



COMPLIANCE WITH THE INTERNATIONAL COUNCIL FOR MINING AND METALS ASSURANCE PROCEDURE

As a member of the International Council on Mining and Metals (ICMM), Anglo American is required to adhere to the ICMM Assurance Procedure. This statement sets out how we respond to the five Subject Matters contained within this Procedure.

Subject Matter 1

Alignment of Anglo American’s sustainability policies to ICMM’s 10 SD Principles

ICMM requirement	Anglo American response
<p>Principle 1 Apply ethical business practices and sound systems of corporate governance and transparency to support sustainable development.</p> <p>1.1 Develop and implement company statements of ethical business principles, and practices that management is committed to enforcing. 1.2 Implement policies and practices that seek to prevent bribery and corruption. 1.3 Comply with or exceed the requirements of host-country laws and regulations. 1.4 Work with governments, industry and other stakeholders to achieve appropriate and effective public policy, laws, regulations and procedures that facilitate the mining, minerals and metals sector’s contribution to sustainable development within national sustainable development strategies.</p>	<p>1.1 The Anglo American Good Citizenship Business Principles (Business Principles) outline our overall approach to ethical business practices. 1.2-1.3 Our Business Integrity Policy is supported by 11 performance standards that cover various aspects of our business where there is potential risk for corruption. 1.4 Anglo American’s commitment to work with stakeholders, including governments, is included in the Business Principles, Government Relations Handbook, Social Way and Socio-Economic Assessment Toolbox (SEAT).</p>

Principle 2

Integrate sustainable development considerations within the corporate decision-making process

2.1 Integrate sustainable development principles into company policies and practices.
2.2 Plan, design, operate and close operations in a manner that enhances sustainable development.
2.3 Implement good practice and innovate to improve social, environmental and economic performance while enhancing shareholder value.
2.4 Encourage customers, business partners and suppliers of goods and services to adopt principles and practices that are comparable to our own.
2.5 Provide sustainable development training to ensure adequate competency at all levels among our own employees and those of contractors.
2.6 Support public policies and practices that foster open and competitive markets.

2.1 Anglo American's Business Principles are mandatory throughout the business and set out the expectations we have of employees, contractors and business partners in relation to business integrity; safety, health and environmental management; human rights; and our relationships with stakeholders.
2.2-2.3 The Anglo American Safety, Health, Environment, Social, Government Relations and Project Ways include performance standards that are mandatory throughout all stages of the mining life-cycle.
2.4 The Anglo American Supplier Sustainable Development Policy and Code set out the expectations we have of our suppliers and those who act on our behalf.
2.5 The Environment Way requires that operations apply ISO 14001, which requires that operations ensure that (among other requirements) those performing tasks that have the potential to cause a significant environmental impact are provided with relevant training.
2.6 Anglo American's commitment to work with stakeholders, including governments, is included in the Business Principles, Government Relations Handbook, Social Way and SEAT.

Principle 3

Respect human rights and the interests, cultures, customs and values of employees and communities affected by our activities.

3.1 Ensure fair remuneration and work conditions for all employees and do not use forced, compulsory or child labour.
3.2 Engage constructively with employees on matters of mutual concern.
3.3 Implement policies and practices designed to eliminate harassment and unfair discrimination in all aspects of our activities.
3.4 Ensure that all relevant staff, including security personnel, are provided with appropriate cultural and human rights training and guidance.
3.5 Minimize involuntary resettlement, and compensate fairly for adverse effects on the community where they cannot be avoided.
3.6 Respect the culture and heritage of local communities, including Indigenous Peoples.

3.1; 3.3 Our commitment to respect human rights, as stipulated in our Human Rights Policy, includes recognition of all internationally-recognised human rights. The Anglo American Business Principles also deal specifically with forced, compulsory or child labour as well as harassment and unfair discrimination.
3.2 Our commitment to employee (and other) stakeholder engagement is included in our Business Principles and Human Rights Policy.
3.4 In our Human Rights Policy, we commit to actively communicating the policy, including awareness raising and training on human rights related issues.
3.5 Resettlement plans at Anglo American are developed in line with the *Social Way, Tool 4D – Resettlement Planning and Implementation* of SEAT and the relevant International Finance Corporation Performance Standards.
3.6 Our approach to Indigenous People is aligned with the ICMM Position Statement and outlined in the *Social Way, Tool 4G – Indigenous Peoples* of SEAT and the relevant International Finance Corporation Performance Standards.

