TAX AND ECONOMIC CONTRIBUTION REPORT 2017

BUILDING ON FIRM FOUNDATIONS
DELIVERING A SUSTAINABLE FUTURE

AngloAmerican

Real Mining. Real People. Real Difference.
Anglo American is one of the world’s largest mining companies and we see it as our duty to help set the standard for responsible mining. We have a long term commitment to the socio-economic development of the communities in which we operate, and we seek to improve the quality of life of all who live there, sustainably. This means that we should have a positive influence and impact both during and long after our mining operations.

For many years, we have disclosed details of our tax and broader socio-economic contributions in our Annual Report and Sustainability Report. This is our fourth dedicated Tax and Economic Contribution Report, with the objective of providing our stakeholders with additional detailed information in an accessible and transparent way.

This approach continues to recognise society’s calls for greater transparency and is designed to complement the various statutory disclosures and regulations that we comply with as a Group.

In addition to this report, we have published on our website further analysis of our tax contribution in each of the countries in which we operate.

The tax affairs of multinational entities rightly continue to be of public interest and this report sets out our approach to tax and governance, with specific reference to matters of current interest and debate.

Our Sustainability Strategy is driving renewed focus in the area of socio-economic development. This innovative and ambitious strategy takes a holistic, integrated and flexible approach, and recognises the importance of implementing programmes that build on existing successful initiatives and help strengthen the capacity of local and regional institutions, as opposed to delivering isolated projects, thereby ensuring a lasting positive legacy.

Cover images
1. The Quellaveco copper deposit in southern Peru, represents Anglo American’s most advanced growth option.
2. EmpleaT, an employment scheme in Chile, is strengthening the technical and social skills of participants.
3. De Beers’ partnership with UN Women aims to empower women in its diamond producing countries, across its business and in marketing campaigns.

Other sources of information
More information about Anglo American and our historical reports can be found online at: www.angloamerican.com

Anglo American newsfeeds
/AngloAmerican
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/AngloAmerican
/company/Anglo-American
CHIEF EXECUTIVE’S STATEMENT

BUILDING ON FIRM FOUNDATIONS
DELIVERING A SUSTAINABLE FUTURE

Today, Anglo American is a fundamentally different business. We are more resilient, more competitive, and we are delivering solid returns. This turnaround has been achieved by taking a holistic and integrated view of our business. The implementation of our Operating Model continues to drive improved productivity, while our Organisation Model provides clarity of accountabilities and minimisation of work duplications, thereby increasing our aggregate effectiveness and efficiencies.

Our intention is to keep improving the business from the firm base we have established, and FutureSmart Mining™ forms a critical part of that journey.

From resource exploration and discovery, and through every step of the value chain to delivering our products into our customers’ hands, FutureSmart Mining™ is Anglo American’s innovation-led approach to sustainable mining. Working in partnership beyond mining, we are looking well beyond our own industry to re-imagine the future of mining, using open-innovation principles and partnerships to find solutions that will materially improve efficiencies and our competitive positions.

As part of FutureSmart Mining™, we have introduced what we believe to be a progressive and industry-leading Sustainability Strategy, aligned to the Sustainable Development Goals of the UN, setting out a series of stretch goals relating to our host communities, the natural environment, and the governance of our industry, together with a new collaborative approach to regional economic development.

It is in this context that we present our fourth dedicated annual Tax and Economic Contribution Report. This report demonstrates the enduring nature of our economic contribution to society and our commitment to the countries in which we operate. It also supports our ambition to be a trusted corporate leader and, more specifically, a leader in transparency – going beyond the requirements of the transparency initiatives to which we adhere.

This year, in addition to our filing of the mandatory Payments to Government regulations, and complying with our obligations as recommended by the OECD as part of its Base Erosion Profit Shifting project, this report also complies with the voluntary Tax Transparency Code in Australia for the first time.

As we embark on our second century as a Group, we are more aware than ever of the important role our business and industry can and must play in ensuring all of society benefits from the activities of mining. Our purpose is clear – we are re-imagining mining to improve people’s lives. The more sustainable our business, the more trust we earn and the stronger our business becomes. This is the context in which we are building shared value for a sustainable future.

In 2017, Anglo American’s business activities resulted in a total tax and economic contribution of $22 billion to the countries in which we operate. Of this, tax payments to governments by the Group’s consolidated operations and joint ventures amounted to $5.6 billion. This represents our direct fiscal contribution to the communities and local and national governments.

Our focus on quality assets and the portfolio decisions that we made through the commodities down cycle, along with internal restructuring and work process changes, built the firm foundations for our broad-based business delivery. Combined with an improved price environment, we delivered a strong financial result.

Last year, we set out to further strengthen our balance sheet and we have done so through a combination of wide-ranging self-help work, in terms of productivity and costs and capital discipline, along with receiving better than expected prices for many of our products. In 2017, we generated a 93% increase in attributable free cash flow to $4.9 billion. Underlying EBITDA increased by 45% to $8.8 billion and we improved our underlying EBITDA margin by a further five percentage points. Profit attributable to equity shareholders doubled from $1.6 billion to $3.2 billion. And we ended the year showing a $4 billion reduction in net debt, at $4.5 billion, well ahead of our target – even after dividend payments.

In delivering improved free cash flow, we were also in a position to restore dividend payments six months early, while also regaining our investment grade rating. Total dividends paid to shareholders in respect of 2017 amounted to $1.02 per share. As stated previously, dividend payments will be based on a targeted payout level of 40% of underlying earnings through the commodity price cycle.

“This report demonstrates the enduring nature of our economic contribution to society and our commitment to the countries in which we operate.”

Mark Cutifani, Chief Executive
Anglo American is a globally diversified mining company with a portfolio of world class competitive mining operations and undeveloped resources. As we provide the raw materials on which the world’s developed and maturing economies depend, 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 contribution to society as a whole.
AT A GLANCE

TAXES BORNE(3)

<table>
<thead>
<tr>
<th>Country</th>
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<tbody>
<tr>
<td>Australia</td>
<td>3,606.1</td>
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<tr>
<td>Botswana</td>
<td>1,617.6</td>
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<td>Brazil</td>
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<td>Canada</td>
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<td>Namibia</td>
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<td>Peru</td>
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<td>Singapore</td>
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<td>South Africa</td>
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<td>United Kingdom</td>
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<td>Zimbabwe</td>
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<td>Other</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td>4,522.7</td>
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NUMBER OF EMPLOYEES(2)

<table>
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<tr>
<th>Country</th>
<th>Number</th>
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<tr>
<td>Australia</td>
<td>1,558</td>
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<td>Botswana</td>
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<td>Brazil</td>
<td>3,409</td>
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<td>Colombia</td>
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<td>Namibia</td>
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<td>Peru</td>
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<td>Singapore</td>
<td>143</td>
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<td>South Africa</td>
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<td>United Kingdom</td>
<td>956</td>
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<td>Zimbabwe</td>
<td>1,133</td>
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<tr>
<td>Other</td>
<td>1,585</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td>75,531</td>
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BREAKDOWN OF GLOBAL TAXES BORNE AND COLLECTED(4)

<table>
<thead>
<tr>
<th>Tax Type</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Corporate Income Tax</td>
<td>$2,537.6 million</td>
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<tr>
<td>Royalties and Mining Taxes</td>
<td>$1,551.5 million</td>
</tr>
<tr>
<td>Other Payments Borne</td>
<td>$433.6 million</td>
</tr>
<tr>
<td>Taxes Collected</td>
<td>$1,067.0 million</td>
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(2) Average number of employees, excluding contractors and certain associates’ and joint ventures’ employees, and including a proportionate share of employees within joint operations.

(3) Based on 100% of the tax payments of each operation regardless of the exact percentage of ownership by Anglo American.

(4) A detailed summary of the global taxes borne and collected may be found at http://www.angloamerican.com/investors/annual-reporting/reports-library/report-2018.
**OUR BUSINESS MODEL**

Anglo American draws upon a number of key inputs from both its central expertise and its diversified operating businesses that, through expert 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.

**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 responsibly manage all the natural resources used in their processes, 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**
- Open and honest engagement with our stakeholders is critical in gaining and maintaining our social and legal 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 us with a suite of 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.

**OUR UNIQUELY DIVERSIFIED PORTFOLIO**

**Quality**
- The high quality and long life of our mineral assets from which we will deliver leading shareholder returns.

**OUR PEOPLE-CENTRIC VALUE CHAIN**

**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.

**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 pages 14-15 of the Anglo American plc Annual Report 2017

**GOVERNANCE**

Our governance controls ensure we effectively respond 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 Government Report**
- See pages 63-116 of the Anglo American plc Annual Report 2017

**OUR INNOVATIVE CORE PROCESSES**

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

**Innovation Model**
- Our strengthened in-house technology capability provides 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**
- The successful development and execution of our capital projects reduces expenditure and ensures predictability of outcome against our performance objectives.
OUR BUSINESS MODEL

Value creation
Assets that offer – either in isolation or in combination with other assets in the portfolio – the most attractive long term value-creation potential.

