



**KUMBA IRON ORE LIMITED
SUSTAINABILITY REPORT 2019**

**RE-IMAGINING
MINING TO
IMPROVE
PEOPLE'S LIVES**

KUMBA'S HISTORY



1931

- Iscor's first mine established at Thabazimbi in the Limpopo province – mainly underground mining operations

1942

- Open-pit operations commenced at Thabazimbi

1953

- Sishen, our flagship operation, established in the Northern Cape province

1976

- The South African government invested in the infrastructure to enable the export of iron ore from Sishen via the Sishen-Saldanha rail link and port facility
- This opened up a new era of growth for the iron ore business

1989

- Iscor is privatised

2001

- Iscor unbundled into two separate companies, namely Kumba Resources and Iscor

2002

- Sishen achieved ISO 14001 Environmental Management and OHSAS 18001 Health and Safety system certifications

2006

- Unbundling of Kumba Resources' iron ore assets and the re-listing of Kumba Resources as Exxaro Resources and a new Company Kumba Iron Ore, fully empowered with BEE ownership of 26%

2008

- Sishen JIG Plant (previously Sishen Expansion project) formally opened in November 2008
- Construction started on Kolomela

2011

- Kolomela, first ore produced five months ahead of schedule and within budget
- Maturity of the first phase of Envision (broad-based employee share ownership scheme) with 6,209 employees each receiving R576,045 (pre-tax)

2012

- Unprotected strike at Sishen in the fourth quarter of 2012

2013

- Finalisation of the new supply agreement with ArcelorMittal SA
- UHDMS pilot plant commissioned at Sishen in fourth quarter of 2013
- Approval of the Dingleton relocation project

2014

- Kumba granted the mining right for the rail properties at Sishen
- 47% decline in iron ore prices during the year

2015

- Further 42% decline in iron ore prices – revised strategy from volume (increasing waste and production tonnes) to a value-based (cash-generating) strategy
- Dividends suspended and restructuring of head office and support services at the mines
- Slope failure at Thabazimbi, Board approves closure of the mine
- Kumba achieved A-listing on the Global Climate Disclosure projects for water and climate change

2016

- Sishen 21.4% residual mining right awarded to SIOC
- Agreement reached to transfer ownership of Thabazimbi to ArcelorMittal SA
- Restructuring of Sishen and significant reconfiguration of the Sishen pit
- Bottoming out of the iron ore price
- Maturity of Envision II, paid R75,000 per employee (after tax) in dividends, no capital pay out due to decline in Kumba share price

2017

- Kumba best performing share on the JSE
- Reinstate dividends
- Introduce three transformation horizons to enhance our competitive position
- Largely completed the relocation of the Dingleton community, with only a small number of community members refusing to leave
- Kolomela achieved ISO 14001 Environmental Management and OHSAS 18001 Health and Safety system certifications

2018

- **Tswelolepele strategy with three horizons to achieve US\$10/tonne margin enhancement and extend the life of our assets beyond 20 years**
- **Transfer of Thabazimbi, including employees, assets and liabilities as well as the mining rights to ArcelorMittal SA, effective 1 November 2018**
- **Kolomela mining right amended to include Heuningkrantz prospecting right**



APPROACH TO REPORTING

DIRECTORS' RESPONSIBILITY

The Kumba Board, supported by the Audit Committee, has overall accountability for this report. It delegated the responsibility to oversee the reporting process to its Social, Ethics and Transformation Committee, which was assisted by a Steering Committee comprising executive managers and a dedicated reporting team. The Board collectively reviewed the content of this report and confirms that it believes this Sustainability Report 2019 addresses our material issues, and is a balanced and appropriate presentation of the sustainability performance of the group. The Kumba Board approved this report on 13 March 2020.

Buyelwa Sonjica

Chairperson: Social, Ethics and Transformation Committee

Navigating our 2019 reports

Our integrated reporting suite comprises the following reports:



Integrated Report (IR)

A succinct review of our strategy and business model, operating context, governance and operational performance, targeted primarily at current and prospective investors.



Sustainability Report (SR)

Reviews our approach to managing our significant environmental, social and governance (ESG) issues and addressing those sustainability issues of interest to a broad range of stakeholders.



Annual Financial Statements (AFS)*

Detailed analysis of our financial results, with audited financial statements, prepared in accordance with International Financial Reporting Standards (IFRS).



Ore Reserve (and Saleable Product) and Mineral Resource Report (ORMR)*

Reported in accordance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code – 2016 edition).

* Published on 18 February 2020.



Cover images

1. The small business hub in Kathu provides funding and training for aspiring SMMEs in the area. Mxolisi Mashale, a Procurement Specialist at Sishen, with Boineelo Melato, a Social and Economic Development Intern at the hub.
2. Strata Control Officer, James Banda from Kolomela, at the Kapstevl pit selecting the scan area for the ground probe SSR-FX used for monitoring high wall stability.
3. Kolomela has donated two complete prefab classrooms to Postmasburg High School.
4. Happy Olyn, pictured at his plant nursery in Kathu, is the owner of Myidea services in the Siyathemba village, which provides landscaping and cleaning services to Sishen.
5. Community members living in the town of Jenn-Haven, approximately 50km from Kolomela, being taught bricklaying. They are laying bricks on a new road in their own town as part of skills development and training. The road was funded by Kolomela.



Online

Each of these reports, with additional updated information, is available on our website:

www.angloamericankumba.com

More specific information can be found with our page reference throughout this report.

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PERFORMANCE HIGHLIGHTS

Fatality-free

SINCE MAY 2016

2018: zero ▲

NO LEVEL 3 TO 5 ENVIRONMENTAL INCIDENTS FOR FOUR CONSECUTIVE YEARS

2018: 1 ▲

R170.9 million

SPENT ON DIRECT SOCIAL INVESTMENT

2018: R120.5 million ▲

12

HIGH POTENTIAL INCIDENTS

2018: 7 ▼

25%

WOMEN IN MANAGEMENT

2018: 24% ▲

0.69

LOST-TIME INJURY FREQUENCY RATE

2018: 0.92 ▲

HISTORICALLY DISADVANTAGED SOUTH AFRICANS HELD 71% OF MANAGEMENT POSITIONS

2018: 68% ▲

R13.9 billion

SPENT ON PROCUREMENT FROM HDSA BUSINESSES

2018: R11.8 billion ▲

R2.4 billion

SPENT ON SUPPLIERS IN HOST COMMUNITIES

2018: R1.4 billion ▲



FTSE4Good

FTSE Russell confirms that Kumba has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong environmental, social and governance (ESG) practices.



In 2020, Kumba Iron Ore Limited received a rating of A (on a scale of AAA-CCC/in the MSCI ESG rating assessment).

For more information visit: www.msci.com/esg-ratings

ABOUT THIS REPORT

PURPOSE AND SCOPE OF THIS REPORT

This report seeks to provide our key stakeholders – namely our shareholders, employees, local communities, non-governmental organisations (NGOs), investment community, customers, business partners, suppliers and government – with a transparent account of how we addressed the most material sustainability issues the Company faced during 2019. The scope of this report covers our Sishen and Kolomela operations, corporate office in Centurion, the Saldanha port and our marketing activities in London and Singapore, for the period 1 January to 31 December 2019.

Our sustainability reporting criteria have been compiled in accordance with the GRI's Sustainability Reporting Standards (core compliance) and their Mining Sector Supplement. Our reporting is also aligned with the AA1000 stakeholder engagement standard, the sustainable development principles and reporting framework of the International Council on Mining and Metals (ICMM), and the principles of the United Nations Global Compact (UNGC). In addition, we have published an Integrated Report (IR),

Annual Financial Statements (AFS), and Ore Reserve (and Saleable Product) and Mineral Resource (ORMR) report. The reporting process for all our reports has been guided by the principles and requirements contained in International Financial Reporting Standards (IFRS), the IIRC's International <IR> Framework, the GRI's Standards, the King Code on Corporate Governance 2016 (King IV™), the JSE Listings Requirements and the Companies Act No 71 of 2008.

We use a combined assurance model to provide us with assurance obtained from management and from internal and external assurance providers. PricewaterhouseCoopers (PwC) has provided independent assurance over selected sustainability key performance indicators.

PwC's assurance statement is provided on page 122.

Please address any queries or comments on this report to Bheki Masondo (email: bheki.masondo@angloamerican.com).

OUR VALUES

SAFETY AND HEALTH ARE ALWAYS FIRST ON OUR AGENDA



We are committed to zero harm. We believe that all fatalities and injuries are preventable and we give our all to eliminating injuries because we value life and are unconditional about safety, health and wellbeing at work and at home.



CARE AND RESPECT

We believe in humanity and therefore show care and respect for all people and will embrace diversity in all its forms. We always treat people with respect, dignity and common courtesy – regardless of their background, lifestyle or position.



ACCOUNTABILITY

We own our decisions, actions and performance and are empowered to make choices and learn from our experiences.

We deliver on our promises and acknowledge our mistakes. Above all, we never pass blame.



INNOVATION

We challenge assumptions, seek other perspectives and pursue innovative opportunities to transform our business.



INTEGRITY

We always act honestly, fairly, ethically and transparently.

It is not about being popular; it is about always doing the right thing.



COLLABORATION

We collaborate with colleagues and stakeholders towards a common purpose and to achieve exceptional results.

Everyone – including visitors – at all our sites – must follow these four simple rules which are part of a bigger campaign that now sees Kumba achieving its longest period without a fatality.

WHEN VISITING KUMBA THE FOLLOWING RULES APPLY:



Reverse parking is compulsory.



You will be breathalysed.



No talking and texting on cellphone while walking.



Use of handrails is compulsory.



Firearms are not permitted.



CREATING AND SHARING VALUE WITH OUR STAKEHOLDERS

SHAREHOLDER AND INVESTMENT COMMUNITY



DIVIDEND POLICY, TARGET PAY-OUT
RATIO RANGE OF BETWEEN

50% and 75%

OF HEADLINE EARNINGS

DIVIDENDS PAID TO SHAREHOLDERS
IN 2019

R19.6 billion

[2018: R12.5 billion]

TOTAL DIVIDENDS PAID TO
BEE SHAREHOLDERS SINCE
KUMBA'S INCEPTION IN 2006

R34 billion

[2018: R29 billion]

COMMUNITIES



R170.9 million spent on direct
social investment in 2019

HIV-related services supplied to more
than 10,084 community members
through the Ulysses Modise (UGM)
Wellness Clinics

TB screening services supplied to
25,172 community members

CUSTOMERS



Reinforce our reputation for quality
and consistency

Product quality – average Fe content %

64.2%

Lump: fine ratio

67:33

EMPLOYEES



Total labour costs of R5.0 billion
paid to our employees

Employment of local people

Sishen – 89%
Kolomela – 69%

HDSA and women in management

HDSA in management – 71%
Women in management – 25%
Women in core mining – 20%

Training and development

Number of participants –
10,203 (90% of workforce)
Expenditure – R289 million
% HDSA – 90
% women – 46

GOVERNMENT



TOTAL TAX CONTRIBUTION

Rand million	2019
Corporate income tax	7,783
Mineral royalties	2,572
Payroll tax	1,495
Skills levy	48
UIF	22
Total	11,920

SUPPLIERS



R13.9 billion spent on procurement
from HDSA businesses
[2018: R11.8 billion]

R2.4 billion spent directly on
suppliers within host communities
[2018: R1.4 billion], with R0.2 billion
spent by major suppliers
sub-contracting to host
community businesses



WHO WE ARE

LISTED ON THE JSE LIMITED

OUR PURPOSE

Re-imagining mining to improve people's lives

OUR VISION

To be a successful and sustainable African supplier of quality iron ore to global and local markets while delivering superior value to our stakeholders

OUR AMBITION

- Eliminate fatal incidents through a culture of zero harm
- Sustainably extend the life of our assets beyond 2035
- Significantly improve margins by US\$10/tonne to remain globally competitive and sustainable
- Become the employer of choice, through a high-performance culture driven by healthy employees



To learn more about our operations see pages 64 to 66 of the IR.

WHO WE ARE

Kumba is a supplier of high-quality iron ore (64.2% average Fe) to the global steel industry. We operate primarily in South Africa, with mining operations in the Northern Cape, a head office in Centurion, Gauteng, and a port operation in Saldanha Bay, Western Cape.

Kumba has a 76.3% interest in Sishen Iron Ore Company Proprietary Limited (SIOC), an entity that we manage. SIOC, in turn, owns the operating assets of the Company.

The remaining 23.7% interest in SIOC is held by our black economic empowerment (BEE) partners Exxaro Resources Limited, a leading BEE company listed on the JSE (20.6%), and the SIOC Community Development Trust, a trust that funds projects in local communities (3.1%).

BEING A PARTNER OF CHOICE

Building lasting beneficial relationships is core to success. We are a significant employer in the region in which we operate, and we work with communities and local governments to create lasting positive change.

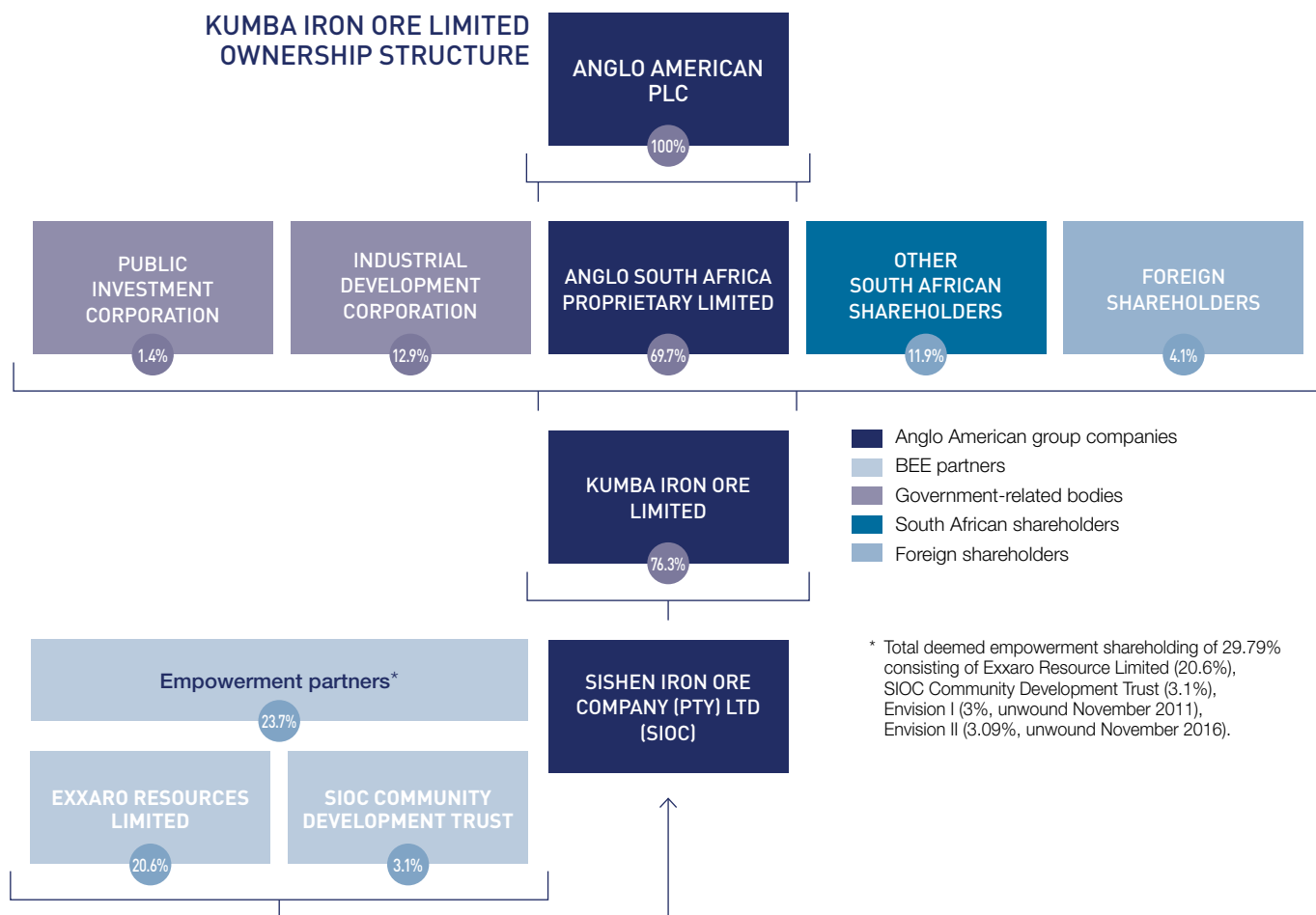
As at the end of 2019 we had 12,217 people in employment, comprising 6,107 permanent employees, 5,596 contractors and 514 learnerships.

WHAT WE DO

We mined and produced high-grade iron ore, with a Lump-to-Fine ratio of 67:33 in 2019. Export ore is shipped to customers across the globe from a port in Saldanha Bay. We also have a marketing office in Singapore, integrated with Anglo American Marketing, and one in London, wholly owned by Kumba. In total, 95% of our product is exported, and 5% comprises domestic sales. The revenue generated from these sales is used to grow and sustain the business, which shares its success with various stakeholders.



WHO WE ARE CONTINUED



AT A GLANCE

42.4 Mt

PRODUCTION

(2018: 43.1 Mt)

40.0 Mt

EXPORT SALES

(2018: 40.0 Mt)

12,217

EMPLOYEES

(2018: 12,050)

297.9 Mt

TOTAL TONNES MINED

(2018: 292.5 Mt)

2.2 Mt

DOMESTIC SALES

(2018: 3.3 Mt)

CUSTOMERS IN SOUTH AFRICA, CHINA
INDIA, JAPAN, SOUTH KOREA, EUROPE
AND THE MIDDLE EAST



SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE CHAIRPERSON REVIEW

Buyelwa Sonjica
Chairperson: Setco



It gives me pleasure to introduce Kumba's annual sustainability report and to present the Social, Ethics and Transformation Committee (Setco) review.

"Re-imagining mining to improve people's lives". This is how we define our purpose at Kumba, and across the Anglo American group. It is a bold and ambitious purpose, and comes from identifying real opportunities to make a difference that aligns closely with the United Nations Sustainable Development Goals (SDGs).

The purpose above gives a human rights context within which we should pursue our mandate. Setco's mandate is to monitor and oversee Kumba's management of, as well as performance relating to safety, health and environment. The committee also deals with the promotion of social and economic transformation to positively impact the lives of people across our workforce and in our host communities. We also have to ensure that good ethical practices are upheld. We nurture and manage talent while fostering a strong organisational culture. In this context, as we pursue our Board mandate, we put people first in recognition of human rights. This is Kumba's long-standing commitment to the Constitution and policies of South Africa and to the UN Global Compact.

At the heart of everything we do is our commitment to zero harm. It is our people who enable us to create value, and Kumba upholds a sacred covenant code to do our utmost to ensure that every employee and contractor at our operations returns home unharmed after every day's work. This year, we continue to focus on strong safety and health performance, while ensuring ongoing improvements. In embedding a culture of "stop work when it is unsafe", we have seen a positive shift through acknowledging and praising employees who voluntarily stop work they believe is unsafe. This is supported by our "I Care Buddy" initiative which instils an understanding that each person should act and care for each other in the workplace and hold one another accountable for safety behaviour. This year's annual Anglo American's Global Safety campaign has been built around the theme of Safety 365, putting our six Values – safety, care and respect, innovation, accountability, collaboration, and integrity – into action on a daily basis, at work, at home and in the community, to ensure everyone's safety 365 days a year. While it is particularly pleasing to report that we have had our third consecutive fatality-free year, regrettably,

we continue to record injuries, as well as incidents that could potentially have been fatal. The increase in high-potential incidents (HPIs) is a concern for us and we have implemented high-risk work verification and increased management oversight to reduce these incidences. There remains much to be done to maintain our fatality-free workplace and ensure safe work at all times. I am confident that with our passionate leadership, rigorous risk management processes, leading technologies and caring workforce, we will get closer to achieving zero harm. Kumba has also not had any major environmental incidents for the past four years. This is supported by our proactive approach of identifying high-potential hazards and preventing incidents before they occur.

The catastrophic tailings dam breaches in the mining industry have heightened public scrutiny of the management of tailings and storage of mineral residue. In response to this, a delegation of the Kumba Board visited Sishen and Kolomela to inspect the tailings dams and to ensure that we comply with tailings dam management requirements. Areas of improvement were identified that are required to ensure optimum risk mitigation and management has taken measures to address these issues. In response to requests from global institutional investors, Kumba published the current status information report on all four tailings storage facilities on the website.

We are encouraged to report that during the year under review Kumba saw exceptional financial results against a challenging operational environment. This report presents highlights of both challenges and achievements, including some indicators that our purpose is finding expression in all that we do. It is important to state that we are at the beginning of our inspiring journey towards delivery of the goals that are defined in our sustainability strategy.



SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE CHAIRPERSON REVIEW CONTINUED

We continue to make valuable progress in fostering a culture of inclusivity, care and performance. It is deeply heartening for me to see the great energy and commitment across Kumba. To support our team spirit and purpose, this year we revised our performance appraisal system to a team-based approach to awarding incentives as opposed to an individual-based approach. Our commitment to diversity and inclusion is reinforced through our Living with Dignity initiative, a series of interventions aimed at combating gender-based violence. This has been supported by the introduction of an Anglo American group-wide policy on bullying, harassment and victimisation. These are important developments in our holistic approach to supporting the health and wellbeing of our people. Setco has been paying particular attention to our progress in supporting employees in managing mental health-related issues. Our human resources and health support teams collaborate to better understand and respond to the challenges some of our employees face. Our employee assistance and financial wellbeing programmes are well established and well used. Our efforts to support health and wellbeing extend into our communities through diverse initiatives that continue to improve health education and access to quality medical and healthcare services and to alleviate some of the mounting pressure on health service delivery by government.

Building thriving communities with better health, education and improved employment opportunities is one of the three pillars of our sustainability approach and contribution towards the SDGs. I am proud to highlight some of the positive developments this year in our communities. Our progress in Siyathemba – the suburb we built for the relocation of the Dingleton community – is a leading example in realising opportunities. In addition to the infrastructure and cultural contributions we have provided to ensure the improvement of the livelihood and quality of life of the resettled families – which included the handover this year by our Chief Executive of 17 recreational parks and a centre for youth to the community.

The thrust of our value, as in all the communities around our operations, is through our procurement of goods and services from local suppliers. Through implementing our inclusive procurement policy over the last three years, we have increased our procurement directed at host communities from R506 million in 2017, to R2.4 billion in 2019, from more than 300 local businesses, directly impacting the lives of over 16,000 people. The tremendous importance of this in building the foundations to ensure that our host communities are able to thrive, even after mine closure, cannot be overstated. This is a key mandate of Setco.

In empowering our communities through education, this year we embarked on an ambitious education programme, in partnership with the Department of Basic Education, as part of the Anglo American South Africa Education Programme launched in 2018. We are working with 26 primary and secondary schools, to improve reading, writing and numeracy levels and pass levels by addressing some of the underlying reasons for poor education outcomes. Approximately 31 early childhood centres will be included as part of this programme. This five-year programme is specifically designed to help us meet our sustainable mining plan education stretch goals.

Looking beyond our host communities, Kumba aspires to be a trusted partner and a leader in catalysing collaborative socio-economic development. We are collaborating to address some of the complex, systemic challenges that plague the Northern Cape region. This year we came together with diverse stakeholders, including government, traditional leaders, the private sector, local communities, young people, and faith organisations – to agree on common goals and to develop a “shared value” vision for the region. This is the foundation for developing and implementing a shared value strategy. These activities form part of implementing Anglo American’s Collaborative Regional Development programme. The innovative approach starts by identifying socio-economic development opportunities with the greatest potential in a region through spatial planning and analysis. This provides a visualisation of what the future can bring and creates the catalyst for forging partnerships with a broad range of stakeholders to plan, finance and deliver those opportunities. It is about developing and realising a shared vision that supports national, regional and local planning processes and is aligned with the SDGs.

At a site level, Sishen is investing in opportunities identified to optimally use its non-operational land to benefit the mine and surrounding communities. The proposed land-uses centre around game breeding, cattle farming, conservation of land, eco-tourism and education, land restoration, and leasing and selling of land. Sishen’s Education Centre on its nature reserve, creates a wonderful opportunity for us to make a positive impact towards environmental education of the youth in the Northern Cape.

While I am thrilled to share these examples of how we are improving people’s lives, it is important that I identify some of the challenges we face and seek to address. A long-standing challenge has been high expectations from our communities for employment and procurement opportunities. While the escalation of procurement opportunities in recent years has been very

effective in mitigating expectations, it has prompted concerns and even protests at Kolomela, related to perceived unfair procurement practices. We continue to respond effectively to these concerns, by applying robust social performance management standards and maintaining constructive relationships with all local stakeholders. Another challenge we are proactively addressing is a shortage of housing at Kolomela. In terms of meeting legislative commitments, we have certain challenges, such as meeting all the conditions of Sishen's water use licences, but we do not have any major areas of concern.

We have maintained a good performance across all key areas of our environmental performance. I am particularly pleased with the progress through concurrent rehabilitation of mine impacted land. It is not only our responsibility to leave the environment in a good state for future generations, it is incumbent on us, the mining sector, to play our part in addressing collective environmental challenges. Our strategy drives a positive contribution, including through supporting community water security, promoting conservation awareness and education, and delivering positive biodiversity conservation gains. In living our purpose of re-imagining mining to improve people's lives, our progress will be driven through Anglo American's FutureSmart Mining™: technology, digitalisation and sustainability working hand in hand. FutureSmart Mining™ is our innovation-led approach to sustainable mining; towards 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.

Climate change presents a fundamental challenge to our business in the coming decades. Kumba aligns with the Anglo American 2020 energy and carbon targets, as well as the 2030 climate-change stretch targets of a 30% net reduction in absolute greenhouse gas emissions and a 30% improvement in energy intensity against a 2016 baseline. In working towards these targets, we are developing a more integrated approach to managing the social and environmental climate-related risks, recognising the importance of cross-disciplinary collaboration for effective risk management through integrated water, energy and carbon management.

In this report, you will learn more about all the issues I have touched on, and many more. I encourage you to please share your views with us, both in terms of Kumba's performance and the quality of our disclosure. Frank feedback from stakeholders is essential to foster greater accountability and helps us deliver more effectively on our sustainability goals.

In closing, I thank my colleagues on the committee, the executive team, under the leadership of Themba Mkhwanazi and Kumba's employees for their work in delivering on Kumba's sustainability commitments, and for their contribution to the encouraging performance that we have seen this year. I also wish to express my appreciation to the Board led by the Chairperson, Dr Mandla Gantsho, for its support and commitment.

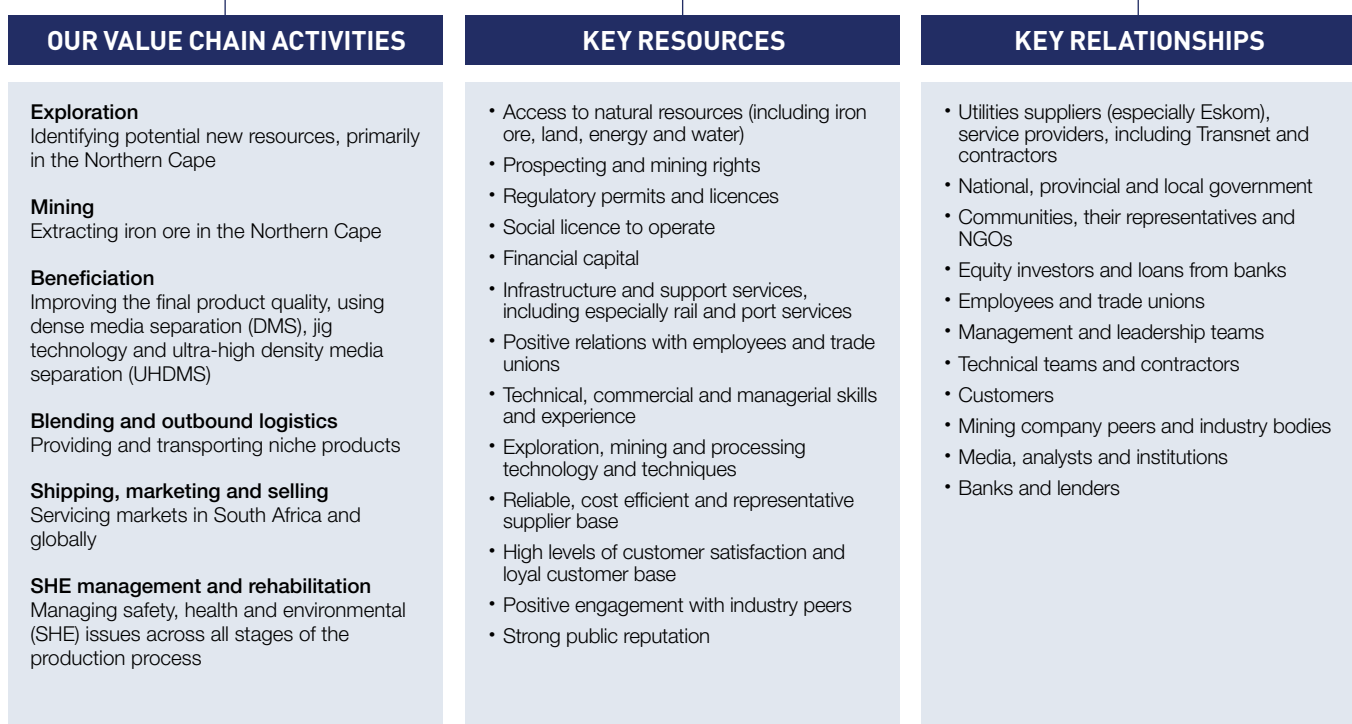
Buyelwa Sonjica

Chairperson: Social, Ethics and Transformation Committee

13 March 2020

BUSINESS MODEL AND INTEGRATED VALUE CHAIN

OUR VALUE PROPOSITION



For more information see page 14 of the IR.

For more information on capital inputs see pages 16 to 19 of the IR.

For more information on stakeholders see pages 30 and 31.

OUR TOP 10 RISKS



For more information see page 34 of the IR.

REVENUE DRIVERS

Iron ore prices

We secure a premium for higher quality ore

Iron ore sales

Volumes were lower due to demand from a local customer

Rand/US\$ exchange rate

A weaker rand boosted local revenues for US\$-based iron ore prices

POTENTIAL FOR REVENUE DIFFERENTIATION

- Ability to achieve quality and lump premia for superior ore quality (64.2% Fe versus 62% Fe benchmark)
- Price differential potential due to higher lump:fine ratio (67:33 versus global average of 20:80)
- Ability to diversify customer portfolio with sales in regions utilising direct-charge materials
- Stronger price realisation, driven by effective marketing activities
- Benefits from reduced exposure to Chinese market, as a result of increased presence in new markets
- Challenges this year in terms of reduced volume and productivity, and reduced sales to local customer

COST DRIVERS

To maintain the current value proposition

DISTRIBUTION (rail, port and freight)	LABOUR
ENERGY (liquid fuel and electricity)	CONSUMABLES
CAPITAL EXPENDITURE	MAINTENANCE
DRILLING, BLASTING AND HAULING	BENEFICIATION
MINING AND NON-MINING CONTRACTORS	CORPORATE OVERHEADS
SOCIAL INVESTMENTS	REHABILITATION

To expand the value proposition

CAPITAL EXPENDITURE	EXPLORATION	MARKETING
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POTENTIAL FOR COST DIFFERENTIATION

- Scope for differentiation through UHDS technology
- Further leverage in operating costs through enhanced operating efficiencies
- Cost savings programme targeting over R2.6 billion by 2022
- Challenges in delivering cost reductions in the supply chain
- Higher stripping ratio due to inherent characteristics of the ore body resulting in higher mining costs
- Higher costs associated with distance from ports, and Australian competitors closer to the key market in China

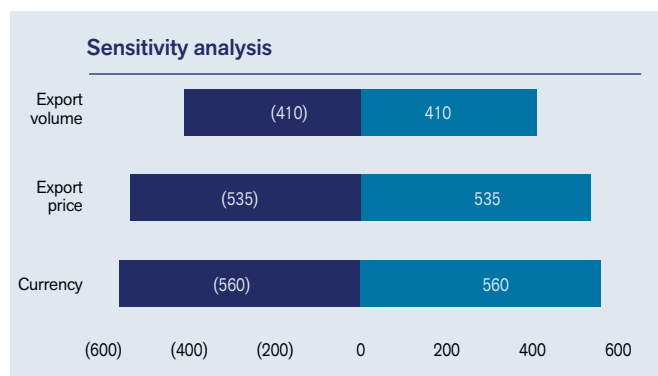
OPERATING CONTEXT: ISSUES IMPACTING VALUE

- Iron ore price volatility
- Flattening of the producer cost curve globally
- Increasing investor and civil society focus on business
- A strong sector-based commitment to eliminate fatalities, including a specific recent focus on tailings dam safety
- Group-wide drive for operational excellence and sustainable development
- Maintaining the quality of iron ore reserves and life of asset, and third-party assets we rely on, such as the Transnet life of asset
- Policy uncertainty and governance challenges in South Africa
- Announcement from ArcelorMittal SA to wind down operations at the Saldanha Steel plant

For more information see page 23 of the IR.

SENSITIVITY ANALYSIS

1% change to key operational drivers, each tested independently – EBITDA impact (R million)



Change per unit of key operational drivers, each tested independently

Sensitivity analysis	Unit change	2019 EBITDA impact
Currency (R/US\$)	R0.10/US\$	R390m
Export price (US\$/t)	US\$1.00/t	R585m
Volume (kt)	100 kt	R100m
	Unit change	Breakeven price impact
Currency (R/US\$)	R1.00/US\$	US\$3.00/t

OUTPUT

42.4 Mt (2018: 43.1 Mt) high-quality haematite iron ore, with a lump-to-fine ratio of 67:33 (2018: 68:32). This year, Sishen produced products with an average Fe content of 64.3%, and Kolomela averaged 64.1%. Our product portfolio includes niche lump products, as well as standard fines and standard lump. In terms of waste outputs, we produce rock, tailings and process water which is largely recycled.



CHIEF EXECUTIVE'S REVIEW

Themba Mkhwanazi
Chief Executive



Kumba has maintained a steady progress that has been underpinned by a relentless focus on safe and responsible production, enabling us to help build sustainably thriving communities and demonstrably improve people's lives. This, together with another year of strong financial performance and exceptional earnings growth, has further strengthened the resilience of the business. Despite challenging operating conditions, we have continued to deliver on our Tswelelopele strategy aimed at unlocking Kumba's full potential and providing superior value to our stakeholders.

DRIVING A CULTURE OF ZERO HARM

Entrenching a culture of zero harm and eliminating fatalities is a key strategic ambition, value and a top personal priority. I am pleased to report that through our comprehensive "elimination of fatalities framework" we have remained fatality-free for a third successive year and seen improvements across most leading and lagging safety indicators. While our total recordable case frequency rate increased to 2.06 from 1.80 in 2018, our lost-time injury frequency rate improved to 0.69 from 0.92 in 2018, reflecting a decrease in severity of incidents. Of concern is the number of high-potential incidents – a leading safety indicator – which increased to 12 from seven in 2018. We are continuing to drive our safety leadership and safety culture agenda with the aim of maturing the culture to "resilient" at Kolomela in 2020 and Sishen in 2021, and to embedding safety excellence across all operational sites by 2023.

Driving a culture of zero-harm remains a key sector-wide priority, with an added recent focus on tailings dam safety following the devastating tragedy at the start of 2019 at Vale's operations in Brazil, in which 270 people died. Over the last two years Kumba has participated in an enhanced collaborative effort between mining companies, unions and government, to focus on changing behaviour and improving the organisational safety culture across the sector to accelerate the elimination of fatalities. This collaborative effort has contributed to a reduction in mining fatalities in the country, from 90 in 2017 to 51 in 2019. Although this is a very welcome reduction, we still have some way to go. To further strengthen the sector's pursuit of zero harm, in October 2019 the Minerals Council South Africa launched the "Khumbul'ekhaya" initiative, a CEO-led health and safety strategy

aimed at eliminating mining fatalities within two years. At the centre of this initiative is the recognition that safety and health in the industry starts with, and depends on, the industry's leadership.

The catastrophic tailings dam incident at Vale's operations in Brazil have heightened public scrutiny of the management of tailings and storage of mineral residue. Kumba conducted an analysis of the learnings from the incident to help us understand where we can improve, and we conducted a comprehensive assessment of the tailings storage facility (TSF) risks, management and control. We are confident in the integrity of Kumba's tailings storage facilities, all of which are subject to the highest global safety and stewardship standards and operated in accordance with the South African Mandatory Code of Practice on Mine Residue deposits as stipulated by the Department of Mineral Resources and Energy.

In driving zero harm within our operations, we have also maintained a strong occupational health and environmental performance. In reducing occupational health risks, our real-time monitoring has significantly improved our understanding of our risk profiles and enabled timely dust suppression. This year, we recorded no new cases of noise-induced hearing loss or occupational respiratory disease. We did, however, have five incidents of occupational disease in 2019: three musculoskeletal cases and two cases of post-traumatic stress disorder following workplace incidents. In promoting employee wellbeing, we are placing a greater focus on identifying and supporting employees experiencing mental health challenges. It is pleasing to report that in mitigating our impacts on the environment, for a fourth consecutive year we had no level 3 to 5 environmental incidents.

Kumba is a recognised leader for its TB and HIV/Aids programmes in the workplace and our performance is in line with World Health Organisation and South African government expectations. Through committed efforts on HIV testing and treatment we are making good progress towards achieving the UNAIDS 90/90/90 targets for 2020. We also focus on TB testing and prevention and have a low TB incidence rate of 184 per 100,000 of our employees and contractors.

GROUP-WIDE DRIVE FOR SUSTAINABLE DEVELOPMENT

As part of Anglo American, Kumba shares the group's commitment to FutureSmart Mining™, an innovation-led approach aimed at delivering step-change innovations that will transform the mining sector, ensuring that we are better harmonised with the needs of our host communities and society as a whole. Kumba's sustainability strategy is guided by Anglo American's Sustainable Mining Plan. Launched in March 2018, following extensive internal and external engagement and an analysis of critical opportunities and risks, the strategy has ambitious stretch goals targets aligned with the UN Sustainable Development Goals. The Anglo American Sustainability Integration Team is supporting Kolomela and Sishen with developing and implementing bespoke five-year plans that are aligned with the global sustainability pillars, stretch goals and targets, but responsive to the local context, priorities and opportunities.

This year, Kolomela began implementation of the initial phases of its five-year Sustainable Mining Plan (SMP) that was developed towards the end of 2018 as part of the pilot processes led by Anglo American. We have been conducting baseline assessments in the social, health and environmental space where Kolomela operates, to establish baseline data that will assist in identifying and prioritising the potential options to implement the SMP requirements in the most effective, efficient and sustainable way. Sishen will be developing its five-year plan in 2020.

We are encouraged by the positive external recognition of our strong management of environmental, social and governance (ESG) issues as reflected in several global rankings by leading agencies.

VALUING OUR PASSIONATE WORKFORCE

To deliver on our strategic ambition of becoming the employer of choice in the South African mining sector, we have been taking decisive steps over the last two years to develop and embed an organisational culture that fosters safety, diversity, innovation and performance, underpinned by our commitment to employee engagement and support.

Through our various leadership and culture initiatives we have made pleasing progress in fostering an experienced and sufficiently diverse leadership team that demonstrates values-driven behaviour. In driving our diversity and inclusion process, this year we launched our Living with Dignity programme, supported by a new policy on bullying, harassment and victimisation. At management level, 71% of our workforce are historically disadvantaged South Africans, while women make up 23% of the total workforce. Although we made some progress this year in promoting diversity, including appointing three black females into senior positions, we face significant competitive pressures in attracting and retaining top skills and diverse talent.

We have continued to maintain strong employee relations, reflected in an employee turnover rate of 3.37% (well below the 7.6% industry benchmark), as well as in the positive feedback we received through our 2019 employee engagement survey. We have not had any industrial action at our operations since 2012. Our broad-based employee share ownership scheme, "Karolo", introduced in July 2018 for permanent employees below middle and senior management level, has been well received, with a 99.4% acceptance rate. Our employee relations are strengthened by our constructive relationship with national, provincial and local government through regular engagement, strong regulatory compliance, and encouraging performance on transformation and developmental objectives.

PROMOTING RESPONSIBLE ENVIRONMENTAL STEWARDSHIP

In ensuring responsible environmental stewardship, we engage regularly with government at all levels to ensure compliance with environmental authorisations and related requirements, including any instances of environmental incidents or grievances. Our approach to positively impacting the environment includes supporting community water security, promoting conservation awareness and education, and delivering positive biodiversity conservation gains.

This year we received 20 environmentally-related community grievances relating mainly to groundwater levels and dust. We continue to make good progress in mitigating dust emissions at our mining operations and no water source or habitat has been materially negatively affected by our extraction and use of water. We recharge about 36,000 m³ of clean mine water each month into underground aquifers neighbouring Kolomela. We also continue to increase the water reuse rate at our operations with the aim of achieving an 85% reuse rate by 2030.



CHIEF EXECUTIVE'S REVIEW CONTINUED

Addressing climate change and reducing the carbon footprint remains a key aspect of our sustainability strategy, a central aspect of our approach is the energy and carbon management (ECO₂MAN) programme, which we have been implementing at our operations since 2011. The programme is centred on identifying and carrying out projects to reduce energy use and greenhouse gas emission. We achieved a 9.03% energy saving against business-as-usual (against a targeted 10.6%). South Africa is facing a renewed electricity security crisis. Our operations monitor the situation constantly and have emergency preparedness plans in place, including protocols to minimise the impact of sustained unplanned power station outages and load curtailment requests from national power utility, Eskom. We are making encouraging progress towards generating our own power, including potentially developing an energy vault at Sishen and implementing a solar PV installation.

MAKING A POSITIVE SOCIAL CONTRIBUTION

Inspired by our purpose and ambition to re-imagine mining to improve people's lives, we are committed to ensuring harmonious co-existence with host communities and to working collaboratively with our suppliers, communities and partners to ensure the development of thriving, healthy and inclusive communities beyond mining. We have a generally encouraging relationship with our host communities, enhanced by active engagement and provision of economic opportunities, infrastructure and services. In striving to ensure that our host communities are able to remain sustainable beyond life-of-mine, we place an emphasis on progressively increasing levels of procurement from localised suppliers, supported by our supplier and enterprise development initiatives. In 2019, we spent R2.4 billion on localised procurement with more than 300 suppliers surrounding our mining operations, supporting about 2,800 jobs. We aim to increase our spend with localised suppliers to R3 billion in 2020. In 2019, our total B-BBEE procurement spend was R13.9 billion, accounting for 81% of our discretionary payments. We spent R170.9 million on social investments, including in health, education and infrastructure projects. We recruit 91% of our employees from local areas.

Kumba continues to foster a strong, trusting relationship with the community that we successfully relocated, in accordance with IFC standards, from Dingleton to the purpose-built suburb of

Siyathemba in Kathu. In supporting a thriving community, a personal highlight for me this year was to officially hand over 17 recreational parks and a youth centre to the community. The multi-purpose centre will promote further opportunities for children and young people to access sporting, cultural and learning activities.

As part of implementing Anglo American's Collaborative Regional Development Programme, we have partnered with various stakeholders – including government, traditional leaders, the private sector, local communities, and faith organisations – to develop a shared vision for the Northern Cape region. Next year will see the start of implementing a Northern Cape Shared Value strategy. Supporting these efforts, Kolomela has conducted a new socio-economic baseline assessment of the area where it operates, as part of its five-year Sustainable Mining Plan.

POLICY UNCERTAINTY AND GOVERNANCE CHALLENGES IN SOUTH AFRICA

Despite some recent positive developments, structural challenges in South Africa remain a concern. South Africa's depressed economy, high unemployment, electricity load-shedding and persistent concerns with the viability of state-owned enterprises, are having a profoundly negative impact on business, consumer and investor sentiment. From a policy and regulatory perspective, although the revised 2018 Mining Charter has provided much needed clarity on certain provisions, and addressed some of the mining sector's concerns on earlier drafts, significant uncertainties remain regarding the application of certain key provisions, as well as on the implications of the government's support for the expropriation of land without compensation.

Kumba has a strong track record of contributing to South Africa's development and transformation objectives, and remains fully committed to delivering in this area, including through our ambitious FutureSmart Mining™ and Sustainable Mining Plan commitments. We will continue to engage constructively with government and other stakeholders to identify solutions aimed at optimising the distribution of value inherent in the country's mineral resources, and contributing to a more stable policy and governance environment.

ADDRESSING STAKEHOLDER INTERESTS

We maintain regular, proactive and meaningful engagements with our key stakeholders to develop trusted relationships. This provides an important foundation for delivering on our goal of creating and sharing prosperity across our value chain. I am especially proud of the very constructive relationship Kumba has with the Department of Mineral Resources and Energy (DMRE), which has been very supportive regarding our permitting requirements.

We host stakeholder days every two years, in which we bring the boards of directors and executive teams from Kumba and Sishen Iron Ore Company (SIOC) together with national, provincial and local government representatives, labour unions, host community groups, civil society representatives, suppliers, and business and development partners, to discuss the company's performance on sustainability and transformation. Our next stakeholder day is scheduled for the first half of 2020. Feedback received through these events informs our strategic response. We continue to experience some frustrations expressed by local business forums regarding unmet expectations on economic opportunities. We respond to all community complaints, which relate mainly to environmental impacts, with care until resolved.

