and doing so without putting any people at risk.

Although still very much at the infancy stage in the mining industry, drones (remotely powered aircraft) are increasingly being deployed to take the human element out of mining operations and minerals-exploration activities. Anglo American, is today an industry leader in pioneering the use of drones for safety, surveying and security.

The deployment of drones is assisting in making our activities safer. Crucially, their use avoids the need for personnel in potentially hazardous areas. Drones are now being used to inspect and monitor high risk areas,

including stockpiles, mine slopes, ore passes, tailings dams and chemical-storage facilities – all without human intervention. They can check for the presence of personnel in a blast area, and measure fragmentation or the direction of dust movement after a blast. Other applications cover compliance with traffic management at operations, as well as monitoring rehabilitation activity, including in areas where it can be difficult, and risky, for people on the ground to gain access.

Drones are an important part of our drive to remote-control and eventually automate many of our mining activities. We have an expanding fleet, from fixed-wing aircraft to quadcopters, with about 50 skilled operators and another 30 people working in drone maintenance.

Drones are being used in such varied tasks as exploration, mine mapping and calculating the volume of stockpiles – and are proving to be cost-effective.

"Drones increase our safety and efficiency, and they let us take humans out of potentially dangerous environments," says Frans Kruger, Anglo American's global aviation safety principal.

Drone technology is evolving fast and, as a responsible operator, Anglo American is working closely with other drone operators and with South Africa's Civil Aviation Authority to develop appropriate standards, while also serving with other mining companies on the technical advisory committee of the Flight Safety Foundation.

Resilient management systems

Our SHE Way, integrates safety, health and environmental expectations and performance standards into a single management system, which is aligned to achieving zero harm. Launched in 2017, it has helped to make expectations and requirements relating to our SHE risks clearer. We have visibility of gaps, their associated action plans and whether these actions were completed timeously. In 2018, 43 operations conducted self-assessments against the system requirements, establishing a performance baseline. Each site is developing SHE management-improvement plans to address site-specific gaps. The integration of safety with our Operating Model is improving the planning and scheduling of work and tasks.

Effective risk management

The better a company is at managing risk, the more consistent, competitive and dependable its performance is likely to be. The importance of risk management – at every level and in every part of the organisation – is understood by Anglo American. It is a critical component of our future success.

Operational risk management (ORM) at Anglo American provides all employees and contractors with a means of identifying, prioritising and controlling risks which threaten their ability to meet objectives. Its main purpose is to make sure we are managing all forms of operational risk, including risks associated with safety, in a consistent manner so that we gain a better understanding of the cumulative impact risks may have and we can make the right decisions to manage them effectively. It combines both horizontal (applying the same approach to all aspects of risk, e.g. financial, supply chain, engineering, human resources) and vertical aspects (applying the four layers of risk management ‘down the line’ – from base-line risk management through to issue-based risk management, task risk management and continuous risk management). (See the graphic on page 21 for an overview of ORM.)

Embedding our ORM processes for safety is driving improvements in identifying, implementing and monitoring critical controls, analysing deficiencies and incorporating identified controls into task-risk assessments. Operational risk-management metrics, together with high potential incidents (HPIs) and high potential hazards (HPHs) reporting, provide a robust set of leading safety indicators to inform interventions.

In order to strengthen our ORM capability and capacity across the Group, we refreshed our risk-management training programme. This is being widely rolled out across all levels, driving greater levels of appreciation for risk perception and mitigation. This is supported by enhanced capability building at front-line manager and practitioner levels. During 2018, we trained more than 95% of the targeted employees.

In 2018, we introduced a more rigorous programme for monitoring critical-control management, helping to foster greater transparency and accountability and improve the levels of work executed to plan. On a monthly basis, we track the percentage of monitoring completed to plan and the critical-control deviation rate.

We have defined minimum mandatory critical-control strategies and associated monitoring specifications for common major hazards, such as working at height, heavy mobile equipment interaction and charter aviation services. We have started implementing these across the Group and will continue in 2019.

Rapid organisational learning

The sharing and learning from actual and potential safety incidents across the Group is essential in promoting a step change in our safety performance. Our safety-incident reporting and investigation process is aligned with our critical control management and ORM processes. We continue to promote incident and hazard reporting, and to build investigation capability. We share key learnings from incidents across the Group more quickly, with greater clarity

USING VIRTUAL REALITY TO REDUCE REPEAT INCIDENTS AND IMPROVE RISK AWARENESS



A preview of Barro Alto's recently launched virtual reality (VR) room, with integrated VR planning being conducted through a dedicated workshop.

Anglo American's nickel operations in Brazil are using virtual reality (VR) to prevent the repeat of high-potential incidents.

The new safety-focused training initiative aims to use artificial intelligence (AI) and predictive-learning techniques to enhance employees' operational risk awareness.

“We needed a better way to stop the repeat of safety incidents,” says Anita Silva, a business development co-ordinator who leads the VR project. “Virtual reality is a training innovation that helps us to learn from past incidents and avoid them in future.”

VR gives employees a rich learning experience in a simulated working environment, with lessons appropriate to their experience. It makes information more accessible and improves knowledge retention.

A pilot implementation received overwhelmingly positive reviews from 100 employees who explored a virtual 3D model of the nickel-refining area. During this exercise, they could respond to five recent Anglo American safety incidents. It has already led to better communication and sharing of incidents, and improved workplace safety.

“VR technology is a very visual and immersive way of sharing knowledge and learning,” Anita says. “The training is virtual, but the reality is that it helps Anglo American to keep its people safe in a real operating environment.”

OPERATION WINTER BOOSTS AVALANCHE CONTROL AT LOS BRONCES



The mountain ranges around Los Bronces mine in Chile. Los Bronces has an estimated life-of-mine of more than 20 years and is one of the world's biggest copper mines.

Anglo American has built a sophisticated system to reduce the safety risks from avalanches.

Los Bronces copper mine is located in the Chilean Andes at more than 3,500 metres above sea level. The operation gets up to 15 metres of snow in winter, with temperatures dropping to minus 20°C and wind speeds reaching 160 kph. In these challenging conditions, the priority is to ensure safety at all times. One of the biggest risks is avalanches cascading down the steep slopes surrounding Los Bronces, which have the potential for dumping thousands of tonnes of snow into the pit and the 33 kilometres of service and access roads.

The Los Bronces winter operations team runs a network of monitoring stations to report on conditions that may prompt an avalanche, including snowfall, the weight of snow, humidity, temperature, wind, rain and solar radiation. This is combined with data going back to 1982 to provide guidance on when an avalanche needs to be artificially triggered.

Anglo American is working with the Swiss Institute of Snow and Avalanche Research to develop new monitoring stations to anticipate how wind speed and direction influence the accumulation of snow.

We are developing an avalanche-risk map, which includes assessing the potential energy of an avalanche based on the volume and height of the snow. In the past, a lack of data led to widespread preventative closures of roads and mining areas; the new risk map will be able to limit the area of disruption, guiding specific stoppages to where the risks actually are.

"Detailed climate information informs how we allocate people and equipment in order to maintain safety standards and operational productivity," says Andres Ellena, superintendent of Los Bronces' Operación Invierno (Operation Winter).

Los Bronces is also updating its system of triggering controlled avalanches. The current method using sound vibrations from a 106 mm cannon will be replaced by remotely controlled explosions at specific mountain sites.

around lessons learned. This is supported by visual and engaging safety alerts, using illustrations and schematics to identify lessons learned and required actions in future. We are developing a more rigorous approach to ensuring the necessary interventions are made to prevent repeats. Our information management systems ensure a structured approach to monitoring the closing-out of recommended actions at operations, further instilling levels of accountability and transparency around these actions.

Workforce engagement

Our seventh annual Global Safety Day campaign was our most ambitious yet. Built around the theme 'We are all safety leaders', its purpose was to strengthen our safety culture through supporting employees and contractors to become the best possible safety leaders they can be.

Consisting of five interactive team activations, and a series of supporting enrichment activities (running from June 2018 through to the first quarter of 2019), it took people on a

phased, safety-leadership improvement journey. Beginning with understanding the practices that underpin effective safety leadership (which align to our safety culture framework), it then moved to explore the drivers that support that and what it takes to be the best safety leader in the most testing of situations. The fifth and final activation, in early 2019, connected with personal development and objective-setting to help embed further individual improvement.

As in the past, employees and contractors at all our sites and offices took part in these activations, which included the dedicated Global Safety Day, held in October.

Recognition of employees who exhibit safety leadership behaviours was a major focus. Many locations also extended this to involve suppliers, trade union representatives and communities in order to reinforce that we all have a shared responsibility for safety.

HEALTH

Our main focus is to eliminate occupational health hazards at their source. In supporting employee health and well-being, we recognise the interplay between occupational and personal health risks and are developing a more integrated approach to health promotion, risk prevention and management.

To promote healthcare in the broader community, we are developing our understanding of locally relevant health priorities. We aim to forge strategic partnerships for the implementation of community health solutions that will realise our vision: to achieve the UN's Sustainable Development Goals (SDGs) targets for health in all our host communities by 2030.

OUR MANAGEMENT APPROACH

We have a health strategy in place, with clear objectives and targets for our health outcomes in 2022. These include ensuring that there are no new cases of occupational disease because of exposure to health hazards at Anglo American, and positively influencing the health and well-being of our employees through a proactive, integrated and holistic approach to managing workplace and personal health risks that is globally consistent, yet locally relevant. Delivering to our full potential requires collaboration with line management, organised labour and multiple support functions, such as safety, environment and human resources.

As part of our vision for health, we have set a sustainability target aligned with SDG 3: to ensure healthy lives and promote well-being for all, irrespective of age. In 2018, the focus was on scoping baseline surveys and piloting implementation plans to address identified priorities at operational level. The first pilot at Kumba Iron Ore's Kolomela mine highlighted the interdependencies between the various sustainability disciplines. From a health perspective, the ultimate aim is to identify and implement strategic community-health solutions that address locally relevant health indicators. Health being a focus of one of our three sustainability pillars will also enable expansion of existing wellness initiatives, such as HIV and TB interventions.

OCCUPATIONAL HEALTH

Our primary focus is to eliminate or, where that is not possible, to mitigate exposure to health hazards in the workplace to levels below those known to cause harm, and also to prevent associated occupational diseases. Our main occupational health risks relate to occupational exposure to inhalable hazards; workplace carcinogens; noise; stress to muscles, bones and joints; as well as the management of fatigue and mental health.

Internal policy requirements are detailed in the SHE Way. The progress we have made in aligning health-risk management with our Operating Model and ORM processes, and improving occupational hygiene capacity and capability, provides the foundation for achieving continuous improvement in our health performance. Guided by the SHE Way, many technical standards and related documents have been reviewed during 2018 and are being updated. (See policies and standards page 20.)

The reporting and investigation of health incidents is an essential part of managing our risks and tracking progress in health-hazard prevention and control measures. We continue to build in-house capacity for LFI investigations, and to promote the reporting of health-related high potential hazards (HPHs) and high-potential incidents (HPIs) in order to heighten awareness, facilitate organisational learning and to implement more robust controls.

Controlling occupational exposure

By embedding our critical-control management process and taking mitigation measures, we are steadily reducing levels of exposure and having fewer health incidents. Adding impetus to this focus is the recognition that we need to apply the same rigour in identifying and managing potentially fatal inhalable health hazards, as we do for safety. We are also increasing our efforts to better understand and manage certain potential occupational carcinogenic risks, including exposure to welding fumes, diesel particulate matter and ultraviolet radiation.

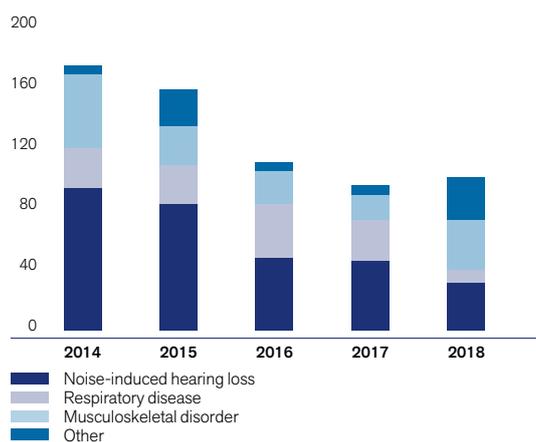
In workplaces where there is a possibility that an occupational exposure limit (OEL) might be exceeded, we provide employees with appropriate personal protective equipment (PPE), such as suitably selected respiratory-protection and hearing-protection devices. We have intensive programmes in place to ensure that employees and contractors are trained in the appropriate use and maintenance of PPE. Strict control measures ensure employees adhere to requirements in areas where hazards are present and the use of PPE is required.

In addition, the overall reliability of our exposure-monitoring data is improving. The total number of employees reported to be potentially exposed to workplace noise levels in excess of the eight-hour 85 dB(A) limit decreased from 35,000 in 2017 to 29,089 at the end of 2018.

Employees who were reported to be working in environments where they were potentially at risk of exposure to inhalable hazards at levels above the relevant OELs decreased from 5,064 in 2017 to 4,584 in 2018.

This progress is supported by the progressive introduction of real-time workplace condition monitoring to detect potential excessive inhalable hazard concentrations in the workplace atmosphere, which is significantly improving our understanding of our risk profiles and timeous control measures. Workplace exposure to dust remains a risk and long-term workplace dust control projects are progressing at Kumba's Sishen mine in South Africa and Minas-Rio in Brazil, and at Los Bronces and El Soldado in Chile.

New cases of occupational disease 2014–2018



The implementation of our Operational Intelligence Suite (OiS), a real-time data analytics platform that interrogates data feeds, manual uploads and events, is enabling better control monitoring and management of workplace environmental conditions and associated occupational exposures. OiS uses real-time data to monitor defined parameters and triggers an alert when an over-exposure or critical-control failure is detected. OiS is being implemented at our PGMs business, where it has promoted a significant reduction in worker exposure to potential health hazards. The platform is being introduced at Kumba and Thermal Coal in South Africa, Copper's Chagres and Los Bronces sites in Chile, and across the Group by the end of 2020. Anglo American's OiS received the award for technology innovation in health and safety at the 2018 USA National Institute for Occupational Safety and Health (NIOSH) Awards. (See case study below.)

Monitoring the health of employees

Anglo American's occupational medical surveillance programmes ensure that the baseline health of every employee entering the workforce is recorded, their state of health is monitored throughout the duration of their employment, and focused interventions are made to help the individual sustain and potentially improve their health. Our programmes are designed to detect risk factors and early signs of ill health related to occupational exposures and lifestyle conditions. Medical surveillance therefore incorporates screening for common lifestyle health-risk factors, such as obesity, smoking and alcohol abuse, as well as for non-communicable and communicable diseases such as hypertension, diabetes, TB and HIV. The general health profile for Anglo American employees was built using data from the 2017 wellness examinations performed on 96% of

our total global workforce. There is internal consensus on the need to focus on and intervene to address lifestyle health risks, in particular obesity, nutrition, smoking, stress, and mental health conditions.

The number of new cases of occupational disease reported in 2018 was 101 compared with 96 recorded in 2017. We are encouraged by the significant reduction in new cases of life-threatening coal-workers' pneumoconiosis in South Africa and Australia (from 20 in 2017 to 5 in 2018). Of concern, however, is the increase in new cases of musculoskeletal disorder which we will investigate and address in 2019.

Engagement and collaboration

Anglo American collaborates with other mining companies and universities across Chile, Australia and South Africa to encourage joint occupational health- and hygiene-related research activities and publications, academic staff visits and the exchange of academic materials and other information.

Building on our efforts in 2017 to promote the concept of 'total health', we presented a paper at the congress of the International Commission on Occupational Health in Dublin and held a technical workshop in Belo Horizonte, Brazil, in June 2018 with health co-ordinators of our business units to discuss the concept and share learnings.

We collaborate with the International Council for Mining and Metals (ICMM) and other partners on initiatives aimed at promoting best-practice occupational health and hygiene. We led an ICMM initiative on compiling an animated case study on the application of the critical-control management processes in occupational health. In South Africa, we contribute towards the national health insurance policy-reform process.

THE OPERATIONAL INTELLIGENCE SUITE (OiS):



Rustenburg Platinum Base Metals Refinery general manager Fortune Mashimbye (right) with the Occupational Hygiene Team and the OiS dashboard featured on screen.

Anglo American has developed an innovative technology that enables real-time monitoring of health hazards and risks to employees and host communities.

The system's diagnostic health and safety performance monitoring allows employees and management to quickly make the right decisions when things go wrong. By identifying the source of hazards, it helps us to avoid repeat incidents.

Known as the OiS, the system records, analyses and collates data such as dust concentrations, air flow, gas levels and noise on a single platform. It was recognised at the 2018 American National Institute for Occupational Safety and Health (NIOSH) Awards for Technology Innovation in Health and Safety.

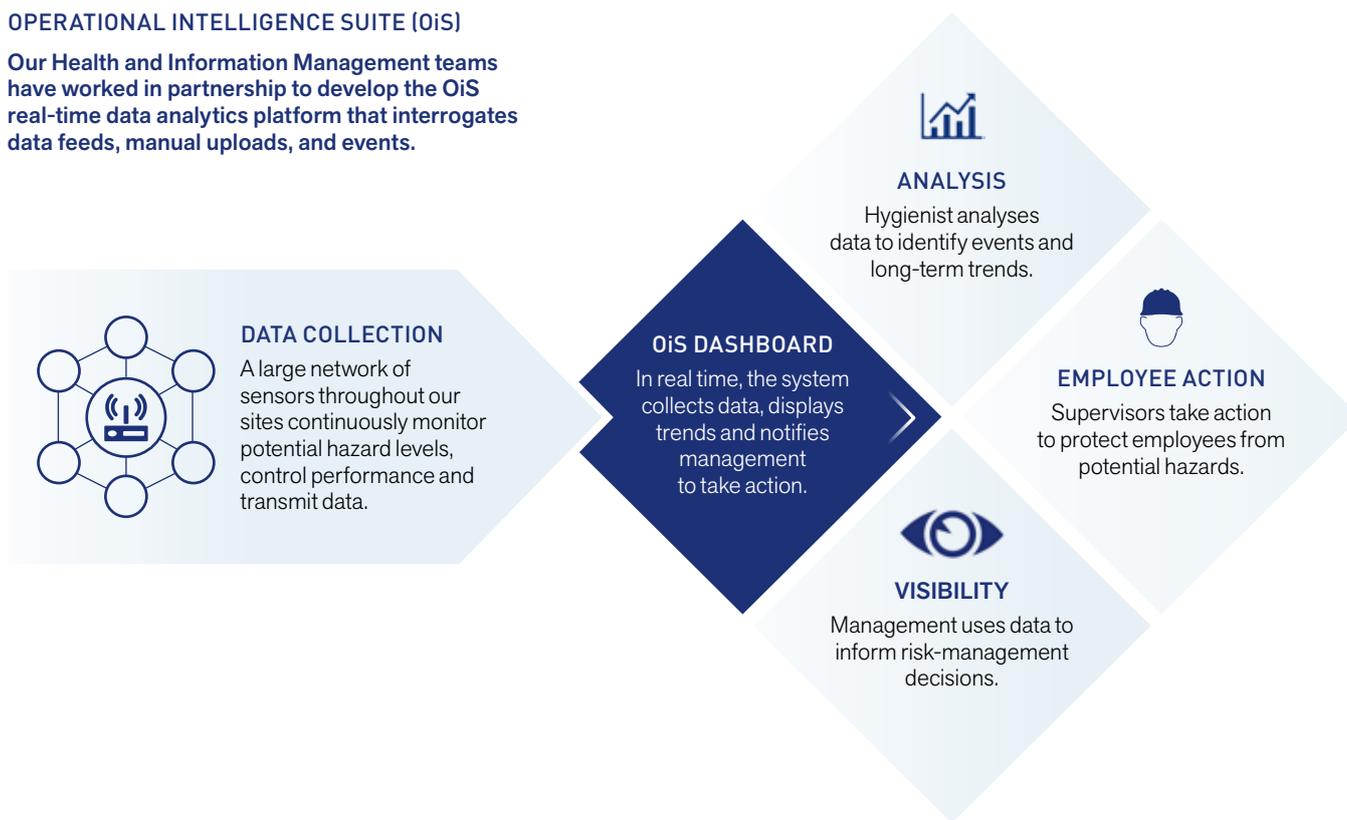
"OiS gives us the ability to turn data into information and use it to inform risk management decisions," says Cas Badenhorst, Group lead for occupational health and hygiene. "We can measure not just what employees and host communities are potentially exposed to, but also the source of that hazard and the performance of controls such as exhaust-ventilation or mist-suppression systems. That tells us whether the risk is under control, and allows us to act immediately if a control is failing."

This project supports our vision of zero harm, one of our sustainability critical foundations.

OiS is being rolled out at our PGMs, Coal and Iron Ore operations in South Africa, and Copper's Chagres smelter in Chile. Further roll-outs are planned for operations in Chile, Brazil, Australia and Botswana in 2019.

OPERATIONAL INTELLIGENCE SUITE (OIS)

Our Health and Information Management teams have worked in partnership to develop the OIS real-time data analytics platform that interrogates data feeds, manual uploads, and events.



EMPLOYEE WELL-BEING

Our approach to health-risk management is increasingly addressing the interplay between occupational and non-occupational risk factors. For example, at our South African operations, the reduction or elimination of exposure to airborne pollutants is implemented in conjunction with anti-smoking campaigns, screening for TB, HIV, diabetes and other chronic conditions; roll-out of isoniazid prophylaxis (a highly effective treatment of latent TB infection with a drug called isoniazid); and seamless referral to care programmes.

Supporting wellness

In line with global trends, we are concerned about the high prevalence of non-communicable diseases across our operations, particularly those associated with lifestyle risk factors, such as obesity, smoking, alcohol abuse and lack of exercise. Various internal surveys and assessments also point to high levels of stress among our employees, and other mental health concerns. To address some of the related factors, we are implementing activities related to culture transformation, financial well-being and wellness.

To promote emotional well-being, and to support employees with early symptoms and signs of emotional stress, all operations facilitate access to professional support, while some conduct initiatives in partnership with community-based organisations. All employees have access to an employee assistance programme and to various other resources aimed at encouraging well-being.

In 2018, De Beers and Kumba made progress in developing an understanding of the mental health challenges in their workforces and developed initiatives to address these challenges. Mental health challenges are often related to financial difficulties. At many of our southern African businesses, high levels of employee indebtedness affect employee well-being. The number of employees benefiting from our financial well-being services continues to increase. Platinum has supported more than 2,400 employees in successfully resolving their financial difficulties over the past four years. (See case study on page 76.) Similar initiatives are progressing at De Beers and Coal South Africa.

Copper implemented an occupational psycho-social risk surveillance programme. Employees voluntarily completed a survey to assess the risk in five dimensions, including psychological demands; active work and skills development; social support; compensation; and 'double presence' (the need to respond simultaneously to the demands of paid and domestic-family work). Overall results have been satisfactory, and our focus will be in maintaining current safeguarding practices to ensure employees' well-being.

Fatigue is a complex, multi-factor challenge that has many potential effects. To manage and control this potential safety and health risk, we look to balance workloads, staffing and shift scheduling. Employees receive training on how to manage fatigue, we assess alertness (readiness) for duty and conduct fatigue monitoring. Our medical-surveillance programmes also consider fatigue's contributing factors. We recognise the need to develop a more cross-functional approach to managing fatigue.

Absenteeism

The total absenteeism rate (absenteeism owing to injuries on duty, non-work-related injuries and sickness) increased to 6.0% compared with a consistent 5.4% over the previous three years. In light of increased absenteeism, PGMs analysed a number of health processes and identified areas of improvement – such as medical reviews and prescription renewal – that, when better sequenced, should reduce absenteeism.

Managing TB and HIV/AIDS

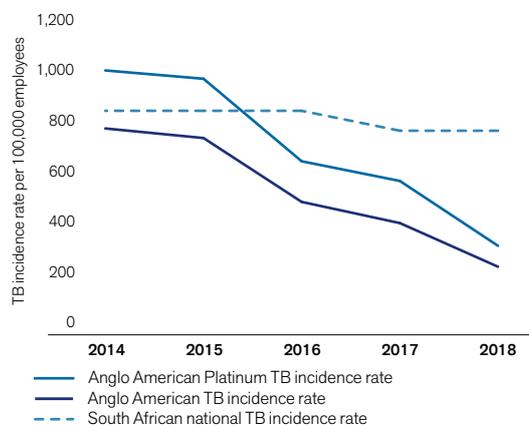
We are recognised leaders for our TB and HIV/AIDS programmes in the workplace across our operations in southern Africa. We provide free anti-retroviral treatment (ART) to all HIV-positive employees and their partners. Over the past five years, we have seen a steady and significant improvement in most indicators. Building on our strong foundations for improving our management of TB and HIV/AIDS, in 2018 we added renewed impetus to our efforts, as we strive to achieve the following ambitious targets for 2020 and 2022:

- UNAIDS 90/90/90 targets for 2020: 90% of our employees should know their HIV status; 90% of identified HIV-positive individuals should be on ART; and 90% of those should have viral loads so low that the loads are undetectable. The first two targets are part of the key performance indicators (KPIs) at a site, business unit and Group level.
- By 2022, we aim to reduce TB incidence in our workforce to 30% of 2015 levels, while HIV incidence should halve in comparison with the 2016 incidence level.

In 2018, we placed an emphasis on PGMs' Amandeubult mine, where TB/HIV prevalence is the highest in the Group. Interventions included visible leadership support, intensified wellness campaigns, innovative incentivised voluntary testing and counselling, and proactive follow-up of all employees who do not know their status.

Our executive leadership led from the front and participated in wellness screening. Multi-channel communication using

Anglo American TB incidence rate relative to the South African national average 2014–2018



posters, videos and health and safety representatives who have attended a formal wellness training programme (wellness ambassadors) were used for health promotion. Our PGMs business trained a total of 40 healthcare providers in voluntary counselling and testing. Site-specific plans and tactics were adopted to drive the wellness screening and enrolment in the HIV programme. PGMs' HIV and TB interventions were presented to the UNAIDS Programme Coordinating Board during a visit to South Africa in October 2018 and at the South African National TB Conference.

As at the end of 2018, 88% of employees in southern Africa knew their HIV status. This puts us well on our way to meeting the 90% target by 2020. In 2018, over 70,000 members of our workforce (including contractors) participated in testing. However, the annual number of new HIV infections increased from 506 in 2017 to 540 in 2018. More than half of the new cases are detected in new employees.

HIV TARGETS IN SIGHT: ANGLO AMERICAN IS CLOSE TO MEETING THEM TWO YEARS AHEAD OF SCHEDULE



Anglo American offers free HIV testing to all employees, working towards the UNAIDS 90/90/90 goals. Here, Platinum Group Metals CEO Chris Griffith undergoes voluntary HIV testing under the supervision of a healthcare professional.

In 2016, Anglo American embraced the ambitious 90/90/90 targets of the Joint United Nations Programme on HIV and AIDS (UNAIDS).

UNAIDS has set a 2020 target for 90% of all people living with HIV to know their HIV status; for 90% of people with diagnosed HIV infection to be receiving

sustained anti-retroviral therapy (ART); and for 90% of all people receiving ART to have viral suppression. At the end of 2018, 88% of our employees knew their status and 86% were on treatment. Unfortunately, a number of our employees resist testing. We are looking into alternatives to address their concerns.

Anglo American is recognised as a global pioneer and leader in HIV/AIDS management and, in 2002, was one of the first major companies in the world to introduce free ART to employees, which was later expanded to include all dependants. This has had a positive, and measurable, effect on the well-being of employees, and on business performance.

“Our performance against the UNAIDS targets is promising and we are intensifying efforts, with a view to 90% of all employees knowing their status and being on ART by the end of 2020,” says Charles Mbekeni, Group lead for health operations in southern Africa.

About 17% of Anglo American's 34,684 employees in South Africa are living with HIV and the company has adopted the World Health Organization's test-and-treat clinical guidelines. Testing is free and widely available at occupational health and primary care clinics.

HIV/AIDS indicators⁽¹⁾

	2018	2017	2016	2015	2014
Employee voluntary testing and counselling cases	30,814	43,568	45,279	50,223	59,813
Contractor voluntary testing and counselling cases	40,670	32,433	38,376	39,643	48,421
Employees who know their status (%)	88	83	88	68	86
Known HIV+ employees on anti-retroviral therapy (ART) (%)	86	84	68	72	53
New HIV cases (employees)	540	506	611	349	543
AIDS deaths (employees)	3	12	68	91	89
New cases of tuberculosis (TB) (employees)	93	188	296	511	544
TB incidence rate per 100,000 (employees)	242	361	447	696	790
TB deaths (employees)	5	4	14	28	52

⁽¹⁾ HIV/AIDS and TB data from 2015 to 2017 include De Beers' operations in Botswana and Namibia. AIDS deaths up to and including 2015 included TB-related deaths. From 2016, the reported deaths only include those confirmed AIDS deaths.

The uptake of ART by HIV-positive employees increased marginally to 86% in 2018 from 84% in 2017. In line with government and best-practice treatment guidelines, all people diagnosed as HIV-positive start ART immediately.

In 2018, five employees died from TB, compared with 63 five years ago, and three employees died of AIDS, compared with 125 in 2013.

Some of the business units have achieved over 70% roll-out of the TB preventive therapy isoniazid prophylaxis. At 242 per 100,000 of the population, our TB incidence rate among employees in South Africa decreased again and remains well below half the 2018 South African national rate of 781 per 100,000.

INVESTING IN COMMUNITY HEALTH

Working with government departments and social partners, we promote healthcare in the broader community, strengthening health systems through infrastructure development, capacity building and programme support. The implementation of our sustainability approach is facilitating more effective planning and co-ordination of these initiatives at a regional level. Our vision is for the SDG targets for health to be achieved in our host communities by 2030.

In 2018, we established a strategic partnership with the London School of Hygiene and Tropical Medicine to conduct a global baseline assessment and gap analysis against 2030 targets, across all our operations, working with local partners. By 2020, we aim to have established a baseline, identified priorities and developed strategic partnerships and implementation plans at every site to achieve the SDG 3 health targets.

Kumba Iron Ore continues to diversify its community-health programme, including making improvements to health infrastructure in local municipalities, monitoring health indicators and providing training for healthcare professionals, as well as educating on TB control, alcohol and drugs, diabetes and hypertension, and sexual and reproductive health.

In Brazil, many of these initiatives are provided through Anglo American's longstanding partnership with the NGO, Reprolatina. Over the past eight years, more than 63,000 individuals have benefited from Reprolatina's education activities.