Diversification
The diverse composition and scale of our portfolio create a measured risk profile, allowing us to leverage resources, expertise and relationships to deliver strong returns.

STAKEHOLDER VALUE
As we strive to deliver sustainable returns to our shareholders, we are acutely aware of the potential value creation we can offer to our full range of stakeholders. Through our core 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.

INVESTORS
$1.02 Total dividends paid and proposed per share

LOCAL COMMUNITIES
120,812 Jobs created and maintained through enterprise development programmes since 2008

GOVERNMENT
$5.6 billion Taxes borne and collected(2)

EMPLOYEES
$3.4 billion Wages and benefits paid(3)

SUPPLIERS
$2.2 billion Local procurement expenditure

GROUP PRODUCTION GROWTH(1)
5% Increase over 2016

ATTRIBUTABLE FREE CASH FLOW(4)
$4.9 billion

TOTAL WATER WITHDRAWALS
306 Mm³

CO₂ EQUIVALENT EMISSIONS
18.0 Mt

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, all of which we strive to minimise through our innovative approach.

SAFETY AND HEALTH
ENVIRONMENT
SOCIO-POLITICAL
PEOPLE

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.

For our KPIs See page 34 of the Anglo American plc Annual Report 2017

(1) Pro forma growth in copper equivalent production, excluding disposals.
(2) Based on 100% of the tax payments of each operation regardless of the exact percentage of ownership by Anglo American.
(3) Includes social security costs of $141 million borne by the Group and $956 million of taxes collected on behalf of employees and paid to government.
A key component of creating value to our host countries and stakeholders is the paying of taxes.

Mining is a long-life, high-risk business with very significant initial capital investment required long before any return on investment is realised (see illustration on page 10). We therefore support the design of fiscal regimes that consider the relative long term contribution from the mining industry and which are not focused narrowly on short term outcomes.

The amount of tax generated from our activities and paid to governments, and our general approach to tax and tax disclosure, are of considerable interest to many of our stakeholders.

Being able to demonstrate our commitment to sustainable tax principles, such as revenue transparency and responsible tax practices, is critical for building trust and in supporting our social licence to operate. It is equally important to show our contribution in more challenging economic times, as well as when commodity prices are more buoyant.

**APPROACH OF THE GROUP TO RISK MANAGEMENT AND GOVERNANCE ARRANGEMENTS**

We take a responsible approach to tax, supporting the principles of transparency and active and constructive engagement with our stakeholders to deliver long term sustainable value. Our publicly available tax strategy(1) is aligned with the Group’s Code of Conduct, the long term business strategy, and our Purpose of re-imagining mining to improve people’s lives.

We see a benefit through this broader engagement in our approach to tax, both for our business and for our stakeholders. At the same time, increased transparency can empower communities by helping them to understand how much income is generated from the mining activity in their regions.

**Tax governance**

We have a global team of tax professionals who are charged with managing the Group’s tax affairs in line with the Group’s tax strategy. This team is committed to acting in accordance with our Code of Conduct and our tax strategy; internal tax policies ensure that the strategy is embedded in the way we do business. Our tax professionals also strive to maintain a long term, open and constructive relationship with tax authorities, governments and other relevant stakeholders.

We actively engage with a variety of stakeholders on a wide range of issues relating to tax, including industry bodies which helps to bring commercial understanding and experience into debates about tax policy and governance.

Tax matters are regularly presented to our Board and Audit Committee, which take a particular interest in the extent to which our approach to tax meets our commitments to stakeholders, including host governments and local communities and our policy of good tax governance.

In addition, our tax affairs are regularly scrutinised by our external auditors and by tax authorities as part of the normal course of local compliance and reporting procedures.

Overall, we consider that our tax governance framework is consistent with the tax authorities’ objective of improving tax compliance and to encourage businesses to adopt best-practice tax risk management processes. We will continue to monitor and adopt future developments to ensure we are a leading organisation in this area.

**Approach of the Group to tax management**

Our approach to tax is set out in the Group’s tax strategy which we use as a means of explaining our way of working to external stakeholders, employees and our in-house team of tax professionals.

This strategy includes a number of key points:

- We act responsibly in relation to tax planning matters and do not take an aggressive approach.
- 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.

**Approach toward dealing 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.

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(1) http://www.angloamerican.com/investors/annual-reporting/reports-library/report-2017
Anglo American operates in a variety of jurisdictions which have different fiscal regimes applicable to the mining industry. The nature of any fiscal regime, and its stability of application, is a significant factor in attracting investment, as well as ensuring the long term viable operation of existing projects and operations.

In our experience, there are a number of important factors which should be taken into account in the design of an effective fiscal regime for the mining industry:

**Tax policy and administration**
- Tax should be imposed under generally applicable laws passed by parliament.
- Tax policy and legislation should be stable, competitive and predictable.
- Any law changes should be prospective, not retrospective, taking into account the integrity and coherence of the entire tax system.
- Tax administration should be consistent and transparent, aligned with government policy.
- Governments should be open to constructive dialogue between tax administrators, policymakers and taxpayers.

**Basis of taxation**
- Tax should be levied on a fair and equitable basis, enabling risk and reward to be shared between the investor and government, supporting long term investment and job and wealth creation.
- Tax should generally be levied on profits so that appropriate tax revenues can be raised at the appropriate time.
- Detailed tax rules should take account of the specific characteristics of the mining industry including relief for exploration, infrastructure expenditure and appropriate reliefs for capital expenditure.
- Any mining-specific taxation should typically be in the form of a mining royalty or mining tax based on profit rather than revenues.
As a multinational group, Anglo American undertakes a significant number of intragroup transactions relating to the processing, logistics and marketing of our products or intragroup services and financing.

These activities are a necessity of managing a global multinational business and we give careful consideration to the transfer pricing approach that we take. The OECD and World Bank recommend that where transactions take place between two related parties, arm’s length pricing should be used. This is the price that would have been charged by an unrelated party for carrying out the same transaction. As cross-border transactions have the ability to potentially distort taxable income, tax authorities in many countries can adjust the transfer price between two related parties if they believe they do not reflect the arm’s length price.

**Value driver**

The successful development and execution of our capital projects reduces expenditure and ensures predictability of outcome against our performance objectives.

**MINE**

Ore is extracted from open cut and underground mines using various techniques including drilling, blasting, removal and crushing. Significant upfront investment is required to develop and operate the mines. Fulfilling the criteria to retain the mines’ ‘Licence to Operate’ is an essential part of their management. Relatively high cost and major risks are standard to the industry and relate to production difficulties, orebody variations, suppliers, weather, water shortages, and health and safety issues.

**Value driver**

The application of our Operating Model to the long term value creating assets within our portfolio drives a more stable, predictable and higher level of operating performance, resulting in improved safety and production, and lower costs. We ensure that we have the right people in the right roles performing value adding work, including within our procurement and technical teams who form strong relationships with major suppliers to deliver tailored equipment and other solutions to enable this best-in-class operating performance and cost effectiveness.

**OTHER RELATED PARTY TRANSACTIONS**

Throughout our value chain activities, we conduct other material transactions between companies in the Anglo American Group. These transactions are disclosed to tax authorities through the submission of our tax returns and are performed at an arm’s length price.

**SERVICES**

Certain centralised functions (such as legal, tax, accounting, human resources and information technology) are provided from specialist hubs in the Group to ensure the efficient and effective management of the Group. Ultimately, the purpose of the intragroup services is to increase efficiency in our operations and thereby increase Group earnings, either through increased turnover, lower costs or both.
MOVE

The volumes of Anglo American products transported are significant, particularly in the cases of iron ore and coal. These products are transported from the country of production to our customers around the world.

Value driver

We utilise the latest logistics processes to co-ordinate and optimise global shipping needs, to meet customers’ specific technical and logistical requirements.

PROCESSING / BLENDING

The ore extracted may be processed to increase value and/or meet the specific requirements of our global customers. The processing and product output varies depending on the nature of the ore and the processing required. Developing and managing the customer relationships is key, especially in times of continued price volatility.

Value driver

Our business works closely with our Technical function and Marketing business to apply innovative methods and technologies to realise even greater value from our resource base.

FINANCING

Funding for the Group comes from a range of external sources and instruments. Anglo American plc, the parent company of the Group, manages the overall funding and investment strategy, while the internal allocation of funding comes from UK Group finance company Anglo American Capital plc.

MARKET

The value from our mineral resources and marketing 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 specific customer needs. Developing and managing the customer relationships is key, especially in times of continued price volatility.

Value driver

These activities are designed to contribute value to the Group in a number of ways: improving EBIT; enhancing cash flow through tighter working capital management; better risk- and control management; and stimulating sustainable demand by continuing to build direct customer relationships and to obtain full value for our products.

At Anglo American, transfer pricing reflects the commercial and economic substance of any related-party transactions, using a consistent approach within the Group. We ensure that taxable profits arise in the jurisdictions where the operations create value, and is compliant with local law and international best practice. Where possible, we enter into real-time discussions with tax authorities through advance pricing agreement discussions to try and agree this approach upfront and reduce the risk of any possible disputes later.