IN APPRECIATION

The positive results this year reflect the quality both of the leadership team and the amazing people across the Company. Every step of our progress is underpinned by our people. I thank everyone within the organisation, including contractors and service providers, for their contribution. Together we are enabling Kumba to become stronger and more sustainable, for the benefit of all stakeholders.

Themba Mkhwanazi
Chief Executive

13 March 2020



MEASURING PERFORMANCE

for the year ended 31 December

KEY PERFORMANCE INDICATORS (KPIs)	TARGET	OUTCOME	2019	2018	2017
<div> SAFETY AND HEALTH </div>					
Work-related fatal injuries	Zero harm	✓	0	0	0
Total recordable case frequency rate	15% year-on-year reduction against three-year baseline average performance	✗	2.06	1.80	3.23
New cases of occupational disease	Year-on-year reduction	✗	8	5	2
Employees potentially exposed to noise over 85dB(A) (%)	Year-on-year reduction	✗	10.1	8.6	6.0
Number of employees who know their HIV status (%)	More than 90% of employees by 2020	✓	92	91	92
Number of employees enrolled in HIV disease-management programmes	More than 90% of HIV-positive employees by 2020	✗	87	86	78
<div> ENVIRONMENT </div>					
Energy consumption (million GJ)	2030 stretch target – 30% improvement in energy intensity against the 2016 baseline	✓	8.78	8.85	8.94
GHG emissions (Mt CO ₂ -equivalent)	2030 stretch target – 30% net reduction in absolute greenhouse gas emissions	✗	0.99	0.96	1.00
Total water withdrawals (million m ³)	2020 target of 75% reuse of water	✓	30.0	30.8	33.20
Number of level 3, 4 or 5 environmental incidents	No level 4 or 5 environmental incidents	✓	0	0	0
<div> Positive outcome Neutral outcome Negative outcome </div>					

KEY PERFORMANCE INDICATORS	TARGET	OUTCOME	2019	2018	2017
<div> SOCIAL </div>					
Procurement from HDSA businesses (R billion)	—	✓	13.9	11.8	9.3
Local procurement (R billion)	R2 billion	✓	2.4	1.4	0.5
Compliance with the Social Way (% compliance)	100% compliance	✓	100	76	79
<div> PEOPLE </div>					
Voluntary labour turnover (%)	<5% turnover	✓	3.4	4.1	4.4
Women in leadership positions (%)	To drive increased participation of females at senior levels of the organisation	✓	25	24	22



▼ Valencia Sedumedi, a Fuel Bay Operator at the Kolomela's heavy vehicle maintenance workshop, with intern Bonolo Nels.



BUSINESS AND SUSTAINABILITY STRATEGIES

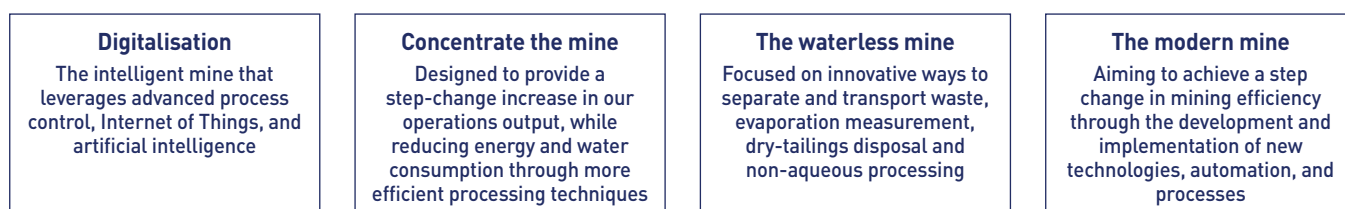
Sustainability is at the heart of our decision-making: it is how we do business

Our purpose is to re-imagine mining to improve people's lives. Kumba, as part of Anglo American, is well positioned for 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™: RE-IMAGINING THE FUTURE OF MINING

One of the most explicit ways in which we are living up to our purpose – to re-imagine mining to improve people's lives – is through Anglo American's FutureSmart Mining™: technology, digitalisation and sustainability working hand in hand. FutureSmart Mining™ is our innovation-led approach to sustainable mining. These are the step-change innovations that will transform the nature of mining – how we source, mine, process, move and market our products – and how our stakeholders experience our business. It is about transforming our physical and societal footprint.

As part of FutureSmart Mining™ we are investing significantly in the following initiatives:



BUSINESS STRATEGY

Our business strategy, known as "Tswelopele" (Ore to Awe) – aims to unlock our full potential and deliver value for all stakeholders. Our strategic response has four ambitions:



To achieve these ambitions, we have structured our strategy around three time-based transformation horizons, with key strategic focus areas and key enablers to realise our ambition.

 For a detailed review of our strategy please refer to page 4 of the IR.

Our sustainability strategy complements our Tswelopele strategy to ensure that we deliver sustainable value to our stakeholders and ensure our resilience and agility. Our mines will implement Sustainable Mining Plans that will ensure that we deliver outstanding sustained business results across all seven of our pillars of value, without compromise – safety, environment, social, people, production, cost/margin, and returns/financial.

SUSTAINABILITY STRATEGY

Our sustainability strategy is guided by the Anglo American approach. The Anglo American Sustainable Mining Plan (SMP) was launched in March 2018 and is designed to drive business efficiencies, resilience and agility. The approach is the result of rigorous and far-reaching consultation. Developed through extensive internal and external engagement and analysis of critical opportunities and risks, the strategy is aligned with the UN Sustainable Development Goals (SDGs).

Having assessed the Group's activities against the SDGs, and having identified the areas where we either have material impact or where we can make a material difference, at the centre of the SMP are three global sustainability pillars:



Under each of these, are three stretch goals. These are designed to challenge us to lead and innovate, to deliver on them between now and 2030. The targets are underpinned by a set of critical foundations, or mandatory high standards, that apply across our business and are essential to our long-term success.

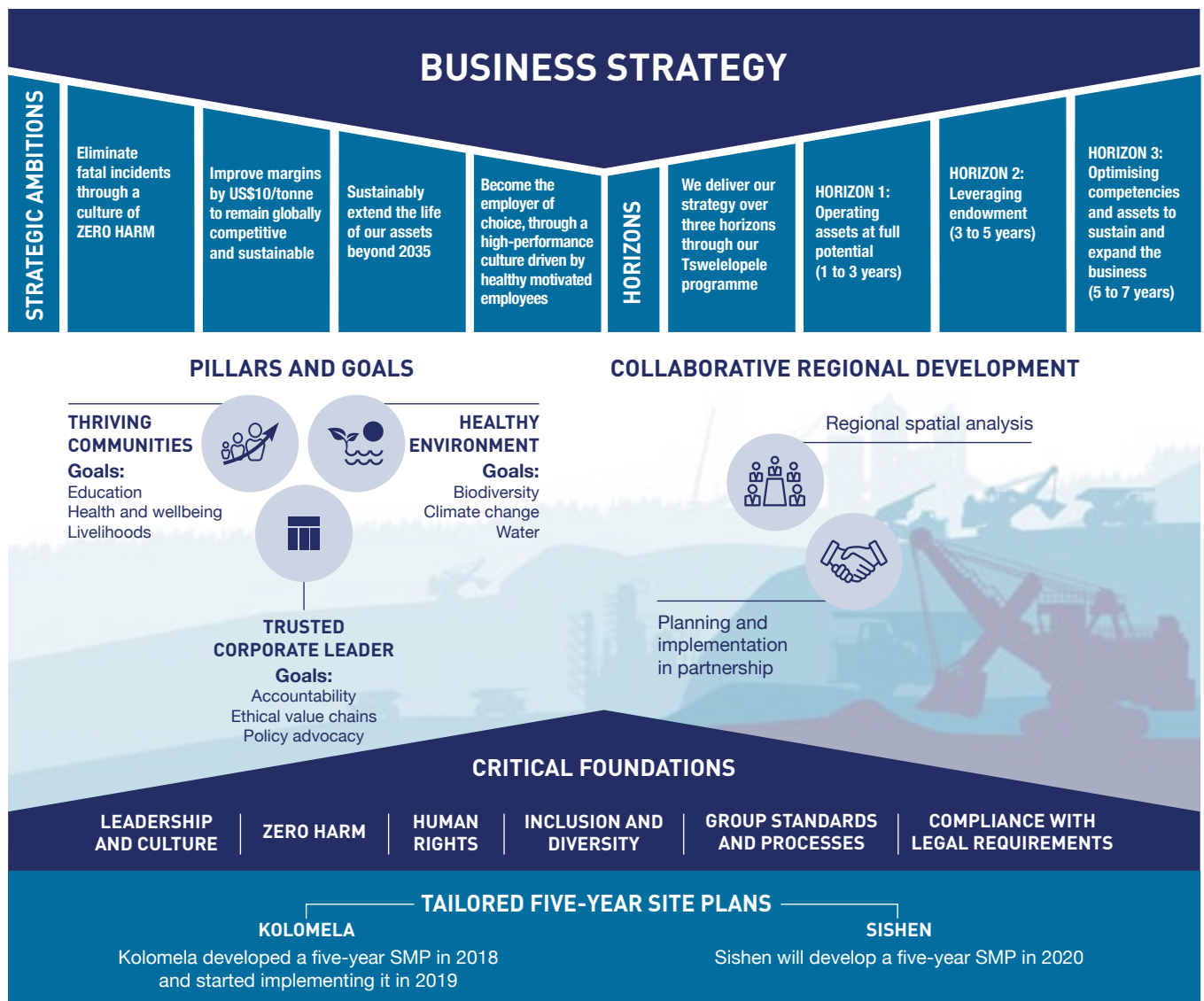
The Anglo American Sustainability Integration Team is supporting Kolomela and Sishen with developing and implementing their tailored sustainable mining plans. These bespoke five-year plans will be flexible and responsive to their local context, priorities and opportunities, but aligned to the global sustainability pillars, stretch goals and targets.

Kolomela developed its five-year SMP towards the end of last year as part of the pilot processes led by Anglo American. We successfully implemented the initial phases of the plan during 2019. The focus has been on conducting baseline assessments in the social, health and environmental space where Kolomela operates, to establish baseline data that will assist in identifying and prioritising the potential options to implement the SMP requirements in the most effective, efficient and sustainable way. Sishen will develop its five-year plan in 2020.

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

Kumba's alignment with the Anglo American SMP model is illustrated below.

SUSTAINABLE MINING PLAN MODEL

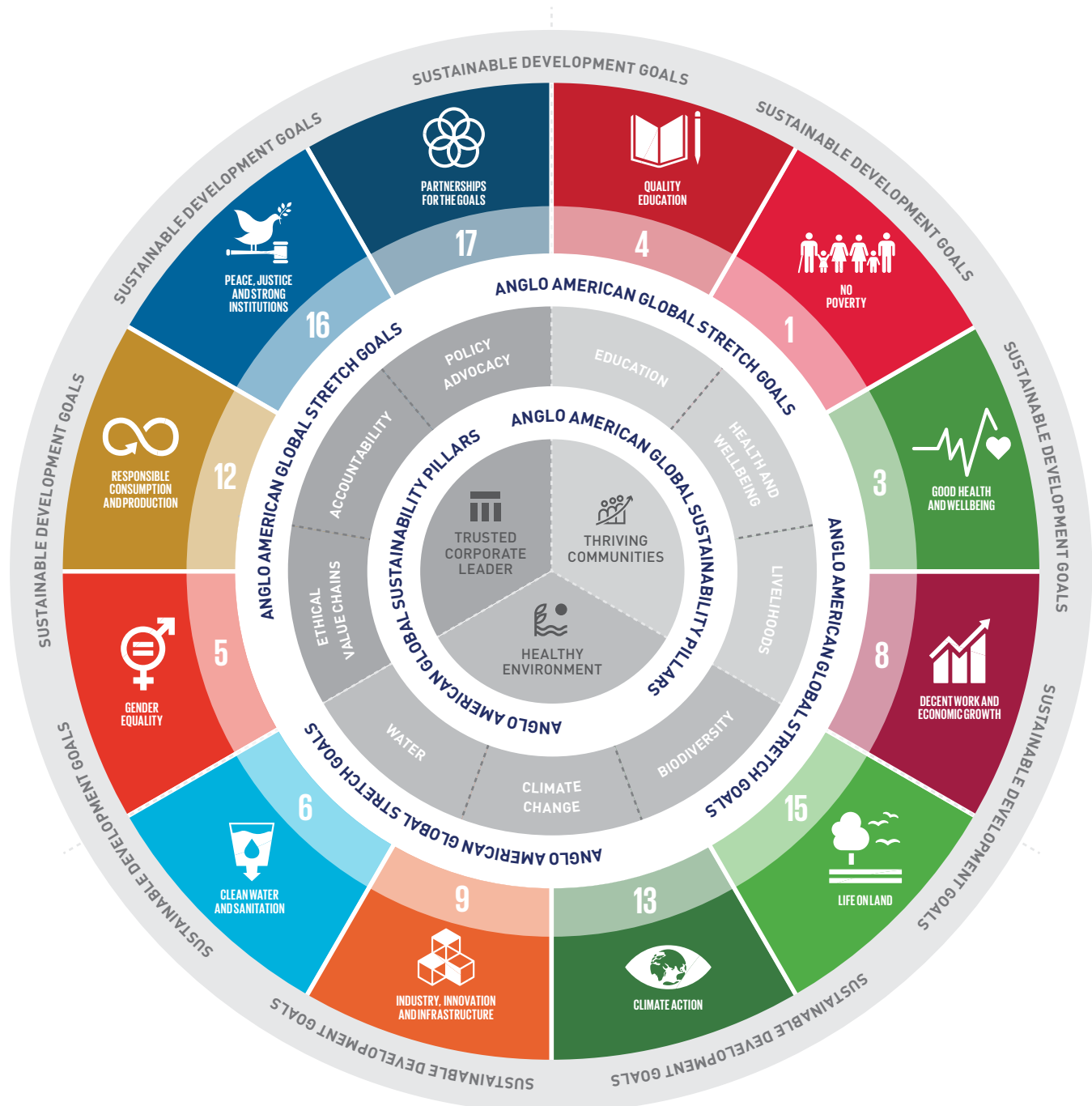


BUSINESS AND SUSTAINABILITY STRATEGIES

CONTINUED

Our sustainability strategy and the SDGs are complementary, as illustrated by the diagram below showing how the stretch goals under our strategy are aligned with at least 12 of the 17 SDGs. This gives us the basis for a common language and vision to work with other stakeholders on how best we direct our efforts to achieve wider developmental impact.

An overview of our contribution towards the 12 SDGs most relevant to us is provided in the appendix (page 114).





GOVERNANCE AND MANAGEMENT APPROACH

Entrenching our sustainability best practices in our core business processes

Our approach to sustainability is underpinned by a well-defined process for identifying and evaluating the risks and opportunities that are most material to the business.

 This process is reviewed in our IR (pages 34 to 43).

GOVERNANCE

The role of the Kumba Board of Directors is to promote the long-term success of the business with integrity, ethically, with fairness and transparency, while taking into account the interests of its various stakeholders. Directors steer the Company in the right direction through a combination of strategy, effective leadership and sound corporate governance. Our Board of Directors remains committed to adhering to the highest standards of corporate governance and ethics as per King IV™, the Companies Act, the JSE Listings Requirements, other applicable regulations, and governance frameworks.

The Board delegates the promotion of overall sound governance to the Nominations and Governance Committee and responsibility for the governance of sustainability to its Social, Ethics and Transformation Committee (Setco), chaired by Buyelwa Sonjica. The committee is tasked with overseeing that Kumba is a responsible corporate citizen, ensuring that the Company attains its goals relating to the management of safety, health and the environment, as well as social, transformation, permitting, regulatory compliance, risks and opportunities and ethics across the Company. Its responsibilities include developing sustainable development policies and guidelines to manage these focus areas, monitoring performance against key indicators, and facilitating stakeholder participation, cooperation and consultation on key issues. Following the disbandment of the Risk and Opportunities Committee in May 2019, the Setco terms of reference were amended to incorporate the risk and opportunities component as part of the committee's roles, responsibilities and functions.

In 2019, the Setco met four times and focused on the following critical areas:


- Reviewing performance on safety, through the implementation of the elimination of fatalities framework and the culture of zero harm programme
- Overseeing progress with the Dingleton resettlement project
- Occupational health/hygiene, in particular management of mental health, and dust and carcinogens
- Rehabilitation and integrated planning
- Environmental management, with a focus on tailings storage facilities, and water and energy usage
- Stakeholder engagement, transformation and community development


- Permitting
- Regulatory compliance
- Risks and opportunities pertinent to Setco
- Ethics

The Chief Executive and executive heads of safety, health and environment, corporate affairs and human resources attend the Setco meetings as invitees, to provide updates on the above-mentioned critical areas and any other related business of the committee.

Each year, the Nominations and Governance Committee conducts an assessment of the Board's performance and of the appropriateness and effectiveness of its committees, procedures and processes. In addition, an external assessment is performed every three years that includes personal interviews with individual directors. An external assessment was carried out in October 2019 and included an evaluation of the performance of the Chairperson, the performance of the chairpersons of all the committees, and the performance and independence of retiring directors eligible for re-election in 2020. The Chairperson of the Board also had individual face-to-face feedback sessions with the chairpersons and members to discuss the outcomes of the evaluation.

Kumba's Chief Executive and his executive management team (Exco) are accountable for the day-to-day sustainability management and performance and all aspects of our overall strategy. Sustainability performance indicators and the achievement of targets influence the performance-based remuneration of senior executives. The Company takes a collaborative approach to ensuring sustainability across the various functions and to delivering on sustainability performance objectives.

 For further information on our remuneration practices, refer to the remuneration section of our IR (page 96).

 A detailed review of Kumba's corporate governance structures and practices is provided in our IR (pages 77 to 95). Our performance against our sustainability governance requirements is reviewed in the material issues section of this report (pages 32 to 103).



GOVERNANCE AND MANAGEMENT APPROACH

CONTINUED

Our internal sustainability engagement forums include:

COMMITTEE	MEMBERSHIP	FOCUS
Setco	Board members Chief Executive Exco	Ensure that the Company's activities positively impact its many stakeholders, including employees, communities, members of the public, as well as the environment, and report on Kumba's performance to our shareholders on an annual basis
Management Risk Committee	Exco Bulks Chief Financial Officer Site general managers	Understand, mitigate and manage key risks and to ensure recognition of opportunities in an integrated manner
SHE steering committee	Exco Site general managers Subject matter experts	Embed the elimination of fatalities framework through reviewing trends, benchmarking and identifying and realising opportunities for learning and improvement
Social Way steering committee	Exco Sishen leadership team Kolomela leadership team	Promote an integrated and cross-functional approach to managing social performance risks and impacts, and align with new policy requirements
Transformation steering committee	Exco	Review and report on progress against targets as specified in the relevant transformation regulations, the Kumba transformation strategy, and transformation roadmap
Permitting steering committee	Exco Subject matter experts Site general managers	Steer progress on permitting at Kumba
Rehabilitation steering committee	Senior management Subject matter experts	Review and report progress on rehabilitation at the operations

Our external sustainability engagement forums include: Accountability forums; Anglo Tripartite Forum; Minerals Council; ICMM.

KUMBA'S SUSTAINABILITY GOVERNANCE FRAMEWORK

Legislation, including:	Kumba's policies, including:	Anglo American group policies and guidelines on stakeholder engagement, including:	Commitments, international standards, and voluntary compacts, including:
<ul style="list-style-type: none"> • MPRDA • Mining Charter • Labour Relations Act • Employment Equity Act • NEMA • Mine Health and Safety Act • National Water Act • Companies Act requirements 	<ul style="list-style-type: none"> • Human rights policy • Safety, health and environment (SHE) policy • Bullying, harassment and victimisation policy • Stakeholder engagement policy and strategy • Social investments and donations policy • Inclusive procurement policy 	<ul style="list-style-type: none"> • Anglo American group Code of Conduct • Anglo American group Social Way • Anglo American group business integrity policy • Anglo American group SEAT • Anglo American Responsible Sourcing Standards for Suppliers • Anglo American SHE Way • Anglo American Sustainable Mining Plan • Anglo American technical standard for mineral residue facilities and water management structures 	<ul style="list-style-type: none"> • King IV™ • AA1000SES • IFC environmental and social performance standards • GRI • ISO 9001 • ISO 14001 • OHSAS 18001 • ICMM principles • UNGC • UN Voluntary Principles for Human Rights • JSE Listings Requirements

MANAGEMENT APPROACH POLICIES AND PROCEDURES

Our sustainability standards are articulated in the Anglo American Safety, Health and Environment (SHE) Way, as well as the Government Relations and Social Ways. The “Ways” set out the vision, principles, policies, management system requirements and performance expectations for managing our core sustainability risks and opportunities. All service providers acting on our behalf are expected to adopt and follow our group standards and policies.

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

Kolomela and Sishen conduct annual self-assessments against the requirements of the Ways and group technical standards. We develop and implement site-specific action plans to address areas requiring improvement. The SHE Way gap analysis conducted at Sishen and Kolomela in 2018 identified an 18% gap in meeting requirements. Action plans were developed to address these issues and progress with implementation was tracked monthly. By year-end all actions had been closed out.

Our compliance with the Social Way is reviewed on page 59.

Anglo American’s industry-leading minimum permitting requirements (MPR) programme is a cross-cutting permitting practice. It supports operations in timeously obtaining the right permits and complying with the conditions of existing permits. In 2019, all our operations completed a self-assessment against the MPR and are implementing detailed action plans to close gaps identified. Operations are using Flexicadastre to catalogue all the necessary legal and permitting requirements to manage the associated activities.

Through our responsible sourcing programme, we aim to ensure that those we do business with follow a set of minimum standards of responsible business conduct that are comparable to what we expect of ourselves. Our approach in this regard is guided by the Anglo American Responsible Sourcing Standard for Suppliers.

RISK MANAGEMENT

The implementation of the Anglo American operational risk management (ORM) process supports integrated risk management by providing operational managers with a means of identifying, prioritising and controlling the risks that threaten their ability to meet objectives. The achievement of targets relating to ORM influences the performance-based remuneration of senior executives.

The process manages operational risk through the implementation of four layers:

Layer 1 – Baseline risk management: Looks across the entire operation systematically to identify priority unwanted events, analyse them, and determine the relevant accountabilities.

Layer 2 – Issue-based risk management: Addresses those priority unwanted events that require detailed evaluation. For this purpose, we use the risk assessment techniques best suited to the nature of the risk.

Layer 3 – Task-based risk assessments: Develops effective safe work and task expectations, such as guidelines, operating procedures and/or job plans. Tasks that do not have adequate standard operating procedures are reviewed to ensure that the related risks are as low as reasonably practicable. Routine and non-routine tasks are subject to specific risk assessment prior to beginning the task.

Layer 4 – Continuous risk management: Ensures that everyone stops and thinks, proceeding with a task or activity only once safe (as low as reasonably practicable) to do so. Continuous risk assessment is used by all to reduce risks to acceptable levels, as well as to identify, correct and report workplace issues, including those emanating from at risk behaviour and/or unsafe conditions.

A great deal of focus is placed on critical control management. Critical controls are those controls that significantly influence the likelihood and/or consequence of an event and if removed they will significantly influence the risk rating. They are controls that are critical to the integrity of the overall system.



GOVERNANCE AND MANAGEMENT APPROACH

CONTINUED

SETCO RISK OVERSIGHT PORTFOLIO EXPANDED

Following the disbandment of the Risk and Opportunities Committee, the risk profile of the Company was disseminated across the various Board committees. As a result, the risks for which Setco would be responsible included the following with their corresponding rankings on the complete profile:

RESIDUAL RISK RATINGS

CONSEQUENCE TYPE

Likelihood	Insignificant	Minor	Moderate	High	Major
Almost certain		6	7	1	
Likely		9	2 5	3	
Possible			8	4	
Unlikely					
Rare					

RISK

- 1 Safety and health
- 2 Dingleton resettlement
- 3 Socio-economic challenges
- 4 Legislation and regulatory changes
- 5 SIOC empowerment status

- 6 Regulatory authorisations
- 7 Environment
- 8 Stakeholder relations
- 9 Fraud and corruption


The identified catastrophic risks relevant to Setco included the following:

1. Slope failure or dump failure
2. Tailings storage facility failure
3. Fire and explosion

Assurance

Our Sishen and Kolomela operations are certified to the requirements of ISO 14001: 2015, the environmental management systems standard and OHSAS 18001, the occupational health and safety management systems standard. Key sustainability data are externally assured as part of the assurance process.

Various internal and external review and assurance programmes ensure that priority unwanted risks are identified and that adequate controls are in place to manage them.

 A detailed review of our risk management practices is provided in our IR (pages 34 to 43).

BUSINESS CONDUCT CODE OF CONDUCT

The Anglo American Code of Conduct (Code) guides our overall approach to doing business. It aims to ensure that every member of our organisation upholds our Values in all we do and influences

our key stakeholders to do the same. The Code remains a key consideration within Kumba, requiring leadership stewardship in ensuring that there is an ethical tone demonstrated at the top. The Code provides guidance on how to make the six Anglo American values practical.

The Kumba Leadership Code is derived from the Code and forms an integral part of our business strategy (Tswelopele) linked to our “leadership and culture” and “Get Home Safe” drives. The table on the next page identifies some of the initiatives we implement that support the living of our Values and Code of Conduct.

The Code has been made available to all employees and contractors at Kumba and associated awareness materials and training provided. The Code and the business integrity policy form an integral part of our operational agreements with suppliers and service providers.

OUR VALUES AND SUPPORTING INITIATIVES

This year we implemented an awareness campaign to refresh our people's awareness of our Company values and the behaviours that support each of these values. To help us live our values we put all six at the heart of our annual Global Safety Day programme. This builds on both the values awareness activity and last year's focus on safety leadership by challenging us all to put our Values into action on a daily basis.

INITIATIVES	OBJECTIVES	PAGE REFERENCE
 CARE AND RESPECT		
Anti-bullying campaign	Create awareness against bullying and harassment behaviour	53
Have your say survey	Provide an opportunity for employees to express their views on working for the Anglo American group, in turn informing interventions to address concerns, expectations and suggestions	26
Mental health workshops	Create awareness and provide support on how to avoid or deal with mental-health related challenges	46
ManUp campaign	Promote behaviour against gender-based violence	55
Inclusion and diversity workshops	Create awareness on inclusion and diversity through dialogue in teams, to reduce instances of bias and discrimination	52
 SAFETY		
Hidden heroes training and campaign	Promote safety (through anonymous reporting of safety risks) and awareness	27
Global Safety Day campaign	Strengthen our safety culture	27
My Sacred Covenant Code	Entrench a commitment to honour our set of life-saving behaviours	38
Minerals Council's CEO Zero Harm Forum "Khumbul'ekhaya" initiative	Support the industry initiative to drive and sustain the mining industry's pursuit of zero harm, with a particular emphasis on eliminating fatalities	33
 INTEGRITY		
Living with Dignity interventions	Eliminate sexual and gender-based violence and harassment at work, at home, in our schools and our communities	55
YourVoice/Hidden heroes	Provide a platform (whistleblowing line) to raise or report matters of concern about unethical business conduct or unsafe behaviour	26
Business integrity online training	Promote awareness on the guidance to ensure that we conduct business in an ethical manner and act with integrity	26
Conflict of interest classroom training	Promote awareness on conflicts of interest that employees may be exposed to	26
Cyber security training	Promote awareness around cyber security, information technology acceptable use policy	n/a
 ACCOUNTABILITY		
Refreshing of our values	Promote awareness of the values through the relaunch of the refreshed values to revive awareness of values in line with the Code of Conduct	24
Leadership Code rollout	Promote accountability through the Leadership Code for all employees to act as leaders in their respective line of duty	51
 COLLABORATION		
Tswelopele Day	Outline the organisational strategic trajectory	18
Team Plus way of work and performance management system	Introduce the team-based performance management system	52
 INNOVATION		
Kumba Mobi-App	Improve efficiency through enhancing the use of technology	33
Technology Day	Promote the use of technology in our operations to improve safety and efficiencies	42



GOVERNANCE AND MANAGEMENT APPROACH

CONTINUED

BUSINESS INTEGRITY POLICY AND STANDARDS

Kumba has a zero-tolerance approach to unethical and corrupt practices, and every member of our organisation is accountable for ensuring that our values are always upheld in all we do. Kumba's leadership supports the Code of Conduct through various initiatives and demonstrates an ethical tone at the top. Kumba's ethics function monitors ethics-related issues through the Management Ethics Committee, chaired by the Company Secretary, which is mandated to oversee the implementation of the Board's ethics policies and procedures. The Committee meets quarterly and reports directly to Exco and to the Board's Audit Committee and Setco.

We endorse and comply with all applicable anti-corruption laws and conventions. Our business integrity policy states that we will neither give nor accept bribes nor permit others to do so in our name. The policy sets out the standards of conduct required at every level within the Company (and across Anglo American), and associates on the part of those with which we do business and those who work on our behalf, in combating corrupt behaviour of any nature. The policy prohibits the Company from making donations to any political party or politician. No such donations were made in 2019.

We provide specific business integrity training to all employees who may be exposed to corruption risks owing to the nature of their work, every two years. This year we trained 841 employees and no contractors. We also provided conflict of interest classroom training to senior employees and all employees within supply chain, human resources, corporate affairs and finance. This followed an increase in the number of conflict of interest reports received through the whistleblowing line in 2018 related to local procurement practices.

Bribery risk assessments are conducted periodically and where necessary, an action plan is developed to strengthen the internal controls that manage the risk. Our internal audit team audits the risk assessment process and action planning annually.

 A detailed review of our approach to ethics is provided in the governance section of our IR (pages 94 and 95).

WHISTLEBLOWING

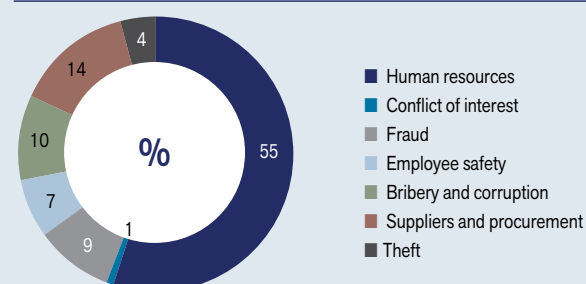
This year we transferred from using the Deloitte anonymous whistleblowing platform (Speak Up) to a new service provider, Convercent. As of May 2019, the whistleblowing line is called "YourVoice". The new whistleblowing service is modernised and has enhanced technology to better protect anonymity and personal information. YourVoice is a confidential and secure means for our employees, contractors, suppliers, business partners and other external stakeholders to report concerns about conduct that is contrary to our values and integrity standards. We do not tolerate any form of retaliation against employees raising concerns in good faith. Any allegation of harassment or intimidation by others as a result of contacting YourVoice is investigated by an independent team and, if required, appropriate action is taken. Online: www.yourvoice.angloamerican.com. Call: 087 232 5426.

We review all investigated reports received via the anonymous whistleblowing line and those reported internally. During 2019, 100 alerts were received, which is the highest in the past four years, demonstrating the confidence that employees and the community have in our whistleblowing system. Of the reported cases 57% are related to human resources recruitment irregularities. Matters relating to suppliers and procurement (13%), fraud (8%) and bribery and corruption (9%) remain key concerns. Management continues to endeavour to implement initiatives to deal with identified risks.

Every alert is evaluated and, where appropriate, investigated and appropriate actions taken. These included disciplinary actions and sanctions against the perpetrators. Sanctions on closed and proven cases are shared across the Company to deter corrupt behaviours.

In 2019, out of a total of 71 closed cases, 22 were founded and resulted in internal disciplinary procedures being followed for three employees; two were dismissed and one received a warning. Twelve of the founded cases involved contractor employees. In these instances, disciplinary processes were managed by the respective employers. Kumba terminates access to its premises for a contractor employee if evidence of wrongdoing is found.

Cases by category



IDENTIFIED THEMES/TRENDS

Analysis of the whistleblowing reports during 2019 identified certain themes/trends. These are identified below, together with the key employee engagement initiatives we implement to mitigate concerns reported.

Improper behaviour by contractor employees: there has been an increase in the number of bullying, harassment and discrimination reports. The implementation of the leadership and culture code and roll out of inclusion and diversity workshops assist in raising levels of awareness and influencing behaviours. We plan to include our contractor employees in these culture initiatives.

Safety-related matters are more frequently reported, following the introduction of our Hidden Heroes campaign, which encourages anonymous reporting of safety risks. Initiatives that promote safety awareness and accountability include “My Sacred Covenant Code”, the I-Care Buddy system, and visible felt leadership interventions.

Concerns around corruption in our procurement practices: suppliers and local communities perceive unethical business practices in the selection of certain suppliers who continue to secure contracts with the Company, rather than selecting alternative, local suppliers. We enforce our Code of Conduct and provide business integrity training.

RESPECTING HUMAN RIGHTS

Our approach to human rights is aligned with the South African Constitution and the UN Guiding Principles on Business and Human Rights, which are integrated throughout our Code of

Conduct and embedded in our corporate standards. We remain committed to implementing the UN Global Compact Principles and to ensuring an ethical value chain that respects human rights and is free of slavery.

We implement the Anglo American human rights policy and framework to guide our approach to identifying and addressing our salient human rights risks, which are integrated into the Social Way and other internal policy documents as relevant. Given that human rights are cross-cutting and touch on every discipline, function and aspect of the business, our approach to managing human rights risk is cross-functional, broad-based and firmly embedded into our broader risk management framework.

Our diversity and inclusion strategy and initiatives are reviewed on page 52.

Each operation does an annual social risk assessment to identify human rights risks and potentially vulnerable groups. We have also conducted operational level due diligence processes to determine salient human rights issues, and developed action plans to address the actual and perceived human rights concerns raised. Common issues identified include perceptions of discrimination associated with employment and the visibility of procurement opportunities, unfulfilled commitments and disrespect among contractors for labour rights. Kolomela undertook its first human rights due diligence exercise in 2018 and independent specialist Synergy reviewed the assessment in 2019. We use our social management plan (reviewed on page 59) to monitor and track progress in completing agreed actions to address issues identified.

Our social management plan is reviewed on page 59.



▼ Safety is of paramount importance at Kumba Iron Ore and it is a way of living for our employees and our contractors.

GOVERNANCE AND MANAGEMENT APPROACH

CONTINUED

Security-related human rights issues present risks and potential impacts within our business and in the broader community. We are a long-standing supporter of the Voluntary Principles on Security and Human Rights (VPs) and comply with the VPs at all our operations. During 2019, 614 employees and contractors who work in areas where human rights could potentially be impacted – such as security, HR and community development, stakeholder relations and supply chain – continued to receive training on human rights and the VPs.

Formal mechanisms for reporting human rights grievances and violations are in place at all our operations and the corporate office.

For more information please refer to page 26.

TOP SAFETY AND SUSTAINABLE DEVELOPMENT RISKS MITIGATION

Mitigating our catastrophic and key safety and sustainable development risks:

Slope failure or dump failure

A sudden and unexpected failure of a slope leading to loss of life, injuries, environmental damage, reputational damage, financial costs and production impacts:

Mitigation

- Adherence to geotechnical standard for slope stability
- Updating the structural geological model; stability analysis; slope stability monitoring; ground water de-watering system; Safe Declaration system. Pit wall monitoring systems including radar and geo-mass
- Geotechnical instruments; mine design; pre-splitting; geotechnical inspections; loading method and procedures; scaling of benches, wire mesh and catch-fences; stand off-rule; special areas declarations and procedures
- Access control; geotechnical awareness training; safety berms; technology – autonomous drilling
- Site emergency response plans



▼ Kolomela, a "War Room" meeting is held every morning to review the status of all operations on the mine.

Safety

Exposure exists for possible harm to employees, contractors and communities near Kumba operations:

Mitigation

- Safety improvement plans, including the elimination of fatalities prevention framework
- Hazard identification risk assessment and change management processes
- Priority unwanted events (PUEs) and their respective critical controls
- Use of quarterly vulnerability analysis to direct improvements
- Equipment, light vehicles, pedestrians as far as possible
- Learning from incidents
- Revision of bow-ties and critical controls
- Implementation of Anglo American mandatory critical controls
- Fair culture application – consequence management for breaking sacred covenant

Socio-economic challenges

The socio-economic situation in the country may have a negative impact on our host communities and other stakeholders:

Mitigation

- Implementation of localised inclusive procurement strategy
- Kathu Industrial Park and incubator
- Collaborative Regional Development, incorporating shared value strategy for the Northern Cape
- Support to the municipality to enhance capacity to support economic growth
- Best practice in social performance through implementing the Anglo American Social Way

Legislation and regulatory changes compliance (licence to operate)

Unforeseen changes or non-compliance to legislation, regulations and standards that could impact Kumba's licence to operate:

Mitigation

- Dawn raids preparedness
- Compliance with permitting requirements
- Active monitoring of regulatory developments
- Compliance with social and labour plans and social commitments
- Assessment of land owned by Kumba, its current and intended use

Fire and/or explosion

Fire and explosion risks are present at all mining operations and processing facilities:

Mitigation

- Implementation and adherence to fire prevention standard
- Event risk reviews identify key fire and explosion risks and provide mitigation recommendations
- Site emergency response plans
- Fire prevention enablement programme



STAKEHOLDER ENGAGEMENT

We continued to identify and prioritise the material interests of our stakeholders, and we implemented a comprehensive stakeholder engagement strategy and framework to address these interests.

Regular, proactive and meaningful engagements with our key stakeholders remain important in reinforcing our collaborative approach. In keeping with this, Kumba hosts stakeholder days every two years. The next stakeholder day is scheduled for the first half of 2020. It brings Kumba and SIOC boards of directors and the executive together with national, provincial and local government, our labour unions, business partners, development partners, suppliers, host community groups and civil society, to discuss transformation and sustainability. Constructive feedback received through such an event informs our strategic responses to stakeholder interests.

STAKEHOLDER GROUP	MATERIAL STAKEHOLDER INTEREST	OUR STRATEGIC RESPONSE
Government and political groups	<ul style="list-style-type: none"> Employee safety 	<ul style="list-style-type: none"> Effective management of occupational health and safety risks within and around our operations Setting and communicating non-negotiable standards and procedures for reducing injuries and eliminating fatalities Learning from incidents and sharing the learnings with stakeholders to prevent their recurrence
	<ul style="list-style-type: none"> Local community development 	<ul style="list-style-type: none"> Strategic focus on partnership and collaboration Joint local economic strategy for the Northern Cape being developed with other mining operations Driving localised procurement and youth development through education, training and mentorship
	<ul style="list-style-type: none"> Social and labour plan compliance 	<ul style="list-style-type: none"> Constructive and transparent engagement with national, provincial and local government to address concerns Going beyond compliance Regular engagement with government on policy developments
	<ul style="list-style-type: none"> Income tax matters 	<ul style="list-style-type: none"> Constructive and transparent engagement with SARS to address additional income tax assessments issued
Shareholders and investment community	<ul style="list-style-type: none"> Price environment Impact of coronavirus on customers and sales Operational challenges and impact on production, sales and unit cost guidance Life extension and logistical capacity Logistical constraints and ability to increase export sales Capex drivers and timing in the medium term 	<ul style="list-style-type: none"> Implementation of P101 initiatives to drive operating efficiency above 100% and delivering over R2.6 billion of cost savings by 2022 Transparent and relevant disclosure Responsive and proactive investor engagements Leveraging our endowment in the Northern Cape through optimisation and efficiency; technology; and exploration to extend our life of mine to 2040 Increasing premium sales to 40% of total sales by 2022 Transformation journey to ensure the sustainability of the Company Market announcements through the Securities Exchange News Service (SENS) and media releases provided throughout the year, proactively informing the public on all material issues affecting the Company Public results presentations and engagements with analysts are held to report on performance in a transparent manner
Employees and trade unions	<ul style="list-style-type: none"> Conditions of employment Safety and health Transformation Production and performance Job grading and career progression 	<ul style="list-style-type: none"> Regular, transparent engagements to understand and correct employee perceptions and maintain good relations Revised shift patterns to enable better work-life balance Demonstrate leadership for responsible citizenship Plan for beyond cessation of operations Collaborative engagements to find solutions to issues of concern

STAKEHOLDER GROUP	MATERIAL STAKEHOLDER INTEREST	OUR STRATEGIC RESPONSE
Industry bodies (e.g. Minerals Council South Africa)	<ul style="list-style-type: none"> Implications of reviewed Mining Charter Safety Environment compliance Community development 	<ul style="list-style-type: none"> Active participation in the Minerals Council South Africa Kumba's Chief Executive chairs the Minerals Council's CEO Zero Harm Forum Adoption of the Mineral Councils led Khumbul'ekhaya Regulatory compliance, and contribution to industry input on mining policy
	<ul style="list-style-type: none"> Environmental management 	<ul style="list-style-type: none"> Minimising negative impacts on the environment and preventing irreversible environmental impacts
Communities	<ul style="list-style-type: none"> Enterprise development Employment and procurement opportunities Infrastructure development Health and social facilities Reduced spending on development projects Implementation of SLPs Siyathemba community 	<ul style="list-style-type: none"> Collaborating with local businesses and government to understand and address challenges Ringfencing procurement expenditure, providing training and support Developing standards to ensure alignment with socially material service providers on local development requirements Communicating commitments and deliver accordingly Supplier development programme Partnership with government, as well as mining companies operating in the Northern Cape to address socio-economic challenges Host stakeholder days every two years Implementation of a post-resettlement sustainability strategy, developed together with relocated community members
	<ul style="list-style-type: none"> Dingleton resettlement project 	<ul style="list-style-type: none"> Collaboration with provincial and local government on the relocation of homeowners, renters and institutions from Dingleton The establishment of the post-resettlement working group to ensure the sustainability of the community Identification of projects to ensure post-resettlement sustainability of the community
	<ul style="list-style-type: none"> SIOC Community Development Trust strategy 	<ul style="list-style-type: none"> Assisting the trust in socialising its new operational strategy, and communicating its activities
Suppliers	<ul style="list-style-type: none"> Conditions of contracts Addressing rail challenges at Transnet 	<ul style="list-style-type: none"> Provide clear principles that guide the selection and use of reputable contractors with the right skills and value systems to do specific tasks that the business is not able to do Partner in seeking solutions
Business and development partners	<ul style="list-style-type: none"> Joint community development projects Local economic development 	<ul style="list-style-type: none"> Resumption of engagements to advance the establishment of Kathu Industrial Park in collaboration with the Industrial Development Corporation (IDC)
Media	<ul style="list-style-type: none"> Company performance 	<ul style="list-style-type: none"> Media day to share developments Proactive interviews on achievements
Civil society (e.g. NGOs)	<ul style="list-style-type: none"> Ensuring greater community benefit Environmental impacts Dingleton relocation 	<ul style="list-style-type: none"> Engage with and respond to various stakeholder groups as appropriate Demonstrate corporate social responsibility Involvement of human rights lawyer to facilitate negotiations with remaining Dingleton homeowners, in order to ensure adherence to international resettlement standards

OUR PEOPLE

- ▼ **Image 1:**
Nashwin Lang, a Love Life counsellor, at the Siyathemba youth computer centre.
- ▼ **Image 2:**
The Siyathemba village, the new extension in Kathu, built to resettle the families from Dingleton.
- ▼ **Image 3:**
Happy Olyn, the owner of Myidea services, provides landscaping and cleaning services to Sishen and the Siyathemba village. Happy is pictured with his cleaning team at the high-density housing block at Siyathemba village.
- ▼ **Image 4:**
Happy Olyn and staff from Myidea services, at the plant nursery in Kathu.
- ▼ **Image 5:**
Doreen Choipindura, a teacher at the Mpepe Thari Preschool in the Siyathemba village, constructed to replace the school in Dingleton.



We deliver on our purpose through our people. We aim to resource the Company with a capable, engaged and productive workforce and are committed to ensuring no harm comes to any of our people.

FATALITY-FREE SINCE MAY 2016

NO NEW CASES OF NOISE-INDUCED HEARING LOSS FOR THE THIRD CONSECUTIVE YEAR

THREE BLACK FEMALES APPOINTED IN CORE POSITIONS AND SEVEN IN MANAGEMENT POSITIONS IN THE TECHNICAL FUNCTION

LAUNCHED OUR LIVING WITH DIGNITY PROGRAMME TO COMBAT GENDER-BASED VIOLENCE



SAFETY AND HEALTH



IN THIS SECTION

EMPLOYEE SAFETY

EMPLOYEE AND COMMUNITY HEALTH

Kumba upholds its sacred covenant code with our employees and their families to do our utmost to ensure that every employee and contractor at our operations returns home unharmed after every day's work. In 2019 we maintained a strong safety and health performance while ensuring ongoing improvements in management practices and performance measures. We are nonetheless mindful that there remain areas for improvement. Our aim is to continually build and instil both a company and industry culture that protects people from harm and improves their health and wellbeing.

INTEGRATED APPROACH

Recognising the interplay between managing safety and health risks, and promoting employee wellbeing, we maintain close cross-functional collaboration to ensure an integrated approach. We implement the following key systems, processes and initiatives for safety and health:

Developing resilient management systems

Anglo American's Safety, Health and Environment (SHE) Way integrates SHE expectations and performance standards into a single management system that is aligned with our goal of achieving zero harm. We set KPI targets for 2019 across the SHE performance areas, and we track and monitor progress against defined plans. Each site has developed and started implementing a SHE management improvement plan. The SHE Way self-assessments conducted at Sishen and Kolomela in 2018 identified an 18% gap in meeting the system's requirements. Action plans were developed to address these issues and progress with implementation was tracked monthly. By year-end all actions had been closed out. Progress included better integration of safety and health with our operating model, transitioning from OHSAS 18001 to ISO 45001, and using combined systems and processes for measuring and reporting and other group-wide tools that support delivery. The internal policy requirements of the SHE Way are supported by Kumba's SHE policy.