In Chile, a new partnership was established with INTA, the national institute for nutrition, to engage in a pilot project to improve health habits and reduce child obesity through an educational intervention at an elementary rural state school.

The one-year project will be funded through the Anglo American programme, Ambassadors for Good.

At Kumba, the Ulysses Gogi Modise clinic renders primary healthcare services to contractors and communities surrounding its Sishen and Kolomela operations in South Africa. The Batho Pele Mobile clinics offer primary healthcare to remote communities that do not have access to healthcare facilities. Kumba's Kolomela mine has a high-tech trauma care unit which plays a valuable role in being able to accommodate and stabilise the sick and injured before they are transported to medical facilities that can provide definitive care, which are at least 200 kilometres away.

During 2018, PGMs continued to provide primary care services through a public-private partnership in Rustenburg, South Africa. The resources allocated for mine-emergency medical services are also available to support emergency responses for incidents that occur outside the mining premises. For example, Mogalakwena's emergency response team attended to 123 incidents that occurred on public roads and in the surrounding villages.

Our Coal business in South Africa supports the Ndlovu Care Group and assists with emergency services to areas within a 20-kilometre radius of operations. In Australia, we support medical centres for communities in Middlemount and Moranbah, where services are limited.

Silicosis settlement

Through our active participation in an Occupational Lung Disease Working Group, which was formed in 2014, Anglo American South Africa – together with six other mining companies (African Rainbow Minerals, AngloGold Ashanti, Gold Fields, Harmony, Sibanye Stillwater and Pan African Resources) – concluded a settlement agreement with the claimants' lawyers on 3 May 2018 in the silicosis and TB class-action litigation.

This is an historic settlement, resulting from three years of extensive negotiations. The agreement provides meaningful compensation to all eligible workers suffering from silicosis and/or TB who worked in these companies' mines from 1965 to date. This is the very first class-action settlement of its kind in South Africa.

The settlement is subject to certain suspensive conditions, including the agreement being approved by the High Court in terms of the class-certification judgment delivered by the South Gauteng High Court in May 2016.

The parties believe the settlement represents a fair outcome for claimants, and a sustainable outcome for the companies.

 For more information visit www.angloamerican.com/sustainability/safety-and-health

ENVIRONMENTAL IMPACTS AND CLIMATE CHANGE

Anglo American's approach to sustainability sets out our commitment to demonstrating leadership in environmental stewardship. The following chapter delves into how we address biodiversity, water, climate change and other related issues.

ENVIRONMENTAL MANAGEMENT

We are building the foundations to guide our progress towards achieving ambitious targets related to our water, climate change and biodiversity performance.

Our ultimate vision is to maintain a healthy environment by creating waterless, carbon-neutral mines which deliver net-positive biodiversity and conservation outcomes.

OUR MANAGEMENT APPROACH

Our FutureSmart Mining™ approach to sustainability sets out meaningful targets related to our water, climate change and biodiversity performance. We are currently building the foundations that will guide our progress towards achieving these targets.

While we have made significant progress in areas such as water and energy efficiency, realising our long term environmental management goals will require considerable further focus and investment. This journey is underpinned by best practice policies, performance standards and business processes, investment in internal capacity, capability and technological innovation, and partnerships and collaboration with stakeholders.

The Anglo American SHE Way details our internal policy requirements and has been rolled out across all operations. In 2018, we updated our performance standards for managing air quality, biodiversity, and carbon and energy. In 2019, we will continue to implement and embed these updated standards, improving our ability to deliver on our sustainability goals. The hazardous-materials management standard was updated in 2017 and we conducted baseline assessments at eight sites in 2018, with the remainder of sites to follow in 2019.

The SHE Way, which integrates safety, health and environment in guiding our approach to achieving zero harm, is designed as a platform to enable operations to comply with and, in some cases, exceed ISO 14001: 2015 requirements of an environmental management system. During 2018, we conducted a SHE Way gap analysis at most of our operations. We will reach 100% coverage in 2019. These analyses provide a baseline status against which we will measure our progress in addressing non-compliances.

We have made progress in integrating the management of environmental risk into our operational risk management (ORM) process and Operating Model. ORM implementation, including for our most significant environmental risks, forms part of performance-based remuneration for senior executives, along with a target to reduce significant environmental incidents.

Given that environmental permitting is a key success factor for the business, and that delay in acquiring environmental permits, or failure to comply with conditions attached to environmental permits, can have financial, operational and reputational costs, Anglo American has established an industry-leading cross-cutting permitting practice. (See page 20).

Environmental incidents

Reporting, investigating and sharing lessons learned from environmental incidents play an essential role in improving our environmental performance across the business.

Anglo American reports five levels of environmental incident severity according to actual and/or potential consequences for the receiving environment. Level 3–5 incidents (ranging from moderate to major) are featured in the chief executive's report to the Board and are addressed each quarter by the Board's Sustainability Committee.

In 2018, our operations started using an updated classification criteria for environmental incidents. The more exacting classification criteria is facilitating additional learning and sharing opportunities and improving the consistency of reporting across the Group. The stricter classification process has contributed to a slight increase in Level 3 incidents reported compared with previous years.

In 2018, we recorded one Level 4 (major) and five Level 3 (moderate impact) environmental incidents. Five of the incidents were classified as high potential incidents (HPIs) that could have potentially resulted in more serious impacts. This compares with zero Level 4 and two Level 3 incidents reported in 2017. The 2018 incidents are reviewed in the table overleaf.

In 2018, we were issued approximately \$70 million in environmental fines in Brazil, of which the vast majority relate to the Minas-Rio pipeline incident.

Level 3 and 4 review 2018

Level of incident;
Primary impact –
Operation

Description

Remedial action

Land and water

Level 4 and Level 3
Minas-Rio, Brazil
(Iron Ore)

Level 4: On 12 March 2018, iron ore slurry leaked from the pipeline in Santo Antônio do Grama for approximately 48 minutes before the flow was interrupted and the pipeline depressurised. 1,213 tonnes of slurry product leaked, of which 318 tonnes entered directly into the Santo Antônio stream, which is a source of drinking water.

Level 3: On 29 March 2018, a second pipeline leakage, 200 metres from the first incident, resulted in 473 tonnes of slurry being sprayed over privately owned land; 174 tonnes reached the Santo Antônio stream. The environmental impact of this incident was assessed to be lower than the incident on 12 March.

These incidents resulted in eight non-compliance notices.

The water supply to Santo Antônio do Grama community was temporarily interrupted. During this period, Anglo American provided potable water to the community and installed an alternative water-abstraction system.

Remedial action was immediately taken to clear iron ore sediment on affected land and in the river. Once concluded, residual/remobilised sediments were continuously monitored and addressed.

A rehabilitation programme was approved by environmental agencies and learnings from the incidents were shared across the Group.

Level 3
Sakatti, Finland
(project)

On 16 May 2018, a number of small hydrocarbon spills of approximately one litre occurred during the drilling season.

An action plan was agreed with authorities, which included:

- A clean-up of the affected area
- Communication of the findings from the LFI process and implementation of corrective actions with the contractor
- An improved ORM process.

Water

Level 3
Los Bronces, Chile
(Copper)

On 5 February 2018, approximately 400 m³ of lime-paste washing water leaked from Perez Caldera tailings dam via the pipeline connecting Los Bronces and Las Tórtolas. An area of about 0.2 hectares was affected by the spill.

Owing to the spill, about 300 frogs were dragged about 1,000 metres from this original habitat.

The frogs were relocated back once a manual cleaning had been performed.

A manual surface clean-up of the affected area was performed.

An LFI investigation was conducted and communicated. An action plan was also determined.

In strengthening controls and change management, the operation:

- Updated its emergency-response plan
- Evaluated pipeline integrity and controls
- Strengthened management accountabilities.

Level 3
Moranbah North,
Australia (Met Coal)

Moranbah North detected suspected seepage or groundwater change, potentially linked to the co-disposal area or water infrastructure.

An investigation is under way and appropriate follow up steps will be taken.

Land and biodiversity

Level 3
El Soldado, Chile
(Copper)

While polishing and welding a water main located on the hillside of El Torito tailings dam, embers from the activities ignited a forest fire, damaging approximately nine hectares of vulnerable and/or threatened flora species.

Corrective actions include recovery plans to plant and water, and monitor plant cover.

In response to the pipeline-spill incidents, we took swift and effective action to assess the integrity of the entire pipeline, as well as reviewing the maintenance strategy, the controls in place and the use of technology to predict pipeline failures. The incidents at Minas-Rio resulted in fines being issued amounting to \$50 million, some of which are being challenged, and the loss of 280 production days.

The integration of environmental risk management into our ORM process is enabling improved reporting and learning from high-potential incidents (HPIs) and high-potential hazards (HPHs).

Victor mine mercury private prosecution

De Beers' Victor mine in Canada lies within the James Bay Lowlands in Ontario's far north. Located in the catchment of the Attawapiskat river, the mine was opened in 2006 and is currently scheduled to close in 2019. Mercury levels in the James Bay Lowlands near the mine occur naturally and have been present in the local environment long before the construction of the mine. Mercury is not used in either the mining or processing of diamonds at the mine.

De Beers monitors mercury and methyl mercury in the surrounding waterways and fens at Victor to confirm projections from the operation's environmental impact statement and to comply with provincial requirements. This monitoring has demonstrated that mercury levels in the surrounding environment are consistently below the Canadian Water Quality Guidelines. De Beers will continue to monitor the environment throughout the closure process.

For additional assurance, De Beers conducted both an environmental site assessment and a human health and ecological risk assessment to examine both the links between mercury and the mine, and any potential risks to people, plants or animals associated with consuming water or being part of the food chain in the vicinity of the mine. The assessments concluded that there was little or no risk.

In December of 2016, Trevor Hesselink on behalf of the environmental groups, Canadian Parks and Wilderness Society and the Wildlands League, represented by EcoJustice lawyers, initiated a private prosecution against De Beers Canada Inc., alleging that the annual mercury-monitoring programme report did not comply with the provincial reporting requirements. In particular, the private prosecution alleged that the results of mercury sampling at certain stations should have been, but were not, included in reports. There is no allegation of any associated environmental effect with our mining activity or mercury levels in the environment. De Beers Canada has vigorously defended the prosecution. On 13 and 16 November 2018 there was a court hearing in relation to De Beers Canada's motion to stay the proceeding on the basis that De Beers Canada's section 11(b) Charter right to a trial within a reasonable time has been violated. A decision in favour of De Beers Canada was rendered on 13 December 2018. The judge found in favour of De Beers Canada and that the prosecution and all charges against De Beers Canada should be stayed. The private prosecutor has filed a notice of appeal. The appeal will be heard by a provincial court judge at a date to be determined.

TRANSFORMING THE WAY WE MINE

In the transition to a low-carbon economy, and given the combination of our current commodity portfolio with the life of our assets, our analysis suggests demand for our products will be largely resilient. In delivering our products, which form core components of products and services that are essential to human progress, we are committed to materially reducing our environmental footprint over the next decade. This will lead to fundamental changes in how we mine and process our products.

Our sustainability approach targets are designed to challenge us to lead and innovate. Many of the technological innovations that we will apply to achieve the desired step change in our water and energy performance are at various stages of development. We recognise that we are on a journey. But we have a clear vision. In the following sections, we review our progress across our environment-related areas, and provide an outlook on the next steps towards our sustainability goals.

BIODIVERSITY

A tenet of Anglo American's approach to sustainability is to positively contribute towards biodiversity. Biodiversity underpins the structure, function and composition of ecosystems and the services they provide to societies and economies.

To reduce our risk exposure, ensure access to land and increase opportunities relating to biodiversity and ecosystem services, we need to understand how our projects, operations and supply chains affect, and are dependent on, the environment around them. Mining often disturbs less land than other industries such as agriculture or forestry; mines, however, are also sometimes situated in areas of higher biodiversity value, thereby increasing our responsibility to contribute to biodiversity conservation.

OUR MANAGEMENT APPROACH

We are building the foundations for achieving a step change in our biodiversity stewardship as we work towards ambitious targets for 2020 and 2030. Our vision is to deliver net-positive impact (NPI) across Anglo American, meaning that any impact on biodiversity from our activities will be outweighed by the biodiversity gains we achieve through conservation projects. To get us there, we will ensure we have the necessary supporting processes, capacity and resources to rigorously apply the mitigation hierarchy – 'avoid, minimise, rehabilitate/restore, compensate or offset' – and to enhance regional and inter-regional co-operation around biodiversity and conservation.

In line with international guidance, we have developed a new biodiversity technical standard, approved in November 2018. The standard defines the minimum requirements to manage biodiversity to achieve NPI and maximise biodiversity opportunities wherever we operate. We aim to start implementing the standard in 2019, prioritising sites in high risk environments. These sites will assess their actual and potential effects on biodiversity using the tools and resources available, such as the Biodiversity Overlay Assessment Tool, which provides a high-level desktop perspective for any exploration or existing operation of significant biodiversity risks in the actual or potential area of influence.

In 2018, we started re-assessing the biodiversity risks and opportunities at sites in high risk environments in preparation for implementing the new standard; this work will continue in 2019, supported by the design of site-specific performance indicators.

By 2020, we aim to have developed site-specific indicators and an agreed methodology to deliver and measure NPI at sites in high risk environments, and to have developed partnerships to support the delivery of positive biodiversity outcomes. Biodiversity will be integrated into the site's SHE performance management system. This will require our involvement in strategic partnerships, as well as collaboration with key stakeholders.

Regulatory requirements for environmental-impact offset arrangements, including compensation agreements, have been included as conditions of mining, notably at PGMs, Copper, Iron Ore Brazil, Kumba Iron Ore and Thermal Coal. Reviews of policy and legislation are managed through site-specific interaction and biodiversity assessments. In South Africa, we participated with the Department of Environmental Affairs in the review of the draft National Environmental Offset Policy, which is due to be presented to Cabinet for approval in 2019.

Operational developments

At our Minas-Rio operation in Brazil, two pipeline-leak incidents in March 2018 prompted the development and implementation of a Plan for the Recovery of the Degraded Areas to not only restore vegetation along the Santo Antônio do Grama creek, but also in areas affected by other land use and occupation activities as compensation measures. This process involves multiple stakeholders (including landowners, government and NGOs). We completed the recovery of the creek in May 2018.

Our Nickel business continues to partner with the Federal University of Goiás in studies to monitor regional biodiversity. The recent outcomes of this work have informed a new approach to rehabilitation in the region, giving Anglo American a greater role as facilitator, connecting partners and developing regional actions.

In Chile, Copper collaborates with the Wildlife Conservation Society Chile and local municipalities to protect local nature sanctuaries around its Los Bronces and El Soldado operations. The operations also maintain reforestation activities and bird and other wildlife rescue and rehabilitation programmes.

Piloting methodologies provide insights to refine our management approach. In 2018, at Platinum's Unki operation in Zimbabwe, we trialled an NPI and biodiversity baseline assessment, which identified the need for further site biodiversity baseline data to enable us to understand our biodiversity risks and opportunities.

At Namdeb's diamond mining operations in Namibia, an Ecological or Biologically Sensitive Area (EBSA), as defined by the UN Convention on Biological Diversity, was declared off the Orange river mouth and overlaps with portions of the marine-licence areas. De Beers is engaging with the Namibian and South African EBSA representatives and scientists to understand the scientific basis for the rarity of species in this area and assess the potential for a boundary revision. The EBSA does not prohibit mining in the area as it is not formally protected, but activities in the area are expected to respect its environmental sensitivity.

PROTECTING THE FUTURE OF THE AFRICAN ELEPHANT



An elephant calf takes a stroll with its family on De Beers' Venetia Limpopo Nature Reserve (VLNR) in northern South Africa.

As part of its commitment to protecting the natural world, De Beers launched the first phase of its programme to relocate 200 elephants from its Venetia Limpopo Nature Reserve in South Africa to Mozambique, as their current home can no longer support their population.

By August 2018, 48 elephants had completed the nearly 1,700-kilometre journey to Zinave National Park in central Mozambique. The translocation will both protect the welfare of wildlife in South Africa and help secure the future of Mozambique's elephant population for generations to come. From 2019, the remaining elephants will be moved to conservation areas in Mozambique that have sufficient resources to sustain them. This programme is a collaboration with Peace Parks Foundation, a well-respected organisation involved in trans-boundary conservation.

Engagement and collaboration

Through our longstanding partnership with Fauna & Flora International (FFI), we receive independent strategic advice on biodiversity and assistance on building our capacity to manage biodiversity risks. Currently, this includes the development of site-specific performance indicators, in alignment with international best practice, to track Anglo American's achievement towards NPI. In 2018, De Beers and FFI initiated a feasibility and risk assessment around net-positive outcomes relating to mining operations in the marine environment in order to develop recommendations for the sector.

We are adopting a regional approach to identify, formalise and support strategic partnerships at a local and international level to conserve and protect threatened and/or endemic species. In 2018, with a focus on southern Africa, we established a framework with guiding principles and processes applicable across our operational footprint. In 2019, we will apply the framework to assess opportunities and partnerships in South America.

In South Africa's Limpopo province, a *Collaborative Regional Development* (CRD) platform was created for multiple stakeholders to partner in identifying and supporting opportunities to generate socio-economic and environmental benefits in the province. This work has included biodiversity-related economic and agricultural initiatives that optimise the use of available land on a regional scale. Our CRD platform is at the heart of how we plan to act as a catalyst towards creating thriving communities – one of our three suitability pillars. (See page 68).

In April 2018, Kumba's Kolomela operation hosted an environmental symposium to showcase its positive contributions to biodiversity research and Kumba's initiatives to promote conservation awareness and education in the Northern Cape.

In October 2018, De Beers co-hosted the ninth annual Oppenheimer De Beers Group Research Conference. More than 220 conservationists and researchers gathered to discuss the latest research and findings from various projects undertaken on Oppenheimer and De Beers' conservation properties, thus helping to guide future research and postgraduate opportunities. Research topics varied from climate change impacts to declining giraffe populations and carbon storage in mine tailings through mineral carbonation.

OPERATIONS LOCATED IN SENSITIVE ENVIRONMENTS – SOUTH AMERICA



1 Minas-Rio
 Iron Ore, Brazil

Description: The Minas-Rio mine and pipeline are located in the Atlantic Forest and Cerrado biomes, which host several protected species. The operation is also situated in a region with a distinctive iron-rich rocky soil type (Ironstone Rupestrian Fields – IRF), which supports unique animal and plant life. Land clearance for mining there is subject to strict regulation, including significant offset requirements. In the case of an IRF, every hectare of land disturbed must be offset by two hectares, with similar ecological characteristics, in the same watershed.

Response: A study, completed in partnership with the Federal University of Viçosa, has identified suitable sites for offsetting disturbances to IRFs. Iron Ore Brazil has entered into a partnership with São Paulo University to carry out a long-term study to inform its target of no net loss of biodiversity and ecosystem services.

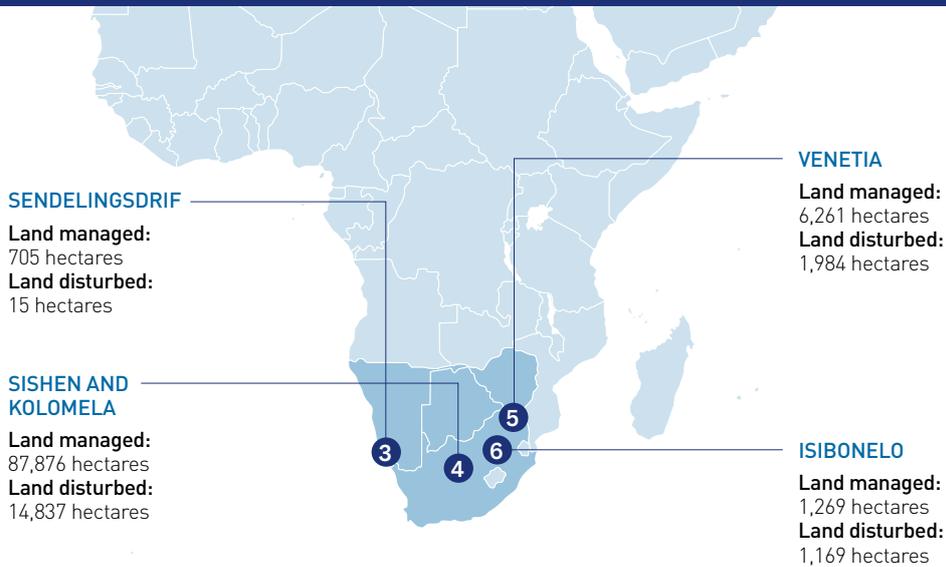
Extensive wildlife monitoring programmes are in place to mitigate impacts on vulnerable species, and native vegetation is harvested for future use in rehabilitation and offsets. As part of Minas-Rio’s environmental management plan, the operation continues to support work on establishing an ecological corridor that will connect fragments of forest, leading to increased flow of fauna and flora. Most of these pockets of land are in the hands of private owners, so a multi-stakeholder approach encourages their contribution to this ecological corridor through education and skills development. Iron Ore Brazil also supports the Protected Areas of Amazon Programme.

2 El Soldado
 Copper, Chile

Description: El Soldado copper mine is situated in a priority biodiversity-conservation area, which hosts more than 190 different species of flora that are native and/or endemic. A total of six plant species and 17 animal species are protected.

Response: El Soldado focuses on reforestation, research, monitoring and environmental education through its biodiversity action plan. Restoration of the El Gallo creek following the unsanctioned disposal of waste rock in 2011 is ongoing. Increasing the survival rate of the protected Belloto del Norte trees remains a priority, with additional resources being invested in improving reforestation techniques.

OPERATIONS LOCATED IN SENSITIVE ENVIRONMENTS – AFRICA



3 Sendelingsdrif
De Beers, Namibia

Description: Sendelingsdrif falls within the southern end of the Namib desert in the Succulent Karoo Biome. The Succulent Karoo is recognised as the world’s only desert biodiversity hotspot, and the mining licence falls within the Management Resource Protected Area (mining) and IUCN Category VI Protected Area of the Tsau//Khaeb (Sperrgebiet) National Park.

Response: The Ecological Restoration programme has moved on from Phases I (Field trials – Scientific research with M.Sc students, 2012-14) and II (Large-heaps experiments, 2014-16) to Phase III (Implementation of pilot project, 2016-present). Backfilling is taking place as mining progresses. To date, 2.45 hectares of mined-out area have been completely backfilled and revegetated. A partnership with Kew Gardens’ Millennium Seed Bank Project in the UK continues to assist us in monitoring how long various succulents are able to survive. Sendelingsdrif’s rehabilitation task team, made up of a multi-disciplinary team from the mine and a biodiversity partner, tracks the implementation of the rehabilitation plan.

4 Sishen and Kolomela
Kumba Iron Ore, South Africa

Description: Sishen and Kolomela iron ore mines are situated in the southern part of a protected woodland in Northern Cape province. The region hosts several protected plant species that may not be removed or damaged without permits.

Response: Sishen and Kolomela mines’ Biodiversity Action Plans (BAPs) are used in conjunction with land management plans to address top risks, including the effects of mine dewatering, alien and invasive species, bush encroachment and the relocation of protected species to offset areas. Research and biodiversity monitoring protocols are used to understand and measure long-term biodiversity trends.

5 Venetia
De Beers, South Africa

Description: Venetia mine is situated adjacent to the Venetia Limpopo Nature Reserve established by De Beers in Limpopo province, South Africa. The Mapungubwe Cultural Landscape was proclaimed as a World Heritage site in 2003 and, in 2009, a revised buffer zone was proclaimed without prior consultation with the mine. This resulted in the mine falling within the buffer zone of the Mapungubwe Cultural Landscape.

Response: De Beers operates according to conditions agreed with the government and, in 2013, through active engagement with the South African government, De Beers received consent for Venetia’s underground project to proceed. A revised buffer zone that excludes Venetia mine was accepted by the UNESCO World Heritage Committee in 2014 and is going through the local legal process. While no mining takes place in the core area, there are shared water resources that are carefully managed by the mine.

6 Isibonelo
Coal, South Africa

Description: Isibonelo is located within the sensitive Olifants river catchment of Mpumalanga – host to the majority of the country’s collieries. The operation’s key considerations relate to the presence of red-data plant species, a significant area of wetland within the mining area, grassland management, pollution and alien-plant invasion.

Response: As part of its original mining licence agreement, Isibonelo has established two off-site wetland rehabilitation projects to offset planned impacts of the mine. It also revised its original mine design to avoid affecting around 500 hectares of wetland. The protection of red-data plant species and management of alien plant species are addressed via the Isibonelo BAP.

MINERAL RESIDUE MANAGEMENT

Mining generates significant quantities of mineral residue, which affects the land through the establishment of tailings dams and waste-rock piles, and may also influence water quality if not managed effectively.

In recent years, catastrophic tailings dam breaches in the mining industry have led to greater public scrutiny of the management of tailings and storage of mineral residue. While tailings represent a major environmental liability, tailings treatment and disposal practices also present significant opportunities to optimise water and energy use.

OUR MANAGEMENT APPROACH

Where possible, we place mineral residue into mined-out areas or pits, such as at our Coal facilities in Australia. By avoiding the need for a storage facility, we reduce safety risks and the overall footprint of the disturbed land. We also reduce our impacts on land by using mineral residue in the construction of containment facilities. For example, we have built containment dams at Mogalakwena, Jwaneng, Venetia and Collahuasi mines using waste rock. We also practise co-disposal of tailings and waste rock.

Anglo American is implementing leading practices in all aspects of tailings and dam management, from concept, design, engineering, maintenance and surveillance, to closure and post-closure. For example, we have successfully placed mined soil back into depleted open pits in the Sendelingsdrif diamond mine in Namibia. At Greenside colliery in South Africa, filtering tailings leaves a relatively dry, stackable waste stream and minimises the amount of water lost into the tailings. At many of our operations we use hydro-cyclones and thickeners to recover process water from tailings and thicken tailings to enable greater re-use of water and less abstraction of freshwater.

Innovation and collaboration across functions is an important focus of our mineral residue facilities (MRF) approach, promoting more efficient and effective systems and processes. Since November 2017, we have combined our internal engineering and geoscience specialist resources into one global team to optimise the co-ordination between mineral residue and water management and maximise available synergies between civil geotechnical engineering, water resources and hydrogeology practice areas.

EFFECTIVE RISK MANAGEMENT

Tailings storage facilities are classified as one of our top 10 major risks and are subject to a rigorous risk-management programme. Over the past four years, we have rolled out a new MRF technical standard for all tailings dams and water-retaining dams. We have completed self-assessments against the standard and started formal reporting against performance requirements. We aim to roll out the standard for waste rock piles and develop surface-flooding risk-management plans by the end of 2019.

The new standard raises the bar in the level of care for our MRFs, exceeding legislated requirements in most regions, as we seek to move beyond compliance and towards leading practice. Implementation is in line with the requirements of the ICMM position statement on preventing catastrophic failure of tailings storage facilities. The standard has received wide international recognition and has been presented to various technical discussion groups, conferences and peer reviews. We are well positioned to meet evolving, stricter legislative requirements for tailings dam construction and maintenance, notably in Canada, Brazil and Chile.

We have implemented an online MRF dashboard that provides a comprehensive inventory of, and updated risk tables for, all the containment facilities in the Group. In 2019, the MRF dashboard will include our waste dumps and stockpiles. Following recent divestments, we have a total of 56 tailings storage facilities and 140 water-retaining structures at our managed operations.

We classify facilities based on potential consequences of a catastrophic event. Classification criteria include:

- Public and employee safety
- Employee health
- Environmental, infrastructure, financial, social and reputational consequences of incidents.

In turn, the classifications determine:

- Design criteria
- The frequency of monitoring and inspection
- Assignment of appropriately skilled and resourced people
- Governance structures to manage, monitor, audit and review facilities.

Critical controls at facilities are audited internally via the Operational Risk Assurance audits completed through Anglo American Business Assurance Services by our technical specialists, and each of the businesses is addressing identified priority issues. All operations with high-consequence facilities also have an assigned engineer of record and an independent panel of technical experts that review the facilities, in most cases annually.

DEVELOPING CAPABILITY

We provide annual face-to-face training and other forms of engagement to maintain awareness of the risks that tailings facilities present, exchange ideas and experiences, and underscore our commitment to leading practices. In October 2018, we held a three-day workshop in Johannesburg, South Africa, with about 90 participants from across the Group, including MRF and water management specialists, and a selection of our engineers, independent reviewers, and independent tailings dam operators. The event focused on improving understanding of our technical standards, sharing leading practices and successes, as well as lessons learned from incidents and errors and from challenging technical or operational situations.

Greater efforts from mining companies to strengthen their management of tailings and storage of mineral residue are exacerbating a global shortage of skills in MRF-practice areas such as hydrology, water resources and geo-engineering practices. Our technical standard requires site-level specialists, and securing the capabilities that we need across our operations is challenging. Our initiatives to develop capability include recruiting university graduates and providing in-house training, technical-expert exchanges, and developing talent in junior and intermediate positions through mentorship.

LEADING TECHNOLOGIES

In 2017, we started to test the effectiveness of a new digital tablet application during routine dam-safety inspections of tailings facilities and water retaining dams. This technology enables us to better monitor deficiencies and track maintenance at these facilities, removing all paperwork related to dam inspections. The application is now used at six operations in southern Africa and will be introduced in South America, and then the rest of the Group, in 2019.

We are also increasingly seeing the benefits of using fibre optic cable (FOC) technology to monitor and safeguard the integrity of our tailings dams. These state-of-the-art, near-real-time monitoring technologies allow much more precise and accurate measurements of dam movement, alerting operations to potential problems they need to address. The FOC technology is used in both well-established projects and pilot projects at operations in Chile, Brazil and South Africa. At Platinum's Mototolo operation, we are developing a new tailings storage facility that will use FOC technology to identify seepages and evaluate the integrity of the installed liner.

RESEARCH COLLABORATIONS

Anglo American is collaborating with research partners to share knowledge and explore opportunities to improve tailings material and tailings dam safety. For example, we are participating in a three-year research project in Australia, involving four universities and six major mining companies from around the world, investigating tailings material behaviour and evaluating the potential for static liquefaction of tailings to reduce the risk of dam failures. The research, led by the University of Western Australia, has received global attention among researchers and practitioners as it deals with one of the least-understood failure mechanisms in tailings dam safety management.

NON-MINERAL WASTE

All our operations implement initiatives to reduce the amount of non-mineral waste they produce. Large non-mineral waste streams include tyres, oils and greases, rubble and office consumables.