With respect to the Anglo American value chain, below is an illustrative example of how value can be created, from finding deposits to the marketing of our products.

INSURANCE

Anglo American’s insurance companies provide essential commercial insurance coverage to Group entities (as well as some joint venture entities) for low frequency/high severity events, such as property damage and business interruption, which would otherwise cause significant local financial and operating implications. These captive arrangements allow the Anglo American Group to benefit from its natural geographic and product diversification and therefore enable a pooling of risk and also provide access to an established reinsurance market.
TAX CONTRIBUTION THROUGH THE LIFE CYCLE OF A MINE

We contribute value add through taxes across our full value chain.

Many tax regimes in resource-rich countries offer tax relief for the exploration, development and construction of mines, often available in addition to the regular tax provisions applicable to companies in other sectors.

This means that our total tax contribution will fluctuate depending on economic conditions. However, even when profit-based tax payments reduce, a significant portion of our contribution endures through the payment of mining royalties and taxes associated with, for example, employment and procurement. This feature is one indicator of the long term nature of our investments and our business’ contribution to our host communities and governments.

Value add through taxes
Money spent with suppliers, directly generating sales taxes and import duties. Employment taxes are paid, in addition to payments to contractors. Suppliers and contractors will also, in turn, pay their own taxes.

2017 example:
Quellaveco
$6 million value add through taxes

Value add through taxes
Very significant amounts are spent with suppliers in developing the mine and infrastructure, generating sales taxes and import duties. Increasing levels of taxes are generated directly from employment, as well as payments being made to contractors. Suppliers and contractors will also, in turn, pay their own taxes.

2017 example:
Gacho Kué
$18 million value add through taxes

Value add through taxes
Many mining tax regimes include a royalty based on production volumes or values; these revenues will start to flow to government even before the operation has made any profit. Significant employment taxes are also generated, as well as payments being made to contractors. Suppliers and contractors will also, in turn, pay their own taxes.

2017 example:
Minas-Rio
$111 million value add through taxes

Value add through taxes
Corporate income tax will be paid on profits from production. Royalties and employment taxes continue to be generated, as well as payments being made to contractors. Suppliers and contractors will also, in turn, pay their own taxes.

2017 example:
Sishen
$707 million value add through taxes

Value add through taxes
Significant amounts are spent with suppliers in placing a mine onto care and maintenance, or in closing down the mine and rehabilitating the land, generating sales taxes and import duties. Employment taxes will continue to be paid. Corporate income taxes may also be paid. Suppliers and contractors will also, in turn, pay their own taxes.

2017 example:
Peace River Coal(1)
$4 million value add through taxes

(1) Peace River Coal is on care and maintenance
In 2018, Anglo American launched its new Sustainability Strategy. Holistic, integrated but flexible to the characteristics of individual operating sites, our strategy aims to positively transform how our stakeholders experience our business, both locally and globally, and drive our efforts to build thriving communities.

While a soaring global consumer population indicates a strong demand outlook for minerals and metals, modern society rightly expects that the mining industry should contribute more effectively to socio-economic development, while reducing its environmental footprint and supporting biodiversity. The UN Sustainable Development Goals (SDGs), to which Anglo American is committed, also challenge us to find new approaches to the way we do things, while providing an important benchmark against which to measure our performance as we seek to redefine what it is to be a responsible miner.

It is in this context that we have developed our Sustainability Strategy and are working to deliver a sustainable future.

FUTURESMART MINING™

FutureSmart Mining™ is Anglo American’s innovation-led approach to sustainable mining. It is our blueprint for the future of our business. A future in which broad innovative thinking, enabling technologies, and collaborative partnerships will shape an industry that is safer, more sustainable and efficient, and better harmonised with the needs of our host communities and society as a whole.

FutureSmart Mining™ is focused on delivering step-change improvements across all aspects of our business. This means finding new ways to make mining safer, more efficient and more sustainable, with a smaller physical footprint. It also means a focus on shared value which, for Anglo American, means that our business creates value for all stakeholders.

Our approach to mining innovation is end to end; it considers all mining-related activity from exploration and discovery, right through to delivering products into our customers’ hands, considering the broad social, economic and environmental interests of all our stakeholders within a self-sustaining mining ‘ecosystem’.

OUR SUSTAINABILITY STRATEGY

Anglo American has applied its FutureSmart Mining™ approach to the development of what we believe will be an industry-leading Sustainability Strategy(1). Holistic, integrated but flexible to the characteristics of individual operating sites, our strategy comprises mutually reinforcing elements that together are expected to positively transform how our stakeholders experience our business, both locally and globally.

The strategy is focused on three global sustainability pillars – Trusted Corporate Leader, Thriving Communities and Healthy Environment – each encompassing three global stretch goals. These goals relate to Anglo American as a whole, at an aggregate level. They are deliberately ambitious, they will challenge our business to innovate and change, and we are mobilising our people and resources to deliver them by 2030.

Underpinning our strategy are a number of critical foundations that form the common and minimum requirements for each of our operations and our business as a whole; as such, they are essential to the long term credibility and success of our Sustainability Strategy and our social licence to operate.

HOW WE DELIVER

Collaborative Regional Development is at the heart of how we will bring long term development opportunities to the regions around our operations. This approach utilises spatial analysis and planning, to identify the socio-economic and environmental development opportunities of greatest potential in a province. It then highlights and defines a shared purpose with a broad range of stakeholders, including local and national government, community representatives, faith-based groups, businesses and entrepreneurs, academics and NGOs, to deliver those opportunities. By working in this way, we will create the foundation for long term sustainable development of those regions, well beyond the life of the mine.

While our goals may be defined at a global level, how we achieve them will be a function of our actions at a local level. We recognise that our operations are all different and we are neighbours to a diverse array of communities in the many countries where we operate. At individual operations, however, there may be differing local and regional priorities relating to the economic environment, for example. One operation may be located where unemployment is low, whereas another may face the opposite challenge.

(1) For a full explanation of our Sustainability Strategy, visit: www.angloamerican.com/sustainability/our-sustainability-strategy
Our Sustainability Strategy offers flexibility at the site level, with each of our operating sites developing their own, tailored five-year plans to respond to their local context, priorities and opportunities. As such, while the plans for individual sites will consistently be aligned to our three global sustainability pillars, there may be aspects of the plans that do not relate to a specific global stretch goal, but do make a real and positive difference in a particular local environment. It is this innovative, focused yet flexible approach that will help our people engage and work in partnership with our stakeholders to improve people’s lives, sustainably.

THRIVING COMMUNITIES
As one pillar of our Sustainability Strategy, the work and targets identified as part of ‘Thriving Communities’ aim to positively transform the relationships between mines and communities and wider society. We have set out ambitious goals related to ‘Education’, ‘Health and well-being’ and ‘Livelihoods’, and we are committed to building on the positive socio-economic development work for which Anglo American is already recognised.

Our socio-economic development approach continues to focus 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 and effective public-service delivery so that economies can 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.

All operations are required to adhere to the Anglo American Social Way requirements on socio-economic development and to implement our Socio-Economic Assessment Toolbox (SEAT) in order to enhance development in host communities and countries. This approach allows our sites to better understand their priorities and target interventions that have the greatest impact. It also helps us understand the type of partnerships that are required to deliver impact at scale and over the long term.

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

Local procurement
Our local and inclusive procurement initiatives, supported through supplier development, provides an opportunity to direct our supply chain spend to boost local economic development. Operations adhere to our Group-wide Local Procurement Policy, implement local procurement strategies and report against targets. In 2017, operations spent approximately $10.7 billion (2016: $8.8 billion) with suppliers, which accounted for nearly 48% of our total economic value distribution. Local procurement, including marginalised groups, communities affected by our operations and emerging suppliers in host countries, was $2.2 billion (2016: $2.0 billion) representing 21% of total supplier expenditure (2016: 23%).

EmpleaT is an employment scheme in Chile designed to develop vulnerable individuals over a period of months for either entrepreneurial- or employee-based progression. The programme is delivered through public and private partnerships, and is financed 70% by Anglo American and 30% by the Inter-American Development Bank (IDB).

EmpleaT is targeted at men of 18-35 and women over 18 who have no incomes, receive an income below the minimum legal wage, who have no work contract, or who generally seek economic stability and self-improvement. In 2017, the programme set out a number of priorities, including: improving relationships between the public and private organisations within the local employment ecosystems, and strengthening the technical and social skills of participants.

In between 2016-2018, the programme has been divided into three cycles. The first of these covered the districts of Colina and Til Til, while the second cycle – which started in 2017 and will continue into 2018 – added the districts of Lo Barnechea, Los Andes and Lampa. In 2017, 86 people participated in the process, with 65 graduates and a 46% increase income. In the third cycle, the expectation is that the areas of Calle Larga, Rinconada and San Felipe will be added to the districts already covered, with the objective of increasing the number of participants selected and graduates.
SOCIO-ECONOMIC DEVELOPMENT

Given the remote locations of some of our operations, and the important role that the mining supply chain could play to stimulate economic and business opportunities, we have increased our focus on procuring from host-community-based suppliers. In 2017, we procured approximately $0.5 billion in goods and services from these suppliers, with plans in place to progressively increase this being supported by a comprehensive inclusive procurement strategy.