Effective risk management

The implementation of Operational Risk Management (ORM) provides operational managers with a means of identifying, prioritising and controlling those risks that threaten their ability to meet objectives. The main purpose of ORM is to ensure that we manage all forms of operational risk effectively, with an emphasis on improving safety performance and eliminating fatalities. Embedding our ORM processes for safety and health is driving improvements in identifying, implementing and monitoring critical controls, analysing deficiencies and incorporating identified controls into task-risk assessments. Targets relating to the delivery of ORM form part of management incentives. We provide risk

management training, and offer revision courses across the operations. In 2020, we will continue to focus on material risk and critical control management.

Incident management

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

Mobility and digitalisation

Reinforcing our leading management approach, we are driving mobility and digitalisation. In 2019, we have continued to roll out the use of Kumba's Mobi App as part of our Connected Worker technology work stream. Mobi App is used diversely for data capture and communication, including for high-risk work verification, HPH reporting, and safety inductions. At year-end we had more than 6,500 users. We are also using mobile technology for SHE managers' inspections and audits. As a result, audits that were previously paper-based are now digitised and the data is stored automatically where it can be analysed to identify areas of excellence or substandard conditions.

Engagement and collaboration

Kumba plays a leading role in the industry's initiatives to improve safety and health, and to achieve and sustain zero fatalities. In 2019, our Chief Executive Themba Mkhwanazi was appointed as chairman of the Minerals Council's CEO Zero Harm Forum, a platform to openly share experiences, determine challenges and drive collaborative action for a step-change in performance. In 2019, the forum developed an initiative called Khumbul'ekhaya, a Nguni word for "remember home". The initiative was launched in October and aims to drive and sustain the mining industry's pursuit of zero harm, with a particular emphasis on eliminating fatalities. We have integrated this initiative with our own activities. We also participate in Anglo American's tripartite health and safety initiative,



SAFETY AND HEALTH CONTINUED

a senior leadership forum of mining company, government and labour representatives in South Africa that strives to improve the health and safety of miners through collaborative and transparent stakeholder engagement. Relations are good and collaboration has broadened, notably with the involvement of faith groups.

Kumba maintains a constructive and collaborative relationship with regulators such as the DMRE and its mine health and safety inspectorate. We engage regularly to ensure a common understanding of issues and challenges, and collaborate on solutions.

Regulatory initiatives

We have continued in our efforts to implement the five-pillar cultural transformation framework developed by the Mine Health and Safety Council (MHSC) and adopted by the mining industry. We participate in the industry health and safety forums and report on our progress, both internally and externally. Key developments across the leadership, risk management, leading practices and technology pillars of the framework, are reflected in this chapter. We are firm on our compliance obligations in respect of policy, legislation and practices.

EMPLOYEE SAFETY

HIGHLIGHTS	CHALLENGES	FOCUS FOR 2020 AND BEYOND
<p>Third consecutive year operating fatality-free</p> <p>LTIFR reduced to 0.69, a 25% improvement on 0.92 in 2018</p> <p>Culture change through acknowledging and praising voluntary work stoppages</p> <p>Reviewed and redefined our top 10 priority unwanted events (PUEs) and critical controls, ensuring a standardised approach at Kolomela and Sishen and improvement of critical control hierarchy, increasing the percentage of engineering controls</p> <p>Achieved a turnaround in the quality of supervisor inspections and reporting</p> <p>Completed the rollout of auto braking for all heavy mobile equipment (HME)</p>	<p>Twelve safety-related high-potential incidents (HPIs) reported</p> <p>Slight regression in TRCFR to 2.06 from 1.80 in 2018 with an increase in the number of medical treatment cases (MTC) recorded</p> <p>Reduction in HPHs reported; this could be a result of the effectiveness of current controls and management oversight</p>	<p>Focus both on eliminating fatalities and on reducing (and ultimately eliminating) injuries from the workplace</p> <p>Culture matured to “resilient” at Kolomela in 2020 and at Sishen in 2021; safety excellence embedded across all operational sites by 2023</p> <p>Maintain 100% integrity of critical controls for high level risk management 100% of the time by end of 2020</p> <p>Priority technology for safety solutions implemented as per schedule</p> <p>Integration of SHE systems (mobi app/Enablon/SAP)</p> <p>Implement the five-pillar cultural transformation framework of the Mine Health and Safety Council (MHSC)</p>

Nothing is more important than making sure everyone returns home safely after a day's work. We train, equip, and empower our employees and contractors to work safely every day. We collaborate, we guide, and we watch over each other. Above all, we care.

Our ongoing focus on implementing our comprehensive elimination of fatalities framework continues to have a positive knock on effect in preventing injuries. We are seeing ongoing improvements in our reporting, monitoring and LFI processes, critical control management, focused visible felt leadership and operational risk

management. While we are very pleased with our consistent progress and committed efforts, we understand where we need to improve and are taking decisive steps to do so.

MEASURES OF OUR PROGRESS

Kumba continues to honour its sacred covenant by operating fatality-free since May 2016. Building on our progress in 2017 and 2018, we have seen a further decrease in the number and severity of lost-time injuries recorded at our operations in 2019, and we achieved almost all of our safety-related targets for 2019.

We recorded a total of 51 recordable injuries, resulting in a total recordable case frequency rate (TRCFR) of 2.06; this includes any injury that requires more than first-aid treatment. While this represents a (14)% deterioration on 2018 (1.80), we nonetheless exceeded the target of 2.55 by 20%. We recorded 17 lost-time injuries (LTIs) (2018: 21), resulting in an improvement in lost-time injury frequency rate (LTIFR) to 0.69 against a targeted 0.71. Low-level incidents, typically finger injuries associated with materials handling, and slip, trip and fall incidents, accounted for 35% of the LTIs (2018: 22%). There were no major disabilities sustained at our operations in 2019. We continue to prioritise the prevention of transportation and materials handling incidents.

Consistent with previous years, the majority of HPIs and HPHs were transport-related, with the main causes of incident including: non-compliance with procedures, distraction, road conditions and operating space (parking and following distance practices). We recorded 12 health and safety-related HPIs in 2019 (only one was health-related) compared to seven in 2018. We recorded 3,635 HPH in 2019, compared to 3,471 in 2018. The number of visible felt leadership (VFL) interactions and interventions at Sishen

and Kolomela totalled 41,279, compared to 41,065 in 2018, exceeding the targeted KPIs for leadership and VFL engagement.

Kumba personnel conducted in excess of 3,900 critical-control monitoring inspections (2018: 3,500), which are designed to monitor compliance to critical controls and remedy possible deficiencies. The exercise found that 91% of critical controls were operating effectively (2018: 99%). We have improved 43% of our critical controls from administrative to engineering controls to ensure that they operate effectively at all times.

In 2019, we were issued with two safety-related regulatory stoppage instructions at Sishen from the DMR, one related to a blasting incident; and another one related to management of ground subsidence, mining activities and appointments. During the same period we also received a Section 55 instruction at Kolomela for safety berms found within three metres of crest, uneven undulating haul roads, loose rocks on the high wall and displaying of Safety Officer inspection reports in caucus rooms. We recorded 448 voluntary stoppages in 2019.

PERFORMANCE IN 2019 AND 2020 TARGETS

	Fatalities	FIFR	LTIs	LTIFR	TRCFR	Permanent disabilities	LTISR	Days lost due to injury
Sishen	0	0	12	0.82	2.24	0	43	631
Kolomela	0	0	3	0.45	1.49	0	56	378
Projects	0	0	2	1.86	6.5	0	48	32
Corporate office	0	0	0	0	0.54	0	0	0
Exploration	0	0	0	0	0	0	0	0
Saldanha	0	0	0	0	0	0	0	0
Group	0	0	17	0.69	2.06	0	41	1,041
Group target 2019	0	0	17	0.71	2.55	0	44	1,119
Group target 2020	0	0	15	0.58	2.06	0	44	885

Definitions

FIFR – fatal injury frequency rate (calculated) rate of fatalities per 1,000,000 hours worked (total fatalities x 1,000,000/total hours worked).

LTI – lost-time injury is a work-related injury resulting in the employee/contractor being unable to attend work, or to perform the full duties of his/her regular work, on the next calendar day after the day of the injury, whether a scheduled work day or not.

LTIFR – lost-time injury frequency rate (calculated) rate of lost-time injuries per 1,000,000 hours worked (LTIs x 1,000,000/total hours worked).

TRCFR – total recordable case frequency rate (calculated) is the number of recordable injuries (fatalities + lost-time injuries + medical treatment cases) per 1,000,000 hours worked (TRC times 1,000,000/total hours worked).

Permanent disabilities – lost-time injury where there is a disability of 25% or more (American Medical Association (AMA) Guides to the Evaluation of Permanent Impairment) and/or loss of job or redeployment results as a direct consequence of the injury.








LTISR – lost-time injury severity rate (calculated) sum of days lost times 1,000,000/hours worked.

Days lost due to injury – the total number of calendar days (not working days), from the day following that of the injury to the day on which the injured person is able to resume full duties of his/her regular work.



SAFETY AND HEALTH CONTINUED

KUMBA'S TOP 10 PRIORITY UNWANTED EVENTS (PUEs)

<p>1</p> <p>MOBILE EQUIPMENT INCIDENTS</p>  <p>Controls:</p> <ul style="list-style-type: none"> Road and traffic management design, construction and maintenance for safe travel Vehicle separation Safety berms Pedestrian safety exclusion zones Proximity detection system Working safety critical components Authorised TMM operators following traffic rules Safety belt 	<p>2</p> <p>FALLING FROM HEIGHTS</p>  <p>Controls:</p> <ul style="list-style-type: none"> Certified steel and FRP flooring, stairs, ladders and guard rails Hard barricading of open holes, damaged structures and drop zone Work evaluation Certified structures and platforms (e.g. scaffolding and lifting cradles) Double hooked safety harness connected to safe anchor points 	<p>3</p> <p>UNCONTROLLED RELEASE OF STORED ENERGY</p>  <p>Controls:</p> <ul style="list-style-type: none"> Electrical panels compliant to IPX2 Electrical room access control Earthing systems Competent and authorised person Authorised, competent and permitted persons conducting live work Calibrated testing and fault-finding equipment Electrical protection systems Servitude management systems Distance and delay switching Short circuit level management Automatic sync control protection system on motivator Arc flash resistant equipment 	<p>4</p> <p>HIGHWALL BENCH FAILURE (STRATA CONTROL)</p>  <p>Controls:</p> <ul style="list-style-type: none"> Engineered slope design Exclusion zones Slope movement monitoring Drill and blast to slope design Excavate to match slope design 	<p>5</p> <p>FIRES AND EXPLOSIONS</p>  <p>Controls:</p> <ul style="list-style-type: none"> Separation of ignition source Barricading Flashback arresters Earthing and bonding Good housekeeping, through ventilation
<p>6</p> <p>LIFTING/LOSS OF LOAD</p>  <p>Controls:</p> <ul style="list-style-type: none"> Lifting plan Drop zone barricaded Certified lifting equipment Electrical overload protection system on lifting machines Lifting machine levelling indicators Section engineer approval for all tandem lifts 	<p>7</p> <p>PREMATURE DETONATIONS</p>  <p>Controls:</p> <ul style="list-style-type: none"> Authorised personnel Blasting permit Clearance procedure Separation of explosives and detonators Lighting warnings and no contraband, e.g. cellphone, lighters 	<p>8</p> <p>CONTACT WITH MOVING MACHINERY</p>  <p>Controls:</p> <ul style="list-style-type: none"> Guards, isolation and lock-out Isolation to standard Machine and equipment guarding to standard Emergency stop devices Safety interlocks Certified energy retention devices 	<p>9</p> <p>ABNORMAL WEATHER CONDITIONS</p>  <p>Controls:</p> <ul style="list-style-type: none"> Lightning detection system Wind speed monitoring Warning SMS system Evacuation procedure for inclement weather 	<p>10</p> <p>CONFINED SPACES</p>  <p>Controls:</p> <ul style="list-style-type: none"> Entry permit Atmospheric monitoring Energy isolation Ventilation PPE Cleaning and unblocking to make safe Access control Emergency response

KNOW WHAT CAN GO WRONG AND TAKE CONTROL

PROVIDING A SAFE WORKPLACE

Throughout 2019, Kolomela and Sishen maintained a very visible focus on high-level safety risk management, driving improvements across the six focus areas of our elimination of fatalities (EoF) framework. This framework was introduced in 2016 to facilitate a step-change in the management of high-level (potentially fatal) safety risks by stepping up our focus on safety-critical controls and safe behaviour. The six focus areas of the framework are: strengthening safety leadership and accountability; embedding a caring culture; improving the planning and scheduling of work; assessing and managing risk and change; safety performance monitoring and assurance; and learning from HPIs and HPHs.

The EoF framework recognises that everyone at Kumba has a role to play in eliminating fatalities; the Chief Executive, every leader and every employee and contractor must understand their role, responsibility and accountabilities. In driving a culture of zero harm, we raise awareness of the different factors and focus required in preventing a fatality, to those in preventing an incident.

All operators have detailed safety improvement plans which are updated on an annual basis to address issues and challenges

identified from the vulnerability analysis, through the operational risk management (ORM) process, incident investigation and analysis, VFLs, audits and inspections. In 2019, external elimination of fatality-focused audits were conducted at Sishen and Kolomela. The aim of the audits was to identify the causes of fatalities at the operations. A total of 72 risks were identified at Sishen and Kolomela and corrective actions, including engineering and separation practices, were developed to mitigate these risks. Most of the high-risk findings have been closed out with the majority of the remaining issues being issues requiring long-term projects. Our EoF activities have been reinforced by the implementation at Sishen and Kolomela of the Anglo American group-wide 21 EoF work streams. These work streams include safety organisational review, emergency response, fire risk management, surface traffic management, explosive management, culture, operational leadership excellence, reward and performance, training and education, critical control management and contractor management.

Safety-related training extends to our workforce in various forms, from formal training initiatives to regular safety briefings. We implement a standardised contractor management procedure, which includes safety induction training.

JOURNEY TOWARDS ZERO HARM:

KEY STEPS IN IMPLEMENTING OUR ELIMINATION OF FATALITIES (EOF) FRAMEWORK

2016	2017	2018	2019
<p>Developed EoF strategy</p> <p>Relentless focus on eliminating fatal risks and incidents</p> <p>Chief Executive heartfelt message: "The result we get is a reflection of our leadership"</p> <p>Start with priority unwanted event (PUE) and critical control management</p> <p>Intensive technology drive</p>	<p>SLAD for leaders (safety leadership alignment training)</p> <p>Sacred covenant code (commitment to zero harm)</p> <p>Internal operational work stoppages</p> <p>Fair and just culture implementation</p> <p>Leading indicator vulnerability analysis</p> <p>Work stoppages by supervisors</p>	<p>Expeditions leadership programme</p> <p>SLAD for supervisors</p> <p>Chief Executive-led incident heartfelt discussions</p> <p>EoF reviews</p> <p>Fatal risk focused VFLs</p> <p>High-risk work verification</p> <p>Hidden Hero (anonymous reporting of safety risks)</p> <p>Section 23 promotion and recognition (refuse to do unsafe work)</p>	<p>Kumba Chief Executive appointed as chairman of Minerals Council CEO Zero Harm Forum</p> <p>PUE critical control review (focus on hierarchy of controls)</p> <p>Linking of work execution documents to the Anglo operating model</p> <p>I Care Buddy rolled out</p> <p>Anglo American EoF 21 work streams</p> <p>Refreshed values roll out</p>



SAFETY AND HEALTH CONTINUED

KEY DEVELOPMENTS AND FOCUS AREAS IN 2019

Visible, passionate leadership

In 2019, we maintained high levels of leadership visibility, with management and executives engaging with people through scheduled VFL interventions, observing work being done and providing necessary coaching and mentoring to change behaviours.

Safety leadership has been enhanced through Kumba's Expeditions Leadership Programmes introduced in 2018.

 Reviewed on page 51.

The training underscores the principles of leadership accountability and responsibility through "immersive" learning experiences. It builds on the safety leadership attributes we developed through safety leadership alignment day (SLAD) training, which aligns and explains the safety roles and responsibilities required by leaders. All levels of management participated in SLAD in 2017 and all supervisory personnel received the training in 2018.

In the event of a major safety incident, Kumba's Chief Executive and members of the executive team conduct site visits to have heartfelt discussions with the teams involved in the incident. They investigate leadership failings and discuss contributing factors and personal and leadership factors that need to be addressed. Demonstrating leadership commitment reinforces a mindset that we all have a role, responsibility and accountability to ensure that we work safely.

Ownership and shared accountability

In driving our safety culture, we continue to entrench a commitment throughout the Company to honour the mandatory "My Sacred Covenant Code", which articulates a set of life-saving behaviours, and an understanding that if employees do not comply, consequence management through the "fair culture" model will apply. This approach ensures that fair and transparent processes are followed following safety incidents, and necessary consequences are consistently applied whenever unsafe acts are observed.

In embedding a culture of "stop work when it is unsafe", we are very encouraged by the dramatic increase in reporting by employees when they believe a work area is unsafe, in accordance with Mine Health and Safety Act Section 23 (the right to stop unsafe work and to refuse working in an unsafe environment). This has been supported by the introduction of a monthly recognition scheme to recognise the "best" stoppages. Supporting this focus is our "I Care Buddy" initiative, which has now been rolled out across all our sites. The initiative aims to enhance a common understanding that each person should act and care for each other in the workplace and hold one another accountable for safety behaviour.

Our employees' commitment to safety is being promoted through our annual Anglo American Global Safety campaign, which for 2019 year is built around the theme Safety 365, putting our six "refreshed" Values – safety, care and respect, innovation, accountability, collaboration and integrity – into action on a daily basis, at work, at home and in the community, to ensure everyone's safety 365 days a year. The Safety 365 programme was launched on Global Safety Day on 10 October 2019 and is being implemented over 12 months through five interventions, each involving an eight-week challenge around safety and one of the Values.

We have driven a significant improvement in the performance of our safety officers (supervisors) who are responsible for checking on a daily basis to ensure that high-risk work is being carried out correctly. In the middle of 2019, we identified a deterioration in the number and quality of reported inspections, as well as levels of knowledge among safety officers and compliance to critical control inspection schedules. This prompted an intensive programme aimed at ensuring that our safety officers are appropriately trained and coached to meet requirements. The intervention has achieved a turnaround in the level and quality of inspections, and a steady increase in compliance to inspection schedule. We now undertake between 800 and 900 verifications each month. We continue to integrate our various data platforms so that we can work smarter using Kumba's Mobi App for high-risk work verification.

We implement a contractor safety management programme that is designed to embed consistent leading safety practices. We use the innovative, web-based, onboarding solution "Passport 360" for managing contractor SHE compliance. The system allows Kumba to set its requirements for contractors' SHE files and the "passport" monitors and records essential information that is uploaded by the contractors. The system allows for real-time monitoring of performance requirements including training, certificates of fitness and further requirements like permit issuing and management.

Data analytics

Conducting data analytics to monitor safety performance trends and inform our interventions is an ongoing priority and focus. On a quarterly basis, we analyse safety-related data from various sources. In 2019, we enhanced data analytics by integrating analysis of self-imposed (Section 23) work stoppage reports with analysis of HPHs and HPIs. The analysis has a significant link to the priority unwanted events (PUEs) and critical control compliance work, helping to inform improvements in our processes and controls. The combined analysis confirms and supports real-time trends, ensuring that we define the correct focus areas to prevent repeats.

The number of HPHs reported this year totalled 3,635 compared to 3,471 in 2018; a 5% increase. The compounding escalation in voluntary stoppages, from 42 in 2018 to 448 in 2019, is reassuring that workers have a safety mindset and feel empowered to stop unsafe work.

Monitoring performance trends

We monitor trends in the key performance areas that continue to present the most challenges. Comparisons each quarter reflect whether actions taken to address the identified shortcomings are proving effective. Transportation and mobile machinery remains the main agency involved in HPHs (averaging 45% of cases), with working at heights and uncontrolled releases of energy the other main agencies, accounting for on average 5% to 10% each. During 2019, levels have remained relatively consistent with last year. We recognise the need to step up our efforts to ensure steady improvements in mitigating risks associated with our most challenging areas.

Responding to HPHs and HPIs

We have significantly improved the close-out rate of HPHs recorded, which was only 65% at any given time during the first half of the year. To address this concern, we engaged our safety department to monitor and provide guidance on close-outs of HPHs reported. Mine manager ownership improved rapidly and the close-out rate has increased to 98%.

In 2019, we recorded 12 safety HPIs, in the plant, mining and engineering areas (identified below). Four of these incidents related to mobile equipment. It is unacceptable that such incidents occur as they expose our employees and contractors to fatal risks. The incidents were thoroughly investigated by internal and third-party teams. The learnings have been shared between the sites and within the Bulk Commodities BU. Corrective and remedial actions are implemented, monitored and closed out in our efforts to prevent repeats.

OVERVIEW OF THE SAFETY-RELATED HPIs IN 2019

INCIDENT	CAUSES	ACTIONS
Two haul truck fires	Engineering component and maintenance failure	External investigation and maintenance strategy review involving original equipment manufacturer (OEM) and fire specialists
A diesel bowser drove into overhead power lines	Operational procedure and behaviour failure	Fair culture applied and haul road specs reviewed
Universal joint from shaft for screen deck in plant failed	Engineering component and maintenance failure	Maintenance strategy reviewed/testing new universal joint
Material from muck pile sloughed and struck shovel	Operational procedure and behaviour failure	Fair culture and management oversight coaching and training
Heavy mobile equipment (HME) inadvertent movement	Operational procedure and behaviour failure	Fair culture and implementation of safe HME park-up areas
High energy fuel (HEF) plant (bulk emulsion storage facility)	Poor housekeeping and inadequate management oversight	Third-party review and procedures, and inspection protocols established
Potential exposure to blast fly rock	Inadequate blast clearance	Blast clearance procedure review
HME inadvertent movement	HME slipped/skidded on slippery road surface	Operational awareness and adherence to driving requirements
Crane operator stung by swarm of bees	Inadequate communication controls	Participation and collaboration by all effected parties during the planning and conducting of the task risk assessment
Slope chute fell onto conveyor	Build-up material found inside the chute	Review design changes of proposed new bracket arrangements and amended structural engineering drawings
A drill water swivel was flung under stored energy and fell to the ground	No hose restraint installed	Design and install hose restraints

SAFETY AND HEALTH CONTINUED

FOCUS ON PUBLIC ROAD TRANSPORTATION SAFETY

In 2019, Anglo American implemented a group-wide call to action to address the challenge of road transport-related incidents. Sessions were held to discuss learnings and identify actions to mitigate traffic and transportation risks. The focus was on driver behaviour and road standards. In addition to completing the Anglo American global call to action tasks, Kumba held its own call to action, hosting an engagement session with more than 200 contractor companies to discuss transportation challenges around our mines and share best practices and potential solutions to mitigate risks. Following this event, we established a traffic management task team to address our transportation challenges, taking road conditions, signage and traffic into consideration. The task team has to date:

- undertaken a survey on employee travel that considered travelling routes, times, journey management compliance, and road conditions
- reviewed a journey management standard for Kumba and incorporated a journey app on the Mobi App
- engaged with local stakeholders and authorities on additional infrastructure to improve driver behaviour (cameras, etc.)
- completed vehicle surveys on meeting the minimum seatbelt and other mandatory controls

Further work is under way to improve intersections and other serious road hazards between Kolomela and Sishen, and to collaborate with other mining companies and municipalities to develop and implement a prioritised action plan to reduce the traffic and transportation risks.



▼ Safety signage is clearly displayed on the side of the road when you enter Kolomela.

Priority unwanted events and critical-control management

We defined our top 10 PUEs as part of our elimination of fatalities framework, developed in 2016. This year we reviewed our PUEs and redefined the critical controls with a view to increasing the number of engineering controls to make the controls less dependent on the action of individuals.

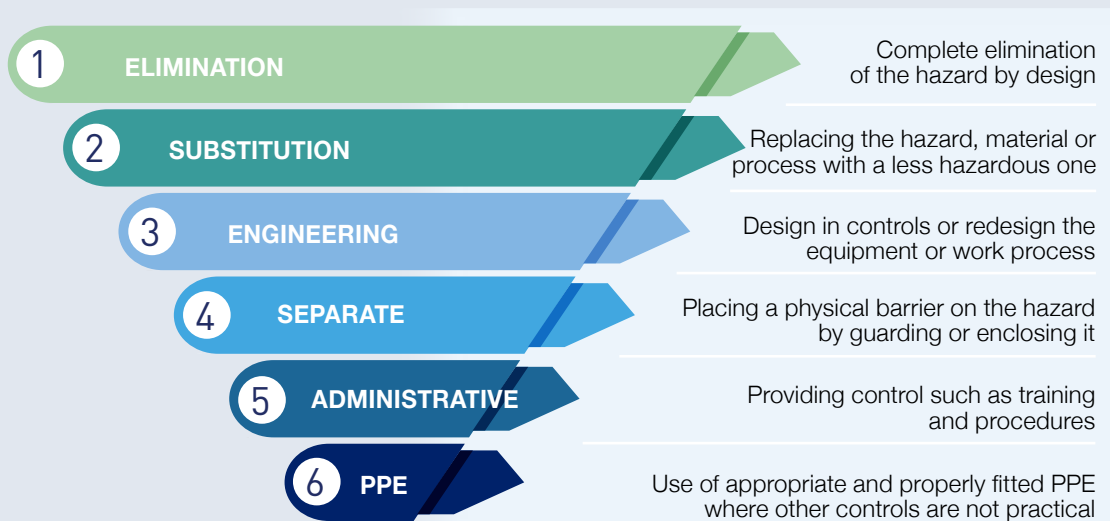
See review on next page and PUEs on page 36.

We implement a rigorous programme for monitoring critical-control management, helping to foster greater transparency and accountability and improve the levels of work executed to plan. On a monthly basis, we track the percentage of monitoring completed to plan and the critical control deviation rate. Any shortcomings identified are addressed timeously. Job risk assessments have all been linked to our PUEs. Looking ahead, we plan to ensure that at least 80% of all critical controls are engineering controls or technology based by 2023.

ENSURING ROBUST AND MANAGEABLE CRITICAL CONTROLS

This year we reviewed our top 10 PUEs and critical controls at Sishen and Kolomela to ensure that critical controls are higher up on the hierarchy of controls (see diagram below). We reviewed a total of 99 critical controls for all safety PUEs using combined resources from Sishen and Kolomela collaborating in developing standardised bow-ties, sharing of best practices and the development of standardised controls. Cases and threats for each bow-tie have been expanded by implementing a process of scenario identification, including consideration of the risks and hazards associated with conditions, behaviours, interactions and equipment. By applying this more structured approach, the current critical controls have either been endorsed or replaced with more robust and manageable critical controls. Anglo American's parent bow-tie and critical controls were taken into consideration in the process. Through this process, we achieved a major reduction in administrative critical controls and a significant increase in engineering critical controls.

Control type	% of critical controls after revision	% of critical controls before revision
Substitution	57	14
Engineering	12	4
Separate	27	73
Administrative	4	9






SAFETY AND HEALTH CONTINUED

Technology and innovation

Kumba continues to demonstrate leadership in developing and adopting leading technologies to reduce potentially fatal risks, mitigate the risk of human error, and improve our ability to achieve our zero-harm goal. New technologies introduced at our operations to reduce exposure to work hazards include:

- auto-braking trucks, as part of a collision avoidance strategy to prevent trucks colliding with each other and structures. To date, we have completed the rollout of auto braking for all high-risk HME and services equipment at Sishen and 15 at Kolomela. It is expected that all high-risk HME will be completed by end of 2020
- auto drilling that allows drill operators to work in air-conditioned cabins away from dust and bulldozers that can be operated remotely in risky conditions. We expect to complete the first three drills by November 2021
- remote dozers, where workers operate machinery remotely in risky conditions, such as steep slopes and inclines
- drone technology, which is reducing the need for employees to do physical blast clearances; drones are also used to conduct survey technology and general observations
- vehicle and human separation practices to reduce risks of contact between light delivery vehicles and HME
- Berm monitoring to assist in maintaining berms as per standard
- Blast clearance to assist with identification of equipment within the blasting radius during blast clearance

Kumba also uses state-of-the-art fatigue management systems to predict fatigue risk and monitor employee fatigue in real time. Supervisors can then take immediate action and send employees to the mine's fatigue centre for evaluation and a break.

 Our progress with driving mobility and digitalisation is reviewed on page 33.

Kolomela hosted Kumba's fourth Technology Day event on 10 October 2019, to demonstrate the integration of digital technology at our operations.

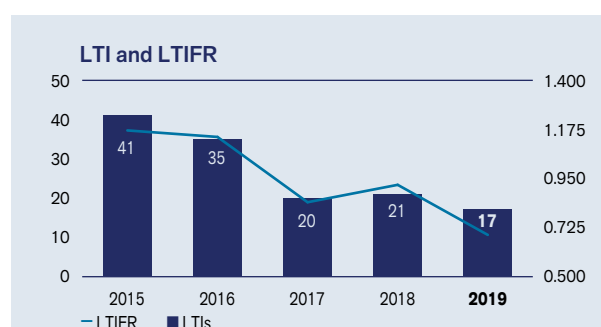
Rapid organisational learning

Our safety incident reporting and investigation process is aligned with our critical control management and ORM processes. The sharing of key learnings from incidents and safer and better work practices across the Anglo American group is supported by visual

and engaging safety alerts, using illustrations and schematics to identify lessons learnt and required actions going forward. Kumba's PUE hazard map, which provides a simplified illustration of hazards associated with our mining process activities and the associated critical controls required, is widely distributed. This year we have developed a further simplified version of the hazard map, categorising critical controls in the focus areas of equipment, conditions, interactions and behaviours. This will be issued in 2020 to assist supervisors and leaders in their high-risk work verification and leadership interactions. Our information management systems ensure a structured approach to monitoring the closing out of recommended actions at our operations, further instilling levels of accountability and transparency around these actions.

SAFETY TRAINING

Training initiatives in 2019	Number of employees trained	% of target employees trained
Safety representative training	260	141
Visible felt leadership (VFL)	132	94
A3 operational risk management process (ORMP) training	72	107
A2 ORMP	594	200
A1.2 hazard ID/SLAM	4,813	253
Legal liability training	590	189
First aid	3,784	207
Fire fighting	4,490	137



EMPLOYEE AND COMMUNITY HEALTH

HIGHLIGHTS	LOWLIGHTS/CHALLENGES	FOCUS FOR 2020 AND BEYOND
<p>Number of employees working in environments with potential exposure to respirable dust and silica above the limit reduced from 162 in 2018 to 25 in Q4 2019</p> <p>No new cases of NIHL (percentage loss of hearing (PLH) shift >10%) diagnosed for a third consecutive year, nor any cases of standard threshold shifts > 25 dB</p> <p>Real-time monitoring has significantly improved our understanding of our risk profiles and timeous dust suppression</p> <p>92% of employees know their HIV status; 87% antiretroviral uptake among employees enrolled on our HIV management programme with an average viral suppression rate of 89%</p> <p>TB incidence rate decreased to 177 per 100,000</p>	<p>Eight incidents of occupational disease in 2019: five musculoskeletal cases, one occupational TB case, two cases of post-traumatic stress disorder following workplace incidents</p> <p>One health-related HPI related to an anaphylactic reaction to a bee sting</p> <p>24 new HIV cases diagnosed (0.36% incidence rate)</p> <p>314 employees are HIV positive (4.8% prevalence)</p> <p>Approximately 34% of our workforce (employees and contractors) have chronic medical conditions</p> <p>32.3% of employees and contractors classified as overweight and 26.3% classified as obese</p>	<p>2020 targets: 15% reduction in inhalable dust and silica exposures above OEL in 2020; 10% reduction in occupational diseases</p> <p>SANS 16001 fully implemented</p> <p>Mental health campaigns</p> <p>Baseline established and strategies in place at every site to achieve the SDG3 health targets in our host communities by end of 2030</p> <p>Meet the UNAIDS 90/90/90 targets for 2020 and the MHSC 2024 milestones for TB and HIV management</p>

Our main focus is to eliminate occupational health hazards at their source. In supporting employee health and wellbeing, we recognise the interplay between occupational and personal health risks and are developing a more integrated approach to health promotion, risk prevention and management. To promote healthcare in the broader community, we are developing our understanding of locally relevant health priorities. We aim to forge strategic partnerships for the implementation of community health solutions that will realise our vision: to achieve the UN SDG3 targets for health in all our host communities by 2030.

MANAGEMENT APPROACH

We have a health and hygiene strategy in place with clear objectives and targets for our health outcomes. These include ensuring that there are no new cases of occupational disease due to exposure to health hazards at our operations, as well as positively influencing the health and wellbeing of our employees through a proactive, integrated, holistic approach to managing workplace and personal health risks. Our action plans are aligned with achieving the MHSC milestones and supporting the achievement of the 2030 SDG3 targets in our host communities.

Our health improvement plans focus on four areas:

- reducing exposure to occupational hazards, with a primary focus on noise, dust, carcinogens and ergonomic factors
- fatigue management
- preventing musculoskeletal injuries and diseases
- wellness and disease management in the workplace, including chronic and lifestyle diseases, mental health, HIV and TB, and substance abuse programmes and support

OCCUPATIONAL HEALTH

Our primary focus is to eliminate exposure to health hazards in the workplace to levels below the occupational exposure limit (OEL), and to prevent associated occupational diseases. Our main occupational health risks relate to occupational exposure to inhalable hazards (respirable and silica dust), noise, and ergonomics and vibration (resulting in stress to muscles, bones and joints). Other main risks relate to fatigue and mental health.

Our key health and safety management systems, processes and sector initiatives are reviewed on pages 45 to 47.



SAFETY AND HEALTH CONTINUED

We have ongoing initiatives to educate our employees and reinforce messages around managing health hazards. During 2019, there were no regulatory work stoppages or non-compliance notices issued for medical or health-related matters. We recorded three voluntary stoppages related to dust overexposure in the mining pit and on haul roads.

Controlling occupational exposure

By embedding our critical control management process and taking mitigation measures, we are steadily reducing levels of exposure to respirable dust and silica and having fewer cases of respiratory disease reported at both Sishen and Kolomela. Adding impetus to this focus; is the recognition that we need to apply the same rigour in identifying and managing potentially fatal health hazards, as we do for safety. We are also increasing our efforts to better understand and manage certain occupational carcinogenic risks, including exposure to welding fumes and diesel particulate matter. While all remain well below exposure limits, we seek to keep levels as low as possible and maintain ongoing monitoring.

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

Managing noise

We continue to work on engineering improvements to reduce levels of exposure to excessive noise. Our focus remains on controlling exposure at source and protecting employees potentially exposed to workplace noise levels in excess of the eight-hour 85 dB(A) limit. We have about 1,453 employees potentially exposed (10.1% of the workforce compared to 8.6% reported in 2018) as a result of 2,940 pieces of equipment that emit more than the OEL. We have nine pieces of equipment at our mines that emit noise levels above 107 dB(A); these are blast sirens which have to be loud enough to be heard by all. None of our other equipment emits noise levels above 107 dB(A), in line with the Mine Health and Safety Council (MHSC) milestone requirement by 2024.

Employee hearing conservation education is ongoing and custom-made hearing protection devices are issued to all employees and contractors potentially at risk of excessive exposure to noise and potential noise-induced hearing loss (NIHL). Noise zones are clearly demarcated and the use of protective devices closely monitored. To detect early hearing deterioration we conduct both annual and ad hoc (dependent on noise exposure) audiometric screening examinations which incorporate the required standard threshold shift (STS). Where necessary, we implement additional corrective

measures before permanent NIHL develops. In 2019, no new cases of NIHL (PLH shift >10%) were diagnosed at both Sishen and Kolomela for a third consecutive year, nor any cases of STS > 25 dB.

Managing inhalable hazards

Occupational exposure to airborne pollutants at our operations, such as respirable dust, silica, and carcinogens, is associated with the development of occupational lung diseases, notably silicosis, tuberculosis, lung cancer and airway diseases.


We implement dust exposure monitoring and control programmes at Sishen and Kolomela, the results of which continue to inform the controls and interventions we implement for reducing exposure to dust and other air pollutants. At the end of 2018, we identified 162 employees who were exposed to respirable and silica dust above the OEL (HEG A for silica and respirable dust exposure): 104 at Sishen and 58 at Kolomela. These employees included drill operators, drill assistants and excavator operators. The following interventions were implemented:

- Isolation – where drilling assistants were physically separated from the dust source by providing a separate air-conditioned facility for them to sit in during drilling
- Cabin integrity assurance for all vehicles operating in the pit, including drills, excavators, and trucks. Vehicle maintenance schedules were reviewed to include the cabin integrity checks
- Installation of dust suppression and extraction technology at the DMS and Jig plants at Sishen
- Installation of real-time dust monitoring at both Sishen and Kolomela processing plants to assist with real-time response to dust exposures
- Increasing employee levels of awareness about inhalable dust hazards and associated controls and their right to refuse to work when conditions are unsafe
- Adherence to correct PPE (respirators and dust masks)

As a result of reduced levels of exposure, the number of employees reported to be working in environments where they were potentially at risk of exposure to inhalable hazards at levels in excess of the relevant OELs has declined to 25 at Sishen and zero at Kolomela, an 83% reduction (0.18% of the workforce in 2019, compared to 0.8% in 2018). Sishen will continue to strengthen its initiatives to reduce levels of dust exposure to below exposure limits at all times and to meet the DMRE 2024 milestone.

Real-time monitoring implemented at Sishen has improved our understanding of our dust exposure risk profiles. Sensors are installed to detect potential excessive dust concentrations and critical-control failures in high-risk areas of the workplace and trigger an alert. We have linked the sensor monitoring to an electronic platform, optimising the system by enabling real-time data reporting to the relevant people. Last year, we achieved

ground-breaking progress by devising innovative design interventions that have ensured that no visible dust is emitted during reverse circulation (RC) drilling – a feat that was considered to be unachievable. Early in 2020, Kumba will be rolling out 30 advanced drilling rigs at our mines. The new rigs are fully automated and will be controlled from an air-conditioned cabin far behind the machines, mitigating the risk of exposure to dust.

 Our non-occupational air quality management is reviewed on page 97.

In 2019 we diagnosed one employee, who works in an area demarcated as an HEG A for silica and respirable dust, with occupational TB. No other lung diseases were diagnosed in the year. In managing exposure to respirable diesel particulate matter (DPM), we ensure adherence to vehicle maintenance schedules and implement engineering controls to minimise exposure levels, which remain below 10% of the exposure limit. For example, when operating trucks are in contained work environments, we ensure there is adequate ventilation, including using more extractor fans, and only using engines when necessary. Monitoring also continues for metal fumes (welding fumes) and hazardous chemical substances, which are all below OEL. Adequate protection is provided. Developments in 2019 included revising the welding fumes bow-tie, introducing mobile extraction ventilation and issuing respirators to employees exposed to welding fumes.

Exposure to silica remains a concern at Sishen with 25 employees exposed above the OEL. We continue to implement technology aimed at eliminating this overexposure.

At Sishen, asbestos discovered along the nearby railway line and in the new mining area has been progressively removed in line with the required standards. Ongoing occupational hygiene surveillance indicates that levels of exposure are less than 10% of the OEL. Medical surveillance of employees working in the area indicate no exposure and no instances of asbestos-related disease.

Monitoring the health of employees

Our occupational medical surveillance programme ensures that the baseline health of every employee entering the workforce is recorded, that their state of health is monitored throughout the duration of their employment, and that focused interventions are made to help the individual sustain and potentially improve their health. Our programmes are designed to detect risk factors and early signs of ill health related to occupational exposures and lifestyle conditions. Our medical surveillance also incorporates screening for common lifestyle diseases such as hypertension, diabetes, high cholesterol and obesity.

We use an advanced electronic health-record system that allows health professionals to capture each health visit through a secure

electronic medical IT system. Each employee's electronic record is linked to their hazard-exposure profile and can be accurately tracked and analysed over time.

We recorded eight incidents of occupational disease in 2019: five musculoskeletal disorders (reviewed below), two case of occupational post-traumatic stress disorder at Kolomela, following workplace incidents (a "runaway" truck and a truck that caught fire) and one occupational TB case at Sishen. These level 3 cases have all been investigated and actions taken to prevent a recurrence. We believe that our efforts in eliminating dust exposures will assist in preventing new cases of occupational TB in future. We had one health-related HPI in 2019 related to an anaphylactic reaction to a bee sting at our Head Office.

Musculoskeletal conditions

In striving to prevent musculoskeletal disorders, we continue to integrate the results of musculoskeletal surveys and vibration studies into ORM processes. The findings of ergonomic risk assessments for all mobile equipment and tasks involving manual handling, and vibration studies, continue to inform the implementation of corrective measures to mitigate the risk exposure profile at each operation. For example, to lift heavy loads, we seek to use equipment instead of physical labour. This year we have been evaluating track dozers owing to the high vibration measurements and potential for musculoskeletal disorders. We also implement recommended actions identified in vibration studies and ergonomics surveys in lower risk, office environments, where risks have been identified or work-related musculoskeletal injuries sustained.

In 2019, we recorded five level 3 work-related musculoskeletal disorders. In each case, we ensured the necessary process of assessments, referral to a specialist, operation, compensation and rehabilitation. All individuals have been rehabilitated and returned to work. Four cases related to lifting heavy materials (Sishen) and core samples (Exploration). Repetitive motion risk mitigation interventions include using machinery to lift heavy loads, using trolleys to transport the material and reducing the weight required to be carried. The fifth musculoskeletal disorder was related to excessive vibration of dozers. We are exploring solutions to dampen the vibration or operate the dozers remotely.

The most common musculoskeletal injuries have historically involved limbs and lower back injuries. We continue to implement an education and awareness campaign relating to correct manual handling, good posture and the periodic use of stretching exercises.



SAFETY AND HEALTH CONTINUED

Fatigue management

Fatigue can stem from a variety of factors including medical and psychological conditions, as well as causes relating to a person's workplace or lifestyle. Fatigue-related risks are heightened at our mines, which experience generally high temperatures, up to 50° C in summer. Across the Company we implement fatigue management codes of practice and programmes and fatigue committees are in place at all sites, which meet monthly. Our interventions encompass risk assessments and mitigation, including through education and training, application of controls, such as compulsory fatigue breaks, and monitoring and review for continuous improvement. In instances where symptoms of fatigue are detected, we implement counter measures, such as seeking to reduce or substitute medication that can cause sedation. In high-risk areas we use more sophisticated prevention, prediction and detection technologies; for example, when truck drivers' eyes appear to be closing while driving, this will trigger an alert to the driver and a notification to a control room. If three alerts are received within an hour, a compulsory stop is enforced. Kolomela has established an on-site fatigue centre where we can measure a person's fatigue levels and score their alertness using a computer software system called PRISM and implement countermeasures. Plans are in place to replicate the same set-up at Sishen. Our interventions extend beyond the workplace to include community and family education and awareness aimed at mitigating worker fatigue.

EMPLOYEE WELLBEING

Well-established wellness initiatives are provided to employees and contractors. Through various programmes, we strive to educate people on preventing and managing chronic and lifestyle diseases and to positively influence their wellbeing and lifestyles. To strengthen our management approach, in 2018 we started implementing the South African National Standards (SANS) 16001 Wellness and Chronic Disease management standard, which includes HIV and Aids, and cancer management. We provided the necessary training and during 2019 we have ensured that we meet all requirements so that we can be externally audited by 2020. The standard supports our efforts to achieve the UN SDG3 targets and DMRE milestones.

All our employees are screened for chronic medical conditions such as hypertension, diabetes, cholesterol, body mass index (BMI), TB and, where consent has been given, HIV, during annual medical surveillance processes and health campaigns. We take an integrated approach to addressing HIV, TB and sexually transmitted infections. We proactively seek to identify and support employees experiencing mental health-related challenges and personal issues, such as substance abuse. All contractors have access to our HIV, TB and other chronic disease screening and treatment, and to medical surveillance, though their levels of access to our more comprehensive wellness offering vary across the business. As a condition of employment, permanent employees are required to have a medical aid.

Chronic disease and lifestyle management

Employees who have suffered chronic medical conditions (notably hypertension, diabetes, cholesterol, etc) have remained consistent with last year at about 2,800. About 94% of cases are controlled with treatment that is monitored in screening tests during medical surveillance examinations and wellness campaigns. The other 6% are newly diagnosed (1.3%) and people who defaulted on treatment. In these cases, further counselling and education is provided and individuals are enrolled on treatment programmes.

Based on assessments during 2019, 40% of our workforce are classified as overweight (2018: 22%) and 26.3% classified as obese, with 25.6% admitting to a sedentary lifestyle. The average participation rate in our weight loss programmes is 22%. The key measure of success is sustained weight reduction. Consistent with the previous year, about 14% of the workforce has hypertension (2018: 8%), 4% have high cholesterol levels (2018: 4%) and 4% have diabetes mellitus (2018: 2%). All employees with chronic conditions are monitored regularly through our occupational health clinics to minimise risks associated with uncontrolled chronic medical conditions. Campaigns in 2019 included a focus on general wellness, smoking cessation, chronic disease awareness and management, common cancer screening, mental health, financial literacy and wellbeing.