While our aspiration is to apply the 'avoid, reduce, re-use and recycle' waste-management hierarchy, this is an area where our approach across the Group is being reviewed to increase co-ordination and maximise opportunity. We are, for example, introducing 'circular economy' thinking. The circular economy is regenerative and restorative by design: durable goods are able to be repaired (rather than replaced) and biological materials returned to the biosphere without being contaminated. Our aim is to have the lowest-possible impact on human health and the environment.

Several business units and operations have set reduction and/or recycling targets. In South Africa, our Kumba and PGMs operations aim to send zero waste to landfill by 2020. In 2018, Platinum partnered with waste specialists to analyse waste streams at each site and explore opportunities to develop cost-effective re-use and recycling business ventures with community members.

Through to 2020, the focus will shift towards life-cycle solutions, in partnership with waste companies and community-based initiatives.

We have also implemented bio-remediation facilities at Kumba's operations and at PGMs' Mogalakwena mine to treat soil that has been affected by hydrocarbons.

PLATINUM'S ZERO WASTE TO LANDFILL, AN INCLUSIVE APPROACH TO SOLVING THE WASTE PROBLEM



Waste separation at Precious Metals Refineries, Rustenburg, is drastically reducing the amount of waste the operation needs to send to landfill.

At Anglo American, we promote the three 'Rs' (reduce, re-use and recycle) throughout our business. Anglo American's PGMs operations in South Africa have committed to a zero waste to landfill strategy. South Africa has a shortage of suitable landfill sites, which is driving up the cost of waste disposal. The zero waste to landfill strategy ensures compliance with the South African regulatory framework, reduces our environmental footprint and generates cost savings.

The environment team created a strategy with a wide scope: we want to reduce waste in our suppliers, in our own Group and encourage communities to partner with us on innovative waste-related projects. A partnership with a specialist waste-management company supports our PGMs business with solutions (preventative, recycling and reduction) for a defined list of waste streams at our operations.

To increase awareness of how we manage waste responsibly in our own business and in the surrounding communities, we created a schools' art competition entitled 'Waste to wonderful art'. Students from schools surrounding each operation expressed their creativity through re-using waste to create pieces of art. The winning schools from each operation were invited to the final round of the competition in Johannesburg, where the overall winners left with prizes totalling R20,000 (approximately \$1,500) for their schools.

Through awareness campaigns, in 2018, we achieved a step change in our waste to landfill figures, showing a reduction of 64% on our 2013 baseline. Additional initiatives that contributed significantly to reductions in waste to landfill are: at Mogalakwena, the bioremediation plant rehabilitates soil affected by hydrocarbon spills, reducing hazardous waste sent to landfill; and, at Rustenburg Base Metal Refineries, an offtake of sodium sulphate produced as a by-product is now sold into the market.

PRODUCT STEWARDSHIP

Society is increasingly demanding sustainable products made with sustainable materials. We are committed to meeting this need, and therefore understand the risks and opportunities relating to the materials we produce throughout their life cycle. This is the fundamental principle behind product stewardship.

Our approach supports the delivery of our sustainability objectives, by ensuring that the impact of our work is amplified in the value chain and that we properly identify and manage any access-to-market risks.

This work is designed to maximise the value of our products to Anglo American, our customers and society, as well as meet our regulatory obligations. Ultimately, it responds to our ethos as a recognised, responsible supplier of minerals and metals, promoting ethical value chains – partnering where possible to seek a competitive advantage.

Our mandatory product-compliance obligations 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. Regulations similar to REACH are being developed in China, South Korea and Taiwan.

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.

In 2018, we successfully finalised the REACH registration of our PGMs. This has generated high-quality data on our products and their applications, which will ensure they are used appropriately – thereby maximising their benefit to society. We have put a strategy in place to ensure continued REACH compliance under various potential scenarios when the United Kingdom leaves the European Union.

We are also ensuring ongoing compliance with regulations in other regions where we sell our products, establishing a continuous process of product testing, hazard assessment and communication via safety-data sheets. This is supported by our participation in research and development initiatives; for example, evaluating tools for better assessing the hazards of complex mineral products.

In response to an increasing industry and regulatory focus on transport – marine shipping in particular – we have taken measures to improve packaging, labelling and consignment procedures at sites to ensure compliance with regulations and alignment with industry best practice. Anglo American has also participated in a multi-year industry-wide alliance to improve the relevance of shipping regulations for our bulk products and concentrates. In 2018, we achieved tangible positive impacts when the corrosion-test method designed by the programme was approved by the International Maritime Organization for global application. This has ensured that mining cargoes can be assessed for safe carriage, while avoiding unnecessary costs and logistical delays.

We also look for opportunities to work with customers and other organisations to research, optimise the benefits of our products further down the value chain and be responsive to the changing expectations of our customers and society. We do this through proactive engagement with industry and customer-sector bodies, and multi-stakeholder organisations. This is allowing us to ensure that our sustainability ambitions are recognised by customers seeking to source their mineral and metals products responsibly.

Internally, we have increased our cross-functional capacity to deliver positive stewardship outcomes. This has included the establishment in 2018 of a product-stewardship community of practice to build internal awareness, share expertise and tackle challenges in a collaborative way.

A proactive external engagement programme is enabling us to partner more effectively with others in addressing market-access challenges as efficiently as possible.

AIR QUALITY

Ensuring that we adequately understand and control the dust and gases we release at our operations is essential to prevent adverse impacts on host communities and to meet current and future legislative requirements.

According to the World Health Organization (WHO), air-pollution levels have increased globally and are having adverse effects on human health. This is driving stricter legislation to control and reduce pollution to acceptable levels, notably around residential communities and in zones that are stressed by certain air quality pollutants.

STRENGTHENING OUR MANAGEMENT APPROACH

Field assessments conducted early in 2018 identified significant opportunities to improve our management of air quality risks at many sites across the Group. We are promoting ongoing operational improvements through the implementation of a Group strategy for air quality and emissions, which is supported by a mandatory Group air quality and emissions technical standard and related guidance. The standard guides our approach to effectively identifying risks and improving the management of air quality controls for dust and gaseous emissions (excluding emissions managed for occupational-health impacts) which may pose a risk to humans, fauna and flora. In doing so, we reduce adverse effects on communities, the risk of non-compliances, and strengthen our position to meet evolving regulatory requirements.

The Group air quality standard was approved in August 2018. Self-assessments were completed at 11 sites by year end and will be completed at all remaining sites during 2019. This will inform the development of site-specific action plans to address identified gaps and ensure ongoing improvements.

ASSESSING AND RESPONDING TO AIR QUALITY RISKS

The most material Group-wide air quality issues relate to sulphur dioxide (SO₂) emissions around our Copper and PGM smelters, nitrogen dioxide (NO₂) associated with the combustion of diesel and marine fuel, and particulate emissions (PM10 and PM2.5 – particulate matter of less than 10 and 2.5 microns, respectively) at opencast mines.

Anglo American has 19 sites located in areas that are designated 'saturated zones' for certain air quality pollutants. We have seven additional sites not located in 'saturated zones', but where we have received air quality-related community concerns or enquiries.

In South Africa, SO₂ emissions from PGMs' smelters are regulated by the Air Quality Act, which stipulated reduced SO₂-emission levels by 2015, and a further reduction by 2020. PGMs has been granted a postponement in terms of compliance with the 2015 limit in respect of its Mortimer and Polokwane smelters. PGMs has started constructing an abatement project at its Polokwane smelter, which will use an innovative technology to capture SO₂ gas from the furnace and convert it to sulphuric acid.

With a capital investment of R2.5 billion (\$188 million), the technology will ultimately reduce SO₂ emissions by an estimated 96%, to comply with the more stringent limits. Construction has commenced at the Polokwane smelter and PGMs is applying for a postponement to the 2020 limits for both smelters.

Kumba's Sishen mine continues to implement a comprehensive dust action plan to reduce levels of particulate matter in the air surrounding communities. We have achieved steady improvements in the ambient PM10 levels at community monitoring stations; and Sishen has updated its dust monitoring systems to align with air-dispersion-modelling results. Based on the air-dispersion-modelling outcomes, the mine is implementing additional controls to mitigate the main contributors of dust, which are haul roads, crushing activities and waste-dump activities.

OUR PERFORMANCE

As we implement our updated air quality standard, we are improving our understanding of our risks, the effectiveness of our controls and the reliability of our air quality monitoring and emissions data.

All our South African mines completed and timeously submitted air quality reporting for the National Atmospheric Emission Inventory System (NAEIS) in accordance with emissions-reporting regulations.

In 2018, we generated a total of 30,500 tonnes of SO₂ (2017: 29,500 tonnes) and 28,700 tonnes of NO₂ emissions (2017: 27,300 tonnes).

We record all air quality incidents and are implementing an investigation protocol to develop appropriate mitigation measures. We also investigate all air-quality-related complaints received from local communities.

At Minas-Rio, total suspended particle and PM10 samples are monitored continuously against legislated Brazilian air quality standards. The operation has a best practice environmental monitoring centre, which includes online air quality and meteorological stations. This has enabled improved data transparency and timeous response to deviations, which, in turn, have improved community relations.

RESPONDING TO REGULATORY DEVELOPMENTS

In Australia, the government plans to introduce stricter PM10 and PM2.5 air quality standards in 2025, which will be included in future environmental licence conditions for our sites. Metallurgical Coal is monitoring developments and aims to obtain a transitional arrangement to reduce the risk of non-compliance. The operation's air-quality-management strategy aims to address the potential non-compliance with PM2.5 limits.

In Chile, Los Bronces copper mine is located in a highly urbanised region that has been designated a 'saturated zone' for certain air quality pollutants, including PM10 dust, nitrogen oxides and sulphur oxides. The regulator has published specific air-quality-threshold limits, requiring any new project that exceeds these limits to identify and implement additional emission-reduction projects. In response, we have completed a baseline air quality study to support the permitting of our underground project, as well as the operational continuity of the mine.

WATER

For Anglo American, water shortage is a principal risk as 70% of our sites are located in water-scarce areas. Our catchment-based approach to water management will allow us to play a key role in defining opportunities for contributing to regional water conservation.

This approach provides a solid foundation as we work towards meeting our ambitious sustainability targets.

As part of FutureSmart Mining™, our ultimate vision is to develop the waterless mine in water-scarce regions; that is, a mine that uses no external freshwater beyond ramp-up.

MANAGEMENT APPROACH

To address our water risks, we are managing current water usage in a holistic manner, while developing and applying innovative management approaches and technologies.

Anglo American's revamped water approach is the next step in a 10-year journey, begun in 2010, during which we have made visible progress. This has involved introducing a new Group Water Management Standard in 2016, followed by the initiatives to support the implementation of its key components in 2017.

ADOPTING A CATCHMENT-BASED APPROACH

Alignment with the water-management standard requires substantial development in water information and management practices. To do so, we are revisiting our approach to capturing and processing information about water at all levels. The first step is for all operations to complete a detailed self-assessment and gap analysis against the water standard. This was completed in 2018 at several sites and will be finalised in 2019. In addition, progress in meeting the requirements of the standard is included in each business unit CEO's scorecard.

Since 2017, we have spent approximately \$6 million on initiatives to address compliance gaps at business unit and site level. While this compliance process has proved more demanding and challenging than anticipated, we are confident that we are on the right track to meet our strategic goals.

Each site is required to complete a site-wide water balance, providing a more accurate and detailed understanding of water withdrawals, use, efficiency, discharge, consumption, storage and conveyance, and which underpins the effective assessment and evaluation of site-specific water risks. At year end, 60% of our sites had completed (or restated) their water balance.

Regional water balances have been completed for Minas-Rio in Brazil and Limpopo province in South Africa. Lessons learned from these exercises will be incorporated into regional balances planned for 2019, such as at Los Bronces.

INNOVATIVE ENGINEERING AIMS TO BOOST WATER RECYCLING



Las Tórtolas is a flotation plant, processing copper concentrate from the slurry pumped via a pipeline from Los Bronces mine, located 65 kilometres from Santiago and 3,500 metres above sea level. Los Bronces is one of the biggest copper mines in the world.

Los Bronces copper mine in Chile has an ambitious plan to recycle more water by sucking it from the bottom of a tailings dam. More than 200 million m³ of waste water are retained in the fine tailings of Las Tórtolas dam, which is currently up to 100 metres deep. Retained water will increase to more than 750 million m³ during the life of the mine.

Water retention in the tailings is the biggest part of water consumption at Los Bronces and many other mines. The proposed water-recovery scheme aims to increase water re-use efficiency by extracting some of this water and pumping it back to the Los Bronces processing plant.

The plan is for 29-millimetre horizontal wells to be drilled through the permeable weathered bedrock along the bottom of the dam and then lined with a 19-millimetre perforated steel pipe into which water will drain. It could improve Los Bronces' water efficiency by reducing water consumption by up to 20%, contributing to meeting our sustainability targets.

"If this works, it will be a revolution in mining that helps to solve a lot of water challenges," says Christian Cintolesi, at water lead for the Americas.

A trial well is scheduled for the first quarter of 2020, with monitoring and evaluation of results due by mid-2020. Current estimates put the overall project cost at \$30-\$75 million.

IMPROVING OUR WATER-INFORMATION MANAGEMENT

Modelling water-balance and hydrological and hydrogeological scenarios significantly improves our ability to predict and quantify life-of-asset risks and identify required infrastructure modifications.

In 2018, we undertook the development of a comprehensive Water Information Management System (WIMS) in South Africa, which provides a real-time data analytics platform, to capture and validate all key site-specific water elements. The final automated module for reporting is being developed. In 2019, we will complete the roll-out across our South African operations, followed by a Group-wide roll-out. Once complete, we are planning to share the tool with the rest of the industry, as we did with the Socio-Economic Assessment Toolbox (SEAT) and our Mine Closure Toolbox.

All sites are to have detailed, dynamic operational water balances and hydrogeological models, supported by regional water balances that are linked to regional climatic data as well as the WIMS database.

This will enable a more consistent baseline of water-management data with which to determine targets, KPIs, scenarios and site-specific strategic water action plans.

ASSESSING AND RESPONDING TO WATER RISKS

The principal water-related risks to the business are: assured security of supply, excess water management (groundwater and surface water) and off-site water quality (surface and sub-surface) being impaired because of an uncontrolled discharge into the environment.

Qualitative assessments of water risks at our operations include water security, operational water management, water quality and pollution, environmental protection and compliance, as well as mine dewatering and slope depressurisation to improve stability or increase slope angles and ensure the completion of mine plans.

Improvements in the reliability of our water reporting, and the use of water balances, hydrological and hydrogeological models and climate change projections, will help us better understand the operational and regional water-related risks and opportunities. In 2018, we have also worked to improve the reliability of our water data so that in 2019 we can set the accurate baselines to meet our sustainability commitments.

Our climate data review and predictive modelling indicate that increasing weather volatility – including highly variable and interchangeable periods of droughts and floods – is likely to exacerbate water stress and vulnerabilities at our operations and communities in which we operate.

WATER SECURITY OF SUPPLY

All our South African operations are in water-stressed areas. Kumba and Thermal Coal, however, are not exposed to water-security risk, and are net water providers in the catchments where we operate; however, if not managed well, their activities could impact the water of others.

In Copper, water security to meet the mine plan at Los Bronces is a risk we are managing through operational efficiency and short term contingency plans, while developing a long term solution through integrated water security projects aimed at decreasing water demand, and the development of finding new sources of water combined with enhanced storage capacity.

Our Minas-Rio iron ore operation in Brazil has continued to incur significant water stress, despite increased rainfall in 2017-18.

WATER QUALITY

Our principal water quality related risks are associated with high salinity, high sulphate content, acid rock drainage, and metal leaching at certain operations. Operational water balances will enable us to better understand and manage water quality issues. We are increasingly using hydrogeological models to assist in identifying potential risks related to seepage from tailings dams and affected water containment facilities, and to develop solutions.

Level 3 and 4 environmental incidents are described on page 34.

At Thermal Coal, water treatment plants are used extensively to treat mine-affected water. Thermal Coal is making good progress with concurrent rehabilitation of mine voids (the area of excavation that remains after mining is complete) to reduce infiltration of rainfall. At Khwezela colliery's Kromdraai pit, a more effective approach to surface rehabilitation has reduced the need for active water treatment (through reverse osmosis) owing to a reduction in surface-water infiltration and, therefore, lower levels of acid mine drainage. In 2018, a pilot semi-passive water treatment project at Khwezela demonstrated excellent results in reducing levels of sulphates and acidity, producing treated effluent that is suitable for the irrigation of crops.

At Twickenham mine, which is under care and maintenance, mine water is being released into the environment. We have provided potable water to animals and people and plans are in place to redirect the water to a nearby mine.

Regarding acid rock drainage at the Donoso waste dam in the Los Bronces site, Chile, we have a temporary solution in place to capture all potential discharges, while completing the design of a permanent solution. We will submit the environmental impact assessment (EIA) in 2019 and have requested a permit to implement a long term solution.

EXCESS WATER

To mitigate excess water risks, operations strictly monitor water-retaining structures and the effectiveness of control measures. At sites where excessive amounts of water need to be managed, there is a focus on reducing levels of imported freshwater and returning treated water back to the respective source catchments.

In South Africa, Thermal Coal's flagship eMalahleni water-reclamation plant treats mine water to produce potable water, returning on average 16 megalitres/day to the eMalahleni municipality. Kumba's Kolomela mine pumps clean groundwater from dewatering into the Vaal Gamagara pipeline to support the Sedibeng water supply, returning an average of 906 ML/day. When there is too much water for this pipeline to convey, excess is diverted to a pump station which feeds water into injection boreholes outside the dewatering zone, recharging the aquifer.

Kumba is optimising the use of treated sewerage effluent, return water and storm water to reduce its clean groundwater consumption. A similar project is planned for Sishen. We compensate farmers who are affected by our dewatering activities.

Water withdrawals by source in 2018 ('000 m³)

Surface water	72,240	
Groundwater (including dewatering)	119,132	
Seawater	15	
Third party potable water	8,947	
Third party non-potable water	27,163	
Total withdrawals	227,497	

OUR PERFORMANCE

Over the past six years, Anglo American has invested several hundred million dollars in addressing water-related issues, including infrastructure improvements, water treatment/water recovery technologies and managing environmental impacts.

As reported on page 46, we are well on our way to finalising the implementation of the new reporting guidelines and delivery of all water balances. This will help us fully understand the issues of each site and implement the actions needed to meet their specific needs.

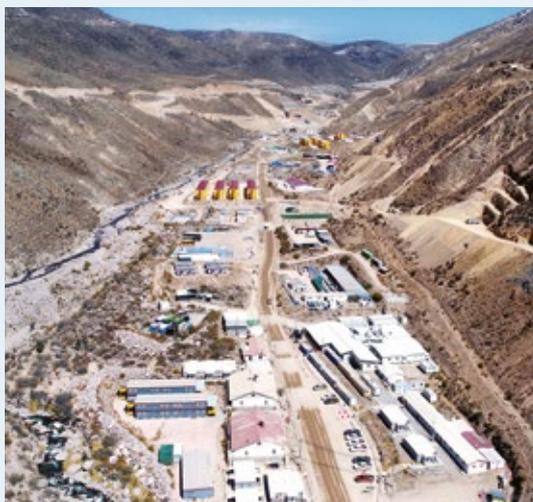
Current data shows that Anglo American is making steady progress towards our 2020 sustainability water targets of reducing absolute freshwater abstractions by 20% (as compared to the projected business as usual (BAU) consumption and using data from corrected water balances), recycling/re-using water for 75% of our global water requirements and recording no Level 3 (or above) incidents.

Total water withdrawals amounted to 227.5 million m³ in 2018 (2017: 306.3 million m³). The graph to the left provides a disaggregated view of withdrawals by source. A significant proportion (19%) of withdrawals is for dewatering, which involves removing unwanted water from mine workings. This water is subsequently diverted to municipalities, used for operational activities and/or re-injected into aquifers.

Total water discharges for Anglo American operations came to 86.4 million m³.

Los Bronces remains a leading example by maintaining a recycling rate of over 70%.

QUELLAVECO LEADS THE WAY IN WATER EFFICIENCY



An aerial view of Quellaveco, one of the world's largest undeveloped copper deposits.

The design of the tailings dam at Anglo American's Quellaveco project in the south of Peru incorporates exceptional levels of water efficiency; with just 0.44 m³ of freshwater intake per tonne of ore processed, compared to 0.5 m³ – 0.6 m³ of freshwater per tonne of ore processed used in our current copper operations.

The balance of any water needed will be recovered from the tailings.

The tailings will be transported by gravity along an 18.4 kilometre concrete channel that traverses a series of viaducts, tunnels and bridges before reaching the dam.

The finer tailings will be deposited and allowed to settle with the water content pumped back upstream for re-use in the processing plant. This is what will maximise Quellaveco's water recovery.

"This is a high-quality design and construction project," says Caius Priscu, Anglo American's head of mineral residue facilities and water management. "Each component is a significant engineering project on its own."

PARTNERING FOR REGIONAL WATER MANAGEMENT

In taking a catchment-wide approach to water management, we work with partners, businesses and authorities to promote a stable, long term effective approach to regional water use, incorporating local issues and sensitivities into our water management practices.

In South Africa, in collaboration with government, regional water providers and other mining houses, we developed a collaborative water strategy for the Limpopo region, launched in 2017. In 2018, we focused our efforts in forging partnerships between government and industry to accelerate the development of bulk-water infrastructure improvements to supply the Olifants river catchment.

Thermal Coal is proposing an innovative regional multi-stakeholder partnership called the Green Engine project, which aims to create a self-sustaining, agri-industrial hub that relies on mine-affected land and mine water from a coal mine that is due for closure. (See case study on page 57.)

At Los Bronces in Chile, we are working proactively with local power plants, agricultural communities and our neighbouring mine, Codelco's Andina, in setting a forward-focused water strategy. In 2018, we partnered with the new Metropolitan Region Water Fund, which aims to contribute to the region's water security.

In Quellaveco, Peru, we have developed a water-supply strategy to help deliver significant benefits to local communities. The freshwater-supply system for operations, now being built, has been designed with a supply capacity greatly exceeding our operating needs. Accordingly, water will be provided to downstream communities, benefiting them in terms of both quality and security of supply, with the surplus water being used for operations. This system was developed through a dialogue process involving government and community stakeholders.

**FUTURESMART MINING™
COARSE PARTICLE FLOTATION**



The coarse particle flotation process is already being used at Las Tórtolas, part of the Los Bronces copper mine, in Chile.

Coarse particle flotation (CPF) technology allows us to coarsen grind size while maintaining recoveries – thereby reducing the energy required to grind ore, as well as reducing our water intensity by more than 20%. Where CPF is combined with dry-disposal technology, we are targeting a reduction in water intensity of more than 50%.

CPF is currently being tested at several of our sites around the world. A 500-tonne per hour unit, the biggest of its kind, is currently under construction at El Soldado copper mine in Chile and is due to come online in the second half of 2019.

CLIMATE CHANGE

For more than a decade, Anglo American has made strides to meaningfully contribute to the global effort to reduce emissions while continuing to provide the materials that modern life requires.

MANAGEMENT APPROACH

In implementing our sustainability approach, we are working towards our carbon and energy targets for 2030 and, ultimately, our vision of operating a carbon-neutral mine. We are also developing a more integrated approach to managing our social and environmental climate-related risks, recognising the importance of cross-disciplinary collaboration for effective risk management, through integrated water and energy management.

The innovations we will apply to our mining processes will improve energy efficiency, as we mobilise our people and resources to build resilience to thrive in a low-carbon economy and successfully contribute to mitigating the planet's rising temperature.

Respecting society's increasing expectations for greater transparency around climate change, our management and reporting approach follows the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). In doing so, a key development in 2018 was our quantitative analysis of the climate scenario-related impacts on copper, nickel, PGMs, iron ore and coal.

Anglo American's climate change policy articulates our commitment to five principles:

- Building internal agility and ensuring resilience to climate change
- Driving energy and carbon savings throughout our business
- Understanding and responding to the carbon life cycle risks and opportunities of our products
- Developing and implementing collaborative solutions with our stakeholders
- Contributing our skills and knowledge to the development of responsible public policy.

A central aspect of our approach is our energy and carbon management (ECO₂MAN) programme, which we have been implementing across the Group since 2011. The programme is centred on identifying and carrying out projects to reduce energy use and greenhouse gas (GHG) emissions. These actions are aimed at achieving site-level targets. The performance against our 2020 Energy and GHG targets requires a reduction against projected 'business as usual' (BAU). The targets consider variable operating conditions, such as changes to mine plans, production levels, the depth and grade of orebodies, and haul distances, as well as acquisitions or disposals. As we progress towards meeting our 2020 targets, we are focusing on maintaining our current good practice, aligning our performance with the Group energy and GHG emissions management standard and addressing identified gaps.

The Anglo American chief executive and business unit CEOs' scorecards include performance on energy and carbon. The 2020 GHG target is included in the 2017 long term incentive plan (LTIP). To receive the LTIP benefit in full, Anglo American will need to achieve the 2020 GHG target a year earlier, in 2019. Since 2017, our 2020 energy and carbon targets are included within the plan.

Further disclosure on our climate-related practices is provided in our Integrated Annual Report, in the sustainability performance section of our website and in our annual submission to CDP.

A table summarising our current compliance with the TCFD's recommendations is shown in page 54.

PORTFOLIO RESILIENCE

We identify and assess the potential impacts of climate change on our portfolio. Of considerable importance is our role as a producer of copper, nickel and PGMs – critical products in facilitating the development of low-carbon technologies – as well as being a producer of thermal coal.

Our research has included an assessment, in 2015, of the climate-related scenario risks and opportunities for the thermal coal market to 2030 and beyond, which highlighted the continued role of thermal coal in the global energy mix; and in 2016, a qualitative assessment to determine implications for product demand for copper and PGM markets, which confirmed positive demand for both metals.

To enhance our understanding of our portfolio resilience and low-carbon transition risks, and to align with the recommendation of the TCFD, in 2018 we completed a scenario study to quantify the climate change-related impacts on our product portfolio, including copper, nickel, PGMs, iron ore, thermal and metallurgical coal. In undertaking the analysis, we established a comprehensive and dynamic method to identify and monitor climate indicators, and quantify their effect on market demand for commodities, in order to inform our strategy and investments.

ADAPTATION FOR CLIMATE RESILIENCE

The mine-project investment decisions we make today could be significantly affected by weather variability associated with long term climate change. Anglo American seeks to understand the physical implications of climate change for our operations and neighbouring communities and to implement appropriate adaptation responses.

Key elements of our approach include:

- Building climate change scenarios using the best-available science
- Using our Operating Model to identify vulnerability and exposure
- Integrating critical controls into operational risk management.

We have been working with the UK Met Office and other recognised experts on climate science since 2010. Initial climate studies identified our highest-risk sites as being located in Peru and Chile, with several other operations also vulnerable to extreme weather events. In 2012, we developed climate scenarios for vulnerable regions, which we then used to develop best-practice guidance for our operations and new investment projects. In 2016, we undertook a high-resolution modelling exercise with the UK Met Office for the Los Bronces underground project in Chile. The scenario data has informed our catchment-based water model, air quality and natural hazard assessments and control measures. The analysis informs our water supply strategy.

In 2018, we undertook a similar high-resolution climate modelling exercise with South Africa's Council for Scientific and Industrial Research (CSIR), for all our PGM operations in South Africa and Zimbabwe. (See case study on page 53.) In 2019, similar exercises are planned for Quellaveco in Peru and Gahcho Kué in Canada.

REDUCING OPERATIONAL EMISSIONS AND ENERGY USE

In 2018, Anglo American operations were responsible for 16.01 million tonnes of CO₂-equivalent emissions (Mt CO₂e) (2017: 17.95 Mt CO₂e). This decrease was a result of increased seam gas drainage at our metallurgical coal operations, business improvement projects and a marginally lower carbon intensity of the Eskom grid.

Our GHG emission reduction target for 2020 is 22% against projected emissions in a BAU scenario. GHG emission savings in 2018 amounted to 6.1 million tonnes (Mt) CO₂e – a 25% reduction relative to the BAU 22.8 MtCO₂e, representing a 11% decrease compared to 2017.

The Group's total energy consumption decreased for a third consecutive year, to 85 million GJ (2017: 97.4 million GJ). Divestments, stalled production at Minas-Rio owing to the pipeline incident and ongoing productivity and energy efficiency projects were the primary cause for the decrease.

Our ECO₂MAN energy-reduction target for 2020 is 8% against BAU. In 2018, approximately 486 energy efficiency and business improvement projects saved 6.7 million GJ in energy consumption relative to the projected consumption in a BAU scenario (a 6.5% reduction).

The energy efficiency projects we have implemented have a typical payback time of three years.

Several of our South African operations benefit from tax-allowance incentives, achieving an estimated net \$8.5 million (R115 million) for measurable energy savings in 2018. Kumba continues to achieve significant energy savings through a range of emission reduction initiatives across its haulage fleet.

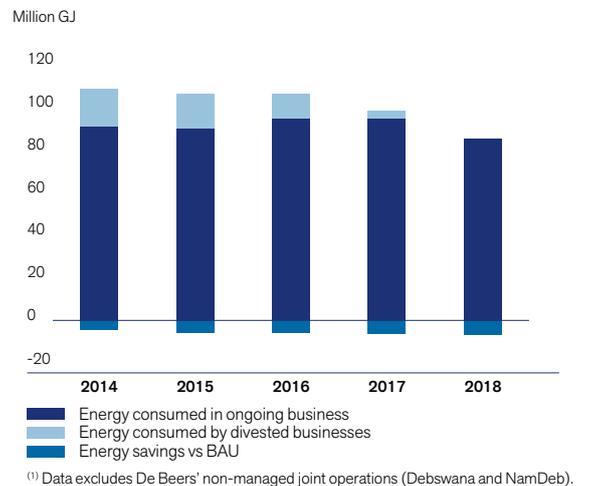
Our energy efficiency target for 2030 is a 30% reduction in our absolute energy intensity against our 2016 performance, while our long term GHG emissions target is a net 30% reduction in emissions against the 2016 level. The long term stretch targets align with our aspiration to develop a carbon-neutral mine.

Building on the outcomes of the energy efficiency workshops we held in October 2017, we started to conduct energy and carbon assessments at our sites in 2018, with the aim of clarifying site-specific requirements and developing action plans to meet our longer term targets. By the end of 2020, we will have assessed all our sites and prioritised the top 15 in terms of energy consumption, identifying the priority energy and carbon reduction options at these operations.