Supplier development
Our supplier development programmes across the Group 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 increased access to local expertise, reduced logistics costs, and availability. We work with our existing supplier base to unlock opportunities for local employment and skills development, and nurture supplier partnerships and joint ventures between our existing large suppliers and entrepreneurs.

Our experience demonstrates the case for focusing on strengthening existing supplier capacity in the areas close to our operations, and supporting industrialisation in the countries where we operate. This more localised and systematic approach integrates supplier development more effectively with our workforce and our enterprise development agenda. We currently have programmes at our operations in Brazil, Chile, Peru and South Africa.

Enterprise development
In tandem with our supplier development initiatives, our enterprise development programmes are designed to foster the potential of local entrepreneurs. All Anglo American programmes provide business mentorship support, coupled with access to capital and markets. The strong focus on capacity development aims to help establish resilient local businesses 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 in a co-funding model.

Between 2008-2017, Anglo American’s enterprise development programmes globally have supported more than 64,000 small and medium-sized enterprises, and almost 121,000 jobs.

As our operations alone are not able to meet local demands for employment, we are working with various partners to provide diversified workforce development opportunities and to develop non-mining jobs in our communities through enterprise development and local employment programmes. This integrated approach to enterprise and workforce development allows the impact of our value chains to deliver strong economic opportunities during the life of the mine, while also building more local entrepreneurial capacity in other sectors to help sustain socio-economic development over the long term.

TOP TALENT DEVELOPMENT

In 2017, Anglo American’s intern vacation programme was voted the best in the Australian mining industry and seventh best in Australia.

The programme was voted on by more than 800 Australian-based undergraduates who completed the Australian Association of Graduate Employers’ survey to discover the country’s top intern programmes.

Our annual 12-week vacation programme aims to provide undergraduate students with valuable learning experiences, focusing on developing a broad understanding of our business and quality hands-on experience in a variety of disciplines. Students have the opportunity to complete placements at one of our underground, open cut operations or our coal handling and preparation plant, depending on their discipline.

At the beginning of each programme, vacation students receive a personalised ‘passport’ outlining the programme objectives, requirements, key competencies and available tools to help them on their journey with Anglo American. They are also assigned a meaningful project, relevant to their discipline, that they take ownership of during the placement. These projects enable the vacation student to apply theoretical knowledge to an actual business issue.

Our vacation programme forms a key part of our Metallurgical Coal business’s talent pipeline, with many students progressing to graduate positions within the business.

Interns on the Anglo American vacation programme are assigned a meaningful project, relevant to their discipline.
SOCIO-ECONOMIC DEVELOPMENT

BUILDING LOCAL CAPACITY

Our presence creates large revenue flows for local municipalities and host governments. In some instances, a lack of capacity and skills prevents municipalities from delivering sound public services to local populations. We invest in strengthening the skills, competencies and abilities of municipal staff, and in empowering community members to exercise their civil rights constructively. In the longer term, facilitating more effective municipal investment in social services may reduce expectations on the business to deliver these services through corporate social investment (CSI) projects.

Social investment

We believe that leveraging core business activities is the most effective way to deliver positive development outcomes. However, not all stakeholders who need help can be supported in this way. As such, much of our CSI expenditure supports vulnerable and marginalised stakeholders, who are unable to participate in our value chains. In making investments, we place a strong focus on partnerships and co-funding. In 2017, Anglo American’s CSI expenditure in local communities, including from the Anglo American Chairman’s Fund, the Anglo American Group Foundation and our enterprise development programmes, totalled $88 million (2016: $84 million). This figure represents 1.7% of underlying 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.

In 2017, the De Beers Group announced a three-year partnership with United Nations (UN) Women, with the objective of advancing women in its diamond producing countries, across its business and in marketing campaigns. The partnership will see De Beers invest $3 million and drive a number of initiatives across the business, including investment in capacity-building programmes to support female micro-entrepreneurs in Botswana.

In collaboration with Botswana’s Ministry of Nationality, Immigration and Gender Affairs, De Beers has announced an investment in programmes that will equip women micro-entrepreneurs with business management skills, an understanding of access to markets and marketing, and technical skills, especially in agricultural activities. In addition, the programmes will help build life skills and confidence to support effective decision-making, communication and negotiation.

The programmes will be launched in early 2018 and focus on the Okavango Delta region, one of the poorest and most remote areas of Botswana. In Okavango Delta, De Beers and UN Women will work with the NGO Adore Little Children Botswana (ALCB), which provides support to women and children in Ngarange village. The partnership will extend ALCB’s existing women’s economic empowerment programmes, which focus on improving livelihoods through permaculture programmes that produce fresh vegetables for local communities.

This area was selected as the focal point owing to the strong potential to deliver tangible, positive outcomes that will not only support the female micro-entrepreneurs who participate in the programmes, but also their communities through increased employment opportunities and skills development.

Volunteering

Facilitating opportunities for staff to participate in our social investment projects can help us to better connect with communities and demonstrate our commitment to helping them achieve their development vision. Employee volunteering can also make many of our workforce’s skills available to host communities. Copper’s employee volunteering ‘Ambassadors’ programme, which was launched in 2014, is being used as a model for developing a Group-wide approach to employee volunteering. Teams of employees partner with local community groups to propose projects which, if approved, can receive up to $5,000 in company funding.

Through the Ambassadors programme, more than 133 employees and contractors have participated in 55 social projects in two different regions.

In 2018, we will roll out a corporate-level programme modelled on the successful programme developed in Chile and funding will be provided by the Anglo American Foundation. The programme seeks to enable our employees to use their professional skills to contribute to development needs in local communities in a meaningful and lasting way.

In 2017, Anglo American spent £16.8 million on education and training, and $4 million on health and welfare projects.

CAPACITY BUILDING IN BOTSWANA
OUR ECONOMIC CONTRIBUTION IN AUSTRALIA IN 2017

As the world’s third largest exporter of metallurgical coal, our Metallurgical Coal operations in Australia serve customers throughout Asia and the Indian sub-continent, Europe and South America.

### LOCAL PROCUREMENT

$58.1m

Procurement of goods or services from within the same immediate area as the operation, as defined by each operation. A localised supplier is a supplier that meets the business unit criteria for localised procurement, allowing goods or services to be procured from within the same immediate area as the operation. This is defined using the same parameters and definitions as set out in SEAT Tool 2A – Profiling the Local Area.

### TOTAL TAXES BORNE AND COLLECTED

$1,421.2m

- $526.9m
  - CORPORATE INCOME TAX
    - Calculated based on profits and includes withholding taxes.
- $655.9m
  - ROYALTIES AND MINING TAXES
    - Revenue, production and profit-based royalties.
- $93.3m
  - OTHER PAYMENTS BORNE
    - Other payments directly incurred by Anglo American.
- $145.1m
  - TAXES COLLECTED
    - Taxes paid by Anglo American on behalf of other parties as a result of the Group’s economic activity.

### TOTAL TAX AND ECONOMIC CONTRIBUTION

$3,606.1m

### TOTAL PROCUREMENT

$1,484.8m

Refers to addressable expenditure only (excludes public sector spend) and includes all supply chain related spend from third party suppliers. It includes opex- and capex-related transactions and inter-business unit procurement.

### CAPITAL INVESTMENT

$427.7m

Capital investment is defined as cash expenditure on property, plant and equipment, including related derivatives, proceeds from disposal of property, plant and equipment and direct funding for capital expenditure from non-controlling interests. Includes capitalised operating cash outflows.

### WAGES AND RELATED PAYMENTS

$272.0m

Payroll costs in respect of employees, excluding contractors and certain associates’ and joint ventures’ employees, and including a proportionate share of employees within joint operations.

### CORPORATE SOCIAL INVESTMENT

$0.4m

Refers to all social investment spend that is not related to impact management, either from allocated budgets or established foundations.
In partnership with the Government of the Republic of Botswana (GRB), De Beers has one of the richest diamond mines, by value, in the world at Jwaneng and one of the largest diamond resources, by volume, at Orapa. In 2017, the GRB signed a Memorandum of Understanding with Anglo American, Debswana and De Beers Global Sightholder Sales to underpin the continued expansion of the Tokafala Enterprise Development programme.

**OUR ECONOMIC CONTRIBUTION IN BOTSWANA IN 2017**

In partnership with the Government of the Republic of Botswana (GRB), De Beers has one of the richest diamond mines, by value, in the world at Jwaneng and one of the largest diamond resources, by volume, at Orapa. In 2017, the GRB signed a Memorandum of Understanding with Anglo American, Debswana and De Beers Global Sightholder Sales to underpin the continued expansion of the Tokafala Enterprise Development programme.
OUR ECONOMIC CONTRIBUTION IN BRAZIL IN 2017

Brazil is home to our Iron Ore Brazil and Nickel businesses. As we continue the ramp-up of Minas-Rio iron ore mine, we are focused on securing the Step 3 operating licence so that the operation is in a position to access the full range of run-of-mine ore grades and target its nameplate capacity of 26.5 Mtpa (wet basis).