Our drug and alcohol policy allows for random testing of employees and compulsory testing of all employees in high-risk occupations during medical surveillance. In 2019, we recorded 173 level 2 incidents of positive alcohol and drug tests during medical surveillance examinations and post incident.

Mental health support

Kumba's employees and contractors have access to the Company-funded employee assistance programme (EAP), through a confidential 24-hour helpline, as well as face-to-face and email contact. The facility is provided by an external service provider, with more than 900 employees across all sites seeking and receiving assistance each year. We monitor and analyse engagements, to understand the most prevalent challenges, design and implement initiatives to address these, and assess progress in mitigating problems. In 2019, the top six reasons for consultation (consistent with the previous year) were: stress (23.2%), relationship issues (16.6%), organisational issues (13.3%), trauma (6.7%), health and lifestyle issues (5.0%), and addictive behaviours (3.8%).

To strengthen our efforts to support employees in managing mental health-related issues, we have continued to deliver awareness and training sessions to empower managers and employees on managing the most prevalent issues, identified above, and on relationships, stress management and building mental resilience. These engagements with managers include a focus on how to identify vulnerable employees.

In 2019 we have continued to see an increase in the use of the mental health service, in particular by men, as employees elected to seek constructive assistance with managing their challenges. By year-end, 1,402 employees had sought assistance during the year, compared to 1,272 in 2018. We have also recorded an encouraging reduction in the severity of issues presenting problems, compared to the same period last year.

Financial wellbeing

Kumba engages a service provider to supply financial wellbeing programmes to employees as part of our effort to ensure complete wellbeing of our employees. A total of 1,008 employees made use of this service during 2019 and 3,904 employees attended financial wellbeing training. Forty employees signed up for debt counselling, resulting in their debt to net income ratio reducing by 34%. The programme has supported a 45% decrease in the average debt instalments.

Absenteeism

Supporting the good health of our employees assists in reducing levels of absenteeism, which can have a significant impact on the ability of our teams to execute planned tasks safely and effectively. The total absenteeism rate (absenteeism owing to injuries on duty, non-work-related injuries, and sickness) increased to 2.44% at year-end, compared to 2.38% in 2018, mainly owing to a further reduction in non-work-related illnesses and injuries. This has been driven by sustained corrective actions taken primarily at Sishen, relating to sick leave and medical case management, and active case management of employees with acute and chronic medical problems.

	2019 %	2018 %	2017 %
Absenteeism due to injury on duty	0.05	0.09	0.13
Absenteeism due to non-work-related illness and injuries	2.39	2.36	2.74
Total absenteeism rate	2.44	2.38	2.87

Managing TB and HIV/Aids

Kumba is a recognised leader for its TB and HIV/Aids programmes in the workplace and our performance is in line with World Health Organisation and DMRE expectations. We continue to drive progress towards meeting ambitious targets. These include the UNAIDS 90/90/90 targets for 2020: 90% of our permanent employees should know their HIV status, 90% of identified seropositives should be on antiretroviral therapy (ART), and 90% of those should have undetectable viral loads.

While we are improving our case detection, reporting and disease management in the workplace, we continue to diagnose new HIV cases each year and endeavour to further strengthen our prevention efforts to bring the incidence rate down.

The estimated prevalence of HIV infection within Kumba's permanent workforce in 2019 was 4.8% (2018: 4.0%). At year-end, 92% of full-time employees had participated in voluntary HIV counselling and testing (2018: 91%), exceeding our 90% target. We diagnosed 24 new HIV infections (2018: 30 cases), 13 of which were sero-conversions. We continue to strive for zero new infections. The total number of HIV-diagnosed employees is 314. The uptake of antiretroviral therapy (ART) by HIV-positive employees was 87% (2018: 86%). Of those on ART, 89% have achieved viral suppression, against a target of 90%.

At year-end, 79% of contractors had undergone voluntary HIV counselling and testing, of which 145 new HIV positive cases were diagnosed. A total of 532 contractors are known to be HIV positive, of whom 229 (77%) are on ART, with a 89% viral suppression rate.

In preventing and managing TB, we strive towards 100/100/100 targets for 2020: 100% of our permanent employees should know their TB status (through internal or external testing), 100% testing positive will receive treatment, and 100% of those individuals will complete their treatment. During 2019, 80% of our workforce were screened for TB. We diagnosed 25 new cases of non-occupational TB (nine employees and 16 contractors) (2018: 25). All were placed on treatment with a 100% completion rate. At 177 per 100,000 of the employees and contractors, our TB incidence rate has decreased by 4% year-on-year (2018: 184 per 100,000 of the employees) and remains well below the South African national rate of 567 per 100,000 (2017 DOH data). The rate of TB/HIV co-infection is 38% (2018: 28%). We are on track to meet the MHSC milestones for TB and HIV management.

Our focus on TB prevention includes active case finding, the provision of isoniazid (INH) for seropositive workers and those with existing silicosis, contact tracing and the "test and treat" HIV strategy. We have not diagnosed any cases of extra-pulmonary TB, multi-drug resistant TB or extremely drug-resistant TB, or recorded any employee deaths as a result of HIV or TB infection.

For additional performance tables please refer to page 108 of this report.

COMMUNITY HEALTHCARE

Our community healthcare initiatives continue to improve access to quality medical and healthcare services and to alleviate some of the mounting pressure on health service delivery by government. Over the last decade Kumba has continued to diversify its community health programme, including making improvements to health infrastructure in local municipalities, monitoring health indicators and providing training for healthcare professionals, as well as educating on TB control, alcohol and drugs, diabetes and hypertension, and sexual and reproductive health.



SAFETY AND HEALTH CONTINUED

Our comprehensive socio-economic assessments in local communities using the socio-economic assessment toolbox (SEAT), include health considerations that are also included in social management plans. Kumba spent R16.3 million this year on community healthcare projects (2018: R19.4 million).

 See page 60.

In implementing our sustainability strategy, our first milestone is to have established baselines at Kolomela and Sishen, and to have strategies in place to achieve the SDG3 health targets by the end of 2020. Our 2025 milestone is to be halfway to closing the gaps between baselines and achieving SDG3 targets for health in our host communities by 2030. Kolomela conducted its health and wellbeing baseline assessment in March 2019. The baseline assessment has improved our understanding of the priority health and wellbeing issues in the area of Tsantsabane and its communities. These issues will inform the development of a range of options which will be analysed in terms of impact, ease of delivery and value, to determine feasibility and prioritisation. Existing programmes and projects will be included in the analysis.

We provide HIV-related services and primary healthcare services to mine employees, contractors and host communities through Ulysses Gogi Modise (UGM) wellness clinics, in partnership with the Department of Health (DoH). The clinic at Kathu collaborates closely with the surrounding public health clinics. Individuals registered on the disease management programme are closely monitored on an ongoing basis. The UGM wellness clinic also runs an intensive community health education programme. In 2019, approximately 659 employees, 2,233 contractors and 7,005 community members across our operations visited UGM wellness clinics. Through the UGM wellness clinics, in 2019, 10,084 community members received HIV-related services and

25,172 community members were screened for TB. In supporting our host communities in managing HIV and TB and chronic diseases, our initiatives are more advanced at Sishen than at Kolomela. Recognising the significance of contact tracing, we are investigating opportunities to partner in implementing community screening campaigns. At all operations, we partner with NGOs and faith-based organisations in assisting community members with managing mental health and wellbeing challenges.

Sishen's Batho Pele mobile clinics offer primary healthcare to people in remote rural areas in collaboration with the John Taolo Gaetsewe District Municipality, to screen for diseases and provide dental, ophthalmic and surgical services. In 2019, about 6,736 community members benefited from the services. The DoH manages the mobile clinics. Kolomela established a high-tech trauma care unit in 2016, which plays a valuable role in being able to accommodate and stabilise the sick and injured before they are transported to medical facilities that can provide definitive care, which are at least 200km away. The primary healthcare facility in Postmasburg, which was upgraded, furnished and equipped at Kumba's expense in 2015, continues to provide comprehensive primary healthcare services to communities surrounding Kolomela. In 2019, Kolomela completed the upgrading of the district hospital that it started last year.

Kolomela engaged the DoH to obtain a piece of land within the premises of the primary healthcare facility to build the Tsantsabane Rehabilitation and Abuse Centre. The project was initiated in collaboration with the South African National Council on Alcoholism and Drug Dependence (SANCA) and Family South Africa (FAMSA). Services provided include bereavement, trauma and rape counselling, drug testing and counselling for families affected by violence and HIV/Aids.



▼ Dan Gouws, assisted by Michelle Odendaal, at the Batho Pele Dental Unit performing a screening on Rosy Cwinyane.

WORKFORCE CULTURE AND CAPABILITY



IN THIS SECTION

TALENT AND LEADERSHIP

DIVERSITY AND INCLUSION

HIGHLIGHTS

Black female appointments: three into a core position and seven in management positions in the technical function. An additional 25 females appointed in mid-level management positions in the technical function

Launched our living with dignity programme, supported by a new policy on bullying, harassment and victimisation

Appointed 16 youths into the Company as part of our commitment to the Youth Employment Services (YES) programme

CHALLENGES

Ongoing challenges in further improving levels of HDSA and female representation at senior management levels, as well as female representation at junior management levels, and employees with disabilities

Some employees in key positions left the Company; we have promoted from within and attracted key skilled talent from the market to fill these positions

FOCUS FOR 2020 AND BEYOND

Advance diversity and improve female representation across the business, specifically in core disciplines, as well as enhancing representation of employees with disabilities

Incremental intake of youths into the Company, as part of the YES programme

Our people are our business. We want to make every employee feel safe, valued and enabled to live our purpose of re-imagining mining to improve people's lives. We are fostering a culture of inclusivity, care and performance, reinforced by key leadership behaviours, as we strive to deliver to our full potential. We believe this will be a source of employee pride and competitive differentiation.

MANAGEMENT APPROACH

Our top priority is to do everything we can to keep our employees safe. We strive to entrench a culture of safety leadership and zero harm, and to positively influence our employees' health and wellbeing.

See safety and health sections, pages 33 to 48.

This is a critical foundation for creating our desired organisational culture and achieving our Tswelelopele objectives. Supported by an effective and efficient organisation design and operating model, we have taken decisive steps over the last two years to create and embed our desired culture and leadership behaviours. Implementing strategic interventions aimed at identifying, developing and retaining talent, is an ongoing focus.

OPERATIONAL FOCUS AREAS IN 2019

Sishen

- Retained our focus on the close monitoring and management of absenteeism, specifically unwarranted, unplanned and sick leave, to ensure we stay within the benchmark norm in terms of attendance.

- Continued to improve staffing lead times, with more than 95% of positions now staffed at any given time.
- Engaged the local municipality to assist with increasing levels of employment from our local community.
- Collaborated with the Department of Home Affairs in conducting audits to determine the legality of all foreigners working at Sishen (permanent and contractors); the process identified some illegal immigrants who were subsequently deported.

Kolomela

- Ensured the continuous availability of critical skills to enable core business areas to perform at optimal levels; our focus has been on correct staffing and managing labour availability, as well as competence training and authorisation to safely perform assigned duties.
- Completed the rollout of individual developments plans (IDPs), with targeted development to start from 2020.



WORKFORCE CULTURE AND CAPABILITY CONTINUED

- Continued to review employee living conditions and to revise the housing strategy; Kolomela has a shortage of approximately 200 houses.
- Trialled a 13-hour shift pattern that improved productivity, but raised safety concerns and was therefore ceased. This has been replaced with an early work-start agreement which has proven more effective.

TALENT AND LEADERSHIP

People are our competitive edge; attracting, developing, and ensuring effective deployment is one of our key strategic focus areas. In assessing the capability of current and prospective employees, we consider their technical skills and knowledge, mental processing ability, social process skills, and their degree of drive and commitment. Our talent management strategy ensures that we have the right people at the right place and at the right time. Every year we conduct a talent identification process for all levels in the organisation. This consistent approach to assessing talent has enabled us to map our capability and to better understand our risks and readiness for succession and for assimilating talent into leadership and specialist positions. We identify and allocate talent into different talent pools, to address weaknesses, realise new opportunities and support our diversity and inclusion roadmap.

This year, a number of employees in key positions left the company to pursue new opportunities elsewhere; this is one way in which we contribute to solidifying the talent bench for the mining industry in South Africa. We have in turn attracted key skilled talent from the market to ensure an inflow of fresh and diverse talent, including for example the newly appointed general manager at Sishen. Through succession planning and talent pipeline development, we have had several promotions into management teams at both Sishen and Kolomela, ensuring continued institutional knowledge.

BUILDING LEADERSHIP CAPABILITY

We have a diverse range of internal and external programmes to enhance the skills, knowledge and awareness of leaders, equipping them to be more effective in their roles and more accountable for their contribution in driving value. To strengthen our leadership pipeline, we implemented the Anglo American leadership development framework, which provides a holistic yet focused approach to developing leadership capabilities. The framework recognises that effective leadership, in an evolving business environment, is constantly being redefined. In 2018, we introduced targeted leadership and culture development interventions, reviewed in the leadership and culture on the next page.

Enhancing front line supervisor capability remains an important focus. Kolomela and Sishen continue to implement a supervisor scorecard with clear monthly KPIs and a supervisor development programme that comprises classroom training and extensive

one-on-one coaching. We have seen a positive correlation between supervisor performance and mine production performance.

In building leadership capability, Kumba is committed to accelerating the recruitment, development and promotion of designated groups into under-represented occupational levels. We are encouraged that women account for 31% of our talent pool, of which 54% is represented by black females; 70% of short-term successors for Exco and Head of Department roles is represented by historically disadvantaged South Africans (HDSAs).

DEVELOPING OUR TALENT POOL AND PIPELINE

Internal training and development interventions focus on providing skills training and also include learnerships, leadership development, mentorships, and career progression plans. Skills training is managed by fully accredited training centres, equipping employees with the requisite skills to work safely, effectively and efficiently. Further training opportunities we offer employees include portable and transferable nationally accredited competencies and qualifications within their line of work, study assistance, and e-learning.

Approximately 98% of Kumba employees are deemed to be functionally literate. We continue to provide training in skills that are transferable to industries outside mining, for community members as well as employees, to support alternative forms of employment.

In 2019, we invested a total of R289 million (2018: R232 million) on training and development delivered across 10,203 (90.0% of workforce), excluding refresher, induction and ex-leave training. Employees participating in training and development programmes were 90% HDSA and 46% women. The training delivered amounted to 6.3% of payroll at Sishen and 5.2% of payroll at Kolomela. Mining Charter III requires 5% spend of wage bill on skills development.

We develop technical talent for the Company through our three-year graduate development programme, which offers degree and diploma graduates the opportunity to obtain training and work experience during a fixed-term contract with the Company to cover their bursary debt. Our bursary programme supports the talent pipeline for our professionals-in-training (PIT) programme.

In 2019 Kumba supported 15 local learners to participate in a tertiary transition programme (bridging school) where matriculant learners with academic potential are identified. Mathematics and Physical Science subjects are revised and rewritten. The course is also an academic enrichment course whereby a variety of courses are designed to extend the student's level of experience in areas such as communication, life skills, engineering drawings and design, business skills and additional mathematics.

In 2019, we increased the bursary pool with 10 additional students following a targeted recruitment process focusing on female and local participation in the bursary programme. Five of the new bursars are female and two are from the local community, filling gaps in scarce skill disciplines such as occupational hygiene and geo-tech.

In 2019, seven PITs were permanently appointed within the Company and no previous contracts terminated. More than 55% of PIT appointments were BEE candidates, supporting the Company's diversity drive.

Kumba has committed to the Youth Employment Services (YES) Programme, a business-led collaboration with government and labour to stimulate demand-side job creation. Every year Kumba will place previously disadvantaged, unemployed youth from local communities into 12-month work experience and training opportunities in the Company. In 2019, we assigned 16 youths in the disciplines of finance and HR. We plan to increase the intake of youths into the organisation to 30 in 2020 and to 40 in 2021.

TRAINING AND DEVELOPMENT STATISTICS

Programme	Number of participants	HDSA %	Female %	Expenditure Rand million
Mining and plant learners (operators)	185	98	55	45.9
Engineering learners (artisans and apprentices)	347	89	24	64.8
ABET training	15	47	60	0.4
Professionals in training	48	83	46	34
Bursaries	38	95	63	6.1
Bridging school	15	100	40	1.8
Portable skills training (capacity building of mine communities)	430	100	19	7.3
Internships (admin and engineering)	105	97	23	9.6
YES internship programme	16	100	87	0.7
Total	1,199	89.9	46.3	170.6

* The remainder of the total training spend (R118 million) was for other training initiatives including external courses and seminars

LIVING THE LEADERSHIP CODE

In striving to be the employer of choice within the mining sector, we have made valuable progress in developing and embedding an organisational culture that fosters safety, diversity, innovation and performance, underpinned by our commitment to employee engagement and support. Our engagements with employees have reinforced our recognition that a compelling culture is dependent on leadership being inspiring and motivating our people and their personal development. Our employees understand that leadership and culture is a key enabler to achieve Kumba's Tswelelopele aspirations.

In seeking to better define and promote our desired culture and leadership behaviours, in 2018 we developed and started implementing a leadership and culture "architecture", comprising the following five pillars and key interventions:

- **Employee engagement:** We have raised a high level of awareness of our desired cultural language and behaviours, as expressed in the Kumba Culture and Leadership Code, at all levels in the organisation. We continue to socialise our desired "way of being" through innovative branding and creative multi-channel communications mechanisms, including a story-telling approach that illustrates the desired behaviours and codes in a practical and understandable way for teams. We also conduct quarterly focus groups and interviews across the business to help us monitor progress.

- **Leadership assessment:** The outcomes of a 360-degree leadership survey we conducted last year provided us with a baseline measure of how Kumba leaders are "showing up" in terms of the Leadership Code, and informed developmental actions to address any identified weaknesses. These actions have been implemented with promising results, including evident shifts in leadership behaviours.
- **Leadership capability building:** Last year we launched the Kumba Expeditions Leadership Programmes: a six-day programme for executives and senior management, and a three-day programme for middle management. The programmes are designed to develop leaders to display and execute the "right" leadership behaviours, aligned with the Kumba Leadership Code, and to grow teamwork as a key capability within the senior leadership team. It is also focused on creating a collective vision of the required culture and journey ahead. To date, 283 employees have participated. The course will continue into 2020, being rolled out to further leadership and supervisory teams.
- **Team development:** In April 2018, we introduced a revitalised team development process across Kumba to build team cohesiveness and effectiveness. The programme is delivered by a leading service provider that frames workshops and team engagements around Kumba's desired culture, focusing on how we show up and "live" our cultural aspirations. To date, 33 teams



WORKFORCE CULTURE AND CAPABILITY CONTINUED

across Kumba are currently engaged in team development workshops, realising significant shifts in team dynamics and relationships, including in cross-functional teams.

- **Focus on diversity:** In May 2018, we started implementing the Diversity Institute's Winning Work Behaviours, a powerful workshop that utilises a narrative methodology to convey concepts and promote our desired inclusive culture. By the end of 2019, approximately 2,500 Kumba employees across all levels had participated in this programme.

Every month, we conduct a leadership session, known as a "Kgatelopele Call" (Setswana for progress), in which management is invited to participate in a review of business performance, including a specific focus on safety, health and environmental performance. Every two months, Exco, general managers and strategic project leaders convene for aligned discussions and decisions on the leadership and culture we aspire to embed at Kumba.

REWARD STRUCTURES

Rewarding successful business outcomes is central to delivering our desired high-performance culture supporting our Tswelelopele initiative. It is critical that we provide an appropriate level and mix of remuneration to attract, retain and motivate the right calibre of employee. Kumba also strives for a fair compensation dispensation with the principle of "equal work for equal pay" being applied across our diverse workforce. To this end we have developed a reward and recognition structure to support the following key employee value proposition areas:

Performance linked remuneration and incentives

Our guaranteed pay packages are designed to be competitive with both the national market and specifically the mining sector. We conduct annual benchmarking exercises to validate our competitiveness.

In 2019, we revised our performance appraisal system and moved towards a team-based approach to awarding incentives as opposed to an individual-based approach. This supports our Tswelelopele programme, the rules were approved by the Kumba Remco in November 2019. Business and team performance are measured against a structured set of key strategic business objectives cascaded throughout the non-bargaining category. The performance outcomes influence the specifics of the annual short-term incentive and derived long-term incentive. Senior leaders within the organisation are also incentivised with longer-term awards that are provided on meeting predetermined objectives that are in line with the interests of shareholders.

 Details of Kumba's remuneration practices and performance are provided in our IR (pages 96 to 129).

We implemented a bargaining unit production bonus scheme that involves employees working towards monthly, quarterly, bi-annual and annual targets for specific key result areas (KRAs) including safety, production, productivity and attendance. In addition, employees can also qualify for a gain share bonus in the event of exceptional business performance, substantially exceeding budget targets.

Recognition of exceptional business contribution

Kumba's internal recognition programme is aligned with that of Anglo American. The recognition programme called the Applaud Awards, is a three-tiered programme. The first tier recognition is on an operational level with peer recognition on a General Manager level. The second tier recognition is on a Kumba level with peer and Company recognition by the Chief Executive and Board members at an annual Applaud Stars gala event. The final level of recognition is on an Anglo American GMC level at the annual Applaud Awards gala event hosted in London. Award winners are selected through a rigorous adjudication panel process from a pool of nominees motivated by line management and peers. Recognition is awarded in the following five categories: safety, sustainability, collaboration, achiever and partnership.

Employee share ownership

In June 2018, Kumba introduced its new broad-based employee share ownership scheme, named "Karlo" (Karlo means "part of" or "portion of the interest/share/ownership"). Permanent employees up to a supervisory or specialist level qualify to participate in the scheme. The Karlo second award (of three tranches) was offered and processed during August 2019. The second award had a very high initial acceptance rate with only 36 of 5,574 offers (0.6%) outstanding. The outstanding acceptances of the Karlo first award, issued in August 2018, have been actively and collaboratively managed down to the remaining 22 employees, who have opted not to accept their offers, notwithstanding significant engagement and management intervention. The first Karlo Annual General Meeting of the Trustees took place on 31 October 2019. The Karlo beneficiary Trustees were elected and communicated for all Kumba operations and sites.

AN INCLUSIVE AND DIVERSE ENVIRONMENT

Commitment to diversity is a key pillar within Kumba's Tswelelopele strategy. This year we started implementing an inclusion and diversity strategy that has been communicated across the organisation. The strategy centres around the desired seven cultural themes anchored in the Leadership Code, where the diversity, and unique contribution of every employee is valued. We strive to instil a leadership mindset that is committed to inclusion and diversity. We have conducted a gap analysis for each area of the strategy and identified appropriate interventions that are being implemented.

As part of our drive to provide a working environment that is safe, effective and enabling, we have been fostering a commitment to involve, support and enable colleagues living with a physical disability, learning difficulty or mental health issue, to reach their full potential.

Reinforcing our commitment to inclusion and diversity, this year we launched our Living with Dignity programme to combat gender-based violence, as part of an Anglo American initiative across its South African operations.

See page 55.

This has been supported by the introduction of an Anglo American group-wide policy on bullying, harassment and victimisation. The policy defines each of these issues and sets out our zero-tolerance approach to all of them. We encourage everyone to “please act” if they see behaviours that they do not feel are right, especially those that relate to our value of care and respect. Concerns can be reported through our confidential reporting platform YourVoice, or directly to a line manager or HR representative.

EMPLOYMENT EQUITY

Achieving sustainable and tangible transformation is a business imperative and is core to our licence to operate. We implement a comprehensive human resources transformation strategy. Our employment equity (EE) plans set numerical targets and goals for EE, including affirmative action measures. This year we set new internal targets on diversity that informed the development of a new EE plan for 2019 to 2022, which has been submitted to the Department of Labour.

Kumba's workforce profile meets Mining Charter 2018 targets for Board, Exco, middle management, junior management (HDSA), and core levels. We continue to focus on improving levels of HDSA and female representation at senior management level, and female representation at junior management levels. Increasing the number of employees with disabilities is another priority.

During 2020, we will make a concerted effort to attract and retain people with disabilities. This will include opportunities to leverage suitable technology, earmarking positions for people with disabilities, and ensuring our workplaces are conducive for

disabled employees. We currently employ 36 people with disabilities (2018: 36), with eight in managerial positions (2018: 11). This represents 0.6% of our workforce, against the Mining Charter III target of 1.5%.

This year we progressed on HDSA presentation at management levels. At year-end, HDSAs represented 88% of our total workforce (2018: 88%) and held 71% of management positions (2018: 68%).

In 2019, we reaffirmed our commitment to advancing diversity and improved female representation across the business, specifically in core disciplines. Kumba has set a target to achieve 33% representation of women at management levels by 2023. Kolomela is our flagship operation in driving the appointment of women in core technical roles, with 30% representation. Sishen has identified opportunities to improve the appointment and promotion of women in core roles, with 19% women representation. The mine has targeted development plans for women in technical fields, including increasing the graduate pipeline in areas that are not adequately represented. We aim to leverage new technologies that will benefit women within core mining operations, and allow them to perform on the same level as their male counterparts.

We have improved levels of female representation across the business, specifically in core disciplines. This year two black females and two white females were appointed into core positions, directly from the PIT programme: Sishen appointed their first black female Mining Manager, while Kolomela appointed two black females who will head the blasting and production geology departments. By year-end, women made up 23% of our overall workforce (2018: 23%), 20% of core disciplines (2018: 20%), and 25% of management positions (2018: 24%). We implemented a women-in-mining (WIM) strategy and intervention plan to promote the integration of women in the workplace, especially in core functions. A WIM Steering Committee oversees performance against objectives. Capacity building is critical, and we aim to ensure at least 30% women representation in our talent pipeline programmes. Kumba has policies and procedures relating to sexual harassment and proactively addresses this issue in the workplace and in host communities.



WORKFORCE CULTURE AND CAPABILITY CONTINUED

HDSA AND WOMEN IN MANAGEMENT

	Total management			% HDSA in management			% women in management		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Corporate office	238	237	234	65	65	62	37	37	34
Sishen	719	704	649	69	67	64	19	17	17
Kolomela	323	305	297	76	75	74	31	29	22
Group	1,280	1,246	1,180	71	68	66	25	24	22

SUPPORTING LABOUR RIGHTS

As expressed in Anglo American's Human Rights Policy, and as signatories to the United Nations Global Compact, we are committed to the labour rights principles set out in the International Labour Organisation core conventions, including the right to freedom of association and collective bargaining, non-discrimination, and the eradication of child and forced labour. Observance of these rights is required of all our employees and contractors, as well as all our suppliers.

We have policies and processes in place to ensure that we do not employ any under-age or forced labour. No incidents of employing under-age or forced labour were reported in 2019, and there were no significant incidents of discrimination or grievances regarding labour practices.

LIVING WITH DIGNITY – PRESERVING THE RIGHT TO DIGNITY AT WORK

Everyone has the right to dignity – in our homes, offices and everywhere in-between. In 2019, Kumba embarked on a series of interventions aimed at eliminating sexual and gender-based violence (GBV) in our workplaces and communities. This is being facilitated through a wide-ranging Anglo American programme that aims to tackle the scourge of gender-based violence through targeted interventions at its operations and in its host communities. The Living with Dignity programme is shining a light on behaviours that can compromise our feelings of respect and dignity at work, such as discrimination and harassment. It is a journey we are committing ourselves to over the next several years.

The launch of the Living with Dignity programme on 29 November 2019 coincided with the 16 Days of Activism against Gender-Based Violence annual campaign and included a range of gender-based violence interventions that aim to ensure safe spaces in line with the United Nations' Safe Cities flagship programme. Through this programme, Anglo American is working collaboratively with partners in government and civil society to roll-out interventions to eliminate sexual and gender-based violence, in line with the purpose to re-imagine mining to improve people's lives. Anglo American also joined the

UN Women's #OrangeTheWorld campaign, which aims to bring an end to violence against women and girls. The mining industry in South Africa has traditionally suffered from high levels of gender-based violence. This programme aims to help us better understand and address gender equity challenges, and drive discussion around critical issues facing our society, like gender norms, values and practices that result in gender imbalances and often lead to gender-based violence.

The Living with Dignity programme includes an initiative called Men as Partners, which encourages men to be a part of positive change, become positive role models in their communities and support women and children initiatives. The programme has already been extremely successful in promoting perception and behaviour change among the participants.

Other projects under the Living with Dignity initiative include evaluating operational processes at operations to streamline them into comprehensive GBV elimination programmes and introducing programmes for families and employees that promote non-violent conflict resolution, positive parenting and gender de-stereotyping. Through the Living with Dignity programme, we are calling on men and women to learn more about how they can take a stand against the violence that surrounds us.



▼ We have launched our living with dignity programme, focusing on gender-based violence. By amplifying some of our existing programmes, we aim to create safe workplaces, safe homes, safe schools and safe communities for all.



WORKFORCE CULTURE AND CAPABILITY CONTINUED

RELATIONSHIPS WITH EMPLOYEES AND UNIONS

In 2019, we have focused on finalising outstanding issues to be addressed, as defined in the three-year wage settlement concluded with organised labour in 2017. The terms of the agreement for the third year provide for basic salary increases for the bargaining category employees of between 7% at the higher levels and 10% at the lowest level, effective from 1 July 2019 until 30 June 2020.

An important development in 2019 was a collaborative discussion with organised labour on promoting home ownership. We established a steering committee inclusive of organised labour representatives, management and subject matter experts. We have made great strides in outlining a pathway for solving challenges associated with the complex home ownership and employee housing issue. Steps taken include an employee engagement survey in which 105% of the target sample group of employees participated. The outcomes of the survey have informed the steering committee's recommendations and plans to address employee concerns with regards to housing.

Ongoing relationship building exercises were held to reaffirm personal and central level relationships between the employee relations and union leadership.

The following items have also been in focus:

- developing union leadership
- establishing a central Employment Equity, Diversity and Inclusivity Forum
- engaging with unions on the smart core services process review project
- reaffirming understanding of current agreements, such as the recognition agreement
- building strong relationships both on interpersonal and group leadership forum level
- building HR capacity on employee relations matters
- monitoring and assessing the impacts of new and amended legislation, such as the revised Mining Charter, labour law amendments, and Basic Conditions of Employment

In 2019, 31 employee grievances were referred to the Commission for Conciliation, Mediation and Arbitration (CCMA) and labour court (2018: 53 grievances).

We remain mindful that the climate of uncertainty across the industry has implications for employee morale and productivity, safety, and industrial relations. We will continue to engage closely

with our employees and organised labour on all matters which could impact negatively or positively on them going forward.

In 2019, 74% of the total workforce was represented by one of the three recognised unions (see table below). The National Union of Mineworkers (NUM) remains the dominant union with 59% representation within the bargaining category. In total, 76% of our workforce is covered by a collective agreement.

UNION MEMBERSHIP IN 2019 (% OF BARGAINING CATEGORIES)

	NUM	AMCU**	Solidarity	Agency shop
Corporate office*	3	1	75	—
Sishen	59	18	19	4
Kolomela	64	29	3	4
Group	59	20	16	5

* Corporate office – no organisational rights

** Association of Mineworkers and Construction Union

WORKFORCE MOVEMENT AND AVAILABILITY

Kumba has a policy of employing people from communities close to our operations where possible. We only recruit people from outside the Northern Cape area if a specific skill is not available locally. At year end, 91% of employees were local, a level maintained since 2016.

At year-end, our workforce totalled 12,217 employees (2018: 12,050): 6,107 full-time permanent employees (2018: 6,005 employees), 5,596 full-time contractors (mining contractors involved with the core processes of the mine) (2018: 5,557 contractors), and 514 learnerships (2018: 488 learnerships). During the year we also employed 1,189 fixed-term project contractors (contractors with an approved supply chain contract with Kumba to perform capital projects) (2018: 922 contractors).

Kumba's employee turnover rate (the number of permanent employee resignations as a percentage of total permanent employees) was 3.37%, well below the 7.6% industry benchmark. New hires amounted to 6.1% of permanent employees.

Absenteeism, or workforce unavailability, covers both planned leave (annual, maternity, study, union) and unplanned leave (sick, unpaid, absent without leave, special, family responsibility, injury on duty, suspension, unprotected strike).

EMPLOYEES AND CONTRACTORS IN 2019 (EXCLUDING LEARNERSHIPS)

At year-end	Full-time permanent (full-time equivalent and permanent employees)		Full-time contractor (mining and non-mining other)	
	Total	Women	Total	Women
Corporate office	221	115	52	16
Sishen	4,370	860	4,306	377
Kolomela	1,426	434	1,206	115
Technical services	60	15	30	4
Projects	6	3	1	0
Saldanha Bay	24	8	1	1
Total	6,107	1,435	5,596	513



▼ Kolomela Fatigue supervisor Patricia Masilo, operating the "Prism" system. The "Prism" system is designed to indicate whether or not an operator is fatigued, by solving a series of puzzles.

BUILDING SOCIAL CAPITAL

- ▼ **Image 1:**
Gabriel Esau, pictured in the community library of the Siyathemba village.
- ▼ **Image 2:**
Alta Buys and Boitumelo Choche from the UGM Wellness clinic, with Tuotlo Nkatswans. The UGM Wellness clinic in Kathu provides HIV testing and counselling to the local community. It is co-funded by Kumba Iron Ore and the Northern Cape Department of Health.
- ▼ **Image 3:**
The Siyathemba Youth Centre.
- ▼ **Image 4:**
Katlego Koebe, an auto electrician at Sishen, taking the occupational health test.
- ▼ **Image 5:**
Richard Blomes employed at Sishen, in the community library at the Siyathemba village, constructed to resettle the residents of Dingleton.



Inspired by our purpose to re-imagine mining to improve people's lives, we are committed to ensuring harmonious co-existence with host communities and to working collaboratively with our suppliers, communities and partners to ensure the development of thriving, healthy and inclusive communities beyond mining.

R170.9 million

IN DIRECT SOCIAL INVESTMENT

R11.9 billion

PAID IN DIRECT AND INDIRECT
TAXES TO GOVERNMENT

R2.4 billion

ON LOCALISED PREFERENTIAL
PROCUREMENT

R13.9 billion

PAID TO BEE SUPPLIERS



UPHOLDING HIGH SOCIAL STANDARDS

HIGHLIGHTS	CHALLENGES	FOCUS FOR 2020 AND BEYOND
<p>Significantly improved levels of compliance with the Anglo American group Social Way, scoring higher than the group percentage average, with Sishen and Kolomela recognised as top performing sites</p> <p>Kolomela completed a socio-economic baseline assessment to better understand the site's social impacts, risks and opportunities for development</p> <p>Sishen and Kolomela conducted health baseline assessments in conjunction with stakeholders, focusing on understanding major health challenges for host communities</p>	<p>Protests at Kolomela related to perceived unfair procurement practices</p> <p>Increased concern on recruitment processes of contractors</p> <p>Six remaining households in Dingleton resisting resettlement</p> <p>Integration of high social performance standards throughout our organisation, including service providers</p>	<p>Embed the updated Social Way (v3.0) and maintain compliance</p> <p>Implement Collaborative Regional Development</p> <p>Maintain strong relationships with local stakeholders</p> <p>Manage concerns relating to the selection of suppliers</p> <p>Agree on mutually acceptable terms for remaining Dingleton resident resisting resettlement</p> <p>Social impacts and risk management</p> <p>Reaching sustainable mining targets</p>

We aspire to be a transparent and trusted leader, responding effectively to issues that our communities care deeply about. We apply robust social performance management standards and maintain constructive relationships with all local stakeholders. This lays the foundation for effective delivery of socio-economic development initiatives that reflect our values, demonstrate accountability and improve our future prospects.

 Reviewed on pages 67 to 73.

MANAGEMENT APPROACH

Kumba's approach to social performance management is informed by our values and Code of Conduct, with the Anglo American Social Way defining our social performance policy and governing framework. The Social Way requires us to manage our social impacts and risks, to demonstrate respect for human rights, engage meaningfully with our local stakeholders and create an environment in which communities can prosper sustainably. Each site is assessed annually against the Social Way requirements and implements an improvement plan to address non-compliance. In 2019, Kolomela scored 4.1 out of five (2018: 3.0) and Sishen's score improved to 4.0 (2018: 2.9). The 2018 and 2019 results have been externally assured.

We are placing a focus on ensuring management oversight at the highest level over risks and impact management, strategy and social management plans development. We recognise that meeting Social Way requirements and sustainable mining plan goals is

essential for achieving our business objectives, while ensuring that we avoid harm and stimulate development. This year we established a Social Way steering committee, led by the Executive Committee and including general managers. The Steering Committee is driving more collaborative social performance planning, monitoring and evaluation, supported by social performance teams and management committees at sites.

Our social performance management system, which we call Tirisano, is designed to support our operations in meeting the requirements of the Social Way. The integrated, centralised internet-based platform enables consistent and efficient capturing, processing and communicating of information – including Kumba's engagements with various stakeholders, social impacts and commitments – as well as improved visibility and monitoring of performance measures. Senior managers are held accountable for social performance and receive ongoing sensitisation and engagement on requirements.



UPHOLDING HIGH SOCIAL STANDARDS CONTINUED

Effective from January 2020, an updated Social Way (v3.0) replaces both the Socio-Economic Assessment Toolbox (SEAT) and the Social Way v2. The new version is a step-change, builds on what we have learned and introduces an integrated Social Way management system consisting of a policy, a toolkit and an assurance framework. The Social Way toolkit replaces SEAT and includes all procedures, guidelines and standards required to implement the policy. The toolkit is organised around four elements, namely governance, review and planning, engagement and analysis, as well as risk prevention and management.

KEY ACTIVITIES IN 2019

In 2019, Sishen and Kolomela assessed their social risks, identified social PUEs (priority unwanted events) and developed parent bow-ties to manage the risks. Kolomela, which has experienced significant shifts in the socio-economic conditions of the areas in which it operates, completed an assessment and review of the site's social impacts. Based on the assessments of impacts and risks, Kolomela and Sishen have set social performance strategic objectives, which focus on transparency and representivity in stakeholder engagements, management of positive and negative impacts and procedural and distributional fairness. Our community development initiatives and engagement activities aim to achieve these strategic objectives and are aligned with our sustainable mining plan 2030 goals and interim targets that relate to our three major areas of sustainability – trusted corporate leadership, thriving communities and healthy environment.

In implementing our sustainable mining plan, we aim to partner in delivering community health solutions that will achieve the SDG3 health outcome targets “to ensure healthy lives and promote wellbeing for all at all ages, by 2030”. We are developing site-level stretch targets linked to SDG3 and selecting initiatives to achieve these targets. To inform this process, in 2019 we conducted health baseline assessments across our sites as part of an Anglo American funded global health-baseline study. The key objectives were to: compare the health situation of host communities with SDG3 indicators; mapped social determinants that shape the health situation, document stakeholder views and priorities; and aligned these views with available evidence on the health issues of the host community in order to prioritise targets. We found that of the nine SDG3 target areas, health and wellbeing issues prioritised by Sishen and Kolomela's host communities include substance abuse, communicable diseases (HIV/TB), sexual and reproductive health, road traffic accidents and non-communicable diseases. The key determining factor is access to quality health care, as well as poverty and unemployment, stigma and socio-cultural norms, gender inequalities and violence, and knowledge and behaviour. Work will continue during the first half of 2020 to consider interventions to implement in host communities, depending on their feasibility.

We continue to monitor and strengthen relations with the community at Siyathemba, the purpose-built suburb in Kathu to which Dingleton residents were relocated. This year we completed the Siyathemba livelihood monitoring report, based on a survey among resettled households and a series of focus group discussions with representatives of affected people. A post resettlement working group (PRWG), that was elected by the people of Siyathemba as their representative, approved the survey monitoring process and commented on and reviewed the monitoring report. The outcome of the study will be considered in the development of any further Siyathemba livelihood programmes. A resettlement monitoring exercise was also undertaken to evaluate the implementation of the resettlement action plan (RAP). While the project fulfilled the majority of RAP commitments, outstanding issues include the relocation of five remaining homeowners, addressing house maintenance complaints, resolving estate cases, and renters' issues, including the hand-over of community rental units and the appointment of community trustees onto the rates and taxes subsidy trust.

Kolomela and Sishen assessed potential emergencies that could arise at the sites and impact neighbouring communities, and conducted emergency drills in conjunction with relevant external stakeholders to prepare for such emergencies. We have put various controls in place to mitigate the risks identified and have updated our emergency preparedness plans to incorporate detailed actions for every scenario identified.

KOLOMELA SOCIO-ECONOMIC IMPACT ASSESSMENT

In 2019, Kolomela conducted a social impact assessment and community perception survey simultaneously, as a follow-up to the assessment and survey it undertook in 2014 and 2017 respectively. The research was conducted in compliance with the Social Way and IFC standards. It focused on historical impacts and issues, existing internal and external data, as well as stakeholder experiences and opinions, to identify current impacts that are likely to continue over the next three to five years. Data was collected through a door-to-door household survey conducted by a group of trained local young people, supervised by an experienced researcher.

Key findings:

- The extent of in-migration to the local municipality of Tsantsabane undermines the overall positive socio-economic impacts of job creation, employment and local economic development linked to mining and other economic activities
- The influx of job seekers aggravates the prevalence of social problems
- Unemployment rates have increased, especially for the youth, confirming the outcome of the 2018 youth survey

- A detailed analysis of household data revealed some positive shifts in two bigger residential areas in Tsantsabane, with regard to education and youth employment
- The perception of Kolomela is generally positive, respondents acknowledge that Kolomela's impact is positive and to their benefit, and that negative impacts are mitigated effectively
- Over-dependency on Kolomela was raised as a concern, especially with regards to Tsantsabane local municipality, local businesses and the local economy
- Generally, respondents expressed positive sentiments about Kolomela's contribution to, and impact on local procurement; however, the ratings were noticeably lower than in 2017
- Around 50% of respondents considered Kolomela to be fair in deciding which communities or community development projects to support

SOCIAL INCIDENTS AND GRIEVANCES

Social complaints and incidents provide valuable indicators to help our operations to anticipate deeper community concerns and to proactively mitigate social risks. We implement the Anglo American group-wide social incidents and grievance procedure, which is designed to ensure transparent handling and resolution of issues, and promote care, respect and accountability. Level 3 to 5 (moderate to significant) social incidents are reported to the Board and included in the Chief Executive's quarterly performance scorecard. The social incidents and grievance procedure has increased access for vulnerable groups which will allow more community members to raise issues that they could be experiencing.

During 2019 we recorded and reviewed 41 social complaints and grievances across the group (2018: 67). The review highlighted the challenges being experienced with inclusive procurement and access to opportunities for businesses within our communities. The challenge with access to information on skills development initiatives for community members was another high issue that was found in the review. The critical importance of increasing levels of local recruitment (from our host communities) needs to be a major focus area in 2020. Of all the complaints and grievances for 2019, two were at level 3 to 4 and none at level 5. The greatest proportion of incidents (43%) and complaints related to environmental impacts, relatively consistent with last year (43%). Ongoing environmental grievances are carefully monitored and managed.

During 2019, social tensions around our operations related mainly to perceptions of unfair procurement practices. We have monthly business forum meetings that try and proactively address the challenges being faced by businesses within our communities. The Technical Enablement Team is a dedicated structure that is established to focus on assisting businesses to grow by providing knowledge and skills in order to capacitate our SMMEs to better position themselves for opportunities.

As an organisation we take a proactive approach around engagements to mitigate any potential tension and misunderstanding on the work we are doing. This approach is based on our vision of re-imagining mining to improve people's lives and leaving behind lasting legacies within self-sustainable communities long after mine closure.

MANAGING SOCIAL IMPACTS IN OUR SUPPLY CHAIN

Kumba's vision is to be part of a value chain that supports and reinforces positive human rights and sustainability outcomes. We prioritise ethical decision-making when purchasing goods and services; allowing us to work more closely with suppliers.

Kumba worked with 22,000 suppliers in 2019, with approximately 80% of our procurement expenditure directed towards 540 global and large suppliers. Suppliers provide us with goods, labour and services that support exploration, mining, transportation, aggregation, processing and technology development.

Our responsible sourcing approach focuses on four areas:

- **Progressive standards and policies:** that provide suppliers with clear, simple guidance on sustainability requirements
- **Raising awareness and building supplier capacity:** to support the identification and management of potential sustainability risks
- **Risk-based due diligence:** through a series of checks, self-assessment questionnaires and third-party on-site supplier assessments
- **Industry collaboration:** working with other companies to benchmark approaches; develop common requirements and share non-competitively-sensitive sustainability information in an attempt to reduce duplication for common suppliers

Our responsible-sourcing standard for suppliers sets out expectations for current and prospective suppliers

It requires suppliers to:

- Protect the safety and health of their workforce
- Demonstrate their protection of the environment
- Respect all labour and human rights through their value chains
- Be good corporate citizens within the communities and regions where they operate
- Conduct business with the utmost integrity, and always act in a proper manner, fairly and lawfully

Our standard defines minimum expectations for each of these areas, and sets more ambitious goals for suppliers to work towards.

We set out requirements for risk assessments, for a safe working environment, and for responsible employee relations. We also expect all suppliers to contribute actively to social and economic improvement. We have aligned the standard closely with our own policies, including our Human Rights Policy, Safety, Health and Environment Policy, and Business Integrity Policy. In particular, the



UPHOLDING HIGH SOCIAL STANDARDS CONTINUED

standard highlights the importance of inclusion and diversity, and the role we expect suppliers to play in identifying and addressing modern slavery risk.