Principle 4

Implement effective risk-management strategies and systems based on sound science and which account for stakeholder perceptions of risks

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| <p>4.1 Consult with interested and affected parties to identify, assess and manage all significant social, health, safety, environmental and economic impacts associated with our activities.</p> <p>4.2 Regularly review and update risk-management systems.</p> <p>4.3 Inform any parties potentially affected by significant risks from operations and spell out the measures that will be taken to manage such risks effectively.</p> <p>4.4 Develop, maintain and test effective emergency response procedures in collaboration with potentially affected parties.</p> <p>, maintain and test effective emergency response procedures in collaboration with potentially affected parties.</p> | <p>4.1; 4.3 The Environment Way's Social and Environmental Impact Assessment performance standard, and SEAT, include specific requirements to engage with stakeholders on the identification, assessment and management of all significant sustainability risks associated with our activities. There are also legal requirements in our operating geographies.</p> <p>4.2 The Health, Safety and Environment Ways include specific statements that require that they be reviewed on a regular basis.</p> |
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Principle 5

Pursue continual improvement in health and safety performance with the ultimate goal of zero harm

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| <p>5.1 Implement a management system focused on continual improvement of the health and safety of employees, contractors and people in the communities where we operate.</p> <p>5.1 Take all practical and reasonable measures to eliminate workplace fatalities, injuries and diseases among employees and contractors.</p> <p>5.3 Provide all employees with health and safety training, and require employees of contractors to have undergone such training.</p> <p>5.4 Implement regular health surveillance and risk-based monitoring of employees.</p> <p>5.5 Rehabilitate and reintegrate employees into operations following illness or injury, where feasible.</p> | <p>5.1 The Anglo American Safety and Health Ways are aligned with OHSAS 18001 and mandatory throughout the Group. All operations are required to attain and renew OHSAS 18001 certification on an annual basis two years after acquisition/commissioning.</p> <p>5.2 The Safety and Health Ways are supported by mandatory performance standards (relating to, for example, fatal risks and hearing conservation) and operational safety improvement plans.</p> <p>5.3 All employees and contractors undergo safety training as required in the Health and Safety Ways and legal requirements in all operating geographies.</p> <p>5.4 Risk-based medical surveillance is required at all operations in line with the Health Way and local legal requirements.</p> <p>5.5 Our health programme involves measures to rehabilitate and reintegrate employees into operations following illness or injury, where feasible. This is in line with local legal requirements.</p> |
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Principle 6

Pursue continual improvement in environmental performance issues, such as water stewardship, energy use and climate change

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| <p>6.1 Assess the positive and negative, the direct and indirect, and the cumulative environmental impacts of new projects – from exploration through closure.</p> | <p>6.1 The assessment of the environmental impacts of new projects throughout the mining life-cycle is a legal requirement in each of the countries where our operations are located. The Projects Way and Social & Environmental</p> |
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6.2 Implement an environmental management system focused on continual improvement to review, prevent, mitigate or ameliorate adverse environmental impacts.

6.3 Rehabilitate land disturbed or occupied by operations in accordance with appropriate post-mining land uses.

6.4 Provide for safe storage and disposal of residual wastes and process residues.

6.5 Design and plan all operations so that adequate resources are available to meet the closure requirements of all operations.

Impact Assessment performance standard set out mandatory Anglo American requirements in this regard.

6.2 The Anglo American Environment Way is aligned with ISO 14001 and is mandatory throughout the Group. All operations are required to attain and renew ISO 14001 certification on an annual basis two years after acquisition/commissioning.

6.3 Local legal requirements, coupled with the Environment Way's Rehabilitation performance standard, requires that land disturbed or occupied by operations is rehabilitated in accordance with appropriate post-mining land uses.

6.4 Local legal requirements, coupled with the Environment Way's Mineral Waste performance standard, provides for the safe storage and disposal of residual wastes and process residues.

6.5 Local legal requirements, coupled with the Environment Way's Mine Closure performance standard, require that adequate resources are available to meet the closure requirements of all operations.

Principle 7

Contribute to conservation of biodiversity and integrated approaches to land use planning

7.1 Respect legally designated protected areas

7.2 Disseminate scientific data on and promote practices and experiences in biodiversity assessment and management

7.3 Support the development and implementation of scientifically sound, inclusive and transparent procedures for integrated approaches to land use planning, biodiversity, conservation and mining.

7.1 Anglo American respects legally designated protected areas as a standard aspect of legal compliance.

7.2 We have several partnerships with international and local biodiversity NGOs with the express purpose of promoting best practices and experiences in biodiversity assessment and management. We have a formal MoU with Fauna & Flora International at a global level (<http://www.angloamerican.com/sustainability/approach-and-policies>).

7.3 The Environment Way's Biodiversity, Rehabilitation and Mine Closure performance standards guide our approach to integrated land management.