**TOTAL TAX AND ECONOMIC CONTRIBUTION**

$1,212.4m

**TOTAL PROCUREMENT**

$800.3m

Refers to addressable expenditure only (excludes public sector spend) and includes all supply chain related spend from third party suppliers. It includes opex- and capex-related transactions and inter-business unit procurement.

**LOCAL PROCUREMENT**

$108.7m

Procurement of goods or services from within the same immediate area as the operation, as defined by each operation. A localised supplier is a supplier that meets the business unit criteria for localised procurement, allowing goods or services to be procured from within the same immediate area as the operation. This is defined using the same parameters and definitions as set out in SEAT Tool 2A – Profiling the Local Area.

**CAPITAL INVESTMENT**

$52.4m

Capital investment is defined as cash expenditure on property, plant and equipment, including related derivatives, proceeds from disposal of property, plant and equipment and direct funding for capital expenditure from non-controlling interests. Includes capitalised operating cash outflows.

**WAGES AND RELATED PAYMENTS**

$185.0m

Payroll costs in respect of employees, excluding contractors and certain associates’ and joint ventures’ employees, and including a proportionate share of employees within joint operations.

**CORPORATE SOCIAL INVESTMENT**

$7.3m

Refers to all social investment spend that is not related to impact management, either from allocated budgets or established foundations.

**TOTAL TAXES BORNE AND COLLECTED**

$167.4m

**ROYALTIES AND MINING TAXES**

$30.5m

Revenue, production and profit based royalties.

**OTHER PAYMENTS BORNE**

$72.7m

Other payments directly incurred by Anglo American.

**TAXES COLLECTED**

$64.2m

Taxes paid by Anglo American on behalf of other parties as a result of the Group’s economic activity.
COUNTRY HIGHLIGHTS CANADA

The new Gahcho Kué mine (51% De Beers owned), in Canada’s Northwest Territories, entered commercial production in March 2017. Having exceeded its original diamond production forecast over its expected lifespan, De Beers’ Victor mine is due to close in 2019, when the open pit will have been depleted.

OUR ECONOMIC CONTRIBUTION IN CANADA IN 2017

The new Gahcho Kué mine (51% De Beers owned), in Canada’s Northwest Territories, entered commercial production in March 2017. Having exceeded its original diamond production forecast over its expected lifespan, De Beers’ Victor mine is due to close in 2019, when the open pit will have been depleted.

TOTAL TAX AND ECONOMIC CONTRIBUTION

$398.3m

TOTAL PROCUREMENT

$266.5m

LOCAL PROCUREMENT

$69.0m

Procurement of goods or services from within the same immediate area as the operation, as defined by each operation. A localised supplier is a supplier that meets the business unit criteria for localised procurement, allowing goods or services to be procured from within the same immediate area as the operation. This is defined using the same parameters and definitions as set out in SEAT Tool 2A – Profiling the Local Area.

CAPITAL INVESTMENT

$(14.5)m

Capital investment is defined as cash expenditure on property, plant and equipment, including related derivatives, proceeds from disposal of property, plant and equipment and direct funding for capital expenditure from non-controlling interests. Includes capitalised operating cash outflows.

WAGES AND RELATED PAYMENTS

$85.0m

Payroll costs in respect of employees, excluding contractors and certain associates’ and joint ventures’ employees, and including a proportionate share of employees within joint operations.

CORPORATE SOCIAL INVESTMENT

$5.4m

Refers to all social investment spend that is not related to impact management, either from allocated budgets or established foundations.

CORPORATE INCOME TAX

Calculated based on profits and includes withholding taxes.

ROYALTIES AND MINING TAXES

Revenue, production and profit based royalties.

OTHER PAYMENTS BORNE

Other payments directly incurred by Anglo American.

TAXES COLLECTED

Taxes paid by Anglo American on behalf of other parties as a result of the Group’s economic activity.

TOTAL TAXES BORNE AND COLLECTED

$55.9m

$0.5m

CORPORATE INCOME TAX

Calculated based on profits and includes withholding taxes.

ROYALTIES AND MINING TAXES

Revenue, production and profit based royalties.

OTHER PAYMENTS BORNE

Other payments directly incurred by Anglo American.

TAXES COLLECTED

Taxes paid by Anglo American on behalf of other parties as a result of the Group’s economic activity.
In Chile, our interests in two of the world’s largest copper mines – Los Bronces and Collahuasi – are helping us create a global leadership position in this increasingly precious and versatile commodity. Our employee volunteering programme in Chile, ‘Ambassadors’, which was launched in 2014, is being used as a model for developing a Group-wide approach to employee volunteering, to be launched in 2018.

**OUR ECONOMIC CONTRIBUTION IN CHILE IN 2017**

In Chile, our interests in two of the world’s largest copper mines – Los Bronces and Collahuasi – are helping us create a global leadership position in this increasingly precious and versatile commodity. Our employee volunteering programme in Chile, ‘Ambassadors’, which was launched in 2014, is being used as a model for developing a Group-wide approach to employee volunteering, to be launched in 2018.

**CORPORATE SOCIAL INVESTMENT**

$11.1m

Refers to all social investment spend that is not related to impact management, either from allocated budgets or established foundations.

**CAPITAL INVESTMENT**

$536.5m

Capital investment is defined as cash expenditure on property, plant and equipment, including related derivatives, proceeds from disposal of property, plant and equipment and direct funding for capital expenditure from non-controlling interests. Includes capitalised operating cash outflows.

**WAGES AND RELATED PAYMENTS**

$368.0m

Payroll costs in respect of employees, excluding contractors and certain associates’ and joint ventures’ employees, and including a proportionate share of employees within joint operations.

**TOTAL PROCUREMENT**

$1,123.7m

Refers to addressable expenditure only (excludes public sector spend) and includes all supply chain related spend from third party suppliers. It includes opex- and capex-related transactions and inter-business unit procurement.

**LOCAL PROCUREMENT**

$55.0m

Procurement of goods or services from within the same immediate area as the operation, as defined by each operation. A localised supplier is a supplier that meets the business unit criteria for localised procurement, allowing goods or services to be procured from within the same immediate area as the operation. This is defined using the same parameters and definitions as set out in SEAT Tool 2A – Profiling the Local Area.

**TOTAL TAX AND ECONOMIC CONTRIBUTION**

$2,674.9m

**TOTAL PROCUREMENT**

$1,123.7m

Refers to addressable expenditure only (excludes public sector spend) and includes all supply chain related spend from third party suppliers. It includes opex- and capex-related transactions and inter-business unit procurement.

**TOTAL TAXES BORNE AND COLLECTED**

$635.6m

1. **CORPORATE INCOME TAX**

$372.3m

Calculated based on profits and includes withholding taxes.

2. **ROYALTIES AND MINING TAXES**

$58.2m

Revenue, production and profit based royalties.

3. **OTHER PAYMENTS BORNE**

$72.9m

Other payments directly incurred by Anglo American.

4. **TAXES COLLECTED**

$132.2m

Taxes paid by Anglo American on behalf of other parties as a result of the Group’s economic activity.

(1) The cash tax data above represents payments made to government in 2017 and excludes refunds received. During 2016, Anglo American made claims for accelerated tax depreciation in respect of the significant capital investment made over many years in Anglo American Sur assets, resulting in a tax refund due of $424 million. This claim has been audited and agreed by the Chilean Internal Revenue Service, with approximately 40% of the refund received during 2016 and the balance received during 2017.
OUR ECONOMIC CONTRIBUTION IN COLOMBIA IN 2017

The joint venture coal mine, Cerrejón, in which we have a 33.3% shareholding, represents our sole mining interest in Colombia. An integrated mining and transport complex, it includes an open pit thermal coal mine, a 150 kilometre railway and a port.

WAGES AND RELATED PAYMENTS
$266.8m
Payroll costs in respect of employees, excluding contractors and certain associates’ and joint ventures’ employees, and including a proportionate share of employees within joint operations.

CORPORATE SOCIAL INVESTMENT
$5.9m
Refers to all social investment spend that is not related to impact management, either from allocated budgets or established foundations.

TOTAL TAX AND ECONOMIC CONTRIBUTION
$1,493.1 m

TOTAL PROCUREMENT
$670.2m
Refers to addressable expenditure only (excludes public sector spend) and includes all supply chain related spend from third party suppliers. It includes opex- and capex-related transactions and inter-business unit procurement.

LOCAL PROCUREMENT
$22.2m
Procurement of goods or services from within the same immediate area as the operation, as defined by each operation. A localised supplier is a supplier that meets the business unit criteria for localised procurement, allowing goods or services to be procured from within the same immediate area as the operation. This is defined using the same parameters and definitions as set out in SEAT Tool 2A – Profiling the Local Area.

TOTAL TAXES BORNE AND COLLECTED
$550.2 m

CORPORATE INCOME TAX
$276.7m
Calculated based on profits and includes withholding taxes.

ROYALTIES AND MINING TAXES
$208.6m
Revenue, production and profit based royalties.