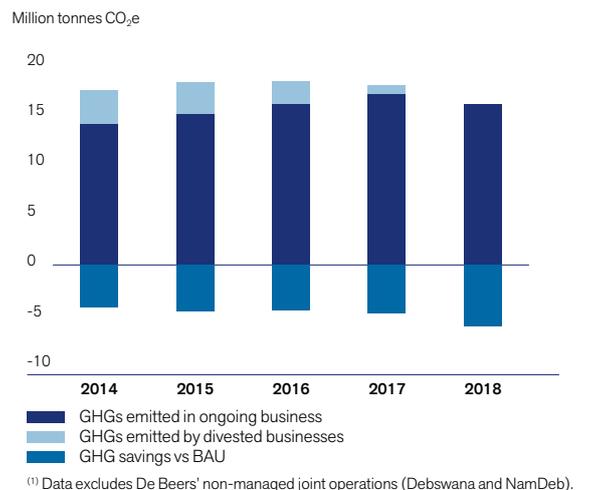
Our most significant source of Scope 3 emissions is the combustion of coal by customers for power generation and metallurgical processes. In 2017, our Scope 3 emissions associated with product downstream end-use of thermal and metallurgical coal were estimated at 225 Mt CO₂e (2016: 99 Mt CO₂e). The increase is mainly attributable to a change in methodology; in 2017, we included Scope 3 estimates for Iron Ore and Metallurgical Coal for the first time. For 2019 reporting, we will evaluate our Scope 3 emissions reporting and performance to identify areas for improvement.

In addition to our focus on GHG management, we investigate opportunities for carbon offset partnerships. We have identified options for implementation once a carbon trading market develops.

Total energy consumed against business as usual 2014–2018⁽¹⁾



Total GHG emissions against business as usual 2014–2018⁽¹⁾



INNOVATION

In making the transition to a low-carbon economy, our roadmap for a carbon-neutral mine focuses on the following key areas:

Radically reducing energy consumption

Achieving our longer-term targets is dependent on a radical reduction in our energy consumption, through process, equipment and behavioural efficiencies. Comminution (the grinding and crushing of rock) is the largest consumer of energy in mineral processing. Through FutureSmart Mining™, we are investing in new mineral-processing technologies that are more energy efficient than conventional methods of comminution. For example, our novel comminution circuits fragment particles using 30% less energy than conventional means. We also apply best available technologies to underground ventilation, fuel use and pumping of water.

**FUTURESMART MINING™
BULK SORTING**



Construction is under way on the full-scale bulk-sorting site at El Soldado copper mine in Chile.

By taking advantage of the natural variations within orebodies, we can identify and reject gangue (waste rock) close to the mine face.

This means that we can reduce our energy intensity by more than 10%, as less reject gangue is being processed in our plants.

Today, we have a full-scale demonstration installed at a copper mine in Chile, with two more units scheduled for delivery by mid-2019.

LOW-CARBON AND RENEWABLE ENERGY

Switching to low-carbon energy sources can help mitigate GHG emissions in cases where we cannot reduce energy consumption further. To give impetus to our application of renewable energy, in 2018 we did an assessment of current and anticipated renewable energy technologies and energy-storage technologies, as well as anticipated longer-term developments.

In South Africa, a project to develop a solar-photovoltaic plant for Platinum's Mogalakwena complex is currently in study phase, with planned implementation in 2021, if proven viable. Thermal Coal has installed solar-power generation capacity that meets a portion of its energy needs at Greenside colliery and Coal's Highveld hospital. In Brazil, the furnace at Codemin uses biomass instead of fossil fuels in the processing of nickel. In Chile, the assertive entry of renewable energy sources on to the market, supported by government, presents new opportunities for Copper. To date, we have invested more than \$200 million in low-carbon technology research and development.

**FUTURESMART MINING™
SHOCK BREAK**



Shock break trials taking place at Platinum's Baobab concentrator in South Africa.

More than 60% of the energy used at a mine is used to crush ore to a particle size that is suitable for liberating minerals. To tackle this, we have developed a new method for crushing ore that uses 30-50% less energy than conventional mills.

In August 2018, we began testing our full-scale demonstration unit in South Africa to confirm the energy savings were as expected, and to demonstrate the wear characteristics of the components within the demonstration unit. In 2019, we are installing a second pilot unit at a new site to augment and accelerate our learning.

INVESTMENT IN AP VENTURES TO DRIVE CLEAN TECHNOLOGY



AP Ventures focuses on addressing global challenges such as renewable energy integration, resource scarcity and a growing population, ensuring that we proactively innovate and stimulate both clean technology and PGM markets. This includes hydrogen infrastructure, energy storage platforms, water purification, sensors, durable electronics, medical devices and fuel cell electric mobility such as platinum-containing hydrogen powered fuel cell electric vehicles.

Anglo American Platinum has committed \$100 million to two strategic funds that will invest in innovative clean technology that promotes the use of PGMs.

The 2018 investment is matched by \$100 million from South Africa's Public Investment Corporation, which represents government employees' pension funds.

The combined \$200 million is managed by independent fund management business, AP Ventures, led by former Platinum senior managers Andrew Hinkley and Kevin Eggers.

AP Ventures' first fund has invested in six high-growth US and European start-up companies developing technologies to meet global challenges of resource scarcity and the transition to new sources of energy. A second fund will seek new opportunities and investors who recognise the commercial potential and sustainability benefits of Anglo American's vision.

"This strategic investment in high-potential businesses will stimulate new demand for PGMs and create opportunities in clean technology," Eggers said. "Ethical investing in technology that underpins the energy transition away from fossil fuels is aligned with Anglo American values and vision."

AP Ventures takes a minority interest of 5%-35%. It seeks some influence on the direction of companies it invests in, and ensures they comply with Anglo American's standards.

The companies benefit from the sector knowledge and technical and management skills of Anglo American staff.

Energy recovery

Platinum's Waterval smelter in South Africa generates electricity from waste heat recovered from the converting process. Through this process, we harvest around 16 MW in thermal energy and return on average approximately 3.2 MW in electrical energy to the electrical grid. Anglo American is also investigating ways of recovering energy from haul-truck braking systems and pipeline slurry flows.

Mitigating coal-mine methane emissions

At our Moranbah North, Grosvenor and Capcoal underground metallurgical coal operations in Australia, waste mine methane is captured and used in a power generation plant with a total output of approximately 140 MW. A significant technical challenge for us is to reduce low concentrations of methane emissions in ventilation air.

Carbon capture and storage

Through De Beers, we are investigating the potential use of kimberlite tailings, the broken-up ore left over from diamond mining, for carbon capture and storage (CCS) through mineral carbonation, which stores carbon in safe, non-toxic, solid-carbonate minerals. To date, we have focused on Venetia and Gahcho Kué, where we have conducted detailed carbon storage assessment studies. In addition, we have completed laboratory-scale pilots for these two mines to assess the potential for various mineral-carbonation technologies, such as biotechnologies and CO₂ injection, to speed up rates of carbon storage. Overall, the results indicate that there is excellent potential for various mineral-carbonation technologies to accelerate the formation of carbonate minerals in kimberlite tailings and offset all mine-carbon emissions. Additional laboratory-scale pilot work is currently under way, and the plan is to move to larger field-scale pilots in 2019. We have also completed scoping site visits to Jwaneng and Orapa mines in Botswana, and detailed mineral carbonation assessment studies are due to begin at these mines in 2019.

We also support research through our contribution to the Australian Coal 21 Fund, which invests in the development of technologies relating to carbon capture, geological storage and methane emissions abatement at underground coal mines. In South Africa, we are founding members of the Centre for Carbon Capture and Storage. To date, we have invested approximately \$10 million in clean-coal technology.

Working with suppliers

We source high-efficiency equipment and collaborate with suppliers on innovation and technology change. Efforts to reduce our direct and indirect risks include working with key global suppliers to understand their technology and innovation roadmaps, changing fuel contracts, working with suppliers to source more efficient products, and exploring opportunities to recycle mining consumable goods, including conveyor belts and tyres, to reduce our environmental footprint.

Software and hardware modifications performed on engine-management systems of our large dump-truck fleets contributed towards fuel consumption reductions of up to 4% and equivalent CO₂ emission reductions across our business. In addition, maximising haul-truck payloads by narrowing their variations, and ensuring optimal truck and shovel payload matching, have significantly contributed to fuel savings.

Supply Chain continuously scans the global market to identify available solutions for disposal of used over-the-road (OTR) tyres. In Brazil and South Africa we have implemented the use of OTR tyre shreds in cement kilns and road construction. Longer term investments in tyre recycling facilities and ventures are being investigated.

Trials of a start-stop system on haul trucks in Chile has demonstrated potential for engine-idle time reductions, and consequent fuel-consumption savings.

One of Anglo American's supplier solutions, for replacement of old pneumatic rock drills by newly developed electro-hydraulic rock drill technology in underground PGMs mining, has potential for a significant improvement of energy efficiency and productivity. This project is expected to be rolled out in 2019.

In the processing space, several innovative energy-efficient crushing, grinding, flotation and fine-particle-recovery equipment and processes developed by Anglo American's supplier base are jointly being investigated by Supply Chain and Technical and Sustainability functions.

PUBLIC-POLICY POSITIONS AND ENGAGEMENT

Anglo American's formal position on climate change is expressed in our climate change policy, our position statement on climate change and the ICMM statement on climate change.

In 2018, we completed an audit of the international and national industry associations of which we are a member to ensure that the positions that those associations take publicly and advocate on are consistent with Anglo American's own positions on climate change. We received recommendations for further engagement, which we have undertaken.

We engage in policy processes through the ICMM, as well as several other local and international forums. In South Africa, we participate in policy engagement processes through our membership of the National Business Initiative, Business Unity South Africa, and the Industry Task Team on Climate Change. In Brazil, we submit data annually into the GHG Protocol programme; in 2018, for a second consecutive year, Iron Ore Brazil's externally verified GHG inventory was awarded gold-level accreditation.

Recognising the potential for a range of carbon pricing and offset/incentive policies to emerge in the medium term, we continue to work with governments, industry peers and other stakeholders in developing and implementing effective, efficient and equitable climate change policies.

We take a positive policy-advocacy stance to accelerate investment in the development and commercialisation of both hydrogen and fuel cell sectors, through initiatives such as the Hydrogen Council, of which we are a founding member.

In South Africa, our operating sites have complied with recently introduced reporting requirements under the national GHG emission reporting regulations. Industry is challenging aspects of the regulations, in particular the intention to manage company GHG emissions at the regional level. The government also issued a draft bill on carbon tax in 2016. While certain policy and technical aspects remain outstanding, we are evaluating further opportunities to limit our exposure through both reduced energy use and GHG emissions, and opportunities to source carbon-offset credits.

In Australia, the federal government implemented the Climate Change Safeguard Mechanism in July 2016, to restrict GHG emissions. In 2018, Metallurgical Coal exceeded permitted emission levels at Capcoal and Moranbah North. This has been addressed through carbon credits and potential adjustments to agreed baselines.

For more information visit www.angloamerican.com/sustainability/environment

ADAPTING TO CLIMATE CHANGE



Data gathered from the Bushveld Complex in South Africa, which houses seven of our PGM mining operations, including Mogalakwena, pictured, was key in building a high-resolution climate change model.

Climate change and extreme weather are potential future risks for our operations. At our Platinum Group Metals (PGM) operations in southern Africa, we have worked with South Africa's Council for Scientific and

Industrial Research (CSIR), a leading research body, to model the possible impacts of climate change and extreme weather and inform the design for mitigation controls.

Our aim was to understand the impact of changes in rainfall, water consumption, security of water supply, and infrastructure. The model that we jointly developed with the CSIR is a state of the art, high resolution climate model, with results being used to inform the risk assessment and infrastructure planning work by Anglo American's water and environment teams.

"We realised we needed a deeper understanding of the effects of climate change and to design better controls to anticipate and respond to extreme weather events," says Group lead for climate change and energy, Stan Pillay.

The CSIR team looked at the PGM-bearing Bushveld Complex of north-eastern South Africa and the Great Dyke region of southern Zimbabwe. The data from the climate models will be used in water catchment models and site water balances.

RELATED DISCLOSURES

Anglo American's response to the risks posed by climate change is multi-disciplinary and is covered throughout our reporting suite – from the Integrated Annual Report to our climate-change specific supplement published in 2016. The table below offers guidance on where to find information relating to each of the TCFD's recommendations.

GOVERNANCE Disclose the organisation's governance around climate-related risks and opportunities.	
Recommended disclosures	References
a) Describe the Board's oversight of climate-related risks and opportunities.	<i>Climate change: Our plans, policies and progress</i> , pages 6–7. <i>Climate change, 2018 Integrated Annual Report</i> , Page 83 and 90.
b) Describe management's role in assessing and managing climate-related risks and opportunities.	<i>Climate change: Our plans, policies and progress</i> , page 7. <i>Our Material Matters, 2018 Integrated Annual Report</i> , page 17.
STRATEGY Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	
Recommended disclosures	References
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	<i>CDP Climate Response 2018</i> , question CC2 Risks and opportunities.
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Pages 49–53.
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	We have conducted a qualitative scenario analysis included in: <i>Climate change: Our plans, policies and progress</i> (pages 12–15). We are undertaking a quantitative scenario analysis.
RISK MANAGEMENT Disclose how the organisation identifies, assesses, and manages climate-related risks.	
Recommended disclosures	References
a) Describe the organisation's processes for identifying and assessing climate-related risks.	<i>Climate change: Our plans, policies and progress</i> , pages 4 and 7. <i>CDP Climate Response 2018</i> , question CC2.2b, processes for identifying and assessing climate-related risks.
b) Describe the organisation's processes for managing climate-related risks.	<i>CDP Climate Response 2018</i> , questions CC2.1, 2.2, 2.5 and 2.6
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	<i>Climate change: Our plans, policies and progress</i> page 7. <i>CDP Climate Response 2018</i> , questions CC2.1, 2.2, 2.5 and 2.6
METRICS AND TARGETS Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	
Recommended disclosures	References
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	<i>CDP Climate Response 2018</i> , questions CC2.2b, 2.3a and 11.3a.
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Page 50 and data table page 86. <i>2018 Integrated Annual Report</i> , pages 32 and 216.
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	<i>2018 Integrated Annual Report</i> , pages 32 and 216.

MINE CLOSURE AND REHABILITATION

Our integrated mine closure planning approach effectively reduces long-term closure risks and liabilities, while ensuring we leave a positive and sustainable legacy when our mines conclude their operational lives.

We are steadily integrating mine closure planning into the full life-of-mine (LOM), or life-of-asset planning – from exploration until post-closure. The decisions and changes we are making are achieving tangible results, particularly through rehabilitating land in parallel with our mining activities.

OUR MANAGEMENT APPROACH

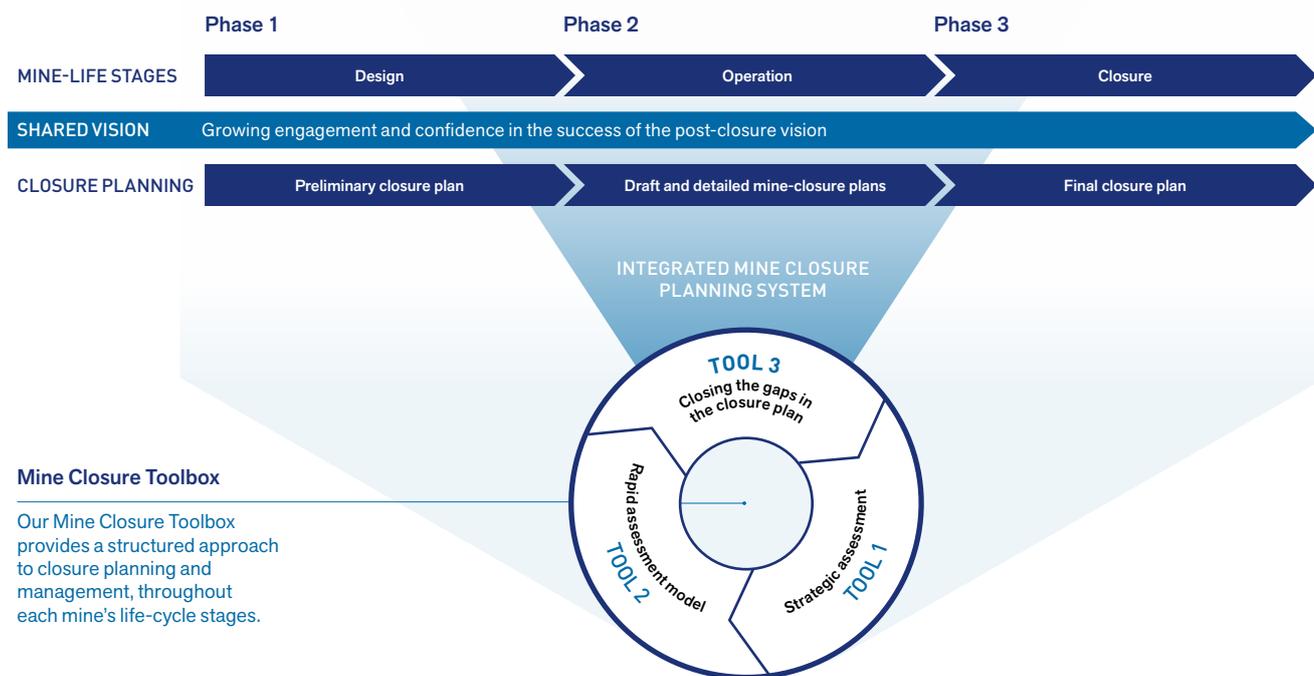
Anglo American is committed to demonstrating leadership in mine closure stewardship. Since 2014, we have been piloting an integrated closure-planning system developed by a multi-disciplinary team comprising mine closure,

mining engineering/planning, technology and business-process experts on integrating closure planning with other mine-planning processes.

Applying the Anglo American Mine Closure Toolbox (MCT) provides a structured approach to closure planning and management. It ensures that we identify the full spectrum of LOM opportunities, risks and liabilities, develop fully costed plans and provide for premature closure on the balance sheet. Our mine closure planning focus areas are: establishing the status and prioritisation of our operations' closure plans; integrating planning processes; calculating and funding closure liabilities; and engaging with the relevant stakeholders.

The MCT is designed to be used in conjunction with other standards and toolboxes, including the Social Way, our Socio-Economic Assessment Toolbox (SEAT), and our Investment Development Model. All projects are required to develop a closure plan as part of the project development and investment evaluation process.

INTEGRATED MINE CLOSURE PLANNING SYSTEM



Mine Closure Toolbox

Our Mine Closure Toolbox provides a structured approach to closure planning and management, throughout each mine's life-cycle stages.

TOOL 1

Strategic assessment:

Baselines of social, environmental and economic knowledge are gathered. Identify and prioritise realistically achievable contributions to sustainability.

For existing mines, the post-closure planning process is complementary to the existing management processes at the operation, such as: ongoing interested and affected parties consultation; ongoing environmental monitoring; the Anglo American SEAT Version 3 – derived social management plans; regular environmental audits; our newly piloted Integrated Mine Closure Planning System underpinned by the Anglo American Code of Conduct; the ICMM's principles and commitments; and the Anglo American SHE Policy Manual and Guidelines.

TOOL 2

Rapid assessment model:

Against which a mine's current closure plan can be evaluated, and from which the following key aspects relating to closure can be determined:

- The required level of closure planning that the mine should ideally be at, in relation to the remaining life-of-mine
- The gaps in a mine's current closure plan when compared against the required level of closure planning
- The requirements to address gaps identified in the current closure plan.

TOOL 3

Closing the gaps in the closure plan:

Prioritise and schedule the actions in the mine closure project plan and update the operational and closure cash flows, to ensure sufficient funds are available to implement the required closure plan.

INTEGRATED MINE CLOSURE PLANNING SYSTEM

We are piloting this system which guides the execution of mine closure plans, mainly during the operating phase of the mine, with the goal of reducing long term closure liabilities.

To add rigour to our approach, we will conduct investment-assurance review processes for mine closure at all mines that anticipate closure costs of more than \$25 million. To mitigate challenges and high costs often associated with managing closure-related social impacts, we are placing greater emphasis on planning ahead for social transition, including defining what success looks like when it comes to the social aspects of each specific site, and collaborating with stakeholders to support a long term post-closure vision for their respective local areas.

Integrating mine closure planning into operational strategy is the best way to address many of our mine closure-related risks and opportunities. This involves assessing and identifying opportunities to make operational changes that require no or modest additional expenditure and result in significantly reduced operational costs and closure liabilities. We place particular focus on concurrent rehabilitation. Our approach is guided by the Anglo American Integrated Closure Planning System (ICPS), which includes carrying out a closure-risk assessment and gap analysis, reviewing the closure vision, identifying detailed closure criteria and tracking closure-opportunity implementation plans. The ICPS enables consistent and accurate accounting of closure liabilities. It has been piloted at nine sites across Australia, Botswana, Brazil, Colombia and South Africa, delivering impressive results from the start. The findings from the pilot projects directly informed Anglo American's new mine closure standard, which was launched in June 2018. The MCT is also being updated to include the ICPS and provide one guideline to meet the requirements of the new closure standard. This work will be completed in 2019 and we will be rolling out the ICPS across the Group from 2019 through to 2021.

In 2018, we have been addressing weaknesses in closure-liability calculation methods at some operations, through greater alignment with the Group accounting standard for calculating closure liabilities, which was updated and finalised in 2017. Improvements included more robust quantification of groundwater liability and post-closure monitoring and maintenance costs.

OUR PERFORMANCE AND OPERATIONAL DEVELOPMENTS

More than 95% of our managed operations have closure plans that are fundamentally aligned with the requirements. A mine closure plan for the Polokwane smelter will be developed early in 2019. Through our mine closure planning programme, we are addressing inconsistencies in the quality of the closure plans across business units and sites.

Most of our business units have made good progress in their journey to accurately calculate closure liabilities. We conducted compliance audits in 2018 and developed action plans to ensure full alignment by 2019. All our operations in South Africa are legally required to update their liability assessments annually. The government has extended the deadline for compliance with its new financial-provision regulations for closure liabilities to February 2020. Our South African operations are aligning their closure liability assessment protocols and methodologies with the new legislation requirements, which address concurrent rehabilitation and latent liabilities in a more specific and structured manner.

ICPS pilot projects were launched in 2018 at Minas-Rio in Brazil and at Cerrejón in Colombia (in which Anglo American has a 33.3% shareholding) and are ongoing at Barro Alto in Brazil, Sishen and Voorspoed in South Africa, and Orapa and Jwaneng in Botswana. Through the ICPS pilot projects, we have achieved \$170 million in savings to date. The other benefits that are harder to quantify include reputation, greater certainty, and decreased mine closure risks. At our priority high risk and high opportunity operations, in terms of mine closure, integrated mine closure planning improvements are being realised through value-adding closure-plan actions. We aim to have value-adding closure processes implemented at all sites by 2020.

The positive impact of value-adding closure plans is particularly evident at Kumba's Sishen mine in South Africa, which updated, and significantly improved, its closure plan in 2017. Through implementing an integrated closure and progressive rehabilitation plan, the operation has rapidly scaled-up its rehabilitation progress and has already achieved \$100 million in savings. The systematic progress is captured in our ICPS and, in 2018, Sishen trialled our ICPS Deswik technology platform that allows closure planning and costing to occur in the same software as life-of-asset planning.

We also completed a pilot investment assurance review process for mine closure at De Beers' Victor mine in Canada and its Voorspoed mine in South Africa. The review added significant value to the planning for the closure of the operation. Action plans were developed to address any identified gaps.

In 2018, PGMs completed the preliminary mine-closure plans for the Unki complex and Mototolo concentrator. Platinum has estimated and phased-in surface and groundwater liabilities into the overall closure liability assessment for all its operations and principal joint ventures, with a focus on Mogalakwena, Amandelbult, Twickenham and Unki. Mogalakwena has integrated closure and rehabilitation actions into its LOM planning and has finalised a rehabilitation strategy.

Namdeb has finalised a social transition plan as part of a risk-based integrated mine closure plan, focusing on post-closure sustainability.

Thermal Coal's Khwezela mine is implementing a rehabilitation programme to offset impacts on aquatic natural habitats by creating alternative wetlands to support ecological systems and positive outcomes. Activities to address a deficit of topsoil are reviewed in the rehabilitation section below.

Khwezela's Kromdraai operation is approaching closure. The most significant mine closure issue relates to acidic metal-rich mine water resulting from historical mining activities, with the potential to discharge into adjacent streams. By optimising surface rehabilitation techniques to lower levels of acid mine drainage, the site revised the original estimate of a liability of R2.5 billion (\$0.19 billion) over a 150-year period down to less than R0.5 billion (\$0.04 billion).

Quellaveco has a mine closure plan in place, which was reviewed in 2018. Sakatti's closure plan will be reviewed in 2019.

ENGAGEMENT AND COLLABORATION

Anglo American is actively involved in collaborative activities aimed at sharing and promoting best practices in mine closure stewardship. This includes contributing to the ICMM mine closure working group and towards the development of an ISO mine closure management standard. In 2018, we showcased our leading practices in integrated closure and progressive rehabilitation at international mining conferences in Germany and Chile. To support capacity building, we hosted an ICMM representative at our operations for three weeks.

REHABILITATION

One of our most important responsibilities is to rehabilitate the land that we disturb to a condition that meets the expectations of the affected communities and other stakeholders. In 2018, we developed a strategy for progressive rehabilitation, which will be submitted for approval in early 2019. Implementation across our open-cut operations will commence during 2019. Progressive rehabilitation involves the staged rehabilitation of disturbed areas during the mining-project phases, instead of large scale work when the mine closes. The primary objective of the strategy is to identify and reduce risks associated with land that has been disturbed and is available for rehabilitation, and to minimise the creation of a backlog in the future. Other objectives include building internal expertise and capacity, identifying and capitalising on concurrent rehabilitation opportunities and improving performance indicators and reporting.

Our top priority sites in terms of rehabilitation are Dawson, Capcoal, Letlhakane and Khwezela and Sishen. The issues at these operations typically relate to considerable rehabilitation backlogs, waste materials, large waste dumps, mineral residue facility footprint and/or a lack of approved rehabilitation plans. In 2018, these operations started to develop and implement detailed rehabilitation plans that identify individual risks, opportunities and resource requirements relating to meeting rehabilitation targets.

Metallurgical Coal has continued to focus on reducing its disturbed-land footprint and liability through developing detailed five-year rehabilitation plans using mine planning software to optimise the movement of materials. Dawson mine is investigating the use of unmanned aircraft to undertake large scale rehabilitation monitoring. The data is being processed and will be displayed in an online system to build a case for relinquishing the rehabilitated land.

Thermal Coal has made good progress in addressing a significant rehabilitation backlog. However, there remains a need for technological innovations to increase the availability of topsoil in order to meet legal requirements. Efforts have intensified to advance FungCoal bio-conversion technology (harnessing fungi and weathered coal to produce natural fertilisers) and large scale field tests are under way at Khwezela. Currently, the treated effluent is suitable for irrigation of crops and will be used in the Green Engine agri-industrial project. (See case study below.)

At Kumba, the work of specialised rehabilitation contractors has achieved significant progress in reshaping areas, meeting 2018 targets. Kolomela and Sishen are both implementing long-term revegetation initiatives. Sishen has developed a five-year plan and strategy, which is being integrated into its life-of-asset planning process.

Rehabilitation at De Beers' Venetia mine has been deferred to 2019 owing to financial constraints. Orapa, Letlhakane and Damtshaa mines have started to analyse waste streams and assess projected landform developments to optimise landform designs. We are monitoring progress with revegetation at rehabilitation and natural-regeneration sites to help in developing seed lists for the 2019 rehabilitation programme.

The Group manages 667,000 hectares of land, of which more than 95,000 hectares have been altered for mineral-extraction activities. Of the land altered for such activities, 18% (17,000 hectares) has been rehabilitated. These figures include Debswana and Namdeb but exclude processing-related operations. In 2018, we achieved 78% of the rehabilitation target set by our opencast operations.

CLEAN WATER FOR SUSTAINABLE AGRICULTURE



At Coal South Africa's Kromdraai operation, irrigation trials are currently being undertaken using a number of different crops, including grasses for grazing.

The imminent closure of a coal mine in South Africa has stimulated an innovative project to convert contaminated water to a clean resource for sustainable agriculture and job creation.

The Kromdraai section of the Khwezela colliery in Mpumalanga province will shut in 2019 after more than 100 years of production. Responding to the challenge of ensuring the mine is closed in a safe and sustainable manner, Anglo American designed a self-sustaining agri-industrial hub that reduces our closure liabilities while boosting local economic development and employment.

The proposed Green Engine project is an example of industrial symbiosis, whereby waste material from one process becomes a resource for another.

"Doing nothing would have seen contaminated water discharged into the local catchment area, so we looked for ways to turn it into an agriculture business," says Thermal Coal's microbiologist and water manager Ritva Muhlbauer.

Short term plans may include vertical greenhouses, in which produce is farmed in upright stacks, using less land and water than traditional farming and producing vegetables and herbs for export, with trials planned for 2019. There is scope for multiple greenhouses on the site, with each one employing up to 50 people.

RESPONSIBLE DIVESTMENT

When operations are divested or placed on care and maintenance, there are impacts on employees, communities and the environment. In the case of divestments, these impacts are often positive, as the operational lives of many mines are extended with new capital investment. Our aim is to divest businesses responsibly by ensuring that new owners are credible and ethical, that liabilities are fully transparent, and that our legal and other social and environmental commitments are honoured. For operations that are on care and maintenance, we focus on stakeholder engagement, mitigating job losses and wider social effects, and on ongoing environmental care and monitoring.

Our approach to divestment adheres to the Anglo American Code of Conduct and company values. This includes due-diligence assessments of lesser-known bidders and ensuring that known liabilities associated with assets for divestment are disclosed to bidders.

Divestment processes are invariably coupled with concerns over job losses. Anglo American has mitigated the number of jobs affected by its disposals, as most sale agreements have involved the transfer of employees to the new companies on a like-for-like basis.

In 2018, we completed the sale of our Drayton coal mine in Australia and several thermal coal operations in South Africa. We also completed the disposal of Platinum's Union mine to Siyanda Resources.

The transfer of the mining right for Kumba's Thabazimbi mine to ArcelorMittal South Africa was approved by regulatory authorities in October 2018 after all required conditions were met. We ceased operations at the mine in September 2016 and continued to invest in maintaining public services in Thabazimbi. ArcelorMittal is now responsible for the mine's closure and rehabilitation. Social commitments and environmental obligations attached to the mining rights have been transferred in full.



