

TAX STRATEGY

DECEMBER 2017

Anglo American's tax strategy was most recently approved by the Audit Committee in December 2017 and is subject to regular monitoring and review. Publication of the tax strategy complies with the requirements set out in Schedule 19 of the Finance Act 2016 for the Anglo American plc Group of managed companies and legal entities.

Tax Strategy

We take a responsible approach to the management of taxes, supporting the principles of transparency¹ and active and constructive engagement with our stakeholders to deliver long term sustainable value. Our tax strategy is aligned with the Group's Code of Conduct, the long-term business strategy, and the vision to be partners in the future.

Implementing the Tax Strategy

The three key elements for implementation of the strategy are described below.

Tax Governance and Management of Tax Risk

Group Tax is charged with managing the tax affairs of the Anglo American plc Group in accordance with the Group's tax strategy. We achieve this by:

- acting in accordance with the Group's [Code of Conduct](#) and the Group's [values](#).
- setting tax policies which contain detailed guidance and procedures that ensure the strategy is implemented and embedded in the way we do business.
- regularly presenting tax matters to the Board and Audit Committee.
- using the tax risk assessment framework to ensure a consistent approach is taken to determining whether a decision, position or transaction brings with it an unacceptable level of tax risk.

Tax Planning

We act responsibly in relation to tax planning matters and do not take an aggressive approach, in particular:

- we only undertake transactions that we are prepared to fully disclose and are based on strong underlying commercial motivation, and which are not (or appear to be) artificial or contrived.
- we conduct intragroup transactions on an arm's length basis and comply with obligations under transfer pricing rules in the jurisdictions where we operate and global principles.
- our guiding principle is to allocate value by reference to where it is created and managed.
- we do not use tax haven jurisdictions to manage taxes.

¹ [Anglo American Tax and Economic Contribution Report 2016](#)

Tax Compliance and Relationship with Tax Authorities

We act responsibly in relation to all tax compliance matters, respecting the laws of each country in which we operate.

We seek to maintain a long term, open, constructive relationship with tax authorities and governments in relation to tax matters.

We proactively engage with those tax authorities and governments directly and indirectly (i.e. through relevant representative bodies) to shape future tax policy and legislation in ways that share our experience and promote and protect Anglo American's interests, principles and strategy.