ROYALTIES AND MINING TAXES
$64.9m
Other payments directly incurred by Anglo American.
OUR ECONOMIC CONTRIBUTION IN NAMIBIA IN 2017

Debmarine Namibia – a 50/50 joint venture between the Government of the Republic of Namibia and De Beers – is the world’s largest marine diamond mining company. In 2017, the company marked the inauguration of the mv SS Nujoma, the world’s largest and most advanced diamond exploration and sampling vessel, which will help secure diamond supplies in the country well into the future.

TOTAL TAX AND ECONOMIC CONTRIBUTION $975.5m

TOTAL PROCUREMENT $467.0m

LOCAL PROCUREMENT $204.0m

Procurement of goods or services from within the same immediate area as the operation, as defined by each operation. A localised supplier is a supplier that meets the business unit criteria for localised procurement, allowing goods or services to be procured from within the same immediate area as the operation. This is defined using the same parameters and definitions as set out in SEAT Tool 2A – Profiling the Local Area.

WAGES AND RELATED PAYMENTS $74.0m

Payroll costs in respect of employees, excluding contractors and certain associates’ and joint ventures’ employees, and including a proportionate share of employees within joint operations.

CAPITAL INVESTMENT $33.0m

Capital investment is defined as cash expenditure on property, plant and equipment, including related derivatives, proceeds from disposal of property, plant and equipment and direct funding for capital expenditure from non-controlling interests. Includes capitalised operating cash outflows.

CORPORATE SOCIAL INVESTMENT $4.1m

Refers to all social investment spend that is not related to impact management, either from allocated budgets or established foundations.

TOTAL TAXES BORNE AND COLLECTED $397.4m

CORPORATE INCOME TAX $158.1m

Calculated based on profits and includes withholding taxes.

ROYALTIES AND MINING TAXES $86.5m

Revenue, production and profit based royalties.

OTHER PAYMENTS BORNE $22.6m

Other payments directly incurred by Anglo American.

TAXES COLLECTED $130.2m

Taxes paid by Anglo American on behalf of other parties as a result of the Group’s economic activity.
OUR ECONOMIC CONTRIBUTION IN PERU IN 2017

The Quellaveco copper deposit in southern Peru, represents Anglo American’s most advanced growth option. The project benefits from considerable local community and government support, and the feasibility study is expected to be presented to the Board for development consideration in 2018.

TOTAL TAX AND ECONOMIC CONTRIBUTION

$322.2m

TOTAL PROCUREMENT

$173.7m

Capital investment is defined as cash expenditure on property, plant and equipment, including related derivatives, proceeds from disposal of property, plant and equipment and direct funding for capital expenditure from non-controlling interests. Includes capitalised operating cash outflows.

TOTAL TAXES BORNE AND COLLECTED

$6.0m

$2.0m

OTHER PAYMENTS BORNE

Other payments directly incurred by Anglo American.

TAXES COLLECTED

Taxes paid by Anglo American on behalf of other parties as a result of the Group’s economic activity.

WAGES AND RELATED PAYMENTS

$8.0m

Payroll costs in respect of employees, excluding contractors and certain associates’ and joint ventures’ employees, and including a proportionate share of employees within joint operations.

CORPORATE SOCIAL INVESTMENT

$6.5m

Refers to all social investment spend that is not related to impact management, either from allocated budgets or established foundations.

LOCAL PROCUREMENT

$21.1m

Procurement of goods or services from within the same immediate area as the operation, as defined by each operation. A localised supplier is a supplier that meets the business unit criteria for localised procurement, allowing goods or services to be procured from within the same immediate area as the operation. This is defined using the same parameters and definitions as set out in SEAT Tool 2A – Profiling the Local Area.

CAPITAL INVESTMENT

$128.0m

Capital investment is defined as cash expenditure on property, plant and equipment, including related derivatives, proceeds from disposal of property, plant and equipment and direct funding for capital expenditure from non-controlling interests. Includes capitalised operating cash outflows.

TOTAL PROCUREMENT

$173.7m

Refers to addressable expenditure only (excludes public sector spend) and includes all supply chain related spend from third party suppliers. It includes opex- and capex-related transactions and inter-business unit procurement.

TOTAL TAXES BORNE AND COLLECTED

$6.0m

$2.0m

OTHER PAYMENTS BORNE

Other payments directly incurred by Anglo American.

TAXES COLLECTED

Taxes paid by Anglo American on behalf of other parties as a result of the Group’s economic activity.
OUR ECONOMIC CONTRIBUTION IN SINGAPORE IN 2017

Our Marketing business unit’s dedicated sales and marketing hub in Singapore aims to optimise the value from our mineral resources and market positions, driving appropriate commercial decisions across the value chain, from mine to market.

TOTAL TAX AND ECONOMIC CONTRIBUTION

$806.2m

TOTAL PROCUREMENT

$739.0m

Refers to addressable expenditure only (excludes public sector spend) and includes all supply chain related spend from third party suppliers. It includes opex- and capex-related transactions and inter-business unit procurement.

LOCAL PROCUREMENT

$10.9m

Procurement of goods or services from within the same immediate area as the operation, as defined by each operation. A localised supplier is a supplier that meets the business unit criteria for localised procurement, allowing goods or services to be procured from within the same immediate area as the operation. This is defined using the same parameters and definitions as set out in SEAT Tool 2A – Profiling the Local Area.

WAGES AND RELATED PAYMENTS

$57.0m

Payroll costs in respect of employees, excluding contractors and certain associates’ and joint ventures’ employees, and including a proportionate share of employees within joint operations.

CAPITAL INVESTMENT

$0.2m

Capital investment is defined as cash expenditure on property, plant and equipment, including related derivatives, proceeds from disposal of property, plant and equipment and direct funding for capital expenditure from non-controlling interests. Includes capitalised operating cash outflows.

TOTAL TAXES BORNE AND COLLECTED

$10.0m

$8.3m

CORPORATE INCOME TAX

Calculated based on profits and includes withholding taxes.

$0.7m

OTHER PAYMENTS BORNE

Other payments directly incurred by Anglo American.

$1.0m

TAXES COLLECTED

Taxes paid by Anglo American on behalf of other parties as a result of the Group’s economic activity.
OUR ECONOMIC CONTRIBUTION IN SOUTH AFRICA IN 2017

South Africa is home to the most significant proportion of our asset portfolio, with operations across diamonds, platinum, iron ore and manganese and coal. We are proud of our transformation efforts to date and continue to work with all stakeholders to ensure all South Africans can benefit from the value created by mining.

CAPITAL INVESTMENT
$821.6m
Capital investment is defined as cash expenditure on property, plant and equipment, including related derivatives, proceeds from disposal of property, plant and equipment and direct funding for capital expenditure from non-controlling interests. Includes capitalised operating cash outflows.

LOCAL PROCUREMENT
$1,001.9m
Procurement of goods or services from within the same immediate area as the operation, as defined by each operation. A localised supplier is a supplier that meets the business unit criteria for localised procurement, allowing goods or services to be procured from within the same immediate area as the operation. This is defined using the same parameters and definitions as set out in SEAT Tool 2A – Profiling the Local Area.

WAGES AND RELATED PAYMENTS
$1,860.0m
Payroll costs in respect of employees, excluding contractors and certain associates’ and joint ventures’ employees, and including a proportionate share of employees within joint operations.

CORPORATE SOCIAL INVESTMENT
$49.2m
Refers to all social investment spend that is not related to impact management, either from allocated budgets or established foundations.

TOTAL PROCUREMENT
$4,046.1m
Refers to addressable expenditure only (excludes public sector spend) and includes all supply chain related spend from third party suppliers. It includes opex- and capex-related transactions and inter-business unit procurement.

TOTAL TAXES BORNE AND COLLECTED
$1,388.4m
$723.4m
CORPORATE INCOME TAX
Calculated based on profits and includes withholding taxes.

$182.5m
ROYALTIES AND MINING TAXES
Revenue, production and profit based royalties.

$47.1m
OTHER PAYMENTS BORNE
Other payments directly incurred by Anglo American.

$435.4m
TAXES COLLECTED
Taxes paid by Anglo American on behalf of other parties as a result of the Group’s economic activity.

TOTAL TAX AND ECONOMIC CONTRIBUTION
$8,165.3m

TOTAL TAXES BORNE
$1,388.4m
$723.4m
CORPORATE INCOME TAX
$182.5m
ROYALTIES AND MINING TAXES
$47.1m
OTHER PAYMENTS BORNE
$435.4m
TAXES COLLECTED

24 Anglo American plc Tax and Economic Contribution Report 2017
OUR ECONOMIC CONTRIBUTION IN UNITED KINGDOM IN 2017

The UK is home to our global headquarters and our Marketing business unit’s dedicated European sales and marketing hub.

**TOTAL TAX AND ECONOMIC CONTRIBUTION**

$486.8m

**TOTAL PROCUREMENT**

$137.8m

Refers to addressable expenditure only (excludes public sector spend) and includes all supply chain related spend from third party suppliers. It includes opex- and capex-related transactions and inter-business unit procurement.