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

- 8.1 Advance understanding of the properties of metals and minerals and their life-cycle effects on human health and the environment.
- 8.2 Conduct or support research and innovation that promotes the use of products and technologies that are safe and efficient in their use of energy, natural resources and other materials.
- 8.3 Develop and promote the concept of integrated materials management throughout the metals and minerals value chain.
- 8.4 Provide regulators and other stakeholders with scientifically sound data and analysis regarding our products and operations as a basis for regulatory decisions.
- 8.5 Support the development of scientifically sound policies, regulations, product standards and material choice decisions that encourage the safe use of mineral and metal products.

8.1-8.5 Our product-compliance obligations largely stem from the implementation of the UN's Globally Harmonised System of Classification and Labelling of Chemicals (GHS) and affects all of our products sold outside of their country of manufacture. REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) is the EU legislation enacted to address the GHS in the EU. Adopted in 2007, it aims to improve the protection of human health and the environment from the risks that can be posed by chemicals. Systems are in place to ensure our compliance with the REACH regulations and other international related regulations such as GHS. Legislation similar to REACH is being redeveloped by a number of other countries, including in the US and China. We actively participate in various commodity associations and product consortia to track these developments and ensure compliance.

8.2 Anglo American's approach to energy and carbon-related technology development is included in its most recent submission to the CDP.

Principle 9

Pursue continual improvement in social performance and contribute to the social, economic and institutional development of host countries and communities

- 9.1 Engage at the earliest practical stage with likely affected parties to discuss and respond to issues and conflicts concerning the management of social impacts.
- 9.2 Ensure that appropriate systems are in place for ongoing interaction with affected parties, making sure that minorities and other marginalized groups have equitable and culturally appropriate means of engagement.
- 9.3 Contribute to community development from project development through closure in collaboration with host communities and their representatives.
- 9.4 Encourage partnerships with governments and non-governmental organizations to ensure that programs (such as community health, education, local business development) are well designed and effectively delivered.
- 9.5 Enhance social and economic development by seeking opportunities to address poverty.

9.1-9.5 Our commitment to, and process for, engaging with interested and affected parties, including vulnerable groups; contributing to community development throughout the project life-cycle; partnerships with relevant stakeholders; and poverty reduction, are included in the Social Way and SEAT.

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

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

10.2 Provide information that is timely, accurate and relevant.

10.3 engage with and respond to stakeholders through open consultation processes.

10.1-10.3 Anglo American releases annual financial and sustainability reports within three months of year-end and hosts an annual sustainability performance report back by the CEO following the release of the Sustainability Report in March. Further detail on stakeholder engagement is available in the Sustainability Report.

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

ICMM Principles for climate change policy design

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

This is available for download at: www.angloamerican.com

Mining: Partnerships for Development Position Statement

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

www.angloamerican.com/sustainability/approach-and-policies

The 2016 Sustainability Report provides a detailed description of Anglo American's approach to socio-economic development.

The report is available at: www.angloamerican.com/investors/annual-reporting

Transparency of Mineral Revenues Position Statement

Anglo American has voluntarily provided information about our tax payments on a country-by-country basis for the past 11 years. A detailed account of performance in this regard is available in our annual Tax and Economic Contribution Report, at: www.angloamerican.com/investors/annual-reporting

Indigenous Peoples and Mining Position Statement

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

Mining and Protected Areas Position Statement

In line with the Position Statement, Anglo American commits to respecting legally designated protected areas, and to not exploring or mining at any World Heritage sites. The map on pages 56-57 of the 2016 Sustainability report identifies our operations located in environmentally sensitive areas and outlines how these address related risks and opportunities.

Position Statement on Preventing Catastrophic Failure of Tailings Storage Facilities

In December 2016, Anglo American signed up to the ICMM Position Statement on Preventing Catastrophic Failure of Tailings Storage Facilities, which sets out its members' approach to the governance of tailings storage facilities (TSFs) to minimise the risk of catastrophic failure of tailings

facilities. The requirements of the Position Statement are addressed in the Anglo American mineral residue technical standard.

[Position Statement on Water Stewardship](#)

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

Anglo American does not own any mines that produce mercury as a primary product, nor does it intend to.

Subject Matter 2

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

Our approach to sustainability is underpinned by a well-defined process for identifying and evaluating issues that are most material to the business. A matter is material if, in the view of the Board, senior management and key stakeholder groups, it is of such importance that it could in the short, medium or long term:

- have a significant influence on, or is of material interest to, our stakeholders
- substantively influence the company's ability to meet its strategic objectives

Ensuring that the perspectives of external stakeholders are considered is critical to the credibility of the process.