For more information on the visit
www.angloamerican.com/sustainability/environment

MEETING OUR COMMITMENTS TO BUSINESS STAKEHOLDERS AND SOCIETY

We work with host communities and governments to create regional and sustainable development. This section covers our approach to international policy, our contribution to national and local economies, respect of human rights, responsible supply chain management, and socio-economic development.

PUBLIC POLICY ENGAGEMENT

As a major mining company, expectations around our performance and contribution to society are high. Anglo American is subject to extensive regulation and approval processes at international, national, state and local levels.

Adhering to these processes and understanding these expectations involves regular interaction with national governments, elected leaders, departmental experts and regional and local officials, as well as broader civil society and multilateral institutions.

Public-policy areas relevant to mining include our contribution to sustainable development, disclosure and transparency, health and safety, concessions and permitting, corporate governance and taxation, and environmental performance. Our interactions with government and government-linked institutions are not just about legal compliance, but also involve active engagement at all levels in line with our wider international policy commitments; including in sustainability, transparency and respect of human rights. We aim to inform and promote an environment conducive to best practice in all such areas of policy. We also draw on our strategic partnerships with international agencies, NGOs, civil-society organisations and trade associations to promote multi-stakeholder approaches to addressing difficult challenges.

Our government engagement follows a clear and accountable set of parameters, including an annual planning and assurance process. Requirements are set out in our Government Relations Handbook, which is aligned with our Code of Conduct. For each material jurisdiction, government relations plans are approved annually by the Group and relevant business unit CEOs. In 2018, the main areas on which we have engaged with governments included:

Reform to mining codes

Several countries – for example, South Africa, Angola and Brazil – have undergone processes to amend or review their mining-related policy frameworks or codes. This has the potential to affect many aspects of our business, ranging from how concessions are granted, to the ownership structure of mining companies, mining rights and permitting.

Throughout the development of these frameworks in relevant jurisdictions, we have participated in public consultations, industry association roundtables and meetings with public bodies and officials to outline the industry perspective on perceived impacts, benefits, and potential unintended consequences, as well as to further understand upcoming changes.

Taxation system and standards

Governments regularly review and revise taxation systems and disclosure requirements. This influences what taxes we pay, where and how. As a global company, we support standardised taxation systems, based on internationally recognised standards such as OECD guidelines. We participate in technical industry groups, public consultations, multilateral institutions, working groups and consultations, and sometimes have one-on-one meetings with relevant officials to clarify specific matters or provide an industry perspective. We are committed to paying tax in the countries where we operate mines and see this as an important part of our wider societal and development contribution. To provide our stakeholders with additional detailed information about our tax and economic contribution, each year we provide an **issue-specific report**.

Responsible mining in society

We participate in multilateral initiatives to inform and improve a best practice approach in the areas of sustainability, transparency, community engagement, human rights, climate change and responsible business, as well as to help identify the roles that different stakeholders, companies, government and civil society, should play in development. These initiatives often involve government-linked institutions, as well as multilateral institutions, investors and civil society. For example, we have invested in further integrating human rights into our business by strengthening our human rights due-diligence approach, including within our supply chain, and have participated in various working groups linked to business and human rights.

See page 16 to read about our work that supports the Sustainability Development Goals.

SUSTAINABILITY INITIATIVES AT QUELLAVECO



With the support of Anglo American, 120 apricot farmers from the Torata Valley have implemented new technologies to improve productivity, increase cultivation areas and to manage waste efficiently.

In 2011, Anglo American initiated a consultation process known as the Quellaveco Dialogue Table, to share its plans on developing the Quellaveco copper project in a sustainable way. This was also a key opportunity to listen to representatives from the Moquegua host community and many other interested stakeholders, including national, regional and municipal government officials, academics, members of local supplier organisations, trade unions and NGOs.

Three committees were set up. A water resources technical committee reviewed various water supply options to ensure that, in this very dry region of southern Peru, there would be sufficient water for the project, as well as for agricultural, industrial and domestic use. Another technical committee assessed the project's likely environmental impact and the actions needed to be carried out to establish an environmental baseline. Concurrently, a social responsibility committee will allocate at least 80% of low-skilled jobs to local workers, while also implementing skills-training programmes for the construction phase and eventual operation.

Although, the Dialogue Table ended its work in 2012, the joint Committee for Monitoring the Compliance of Dialogue Table Commitments still meets on a monthly basis.

Currently, more than 3,000 local employees are working on the Quellaveco project. Our special focus on our supplier base has included two successful local-supplier conventions in Moquegua to build a solid understanding of the local context, identify gaps in terms of standards of local suppliers and assist them in identifying growth opportunities. These initiatives are supported by working closely with government agencies and chambers of commerce to promote small and medium enterprises (SMEs).

Following project approval in July 2018, we have put in place further social development and training initiatives, which also form part of the Monitoring Committee's remit, in order to help uplift the region's development.

SOCIAL PERFORMANCE

We are committed to making a positive contribution to the communities in which we operate, through living our values, respecting human rights and demonstrating accountability.

Our first duty is to avoid or minimise any harm that our operations may cause. We do this by respecting human rights, applying robust social performance standards and maintaining constructive relationships with local stakeholders. This provides the foundation for forging *Collaborative Regional Development* (CRD) at the heart of our sustainability approach.

OUR MANAGEMENT APPROACH

Our aspirations are articulated across our mutually reinforcing global sustainability pillars – trusted corporate leader, thriving communities, healthy environment – and their respective stretch goals. (See pages 12-13.)

Anglo American's approach to social performance is informed by our values and Code of Conduct and governed by the Social Way.

The Social Way provides clear requirements for all Anglo American-managed sites to ensure that policies and systems are in place to engage with affected communities, to avoid, prevent and mitigate adverse social impacts, and to optimise development opportunities. (See pages 68–73.)

The Social Way is supported by our industry-leading Socio-Economic Assessment Toolbox (SEAT), which provides detailed guidance on how to manage social impacts and deliver socio-economic development. We use SEAT to: improve operations' understanding of their positive and negative socio-economic effects; enhance stakeholder dialogue; guide the management of social issues (including human rights, grievance processes and social aspects of mine closure); build our ability to support local socio-economic development; and foster greater transparency and accountability. Engagement with local stakeholders is central to the process.

Operations complete a SEAT assessment every three years. Our social performance strategy draws on SEAT assessments and aims to bridge potential gaps between our business objectives, life-of-asset planning and social management plans.

During 2018, we reviewed and revised our Social Way, SEAT and related policies, taking into consideration changes in our business and the external environment, our sustainability approach, evolving stakeholder expectations and international best practice. Guidance will now be organised around our social performance requirements, which will ensure a more integrated and aligned approach to managing socio-political risks and opportunities. The updated policies and guidance will be published in 2019.

To mitigate socially related challenges and complexities often associated with mine closure, we have strengthened our approach to planning ahead for social transition, including defining what success looks like when it comes to the social aspects of each specific site, and collaborating with stakeholders to support a long term post-closure vision for their respective local areas. (See pages 55-58.)

ANGLO AMERICAN'S SOCIAL PERFORMANCE REQUIREMENTS

Social risk and impact management

Identify, assess and manage social risks and impacts, according to International Finance Corporation (IFC) performance standard requirements, throughout the life of mine (LOM).

Social performance strategy and social management plan

Develop, document and implement a long term social performance strategy and annual social management plan.

Stakeholder engagement

Develop a stakeholder engagement plan, as guided through SEAT, to be updated annually, or more frequently, as appropriate.

Socio-economic development

Detail socio-economic development-related strategic objectives and how these will be implemented.

Social commitments

Develop a social commitments register to identify, document, monitor and report to site management and the business unit head of corporate affairs, or equivalent, on the implementation of social commitments.

Social complaints and incident management

Implement a site-level social complaints and incident procedure.

Community safety, health and security management

Identify, assess and manage the safety, health and security impacts of our activities on external stakeholders.

Contractors, suppliers and other business partners

Put in place procedures to avoid and minimise material adverse social impacts and to maximise positive impacts that could arise through engagements with our contractors, suppliers and business partners.

Social performance resourcing

Ensure that site and operational teams have adequate financial resources, capacity and capability to implement the Social Way requirements.

Context-specific requirements

Develop specific management plans, where identified as relevant in impact assessments, for the following: resettlements, cultural heritage, Indigenous Peoples, and benefit-sharing agreements.

MITIGATING SOCIAL RISKS AND IMPACTS

Every year, we assess site compliance with the Social Way requirements. In 2018, we externally assured these assessments to gain independent verification as to whether sites are compliant with each requirement. More in-depth reviews of priority issues are undertaken on a rotational basis as part of the operational risk-assurance process. The 2018 assessment results reflect steady improvement across almost all Social Way requirements. There were no serious cases of non-compliance across the Group. The cases of moderate non-compliance did not impact stakeholders and plans are in place to remedy these non-compliances. Each operation implements an improvement plan to meet requirements that are not met in full. The chief executive's quarterly performance scorecard includes progress in achieving Group-wide compliance with the Social Way.

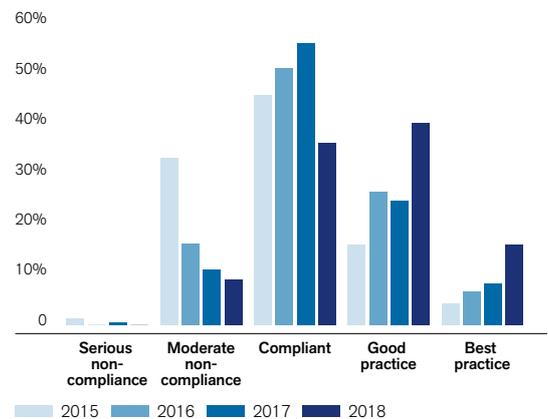
While each operation has its unique social characteristics, typical issues of concern among host communities relate to contractor management, perception of limited opportunities for host-community businesses and environmental impacts. Negative effects can trigger stakeholder opposition, resulting in project delays, disruption to our operations and reputational damage.

In Brazil, our Minas-Rio mine operates in a challenging socio-political environment and experienced an increase in social-related grievances following two pipeline-leak incidents in March 2018. All of the authorities and the municipal government were immediately informed following the incidents. Anglo American maintains a constant dialogue with the families who live on the properties next to the leakages, all of whom have been assisted according to their needs. Pleasingly, the way in which we managed the incidents led to an increase in trust in Anglo American in affected communities, according to our ongoing community surveys. In Peru, we continue to fulfil our commitments, including those made during the Quellaveco dialogue table process. This involves priority being given to creating jobs and supporting suppliers in our host communities, the enhancement of agricultural production in the region, contributions to the improvement of health and education, and the financing of infrastructure that will have a positive social impact. Following Board approval of the Quellaveco project in July, we are now looking to enhance our contribution, and are working with community, government and other stakeholders to initiate a CRD planning exercise.

In South Africa, we place a strategic focus on collaborating with stakeholders to mitigate social conflict and promote socio-economic development across Limpopo province, which hosts several of our PGM and diamond assets. This includes partnering to promote regional water conservation and develop agricultural initiatives that optimise the use of available land on a regional scale. The Eastern Limb of South Africa's Platinum Belt in particular has experienced community unrest, related to grievances over the lack of socio-economic opportunities. We conduct security and human rights training to ensure that those who are at the forefront of managing often tense situations understand the Voluntary Principles on Security and Human Rights (VPs) and adhere to those requirements.

Engaging regularly and proactively with our host communities is critical in ensuring that we keep in touch and improve responsiveness to their perceptions. Our connected community project is particularly effective for improving our understanding of host-community concerns. By engaging monthly with targeted stakeholders via confidential mobile text message surveys, we are able to understand how perceptions within host communities shift over time.

Social Way assessment scores 2015–2018



We launched pilot surveys in South Africa, Brazil and Peru during 2017 and in Chile during 2018. The community trust score achieved in 2018 was 3.83 and the support score was 3.87 (both measures out of 5).

COMPLAINTS, GRIEVANCES AND INCIDENTS

Our mandatory Group-wide social incidents and grievances reporting procedure is designed to ensure openness, accountability and respectfulness in our handling of stakeholder grievances. Level 3–5 (moderate to significant) social incidents are reported to the Board and included in the chief executive's quarterly performance scorecard.

Stakeholder complaints and grievances provide valuable indicators to help operations anticipate deeper community concerns and proactively mitigate social risks. We continue to improve social incident and grievance management to enhance the accuracy and consistency across the Group in identifying, reporting and classifying complaints and grievances. Business units receive Group-level support with incident classification and management, as well as with implementing appropriate remedial measures and closing-out social incidents. In line with our privacy policies, we do not report on the resolution of specific complaints.

During 2018, we recorded and reviewed approximately 1,800 complaints and grievances across the Group. Following the review, 1,486 were confirmed as having a social aspect; of these, 337 were at Levels 3-4 and none at Level 5. During the same period, 530 social incidents were recorded, of which 97 were Level 3-4 incidents, and none at Level 5. The greatest proportion of incidents (28%) and of complaints (32%) related to contractor management, with employment opportunities and concerns around environmental/health impacts featuring highly (around 17% and 13% of total complaints). These typically related to impacts associated with noise and vibrations, and concerns around the effects on health of dust and other emissions.

The number of complaints that related to human rights issues in 2018 accounted for approximately 2% of the total number of complaints (42 in total).

HUMAN RIGHTS

Increasing regulatory and voluntary developments relating to business and human rights reflect growing expectations from governments and civil society for business to demonstrate accountability in its human rights performance. The respect of human rights is a critical foundation of our sustainability approach.

MANAGEMENT APPROACH

Our approach to human rights is aligned with the UN Guiding Principles on Business and Human Rights and we remain committed to implementing the UN Global Compact Principles.

Our Human Rights Policy and framework guide our approach to identifying and addressing our salient human rights risks, which are integrated into the Social Way and other internal policy documents as relevant. Our policy requires operation-level due-diligence processes. Given that human rights are cross-cutting and touch on every discipline, function and aspect of the business, our approach to managing human rights risk is cross-functional, broad-based and firmly embedded into our broader risk management framework. To this end, a human rights working group meets remotely each quarter and, as of 2018, in person once a year. The first in-person meeting was held in 2018, with 40 participants from multiple functions and business units and input from key partner organisations and experts.

Our most significant human rights risks from a Group perspective and throughout all stages of the mining lifecycle are shown on page 64. The nature and extent of risks vary based on the location and life-cycle stage of operations. In implementing the policy, we recognise the need for cultural sensitivity and local interpretation.

DUE DILIGENCE

Each operation does an annual social risk assessment to identify human rights risks and potentially vulnerable groups. Over the past three years, we have conducted human rights due diligence exercises across all our sites, with assistance from external experts. Each site has identified its key human rights issues in terms of the potential impact (positive and negative) on people or the operation, and has developed action plans to address the actual and perceived human rights concerns raised. Common issues identified include perceptions of discrimination associated with employment and the visibility of procurement opportunities, unfulfilled commitments and disrespect among contractors for labour rights.

At a Group level, in July 2018 we concluded an eight-month independent Group-wide review of our human rights framework to determine how fit for purpose and aligned it is to good practice. The exercise included a review of our policies and procedures, extensive consultation with internal and external stakeholders, and an in-depth analysis of supply chain management and site-level due diligence. The outcomes improved our understanding of our salient risks and areas for improvement.

STRATEGIC DIRECTION

In 2018, we developed a strategy and five-year action plan, informed by internal and external stakeholder inputs, to ensure ongoing improvements to our human rights framework. The desired outcomes include more streamlined policies and effective management of the following identified critical risk areas: security and human rights; site-level due diligence; supply chain management; engagement with human rights defenders; and building human rights capacity and capability. The plan is being implemented collaboratively by functions and business units, with clear accountabilities and metrics for monitoring performance.

COMMITMENTS AND PARTNERSHIPS

We integrate the UN Guiding Principles on Business and Human Rights across our Code of Conduct and embed them in our corporate standards.

We are fully committed to an ethical value chain that respects human rights and is free of slavery. In accordance with the UK's Modern Slavery Act 2015, we publish an annual Group statement to demonstrate our approach to preventing modern slavery and human trafficking in our operations and supply chain.

Australia's Modern Slavery Act came into effect in January 2019. As with the British Act, and from 2020, it will require us to report on potential risks of modern slavery in our operations and supply chains, and actions we are taking to address those risks.

Partnerships with reputable and recognised organisations play an integral role in supporting our progress, including building capacity and risk-mitigation measures across the business. (See case study on page 65.)

SECURITY AND HUMAN RIGHTS

Anglo American is a longstanding signatory to the Voluntary Principles on Security and Human Rights (VPs) and applies them at all managed operations. A detailed review is provided in our Annual Report on the VPs.

International Alert provides ongoing support to different sites, to strengthen our implementation of the VPs. This has included conducting gap analyses at all our South African and South American business units, and implementing action plans to address weaknesses. In 2018, 28 South African security and social performance personnel received training and participated in a workshop on conflict-analysis management, exploring best practice responses using real life examples.

Human-rights-related training requirements vary between businesses. Standardised security and human rights training material is implemented across the Group. In 2018, nearly 3,400 employees and contractors participated in security-related human rights training and relevant employees received induction or refresher training on security and human rights.

In 2018, we asked 11 security service providers to Responsible Sourcing self-assessments. Their responses highlight an awareness on human rights-related issues, Anglo American policies and site-specific requirements. Of the sample, four providers (36%) did not complete the self-assessments – these providers will be escalated and managed in 2019, potentially requiring third party verification audits to confirm workplace-related conditions, with recommendations for corrective action where appropriate.

HUMAN RIGHTS FRAMEWORK

Below, we have summarised the areas where the company is likely to have the greatest positive or negative impact on human rights, as well as the different mechanisms in place to tackle any potential risks. Given that human rights issues touch on every aspect of our business, the assessment of our salient human rights areas has been extended beyond our own operations and

we have considered the wider extractive value chain from discovering, planning and building, through to end of life plan. We have now conducted human rights due-diligence exercises across all our sites and at a Group level. Human rights is one of the six critical foundations of our sustainability approach.

ANGLO AMERICAN CODE OF CONDUCT
The Anglo American Code of Conduct makes a commitment to respecting labour and human rights

ANGLO AMERICAN HUMAN RIGHTS POLICY
The policy requires ongoing human rights due diligence: engaging with rights holders in assessing and addressing impacts; including human rights-related requirements within relevant contractual arrangements; and access to effective complaints and grievances procedures

MANAGING SALIENT HUMAN RIGHTS RISKS

Human rights due diligence is a mandatory requirement within the Anglo American Social Way

LABOUR RIGHTS	SECURITY	COMMUNITY IMPACTS	SUPPLY CHAIN	SAFETY, HEALTH AND ENVIRONMENT
Potential for abuse of direct or contractor employees.	Potential for degrading treatment, injury or death of employees and community members.	Potential for long term impact and disruption of community lives, livelihoods and traditions.	Potential for complicity in third party harm.	Potential for damage to health, safety and environment.
70% of our permanent workforce is represented by work councils, trade unions or other bodies.	3,500 personnel trained in Voluntary Principles on Security and Human Rights.	91% compliance with the Social Way.	24% of our global procurement expenditure targeted for self-assessments and potential audits.	53% of our operations have developed implementation plans to comply with the SHE way.
 Supporting labour rights	 Voluntary Principles on Security and Human Rights	 Social Way and SEAT	 Responsible Sourcing Standard	 SHE Way

MONITORING AND REPORTING

We are working on a more structured approach to ensure any potential human rights risks, trends and causes are identified on time and dealt with through the appropriate controls.

GRIEVANCE MECHANISMS

We have mandatory Group-wide complaints and grievances reporting procedures in place to allow all stakeholders to report confidentially on issues and concerns. These are available at Group, business unit and operational levels, and are tailored to those specific contexts. Our current focus is on improving the effectiveness of those mechanisms in line with the UN Guiding Principles criteria.

STAKEHOLDER ENGAGEMENT

We believe open and honest stakeholder engagement process is critical for the continuous improvement of our human rights practice and efforts.

CULTURE CHANGE AND CONTINUAL LEARNING

Human rights is part of our culture through its incorporation into the Code of Conduct and our values. An emerging focus for us is on sharing learnings across the Group and to ensure any future risks are prevented before they arise.

CELEBRATING A DECADE OF HUMAN RIGHTS PARTNERSHIP



Mark Cutifani and International Alert's Secretary-General at the time, Dan Smith, sign a memorandum of understanding at our London headquarters in March 2014.

For nearly 10 years, Anglo American has worked in partnership with International Alert, an NGO with three decades of peace-building and conflict-resolution experience.

The partnership, formed originally with the aim of implementing the Voluntary Principles on Security and Human Rights (VPs), has had a significant influence on Anglo American's culture, policies and practices; and redefined how we connect human rights to our business and its need for security.

International Alert has helped build the capacity of employees to integrate the VPs into everyday business practices, providing training to site-level private-security guards, and supporting managers to expand their understanding of human rights and conflict and how they connect to the business. It has undertaken VPs training in South America and South Africa.

The collaboration started in 2009 at the Quellaveco copper project in Peru and is now working in all of Anglo American's more complex operations, including elsewhere in Chile and in Peru, Brazil and South Africa.

"The relationship made us more sensitive to political and security risks and helped us to build human rights awareness and conflict prevention into our operational VPs' risk assessments," says Jan Klawitter, Anglo American's head of international policy.

The relationship is a critical one. International Alert credits Anglo American for making good progress, but has encouraged the adoption of a more centralised, consistent and strategic approach to security and human rights. It says this approach should also align security considerations into wider human rights, environment and social risk assessments.

Chloe Cranston, a corporate engagement adviser at International Alert, comments: "Anglo American appreciates the importance of the VPs and the need to keep improving their implementation, while integrating human rights into its policies and practices on the ground."

RESPONDING TO SIGNIFICANT OPERATIONAL RISKS

During 2018, we focused on the constructive response to allegations against Anglo American at our Minas-Rio operation. The allegations included hindering the effectiveness of protecting human rights defenders, acts of intimidation by community members, and concerns around environmental impacts. Although, at the time of writing, we have not formally engaged with the human rights defenders, we have engaged extensively with the UN, including the Working Group on Business and Human Rights, NGOs and other experts in the human rights defenders space to ensure we responded openly and transparently to the process of the UN special procedures branch.

RESPONSIBLE RESETTLEMENT

Access to land for mining activities and, where applicable, the subsequent displacement and resettlement of people, is a complex, emotive issue which can have long term consequences for the affected people and our relations with them. Resettlements can present significant risks to our capital projects and operations.

All resettlement processes are managed in line with the IFC Performance Standard 5 on Land Acquisition and Involuntary Resettlement and our Social Way requirements. Each resettlement is planned and implemented in a participatory manner, with extensive consultations with affected parties. The main objective is to ensure the improvement of the livelihood and quality of life of the resettled families. Our aim is to plan and design new projects in a way that avoids or minimises any resettlement.

In 2018, Iron Ore Brazil developed and started implementing a voluntary-relocation programme for six communities (approximately 272 families) in the vicinity of the mine, a condition of the Step 3 licensing. By year end, 199 households had expressed an interest. The option to relocate extends for five years.

At Thermal Coal, Khwezela relocated two households owing to safety concerns related to nearby sinkholes. In addition, an estimated 20 graves will be relocated in 2019, with permits secured from relevant authorities. Livelihood restoration plans are also ongoing for two economically displaced farm employees at Mafube as a result of the mine-life extension project.

Kumba successfully resettled seven further households from Dingleton to Siyathemba, a new purpose-built suburb in Kathu. Of the 19 occupied houses in the buffer of the final mining boundary, eight families are reluctant to move. Anglo American continues to negotiate with them, and their representatives, in trying to reach an agreement to relocate. Sishen mine continues to focus on the post-resettlement livelihood and sustainability programme, and ensuring that the community is integrated into the Kathu suburb. The mine has been granted the authorisation for the inclusion of Dingleton properties into the Sishen mining right, and waste mining continues in the area.

INDIGENOUS PEOPLES

We recognise the potential vulnerability of Indigenous Peoples to the impact of mining activities, given their traditional reliance on natural resources and the special cultural significance of their lands. As a member of the ICMM, we committed to the 2013 ICMM Position Statement on Indigenous Peoples and Mining, which endorses the principle of Free, Prior and Informed Consent (FPIC). This commitment is incorporated into our Social Way.

Aligned with the Position Statement and our own policy, we seek the consent of Indigenous Peoples for all new projects (and material 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 effects on them. Consent is also required for changes to existing projects if such changes have the effect of further impacting on ownership and use of traditionally owned lands. These principles apply to very few of our operations.

De Beers' operations in Canada are located near land traditionally used by indigenous communities for hunting and fishing. Working in partnership and ensuring local benefits from mining have always been an important aspect of impact and benefit agreements (IBAs) with indigenous communities around De Beers' operations in the country. Over and above IBA conditions, De Beers seeks to increase community benefits by awarding contracts to First Nation-owned companies who meet commercial terms, as well as providing local employment and training opportunities.

IBAs associated with Snap Lake mine remain on hold while the operation is under care and maintenance. At Gahcho Kué, De Beers is forging strong relationships with communities through the implementation of its Ni Hadi Xa environmental agreement with five First Nation parties.

BOOKS IN HOMES – IMPROVING LITERACY IN INDIGENOUS COMMUNITIES CLOSE TO DE BEERS' MINES IN CANADA



Superintendent of Indigenous Affairs and Sustainability at De Beers Canada, Kelly Brenton, reviews a book with a young student at Kaw Tay Whee School in Dettah, Northwest Territories, during the Books in Homes visit to the school.

With no bookstore, and only a tiny (or even non-existent) school library in most isolated indigenous communities, simply finding a book to read is a barrier to literacy development faced by youth in Canada's Northwest Territories (NWT). Against this backdrop, De Beers Canada launched its Books in Homes programme in 2003, to support literacy in the communities close to its operations.

De Beers Canada partners with various stakeholders, including the NWT Literacy Council, the bookstore in Yellowknife and book suppliers to select books appropriate to students' reading capabilities.

In 2018, many of the books aligned with De Beers' vision to improve science, technology, engineering and maths in schools, and to showcase women in mining. "This programme is leaving a real legacy. It is aligned with the De Beers Building Forever Sustainability Framework and helps to build healthy, thriving communities," says Kelly Brenton, Indigenous Affairs and Sustainability Superintendent.

The programme provides three books free of charge to learners, from Kindergarten to Grade 12, attending schools in De Beers' host communities. The schools and learners are grateful, for both the books and the chance to engage with De Beers.

Books are loaded on to planes and the 'flying bookstore' arrives in communities with representatives from the NWT Literacy Council and volunteers from De Beers. The NWT Literacy Council engages with younger grades through reading, games and crafts to stimulate their interest in reading. De Beers volunteers connect with older pupils to show them opportunities for employment in mining.

Since the programme began, more than 50,000 books have been distributed in the NWT.

RESPONSIBLE SUPPLY CHAIN MANAGEMENT

Globally, there is an increasing expectation of business to demonstrate accountability in ensuring responsible business conduct by all parties in corporate supply chains. Responsible sourcing is a critical focus of our commitment to ethical value chains under the trusted corporate leader pillar of our sustainability approach. Our vision is to be part of a value chain that supports and reinforces positive human rights and sustainability outcomes. We are committed to working with suppliers who comply with applicable laws, while striving for zero harm to people, society and our environment.

OUR MANAGEMENT APPROACH

The Anglo American Responsible Sourcing Standard for Suppliers details our expectations of existing or prospective suppliers and provides guidance on implementing the standard. At a minimum, we expect all suppliers to Anglo American to meet legal requirements in the countries in which they operate. Our standard summarises key expectations in order to: protect safety and health; protect the environment; respect labour and human rights; increase social accountability; and conduct business fairly and with integrity.

In 2018, we updated the standard to strengthen and simplify performance requirements and considerations, and to align with our sustainability ambitions. Recent amendments to the standard included added emphasis on combating modern slavery and human trafficking, in line with the UK Modern Slavery Act. Other amendments included creating awareness of the importance of inclusion and diversity, and providing detail on the expected role of large suppliers to co-contribute to socio-economic development, while mitigating potential social impacts.

Internal awareness sessions on the revised standard were delivered across the organisation, targeting mostly supplier-facing members of the Supply Chain team. The standard encourages the use of our confidential whistleblowing 'Speak Up' facility to report suspected infringements.

Our standard requires suppliers to commit to responsible sourcing and to complete and regularly update a self-assessment questionnaire. On a sample basis, suppliers may be required to provide evidence of previous responsible-sourcing audits, or be requested to conduct a new, third party audit. We expect suppliers to develop plans to address any identified gaps in meeting our requirements and to develop plans to manage and address risk. Suppliers are also expected to cascade the standard throughout their supply chains (including their agents, intermediaries, contractors and suppliers).

IDENTIFYING AND MANAGING HIGH RISK SUPPLIERS

Mindful of external challenges and emerging human rights issues, in 2018 we also revised our risk based approach to identifying and managing our highest risk suppliers. We approached this by mapping the key sub-categories of goods and services that Anglo American procures against potential responsible-sourcing risk elements such as labour rights issues and country of origin. We then cross-referenced the results with our global procurement expenditure over the previous 12 months. This allowed us to identify and rank suppliers, and the categories, in terms of

potential risk. This 'heat map' informed a progressive and scalable roll-out of the responsible-sourcing programme, prioritising engagement with critical risk suppliers. The business units validated the heat maps and nominated additional suppliers with heightened risk potential.

Strategic, high expenditure suppliers were overlaid against these results, to ensure that the 2018 engagement process covered both risk and expenditure. In this way, we targeted suppliers constituting approximately 17% of global procurement expenditure for self-assessments and potential audits.

SUPPORTING SUPPLIERS

In line with our responsible-sourcing strategy, in 2018 we introduced supplier-engagement initiatives to build capacity for responsible sourcing, especially with our smaller suppliers, at various operations globally. We are currently rolling out a model we developed and piloted over the past two years in South Africa. The two-day training workshops include detailed training on legal requirements, while participants were also provided with templates and other management tools to support compliance requirements. At the conclusion of the workshops, participants completed self-assessments. To date, we have engaged with 114 host-community suppliers at operations in South Africa, of which 80 engagements were in 2018. In 2018, we commissioned 40 site visits to selected suppliers to validate their progress.

The audits (a combination of mini and full audits) assist in determining the effectiveness of supplier controls and management processes. These exercises identify areas for improvement, ranging from legal compliance relating to employee contracts, workplace safety and excessive working hours. Detailed corrective action plans are agreed with the suppliers, and they learn from these engagements, which optimises our approach to supplier development.

We are also supplementing existing supplier-development approaches to build responsible-sourcing awareness and the capacity of suppliers to implement best-practice guidance.