**CAPITAL INVESTMENT**

$4.0m

Capital investment is defined as cash expenditure on property, plant and equipment, including related derivatives, proceeds from disposal of property, plant and equipment and direct funding for capital expenditure from non-controlling interests. Includes capitalised operating cash outflows.

**WAGES AND RELATED PAYMENTS**

$246.0m

Payroll costs in respect of employees, excluding contractors and certain associates’ and joint ventures’ employees, and including a proportionate share of employees within joint operations.

**TOTAL TAXES BORNE AND COLLECTED**

$99.0m

$3.7m

**CORPORATE INCOME TAX**

Calculated based on profits and includes withholding taxes.

$21.2m

**OTHER PAYMENTS BORNE**

Other payments directly incurred by Anglo American.

$74.1m

**TAXES COLLECTED**

Taxes paid by Anglo American on behalf of other parties as a result of the Group’s economic activity.
OUR ECONOMIC CONTRIBUTION IN ZIMBABWE IN 2017

Unki platinum mine is located in the southern half of Zimbabwe’s Great Dyke geological formation – widely recognised as the second largest resource of platinum group metals in the world. We continue to work together with the Zimbabwean government on compliance with the Indigenisation and Economic Empowerment Act.

TOTAL TAX AND ECONOMIC CONTRIBUTION

$160.8m

TOTAL PROCUREMENT

$73.2m

LOCAL PROCUREMENT

$64.4m

Procurement of goods or services from within the same immediate area as the operation, as defined by each operation. A localised supplier is a supplier that meets the business unit criteria for localised procurement, allowing goods or services to be procured from within the same immediate area as the operation. This is defined using the same parameters and definitions as set out in SEAT Tool 2A – Profiling the Local Area.

CAPITAL INVESTMENT

$32.9m

Capital investment is defined as cash expenditure on property, plant and equipment, including related derivatives, proceeds from disposal of property, plant and equipment and direct funding for capital expenditure from non-controlling interests. Includes capitalised operating cash outflows.

WAGES AND RELATED PAYMENTS

$37.0m

Payroll costs in respect of employees, excluding contractors and certain associates' and joint ventures' employees, and including a proportionate share of employees within joint operations.

CORPORATE SOCIAL INVESTMENT

$0.4m

Refers to all social investment spend that is not related to impact management, either from allocated budgets or established foundations.

TOTAL TAXES BORNE AND COLLECTED

$17.3m

CORPORATE INCOME TAX

$0.1m

Calculated based on profits and includes withholding taxes.

OTHER PAYMENTS BORNE

$5.8m

Other payments directly incurred by Anglo American.

TAXES COLLECTED

$11.4m

Taxes paid by Anglo American on behalf of other parties as a result of the Group’s economic activity.
RECONCILIATION OF 2017 CORPORATE INCOME TAX

In order to enhance transparency surrounding our key financial data, this disclosure provides a link between our key attributes of taxes accrued and paid as well as our effective tax rates in our key operating jurisdictions.

The income tax expense recorded in our Annual Financial Statements will differ from cash tax paid, not least owing to the tax payment instalment regimes in each of our operating jurisdictions.

TAX EXPENSE AND EFFECTIVE TAX RATE

The table below represents the statutory and underlying effective tax rates for the Anglo American Group. The purpose of the underlying effective tax rate is to exclude the impact of certain items owing to their nature and also the effect of a different basis of consolidation to aid comparability.

<table>
<thead>
<tr>
<th>Group 2017</th>
<th>Profit before tax US$ million</th>
<th>Tax (charge)/credit US$ million</th>
<th>Effective tax rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calculation of effective tax rate (statutory basis)</td>
<td>5,505</td>
<td>(1,446)</td>
<td>26.3%</td>
</tr>
<tr>
<td>Adjusted for:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special items and remeasurements</td>
<td>(159)</td>
<td>122</td>
<td></td>
</tr>
<tr>
<td>Associates’ and joint ventures’ tax and non-controlling interests</td>
<td>375</td>
<td>(373)</td>
<td></td>
</tr>
<tr>
<td>Calculation of underlying effective tax rate</td>
<td>5,721</td>
<td>(1,697)</td>
<td>29.7%</td>
</tr>
</tbody>
</table>

The effective tax rate in 2017 has reduced due to the reassessment of deferred tax balances primarily in Australia and Brazil, partially offset by the reassessment of withholding tax provisions primarily in relation to Chile and South Africa, and the impact of the relative levels of profits arising in the Group’s operating jurisdictions.

US$ million

<table>
<thead>
<tr>
<th>2017</th>
<th>Profit before tax</th>
<th>Less: Net income from associates and joint ventures</th>
<th>Profit before tax (excluding associates and joint ventures)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5,505</td>
<td>(567)</td>
<td>4,938</td>
</tr>
</tbody>
</table>

Tax effects of:

- Items non-deductible/taxable for tax purposes: 124
- Temporary difference adjustments: 108
- Historical losses with a deferred tax credit recognised this year as future profits forecast – primarily in Australia and Brazil: (305)
- Other temporary differences: 37
- Special items and remeasurements: 89

Other adjustments:

- Dividend withholding taxes primarily in Chile and South Africa: 245
- Result of difference between the UK and overseas corporate income tax rates: 353
- Prior year adjustments to current tax charge: (162)
- Other adjustments: 6

Income tax expense for the Group: 1,446

Reconciliation of taxes paid to tax expense

$ millions:

- Income tax expense per Group Financial Statements: 1,446
- Associates and joint ventures tax: 373
- Deferred tax: 119
- Total current tax: 1,700
- Additional corporation tax reflecting 100% of all operations: 1,067
- Total current tax of all operations: 2,767
- Instalments due in 2018: 429
- Payments made in relation to earlier periods: 178
- Other timing differences: 21
- Corporation tax paid: 2,537

For calculation methodology see the Alternative Performance Measures in the Group Annual Financial Statements page 194.

The underlying effective tax rate of our Australian operations was 20.4%.
BASIS OF REPORT PREPARATION

The purpose of this report is to provide an overview of the tax and economic contribution made by the Anglo American Group, as well as further transparency on how tax is managed as part of the Group’s overall commercial activities.

Unless otherwise stated, the tax data and economic contribution included in this report are based on the cash payments made by entities included in the consolidated accounts of Anglo American as at 31 December 2017. We have included 100% of the taxes and other payments to governments by these entities. The socio-economic contribution is based on the attributable proportion to Anglo American.

In general, tax data have been disclosed in US dollars in line with the Group’s functional currency for consolidated accounting purposes. Where relevant, any tax payments have been translated from the applicable local currency to US dollars at the average exchange rate for the applicable period.

As the tax data have been prepared on a cash tax basis, the relevant figures differ to those included in the Group’s financial statements prepared on an accruals basis. In general, the tax provision accrued for financial statements purposes represents the best estimate of taxes payable in respect of a period, as well as any adjustments to prior provisions. The cash tax data represent payments made to governments (refunds are excluded) in a specific calendar year, which may also be in respect of a different fiscal year for tax purposes.

PAYMENTS TO GOVERNMENTS

The total payments made to government in 2017 of $5,478.7 million are made up of the following items:

- Corporation tax $2,537.6 million
- Royalties and mining taxes $1,551.5 million
- Other taxes borne $433.6 million
- Taxes collected $1,067.0 million.

Details of the types of taxes included in the above can be found in the glossary.

Since 1 January 2015, Anglo American has been subject to the project-by-project reporting requirements of the UK Reports on Payments to Government Regulations (SI 2014/3209) and Chapter 10 of the EU Accounting Directive (2013/34/EU). These rules require that the Group prepares and submits to Companies House, the UK registrar of companies, a full analysis of tax and certain other payments made to governments in respect of extractive projects on a project-by-project basis.

Anglo American’s third report under this regime was made in a specified format to Companies House on 30 June 2018 in respect of the year ended 31 December 2017. Further disclosures will be included on the Group website and will complement our disclosure to Companies House.

There are limitations in the scope of the Payments to Governments Regulations (for example, it focuses solely on the Group’s extractive activities, excludes consumption and certain other taxes, and it is limited in application to jointly owned entities, etc.). In order to provide a better explanation of the Group’s economic contribution, we have voluntarily extended these principles in our report.

Specific differences are as follows:

- Not all categories of taxes borne by Anglo American are included within the EU Accounting Directive data; in particular indirect taxes, employer payroll taxes and transaction taxes. These taxes are included within this report.
- The EU Accounting Directive data do not include broader taxes collected by Anglo American arising from our economic activity, including employee payroll taxes. These taxes are included within this report.
- Only taxes paid by our upstream extractive operations are included within the EU Accounting Directive data therefore, any additional taxes arising from other business activities are not included. The payments are included within this report.
- The UK/EU regime applies only to entities that are controlled by Anglo American. We have included data in respect of the Group’s most significant joint ventures, including those where no single shareholder exercises control (such as Cerrejón in Colombia).

The total taxes borne amount of $4,522.7 million includes $1,400 million of payments which relate to the UK Reports on Payments to Government Regulations.
Independent assurance statement by Deloitte LLP to Anglo American plc (“Anglo American”) on the 2017 Payments to Governments submission and Other taxes borne included within the Tax and Economic Contribution Report 2017.