Our approach to managing sustainability risk in our supply chain

We apply the following four steps, in order to manage sustainable risk in our supply chain:

1. During registration, we require all suppliers to commit to comply with relevant laws and meet our requirements concerning responsible sourcing.
2. We require suppliers in high-risk categories to complete and regularly update a self-assessment questionnaire, and we will make this mandatory for all new suppliers. The questionnaire helps suppliers to better understand our sustainability requirements and their own practices. We have posted a copy of the questionnaire on our website for easy reference.
3. On a sample basis, we may require suppliers to provide evidence of previous responsible-sourcing on-site assessments, or submit to a new, third-party, on-site assessment.
4. We expect suppliers to manage all the risks this process identifies and develop plans for them to comply fully with legal requirements and our standard in a reasonable and realistic time frame.

During 2019, we made updates to our supplier onboarding processes, which compels suppliers to meet requirements linked to modern slavery, the elimination of child labour, and to respect our commitment to conflict-free minerals. We also continued a range of engagement initiatives to raise awareness of the standards requirements, and focused extensively on managing tailored programmes aimed at supporting small and medium-sized supplier businesses to meet our requirements. The standard is available in multiple languages and supported by a Frequently Asked Questions document, which provides additional guidance.

Identifying higher sustainability risk suppliers

We use a multi-pronged approach to identify suppliers who have an increased potential for sustainability risk; this includes a risk “heat map” and a nomination system. Since 2018, we have used a heat map that considers potential risk to people, the environment or society that could result from the type of goods or services supplied. It also includes country-specific risks that emanate from where a supplier operates, and our transaction volume and expenditure profile. Under our detailed engagement plan, we engage with suppliers that have heightened potential for risk, and high-spend suppliers who constitute a majority of our expenditure. In 2019, we conducted on-site assessments at suppliers as part of this plan.

Engagement with suppliers indicates that most high-spend suppliers understand their potential responsible-sourcing risks and have processes to identify and manage those risks, including risks related to human rights and modern slavery. On-site contractors, including security-services providers, have provided evidence to

demonstrate their compliance with relevant legal requirements, as well as our site-specific requirements. Smaller suppliers often have difficulty in demonstrating procedures and practices linked to core legal requirements. To address this, we have intensified our efforts to support small businesses to meet our requirements.

An example of how we support small businesses to meet these standards

We are committed to driving the social and economic wellbeing of mining host communities through our supply chain. We do this through our choice of suppliers, and through identifying opportunities for new entrants and host-community-based small businesses to supply goods and services to Anglo American. We acknowledge that small suppliers may have difficulty in meeting the complex requirements of multinational customers such as Anglo American. We have therefore invested heavily in capacity-building programmes to bridge these gaps. These include tailored programmes and access to training, as well as mentorship for small businesses. In 2019, our capability-building programme was rolled out to 170 host community suppliers.

Advocating for industry-wide supplier standards

It is our ambition to develop a common responsible-sourcing standard for the mining industry, which will help suppliers to identify and address relevant sustainability issues, and manage their risks proactively. We have worked with the Responsible Sourcing Working Group of the ICMM to benchmark the approach of other mining companies. In 2019, we reached an agreement with more than 10 global mining, energy and resources companies on a common supplier assessment to support the Australian Modern Slavery Act (MSA) requirements. An external statement on the commitment against modern slavery and supplier toolkits were launched in October 2019. Similar work is currently under way in South Africa through the Minerals Council, which is supportive of a wider industry approach.

For more information: angloamerican.com/suppliers/responsible-sourcing.

RESPONSIBLE LAND ACCESS AND RESETTLEMENT

Access to land for mining activities and, where applicable, the subsequent displacement and resettlement of people, are complex, emotive issues that can have long-term consequences for the affected people and our relations with them. Resettlement can present significant risks to our capital projects and operations.

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

In 2018, we almost completed the successful relocation of the Dingleton community to Siyathemba, a new purpose-built suburb in Kathu, 30km away, to enable the expansion of Sishen mine. More than 3,400 people (approximately 98% of all Dingleton residents), including approximately 517 homeowners, have relocated and been resettled in Siyathemba, with a small minority resettled in Kathu. This year we continued to negotiate with six households in Dingleton who remain resistant to moving, to agree on mutually acceptable terms for the resettlement. Throughout the resettlement process, we ensured adherence to all due governance processes and application of global best practice standards on resettlement. To promote social stability and strengthen relations with the affected community, we have a

post-resettlement working group for Siyathemba community that works with the Gamagara local municipality. Kumba continues to invest in ensuring the improvement of the livelihood and quality of life of the resettled families. Our activities aimed at creating a thriving community at Siyathemba are reviewed below.

ILLEGAL MINING

The South African mining industry faces a long-standing risk of illegal mining activities. At Kumba we are fortunate that the risk is insignificant due to the bulk commodity that we mine. We do, however, have access control processes in place at all our operations to mitigate the risk of unauthorised entry.

FOSTERING A THRIVING COMMUNITY IN SIYATHEMBA

Kumba continues to foster a strong, trusting relationship with the Siyathemba community in Kathu and to invest in creating a thriving community. The purpose-built suburb of Siyathemba is where Kumba has relocated the Dingleton community. The size and scale of the relocation is unprecedented in South Africa and involved relocating 517 households, more than 3,400 people and various entities that make up the community.

The resettlement project has aimed to ensure the improvement of the livelihood and quality of life of the resettled families, and to support local businesses and entrepreneurs, especially the youth, with training and business opportunities.

In addition to building over 500 new houses, Kumba also expanded and built new schools, and constructed seven new churches, along with new community recreational facilities, a police station, rental accommodation, municipal buildings and offices, libraries and community centres, the design of a new clinic and extensive landscaping. Kumba has planted more than 2,700 trees in public areas in addition to those planted within the homes.

In April 2019, Kumba Chief Executive Themba Mkhwanazi officially handed over 17 recreational parks and a youth centre to the community. The multi-purpose centre will promote further opportunities for children and young people to access sporting, cultural and learning activities.

Since 2014, Kumba has invested more than R300 million towards sustainable development in Siyathemba by supporting community development projects and entrepreneurs, providing business development training, procuring goods and services from SMMEs based within Siyathemba, as well as youth training and development. Most of these suppliers have benefited from Kumba's enterprise development programme.

The post-resettlement working group (PRWG), comprising representatives from the Siyathemba community, Kumba and the Gamagara local municipality, continues to monitor livelihood restoration and socio-economic upliftment projects to ensure the post-resettlement sustainability of the community.



▼ Doreen Choipindura, a teacher at the Mpepe Thari Pre-school, located in the Siyathemba village.

MAKING A POSITIVE SOCIAL CONTRIBUTION



IN THIS SECTION

SUPPORTING LOCAL ECONOMIES

BUILDING LOCAL CAPACITY

SHARING THE BENEFITS OF MINING

HIGHLIGHTS

R2.4 billion of discretionary procurement spend with host community suppliers

Supported 26 schools through the Anglo American Education Programme, impacting over 16,300 learners

Kolomela conducted a new socio-economic baseline assessment of the area where it operates, as part of its five-year sustainable mining plan (SMP)

CHALLENGES

Housing shortage at Kolomela

Meeting certain Mining Charter 2018 targets will be challenging

Service delivery within our communities in particular water and waste management

FOCUS FOR 2020 AND BEYOND

Increase localised procurement spend to R3 billion in 2020

Implement the Northern Cape Shared Value strategy and integrate collaborative regional development (CRD)

Progress strategic projects including municipal capacity development and our education programme

Sishen will develop its SMP in 2020

Baseline assessments to be completed by Sishen and Kolomela by end of 2020

Building thriving communities with better health, education and improved employment opportunities is one of the three pillars of our sustainability approach and contribution towards the SDGs. Kumba aspires to be a trusted partner with all stakeholders and leader in catalysing collaborative socio-economic development.

COLLABORATING TOWARDS A SHARED VISION

The Northern Cape, and in particular the three local municipalities of Gamagara, Ga-Segonyana and Joe Morolong that form John Taolo Gaetsewe District Municipality, face some of the most significant socio-economic challenges in the country. Almost two-thirds of residents are unemployed, only a third of young people achieve their matric, and one-in-four children are not receiving formal early childhood development. A third of households live in extreme poverty, with health and wellness outcomes among the lowest in the country.

Complex, systemic challenges such as these are the fault of no single organisation or sector, nor are they solvable by any one organisation or sector. The kind of transformation needed in the Northern Cape requires all stakeholders – including government, traditional leaders, the private sector, local communities, young people, and faith organisations – to come together around common goals, each bringing their own expertise, skills, experience and time.



Community members residing in Jenn-Haven being taught bricklaying as part of skills development training. The training is funded by Kolomela.

In 2018, Kumba started working together with other mining companies in the Joe Morolong, Ga-Segonyana, Gamagara and Tsantsabane local municipalities to develop and implement a “shared value” strategy for the Northern Cape. A shared value approach acknowledges that the social and economic wellbeing of business and communities are interwoven, and it strives to incorporate civil society, government and the private sector. It aims to contribute to the achievement of shared goals and to create collaborative opportunities for communities.

In a series of discussions and through engagement, an initial group of stakeholders worked together to develop a shared vision of “what it looks like when it's fixed” for the local area, reflecting the common aspirations and desires of communities, young people, faith leaders, local government, traditional leaders and mining companies. The shared vision aligns closely with municipal development plans, as well as the provincial Growth and Development Plan, the National Development Plan and the global Sustainable Development Goals (SDGs). While there is a high expectation of the role of mines in contributing to socio-economic development, there is an acknowledgement that all parties have roles to play. In particular, community-based organisations need to be more involved in the planning and implementation of development activities.

The collaboration work strives to identify existing projects and initiatives that will take us closer to the shared vision, for example, through future social and labour plans (SLPs) and integrated development plans (IDPs), and identifying where other projects and initiatives are needed to ensure all the outcomes in the vision can be achieved. The focus areas are sustainable industrialisation, skills for the future, and connectivity. Through inclusive engagements, by the end of 2019 we had identified these three themes as relevant and related to the common priorities aligned to the shared vision outcomes model.

The shared value strategy provides a platform for the establishment of an inclusive cross-sectoral partnership, which serves as an impact catalyst structured to be the backbone of the Anglo American group-wide Collaborative Regional Development (CRD) programme. Inspired by the Development Partner Framework, this innovative approach starts by identifying socio-economic development opportunities with the greatest potential in a region through spatial planning and analysis. This will provide a more factual concept of what the future can bring and create the catalyst for forging the partnerships with a broad range of stakeholders to plan, finance and deliver those opportunities. The Council for Scientific and Industrial Research (CSIR) has been appointed as lead partner for the collaborative regional development. The CRD programme is being successfully implemented in Limpopo province.



MAKING A POSITIVE SOCIAL CONTRIBUTION

CONTINUED

SOCIO-ECONOMIC DEVELOPMENT AROUND OUR OPERATIONS

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

By adhering to our Social Way requirements on SED, our sites are guided in identifying priorities and target interventions that have the greatest impact. We implement a robust assessment methodology tool to measure our SED performance and inform the design of effective site-level strategies.

 See page 59.

Our approach is also informed by regulatory requirements, such as those of the Mining Charter and our social and labour plans (SLPs), which focus primarily on education (programmes, school and university infrastructure included), bulk infrastructure (supporting local government), and enterprise and supplier development. The five-year SLPs are developed through a consultative process with the respective municipalities and through regular interaction with host communities. They are reviewed and revised where necessary, including prioritisation of projects. Large-scale projects are aligned to municipal integrated development plans and local economic development strategies. The quality of relationships and levels of trust that we have fostered with our host communities, have enabled us to maintain good relations and communicate effectively about our SLPs and other social commitments. Each of our operations has a stakeholder engagement plan that is updated on an annual basis, and functioning community engagement forums that meet at least quarterly.

Our objectives are aligned with national, provincial and local priorities, and draw from South Africa's National Development Plan (NDP) and the SDGs. We work closely with the Department of Mineral Resources and Energy (DMRE) and the provincial and local authorities, and seek their guidance, advice and support on how best to integrate our efforts into their integrated and local development planning for the region.

Many of our initiatives are implemented through strategic partnerships including with local government, development partners, SIOC-cdt, the Anglo American Chairman's fund, suppliers, communities and non-governmental organisations (NGOs). By focusing on leveraging our value chains and skills and

implementing programmes systematically, we can have a significantly greater positive impact on host communities at a much lower cost than conventional social investment-led approaches.

SOCIAL LEGAL COMPLIANCE

Ensuring full compliance with government's policy and legislative requirements is a cornerstone of our commitment to delivering social value and promoting socio-economic transformation. We engage actively with government, both directly as a company and through Anglo American, as well as indirectly through representative business organisations, with the aim of contributing to the development of socially progressive and pragmatic legislation. We also subscribe to various leading voluntary codes and social compacts.

We embrace transformation as a business imperative. We endeavour to play our full part in transformation initiatives to meet the government's social and economic development goals. We are committed to complying with the requirements of the MPRDA, and to meeting the expectations set out in the B-BBEE Charter for the South African Mining and Minerals Industry (Mining Charter).

The new Mining Charter (Mining Charter III or 2018) introduced this year creates a more supportive environment for the re-industrialisation of South Africa. However, it contains several provisions that are a cause for concern. We are confident that with the right engagement through the Mineral Council South Africa, these uncertainties will be resolved. Sishen and Kolomela submitted their Mining Charter 2018 implementation plans to the regional DMRE before 27 September 2019, as required.

We also seek to align with the B-BBEE Act and work towards compliance with the new B-BBEE Codes of Good Practice.

 Kumba's BEE scorecard is provided on page 116.

This year Kumba obtained a level seven contributor status (71.03% B-BBEE recognition level).

We have maintained a commitment to: meeting the objectives of the President's Framework Agreement for a Sustainable Mining Industry; aligning and positioning ourselves in terms of the NDP; engaging in government initiatives relating to Operation Phakisa; delivering on our commitments in terms of the Leaders' Declaration on the Mining Industry Commitment to Save Jobs and Ameliorate the Impact of Job Losses; and continuing to play a leading role in the Minerals Council South Africa, helping to lobby on key issues and for a consistent and stable regulatory environment.

SUSTAINABILITY COMMITMENTS

In line with Anglo American's Sustainable Mining Plan (SMP), by 2020 Kolomela and Sishen will have completed all necessary baseline studies and will have strategies in place to guide our

progress towards achieving our milestones and targets. In our livelihoods stretch goal, targets include creating three jobs off-site for every job on-site by 2025, and five jobs off-site for every on-site job by 2030. In our education stretch goal, we aim to have schools in host communities performing among the top 30% of state schools by 2025 and in the top 20% by 2030.

Further information on the health and well-being goals can be found on page 43.

In 2019, Kolomela started implementing the five-year SMP it developed last year as part of the pilot processes led by Anglo American. In 2020, Sishen will develop its five-year SMP.

SUPPORTING LIVELIHOODS – BUILDING LOCAL ECONOMIES

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

MINING CHARTER COMPLIANCE

Kumba is committed to supporting the mandates of the Mining Charter by actively procuring from B-BBEE compliant suppliers. All our mining licence holders have achieved the targets of Mining Charter II in the categories of capital, services and consumables. In 2019, we spent R13.9 billion in total on HDSA businesses (2018: R11.8 billion) and as such, continue to make good progress, exceeding the Mining Charter targets in all areas: capital goods, services and consumables. The major suppliers in the key services (core mining, heavy equipment supply, fuel supply) demonstrate commitment to the empowerment mandate and are required to submit proof of ownership annually.

Preparations to respond to the Mining Charter III mandates are currently under way. The required data for Mining Charter III reports are to be validated and reported in line with the plans submitted in 2019 to the DMRE. Key dependencies on the Mining Charter III report include data availability on women and youth owned entities as well as the coding of goods (to indicate local content) on which the DMRE, dti and SABS are currently working. The ownership details on BEE certificates will require updates to reflect women and youth owned detail. Mandates of the Mining Charter III implores us to sharpen our focus on increasing procurement from women and youth owned businesses, by enhancing opportunities to enable them to supply goods and services across the mining value chain. The guideline for capturing local content is expected be communicated by the SABS in the first quarter of 2020.

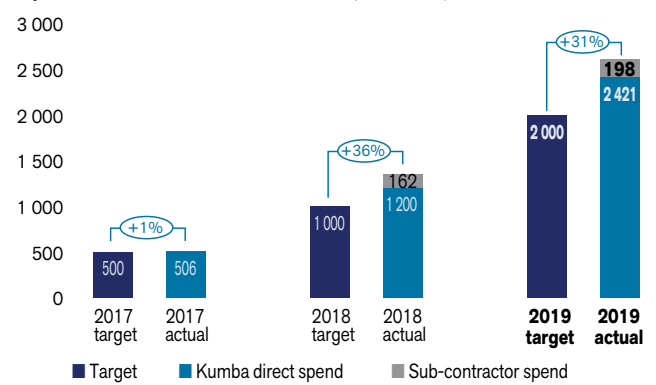
Spend with host community businesses

Inclusive procurement contributes towards the thriving communities pillar of the Company's global sustainable goals. Our inclusive procurement policy aligns with the value-creation principles for the mining industry expressed by President Cyril Ramaphosa. As such, promoting inclusive procurement is central

to our transformation drive. In addition to advancing the mandates of the Mining Charter III, Kumba has a strategic focus towards host community procurement with the aim of contributing towards building a thriving host community economy. We have taken decisive steps in recent years to transform our supply chain processes, with a focus on procuring from transformed businesses that have a structure make up of 51% or more black ownership and residing in designated host municipalities.

In line with the commitment to create three indirect jobs for every on-site job by 2025, targets were set to dramatically increase the proportions of spend with host community businesses. Furthermore, we continuously influence and galvanise major suppliers to consider partnerships with, and procurement from, localised suppliers. The results achieved on host community procurement reflect the bold step-change since the commencement of the inclusive procurement strategy in 2017, with a spend of R506 million in 2017, R1.4 billion in 2018, and now a R2.6 billion spend against a target of R2 billion in 2019. Of the R2.6 billion achieved, an amount of R2.4 billion is direct spend by Kumba with host community suppliers and the R0.2 billion is the total of sub-contracting opportunities afforded to host community suppliers by our major suppliers.

Spend with host communities (R million)



The aim is to increase spend with host community suppliers to R3 billion in 2020. This target is supported by the number of eligible host community suppliers onboarded onto the database that has almost doubled (from 162 in 2017) to 318, in turn creating approximately 2,800 jobs. This progress has been facilitated by implementing a strategy that exclusively focuses on progressively increasing the levels of procurement from host community suppliers. Some of the enabling interventions include:

- **Eliminating barriers to entry:** Reviewing policies, enhancing processes, addressing funding issues, simplifying scope and the way we transact
- **Setting clear targets for a four-year horizon:** Communicated to the organisation with KPIs to drive performance



MAKING A POSITIVE SOCIAL CONTRIBUTION

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- **Focused development for the enterprise, suppliers and youth:** Training programmes; technical enablement, catalysing funding opportunities
- **Increased collaboration with partners:** Business forums, Anglo American Zimele programme and the local chamber of commerce.

Reviewed on page 68.

- **A massive bias for action:** Ring fencing opportunities for host community suppliers. Kumba has also implemented conditions and processes to ensure that large contracts deliver maximum impact towards host community procurement through subcontracting and skills transfer.

Strategic engagements with business forums are conducted on a monthly basis, through which engagements are held with host community representatives on procurement opportunities in the Northern Cape with the objective of amplifying the reach to more host community suppliers. Quarterly SMME days, that are well attended by local communities, are held to provide feedback on progress of ongoing contracts as well as give a view on upcoming opportunities. The Kathu Industrial Park Development Project, which is under construction through a joint development agreement with the IDC, will support local suppliers located in and around Kathu. The project is aligned with the Northern Cape shared value strategy.

EMPOWERING HOST COMMUNITY BUSINESSES

A number of successful examples exist where impactful partnerships with localised, 100% black-owned businesses, were implemented ranging from core services, support services as well as entry level services:

- **Kele Mining Solutions:** A 51% women-controlled entity that is a key contractor for loading and hauling waste and ore in core mining activities. The entity employs +50 people and a large amount of people come from the host community.
- **My Idea Garden Services:** Renders a landscaping service for Kumba, other mines and homes in Kathu. The company employs 82 people also from the host community.
- **Steelworks CC mining suppliers:** Is a steel and fabrication service rendering a service to the mines involved in mining support services, employing 30 people within the host community.
- **EMSE Enterprise:** Is a women-owned cleaning service employing 20 people from the host community. They have been providing a service to the mine for more than three years.
- **Matsietsa Brothers:** Is a technology solutions company that provides labour services for level and tracking radar on haul trucks. They are one of the few technology host community suppliers rendering a service to the mine.
- **Iceburg Construction:** The company employs over 70 people mostly from the host community. They are involved in mining support services and have recently constructed the youth centre for the Siyathemba community.

INCLUSIVE SUPPLIER AND ENTERPRISE DEVELOPMENT

Kumba invests significantly in upskilling business owners within host communities and helping entrepreneurs build small businesses. Anglo American Zimele (Zimele) has partnered with Kumba to create a more integrated approach to enterprise, supplier and youth development. Zimele is designed to be a market development initiative that delivers improved economic wellbeing and supports job creation in mine neighbouring communities. The revised strategy and approach is in line with the global enterprise supplier development (ESD) best practices and aims to better meet the needs of host communities and mine operations. Zimele, through its delivery partner, TechnoServe, will offer host community suppliers, youth and enterprises a structured four to nine-month programme that will focus on enabling growth. There will also be offerings for business mentorship and training, as well as linkages to market opportunities, jobs and financiers. Since the roll out of the Zimele programme in the third quarter of 2019, 26 suppliers have started the supplier development programme and 18 suppliers have received project management training.

Zimele has partnered with Absa to grant loans to eligible businesses that require access to financing. In 2019, Zimele has enabled a total of four loan approvals amounting to R6.3 million with total disbursements to the value of R5.1 million. Partnerships with other stakeholders have further contributed to the development of 86 host community suppliers on various competencies through offerings on tender training, P&G's training and project management courses. A total of 170 suppliers received capacity building training through the Anglo American Responsible Sourcing Programme.

In addition to external partnerships, Kumba has a technical enablement team that is designed to support host community suppliers at an operational level to assess their business and technical capability, provide guidance on their business activities and offer financial advice where service delivery performance dictates. The Kumba safety officers that are part of the structure support host community suppliers with on boarding on the Kumba safety management platform to optimise the time required to commence work at our mines. In 2019, the team reported 1,876 engagements in total, with host community suppliers (1,039 technical and 837 Passport 360).

BEE PROCUREMENT SPEND IN 2019

Rand billion	Total payments	Discretionary payments*	BEE	BEE spend %
Capital	2.4	2.4	1.7	72
Services	18.8	11.0	9.4	86
Consumables	3.7	3.7	2.8	74
Total	24.9	17.1	13.9	81

* Discretionary payments are all supply chain payments to third-party suppliers, less direct foreign payments, less parastatals

PROCUREMENT PERFORMANCE SUMMARY

Rand billion	2019	2018	2017
Total payments	24.9	22.4	19.5
Discretionary payments	17.1	14.6	12.1
BEE payments	13.9	11.8	9.3
BEE as a % of discretionary spend	81	81	77

BEE PROCUREMENT IN 2019

Rand billion	Capital	Services	Consumables	Total
Corporate office	—	0.8	—	0.8
Saldanha	—	0.1	—	0.1
Sishen	1.2	6.0	2.1	9.3
Kolomela	0.5	2.6	0.7	3.7
Thabazimbi	—	—	—	—
Group total	1.7	9.4	2.8	13.9
Percentage of total	72	86	74	81

BEE EXPENDITURE IN 2019 (% OF TOTAL DISCRETIONARY SPEND PER SITE)

%	Capital	Services	Consumables	Total
Corporate	—	61	69	61
Saldanha	—	76	—	22
Sishen	71	92	77	85
Kolomela	73	84	84	82
Thabazimbi	—	93	36	90
Group total	72	86	74	81

MAKING A POSITIVE SOCIAL CONTRIBUTION

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R2 BILLION DRILLING CONTRACT PROMOTES TRANSFORMATION AND SAFETY

In 2019, Kumba entered into a major, R2 billion, five-year agreement that is set to fulfil many objectives in re-imagining mining to improve people's lives. The contract to develop and implement new generation drilling at Kolomela and Sishen, was awarded to a decades-old, 51% local drilling company, Rosond as part of our drive to modernise our geoscience operations, extend the life-of-mine of Kolomela and Sishen, elevate safety and health standards, and improve productivity. The partnership sets a new standard in advancing local and host community businesses to the industry that is built off a strong technology advancement platform. The partnership will contribute toward the development of SMMEs in the host communities of Postmasburg and Kathu, in which Rosond has committed to partner with a local B-BBEE partner to develop a fully independent drilling company in the Northern Cape. Dedicated localised spend will be R500 million. Rosond has further committed to skills development and advancement of female employees in the field of drilling. The first all-women drill crew will be introduced in 2020, when Rosond rolls out 30 advanced drilling rigs at our mines. The new rigs are fully automated and will be controlled from an air-conditioned cabin far behind the machines, enabling significantly improved safety and productivity. As a result, Kumba will have one of the most advanced drilling fleets in operation globally.



▼ Love Life youth counsellors at the Siyathemba Youth Centre.
Back row (left to right): Nashwin Lang, Mercy Boom, Delare Matthys, Jean-Rico Louw, Journalle Browers.
Front row (left to right): James Visagie, Janet Seerbloem, Hannes Jannemeyer and Elri Walters.

CHANGING LIVES THROUGH EDUCATION

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

In 2019, Kumba embarked on an ambitious education programme, in partnership with the Department of Basic Education, as part of the Anglo American South Africa Education Programme launched in 2018. The programme is aimed at students in early childhood development (ECD) sites and primary and secondary schools local to Kolomela and Sishen. The programme aims to improve reading, writing and numeracy levels and pass levels through addressing some of the underlying reasons for poor education outcomes. It plans to do this by supporting school management teams, governing bodies, principals and teaching staff. It is being implemented over a five-year period from 2018 to 2022. This programme is specifically designed to help us meet education stretch goals.

Targets include getting 90% of five-year-old children school ready, through to ensuring a 65% pass rate for matric mathematics. The programme aims to improve English literacy, numeracy and mathematics.

In implementing the programme, we have undertaken the following steps:

- Selected 26 schools, introduced the programme to them, and conducted a situational analysis to understand their challenges.
- Held weekend empowerment and transformation workshops for each school, including representatives from the governing bodies and some student leaders, to empower the school staff to take ownership for the required change. The strategic retreat and team-building session set a strong foundation for the way forward by helping us identify strengths and weaknesses, and develop an implementation plan.
- In May 2019, we introduced our leadership management and governance initiatives, which focus on coaching and training school principals and school management teams in school planning, leadership and curriculum management. School administrators are now being trained in using school information systems.

- The Grade one to three (Gr 1-3) educator support onboarding was completed for all schools during October/November 2019. The focus was on supporting schools with English First Additional Language (EFAL), Home Language (HL) and mathematics. Training of all Gr 1-3 teachers will take place early in 2020.
- Completed an analysis of ECD sites around the 26 selected schools in our host communities. The resulting interventions will be ready for implementation in 2020.
- Started providing training and coaching to ensure each school has a sound school improvement plan that is owned and actively implemented by the governing body, management team, teachers and student leaders. This is a key step to ensure a functional and effective school environment.

The response to the programme has been very positive from all stakeholders involved. Looking ahead, we will maintain a strong emphasis on monitoring and evaluating impacts. Interventions include: learner assessments to measure learner progress towards stated goals and to inform the support required at the various schools; educator assessments for diagnostic purposes; and an independent external evaluator.

YOUTH WORK READINESS AND LOCAL WORKFORCE DEVELOPMENT

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

Kumba runs a training centre at Kathu and at Kolomela, providing training in skills outside the mining sector, such as welding, plumbing and carpentry. In 2019, 136 community members participated (2018: 136).

In supporting youth development, we are participating in the Youth Employment Service (YES) initiative, a business-led collaboration with government and labour to stimulate demand-side job creation through the placement of about 800 previously disadvantaged, unemployed youth from the local communities into new, 12-month work experience and training opportunities, in non-engineering roles. There is a steering committee to manage our involvement in the initiative. In 2019, we employed 16 youths into the Company.

The Kolomela community bursary scheme continues to deliver good results and currently supports 31 local students. Sishen also runs internship programmes in our different local municipalities aimed at preparing graduates for the workplace. These interns have been placed in various government departments. Sishen has partnered with the Northern Cape Rural TVET (NCRTVET) college in Kathu in allocating bursaries to learners from the district to further their studies towards a hospitality management and teaching qualification. This initiative is also part of a bigger programme to develop the local TVET and diversify the courses offered by the institution.

BUILDING LOCAL CAPACITY

To support the delivery of public services, we concentrate on delivering social investment that supports those most in need, working with local institutions to strengthen their capacity, and maximising socio-economic benefits from our own infrastructure.

SOCIAL INVESTMENT

Our community development budget is 1% net profit after tax. In 2019, the budget was R126 million (Kolomela: R28.7 million; Sishen: R48.7 million; Corporate Office: R48.7 million). By year-end, we had spent R170.9 million (2018: R120.5 million). Much of our CSI supports vulnerable and marginalised stakeholders who are unable to participate in our value chains and there is an emphasis on youth development. This includes investments in areas such as education and skills development, healthcare, SMME supplier development, sports, arts, culture, infrastructure and support to vulnerable women, youth, children and people living with disabilities. Our long-standing community healthcare activities are a particular highlight; these are reviewed on page 47.

A substantial number of our development initiatives contribute directly to progressing our SLP commitments. During 2019, we spent R68.8 million on SLP projects (2018: R55.1 million). Some of the SLP projects carry over into the following year. Internal municipal challenges have had an impact on the progress of certain infrastructure projects. By year-end, 95% of planned SLP projects were implemented at Sishen and Kolomela. Kolomela is amending its proposed third generation SLP for submission to the DMRE by July 2020. Ensuring 100% compliance in terms of stated commitments in SLPs at all times as per Mining Charter 2018 will be challenging.

Sishen, Kolomela and Kumba Corporate Office collectively implemented 42 community development initiatives (excluding donations) in 2019. Overall expenditure was 136% of our 2019 budget. The Anglo American Education Programme, Zimele loan funding and a number of infrastructure projects at the sites accounted for the majority of expenditure in 2019.



MAKING A POSITIVE SOCIAL CONTRIBUTION

CONTINUED

This year we introduced an employee volunteering programme, Anglo American's Ambassadors for Good programme, at all our sites. The programme encourages employees to implement community projects in partnership with an NGO, with funding provided by the Anglo American Foundation.

CED EXPENDITURE (CSI AND SLP PROJECTS)

Rand million	2019	2018	2017
Corporate office (including Chairman's fund)	55.3	24.7	71.4*
Sishen	62.1	48.7	13.0
Kolomela	53.5	47.1	21.6
Thabazimbi**	—	—	0.7
Group	170.9	120.5	106.7

* In 2017, R61 million was spent to directly benefit our host communities

** During 2018, Thabazimbi mine was transferred to ArcelorMittal SA

AREAS OF CED EXPENDITURE

Rand million	2019		2018	
	Amount	%	Amount	%
Education and skills development	60.7	36	36.8	31
Health and welfare	16.3	10	19.4	16
Enterprise development and poverty alleviation	24.6	14	25.9	22
Infrastructure	32.8	19	29.0	24
Institutional capacity development and donations	35.7	21	9.0	7
Sports, arts, culture and heritage	0.8	—	0.4	—
Total	170.9	100	120.5	100

EXTERNAL CAPACITY BUILDING

The sustainability of host communities remains a key driver in how we approach initiatives and programmes aimed at social upliftment. A key component of success for such interventions is the capacity of stakeholders to sustain these initiatives long after life of mine. The most critical learning has been the importance of the role our local municipalities play in assisting to deliver this sustainable impact.

Local municipalities have been experiencing major water challenges in recent years, which have negatively impacted communities. Many of the challenges are due to ageing

infrastructure and maintenance challenges. Sishen and Kolomela have embarked on major infrastructural upgrade initiatives aimed at improving water supply, with R22 million collectively invested in 2019. In supporting community water supplies, we have a long-standing partnership commitment to Sedibeng water to supply their pipeline with water that accounts for 30% of the total supply to communities close to our operations, through our dewatering process. In addition, we participate in the Gamagara Vaal water supply scheme, a partnership between various mines and government aimed at addressing the water challenges facing our communities.

All these initiatives form part of a bigger programme called the municipal capacity development programme (MCDP) which seeks to address challenges in host municipalities and assist with interventions that support self-sustainability and efficiency in delivering services to the communities. Our MCDP is aligned with the National Development Plan's focus on developing partnerships with government. The national Department of Cooperative Governance and Traditional Affairs (CoGTA) is our partner and provides institutional sponsorship down to provincial and local authorities. The second phase of the programme commenced in 2019 and will be implemented through to 2021. The initial focus has been on identifying and reviewing critical capacity priorities to improve the functional capacity of municipalities and to start identifying and implementing projects to address weaknesses. The focus areas remain spatial development planning (linked to the CRD programme), revenue enhancement and maintenance management. The initiative includes ongoing liaison to support local municipalities. The programmes will support municipal staff with capacity development in specific areas of planning, establishment, implementation and monitoring and evaluation.

HOUSING AND OTHER MINE-RELATED INFRASTRUCTURE

The Company's investment in the accommodation and living conditions of employees is a pillar of our contribution to the wellbeing of host communities and employees. Since 2007, we have constructed more than 4,200 homes for employees. Kumba continues to facilitate access to housing by providing support measures to all employees in the form of a housing allowance and housing loan subsidy to enable them to either purchase or rent accommodation. Affordability presents a challenge for many employees interested in home ownership.

We currently have 4,001 employees (63% of permanent employees) living in Company-provided accommodation where there is a rental contract applicable (2018: 3,691), and 4,518 receiving a housing allowance. In 2019, Kumba's housing expenditure (including housing allowances) was R366 million (2018: R360 million).

Housing is a concern at Kolomela where there is a shortage of approximately 200 houses and demand is increasing, with the mine's long-term contract workforce of 1,400 projected to increase to 2,000 by 2021. Recognising that the Kolomela home ownership plan and housing strategy is not delivering on its objectives, we have taken steps in 2019 to improve our approach. We have commissioned a Kolomela housing study to obtain an in-depth understanding of the housing needs of Kumba employees at Kolomela and of both the legal and business risk that the current housing shortage presents. The study is due to be completed by March 2020; the findings and recommendations will inform future decisions. Potential solutions to promote house ownership without significantly increasing Company expenditure include the provision of mine-owned property, rental property, finding and providing land for employees to build their own property, through housing development companies.

A housing steering committee was established comprising Kumba and Anglo American officials, to provide advice and guidance on how to address housing shortages at Postmasburg. In addition, we have appointed Shisaka Development Management Services to provide support in transforming the Company housing strategy and policies for both Kolomela and Sishen. Such transformation seeks to encompass the requirements of:

- enabling Kumba to support its employees to meet their specific housing aspirations and needs in a manner that is affordable
- enabling Kumba to meet its own operational needs whereby workers occupy reasonable quality accommodation in proximity to our operations
- ensuring that Kumba meets the legal requirements as specified in the legislation and Mining Charter and that accommodation-related risk exposures are limited and manageable in terms of reputation, financial exposure and in terms of employee relations



MAKING A POSITIVE SOCIAL CONTRIBUTION

CONTINUED

SHARING THE BENEFITS OF MINING ECONOMIC VALUE ADDED

It is through our core business activities – employing people, paying taxes to government and procuring from local communities (within 100km of the operations) – that we make our most significant positive contribution to the South African economy. The value added directly by Kumba in 2019 amounted to

R39,309 million (2018: R25,210 million). For a breakdown of this figure, see the table below.

Through the multiplier effect, the positive economic contribution of our operations extends significantly further than these direct forms of value distribution.

VALUE DISTRIBUTED

	Rand million		%	
	2019	2018	2019	2018
Employees	4,953	4,627	12.6	18.4
Providers of finance	351	195	0.9	0.8
Government	10,355	5,061	26.3	20.1
Community spend	171	121	0.4	0.5
Shareholders	19,640	12,459	50.0	49.4
Value reinvested	2,496	2,702	6.3	10.7
Value retained	1,343	46	3.5	0.2

COMMUNITY AND EMPLOYEE SHARE PARTICIPATION

Kumba's neighbouring community members own a part of SIOC through the Sishen Iron Ore Company community development trust (SIOC-cdt), which holds equity on behalf of the communities around Kumba's mines. In line with our SLPs, the trust invests in community development, with an emphasis on education (especially ECD), skills development and infrastructure projects. For the 2019 financial year, SIOC paid R607 million (2018: R385 million) in dividends to the SIOC-cdt. SIOC-cdt benefits around 360,000 people in our host communities. Since they operate independently, they are development partners and material stakeholders of our mines, seeking to help communities become empowered and economically active in a way that will be sustainable long after our mine's life has ended.

In July 2018, Kumba introduced its new broad-based employee share ownership scheme, "Karolo", to enable permanent employees below middle and senior management level to continue to share in the Company's performance. Permanent employees up to a supervisory or specialist level qualify to participate in the scheme. The Karolo second award (of three tranches) was offered and processed during August 2019. The second award had a very high initial acceptance rate with only 36 of 5,574 offers (0.6%) outstanding.

PAYMENTS TO GOVERNMENT

The amount of tax we pay to the South African government, and our general approach to tax and tax disclosures, are of considerable interest to many of our stakeholders. Being able to demonstrate our commitment to sustainable tax principles and the contribution we make to government and our host communities through the payment of taxes is critical for building trust with stakeholders and in supporting our licence to operate.

We take a responsible approach to tax, supporting the principles of transparency and active and constructive engagement with stakeholders to deliver long-term sustainable value. Our approach to tax is aligned with the principles of business integrity as contained in a Code of Conduct, the Tswelopele business strategy and our purpose of re-imaging mining to improve people's lives. Kumba believes that constructive engagement with stakeholders and increased transparency can also empower host communities by helping them understand how much income is generated from mining activities in the region. We act responsibly in relation to tax planning matters, do not take an aggressive approach to managing taxes and have signed up to the B Team Responsible Tax Principles.

Our approach to tax management is aligned with the Anglo American group tax strategy and includes the following principles:

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

We also focus on continuous improvement and work towards the most effective control system, while seeking process stability and efficiency. Our holding company, Anglo American, is reviewing and documenting its tax control framework (TCF) and reviewing its features according to standards set by the OECD and global best practice.

The TCF will be instrumental in reducing our tax risk through the implementation of stable, effective and documented control systems, as well as aiding the management of tax risk within Kumba's broader risk governance systems. The TCF will also help facilitate transparent and cooperative relations with the tax authorities. The TCF pillars are:

- clarity over accountabilities for tax
- identification of key risks across the end-to-end process
- prescriptions of documented and effective controls to mitigate such risks
- set-up of a solid governance and monitoring process

Working together with our holding company, we expect to complete the work on the TCF by 2021.

Since listing in 2006, Kumba has voluntarily provided information about tax payments. Tax matters are regularly presented to our Board and Audit Committee, who take a particular interest in the extent to which our approach to tax meets commitments to stakeholders, including government and local communities, as well as our policy of good tax governance. In addition, tax affairs are regularly scrutinised by external auditors and by tax authorities as part of the normal course of local tax compliance and reporting procedures.

Tax payments include corporate income tax, mineral royalties, value added tax (VAT) on purchases, duties on imports and exports, payroll taxes and dividend withholding taxes. We also pay a skills levy of 1% of our employees' pay to the South African

Revenue Service (SARS). SARS distributes this amount to the Skills Development Fund, the government's training initiative, and the relevant sector education and training authorities (SETA).

For calculating mineral royalties, management makes certain judgements and estimates. In terms of the Mineral and Petroleum Resources Royalty Act No 28 of 2008 and the Mineral and Petroleum Resources Royalty Administration Act No 29 of 2008, the specified condition for iron ore used to calculate the mineral royalty payable will be deemed to have been extracted at a 61.5% Fe. Kumba extracts iron ore below 61.5% Fe and this requires management to make certain judgements and estimates when determining the gross sales value of the ore extracted at the group's mines.

Tax is a significant element of the overall economic contribution we make to government and our host communities and the following cash payments were made to the jurisdictions in which we operate:

TOTAL TAX CONTRIBUTION BY CATEGORY

Rand million	2019	2018
Corporate income tax	7,783	4,078
Mineral royalties	2,572	983
Payroll tax	1,495	1,093
Skills levy	48	42
UIF	22	22
Total	11,920	6,218

TAXES PAID AND COLLECTED IN SOUTH AFRICA

Rand million		2019	2018
Taxes paid	Corporate income taxes, mineral royalties, import and export duties, and other taxes which are a cost to the group	10,135	4,968
Taxes collected	Payroll taxes, withholding taxes and other taxes that are collected and remitted to government, but are not a cost to the group	1,565	1,156
Total		11,700	6,124

ENVIRONMENTAL IMPACTS

- ▼ **Image 1:**
RPAS pilot Johan Badenhorst, preparing a drone for stockpile survey at Kolomela.
- ▼ **Image 2:**
Driaan van der Heever, a process controller and Emanuel Maddocks, an engineering shift supervisor, doing a SLAM inspection at the Kolomela plant maintenance section.
- ▼ **Image 3:**
Supervisor Johannes Vos, on a stacker machine in the Kolomela stock yard.
- ▼ **Image 4:**
Maintenance overseer Carl Abbott from Kolomela, inspecting the auto brake sensors on a Komatsu 730 truck.
- ▼ **Image 5:**
Eric Beukes and Rowan Cloete, training officers in the Kolomela training centre.



Kumba's approach to sustainability sets out our commitment to demonstrating leadership in environmental stewardship. Mining must play its part to address the environmental challenges of a carbon-constrained world and meet society's wider expectations of us as enablers of change, while we continue to meet the ever-growing demand for our product. Anglo American's FutureSmart Mining™ programme demonstrates how we are living up to our purpose – both in terms of the technologies and digitalisation we are deploying, and our holistic and innovative approach to sustainability.

See page 18

NO LEVEL 3 TO LEVEL 5 ENVIRONMENTAL INCIDENTS FOR

four

CONSECUTIVE YEARS

GOOD PROGRESS AT

Sishen

IN MITIGATING ONGOING DUST EMISSION CHALLENGES

ENERGY CONSUMPTION DECREASED TO

8.78 million GJ

GOOD PROGRESS WITH CONCURRENT

rehabilitation

DETAILED ASSESSMENT AND CONFIRMATION OF

integrity

OF OUR TAILINGS STORAGE FACILITIES

ENVIRONMENTAL MANAGEMENT

HIGHLIGHTS	CHALLENGES	FOCUS FOR 2020 AND BEYOND
<p>Zero level 3 (or higher) environmental incidents in the past four years</p> <p>Made our environmental compliance audit reports publicly available in December 2019, as required by NEMA regulation</p> <p>No major non-compliances recorded</p>	<p>95 low-impact environmental incidents; 73% related to hydrocarbon spillage</p>	<p>Ensure zero level 3 to 5 environmental incidents</p> <p>Track and maintain compliance with all applicable legal audit findings of environmental authorisations related to mining/ process activities, water and air</p>

We are committed to materially reducing our environmental footprint over the next decade. Our ultimate vision is to maintain a healthy environment by creating waterless, carbon-neutral mines which deliver net-positive biodiversity and conservation outcomes.

MANAGEMENT APPROACH

Our activities result in the disturbance of land, the consumption of resources such as water and energy, the generation of mineral residue, as well as dust emissions and water pollution. We recognise that we have a legal and social responsibility to minimise our planned impacts on the environment, and to strive to eliminate unplanned events, such as unsanctioned water discharges and exceeded air emission standards. Ensuring responsible environmental management through the life-cycle stages of an operation can influence future access to land and financial capital, improve resource security, and reduce operational risks and mine-closure liabilities.

Our environmental strategy aligns with the Anglo American sustainability strategy, as we aim to achieve and surpass basic legal compliance and re-imagine mining to positively impact people's lives and the environment. The Anglo American FutureSmart Mining™ approach to sustainability sets out meaningful stretch goals related to our water, climate change and biodiversity performance (reviewed below). We are building the foundations that will guide our progress towards achieving these targets through identifying and implementing special initiatives. This journey is underpinned by best practice policies, performance standards and business processes, investment in internal capacity, capability and technological innovation, and partnerships and collaboration with stakeholders. We track and ensure compliance with Anglo American policies and performance standards, which are available through our website <https://www.angloamericankumba.com/> or upon request.

Effective risk management

The Anglo American SHE Way management-system framework integrates safety, health and environment in guiding our approach to achieving zero harm. It details internal policy requirements for our performance in managing water, air quality, mineral residue, non-mineral waste, hazardous substances, biodiversity, rehabilitation and mine closure. The "precautionary principle" is integrated throughout our environmental performance standards. During 2018, we conducted a SHE Way gap analysis at all our operations, which provided a baseline status against which we are measuring our progress in addressing non-compliances, with full compliance with the SHE Way expected by the end of 2020. Sishen and Kolomela set 2019 targets across the SHE performance areas and track and monitor progress against defined plans.