PROMOTING AN INDUSTRY-WIDE STANDARD

The Ethical Value Chains ambition of our sustainability approach aims to implement a mine-certification standard across our operations and advocate for the development of a common responsible sourcing standard for the mining industry. The latter approach is aimed at supporting suppliers to identify and address sustainability issues such as safety, human rights, modern slavery and workplace conditions.

To meet these goals, in recent years we have taken part in several global forums such as the Responsible Sourcing Working Group and other initiatives of the ICMM.

Our work with these bodies includes the benchmarking of work being undertaken within peer mining and extractive companies, engagement with stakeholders including community activist groups, and learning from examples of other industries, such as electronics and apparel where common industry standards have already been established. This work across peer mining and extractive companies will inform our future activity, identifying where Anglo American can play a broader role to influence the industry.

On a more regional basis, we have engaged with the Minerals Council South Africa, which has been co-ordinating a more consistent industry approach to setting standards for suppliers and sharing of non-competitive supplier data.

 The standard and other guidance materials for suppliers are available on our website: www.angloamerican.com/suppliers/responsible-sourcing

SOCIO-ECONOMIC CONTRIBUTION

To be productive, safe, responsible and sustainable, our mines must operate alongside thriving communities. Building thriving communities with better health, education and improved employment opportunities is one of the three pillars of our sustainability approach.

Aligned with our site-level socio-economic development activities, we are driving an innovative regional partnership approach to identifying and realising opportunities to deliver at scale and over the long term in the regions where we operate.

COLLABORATIVE REGIONAL DEVELOPMENT

At the core of our plans to bring long term and sustainable development opportunities to the areas around our operations is what we call *Collaborative Regional Development* (CRD). This approach recognises the limitations of companies acting in isolation to promote development in host communities, and the potential for collaboration to achieve more on a much larger scale.

The establishment of inclusive cross-sectoral partnerships provides the backbone to facilitate the process. Our approach starts by identifying, through spatial analysis and planning, socio-economic development opportunities with the greatest potential in a region. This provides a vision of what the future can bring and creates the catalyst for forging partnerships with a broad range of stakeholders – including host-community representatives, faith-based groups, businesses and entrepreneurs, government, academics and NGOs – to plan, finance and deliver those opportunities. It is about developing and realising a shared vision that supports national, regional and local planning processes and is aligned with the UN Sustainable Development Goals (SDGs).

By working in this way, we can significantly increase the range, scale and integration of development initiatives around our mines, and more widely in host regions, well beyond the life of the mine. Since we first piloted this approach in 2016 in Limpopo province, South Africa, in partnership with Exxaro, CSIR, World Vision International and the Limpopo government, our CRD agenda has evolved to become an integral part of our sustainability approach. See Sustainable Mining page 12. During 2018, in Limpopo, we conducted feasibility studies for the following areas: information and communications technology access for communities; integrated game farming; commercial-agricultural processing; and supplier development. The first two areas have progressed to pilot project stage.

In Peru, we made significant advances in 2018. Leveraging existing initiatives, we started our CRD platform and will conclude a spatial analysis assessment in 2019 to identify socio-economic development opportunities with the greatest potential in the Moquegua region and surrounding areas.

In Brazil, we continue to build on the achievements delivered through public and private partnerships. This will provide the foundation for implementing our CRD programme in 2019.

We are exploring the potential to implement a CRD programme in Botswana in support of our partner, Debswana. Botswana has developed its first draft national spatial development plan and, once adopted, will develop specific regional-development plans. Two of these regions are associated with the areas around our mines and we are conducting the necessary groundwork for the respective plans.

HELPING SMALL SUPPLIERS MEET ANGLO AMERICAN STANDARDS



Organisers and attendees at a human resource development workshop, organised by our PGMs business. The workshop covered HR policies, skills development and labour law.

Many of our small suppliers need help to meet our requirements regarding health and safety, environmental protection or respecting human rights. To address this gap, in 2016 we piloted a two-day capacity building programme with 20 small host-community businesses which provide construction, contract mining and technical services to our South African operations. They were trained in the identification of risk, then given self-assessment tools, templates and customised training to meet legal and best-practice requirements. We reached 80 small businesses in 2018, with more planned for 2019.

Anglo American sponsored the cost of third party audits for certain suppliers, allowing for an independent assessment of risk and development of customised corrective-action plans. Typical risks identified included excessive working hours, weak employment contracts, incorrect wage calculations and ineffective safety-management processes. The suppliers were also mentored through the implementation of their action plans and follow-up audits conducted.

We spend upwards of \$10.2 billion annually with more than 22,000 suppliers globally, and are committed to responsible sourcing and ethical decision-making when buying goods and services. We increasingly focus on support for entrepreneurs in communities around operations, with local procurement currently accounting for around 21% of our total expenditure with suppliers.

Small suppliers, or those new to the mining sector, may need – and are then given – additional guidance to comply with Anglo American requirements, particularly as they expand.

“Building an inclusive supply chain affirms the positive impact of mining,” says Ashlin Ramlochan, Group principal for sustainable and responsible supply chain. “As part of our Code of Conduct, and doing the right thing, we recognise the benefit of training our suppliers on how to comply with our high standards and meet their legal obligations.”

SOCIO-ECONOMIC DEVELOPMENT AROUND OUR OPERATIONS

At a local level, our socio-economic development (SED) approach focuses on leveraging core business activities, improving the productivity of local economies and public institutions, and delivering benefits through partnerships. The aim is to support sustainable job creation, existing jobs and effective public-service delivery so that economies can grow, diversify and deliver opportunities even after mine closure. Our strategy recognises the importance of implementing programmes that build on existing successful initiatives and strengthen the capacity of local institutions, as opposed to isolated projects.

By adhering to our Social Way requirements on SED (see page 62), our sites are guided in identifying priorities and target interventions that have the greatest impact.

We implement a robust assessment methodology tool to measure our SED performance and inform the design of effective site-level strategies. All sites receive training on the SED diagnostic tool and input into their SED strategies.

Our progress and associated SED activities in South America and southern Africa, the principal areas for our development work, are reviewed on pages 69-73.

SUSTAINABILITY COMMITMENTS

By 2020, we will have completed all necessary baseline studies and will have strategies in place at every site to guide our progress towards achieving our milestones and targets. In our livelihoods stretch goal, targets include creating three jobs off-site for every job on-site by 2025, and five jobs off-site for every on-site job by 2030.

In our education stretch goal, we aim to have schools performing among the top 30% of state schools by 2025 and in the top 20% by 2030. All operations will implement measures to support education. Operations in large urban areas or in countries whose school systems score very highly in the Programme for International Student Assessment (PISA) rankings may propose alternative meaningful measures.

Further information on the health and well-being goals can be found on pages 28-32.

SUPPORTING LIVELIHOODS – BUILDING LOCAL ECONOMIES

To stimulate local economies, we promote local and inclusive procurement initiatives, supplier development and enterprise development. These programmes create a strong platform for job creation within and outside the mining value chain.

LOCAL AND INCLUSIVE PROCUREMENT

Our approach to local and inclusive procurement has two key elements. First, we analyse our business demand – identifying opportunities and strategies to enable local businesses to participate competitively in sourcing events. Secondly, we leverage our relationships with large suppliers and other partners, where we identify additional opportunities for local business participation outside of the Anglo American value chain. We support this approach with supplier development programmes and a change management approach. This wider approach creates a strong platform for job creation both within and outside of the mining value chain, supporting the future growth and diversification of local businesses.

Our Group-wide Local Procurement Policy, supported by region-specific policies, provides a framework for operations to design and implement purchasing plans, which integrate marginalised and local supplier groups into the formal value chain. Examples of these regional initiatives include First Nation Impact and Benefit Agreements (Canada), promotion of Aboriginal procurement (Australia) and black economic empowerment (BEE) (South Africa).

This approach to local procurement has resulted in approximately 21% (2017: 23%) of our annual expenditure being directed towards these supplier groups, thereby providing a significant stimulation to the regional economies.

In order to maximise the benefit-creation potential of mining, we have identified a need to further integrate small, host-community-based businesses into our supply chain.

In 2017, we started the development of an enhanced inclusive procurement programme for our businesses based in South Africa, which created narrower definitions of host communities. This has enabled a more focused approach on the inclusion and development of suppliers from local communities. The programme underpins our ambition to build a more integrated, diverse supply chain which creates a sustainable and prosperous future for everybody it affects.

Local procurement⁽¹⁾

% of total addressable procurement expenditure by country

	\$'000	%
Australia/Asia	116	5%
Botswana	552	82%
Brazil	101	12%
Canada	80	24%
Chile	34	3%
Namibia	164	84%
Peru	35	7%
South Africa	1,047	25%
Anglo American Total	2,129	

⁽¹⁾ Computational discrepancies may occur due to rounding.

Through the active promotion of local and inclusive procurement, we are driven to:

- Direct our expenditure, and that of large suppliers, towards boosting local economic development
- Procure from marginalised groups – including emerging suppliers, in the countries in which we operate
- Integrate host-community-based suppliers into our supply chains.

We have identified, and are actively implementing, several changes to our purchasing processes in order to simplify the experience for small businesses who wish to work with us. This includes upgrades to our systems for registering prospective suppliers through our global website, shortened and/or simplified legal templates and increased visibility of opportunities. This process also includes increased mobile enablement, providing ease of access to remotely-based suppliers.

In 2018, operations spent approximately \$10.2 billion (2017: \$9 billion) with suppliers, which accounted for nearly 47% (2017: 48%) of our total economic value distribution. Our inclusive procurement expenditure was \$2.8 billion (2017: \$2.1 billion), representing 27% of total supplier expenditure (2017: 23%). The proportion spent with host-community-based suppliers in 2018 was approximately \$2.1 billion.

In South Africa, in line with the amended broad-based BEE Codes of Good Practice, we place an emphasis on targeting procurement from marginalised groups, including community-based black female and black youth-owned businesses, and optimising our enterprise and supplier development activities.

A significant development in 2018 was the publication of a revised Mining Charter; this sets progressive targets for the procurement of mining goods and services from black-owned supplier businesses. Building on targets from the previous version of the Mining Charter, which had been in effect since 2010, the revised Mining Charter sets targets to measure the extent to which mining companies work with suppliers in order to stimulate the growth of South African-based manufacturing and technology development companies in addition to purchasing from specified supplier groupings.

In order to meet the targets of BEE and the 2018 Mining Charter, we will continue to increase the scale of working partnerships between the South African government and large and small suppliers. This will allow us to transform the face of our supplier base, creating significant opportunities for greater economic participation by black South Africans into the mainstream economy. Further information can be found in our Transformation Report.

Supplier development

Our supplier development programmes aim to improve the efficiency, capability and productivity of small businesses, as well as develop a more robust and competitive supply chain for Anglo American through a demand-based approach. We work with our existing supplier base to unlock opportunities for host-community employment and skills development, and nurture supplier partnerships and joint ventures between our existing large suppliers and entrepreneurs.

We currently have programmes at our operations in Brazil, Chile, Peru and South Africa. When implementing them, the focus is on strengthening existing supplier capacity in our host communities and supporting industrial growth. This approach integrates supplier development more effectively with our enterprise development agenda.

At Minas-Rio, our leading supplier development programme, Promova, continues to strengthen its impact. Since its inception in 2012, Promova has worked with more than 140 companies to unlock \$87 million in local expenditure that accounted for a 16% increase in local GDP. Promova's approach involves a thorough analysis of supply chain demand dynamics and then builds local capacity based on gaps in the market.

Enterprise development

In parallel, with our supplier development initiatives, our enterprise development programmes (see table below) are designed to foster the potential of host-community-based entrepreneurs, providing business mentorship support, coupled with access to capital and markets. By focusing on developing capacity, we help to establish resilient host-community businesses outside the mining value chain that will not be dependent on support from Anglo American over the long term. We work in partnership with local banks and other development institutions to deliver a co-funding model.

Anglo American enterprise development programmes				
Country	Name of the programme	SMEs supported (2008-2017)	Jobs supported (2008-2017)	Partners
South Africa	Zimele	3,610	56,828	National Treasury–Sebenza Fund, SEFA Mining Fund, TechnoServe
Chile	Emerge Chile	59,697	61,900	Aramak, Centro el Emprendedor de Colina, Cerámicas Santiago, Enaex, Finning, Fondo Esperanza, Inter-American Development Bank, Komatsu, Lo Barnechea Emprnde, Polpaico, Pro Til Til, Report, TechnoServe
Brazil	Crescer and Avançar	610	2,246	Circuito Serra do Cipó, Coma Bem, Emater, IMA, Inter-American Development Bank, TechnoServe, Federal University of Jequitinhonha and Mucuri Valleys (UFVJM)
Botswana	Tokafala	497	1,634	De Beers, Debswana, Government of Botswana, TechnoServe
Peru	Emerge Peru	416	2,487	Chambers of Commerce of Moquegua and Ilo, Cite Agro Industrial, Inter-American Development Bank, Municipalities of Mariscal Nieto and Ilo, Regional Government of Moquegua, José Carlos Mariátegui University (UJCM), University of Moquegua (UNAM), TechnoServe
Total		64,830	125,095	

EDUCATION

We have made a substantial investment in education and skills development over many years. Education is an important feature of our sustainability approach as we seek to empower our communities, and support sustainable job creation and public-service delivery to ensure mine communities are able to thrive, even after mine closure. To further support building local economies, our education and youth workforce development programmes help provide young people with the skills they need to become economically successful.

Changing lives through education

In South Africa, our South Africa Education Programme is our most significant commitment to education. In partnership with the Department of Basic Education, the programme is aimed at students in 100 early-childhood-development sites and 100 primary and secondary schools local to our mining operations in South Africa. The programme aims to improve reading, writing and numeracy levels and pass levels through addressing some of the underlying reasons for poor education outcomes. It plans to do this by supporting school management teams, governing bodies, principals and teaching staff. It is being implemented over a five-year period from 2018 to 2022. This programme is specifically designed to help us meet our sustainability education stretch goal in South Africa.

In Chile, through our innovative technical education programme, Soy Técnico, we seek to improve teaching methodologies at technical secondary schools. We currently support 12 schools, training 421 students.

Youth work-readiness and local-workforce development

To help meet host-community requests for employment, we work with partners to provide diversified workforce development opportunities and to develop non-mining jobs in our host communities through enterprise development and local employment programmes. This integrated approach harnesses greater impact from our value chains to deliver economic opportunities during the life of the mine, while also building more host-community entrepreneurial capacity and skills development in other sectors to help sustain socio-economic development over the long term.

In Peru, in parallel with the Emerge enterprise development scheme, we launched Adelante, our three-year programme to build a talent pipeline in southern Peru, supporting young people to gain market-relevant post-secondary technical education through co-ordinated efforts between the region's economic sector, public-education systems and post-secondary technical institutes.

In Chile, we made good progress with EmpleaT!, an employment-readiness scheme delivered through public and private partnerships that is designed to develop selected vulnerable individuals over a number of months for either entrepreneurial- or employee-based progression. In 2018, the scheme supported 399 participants, with 254 graduates, 70% of whom increased their income.

HEALTH

The implementation of our sustainability approach is facilitating more effective planning and co-ordination of community-health initiatives at a regional level. Our vision is for the SDG targets for health to be achieved in our host communities by 2030.

BUILDING LOCAL CAPACITY

Limited institutional capacity, including inadequate skills and knowledge, continues to hinder the prospects of many municipalities to provide effective and efficient basic services for their constituents, and restricts the development of social stability and cohesion. Poor municipal management of resources also affects the ability to provide a stable and investor-friendly environment through the provision of infrastructure and services. As a result, municipalities struggle to generate enough revenue to maintain basic-service delivery to their local communities. When municipal operations do not live up to community expectations, service-delivery protests frequently occur, further weakening municipal operations and affecting businesses in these areas.

Anglo American is a constituent in those regions that host its operations and, therefore, in addition to its effort to improve the livelihoods of its local communities, recognises it has to play its part in supporting efforts to the building of capacity by local authorities.

In South Africa, our Municipality Capacity Development Programme is aligned to the National Development Plan's focus on developing partnerships with government. The national department of Cooperative Governance and Traditional Affairs (CoGTA) is our partner and provides institutional sponsorship down to provincial and local authorities.

We are partnering to implement capacity-building support programmes in six identified pilot municipal sites located in three provinces of South Africa. The purpose of the programme is to enhance the institutional and service delivery capacity of selected municipalities. The programmes do this by supporting CoGTA at national and provincial levels with the implementation of the Back to Basics programme and by supporting the selected municipalities with capacity development in specific areas of planning, establishment, implementation and monitoring and evaluation.

EMPLOYEE VOLUNTEERING

Facilitating opportunities for staff to participate in our sustainable development projects can help us to engage more effectively with communities and demonstrate our commitment to helping them achieve their development vision. Employee volunteering can also facilitate skills transfer from our workforce to host communities.

In 2018, we launched an employee volunteering programme in the United Kingdom and South Africa called Ambassadors for Good. The programme, which builds on a successful programme developed by our Copper business in Chile, invites employees to form teams within the workplace and partner with organisations in our host communities. They can then bid for small grants from the Anglo American Foundation. Ambassadors for Good generated very strong employee interest and more than 90 projects were selected and funded by an oversight committee, which ensured that potential projects support and progress our sustainability goals. The plan is to make the Ambassadors programme global, and expansion into at least two more countries of operation is planned for 2019.

In 2018, our Minas-Rio operation in Brazil organised volunteering activities for its employees to support host communities while the operation was suspended following two pipeline leaks in March.

SOCIAL INVESTMENT

Our corporate social investment (CSI) expenditure predominantly supports vulnerable and marginalised stakeholders who are unable to participate in our value chains. In making investments, we strive to optimise our impact through partnerships and co-funding. In 2018, Anglo American's CSI expenditure in host communities, including from the Anglo American Chairman's Fund, the Anglo American Group Foundation and our enterprise development programmes, totalled \$82 million (2017: \$88 million). This figure represents 2% of underlying earnings before interest and taxes (EBIT), less underlying EBIT of associates and joint ventures.

We monitor our CSI through a standardised reporting process aimed at maximising the value that Anglo American and its host communities derive from these investments. Health and education are strategic focus areas, in line with our approach to sustainability. In 2018, Anglo American spent \$19.3 million on education and training, and \$5.8 million on health and welfare projects.

Global CSI expenditure by type⁽¹⁾

	\$'000	%	
Community development	41,314	50	
Education and training	19,257	23	
Water and sanitation	5,964	7	
Health and welfare	5,810	7	
Sports, art, culture and heritage	3,715	5	
Other	2,511	3	
Environment	1,481	2	
Institutional capacity development	1,097	1	
Energy and climate change	530	1	
Disaster and emergency relief	371	0.5	
Total	82,050		

Global CSI expenditure by region⁽¹⁾

	\$'000	%	
Africa	50,635	62	
Americas	29,547	36	
Australia	462	1	
United Kingdom	950	1	
Rest of World	456	1	
Total	82,050		

⁽¹⁾ Computational discrepancies may occur due to rounding.

ECONOMIC VALUE-ADD

It is through our core business activities – employing people, paying taxes to governments and procuring from host communities and countries – that we make our most significant positive contribution to economies.

The value distributed directly by Anglo American in 2018 amounted to \$21.5 billion. This figure includes:

- \$10.2 billion paid to suppliers
- \$3.5 billion to our employees through wages and related expenditure
- \$3.4 billion in taxes and royalties borne and collected
- \$1.3 billion paid to Anglo American plc shareholders
- \$0.3 billion to providers of capital
- \$2.8 billion that was reinvested in the Group
- \$82 million in corporate social investment.

The majority of our total supplier, employee and tax expenditure was in developing countries. Through the multiplier effect, the positive economic contribution of our operations extends significantly further than these direct forms of value distribution.

PAYMENTS TO GOVERNMENTS

Anglo American has voluntarily provided information about our tax payments on a country-by-country basis for the past 13 years, and we remain a supporter of the Extractive Industries Transparency Initiative (EITI).

Anglo American releases an annual Tax and Economic Contribution Report. The 2018 report will be available in April 2019.

 For more information on our Tax and Economic Contribution visit www.angloamerican.com/tax-and-economic-contribution-report

Economic value distribution 2018⁽¹⁾

	\$ billion	%	
Suppliers	10.2	47%	
Employees	3.5	16%	
Reinvested in the Group	2.8	13%	
Company taxes	3.4	16%	
Dividends	1.3	6%	
Providers of capital	0.3	1%	
Corporate social investment	0.08	0%	
Total	21.6		

⁽¹⁾ Computational discrepancies may occur due to rounding.

Taxes borne and collected: developed vs. developing countries

	\$ billion	%	
Developing	2.2	65	
Developed	1.2	35	
Total	3.4		

WORKFORCE CULTURE AND CAPABILITY

Our success relies on a capable and engaged workforce that behaves ethically and responsibly, consistent with our values and Code of Conduct. Our progress towards that vision, as well our work to foster a high performance, purpose-led, inclusive culture, is described in this section.

BUSINESS CONDUCT

At the core of company ethos lie the ethical behaviours we expect all our employees, contractors, suppliers and associates to display. Our approach is designed to respond to both society's ever-higher expectations of business and increasingly stringent international legislation and regulations.

DOING THE RIGHT THING

Our expectations for ethical performance are set out in our Code of Conduct and supported by programmes and guidelines that help all our employees make the right decisions when faced with ethical dilemmas.

Anglo American launched a Code of Conduct at the end of 2016. The Code focuses on four key areas, providing guidance on how to: prioritise safety, health and the environment; treat people with care and respect; conduct business with integrity; protect our physical assets, information and interests.

In 2017, more than 3,000 senior executives and managers were trained on the Code of Conduct. In 2018, we carried out a number of activities to further embed the Code including: testing of Board members and the 1,000 most senior employees to understand their views about the Code and their approach to ethical decision-making; bespoke Code of Conduct online training for more than 4,000 employees; and building in Code-related commitments and awareness activities into the employee life cycle.

BUSINESS INTEGRITY

Our Business Integrity Policy states that we will neither give nor accept bribes, nor permit others to do so in our name. The policy is supported by 11 Prevention of Corruption Procedures that set out the conduct required in areas where bribery and corruption risk may be present. The procedures also include restrictions that prohibit the company from making donations to any political party or politician. Accordingly, no such donations were made in 2018.

The Ethical Business Conduct team provides guidance and support to the business units regarding the implementation of our Business Integrity Policy and Procedures. This includes providing appropriate training and awareness to the relevant employees.

ADDRESSING BRIBERY RISK

Bribery risks are considered an essential element of the ethical-risk assessments carried out at business unit and Group levels. The bribery-risk areas include use of agents, and the nature of interactions with government officials, customers, suppliers and communities. When bribery risk

is determined to be unacceptably high, an action plan is developed to strengthen the internal controls in order to manage the risk. The processes and controls to mitigate bribery risks are audited by our internal audit team.

In 2018, we commissioned an external law firm to review our policy and programme to manage bribery risk. The recommendations were shared with the Audit Committee and we are currently implementing these to further strengthen our anti-bribery programme.

WHISTLEBLOWING

Our independently managed Speak Up facility is a confidential and secure means for our employees, contractors, suppliers, business partners and other external stakeholders around the world to report concerns about conduct that is contrary to our values and integrity standards. We do not tolerate any form of retaliation against employees raising concerns in good faith. Any allegation of harassment or intimidation by others as a result of contacting Speak Up is investigated and, if required, appropriate action is taken.

During 2018, 325 alerts were received, covering a broad spectrum of concerns, including ethical, legal, supplier relationship, health and safety and human resources issues. All alerts were evaluated, investigated as necessary and the proven alerts were properly addressed by management.

In addition, almost 700 alerts were received in respect of an attempted purchasing fraud committed by third parties against other companies in South Africa using email domain addresses similar to Anglo American Platinum. The authorities are using these alerts as evidence in an ongoing criminal investigation.

In 2019 the Ethical Business Conduct team will review and update our whistleblowing programme to strengthen the programme, with enhanced benefits for the company.

LOOKING AHEAD

In 2019, we will continue to implement the Business Integrity Programme across the Group and focus on the following initiatives:

- Launch an enhanced online business integrity training module;
- Deliver face-to-face training on high risk topics for employees with a higher exposure to business integrity risks;
- Enhance monitoring of our highest business integrity risks, including the use of intermediaries; and
- Integrate ethical risk management into our existing risk processes.

BUILDING A HIGH-PERFORMING ORGANISATION

We create a sustainable competitive advantage through our people by focusing on five priorities aimed at creating an aligned, accountable, high-performance organisation:

- A culture that facilitates our ambitious sustainability objectives, and fosters safety, diversity, innovation and performance
- The implementation of an Organisation Model promoting consistent structures and clear accountabilities across the business
- A future-proofed resourcing strategy and a continuous-learning environment that equip the organisation with the capabilities required to successfully execute our strategies, today and in the future
- A motivated and capable workforce, led by purposeful and accountable leaders who work in a collaborative manner and inspire their teams to deliver superior performance
- A truly inclusive environment where every colleague is valued and respected for who they are and where they have the opportunity to fulfil their potential.

A PURPOSE-LED HIGH-PERFORMANCE CULTURE

We continuously shape our corporate culture so that it supports the achievement of our business goals in the respect of our values and in service of our Purpose. Our efforts in 2018 were informed by the outcomes of a global employee engagement survey conducted in 2017 among 6,000 employees from across the organisation; it provided us with a better understanding of our cultural strengths and areas requiring attention.

Our high performance culture is shaped by innovative thinking and practices that aim to redefine the way we think of, and manage, superior performance. In 2018, we started streamlining our processes to ensure that leadership teams across the business keep a relentless focus on the outcomes that they are set to deliver. We encourage regular performance conversations within teams at all levels of the organisation and frequent one-on-one performance feedback. We focus on performance optimisation more than performance evaluation, and strive to create an environment where people feel comfortable and are encouraged to be bold, take smart risks and ultimately deliver superior performance. Above all, we continuously test our thinking and our behaviours against our values and we never pursue any outcome at the expense of any of these values, in particular safety.

AN EFFECTIVE AND EFFICIENT ORGANISATION

Working in support of our Operating Model, it ensures that the right work is done at the right time and in the right way by capable people, in roles that are well designed with clear accountabilities and authorities.

Our Organisation Model comprises three core elements:

- An organisation and role design standard that provides a framework to structure our operations in a consistent manner according to the complexity of the work to be performed
- People systems that ensure that employees have the capabilities required to perform the work associated to their role
- A leadership and team-effectiveness standard that describes how teams are expected to work interdependently in the pursuit of goals that they collectively own.

The Anglo American organisation structure is built around strong, product-focused operating units, supported by functions that provide value-adding expert leadership and ensure effective governance to continuously improve business performance. This design aims to maximise the effectiveness of our Operating Model, promote the sharing of resources and consistent best-in-class practices across operations, while investing in functional capability in the strategic areas that will best leverage business returns.

Permanent employees and contractors by region 2018⁽¹⁾

	(1)	%
Africa	61,401	68
South America	20,085	22
Australia	4,813	5
Europe	2,918	3
North America	1,232	1
Asia	669	1
Middle East	12	0
Total	91,130	

⁽¹⁾ These figures reflect the annual average of permanent employees and contractors at managed operations during the year.

Permanent employees and contractors by business unit 2018⁽¹⁾

	(1)	%
Platinum	24,727	27
De Beers	20,860	23
Copper	12,350	14
Nickel	2,371	3
Kumba Iron Ore	9,495	10
Iron Ore Brazil	4,834	5
Coal	13,756	15
Marketing	330	0
Group departments	2,407	3
Total	91,130	

⁽¹⁾ These figures reflect the annual average of permanent employees and contractors at managed operations during the year.

NKULULEKO: CUTTING DEBT AND BUILDING FINANCIAL AWARENESS



Platinum employees at Rustenburg learning about Nkululeko – the financial wellness programme designed to assist employees in understanding and managing debt.

PGMs' Nkululeko programme has made massive improvements to the financial health of its debt-stressed workforce in South Africa. Debt can have a negative impact on health, safety and morale. Its causes include a lack of financial literacy, overspending and migrant labourers supporting more than one set of dependants.

Nkululeko means freedom and was triggered by a five-month unpaid strike in 2012 when workers sought relief from informal loans. When the programme started, 53% of employees at our Rustenburg operations used more than 75% of their income to service debt.

“We are aware of the pernicious effects of debt, so we empower our people with confidential financial advice and support,” says Anglo American HR specialist Lize de Bruyn.

Nkululeko helps employees to reduce their debt, delivers financial-awareness training, and takes action against institutions exploiting mineworkers. Anglo American partnered with Summit Financial Partners to negotiate with lenders and challenge illegal salary deductions.

During 2017 and 2018, 14,000 employees attended Nkululeko financial-awareness training. More than 2,400 have signed up for debt-relief solutions and, over four years, employees have saved R410 million (\$30.94 million) through reduced interest on debt. Employees under debt relief are now paying on average 57% less each month towards their commitments.

Anglo American has brought nearly 8,000 cases against a bank for reckless lending. Legal action is also being taken against unscrupulous debt administrators. If all of the challenges are successful, the total estimated employee savings will be more than R8,6 million (\$0.64 million). Similar Financial Wellness programmes in partnership with Summit Financial Partners have been introduced at the Sishen and Kolomela iron ore operations and one launched at Coal South Africa in September 2018 under the name Bokomosa.

NKULULEKO: FINANCIAL WELL-BEING PROGRAMME RESULTS 2018



14,000 employees attended Nkululeko financial awareness training

-57%

employees under debt relief paying on average 57% less per month towards debt

R410,000,000

saved through reduced interest on debt by employees over five years

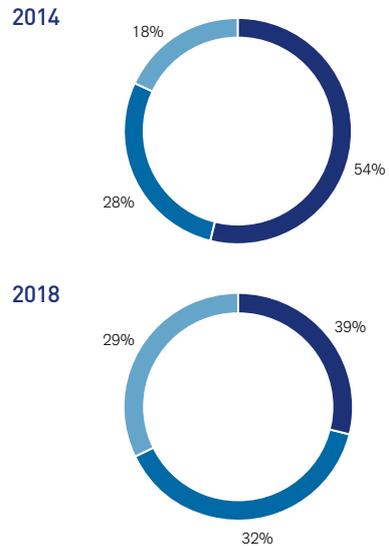
+2,400

employees signed up for a debt relief solution



8,000 legal cases brought against reckless lending

Employee financial health status outlook



■ Unhealthy ■ Healthy ■ Borderline
% of income devoted to debt relief.