**BASIS OF REPORT PREPARATION**

**ASSURANCE REPORT**

**WHAT WE LOOKED AT**

**Scope of our work**
Anglo American has engaged us to perform limited assurance procedures on the company’s Group level compilation of Payments to Governments submission for the year ended 31 December 2017. The assured data appears in the Tax and Economic Contribution Report 2017 (“the Report”). Anglo American has prepared its submission in accordance with the criteria set out on page 28 of this Report.

For the year ended 31 December 2017 the assured indicators comprise:

- Total Amount of Payments to Governments for the amount of $1,400m
- Total Other taxes borne for the amount of $433m

These two indicators form constituent parts of Total taxes borne for the amount of $4,523m, shown on page 28 of this report.

**WHAT STANDARDS WE USED**

**Basis of our work, criteria used and level of assurance**
We carried out limited assurance on the selected key performance indicators in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised). To achieve limited assurance ISAE 3000 (Revised) requires that we review the processes, systems and competencies used to compile the areas on which we provide assurance. This is designed to give a similar level of assurance to that obtained in the review of interim financial information. It does not include detailed testing of source data or the operating effectiveness of processes and internal controls.

**WHAT WE DID**

**Key assurance procedures**
To form our conclusions, we undertook the following procedures:

- Interviewing management at Anglo American, and those with operational responsibility for performance of the assured indicators listed above;
- Reading and analysing public information relating to Anglo American and industry practices and performance during 2017;
- Understanding and analysing the key structures, systems, processes, procedures and controls relating to the collation, aggregation, validation and reporting of performance data being assured;
- Performing limited amount of testing to source data (such as tax returns and bank payments) to check accuracy, cut-off and occurrence of transactions; and
- Reviewing the content of the Payments to Governments and other taxes borne and collected report against the findings of our work and making recommendations for improvement where necessary.

**OUR INDEPENDENCE AND COMPETENCE IN PROVIDING ASSURANCE TO ANGLO AMERICAN**

- We complied with Deloitte’s independence policies, which address and, in certain cases, exceed the requirements of the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants in their role as independent auditors, and in particular preclude us from taking financial, commercial, governance and ownership positions which might affect, or be perceived to affect, our independence and impartiality, and from any involvement in the preparation of the report.
- We have confirmed to Anglo American that we have maintained our independence and objectivity throughout the year and in particular that there were no events or prohibited services provided which could impair our independence and objectivity.
- We have applied the International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.
WHAT WE FOUND

Our assurance conclusion

Based on our work as described in this report, nothing has come to our attention that causes us to believe that the selected Payments to Governments indicators have not been prepared, in all material respects, in accordance with the stated criteria for the year ended 31 December 2017.

LIMITATIONS

The process an organisation adopts to define, gather and report data on its non-financial performance is not subject to the formal processes adopted for financial reporting. Therefore, data of this nature can be subject to variations in definitions, collection and reporting methodology with no consistent, accepted standard. This may result in non-comparable information between organisations and from year to year within an organisation as methodologies develop. To support clarity in this process, Anglo American publish a Basis of Report Preparation, which defines the scope of each assured metric and the method of calculation. It is available on page 28 and should be read together with this assurance report.

ROLES AND RESPONSIBILITIES

Anglo American:

• The Directors are responsible for the preparation of the Payments to Governments submission, and other taxes borne and collected statements within it. They are responsible for determining Anglo American’s objectives in respect of Payments to Governments and other taxes borne and collected and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

• Provisions of such explanations that we consider necessary to carry out our work, which may include written representations from Anglo American’s senior executives.

Deloitte:

• Our responsibility is to express a conclusion on the assured indicators based on our procedures. We conducted our engagement in accordance with ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB), in order to state whether anything had come to our attention that causes us to believe that the assured indicators have not been prepared, in all material respects, in accordance with the applicable criteria.

• Our report will be made solely to Anglo American for the purpose of the Directors’ governance and stewardship. Our work has been undertaken so that we might state to Anglo American those matters we are required to state to them in this statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Anglo American for our work, for this report, or for the conclusions we have formed.

Deloitte LLP
London
25 July 2018
GLOSSARY OF KEY TERMS

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital investment</td>
<td>Capital investment is defined as cash expenditure on property, plant and equipment including related derivatives, proceeds from disposal of property, plant and equipment and direct funding for capital expenditure from non-controlling interests. Includes capitalised operating cash outflows.</td>
</tr>
<tr>
<td>Cash tax</td>
<td>The amount of tax actually paid or received by an entity in the relevant period as opposed to an accrual for accounting purposes.</td>
</tr>
<tr>
<td>Controlled</td>
<td>For the purpose of this report, control is achieved where Anglo American’s effective holding is greater than 50 percent.</td>
</tr>
<tr>
<td>Corporate income tax</td>
<td>Payments to governments based on taxable profits under legislated income tax rules. This also includes payments made to revenue authorities in respect of disputed claims and withholding taxes on dividends, interest and royalties.</td>
</tr>
<tr>
<td>Corporate social investment</td>
<td>Refers to all social investment spend that is not related to impact management, either from allocated budgets or established Foundations.</td>
</tr>
<tr>
<td>Employment tax</td>
<td>Payments to government arising from payment of remuneration to employees including wages, salaries and bonuses.</td>
</tr>
<tr>
<td>Enterprise Development</td>
<td>Enterprise development provides small and medium size enterprises, both within and outside Anglo American supply chains, with business advisory, mentoring support and access to finance and to markets. For the purposes of this report, we have shown only those jobs supported that are part of official and comparable Anglo American programmes.</td>
</tr>
<tr>
<td>Indirect tax</td>
<td>Payments to government arising from the sale of products or services including Sales Taxes, Valued Added Tax (VAT) and Goods and Services Tax (GST).</td>
</tr>
<tr>
<td>Key operating jurisdiction</td>
<td>A jurisdiction in which Anglo American has extractive operations.</td>
</tr>
<tr>
<td>Local procurement</td>
<td>Procurement of goods or services from within the same immediate area as the operation, as defined by each operation. A localised supplier is a supplier that meets the business unit criteria for localised procurement, allowing goods or services to be procured from within the same immediate area as the operation. This is defined using the same parameters and definitions as set out in SEAT Tool 2A – Profiling the Local Area.</td>
</tr>
<tr>
<td>Other payments borne</td>
<td>Taxes or other payments to governments relating to environmental policy and licensing requirements, including carbon taxes, landfill taxes, aggregate taxes, permits and other entry fees and considerations, as well as non-extractive taxes borne such as employer payroll taxes etc.</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
</tr>
<tr>
<td>------</td>
<td>------------</td>
</tr>
<tr>
<td><strong>Other non-extractive taxes borne</strong></td>
<td>Payments made that are not in relation to extractive activity. These include, but are not limited to, corporation tax and payroll taxes borne.</td>
</tr>
<tr>
<td><strong>Payments for infrastructure improvements</strong></td>
<td>Payments for the construction of infrastructure other than in circumstances where the infrastructure is expected to be primarily dedicated to operational activities throughout its useful life.</td>
</tr>
<tr>
<td><strong>Project</strong></td>
<td>Consistent with the EU Accounting Directive, a project is defined as the operational activities that are governed by a single contract, licence, lease, concession or similar legal agreements and form the basis for payment liabilities with a government. If multiple such agreements are ‘substantially interconnected’ they may be considered a project. For these purposes, ‘substantially interconnected’ means forming a set of operationally and geographically integrated contracts, licences, leases or concessions or related agreements with substantially similar terms that are signed with a government, giving rise to payment liabilities.</td>
</tr>
<tr>
<td><strong>Royalties and mining taxes</strong></td>
<td>Payments to governments in relation to both revenue or production generated under licence agreements and royalty related income taxes. This also includes payments to revenue authorities in respect of disputed claims.</td>
</tr>
<tr>
<td><strong>Taxes borne</strong></td>
<td>Payments in respect of taxes directly incurred by Anglo American as a result of its economic activity.</td>
</tr>
<tr>
<td><strong>Taxes collected</strong></td>
<td>Payments in respect of taxes by Anglo American which are incurred by other parties (e.g. customers or employees) which directly arise from the economic activity of the Group. Where a company is accounted in the Group’s Annual Report as an associate, taxes collected are included where available at the time of publication.</td>
</tr>
<tr>
<td><strong>Taxes paid</strong></td>
<td>Payments in respect of taxes by Anglo American including both taxes borne and taxes collected.</td>
</tr>
<tr>
<td><strong>Total addressable procurement</strong></td>
<td>Refers to addressable expenditure only (excludes public sector spend) and includes all supply chain related spend from third party suppliers. It includes opex- and capex-related transactions and inter-business unit procurement.</td>
</tr>
<tr>
<td><strong>Wages and related</strong></td>
<td>Payroll costs in respect of employees, excluding contractors and certain associates’ and joint ventures’ employees, and including a proportionate share of employees within joint operations.</td>
</tr>
</tbody>
</table>