We have made progress in integrating the management of environmental risk into the Anglo American Operational Risk Management (ORM) process and Anglo Operating Model. This year we used Smartsheet software to develop a framework that uses the ORM to manage and support the delivery of our environmental strategy. The implementation of the Smartsheet IT platform is enabling more effective and aligned systems to support more efficient and accurate reporting, including tracking the status of permits and audits. In 2019, we revised our bow-ties and in 2020 we will focus on critical control implementation and monitoring. ORM implementation, including for our most significant environmental risks, forms part of performance-based remuneration for senior executives, along with a target to reduce significant environmental incidents.

Minimum permitting requirements (MPR), which apply to all permits (not just environmental), guide our operations in planning for and identifying all permits and addressing potential risks of non-compliance with permit conditions.



ENVIRONMENTAL MANAGEMENT CONTINUED

In line with the Anglo American group-wide approach, we report against a comprehensive set of leading environmental performance indicators. This includes reporting on progressive rehabilitation, permitting and compliance indicators, risk management indicators, and high-potential incident and hazard reporting.

We continue to drive improvements through certified environmental management systems. Regular engagement with our key stakeholders is central to our efforts to identify and address issues and impacts timeously. We engage regularly with government at all levels to ensure compliance with environmental authorisations and related requirements, including any instances of environmental incidents or grievances.

We implement environmental improvement plans (EIPs) that are designed to address material issues. We review progress twice a year at management review forums. Our EIPs focus on:

- permitting and environmental awareness
- pollution prevention and remediation
- energy and greenhouse gas (GHG) emissions management
- water stewardship
- and land management: rehabilitation, mine closure and biodiversity

We set and track measurable goals for our performance, including targets on energy use, GHG emissions and water-use efficiency. We measure our progress through structured auditing to ensure compliance and continual improvement.

Principal risks and mitigation measures

The priority environmental risks facing our business relate to the potential impacts of our activities on communities, as well as climatic variability. Our priority unwanted environmental-related events are depletion of groundwater resources due to dewatering, inadequate hydrocarbon management (resulting in soil and water contamination), excessive dust generation, and administrative delays in the issuing of environmental permits.

We implement critical control improvement plans across the operations. Some risk mitigation controls include: dust suppression, using “dust-a-side” for roads and mist spraying for ore stockpiles; storage of hydrocarbons in properly designed areas preventing hydrocarbon spillages through ensuring regular maintenance of equipment and awareness; treatment of hydrocarbon contaminated soil at bioremediation facilities; and an aquifer recharge project at Kolomela to minimise the impact of dewatering.

Through ORM and regular technical and legal assessments, we continue to identify controls and improvement opportunities to help with the management of unwanted events.

LEGAL COMPLIANCE AND CERTIFICATION

Regulatory changes and uncertainty continue to present challenges, including delays to authorisations and financial costs associated with managing legal developments. We engage regularly with all relevant authorities and neighbouring communities, and we participate in the Minerals Council South Africa and other bodies to ensure that we stay abreast of developments and to lobby for favourable industry positions on proposed legislation and policies.

We monitor and drive compliance with all relevant legislation regulating the management of environmental impacts. Key areas of legislation include, in particular, the requirements of the Mineral and Petroleum Resources Development Act (MPRDA), the National Environmental Management Act (NEMA), and the National Water Act.

We manage environmental legal commitments through action plans and regularly track progress against these plans. Findings and related plans from internal reviews/audits are continuously renewed, tracked and managed. All reviewed findings are discussed with senior management at each operation and key findings are reported continuously to our Exco and monthly safety, health and environment (SHE) committee.

We report any deviances from regulatory conditions and limits in our authorisations, and we collaborate in a transparent manner with the authorities to address any compliance challenges that may arise. We use the Enablon software to track legal compliance to licence conditions and progress on remedial actions. We engage with regulators on a regular basis to ensure that all outstanding amendment applications are processed on time in order not to delay our expansion projects and continued operation of the mines.

Sishen and Kolomela have environmental management systems that are certified against the ISO 14001: 2015 standard, with compliance assessed annually by an independent certification body, Bureau Veritas. Sishen and Kolomela completed and timeously submitted air quality reporting for the National Atmospheric Emission Inventory System (NAEIS), as required by the National Atmospheric Emission Reporting Regulations.

LICENCE AND PERMITTING CONDITIONS

Progress on permit management is measured annually through the Anglo American minimum permitting requirements (MPR) programme. During the 2018 MPR assessments, we formulated operation-specific action plans to bridge the gaps to reach the MPR level 3.6 for operations and 3.0 at Company level by 2020. The 2019 MPR scores were 2.5 at Sishen, 2.7 at Kolomela, and 2.6 for Kumba overall.

Actions completed in 2019 included the development and approval of a permitting strategy (in July 2019), and appointment of a permitting specialist to ensure compliance with the MPR. All existing licences/permits have been identified, with legal and registers compiled by both Sishen and Kolomela. We appointed a service provider to conduct a two-phased legal gap analysis.

Documented permitting process and systems (IT tools) are being further developed. This year we created a smart sheet system to be used in the interim and the exercise of uploading permits, conditions and commitments has been finalised.

AUDIT PERFORMANCE REGULATORY AND EXTERNAL AUDITS IN 2019

Site	Auditor	Type	Number of major non-conformances
Sishen	Bureau Veritas	ISO 14001:2015	1
	DMRE	Regulatory	2
Kolomela	Bureau Veritas	ISO 14001:2015	0
	DMRE	Regulatory	—

* Major non-conformances include sections 54 and 55 notices, environmental pre-directives and major non-conformances raised by Bureau Veritas. Corrective action plans to prevent recurrence were implemented and shared with the respective auditors/regulators

We conduct regular site audits and focus on the close-out of audit findings.

In 2019, an external auditor undertook a legal compliance audit at Sishen and at Kolomela. Both mines demonstrate high levels of compliance against the management commitments and conditions within the EMPRs and EAs. There were no inadequacies identified in the EMPRs or EAs, with the EMPRs sufficiently providing for the management of environmental impacts (as provided for in the EMPR and as identified during the site inspection).

The non-compliances are generally of an administrative nature. While storm water management as well as the installation of storm water infrastructure appears to be a concern, no non-compliances of a major environmental-impact nature were observed. Environmental-legal risk concerns relate to (i) the management of storm water, (ii) clean and dirty water separation as well as (iii) topsoil management and (iv) the disposal of waste at the Postmasburg waste disposal facility that has not been licensed. The auditor consequently determined that the various EMPRs, as applicable, do not require amendment at this stage.

We are proactively addressing the non-compliances by implementing various capital projects, especially at Sishen. Focus areas at Sishen are to improve storm water management infrastructure and revise certain operational procedures to improve topsoil management. Another focus is our zero-waste to landfill initiatives which will mitigate against the use of the unlicensed landfill at Postmasburg.

Non-compliance and stoppages

In 2019, three intentions to issue NEMA section 31L compliance notices were issued; two at Sishen and one at Kolomela. The pre-compliance notices related to suspected usage of an unauthorised road at Sishen and the other two related to non-compliances ranging from poor hydrocarbon management and waste management at both Sishen and Kolomela.

Representations have been made to the Department of Mineral Resources and Energy (DMRE) action plans submitted. Actions to close-out the findings are currently being implemented.



ENVIRONMENTAL MANAGEMENT CONTINUED

During the year, no fines or non-monetary sanctions for non-compliance with environmental regulations, licences or permits were imposed by authorities on any of the operations.

ENVIRONMENTAL INCIDENTS

Reporting, investigating and sharing lessons learnt from environmental incidents or substandard acts and conditions play an essential role in heightening awareness around critical controls and promoting actions to improve their effectiveness.

We adhere to the Anglo American five-tiered scale of environmental incident severity. Any level 3 to 5 (ranging from moderate to high impact) incidents are featured in the Chief Executive's report to the Board, and reported publicly. In 2018, our operations started using an updated, more exacting classification criteria.

The quality of our reporting and investigating of environmental incidents at our operations continues to improve, including reporting environmental high-potential hazards (HPHs) and high-potential incidents (HPIs), which are valuable leading indicators to inform preventative actions.

For four consecutive years, there have been no level 3 to 5 incidents at our operations, indicating good management of environmental controls. This year there was a further decrease in the number of low-impact incidents reported with 95 level 1 environmental incidents reported in 2019, representing a 19% reduction from 2018 (117); 73% of the incidents were related to hydrocarbon spillages.

In 2019, oil spillages totalled 39,184 litres at Sishen and 1,395 litres at Kolomela. To mitigate hydrocarbon incidents, we continue to implement a hydrocarbon management action plan at the mines, with progress tracked by the SHE Steering Committee. Having identified that most of the spillages were from HME equipment due to worn-out hoses, this year we ensured proactive maintenance of the hydraulic systems. In 2020, we will conduct an audit of the initiatives we implement to reduce the risk of hydrocarbon spillages, both engineering and behavioural.

All environmental-related grievances and complaints are investigated and remedial action taken where required. During 2019, we received nine complaints at Sishen (2018: 16), and two complaints at Kolomela (2018: four). Most of the reports related to depleting groundwater levels, with dust, stock theft and access to land, other main issues. Each complaint was investigated and feedback provided to the complainants, with remedial action taken where required. Regular forums are held with stakeholders, including meetings with farmers, at which concerns and grievances are raised.

PRODUCT STEWARDSHIP

We seek to create and supply a product of consistent and reliable quality (supported by ISO 9001, 14001 and 17025 laboratory certification). Kumba has the highest average iron (Fe) content (at 64.2%) and lump-to-fine production ratio (at 67:33) relative to the industry.

Our mandatory product compliance obligations stem primarily from two sources: first, implementation of the EU's Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regulation, a leading initiative aimed at improving the protection of human health and the environment from the potential risks associated with chemicals; and secondly, the UN's Globally Harmonised System of Classification and Labelling of Chemicals (GHS), which influences standards for hazard assessment and communication in the global trade of our products, as well as setting operational standards in many countries where we operate. In 2019, we created new structures to ensure continued compliance with REACH when the United Kingdom leaves the EU. We are working proactively to ensure we comply with upcoming regulations in other regions where we sell products, such as Korea's K-REACH regulation.

Regulations such as REACH and GHS apply to all chemical substances, including minerals and metals, and failure to comply with these obligations would put our ability to access markets at risk. Comprehensive systems are in place, therefore, to ensure ongoing compliance, establishing a continuous process of product testing, hazard assessment and communication via safety-data sheets. We do not have products that are deemed to be "dangerous goods" and requiring relevant packaging, labelling and consignment procedures to be met.

Details of process materials purchased are provided in the performance data table on page 109.



▼ Constance Boshomane, a lab shift foreman, in the quality control lab at the Kolomela plant.



WATER

Kumba is heavily reliant on water as an input to mining and processing activities. Our mines are in the water-stressed Northern Cape, where arid conditions and municipal potable water supply constraints underscore the need for responsible water management. To maintain our licence to operate, we take all reasonable steps to ensure that we do not degrade water quality or compromise the access rights of other users. We continue to increase the water reuse rate at our operations with the aim of achieving a 85% reuse rate by 2030.

HIGHLIGHTS

On track to meet the 2020 target of reaching 75% water reuse

Set site-specific water savings and recycling targets

Kolomela and Sishen issued with amended integrated water use licences (WUL)

Kolomela completed an aquifer recharge expansion study which has enabled increased volumes

Kumba water strategy and management plan revised to align with the Anglo American group water strategy and water management standard

CHALLENGES

Audit findings at sites identified a number of areas for improvement in our water management practices to ensure alignment with requirements of the group water management standards. We are implementing action plans to address weaknesses identified

Sishen is not compliant with all its WUL conditions, in particular relating to storm water management

Continue to manage issues of concern among certain local farmers regarding mine dewatering that potentially affects the availability of groundwater

FOCUS FOR 2020 AND BEYOND

Achieve our targeted 75% water reuse rate by the end of 2020

Launch the revised water strategy and complete water management action plans with clear deliverables to be met by June 2020

Work towards full compliance with conditions of WULs, and with the group water management standard

Continue with sustainable regional water study for post closure

PRINCIPAL WATER-RELATED RISKS

Kumba's operations are not exposed to water security risk; they are net water providers in the catchments where we operate. Principal water-related risk relates to both Sishen and Kolomela's increase in dewatering (to ensure safe mining) resulting in more water being spilled into the environment due to the local water service provider, Sedibeng Water, being unable to accommodate current excess volumes. Other water-related risks we focus on are: the risk of a spillage of dust suppression water, which contains chemicals, with likely contamination of surface and underground water; and the risk of spillage of potable and polluted water into storm water channels at Sishen. Key measures to address risks include:

- implementing projects to ensure effective storm water management at Sishen and Kolomela
- amending water use licences to ensure specific conditions are implementable

- conducting regular audits and prioritising the close out of findings to ensure compliance; progress on close-out of findings is tracked monthly
- engaging regularly with project managers to plan projects better and to develop a consolidated permitting plan
- developing a hydrocarbon management plan, analysing incidents, and putting mitigation measures in place
- engaging regularly with affected stakeholders and authorities
- providing compensation to affected farmers with grazing subsidies and water

STRATEGIC APPROACH

In supporting the ICMM's water position statement, we uphold commitments to apply strong and transparent corporate water governance, manage water at operations effectively and efficiently, and collaborate with our partners and our communities to achieve responsible and sustainable water use.

Progress in implementing our water strategy is driven through a water management programme, which is supported by a mandatory group water standard and delivered via operational water action plans. Key objectives include: minimising our use of higher grade water and finding lower grade sources, like sewage water from Gamagara municipality at Sishen, maximising water reuse; ensuring no spillage of contaminated storm and process water; ensuring no spillage of groundwater and promoting its beneficial use.

In 2018, Sishen and Kolomela completed detailed self-assessments and gap analysis against the water standard and have been addressing identified gaps. Progress with meeting the requirements of the standard is included in our Chief Executive scorecard. In 2019, we reviewed and updated our water strategy and management plans to ensure alignment with the Anglo American group strategy and achieve full compliance with the standard. This process was informed by the outcomes of assessments we conducted of our water management practices. These identified a number of actions required, as well as opportunities, to ensure ongoing improvements and consolidate alignment at sites with the Anglo American group water management strategy, standard and guidelines.

We have developed and are implementing an action plan with clear deliverables to be met in the first half of 2020. Key steps include: revising the water management plan and procedures to ensure required improvements in the water management process; appointing a dedicated water manager with clearly defined roles and responsibilities to support both Sishen and Kolomela; revising and updating the water sampling procedure to align with the water management plan, water use licence requirements and to include quality assurance and control.

The group water management standard guides a risk-based, regional approach to water management, in line with global best practice and the ICMM water reporting guidelines.

Site plans include provision for water security, water-use efficiency, tailings water recovery projects and a mine dewatering strategy, storm water management, and discharge management, complemented by a monitoring programme.

We implement detailed, dynamic operational water balances that are compliant with ICMM water reporting metrics and linked to regional climatic data. Modelling water balance scenarios significantly improves our ability to predict and quantify risks and identify infrastructure requirements to enable timely management responses to climatic variability. A significant development is the implementation of Anglo American's comprehensive Water Information Management System (WIMS), which provides a real-time data analytics platform to capture and validate all key operation-specific water elements. The WIMS was introduced at

Sishen in 2018 and rolled out at Kolomela in 2019. Linking our reporting to the WIMS database has enabled us to determine a more consistent baseline of water management data with which to determine targets, KPIs, and operation-specific strategic water-action plans for our contribution towards achieving the Anglo American Sustainability Strategy stretch goals. The site assessments this year assisted in identifying water saving and recycling projects and towards the end of this year, we finalised our water savings and recycling targets.

We participate annually in the CDP's Water Disclosure Project and for two consecutive years we achieved band "A" performance for leadership in respect of the CDP water programme. In 2018 and 2019, we achieved band "B" performance due to changes made to the scoring criteria. We endeavour to achieve band "A" ratings in the coming assessments. Our CDP submission is available at www.cdproject.net and on our website.

 www.angloamericankumba.com/sustainability/performance.

Regulatory compliance

The evolving regulatory environment can result in delays in obtaining water licences. We continue to engage with DWS to mitigate licensing delays and ensure that all water use licences (WULs) are in place.

Kolomela was issued an amended integrated water use licence (IWUL) in March 2019. Sishen was issued with an amended consolidated integrated WUL. The operation is not fully compliant with its WUL conditions; storm water management is the principal area for improvement. We have invested around R500 million to date in measures to improve storm water management and have agreed with the DWS to implement further measures in a phased approach. Projects are expected to be completed by 2024.

There are no other outstanding authorisations for existing activities at our operations.

WATER CONSUMPTION, DISCHARGE AND QUALITY

Groundwater is our primary water source, accessed through dewatering boreholes. The deeper we mine, the more groundwater has to be pumped through the ingress from the mine pit to ensure safe working conditions. Kumba also makes use of municipal water for domestic purposes. In some instances, our dewatering activities have led to depletion of underground water on the neighbouring farms. We compensate all affected farmers with water and grazing subsidies.

In addition to making sure that the groundwater in and around Sishen and Kolomela is properly managed and understood, we implement a pipeline system that pumps excess clean groundwater from dewatering into the Vaal Gamagara pipeline to support the Sedibeng regional water supply, returning a total of 10,646 Mℓ for the year. When there is too much water for this



WATER CONTINUED

pipeline to transport, excess is diverted to a pump station which feeds water into boreholes outside the dewatering zone at a predetermined rate suitable to each specific borehole, thereby recharging the aquifer. In 2019, we made further progress in advancing a Gamagara river flow restoration project, which aims to address the negative impacts of Sishen dewatering on the river. The process involves regular engagement with diverse stakeholders including the DWS, DMRE and farmers, to ensure an agreed approach.

Operations reduce their dependency, in line with our water strategy, on imported fresh water through the use of lower-quality treated sewage water. We minimise water losses by using a closed-loop water system and capture rainwater for use in dust suppression. Clean and dirty water separation at our mines ensures that there is proper management of storm-water to avoid surface water pollution. The mines effectively recycle mine-affected water for use in the process plant.

The volume and quality of the water that is allowed to be discharged by our operations is predetermined through regulatory processes. Any unplanned discharges that breach legal agreements and/or licence conditions are reportable as environmental incidents and addressed. Kumba supplies most of its water for treatment at local water utilities; no water is

discharged to fresh surface water sources unless in emergency situations due to Sedibeng water infrastructure constraints.

The quality of the water discharged at all of Kumba's operations is closely monitored. We engage an independent service provider to conduct monthly water quality monitoring and quarterly reports are submitted to the DWS. Where needed, corrective actions are taken to mitigate any adverse impacts on the water quality. Changes in weather and climate extremes can impact water quality.

 Our approach to managing climate-related risks is discussed on page 86.

PERFORMANCE

Our operations report in line with ICMM definitions for water withdrawal, consumption and discharge, tracking performance against targets on a monthly basis.

We are on track to achieve our targeted 75% water reuse rate by the end of 2020. In striving towards operating waterless mines (a mine that uses no external freshwater beyond ramp-up), we aim to achieve an 85% recycle/reused rate by 2030. We also aim to ensure sustainable water availability to meet our sustainable mine plan.

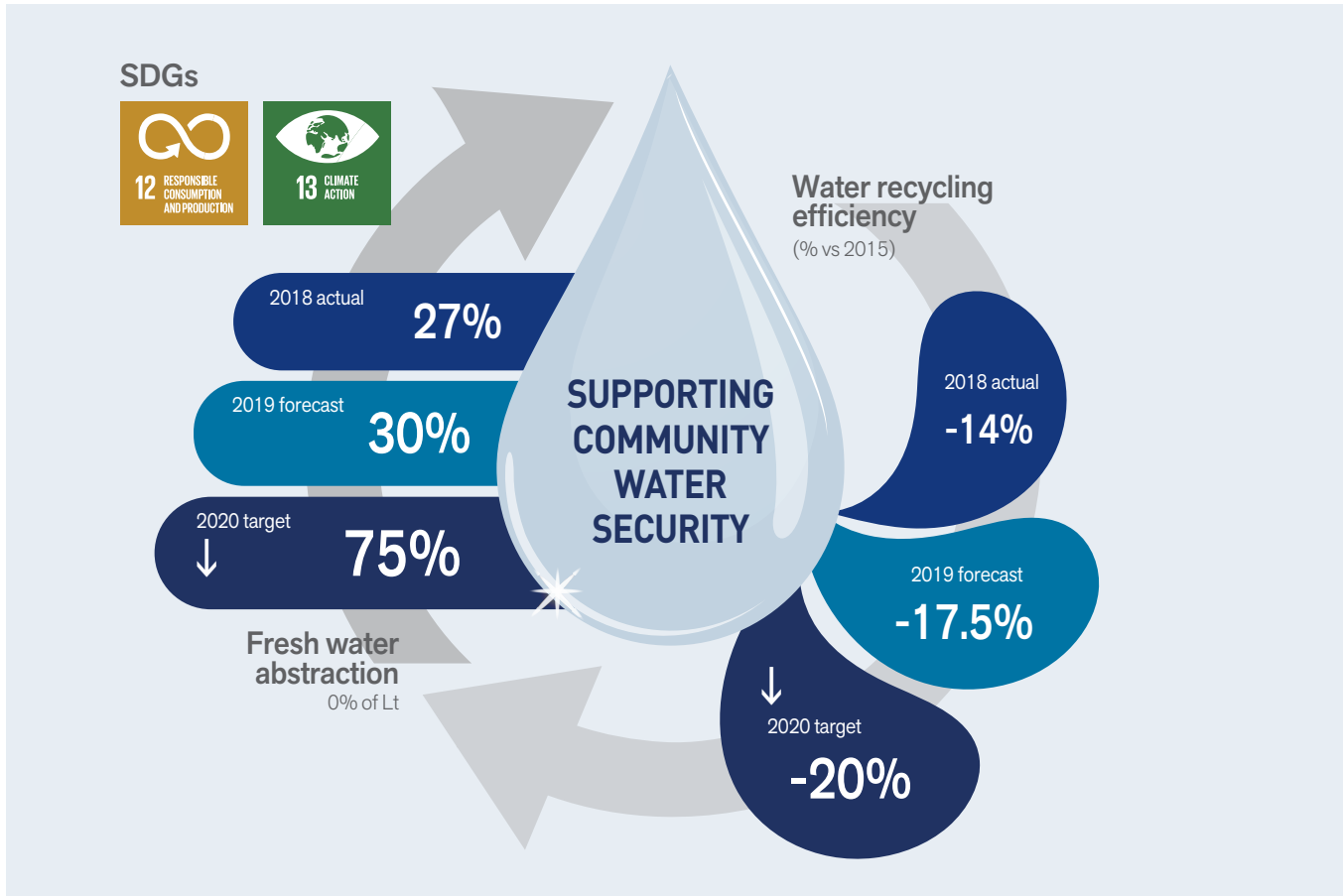
GROUP WATER CONSUMPTION (Mℓ)

	2019	2018	2017	2016	2015
Water from water service providers or municipalities (1)	0.27	0.15	0.04	0.08	0.08
Waste water from other organisations (2)	1.83	1.18	1.83	1.01	1.32
Water from ground water (3)	28.52	29.09	31.40	24.07	24.87
Water withdrawn (1 + 2 + 3)	30.62	31.84	33.27	25.16	26.27
Water internally recycled	3.44	3.41	3.12	3.54	3.98
Total water consumption	34.06	35.25	38.21	28.70	30.70

In 2019, total water withdrawal intensity deteriorated from 151ℓ/tonne to 152ℓ/tonne due to increased mining tonnes. The water intensity for both mines fluctuated over the reporting period.

Water discharges came to 19.2 million m³. For our total operational water requirements, 56% was met by recycling and reusing water (2018: 34.0%).

Water consumption is the amount of water that is not recycled or discharged. In 2019, new-water consumption totalled 6.4 million m³ (2018: 6.4 million m³). No water source, ecosystem (e.g. Ramsar-listed wetland) or habitat was materially affected by our extraction and use of water. We did not record any level 3 (or above) incidents.



SUPPORTING COMMUNITY WATER SECURITY

Kolomela and Sishen mines pump groundwater, in excess of operational needs, to Sedibeng Water and surrounding communities as per the conditions of our WULs. This water benefits the broader Northern Cape region. We continue working with the DWS, Sedibeng and other stakeholders to explore maximising this social benefit to an even wider region.

Sishen uses treated sewerage effluent (grey water) from the Kathu wastewater treatment works, to increase the export of groundwater to the Sedibeng reservoir. We continue to sell the excess water to the Sedibeng water authority, in line with WUL conditions, to supply bulk water to farmers, to compensate for their potential losses from private boreholes.

Sishen and Kolomela continue to manage issues of concern among certain local farmers regarding mine dewatering that

potentially affects the availability of groundwater. In addition to supplying water, interventions include acquiring farms from those who are willing to sell or compensating those who have been impacted (based on evidence). Furthermore, some of our land is used for community benefit such as farming (livestock and crops).

Kolomela artificially recharges clean mine water to the underground aquifers that its operations traverse, thereby improving groundwater resources for neighbouring farmers and limiting quantities discharged into the environment. This year the operation completed an expansion study which has enabled the mine to increase the monthly average it recharges from 36,000m³ to 42,000m³, accounting for approximately 17% of the excess water from the mine. Local farmers continue to respond positively. Sishen has been granted permission from the authorities to implement a similar project, as part of the amended IWUL issued in 2019. Regular engagements are held with the DWS and all other water stakeholders in the area to ensure the surplus water is used to maximum benefit in the region.



CLIMATE CHANGE

Climate change presents a fundamental challenge in the coming decades. Our operations and value chain activities are vulnerable both to extreme weather events and to the impact of local and global policy measures aimed at mitigating greenhouse gas (GHG) emissions. Our climate-change strategy is designed to safeguard the business and our stakeholders against climate change risks, and to contribute to climate change mitigation.

HIGHLIGHTS

Decrease in energy and greenhouse gas emission (GHG) intensities, on track to meet 2020 targets

2030 energy and carbon forecast completed

Pre-feasibility stage studies to develop a 10MW solar PV plant with a 35MWh energy vault storage technology

CHALLENGES

Rising energy prices and the carbon tax introduced in South Africa will increase capital and operating costs

The long-term security of reliable and adequate supply of electricity from Eskom presents a risk for our operations

FOCUS FOR 2020 AND BEYOND

Identify and start implementing new energy and carbon saving projects

Achieve our 2020 ECO₂MAN energy and carbon targets and work towards 2030 stretch targets: 30% net reduction in absolute greenhouse gas emissions and 30% improvement in energy intensity against 2016 baseline

OUR MANAGEMENT APPROACH

Our approach adheres to Anglo American's climate change policy. It focuses on driving energy and carbon savings throughout our business, and on building internal agility and resilience to climate change.

A central aspect of our approach is the energy and carbon management (ECO₂MAN) programme, which we have been implementing at our operations since 2011. The programme is centred on identifying and carrying out projects to reduce energy use and GHG emissions. We are working towards the following 2020 targets, which are aligned with our mine plans and diesel and electricity usage forecasts: a 10.7% reduction in GHG emissions and an 11.7% reduction in our energy consumption, against projected business-as-usual (BAU).

Kumba aligns with the Anglo American 2020 energy and carbon targets, and sustainability strategy 2030 climate change stretch goals (see above). In working towards these targets, we are developing a more integrated approach to managing our social and environmental climate-related risks, recognising the importance of cross-disciplinary collaboration for effective risk management through integrated water, energy and carbon management. In the longer term, we plan to radically reduce our energy consumption through process, equipment and behavioural efficiencies, implementing FutureSmart Mining™ methods and step-change technologies to achieve our long-term milestones in energy management.

This year we have focused on maintaining our current good practice and addressing gaps in our compliance with the Anglo American energy and GHG-emissions management standard. We have completed technical reviews to identify the priority energy and carbon reduction options at Sishen and Kolomela. Operational site-specific targets have been cascaded and progress is tracked and reported monthly.

Kumba's Chief Executive scorecard includes performance on energy and carbon management. The 2020 GHG target is included in the 2017 long-term incentive plan (LTIP). To receive the LTIP benefit in full, Anglo American will need to achieve the 2020 GHG target a year earlier, in 2019. Since 2017, our 2020 energy and carbon targets are included within the plan. Kumba's general managers are monetarily rewarded for the achievement of operational level energy reduction targets. Going forward, we aim to incentivise individuals based on their team's performance with respect to climate, energy and water targets. This will contribute to the whole workforce being incentivised to meet our GHG targets.

Our risk management approach to climate change enables us to identify and manage both risks and opportunities, helping to ensure the resilience of our portfolio. The quantitative scenario analysis work we have undertaken, reviewed below, has reinforced this approach and is a key input in our strategic planning processes. Kumba assesses and reviews climate change risks, and a formalised risk review is conducted annually.

Two key processes guide how we manage climate change risks: the operational risk management (ORM) programme for operations, and the investment development model (IDM) for projects. The ORM guides operations on how to assess risk at each level of activity, with tools to help identify priority unwanted events and the controls we need to put in place and monitor to prevent those events. The IDM process and evaluation criteria ensure that climate change risks and opportunities are embedded in the investment design, including the consideration for alternative low carbon energy sourcing and the adaptation required for extreme weather and long-term climate change.

We are committed to the transparent disclosure of climate-related risks and opportunities for our business, and have officially expressed our support for, and are aligning with, the recommendations of the Task Force for Climate-related Financial Disclosures (TCFD).

A table summarising our current reporting in terms of the TCFD's recommendations is presented in the Appendix (page 113).

KUMBA CARBON TAX IMPACT

In South Africa, a carbon tax on greenhouse gas emissions came into effect on 1 June 2019. The Carbon Tax Act and related measures are designed to enable South Africa to meet its targets as agreed in the Paris Agreement, which comes into effect in 2020. The tax will be implemented in a phased manner, with the first phase to the end of 2022 and the second phase from 2023 to 2030. The design of the carbon tax provides for significant tax-free emissions allowances ranging from 60% to 95% for the first phase. To ease the potential adverse impacts on energy-intensive sectors such as mining, in the first phase there will be no impact on the price of electricity. The first phase will apply a tax rate of R120 per tonne of carbon dioxide equivalent from fuel and coal use. Allowable tax breaks will reduce the effective rate to R48 per tonne of CO₂. We pay tax on the price at the pump which is equivalent to 10c/litre for diesel and 9c/litre for petrol.

We have assessed the potential carbon tax liability for our business and incorporated carbon tax calculations in our budget guidance and project evaluations. In 2019, Kumba paid R11.5 million in carbon tax. It is estimated that the tax for 2020 will be around R20.4 million.

We continue to assess our approach to mitigating our exposure, as we progress towards our climate change stretch goals. The South African Carbon Tax Act allows for the use of domestic offset credits against 10% of tax exposure. We are evaluating options to source cost-effective carbon credits. This presents opportunities for our operations to mitigate risk (reduce our carbon tax liability) but also to potentially generate an additional income stream. We are progressing with the validation process to enable us to secure carbon credits for the Kathu solar park project.

Kumba's position on carbon tax is consistent with the Minerals Council, and through Anglo American we will continue to influence and provide input on the carbon tax and the update of subsequent phases, as well as to monitor its impact on our business.

Electricity use accounts for about 18% of Kumba's exposure to carbon tax cost impact from 2023.



▼ Robin Bhola, an intern at Kolomela, checks on the progress of a sap flow study on the shepherd trees on the mine property. The study is conducted to better understand the tree and how it will respond if used in the rehabilitation of the mine.



CLIMATE CHANGE CONTINUED

REDUCING OPERATIONAL EMISSIONS AND ENERGY USE

Mining and processing are energy intensive and we are dependent on an adequate and reliable source of energy for our core mining and transport activities. Fossil fuels (mainly diesel) account for about 82% of our total energy consumption, with electricity accounting for about 18%. The unit cost of both is expected to continue to increase; the former is amplified by the climate change policy measures introduced this year. Optimising our use of energy sources is an ongoing priority.

Energy security

South Africa is facing a renewed electricity security crisis. National power utility, Eskom, battles as a result of its new build coal power plants not achieving design output, the high and often unplanned maintenance costs of its ageing fleet, and the higher than budgeted coal costs. Our operations monitor the situation constantly and have emergency preparedness plans in place, including protocols to minimise the impact of sustained unplanned power station outages and load curtailment requests from Eskom.


In 2019, we conducted high level studies to develop a 10MW solar PV plant with one 35MWh energy vault storage at Sishen. The outcomes identified the most suitable locations for the storage tower, the solar field and the electrical tie-ins. We completed an energy sensitivity analysis with current life-of-mine plan and updated Sishen's site energy balance.

Targets and performance

Our GHG emission reduction target for 2020 is 10.7% against projected emissions in a business-as-usual (BAU) scenario. Our ECO₂MAN energy-reduction target for 2020 is 11.7% against BAU. Our energy target for 2030 is a 30% reduction in our energy intensity against our 2016 performance, while our long-term GHG emissions target is a net 30% reduction in emissions against a 2016 level. The long-term stretch goals were informed by the South African government submission to the 2015 Paris Agreement and align with our aspiration to develop a carbon-neutral mine.

In 2019, Kumba's operations were responsible for 1.00 million tonnes of CO₂-equivalent emissions (Mt CO₂e) from electricity purchased, and the combustion of fossil fuels at operations, and GHG emissions as a result of industrial processes. Our absolute emissions (direct and indirect) increased slightly at 1.00Mt CO₂e, a 8.3% saving against the BAU targeted 10.5%.

Kumba's total energy consumption decreased slightly at 8.78 million GJ (2018: 8.85 million GJ). An energy saving of 9.03% against BAU (against a targeted 11.4%), was achieved primarily through diesel use efficiencies.

 Further details on our operations' direct and indirect GHG emissions are provided in the performance table on page 111.

We continue to benefit from Section 12L energy-related tax deduction incentives for businesses that demonstrate measurable energy savings. We have achieved significant energy savings through a range of emission reduction and fuel efficiency initiatives across our haulage and loading fleet. Some of the projects included payload improvement project for the haul trucks, drill low-idle optimisation, contractor mining monitoring and targeting and improved shovel truck matching.

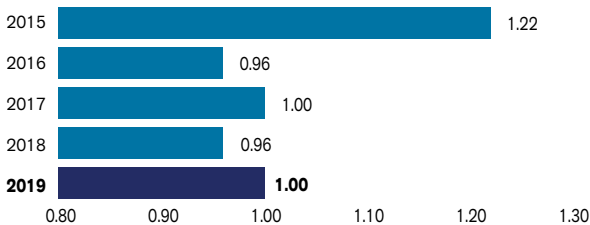
In 2019, we achieved diesel savings of 4.9 million litres at Sishen (2018: 2.88 million litres), and 0.9 million litres at Kolomela (2018: 0.61 million litres). Energy savings in 2019 were 0.563 million GJ against a targeted 1.1 million GJ. Emissions saved were 71.4kt CO₂e against a targeted 114.5kt CO₂e. The resultant energy cost savings amounted to approximately R85.4 million (2018: R36.05 million) and the Company's tax allowance claim exceeded R46 million.

In addition to our focus on GHG management, we investigate opportunities for carbon-offset partnerships. Kumba will start receiving certified emission reductions (CERs) now that the Kathu solar park has started commercial operation; validation is currently in progress for CERs from April to November 2019.

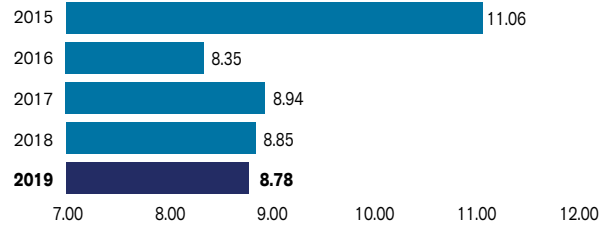
CLIMATE CHANGE INDICATORS

	Unit	2019	2018	2017	2016	2015
Direct CO ₂ emissions	Mt	0.53	0.54	0.54	0.51	0.69
Indirect CO ₂ emissions	Mt	0.47	0.42	0.46	0.43	0.51
Direct energy (mainly diesel) consumed	Million GJ	7.16	7.23	7.28	6.91	9.40
Indirect energy (electrical) consumed	Million GJ	1.62	1.57	1.65	1.54	1.80
Total energy consumption	Million GJ	8.78	8.85	8.94	8.45	11.10

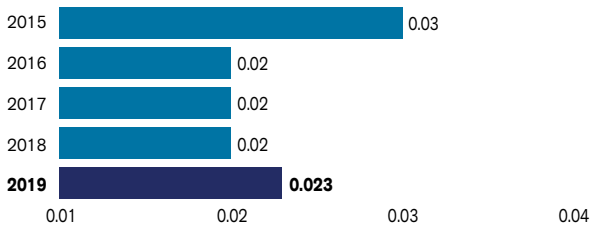
CO₂ emissions (Mt)



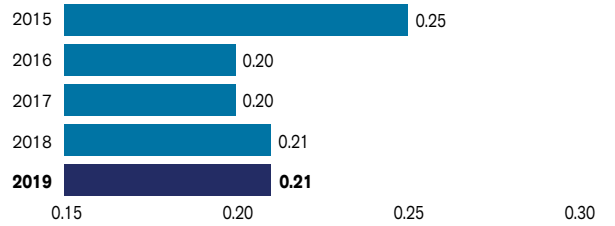
Total energy consumption (Million GJ)



CO₂ emissions intensity (CO₂/tonnes ore)



Energy intensity (GJ/tonnes ore)



PORTFOLIO RESILIENCE

Carbon pricing is shifting consumer behaviour and driving the need for good quality iron ore with a high lump-to-fine ratio, as this generates fewer GHG emissions in the steel-making process. During 2019, Kumba's product maintained a high Lump-ore to Fine-ore ratio at 67:33. This reduces the amount of sintering required on the product and consequently increases the efficiency in the steel-making process, enabling a reduction in emissions generated by our clients.

Kumba is one of the largest iron ore producers that beneficiates its ore prior to sale. In 2019, we beneficiated approximately 69% of our ore (2018: 68%). Through beneficiation, the physical properties of the finished product are enhanced, removing impurities and improving product quality, which in turn reduces downstream emissions associated with steel-making.

As part of an Anglo American product portfolio analysis, a further study on climate change scenarios and the possible medium to long-term implications for our business is under way and will be finalised in 2019. The analysis will provide a quantitative

assessment on the implications for commodity profit pools and our product. In implementing the project, we have established a method to monitor climate indicator impacts, which will inform the development of a resilient strategy and enhance our disclosure capability.

ADAPTATION

Our operations are vulnerable to extreme weather events and we ensure that we have plans in place at our sites to reduce their exposure to climate risks. We have engaged with climate change research teams in the private sector and at academic institutions to assist us in understanding the physical implications of climate change for our operations and neighbouring communities and identifying appropriate adaptation responses. Key elements of our approach include: building climate scenarios using the best available science; using our operating models to identify vulnerability and exposure; and integrating critical controls into operational risk management.

We have engaged risk specialists to conduct climate and risk adaptation studies at our operations, initially at Kolomela in 2015,

CLIMATE CHANGE CONTINUED

the outcomes of which informed our improved mine planning and growth strategy, and at both Kolomela and Sishen in 2018. Our approach relies on data availability and sophisticated climate modelling capabilities in developing substantiated climate scenario projections. The detailed projections are helping us to better understand the nature and level of potential impacts.

See case study below.

Recognising that climate change has the potential to alter the rainfall patterns, and potentially cause shortages of easily accessible groundwater or rainwater in our host communities, Sishen and Kolomela provide supporting water infrastructure to build resilience in the communities .

See page 85.

CLIMATE IMPACT AND RISK ASSESSMENTS AT KOLOMELA AND SISHEN MINES

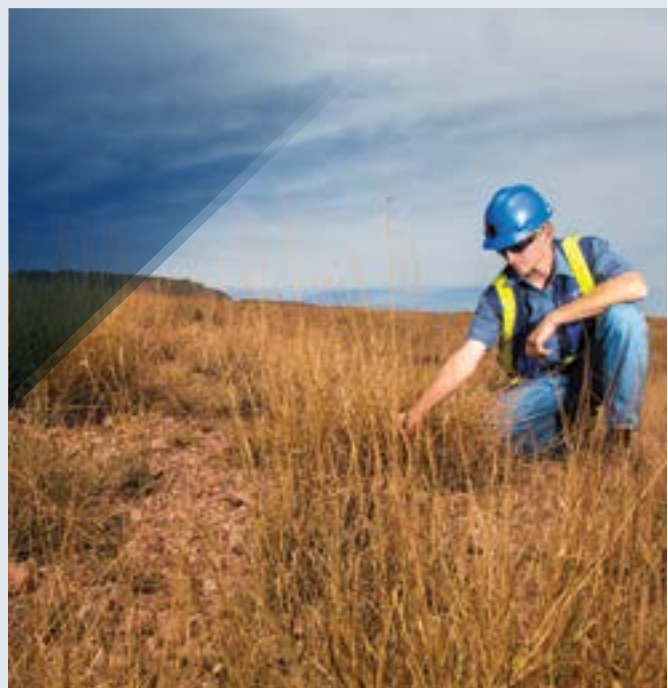
In 2018, Kumba commissioned climate-risk assessments (CRA) for our Kolomela and Sishen mines. The process built on an earlier assessment, undertaken in 2015 for Kolomela, with the aim of deepening our understanding of the climate risks emerging for these operations. Situated in the arid Northern Cape province of South Africa, Kolomela and Sishen are already affected by intense rainfall, flash floods, drought and dust. Climate change projections indicate higher temperatures and more variable rainfall, with challenges posed by longer dry spells, more intense rainfall events, and the increased frequency of drought and flood.

In relation to these climate change effects, the CRA mapped the risks to specific activities in the mine operations and value chain, interrogated the impact on existing baseline mine risk assessments, and reviewed the suitability of existing control strategies. The analysis resulted in the following findings and recommended response measures:

- rising temperatures – further investigate the impacts on occupational health and the operation of equipment, with the aim of developing additional actions and controls;
- intense rainfall and more frequent major floods – further investigate the adequacy of controls to prevent and mitigate water accumulation in operating areas, and address slope stability and tailings dam failure;
- increased frequency of drought – assess the impact of a lower water table on mine operations, external stakeholders and the environment, with special consideration of the water demands for dust suppression and mine rehabilitation; and
- more extreme storms, rainfall, winds and lightning – evaluate and enhance current controls, with special consideration of the resultant increase in work interruptions.

Cross-cutting recommendations included:

- raising climate change awareness internally and building operational responsiveness;
- fully integrating climate change within operational and continuous risk management practices;



Izak Gous, an environmental technician based at Kolomela.

- researching climate risks in the supply chain, considering impacts in direct operations; and
- deepening the review of control strategies and risks to employees and contractors.

We are progressively applying climate-related tools such as CRA and scenario planning to inform the implementation of our climate change strategy. These tools enable us to deepen our thinking and develop our response to emerging climate change risks and opportunities. The outcomes of these processes further empower us to implement the recommendations of the TCFD. This is central in meeting the growing demand from our stakeholders for greater transparency and stronger accountability on our climate change response.

INNOVATION

We support the development of low-carbon technologies through partnerships, including with the Industrial Development Corporation (IDC) and government and as an industry partner in university research projects. In recent years we have implemented several small-scale carbon-offset projects. These have included installing domestic solar powered water heaters in houses, and undertaking a camel thorn tree preservation project aimed at creating an offset area to preserve vegetation. Solar powered facilities installed at our Heuningkranz exploration site enable the site to operate “off the grid”.

We have supported the South African energy market with an independent power project, namely the 100MW Kathu concentrated solar thermal plant with energy storage capability. The solar project was transferred to ENGIE and the plant started commercial operation in January 2019. Once fully operational, it will reliably supply more than 179,000 South African homes with stable electricity during their peak demand period. Kumba continues to benefit from the carbon credits associated with the project through certified emissions reductions (CERs) that will be obtained via the Clean Development Mechanism (CDM).

PUBLIC POLICY POSITIONS AND ENGAGEMENT

We adhere to Anglo American's formal position on climate change as expressed in the group climate change policy, the group position statement on climate change and the ICMM statement on climate change.

We participate in policy engagement processes through Anglo American's membership of the National Business Initiative, Business Unity South Africa, and the Industry Task Team on Climate Change.

Internally, we participated in an Anglo American group-wide energy and carbon forum in September 2019. A follow up face to face energy forum is planned for June 2020 in Australia.

Sishen and Kolomela comply with requirements under national GHG emission-reporting regulations and the carbon tax introduced in June 2019. While certain policy and technical aspects remain outstanding, we are evaluating further opportunities to limit our exposure through both reduced energy use and GHG emissions, and opportunities to source carbon-offset credits.



MINE CLOSURE, REHABILITATION AND BIODIVERSITY

Mines generate economic activity for a finite period, while any associated environmental impacts, if not managed effectively, may last well after mine closure. Our challenge is to play a meaningful role in helping local stakeholders to sustain the socio-economic benefits of mining beyond mine closure, while remediating our environmental footprint. Our approach to land management integrates mine closure planning with land rehabilitation, promoting biodiversity and conservation, and using our non-operational land to benefit both the mine and our surrounding communities.