Healthy: Affordable debt with majority of the debt being asset-based. (D/I up to 40%).

Borderline: Dangerous levels and at risk to enter the debt spiral with majority of the debt being unsecured. (D/I 41% – 59%).

Unhealthy: Debt to income ratio (D/I) of more than 60%. At risk of legal action from credit providers.

EMPLOYEE ENGAGEMENT AND CAPABILITY

Equipping Anglo American with an engaged and productive workforce is essential for our success. We aim to attract the best people in the industry and to drive professional and personal development to enable everyone to fulfil their potential.

Proactively managing talent

To guide us in making sure we have the right people in the right roles for now and the future, every year we conduct a standardised talent identification process across all our Group functions and business units. This consistent approach to assessing talent enables us to map our capabilities and to better understand our risks and readiness for succession, in particular for assimilating talent into leadership and specialist positions. We allocate talent into different talent pools that are managed consistently for growth and in support of our inclusion and diversity agenda.

Planning for the future

We are improving our workforce planning systems to allow us to better anticipate the impact of the technical innovations that will transform the work that we currently perform. Predicting such changes, in terms of number of roles as well as new skills required by these roles in the future, is essential to the medium- and long-term competitiveness of our operations. It will also allow us to prepare our workforce for the changes to come.

Empowering through learning

We are designing a learning ecosystem that is engaging and empowering our culture, using best-in-class practices in the design, creation, delivery and tracking of learning experiences.

Behavioural change is at the heart of our learning objectives. We consider each person's needs to fulfil their role, or prepare for a future role, and tailor a combination of different, innovative learning experiences to shape their development. As we expand the content and reach of this system, we will be able to track the usage and effectiveness of learning modules to assess employee growth and content relevance.

We currently support 2,000 graduates, bursars, apprentices and trainees. Our graduate recruitment programmes include placing tertiary-level graduates on our professionals in training programmes for technical skills development in line with Anglo American standards and objectives.

Anglo American initiatives support education and development, from schools through to tertiary institutions, as well as programmes to build skills and leadership capability. We develop skills in mining as well as non-mining-related sectors, and we provide basic literacy and numeracy to our employees, contractors and community members through adult basic education and training programmes. In 2018, we spent more than \$94 million on training, across our range of external and internal development programmes.

AN ENGAGED WORKFORCE LED BY INSPIRING LEADERS

We want inspiring, accountable, safety-conscious leaders to embody our desired culture. To that effect, we have developed a comprehensive range of programmes to enhance the skills, knowledge and awareness of leaders, make them more effective in their roles, and more accountable for their contribution in driving value. Our leadership development framework consists of five core programmes targeting different management, leadership and talent pool populations across the business. This provides a holistic yet focused approach to developing leadership capabilities. The framework recognises that effective leadership, in an evolving business environment, is constantly being redefined and, in addition to a set of core programmes, we develop ad hoc modules in response to recent trends or strategic imperatives.

In developing graduates as future leaders, we continue to see excellent results from our Building Leaders and Shaping Talent (BLAST) programme, an accelerated leadership-development programme for recent graduates. The programme provides rotation across three roles and two continents in four years, affording a mix of experience and global exposure across commodities and disciplines. While this is currently a South African programme, we are reviewing opportunities to expand this platform globally. This will support a global and consistent approach to graduate recruitment and development within core disciplines.

Fostering sound employee relations

We consider workforce engagement to be a priority for every leader in Anglo American and run regular surveys to identify areas where dedicated effort is required to ensure that all colleagues feel cared for and respected and willingly perform their work to the best of their abilities.

During 2018, voluntary turnover was 2.4%, while new hires amounted to 10.5% of permanent employees.

Where employees are represented by works councils, trade unions or other similar bodies and covered by collective bargaining agreements (approximately 70% of our current permanent workforce), we continuously seek to improve relations with employee representative bodies, understand their concerns and identify opportunities to promote the broader welfare and well-being of our workforce. In 2018, there was one incident of industrial action at De Beers' Venetia mine in South Africa relating to contractor concerns around benefits, which was resolved after five weeks.

Supporting labour rights

As expressed in our Human Rights Policy, and as signatories to the United Nations Global Compact, we are committed to the labour rights principles set out in the International Labour Organization core conventions, including the right to freedom of association and collective bargaining, non-discrimination, and the eradication of child and forced labour. All our operations are required to observe these rights and we encourage our non-managed joint ventures to adopt our policies. No incidents of employing under-age or forced labour were reported in 2018.

Our Responsible Sourcing Standard stipulates that all suppliers shall respect all labour and human rights through their value chain. This includes commitments to: not use child labour; combat all forms of Modern Slavery; oppose unfair or inhumane treatment of the workforce, including all forms of bullying and harassment; allow freedom of association; maintain fair and legal terms of employment; eliminate illegal and unfair discrimination; and promote an inclusive workplace.

AN INCLUSIVE AND DIVERSE WORKING ENVIRONMENT

We are committed to promoting an inclusive and diverse environment where every colleague is valued and respected for who they are and can fulfil their potential. We also recognise that, globally, society is increasingly expecting businesses to demonstrate greater accountability in managing inclusion and diversity issues. While we have a diverse population of people at Anglo American, we recognise that we need to continue to work to create a truly inclusive organisation. Visible leadership commitment is essential, and in 2018, all senior leaders received unconscious-bias training and all leaders participated in inclusive-leadership training.

Inclusion and diversity is a critical foundation of our sustainability approach. Underpinned by our values and our Code of Conduct, we have developed, and started implementing, an inclusion and diversity strategy, and a set of action plans to attain our desired culture. Our approach recognises that a diverse workforce creates opportunity, and inclusion creates the culture to sustain it.

Our way forward has been informed by work we have undertaken with external organisations to understand best practices, and through internal research which highlighted several issues and perceptions that we need to address, including views that the organisation is male-dominated and bias is commonplace.

The strategy focuses on the following key outcomes:

- The diversity, and unique contribution, of every colleague is valued by leaders, who demonstrate empowerment, accountability, courage, humility, visible commitment, involvement, collaboration and engagement
- All colleagues are respected and feel able to bring their whole selves to work, regardless of their gender, sexual orientation, age, race, ethnicity, religion, national origin or disability, including mental health
- An adaptable, involving, fair and supportive workplace exists through equitable workplace policies, systems and practices, colleague networks and mentoring and coaching, all of which contribute to securing and developing diverse talent
- A safe, effective and enabling environment is created for all stakeholders through our 'Living with Dignity' programmes, appropriately adapted facilities, and a trusted 'Speak Up' service, and by driving inclusive practices with all contractors, suppliers and service providers.

Each of these elements clearly links to our business imperatives, including creating a purpose-led, high-performance culture, promoting safe, responsible production, and driving transformation in South Africa. The strategy includes embedding appropriate measures across our processes to ensure, for example, that leadership positions or critical role appointments are made from a diverse slate of candidates.

Across our geographies, we have set up networks managed by colleagues, each with a committed executive sponsor. Supported by specialist organisations and charities, colleague networks launched in 2018 include a women's network in South Africa and Brazil; an LGBT+ network in London and South Africa; a disability (including mental health) network in London and Chile; and inclusion and diversity networks in our Singapore and Brisbane offices, extending to our mine sites in Australia. We have also launched a global inclusion and diversity policy and begun to review a number of policies to make sure they are gender-neutral and have global standards.

Towards the end of 2018, we conducted a voluntary and confidential global demographic-diversity baseline survey across 15,000 employees. This also incorporated our inclusion index for the first time to measure key aspects of inclusive behaviour. This index will form part of global and local surveys and will be one method to help us to evaluate progress in the future. While we made good progress in 2018, we recognise that there is still much to be done.

Gender equality is a prevalent social issue – and a business imperative. By year end, women made up 20% of our overall workforce (2017: 19%) and 28% of managers (2017: 26%). Anglo American reports its UK Gender Pay Gap position in line with legislative requirements under UK law. On 5 April 2018, our gender pay gap reporting date, women represented 43% of the 292 employees at our UK head office, but only 20% of senior management roles. The average hourly pay gap was 52% (2017: 55%) and the median hourly pay gap 41% (2017: 49%). We are committed to redressing the gender imbalance and ensuring at least a 33% female representation across the total population of our General Management Committee and the people reporting to them. For further information, see page 35 of our 2018 Integrated Annual Report, and our UK Gender Pay Gap report.

In early 2019, we were included in the 2019 Bloomberg Gender-Equality Index.

We are committed to achieving greater gender balance at all levels. We are therefore making a series of targeted changes to recruitment, succession and talent management, mentoring and other processes to support our goal of making sure we access the widest possible talent population, both in the UK and globally.

The proportion of permanent employees under 30 years of age was 12%, those between the ages of 30 and 50 accounted for 70% of the workforce, while the remaining 18% were over 50 years of age. In South Africa, 65% of management positions are held by historically disadvantaged South Africans.

 For more information visit www.angloamerican.com/sustainability/our-people

INCLUSION AND DIVERSITY – UNLOCKING THE FULL POTENTIAL IN ALL OUR PEOPLE



The launch of Metallurgical Coal's landmark Female Only Trainee Underground Miner Programme at Moranbah North had an overwhelming response. Female employees at our Moranbah North operation, Annette King, Belinda Morrison, Megan Holt, Teigan Flynn, Katie Buttery, Alison Drage and Rebecca Blines, were there to support the launch of the programme.

In today's world of work, in our everyday lives and in public discourse, topics relating to inclusion and diversity (I&D) are ever present, almost irrespective of culture. At Anglo American, our work to address I&D imbalances is not the latest 'initiative' to be seen to do the 'right thing'; instead, it's our commitment to change the way we do things, authentically. Why? Simply so that every colleague can bring their whole and best self to work each day, regardless of their gender, sexual orientation, age, race, ethnicity, religion, national origin or physical or mental disability.

Our comprehensive I&D strategy underpins our vision to promote an environment where every one of us is valued and respected for who we are, and has the opportunity to fulfil our potential. It guides us to recognise each individual's unique contribution in an involving, fair and supportive workplace, with inclusive people policies, systems and procedures.

Checking the pulse

To understand how our employees feel about I&D across Anglo American, we have completed in-depth qualitative research in eight of our global locations, as well as interviewing more than 30 of our most senior leaders.

The research highlighted our male-dominated culture, which is constraining career opportunities for women and other groups. It identified a need to deliver greater gender balance across all levels of the organisation, to engage across generations, and improve opportunities for people with disabilities and for those who have been historically disadvantaged in their countries. Participants also called for an authentic approach to I&D, backed by visible senior leadership involvement, clear principles and a commitment to actions that deliver new ways of working.

Positive progress

Recognising the many complexities of I&D, we established a global Inclusion and Diversity Working Group at the outset. Each member has been working within their respective operating business or global function to develop bottom-up activities to drive change by increasing awareness of I&D and what this means for all our people. We have also built up strategic partnerships alongside charities such as Stonewall, the Business Disability Forum and Working Families to understand best practice and current global trends. One notable and consistent success factor for us is our colleague networks, several of which are now established.

Turning aspirations into reality

At our Metallurgical Coal business in Australia, we are turning I&D aspirations into reality. Moranbah North's landmark *Female Only Trainee Underground Miner Programme* has met with an overwhelming public response, receiving more than 750 applications in a week and some 1,300 applications in total. Executive head of underground operations, Glen Britton said: "This pioneering programme is a critical step towards creating a more inclusive environment for women in underground coal mining. We developed it because it was clear that, while there was a real and untapped demand, we needed a new recruitment approach. We now have some excellent new recruits and we are embracing the opportunities for innovation and new ways of thinking that they bring."

DATA AND ASSURANCE

ASSURANCE STATEMENT

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON THE SELECTED SUSTAINABILITY INFORMATION IN ANGLO AMERICAN PLC'S SUSTAINABILITY REPORT

TO THE DIRECTORS OF ANGLO AMERICAN PLC

We have undertaken an assurance engagement in respect of the selected sustainability information, as described below, and presented in the 2018 Sustainability Report of Anglo American plc (the 'Company', "Anglo American" or "you") for the year ended 31 December 2018 (the Report). This engagement was conducted by a multidisciplinary team including health, safety, social, environmental and assurance specialists with relevant experience in sustainability reporting.

Reasonable assurance

Selected Sustainability Information	Unit of measurement	Boundary	Page
Total work related fatal injuries	Number	Anglo American plc (managed operations)	85

Limited assurance

Selected Sustainability Information	Unit of measurement	Boundary	Page
Fatal-injury frequency rate (FIFR)	Rate	Anglo American plc (managed operations)	85
Total recordable case frequency rate (TRCFR)	Rate	Anglo American plc (managed operations)	85
Total number of new cases of noise induced hearing loss (NIHL)	Number	Anglo American plc (managed operations)	85
Total number of employees potentially exposed to inhalable hazards over the occupational exposure limit	Number	Anglo American plc (managed operations)	85
Total number of employees potentially exposed to carcinogens over the occupational exposure limit	Number	Anglo American plc (managed operations)	85
Total Scope 1 emissions	Mt CO ₂ e	Anglo American plc (managed operations)	86
Total Scope 2 emissions	Mt CO ₂ e	Anglo American plc (managed operations)	86
Total energy consumption	GJ (million)	Anglo American plc (managed operations)	86
Total number of Level 3, 4 and 5 environmental incidents reported	Number	Anglo American plc (managed operations)	86
Corporate Social Investment spend	USD (million)	Anglo American plc (managed operations)	87
Management's description of alignment with the relevant governance, processes and control activities in operation for the 2018 reporting year, to meet the ICMM Assurance Procedures.	Qualitative	Anglo American plc (managed operations)	ICMM compliance statement 2018

We refer to this information as the 'selected sustainability information for Reasonable Assurance' and 'selected sustainability information for Limited Assurance', respectively, and collectively as the 'selected sustainability information'.

YOUR RESPONSIBILITIES

The Directors are responsible for the selection, preparation and presentation of the selected sustainability information in accordance with the accompanying reporting criteria as set out on pages 82 to 83 of the Report (the "Reporting Criteria").

This responsibility includes:

- the identification of stakeholders and stakeholder requirements, material issues, commitments with respect to sustainability performance, and
- the design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error.

The Directors are also responsible for determining the appropriateness of the measurement and reporting criteria in view of the intended users of the selected sustainability information and for ensuring that those criteria are publicly available to the Report users.

SUBJECT MATTER

We have been engaged to provide a reasonable assurance opinion and a limited assurance conclusion on the selected sustainability information listed below. The selected sustainability information described below has been prepared in accordance with the Company's reporting criteria that accompanies the sustainability information on the relevant pages of the Report (the accompanying reporting criteria).

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 practices 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.

In particular, where the information relies on carbon, energy and other emissions conversion factors derived by independent third parties, or internal laboratory results, our assurance work will not include examination of the derivation of those factors and other third party or laboratory information.

OUR INDEPENDENCE AND QUALITY CONTROL

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 the 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 RESPONSIBILITY

Our responsibility is to express either a reasonable assurance opinion or limited assurance conclusion on the selected sustainability information as set out in the Subject Matter paragraph, based on the procedures we have performed and the evidence we have obtained. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000(Revised)), and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements (ISAE 3410) issued by the International Auditing and Assurance Standards Board. These Standards require that we plan and perform our engagement to obtain the appropriate level of assurance about whether the selected sustainability information are free from material misstatement.

The procedures performed in a limited assurance engagement vary in nature and timing, and are less in extent than for a reasonable assurance engagement. As a result the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Reasonable assurance

A reasonable assurance engagement in accordance with ISAE 3000 (Revised), and ISAE 3410, involves performing procedures to obtain evidence about the measurement of the selected sustainability information and related disclosures in the Report. The nature, timing and extent of procedures selected depend on the auditor's professional judgement, including the assessment of the risks of material misstatement of the selected sustainability information, whether due to fraud or error.

In making those risk assessments we have considered internal control relevant to the Company's preparation of the selected sustainability information. A reasonable assurance engagement also includes:

- Evaluating the appropriateness of quantification methods, reporting policies and internal guidelines used and the reasonableness of estimates made by the Company;
- Assessing the suitability in the circumstances of the Company's use of the applicable reporting criteria as a basis for preparing the selected sustainability information; and
- Evaluating the overall presentation of the selected sustainability performance information.

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

Limited assurance

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised), and ISAE 3410, involves assessing the suitability in the circumstances of the Company's use of its reporting criteria as the basis of preparation for the selected sustainability information, assessing the risks of material misstatement of the selected sustainability information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected sustainability information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. Accordingly, for the selected sustainability information where limited assurance was obtained, we do not express a reasonable assurance opinion about whether the Company's selected sustainability information have been prepared, in all material respects, in accordance with the accompanying reporting criteria.

The procedures we performed were based on our professional judgement and included inquiries, observation of processes followed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Interviewed management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process;
- Inspected documentation to corroborate the statements of management and senior executives in our interviews;
- Tested the processes and systems to generate, collate, aggregate, monitor and report the selected sustainability information;
- Performed a controls walkthrough of identified key controls;
- Inspected supporting documentation on a sample basis and performed analytical procedures to evaluate the data generation and reporting processes against the reporting criteria;
- Evaluated the reasonableness and appropriateness of significant estimates and judgments made by the directors in the preparation of the selected sustainability information; and
- Evaluated whether the selected sustainability information presented in the Report are consistent with our overall knowledge and experience of sustainability management and performance at the Company.

REASONABLE ASSURANCE OPINION AND LIMITED ASSURANCE CONCLUSION

Reasonable assurance opinion

In our opinion and subject to the inherent limitations outlined elsewhere in this report, the selected sustainability information set out in the Subject Matter paragraph above for the year ended 31 December 2018 are prepared, in all material respects, in accordance with the reporting criteria.

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, and subject to the inherent limitations outlined elsewhere in this report, nothing has come to our attention that causes us to believe that the selected sustainability information as set out the Subject Matter paragraph above for the year ended 31 December 2018 are not prepared, in all material respects, in accordance with the reporting criteria.

OTHER MATTER(S)

Our report includes the provision of limited assurance on the total number of employees potentially exposed to inhalable hazards over the occupational exposure limit and the total number of employees potentially exposed to carcinogens over the occupational exposure limit. We were previously not required to provide assurance on these selected sustainability information.

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 Anglo American's website.

RESTRICTION OF LIABILITY

Our work has been undertaken to enable us to express a reasonable assurance opinion and a limited assurance conclusion on the selected sustainability information to the directors of the Company in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than the Company, for our work, for this report, or for the conclusion we have reached.



PricewaterhouseCoopers Inc.
 Director: Jayne Mammatt
 Registered Auditor
 4 Lisbon Lane, Johannesburg
 1 March 2019

BASIS FOR THE PREPARATION OF KEY SUSTAINABILITY DATA

INTRODUCTION

Our data governance process, definitions, calculation methodologies and additional guidance notes are documented in the Anglo American Sustainability Indicators, Definitions and Governance business process standard, which is mandatory throughout the business. External verification was, for the purposes of reporting, carried out against this basis of preparation document.

Organisational boundaries and scope

Anglo American accounts for 100% of operations over which it holds management control. During 2018 we took the decision to exclude the De Beers non-managed JVs of Debswana and Namdeb from our sustainability reporting. This is in line with industry best practice and aligns with the scope and boundary of sustainability reporting. A full list of those operations is available on page 84. Our proportional share of independently managed operations is not included in our sustainability reporting scope. Acquisitions and divestments are accounted for from date of acquisition/until date of sale.

Data sources

Anglo American hosts a single database for reporting key sustainability metrics, including those relating to energy, GHG emissions, water consumption, environmental incidents, occupational health, social performance and safety. Corporate social investment figures are captured in our financial reporting system and collated in a spreadsheet. Consistent reporting processes and indicator definitions have been implemented and applied for all indicators in the assurance scope.

This data is captured on a monthly basis by more than 50 reporting entities and subject to integrity reviews by corporate analysts each quarter. A selection of material indicators is reported internally on a monthly basis and to the executive and Board at each meeting.

It should be noted that while indicators in the assurance scope are reported with a high degree of accuracy, estimates are allowed in December for energy and water consumption data as they are dependent on invoices from utility providers.

Reporting period

Our reporting year runs from 1 January 2018 to 31 December 2018. Changes to historical data follow a formal change request process, which is signed off by relevant heads of functions and restated externally, if material.

KPI DEFINITIONS

Scope 1 emissions

Scope 1 emissions include CO₂e emissions from fossil fuels, coal seam gas fugitive emissions, renewable fuels, and operational processes. Process emissions include those associated with on-site and managed sewerage facilities, on-site water-treatment facilities, the use of carbonates in acid leaching processes at copper-processing facilities, fugitive emissions during the production of phosphates.

Scope 2 emissions

Scope 2 emissions include CO₂ from electricity purchased and reported in million tonnes of CO₂e.

Total energy use

Total energy use is calculated from electricity purchased, energy from fossil fuels and energy from renewable fuels, and reported in million GJ.

Total work-related fatal injuries

A fatality is an employee or contractor death resulting from a work-related injury. Anglo American records all work-related losses of life for the purposes of internal and external investigation, management action, legal process and compensation. However, while fatal injuries that result from criminal activity and public-road incidents are recorded for management purposes, these are not included in formal statistics and frequency-rate calculations.

Fatal injury frequency rate (FIFR)

The FIFR is the rate of fatality per million hours worked for both employees and contractors.

Total recordable case frequency rate (TRCFR)

The TRCFR is a rate per million hours worked of employee and contractor fatal injuries, lost-time injuries, and medical treatment cases. First-aid cases – minor work-related injuries which, in normal circumstances, are able to be treated successfully in accordance with recognised first-aid training – are not included in this calculation. Injuries are diagnosed by medical and safety professionals according to Anglo American criteria. These criteria are additional to local legal reporting and compensation requirements.

Inhalable Hazards and Carcinogens

Total number of employees assigned to homogenous exposure groups in an "A" classification band, i.e. ≥OEL (without taking into account PPE) for inhalable hazards for the reporting period.

Inhalable hazards and carcinogens include the following:

- Coal dust (respirable particulate)
- Respirable crystalline silica
- Diesel particulate matter
- Nickel (water soluble compounds)
- Copper dusts and mists
- Sulphuric acid mists
- Sulphur dioxides
- Arsenic
- Coal tar pitch volatiles
- Cobalt
- Dust (respirable and inhalable)
- Welding fumes
- VOCs.

Total number of employees (including long term contractors) exposed to one or more known cause of occupational cancer including, but not limited to, arsenic, coal tar pitch volatiles, cobalt, diesel particulate matter, nickel (soluble and insoluble) and solar radiation at levels ≥ OEL. For solar radiation: the number of workers working in open environments (without roof cover) for periods in excess of four hours per shift exposed to excessive sunlight.

New cases of noise-induced hearing loss (NIHL)

Number of employees diagnosed with NIHL during the reporting period. New cases are recorded when:

- The rules for diagnostic criteria for occupational disease in Anglo American have been met
- There is a pattern consistent with NIHL on the audiogram
- The average hearing loss at frequencies 0.5, 1, 2, 3 and 4 kHz for both ears is greater than 25 dBA
- There has been a 10 dB change in the average hearing loss since the pre-placement audiogram recorded on employment with Anglo American
- The employee has not previously been counted as NIHL.

Total amount spent on corporate social investment (CSI)

Categories for corporate social investment expenditure include charitable donations, community investment and commercial initiatives. CSI is reported in US dollars and converted from currency of the operations at the average foreign exchange rate applied by Anglo American for financial reporting purposes. Data is prepared in accordance with the principles of preparation for financial information.

Charitable donations include cash donations; contributions in kind; employees' working hours spent on charity projects during work hours; and the cost of initiatives designed to inform communities about community-benefit initiatives (e.g. the production of reports that are issued to communities for the purpose of reporting progress).

Not included is expenditure that is necessary for the development of an operation (e.g. resettlement of families) or for receiving a licence. Training expenditure for individuals who will be employed by the company following completion of training is not included.

Community investment includes the funding of community partnerships which address social issues; the costs of providing public facilities to community members who are not employees or dependants; the marginal value of land or other assets transferred to community ownership; and income-creation schemes or mentoring/volunteering initiatives which do not have a principally commercial justification.

Commercial initiatives include enterprise development and other community initiatives/partnerships that also directly support the success of the company (such as supplier development). There must, however, be a clear and primary element of public benefit.

We prohibit the making of donations for political purposes to any politician, political party or related organisation, any official of a political party or candidate for political office in any circumstances, either directly or through third parties.

Environmental incident classification

We classify environmental incidents on a scale of 1 to 5 based upon increasing severity, in accordance with the Anglo American 5 x 5 risk matrix, which plots potential incidents against their likelihood of occurring and the severity of their consequence.

A Level 1 incident will have a minor impact on the environment, while at the other extreme, a Level 5 incident will have a major impact on the environment. Correct classification of incidents is important as it determines the level of response, investigation and reporting required.

From 1 January 2018, we implemented an updated classification process for environmental incidents. The updated approach maintains the level 1-5 classification scale, while providing substantially greater guidance and rigour to the classification process. This change was flagged in our 2017 SD Report, and as predicted, the tighter controls associated with the new process have resulted in a small increase in reported Level 3 environmental incidents in 2018 (five).

The following components are taken into consideration when rating the severity of environmental incidents:

Scale: How significant is the size/scale of the impact relative to the size/scale of the receiving environment?

Sensitivity: How sensitive is the receiving environment to the impact? How special or unique is the area that has been impacted?

Remediation and clean-up: How difficult is the impact to contain, remediate and/or clean up? How much time and/or resources are required to manage the incident?

The classification criteria for environmental incidents matches the potential complexity of actual environmental incidents. It was developed by our global environmental leadership team with input from practitioners and piloted in two sites, before being approved by the Sustainability Committee.

REPORTING SCOPE

as at 31 December 2018

Unless otherwise stated, data included in this report accounts for 100% of the businesses managed by Anglo American. Data for acquisitions is included from date of acquisition, and divested businesses discontinue reporting from the date of disposal.

Businesses included in reporting scope	
	Country
Platinum Group Metals	
Mining operations	
Amandelbult	South Africa
Mogalakwena	South Africa
Unki	Zimbabwe
Union	South Africa
Twickenham project (care and maintenance – C&M)	South Africa
Processing operations	
Waterval smelter	South Africa
Mortimer smelter	South Africa
Polokwane smelter	South Africa
Rustenburg base metals refinery	South Africa
Rustenburg precious metals refinery	South Africa
Other	
Western Limb tailings retreatment	South Africa
De Beers	
De Beers Jewellers	Global
De Beers Canada	
Victor	Canada
Snap Lake (C&M)	Canada
Gahcho Kué	Canada
De Beers Consolidated Mines	
Venetia	South Africa
Voorspoed	South Africa
Commercial and industrial	
Element Six	Global
Sales and Brands	Global
Copper	
Chagres smelter	Chile
El Soldado	Chile
Los Bronces	Chile
Quellaveco project	Peru
Nickel	
Codemin	Brazil
Barro Alto	Brazil
Kumba Iron Ore	
Kolomela	South Africa
Sishen	South Africa
Iron Ore Brazil	
Minas-Rio	Brazil
Metallurgical Coal	
Capcoal	Australia
Dawson	Australia
Drayton	Australia
Grosvenor	Australia
Grasstree	Australia
Moranbah North	Australia
Peace River Coal (C&M)	Canada

Businesses included in reporting scope	
	Country
Coal South Africa	
Goedehoop	South Africa
Greenside	South Africa
Isibonelo	South Africa
Khwezela	South Africa
Kriel	South Africa
New Denmark	South Africa
New Vaal	South Africa
Zibulo	South Africa

Other	
Vergelegen wine farm	South Africa
Corporate offices	Global
Discovery	Global

Joint ventures, associates, investments and other interests excluded from reporting scope	
	Country
Platinum Group Metals	
Masa Chrome Company	South Africa
Modikwa Platinum Joint Operation	South Africa
Kroondal Pooling and Sharing Agreement	South Africa
Mototolo Joint Operation	South Africa
Bokoni	South Africa
Bafokeng Rasimone Platinum Mine	South Africa
Atlatsa Resources Corporation	South Africa
Johnson Matthey Fuel Cells	South Africa
Wesizwe Platinum Limited	South Africa
Royal Bafokeng Platinum Limited	South Africa

De Beers	
Debswana	
Damtsheer (C&M)	Botswana
Jwaneng	Botswana
Orapa	Botswana
Lethakane	Botswana
Namdeb	
Namdeb Diamond Corporation	Namibia
Debmarine Namibia	Namibia

Copper	
Collahuasi	Chile

Iron Ore and Manganese	
Iron Ore Brazil – Ferroport	Brazil
Samancor	Australia and South Africa

Coal	
Jellinbah	Australia
Dalrymple Bay Coal Terminal Pty Ltd	Australia
Newcastle Coal Shippers Pty Ltd	Australia
Phola plant	South Africa
Mafube	South Africa
Richards Bay Coal Terminal	South Africa
Carbones del Cerrejón	Colombia

2018 DATA

The 2018 data excludes the De Beers non-managed JVs, Debswana and Namdeb. The data for prior years (2014-2017) includes these De Beers operations. An Excel file with detailed sustainability data is available at www.angloamerican.com/sustainability/performance

Safety					
	2018	2017	2016	2015	2014
Anglo American total					
Work-related loss of life	5	9	11	6	6
Lost-time injuries (LTIs)	343	429	548	802	609
Medical treatment cases (MTCs)	212	372	481	783	780
First aid cases (FAC)	1,562	1,500	1,604	2,234	2,387
Total recordable cases (fatal injuries + LTIs + MTCs)	560	810	1,040	1,591	1,395
Total injuries (recordable cases + FACs)	2,122	2,310	2,644	3,825	3,782
Hours worked (thousand)	210,500	255,879	293,259	341,319	346,900
Fatal injury frequency rate	0.024	0.035	0.038	0.018	0.017
Total recordable case frequency rate	2.66	3.17	3.55	4.66	4.02
Lost-time injury frequency rate	1.63	1.68	1.87	2.35	1.76
Workers potentially exposed to hazards⁽¹⁾					
	2018	2017	2016	2015	2014
Total number of workers	102,606	124,726	—	—	—
Inhalable hazards and carcinogens					
Total number of workers at risk of exposure to inhalable hazards and carcinogens ⁽²⁾	72,097	72,695	—	—	—
Workers potentially exposed to inhalable hazards above the exposure limit ⁽³⁾	2,249	2,499	—	—	—
Workers potentially exposed to carcinogens above the exposure limit ⁽³⁾	2,335	2,565	—	—	—
Noise					
Total number of workers at risk of exposure to noise ⁽²⁾	64,102	75,761	—	—	—
Workers potentially exposed to noise above 85 dB(A)	29,089	35,070	—	—	—
New cases of occupational disease					
	2018	2017	2016	2015	2014
Diseases related to inhalable hazard and carcinogen exposure	9	27	35	29	26
Diseases related to noise exposure	31	46	48	83	94
Diseases related to other health hazard exposure	61	23	28	47	55
Total	101	96	111	159	175
HIV/AIDS⁽⁴⁾					
	2018	2017	2016	2015	2014
Number of employee voluntary testing and counselling cases	30,814	43,568	45,279	50,223	59,813
Number of contractor voluntary testing and counselling cases	40,670	32,433	38,376	39,643	48,421
Employees in southern Africa who know their status (%)	88	83	88	68	86
Known HIV+ employees on anti-retroviral therapy (ART) (%)	86	84	68	72	53
Number of new employee HIV cases	540	506	611	349	543
Number of employee AIDS deaths ⁽⁴⁾	3	12	68	91	89
HIV incidence rate	2.20	1.16	1.35	0.69	0.91
Tuberculosis					
	2018	2017	2016	2015	2014
New cases of tuberculosis (TB)	93	188	511	544	734
TB incidence rate per 100,000 employees ⁽⁵⁾	242	361	669	790	1,064
Proven TB deaths	5	4	28	52	63

⁽¹⁾ Number of workers (permanent employees and contractors) potentially exposed to hazards.