Our process for determining material issues follows a two-year cycle. The first year of the cycle involves intensive consultation and desktop research to identify a long list of material issues. Those are analysed and discussed by internal experts and a panel of external thought leaders before they are ultimately validated by the Board Sustainability Committee. Material issues in the mining sectors are typically slow-moving. For this reason, the second year of the cycle includes only a discussion with external thought leaders and Sustainability Committee validation.

We did not host a separate stakeholder panel in 2016 (year two in the 2015/2016 cycle) due to extensive engagement that was undertaken for the Anglo American Sustainability strategy. Feedback received by around 80 external experts were crucial in influencing our approach, level of ambition and priorities for the strategy, but did not identify any issues that were fundamentally different to those reported on in 2015. Changes to material issues in 2016 were largely of a structural nature: 'Responding to uncertainty' was removed as a stand-alone topic and is addressed in 'Our sustainability context'; 'Resource scarcity' has been absorbed by the water and climate changes sections. Additional information regarding sustainability considerations associated with divestments and care and maintenance has been included in the mine closure section.

MATERIAL ISSUES IN 2016

Developing a capable and engaged workforce

To deliver on our business objectives, we rely on a capable and engaged workforce that behaves in a manner that is consistent with Anglo American's values and Code of Conduct. We aim to foster a high performance culture, through building an organisation structure that is fit for purpose, resourcing this structure with people with the best capability and empowering leadership to deliver results.

Providing safe and health work environments

Protecting the safety and health of employees and contractors at work is one of the most fundamental human rights issues facing Anglo American and other mining companies. While protecting our workforce from harm is a moral imperative for us, 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.

Upholding the highest social standards

Our ultimate goal is for host communities and governments to be left better off than when we arrived. The first step towards improving the overall balance of value from mining for local stakeholders involves avoiding or minimising the negative potential impacts and maintaining constructive relationships with our hosts. A credible local track record of respecting human rights helps to maintain our licence to operate, lays the foundation for effective socio-economic development initiatives and improves our future prospects with governments seeking responsible partners.

Optimising the benefits of mining

Employees, local communities and some host governments rely significantly on the economic benefits from mining. We seek to ensure that those benefits are distributed equitably, including a more direct flow to communities around our operations. Our licence to operate depends on understanding and accommodate reasonable stakeholder expectations as those continue to grow despite difficult market conditions. Anglo American's asset-disposal programme and certain operations being placed on care and maintenance has highlighted the importance of ensuring that your socio-economic development efforts support local stakeholders and institutions to become sustainable beyond mining.

Managing the environmental impacts of mining

Mining activities result in the disturbance of land, the consumption of resources and generation of mineral residue, as well as atmospheric and water emissions. Responsible environmental management is an important aspect of legal compliance and permitting, but also plays a significant role in improving the balance of value from mining for local stakeholders – resources are often located in underdeveloped areas where communities rely on ecosystem services for their well-being.

Water

Anglo American is heavily reliant on water as an input to mining and processing activities. The responsible management of water is material given concerns around water security, water quality, rising costs and increasing regulation and scrutiny by authorities. While competition between users can result in conflict, Anglo American has made a positive contribution to water security around some operations by leveraging mining infrastructure.

Climate change and energy

We expect that climate change will affect our business in three principal ways: demand for some of our products will change; climate regulation and taxation will have a financial impact; and the physical and social impacts of a changing climate may affect our operations and host communities. Understanding how these changes might affect our value chain is a priority for us as we strive to maximise opportunities associated with the transition to a low-carbon future.

Mine closure and responsible divestment

Mines generate economic activity for a limited period, while associated environmental impacts may last well after mine closure if not managed effectively. Our challenge is to play a meaningful role in helping local stakeholders sustain the socio-economic benefits of mining beyond mine closure, while remediating our environmental footprint. Effective mine closure mitigates financial liabilities, helps secure future access to resources and can have a positive effect on the financial terms of asset disposals. A number of Anglo American assets have been sold or placed on care and maintenance during the reporting period. Ensuring that sustainability considerations are taken into account throughout those processes is consistent with our values as a responsible miner and a matter of legal compliance in many jurisdictions.

Subject Matter 3

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

The systems and approaches implemented by Anglo American to manage material issues are articulated in the Anglo American Safety, Health, Environment, Government Relations and Social 'Ways' that set out the performance requirements, as well as the vision, principles, policies, frameworks and management-system requirements for managing our core sustainability risks and opportunities. All service providers acting on our behalf are expected to adopt and follow our Group standards and policies. We also promote comparable standards in joint ventures and associate companies.

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

Subject Matter 4

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

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

Subject Matter 5

Anglo American's self-declared application level of the G4 Guidelines

The 2016 Sustainability Report and GRI table are available at: **www.angloamerican.com/investors/annual-reporting**