HIGHLIGHTS

Sishen and Kolomela achieved their targets for reshaping and revegetation of waste rock dumps

In-pit filling at Kolomela resulted in a saving of about R9.5 million on the rehabilitation cost for 2019

Sishen has developed a five-year rehabilitation plan and strategy, which has been integrated into the life-of-asset planning process

CHALLENGES

Rehabilitation backlog approximately 532ha

Sishen completed an assessment against the requirements of the Anglo American mine closure standard, with four non-compliances to be addressed in 2020

Significant topsoil deficit. We continue to trial the suitability of different waste types as an alternative growth medium

FOCUS FOR 2020 AND BEYOND

Revise land management strategy to focus on ensuring positive community impact and sustainable mining closure

Expand the WESSA partnership through establishment of education, eco-tourism and related activities within the Sishen Nature Reserve

Reinstate a grazing system for post-mining land users

MINE CLOSURE

Our approach to mine closure planning is aimed at ensuring that the full spectrum of life-of-mine opportunities, risks and liabilities is effectively identified, that plans are fully costed, and that adequate provision is made for premature closure. Integrating mine closure planning into operation strategy is the best way to address many of our mine-closure-related risks and opportunities, particularly through rehabilitating land in parallel with our mining activities. All our mines are opencast operations. This makes rehabilitating the land we disturb to the level of post-mining land use agreed with stakeholders, a particularly material issue.

MANAGEMENT APPROACH

The management of mine closure and rehabilitation at Kumba is primarily governed by three corporate systems: the Anglo American Mine Closure Toolbox, the Anglo American concurrent rehabilitation strategy, and the Anglo American mine closure technical standard.

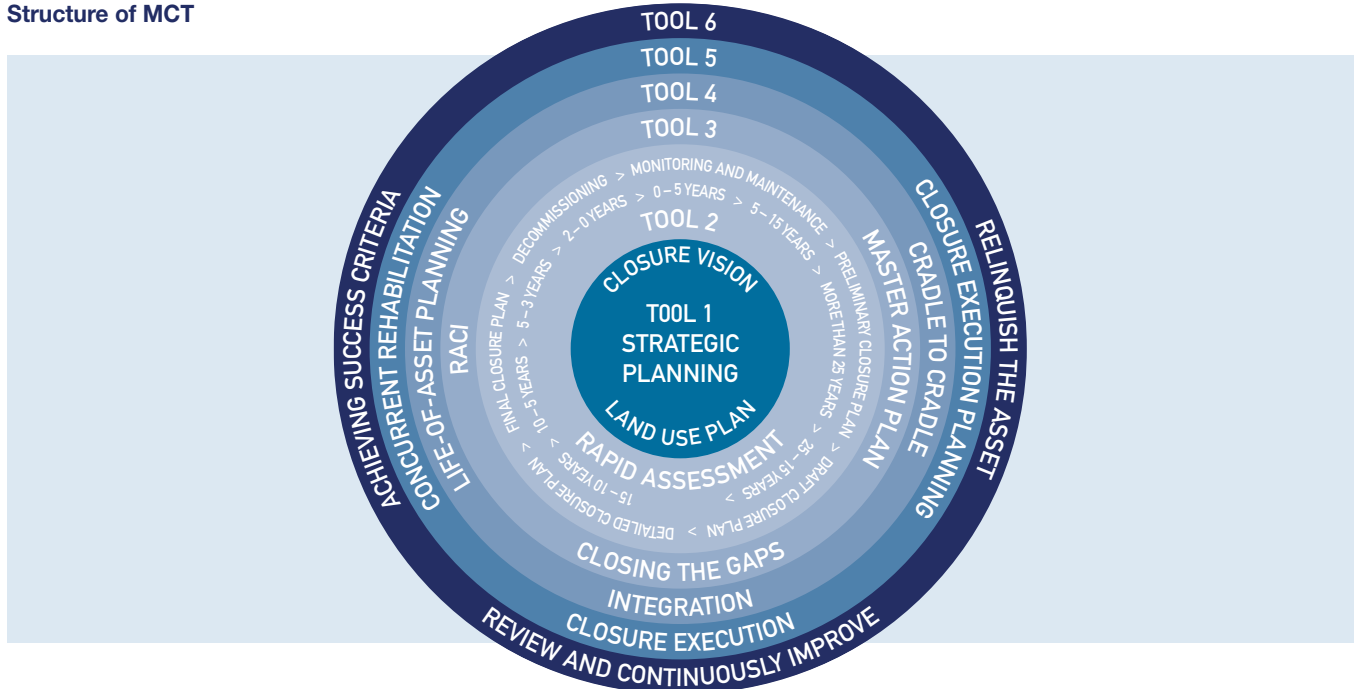
Mine closure toolbox (MCT)

MCT provides the required guidance to meet the requirements of the group mine closure technical standard. In 2019, the two existing guidance documents – MCT (version 2) and Anglo American's Integrated Closure Planning System (ICPS) – have been merged in this process to provide clarity about expectations.

The MCT is underpinned by the Anglo American Code of Conduct, the ICMM principles and commitments, as well as the Good Practice Guidance for Integrated Mine Closure and the Anglo American SHE Way. The MCT also dovetails with the Anglo American Social Way and SEAT, as it is the vehicle for social transition during the operational phase.

MCT is the key guidance document we use to ensure successful closure planning of projects and operations during various phases of their life-cycles. The figure overleaf illustrates the set of planning tools provided in MCT for different phases of the mining cycle.

Structure of MCT



Concurrent rehabilitation strategy

An Anglo American concurrent rehabilitation strategy has been developed to clarify the group's commitment to reduce its rehabilitation backlog and associated closure liabilities. The strategy outlines requirements for Sishen and Kolomela to each develop a five-year rehabilitation plan with specific annual rehabilitation targets integrated into the operational planning process. The plans are to be annually updated.

Mine closure standard (MCS)

This Anglo American technical standard defines the minimum requirements for mine closure to ensure that all Anglo American projects and managed operations proactively plan for closure to manage risks and opportunities. The standard essentially assists in tracking the closure planning progress against MCT and concurrent rehabilitation strategy requirements. The performance standards comprise three focus areas:

Planning and design: requires the operation(s) to develop a closure plan that is fundamentally aligned with the MCT with a closure vision established and maintained with associated specific closure objectives and land-use plans. A risk assessment and gap analysis aligned with the MCT shall be undertaken in all updates of the closure plan. Closure plans consider and address regulatory conditions and community and stakeholder commitments. In addition, where appropriate, closure liabilities shall be minimised through proactive integrated planning throughout the operational life-cycle, involving formal opportunities analysis. Closure requirements are integrated into the business planning and

life-of-mine (LoM) planning processes and sites are required to have at least a five-year concurrent rehabilitation plan with clearly defined targets.

Implementation and management: all MCT and rehabilitation strategy requirements are implemented at Sishen and Kolomela. This includes, but is not limited to, promoting beneficial reuse of infrastructure post closure where possible, minimising post closure active treatment requirements through integrated closure planning, managing and reducing dependency of relevant surrounding communities through the life-cycle of the operation in order to leave behind a positive post closure legacy. The successful rehabilitation of the impacted sites is achieved by establishing proven rehabilitation techniques that meet the closure vision and associated land-use. Furthermore, a review and update of closure liability estimates (accounting provision) is carried out annually at all our operations and a financial provision (guarantee, trust fund) is provided to the DMRE to cover premature closure costs as required by the regulatory requirements.

Performance monitoring: all post production monitoring and maintenance costs are included in the closure liability estimates that allow for sufficient time for realistic lease relinquishment (minimum of 10 years post the decommissioning phase unless otherwise indicated in site-specific technical studies). Detailed monitoring plans are implemented at the rehabilitated sites.

Alignment with the MCS ensures alignment with our sustainable strategy.



MINE CLOSURE, REHABILITATION AND BIODIVERSITY CONTINUED

CLOSURE PLANS AND LIABILITIES

Sishen and Kolomela have current life-of-mine estimates of 13 years each. Both operations have closure plans that are fundamentally aligned with the toolbox requirements. In line with the requirements of the MCT, detailed closure plans are developed within five to 10 years of operational closure.

All our operations conduct detailed closure liability assessments that are updated annually, as legally required. The 2019 closure liability assessment has been performed in line with the MPRDA, as the deadline for compliance with the government's new financial provision regulations (published in 2015) under NEMA has been extended until June 2021.

At the end of 2019, our immediate closure costs for the two mines was R4.04 billion (2018: R3.6 billion). We apply rigour in how we calculate our financial provision and ensure that every third year we use the services of an external independent consultant to update the provisions.

INTEGRATED MINE CLOSURE PLANNING

We are progressively integrating mine closure planning with our operational strategies. This involves assessing and identifying opportunities to make operational changes that require no or modest additional expenditure, and which result in significantly reduced operational costs and closure liabilities. A particular focus is placed on concurrent rehabilitation.

Kolomela was one of the sites where Anglo American piloted its ICPS, over the period 2017 to 2018. The ICPS includes a closure risk assessment and gap analysis, reviewing the closure vision, identifying detailed closure criteria and tracking closure opportunity implementation plans. The exercise at Kolomela entailed updating the mine's closure plan, completing a critical control effectiveness review and realising integrated planning opportunities relating to in-pit dumping and rehabilitation activities. The positive impact of in-pit filling is evident this year, as discussed in the rehabilitation section below.

The positive impact of value-adding closure plans is particularly evident at Sishen, which updated its closure plan in 2017, with significant improvements in a range of areas including the risk assessment, gap analysis, closure criteria and success criteria. Through implementing an integrated closure and progressive rehabilitation plan, including improvements to waste rock dump designs to optimise in-pit dumping, the operation has significantly saved on operational costs and rapidly scaled up its rehabilitation progress.

REHABILITATION

Our approach to land rehabilitation is increasingly integrated with other mine planning activities, as demonstrated by Kolomela and Sishen's integrated approach to mineral waste management, which involves reducing the operational footprint by optimising the short haul in-pit dumping of pits and available space in existing waste rock piles. Rehabilitating available land concurrently results in significant financial and environmental benefits and can reduce closure liabilities.

Sishen has developed a five-year rehabilitation plan and strategy, which has been integrated into the life-of-asset planning process. Kolomela is developing its detailed five-year plan.

At year-end, Kumba had 92,094ha of land under its management control (2018: 87,875ha). A total of 14,387ha has been disturbed by mining, processing and mineral waste disposal, and supporting infrastructure (2018: 14,838ha). Sishen has 360ha available for rehabilitation and is addressing a backlog of 532ha. Kolomela, which started operations in 2011, has about 30ha available for rehabilitation.

The rehabilitation target for Sishen and Kolomela was 50ha and 30ha respectively for 2019. The Kolomela target was, however, revised to 12.5ha due to the positive impact brought about by the increased in-pit dumping. This means that there is now less material going to the waste rock dumps. The in-pit filling has resulted in a saving of about R9.5 million on the rehabilitation cost for 2019.

At Sishen, the contractor team has continued with reshaping of the waste rock dump with 51.94ha reshaped and 50.5ha seeded. The permanent re-vegetation team has established itself on the mine. Construction of the Rehab Nursery has been completed. Throughout 2019, there was scarce rainfall and the sustained drought conditions are challenging for our re-vegetation efforts. In 2019, Kolomela reshaped 12.9ha, exceeding its target of 12.5ha, and seeded 74.45ha.



Further data on our land management, including our operational footprint, rock mined and ore processed and rehabilitation liabilities, is provided on page 112.

BIODIVERSITY

In line with our purpose of re-imagining mining to improve people's lives, a tenet of our approach to sustainability is to positively contribute towards biodiversity. Our planet serves a variety of life forms, and biodiversity is important because it supports the production of our ecosystem and every living species around it. To reduce our risk exposure, ensure access to land and increase opportunities in biodiversity and ecosystem services, we need to understand how our projects, operations and supply chains affect, and are dependent on the environment around them.

Sishen and Kolomela are situated in the southern part of a protected woodland in Northern Cape province. The region hosts several protected plant species, such as camel thorn and shepherd trees, that may not be damaged or removed without a permit. As members of the ICMM, we are committed to the Mining and Protected Areas Position Statement, to respecting legally designated protected areas, and to not explore or mine at any World Heritage sites.

Our operations' expansion activities result in large areas of woodland having to be cleared. Permits have been issued on condition that an additional biodiversity offset area is provided for long-term conservation purposes.

MANAGEMENT APPROACH

Given the potential of mining activities to affect habitats through land disturbance, land-use change and pollution, as well as the specific risks and opportunities presented by the biodiversity sensitive areas where we operate, Sishen and Kolomela implement biodiversity action plans (BAPs). The BAPs seek to balance ecological considerations and community needs. The BAPs are used in conjunction with land management plans to address top risks, including the effects of mine dewatering, alien and invasive species, bush encroachment and the relocation of protected species to offset areas. Research and biodiversity monitoring protocols are used to understand and measure long-term biodiversity trends.

In 2019, all our sites started implementing the Anglo American group biodiversity performance standard, which was approved and introduced in November 2018. Guided by the standard and the ambitious Anglo American sustainability mining plan, our operations are in the process of setting targets to deliver positive biodiversity conservation gains, with the aim of ensuring that by 2030, all our sites are demonstrating that they are on track to deliver net positive impact (NPI), whereby our overall negative impacts on biodiversity will be outweighed by the biodiversity gains we achieve through our conservation projects. We aim to achieve this through implementing the mitigation hierarchy – "avoid, minimise, rehabilitate/restore, compensate or offset" – as well as through investment in biodiversity stewardship.

We will assess our actual and potential impacts on biodiversity using the tools and resources available, such as the Anglo American Biodiversity Overlay Assessment Tool (BOAT) that provides a high-level desktop perspective for any exploration or existing operation of significant biodiversity risks in the actual or potential area of influence. Using the tools and biodiversity guideline, all operations can follow the mitigation hierarchy and document/compile a list of actions taken to avoid, minimise and restore impacts to significant biodiversity features across the mining life-cycle. This rigorous application of the mitigation hierarchy is used to demonstrate application of global best practice around biodiversity management and is communicated to stakeholders.

We are promoting collaboration between Sishen and Kolomela to ensure that resources are shared to the benefit of the Kathu and Postmasburg communities.

USING OUR LAND TO BENEFIT LOCAL COMMUNITIES

We aim to ensure that our non-mining land is used optimally to benefit our mines and surrounding communities. Non-mining land available for conservation, agriculture and related activities amounts to approximately 20,200ha at Sishen and 36,200ha at Kolomela. This includes 5,000ha assigned for biodiversity offsets. Our land management strategy and plans guide an integrated approach that recognises the linkages between land-use, rehabilitation, conservation, local community upliftment, and mine closure planning. This includes education programmes and employment opportunities for local community members.

Sishen and Kolomela have a significant combined disturbance footprint of 8,800ha and 3,000ha respectively. Some of the disturbances resulted during the destruction of a large number of protected species and sensitive habitats, most notably camel thorn trees, Shepherd trees and pans. To offset the impact, key projects include Sishen's Bredenkamp and Brooks' farms to the west of the mine which were promulgated as a nature reserve established in 2017. The nature reserve management plan aims to share biodiversity value through eco-tourism and promote biodiversity through research and conservation awareness and education in the Northern Cape.

Last year, Sishen launched an Environmental Education Centre in partnership with the Wildlife and Environment Society of South Africa (WESSA), which forms part of the nature reserve. Through the centre, we coordinate environmental education initiatives that have reached more than 8,000 people. Going forward, we plan to expand the WESSA partnership through the establishment of education, eco-tourism and related activities within the Sishen Nature Reserve. The centre has four permanent staff from local communities and plans to appoint two additional staff members.



MINE CLOSURE, REHABILITATION AND BIODIVERSITY

CONTINUED

Kolomela embraces its opportunity to contribute towards the conservation of scarce and protected bird species by maintaining well-planned and sustainable conservancies on its property. In 2019, Kolomela completed a biodiversity value assessment and a biodiversity management plan. The mine will continue to make adequate provision for inclusion of the diverse habitats in these conservancies, thereby ensuring that mining activities will not endanger any of the observed bird species. In so doing, a valuable and sustainable biodiversity offset can be maintained. In August 2019, Kolomela started conducting architectural evaluations on all farm houses to convert them to guest housing and/or conferencing facilities. The Kolomela land management function has generated about 15 jobs.

Kolomela has been issued with a vegetation permit which allows for the disturbance of protected trees for the operation's Kapsteveld project and introduces additional offset requirements. Plans are being put in place to comply with this condition.

We are in the process of updating our land management strategy for completion by Q1 2020. Both mines have updated their land management plans.

Environmental education programmes

Kumba implements diverse environmental focused education initiatives. These include school awareness programmes, youth development programmes, adventure and summer camp activities, research and National Science Week Programme, and climate change and waste education initiatives. The collective reach we have through these initiatives is indicated in the table below.

Kumba's collective reach in the education sector from 2018 to 2019

	Total reach
Number of primary schools	35
Number of high schools	87
Primary school students	2,845
High school students	3,596
Out of school youth	252
Public	1,021
Educators	315
Total reach	8,029



AIR QUALITY

Air quality and air emissions are integral to our environmental management activities and permitting processes.

We strive to minimise the negative impact of our operations on air quality and to keep our levels of emissions to air within legal limits. We mine in arid areas and our most material air quality issue relates to excessive dust (particulate emissions). Prolonged dry periods coupled with increased temperatures and winds increase the amount of dust generated at our operations.

HIGHLIGHTS

Ongoing improvements in mitigating dust generated by our activities

CHALLENGES

21 mine-related PM10 dust exceedances recorded at Kolomela, Sishen and Exploration (four allowed per station per year)

Persistent dry and windy conditions at Sishen and Kolomela

Vandalism of dust monitoring equipment at the Ploegfontein and Kathu monitoring stations. We are securing backup equipment and implemented theft prevention initiatives

FOCUS FOR 2020 AND BEYOND

Intensifying our dust monitoring and suppression efforts to ensure compliance with allowed exceedances

Identify and implement permanent solutions to prevent vandalism and theft at monitoring stations

MANAGEMENT APPROACH

We are implementing the Anglo American group air quality and emissions technical standard, which was finalised and approved in August 2018. The standard guides our approach to effectively identifying risks, as well as to improving the management of air quality controls for dust and gaseous emissions (excluding emissions managed for occupational health impacts) that may pose a risk to humans, fauna and flora. We have completed a self-assessment against the standard at Sishen and Kolomela and are implementing action plans to address identified gaps relating to mostly the air quality procedure and investigation of dust exceedances not being aligned to the standard. Sishen has closed all the gaps and Kolomela is in the process of closing these.

Ongoing dust suppression measures implemented at our operations include the usage of “dust-a-side” and I-CAT dust solutions on our primary and secondary roads, the installation of dust extraction systems in the plant, and the use of water cannons and mist foggers on our stockpiles and conveyor belts. We implement a trigger action response plan (TARP) to manage daily dust events.

Environmental dust monitoring is undertaken at monitoring stations in neighbouring communities. Sishen and Kolomela have real-time dust-monitoring and control programmes in place and continue to implement extensive air quality management plans that are regularly reviewed and updated as necessary. We are currently monitoring PM10 (particles smaller than 10 micrometre),

PM2.5 (particles smaller than 2.5 micrometre) and dust fallout, by means of real-time monitors and dust buckets respectively.

We continue to engage with the regulator and are committed to the regional initiatives on air quality management plan improvements. We also continue to invest in researching new technologies to mitigate dust generation. We do not use ozone-depleting compounds or persistent organic pollutants at our operations.

DEVELOPMENTS AND PERFORMANCE

Sishen continues to face dust emission challenges due to high winds and dry conditions, but has ensured steady, significant improvements over the last four years. Sishen's progress has been driven through the implementation of a detailed dust management action plan that is tracked at Exco level. Actions have included the refurbishment of dust extraction and suppression systems, the planting of trees along the boundary fences between our operations and Sesheng, monitoring wind conditions prior to blasting, and the regular spraying of roads. Mine drill cyclones are installed to reduce dust at the drill rigs, and progress with waste dump rehabilitation has been made through hydroseeding and moonscaping.

This year, the operation started implementing additional controls to mitigate the main contributors of dust, which are haul roads, crushing activities, and waste dump activities. Air-dispersion modelling outcomes last year determined that a cumulative 20%



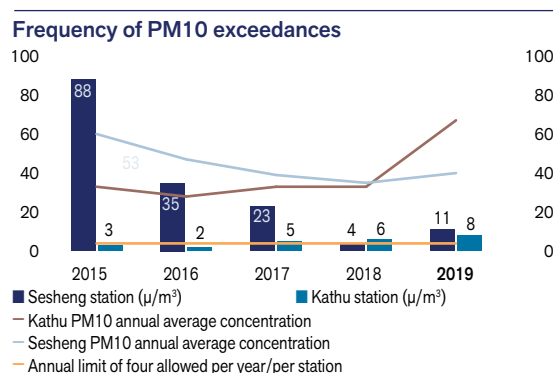
AIR QUALITY CONTINUED

reduction in PM10 emissions from these sources would ensure compliance with legal limits. The action plan aims to drive the necessary improvements to ensure full compliance with relevant legislative requirements by 2020. This would in turn minimise dust transported to Kathu, which is approximately 2.8km from the mine.

This year, monitoring results recorded an increase in the number of PM10 dust levels that exceed legal limits (exceedances) compared to 2018, which is attributed to adverse climate conditions experienced at both Sishen and Kolomela. We are only allowed four PM10 exceedances a year at each station.

Sishen recorded 19 PM10 exceedances at the Kathu and Sesheng monitoring stations, Kolomela recorded 17 at Kappies Karee and Kapstevl stations, and Exploration recorded two exceedances. Independent investigations concluded that only 21 out of the 38 could be attributed to the mines, primarily due to the abnormally high wind conditions during the reporting period. While this indicates that our efforts to reduce our dust exceedances remain effective, we nonetheless strive to continuously improve our dust controls. In 2020, we will review and revise our dust action plans, as well as update our engineering controls.

Sishen and Kolomela have experienced vandalism of dust monitoring equipment at the Ploegfontein and Kathu monitoring stations. We are investigating permanent solutions to secure back-up equipment and prevent vandalism and theft. For now, we are using mobile e-sampler stations as back-up; however, they are not preferred as they are not as accurate as the TEOM or BAM stations. Sishen has installed cameras to conduct 24-hour monitoring and issued pepper sprays to security personnel, to deter criminals.





MINERAL RESIDUE MANAGEMENT

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

In recent years, catastrophic tailings dam breaches in the mining industry, with calamitous consequences such as at Vale in Brazil in January 2019, have heightened public scrutiny of the management of tailings and storage of mineral residue, and reflection across the industry. As an industry, there is a clear ethical and moral imperative to do everything possible to ensure that tailings facilities are managed to the highest standards of safety, with the aid of appropriate advanced technologies, and to work together to build greater levels of trust with all our stakeholders.

HIGHLIGHTS

Detailed assessment undertaken of all our tailings facilities at managed operations. Details published on our website. No major stability issues identified

Board delegation visited Kolomela and Sishen tailings storage facilities (TSF)

Emergency preparedness plans in place for employees and stakeholders outside the mine

Successfully conducted evacuation drills

CHALLENGES

Slow implementation of stormwater management projects

FOCUS FOR 2020 AND BEYOND

Continue to enhance our risk-based management of TSFs

Annual review of TSF by independent review panel

MANAGEMENT OF TAILINGS AND STORAGE OF MINERAL RESIDUE

Kumba is committed to demonstrating leadership in mitigating tailings storage facility risk through good governance. Without effective controls in place, if the integrity of a mine's tailings storage facility (TSF) fails, the consequences can be calamitous, both in loss of life and for the local environment, which can take decades to recover from the sudden release of contaminated water and slurry. The root cause of an incident can be a variety of factors, including overtopping, internal erosion, wall failure, foundation instability, foundation instability, seismic event, penstock failure, or human error.

DETAILED ASSESSMENT OF OUR TAILINGS STORAGE FACILITIES

A TSF is a highly engineered structure which consists of one or more tailings dams, with embankments designed to permanently store the tailings. Kumba manages four TSFs: one is constructed as a water retaining structure, at Kolomela, and three are located at Sishen using the upstream method of construction. These are

used on a rotation basis. Upstream tailings dams are generally considered to be an appropriate design for facilities in dry and seismically stable regions with flat topography, including the locations of our managed TSFs. Kumba does not have an ownership interest in any other TSFs.

Following the devastating tailings dam incident at Vale's operations in Brazil, we conducted an analysis of the learnings from the incident to help us understand where we can improve, and we conducted a comprehensive assessment of our TSF risks, management and controls.

In response to requests from global institutional investors, during the year Kumba published the current status information report on its four TSFs on its website. The information on each of our facilities underscores our confidence in the integrity of Kumba's managed TSFs, all of which are subject to the highest global safety and stewardship standards and are operated in accordance with the South African Mandatory Code of Practice on Mine Residue deposits as stipulated by the DMRE.



MINERAL RESIDUE MANAGEMENT CONTINUED

Board delegation visits to Kumba tailings storage facilities

During the year, a delegation of the Kumba Board visited Kolomela and Sishen to inspect the dams and ensure that we comply with tailings dam management requirements. On 5 June 2019, a delegation comprising the chairperson of the Setco, Ms Sonjica, lead independent non-executive director, Mr Goodlace and the chairperson of the Kumba Board, Dr Gantsho, visited Sishen to inspect its tailings dams. The delegation appreciated the well organised visit and robust discussions held with the team on site, and commended management on their practices. There were, however, areas of improvement required to ensure optimum risk mitigation. Sishen

has taken measures to address these issues, which related to water levels in an inactive dam compartment, water management issues with two dormant tailings storage facilities, and the need to install additional ground water monitoring boreholes to quantify the TSF impact on the ground water quality.

A further delegation from the Kumba Board visited Kolomela on 28 August 2019 to inspect the tailings dams. The visit resulted in a report presented to Anglo American and the DMRE that confirms that Kolomela is compliant with all requirements and has no immediate risks should anything go wrong at its tailings dam.

EFFECTIVE RISK MANAGEMENT

TSFs are classified as a major risk and are subject to a rigorous risk management programme. We have various internal and external review and assurance programmes that ensure that priority unwanted risks are identified and that adequate critical controls are in place to manage them. In 2018, we rolled out and started implementing the Anglo American mineral residue facilities (MSF) and water management structures technical standard for all our tailings dams and water-retaining dams and started formal reporting against performance requirements. The roll out of the standard for our waste rock piles is expected in 2020.

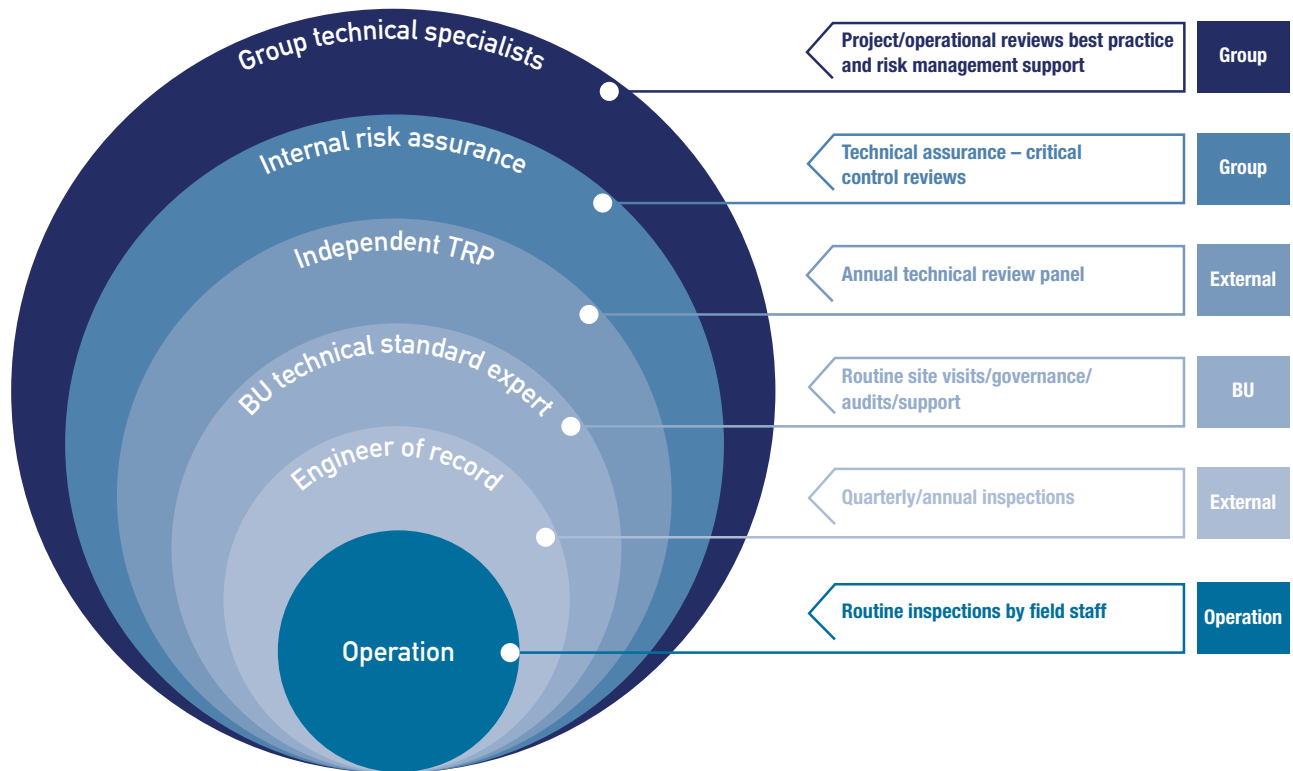
The Anglo American standard, which applies to all TSFs managed by Kumba, complies with the current ICMM and regulatory requirements in all host jurisdictions. This best-in-class standard sets minimum requirements for design criteria, monitoring, inspection and surveillance. In line with that standard, all TSFs managed by Kumba have a Competent Person in charge and an externally appointed Engineer of Record, providing continuous technical management from initial design and construction, to monitoring and support. A dedicated team of engineering

specialists at Anglo American provides strategic direction and technical assurance.

We completed self-assessments against the standard to identify and prioritise gaps in compliance, and have successfully implemented action plans to address all gaps and enhance our risk mitigation controls.

Developments this year include installing real-time pore pressure monitoring, using vibrating wire piezometers on clay slopes at Sishen. We have site-specific safety and emergency preparedness plans in the event of a catastrophic release of tailings, both for employees and contractors, and for stakeholders outside the mine. In 2019 we successfully conducted evacuation drills. We modelled Zone of Influence simulations to determine the extent of the tailings impact from Sishen's active TSF in the unlikely event of a disastrous incident. The current simulations have shown that no community will be affected in the event of a dam failure. Our TSF operations offices at Sishen were identified as being at risk of being impacted and have been relocated.

TSF safety management



Our mineral residue deposits and stockpiles are subject to a broad range of licensing requirements, regulations and standards, under the Waste Act. We comply with all provisions and have the required licences in place.

Tailings (residue waste)

We have never had any significant tailings management-related incidents at our operations.

Waste mined at Kolomela was 1% higher at 56.0 Mt (2018: 55.6 Mt), and 13% higher at Sishen at 182.1 Mt (2018: 161.7 Mt).

For additional environmental performance tables please refer to page 112.

Tailings are the most significant and risky waste type that mining companies produce in terms of volume and potential toxicity.



NON-MINERAL WASTE MANAGEMENT

We are progressing towards realising our vision of achieving and sustaining zero hazardous and general waste to landfill. Our approach demonstrates leadership in managing non-mineral waste streams to minimise effects on human health and the environment. The management of waste is guided by the National Waste Act and the conditions of each mine's waste licence.

HIGHLIGHTS	CHALLENGES	FOCUS FOR 2020 AND BEYOND
<p>Steady improvements in diverting waste from landfill; recycled waste increased to about 46%</p> <p>Revised our waste management strategy and identified opportunities to support our progress towards achieving zero waste to landfill</p>	<p>Waste segregation a challenge at our sites, with people still mixing different types of waste</p> <p>Limited waste mitigation opportunities with suppliers realised to date</p>	<p>Achieve zero waste to landfill at Kolomela by the end of 2020 and at Sishen by 2022</p> <p>Identify partnership waste management projects with suppliers and community-based initiatives</p> <p>Downsize all pre-levy tyres</p>

MANAGEMENT APPROACH

Over the last three years Kumba has steadily decreased the amount of hazardous and general waste sent to landfill. This has been primarily achieved through initiatives implemented at Kolomela. Recognising that we need a step-change in our practices at Sishen if we are to realise our goal of achieving zero hazardous and general waste to landfill, we are appointing waste specialists to assist with implementing a more structured approach to developing and implementing long-term sustainable waste management solutions for key waste streams at the mine. We are revising our strategy and aim to set site-specific targets and a roadmap to deliver on our goal.

Although total elimination of waste is not feasible, we aim to ensure that through waste recovery, reuse and recycling, as well as alternative technologies, we have methods in place to eliminate any disposal to landfills. By eliminating unnecessary wastage and disposal of waste at landfill sites, we will ensure compliance with requirements set out in South Africa's NEMA and Waste Act.

Our supply chain is a critical area for waste avoidance and minimisation initiatives. We encourage all key suppliers to consider reuse and recycling opportunities and support our zero waste to landfill (ZW2L) journey. We will investigate opportunities for them to apply the waste hierarchy and prevent waste generation (in our operations and projects), or take back and recycle waste that they bring in, thereby realising a key component of the circular economy. We are also engaging with SIOC-cdt to explore opportunities to develop cost-effective reuse and recycling business ventures with community-based initiatives, as part of a growing shift towards lifecycle solutions.

The management of hazardous substances is strictly regulated and controlled at our operations, as well as at the receiving-waste facilities, which are regularly audited by external parties. Hazardous waste can only be stockpiled for a certain period and is not an alternative to sending to landfill. Waste disposal by reputable waste management service providers is tracked and safe disposal certificates are kept. Audits of suppliers are carried out from time to time. None of our waste is exported outside South Africa. Each mine records the amount of waste disposed, and associated certificates are retained.

INITIATIVES AND PERFORMANCE

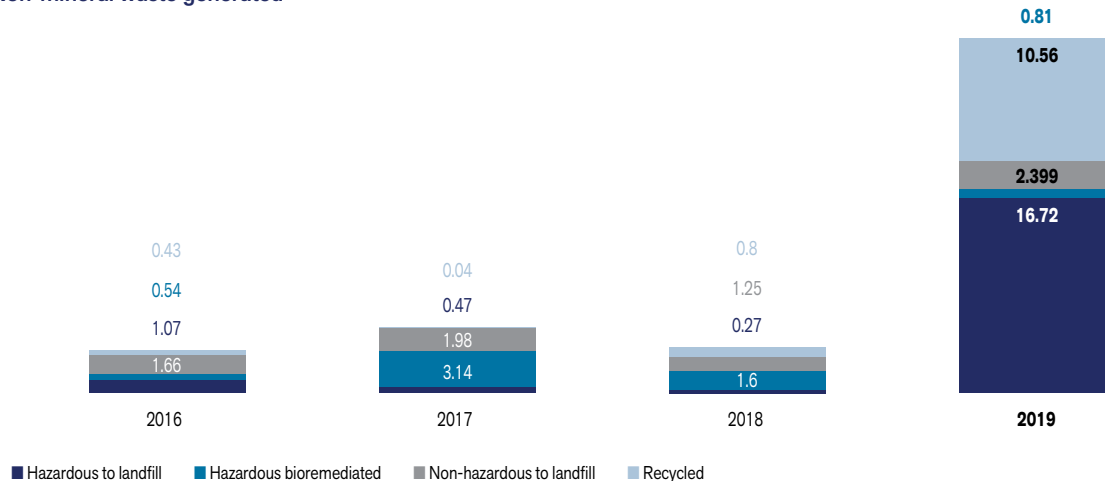
Our waste management procedures promote the waste management hierarchy – avoid, reduce, reuse and recycle. Large non-mineral waste streams include tyres, oils and greases, rubble and office consumables. We have programmes in place to separate our non-mineral waste streams and internal reporting parameters for all key waste streams. We continue to experience challenges with the segregation of non-hazardous waste streams, with different waste types being mixed. Awareness programmes in this regard are ongoing.

Internal audit conducted a waste management audit during the year which resulted in a moderate rating due mainly to findings related to the quality of document control and poor management of service level agreements (SLAs) with our suppliers.

Our waste recycling initiatives accounted for about 46% of our total waste recycled in 2019.

KEY WASTE DATA: 2019

Non-mineral waste generated



Key projects to reduce waste to landfill

Air filter project: All air filters used in trucks at the bioremediation sites are cut up and parts separated, with metal and filter paper sent for recycling.

Shredding waste tyres for recycling: This year we identified a waste tyre service provider to work with the Waste Bureau to responsibly dispose of our legacy tyres, of which we have more than 20,000 tonnes. This will assist in mitigating the tyre stockpile risk and in meeting legal requirements. During the year, Kolomela sent over 600 tyres offsite to be shredded by the Waste Bureau's Waste Beneficiation service. The shredded tyre by-products will be used in the cement industry. There is currently no sustainable solution for the disposal of tyres in South Africa. Kumba continues to engage in industry efforts to resolve the issue.

Mine soil bioremediation: Both operations have bioremediation facilities to treat soil that has been affected by hydrocarbons, for reuse as cover material for rehabilitation. The principal sources of contamination are soils from washbays and hydrocarbon spills from the mine and workshops. In 2018, Sishen intensified its efforts to mitigate the number and scale of hydrocarbon spillages. This has resulted in a steady decrease in fewer and smaller spillages. In 2019, Kumba's operations treated about 811 tonnes of contaminated soil at our bioremediation facilities (2018: 1,644 tonnes), which would have otherwise gone to the landfill.



▼ Rassie Vanryn, a drone pilot at Sishen's G80 pit, doing pre-flight inspection before the aerial survey.



PERFORMANCE TABLES

ECONOMIC VALUE ADDED

VALUE ADDED STATEMENT

Salient features for the year ended 31 December

Rand million	2019	%	2018	%	2017	%	2016	%
Value added by operating activities	38,517	98.0	24,713	98.0	24,013	97.4	23,910	98.8
Revenue	64,285		45,725		46,379		40,767	
Less: Cost of materials and services	25,768		21,012		22,365		16,857	
Value added by investing activities								
Finance income	792	2.0	497	2.0	637	2.6	299	1.2
Total value added	39,309	100.0	25,210	100.0	24,650	100.0	24,209	100.0
Value distributed								
Distributed to employees	4,953	12.6	4,627	18.4	4,184	17.0	4,593	19.0
Salaries, wages, medical and other benefits	4,806		4,510		4,039		3,946	
Share-based payments	147		117		146		646	
Distributed to providers of finance								
Finance costs	351	0.9	195	0.8	373	1.5	496	2.0
Distributed to the state	10,355	26.3	5,061	20.1	7,042	28.6	4,377	18.1
Income tax	7,783		4,078		5,883		3,363	
Royalties	2,572		983		1,160		1,014	
Communities								
CED expenditure	171	0.4	121	0.5	107	0.4	67	0.3
Distributed to shareholders	19,640	50.0	12,459	49.4	6,742	27.4	—	—
Dividends to owners of the Company	14,983		9,505		5,144		—	
Dividends to non-controlling interests	4,657		2,954		1,599		—	
Value reinvested	2,496	6.3	2,702	10.7	3,437	13.9	2,608	10.8
Depreciation, amortisation and impairment	4,538		4,269		3,027		3,091	
Deferred stripping capitalised	(2,634)		(1,669)		(1,194)		(321)	
Net discounting finance cost	83		87		198		145	
Share of profit/(losses) of associates and joint ventures	—		—		—		2	
Deferred taxation	509		16		1,407		(309)	
Value retained/(distributed)	1,343	3.5	46	0.2	2,763	11.2	12,069	49.9
Attributable to owners	1,025		35		2,108		9,281	
Non-controlling interest	318		11		655		2,788	
Total value distributed	39,309	100.0	25,210	100.0	24,650	100	24,209	100.0

PEOPLE

OCCUPATIONAL LEVELS (PERMANENT, EXCLUDING FTEs)

Group	Male				Female				Foreign nationals		Total		Total
	A	C	I	W	A	C	I	W	Male	Female	Male	Female	
Top management	1	1	0	2	2	0	0	0	1	0	5	2	7
Senior management	24	4	2	49	7	3	1	8	0	0	79	19	98
Professionally qualified and experienced specialists and mid-management	119	47	7	151	77	15	10	50	7	2	331	154	485
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	838	582	1	453	181	129	3	131	11	1	1,885	445	2,330
Semi-skilled and discretionary decision making	1,551	505	1	52	439	174	0	37	0	0	2,109	650	2,759
Unskilled and defined decision making	97	42	0	0	43	11	0	0	0	0	139	54	193
Total	2,630	1,181	11	707	749	332	14	226	19	3	4,548	1,324	5,872

A – African
C – Coloured
I – Indian
W – White

WOMEN IN MINING

	% Women employed		% Women in core mining	
	2019	2018	2019	2018
Kumba Board	42	42	—	—
Corporate office	46	46	22	22
Sishen	19	19	16	16
Kolomela	30	29	26	26
Thabazimbi	n/a	n/a	n/a	n/a
Group	23	23	20	20

Employment by locals

	2019 %	2018 %	2017 %
Sishen	89	86	84
Kolomela	69	63	63
Thabazimbi*	n/a	n/a	65

* On 1 November 2018, the employees, assets and liabilities of Thabazimbi mine transferred to ArcelorMittal SA



PERFORMANCE TABLES CONTINUED

PEOPLE continued

AGE PROFILE OF EMPLOYEES (%) (PERMANENT, FTEs, MINING CONTRACTORS AND LEARNERS)

2019	Sishen	Kolomela	Corporate office	Group
<30	22	21	22	22
30 to 50	69	73	62	70
>50	9	6	16	8

AVERAGE AGE OF EMPLOYEES (FULL-TIME PERMANENT/FULL-TIME EQUIVALENT)

2019	Age
Corporate office	43
Sishen	38
Kolomela	36
Group	38

STAFF TURNOVER BY OPERATION (PERMANENT POSITIONS, EXCLUDING FTEs)

2019	Corporate office	Sishen	Kolomela
Total number of separations	20	121	59
Resignations	9	67	30
Redundancies	0	1	4
Dismissals	3	22	16
Other reasons for leaving	8	31	9

EMPLOYMENT EQUITY (CORE MINING: PERMANENT, EXCLUDING FTEs)

2019	Total in service	Total HDSA employees	% HDSA
Level			
Top management	7	4	57
Senior management	98	49	50
Middle management	485	325	67
Junior management	656	473	72
Core and critical skills	2,434	2,186	90
Total	3,779	3,037	80

* On 1 November 2018, the employees, assets and liabilities of Thabazimbi mine transferred to ArcelorMittal SA

PEOPLE continued

GROUP SAFETY PERFORMANCE

	2019	2018	2017	2016
Work-related loss of life	0	0	0	2
Fatal injury frequency rate (FIFR)	0	0	0	0.02
Lost-time injuries (LTIs)	17	21	20	35
Lost-time injury frequency rate (LTIFR)	0.69	0.92	0.84	1.14
Total recordable case frequency rate (TRCFR)	2.06	1.80	3.23	3.90
Total first aid cases (FAC)	95	120	87	52
Total medical treatment cases (MTC)	34	20	57	60
Total recordable cases	51	41	77	97
Visible felt leadership activities	46,119	45,222	37,268	4,307
High potential hazards	3,283	3,471	2,415	3,110
Voluntary safety stoppages	402	172	0	0

NEW CASES OF OCCUPATIONAL DISEASE

	2019	2018	2017
New cases of noise-induced hearing loss	0	0	0
Chronic obstructive airways disease	0	0	0
Occupational tuberculosis	1	0	0
Occupational asthma	0	0	0
Musculoskeletal disorder	5	4	2
Occupational dermatitis	0	0	0
Occupational cancers	0	0	0
Other occupational diseases	2	1	0
Venous thromboembolism (VTE)	0	0	0
Repeat cases of noise-induced hearing loss	0	0	0
Total	8	5	2



PERFORMANCE TABLES CONTINUED

PEOPLE continued

HIV STATISTICS

	2019	2018	2017
Number of employees at the time of the HCT campaign	6,536	6,408	6,380
Estimated HIV prevalence rate (%)	4.8	4.0	3.8
Estimated number of HIV-positive employees	314	288	243
Total number of HCTs (employees)	6,034	6,408	5,875
HCT uptake (%)	92	91	92
Total number of new HIV infections	24	30	19
Employees on HIV disease management programmes	274	248	190
HIV-positive enrolment in HIV wellness programmes (%)	87	86	78
Employees on ART	274	250	211
HIV-positive on ART (%)	87	86	87
Ill-health early retirements	0	0	0
Aids deaths (including TB deaths)	0	0	0
Contractor HCT cases	5,917	5,276	7,642
Number of dependant HCT cases	112	8	7
Number of dependants enrolled in HIV wellness programmes	10	9	9
Number of dependants on ART	10	9	9

Note: The total number of employees and contractors participating in HCT can exceed the number of employees at year-end due to fluctuations during the year.