⁽²⁾ All workers including long term contractors potentially exposed above the A, B, C and D occupational, exposure limit classification bands (without taking personal protective equipment into account).

⁽³⁾ Exposure is above the occupational exposure limit A classification bands (without taking personal protective equipment into account).

⁽⁴⁾ HIV/AIDS and TB data includes data from southern Africa only. Debswana and Namdeb data is included between 2015 and 2017.

⁽⁵⁾ TB incidence rate is calculated using the average number of employees. Years prior to 2016 were calculated using the number of employees at year end.

Environment					
	2018	2017	2016	2015	2014
GHG emissions (Mt CO₂e)					
Scope 1	9.7	9.9	9.0	8.8	8.0
Scope 2	6.4	8.0	8.9	9.5	9.3
Total CO ₂ e	16.00	17.95	17.9	18.3	17.3
Energy consumption (million GJ)					
Energy from electricity	37.8	43.1	46.9	46.6	44.3
Energy from fossil fuels	45.6	52.5	56.0	56.8	61.1
Energy from renewable fuels	2.1	1.8	2.6	2.9	2.4
Total energy	85.4	97.4	105.5	106.3	107.7
Water⁽¹⁾					
Water withdrawals by source ('000 m³)					
Surface water	72,240	86,435	77,418	89,520	69,679
Groundwater ⁽²⁾	119,132	144,046	152,366	180,089	135,819
Seawater	15	33,935	26,850	31,695	31,207
Third party potable water	8,947	19,163	17,123	20,326	19,627
Third party non-potable water	27,163	22,696	22,020	17,018	19,566
Total withdrawals	227,497	306,275	295,778	338,648	275,898
Dewatering as a percentage of withdrawals ⁽³⁾	19%	24%	23%	27%	23%
Freshwater as a percentage of withdrawals ⁽⁴⁾	88%	82%	83%	86%	82%
Water discharges ('000 m³)					
Surface water	44,130	25,648	69,578	83,206	—
Groundwater	1,726	3,495	31	159	—
Seawater and estuaries	4,298	32,008	38,680	30,110	—
Third party	36,241	39,224	8,694	11,004	—
Land (hectares)					
Company-managed land ⁽⁵⁾	666,815	1,565,438	1,567,624	1,652,959	1,684,186
Land altered by mining activities and supporting infrastructure	95,876	110,824	109,411	130,352	114,921
Land rehabilitated ⁽⁶⁾	17,530	19,265	20,662	20,322	20,418
Environmental incidents					
Level 3	5	2	4	6	14
Level 4	1	0	0	0	1
Level 5	0	0	0	0	0
Air emissions					
Total SO ₂ emissions from diesel, marine, and intermediate fuel oil used and processes ('000 tonnes)	30.5	29.5	40.1	43.0	34.0
Total NO ₂ emissions from diesel, marine, and intermediate fuel oil used and processes ('000 tonnes)	28.7	27.3	35.3	41.9	43.5
Ozone depleting compounds (ODCs) vented/released to the atmosphere (tonnes)	0.1	0.1	2.8	3.5	3.5
ODCs remaining in use (tonnes)	1.0	1.1	1.4	2.9	1.3
Non-mineral waste⁽⁷⁾					
Hazardous waste to legal landfill (tonnes)	13,968	41,427	23,293	40,782	17,750
Hazardous waste to legal landfill (m ³) ⁽⁸⁾	1,017	3,032	3,049	—	—
Non-hazardous waste to legal landfill (tonnes)	28,871	26,467	38,290	239,747	51,163
Non-hazardous waste to legal landfill (m ³) ⁽⁸⁾	108,062	82,108	73,643	—	—

⁽¹⁾ In 2017, we revised our water reporting requirements to ensure alignment with the International Council for Mining and Metals guidance, in addition to the 2018 GRI Standards requirements. This revision has fundamentally shifted our site-level reporting of water and, as a result, we are currently ensuring data consistency and validity for many of the reporting requirements. As such, our reporting in 2018 includes only water withdrawals by source (previously disclosed) and discharges, and we are working towards ensuring readiness to disclose consumption and re-use/recycling.

⁽²⁾ Groundwater withdrawals includes dewatering, for example for slope stability in opencast operations.

⁽³⁾ Dewatered volumes are in most instances diverted to a third party (for example a community treatment facility) for beneficial use including municipal supply or agriculture.

⁽⁴⁾ Freshwater includes all withdrawals from surface creeks, dams, rivers (including precipitation harvested), groundwater sources (including dewatering), and third party potable water.

⁽⁵⁾ Land data for De Beers included between 2014 and 2017.

⁽⁶⁾ Land rehabilitated includes land both fully rehabilitated and signed off by the regulator, and land rehabilitated but not yet signed off as meeting agreed land use objectives.

⁽⁷⁾ Hazardous waste and non-hazardous waste is either reported in mass (tonnes) or volume (m³) as is appropriate to each operation. Volumes in mass were introduced for reporting at relevant operations in 2015. However the information is incomplete and is reported from 2016 onwards.

⁽⁸⁾ Reported specifically at De Beers' operations.

Production and throughput					
	2018	2017	2016	2015	2014
Production volumes					
Diamonds ('000 cts)	35,300	33,454	27,339	28,692	32,605
Platinum (produced ounces) (koz)	2,485	2,397	2,382	2,337	1,870
Copper (kt)	668	579	577	709	748
Nickel (t)	42,300	43,800	44,500	30,300	37,200
Iron Ore – Kumba (Mt)	43.1	45.0	41.5	44.9	48.2
Iron Ore – Minas-Rio (Mt)	3.4	16.8	16.1	9.2	0.7
Metallurgical coal (Mt)	21.8	21.3	30.4	33.5	33.2
Coal South Africa (Mt)	28.6	60.5	64.4	61.3	67.0

Taxes paid directly to government by category and country (\$'000)										
	Brazil	Chile	Other South America	North America	South Africa	Other Africa	Australia /Asia	Europe	Other	Total
Profits	4,654	397,992	2,646	2,506	596,226	90,793	404,238	11,934	32,839	1,543,830
Royalties and environmental	13,564	71,547	0	29,160	143,106	51,233	398,487	0	0	707,096
Transactions	41,517	1,220	30	1,310	4,041	19,105	222	1,782	0	69,228
Labour	29,973	35,444	670	4,376	17,072	2,042	34,862	43,536	0	167,975
Capital gains	0	0	0	0	0	0	0	0	0	0
Other	1,129	6,791	927	842	520	2,094	8,781	5,501	0	26,585
Total borne	90,837	512,993	4,274	38,193	760,966	165,269	846,589	62,753	32,839	2,514,714
Total collected	74,996	102,547	678	6,745	454,025	81,490	88,260	115,280	0	924,021
Total	165,832	615,540	4,952	44,939	1,214,991	246,759	934,850	178,034	32,839	3,438,735

Human resources					
	2018	2017	2016	2015	2014
Full-time employees (annual average)¹	61,527	67,095	82,869	99,630	99,908
Employees below 30 years of age (%)	12	13	14	16	16
Employees between 30-50 years of age (%)	70	68	67	65	65
Employees more than 50 years of age (%)	18	19	18	19	19
Women in management (%)	28	26	25	25	24
Women as % of total workforce	20	19	18	18	18
Contractors (annual average)	29,603	31,018	32,559	41,451	51,320
Resignations (%)	2.4	2.3	2.2	1.9	2.0
Redundancies (%)	0.7	0.7	7.1	3.5	0.9
Dismissals (%)	1.2	1.4	1.8	1.4	1.0
Other reasons for leaving (%)	5.8	4.0	3.5	4.2	1.9
Historically disadvantaged South Africans in management (% of South African management)	65	66	62	60	60

Socio-economic					
	2018	2017	2016	2015	2014
CSI expenditure (\$ million)	82	88	84	124	135
CSI expenditure (% of pre-tax profit)	1.6	1.7	3.0	6.0	2.8
Businesses supported through enterprise development initiatives	64,830	64,291	62,447	62,394	58,257
Jobs created/sustained through enterprise development initiatives	125,095	120,812	116,298	110,780	96,873
Total supplier expenditure (\$ billion)	10.2	9.0	8.8	10.0	12.3
Procurement: local expenditure (\$ billion)	2.1	2.1	2.0	1.5	1.8
Procurement: local expenditure (% of total)	21	23	23	15	15
Procurement: BEE expenditure in South Africa (\$ billion)	2.8	2.6	2.9	3.8	3.1

⁽¹⁾ Employee numbers reflect the annual average employees at managed operations during the year which differs to the statutory definition used in the annual report which measures the average number of employees excluding associates' and joint ventures' employees, and including a proportionate share of employees within joint operations.

COMMITMENTS TO EXTERNAL INITIATIVES AND MEMBERSHIPS

COMMITMENTS TO EXTERNAL INITIATIVES/STANDARDS

- UN Guiding Principles on Business and Human Rights
- UN Resolution on human right to water and sanitation (64/292)
- UN Global Compact
- UN Women's Empowerment Principles
- Office for the Commissioner for Human Rights Guidelines
- Voluntary Principles on Security and Human Rights
- ISO Standards
 - ISO 14001 (Environmental)
 - ISO 14064 (GHGs)
 - ISO 14065 (GHGs)
 - ISO 26000 (Social Standards)
 - ISO 50001
- Occupational Health and Safety Advisory Services (OHSAS) Standards
 - OHSAS 18001
- World Health Organization (WHO) Standards
 - HIV/AIDS Standard
 - TB Standard
- International Finance Corporation (IFC)
 - Environmental and Social Performance Standards
 - Edge Business certification standard
- International AIDS Transparency Initiative (IATI)
- Extractive Industries Transparency Initiative (EITI)
- Bettercoal Initiative
- Responsible Jewellery Council (RJC) and certification to the RJC's Code of Practice
- Kimberley Process (participation through the World Diamond Council)
- KIN Development Partner Framework
- ICMM Sustainable Development Framework.

STRATEGIC PARTNERSHIPS

- Business Action for Africa
- Danish Institute for Business and Human Rights
- Fauna & Flora International
- International Alert
- TechnoServe
- Shift
- UNAIDS
- Women in Mining.

GRI STANDARDS CONTENTS INDEX

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards (Core option) and the GRI Mining & Metals Sector Supplement. The content index shows our material topics and reporting against related disclosures and management approach. Where information is available, we have also included additional disclosures beyond our

core material topics. To locate the topics and our responses, please refer to the reference column where we have provided the source of information and in some instances, we have included a direct response within the index.

 The data table is also available at www.angloamerican.com/sustainability/performance

GRI 101: Foundation		
Indicator	Disclosure	Reference
1.1	Stakeholder inclusiveness	Annual Report (AR): 16-17
1.2	Sustainability context	Sustainability Report (SR): 12-14
1.3	Materiality	SR: 22-23
1.4	Completeness	SR: 01; 82-84. Boundaries are described in the relevant sections.
1.5	Accuracy	SR: 80-81
1.6	Balance	SR: throughout document
1.7	Clarity	SR: throughout document
1.8	Comparability	SR: throughout document
1.9	Reliability	SR: 80-81
1.10	Timeliness	Financial year end: 31 December 2018. Report release date: 04 March.
GRI 102: General disclosures		
Indicator	Disclosure	Reference
102-1	Name of organisation	Anglo American
102-2	Activities, brands, products and services	SR: 02-03; 10-11
102-3	Location of headquarters	London, United Kingdom
102-4	Location of operations	SR: 02-03;
102-5	Ownership and legal form	AR: 174-185
102-6	Markets served	AR: 12-15
102-7	Scale of the organisation	SR: 02-03; AR: 50-53
102-8	Information on employees and other workers	SR: 74-79
102-9	Supply chain	SR: 69-70
102-10	Significant changes to the organisation and its supply chain	AR: 174-185. There were no significant changes to the supply chain.
102-11	Precautionary Principle or approach	Anglo American supports the intent of the Precautionary Principle, but has not expressed a specific commitment in the public domain.
102-12	External initiatives	SR: 88; 95
102-13	Membership of associations	SR: 88
102-14	Statement from senior decision maker	SR: 06-09
102-16	Values, principles, standards and norms of behaviour	SR: 01; 74
102-18	Governance structure	SR: 18-21; AR 72-99
102-40	List of stakeholder groups	AR: 16
102-41	Collective bargaining agreements	SR: 77
102-42	Identifying and selecting stakeholders	SR: 22
102-43	Approach to stakeholder engagement	AR: 16; SR:22
102-44	Key topics and concerns raised	SR: 23
102-45	Entities included in the consolidated financial statements	AR: 174-176
102-46	Defining report content and topic boundaries	SR: 1; 22-23

102-47	List of material topics	SR: 23
102-48	Restatement of information	SR: 85-87; AR: 216
102-49	Changes in reporting	Exclusion of De Beers' non-managed joint operations (Debswana and NamDeb) from the reporting scope
102-50	Reporting period	01 January 2018 – 31 December 2018
102-51	Date of most recent report	04 March 2019
102-52	Reporting cycle	Annual
102-53	Contact point for questions about the report	SR: Back page
102-54	Claims if reporting in accordance with the GRI Standards	SR: 01; 89
102-55	GRI content index	SR: 89-94
102-56	External Assurance	SR: 80-81

Material topic – GRI 201: Economic performance

Indicator	Disclosure	Reference
103-1	Explanation and reporting boundary	AR: 18-23; 167-172. SR: 72-73; 82-83
103-2	Management approach and components	AR: 18-23; 167-172. SR: 72-73; 82-83
103-3	Evaluation of the management approach	AR: 18-23; 167-172. SR: 72-73; 82-83
201-1	Direct economic value generated and distributed	SR: 73
201-2	Financial implications and other risks and opportunities due to climate change	SR: 49,53
201-3	Defined benefit plan obligations and other retirement plans	AR: 167-172
201-4	Financial assistance received from government	None received.

Material topic – GRI 203: Indirect economic impacts

Indicator	Disclosure	Reference
103-1	Explanation and reporting boundary	There is an ever-increasing expectation for mining to play a developmental role in host countries and communities. Indirect economic impacts associated with mining can have a materially beneficial influence on local livelihoods and on Anglo American's social licence to operate. Indirect economic impacts are relevant throughout the business and in developing countries in particular.
103-2	Management approach and components	SR: 61-66; 71-72
103-3	Evaluation of the management approach	Performance is evaluated through Social Way compliance monitoring
203-1	Infrastructure investments and services supported	SR: 71-72
203-2	Significant indirect economic impacts	SR: 71-72

Material topic – GRI 204: Procurement practices

Indicator	Disclosure	Reference
103-1	Explanation and reporting boundary	SR: 67-70. Local and responsible procurement is an effective way of delivering value from mining to local stakeholders and is one of the most commonly cited expectations of mining companies. The topic is relevant throughout the business and in developing countries in particular.
103-2	Management approach and components	SR: 67-70
103-3	Evaluation of the management approach	SR: 67-70. Total local procurement expenditure is measured on an annual basis to track progress against targets.
204-1	Proportion of spending on local suppliers	SR: 69-70

GRI 205: Anti-corruption

Indicator	Disclosure	Reference
103-1	Explanation and reporting boundary	SR: 74. Ethical business conduct is material throughout the Group
103-2	Management approach and components	SR: 74
103-3	Evaluation of the management approach	SR: 74
205-1	Operations assessed for risks related to corruption	SR: 74. Anglo American's disclosure focuses on bribery risk, which is the most material aspect of corruption for the business
205-2	Communication and training about anti-corruption policies and procedures	SR: 74

Material topic – GRI 302: Energy

Indicator	Disclosure	Reference
103-1	Explanation and reporting boundary	SR: 49-54
103-2	Management approach and components	SR: 49-54
103-3	Evaluation of the management approach	SR: 49-54
302-1	Energy consumption within the organization	SR: 50; 86
302-4	Reduction of energy consumption	SR: 50

Material topic – GRI 303: Water

Indicator	Disclosure	Reference
103-1	Explanation and reporting boundary	SR: 45-48
103-2	Management approach and components	SR: 45-48
103-3	Evaluation of the management approach	SR: 45-48
303-1	Interactions with water as a shared resource	SR: 45-48
303-3	Water withdrawals	SR: 47; 86
303-4	Water discharges	SR: 86

Material topic – GRI 304: Biodiversity

Indicator	Disclosure	Reference
103-1	Explanation and reporting boundary	SR: 36-39
103-2	Management approach and components	SR: 36-39
103-3	Evaluation of the management approach	SR: 36-39
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	SR: 36-39

Material topic – GRI 305: Emissions

Indicator	Disclosure	Reference
103-1	Explanation and reporting boundary	SR: 44; 49-54
103-2	Management approach and components	SR: 44; 49-54
103-3	Evaluation of the management approach	SR: 44; 49-54
305-1	Direct (Scope 1) GHG emissions	SR: 50; 86
305-2	Energy indirect (Scope 2) GHG emissions	SR: 50; 86
305-3	Other indirect (Scope 3) GHG emissions	SR: 50
305-4	GHG emissions intensity	–
305-5	Reduction of GHG emissions	SR: 50
305-6	Emissions of ozone-depleting substances	SR: 86
305-7	Nitrogen oxides, sulphur oxides, and other significant air emissions	SR: 86

Material topic – GRI 306: Effluents and waste

Indicator	Disclosure	Reference
103-1	Explanation and reporting boundary	SR: 40-42; 45-48
103-2	Management approach and components	SR: 40-42; 45-48
103-3	Evaluation of the management approach	SR: 40-42; 45-48
306-1	Water discharge by quality and destination	SR: 86
306-2	Waste by type and disposal method	SR: 86
306-3	Significant spills	SR: 34
306-4	Transport of hazardous waste	–
306-5	Water bodies affected by water discharges and/or runoff	–

GRI 307: Environmental compliance		
Indicator	Disclosure	Reference
307-1	Non-compliance with environmental laws and regulations	SR: 33-35

GRI 308: Supplier environmental assessment		
Indicator	Disclosure	Reference
308-1	New suppliers that were screened using environmental criteria	SR: 67
308-2	Negative environmental impacts in the supply chain and actions taken	–

Material topic – GRI 401: Employment		
Indicator	Disclosure	Reference
103-1	Explanation and reporting boundary	SR: 77-79
103-2	Management approach and components	SR: 77-79
103-3	Evaluation of the management approach	SR: 77-79
401-1	New employee hires and employee turnover	SR: 77
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	–
401-3	Parental leave	–

Material topic – GRI 403: Occupational health and safety		
Indicator	Disclosure	Reference
103-1	Explanation and reporting boundary	SR: 24-32
103-2	Management approach and components	SR: 24-32
103-3	Evaluation of the management approach	SR: 24-32
403-1	Occupational health and safety management system	SR: 26
403-2	Hazard identification, risk assessment, and incident investigation	SR: 21; 24-32
403-3	Occupational health services	SR: 28-32; 76
403-4	Worker participation, consultation, and communication on occupational health and safety	–
403-5	Worker training on occupational health and safety	SR: 26-27
403-6	Promotion of worker health	SR: 28-32
403-8	Workers covered by an occupational health and safety management system	–
403-9	Work-related injuries	SR: 85
403-10	Work-related ill health	SR: 85

Material topic – GRI 404: Training and education		
Indicator	Disclosure	Reference
103-1	Explanation and reporting boundary	SR: 77-79
103-2	Management approach and components	SR: 77-79
103-3	Evaluation of the management approach	SR: 77-79
404-1	Average hours of training per year per employee	Anglo American measures training in monetary terms as well as the number of individuals in structured programmes. See SR: 77
404-2	Programmes for upgrading employee skills and transition assistance programmes	SR: 77-79
404-3	Percentage of employees receiving regular performance and career development reviews	SR: 77-79

Material topic – GRI 405: Diversity and equal opportunity		
Indicator	Disclosure	Reference
103-1	Explanation and reporting boundary	SR: 77-79; AR: 35; 39
103-2	Management approach and components	SR: 77-79; AR: 35; 39
103-3	Evaluation of the management approach	SR: 77-79; AR: 35; 39
405-1	Diversity of governance bodies and employees	SR: 18-19; 87. AR: 72-79
405-2	Ratio of basic salary and remuneration of women to men	AR: 39

GRI 407: Freedom of association and collective bargaining		
Indicator	Disclosure	Reference
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	No operation is considered at risk regarding freedom of association and collective bargaining. The number of high risk suppliers is not disclosed, but the risk is managed via the Anglo American Responsible Sourcing Standard. SR: 67; 77

GRI 408: Child labour		
Indicator	Disclosure	Reference
408-1	Operations and suppliers at significant risk for incidents of child labour	No operation is considered to be at significant risk for incidents of child labour. The number of high risk suppliers is not disclosed, but the risk is managed via the Anglo American Responsible Sourcing Standard. SR: 67; 77. No instances child labour were reported in 2018.

GRI 409: Forced or compulsory labour		
Indicator	Disclosure	Reference
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	No operation is considered to be at significant risk for incidents of forced or compulsory labour. The number of high risk suppliers is not disclosed, but the risk is managed via the Anglo American Responsible Sourcing Standard. SR: 67, 77

GRI 410: Security practices		
Indicator	Disclosure	Reference
410-1	Security personnel trained in human rights policies or procedures	SR: 63-64

GRI 411: Rights of Indigenous Peoples		
Indicator	Disclosure	Reference
411-1	Incidents of violations involving rights of Indigenous Peoples	SR: 66

Material topic – GRI 412: Human rights assessment		
Indicator	Disclosure	Reference
103-1	Explanation and reporting boundary	SR: 63 Human rights impact assessment is relevant throughout the business
103-2	Management approach and components	SR: 63-65
103-3	Evaluation of the management approach	SR: 63-65
412-1	Operations that have been subject to human rights reviews or impact assessments	SR: 63
412-2	Employee training on human rights policies or procedures	SR: 63
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	–

Material topic – GRI 413: Local communities		
Indicator	Disclosure	Reference
103-1	Explanation and reporting boundary	SR: 23; 61
103-2	Management approach and components	SR: 61-62; 68-72
103-3	Evaluation of the management approach	SR: 62
413-1	Operations with local community engagement, impact assessments, and development programmes	SR: 61-62
413-2	Operations with significant actual and potential negative impacts on local communities	–

GRI 414: Supplier social assessment		
Indicator	Disclosure	Reference
414-1	New suppliers that were screened using social criteria	SR: 67
414-2	Negative social impacts in the supply chain and actions taken	SR: 67

Material topic – GRI 415: Public policy		
Indicator	Disclosure	Reference
103-1	Explanation and reporting boundary	SR: 74
103-2	Management approach and components	SR: 74
103-3	Evaluation of the management approach	SR: 74
415-1	Political contributions	SR: 74

GRI 416: Customer health and safety		
Indicator	Disclosure	Reference
416-1	Assessment of the health and safety impacts of product and service categories	SR: 43
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	–

GRI 419: Socio-economic compliance		
Indicator	Disclosure	Reference
GRI 419	Non-compliance with laws and regulations in the social and economic area	–

Omissions		
Code	Topic	Reason for omission
GRI 202	Market presence	GRI 202-1 and 202-2 are not currently reported. Plans are in place to report on the proportion of senior management hired from the local community.
GRI 402	Labour/management relations	Labour relations are critical to Anglo American and are discussed on page 77 of the Sustainability Report. However, GRI 402-1 cannot be reported on meaningfully given the diverse nature of the business.
GRI 406	Non-discrimination	Details associated with potential incidents of discrimination are confidential
GRI 417	Marketing and labelling	Not applicable to the mining industry
GRI 418	Customer privacy	Not applicable to the mining industry

ICMM AND GLOBAL COMPACT PRINCIPLES

INTERNATIONAL COUNCIL ON MINING AND METALS

As a member of the International Council on Mining and Metals (ICMM), Anglo American adheres to the 10 ICMM Principles, which serve as a best-practice framework for sustainable development in the mining and metals industry. We also adhere to ICMM Position Statements on various issues that are critical to the mining industry.

Anglo American complies with the ICMM Sustainable Development Framework, Principles, Position Statements and reporting requirements

Our compliance with ICMM's requirements is addressed throughout this report and a comprehensive account of our approach is available on www.angloamerican.com/icmm-compliant-statement-2018. This account includes the following elements of the ICMM Assurance Procedure:

- The alignment of our sustainability policies against the 10 Principles and mandatory requirements of the Position Statements
- Our process for identifying specific sustainable development risks and opportunities
- The existence and implementation of systems and approaches for managing sustainable development risk and opportunities
- Our performance across a selection of identified material sustainable development risks and opportunities
- Our disclosure in accordance with the GRI standards core option and related Mining and Metals Supplement.

10 Principles

- Principle 1: Apply ethical business practices and sound systems of corporate governance and transparency to support sustainable development.
- Principle 2: Integrate sustainable development in corporate strategy and decision-making processes.
- Principle 3: Respect human rights and the interests, cultures, customs and values of employees and communities affected by our activities.
- Principle 4: Implement effective risk-management strategies and systems based on sound science and which account for stakeholder perceptions of risks.
- Principle 5: Pursue continual improvement in health and safety performance with the ultimate goal of zero harm.
- Principle 6: Pursue continual improvement in environmental performance issues, such as water stewardship, energy use and climate change.
- Principle 7: Contribute to the conservation of biodiversity and integrated approaches to land-use planning.
- Principle 8: Facilitate and support the knowledge base and systems for responsible design, use, re-use, recycling and disposal of products containing metals and minerals.
- Principle 9: Pursue continual improvement in social performance and contribute to the social, economic and institutional development of host countries and communities.
- Principle 10: Proactively engage key stakeholders on sustainable development challenges and opportunities in an open and transparent manner. Effectively report and independently verify progress and performance.

Position statements

- Water stewardship
- Tailings governance
- Indigenous Peoples and mining
- Principles for climate change policy design
- Mining partnerships for development
- Transparency of mineral revenues
- Mining and protected areas
- Mercury risk management

UNITED NATIONS GLOBAL COMPACT

Anglo American is a signatory to the United Nations (UN) Global Compact Principles, through which we commit to:

- Supporting and respecting the protection of internationally proclaimed human rights
- Ensuring that we are not complicit in human rights abuses
- Upholding the freedom of association and the effective recognition of the right to collective bargaining
- Eliminating all forms of forced and compulsory labour
- Ensuring the effective abolition of child labour
- Eliminating discrimination in respect of employment and occupation
- Supporting a precautionary approach to environmental challenges
- Undertaking initiatives to promote greater environmental responsibility
- Encouraging the development and diffusion of environmentally friendly technologies
- Work against corruption in all its forms, including extortion and bribery.

Our approach to complying with the UN Global Compact Principles is integrated throughout this report.

CONTACTS AND OTHER INFORMATION

COMMENTS OR QUERIES RELATED TO THIS REPORT

Irene Caddy

Head of systems and reporting

irene.caddy@angloamerican.com

OTHER REPORTS

Anglo American

Annual Report

Tax and Economic Contribution Report

Climate Change supplement

Modern Slavery Act statement

Voluntary Principles on Business and Human Rights report

UK Gender Pay Gap Report

Transformation Performance Report

Business units

De Beers Report to Society

Anglo American Platinum Integrated and Supplementary report

Copper Sustainable Development and Financial Report

Kumba Iron Ore Integrated Report and Sustainable Development Review

For the latest reports, visit:

www.angloamerican.com/reporting

Forward-looking statements:

This document includes forward-looking statements. All statements other than statements of historical facts included in this document, including, without limitation, those regarding Anglo American's financial position, business, acquisition and divestment strategy, dividend policy, plans and objectives of management for future operations (including development plans and objectives relating to Anglo American's products, production forecasts and reserves and resources positions), are forward-looking statements. By their nature, such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Anglo American, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding Anglo American's present and future business strategies and the environment in which Anglo American will operate in the future. Important factors that could cause Anglo American's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, levels of actual production during any period, levels of global demand and commodity market prices, mineral resource exploration and development capabilities, recovery rates and other operational capabilities, the availability of mining and processing equipment, the ability to produce and transport products

profitably, the availability of transportation infrastructure, the impact of foreign currency exchange rates on market prices and operating costs, the availability of sufficient credit, the effects of inflation, political uncertainty and economic conditions in relevant areas of the world, the actions of competitors, activities by governmental authorities such as permitting and changes in taxation or safety, health, environmental or other types of regulation in the countries where Anglo American operates, conflicts over land and resource ownership rights and such other risk factors identified in the section titled "Managing Risk Effectively" of the Anglo American plc Integrated Annual Report 2018]. Forward-looking statements should, therefore, be construed in light of such risk factors and undue reliance should not be placed on forward-looking statements. These forward-looking statements speak only as of the date of this document. Anglo American expressly disclaims any obligation or undertaking (except as required by applicable law, the City Code on Takeovers and Mergers (the "Takeover Code"), the UK Listing Rules, the Disclosure and Transparency Rules of the Financial Conduct Authority, the Listings Requirements of the securities exchange of the JSE Limited in South Africa, the SIX Swiss Exchange, the Botswana Stock Exchange and the Namibian Stock Exchange and any other applicable regulations) to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in Anglo American's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Anglo American plc

20 Carlton House Terrace
London
SW1Y 5AN
England

Tel +44 (0)20 7968 8888
Fax +44 (0)20 7968 8500
Registered number 03564138

www.angloamerican.com

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