TB STATISTICS

	2019	2018	2017
New pulmonary TB cases	9	8	13
New extra-pulmonary TB cases	0	1	3
Cumulative number of new TB cases	9	0	6
TB deaths (must be proven)	0	0	0
Annualised TB incidence rate per 100,000 population	177	184	251
New multi-drug resistant (MDR) TB cases	0	0	0
New extremely drug resistant (XDR) TB cases	0	0	0

ENVIRONMENT

PROCESS MATERIALS PURCHASED

	Diesel (Mℓ)			Explosives (000t)		
	2019	2018	2017	2019	2018	2017
Sishen	147.6	155.7	155.8	22.9	23.4	48.2
Kolomela	50.2	45.2	45.1	34.2	30.0	26.0
Thabazimbi	n/a	n/a	0.3	n/a	n/a	0.0
Group	197.8	200.9	201.2	57.1	53.4	74.2

	Lubricants (000ℓ)			Tyres (t)		
	2019	2018	2017	2019	2018	2017
Sishen	2,741.0	2,538.0	3,016.8	3,898.7	3,521.0	1,472.0
Kolomela	832.7	660.8	690.2	518.0	601.7	454.9
Thabazimbi	n/a	n/a	—	n/a	n/a	—
Group	3,573.7	3,198.8	3,707.0	4,416.7	4,218.0	1,926.9

TOTAL WATER WITHDRAWALS (000m³)

	2019	2018	2017
Potable water from third-party supplier			
Sishen	270.25	154.16*	36.00
Kolomela	—	—	—
Thabazimbi	—	—	—
Group	270.25	154.16	36.00
Non-potable water from third-party supplier			
Sishen	1,683.76	1,566.97	1,828.44
Kolomela	—	—	—
Thabazimbi	—	—	—
Group	1,683.76	1,566.97	1,828.44
Total water from third-party supplier	1,954.01	1,721.73	1,864.44
Groundwater abstracted			
Sishen	14,545.77	15,627.78	15,153.77
Kolomela	13,975.30	13,464.13	16,216.27
Thabazimbi	—	—	—
Group	28,521.07	29,091.91	31,370.04
Total water abstracted	30,475.08	30,813.03	33,234.48



PERFORMANCE TABLES CONTINUED

ENVIRONMENT continued

TOTAL WATER CONSUMPTION (000m³)

	2019	2018	2017
Other consumptive use (dust suppression, facilities, etc)			
Sishen	1,625.61	899.95	779.04
Kolomela	1,153.36	1,827.58	1222.12
Group	2,778.97	2,727.53	2,001.16
Evaporation			
Sishen	—	—	0
Kolomela	37.24	47.88	63.84
Group	37.24	47.88	63.84
Entrainment (moisture locked up in tailings, products, etc)			
Sishen	761.24	806.19	761.25
Kolomela	409.37	199.81	409.36
Group	1,170.61	1,006.00	1,170.61
Total water consumption	3,986.82	3,781.41	3,235.61

* More accurate readings after installation of water meters in 2018

n/a – New metric previously not reported

CO₂e EMISSIONS (Mt)

	2019	2018	2017
Total scope 1 emissions (direct – fossil fuels)			
Sishen	0.40	0.42	0.42
Kolomela	0.13	0.12	0.12
Thabazimbi	—	—	—
Group*	0.53	0.54	0.540
Total scope 2 emissions (indirect – electricity purchased)			
Sishen	0.40	0.36	0.38
Kolomela	0.07	0.06	0.07
Thabazimbi	—	—	0.01
Group*	0.47	0.42	0.46
Total scope 1 and 2 emissions			
Sishen	0.79	0.78	0.80
Kolomela	0.21	0.18	0.19
Thabazimbi	—	—	0.01
Group*	1.00	0.96	1.00

* Group includes non-mining facilities, e.g. head office

ENVIRONMENT continued

SCOPE 3 EMISSIONS* (tonnes CO₂e)

	2019	2018	2017
Source			
Purchased goods and services	151,202	138,981	190,067
Capital goods	—	31	—
Fuel and energy-related emissions not included in Scope 1 and Scope 2	133,088	179,333	151,749
Upstream transportation and distribution	817	828	4,233
Waste generated in operations	9,866	8,661	11,257
Business travel	1,122	1,329	1,146
Employee commuting	5,948	3,219	3,176
Downstream transportation and distribution	6,612,007	5,799,065	5,033,904
Processing of sold products	101,919,035	104,797,869	117,488,180
End product treatment	650,490	669,618	3,139,826
Total	109,483,575	111,598,934	126,023,537

* Scope 3 emissions not reflected in the table are not applicable.

ENERGY CONSUMPTION (million GJ)

	2019	2018	2017
Energy consumed from fossil fuels (direct)			
Sishen	5.34	5.63	5.64
Kolomela	1.82	1.64	1.63
Thabazimbi	—	—	0.01
Group	7.16	7.27	7.28
Energy consumed from electricity purchased (indirect)			
Sishen	1.37	1.34	1.38
Kolomela	0.25	0.23	0.25
Thabazimbi	—	—	0.02
Group	1.62	1.57	1.65
Total energy consumed (direct and indirect)			
Sishen	6.71	6.98	7.02
Kolomela	2.06	1.87	1.89
Thabazimbi	—	—	0.03
Group	8.78	8.85	8.94



PERFORMANCE TABLES CONTINUED

ENVIRONMENT continued

OPERATIONAL FOOTPRINT (ha)

	Company managed land	Total land altered for mining and commercial activities, and supporting infrastructure	Land fully re-habilitated but not yet meeting agreed land use objectives	Area available for re-habilitation	Re-habilitation target for 2018	Reshaping completed YTD 2018	Growth medium construction completed YTD	Seeding completed YTD 2018
Sishen	39,228.09	11,837.88	93.3	532	50	52.0	3	50
Kolomela	52,866.00	3,000.00	120.0	30	13	13.0	—	74
Group	92,094.09	14,837.88	213.3	652	63	64.9	3	125

IMMEDIATE CLOSURE COSTS AT 31 DECEMBER (Rm)

	2019	2018	2017
Sishen	3,360	2,951	2,373
Kolomela	680	642	594
Thabazimbi	n/a	n/a	1,271
Group	4,040	3,593	4,238

ROCK MINED AND ORE PROCESSED (Mt)

	Total tonnes mined		Waste mined		Final product	
	2019	2018	2019	2018	2019	2018
Sishen	218.8	220.5	181.1	182.1	29.2	29.2
Kolomela	79.1	72.0	63.2	56.0	13.2	13.9
Group	297.9	292.5	244.3	238.1	42.4	43.1

MINERAL WASTE (kilotonnes)

	2019	2018	2017
Mineral waste accumulated			
Tailings dams (active and inactive)	33,017	28,640	27,273
Rock dumps	246,854	238,097	217,339
Non-mineral waste generated			
Hazardous to landfill	16.72	0.27	0.47
Hazardous bioremediated	0.81	1.60	3.14
Non-hazardous to landfill	2.40	1.25	1.98
Recycled	10.56	0.80	0.04



CLIMATE CHANGE

DISCLOSURES RELATED TO THE RECOMMENDATIONS OF THE TCFD

Respecting society's increasing expectations for greater transparency around climate change, our management and reporting approach follows the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).

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

GOVERNANCE

Disclose the organisation's governance around climate-related risks and opportunities.

Recommended disclosures	References
(a) Describe the Board's oversight of climate-related risks and opportunities	Governance and management approach (page 21) Climate change (pages 86 to 91)
(b) Describe management's role in assessing and managing climate-related risks and opportunities	Governance and management approach (pages 23 and 24) Environmental management (pages 77 to 81) Climate change (pages 86 to 91)

STRATEGY

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning, where such information is material.

Recommended disclosures	References
(a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Climate change (pages 86 to 91) CDP Climate Response 2019 (Q. CC2 Risks and opportunities)
(b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	Climate change (pages 86 to 91) CDP Climate Response 2019 (Q. CC2 Risks and opportunities)

RISK MANAGEMENT

Disclose how the organisation identifies, assesses, and manages climate-related risks.

Recommended disclosures	References
(a) Describe the organisation's processes for identifying and assessing climate-related risks	Climate change (pages 86 to 91) CDP Climate Response 2019 (Q. CC2.2b)
(b) Describe the organisation's processes for managing climate-related risks	Climate change (pages 86 to 91) CDP Climate Response 2019 (Q. CC2.1, 2.2, 2.5 and 2.6)
(c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Climate change (pages 86 to 91) CDP Climate Response 2019 (Q. CC2.1, 2.2, 2.5 and 2.6)

METRICS AND TARGETS




Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.


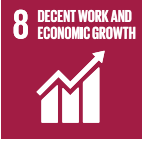






Recommended disclosures	References
(a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Climate change (pages 86 to 91) CDP Climate Response 2019 (Q. CC2.2b, 2.3a and 11.3a)
(b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Climate change (pages 86 to 91) Performance tables (pages 110 and 111)
(c) Describe the targets used by the organisation to manage climate related risks and opportunities and performance against targets	Climate change (pages 86 to 91)



UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Kumba's purpose is to "re-imagine mining to improve people's lives", using innovative thinking, enabling technologies and collaborative partnerships to shape an industry that is safer, more sustainable, and better harmonised with the needs of our host communities and society. We are delivering on this purpose through our active engagement in Anglo American's FutureSmart Mining™ programme and sustainable mining plan that include ambitious long-term targets aligned with the UN Sustainable Development Goals, relating to three global sustainability pillars: being a trusted corporate leader, building thriving communities, and maintaining a healthy environment. A summary of our activities that contribute to the UN SDGs is provided below.

SDG	HOW KUMBA MAKES A DIFFERENCE	REFERENCE
 1 NO POVERTY	<ul style="list-style-type: none"> Provision of thousands of jobs, both direct and indirect, including in communities that otherwise have limited economic opportunities. Localised procurement strategy that supports suppliers within host communities, including substantial spend on HDSA business. Supplier development programme to support local SMMEs and provide advice and support for their business activities. Building capacity in our communities through direct social investment and our Collaborative Regional Development programme. Many of our initiatives are implemented through strategic partnerships with local government, development partners, SIOC-cdt, the Anglo American Chairman's fund, suppliers, communities and NGOs. Tax payments, including corporate income tax, mineral royalties, value added tax (VAT) on purchases, duties on imports and exports, payroll taxes and dividend withholding taxes. 	<p>Making a positive social contribution (pages 64 to 75)</p> <p>Stakeholder engagement (page 30 and 31)</p>
 3 GOOD HEALTH AND WELL-BEING	<ul style="list-style-type: none"> Sacred covenant code with the families of all our employees to do our utmost to ensure that every employee and contractor at our operations returns home unharmed after every day's work. Our aim is to continually build and instil both a company and industry culture that protects people from harm and improves their health and wellbeing. Strategy in place with clear objectives and targets for our health outcomes, including supporting the overall health and wellbeing of our workforce, and collaborating with partners to drive community health initiatives in the areas where we operate. 	<p>Safety and health (pages 33 to 48)</p>
 4 QUALITY EDUCATION	<ul style="list-style-type: none"> Ambitious education programme that aims to ensure that schools in our host communities perform among the top 30% of state schools by 2025 and in the top 20% by 2030. Many of our CSI initiatives support vulnerable and marginalised stakeholders who are unable to participate in our value chains, with an emphasis on youth development, including areas such as education and skills development. Internal training and development interventions focus on providing skills training for our employees and also include learnerships, leadership development, mentorships and career progression plans. Develop technical talent for the Company through our three-year graduate development programme offering degree and diploma graduates the opportunity to obtain training and work experience during a fixed-term contract with the Company to cover bursary debt. 	<p>Making a positive social contribution (pages 64 to 75)</p> <p>Stakeholder engagement (pages 30 and 31)</p> <p>Workforce culture and capability (pages 49 to 57)</p>
 5 GENDER EQUALITY	<ul style="list-style-type: none"> Women-in-mining (WIM) strategy and plan to promote the integration of women in the workplace, especially in core functions. A WIM steering committee oversees performance against objectives. Capacity building is critical, and we aim to ensure at least 30% women representation in our talent pipeline programmes. We have also set a target to achieve 33% representation of women at management levels by 2023. Recently launched our living with dignity programme, which includes a range of sexual and gender-based violence (SGBV) interventions that aim to eliminate SGBV and harassment at work, at home, in our schools and our communities. These include a programme called men as partners, which encourages men to drive positive change, become positive role models in their communities and support women and children initiatives. 	<p>Workforce culture and capability (pages 49 to 57)</p>

SDG	HOW KUMBA MAKES A DIFFERENCE	REFERENCE
	<ul style="list-style-type: none"> Take all reasonable steps to ensure that we do not degrade water quality or compromise the access rights of other users. Water management site plans include provision for water security, water-use efficiencies, tailings water recovery projects and a mine dewatering strategy, storm-water management, and discharge management, complemented by a monitoring programme. In 2019 Sishen returns about 12,825 Mℓ of excess clean groundwater from dewatering to the Sedibeng regional water supply each year. Kolomela artificially recharges about 36,000m³ of clean mine water each month to the underground aquifers that its operations traverse. 	Water (pages 82 to 85)
	<ul style="list-style-type: none"> We employ 6,107 permanent employees and 5,596 contractors at our operations and head office. We are committed to providing a safe, inclusive and healthy working environment, to promoting employee training and development, ensuring fair labour practices, and to promoting local employment opportunities. Committed to the Youth Employment Services (YES) programme, to stimulate demand-side job creation. Every year we will place +20 previously disadvantaged, unemployed youth from local communities into 12-month work experience and training opportunities in the Company. Kumba's total tax contribution of R11.9 billion and the contribution we make to government and our local host communities is critical to foster economic growth in South Africa. Since Kumba's inception we have paid R34 billion in dividends to our empowerment partners and returned R19.6 billion in dividends to the owners of Kumba during 2019. 	<p>Making a positive social contribution (pages 64 to 75)</p> <p>Workforce culture and capability (pages 49 to 57)</p> <p>Chief Financial Officer review (IR page 58)</p>
	<ul style="list-style-type: none"> Technology strategy to accelerate the adoption of appropriate technologies at our operations to improve safety and reduce costs. Work closely with Transnet to ensure that the rail and port can support Kumba to deliver products to its customers. 	<p>Our strategy (IR pages 4 and 5)</p> <p>Strategic focus areas (IR pages 44 to 49)</p>
	<ul style="list-style-type: none"> Vision in place to achieve and sustain zero hazardous and general waste to landfill, at Kolomela by the end of 2020, and at Sishen by 2022. Bio-remediation facilities at all our operations to treat soil that has been impacted by hydrocarbons and would otherwise be taken to a hazardous landfill site. 	Mineral residue management and non-mineral waste (pages 99 to 103)
	<ul style="list-style-type: none"> Adhere to Anglo American's climate change policy; focus on driving energy and carbon savings throughout our business, and building internal agility and resilience to climate change. Identified and implemented projects to reduce energy use and GHG emissions since 2011. On track to achieve our 2020 energy and carbon targets and are working towards 2030 stretch targets: 30% net reduction in greenhouse gas emissions and 30% improvement in energy efficiency against 2016 baseline; these stretch goals were informed by the South African government submission to the 2015 Paris Agreement and align with our aspiration to develop a carbon-neutral mine. 	Climate change and energy (pages 86 to 91)
	<ul style="list-style-type: none"> Manage 87,876 hectares of land and 2,500 hectares are set aside for biodiversity offsets. Integrate mine closure planning with land rehabilitation, promoting biodiversity and conservation, and using our non-operational land to benefit the mine and surrounding communities. 	Mine closure, rehabilitation and biodiversity (pages 92 to 96)
	<ul style="list-style-type: none"> We respect human rights, providing access to information, supporting representative decision-making, working to avoid company-community conflict and carefully manage our security approaches to ensure they decrease rather than increase the likelihood of conflict. Commit to transparency across the scope of our activities that impact society, from transparency of mineral revenues and payments to transparency in commitments made to local communities. 	<p>Stakeholder engagement (pages 30 and 31)</p> <p>Governance and management approach (pages 21 to 29)</p> <p>Workforce culture and capability (pages 49 to 57)</p>
	<ul style="list-style-type: none"> We believe in partnering and working collaboratively towards achievement of the SDG goals at the local, national and global levels and with all our stakeholders. 	<p>Stakeholder engagement (pages 30 and 31)</p> <p>Governance and management approach (pages 21 to 29)</p>



B-BBEE SCORECARD

Ensuring full compliance with government's policy and legislative requirements is a cornerstone of our commitment to delivering social value and promoting socio-economic transformation. Kumba is working towards alignment with the Broad-Based Black Economic Empowerment (B-BBEE) Act and Codes of Good Practice.

B-BBEE score per Sishen Iron Ore Company Proprietary Limited:

ELEMENT	INDICATOR	WEIGHTING	SCORE
Equity ownership	Percentage share of economic benefit	25.00	17.65
Management and control	Percentage black persons in executive management and/or Board committees	19.00	11.92
Skills development	Skills development expenditure as percentage of payroll	20.00	10.74
Enterprise and supplier development	Procurement from black-owned and empowered enterprises as a proportion of total assets, as well as the average value of supplier development and enterprise development contributions as a percentage of net profit after tax	42.00	27.45
Socio-economic development	Corporate social investment for the benefit of black persons	5.00	3.27
Total score		111.0	71.03
Outcome	Level seven contributor		

TRANSFORMATION OUTCOMES

Kumba aims to pursue meaningful transformation initiatives that go beyond what is expected from us as a mining company. Below is a summary of these outcomes.

INDICATOR	PERFORMANCE	PAGE
Human resource development		
Expenditure as a percentage of total annual payroll	Sishen = 6.3% Kolomela = 5.2%	50
Employment equity	88	106
Top management	57	
Senior management	50	
Middle management	67	
Junior management	72	
Core and critical skills	90	
Mine community development		
Expenditure on local economic development programmes	R170.9 million	72
HDSA ownership (percentage)	29.79%	6
Employee share schemes	6.09%	
Community development fund	3.10%	
Exxaro	20.60%	



SUMMARY GRI TABLE

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	DISCLOSURE (PAGE)
GENERAL DISCLOSURES			
Organisational profile	102-1	Name of the organisation	Kumba Iron Ore
	102-2	Activities, brands, products, and services	SR: 10, 11
	102-3	Location of headquarters	SR: Back cover
	102-4	Location of operations	SR: 5
	102-5	Ownership and legal form	SR: 5
	102-6	Markets served	SR: 10
	102-7	Scale of the organisation	SR: 5, 6
	102-8	Information on employees and other workers	SR: 105
	102-9	Supply chain	SR: 61, 62, 67, 68, 69, 81
	102-10	Significant changes to the organisation's size, structure, ownership and its supply chain	None
	102-11	Precautionary principle or approach	SR: 77
	102-12	External initiatives	SR: 2, 22, 66
	102-13	Membership of associations	SR: 22, 91
Strategy	102-14	Statement from the most senior decision-maker	SR: 12 to 15
	102-15	Key impacts, risks, and opportunities	SR: 10, 11, 18, 19
Ethics and integrity	102-16	Values, principles, standards, and norms of behaviour	SR: 3, 24
	102-17	Mechanisms for advice and concerns about ethics	SR: 26
Governance	102-18	Governance structure	IR: 78
	102-19	Delegating authority	SR: 21
	102-20	Executive-level responsibility for economic, environmental, and social topics	SR: 21
	102-21	Consulting stakeholders on economic, environmental, and social topics	SR: 30, 31, 66
	102-22	Composition of the highest governance body and its committees	IR: 74 to 76
	102-23	Chair of the highest governance body	IR: 74
	102-24	Nominating and selecting the highest governance body	IR: 79
	102-25	Conflicts of interest	SR: 26
	102-26	Role of highest governance body in setting purpose, values, and strategy	SR: 21
	102-27	Collective knowledge of highest governance body	IR: 74, 75
	102-28	Evaluating the highest governance body's performance	SR: 21; IR: 80, 81
	102-29	Identifying and managing economic, environmental, and social impacts	SR: 21, 23; IR: 34 to 43
	102-30	Effectiveness of risk management processes	SR: 23, 24 ; IR: 34
	102-31	Review of economic, environmental, and social topics	SR: 21
	102-32	Highest governance body's role in sustainability reporting	SR: 1, 21
	102-33	Communicating critical concerns	SR: 21
	102-34	Nature and total number of critical concerns	IR: 34 to 43
	102-35	Remuneration policies	IR: 99
	102-36	Process for determining remuneration	IR: 100, 101
	102-37	Stakeholders' involvement in remuneration	IR: 99
	102-38	Annual total compensation ratio	IR: 100, 101
	102-39	Percentage increase in annual total compensation ratio	IR: 117



SUMMARY GRI TABLES CONTINUED

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	DISCLOSURE (PAGE)
GENERAL DISCLOSURES <i>continued</i>			
Stakeholder engagement	102-40	List of stakeholder groups	SR: 30, 31
	102-41	Collective bargaining agreements	SR: 54, 56
	102-42	Identifying and selecting stakeholders	IR: 30
	102-43	Approach to stakeholder engagement	IR: 30 to 33
	102-44	Key topics and concerns raised	SR: 30, 31; IR: 33 to 35
Reporting practice	102-45	Entities included in the consolidated financial statements	SR: 1
	102-46	Defining report content and topic boundaries	SR: 2
	102-47	List of material topics	SR: 1
	102-48	Restatements of information	None
	102-49	Changes in reporting	None
	102-50	Reporting period for the information provided	2019
	102-51	Date of most recent report	2018
	102-52	Reporting cycle	1 January to 31 December
	102-53	Contact point for questions regarding the report	SR: 2
	102-54	Claims of reporting in accordance with the GRI standards	SR: 2
	102-55	GRI content index	SR: 117 to 121
	102-56	External assurance	SR: 122 to 124
MANAGEMENT APPROACH			
	103-1	Explanation of the material topic and its boundary	SR: 2
	103-2	The management approach and its components	SR: 2, 21 to 28, 33 to 56, 59 to 75, 77 to 103
	103-3	Evaluation of the management approach	SR: 2, 21 to 28, 33 to 56, 59 to 75, 77 to 103
ECONOMIC PERFORMANCE			
Market presence	201-1	Direct economic value generated and distributed	SR: 74, 75, 104
	201-2	Financial implications and other risks and opportunities due to climate change	SR: 89, 90
	201-3	Defined benefit plan obligations and other retirement plans	IR: 100
	201-4	Financial assistance received from government	None
	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	SR: 52; IR: 99
	202-2	Proportion of senior management hired from the local community	SR: 56
Indirect economic impacts	203-1	Infrastructure investments and services supported	SR: 73
	203-2	Significant indirect economic impacts	SR: 64 to 73
Procurement practices	204-1	Proportion of spending on local suppliers	SR: 69
Anti-corruption	205-1	Operations assessed for risks related to corruption	SR: 26
	205-2	Communication and training about anti-corruption policies and procedures	SR: 26
	205-3	Confirmed incidents of corruption and actions taken	None
Anti-competitive behaviour	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	None

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	DISCLOSURE (PAGE)
ENVIRONMENTAL PERFORMANCE			
Materials	301-1	Materials used by weight or volume	SR: 109
	MM11	Programmes and progress relating to materials stewardship	SR: 80, 81
	301-3	Reclaimed products and their packaging materials	Not material
Energy	302-1	Energy consumption within the organisation	SR: 88, 89, 111
	302-2	Energy consumption outside of the organisation	Not material
	302-3	Energy intensity	SR: 89
	302-4	Reduction of energy consumption	SR: 88, 89
	302-5	Reductions in energy requirements of products and services	SR: 88, 89
Water	303-1	Water withdrawal by source	SR: 109
	303-2	Water sources significantly affected by withdrawal of water	SR: 83 to 85
	303-3	Water recycled and reused	SR: 83, 84
Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	SR: 95
	304-2	Significant impacts of activities, products, and services on biodiversity	SR: 95
	MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated	SR: 94, 112
	MM2	The number and percentage of total sites identified as requiring biodiversity management plans, and the number (percentage) of those sites with plans in place	SR: 95
	304-3	Habitats protected or restored	SR: 95, 96
Emissions	305-1	Direct (Scope 1) GHG emissions	SR: 89, 110
	305-2	Energy indirect (Scope 2) GHG emissions	SR: 89, 110
	305-3	Other indirect (Scope 3) GHG emissions	SR: 111
	305-4	GHG emissions intensity	SR: 89
	305-5	Reduction of GHG emissions	SR: 88, 89
	305-6	Emissions of ozone-depleting substances (ODS)	ODS are not used
	305-7	NOx, SOx and other significant emissions	SR: 67, 68
Effluents and waste	306-1	Water discharge by quality and destination	SR: 83, 84
	306-2	Waste by type and disposal method	SR: 99 to 103, 112
	MM3	Total amounts of overburden, rock, tailings, and sludges (in tonnes) and their associated risks	SR: 112
	306-3	Significant spills	None
	306-4	Transport of hazardous waste	SR: 102
Environmental compliance	306-5	Water bodies affected by water discharges and/or runoff	SR: 83, 84
	307-1	Non-compliance with environmental laws and regulations	SR: 79
	MM10	Number and percentage of operations with closure plans	SR: 64
Supplier environmental assessment	308-1	New suppliers that were screened using environmental criteria	SR: 61, 62
	308-2	Negative environmental impacts in the supply chain and actions taken	SR: 61, 62



SUMMARY GRI TABLES CONTINUED

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	DISCLOSURE (PAGE)
SOCIAL PERFORMANCE			
Employment	401-1	New employee hires and employee turnover	SR: 56, 106
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	SR: 46, 52
Labour/management relations	402-1	Minimum notice periods regarding operational changes	SR: 56
	MM4	Number of strikes and lock-outs exceeding one week's duration, by country	None
Occupational health and safety	403-1	Worker representation in formal joint management – worker health and safety committees	SR: 37
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	SR: 35, 44, 45, 107
	403-3	Workers with high incidence or high risk of diseases related to their occupation	SR: 44
	403-4	Health and safety topics covered in formal agreements with trade unions	SR: 37
Training and education	404-2	Programmes for upgrading employee skills and transition assistance programmes	SR: 50, 51
	404-3	Percentage of employees receiving regular performance and career development reviews	SR: 52
Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	SR: 53, 54 ; IR: 80
	405-2	Ratio of basic salary and remuneration of women to men	SR: 52; IR: 100
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	None
Freedom of association and collective bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	None
Child labour	408-1	Operations and suppliers at significant risk for incidents of child labour	None
Forced or compulsory labour	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	None
Security practices	410-1	Security personnel trained in human rights policies or procedures	SR: 28
	411-1	Incidents of violations involving rights of indigenous people	None
Human rights assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	SR: 27, 28
	412-2	Employee training on human rights policies or procedures	SR: 28
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Not material

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	DISCLOSURE (PAGE)
SOCIAL PERFORMANCE <i>continued</i>			
Local communities	413-1	Operations with local community engagement, impact assessments, and development programmes	SR: 59 to 72
	413-2	Operations with significant actual and potential negative impacts on local communities	SR: 59 to 62
	MM5	Total number of operations taking place in or adjacent to IPs' territories, and number and percentage of operations or sites where there are formal agreements with IPs' communities	None
	MM6	Number and description of significant disputes relating to land use, customary rights of local communities and IPs	SR: 63
	MM7	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and IPs, and the outcomes	SR: 62, 63
	MM8	Number (and percentage) of company operating sites where artisanal and small-scale mining (ASM) takes place on, or adjacent to, the site; the associated risks and the actions taken to manage and mitigate these risks	None
	MM9	Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process	SR: 62, 63
Supplier social assessment	414-1	New suppliers that were screened using social criteria	SR: 61, 62
	414-2	Negative social impacts in the supply chain and actions taken	SR: 61, 62
Public policy	415-1	Political contributions	None
Customer health and safety	416-1	Assessment of the health and safety impacts of product and service categories	Not material
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	None
Marketing and labelling	417-1	Requirements for product and service information and labelling	Not material
	417-2	Incidents of non-compliance concerning product and service information and labelling	None
	417-3	Incidents of non-compliance concerning marketing communications	None
Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	None
Socio-economic compliance	419-1	Non-compliance with laws and regulations in the social and economic area	None



INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT ON THE SELECTED SUSTAINABILITY INFORMATION IN KUMBA IRON ORE LIMITED'S SUSTAINABILITY REPORT 2019

TO THE DIRECTORS OF KUMBA IRON ORE LIMITED

We have undertaken a limited assurance engagement in respect of the selected sustainability information, as described below, and presented in the Sustainability Report of Kumba Iron Ore Limited (the "Company", "Kumba" or "you") for the year ended 31 December 2019 (the Report). This engagement was conducted by a multidisciplinary team including health, safety, social, environmental and assurance specialists with relevant experience in sustainability reporting.

SUBJECT MATTER

We have been engaged to provide a limited assurance conclusion in our report on the following selected sustainability information below. The selected sustainability information described below have been prepared in accordance with the Company's reporting criteria that accompanies the sustainability information on the relevant pages of the Report (the accompanying reporting criteria).

LIMITED ASSURANCE

NO	SELECTED SUSTAINABILITY INFORMATION	UNIT OF MEASUREMENT	BOUNDARY	PAGE
1	Total recordable case frequency rate	Rate	Kumba Iron Ore Limited	107
2	Scope 1 emissions	tCO ₂ e	Kumba Iron Ore Limited	110
3	Scope 2 emissions	tCO ₂ e	Kumba Iron Ore Limited	110
4	Total energy use	Tonnes	Kumba Iron Ore Limited	111
5	Level 3 to 5 environmental incidents	Number	Kumba Iron Ore Limited	76
6	New cases of noise-induced hearing loss	Number	Kumba Iron Ore Limited	107
7	Total number of workers in HEG A classification band (exposure to hazards)	Number	Kumba Iron Ore Limited	43
8	Total number of employees who know their HIV status	Number	Kumba Iron Ore Limited	108
9	CSI spend	ZAR	Kumba Iron Ore Limited	116

We refer to this information as the "selected sustainability information".

YOUR RESPONSIBILITIES

The directors are responsible for the selection, preparation and presentation of the selected sustainability information in accordance with the accompanying reporting criteria as set out on page 125 of the report (the "Reporting Criteria").

This responsibility includes:

- the identification of stakeholders and stakeholder requirements, material issues, commitments with respect to sustainability performance, and
- the design, implementation and maintenance of internal control relevant to the preparation of the report that is free from material misstatement, whether due to fraud or error.

The directors are also responsible for determining the appropriateness of the measurement and reporting criteria in view of the intended users of the selected sustainability information and for ensuring that those criteria are publicly available to the report users.

INHERENT LIMITATIONS

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

In particular, where the information relies on carbon and other emissions conversion factors derived by independent third parties, or internal laboratory results, our assurance work will not include examination of the derivation of those factors and other third party or laboratory information.

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)* and parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes), which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

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

OUR RESPONSIBILITY

Our responsibility is to express a limited assurance conclusion on the selected sustainability information based on the procedures we have performed and the evidence we have obtained. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000 (Revised)), and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements (ISAE 3410) issued by the International Auditing and Assurance Standards Board. These Standards require that we plan and perform our engagement to obtain limited assurance about whether the selected sustainability information is free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised), and ISAE 3410, involves assessing the suitability in the circumstances of the Company's use of its reporting criteria as the basis of preparation for the selected KPIs,

assessing the risks of material misstatement of the selected sustainability information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected sustainability information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures we performed were based on our professional judgement and included inquiries, observation of processes followed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Interviewed management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process;
- Inspected documentation to corroborate the statements of management and senior executives in our interviews;
- Tested the processes and systems to generate, collate, aggregate, monitor and report the selected sustainability information;
- Performed a controls walk through of identified key controls;
- Inspected supporting documentation on a sample basis and performed analytical procedures to evaluate the data generation and reporting processes against the reporting criteria;
- Evaluated the reasonableness and appropriateness of significant estimates and judgements made by the directors in the preparation of the selected sustainability information; and
- Evaluated whether the selected sustainability information presented in the Report are consistent with our overall knowledge and experience of sustainability management and performance at the Company.

The procedures performed in a limited assurance engagement vary in nature and timing, and are less in extent than for a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Company's selected sustainability information have been prepared, in all material respects, in accordance with the accompanying the Company's reporting criteria.



INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT ON THE SELECTED SUSTAINABILITY INFORMATION IN KUMBA IRON ORE LIMITED'S SUSTAINABILITY REPORT 2019

CONTINUED

LIMITED ASSURANCE CONCLUSION

Based on the procedures we have performed and the evidence we have obtained, and subject to the inherent limitations outlined elsewhere in this report, nothing has come to our attention that causes us to believe that the selected sustainability information as set out in the Subject Matter paragraph above for the year ended 31 December 2019 are not prepared, in all material respects, in accordance with the reporting criteria.

OTHER MATTER(S)

Our report includes the provision of limited assurance on "Total number of employees who know their HIV status". We were previously not required to provide assurance on this selected sustainability information.

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

RESTRICTION OF LIABILITY

Our work has been undertaken to enable us to express a limited assurance conclusion on the selected sustainability information to the directors of the Company in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than the Company, for our work, for this report, or for the conclusion we have reached.

PricewaterhouseCoopers Inc.

Director: Jayne Mammatt

Registered Auditor

4 Lisbon Lane, Waterfall City, Jukskei View, 2090

15 April 2020



SELECTED REPORTING CRITERIA FOR SUSTAINABILITY ASSURANCE

As determined by the Board of Directors these are the reporting criteria that define the selected sustainability information that was assured by PwC:

KPIs	DEFINITION
Total recordable case frequency rate (TRCFR)	Total recordable case frequency rate (calculated) is the number of recordable injuries (fatalities + lost-time injuries + medical treatment cases) per 1,000,000 hours worked (TRC x 1,000,000/total hours worked)
Total number of new cases of noise-induced hearing loss	Number of employees and contractors diagnosed with noise-induced hearing loss
Employees potentially exposed to inhalable hazards over the occupational exposure limit	Total number of employees exposed to inhalable hazards above the occupational exposure limit
Total number of level 3, 4 and 5 environmental incidents reported	Environmental incidents are unplanned or unwanted events that result in negative environmental impacts. <ul style="list-style-type: none"> • A level 1 incident results in minor impact; a level 2 incident results in low impact; a level 3 incident results in medium impact; • A level 4 incident is considered to be a significant incident, that results in high impact; and • A level 5 incident is considered a significant incident that has a permanent impact on the environment
Total scope 1 CO ₂ emissions	Total CO ₂ emissions from fossil fuels – sum of diesel, petrol, liquid petroleum gas, natural gas, heavy fuel oil, light fuel oil, coal for heat and energy generation, coal for metallurgical processes, coal for directly reduced iron, used oil for combustion, paraffin, petcoke, tailgas and non-renewable waste fuel
Total scope 2 CO ₂ emissions	Total CO ₂ emissions from electricity purchased
Total energy used	Sum of total energy from electricity purchased and total energy from fossil fuels
Total amount spent on corporate social investment (CSI) projects	The sum of donations for charitable purposes and community investment (which include cash and in-kind donations and staff time) as well as investment in commercial initiatives with public benefit (such as enterprise development), and including an amount of R8 million contributed to the Anglo American Chairman's fund
Total number of employees who know their HIV status	The sum of all employees who are known to be HIV positive on the medical records (irrespective of year of testing or testing facility) plus the HIV non-reactive employees who tested during a calendar year





GLOSSARY OF ICONS

ICONS THROUGHOUT THIS REPORT




STAKEHOLDERS

					
Government and political groups	Employees and trade unions	Communities, business and development partners, media and civil society (e.g. NGOs)	Shareholders and investment community	Customers	Suppliers

MEASURING OUR PERFORMANCE

			
Safety and health	Environment	Social	People

SUSTAINABILITY STRATEGY

		
Trusted corporate leader	Thriving communities	Healthy environment



GLOSSARY OF TERMS AND ACRONYMS

AA1000SES	Global Stakeholder Engagement Standard
ABET	Adult basic education and training
AFS	Annual financial statements
AMA	American Medical Association
AMCU	Association of Mineworkers and Construction Union
ART	Antiretroviral treatment
BAP	Biodiversity action plan
BAU	Business-as-usual
B-BBEE	Broad-based black economic empowerment
BEE	Black economic empowerment
BMI	Body mass index
BOAT	Biodiversity overlay assessment tool
BU	Business unit
CCMA	Commission for Conciliation, Mediation and Arbitration
CDM	Clean development mechanism
CDP	Formerly Carbon Disclosure Project – now known as CDP
CED EXPENDITURE	The sum of donations for charitable purposes and community investment (which include cash and in-kind donations and staff time) as well as investment in commercial initiatives with public benefit (such as enterprise development)
CO₂	Carbon dioxide
CoGTA	Department of Cooperative Governance and Traditional Affairs
COMPANY-MANAGED LAND	Area of land under the direct management of the Company, and includes “Company-owned land”, land managed/ mined on behalf of third parties, land leased from third parties, Company land leased to third parties, land under servitude, land set aside for biodiversity offsets, etc, as at the end of the reporting period. The parameter excludes “privately/state-owned land above Company mineral/mining rights” areas and undeveloped projects/prospects where the and does not yet fall under the direct management or ownership of the Company. This also excludes prospecting licences and claims, which are captured under a different parameter
CRA	Climate-risk assessments
CRD	Collaborative Regional Development
CSI	Corporate social investment
CSIR	Council for Scientific and Industrial Research
dB(A)	A-weighted decibels
DMRE	Department of Mineral Resources and Energy
DMS	Dense media separation
DoH	Department of Health
DPM	Diesel particulate matter
DTI	Department of Trade and Industry
DWS	Department of Water and Sanitation
EA	Environmental authorisations
EAP	Employee assistance programme
EBITDA	Earnings before interest, tax and depreciation
ECD	Early childhood development
ECO₂MAN	Energy and carbon management programme
EE	Employment equity
EFAL	English first additional language
EIP	Environmental improvement plans



GLOSSARY OF TERMS AND ACRONYMS CONTINUED

EMPR	Environmental management programme
EU	European Union
EMPLOYEES PARTICIPATING IN HCT	Number of employees who have participated in HIV voluntary counselling and testing (VCT) during the reporting period and who, through this process, have established or re-established their HIV status. If VCT has been obtained outside of a Company operated or approved facility, then reasonable proof of compliance with the Company definition of VCT must be produced. Participation in VCT includes those who are known to be HIV positive and participate in HIV wellness programmes, regardless of whether they actually test or not. Individuals of unknown status who refuse testing should not be counted. Employees who no longer work at the Company must be removed from statistics
EOF	Elimination of fatalities
ESD	Enterprise supplier development
ESG	Environmental, Social and Governance
EXCO	Executive Committee
EXPOSURE TO CARCINOGENS	Total number of employees exposed to one or more known causes of occupational cancer above the occupational exposure limit
EXPOSURE TO INHALABLE HAZARDS	Total number of employees exposed to inhalable hazards above the occupational exposure limit
FAC	First-aid cases
FAMSA	Family South Africa
FIFR	Fatal injury frequency rate, rate of fatalities per 1,000,000 hours worked
FTE	Full-time equivalent employee
FTSE4GOOD	FTSE4Good index measures the Environmental, Social and Governance practices of companies
GBV	Gender-based violence
GHG	Greenhouse gas
GHS	Globally harmonised system of classification and labelling of chemicals
GMC	Group management committee
GRI	Formerly Global Reporting Initiative – now known as GRI
HCT	HIV counselling and testing
HDSA	Historically disadvantaged South African
HEF	High energy fuel
HIV	Human immunodeficiency virus
HL	Home language
HME	Heavy mobile equipment
HPH	High-potential hazard
HPI	High-potential incident
HR	Human resources
ICMM	International Council on Mining and Metals
ICPS	Integrated closure planning system
IDC	Industrial Development Corporation
IDM	Investment development model
IDP	Individual development plans
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
INH	Isoniazid

IR	Integrated Report
ISAE	International Standard on Assurance Engagement
ISO	International Organisation of Standardisation
IWUL	Integrated water use licence
JSE	Johannesburg Stock Exchange
KING IV™	King IV Report on Corporate Governance for South Africa 2016
KPI	Key performance indicator
LEVEL 3, 4 AND 5 ENVIRONMENTAL INCIDENTS	Environmental incidents are unplanned or unwanted events that result in negative environmental impacts. A level 1 incident results in minor impact; a level 2 incident results in low impact; a level 3 incident results in medium impact; a level 4 incident is considered to be a significant incident that results in high impact; and a level 5 incident is considered a significant incident that has a permanent impact on the environment
LFI	Learning from incident
LOM	Life-of-mine
LTI	Lost-time injury
LTIFR	Lost-time injury frequency rate
LTIP	Long-term incentive plan
LTISR	Lost-time injury severity rate
MCDP	Municipality capacity development programme
MCS	Mine closure standard
MCT	Mine closure toolbox
MDR	Multi-drug resistant
MHSC	Mine Health and Safety Council
MPRDA	Mineral and Petroleum Resources Development Act
MPR	Minimum permitting requirements
MSF	Mineral residue facility
MTC	Medical treatment cases
MT CO₂E	Million tonnes of CO ₂ equivalent
MT	Million tonnes
NAEIS	National atmospheric emission inventory system
NDP	National development plan
NEMA	National Environmental Management Act
NEW CASES OF OCCUPATIONAL DISEASES	Sum of occupational diseases due to asbestosis, NIHL, silicosis, coal-workers' pneumoconiosis, pneumoconiosis due to other fibrogenic dusts, chronic obstructive airways disease, occupational tuberculosis, occupational asthma, hand-arm vibration syndrome (HAVs), musculoskeletal disorders, dermatitis, occupational cancers and other occupational diseases
NGO	Non-governmental organisation
NIHL	Noise-induced hearing loss
NPI	Net positive impact
NUM	National Union of Mineworkers
OECD	Organisation for Economic Co-operation and Development
OEL	Occupational exposure limits
OEM	Original equipment manufacturer
OHSAS	Occupational Health and Safety Assessment Series
ORM	Operational risk management



GLOSSARY OF TERMS AND ACRONYMS CONTINUED

ORMP	Operational risk management process
ORMR	Ore reserves and mineral resources
PIT	Professional in training
PLH	Percentage loss of hearing
PM10	Particles smaller than 10 µm
PPE	Personal protective equipment
PRISM	Computer software system used to measure a person's fatigue levels and alertness score
PRWG	Post-resettlement working group
PUE	Priority unwanted event
PWC	PricewaterhouseCoopers
RC	Reverse circulation
REACH	Registration, evaluation, authorisation and restriction of chemicals
SABS	South African Bureau of Standards
SAMREC	South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves
SANCA	South African National Council on Alcoholism and Drug Dependence
SANS	South African National Standards
SARS	South African Revenue Service
SDGS	UN Sustainable Development Goals
SEAT	Socio-economic assessment toolbox
SED	Socio-economic development
SENS	Securities Exchange News Service
SETA	Sector education and training authorities
SETCO	Social, Ethics and Transformation Committee
SGBV	Sexual and gender-based violence
SHE	Safety, health and environment
SIOC	Sishen Iron Ore Company Proprietary Limited
SIOC-CDT	Sishen Iron Ore Company community development trust
SLAD	Safety leadership alignment day
SLAM	Stop and think, look for and identify hazards, assess the effect of hazards, manage the hazards so that they are eliminated or controlled
SLP	Social and labour plan
SMME	Small, medium and micro enterprise
SMP	Sustainable mining plan
SR	Sustainability report
STS	Standard threshold shifts
TARP	Trigger action response plan
TB	Tuberculosis
TCF	Tax Control Framework
TCFD	Task force on climate-related financial disclosures
TEOM	Tapered element oscillating microbalance

TOTAL CO₂ EMISSIONS – SCOPE 1	Total CO ₂ emissions from fossil fuels – sum of diesel, petrol, liquid petroleum gas, natural gas, heavy fuel oil, light fuel oil, coal for heat and energy generation, coal for metallurgical processes, coal for directly reduced iron, used oil for combustion, paraffin, petcoke, tailgas and non-renewable waste fuel
TOTAL CO₂ EMISSIONS – SCOPE 2	Total CO ₂ emissions from electricity purchased
TOTAL CO₂ EMISSIONS – SCOPE 3	Scope 3 emissions relate to all indirect emissions due to the activities of the organisation, including upstream and downstream activities
TOTAL ENERGY USED	Sum of total energy from electricity purchased and total energy from fossil fuels
TOTAL WATER WITHDRAWALS	Total water withdrawals by source, reported in line with the International Council on Metals and Mining (ICMM) guidance, includes: surface water, ground water, third-party potable water and third-party non-potable water
TRC	Total recordable cases
TRCFR	Total recordable case frequency rate, rate of recordable cases per 1,000,000 hours worked
TSF	Tailings storage facility
UGM	Ulysses Gogi Modise (wellness clinics)
UHDMS	Ultra-high density media separation
UIF	Unemployment Insurance Fund
UN	United Nations
UNAIDS	United Nations Programme on HIV/Aids
UNGC	United Nations Global Compact
VAT	Value added tax
VCT	Voluntary counselling and testing
VFL	Visible felt leadership
VPS	Voluntary principles on security and human rights
VTE	Venous thromboembolism
WESSA	Wildlife and Environmental Society of South Africa
WIM	Women-in-mining
WIMS	Water information management system
WORK-RELATED FATAL INJURIES	A fatality is a death resulting from a work-related injury
WUL	Water use licence
XDR	Extremely drug-resistant
YES	Youth Employment Services



ADMINISTRATION

COMPANY REGISTRATION NUMBER

2005/015852/06

JSE share code: KIO

ISIN: ZAE000085346

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Registration number: 1929/001225/06

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FORWARD-LOOKING STATEMENTS

Certain statements made in this report constitute forward-looking statements. Forward-looking statements are typically identified by the use of forward-looking terminology such as “believes”, “expects”, “may”, “will”, “could”, “should”, “intends”, “estimates”, “plans”, “assumes” or “anticipates” or the negative thereof, or other variations thereon, or comparable terminology, or by discussions of, for example, future plans, present or future events, or strategy that involves risks and uncertainties. Such forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Company’s control and all of which are based on the Company’s current beliefs and expectations about future events. Such statements are based on current expectations and, by their nature, are subject to a number of risks and uncertainties that could cause actual results and performance to differ materially from any expected future results or performance, expressed or implied, by the forward-looking statement. No assurance can be given that future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Company and its subsidiaries. The forward-looking statements contained in this report speak only as of the date of this report and the Company undertakes no duty to update any of them and will not necessarily do so, in light of new information or future events, except to the extent required by applicable law or regulation.



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